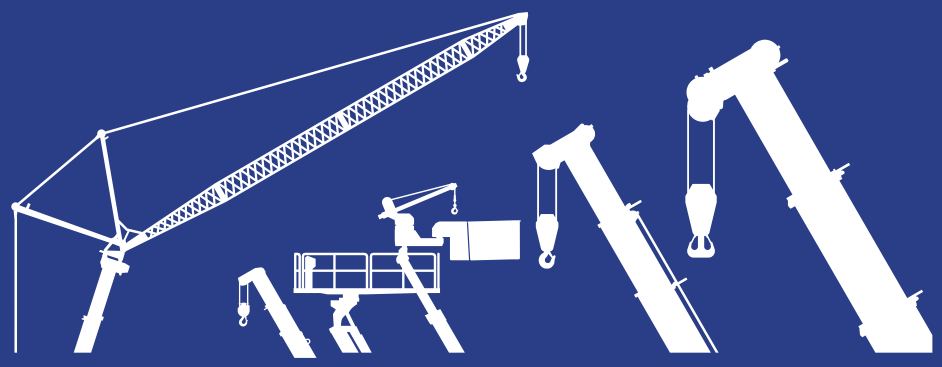
TADANO



ANNUAL REPORT

2012

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

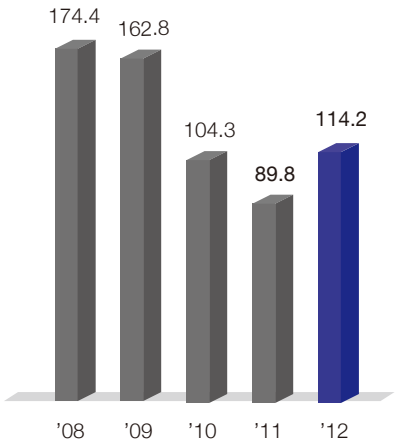
FINANCIAL HIGHLIGHTS

TADANO LTD. and consolidated subsidiaries
Years ended March 31, 2012 and 2011

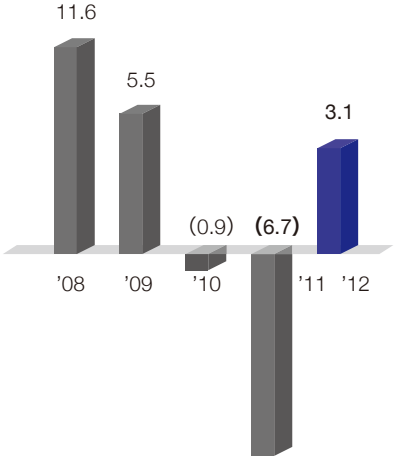
	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Net sales	**¥ 114,210**	¥ 89,808	**$ 1,392,805**
Operating income (loss)	**5,896**	(3,734)	**71,902**
Net income (loss)	**3,145**	(6,722)	**38,354**
Total assets	**161,176**	146,166	**1,965,561**
Net property, plant and equipment	**33,449**	34,565	**407,915**
Total equity	**78,518**	75,595	**957,537**
	Yen		U.S. dollars
Per share of common stock:			
Basic net income (loss)	**¥ 24.77**	¥ (52.90)	**$ 0.30**
Cash dividends applicable to the year	**7.00**	3.00	**0.09**

Note: U.S. dollar figures have been translated into yen at the rate of ¥82 = US$1 for convenience only.

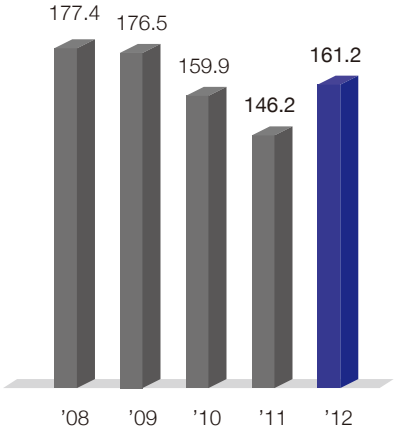
Net sales (Billions of yen)



Net income (Billions of yen)



Total assets (Billions of yen)



TO OUR SHAREHOLDERS

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

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

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

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

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

This report outlines the Group's operating environment, business activities and performance on a consolidated basis for the fiscal year ended March 31, 2012.

▶ Overview

During fiscal year 2011, the Japanese economy recovered from the sudden downturn caused by last year's Great East Japan Earthquake. Nevertheless, several background factors slowed this recovery, including the financial crisis in Europe, the historically high value of the yen, and flooding in Thailand. Earthquake recovery efforts have driven domestic demand since the start of the year, while a stabilizing yen has helped exports rebound, leading to a gentle recovery. The U.S. economy continued to recover. The pace of economic growth in China slowed. The European economy is at a standstill.

Domestic production in the crane industry recovered, following a temporary drop caused by supply chain disruptions attributable to the earthquake. Increasing utilization rates related to earthquake recovery and restoration efforts boosted scheduled equipment replacement, increasing domestic demand significantly. Overseas demand surged in North America, the Caribbean and Central and South America, and the Middle East, primarily in areas related to energy and resources. Demand in Europe remained low.

Amid such business conditions, the TADANO Group has advanced efforts to expand overseas sales and achieve further cost reductions through its SVE (Super Value Engineering) activities. In domestic markets, the TADANO Group has prioritized appropriate sales prices over market share. In addition, it established a sales and service subsidiary in India as an opening gambit targeting inroads into strategic markets under the Mid-Term Management Plan (2011–2013).

Led by growth in sales of mobile cranes, truck loader cranes, and aerial work platforms, domestic sales rose 19.0% over the previous fiscal year to 61,338 million yen. Despite the historic strength of the yen, overseas sales rose to 52,872 million yen, up 38.1% from the previous fiscal year. Total sales rose by 27.2% from the previous fiscal year to 114,210 million yen. Overseas sales accounted for 46.3% of all sales.

TO OUR SHAREHOLDERS

Efforts to cut costs and expenses, growing gross margins attributable to rising sales, and efforts to ensure appropriate sales prices resulted in operating profits of 5,896 million yen, compared to operating losses of 3,734 million yen for the previous fiscal year. Net income totaled 3,145 million yen, compared to net losses of 6,722 million yen for the previous fiscal year, due to transfers from deferred tax assets in connection with cuts in corporate tax rates.

▶ Outlook for the Next Term

We expect the Japanese economy to experience a solid recovery driven by various factors, including domestic demand in the first half of the fiscal year backed by public investment, capital investment, and residential development, all related to full-fledged earthquake-recovery efforts, as well as improving export conditions in the second half, as the steady recovery in the U.S. economy spreads to Asia and Europe. Potential areas of concern include a rekindling of the financial crisis in Europe, exchange rates, and issues related to Iran and North Korea, as well as high oil prices and electric power shortages.

Despite a very sluggish recovery in European markets, we expect further recovery in overseas demand in the markets in which the TADANO Group operates. Various projects, including energy-related projects, will drive this demand. We anticipate further recovery in domestic demand driven by demand related to earthquake recovery and other factors.

Under its Mid-Term Management Plan (2011–2013), the TADANO Group will seek to be an enterprise capable of adapting to structural changes in markets and of withstanding market fluctuations. The Group will do this by implementing the following seven strategies, grouped into three business strategies, two competitiveness strategies, and two infrastructure strategies.

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

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

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

In fiscal year 2013, we plan to accelerate our efforts in strategic markets based on facilities development and enhancement.

July 2012

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

Mobile Cranes

Domestic sales of mobile cranes rose by 21.5% from the previous fiscal year to 24,146 million yen, due to efforts to prioritize appropriate sales prices over market share. Increasing utilization rates associated with earthquake recovery and restoration boosted scheduled equipment replacement and increased demand dramatically.

Despite the historic strength of the yen and sluggish demand in Europe, overseas sales rose sharply to 42,294 million yen, up 53.4% from the previous fiscal year, backed by recovering demand in North America, the Caribbean and Central and South America, and the Middle East.

Total sales of mobile cranes increased dramatically to 66,440 million yen (up 40.0% from the previous fiscal year).

Truck Loader Cranes

Backed by rising truck demand generated by earthquake-related demand, eco-vehicle subsidies, and other factors, domestic sales of truck loader cranes totaled 10,167 million yen, an increase of 42.2% from the previous fiscal year.

Overseas sales totaled 1,206 million yen, up 22.0% from the previous fiscal year.

Total sales of truck loader cranes increased dramatically to 11,373 million yen, up 39.8% from the previous fiscal year.

Aerial Work Platforms

A focus on sales to the rental industry, where demand recovery has been marked, helped boost sales of aerial work platforms by 16.9% from the previous fiscal year to 11,789 million yen.

Others

Sales of parts, repairs, used cranes, and other products and services were 24,608 million yen, up 1.9% from the previous fiscal year.

Overseas Operations

The Great East Japan Earthquake struck in March 2011, just as crane demand began to recover, primarily on the back of the North American market. Other relevant background factors during the fiscal year included rising energy and resource costs emerging from roughly the end of 2010. Supply chain disruptions caused by the earthquake affected production and led to lower sales volume in the first quarter.

With improvements in production starting in the second quarter, orders received led to improved sales. We also made a concerted effort to secure new orders.

These efforts sought to counterbalance harsh conditions, including the reduced cost competitiveness stemming from unusual yen strength around the middle of the year. These currency issues also affected pricing for the end-of-year model changes.

Under these conditions, during the fiscal year under review, the TADANO Group registered a significant year-on-year increase of 38.1% in overseas sales. The overseas sales ratio also rose: from 42.6% in fiscal 2010 to 46.3% in the fiscal year under review.

AT-150S
Aerial work platform

▶ Research and Development Activities

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

The R&D Division develops cranes, aerial work platforms, and applied products for both domestic and overseas markets, while pursuing applied research into innovative, cutting-edge technologies. For the consolidated fiscal year under review, total expenditures for the TADANO Group for R&D activities, including R&D material costs, personnel costs, and other costs, were ¥3,481 million.

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

(1) Japan

- We developed and sought to expand domestic sales of the GR-120F-2, a specialized crane for housing construction that meets long-reach job requirements such as operation across power cables,and facilitates entry and installation in a narrow and deep location without being affected by buildings and other obstacles encountered at construction sites. This crane meets Level 3 emissions requirements.
- Stationary Cranes (the TM-ZR300F and TM-ZR500F) developed for the Japanese market reflect our safety and quality expertise accumulated with Truck Loader Cranes. We are currently seeking to expand sales to shipyards, harbors, fishing ports, and other customers.
- The TM-ZE580/600 Truck Loader Cranes, with stronger booms incorporated for improved safety, were developed for the Japanese market. They also incorporate larger pumps and an idle stop function to improve fuel consumption. We will seek to expand sales of these products to customers in the Japanese market seeking safety and environmental performance.
- We also developed four new models of Aerial Work Platforms (AT-100TT/TTE and AT-110TT/TTE) for the Japanese market, built to new hybrid specs and featuring higher capacity batteries. These models achieve lower noise, lower fuel consumption, and longer operating times than previous models. Emphasizing their environmentally-friendly characteristics, we plan to expand sales of these models, chiefly to the telecommunications market.
- For overseas markets, we have developed and are seeking to expand sales of four models of Rough Terrain Cranes: the GR-1000XL-2/GR-800EX-2 in the 80-ton class; the GR-750XL-2/GR-600EX-2 in the 60-ton class; the GR-550XL-2/GR-500EX-2 in the 50-ton class; and the GR-350XL-2/GR-300EX-2 in the 30-ton class. These models feature new environmentally-friendly systems, including fuel consumption monitors that promote fuel-cost awareness and an Eco Mode that reduces fuel consumption during crane operations. They also incorporate communication systems for maintenance information.
- The new GR-1000XL Rough Terrain Crane, boasting the highest boom capacity in its class, was redesigned to offer operator-attachable and operator-removable counterweight specifications developed specifically for this model. These changes meet the demands of customers seeking simplified methods of disassembly and assembly when transporting the upper structure of crane such as a boom, jib and the counterweight by trailer. (The specifications allow operators to attach and remove the counterweight with no need for a second crane.) This crane targets the North American market.
- Slight revisions were made in the specs for the four new Rough Terrain Cranes to offer specific models for the Russian market. These models meet customer demands for a crane capable of operating at temperatures of –40°C, a requirement for the Russian market. We will seek to expand the share in this market with these models.
- The new GT-600EX Truck Crane was developed for the Australian market meeting Australian road traffic regulations to have an advantage over competitors in terms of the acquisition of driving permission on public roads.
- We developed the TM-ZR600G Truck Loader Crane for overseas markets that both meets the demands of overseas customers and features improved safety and operability. We will seek to expand sales of this product in overseas markets.
- The special TM-ZR600G Truck Loader Crane model was developed to offer a crane that complies with Russian regulations, opening opportunities for sales expansion in the Russian market.

(2) Europe

- We have developed the standard specs of the ATF400G-6 All Terrain Crane (carrier plus boom) for the European market. In addition to offering the largest boom capacity in its class, this model achieves high quality and safety.

(3) Americas

- We improved the reliability while reducing the cost of our 70-ton/100-ton lifting capacity Telescopic Crawler Cranes by incorporating TADANO safety technologies. We are currently in the process of extending these efforts to other models.
- TADANO technologies for the jib extension and retraction systems for the 30-ton lifting capacity as well as redesigned counterweight attachment and removal systems for 70-ton lifting capacity Telescopic Crawler Cranes will improve work safety and help expand sales.

(4) Other markets

- There were no notable developments in other markets.

GR-800EX Rough Terrain Crane

Targeting emerging markets for business expansion

In its Mid-Term Management Plan (2011–2013), the TADANO Group identifies capturing strategic markets as among its priority strategies.

In March 2012, the Group established TADANO India Pvt. Ltd. as a sales and service subsidiary in India, a market characterized by rapid economic growth in recent years. Forecasts here call for sustained growth in construction-related investment, particularly in infrastructure. Given such factors, demand for cranes in the Indian market is expected to grow. The potential raised by the Indian market represents a key opportunity. This subsidiary will allow us to advance a more closely user-oriented sales and service approach than ever before.

In April 2012, we established TADANO (Thailand) Co., Ltd. as a manufacturing subsidiary for producing Truck Loader Cranes for emerging markets in Thailand. Plans call for TADANO (Thailand) Co., Ltd. to begin operating in June 2013 as TADANO's first overseas production facility building Truck Loader Cranes. In addition to accelerating the pace of our overseas Truck Loader Crane business, we will seek to capture market shares of 50% or better in Southeast Asia, the Middle East, and Africa over the next five years.

The TADANO Group will strengthen sales and increase market share based on proactive business efforts in strategic markets promising future growth.

Four models of Rough Terrain Cranes for overseas markets introduced simultaneously

In November 2011, we introduced four models of Rough Terrain Cranes for overseas markets: the GR-800EX, with 80-ton lifting capacity; the GR-600EX, with 60-ton lifting capacity; the GR-500EX, with 50-ton lifting capacity; and the GR-300EX, with 30-ton lifting capacity

The new cranes feature strong, lightweight, high-tensile steel and round booms (with the exception of the GR-300EX) to achieve the longest boom lengths and highest lifting capacities in their classes. This line of eco-friendly products also features newly developed fuel-consumption monitors and eco modes, which reduce fuel consumption by restricting maximum engine RPM.

In addition to regular markets, we expect these cranes to see use under harsh operating conditions in markets related to energy (mainly Canada, North America, the Middle East, and Russia) and mineral resources (mainly South America, Australia, South Africa, and Russia)—markets that require equipment offering remarkable reliability, quality, and environmental performance.

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

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

Director and Senior Executive Officer
Tadashi Suzuki

Director and Executive Officers
Tamaki Okuyama
Yoichiro Nishi

Directors
Nobuhiko Ito*
Yasuyuki Yoshida*

OFFICERS

Executive Officers
Alexander Knecht
Shinichi Iimura
Toshiyuki Takanashi

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

STATUTORY AUDITORS

Full-time Corporate Auditors
Yoshihito Kodama
Minoru Kawada

Corporate Auditors
Yuichiro Miyake*
Akihito Nabeshima*

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

CONSOLIDATED BALANCE SHEET

TADANO LTD. and consolidated subsidiaries
March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
ASSETS			
Current assets:			
Cash and cash equivalents (Note 14)	**¥ 40,156**	¥ 30,368	**$ 489,707**
Short-term investments (Note 14)	**70**	10	**854**
Notes and accounts receivable (Notes 3 and 14):			
Trade	**34,508**	30,123	**420,829**
Unconsolidated subsidiaries and affiliates	**534**	376	**6,512**
Allowance for doubtful accounts	**(481)**	(666)	**(5,866)**
Inventories (Note 5)	**34,206**	30,771	**417,146**
Deferred tax assets (Note 10)	**1,906**	1,912	**23,244**
Other current assets	**3,147**	3,755	**38,379**
Total current assets	**114,046**	96,649	**1,390,805**
Property, plant and equipment (Note 6):			
Land	**19,704**	19,755	**240,293**
Buildings and structures	**28,489**	28,647	**347,427**
Machinery and equipment	**14,271**	14,394	**174,037**
Lease assets	**699**	618	**8,524**
Construction in progress	**476**	14	**5,805**
Total	**63,639**	63,428	**776,086**
Accumulated depreciation	**(30,190)**	(28,863)	**(368,171)**
Net property, plant and equipment	**33,449**	34,565	**407,915**
Investments and other assets:			
Investment securities (Notes 4 and 14)	**6,190**	5,569	**75,488**
Investments in unconsolidated subsidiaries and affiliates	**1,797**	1,797	**21,915**
Deferred tax assets (Note 10)	**4,089**	5,999	**49,866**
Other assets	**1,605**	1,587	**19,572**
Total investments and other assets	**13,681**	14,952	**166,841**
Total	**¥ 161,176**	¥ 146,166	**$ 1,965,561**

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

TADANO LTD. and consolidated subsidiaries
March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings (Notes 7 and 14)	**¥ 5,135**	¥ 3,971	**$ 62,622**
Current portion of long-term debt (Notes 7 and 14)	**2,638**	4,125	**32,171**
Notes and accounts payable (Note 14):			
Trade	**28,315**	14,405	**345,305**
Other	**2,770**	2,657	**33,780**
Unconsolidated subsidiaries and affiliates	**36**	64	**439**
Income taxes payable (Note 14)	**806**	318	**9,829**
Deferred gross profit on installment sales	**354**	632	**4,317**
Accrued product warranties	**960**	879	**11,707**
Other current liabilities	**3,466**	3,025	**42,269**
Total current liabilities	**44,480**	30,076	**542,439**
Long-term liabilities:			
Long-term debt (Notes 7 and 14)	**30,329**	32,094	**369,866**
Liability for retirement benefits (Note 8)	**4,704**	4,880	**57,366**
Deferred tax liabilities (Note 10)	**164**	219	**2,000**
Deferred tax liabilities for land revaluation (Notes 2.k and 10)	**2,455**	2,804	**29,939**
Other long-term liabilities	**526**	498	**6,414**
Total long-term liabilities	**38,178**	40,495	**465,585**
Commitments and contingent liabilities (Note 11)			
Equity (Notes 9 and 19):			
Common stock;			
Authorized—400,000,000 shares in 2012 and 2011			
Issued—129,500,355 shares in 2012 and 2011	**13,022**	13,022	**158,805**
Capital surplus	**16,847**	16,849	**205,451**
Retained earnings	**55,454**	52,693	**676,268**
Treasury stock—at cost			
2,546,528 shares in 2012 and 2,496,283 shares in 2011	**(2,229)**	(2,206)	**(27,183)**
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	**1,017**	559	**12,402**
Land revaluation difference (Notes 2.k and 10)	**295**	(57)	**3,598**
Foreign currency translation adjustments	**(6,701)**	(5,853)	**(81,719)**
Total	**77,705**	75,007	**947,622**
Minority interests	**813**	588	**9,915**
Total equity	**78,518**	75,595	**957,537**
Total	**¥ 161,176**	¥ 146,166	**$ 1,965,561**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

TADANO LTD. and consolidated subsidiaries
Year Ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net sales	**¥ 114,210**	¥ 89,808	**$ 1,392,805**
Cost of sales	**88,463**	74,475	**1,078,817**
Gross profit before net change in deferred gross profit on installment sales	**25,747**	15,333	**313,988**
Net change in deferred gross profit on installment sales	**278**	412	**3,390**
Gross profit	**26,025**	15,745	**317,378**
Selling, general and administrative expenses (Note 12)	**20,129**	19,479	**245,476**
Operating income (loss)	**5,896**	(3,734)	**71,902**
Other income (expenses):			
Interest and dividend income	**348**	382	**4,244**
Interest expense	**(676)**	(719)	**(8,244)**
Gain on sales of investment securities	**30**	1	**366**
Loss on valuation of investment securities		(1,982)	
Gain (loss) on sale or disposal of property, plant and equipment	**74**	(20)	**902**
Loss on impairment of long-lived assets (Note 6)		(1,690)	
Reversal of allowance for doubtful accounts		292	
Subsidy from the government		76	
Foreign exchange gain (loss)	**68**	(279)	**829**
Gain (loss) on revision of retirement benefit plan (Note 8)	**52**	(1,239)	**634**
Other-net	**142**	70	**1,733**
Other income (expenses)—net	**38**	(5,108)	**464**
Income (loss) before income taxes and minority interests	**5,934**	(8,842)	**72,366**
Income taxes (Note 10):			
Current	**1,086**	506	**13,244**
Deferred	**1,660**	(2,619)	**20,244**
Total income taxes	**2,746**	(2,113)	**33,488**
Net income (loss) before minority interests	**3,188**	(6,729)	**38,878**
Minority interests	**(43)**	7	**(524)**
Net income (loss)	**¥ 3,145**	¥ (6,722)	**$ 38,354**

	Yen		U.S. dollars (Note 1)
Per share of common stock (Notes 2.v and 18):			
Basic net income (loss)	**¥ 24.77**	¥ (52.90)	**$ 0.30**
Cash dividends applicable to the year	**7.00**	3.00	**0.09**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TADANO LTD. and consolidated subsidiaries
Year Ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	**2011**	**2012**
Net income (loss) before minority interests	**¥ 3,188**	¥ (6,729)	**$ 38,878**
Other comprehensive income (Note 16):			
Unrealized gain on available-for-sale securities	**458**	781	**5,585**
Land revaluation difference	**349**		**4,256**
Foreign currency translation adjustments	**(886)**	(2,605)	**(10,804)**
Total other comprehensive loss	**(79)**	(1,824)	**(963)**
Comprehensive income (loss)	**¥ 3,109**	¥ (8,553)	**$ 37,915**
Total comprehensive income (loss) attributable to:			
Owners of the parent	**¥ 3,104**	¥ (8,505)	**$ 37,854**
Minority interests	**5**	(48)	**61**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TADANO LTD. and consolidated subsidiaries
Year Ended March 31, 2012

	Thousands	Millions of yen									
						Accumulated other comprehensive income					
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Land revaluation difference	Foreign currency translation adjustments	Total	Minority Interests	Total Equity
Balance, April 1, 2010	127,101	¥ 13,022	¥ 16,853	¥ 59,808	¥ (2,167)	¥ (222)	¥ (69)	¥ (3,290)	¥ 83,935	¥ 674	¥ 84,609
Net loss				(6,722)					(6,722)		(6,722)
Cash dividends, ¥3.00 per share				(381)					(381)		(381)
Repurchase of treasury stock	(106)				(47)				(47)		(47)
Disposal of treasury stock	9		(4)		8				4		4
Land revaluation difference				(12)					(12)		(12)
Net changes in the year						781	12	(2,563)	(1,770)	(86)	(1,856)
Balance, March 31, 2011	127,004	13,022	16,849	52,693	(2,206)	559	(57)	(5,853)	75,007	588	75,595
Net income				3,145					3,145		3,145
Cash dividends, ¥3.00 per share				(381)					(381)		(381)
Repurchase of treasury stock	(55)				(27)				(27)		(27)
Disposal of treasury stock	5		(2)		4				2		2
Land revaluation difference				(3)					(3)		(3)
Net changes in the year						458	352	(848)	(38)	225	187
Balance, March 31, 2012	126,954	¥ 13,022	¥ 16,847	¥ 55,454	¥ (2,229)	¥ 1,017	¥ 295	¥ (6,701)	¥ 77,705	¥ 813	¥ 78,518
		Thousands of U. S. Dollars (Note 1)									
Balance, March 31, 2011		$ 158,805	$ 205,475	$ 642,598	$ (26,902)	$ 6,817	$ (695)	$ (71,378)	$ 914,720	$ 7,170	$ 921,890
Net income				38,354					38,354		38,354
Cash dividends, $0.04 per share				(4,646)					(4,646)		(4,646)
Repurchase of treasury stock					(329)				(329)		(329)
Disposal of treasury stock			(24)		48				24		24
Land revaluation difference				(38)					(38)		(38)
Net changes in the year						5,585	4,293	(10,341)	(463)	2,745	2,282
Balance, March 31, 2012		$ 158,805	$ 205,451	$ 676,268	$ (27,183)	$ 12,402	$ 3,598	$ (81,719)	$ 947,622	$ 9,915	$ 957,537

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

TADANO LTD. and consolidated subsidiaries
Year Ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Operating activities:			
Income (loss) before income taxes and minority interests	**¥ 5,934**	¥ (8,842)	**$ 72,366**
Adjustments for:			
Income taxes—paid	**(639)**	(541)	**(7,793)**
Depreciation	**2,354**	2,696	**28,707**
Net change in deferred gross profit on installment sales	**(278)**	(412)	**(3,390)**
Gain on sales of investment securities	**(30)**	(1)	**(366)**
Loss on valuation of investment securities		1,982	
(Gain) loss on sale or disposal of property, plant and equipment	**(74)**	20	**(902)**
Loss on impairment of long-lived assets		1,690	
Changes in assets and liabilities:			
Notes and accounts receivable	**(5,166)**	(665)	**(63,000)**
Inventories	**(4,285)**	5,787	**(52,256)**
Allowance for doubtful accounts	**(351)**	(257)	**(4,280)**
Notes and accounts payable	**14,673**	3,713	**178,939**
Liability for retirement benefits	**(146)**	274	**(1,780)**
Other—net	**1,621**	1,028	**19,767**
Total adjustments	**7,679**	15,314	**93,646**
Net cash provided by operating activities	**13,613**	6,472	**166,012**
Investing activities:			
Purchases of property, plant and equipment	**(878)**	(386)	**(10,707)**
Proceeds from sales of property, plant and equipment	**143**	37	**1,744**
Purchases of investment securities		(201)	
Proceeds from sales of investment securities	**40**	1	**488**
Proceeds from sales of investment in affiliates		15	
Other–net	**(173)**	(339)	**(2,110)**
Net cash used in investing activities	**(868)**	(873)	**(10,585)**
Financing activities:			
Increase (decrease) in short-term borrowings—net	**1,426**	(428)	**17,390**
Proceeds from long-term debt	**556**		**6,780**
Repayments of long-term debt	**(3,916)**	(4,676)	**(47,756)**
Repurchases of treasury stock	**(27)**	(47)	**(329)**
Disposal of treasury stock	**2**	4	**24**
Dividends paid	**(381)**	(381)	**(4,646)**
Dividends paid to minority shareholders	**(10)**	(37)	**(122)**
Other-net	**(190)**	(174)	**(2,317)**
Net cash provided by (used in) financing activities	**(2,540)**	(5,739)	**(30,976)**
Foreign currency translation adjustments on cash and cash equivalents	**(417)**	(315)	**(5,085)**
Net increase (decrease) in cash and cash equivalents	**9,788**	(455)	**119,366**
Cash and cash equivalents, beginning of year	**30,368**	30,823	**370,341**
Cash and cash equivalents, end of year	**¥ 40,156**	¥ 30,368	**$ 489,707**
Additional cash flow information:			
Interest paid	**¥ 700**	¥ 726	**$ 8,537**

See notes to consolidated financial statements.

1. Basis of presentation 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 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 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82 to $1, the approximate rate of exchange at March 31, 2012. 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, 2012 include the accounts of the Company and its 24 significant (24 in 2011) subsidiaries (together, the "Group").

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

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

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

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

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (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: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c) Business Combinations

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

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2011.

d) Sales and Related Profit Recognition

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

e) Cash Equivalents

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

f) Inventories

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

g) Marketable and Investment Securities

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

h) Allowance for Doubtful Accounts

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

i) Property, Plant and Equipment

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

j) Long-lived Assets

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

k) Land Revaluation

Under the "Law of Land Revaluation", promulgated on March 31, 1998, and revised on March 31, 1999 and March 31, 2001, the Company elected a one-time revaluation of its own-use land to a value based on estimated fair value as of March 31, 2002.
The resulting land revaluation difference represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of 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, 2012, the carrying amount of the land after the above one-time revaluation exceeds the estimated fair value by ¥6,079 million ($74,134 thousand).

l) Accrued Product Warranties

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

m) Liability for Retirement Benefits

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

n) Research and Development Costs

Research and development costs are charged to income as incurred.

o) Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008. Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

p) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of 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 exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement 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 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 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 statement of operations and b) 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.

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.

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 (loss) 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 potentially dilutive securities for the year ended March 31, 2012 and it is anti-dilutive due to the Company's net loss position, and there are no potentially dilutive securities for the year ended March 31 2011, respectively.

Cash dividends per share presented in the accompanying consolidated statement of operations 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 with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations – 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. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. Notes and accounts receivable

Notes and accounts receivable as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Accounts receivable	**¥ 24,811**	¥ 21,987	**$ 302,573**
Notes receivable:			
Due within one year	**9,390**	7,735	**114,512**
Due after one year	**841**	777	**10,256**
Total	**¥ 35,042**	¥ 30,499	**$ 427,341**

4. Marketable and investment securities

Marketable and investment securities at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Non-current			
Equity securities	**¥ 6,152**	¥ 5,531	**$ 75,024**
Other	**38**	38	**464**
Total	**¥ 6,190**	¥ 5,569	**$ 75,488**

The costs and aggregate fair values of marketable and investment securities at March 31, 2012 and 2011 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, 2012								
Securities classified as:								
Available-for-sale:								
Equity securities	**¥ 4,441**	**¥ 1,778**	**¥ 218**	**¥ 6,001**	**$ 54,159**	**$ 21,683**	**$ 2,659**	**$ 73,183**
Other	**43**	**3**	**8**	**38**	**525**	**37**	**98**	**464**
At March 31, 2011								
Securities classified as:								
Available-for-sale:								
Equity securities	¥ 4,441	¥ 1,186	¥ 257	¥ 5,370				
Other	43	3	8	38				

Available-for-sale securities whose fair values are not readily determinable at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Equity securities	**¥ 151**	¥ 161	**$ 1,841**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2012 and 2011 were ¥40 million ($488 thousand) and ¥1 million, respectively. Gross realized gains on these sales, computed on the moving-average cost basis, were ¥30 million ($366 thousand) and ¥1 million for the years ended March 31, 2012 and 2011, respectively.

The impairment loss on available-for-sale equity securities for the year ended March 31, 2011 was ¥1,982 million. No impairment loss was recognized in 2012.

5. Inventories

Inventories at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Merchandise and finished products	**¥ 17,913**	¥ 14,221	**$ 218,451**
Work in process	**9,254**	10,527	**112,854**
Raw materials and supplies	**7,039**	6,023	**85,841**
Total	**¥ 34,206**	¥ 30,771	**$ 417,146**

6. Long-lived assets

The Group reviewed its long-lived assets for impairment for the year ended March 31, 2011 and recognized an impairment loss of ¥13 million, as other expense for certain land and other assets, which were deemed to be idle assets with no future plan for utilization. In addition, an impairment loss of ¥1,677 million was recognized for goodwill and intangible fixed assets for the year ended March 31, 2011, due to the deterioration of the profitability of a wholly owned subsidiary, TADANO MANTIS Corporation, resulting from the drastic change in the business environment.
The carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2011. The recoverable amount of these assets was measured at the net selling price at disposition for assets other than goodwill, which was primarily determined by independent real estate appraisals, or the estimated discounted future cash flows for goodwill and intangible fixed assets. No impairment loss was recognized in 2012.

7. Short-term borrowings and long-term debt

Short-term borrowings principally consisted of a revolving credit facility, which bore interest at weighted-average rates of 0.9% and 1.1%, at March 31, 2012 and 2011, respectively.
As is customary in Japan, the Company obtains significant financing by trade notes endorsed. Such trade notes endorsed and the related contingent liabilities are not included in the consolidated balance sheets but are disclosed as contingencies (see Note 11).
The Company has unused lines of credit amounting to ¥12,721 million ($155,134 thousand) and ¥13,611 million with certain financial institutions at March 31, 2012 and 2011, respectively.

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
Bonds and loans from banks and insurance companies, with interest rates ranged from 0.89% to 4.98% and 0.90% to 4.98% at March 31, 2012 and 2011, respectively, maturing serially to 2018:	2012	2011	2012
Unsecured loans	**¥ 12,318**	¥ 15,750	**$ 150,220**
Unsecured bonds	**20,000**	20,000	**243,902**
Obligation under finance lease	**649**	469	**7,915**
Total	**32,967**	36,219	**402,037**
Less current portion	**(2,638)**	(4,125)	**(32,171)**
Long-term debt, less current portion	**¥ 30,329**	¥ 32,094	**$ 369,866**

Annual maturities of long-term debt outstanding at March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2013	¥ 2,638	$ 32,171
2014	8,804	107,366
2015	20,880	254,634
2016	90	1,097
2017	551	6,720
2018 and thereafter	4	49
Total	¥ 32,967	$ 402,037

There are no assets pledged as collateral for long-term debt at March 31, 2012.

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

8. Retirement benefits

The Company has a lump-sum severance payment plan, a defined benefit pension plan, and a defined contribution pension plan. The domestic consolidated subsidiaries implemented a lump-sum severance payment plan, a defined benefit pension plan, and a defined contribution pension plan on October 1, 2011 by which the former qualified defined benefit pension plan and the severance lump-sum payment plan were terminated. The Company applied accounting treatments specified in the guidance issued by the ASBJ. The effect of this transfer was to increase income before income taxes and minority interests, and was recorded as gain on revision of retirement benefit plan in the consolidated statement of operations for the year ended March 31, 2012. Several overseas consolidated subsidiaries have defined benefit pension plans.
Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligation	**¥ 7,124**	¥ 7,816	**$ 86,878**
Fair value of plan assets	**(1,461)**	(1,624)	**(17,817)**
Unrecognized actuarial loss	**(981)**	(1,312)	**(11,963)**
Liability for retirement benefit—net	**4,682**	4,880	**57,098**
Prepaid pension cost	**22**		**268**
Liability for retirement benefit	**¥ 4,704**	¥ 4,880	**$ 57,366**

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 are set forth as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service cost	**¥ 472**	¥ 639	**$ 5,756**
Interest cost	**131**	192	**1,598**
Expected return on plan assets	**(13)**	(29)	**(159)**
Recognized actuarial loss	**194**	259	**2,366**
Net periodic benefit costs	**784**	1,061	**9,561**
(Gain) loss on revision of retirement benefit plan	**(52)**	1,239	**(634)**
Others	**220**		**2,683**
Total	**¥ 952**	¥ 2,300	**$ 11,610**

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

Assumptions used for the years ended March 31, 2012 and 2011 are set forth as follows:

	2012	2011
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**1.25%**	0.75%
Recognition period of actuarial gain/loss	**12 years**	12 years

9. Equity

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

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a 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 aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

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

10. Income taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2012 and 2011.
The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 139**	¥ 252	**$ 1,695**
Tax loss carryforwards	**3,686**	5,267	**44,951**
Pension and severance costs	**1,502**	1,753	**18,317**
Other	**2,777**	2,986	**33,867**
Less valuation allowance	**(1,074)**	(1,428)	**(13,098)**
Total	**7,030**	8,830	**85,732**
Deferred tax liabilities:			
Property, plant and equipment	**402**	461	**4,902**
Unrealized gain on available-for-sale securities	**538**	365	**6,561**
Land revaluation difference	**211**	240	**2,573**
Other	**48**	72	**586**
Total	**1,199**	1,138	**14,622**
Net deferred tax assets	**¥ 5,831**	¥ 7,692	**$ 71,110**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2012 and 2011 is as follows:

	Rate (%)	
	2012	2011
Normal effective statutory tax rate	**40.0**	40.0
Expenses not deductible for income tax purpose	**1.3**	(0.7)
Per capita inhabitants tax	**1.1**	(0.7)
Differences in tax rates applicable to consolidated subsidiaries	**(2.5)**	(1.4)
Valuation allowance	**(4.6)**	(10.8)
Loss on impairment of long-lived assets		(5.3)
Tax effect on elimination of unrealized profit	**1.0**	1.0
Effect of tax rate reduction	**8.3**	
Other—net	**1.7**	1.8
Actual effective tax rate	**46.3**	23.9

At March 31, 2012, the Group has tax loss carryforwards aggregating approximately ¥10,648 million ($129,854 thousand) which are available to be offset against taxable income in future years. These tax loss carryfowards will mostly expire in 2018.

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40% to 37% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35% afterwards. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012 by ¥413 million ($5,037 thousand), to increase income taxes – deferred in the consolidated statement of operations for the year then ended and unrealized gain on available-for-sale securities in the consolidated balance sheet as of March 31, 2012 by ¥489 million ($5,963 thousand) and ¥77 million ($939 thousand), respectively, and to decrease deferred tax liabilities for land revaluation and to increase land revaluation difference in the consolidated balance sheet as of March 31, 2012 by ¥349 million ($4,256 thousand).

11. Contingent liabilities

At March 31, 2012, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of customers' loans and lease obligations	**¥ 5,778**	**$ 70,463**
Trade notes endorsed	**1,423**	**17,354**

12. Research and development costs

Research and development costs charged to income were ¥3,481 million ($42,451 thousand) and ¥3,728 million for the years ended March 31, 2012 and 2011, respectively.

13. Leases

The Group has a number of lease agreements for certain machinery, computer equipment and other assets.
Future minimum payments under noncancelable operating leases were as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	**2012**
	Operating Leases	Operating Leases
Due within one year	**¥ 2**	**$ 24**
Due after one year		
Total	**¥ 2**	**$ 24**

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, 2012:						
Acquisition cost	**¥ 587**	**¥ 552**	**¥ 1,139**	**$ 7,159**	**$ 6,732**	**$ 13,891**
Accumulated depreciation	**443**	**477**	**920**	**5,403**	**5,817**	**11,220**
Net leased property	**¥ 144**	**¥ 75**	**¥ 219**	**$ 1,756**	**$ 915**	**$ 2,671**
At March 31, 2011:						
Acquisition cost	¥ 860	¥ 593	¥ 1,453			
Accumulated depreciation	658	423	1,081			
Net leased property	¥ 202	¥ 170	¥ 372			

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	¥101	¥162	$1,232
Due after one year	138	239	1,683
Total	¥239	¥401	$2,915

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of operations, and are computed by the straight-line method and the interest method, respectively, for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Depreciation expense	¥153	¥253	$1,866
Interest expense	7	12	85
Total	¥160	¥265	$1,951
Lease payments	¥168	¥310	$2,049

Company as lessor

	Millions of yen			Thousands of U.S. dollars		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
At March 31, 2012:						
Acquisition cost	¥ 73		¥ 73	$890		$890
Accumulated depreciation	61		61	744		744
Net leased property	¥ 12		¥ 12	$146		$146
At March 31, 2011:						
Acquisition cost	¥101	¥ 8	¥109			
Accumulated depreciation	76	7	83			
Net leased property	¥ 25	¥ 1	¥ 26			

Future lease revenues under finance leases:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	¥ 9	¥ 14	$110
Due after one year	3	12	36
Total	¥ 12	¥ 26	$146

Depreciation expense and imputed interest income computed by the straight-line method and the interest method, respectively, for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Depreciation expense	¥ 14	¥ 25	$171
Interest income		1	
Total	¥ 14	¥ 26	$171
Lease revenue	¥ 15	¥ 29	$183

14. Financial instruments and related disclosures

Group Policy for Financial Instruments

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

Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

Risk Management for Financial Instruments

Credit risk management
Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage.
The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2012.

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

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

Fair Values of Financial Instruments

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

	Millions of yen			Thousands of U.S. dollars		
March 31, 2012	Carrying amount	Fair value	Unrealized (loss) gain	Carrying amount	Fair value	Unrealized (loss) gain
Cash and cash equivalents	¥ 40,156	¥ 40,156		$ 489,707	$ 489,707	
Short-term investments	70	70		854	854	
Notes and accounts receivable	35,042			427,341		
Allowance for doubtful accounts	(480)			(5,853)		
Notes and accounts receivable—net	34,562	34,547	¥ (15)	421,488	421,305	$ (183)
Investment securities	6,039	6,039		73,646	73,646	
Total	¥ 80,827	¥ 80,812	¥ (15)	$ 985,695	$ 985,512	$ (183)
Short-term borrowings	¥ 5,135	¥ 5,135		$ 62,622	$ 62,622	
Current portion of long-term debt	2,638	2,638		32,171	32,171	
Notes and accounts payable	31,121	31,121		379,524	379,524	
Income taxes payable	806	806		9,829	9,829	
Long-term debt	30,329	30,606	¥ 277	369,866	373,244	$ 3,378
Total	¥ 70,029	¥ 70,306	¥ 277	$ 854,012	$ 857,390	$ 3,378

	Millions of yen		
March 31, 2011	Carrying amount	Fair value	Unrealized (loss) gain
Cash and cash equivalents	¥ 30,368	¥ 30,368	
Short-term investments	10	10	
Notes and accounts receivable	30,499		
Allowance for doubtful accounts	(665)		
Notes and accounts receivable—net	29,834	29,812	¥ (22)
Investment securities	5,408	5,408	
Total	¥ 65,620	¥ 65,598	¥ (22)
Short-term borrowings	¥ 3,971	¥ 3,971	
Current portion of long-term debt	4,125	4,125	
Notes and accounts payable	17,126	17,126	
Income taxes payable	318	318	
Long-term debt	32,094	32,334	¥ 240
Total	¥ 57,634	¥ 57,874	¥ 240

Cash and Cash Equivalents, Short-Term Investments, Notes and Accounts Payable, Short-Term Borrowings, Current Portion of Long-Term Debt and Income Taxes Payable

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

Notes and Accounts Receivable

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

Marketable and Investment Securities

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

Long-Term Debt

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

Derivatives

Fair value information for derivatives is included in Note 15.

Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen				Thousands of U.S. dollars			
March 31, 2012	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	¥40,156				$489,707			
Short-term investments	70				854			
Notes and accounts receivable	34,201	¥ 825	¥ 12	¥ 4	417,085	$ 10,061	$ 146	$ 49
Total	¥74,427	¥ 825	¥ 12	¥ 4	$907,646	$ 10,061	$ 146	$ 49

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

15. Derivatives

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

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

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

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

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

Derivative transactions to which hedge accounting is applied at March 31, 2012 and 2011 are as follows:

	Millions of yen			
March 31, 2012	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥1,417		*1
Selling EUR	Receivables	426		*1
March 31, 2011				
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt	¥ 100		*2

	Thousands of U.S. dollars			
March 31, 2012	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	$17,280		*1
Selling EUR	Receivables	5,195		*1

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

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

16. Comprehensive income

The components of other comprehensive loss for the year ended March 31, 2012 was as follows:

	Millions of yen	Thousands of U.S. dollars
Unrealized gain on available-for-sales securities:		
Gains arising during the year	¥ 631	$ 7,695
Foreign currency translation adjustments:		
Loss arising during the year	¥ (886)	$ (10,804)
Amount before income tax effect	(255)	(3,109)
Income tax effect	176	2,146
Total other comprehensive loss	¥ (79)	$ (963)

	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
Unrealized gain on available-for-sales securities	¥ 631	¥ (173)	¥ 458	$ 7,695	$ (2,110)	$ 5,585
Land revaluation difference		349	349		4,256	4,256
Foreign currency translation adjustment	(886)		(886)	(10,804)		(10,804)
Total other comprehensive loss	¥ (255)	¥ 176	¥ (79)	$ (3,109)	$ 2,146	$ (963)

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

17. Segment information

Under the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

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

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

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

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

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

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net sales:			
Japan			
Sales to external customers	¥ 75,649	¥ 63,227	$ 922,549
Intersegment sales or transfers	23,178	13,214	282,659
Total	98,827	76,441	1,205,208
Europe			
Sales to external customers	12,337	13,342	150,451
Intersegment sales or transfers	9,830	6,959	119,878
Total	22,167	20,301	270,329
America			
Sales to external customers	16,879	8,131	205,841
Intersegment sales or transfers	464	170	5,659
Total	17,343	8,301	211,500
Other areas			
Sales to external customers	9,345	5,108	113,964
Intersegment sales or transfers	120	25	1,463
Total	9,465	5,133	115,427
Reconciliations	(33,592)	(20,368)	(409,659)
Consolidated total	¥ 114,210	¥ 89,808	$ 1,392,805
Segment profit (loss):			
Japan	¥ 4,173	¥ (2,728)	$ 50,890
Europe	119	(880)	1,451
America	653	(685)	7,963
Other areas	908	253	11,074
Reconciliations	43	306	524
Consolidated total	¥ 5,896	¥ (3,734)	$ 71,902
Segment assets:			
Japan	¥ 142,427	¥ 129,694	$ 1,736,915
Europe	14,145	13,581	172,500
America	11,030	7,003	134,512
Other areas	6,256	4,361	76,293
Reconciliations	(12,682)	(8,473)	(154,659)
Consolidated total	¥ 161,176	¥ 146,166	$ 1,965,561
Other			
Depreciation:			
Japan	¥ 1,917	¥ 2,235	$ 23,378
Europe	309	300	3,768
America	83	133	1,012
Other areas	45	28	549
Consolidated total	¥ 2,354	¥ 2,696	$ 28,707
Amortization of goodwill:			
Japan			
Europe			
America		¥ 148	
Other areas			
Consolidated total	¥ 0	¥ 148	$ 0
Increase in property, plant and equipment and intangible assets:			
Japan	¥ 800	¥ 465	$ 9,756
Europe	318	178	3,878
America	419	19	5,110
Other areas	47	303	573
Consolidated total	¥ 1,584	¥ 965	$ 19,317

Notes:
1. "Other areas" consisted of operation of overseas subsidiaries in Asia, Oceania and others.
2. 1) Reconciliations for segment profit (loss) mainly consisted of elimination of intersegment unrealized profit of ¥37 million ($451 thousand) and ¥306 million for the years ended March 31, 2012 and 2011, respectively.
   2) Reconciliations for segment assets mainly consisted of elimination of intersegment balance of ¥11,377 million ($138,744 thousand) and ¥7,132 million, and elimination of intersegment unrealized profit of ¥1,305 million ($15,915 thousand) and ¥1,342 million for the years ended March 31, 2012 and 2011, respectively.
3. Segment profit (loss) is reconciled to consolidated operating income (loss).

Information about products/services

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net sales:			
Mobile cranes	¥ 66,440	¥ 47,441	$ 810,244
Truck loader cranes	11,373	8,137	138,695
Aerial work platforms	11,789	10,088	143,768
Other	24,608	24,142	300,098
Total	¥114,210	¥ 89,808	$ 1,392,805

Information about geographical area

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net sales:			
Japan	¥ 61,338	¥ 51,530	$ 748,024
Europe	11,643	12,740	141,988
America	16,951	8,307	206,720
Other areas	24,278	17,231	296,073
Total	¥114,210	¥ 89,808	$ 1,392,805
Net property, plant and equipment:			
Japan	¥ 30,368	¥ 31,662	$ 370,342
Europe	2,083	2,181	25,402
America	643	366	7,842
Other areas	355	356	4,329
Total	¥ 33,449	¥ 34,565	$ 407,915

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

Information about major customers

The Company has no customers that accounted for more than 10% of consolidated net sales for the year ended March 31, 2012.

18. Per share information

Basic net income (loss) per share ("EPS") for the years ended March 31, 2012 and 2011 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, 2012:				
Basic EPS				
Net income available to common shareholders	**¥ 3,145**	**126,985**	**¥ 24.77**	**$0.30**
For the year ended March 31, 2011:				
Basic EPS				
Net loss available to common shareholders	¥(6,722)	127,071	¥(52.90)	

19. Subsequent events

a. Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2012 was approved at the Company's shareholders meeting held on June 22, 2012:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥7.00 ($0.09) per share	**¥ 889**	**$10,841**

b. The misconduct by ex-director of a subsidiary

In May 2012, the misconduct by Vice President and Representative Director of Tadano America Corporation (dismissed on May 21, 2012), including abusing a privilege of the position and fraudulent misappropriation of funds, was discovered. The Company organized an investigating committee (with its chairman: Tadashi Suzuki, Director and Senior Executive Officer), supported by a local, legal and administrative counsel, in order to determine the facts behind the matter. The maximum loss caused by the misconduct is estimated at around $9 million. The net loss cannot be reasonably estimated because the Company is currently pursuing claims and seeking to recover the loss. ¥249 million ($3,037 thousand) has already been recorded as expenses by March 31, 2012. The Company is currently analyzing the effects on the consolidated financial statements of the next fiscal year. Therefore, the effects may give influence to the consolidated financial statements of the next fiscal year. However, the Company expects the future impact will be limited.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte Touche Tohmatsu LLC
Takamatsu Fukoku Seimei Building
2-6, Konyamachi,
Takamatsu 760-0027, Japan
Tel: +81 (87) 822 5662
Fax: +81 (87) 821 9322
www.deloitte.com/jp

To the Board of Directors of TADANO LTD.:

We have audited the accompanying consolidated balance sheet of TADANO LTD. and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TADANO LTD. and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 19 to the consolidated financial statements, in May 2012, the misconduct by Vice President and Representative Director of Tadano America Corporation (dismissed on May 21, 2012) , including abusing a privilege of the position and fraudulent misappropriation funds, was discovered. The maximum loss caused by the misconduct is estimated at around 9 million US dollars. The net loss cannot be reasonably estimated because the Company is currently pursuing claims and seeking to recover the loss. Therefore, the effects may give influence to the consolidated financial statements of the next fiscal year. However, the Company expects that the future impact will be limited. Our opinion is not qualified in respect of this matter.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 22, 2012

Member of
Deloitte Touche Tohmatsu

MANAGEMENT'S REPORT ON INTERNAL CONTROL (TRANSLATION)

NOTE TO READERS:
Following is an English translation of management's report on internal control over financial reporting filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

(TRANSLATION)

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Koichi Tadano, Representative Director, President and C.E.O. is responsible for designing and operating effective internal control over financial reporting of our company (the "Company") and has designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control aims at achieving its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to the Scope of Assessment, the Basic Date of Assessment and the Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2012, which is the end of the Company's fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls that may have a material effect on our entire financial reporting on a consolidated basis ("company-level controls"). Based on the result, we reasonably selected business processes to be assessed. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries (collectively, "the Group"), from the perspective of the materiality of the impact on the reliability of our financial reporting. The materiality of the impact on the reliability of financial reporting is determined taking into account the materiality of quantitative and qualitative impacts on financial reporting. In light of the results of assessment of company-level controls conducted for the Company and 24 consolidated subsidiaries, we reasonably determined the scope of assessment of process-level controls.

Regarding the scope of assessment of process-level controls, we selected "significant locations and/or business units," which are those locations and/or business units to be assessed, in descending order of net sales (after elimination of intercompany transactions) for the previous period, until the combined total of net sales reaches approximately two-thirds of the respective total amount on a consolidated basis. We included in the scope of assessment, at the selected significant locations and/or business units, business processes that impact the accounts that are closely associated with the Company's business objectives, namely those leading to net sales and trade accounts receivable as well as inventories.

3. Matters Relating to the Results of the Assessment

We have concluded that it is reasonably possible that the following deficiency of internal control over financial reporting has the definition of a material effect on financial reporting and, therefore, falls under a material weakness which should be disclosed. As a result, as of the end of March 2012, we concluded that internal control over financial reporting of the Group was not effective.

In May 2012, the misconduct by Vice President and Representative Director of Tadano America Corporation (dismissed on May 21, 2012), including abusing a privilege of the position and fraudulent misappropriation of funds, was discovered. The Company organized an investigating committee (with its chairman: Tadashi Suzuki, Director and Senior Executive Officer), supported by a local, legal and administrative counsel, in order to determine the facts behind the matter.

The Company recognizes the problem of segregation of duties in operation (Check-and-Balance System of execution of technical duty) as well as a lack of compliance in the company-level control of Tadano America Corporation, leading to this misconduct. Furthermore, the monitoring system of the Group was inefficient.

The reason why the material weakness which should be disclosed was not remedied by March 31, 2012 is because the misconduct had not been discovered before year-end.

As a result of the investigation of all transactions related to the material weakness which should be disclosed in company-level controls for the Vice President and Representative Director of Tadano America Corporation, the maximum loss caused by the misconduct is estimated at around $9 million. ¥249 million ($3,037 thousand) has already been recorded as expenses by March 31, 2012. The net loss cannot be reasonably estimated because the Company is currently pursuing claims and seeking to recover the loss. However, the Company expects the future impact will be limited.

The Company recognizes the importance of effective design and operation of internal controls to ensure appropriate financial reporting, and is implementing the following preventative measures for the following fiscal year in order to ensure that the material weakness which should be disclosed in internal control over financial reporting is unlikely to occur again.

(Preventative measures)

1. Reinforce Check-and-Balance System by review of governance system in overseas subsidiaries.
2. Maintain and ensure thorough compliance by overseas subsidiaries.
3. Reinforce the monitoring systems of the Company over its overseas subsidiaries.

In addition, the Company and domestic subsidiaries will also review their internal controls strictly from above viewpoints.

4. Supplementary Information

Nothing in particular.

5. Special Items

Nothing in particular.

CORPORATE DATA

PAID-IN CAPITAL

13,021 million (As of March 31, 2012)

NUMBER OF EMPLOYEES

1,382 (As of March 31, 2012)

CONSOLIDATED NUMBER OF EMPLOYEES

3,113(as of March 31, 2012)

HEAD OFFICE

Ko-34 Shinden-cho, Takamatsu,
Kagawa 761-0185 Japan
Phone: +81-87-839-5555
Facsimile: +81-87-839-5743
www.tadano.co.jp

TOKYO OFFICE

International Sales Division
4-12 Kamezawa 2-chome,
Sumida-ku, Tokyo 130-0014 Japan
Phone: +81-3-3621-7750
Facsimile: +81-3-3621-7785
www.tadano.co.jp/indexe.html

OVERSEAS OFFICES, SUBSIDIARIES AND AFFILIATES

TADANO Ltd., Beijing Office
Room 1117, No.37 Nanmofang Road,
Chaoyang District, Beijing, China 100022

TADANO Ltd., Middle East Representative Office
P.O. Box 18302, LOB15-323,
Jebel Ali Free Zone,
Dubai, United Arab Emirates
Phone: +971-4-8871353
Facsimile: +971-4-8871703

TADANO FAUN GmbH
Faunberg2,P.O.Box 100108,D-91205,Lauf
a.d.Pegnitz,Germany
Phone: +49-9123-185-0
Facsimile: +49-9123-185-115

TADANO FAUN Stahlbau GmbH
Faunberg 2,P.O.Box100264,D-91205,Lauf
a.d.Pegnitz,Germany
Phone:+49-9123-185-171
Facsimile:+49-9123-3085

TADANO America Holdings, Inc.
4242 West Greens Road,
Houston, Texas, 77066, U.S.A.
Phone: +1-281-869-0030
Facsimile: +1-281-869-0040

TADANO America Corporation
4242 West Greens Road,
Houston, Texas, 77066, U.S.A.
Phone: +1-281-869-0030
Facsimile: +1-281-869-0040

TADANO MANTIS Corporation
1705 Columbia Avenue
Franklin, Tennessee 37064, U.S.A.
Phone: +1-800-272-3325
Facsimile: +1-615-790-6803

TADANO Brasil Equipamentos de Elevacao Ltda.
Rua Um, 09, Quadra 1,Chacara do
Rincao,CEP 13307-200 - Itu-SP - Brazil
Phone: +55-11-4024-4118
Facsimile: +55-11-4024-2247

JC-TADANO (Beijing) Hydraulic Co., Ltd.
No.2 Xinghu Industrial Garden,
Taihu Town, Tongzhou District,
Beijing, China
Phone: +86-10-6153-0491
Facsimile: +86-10-6153-0492

JTL-TADANO (Hebei) Ironparts Co., Ltd.
Industrial Zone No. 2,
Development District Zhuozhou City,
Hebei Province, 072750 China
Phone: +86-31-2552-0895
Facsimile: +86-31-2552-0896

BQ-TADANO (Beijing) Crane Co., Ltd.
No. 36 Linhe Street,
Linhe Industrial Development Zone,
Syunyi District, Beijing, China
Phone: +86-10-8949-8703
Facsimile: +86-10-8949-8705

TADANO (Beijing) Ltd.
Room 1102, No.37 Nanmofang Road,
Chaoyang District, Beijing, China 100022

TADANO South China Co., Ltd.
Room 1803, 18/F.,
Seaview Commercial Building,
21-24 Connaught Road West,
Hong Kong
Phone: +852-2544-9310
Facsimile: +852-2541-5828

TADANO Korea Co., Ltd.
Dangok Bldg 2F, #642-7,
Bokjeong-dong, Sujeong-gu,
Seongnam-si, Gyeonggi-do,
461-830, Korea
Phone: +82-2-714-1600
Facsimile: +82-2-3274-1304

TADANO Asia Pte. Ltd.
11 Tuas View Crescent,
Multico Building, Singapore 637643
Phone: +65-6863-6901
Facsimile: +65-6863-6902

Taiwan TADANO Ltd.
16F, No. 39, Sec. 2
Twng-Hwa S. Rd., Taipei,Taiwan
Phone: +886-2-2754-0252
Facsimile: +886-2-2709-2086

TADANO India Pvt.Ltd.
Unit No.707-710, 7th Floor, Prestige
Meridian -1, No.29 M.G Road,
Bangalore-560001, Karnataka, India
Phone: +91-80-4093-1566
Facsimile: +91-80-4093-7934

TADANO (Thailand) Co.,Ltd.
Eastern Seaboard IE ESIE Plaza 2,300/7
Moo 1,T.Tasit,A.Pluak Daeng,Rayong
21140 Thailand
Phone:+66-3895-9043
Facsimile:+66-3895-9044

TADANO Oceania Pty Ltd.
4/12 Archimedes Street, Darra,
QLD 4076 Australia
Phone: +61-7-3120-8750
Facsimile: +61-7-3120-8760

TADANO Ltd. http://www.tadano.co.jp Japanese http://www.tadano.co.jp/indexe.html English

HEAD OFFICE
Ko-34 Shinden-cho, Takamatsu, Kagawa 761-0185 Japan
Phone: +81-87-839-5555 Facsimile: +81-87-839-5743

TOKYO OFFICE
4-12 Kamezawa 2-chome, Sumida-ku, Tokyo 130-0014 Japan
Phone: +81-3-3621-7750 Facsimile: +81-3-3621-7785

Printed in Japan