

ESSEX RENTAL CORP.

FORM 8-K/A (Amended Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 24, 2010

Essex Rental Corp.

(Exact name of registrant as specified in charter)

Delaware	000-52459	20-5415048
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
1110 Lake Cook Road, Suite 220, Buffalo Grove, Illinois		60089
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: 847-215-6502

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))
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EXPLANATORY NOTE

This Current Report on Form 8-K/A amends the Form 8-K filed by Essex Rental Corp. (“Essex”) with the Securities and Exchange Commission on December 1, 2010 (the “Initial 8-K”), announcing the completion of the acquisition (the “Acquisition”) of the assets of Coast Crane Company (“Coast”) by CC Bidding Corp. (“CCBC”), a Delaware corporation and an indirect wholly-owned subsidiary of Essex. Following the completion of the Acquisition, CCBC changed its name to “Coast Crane Company”.

As permitted under Items 9.01(a)(4) and 9.01(b)(2) of Form 8-K, the Initial 8-K did not include certain financial statements and pro forma financial information. Essex is filing this amendment to provide the (i) historical audited and unaudited financial information of Coast and certain affiliates and related entities and (ii) unaudited pro forma financial information of Essex, in each case, required to be filed under Item 9.01 of Form 8-K in connection with the Acquisition.

Item 2.01 Completion of Acquisition or Disposition of Assets.

This Form 8-K/A amends the Initial 8-K to include the financial statements, financial information and pro forma financial information required by Item 9.01 pertaining to the Acquisition. The information previously reported in the Initial 8-K is hereby incorporated by reference into this Form 8-K/A.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The following financial statements of NCA Crane Parent, Inc. and Subsidiaries are being filed with this report as Exhibit 99.1:

- Independent Auditor’s Report of Ernst & Young LLP;
- Consolidated Balance Sheets as of March 31, 2010 and March 31, 2009;
- Consolidated Statements of Operations for the fiscal years ended March 31, 2010 and 2009 and for the period from May 19, 2007 to March 31, 2008;
- Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2010 and 2009 and for the period from May 19, 2007 to March 31, 2008;
- Consolidated Statements of Stockholders’ (Deficit) Equity and Comprehensive Loss for the fiscal years ended March 31, 2010 and 2009 and for the period from May 19, 2007 to March 31, 2008; and
- Notes to Consolidated Financial Statements.

The following unaudited financial statements of Coast Crane Company and Subsidiary are being filed with this report as Exhibit 99.2:

- Unaudited Consolidated Balance Sheets as of September 30, 2010 and 2009;
- Unaudited Consolidated Statements of Operations for the six months ended September 30, 2010 and 2009;
- Unaudited Consolidated Statements of Cash Flows for the six months ended September 30, 2010 and 2009; and
- Notes to the Unaudited Consolidated Financial Statements.

(b) Pro Forma Financial Information

The following unaudited pro forma condensed financial information is being filed with this report as Exhibit 99.3:

- Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2010;
 - Unaudited Pro Forma Consolidated Statement of Operations for the nine months ended September 30, 2010;
 - Unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2009; and
 - Notes to Unaudited Pro Forma Consolidated Financial Statements.
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The unaudited pro forma consolidated financial information is presented for informational purposes only. The pro forma data is not necessarily indicative of what Essex's financial position or results of operations actually would have been had Essex completed the acquisition as of the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not purport to project the future financial position or operating results of the consolidated company.

Exhibit No.	Description
23.1	Consent of Ernst & Young LLP
99.1	Audited consolidated financial statements of NCA Crane Parent, Inc. and Subsidiaries
99.2	Unaudited consolidated financial statements of Coast Crane Company and Subsidiary
99.3	Unaudited pro forma consolidated financial information of Essex Rental Corp.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ESSEX RENTAL CORP.

Date: February 10, 2011

By: /s/ Martin A. Kroll

Name: Martin A. Kroll

Title: Chief Financial Officer

Consent of Independent Auditors

We consent to the incorporation by reference in the Post-Effective Amendment on Form S-3 to the Registration Statement (No. 333-138452) on Form S-1 and the Registration Statements on Form S-8 (No. 333-161322) and Form S-3 (No. 333-171387) of Essex Rental Corp. of our report dated February 10, 2011, with respect to the consolidated financial statements of NCA Crane Parent, Inc. and subsidiary included in this Current Report (Form 8-K).

/s/ Ernst & Young LLP
Seattle, Washington
February 10, 2011

CONSOLIDATED FINANCIAL STATEMENTS

NCA Crane Parent, Inc. and Subsidiaries
Years Ended March 31, 2010 and 2009
And for the Period From May 19, 2007 to March 31, 2008
With Report of Independent Auditors

NCA Crane Parent, Inc. and Subsidiaries

Consolidated Financial Statements

Years Ended March 31, 2010 and 2009 and
for the Period from May 19, 2007 to March 31, 2008

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Report of Independent Auditors

The Board of Directors and Stockholders
NCA Crane Parent, Inc.

We have audited the accompanying consolidated balance sheets of NCA Crane Parent, Inc. and subsidiaries (collectively, the Company) as of March 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' (deficit) equity and comprehensive loss, and cash flows for the years then ended and for the period from May 19, 2007 to March 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NCA Crane Parent, Inc. and subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years ended March 31, 2010 and 2009 and for the period from May 19, 2007 to March 31, 2008, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that NCA Crane Parent, Inc. will continue as a going concern. As more fully described in Note 6 and 18, due to an inability to meet debt obligations with its creditors, the Company's subsidiary Coast Crane Company, filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. As further described in Note 18, on November 8, 2010, all of the assets and business operations of Coast Crane Company were sold to CC Bidding Corp., a wholly owned subsidiary of Essex Rental Corp. On November 24, 2010, Coast Crane Company changed its name to CC Liquidating Company and remains in bankruptcy through the date of this opinion. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The March 31, 2010 financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

As discussed in Note 1 to the consolidated financial statements, the Company adopted the accounting guidance for fair value measurements and disclosures as of April 1, 2008.

/s/ Ernest & Young LLP
Seattle, Washington

February 10, 2011

NCA Crane Parent, Inc. and Subsidiaries

Consolidated Balance Sheets

	March 31	
	2010	2009
Assets		
Cash	\$ 540,592	\$ 584,399
Accounts receivable, net	5,351,597	7,933,939
Inventory	9,126,687	15,843,642
Prepaid expenses and other assets	1,210,079	1,121,586
Equipment rental pool, net	82,637,480	102,982,792
Corporate property and equipment, net	1,699,563	2,398,174
Deferred financing costs, net	1,036,265	1,420,010
Other intangible assets, net	7,579,902	8,164,277
Total assets	<u>\$ 109,182,165</u>	<u>\$ 140,448,819</u>
Liabilities and stockholders' equity		
Accounts payable	\$ 5,408,288	\$ 16,205,115
Accrued expenses	2,357,502	1,711,706
Customer deposits	215,627	371,407
Notes payable	96,167,849	98,418,068
Interest rate swap liabilities	3,644,337	4,784,906
Deferred federal and state income taxes	5,878,938	11,850,279
Common stock subject to repurchase	1,106,500	1,096,500
Total liabilities	<u>114,779,041</u>	<u>134,437,981</u>
Commitments and contingencies		
Stockholders' (deficit) equity:		
Common stock, \$0.01 par value:		
Authorized - 500,000 shares in 2010 and 2009		
Issued and outstanding shares - 273,315 and 273,215 in 2010 and 2009, respectively		
	2,635	2,635
Treasury stock, 15 shares in 2010	(150,000)	(150,000)
Additional paid-in capital	26,347,365	26,347,365
Accumulated deficit	(31,994,279)	(19,581,991)
Accumulated other comprehensive income (loss)	147,403	(607,171)
Total stockholders' (deficit) equity	<u>(5,596,876)</u>	<u>6,010,838</u>
Total liabilities and stockholders' (deficit) equity	<u>\$ 109,182,165</u>	<u>\$ 140,448,819</u>

See accompanying notes.

NCA Crane Parent, Inc. and Subsidiaries

Consolidated Statements of Operations

	<u>Year Ended</u> <u>2010</u>	<u>March 31,</u> <u>2009</u>	<u>Period From</u> <u>May 19, 2007 to</u> <u>March 31, 2008</u>
Revenue:			
Rental income	\$ 24,516,955	\$ 37,610,004	\$ 35,423,757
Equipment sales, parts and service	61,032,896	79,875,045	59,785,775
Rental equipment sales	15,632,160	21,257,642	19,773,140
Total revenue	101,182,011	138,742,691	114,982,672
Cost of goods sold:			
Rental expense	19,329,216	23,658,879	21,802,956
Equipment, parts and service	52,210,721	66,733,144	50,988,084
Rental equipment sales	16,272,386	18,533,084	16,343,526
Total cost of goods sold	87,812,323	108,925,107	89,134,566
Gross margin	13,369,688	29,817,584	25,848,106
Selling, general and administrative expenses	20,726,743	24,254,907	20,332,580
Amortization of intangible assets	1,135,287	1,172,157	1,209,556
Impairment of goodwill	-	11,990,448	-
(Loss) income from operations	(8,492,342)	(7,599,928)	4,305,970
Other expense (income):			
Miscellaneous other expense, net	1,926,481	388,005	98,538
Change in fair value of interest rate swaps	(1,140,569)	19,820	4,765,086
Interest expense	10,263,041	8,696,630	6,850,971
Total other expense	11,048,953	9,104,455	11,714,595
Loss before income tax benefit	(19,541,295)	(16,704,383)	(7,408,625)
Income tax benefit	7,179,007	1,747,842	2,783,175
Net loss	\$ (12,362,288)	\$ (14,956,541)	\$ (4,625,450)

See accompanying notes.

NCA Crane Parent, Inc. and Subsidiaries

Consolidated Statements of Stockholders' (Deficit) Equity and Comprehensive Loss

	Shares of Common Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' (Deficit) Equity and Comprehensive Loss
Initial capitalization of NCA							
Crane Parent, Inc. inclusive of common stock subject to repurchase rights of 12,515	274,515	\$ 2,635	\$ (150,000)	\$ 26,347,365	\$ -	\$ -	\$ 26,200,000
Redemption of common stock subject to repurchase rights	(1,500)	-	-	-	-	-	-
Common stock issued subject to repurchase rights	500	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-
Net loss	-	-	-	-	(4,625,450)	-	(4,625,450)
Translation adjustments, net of taxes of \$195,672	-	-	-	-	-	326,121	326,121
Comprehensive loss	-	-	-	-	-	-	(4,299,329)
Balance, March 31, 2008	273,515	2,635	(150,000)	26,347,365	(4,625,450)	326,121	21,900,671
2009							
Redemption of common stock subject to repurchase rights	(550)	-	-	-	-	-	-
Common stock issued subject to repurchase rights	250	-	-	-	-	-	-
Net loss	-	-	-	-	(14,956,541)	-	(14,956,541)
Translation adjustments, net of taxes of \$508,457	-	-	-	-	-	(933,292)	(933,292)
Comprehensive loss	-	-	-	-	-	-	(15,889,833)
Balance, March 31, 2009	273,215	2,635	(150,000)	26,347,365	(19,581,991)	(607,171)	6,010,838
2010							
Common stock issued subject to repurchase rights	100	-	-	-	-	-	-
Net loss	-	-	-	-	(12,362,288)	-	(12,362,288)
Translation adjustments, net of taxes of \$323,997	-	-	-	-	-	754,574	754,574
Comprehensive loss	-	-	-	-	-	-	(11,607,714)
Balance, March 31, 2010	273,315	\$ 2,635	\$ (150,000)	\$ 26,347,365	\$ (31,944,279)	\$ 147,403	\$ (5,596,876)

See accompanying notes.

NCA Crane Parent, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	<u>Year Ended</u>	<u>March 31</u>	<u>Period From</u>
	<u>2010</u>	<u>2009</u>	<u>May 19, 2007 to</u>
			<u>March 31, 2008</u>
Cash flows from operating activities			
Net loss	\$ (12,362,288)	\$ (14,956,541)	\$ (4,625,450)
Depreciation and amortization	13,989,291	15,513,954	12,843,599
Change in fair value of interest rate swaps	(1,140,569)	19,820	4,765,086
Net loss on extinguishment of debt	310,857	-	-
Deferred income taxes	(6,685,269)	(2,138,125)	(3,017,871)
Loss on disposal of corporate property and equipment	28,115	115,893	112,819
Loss (gain) on sale of rental equipment	124,452	(2,726,956)	(3,429,614)
Impairment of goodwill	-	11,990,448	-
Decrease (increase) in:			
Accounts receivable, net	2,672,675	3,227,601	(194,294)
Inventory	6,840,691	(1,113,441)	(821,920)
Prepaid expenses and other assets	19,402	919,457	1,818,466
Increase (decrease) in:			
Accounts payable	(10,823,733)	(1,964,058)	12,970,983
Accrued expenses	632,835	(1,363,844)	(3,479,269)
Income tax payable	(72,251)	-	-
Customer deposits	(118,336)	(2,259,752)	2,664,642
Net cash (used in) provided by operating activities	<u>(6,584,128)</u>	<u>5,264,456</u>	<u>19,607,177</u>
Cash flows from investing activities			
Purchase of corporate fixed assets	(196,686)	(984,267)	(1,317,564)
Purchase of rental equipment	(6,852,288)	(26,693,154)	(49,594,361)
Acquisition of Coast Crane Company, net of cash	-	-	(112,732,930)
Proceeds from the sale of rental equipment	<u>15,632,160</u>	<u>21,257,642</u>	<u>21,792,238</u>
Net cash (used in) provided by investing activities	<u>8,583,186</u>	<u>(6,419,779)</u>	<u>(141,852,617)</u>
Cash flows from financing activities			
Repayments of notes payable	(104,293,944)	(126,306,092)	(98,019,077)
Borrowings of notes payable	100,930,713	128,399,958	194,751,469
Issuance of common stock	10,000	-	27,501,500
Redemption of common stock	-	(55,000)	(150,000)
Payment of note financing fees	<u>(407,384)</u>	<u>(368,711)</u>	<u>(1,760,802)</u>
Net cash (used in) provided by financing activities	<u>(3,760,615)</u>	<u>1,670,155</u>	<u>122,323,090</u>
Effect of exchange rate changes in cash	<u>1,717,750</u>	<u>(305,786)</u>	<u>297,703</u>
Net (decrease) increase in cash	(43,807)	209,046	375,353
Cash at beginning of period	<u>584,399</u>	<u>375,353</u>	<u>-</u>
Cash at end of period	<u>\$ 540,592</u>	<u>\$ 584,399</u>	<u>\$ 375,353</u>

See accompanying notes.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Operations and Summary of Significant Accounting Policies

Organization

NCA Crane Parent, Inc., (NCA or collectively with its subsidiaries, the Company) was incorporated on April 26, 2007 in the state of Delaware. On May 19, 2007, NCA acquired substantially all of the ownership interest in Coast Crane Company (“CCC”). The Company is headquartered in Seattle, Washington.

Coast Crane, Ltd. is a wholly owned subsidiary of CCC and was incorporated November 1, 1995, under the laws of the Province of British Columbia, Canada. The consolidated financial statements include the accounts of the wholly owned subsidiary. All significant intercompany transactions and balances have been eliminated in consolidation.

Operations and Basis of Presentation

The Company sells and rents cranes and manlift equipment primarily to customers in the construction industry in the western United States and Canada. The Company also sells related parts and provides repair services. The Company is a dealer for several crane manufacturers. The Company has 14 branches located in the states of Washington, Alaska, Oregon, California, and Hawaii; and British Columbia, Canada. The nature of the Company’s business is such that short-term obligations are typically met by cash flow generated from long-term assets. Consequently, consistent with industry practice, the accompanying consolidated balance sheets are presented on an unclassified basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Subsequent Events

We have evaluated subsequent events and transaction for potential recognition or disclosure in the financial statements through February 10, 2011, the day the financial statements were issued.

Treasury Stock

The Company accounts for treasury stock under the cost method and include treasury stock as a component of stockholders’ equity.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Operations and Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable include amounts due from customers arising from billings under standard terms, amounts due from crane manufacturers for repairs covered by manufacturers' warranties, amounts due from equipment rental customers and miscellaneous other receivables and usually require no collateral.

Allowance for Doubtful Accounts

The Company provides an allowance for uncollectible receivables. Management bases its allowance on the estimated losses on specific accounts and historical loss experience based on the aging of receivables. Receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received.

Inventory

Inventory is stated at the lower of cost or market. The Company accounts for the cost of crane and truck inventory using the specific-identification method. Stocked inventory parts are accounted for using the average cost method.

Equipment Rental Pool and Corporate Property and Equipment

Equipment rental pool acquisitions and corporate property are recorded at cost. Costs for repairs and maintenance that do not significantly increase the value or estimated useful lives of the assets are expensed as incurred.

Depreciation and amortization of property and equipment are provided on a straight-line method over the estimated useful lives of the individual assets. Rental pool equipment is depreciated over five to 12 years down to its salvage value. Corporate property and equipment are depreciated over three to five years. Leasehold improvements are amortized over the shorter of the life of the asset or the remaining lease term, inclusive of renewal options when renewal is probable.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Operations and Summary of Significant Accounting Policies (continued)

Deferred Financing Costs

Deferred financing costs include loan fees and professional fees, which are amortized over the five-year term of the Company's borrowing agreements. Amortization of deferred financing costs is included in interest expense in the accompanying consolidated statements of operations.

Goodwill and Other Intangibles

Goodwill resulting from business acquisitions represents the excess purchase price over the identifiable net assets of the business acquired.

Goodwill is subject to an annual assessment for impairment by applying a fair value-based test. The Company performs its annual impairment analysis as of the first day of the fourth quarter each year.

During the year ended March 31, 2009, the Company recorded \$11,990,448 of impairment to goodwill. This impairment was a result of a decline in forecasted future revenues and cash flows as a result of an economic decline in crane rental, servicing, and distribution activities. This decline resulted from a decrease in the fair value of the Company since its acquisition of CCC on May 19, 2007. Refer to Note 16 for further details.

Other intangible assets consist of supplier and customer relationships, and are recorded based upon estimated fair values at the date of acquisition. Supplier relationships are subject to straight-line amortization over a weighted-average period of 10 years. Customer relationships are subject to straight-line amortization over a weighted-average useful life of six years.

Revenue Recognition

Revenue on equipment sales is primarily recognized once the following criteria have been met: pervasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the price is fixed or determinable; and collectability is reasonably assured. In situations where servicing deliverables are attached to crane sales, the Company defers the related revenue until such time as the services are provided. The fair value for these services is determined based on current rates charged to customers for the same services provided in arrangements that do not include equipment sales.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Operations and Summary of Significant Accounting Policies (continued)

Rental income is recognized over the period of the related rental agreement, commencing once the equipment has been delivered. Parts and service revenue is recognized when the Company delivers parts to its customers or when it completes service work on customer equipment. Revenue includes freight billed to customers and the related freight costs are included in cost of sales.

The Company leases the majority of its cranes for periods ranging from daily to monthly. Certain tower cranes are leased for longer periods generally not exceeding two years. Crane rentals are accounted for as operating leases.

Advertising

The Company expenses all advertising costs as incurred. Advertising costs for the years ended March 31, 2010 and 2009 and the period ended March 31, 2008, totaled \$179,471, \$211,687, and \$182,198, respectively.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassification had no impact on operating income or net income.

Fair Value of Financial Instruments

The fair value of financial instruments that are not actively traded is based on market prices of similar instruments and/or valuation techniques using observable and unobservable inputs.

Although management uses its best judgment in estimating the fair value of these instruments, there are inherent limitations in any estimation technique.

Financial instruments include cash, accounts receivable, accounts payable, accrued expenses, short and long-term borrowings, and interest rate swaps. The carrying amount and estimated fair value of the Secured JP Morgan term debt at March 31, 2010, were \$13,504,728 and \$13,913,767, respectively. The fair value of the term debt was calculated using the amended term loan interest rate of 19%.

The Company believes that the fair value of all other financial instruments approximates their carrying value based on current market indicators, such as prevailing interest rates and exchange rates.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Operations and Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

The functional currency of the Company's Canadian subsidiary is the Canadian dollar. Assets and liabilities of the foreign subsidiary are translated into U.S. dollars at period-end exchange rates, and revenue and expenses are translated at average rates prevailing during the year. Translation adjustments are included in accumulated other comprehensive income (loss), a separate component of stockholders' equity.

Stock-Based Compensation

The Company has a stock option plan, which is fully described in Note 9. The Company measures employee stock-based compensation awards using a fair value method and recognizes such expense in the financial statements over the related service periods. To date, all options granted have vesting provisions that are contingent on certain performance criteria that thereby result in a deferral of the recognition of the related stock compensation expense until it becomes probable that the performance criteria will be achieved.

Derivative Financial Instruments

The Company accounts for its derivative financial instruments in accordance with ASC 815, Derivatives and Hedging which requires companies to recognize the fair value of all derivative instruments as either assets or liabilities on the balance sheet.

The Company manages its exposure to variable interest rates by entering into interest rate swaps. At March 31, 2010, the Company had six interest rates swaps outstanding, each with a remaining \$7 million notional amount, all maturing in May 2012. The notional amounts of each of these swaps reduce over time, based upon management's forecasted reduction in the Company's revolving credit lines.

While the interest rate swaps represent economic hedges against changes in cash flow due to changes in LIBOR based interest payments, the instruments have not been designated as hedges; and therefore, all changes in fair value are recorded through other expense in the accompanying consolidated statement of operations.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Operations and Summary of Significant Accounting Policies (continued)

Income Taxes

Income taxes are accounted for using an asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the consolidated financial statements and tax bases of assets and liabilities at the applicable enacted tax rates. Accounting principles generally accepted in the United States require a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

The majority of the Company's sales are to customers in the construction industry located in Washington, Oregon, California, Alaska, and British Columbia, Canada. The Company grants credit to substantially all of its customers. The Company may perfect security interests on receivables related to the sale of equipment. Receivables relating to the rental of equipment are generally unsecured, but the Company may have certain lien and other rights under federal and state statutes.

Adoption of New Accounting Standards

On April 1, 2008, the Company adopted the accounting guidance issued by the FASB on fair value measurements and disclosures. This accounting guidance defined fair value, established a framework for measuring fair value, and expanded the related disclosure requirements. This guidance applies to other accounting pronouncements that require or permit fair value measurements. The guidance indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability and defines fair value based upon an exit price model.

The effective date for certain portions of the fair value measurement and disclosure guidance was delayed for all non-financial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Company delayed the adoption related to this portion of the guidance and adopted this guidance in its entirety on April 1, 2009.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Operations and Summary of Significant Accounting Policies (continued)

On April 1, 2009, the Company adopted authoritative guidance issued by the FASB that clarifies the accounting for uncertainty in income tax positions by prescribing a minimum recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The cumulative effects of adopting the standard were recorded in retained earnings as of the beginning of the period of adoption. The effects of adopting the guidance did not have a material impact on the Company's consolidated financial statements.

On March 31, 2010, the Company adopted authoritative guidance issued by the FASB that expanded the disclosure requirements for derivative instruments. This guidance was issued to provide greater transparency around derivative and hedging activities. This transparency includes the disclosure of the additional information regarding how and why derivative instruments are used, how derivatives are accounted for, and how they affect an entity's financial performance. The adoption of this guidance did not have an impact on the Company's consolidated financial position or results of operations. The additional disclosure requirements are included in Note 15.

2. Accounts Receivable

Accounts receivable consist of the following:

	March 31	
	2010	2009
Trade	\$ 5,620,537	\$ 7,968,485
Warranty claims	321,744	362,755
Accrued rent	282,038	432,894
	6,224,319	8,764,134
Less: allowance for doubtful accounts	(872,722)	(830,195)
Accounts receivable, net	\$ 5,351,597	\$ 7,933,939

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

3. Inventory

Inventory consists of the following:

	March 31	
	2010	2009
Cranes, trucks and other machinery	\$ 6,145,740	\$ 12,251,802
Parts inventory	2,408,409	2,834,969
Work in process	572,538	756,871
Total inventory	\$ 9,126,687	\$ 15,843,642

4. Equipment Rental Pool and Corporate Property and Equipment

The equipment rental pool and corporate property and equipment consist of the following:

	March 31	
	2010	2009
Equipment rental pool	\$ 109,435,301	\$ 121,964,858
Less accumulated depreciation	26,797,821	18,982,066
Net equipment rental pool	\$ 82,637,480	\$ 102,982,792
Corporate property and equipment		
Motor vehicles	\$ 2,440,612	\$ 2,441,568
Shop equipment	701,584	647,674
Office equipment	432,330	413,452
Leasehold improvements	1,367,088	1,289,724
Total corporate property and equipment	\$ 4,941,614	\$ 4,792,418
Less accumulated depreciation	3,242,051	2,394,244
Net corporate property and equipment	\$ 1,699,563	\$ 2,398,174

Depreciation expense was \$12,294,500, \$13,940,771 and \$11,343,555 for the years ended March 31, 2010 and 2009 and for the period ended March 31, 2008, respectively.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

5. Other Intangible Assets

The components of other intangible assets are as follows:

	March 31	
	2010	2009
Customer relationships	\$ 1,711,400	\$ 1,711,400
Supplier relationships	9,155,180	8,450,328
Accumulated amortization	(3,286,678)	(1,997,451)
	\$ 7,579,902	\$ 8,164,277

Amortization expense was \$1,135,287, \$1,172,157 and \$1,209,556 for the years ended March 31, 2010 and 2009 and the period ended March 31, 2008, respectively.

Amortization expense for each of the five succeeding fiscal years is expected to be as follows:

Year ending March 31:	
2011	\$ 1,160,004
2012	1,160,004
2013	1,160,004
2014	1,160,004
2015	956,265
Thereafter	1,983,621
	\$ 7,579,902

Given conditions described in Note 18 of the financial statements, management felt that indicators of impairment of intangible assets may exist (step one) at March 31, 2010, and accordingly performed an undiscounted cash flow analysis of the Company as of the valuation date (step two) in order to determine whether any impairment should be recorded. This analysis involved management identifying the reporting unit, which was determined to be the Company, and projecting, on a going concern basis, prospective financial information of the Company. With this analysis, the undiscounted cash flows of the reporting unit were compared to the carrying value of the Company and because the undiscounted cash flows of the Company exceeded the Company's equivalent book value of the Company, there was no indication that the book value of the intangible assets was not recoverable. Accordingly, Management determined that no impairment existed at March 31, 2010.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

6. Notes Payable

Notes payable consists of the following:

	March 31	
	2010	2009
Secured PNC Revolving Loans, maturing in May 2012, with interest rates at the Company's option of PNC Bank Prime or LIBOR plus a spread based on the Company's leverage ratio. Interest rates range from 2.81% to 9.25% at March 31, 2010	\$ 75,139,611	\$ 82,920,645
Secured JP Morgan term debt due in full in May 2013. Interest at 14% plus PIK of 5% (19% at March 31, 2010)	13,504,728	13,000,000
DLL Equipment Financing, financing of seven units with maturities between September 2015 and February 2016. Interest at LIBOR plus 3.25% (3.50% at March 31, 2010)	4,353,595	-
GE Canada Equipment Funding G.P. Revolving Credit Facility, maturing in May 2012. Interest at CDOR plus 2.9% (6.34% at March 31, 2010)	3,169,915	2,497,423
Total notes payable	<u>\$ 96,167,849</u>	<u>\$ 98,418,068</u>

The above notes are secured by liens against the Company's tangible and intangible assets. Under the terms of the notes, the Company is generally not permitted to declare or pay any dividends or any other distribution on its common stock.

In accordance with the Secured PNC Revolving Loans (the U.S. Credit Facility), the Company may borrow up to \$100 million depending upon the availability of its borrowing base collateral consisting of eligible trade receivables, inventories, property and equipment, and other assets located in the United States. At March 31, 2010, the Company's outstanding debt exceeded its borrowing base collateral. Additional borrowings available under the terms of the U.S. Credit Facility at March 31, 2009 totaled \$17,079,355.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

6. Notes Payable (continued)

In accordance with the GE Canada Equipment Funding G.P. Revolving Credit Facility (the Canadian Credit Facility), the Company may borrow up to \$5 million depending upon the availability of its borrowing base collateral, consisting of eligible trade receivables, inventories, property and equipment, and other assets located in Canada. At March 31, 2010 borrowings in excess of available collateral totaled \$267,017. Additional borrowings available under the terms of the facility at of March 31, 2009 totaled \$2,502,577.

The Company obtained a waiver from its lenders related to its inability to meet the minimum net income covenant requirement of one dollar, included in the U.S. Credit Facility and Secured JP Morgan loan agreements, for the fiscal year ended March 31, 2010. Coincident with the waiver being obtained, other covenant levels for these loans were adjusted as follows:

Leverage ratio not permitted to exceed the following:

3.25 : 1 for quarters ended March 31, 2009, June 30, 2009, September 30 2009, December 31, 2009, March 31, 2010, June 30, 2010.

3.00 : 1 for quarters ending September 30, 2010, December 31, 2010, March 31, 2011, and June 30, 2011.

2.80 : 1 for quarters ending September 30, 2011, and December 31, 2011.

2.50 : 1 for quarters ending March 31, 2012, and as of the end of each fiscal quarter thereafter.

Net income not permitted to be less than one dollar (\$1) for the fiscal year ending March 31, 2011, and thereafter.

Minimum undrawn availability not permitted to be less than five million (\$5,000,000) dollars as of the end of the months ended June 30, 2009, September 30, 2009, December 31, 2009, and March 31, 2010.

Net Capital expenditures not permitted to exceed six million five hundred thousand for the year ended March 31, 2009, zero (\$0) dollars for the year ended March 31, 2010, three million two hundred fifty thousand (\$3,250,000) for the year ending March 31, 2011, and six million five hundred thousand (\$6,500,000) for the year ending March 31, 2012 and thereafter.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

6. Notes Payable (continued)

The Company revised the terms of its U.S. Credit Facility, its Secured JP Morgan term debt, and its Canadian Revolving Credit Facility on May 29, 2009 as follows:

U.S. Credit Facility: Alternate Base Rate plus a spread based on the Company's leverage ratio, with spread on Domestic Rate Loans ranging from 4% – 9.25%. Coincident with the rate change levels for leverage ratios, net income, net capital expenditures and minimum liquidity were also adjusted.

Secured JP Morgan term debt: interest rate of 19%, with election of borrower to pay interest in excess of 12% as payment in kind interest which adds such amount to the then outstanding aggregate principal amount of the loans. Coincident with the rate change levels for leverage ratios, net income, net capital expenditures and minimum liquidity were also adjusted.

Canadian Revolving Credit facility: CDOR plus 2.90% (CDOR is defined as the annual rate of interest which is the rate based on the average rate applicable to Canadian Dollar bankers' acceptances for a term of 30, 60, or 90 days).

Interest paid totaled \$8,434,525 and \$8,081,493 and \$6,194,357 for the years ended March 31, 2010 and 2009, respectively.

On December 28, 2009, the Company defaulted on the U.S. Credit Facility as a result of its failure to make certain payments that were due and owing on December 18, 2009, under the ISDA Master Agreement and related schedule entered into by the Company with PNC Bank, National Association, each dated as of March 25, 2007, (the Master Agreement) as supplemented by certain Confirmation Letters dated June 8, 2007, June 15, 2007 and June 21, 2007, (the Swap Payments). On January 6, 2010, the Company received a Notice of Default and Reservation of Rights Letter from PNC Bank.

No action was taken by PNC Bank at that time and the following Forbearance Agreements were entered into over the next several months:

- 04/07/10 - Forbearance Agreement executed. Expiration date 05/26/10.
- 05/26/10 - Amendment to Forbearance Agreement executed. Expiration date 07/07/10.
- 07/07/10 - Second Amendment to Forbearance Agreement executed. Expiration date 07/21/10.
- 07/28/10 - Third Amendment to Forbearance Agreement executed. Expiration date 08/04/10.
- 08/25/10 - Fourth Amendment to Forbearance Agreement executed. Expiration date 08/31/10.
- 09/01/10 - Fifth Amendment to Forbearance Agreement executed. Expiration date 09/08/10.
- 09/08/10 - Sixth Amendment to Forbearance Agreement executed. Expiration date 09/15/10.
- 09/15/10 - Seventh Amendment to Forbearance Agreement executed. Expiration date 09/20/10.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

6. Notes Payable (continued)

The Company's Canadian Credit Facility, by virtue of its association with the U.S. Credit Facility, was party to a cross default as a result of the December 28, 2009, default in the U.S. On March 4, 2010, the Company entered into a Forbearance Agreement with GE Canada Equipment Funding G.P. This agreement was amended as follows:

- 05/06/10 - Amendment to Forbearance Agreement executed.
- 10/18/10 - Second Amendment to Forbearance Agreement executed.
- 11/24/10 - Third Amendment to Forbearance Agreement executed.

The Company's debt agreements require it to maintain a lockbox at a qualifying financial institution and all proceeds from cash collections of collateral be deposited directly to such lockbox. Cash in the lockbox becomes the property of the Company's lending agent and is used to pay down borrowings on the revolving lines. The Company may immediately reborrow the funds as needed, up to the maximum amount allowed. In addition, the debt agreements provide that the lenders may demand immediate repayment of all outstanding amounts if, in the opinion of the lenders, there has been a material adverse change in the operations of the Company.

As of November 24, 2010, substantially all assets of CCC were acquired by CC Bidding Corp and all outstanding debt was assumed by CC Bidding Corp. or paid off as a result of that transaction (see Note 18).

The components of deferred financing costs are as follows:

	March 31	
	2010	2009
Deferred financing costs	\$ 2,105,067	\$ 2,111,567
Accumulated amortization	(1,068,802)	(691,557)
	\$ 1,036,265	\$ 1,420,010

Amortization expense for the years ended March 31, 2010 and 2009 and the period ended March 31, 2008, totaled \$533,448, \$401,027, and \$290,488, respectively. Amortization expense for each of the five succeeding fiscal years is expected to be as follows:

Year ending March 31:	
2011	\$ 498,510
2012	479,586
2013	58,169
2014	-
2015	-
	\$ 1,036,265

NCA Crane Parent, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

7. Interest Rate Swap Liabilities

The Company entered into interest rate swaps in June 2007. The Company has a total of six interest rate swaps, each with a notional value of \$7 million. The purpose of the interest rate swaps was to protect the company from interest rate changes as a result of increasing LIBOR. The interest on the Company's term debt is a LIBOR floating rate and, as such, the Company obtained fixed rate interest swap to hedge against exposure to interest rate increases. As of March 31, 2010, the Company has a \$3,644,337 liability on the books, representing the cumulative future loss on the contracts. While the interest rate swaps represent economic hedges against changes in cash flow due to changes in LIBOR based interest payments, the instruments have not been designated as hedges; and therefore, all changes in fair value are recorded through other expense.

8. Lease Commitments

The Company leases all of its branch facilities under various operating leases expiring at various dates through December 31, 2015. The Company is responsible for substantially all expenses relating to occupancy under the terms of these leases, including taxes, insurance, utilities, and maintenance.

The terms of these leases are summarized as follows:

<u>Location</u>	<u>Monthly Lease Rate</u>	<u>Expiration Date</u>
Portland, OR	\$ 16,500	December 2015
West Sacramento, CA (Shop)	15,000	December 2013
West Sacramento, CA (Storage)	1,598	July 2013
City of Industry, CA	12,395	May 2015
San Leandro, CA	20,225	April 2011
Bakersfield, CA	5,600	March 2014
Seattle, WA	17,500	April 2012
Seattle, WA – (Tower Crane)	8,500	April 2012
Seattle, WA (Sales Trailers)	1,025	June 2011
Seattle, WA – (Tower Crane Trailer)	850	February 2012
Tacoma, WA (Shop)	4,000	February 2014
Pasco, WA	3,500	February 2014
Spokane, WA	6,000	February 2014
Anchorage, AK	11,000	February 2014
San Diego, CA	7,878	June 2011
Ontario, CA	7,957	May 2012
Honolulu, HI	11,855	July 2013
Surrey, BC	10,552 CAD	October 2012

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

8. Lease Commitments (continued)

Certain leases provide the option to renew for various lengths of time.

Additionally, the Company rents automobiles and office equipment under various operating leases expiring through November 2013. Minimum payments under noncancelable real estate and equipment operating leases for future years ending March 31 are as follows:

	<u>Facilities</u>	<u>Equipment</u>
2011	\$ 1,947,076	\$ 426,554
2012	1,657,996	309,597
2013	1,188,050	190,611
2014	905,234	73,617
2015	391,121	1,820
Thereafter	200,054	-
	<u>\$ 6,289,531</u>	<u>\$ 1,002,199</u>

Rent expense totaled \$2,081,594, \$1,956,581, and \$1,438,823 for the years ended March 31, 2010 and 2009 and for the period ended March 31, 2008, respectively.

9. Stock-Based Compensation

Options outstanding at both March 31, 2010 and 2009 were 27,237. During the year ended March 31, 2009, 10,614 options were retired and the Company granted options for 7,528 shares of common stock, with the options vesting only upon achieving certain specific performance and service criteria. During the year ended March 31, 2008, the Company granted options for 30,323 shares of common stock, with the options vesting only upon achieving certain specific performance and service criteria. Achieving these criteria can only be determined upon the occurrence of a liquidity event defined in the stock option agreement to be an acquisition of no less than 51% of the outstanding stock of the Company by a third party or parties. Until a liquidity event occurs, no options will vest. Upon the occurrence of a liquidity event as defined, the number of options that will actually vest will depend on the measurement of the results of the liquidity event against targets defined in the option agreement, and the achievement of required service conditions after the liquidity event. Due to the vesting conditions described above, no options have been exercised.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

9. Stock-Based Compensation (continued)

Compensation expense will be recognized over the remaining service period once the Company determines that the liquidity event is probable and estimable. As of March 31, 2010, the Company concluded that achievement of this event was not probable. Accordingly, no compensation expense related to these options granted has been recorded for the year ended March 31, 2010.

As discussed in Note 18 to the financial statements, the Company filed for bankruptcy and was subsequently sold under a Section 363 sale resulting in the forfeiture of all outstanding options. Accordingly, no compensation expense has been recognized.

Fiscal Year 2009 Stock Option Grants (7,528 options granted)

The fair value of each option granted was determined using a lattice/Monte Carlo simulation. The weighted-average exercise price of the options granted was \$100 per share. The fair value was determined using the following key assumptions: estimated volatility ranging from 50% – 55%, an estimated life ranging from 6.4 to 6.9 years, dividend yield of 0%, and risk-free interest ranging from 1.87% –3.62%. The volatility was determined based on an average of volatilities for a group of public companies that are considered to be the Company's peers. The aggregate fair value of options granted as of January 1, 2009 and July 1, 2008, was \$46,966.

May 19, 2007 Stock Option Grant (30,323 options granted)

The fair value of each option granted was determined using a lattice/Monte Carlo simulation. The weighted-average exercise price of the options granted was \$100 per share. The fair value was determined using the following key assumptions: estimated volatility of 50.0%, an estimated life of 5.1 years, dividend yield of 0%, and risk-free interest rate of 4.75%. The volatility was determined based on an average of volatilities for a group of public companies that are considered to be the Company's peers. The aggregate fair value of options granted as of May 19, 2007, was \$1.3 million.

The weighted-average remaining contractual term is 7.8 years and 8.2 years as of March 31, 2010 and 2009, respectively.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

10. Income Taxes

The income tax benefit is comprised of the following:

	Year Ended March 31, 2010	Year Ended March 31, 2009	May 19, 2007 to March 31, 2008
Current:			
Federal	\$ -	\$ -	\$ -
State	(16,030)	(940)	-
Foreign	509,768	(389,343)	(234,696)
Total current	493,738	(390,283)	(234,696)
Deferred:			
Federal	6,244,460	1,494,516	2,413,152
State	756,751	283,013	302,057
Foreign	(315,942)	360,596	302,662
Total deferred	6,685,269	2,138,125	3,017,871
Total income tax benefit	\$ 7,179,007	\$ 1,747,842	\$ 2,783,175

The Company utilizes the asset and liability method of accounting for deferred income taxes. Under this method, the current year's deferred income tax expense or benefit is determined by the net change in the deferred tax liabilities or assets during the year. Deferred tax liabilities or assets are determined by comparison of the financial statement bases of all assets and liabilities to their corresponding tax bases and applying enacted tax rates to these temporary differences.

Income tax expense differs from the amounts computed by applying the U.S. federal income tax rates to income before taxes primarily due to state taxes.

The amount of federal and state income taxes paid was \$1,040, \$85,349, and \$1,206,082 for the years ended March 31, 2010 and 2009 and the period ended March 31, 2008, respectively.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

10. Income Taxes (continued)

Significant components of the Company's deferred tax assets and liabilities are as follows:

	March 31	
	2010	2009
Deferred tax assets:		
Reserves and deferred expenses	\$ 810,473	\$ 1,002,036
Derivative interest payable	1,239,075	1,626,868
Net operating loss carryforwards	15,040,601	9,533,879
Minimum tax credit carryforwards	891,700	891,700
Total deferred tax assets	17,981,849	13,054,483
Deferred tax liabilities:		
Cumulative translation adjustments	(187,713)	312,785
Intangible assets basis difference	(2,328,224)	(2,647,661)
Fixed asset basis difference	(20,792,863)	(21,275,994)
Accrual of Canadian taxes at U.S. rate	(225,661)	(196,038)
State deferred taxes	(326,326)	(1,097,854)
Total deferred tax liabilities	(23,860,787)	(24,904,762)
Net deferred tax liabilities	\$ (5,878,938)	\$ (11,850,279)

The Company's net operating loss carryforwards total \$44.2 million and expire in various amounts between 2022 and 2030. The Company also has a minimum tax credit carryforward of approximately \$891,700, which carries forward indefinitely. No valuation allowance against these deferred tax assets was considered necessary by management because the reversal of deferred tax liabilities during the carryforward period will result in the utilization of these deferred tax assets. While the Company's ability to use its minimum tax credit carryforwards and approximately \$3.2 million of its net operating losses is subject to possible limitation under Section 382 of the Internal Revenue Code, management has determined that Section 382 will not limit its ability to recognize the value of these deferred tax assets.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

11. Retirement Plan

The Company maintains a defined contribution profit-sharing plan, including 401(k) provisions, which covers substantially all employees over the age of twenty and one-half who have one year of service. Profit-sharing contributions to the plan, if any, are at the discretion of the Board of Directors, subject to statutory limits. No profit-sharing contributions were declared by the Board of Directors for the years ended March 31, 2010 and 2009 and for the period ended March 31, 2008. The Company matches employee 401(k) contributions at 50%, up to 3% of compensation and at 25%, up to an additional 3% of compensation. The Company matched contributions totaled \$207,800, \$246,582, and \$212,887 during the years ended March 31, 2010 and 2009 and the period ended March 31, 2008, respectively. On November 19, 2010, the Company terminated the profit-sharing plan.

12. Supplier Concentration

Pursuant to a distributor sales and service agreement, the Company purchases parts and equipment from a group of affiliated manufacturers. Purchases from the group accounted for approximately 69% of cost of sales for the year ended March 31, 2010, 66% for the year ended March 31, 2009, and 48% for the period ended March 31, 2008. The agreement is terminable with 90 days' written notice or upon certain specified events. Although the Company could obtain equipment and parts from other suppliers, a change in suppliers could have a substantial negative impact on operations.

13. Commitments and Contingencies

The Company is a defendant in various lawsuits. In management's opinion, these suits are without substantial merit and would not result in judgments, which, in the aggregate, would have a material adverse effect on the Company's consolidated financial statements.

The Company has provided bonding commitments to state and local governments totaling approximately \$310,000 as of March 31, 2010.

14. Management Fee

On May 19, 2007, the Company entered into a Management Assistant Agreement with NCA Management LLC (LLC) whereby LLC provides financial advisory, investment banking, and management consulting services to the Company. In the year ended March 31, 2010, the Company paid \$458,333 of management fees and out-of-pocket expenses of \$14,726. In the year ended March 31, 2009, the Company paid \$500,000 of management fees and out-of-pocket expenses of \$29,282. In the period ended March 31, 2008, the Company paid \$950,000 to LLC in connection with services related to the acquisition of CCC, \$350,806 of management fees and \$73,533 of out-of-pocket expenses.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

14. Management Fee (continued)

At March 31, 2010 and 2009, the Company owed LLC \$168,744 and \$131,074, respectively. At March 31, 2010 and 2009, LLC, directly or through affiliates, controls 262,000 shares of the outstanding common stock of the Company.

15. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 – Inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Company has interest rate swaps that are measured at fair value. The interest rate swaps are valued using an industry standard valuation model. This model projects future cash flows and discounts the future amounts to a present value using market-based expectations for interest rates and the contractual terms of the interest rate swaps adjusted for nonperformance risk. The model is based on the LIBOR rate that is observable at commonly quoted intervals for the full term of the swaps.

Management considers an adjustment for non-performance risk in the recognized measure of fair value of the interest rate swaps. The adjustments reflect a non-performance risk factor applied to a net exposure. Management uses the counterparties' non-performance risk factor in a net asset position and the Company's non-performance risk factor in a net liability position. Management evaluates the Company's non-performance risk using credit spreads obtained from its recently amended term and revolver loans.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

15. Fair Value Measurements (continued)

At March 31, 2010, the adjustment related to non-performance risk decreased the derivative liability by approximately \$412,816. At March 31, 2009, the adjustment related to non-performance risk decreased the derivative liability by approximately \$524,739. As adjustments related to non-performance risk are significant inputs that are based on the Company's own assumptions, the Company's derivatives are classified within Level 3 of the fair value hierarchy.

The following table summarizes the activity for the year related to the interest rate swaps, which are considered Level 3 within the fair value hierarchy:

	Year Ended March 31	
	2010	2009
Beginning balance	\$ 4,784,906	\$ 4,765,086
Total (losses) gains	(1,140,569)	19,820
Ending balance	<u>\$ 3,644,337</u>	<u>\$ 4,784,906</u>

16. Goodwill

During the fourth quarter of fiscal year 2009, management performed its annual impairment assessment of goodwill and other intangible assets. Management determined the fair value of the Company at January 1, 2009, in accordance with the two-step process.

In accordance with step one, the fair value of the reporting unit was estimated using a blended analysis of the expected present value of future cash flows and the guideline company method. The resulting calculation revealed that the fair value of the Company was below its carrying value indicating evidence of potential goodwill impairment.

In accordance with step two, the Company determined that the goodwill was fully impaired because the value of its total liabilities and owners' equity (calculated as the summation of the fair value of equity, interest-bearing debt and non-interest bearing current and long-term liabilities) exceeded the value of its current assets and net property and equipment.

As a result, an impairment loss on goodwill of \$11,990,448 was recorded for the year ended March 31, 2009. No goodwill remained as of March 31, 2009.

NCA Crane Parent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

17. Common Stock

During the year ended March 31, 2010, the Company issued 100 shares of stock subject to repurchase for \$100 per share. At March 31, 2010, 273,315 shares of common stock were issued and outstanding and 11,615 shares were subject to repurchase by the Company.

During the year ended March 31, 2009, the Company issued 250 shares of common stock and repurchased and retired 550 shares for \$100 per share. At March 31, 2009, 273,215 shares of common stock were issued and outstanding and 11,515 shares were subject to repurchase by the Company.

During the period ended March 31, 2008, 1,500 shares of common stock were repurchased for \$100 per share and retired resulting in 273,515 shares of common stock outstanding at March 31, 2008.

18. Subsequent Events

On September 22, 2010, CCC filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court Western District of Washington at Seattle. NCA and Coast Crane, Ltd. were not part of the filing and continued to operate outside of Chapter 11. CCC was authorized to continue to operate as an ongoing business, but could not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. Consequently, NCA no longer controlled CCC and, consequently CCC and its subsidiary, Coast Crane, Ltd. were deconsolidated, which may have resulted in a gain or loss on deconsolidation, which has not been estimated at this time. Immediately after the bankruptcy filing, a debtor-in-possession revolving loan with PNC Bank for up to \$20 million was obtained.

Clearlake Capital Group, a private investment firm, was the "stalking horse" in an auction for the assets of CCC, held pursuant to Section 363 of the Bankruptcy Code with a bid of \$81.8 million for the assets of CCC. Following an auction held on November 8, 2010, CC Bidding Corp. (CCBC), a wholly owned subsidiary of Essex Rental Corp., was declared the winning bidder with a bid of \$103.3 million, including \$34.5 million of cash. In connection with the Asset Purchase Agreement between CCBC and CCC entered into on November 1, 2010, CCBC purchased substantially all the assets of CCC and assumed certain liabilities of CCC, including \$49.6 million of first lien secured debt and approximately \$12.0 million of other existing CCC indebtedness. The sale of substantially all of the CCC's assets to CCBC was approved by the Bankruptcy Court on November 12, 2010 and the sale was completed on November 24, 2010. Subsequent to the completion of the transaction, NCA repaid the balance of its unassumed debt.

On November 24, 2010, CCC changed its name to CC Liquidating Company.

CONSOLIDATED FINANCIAL STATEMENTS

Coast Crane Company and Subsidiary
Six Months Ended September 30, 2010 and 2009

Coast Crane Company and Subsidiary

Consolidated Financial Statements

Six Months Ended September 30, 2010 and 2009

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Coast Crane Company and Subsidiary

Consolidated Balance Sheets

	September 30	
	2010	2009
	(Unaudited)	
Assets		
Cash	\$ 1,372,658	\$ 238,552
Accounts receivable, net	7,892,127	12,191,199
Inventory	6,234,932	20,409,791
Prepaid expenses and other assets	1,185,837	1,322,243
Equipment rental pool, net	77,018,748	96,023,014
Corporate property and equipment, net	1,294,972	2,104,548
Deferred financing costs, net	776,964	1,546,644
Other intangible assets, net	6,968,931	8,017,548
Total assets	<u>\$ 102,745,169</u>	<u>\$ 141,853,539</u>
Liabilities and stockholders' (deficit) equity		
Coast Crane Company Liabilities Subject to Compromise		
Accounts payable and accrued expenses	\$ 11,574,622	\$ -
Customer deposits and deferred revenue	1,800,881	-
Notes payable - debtor in possession	88,843,771	-
Interest rate swap liabilities	3,532,431	-
Coast Crane Company Liabilities Subject to Compromise	<u>105,751,705</u>	-
Liabilities Not Subject to Compromise		
Accounts payable and accrued expenses	\$ 2,169,490	\$ 16,530,468
Customer deposits	1,511	1,051,312
Notes payable - CCC	3,713,760	102,841,359
Notes payable - LTD	2,721,088	2,801,905
Interest rate swap liabilities	-	4,406,557
Deferred federal and state income taxes	724,965	10,037,085
Total Liabilities Not Subject to Compromise	<u>9,330,814</u>	<u>137,668,686</u>
Total liabilities	114,269,819	137,668,686
Stockholders' (deficit) equity		
Common stock, no par value:		
Authorized, issued and outstanding - 1,050 shares	-	-
Additional paid-in capital	27,306,500	27,306,500
Accumulated deficit	(39,899,462)	(23,137,690)
Accumulated other comprehensive income (loss)	255,612	16,043
Total stockholders' (deficit) equity	<u>(12,337,350)</u>	<u>4,184,853</u>
Total liabilities and stockholders' (deficit) equity	<u>\$ 102,745,169</u>	<u>\$ 141,853,539</u>

See accompanying notes.

Coast Crane Company and Subsidiary

Consolidated Statements of Operations

	Six Months Ended September 30	
	2010	2009
	(Unaudited)	
Revenue:		
Rental income	\$ 10,981,452	\$ 13,360,809
Equipment sales, parts and service	28,707,019	36,245,365
Rental equipment sales	1,751,879	6,503,819
Total revenue	41,440,350	56,109,993
Cost of goods sold:		
Rental expense	9,232,289	9,807,463
Equipment, parts and service	24,128,453	30,545,478
Rental equipment sales	1,416,099	5,677,011
Total cost of goods sold	34,776,841	46,029,952
Gross margin	6,663,509	10,080,041
Selling, general and administrative expenses	11,896,526	9,896,924
Amortization of intangible assets	576,956	561,650
(Loss) income from operations	(5,809,973)	(378,533)
Other expense (income):		
Miscellaneous other expense, net	757,418	608,524
Change in fair value of interest rate swaps	(111,906)	(378,349)
Interest expense	6,158,694	5,035,258
Total other expense	6,804,206	5,265,433
Loss before income tax benefit	(12,614,179)	(5,643,966)
Income tax benefit (expense)	4,658,996	2,088,267
Net loss	\$ (7,955,183)	\$ (3,555,699)

See accompanying notes.

Coast Crane Company and Subsidiary

Consolidated Statements of Cash Flows

	Six Months Ended September 30	
	2010	2009
	(Unaudited)	
Cash flows from operating activities		
Net loss	\$ (7,955,183)	\$ (3,555,699)
Depreciation and amortization	6,459,798	7,148,625
Unrealized gain (loss) on interest rate swaps	(111,906)	(378,349)
Deferred income taxes	(4,949,363)	(2,266,211)
Loss on disposal of corporate property and equipment	7,035	23,990
Gain on sale of rental equipment	(511,290)	(952,087)
Paid-in-kind interest expense on notes payable	559,367	527,564
Decrease (increase) in:		
Accounts receivable, net	(2,483,610)	(2,172,460)
Inventory, net	2,882,820	(4,437,243)
Prepaid expenses and other assets	40,224	(572,079)
Increase (decrease) in:		
Accounts payable	5,157,586	296,646
Accrued expenses	240,167	(147,550)
Income tax payable	(23,530)	444,397
Customer deposits and deferred revenue	1,546,844	136,097
Net cash provided by (used in) operating activities	<u>858,959</u>	<u>(5,904,359)</u>
Cash flows from investing activities		
Purchase of corporate property and equipment	(19,578)	(190,388)
Purchase of rental equipment	(878,395)	(3,842,762)
Proceeds from the sale of corporate property and equipment	7,035	23,990
Proceeds from the sale of rental equipment	1,751,879	6,503,819
Net cash provided by investing activities	<u>860,941</u>	<u>2,494,659</u>
Cash flows from financing activities		
Repayments of notes payable	(77,631,561)	(118,328,269)
Borrowings on notes payable	76,784,609	121,632,645
Payment of loan financing fees	-	(371,010)
Net cash (used in) provided by financing activities	<u>(846,952)</u>	<u>2,933,366</u>
Effect of exchange rate changes in cash	<u>(40,882)</u>	<u>130,487</u>
Net increase (decrease) in cash	832,066	(345,847)
Cash at beginning of period	540,592	584,399
Cash at end of period	<u>\$ 1,372,658</u>	<u>\$ 238,552</u>

See accompanying notes.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

1. Operations and Summary of Significant Accounting Policies

Organization

Company Coast Crane Company (“CCC”) was incorporated on July 16, 2004 and is headquartered in Seattle, Washington. Its wholly owned subsidiary, Coast Crane, Ltd., was incorporated November 1, 1995, under the laws of the Province of British Columbia, Canada. The Company is composed collectively of CCC and LTD. The consolidated financial statements include the accounts of the wholly owned subsidiary. All significant intercompany transactions and balances have been eliminated in consolidation.

On September 22, 2010, Coast Crane Company filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court Western District of Washington at Seattle. Coast Crane, Ltd. was not part of the filing and continued to operate outside of Chapter 11.

CCC was authorized to continue to operate as an ongoing business, but could not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. Consequently, NCA Crane Parent, Inc. (“NCA”), the parent company of CCC no longer controlled it and, consequently CCC and its subsidiary, Coast Crane, Ltd. were deconsolidated, which may have resulted in a gain or loss on deconsolidation for NCA, which has not been estimated at this time.

Clearlake Capital Group, a private investment firm, was the “stalking horse” in an auction for the assets of CCC, held pursuant to Section 363 of the Bankruptcy Code with a bid of \$81.8 million. See details related to subsequent results of the auction in Note 12.

Operations and Basis of Presentation

The Company sells and rents cranes and manlift equipment primarily to customers in the construction industry in the western United States and Canada. The Company also sells related parts and provides repair services. The Company is a dealer for several crane manufacturers. The Company has 14 branches located in the states of Washington, Alaska, Oregon, California, and Hawaii; and British Columbia, Canada. The nature of the Company’s business is such that short-term obligations are typically met by cash flow generated from long-term assets. Consequently, consistent with industry practice, the accompanying consolidated balance sheets are presented on an unclassified basis.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

1. Operations and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Subsequent Events

We have evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through February 10, 2011, the day the financial statements were issued.

Accounts Receivable

Accounts receivable include amounts due from customers arising from billings under standard terms, amounts due from crane manufacturers for repairs covered by manufacturers' warranties, amounts due from equipment rental customers and miscellaneous other receivables and usually require no collateral.

Allowance for Doubtful Accounts

The Company provides an allowance for uncollectible receivables. Management bases its allowance on the estimated losses on specific accounts and historical loss experience based on the aging of receivables. Receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received.

Inventory

Inventory is stated at the lower of cost or market. The Company accounts for the cost of crane and truck inventory using the specific-identification method. Stocked inventory parts are accounted for using the average cost method.

Equipment Rental Pool and Corporate Property and Equipment

Equipment rental pool acquisitions and corporate property are recorded at cost. Costs for repairs and maintenance that do not significantly increase the value or estimated useful lives of the assets are expensed as incurred.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

1. Operations and Summary of Significant Accounting Policies (continued)

Equipment Rental Pool and Corporate Property and Equipment

Depreciation and amortization of property and equipment are provided on a straight-line method over the estimated useful lives of the individual assets. Rental pool equipment is depreciated over five to 12 years down to its salvage value. Corporate property and equipment are depreciated over three to five years. Leasehold improvements are amortized over the shorter of the life of the asset or the remaining lease term, inclusive of renewal options when renewal is probable.

Deferred Financing Costs

Deferred financing costs include loan fees and professional fees, which are amortized over the five-year term of the Company's borrowing agreements. Amortization expense for the six months ended September 30, 2010 and 2009 totaled \$258,478 and \$256,308, respectively. Amortization of deferred financing costs is included in interest expense in the accompanying consolidated statements of operations.

Revenue Recognition

Revenue on equipment sales is primarily recognized once the following criteria have been met: pervasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the price is fixed or determinable; and collectability is reasonably assured. In situations where servicing deliverables are attached to crane sales, the Company defers the related revenue until such time as the services are provided. The fair value for these services is determined based on current rates charged to customers for the same services provided in arrangements that do not include equipment sales.

Rental income is recognized over the period of the related rental agreement, commencing once the equipment has been delivered. Parts and service revenue is recognized when the Company delivers parts to its customers or when it completes service work on customer equipment. Revenue includes freight billed to customers and the related freight costs are included in cost of sales.

The Company leases the majority of its cranes for periods ranging from daily to monthly. Certain tower cranes are leased for longer periods generally not exceeding two years. Crane rentals are accounted for as operating leases.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

1. Operations and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The fair value of financial instruments that are not actively traded is based on market prices of similar instruments and/or valuation techniques using observable and unobservable inputs.

Financial instruments include cash, accounts receivable, accounts payable, accrued expenses, short and long-term borrowings, and interest rate swaps. Although management uses its best judgment in estimating the fair value of these instruments, there are inherent limitations in any estimation technique.

Foreign Currency Translation

The functional currency of the Company's Canadian subsidiary is the Canadian dollar. Assets and liabilities of the foreign subsidiary are translated into U.S. dollars at period-end exchange rates, and revenue and expenses are translated at average rates prevailing during the year. Translation adjustments are included in accumulated other comprehensive income (loss), a separate component of stockholders' equity.

Stock-Based Compensation

The Company has a stock option plan. The Company measures employee stock-based compensation awards using a fair value method and recognizes such expense in the financial statements over the related service periods. To date, all options granted have vesting provisions that are contingent on certain performance criteria that thereby result in a deferral of the recognition of the related stock compensation expense until it becomes probable that the performance criteria will be achieved.

Derivative Financial Instruments

The Company accounts for its derivative financial instruments in accordance with ASC 815, Derivatives and Hedging, which requires companies to recognize the fair value of all derivative instruments as either assets or liabilities on the balance sheet.

The Company manages its exposure to variable interest rates by entering into interest rate swaps. At September 30, 2010 and 2009, the Company had 6 interest rates swaps outstanding, each with a remaining \$7 million notional amount, all maturing in May 2012. The notional amounts of each of these swaps reduce over time, based upon management's forecasted reduction in the Company's revolving credit lines.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

1. Operations and Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments (continued)

While the interest rate swaps represent economic hedges against changes in cash flow due to changes in LIBOR based interest payments, the instruments have not been designated as hedges; therefore, all changes in fair value are recorded through other expense in the accompanying consolidated statement of operations.

Income Taxes

Income taxes are accounted for using an asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the consolidated financial statements and tax bases of assets and liabilities at the applicable enacted tax rates. Accounting principles generally accepted in the United States require a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

The majority of the Company's sales are to customers in the construction industry located in Washington, Oregon, California, Alaska, and British Columbia, Canada. The Company grants credit to substantially all of its customers. The Company may perfect security interests on receivables related to the sale of equipment. Receivables relating to the rental of equipment are generally unsecured, but the Company may have certain lien and other rights under federal and state statutes.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

1. Operations and Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standards

On April 1, 2008, the Company adopted the accounting guidance issued by the FASB on fair value measurements and disclosures. This accounting guidance defined fair value, established a framework for measuring fair value, and expanded the related disclosure requirements. This guidance applies to other accounting pronouncements that require or permit fair value measurements. The guidance indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability and defines fair value based upon an exit price model. The adoption of the standard did not have a material impact on the consolidated financial statements.

The effective date for certain portions of the fair value measurement and disclosure guidance was delayed for all non-financial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Company delayed the adoption related to this portion of the guidance and adopted this guidance in its entirety on April 1, 2009. The adoption of the standard did not have a material impact on the consolidated financial statements.

On April 1, 2009, the Company adopted authoritative guidance issued by the FASB that clarifies the accounting for uncertainty in income tax positions by prescribing a minimum recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The cumulative effects of adopting the standard were recorded in retained earnings as of the beginning of the period of adoption. The cumulative effects of adopting the guidance did not have a material impact on the Company's consolidated financial statements.

On March 31, 2010, the Company adopted authoritative guidance issued by the FASB that expanded the disclosure requirements for derivative instruments. This guidance was issued to provide greater transparency around derivative and hedging activities. This transparency includes the disclosure of the additional information regarding how and why derivative instruments are used, how derivatives are accounted for, and how they affect an entity's financial performance. The adoption of this guidance did not have an impact on the Company's consolidated financial position or results of operations. The additional disclosure requirements are included in Note 10.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

2. Accounts Receivable

Accounts receivable consists of the following:

	September 30	
	2010	2009
	<u> </u>	<u> </u>
Trade	\$ 8,154,156	\$ 11,964,793
Warranty claims	285,906	326,474
Accrued rent	<u>281,976</u>	<u>434,672</u>
	8,722,038	12,725,939
Less: allowance for doubtful accounts	<u>(829,911)</u>	<u>(534,740)</u>
Accounts receivable, net	<u><u>\$ 7,892,127</u></u>	<u><u>\$ 12,191,199</u></u>

3. Inventory

Inventory consists of the following:

	September 30	
	2010	2009
	<u> </u>	<u> </u>
Cranes, trucks and other machinery	\$ 2,977,443	\$ 16,855,877
Parts inventory	2,467,398	2,918,307
Work in process	<u>790,091</u>	<u>635,607</u>
Total inventory	<u><u>\$ 6,234,932</u></u>	<u><u>\$ 20,409,791</u></u>

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

4. Equipment Rental Pool and Corporate Property and Equipment

The equipment rental pool and corporate property and equipment consist of the following:

	September 30	
	2010	2009
Equipment rental pool	\$108,307,494	\$119,794,345
Less accumulated depreciation	(31,288,746)	(23,771,331)
Net equipment rental pool	<u>\$ 77,018,748</u>	<u>\$ 96,023,014</u>
Corporate property and equipment		
Motor vehicles	\$ 2,407,822	\$ 2,439,854
Shop equipment	709,196	698,791
Office equipment	432,136	431,239
Leasehold improvements	1,367,062	1,350,957
Total corporate property and equipment	\$ 4,916,216	\$ 4,920,841
Less accumulated depreciation	(3,621,244)	(2,816,293)
Net corporate property and equipment	<u>\$ 1,294,972</u>	<u>\$ 2,104,548</u>

Depreciation expense was \$5,624,364 and \$6,330,667 for the six months ended September 30, 2010 and 2009.

5. Other Intangible Assets

The components of other intangible assets are as follows:

	September 30	
	2010	2009
Customer relationships	\$ 1,711,400	\$ 1,711,400
Supplier relationships	9,108,725	8,969,498
Accumulated amortization	(3,851,194)	(2,663,350)
	<u>\$ 6,968,931</u>	<u>\$ 8,017,548</u>

Amortization expense was \$576,956 and \$561,650 for the six months ended September 30, 2010 and 2009, respectively.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

6. Notes Payable

Coast Crane Company filed for bankruptcy under Chapter 11 of the Bankruptcy Code on September 22, 2010, immediately after which a debtor-in-possession revolving loan with PNC Bank for up to \$20 million was obtained. The interest rate is based on the Prime plus 6% (9.25% at September 30, 2010). The balance at September 30, 2010 was \$3,713,760.

Coast Crane Company Notes Payable Obligations	September 30	September 30
	2010	2009
	Subject to Compromise	
Secured PNC Revolving Loans, maturing in May 2012, with interest rates at the Company's option of PNC Bank Prime or LIBOR plus a spread based on the Company's leverage ratio. Interest at Prime plus 6% (9.25% at September 30, 2010)	\$ 70,809,393	\$ 85,068,684
Secured JP Morgan term debt due in full in May 2013. Interest at 14% plus PIK of 5% (19% at September 30, 2010)	13,928,426	13,000,000
DLL Equipment Financing, financing of 7 units with maturities between September 2015 and February 2016. Interest at LIBOR plus 3.25% (8.55% at September 30, 2010)	4,105,952	4,772,675
Total CCC notes payable	\$ 88,843,771	\$ 102,841,359

The above notes are secured by liens against the CCC's tangible and intangible assets. Under the terms of the notes, the Company is generally not permitted to declare or pay any dividends or any other distribution on its common stock.

In accordance with the Secured PNC Revolving Loans (the U.S. Credit Facility), prior to the bankruptcy filing Cost Crane Company was permitted to borrow up to \$100 million depending upon the availability of its borrowing base collateral consisting of eligible trade receivables, inventories, property and equipment, and other assets located in the United States.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

6. Notes Payable (continued)

Coast Crane Company obtained a waiver from its lenders related to its inability to meet the minimum net income covenant requirement of one dollar, included in the U.S. Credit Facility and Secured JP Morgan loan agreements, for the fiscal year ended March 31, 2010. Coincident with the waiver being obtained, other covenant levels for these loans were adjusted including the following:

Net income not permitted to be less than one dollar (\$1) for the fiscal year ending March 31, 2011, and thereafter.

Minimum undrawn availability not permitted to be less than five million (\$5,000,000) dollars as of the end of the months ended June 30, 2009, September 30, 2009, December 31, 2009, and March 31, 2010.

Net capital expenditures not permitted to exceed six million five hundred thousand for the year ended March 31, 2009, zero (\$0) dollars for the year ended March 31, 2010, three million two hundred fifty thousand (\$3,250,000) for the year ending March 31, 2011, and six million five hundred thousand (\$6,500,000) for the years ending March 31, 2012 and thereafter.

Coast Crane Company revised the terms of its U.S. Credit Facility, its Secured JP Morgan term debt, and Coast Crane Ltd revised the terms of its Canadian Revolving Credit Facility on May 29, 2009 as follows:

U.S. Credit Facility: Alternate Base Rate plus a spread based on the CCC's leverage ratio, with spread on Domestic Rate Loans ranging from 4% – 9.25%. Coincident with the rate change levels for leverage ratios, net income, net capital expenditures and minimum liquidity were also adjusted.

Secured JP Morgan term debt: interest rate of 19%, with election of borrower to pay interest in excess of 12% as payment-in-kind interest which adds such amount to the then outstanding aggregate principal amount of the loans. Coincident with the rate change levels for leverage ratios, net income, net capital expenditures and minimum liquidity were also adjusted.

Canadian Revolving Credit facility: CDOR plus 5.90% (CDOR is defined as the annual rate of interest which is the rate based on the average rate applicable to Canadian Dollar bankers' acceptances for a term of 30, 60, or 90 days).

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

6. Notes Payable (continued)

On December 28, 2009, Coast Crane Company defaulted on the Credit Agreement as a result of its failure to make certain payments that were due and owing on December 18, 2009 under the ISDA Master Agreement and related schedule entered into by CCC with PNC Bank, National Association, each dated as of March 25, 2007, (the "Master Agreement") as supplemented by certain Confirmation Letters dated June 8, 2007, June 15, 2007, and June 21, 2007 (the "Swap Payments"). On January 6, 2010, Coast Crane Company received a Notice of Default and Reservation of Rights Letter from PNC Bank. No action was taken by PNC Bank at that time and the following Forbearance Agreements were entered into over the next several months:

- 04/07/10 - Forbearance Agreement executed. Expiration date 05/26/10.
- 05/26/10 - Amendment to Forbearance Agreement executed. Expiration date 07/07/10.
- 07/07/10 - Second Amendment to Forbearance Agreement executed. Expiration date 07/21/10.
- 07/28/10 - Third Amendment to Forbearance Agreement executed. Expiration date 08/04/10.
- 08/25/10 - Fourth Amendment to Forbearance Agreement executed. Expiration date 08/31/10.
- 09/01/10 - Fifth Amendment to Forbearance Agreement executed. Expiration date 9/08/10.
- 09/08/10 - Sixth Amendment to Forbearance Agreement executed. Expiration date 09/15/10.
- 09/15/10 - Seventh Amendment to Forbearance Agreement executed. Expiration date 09/20/10.

As of November 24, 2010, substantially all assets of CCC were acquired by CC Bidding Corp. and all of the outstanding debt was assumed by CC Bidding Corp. or paid off as a result of that transaction (See Note 12.)

Coast Crane, Ltd.

	September 30	
	2010	2009
GE Canada Equipment Funding G.P. Revolving Credit Facility, maturing in May 2012. Interest at CDOR plus 5.9% (6.99% at September 30, 2010)	\$ 2,721,088	\$ 2,801,905

In accordance with the GE Canada Equipment Funding G.P. Revolving Credit Facility (the Canadian Credit Facility), Coast Crane, Ltd. may borrow up to \$5 million depending upon the availability of its borrowing base collateral consisting of eligible trade receivables, inventories, property and equipment, and other assets located in Canada.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

6. Notes Payable (continued)

Coast Crane Ltd's Canadian Credit Facility, through virtue of its association with the U.S. Borrowing Facility was party to a cross default as a result of the December 28, 2009 default in the US. On March 4, 2010, Coast Crane Ltd. entered into a Forbearance Agreement with GE Canada Equipment Financing G.P. The agreement was amended as follows:

- 05/06/10 - Amendment to Forbearance Agreement executed.
- 10/18/10 - Second Amendment to Forbearance Agreement executed.
- 11/24/10 - Third Amendment to Forbearance Agreement executed.

Interest paid totaled \$4,781,721 and \$3,722,197 for the six months ended September 30, 2010 and 2009, respectively.

The Company's debt agreements require it to maintain a lockbox at a qualifying financial institution and all proceeds from cash collections of collateral be deposited directly to such lockbox. Cash in the lockbox becomes the property of the Company's lending agent and is used to pay down borrowings on the revolving lines. The Company may immediately reborrow the funds as needed, up to the maximum amount allowed. In addition, the debt agreements provide that the lenders may demand immediate repayment of all outstanding amounts if, in the opinion of the lenders, there has been a material adverse change in the operations of the Company.

7. Interest Rate Swap Liabilities

Coast Crane Company entered into interest rate swaps in June 2007. CCC has six interest rate swaps, each with a notional value of \$7 million. The purpose of the interest rate swaps was to protect the Company from interest rate changes as a result increasing LIBOR. The interest on the CCC's term debt is a LIBOR floating rate, and as such, the CCC entered into a fixed rate interest swap to hedge against exposure to interest rate increases. As of September 30, 2010 and 2009, CCC has the following a \$3,532,431 and \$4,406,557 liability, respectively, on the books representing the cumulative future loss on the contracts.

While the interest rate swaps represent economic hedges against changes in cash flow due to changes in LIBOR based interest payments, the instruments have not been designated as hedges; and therefore, all changes in fair value are recorded through other expense.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

8. Retirement Plan

The Company maintains a defined contribution profit-sharing plan, including 401(k) provisions, which covers substantially all employees over the age of twenty and one-half who have one year of service. Profit-sharing contributions to the plan, if any, are at the discretion of the Board of Directors, subject to statutory limits. No profit-sharing contributions were declared by the Board of Directors for the six months ended September 30, 2010 and 2009. The Company matches employee 401(k) contributions at 50%, up to 3% of compensation and at 25%, up to an additional 3% of compensation. The Company matched contributions totaled \$87,823 and \$110,749 during the six months ended September 30, 2010 and 2009, respectively. On November 19, 2010, the Company terminated the profit-sharing plan.

9. Commitments and Contingencies

The Company is a defendant in various lawsuits. In management's opinion, these suits are without substantial merit and would not result in judgments, which, in the aggregate, would have a material adverse effect on the Company's consolidated financial statements.

10. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 – Inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

10. Fair Value Measurements (continued)

Coast Crane Company has interest rate swaps that are measured at fair value. The interest rate swaps are valued using an industry standard valuation model. This model projects future cash flows and discounts the future amounts to a present value using market-based expectations for interest rates and the contractual terms of the interest rate swaps adjusted for nonperformance risk. The model is based on the LIBOR rate that is observable at commonly quoted intervals for the full term of the swaps.

Management considers an adjustment for non-performance risk in the recognized measure of fair value of the interest rate swaps. The adjustments reflect a non-performance risk factor applied to a net exposure. Management uses the counterparties' non-performance risk factor in a net asset position and the Company's non-performance risk factor in a net liability position. Management evaluates the CCC's non-performance risk using credit spreads obtained from its recently amended term and revolver loans. As adjustments related to non-performance risk are significant inputs that are based on the Company's own assumptions, CCC's derivatives are classified within Level 3 of the fair value hierarchy.

The following table summarizes CCC's activity for the year related to the interest rate swaps, which are considered Level 3 within the fair value hierarchy:

	Six Months Ended September 30	
	2010	2009
Beginning balance	\$ 3,644,337	\$ 4,784,906
Total (losses) gains	(111,906)	(378,349)
Ending balance	<u>\$ 3,532,431</u>	<u>\$ 4,406,557</u>

11. Common Stock

At September 30, 2010 and 2009, 1,050 shares of Coast Crane Company common stock with no par value were authorized, issued and outstanding.

Coast Crane Company and Subsidiary
Notes to Consolidated Financial Statements
For the Six Months Ended September 30, 2010 and 2009
(Unaudited)

12. Subsequent Events

Subsequent to Coast Crane Company filing a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code on September 22, 2010, CCC was authorized to continue to operate as an ongoing business, but could not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court until an auction was held.

Following an auction held on November 8, 2010, CC Bidding Corp (CCBC), a wholly owned subsidiary of Essex Rental Corp., was declared the winning bidder with a bid of \$103.3 million, including \$34.5 million of cash. In connection with the Asset Purchase Agreement between CCBC and CCC entered into on November 1, 2010, CCBC purchased substantially all the assets of CCC and assumed certain liabilities of CCC, including \$49.6 million of first lien secured debt and approximately \$12.0 million of other existing CCC indebtedness. The sale of substantially all of CCC's assets to CCBC was approved by the Bankruptcy Court on November 12, 2010 and the sale was completed on November 24, 2010. Subsequent to the completion of the transaction, NCA repaid the balance of its unassumed debt.

On November 24, 2010, CCC changed its name to CC Liquidating Company.

Unaudited Pro Forma Consolidated Financial Statements of Essex Rental Corp.

On November 24, 2010, CC Bidding Corp. (“CCBC”), a Delaware corporation and an indirectly wholly-owned subsidiary of Essex Rental Corp. (“Essex” or the “Company”), completed the acquisition (the “Acquisition”) of substantially all of the assets of Coast Crane Company, a Delaware corporation (“Coast Crane”), pursuant to the Asset Purchase Agreement (the “Purchase Agreement”) entered into on November 12, 2010 described in the Current Report on Form 8-K filed by Essex with the Securities and Exchange Commission on November 17, 2010. The assets acquired in the Acquisition consisted of all of the assets used by Coast Crane in the operation of its specialty lifting solutions and crane rental services business, including cranes and related heavy lifting machinery and equipment and spare parts, inventory, accounts receivable, rights under executory contracts, other tangible and intangible assets and all of the outstanding shares of capital stock of Coast Crane Ltd., a British Columbia corporation, through which Coast Crane conducted its operations in Canada. Following the completion of the Acquisition, CCBC changed its name to “Coast Crane Company”. The audited financial statements of NCA Crane Parent, Inc. and Subsidiary (“NCA Crane”) included in this Form 8-K/A as exhibit 99.1 consists of Coast Crane and Coast Crane Ltd. NCA Crane held no other assets.

The unaudited pro forma consolidated balance sheet of Essex as of September 30, 2010, and the unaudited pro forma consolidated statements of operations of Essex for the nine months ended September 30, 2010 and the year ended December 31, 2009, are presented herein. The unaudited pro forma consolidated balance sheet of Essex was prepared using the historical balance sheets of Essex and Coast Crane as of September 30, 2010. The unaudited pro forma consolidated statements of operations were prepared using the historical statements of operations of Essex and Coast Crane for the nine months ended September 30, 2010 and for the year ended December 31, 2009.

The unaudited pro forma consolidated balance sheet of Essex gives effect to the acquisition of Coast Crane as if it had been completed on September 30, 2010 and estimated fair values as of November 24, 2010, and consolidates the unaudited balance sheets of Essex and Coast Crane. The unaudited financial statements of Coast Crane included in this Form 8-K/A as exhibit 99.2 consist of Coast Crane and Coast Crane Ltd are presented to provide the users of the financial statements with the most meaningful information to assess the Acquisition’s impact on the Company’s financial statements. The unaudited pro forma consolidated statements of operations for the nine months ended September 30, 2010 and for the year ended December 31, 2009 give effect to the acquisition of Coast Crane as if it had occurred on January 1, 2009.

The unaudited pro forma consolidated financial statements presented are based on the assumptions and adjustments described in the accompanying notes. The unaudited pro forma consolidated financial statements are presented for illustrative purposes and do not purport to represent what the financial position or results of operations actually would have been if the events described above occurred as of the dates indicated or what such financial position or results would be for any future periods. The unaudited pro forma consolidated financial statements, and the accompanying notes, are based upon the respective historical consolidated financial statements of Essex and Coast Crane and should be read in conjunction with Essex’s historical consolidated financial statements, including the related notes, and “Management’s Discussion and Analysis” contained in Essex’s Annual Report on Form 10-K for the year ended December 31, 2009 and its Quarterly Report on Form 10-Q for the period ended September 30, 2010, as well as NCA Crane’s and Coast Crane’s historical consolidated financial statements presented herein.

ESSEX RENTAL CORP.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2010
(Unaudited)

	Historical Essex Rental Corp.	Historical Coast Crane Company and Subsidiary	Pro forma Adjustments	Pro forma Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 406,057	\$ 1,372,658	\$ 985,062 A	\$ 2,763,777
Accounts receivable, net	5,840,006	7,386,773	599,978 B	13,826,757
Other receivables	3,450,250	505,354	213,768 B	4,169,372
Deferred tax assets	2,135,409	-	-	2,135,409
Inventory				
Equipment Inventory	-	2,977,443	1,611,922 B	4,589,365
Retail Spare Parts	-	3,257,489	(687,138)B	2,570,351
Prepaid expenses and other assets	412,227	1,185,837	372,403 B	1,970,467
TOTAL CURRENT ASSETS	12,243,949	16,685,554	3,095,995	32,025,498
Rental equipment, net	253,512,181	77,018,748	4,785,303 C	335,316,232
Property and equipment, net	6,376,492	1,294,972	1,151,159 D	8,822,623
Fleet spare parts inventory	3,741,015	-	51,000 B	3,792,015
Restricted cash deposits	5,234,828	-	(5,234,828)E	-
Identifiable finite lived intangibles, net	1,321,689	6,968,931	(4,968,931)F	3,321,689
Goodwill	-	-	1,183,865 B	1,183,865
Loan acquisition costs, net	1,525,990	776,964	17,613 G	2,320,567
TOTAL ASSETS	\$283,956,144	\$ 102,745,169	\$ 81,176	\$386,782,489
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 1,468,039	\$ 10,231,592	\$ (3,584,616)B	\$ 8,115,015
Accrued employee compensation and benefits	656,319	1,027,195	466,493 B	2,150,007
Accrued taxes	4,646,129	-	355,993 B	5,002,122
Accrued interest	310,084	2,074,622	(1,871,816)B	512,890
Accrued other expenses	685,730	410,703	(387,330)B	709,103
Unearned rental revenue and customer deposits	1,177,960	1,802,392	(424,248)B	2,556,104
Short-term debt obligations	-	780,000	- H	780,000
Current portion of capital lease obligation	6,603	-	-	6,603
TOTAL CURRENT LIABILITIES	8,950,864	16,326,504	(5,445,524)	19,831,844
LONG-TERM LIABILITIES				
Revolving credit facilities	142,183,308	77,244,241	(6,964,975)H	212,462,574
Promissory note	-	13,928,426	(8,927,826)H	5,000,600
Other long-term debt obligations	-	3,325,952	(274,519)H	3,051,433
Deferred tax liabilities	59,515,258	724,965	(724,965)B	59,515,258
Interest rate swaps	4,572,654	3,532,431	(1,931,781)I	6,173,304
Capital lease obligation	12,073	-	-	12,073
TOTAL LONG-TERM LIABILITIES	206,283,293	98,756,015	(18,824,066)	286,215,242
TOTAL LIABILITIES	215,234,157	115,082,519	(24,269,590)	306,047,086
STOCKHOLDERS' EQUITY				
Preferred stock	-	-	-	-
Common stock	1,717	-	330 K	2,047
Paid in capital	86,999,370	27,306,500	(14,231,669)L	100,074,201
Accumulated deficit	(15,444,054)	(39,086,762)	38,837,717 M	(16,505,799)
Accumulated other comprehensive loss, net of tax	(2,835,046)	255,612	(255,612)J	(2,835,046)
TOTAL STOCKHOLDERS' EQUITY	68,721,987	(11,524,650)	24,350,766	80,735,403

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$283,956,144 \$ 102,745,169 \$ 81,176 \$386,782,489

See accompanying notes to unaudited pro forma consolidated financial statements

ESSEX RENTAL CORP.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010
(Unaudited)

	Historical Essex Rental Corp.	Historical Coast Crane Company and Subsidiary	Pro Forma Adjustments	Pro Forma Consolidated
REVENUES				
Equipment rentals	\$ 16,907,405	\$ 15,375,706	\$ -	\$ 32,283,111
Retail equipment sales	-	22,593,511	-	22,593,511
Used rental equipment sales	2,938,460	2,783,826	-	5,722,286
Parts sales	-	10,357,246	-	10,357,246
Transportation	3,149,583	695,953	-	3,845,536
Equipment repairs and maintenance	3,109,481	5,581,674	-	8,691,155
TOTAL REVENUES	26,104,929	57,387,916	-	83,492,845
COST OF REVENUES				
Equipment rentals	4,062,009	5,383,522	-	9,445,531
Depreciation	8,690,475	7,889,965	359,000 C	16,939,440
Retail equipment sales	-	20,311,833	-	20,311,833
Used rental equipment sales	2,349,981	2,260,077	-	4,610,058
Retail parts sales	-	8,010,399	-	8,010,399
Transportation	2,822,961	735,449	-	3,558,410
Equipment repairs and maintenance	3,358,288	4,625,104	-	7,983,392
Yard operating expenses	996,192	-	-	996,192
TOTAL COST OF REVENUES	22,279,906	49,216,349	359,000	71,855,255
GROSS PROFIT	3,825,023	8,171,567	(359,000)	11,637,590
Selling, general and administrative expenses	7,851,186	15,971,360	(3,688,225)N	20,134,321
Other depreciation and amortization	628,490	1,459,289	(835,670)O	
			173,000 D	
			300,000 F	1,725,109
INCOME (LOSS) FROM OPERATIONS	(4,654,653)	(9,259,082)	3,691,895	(10,221,840)
OTHER INCOME (EXPENSES)				
Other income/(expense)	9,572	(1,544,526)	-	(1,534,954)
Interest expense	(5,009,259)	(8,012,878)	5,008,728 P	(8,013,409)
TOTAL OTHER INCOME (EXPENSES)	(4,999,687)	(9,557,404)	5,008,728	(9,548,363)
INCOME (LOSS) BEFORE INCOME TAXES	(9,654,340)	(18,816,486)	8,700,623	(19,770,203)
PROVISION (BENEFIT) FOR INCOME TAXES	(3,232,883)	(6,794,302)	3,219,230 Q	(6,807,955)
NET INCOME (LOSS)	\$ (6,421,457)	\$ (12,022,184)	\$ 5,481,393	\$ (12,962,248)
Weighted average shares outstanding:				
Basic	15,284,169			18,584,169
Diluted	15,284,169			18,584,169
Earnings (loss) per share:				
Basic	\$ (0.42)			\$ (0.70)
Diluted	\$ (0.42)			\$ (0.70)

See accompanying notes to unaudited pro forma consolidated financial statements

ESSEX RENTAL CORP.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Unaudited)

	Historical Essex Rental Corp.	Historical Coast Crane Company and Subsidiary	Pro Forma Adjustments	Pro Forma Consolidated
REVENUES				
Equipment rentals	\$ 34,556,696	\$ 26,552,471	\$ -	\$ 61,109,167
Retail equipment sales	-	47,889,870	-	47,889,870
Used rental equipment sales	6,478,197	19,692,837	-	26,171,034
Parts sales	-	14,972,753	-	14,972,753
Transportation	4,909,346	923,003	-	5,832,349
Equipment repairs and maintenance	6,140,153	8,281,434	-	14,421,587
TOTAL REVENUES	52,084,392	118,312,368	-	170,396,760
COST OF REVENUES				
Equipment rentals	6,006,715	7,035,285	-	13,042,000
Depreciation	11,210,472	12,163,672	479,000 C	23,853,144
Retail equipment sales	-	42,940,692	-	42,940,692
Used rental equipment sales	5,584,784	20,417,077	-	26,001,861
Retail parts sales	-	10,388,404	-	10,388,404
Transportation	3,743,595	955,686	-	4,699,281
Equipment repairs and maintenance	4,873,005	6,877,645	-	11,750,650
Yard operating expenses	1,482,371	-	-	1,482,371
TOTAL COST OF REVENUES	32,900,942	100,778,461	479,000	134,158,403
GROSS PROFIT	19,183,450	17,533,907	(479,000)	36,238,357
Selling, general and administrative expenses	10,547,405	18,942,443	(500,004) N	28,989,844
Goodwill impairment	-	11,990,448	(11,990,448) R	-
Other depreciation and amortization	781,751	2,031,837	(1,121,584) O 230,000 D	2,322,004
			400,000 F	
INCOME (LOSS) FROM OPERATIONS	7,854,294	(15,430,821)	12,503,036	4,926,509
OTHER INCOME (EXPENSES)				
Other income/(expense)	643	(880,341)	-	(879,698)
Interest expense	(6,681,740)	(10,119,463)	6,552,596 P	(10,248,607)
TOTAL OTHER INCOME (EXPENSES)	(6,681,097)	(10,999,804)	6,552,596	(11,128,305)
INCOME (LOSS) BEFORE INCOME TAXES	1,173,197	(26,430,625)	19,055,632	(6,201,796)
PROVISION (BENEFIT) FOR INCOME TAXES	(22,609)	(5,342,866)	7,050,584 Q	1,685,109
NET INCOME (LOSS)	\$ 1,195,806	\$ (21,087,759)	\$ 12,005,048	\$ (7,886,905)
Weighted average shares outstanding:				
Basic	14,110,789			17,410,789
Diluted	15,805,191			17,410,789
Earnings (loss) per share:				
Basic	\$ 0.08			\$ (0.45)
Diluted	\$ 0.08			\$ (0.45)

See accompanying notes to unaudited pro forma consolidated financial statements

ESSEX RENTAL CORP.
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Transaction and Basis of Pro Forma Presentation

The unaudited pro forma consolidated statement of operations of Essex for the nine months ended September 30, 2010 and the year ended December 31, 2009 give effect to the Acquisition of substantially all of the assets of Coast Crane on November 24, 2010, pursuant to the Purchase Agreement entered into on November 12, 2010 described in the Current Report on Form 8-K filed by Essex with the Securities and Exchange Commission on November 17, 2010. The assets acquired in the Acquisition consisted of all of the assets used by Coast Crane in the operation of its specialty lifting solutions and crane rental services business, including cranes and related heavy lifting machinery and equipment and spare parts, inventory, accounts receivable, rights under executory contracts, other tangible and intangible assets and all of the outstanding shares of capital stock of Coast Crane Ltd., a British Columbia corporation, through which Coast conducted its operations in Canada. The following unaudited pro forma consolidated financial statements of Essex have been prepared to give effect to the completed Acquisition, which was accounted for using the purchase method of accounting.

The unaudited pro forma consolidated balance sheet and unaudited consolidated statements of operations accompanying notes should be read in conjunction with Essex's historical consolidated financial statements, including the related notes, and "Management's Discussion and Analysis" contained in Essex's Annual Report on Form 10-K for the year ended December 31, 2009 and its Quarterly Report on Form 10-Q for the period ended September 30, 2010, as well as NCA Crane's and Coast Crane's historical consolidated financial statements presented herein.

2. Preliminary Purchase Price Allocation

The unaudited pro forma consolidated financial statements reflect a total consideration transferred of approximately \$103.3 million.

The components of the total consideration transferred as of September 30, 2010, subject to change pending completion of the final valuation and analysis is as follows (in thousands):

Cash consideration:	
Cash from proceeds of common share issuance	\$ 14,190,000
Cash from Essex Rental Corp.	20,310,000
Cash from proceeds from new revolving credit facility	<u>49,551,816</u>
Total cash transferred at close	84,051,816
Plus: transaction expenses paid outside of close	1,056,645
Less: transaction expenses	<u>(2,632,061)</u>
Total cash consideration	82,476,400
Liabilities assumed:	
Unsecured promissory note	5,300,000
Canadian revolver	2,727,450
Purchase money security interest debt	3,831,433
Interest rate swap agreements	1,600,650
Trade payables	5,835,000
Accrued benefits and employee compensation	1,493,688
Total liabilities assumed per the Purchase Agreement	<u>20,788,221</u>
Total consideration transferred	<u><u>\$103,264,621</u></u>

The allocation of total consideration transferred as of September 30, 2010, subject to change pending completion of the final valuation and analysis, is as follows (in thousands):

ESSEX RENTAL CORP.
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Assets acquired:	
Cash and cash equivalents	\$ 1,128,037
Accounts receivable	7,986,751
Other receivables	719,122
Equipment inventory	4,589,365
Retail spare parts	2,570,351
Prepaid expenses and other assets	1,558,240
Rental equipment	81,804,051
Property and equipment	2,446,131
Fleet spare parts inventory	51,000
Identifiable intangibles	2,000,000
Goodwill (a)	<u>1,183,865</u>
Total assets acquired	106,036,913
Liabilities assumed:	
Other accounts payable	811,976
Accrued taxes	355,993
Accrued interest	202,806
Accrued other expenses	23,373
Unearned revenue and customer deposits	<u>1,378,144</u>
Total liabilities assumed per the Purchase Agreement	2,772,292
Net assets acquired	<u><u>\$103,264,621</u></u>

(a) Goodwill represents the excess of the purchase price over the fair value of the net assets acquired.

3. Pro Forma Adjustments

A. Reflects the adjustments to Essex's historical consolidated balance sheet and the historical financial statements of Coast Crane as follows:

Total cash transferred at close	\$(34,500,000)
Cash paid for transaction costs outside of close	(1,056,645)
Proceeds from common share equity offering, net of placement agent fee	13,551,500
Proceeds from the Essex Crane's revolving credit facility	18,000,000
Proceeds from release of restricted on cash at Essex	5,234,828
Elimination of Coast Crane's historical cash and cash equivalents balance	(1,372,658)
Estimated amount of cash and cash equivalents assumed at acquisition	1,128,037
Pro forma adjustment to cash and cash equivalents	<u><u>\$ 985,062</u></u>

B. Reflects the adjustment to Coast Crane's historical balance sheet to record account balances at their estimated fair value as of the date of the Company's acquisition of Coast Crane's assets. See Note 1 above for the estimated fair value of each respective account.

C. Reflects the fair value adjustments for rental equipment and adjustments for additional depreciation expense, as follows (amounts in thousands):

ESSEX RENTAL CORP.
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Historical	Fair	Fair Value	Remaining Useful	Additional Pro Forma	
				Depreciation	Expense
Amount	Value	Adjustment	Lives	For the Nine Months Ended September 30, 2010	For the Twelve Months Ended December 31, 2009
\$ 77,019	\$ 81,804	\$ 4,785	10 years	\$ 359	\$ 479

D. Reflects the fair value adjustments for property and equipment, net and adjustments for additional depreciation expense as follows (amounts in thousands):

Historical	Fair	Fair Value	Remaining Useful	Additional Pro Forma	
				Depreciation	Expense
Amount	Value	Adjustment	Lives	For the Nine Months Ended September 30, 2010	For the Twelve Months Ended December 31, 2009
\$ 1,295	\$ 2,446	\$ 1,151	5 years	\$ 173	\$ 230

E. Reflects the release of the restriction on Essex's restricted cash deposits and reclassification to cash and cash equivalents.

F. Reflects the elimination of Coast Crane's historical identifiable finite lived intangibles, net and the estimated fair value on newly identified finite lived intangible assets and related amortization as follows (amounts in thousands):

Identifiable Finite Lived	Fair	Useful	Pro Forma Amortization	
			For the Nine Months Ended September 30, 2010	For the Twelve Months Ended December 31, 2009
Intangible Assets	Values	Lives		
Customer Relationship	\$ 1,000	5 years	\$ 150	\$ 200
Tradenname	1,000	5 years	150	200
Total	\$ 2,000		\$ 300	\$ 400

G. Reflects the elimination of Coast Crane's historical loan acquisition costs and the addition of loan acquisition costs related to the new GE revolving credit facility and the promissory note of \$664,274 and \$130,303, respectively.

H. Reflects the adjustment to Coast Crane's historical balance sheet related to indebtedness outstanding, new debt acquired and debt assumed as follows:

ESSEX RENTAL CORP.
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Obligation	Note	Historical Coast Crane	Principal Balance at Acquisition	Pro Forma Adjustment
GE revolving credit facility	1	\$ -	\$ 49,551,816	\$ 49,551,816
PNC revolving credit facility	2	74,523,153	-	(74,523,153)
Canadian revolver	3	2,721,088	2,727,450	6,362
Total revolving credit facilities		77,244,241	52,279,266	(24,964,975)
Amount drawn on Essex Crane's revolver to fund a portion of the cash consideration				18,000,000
Total revolving credit facilities pro forma adjustment				(6,964,975)
Promissory note	4	13,928,426	5,000,600	(8,927,826)
Purchase money security interest obligations	5	4,105,952	3,831,433	(274,519)
Total pro forma debt obligation adjustments				<u>\$ (16,167,320)</u>

Note 1: The GE revolving credit facility was entered into to fund a portion of the purchase price paid to acquire Coast Crane.

Note 2: PNC revolving credit facility was paid off in full in accordance with the Purchase Agreement. The total amount paid off on the Acquisition date was \$79,402,551.

Note 3: The Canadian revolver was assumed as part of the transaction.

Note 4: Consideration of \$5.3 million was provided to the holders of the historical unsecured debt obligation for which Coast Crane was the obligor. In conjunction with the Acquisition, the Company exchanged the obligation with a new promissory note with a principal amount of \$5.3 million and issued 90,000 detachable warrants that provide the holder the right to purchase Essex Rental Corp. common shares for an exercise price of \$0.01 per share. In the event that the promissory note is paid off in full prior to the six month anniversary date of the date of issuance, the number of detachable warrants is reduced to 30,000 warrants. The principal amount disclosed in the table above is reflective of a discount of approximately \$299,400, which is the estimated fair value of the detachable warrants at the time of issuance. In accordance with accounting guidance applicable to debt with conversion or other options, the fair value of the detachable warrants is treated as a debt discount with an offset to paid in capital. The discount is accreted to interest expense over the life of the promissory note using the effective interest method, which is not materially different than on a straight-line basis.

Note 5: A portion of the total purchase money security interest obligations that were assumed by the Company as part of the Acquisition is classified as a short-term debt obligation in Coast Crane's historical balance sheet and in the Company's pro forma balance sheet.

- I. Reflects an adjustment to Coast Crane's historical balance sheet related to interest rate swaps including an adjustment to eliminate three unsecured interest rate swaps that were not assumed by the Company and to record the fair value of \$1,600,650 of three secured interest rate swaps that were assumed by the Company.
- J. Reflects the elimination of Coast Crane's historical common stock subject to repurchase and accumulated comprehensive other loss, net of tax.
- K. Reflects the addition of \$330 representing the par value (\$0.0001 per share) of 3,300,000 common shares issued by the Company in a private placement to fund a portion of the cash portion of the purchase price.

ESSEX RENTAL CORP.
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
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L. Reflects adjustments to paid in capital as follows:

Elimination of Coast Crane's historical balance	\$(27,306,500)
Gross proceeds from issuance of 3,300,000 shares of common stock	14,190,000
Common stock issuance costs - placement agent's fee	(638,500)
Common stock issuance costs - legal fees	(775,739)
Par value of common stock issued	(330)
Warrants issued (see Note H above)	299,400
Pro forma adjustment to paid in capital	<u><u>\$(14,231,669)</u></u>

M. Reflects the elimination of Coast Crane's historical accumulated deficit and the impact of the Company's estimated transaction costs of \$1,061,745 related to the Acquisition. Pro forma adjustments for transaction costs have not been reflected in the unaudited pro forma consolidated statement of operations as these transaction costs are not expected to have a recurring impact. The Company is currently evaluating the tax deductibility of such transaction costs.

N. Reflects the elimination of non-recurring selling, general and administrative expenses within Coast Crane's historical statements of operations respectively for management fees and professional and consulting fees related primarily to the bankruptcy proceedings.

O. Reflects the elimination of Coast Crane's historical amortization of identifiable finite intangibles.

P. Reflects adjustments to Coast Crane's historical interest expense as follows:

	Principal or Notional	Assumed Rate	For the Nine Months Ended September 30, 2010	For the Twelve Months Ended December 31, 2009
Additional draw on Essex Crane revolving credit facility	\$ 18,000,000	2.55%	\$ 344,250	\$ 459,000
Assumed interest rate swaps	21,000,000	5.60%	882,000	1,176,000
Change in fair value of assumed interest rate swaps		N/A	(227,000)	(742,000)
Unhedged portion of new GE revolving credit facility	28,551,816	5.50%	1,177,763	1,570,350
Promissory note	5,300,000	10.00%	397,500	530,000
Amortization of promissory note discount	(299,400)	N/A	72,827	97,103
Purchase money security interest debt	3,831,433	3.75%	107,759	143,679
Canadian revolver	2,727,450	4.50%	92,051	122,735
Amortization of loan acquisition costs	794,557	N/A	<u>157,000</u>	<u>210,000</u>
Total pro forma interest expense			3,004,150	3,566,867
Less: Elimination of Coast Crane historical interest expense			(8,012,878)	(10,119,463)
Net pro forma interest expense adjustment			<u><u>\$ (5,008,728)</u></u>	<u><u>\$ (6,552,596)</u></u>

Q. Reflects adjustments to Coast Crane's historical statements of operations related to income taxes to reflect the tax affects of other statement of operations adjustments.

R. Reflects the elimination of Coast Crane's goodwill impairment charge.

ESSEX RENTAL CORP.
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4. Reconciliation of Amounts Presented in Unaudited Financial Statements to Pro Forma

The unaudited balance sheet for Coast Crane Company and Subsidiary included in Exhibit 99.2 is based on accounting guidance applicable for an entity's financial reporting during reorganization proceedings. The balance sheet of Coast Crane Company and Subsidiary included in the unaudited pro forma balance sheet presents the financial position of Coast Crane Company and Subsidiary on a basis consistent with Essex in order to provide a more meaningful presentation for the financial statement users.

The following table provides a reconciliation of the unaudited Statement of Operations for Coast Crane Company and Subsidiary for the six months ended September 30, 2010 presented in Exhibit 99.2 to the historical Coast Crane Company and Subsidiary within the unaudited Pro Forma Statement of Operations for the nine months ended September 30, 2010 included herein:

	Three Months Ended March 31, 2010	Six Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Total revenues	\$ 15,947,566	\$ 41,440,350	\$ 57,387,916
Total cost of revenues	<u>14,439,508</u>	<u>34,776,841</u>	<u>49,216,349</u>
Gross margin	1,508,058	6,663,509	8,171,567
Selling, general and administrative expenses	4,074,834	11,896,526	15,971,360
Other depreciation and amortization	<u>473,296</u>	<u>985,993</u>	<u>1,459,289</u>
(Loss) from continuing operations	(3,040,072)	(5,809,973)	(9,259,082)
Total other expenses	<u>2,753,198</u>	<u>6,804,206</u>	<u>9,557,404</u>
(Loss) before income taxes	(5,793,270)	(12,614,179)	(18,816,486)
Provision (benefit) for income taxes	(2,135,306)	(4,658,996)	(6,794,302)
Net income (loss)	<u>\$ (3,657,964)</u>	<u>\$ (7,955,183)</u>	<u>\$ (12,022,184)</u>

The following table provides a reconciliation of the unaudited Statement of Operations for Coast Crane Company and Subsidiary for the six months ended September 30, 2009 presented in Exhibit 99.2 to the historical Coast Crane Company and Subsidiary within the unaudited Pro Forma Statement of Operations for the twelve months ended December 31, 2009 included herein:

	Three Months Ended March 31, 2009	Six Months Ended September 30, 2009	Three Months Ended December 31, 2009	Twelve Months Ended December 31, 2009
Total revenues	\$ 32,896,631	\$ 56,109,993	\$ 29,305,744	\$ 118,312,368
Total cost of revenues	<u>27,419,208</u>	<u>46,029,952</u>	<u>27,329,301</u>	<u>100,778,461</u>
Gross margin	5,477,423	10,080,041	1,976,443	17,533,907
Selling, general and administrative expenses	4,771,786	9,445,001	4,725,656	18,942,443
Goodwill impairment	11,990,448	-	-	11,990,448
Other depreciation and amortization	<u>493,651</u>	<u>1,013,573</u>	<u>524,612</u>	<u>2,031,837</u>
(Loss) from continuing operations	(11,778,463)	(378,533)	(3,273,825)	(15,430,821)
Total other expenses	<u>1,239,402</u>	<u>5,827,083</u>	<u>3,933,319</u>	<u>10,999,804</u>
(Loss) before income taxes	(13,017,865)	(6,205,616)	(7,207,144)	(26,430,625)
Provision (benefit) for income taxes	(458,579)	(2,088,267)	(2,796,020)	(5,342,866)

Net income (loss)	\$	(12,559,286)	\$	(4,117,349)	\$	(4,411,124)	\$	(21,087,759)
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