

General Finance CORP  
Form PREM14A  
October 20, 2006

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**SCHEDULE 14A  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. \_\_\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

GENERAL FINANCE CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

\$87,400,000

5) Total fee paid:

\$ 9,351.80

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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**GENERAL FINANCE CORPORATION  
260 South Los Robles, Suite 217  
Pasadena, California 91101**

To the Stockholders of General Finance Corporation:

You are cordially invited to attend a special meeting of our stockholders to be held at 10:00 a.m., local time, on [ ], 2006, at [ ], at [ ].

At the meeting, you will be asked to consider and vote upon our proposed acquisition of all of the outstanding capital stock of RWA Holdings Pty Limited, an Australian company, or RWA. We refer to RWA and its subsidiaries collectively as Royal Wolf. Royal Wolf leases and sells portable storage containers, portable container buildings and freight containers in Australia. Royal Wolf's management believes Royal Wolf is the market leader in Australia for container-based storage and accommodation products. Royal Wolf operates customer service centers in every state in Australia, is represented in all major business centers in Australia, and is the only container leasing and sales company in Australia with a nationally integrated infrastructure and work force.

The aggregate consideration for the acquisition is \$87.4 million, which is subject to adjustment relating to the levels of Royal Wolf's consolidated working capital, net tangible assets and container rental equipment, and outstanding obligations under a certain container lease program as determined as of the closing of the acquisition, as well as the costs and expenses incurred by Royal Wolf in connection with any acquisitions completed prior to the closing. The aggregate consideration will increase by \$570,000 if this preliminary proxy statement has not been cleared by the Securities and Exchange Commission by January 17, 2007 and by an additional \$570,000 if clearance has not been obtained by February 17, 2007. We refer to the foregoing closing adjustments and possible increases in the aggregate consideration as the consideration adjustments.

Of the aggregate consideration for the acquisition, we will pay the shareholders of RWA at the closing cash in the amount of \$83.6 million, as adjusted by the consideration adjustments, less the net debt of Royal Wolf as of the closing of the acquisition. Net debt for this purposes includes, among other items of indebtedness, obligations under finance leases, dividends and distributions paid by Royal Wolf after the date of the acquisition agreement, any deferred purchase price and future payment obligations under any acquisition agreements, amounts paid by Royal Wolf to eliminate outstanding stock options, and transaction expenses of the RWA shareholders paid by Royal Wolf. The remaining \$3.8 million of consideration will consist of \$1.5 million of shares of our common stock to be issued at the closing to one of the RWA shareholders and a total of \$2.3 million payable in cash in two equal installments on the first and second anniversaries of the closing for a non-compete covenant from the RWA shareholders. Our shares of common stock will be valued for this purpose based upon the average of the closing sale prices of our common stock as reported on the American Stock Exchange during the 20 trading days ending two days prior to the closing of the acquisition.

We have paid the shareholders of RWA a deposit of \$418,000, and must pay additional deposits of \$190,000 on each of November 30, 2006, December 31, 2006 and January 31, 2007 (all deposits would total \$988,000) if the closing of the acquisition has not occurred by such dates and we do not terminate the acquisition agreement. If the closing occurs, the deposits will be applied to reduce the cash portion of the consideration payable by us at the closing. If the closing does not occur, the deposits are refundable to us only in certain limited circumstances.

Enclosed is a notice of special meeting and proxy statement containing detailed information concerning the acquisition. Whether or not you plan to attend the meeting, we urge you to read these materials carefully.

Our board of directors has unanimously approved our acquisition of RWA and determined that it is in the best interests of us and our stockholders. **Our board of directors unanimously recommends that you vote or give instruction to vote FOR approval of the acquisition.**

Under our certificate of incorporation, we can complete the acquisition only if it is approved by the affirmative vote of the holders of a majority of the shares of our common stock present and entitled to vote at the special meeting with respect to the acquisition, as well as the holders of a majority of the shares of our common stock that were originally issued in our initial public offering, or IPO, that are voted. Notwithstanding these approvals, our certificate of incorporation provides that we cannot complete the acquisition if the holders of 20% or more of our IPO shares (1,725,000 or more shares) vote against it and demand that their shares be converted into the right to

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receive a pro rata portion of the funds presently held in the trust account established at the time of our IPO. These conversion rights are described in detail in the enclosed proxy statement.

Our officers and directors hold shares of our common stock acquired prior to our IPO that represent approximately 17.9% of our outstanding shares. They have agreed to vote these shares with respect to the acquisition as the holders of a majority of our IPO shares that are voted at the special meeting.

**Your vote is important. Whether you plan to attend the special meeting or not, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.**

I look forward to seeing you at the meeting.

Sincerely,

Ronald F. Valenta  
Chief Executive Officer

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**GENERAL FINANCE CORPORATION  
260 South Los Robles, Suite 217  
Pasadena, California 91101**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON [ ], 2006**

To the Stockholders of General Finance Corporation:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of General Finance Corporation, a Delaware corporation, will be held at 10:00 a.m., local time, on [ ], 2006, at [ ], California, for the following purposes:

- (1) to consider and vote upon a proposal to approve our acquisition of RWA Holdings Pty Limited, an Australian company, or RWA; and
- (2) in the event that there are insufficient votes present at the meeting for approval of the RWA acquisition, to consider and act upon a proposal to grant our board of directors discretionary authority to adjourn the special meeting to solicit additional votes for approval of the acquisition.

These items of business are described in the attached proxy statement, which we encourage you to read in its entirety before voting. Only holders of record of our common stock at the close of business on [ ], 2006 are entitled to notice of and to vote at the meeting and any adjournment or postponement of the meeting.

All stockholders are cordially invited to attend the meeting in person. However, to ensure your representation at the meeting, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. Proxy cards that are returned to us in time for the special meeting will be voted by the proxy holders named therein as instructed on the proxy cards. If no instructions are given, they will be voted FOR approval of the Royal Wolf acquisition and the other proposal described above. By returning the enclosed proxy card, you also will be granting the proxy holders discretionary authority to consider and act upon such other matters incident to the conduct of the meeting as may be properly presented at the meeting and any adjournment or postponement of the meeting.

The holders of shares of our common stock that were originally issued in our initial public offering, or IPO, are entitled to vote against approval of the acquisition and demand that their shares be converted into the right to receive a pro rata portion of the funds held in the trust account established at the time of the IPO. These conversion rights are described in detail in the attached proxy statement.

By Order of the Board of Directors

Ronald F. Valenta  
Chief Executive Officer

[ ], 2006

**YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. IN ORDER TO ENSURE THAT YOUR SHARES ARE VOTED, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE. IF GIVEN, YOU MAY REVOKE YOUR PROXY BY FOLLOWING THE INSTRUCTIONS IN THE PROXY STATEMENT.**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF EACH OF THE PROPOSALS DESCRIBED IN THE ATTACHED PROXY STATEMENT.**

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**GENERAL FINANCE CORPORATION  
260 South Los Robles, Suite 217  
Pasadena, California 91101**

**PROXY STATEMENT**

This proxy statement is furnished in connection with the solicitation of proxies on behalf of the board of directors of General Finance Corporation for use at the special meeting of our stockholders to be held at 10:00 a.m., local time, on [ ], 2006, at [ ], California. The accompanying notice of special meeting describes the purposes of the meeting. The proxies will be used at the meeting and at any postponement or adjournment of the meeting.

This proxy statement and accompanying proxy solicitation materials were first mailed on or about [ ], 2006 to our shareholders entitled to vote at the meeting.

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**QUESTIONS AND ANSWERS ABOUT THE ACQUISITION  
AND THE SPECIAL MEETING**

*The following questions and answers address briefly some commonly asked questions regarding our proposed acquisition of RWA Holdings Pty Limited, or RWA, and the special meeting of our shareholders. These questions and answers may not address all questions that may be important to you as our stockholder. The answers below are qualified by reference to the more detailed information contained elsewhere in this proxy statement.*

*References in this proxy statement to Royal Wolf mean RWA and its subsidiaries.*

*References in this proxy statement to GFN Australasia mean GFN Australasia Finance Pty Ltd., a newly formed company organized by us under the laws of Australia and wholly owned subsidiary of GFN Australasia Holdings Pty Ltd, which is a newly formed company also organized by us under the laws of Australia and our wholly owned subsidiary. References in this proxy statement to we, us, our, and ours mean General Finance Corporation and its subsidiaries.*

*References in this proxy statement to the sellers mean Equity Partners Two Pty Limited, Cetro Pty Limited, FOMJ Pty Limited, FOMM Pty Limited, TCWE Pty Limited, the current shareholders of RWA, along with Paul Jeffery, James Warren, Michael Baxter and Peter McCann, who constitute the majority of the directors and executive officers of RWA.*

*The financial terms and provisions of the acquisition agreement are denominated in Australian dollars, as are the historical consolidated financial statements of RWA included in this proxy statement. However, for convenience, the financial terms and provisions of the acquisition agreement, as well as the dollar amounts included in the sections entitled Consideration of the Acquisition and Information About Royal Wolf, have been converted throughout the text of this proxy statement into U.S. dollars. Unless otherwise indicated, all amounts have been converted based upon the currency exchange rate in effect on September 8, 2006 of 0.7599 U.S. dollar for one Australian dollar. The currency exchange rate in effect as of the closing of the acquisition or at any future date may differ. Because Royal Wolf's business is presently conducted entirely within Australia, assuming the acquisition is completed, our future consolidated financial results stated in U.S. dollars will fluctuate in accordance with changes in currency exchange rates.*

**The Following Questions and Answers are of Interest to All Shareholders**

**Q. Why am I receiving this proxy statement?**

A. We have agreed to acquire RWA in a business combination within the meaning of our certificate of incorporation. Under our certificate of incorporation, the acquisition must be approved by our stockholders, which is the purpose of the special meeting. This proxy statement contains important information about the acquisition and the special meeting of our stockholders.

**Q. What vote is required in order to approve the acquisition?**

A. Under our certificate of incorporation, we can complete the acquisition only if it is approved by the affirmative vote of the holders of a majority of the shares of our common stock present and entitled to vote with respect to the acquisition, as well as the holders of a majority of the shares of our common stock that were originally issued in our initial public offering, or IPO, that are voted with respect to the acquisition. Notwithstanding these

approvals, our certificate of incorporation provides that we cannot complete the acquisition if the holders of 20% or more of our IPO shares (1,725,000 or more shares) vote against it and demand that their shares be converted into a pro rata portion of the net proceeds of our IPO presently held in the trust account established for this purpose at the time of our IPO. These rights of holders of our IPO shares to vote against the acquisition and demand conversion of their shares are referred to in this proxy statement as "conversion rights" and described elsewhere in this proxy statement.

**Q. Are we being asked to consider any other matter?**

- A. Yes. We are asking our stockholders to grant our board of directors discretionary authority to adjourn the special meeting to solicit additional votes for approval of the acquisition in the event that there are insufficient votes for its approval present at the special meeting.

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**Q. What will happen in the proposed acquisition?**

- A. GFN Australasia will acquire from the sellers all of the outstanding shares of RWA, and we will own and carry on Royal Wolf's existing business and operations following the acquisition.

**Q. What is the consideration for the Royal Wolf acquisition?**

- A. The aggregate consideration for the acquisition is \$87.4 million, subject to certain adjustments relating to the levels of Royal Wolf's consolidated working capital, net tangible assets and container rental equipment, and outstanding obligations under a certain container lease program as of the closing of the acquisition, as well as the costs and expenses incurred by Royal Wolf in connection with any acquisition completed prior to the closing. The aggregate consideration will increase by \$570,000 if this preliminary proxy statement has not been cleared by the Securities and Exchange Commission by January 17, 2007 and by an additional \$570,000 if clearance has not been obtained by February 17, 2007. We refer to the foregoing closing adjustments and possible increases in the aggregate consideration as the consideration adjustments.

Of the aggregate consideration in the acquisition, we will pay the shareholders of RWA at the closing cash in the amount of \$83.6 million, as adjusted by the consideration adjustments, less the net debt of Royal Wolf as of the closing of the acquisition. Net debt for these purposes includes, among other items of indebtedness, obligations under finance leases, dividends and distributions paid by Royal Wolf after the date of the acquisition agreement, any deferred purchase price and future payment obligations under any acquisition agreements, amounts paid by Royal Wolf to eliminate outstanding stock options, and transaction expenses of the sellers paid by Royal Wolf. The remaining \$3.8 million of consideration will consist of \$1.5 million of shares of our common stock to be issued at the closing to one of the sellers and a total of \$2.3 million payable in cash in two equal installments on the first and second anniversaries of the closing for a non-compete covenant from the sellers. Our shares of common stock will be valued for this purpose based upon the average of the closing sale prices of our common stock as reported on the American Stock Exchange during the 20 trading days ending two days prior to the closing of the acquisition.

Based upon the consideration adjustments and the net debt of Royal Wolf as of June 30, 2006, the acquisition consideration as of that date would have consisted of \$48.5 million of cash, \$35.1 million of the net debt of Royal Wolf, \$1.5 million of shares of our common stock and \$2.3 million payable for the sellers' non-compete covenant. The actual consideration adjustments and the net debt of Royal Wolf and breakdown of the aggregate consideration as of the closing will be different.

**Q. Is any financing necessary to fund the total consideration payable under the acquisition agreement?**

- A. No. We believe that the funds held in the trust account established at the time of our IPO will be sufficient to pay the cash portion of the consideration payable at the closing. We do, however, intend to refinance the existing indebtedness of Royal Wolf and to obtain additional debt and/or equity financing for growth in connection with the acquisition of Royal Wolf and for other purposes consistent with our acquisition strategy. We do not yet have any binding commitments for such additional financing.

**Q. Is the consideration subject to change?**

- A. Yes. The actual total consideration for the acquisition will depend upon the consideration adjustments. The cash portion of the consideration will also change based upon the consideration adjustments and the net debt of Royal Wolf as of the closing of the acquisition.

In addition, the financial terms and provisions of the acquisition agreement are denominated in Australian dollars, which, for convenience, have been converted throughout the text of this proxy statement into U.S. dollars based upon the currency exchange rate in effect on September 8, 2006 of 0.7599 U.S. dollar for one Australian dollar. The currency exchange rate in effect as of the closing of the acquisition may differ.

**Q. Why are you proposing the acquisition?**

- A. We were organized to effect an acquisition, capital stock exchange, asset acquisition or other similar business combination with an operating business. Although we were not limited to a particular industry, we stated our intention to focus our efforts on the specialty finance industry and in areas where our management has significant expertise. Royal Wolf is a leading specialty finance company in Australia that we believe has a

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strong and deep management team and is well-positioned for significant growth domestically in Australia. We also believe Royal Wolf can serve as a both a rental services platform for expansion throughout the Asia-Pacific region and potentially the core management team for the global container rental/leasing segment of our business. The acquisition of RWA will provide us and our stockholders the opportunity to own and operate Royal Wolf and expand upon its existing business and operations.

**Q. Are there risks involved in the acquisition?**

A. Yes. There are risks related to the acquisition, including the following:

Our working capital will be reduced to the extent our stockholders exercise their conversion rights, which would reduce our cash reserves after the acquisition.

Our current directors and executive officers own shares of common stock and have interests in the acquisition that are different from yours, and if the acquisition is not approved, the shares of common stock acquired by them prior to our IPO may become worthless.

The aggregate consideration for the acquisition will increase if the value of the U.S. dollar compared to the Australian dollar decreases before the closing due to currency exchange rate fluctuations.

If we do not complete our acquisition, we may not be successful in identifying another suitable business combination, in which case we may be forced to liquidate. In a liquidation, our stockholders will receive less than \$8.00 per share for their shares of our common stock and their warrants to purchase our common stock will become worthless.

The market price of our common stock will depend upon the operations of Royal Wolf and may, as a result, be highly volatile and subject to wide fluctuations.

Our failure to complete the acquisition could negatively impact the market price of our common stock and may make it more difficult for us to attract another acquisition candidate.

The proposed acquisition of Royal Wolf may result in additional Sarbanes-Oxley Act of 2002 costs, issues and control procedures of our combined reporting company.

We may have difficulty establishing adequate management, legal and financial controls over Royal Wolf.

Following the acquisition, we will be subject to all of the risks related to ownership of Royal Wolf's business and operations, including the following:

General or localized economic downturns or weakness may adversely affect Royal Wolf's customers, which may cause the demand for Royal Wolf's products and services to decline and therefore harm our future revenues and results of operations.

Royal Wolf faces significant competition. If Royal Wolf is unable to compete successfully, it could lose customers and our future revenues and results of operations could be adversely affected.

Royal Wolf has depended to a large extent on the sales of its containers, which sales may fluctuate significantly in the future.

Royal Wolf's leasing revenues, which constitute approximately one-quarter of its total revenues, depend upon Royal Wolf's ability to re-lease containers. The failure of Royal Wolf to effectively and quickly re-lease containers could materially and adversely affect our future results of operations.

Governmental regulations could impose substantial costs or restrictions on Royal Wolf's operations that could harm our future results of operations.

We may not be able to effectively implement our growth strategy for Royal Wolf by identifying or completing transactions with attractive acquisition candidates, which could impair our growth.

Our failure to retain key Royal Wolf personnel could adversely affect our operations and could impede our ability to execute our business plan and growth strategy.



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Any failure of Royal Wolf's management information systems could disrupt our business and result in decreased rental or sale revenues and increased overhead costs.

Significant increases in Royal Wolf's raw material costs could increase our operating costs and adversely affect our results of operations.

The failure of Royal Wolf's Chinese manufacturers to sell and deliver products to Royal Wolf in timely fashion may harm our reputation and our financial condition.

Royal Wolf's growth plan includes a possible expansion into markets outside of Australia, including in the Asia-Pacific, which may not prove successful.

Royal Wolf's planned growth may strain our management resources, which could disrupt the development of new products and new applications of Royal Wolf's existing products and Royal Wolf's customer service centers and other facilities.

We may need additional debt or equity financing to sustain Royal Wolf's growth, but have no commitments or arrangements to obtain such financing.

**Q. Does the board of directors of General Finance Corporation recommend voting for the acquisition?**

- A. Yes. After careful consideration of the business and operations of Royal Wolf and the terms and provisions of the acquisition agreement, our board of directors has unanimously approved the acquisition of RWA and determined that it is in the best interests of us and our stockholders. Our board of directors unanimously recommends that our stockholders vote FOR approval of the acquisition.

**Q. Has General Finance Corporation received a valuation or fairness opinion with respect to the acquisition?**

- A. No. Our board of directors has determined that the fair market value of Royal Wolf exceeds 80% of our net assets as was represented in the prospectus relating to our IPO. The terms of the acquisition were determined based upon arm's-length negotiations between us and the sellers, who had no prior dealings with us or our officers or directors. Some of our officers and directors, including Ronald A. Valenta, our Chief Executive Officer and a director, and John O. Johnson, our Chief Operating Officer, have extensive industry and deal-making experience, and obtaining a valuation or fairness opinion is not required under our certificate of incorporation. Under the circumstances, our board of directors believed that the aggregate consideration for the acquisition appropriately reflected Royal Wolf's fair market value and that obtaining a valuation or fairness opinion was unnecessary.

**Q. Do the directors and officers of General Finance Corporation have interests in the acquisition that are different from mine?**

- A. Yes. If the acquisition is not completed and we fail by October 5, 2007 to enter into an agreement in principle or a definitive agreement with respect to another business combination, or having done so we fail to complete the business combination by April 5, 2008, we will be required to liquidate as soon as reasonably practicable. In that event, the shares of our common stock acquired by our officers and directors prior to our IPO for an aggregate purchase price of \$250,000 will become worthless, because our officers and directors have waived their rights to receive any liquidation distribution with respect to these shares.

Ronald F. Valenta, our Chief Executive Officer and a director, and John O. Johnson, our Chief Operating Officer, hold warrants to purchase an aggregate of 1,477,833 shares of our common stock that they acquired for an

aggregate purchase price of \$1,400,000, which also will become worthless upon our liquidation.

Mr. Valenta has made available to us a line of credit under which we may borrow from him from time to time up to \$1,750,000 at an annual interest rate equal to 8%. Our borrowings under the line of credit have been and will continue to be used by us to pay operating expenses, including deposits and expenses relating to the acquisition. At September 12, 2006, the outstanding principal amount of borrowings under the line of credit was \$700,000, including our initial deposit of \$418,000 in connection with the acquisition. We also will obtain any additional deposits from borrowings under the line of credit, and we will continue to borrow funds under the line of credit to pay expenses through the closing of the acquisition. If the acquisition is completed,

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Mr. Valenta will be repaid all outstanding principal and accrued interest under the line of credit. If, on the other hand, the acquisition is not completed and we are required to liquidate as described above, Mr. Valenta will have no recourse against the funds held in the trust account for repayment of any amounts outstanding under the line of credit.

At present, we do not compensate our officers or directors for their services other than our new Chief Financial Officer. If the acquisition is completed, we intend to compensate certain of our other officers and adopt a plan of compensation for non-employee directors based upon the advice and recommendations of a compensation committee of our board of directors to be established. There are no present commitments or understandings, however, regarding our future compensation of officers or directors.

**Q. What is the legal structure of the acquisition?**

- A. The acquisition will be accomplished by GFN Australasia's purchase from the sellers of all of the outstanding shares of RWA under the acquisition agreement. As a result, RWA will become a direct, wholly owned subsidiary of GFN Australasia, and RWA and its subsidiaries will become our indirect subsidiaries.

A copy of the acquisition agreement, which is referred to in Australia as a share sale deed, is attached to this proxy statement as ANNEX A. We encourage you to read the acquisition agreement in its entirety, because it, and not this proxy statement, is the legal contract that governs the acquisition.

**Q. Are there contractual conditions to completion of the acquisition?**

- A. Yes. The respective obligations of us and sellers to complete the acquisition are subject to the satisfaction or waiver of a number of conditions. These include, among others, the following:

The approval of the acquisition by our stockholders by March 17, 2007.

Receipt of written consents from various third parties to Royal Wolf's contracts.

No occurrence of events that would have a material adverse effect on Royal Wolf's assets, liabilities or profitability since June 30, 2006.

Cancellation of all outstanding options to purchase shares in Royal Wolf.

**Q. Can the acquisition agreement be terminated?**

- A. Yes. The acquisition agreement can be terminated prior to completion of the acquisition in some circumstances, including the following:

By the sellers if we have not obtained Securities and Exchange Commission clearance of this preliminary proxy statement by February 17, 2007 or a vote of our stockholders by March 17, 2007.

By any party after March 17, 2007 if any of the other conditions to the closing of the acquisition has not been satisfied and the terminating party has used reasonable efforts to satisfy the conditions.

**Q. Could payment of termination fees be required?**

- A.

No. There is no termination or breakup fee payable in connection with the termination of the acquisition agreement; however, we have paid the sellers a deposit of \$418,000, and must pay additional deposits of \$190,000 on each of November 30, 2006, December 31, 2006 and January 31, 2007 (all deposits would total \$988,000) if the closing of the acquisition has not occurred by such dates and we do not terminate the acquisition agreement. If the closing occurs, the deposits will be applied to reduce the cash portion of the consideration payable to by us at the closing. If the closing does not occur, the deposits are refundable to us only in certain limited circumstances.

**Q. Is the acquisition subject to any regulatory requirements?**

- A. Yes. It is subject to review by the Treasurer of the Commonwealth of Australia, which issued its notice of non-objection to the acquisition on September 29, 2006. The acquisition is not subject to any regulatory requirements in the U.S.

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**Q. How do the General Finance Corporation insiders intend to vote their shares?**

- A. Our officers and directors hold shares of our common stock acquired prior to our IPO that represent approximately 17.9% of our outstanding shares. They have agreed to vote these shares with respect to the acquisition as the holders of a majority of our IPO shares that are voted at the special meeting.

We also are aware that our officers and directors intend to vote any IPO shares they owned as of the record date FOR approval of the acquisition.

**Q. How will the acquisition affect my securities of General Finance Corporation?**

- A. Following the acquisition, you will continue to hold the shares of our common stock that you owned prior to the acquisition, except to the extent that you exercise your conversion rights. The percentage of our outstanding common stock represented by your shares immediately before and after the acquisition will be different, however, to the extent our stockholders exercise their conversion rights and, to a lesser extent, because of the issuance of shares of our common stock as part of the total consideration for the acquisition.

If the acquisition is completed, our outstanding warrants will become exercisable on April 5, 2007. Otherwise, the acquisition will have no effect on any of our warrants to purchase common stock that you may own.

**Q. If I object to the proposed acquisition, do I have appraisal rights?**

- A. No. You have no appraisal rights in connection with the acquisition under applicable Delaware corporation law or otherwise.

**Q. What will happen to the funds held in the trust account after the acquisition?**

- A. If the acquisition is completed, the trust account established at the time of our IPO will be closed and our stockholders who properly exercise their conversion rights will receive their pro rata portion of the funds held in the trust account; including a pro rata share of the contingent underwriting discount and a pro rata share of any interest earned, net of taxes. Any remaining funds in the trust account, less payment of the contingent underwriting discount payable to the underwriters of our initial IPO, will be released to us. We intend to use a portion of the remaining funds to repay Mr. Valenta for all amounts owing to him under our line of credit and for working capital and general corporate purposes, including possible acquisitions. Following the acquisition, there will be no further restrictions on our use of these funds.

**Q. Who will manage General Finance Corporation and Royal Wolf after the acquisition?**

- A. After the acquisition, our management and board of directors will continue as before.

Royal Wolf also will continue to be managed largely by its existing officers, including Robert Allan, its Chief Executive Officer, Peter McCann, its Chief Financial Officer, and James Warren, its Chief Operating Officer. Each of Messrs. Allan, McCann and Warren is party to an employment agreement which is terminable under certain circumstances upon notice to him. In connection with the acquisition, Ronald F. Valenta and John O. Johnson will be appointed as directors of RWA, and Michael Baxter, a founder and Executive Director of RWA, will become a consultant to Royal Wolf under a 360-day consulting agreement, under which he will agree to provide consulting services relating to the transition of ownership of Royal Wolf.

**Q. Will our business strategy change as a result of the acquisition of Royal Wolf?**

- A. No. Our management team will continue to execute our business plan and strategy disclosed in our IPO prospectus of identifying, acquiring and consolidating under our holding company additional specialty finance businesses similar to Royal Wolf in either the U.S., Europe or elsewhere in Asia. Ronald F. Valenta, our CEO, has successfully executed a similar strategy as the CEO and later the Chairman of the Board of Mobile Storage Group. Assuming the acquisition of Royal Wolf and the accompanying additional financing transactions are completed substantially as planned, in order to fund our planned global consolidation strategy, we expect to have between approximately \$12.5 million and \$25.5 million of cash remaining after the acquisition is completed, as well as access to debt/equity markets.

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**Q. What happens if the acquisition is not completed?**

A. If the acquisition is not completed, we will resume our search for another business combination to present to our stockholders for their approval. If we fail by October 5, 2007 to enter into an agreement in principle or a definitive agreement with respect to another business combination, or having done so we fail to complete the business combination by April 5, 2008, we will liquidate as soon as practicable. In any liquidation, the funds held in the trust account will be distributed pro rata to the holders of our IPO shares only. Our officers and directors have waived any right to any liquidation distribution with respect to shares of our common stock acquired by them prior to our IPO. In a liquidation, holders of our outstanding warrants would not receive any value for their warrants.

**Q. When do you expect the acquisition to be completed?**

A. We presently expect the acquisition to close on [ ], 200[ ], assuming the acquisition is approved at the special meeting on [ ], 2006.

**Q. What do I need to do now?**

A. We urge you to read carefully and consider all of the information contained in this proxy statement, including ANNEX A, to fully understand how the acquisition will affect you as a stockholder of General Finance Corporation. You should then vote as soon as possible in accordance with the instructions provided in this proxy statement and on the enclosed proxy card.

**Q. How do I vote?**

A. If you are a holder of record of our common stock, you may vote in person at the special meeting or by submitting a proxy for the special meeting. You may submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope. If you hold your shares in street name, which means your shares are held of record by a broker, bank or other nominee, you must provide the record holder of your shares with instructions on how to vote them.

**Q. If my shares are held in street name, will my broker, bank or nominee automatically vote my shares for me?**

A. No. Your broker, bank or nominee cannot vote your shares unless you provide voting instructions in accordance with the information and procedures provided to you by your broker, bank or nominee.

**Q. What will happen if I abstain from voting or fail to vote?**

A. Your abstention or failure to vote will have the same effect as a vote against approval of the acquisition, but will not be sufficient to exercise your conversion rights.

**Q. Can I change my vote or revoke my proxy after I have mailed my signed proxy form.**

A. Yes. To change your vote, you may send a later-dated, signed proxy card to our address set forth in this proxy statement prior to the date of the special meeting or, if you are a record holder, attend the special meeting in person and vote. You also may revoke your proxy by sending a notice of revocation to us prior to the date of the special meeting.

**Q. What should I do if I receive more than one set of proxy materials?**

- A. You may receive more than one set of proxy materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to vote all of your shares.



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**Q. Who can help answer my questions?**

- A. If you have questions about the acquisition, or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact:

John O. Johnson  
Chief Operating Officer  
General Finance Corporation  
260 South Robles, Suite 217  
Pasadena, California 91101  
Telephone: (626) 584-9722

*OR*     **[Proxy Solicitor]**

Telephone: (    ) \_\_\_

You may also obtain additional information about us from documents filed with the Securities and Exchange Commission by following the instructions in the section entitled "Where You Can Find More Information."

**The Following Questions and Answers are of Interest Primarily to Stockholders Who May be Inclined to and Exercise their Conversion Rights**

**Q. What are my conversion rights?**

- A. If you hold IPO shares, you have the right to vote against the acquisition and demand that, if the acquisition is completed, your IPO shares be converted into a pro rata portion of the funds held in the trust account established at the time of our IPO.

**Q. How do I exercise my conversion rights?**

- A. If you wish to exercise your conversion rights, you must:

Affirmatively vote against approval of the acquisition; and

Demand that your IPO shares be converted into cash in accordance with the procedures described in this proxy statement.

Any action that does not include an affirmative vote against approval of the acquisition will be insufficient to exercise your conversion rights.

If you affirmatively vote against approval of the acquisition, you may demand conversion of your shares into a pro rata portion of the funds held in the trust account either by checking the appropriate box on the proxy card or by submitting your request in writing to us at our address listed in this proxy statement. If you:

Return your proxy with directions to vote for approval of the acquisition, but then wish to vote against it and demand conversion of your shares; or

Return your proxy with directions to vote against approval of the acquisition and wish to demand conversion of your shares, but do not check the appropriate box on the proxy card demanding conversion or send a written request to us to demand conversion; or

Return your proxy with directions to vote against approval of the acquisition, but later wish to vote for it;

you may request that we send you another proxy card on which you may indicate your intended vote and, if that vote is against approval of the acquisition, demand conversion of your shares by checking the box provided for that purpose on the proxy card. You may request another proxy card by contacting us at the phone number or address listed in this proxy statement. *Any corrected or changed proxy card or written demand to convert your shares must be submitted to us prior to the voting on the acquisition at the special meeting.*

If you comply with the foregoing procedures and, notwithstanding your affirmative vote against the acquisition, it is completed, you will be entitled to receive a pro rata portion of the funds held in the trust account

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established at the time of our IPO, including any earned interest, calculated as of the date two business days prior to the closing of the acquisition. As of June 30, 2006, there was approximately \$64.7 million in the trust account after deduction of the contingent underwriting discount and taxes on earned interest, or approximately \$7.50 for each IPO share. If you exercise your conversion rights and or acquisition of Royal Wolf is completed, then you will be irrevocably electing to exchange your shares of our common stock for the right to receive cash of not less than approximately \$7.50 per IPO share and will no longer own these shares.

**Q. When will I receive the cash amount?**

A. If you properly exercise your conversion rights, you will be entitled to receive cash for your shares only if:

The acquisition is completed; and

You continue to hold your shares through the closing of the acquisition and tender your stock certificates to us.

*The exercise of your conversion rights is irrevocable, and you will have no right to change or correct it after the special meeting.*

**Q. Do I need to send in my stock certificates now?**

A. No. If you exercise your conversion rights, you should not submit your stock certificates now or at any time prior to the closing of the acquisition. Instead, you must continue to hold your shares through the closing of the acquisition and then tender your stock certificates to us.

**Q. If I exercise my conversion rights, what will happen to my warrants?**

A. Nothing. The exercise of your conversion rights will not affect any warrants to purchase our common stock that you may own, which will continue to be outstanding and exercisable following the acquisition and any exercise of your conversion rights.

**Q. What are the federal income tax consequences of exercising my conversion rights?**

A. If you properly exercise your conversion rights and the acquisition is completed, you will generally be required to recognize capital gain or loss upon the conversion of your IPO shares if such shares were held as a capital asset on the date of the acquisition. Such gain or loss will be measured by the difference between the amount of cash you receive and your tax basis in your converted IPO shares. The gain or loss will be short-term gain or loss if the acquisition closes as scheduled, but may be long term gain or loss if the closing is postponed.

There will be no federal income tax consequences to non-converting stockholders as a result of the acquisition.

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**SUMMARY TERM SHEET**

*This summary highlights selected information regarding our proposed acquisition of Royal Wolf that is more fully discussed elsewhere in this proxy statement. This summary may not contain all of the information that is important to you. You should carefully read this entire proxy statement for a more complete understanding of the acquisition. You also should read the acquisition agreement, which is referred to in Australia as a share sale deed, attached as ANNEX A to this proxy statement. The acquisition agreement is the legal contract that governs the acquisition.*

**The Companies**

**General Finance Corporation (page )**

We are a special-purpose acquisition company organized as a corporation under the laws of Delaware on October 14, 2005. We were formed to effect an acquisition, capital stock exchange, asset acquisition or other similar business combination with an operating business. In April 2006, we completed our initial public offering of securities, or IPO, from which we derived net proceeds of approximately \$65.55 million. Of the net proceeds, \$65 million, along with proceeds of \$700,000 from the private placement of units to our officers and directors, were placed in a trust account while we sought to identify and complete our initial business combination. Accordingly, such funds, together with the earned interest, are to be released to us in connection with the closing of the acquisition, less amounts payable to the holders of our IPO shares who exercise their conversion rights as described in this proxy statement and less the amount of the contingent underwriting discount payable to the underwriters of our IPO. The maximum contingent underwriting discount is \$1,380,000, which is subject to reduction by the amount of \$0.16 per share for each IPO share that is converted in connection with the acquisition.

The remainder of the net proceeds of our IPO, or approximately \$550,000, was used by us to pay offering expenses incurred in connection with our IPO. Since our IPO, we have relied for the payment of our operating expenses upon the proceeds from the sale of \$250,000 of our shares to our officers and directors prior to our IPO and borrowings under a \$1,750,000 line of credit made available to us by Ronald F. Valenta, our Chief Executive Officer and a director. Other than our IPO and pursuit of a business combination, we have not engaged in any business to date.

If we do not enter into an agreement in principle or a definitive agreement with respect to a business combination by October 5, 2007, or having done so we fail to complete the business combination by April 5, 2008, we are required under our certificate of incorporation to take all actions necessary to dissolve and liquidate as soon as reasonably practicable. In any liquidation, the funds held in the trust account will be distributed pro rata to the holders of our IPO shares only. Our officers and directors have waived any right to any liquidation distribution with respect to shares of our common stock acquired by them prior to our IPO. In a liquidation, holders of our outstanding warrants would not receive any value for their warrants.

Our common stock, warrants to purchase common stock and units (each unit consisting of one share of common stock and one warrant to purchase one share of common stock at a purchase price of \$6 per share) are quoted on the American Stock Exchange under the symbols GFN, GFN.W and GFN.U, respectively.

The mailing address of our principal executive office is 260 South Los Robles, Suite 217, Pasadena, California 91101, and our telephone number is (626) 584-9722.

**GFN Australasia Finance Pty Ltd (page )**

GFN Australasia Finance Pty Ltd, or GFN Australasia, is a newly formed company organized by us under the laws of Australia and wholly owned subsidiary of GFN Australasia Holdings Pty Ltd, which is a newly formed company organized by us under the laws of Australia and our wholly owned subsidiary. GFN Australasia and GFN Australasia Holdings Pty Ltd were formed by us for the sole purpose of facilitating our acquisition of RWA, and have not engaged in any business other than in connection with the acquisition.

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References in this proxy statement to we, us, our, and ours mean General Finance Corporation and our subsidiaries

GFN Australasia's mailing address is c/o Robert Barnes, Level 2, 222 Clarence Street, Sydney, New South Wales, Australia 2000, and its telephone number is 001-612-9266-0077.

**RWA Holdings Pty Limited (page )**

RWA Holdings Pty Limited, or RWA, is a company organized under the laws of Australia and a holding company for Royal Wolf Trading Australia Pty Limited, its principal operating subsidiary acquired in December 2003, and its other subsidiaries. RWA engages in no significant business activities apart from its ownership of Royal Wolf Trading Australia Pty Limited and its other subsidiaries. RWA and its subsidiaries are collectively referred to in this proxy statement as Royal Wolf. The separate financial statements (and not the acquisition of) Royal Wolf Trading Australia Pty Limited as of and for the year ended December 31, 2003 is included elsewhere in this proxy statement.

The mailing address of RWA is Suite 201, Level 2, 22-28 Edgeworth David Avenue, Hornsby, New South Wales, Australia 2077, and its telephone number in Australia is 001-612-9482-3466.

Royal Wolf leases and sells portable storage containers, portable container buildings and freight containers in Australia. Royal Wolf's management believes Royal Wolf is the market leader in Australia for container-based storage and accommodation products. Royal Wolf currently has more than 150 employees and operates 15 customer service centers located in every state in Australia. It is represented in all major business centers in Australia and is the only container leasing and sales company in Australia with a nationally integrated infrastructure and work force.

Royal Wolf's products include:

*Portable Storage Containers:* Royal Wolf leases and sells portable containers for on-site storage by customers that include retail outlets and manufacturers, government departments, farming and agricultural concerns, building and construction companies, clubs and sporting associations, mine operators and the general public. Royal Wolf's products include general purpose dry storage containers, refrigerated containers and hazardous goods containers in a range of standard and modified sizes, designs and storage capacities.

*Portable Container Buildings:* Royal Wolf also leases and sells portable container buildings as site offices and for temporary accommodations. Royal Wolf entered the portable building market in August 2005 with 20-foot and 40-foot portable buildings manufactured from steel container platforms which it markets to a subset of its portable storage container customer base.

*Freight Containers:* Royal Wolf also leases and sells freight containers specifically designed for transport of products by road and rail. Customers include national moving and storage companies, distribution and logistics companies, freight forwarders, transport companies, rail freight operators and the Australian military. Royal Wolf's freight container products include curtain-side, refrigerated and bulk cargo containers, together with a range of standard and industry-specific dry freight containers.

**The Sellers (page )**

The shareholders from whom GFN Australasia will acquire the shares of RWA are Equity Partners Two Pty Limited, Cetro Pty Limited, FOMJ Pty Limited, FOMM Pty Limited, TCWE Pty Limited. They, along with Paul Jeffery, James Warren, Michael Baxter and Peter McCann, who constitute the majority of the directors and executive officers of RWA, are collectively referred to in this proxy statement as the sellers.

**Consideration and Funding**

The aggregate consideration for the acquisition is \$87.4 million, which is subject to adjustment relating to the levels of Royal Wolf's consolidated working capital, net tangible assets and container rental equipment, and outstanding obligations under a certain container lease program as determined as of the closing of the acquisition, as well as the costs and expenses incurred by Royal Wolf in connection with any acquisitions completed prior to the closing. The aggregate consideration will increase by \$570,000 if this preliminary proxy statement has not been

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cleared by the Securities and Exchange Commission by January 17, 2007 and by an additional \$570,000 if clearance has not been obtained by February 17, 2007. We refer to the foregoing closing adjustments and possible increases in the aggregate consideration as the consideration adjustments.

Of the aggregate consideration in the acquisition, we will pay the shareholders of RWA at the closing cash in the amount of \$83.6 million, as adjusted by the consideration adjustments, less the net debt of Royal Wolf as of the closing of the acquisition. Net debt for this purpose includes, among other items of indebtedness, obligations under finance leases, dividends and distributions paid by Royal Wolf after the date of the acquisition agreement, any deferred purchase price and future payment obligations under any acquisition agreements, amounts paid by Royal Wolf to eliminate outstanding stock options, and transaction expenses of the RWA shareholders paid by Royal Wolf. The remaining \$3.8 million of consideration will consist of \$1.5 million of shares of our common stock to be issued at the closing to one of the sellers and a total of \$2.3 million payable in cash in two equal installments on the first and second anniversaries of the closing for a non-compete covenant from the sellers. Our shares of common stock will be valued for this purpose based upon the average of the closing sale prices of our common stock as reported on the American Stock Exchange during the 20 trading days ending two days prior to the closing of the acquisition.

Based upon the consideration adjustments and the net debt of Royal Wolf as of June 30, 2006, the acquisition consideration as of that date would have consisted of \$48.5 million of cash, \$35.1 million of the net debt of Royal Wolf, \$1.5 million of shares of our common stock and \$2.3 million payable for the sellers non-compete covenant. The actual consideration adjustments and the net debt of Royal Wolf and breakdown of the aggregate consideration as of the closing will be different.

We have paid the shareholders of RWA a deposit of \$418,000, and must pay additional deposits of \$190,000 on each of November 30, 2006, December 31, 2006 and January 31, 2007 (all deposits would total \$988,000) if the closing of the acquisition has not occurred by such dates and we do not terminate the acquisition agreement. If the closing occurs, the deposits will be applied to reduce the cash portion of the consideration payable by us at the closing. If the closing does not occur, the deposits are refundable to us only in certain limited circumstances.

**The Acquisition**

**Acquisition Agreement (page )**

GFN Australasia will acquire from the sellers all of the outstanding shares of RWA pursuant to an acquisition agreement, which is referred to in Australia as a share sale deed, a copy of which is attached to this proxy statement as ANNEX A.

**Recommendation of our Board of Directors; Reasons for the Acquisition (page )**

After careful consideration of the business and operations of Royal Wolf and the terms and conditions of the acquisition agreement, our board of directors has unanimously approved the acquisition of RWA and determined that it is in the best interests of us and our stockholders.

In considering the acquisition, our board of directors, in working with management:

Reviewed certain internal financial information relating to the business and financial prospects of Royal Wolf, including estimates and financial forecasts provided by Royal Wolf's management that were not publicly available;



Conducted discussions with members of the senior management of Royal Wolf concerning its business and financial prospects;

Reviewed drafts of the acquisition agreement and certain other agreements related thereto; and

Conducted financial studies and industry data, analyses, and considered such other information, as they and our management deemed appropriate.

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During the course of reaching its decision to approve the acquisition, our board of directors considered a number of factors and consulted our management and outside legal and due diligence advisors. The factors considered by our board of directors included, among others, the following:

Discussions with our management regarding Royal Wolf's established business, record of growth and potential for future growth, the industry in which it competes, and current industry conditions, all of which led our board of directors to conclude that the acquisition presented an opportunity for us and our stockholders to realize value through the acquisition;

The experience of our management, in particular, Mr. Valenta, in building and consolidating similar businesses in the U.S. and Europe;

The experience of Royal Wolf's management, including Robert Allan, Royal Wolf's Chief Executive Officer, and James Warren, its Chief Operating Officer in building and operating Royal Wolf's business;

Royal Wolf's ability to execute its business plan using its own financing resources, since some of our stockholders may exercise their conversion rights in connection with the acquisition and thereby reduce the funds in the trust account available to us following the acquisition;

Royal Wolf's financial results, including revenue growth and expanding operating margins;

The aggregate consideration for the acquisition represented an approximate run-rate adjusted earnings before interest, taxes and depreciation, or EBITDA, multiple of 8.4x the projected first quarter 2007 closing;

The financial presentations of our management to our board of directors that, based upon and subject to the assumptions made, procedures followed, factors considered and limitations upon its review set forth as the date of the presentation, the acquisition consideration for the acquisition satisfied the 80% test represented in the prospectus relating to our IPO as described under "Satisfaction of 80% Test" below;

The belief by our board of directors that we had paid the fair market value and the lowest price that the sellers were willing to accept, taking into account the terms resulting from extensive negotiations between the parties; and

The terms of the acquisition agreement, including:

The inclusion of a "material adverse effect" clause in our favor, which includes any effect that results or is reasonably likely to result in a decline in Royal Wolf's EBITDA of 15% or more in any twelve-month period; and

The inclusion of customary representations and warranties of the sellers and indemnification and escrow provisions in our favor.

In the course of its deliberations, our board of directors also considered a variety of risks and other countervailing factors, including:

The risks relating to Royal Wolf's business set out in this proxy statement in the section entitled "Risk Factors" beginning on page 5;

That Royal Wolf has no current business or operations in the U.S. or outside of Australia;

That Royal Wolf only recently began generating operating income;

That Royal Wolf's portable storage sales business is maturing and is not likely to grow at the same rate as its leasing business; and

That the deposit provisions of the acquisition agreement may result in our forfeiture of substantial deposits if there are undue delays in completing the acquisition.

The foregoing discussion of the factors considered by our board of directors is not intended to be exhaustive, but sets forth the principal factors considered by the board. After evaluating the foregoing factors and consulting with its legal counsel and its other advisers, our board of directors unanimously determined that the acquisition is in the best interests of us and our stockholders and approved the acquisition in light of the various factors described

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above and other factors that our directors present concluded were appropriate. In view of the variety of factors considered by our board of directors in connection with its evaluation of the acquisition and the complexity of these matters, our board of directors did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of our board of directors. Rather, our board of directors made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above, individual directors may have given different weights to different factors.

**Accordingly, our board of directors unanimously recommends that stockholders vote FOR approval of the acquisition.**

**Management (page )**

After the acquisition, our management and board of directors will continue as before. Our management team will continue to execute our business plan and strategy disclosed in our IPO prospectus of identifying, acquiring and consolidating under our holding company additional specialty finance businesses similar to Royal Wolf in either the U.S., Europe or elsewhere in Asia. Ronald F. Valenta, our CEO, has successfully executed a similar strategy as the Chief Executive Officer and later the Chairman of the Board of Mobile Storage Group.

Royal Wolf also will continue to be managed largely by its existing officers, including Robert Allan, its Chief Executive Officer, Peter McCann, its Chief Financial Officer, and James Warren, its Chief Operating Officer. Each of Messrs. Allan, McCann and Warren is a party to an employment agreement which is terminable under certain circumstances upon notice to him. In connection with the acquisition, Ronald F. Valenta and John O. Johnson will be appointed as directors of RWA, and Michael Baxter, a founder and Executive Director of RWA, will become a consultant to us and Royal Wolf under a 360-day consulting agreement, under which he will agree to provide consulting services relating to the transition of ownership of Royal Wolf.

**Our Inside Stockholders (page )**

On the record date, our officers and directors owned an aggregate of 1,875,000 shares of our common stock, or approximately 17.9% of our outstanding shares, that they acquired prior to our IPO. They have agreed to vote these shares with respect to the acquisition as the holders of a majority of our IPO shares that are voted at the special meeting.

**Date, Time and Place of Special Meeting of Our Stockholders (page )**

The special meeting of our stockholders will be held at 10:00 A.M., local time, on [ ], 2006 at [ ].

**Record Date; Voting Power (page )**

You will be entitled to vote or direct votes to be cast at the special meeting if you owned shares of our common stock at the close of business on [ ], 2006, which is the record date for the special meeting. You will have one vote for each share of our common stock you owned at the close of business on the record date. On the record date, there were 10,500,000 shares of our common stock outstanding, of which 8,625,000 shares were IPO shares.

**Approval of the RWA Shareholders (page )**

The shareholders of RWA approved the acquisition by virtue of their execution of the acquisition agreement, and no further action by the RWA shareholders is needed for approval of the acquisition.

**Quorum and Vote of General Finance Stockholders (page )**

A quorum of our stockholders is necessary to hold a valid stockholders meeting. A quorum will be present at the special meeting if a majority of the shares of our common stock outstanding as of the record date are presented in person or by proxy. Abstentions and broker non-votes will count as present for the purposes of establishing a quorum.

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The approval of the acquisition will require the approval of the holders of a majority of the shares of our common stock present and entitled to vote at the meeting with respect to the acquisition, as well as the holders of a majority of our IPO shares voted with respect to the acquisition. Notwithstanding these approvals, the acquisition will not be completed if the holders of 20% or more of our IPO shares (1,725,000 or more shares) exercise their conversion rights.

Abstentions and broker non-votes will have the same effect as a vote against approval of the acquisition. Please note, however, that you cannot exercise your conversion rights unless you affirmatively vote against approval of the acquisition.

**Conversion Rights (page )**

Under our certificate of incorporation, stockholders holding IPO shares may vote against approval of the acquisition and demand that we convert such shares into a pro rata share of the funds held in the trust account established at the time of our IPO. Demand may be made by checking the box on the proxy card provided for that purpose and returning the proxy card in accordance with the instructions provided. Demand may also be made in any other writing that clearly states that conversion is demanded and is delivered so that it is received by us at any time prior to the vote at the special meeting with respect to the acquisition. If conversion rights are exercised properly and the acquisition is completed, we will convert each IPO share into a pro rata portion of the funds held in the trust account as of the date two business days prior to completion of the acquisition. We anticipate that this would amount to not less than approximately \$7.50 per IPO share based upon the funds in the trust account as of June 30, 2006. The actual amount will vary. An improper exercise of conversion rights may be remedied at any time until the special meeting.

If you exercise your conversion rights, then you will be exchanging your shares of our common stock for cash and will no longer own the shares. If you properly exercise your conversion rights, you will be entitled to receive cash for your shares only if you continue to hold these shares through the completion of the acquisition and then tender your stock certificate to us. If the acquisition is not completed, these shares will not be converted into cash.

If the acquisition is not completed and we fail by October 5, 2007 to enter into an agreement in principle or a definitive agreement with respect to another business combination, or having done so we fail to complete the business combination by April 5, 2008, we will be forced to liquidate.

We cannot complete the acquisition if holders of 20% or more of our IPO shares (1,725,000 or more shares) exercise their conversion rights.

**Appraisal Rights (page )**

Our stockholders do not have appraisal rights in connection with the acquisition.

**Proxies (page )**

Proxies may be solicited by mail, telephone or in person. We have engaged [ ] to assist us in the solicitation of proxies.

If you grant a proxy, you may still vote your shares in person if you revoke your proxy at or before the special meeting.

**Interests of Our Directors and Officers in the Acquisition (page )**

When you consider the recommendation of our board of directors FOR approval of the acquisition, you should keep in mind that our officers and directors have interests in the acquisition that are different from, or in addition to, your interests as a stockholder. In particular:

If the acquisition is not completed and we fail by October 5, 2007 to enter into an agreement in principle or a definitive agreement with respect to another business combination, or having done so we fail to complete the business combination by April 5, 2008, we will be required to liquidate. In that event, the shares of common stock held by our officers and directors that were acquired prior to the IPO for an aggregate purchase price of

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\$250,000 will be worthless, because our officers and directors have waived all rights to receive any liquidation proceeds with respect to such shares.

Ronald F. Valenta, our Chief Executive Officer and a director, and John O. Johnson, our Chief Operating Officer, own warrants to purchase an aggregate of 1,477,833 shares of our common stock that they acquired for an aggregate purchase price of \$1,400,000, which also will become worthless upon our liquidation.

Mr. Valenta has made available to us a line of credit under which we may borrow from him from time to time up to \$1,750,000 at an annual interest rate equal to 8%. Our borrowings under the line of credit have been and will continue to be used by us to pay operating expenses, including deposits and expenses relating to the acquisition. At September 12, 2006, the outstanding principal amount of borrowings under the line of credit was \$700,000, including borrowings used to fund our initial deposit of \$418,000 in connection with the acquisition. We also will obtain any additional deposits from borrowings under the line of credit, and we will continue to borrow funds under the line of credit to pay expenses through the completion of the acquisition. If the acquisition is completed, Mr. Valenta will be repaid all outstanding principal and accrued interest under the line of credit. If, on the other hand, the acquisition or other business combination is not completed and we are required to liquidate as described above, Mr. Valenta will have no recourse against the funds held in the trust account for repayment of any amount owed to him under the line of credit.

At present, we do not compensate our officers or directors for their services other than our new Chief Financial Officer. If the acquisition is completed, we intend to compensate certain of our officers and adopt a plan of compensation for non-employee directors based upon the advice and recommendations of a compensation committee of our board of directors to be established.

**Conditions to the Completion of the Acquisition (page )**

The completion of the acquisition is conditioned upon our stockholders approving the acquisition. Notwithstanding their approval, if the holders of 20% or more of our IPO shares exercise their conversion rights, the acquisition cannot be completed.

In addition, the completion of the acquisition is conditioned upon the following, among other things:

The Securities and Exchange Commission clears this proxy statement no later than February 17, 2007;

Our shareholders approve the acquisition no later than March 17, 2007 (and such approval is deemed to include all approvals required under our certificate of incorporation, as discussed elsewhere in this proxy statement);

Consents are obtained from the landlords to certain Royal Wolf leases and to other parties to certain Royal Wolf contracts;

No event occurs that has a material adverse effect on the assets, liabilities or profitability of Royal Wolf from June 30, 2006 to the closing;

All outstanding options to purchase shares in RWA are cancelled and certain outstanding shares of RWA are repurchased by it;

The sellers and RWA have terminated a shareholders agreement governing the operation of Royal Wolf;



Termination of the employment agreement between Royal Wolf and Michael P. Baxter with Mr. Baxter's waiver of all claims against Royal Wolf as a result of the termination; and

The employment agreements between Royal Wolf and Robert Allan, Peter McCann and James Warren are amended to eliminate references to any shareholders agreement and share option plans, and these key employees confirm that Royal Wolf is not in default under such agreements and that they have no claims against Royal Wolf other than as provided in such agreements.

With some exceptions, any of the closing conditions may be waived by the party entitled to the benefit of the condition. We may waive one or more of the closing conditions if we deem it advisable to do so.

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**Termination, Amendment and Waiver (page )**

The acquisition agreement may be terminated as follows:

By the sellers if the Securities and Exchange Commission has not cleared this preliminary proxy statement by February 17, 2007; and

By any party after March 17, 2007 if any of the other conditions to the closing of the acquisition has not been satisfied and the terminating party had used reasonable efforts to satisfy the conditions.

There is no termination or breakup fee payable in connection with the termination of the acquisition agreement; however, we have paid the sellers a deposit of \$418,000, and must pay additional deposits of \$190,000 on each of November 30, 2006, December 31, 2006 and January 31, 2007 (all deposits would total \$988,000) if the closing of the acquisition has not occurred by such dates and we do not terminate the acquisition agreement. If the closing occurs, the deposits will be applied to reduce the cash portion of the consideration payable by us at the closing. If the closing does not occur, the deposits are refundable to us only in certain limited circumstances. The acquisition agreement does not specifically address any other rights of a party in the event of a wrongful refusal or failure of the other party to complete the acquisition. In that event, such party would be entitled to assert its legal rights for breach of contract against the wrongful party.

If permitted under applicable law, either we or the sellers may waive any inaccuracies in the representations and warranties made to us or the sellers contained in the acquisition agreement and waive compliance with any agreements or conditions for the benefit of us or the sellers contained in the acquisition agreement. We cannot assure you that any or all of the conditions will be satisfied or waived. The conditions that the acquisition be approved by our stockholders and that the holders of fewer than 20% of our IPO shares exercise their conversion rights cannot be waived.

**Listing on AMEX (page )**

Following the acquisition, our outstanding common stock, warrants and units will continue to be listed for trading on the American Stock Exchange.

**Tax Consequences (page )**

There will be no tax consequences to our stockholders resulting from the acquisition, except to the extent they exercise their conversion rights.

A stockholder who exercises conversion rights will generally be required to recognize capital gain or loss upon the conversion, if such shares were held as a capital asset on the date of the acquisition. This gain or loss will be measured by the difference between the amount of cash received and the stockholder's tax basis in the converted shares. The gain or loss will be short-term gain or loss if the acquisition closes as scheduled, but may be long term gain or loss if the closing is postponed.

**Accounting Treatment (page )**

The acquisition will be accounted for as a reverse acquisition and equity recapitalization, with us treated as the acquired company for financial reporting purposes. The acquisition consideration paid to the sellers will be reflected as a distribution to them, and will result in a reduction in stockholders' equity.

**Regulatory Matters (page )**

The acquisition is subject to review by the Treasurer of the Commonwealth of Australia, which issued its notice of non-objection on September 29, 2006. The acquisition is not subject to any federal or state regulatory requirement or approval in the U.S.

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**Risk Factors (page )**

Before you grant your proxy or vote or instruct the vote with respect to the acquisition, you should be aware that the occurrence of the events described in the Risk Factors section and elsewhere in this proxy statement could have a material adverse effect on us and Royal Wolf.

**FORWARD-LOOKING STATEMENTS**

We believe that some of the information in this proxy statement constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995, although the safe-harbor provisions of that act do not apply to statements made in this proxy statement. In some cases, you can identify forward-looking statements by terminology such as may, should, could, would, expect, plan, anticipate, believe, estimate, such terms or other similar expressions. We have based these forward-looking statements on our current expectations about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us and Royal Wolf that may cause the actual future business and financial results of us and Royal Wolf to be materially different from prior results or any results expressed or implied by such forward-looking statements. Factors that might cause or contribute to such a difference include, but are not limited to, those described in the Risk Factors section and elsewhere in this proxy statement. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement. continu

All forward-looking statements included in this proxy statement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

**Table of Contents****SELECTED HISTORICAL FINANCIAL INFORMATION**

We are providing the financial information in this section to assist you in your analysis of the financial aspects of the acquisition. The information in this section is only a summary, and should be read in conjunction with the historical financial statements and related notes. The historical results included below and elsewhere in this proxy statement are not indicative of the future performance of us and our consolidated subsidiaries, including Royal Wolf, following the acquisition.

**General Finance Corporation Selected Historical Information**

The following table sets forth selected historical financial information derived from our unaudited consolidated financial statements as of and for the period from October 14, 2005 (inception) to June 30, 2006 and from our unaudited financial statements as of and for the six months ended June 30, 2006. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and results of operations for the periods presented.

**Statement of Operations Information:**

	<b>Six Months Ended June 30, 2006 (Unaudited)</b>	<b>October 14, 2005 (inception) to June 30, 2006 (Unaudited)</b>
	<b>(In thousands except share information)</b>	
General and administrative expenses	\$ 64	\$ 68
Operating (loss)	(64)	(68)
Other income:		
Interest income	555	555
Net income	294	291
Net income per share:		
Basic	\$ 0.05	\$ 0.06
Diluted	0.05	0.06
Weighted average shares outstanding:		
Basic	5,763,812	4,582,212
Diluted	6,483,076	5,082,930

**Balance Sheet Information:****June 30, 2006**

	<b>(Unaudited)</b> <b>(In thousands)</b>
Cash	\$ 77
Cash equivalents held in trust	66,392
Total assets	66,530
Deferred underwriting fees	1,380
Total liabilities	1,631
Common stock subject to possible conversion	12,941
Stockholders' equity	51,958

**Table of Contents****RWA Selected Historical Consolidated Financial Information**

The following table sets forth, in Australian dollars, selected historical financial information of RWA derived from RWA's audited consolidated financial statements as of and for the year ended June 30, 2006, the six months ended June 30, 2005 and the year ended December 31, 2004 contained elsewhere in this proxy statement. The information as of and for the year ended December 31, 2003 was derived from the audited financial statements of Royal Wolf Trading Australia Pty Limited, or RWT, Royal Wolf's principal operating subsidiary, contained elsewhere in this proxy statement. The information as of and for the years ended December 31, 2002 and 2001 was derived from the unaudited financial statements of RWT that are not contained in this proxy statement. RWA changed its fiscal year-end to June 30 from December 31 commencing with the six months ended June 30, 2005 and the fiscal year ended June 30, 2006. The audited consolidated financial statements of RWA as of and for the year ended June 30, 2006 and December 31, 2004 and as of and for the six months ended June 30, 2005 were prepared in accordance with Australian accounting standards. International financial reporting standards, or IFRS, form the basis of Australian accounting standards, and are referred to in this proxy statement as Australian equivalents to IFRS, or AIFRS, to distinguish them from Australian generally accepted accounting principles, or AGAAP, which were in effect for periods prior to 2004. AIFRS became effective for accounting periods beginning on or after January 1, 2005. Royal Wolf's first financial statements prepared in accordance with AIFRS were for the six months ended June 30, 2005, with comparative information for the year ended December 31, 2004 restated accordingly. The other financial statements of RWT referred to above were prepared in accordance with AGAAP. AIFRS and AGAAP are not comparable, and both AIFRS and AGAAP differ in some respects from U.S. generally accepted accounting principles, or U.S. GAAP, and are not comparable to U.S. GAAP. However, a reconciliation to U.S. GAAP of the consolidated financial results of RWA and the December 31, 2003 financial statements of RWT is set forth in the notes to the respective consolidated financial statements of RWA and the financial statements of RWT included in this proxy statement.

The consolidated financial statements of RWA and the financial statements of RWT for the year ended 31 December 2003 have been restated due to a correction of an error in accounting for income taxes as set forth in the notes to the respective consolidated financial statements of RWA and the financial statements of RWT included in this proxy statement.

The summarized information below should be read together with the historical financial statements and accompanying notes contained elsewhere in this proxy statement.

**Consolidated Statement of Operations Information:**

	<b>Year Ended June 30, 2006 (Restated)</b>	<b>Six Months Ended June 30, 2005 (Restated)</b>	<b>2004 (Restated)</b>	<b>Year Ended December 31,</b>		
				<b>2003 (Restated)</b>	<b>2002 (Unaudited)</b>	<b>2001 (Unaudited)</b>
	<b>(In thousands of Australian dollars)</b>					
Sale and modification of containers	\$ 46,097	\$ 17,534	\$ 35,463	\$ 25,973	\$ 22,526	\$ 16,358
Hire of containers	21,290	9,339	16,756	13,089	10,574	9,653
Total revenues	67,387	26,873	52,219	39,062	33,100	26,011
Results from operating activities	2,656	613	3,517	2,176	2,867	1,701

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Other income (expense), net	(3,512)	(856)	(3,042)	747	(4,482)	(2,769)
Income tax (benefit)	(525)	(30)	(4)	312	203	(4)
Net income (loss)	(331)	(213)	479	2,611	(1,412)	(1,697)



**Table of Contents****Consolidated Balance Sheet Information:**

	<b>June 30</b>		<b>December 31,</b>			
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>(In thousands of Australian dollars)</b>					
Cash and cash equivalents	\$ 777	\$ 695	\$ 3	\$ 1,788	\$ 788	\$ 942
Trade and other receivables	10,206	7,876	7,024	5,205	5,339	3,831
Inventories	7,498	4,023	2,140	3,880	2,487	1,576
Total assets	66,406	47,152	39,390	34,917	24,696	21,171
Total current liabilities	22,710	11,807	14,190	12,015	14,296	11,069
Non-current interest bearing loans and borrowings	37,194	30,175	20,614	15,438	5,409	7,785
Equity	4,829	4,816	4,151	6,388	3,777	2,265

**Table of Contents****SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following summary unaudited pro forma condensed combined financial information is designed to show how our acquisition of RWA might have affected our historical financial statements if the acquisition had been completed at an earlier time. The following summary unaudited pro forma condensed combined financial information was prepared based on the historical financial results of us and RWA. The historical results for RWA have been adjusted to conform with U.S. GAAP and converted to U.S. dollars at the average exchange rate during the periods presented in the statements of income and at June 30, 2006 for the balance sheets. The following should be read in connection with

Unaudited Pro Forma Condensed Combined Financial Statements beginning on page [ ] and the historical financial statements of RWA that are contained elsewhere in this proxy statement.

The unaudited pro forma balance sheet data assumes that the acquisition took place on June 30, 2006 and combines RWA's June 30, 2006 audited consolidated balance sheet data with our unaudited June 30, 2006 balance sheet data. The unaudited pro forma statements of operations data for the six months ended June 30, 2006 and for the twelve months ended December 31, 2005 gives effect to the acquisition as if it had occurred on January 1, 2006 and on January 1, 2005, respectively, and combines the results of operations of us and RWA for the periods indicated.

The summary unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of our combined financial condition or results of operations for future periods or the combined financial condition or results of operations that actually would have been realized had we acquired and owned RWA during these periods:

	<b>Pro Forma</b>			
	<b>Six Months Ended June 30, 2006</b>		<b>Year Ended December 31, 2005</b>	
	<b>Assuming No Conversions(1)</b>	<b>Assuming Maximum Conversions(2)</b>	<b>Assuming No Conversions(1)</b>	<b>Assuming Maximum Conversions(2)</b>
	<b>(In thousands except per share data)</b>			
<b>Statement of Operations Data:</b>				
Revenues and other operating income	\$ 25,812	\$ 25,812	\$ 45,174	\$ 45,174
Net income (loss)	(633)	(804)	(1,953)	(2,118)
Net income (loss) per share:				
Basic	(0.06)	(0.09)	(0.18)	(0.24)
Diluted	(0.06)	(0.09)	(0.18)	(0.24)

<b>Pro Forma June 30, 2006</b>	
<b>Assuming No Conversions(1)</b>	<b>Assuming Maximum Conversions(2)</b>
<b>(In thousands)</b>	

**Balance Sheet Data:**

Cash and cash equivalents	\$	25,500	\$	12,559
Total assets		75,787		62,846
Long-term notes payable		40,156		40,156
Other liabilities		3,339		3,339
Stockholders' equity		13,861		920

- (1) Assumes that none of our stockholders exercises conversion rights.
- (2) Assumes that 19.99% of our IPO shares, or 1,724,138 shares, are converted into their pro rata share of the funds held in the trust account.

**Table of Contents****COMPARATIVE UNAUDITED HISTORICAL AND PRO FORMA PER SHARE DATA**

The following table sets forth unaudited historical and pro forma per share ownership information of us after giving effect to the acquisition, assuming both no conversions and maximum conversions by our stockholders. You should read this information in conjunction with our selected historical financial information. The unaudited pro forma per share information is derived from, and should be read in conjunction with, the Unaudited Pro Forma Condensed Combined Financial Statements and related notes beginning on page 40.

The unaudited pro forma condensed earnings per share information below does not purport to represent the earnings per share that would have been achieved had we acquired and owned RWA during the periods presented, nor earnings per share for any future date or period. The unaudited pro forma book value per share information below does not purport to represent what our value would have been had we acquired and owned RWA.

	<b>Six Months Ended June 30, 2006</b>	<b>(October 14, 2005 (inception) to June 30, 2006</b>
<b>Historical:</b>		
Basic income per share	\$ 0.05	\$ 0.06
Diluted income per share	0.05	0.06
	<b>Six Months Ended June 30, 2006</b>	<b>Year Ended December 31, 2005</b>
<b>Pro Forma Consolidated:</b>		
Basic income per share assuming no conversions(1)	\$ (0.06)	\$ (0.18)
Diluted income per share assuming no conversions(2)	(0.06)	(0.18)
Basic income per share assuming maximum conversions	(0.09)	(0.24)
Diluted income per share assuming maximum conversions	(0.09)	(0.24)
<b>Shares Used to Compute Basic Per Share Data:</b>		
Assuming no conversions(1)	10,682,763	10,692,163
Assuming maximum conversions(2)	8,958,625	8,968,025
<b>Shares Used to Compute Diluted Per Share Data:</b>		
Assuming no conversions(1)	10,682,763	10,692,163
Assuming maximum conversions(2)	8,958,625	8,968,025
	<b>June 30, 2006</b>	
<b>Historical Book Value of Stockholders Equity Per Share</b>	\$ 4.95	
<b>Pro Forma Book Value of Stockholders Equity Per Share:</b>		
Assuming no conversions(1)	\$ 1.30	
Assuming maximum conversions(2)	\$ 0.10	

- (1) Assumes that none of our stockholders exercises conversion rights.
- (2) Assumes that 19.99% of our IPO shares, or 1,724,138 shares, are converted into their pro rata share of the funds held in the trust account.

**Table of Contents****PRICE RANGE OF SECURITIES AND DIVIDENDS**

Our units, common stock and warrants are listed on the American Stock Exchange under the symbols GFN.U, GFN and GFN.W, respectively. The following table sets forth the range of high and low closing bid prices for the units, common stock and warrants for the periods indicated since the units commenced public trading on April 10, 2006, and since the common stock and warrants commenced public trading separately on June 13, 2006:

	<b>Units</b>		<b>Common Stock</b>		<b>Warrants</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>2006:</b>						
Fourth Quarter (through October 17)	\$ 8.00	\$ 7.93	\$ 7.35	\$ 7.25	\$ 0.80	\$ 0.68
Third Quarter	\$ 8.45	\$ 7.75	\$ 7.36	\$ 7.22	\$ 0.85	\$ 0.63
Second Quarter	\$ 8.06	\$ 7.75	\$ 7.35	\$ 7.24	\$ 0.80	\$ 0.63

Holders of our common stock, warrants and units should obtain current market quotations for their securities. The market price of our common stock, warrants and units may vary at any time before the closing of the acquisition.

 **Holders**

As of [ ], 2006, the record date for the special meeting, there were [ ] holders of record of our units, [ ] holders of record of our common stock and [ ] holders of record of our warrants. We believe that there are more than [ ] beneficial holders of each of our units, shares of common stock and warrants.

 **Dividends**

We have not paid any dividends on our common stock to date and do not intend to pay dividends prior to the completion of a business combination.

It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future. The payment of dividends subsequent to a business combination will be within the discretion of our then board of directors and will be contingent upon our revenues and earnings, if any, capital requirements and general financial condition subsequent to completion of a business combination.

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**RISK FACTORS**

*You should carefully consider the following risk factors, together with all of the other information included in this proxy statement, before you vote or instruct your vote with respect to the approval of the acquisition.*

**Risks Related to Our Business and Operations Following Our Acquisition of Royal Wolf**

***General or localized economic downturns or weakness may adversely affect Royal Wolf's customers, in particular those in the mining and moving and storage industries, which may reduce demand for Royal Wolf's products and services to decline and negatively impact our future revenues and results of operations.***

A significant portion of Royal Wolf's revenues is derived from customers who are in industries and businesses that are cyclical in nature and subject to changes in general economic conditions, including the mining and moving and storage industries, which constituted approximately 9% and 6%, respectively, of Royal Wolf's revenues in the fiscal year ended June 30, 2006. Although the variety of Royal Wolf's products, the breadth of its customer base and its geographic diversity throughout Australia limits its exposure to economic downturns, general economic downturns or localized downturns in markets where it operates could reduce demand for Royal Wolf's products and negatively impact our future revenues and results of operations.

***Royal Wolf faces significant competition in the portable buildings industry and regional competition in the portable storage market. If Royal Wolf is unable to compete successfully, it could lose customers and our future revenues could decline.***

Although Royal Wolf's competition varies significantly by market, the portable buildings markets in which Royal Wolf competes is dominated by three or four large participants and is highly competitive. In addition, Royal Wolf competes with a number of large to mid-sized regional competitors, as well as many smaller, full and part-time operators in many local regions. If Royal Wolf is unable to compete successfully, it could lose customers and our future revenues could decline.

***Royal Wolf also faces potentially significant competition from modular industry companies who have portable storage offerings, especially from several national competitors in Australia who have greater financial resources and pricing flexibility than Royal Wolf does. If this potential competition develops, Royal Wolf could lose customers and our future revenues could decline.***

The modular space industry is highly competitive and almost all of the competitors have portable storage product offerings. The primary modular national competitors with portable storage offerings are less leveraged than Royal Wolf, and have greater financial resources and pricing flexibility than Royal Wolf does. If they focus on portable storage, Royal Wolf could lose customers and our future revenues could decline.

***Because Royal Wolf has depended to a large extent on the success of its leasing operations, the failure of Royal Wolf to effectively and quickly remarket lease units that are returned could materially and adversely affect our results of operations.***

Royal Wolf's average monthly lease fleet utilization has historically exceeded 80%, with the typical lease being for an average period of over twelve months. The high utilization rate and the length of the average lease has provided Royal Wolf with a predictable revenue stream. However, should a significant number of Royal Wolf's lease units be returned during any short period of time, Royal Wolf would have to re-lease a large supply of units at similar rates in order to

maintain historic revenues from these operations. Royal Wolf's failure to effectively remarket a large influx of units returning from leases could have a material adverse effect on our results of operations.



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***Royal Wolf operates with a high amount of debt, a substantial portion of which is secured by certain of the company's assets and subject to variable interest rates.***

As of June 30, 2006, excluding non-interest bearing trade payables and other similar current liabilities, Royal Wolf had approximately \$35.1 million of indebtedness. Royal Wolf's indebtedness bears interest at rates ranging from 7.3% to 15% per annum. A significant amount of Royal Wolf's debt bears interest at a variable rate that adjusts periodically. Royal Wolf's debt obligations require it to dedicate a significant portion of its cash flow from operations to payments on the indebtedness, which could reduce the availability of cash flow for future working capital, capital expenditures, acquisitions and other general corporate purposes. In addition, Royal Wolf's debt load increases its vulnerability to general adverse economic and industry conditions, limits its flexibility in planning for, or reacting to, changes in its business and its industry, and subjects it to certain restrictive covenants that influence its operations and its ability to borrow additional funds. These periodic interest rate adjustments could expose Royal Wolf's operating results and cash flows to periodic fluctuations. Although Royal Wolf uses interest rate hedging arrangements and swap agreements to limit its exposure to interest rate volatility, no assurance can be given that Royal Wolf will not remain subject to unexpected interest expenses. Failing to comply with its debt service obligations and the debt covenants could result in an event of default which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In addition, since Royal Wolf's bank loans are secured by a lien on Royal Wolf's lease assets in the container fleet, a default under Royal Wolf's bank debt could result in the foreclosure of all of these assets, which would materially and adversely affect Royal Wolf's operations and ability to continue its current operations.

***The supply and cost of used ocean-going containers fluctuates, which fluctuation could affect Royal Wolf's pricing and our ability to grow.***

Royal Wolf currently purchases, refurbishes and modifies used ocean-going containers in order to replenish and expand its lease fleet. Various freight transportation companies, freight forwarders and commercial and retail storage companies also purchase used ocean-going containers. Many of these other companies have greater financial resources than Royal Wolf does. As a result, if the number of available containers for sale decreases, these competitors may be better able to absorb an increase in the cost of containers. If used ocean-going container prices increase substantially, Royal Wolf may not be able to purchase enough new units to maintain or increase the size of its fleet. These price increases also could increase Royal Wolf's acquisition costs and operating expenses and adversely affect our results of operations and reduce our earnings. Conversely, an oversupply of used ocean-going containers may cause container prices to fall, which may result in competitors then lowering the lease rates on their storage units. As a result, Royal Wolf may need to lower its lease rates to remain competitive, which would cause our future revenues to decline.

***Sales of storage units constitute a significant portion of Royal Wolf's revenues. Failure to continue to sell units at historic rates could adversely affect our ability to grow Royal Wolf's lease fleet.***

Sales of storage units constituted approximately 56% and 53% of Royal Wolf total revenues for the twelve months ended June 30, 2006 and June 30, 2005, respectively. Revenues from sales of storage units have been used to fund increases in the size of our lease fleet. As a result, the failure to continue to sell a significant number of units may adversely affect our ability to increase the size of Royal Wolf's lease fleet or to otherwise take advantage of business and growth opportunities available to it.

***Governmental regulations could impose substantial costs and restrictions on Royal Wolf's operations that could harm our future results of operations.***

Royal Wolf is subject to various Australian federal, state and local environmental, transportation, health and safety laws and regulations in connection with its operations. Any failure to comply with these laws or regulations could result in capital or operating expenditures or the imposition of severe penalties or restrictions on its operations. In addition, these laws and regulations could change in a manner that materially and adversely affects Royal Wolf's ability to conduct its business. More burdensome regulatory requirements in these or other areas may increase our general and administrative costs. If Royal Wolf is unable to pass these increased costs on to its customers, our future operating results could be negatively impacted.

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***Royal Wolf may not be able to facilitate its growth strategy by identifying or completing transactions with attractive acquisition candidates, which could impair the growth and profitability of its business.***

Since December 2005, Royal Wolf has completed four acquisitions. An important element of our growth strategy for Royal Wolf is to continue to seek additional acquisitions in order to add new customers within existing geographic markets and branch locations, or CSC's, and to expand Royal Wolf's operations into new markets. Any future growth through acquisitions will be partially dependent upon the continued availability of suitable acquisition candidates at favorable prices, upon advantageous terms and conditions and upon successful integration of the acquired businesses. However, future acquisitions may not be available at advantageous prices or upon favorable terms and conditions. In addition, acquisitions involve risks that the businesses acquired will not perform in accordance with expectations, that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove incorrect, that the acquired businesses may not be integrated successfully and that the acquisitions may strain Royal Wolf's management resources. Future acquisitions and any necessary related financings also may involve significant transaction-related expenses. If Royal Wolf is unable to complete additional acquisitions or successfully integrate any businesses that it does acquire, our future growth and operating results would be adversely impacted.

***Failure to retain key personnel could adversely affect Royal Wolf's operations and could impede our ability to execute our business plan and growth strategy.***

After the completion of the acquisition, Royal Wolf will continue to be managed largely by its existing officers, including Robert Allan, its Chief Executive Officer, Peter McCann, its Chief Financial Officer, and James Warren, its Chief Operating Officer. The continued success of Royal Wolf will depend largely on the efforts and abilities of these executive officers and certain other key employees, many of who have over eight years of experience with Royal Wolf. These officers and employees have knowledge and an understanding of Royal Wolf and its industry that cannot be readily duplicated. Each of Messrs. Allan, McCann and Warren has an employment agreement which is terminable under certain circumstances upon notice to him. The loss of any member of Royal Wolf's senior management team could impair our ability to execute our business plan and growth strategy, cause a loss of customers, reduce revenues and adversely affect employee morale.

***Any failure of Royal Wolf's management information systems could disrupt our business and result in decreased rental or sale revenues and increased overhead costs, which could negatively impact our results of operations.***

Royal Wolf depends on its management information systems to actively manage its lease fleet, control new unit capital spending and provide fleet information, including leasing history, condition and availability of our units. These functions enhance Royal Wolf's ability to optimize fleet utilization, rentability and redeployment. The failure of Royal Wolf's management information systems to perform as we anticipate could disrupt its business and could result in, among other things, decreased leases or sales and increased overhead costs, which could negatively impact our results of operations.

***A write-off of all or a part of our goodwill would hurt our operating results and reduce our stockholders' equity.***

As a result of four acquisitions completed by Royal Wolf since December 2005, we will have significant intangible assets related to goodwill, which represents the excess of the total purchase price of the acquisitions over the fair value of the net assets acquired. We are not permitted to amortize goodwill under the U.S. accounting standards and instead are required to review goodwill at least annually for impairment. In the event impairment is identified, a charge to earnings would be recorded. Although it does not affect our cash flow, a write-off in future periods of all or a part of our goodwill would hurt our operating results and stockholders' equity. We are unable to currently estimate if and when it may become necessary to write-off goodwill or the effect such a write-off may have on our financial results or the market prices of our securities.



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***Significant increases in raw material costs could increase our operating costs significantly and harm our stockholders equity.***

Royal Wolf purchases raw materials, including metals, lumber, siding and roofing and other products, to perform periodic refurbishment of its units and to modify containers to its customers requirements. During periods of rising prices for raw materials, and in particular when the prices increase rapidly or to levels significantly higher than normal, we may incur significant increases in our operating costs and may not be able to pass price increases through to our customers in a timely manner, which could harm our future results of operations.

***Failure by Royal Wolf s Chinese manufacturers to sell and deliver products to Royal Wolf in timely fashion may harm Royal Wolf s reputation and our financial condition.***

Royal Wolf currently purchases new container products directly from container manufacturers in China. Although Royal Wolf is not dependent on any one manufacturer and is able to purchase products from a variety of suppliers, the failure of one or more of its suppliers to timely manufacture and deliver containers to Royal Wolf could adversely affect its operations. Royal Wolf does not have any long-term contracts with any supplier. If these suppliers do not timely complete Royal Wolf s orders, or do not properly manufacture the requested products, our reputation and financial condition could be harmed.

***Royal Wolf s growth plan includes a possible expansion of Royal Wolf s operations into markets outside of Australia, including Asia/Pacific markets. Such international expansion may not prove successful, and may divert significant capital, resources and management s time and attention and adversely affect Royal Wolf s on-going operations in Australia.***

To date, Royal Wolf has conducted all of its business within Australia. However, Royal Wolf has plans to enter international markets, including the Asia/Pacific market, in the future, which will require meaningful amounts of management time and attention. Royal Wolf s products and its overall marketing approach may not be accepted in other markets to the extent needed to make its international expansion profitable. In addition, the additional demands on its management from these activities may detract from Royal Wolf s efforts in the Australian market and adversely affect its operating results in its principal market. Any international expansion will expose Royal Wolf to the risks normally associated with conducting international business operations, including unexpected changes in regulatory requirements, changes in foreign legislation, possible foreign currency controls, currency exchange rate fluctuations or devaluations, tariffs, difficulties in staffing and managing foreign operations, difficulties in obtaining and managing vendors and distributors, potential negative tax consequences and difficulties collecting accounts receivable.

***Royal Wolf s planned growth could strain our management resources, which could disrupt our development of new Royal Wolf customer service centers.***

Our future performance will depend in large part on our ability to manage Royal Wolf s planned growth. Royal Wolf s growth could strain our existing management, human and other resources. To successfully manage this growth, we must continue to add managers and employees and improve Royal Wolf s operating, financial and other internal procedures and controls. We also must effectively motivate, train and manage Royal Wolf s employees. If we do not manage Royal Wolf s growth effectively, some of its new customer service centers and acquisitions may lose money or fail, and we may have to close unprofitable locations. Closing a customer service center would likely result in additional expenses that would adversely affect our future operating results.

***We may need additional debt or equity to sustain our growth, but we do not have commitments for such funds.***

We may finance Royal Wolf's growth through a combination of borrowings, cash flows from operations and equity financing. The ability of Royal Wolf to grow will depend in part on our ability to obtain either additional debt or equity financing to fund the costs of such growth. The availability and terms of any debt and equity financing will vary from time to time, and will be influenced by Royal Wolf's performance and by external factors, such as the economy generally and developments in the market, that are beyond our control. Also, additional debt financing or

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the sale of additional equity securities may adversely affect the market price of our securities. If we are unable to obtain additional debt or equity financing on acceptable terms, we may have to curtail Royal Wolf's growth by delaying new customer service center openings or expansion of its lease fleet.

*Some zoning laws restrict the use of Royal Wolf's storage units and therefore limit its ability to offer its products in all markets.*

Most of Royal Wolf's customers use Royal Wolf's storage units to store goods on their own properties. Local zoning laws in some of Royal Wolf's geographic markets prohibit customers from maintaining portable storage units on their properties or require that portable storage units be located out of sight from the street. If local zoning laws in one or more of Royal Wolf's geographic markets were to ban or restrict portable storage units stored on customers' sites, Royal Wolf's business in that market will suffer.

*Unionization by some or all of Royal Wolf's employees could cause increases in operating costs.*

Royal Wolf's employees are not presently covered by collective bargaining agreements. However, from time to time various unions have attempted to organize some of Royal Wolf's employees. We are unable to predict the outcome of any continuing or future efforts to organize Royal Wolf's employees, the terms of any future labor agreements, or the effect, if any, those agreements might have on our operations or financial performance.

## **Risks Related to the Acquisition**

*Our working capital will be reduced to the extent our stockholders exercise their conversion rights. This would reduce our cash reserves after the acquisition.*

We are not permitted to complete the acquisition if holders of 20% or more of our IPO shares exercise their conversion rights. Based upon the funds held in the trust account as of June 30, 2006, the amount of funds that could be disbursed to our stockholders upon the exercise of their conversion rights is approximately \$12.94 million, or approximately 20% of the funds then held in the trust account after deduction of the contingent underwriting discount and taxes on earned interest. To the extent our stockholders exercise their conversion rights, there will be a corresponding reduction in the amount of funds available to us following the acquisition. Depending on the net price paid by our various stockholders for the outstanding IPO shares and other financial considerations, it may be in the best interests of some stockholders to convert their shares or to permit the liquidation of this company. Since we cannot currently predict how many stockholders will exercise their conversion rights, we do not know if the acquisition of RWA will be effected, and if so, what amount of funds will be disbursed to stockholders who exercise their conversion rights.

*The aggregate consideration we will pay for RWA may increase due to currency exchange rate fluctuations.*

Based on the currency exchange rate of 0.7599 U.S. dollar for one Australian dollar in effect on September 8, 2006, the aggregate consideration for the acquisition is \$87.4 million, subject to the consideration adjustments. Of the aggregate consideration, we will pay at the closing cash in the amount of \$83.6 million, as adjusted by the consideration adjustments, less the net debt of Royal Wolf as of the closing date. The foregoing payment is required to be made in Australian dollars. The exchange rate between the U.S. dollar and the Australian dollar has fluctuated significantly recently. In the event that the value of the Australian dollar appreciates compared to the U.S. dollar prior to the closing of the acquisition, the amount of U.S. dollars that we will have to exchange into Australian dollars at that time could be significantly higher, thereby making the actual amount of aggregate consideration paid by us higher. For example, if the value of the Australian dollar increased relative to the U.S. dollar by one U.S. cent (\$0.01), the amount of aggregate consideration will increase by approximately \$890,000. (The actual amount of the aggregate

consideration paid by us will be lower if the Australian dollar depreciates compared to the U.S. dollar.) We have not entered into any hedge agreements to limit our exposure to currency rate fluctuations, and no assurance can be given that the currency exchange rate between the U.S. dollar and the Australian dollar will not be less favorable to us at the closing of the acquisition.



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***Our directors and officers own shares of common stock and have interests in the acquisition that are different from yours. If the acquisition is not approved, the shares of common stock acquired by them prior to our IPO may become worthless.***

All of our directors and officers own shares of our common stock purchased by them for an aggregate purchase price of \$250,000 prior to our IPO as to which they have waived any right to receive any of the cash proceeds that may be distributed upon our liquidation. If the acquisition is not completed and we fail by October 5, 2007 to enter into an agreement in principle or a definitive agreement with respect to another business combination, or having done so we fail to complete the business combination by April 5, 2008, we will liquidate and such shares held by our officers and directors will become worthless.

Ronald F. Valenta, our Chief Executive Officer and a director, and John O. Johnson, our Chief Operating Officer, hold warrants to purchase an aggregate of 1,477,833 shares of our common stock that they acquired for an aggregate purchase price of \$1,400,000. These warrants also will become worthless if the acquisition is not completed and we fail to enter into an agreement in principle or a definitive agreement with respect to another business combination, or fail to complete another business combination, as described above.

Mr. Valenta has made available to us a line of credit under which we may borrow from him from time to time up to \$1,750,000 at an annual interest rate equal to 8%. Our borrowings under the line of credit have been and will continue to be used by us to pay operating expenses, including deposits and expenses relating to the acquisition. At September 12, 2006, the outstanding principal amount of borrowings under the line of credit was \$700,000, including our initial deposit of \$418,000 in connection with the acquisition. We also will obtain any additional deposits from borrowings under the line of credit, and we will continue to borrow funds under the line of credit through the closing of the acquisition. If the acquisition is completed, Mr. Valenta will be repaid all outstanding principal and accrued interest under the line of credit. If, on the other hand, the acquisition is not completed and we are required to liquidate as described above, Mr. Valenta will have no recourse against the funds held in the trust account for repayment of any amounts outstanding under the line of credit.

These financial interests of our directors and officers may have influenced their decision to approve our acquisition of Royal Wolf. In considering the recommendations of our board of directors for approval of the acquisition, you should consider these interests.

***If we do not complete our acquisition of Royal Wolf, we may not be successful in identifying another suitable business combination.***

If we do not complete the acquisition, we will immediately resume our search for another suitable business combination to present to our stockholders for their approval. We have no commitments or understandings with respect to any other business combination, and there is no assurance that whether or on what terms we may be able to negotiate another business combination. Because of the costs incurred in connection with the proposed acquisition of Royal Wolf and other expenses, the \$1,750,000 revolving line of credit that we have been using to fund our operations may be fully utilized, thereby reducing our ability to fund another acquisition. If we fail by October 5, 2007 to enter into an agreement in principle or a definitive agreement with respect to another business combination, or having done so we fail to complete another business combination by April 5, 2008, we will liquidate as soon as practicable.

***A substantial number of our shares will become eligible for future resale in the public market after the acquisition, which could result in dilution and an adverse effect on the market price of those shares.***

If the acquisition is completed, our outstanding warrants to purchase 9,208,333 shares of common stock, including warrants issued in connection with the IPO, will become exercisable on April 5, 2007. Moreover, 1,875,000 shares of

our common stock purchased by our directors and officers prior to the IPO will be released from escrow one year after the completion of the acquisition and be eligible for resale in the public market, subject to compliance with applicable laws. In addition, as part of the consideration for the acquisition, we will issue [ ] shares of our common stock to one of the sellers, which shares will be subject to restrictions on transfer for at least one year after the closing. Consequently, at various times after completion of the acquisition, a substantial

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number of additional shares of our common stock will be eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market prices of our securities.

*The proposed acquisition of Royal Wolf may result in additional Sarbanes-Oxley Act of 2002 costs, issues and control procedures of our combined reporting company.*

Royal Wolf is a private Australian company that to date has not been subject to the requirements of the Sarbanes-Oxley Act of 2002, and Royal Wolf's existing internal controls and procedures are not compliant with the Act in general, or Section 404 of the Act in particular. Management of Royal Wolf may not have the expertise or time to properly document, assess, test and remedy the control structure of Royal Wolf, to timely identify any material control weaknesses or to disclose to us any such weaknesses in time to comply with our reporting requirements under the Act. We expect to incur significant costs in implementing additional controls and procedures at Royal Wolf in order to comply with the Act.

*We may have difficulty establishing adequate management, legal and financial controls over Royal Wolf.*

The internal financial and accounting staff at Royal Wolf currently does not have the ability to prepare financial statements in accordance with U.S. GAAP. Accordingly, we will have to establish U.S. financial reporting concepts and practices at Royal Wolf, as well as implement public company financial control systems. We may have difficulty in hiring, training and retaining a sufficient number of qualified employees with the required expertise. In addition, no assurance can be given that Royal Wolf will be able to prepare and deliver to us the quarterly and annual financial information necessary for us to prepare consolidated financial statements in time to meet the Security and Exchange Commission filing deadlines.

**THE SPECIAL MEETING**

**General**

We are furnishing this proxy statement to our stockholders in connection with the solicitation of proxies by our board of directors for use at the special meeting of stockholders and at any adjournment or postponement of the meeting. This proxy statement provides you with the information we believe you should know to be able to vote or instruct your vote at the special meeting.

**Date, Time and Place**

The special meeting of stockholders will be held on [ ], 2006 at 10:00 a.m., local time, at [ ], [ ] California.

**Purpose of the Special Meeting**

At the special meeting, we are asking stockholders to:

Approve our acquisition of RWA; and

Grant our board of directors discretionary authority to adjourn the special meeting to solicit additional votes for approval of the acquisition if that there are insufficient votes present at the meeting for its approval.

**Recommendation of Our Board of Directors**

Our board of directors:

Has unanimously approved the acquisition and determined that it is in the best interests of us and our stockholders; and

Unanimously recommends that our common stockholders vote FOR approval of the acquisition.

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### **Record Date; Who is Entitled to Vote**

We have fixed the close of business on [ ], 2006, as the record date for determining the stockholders entitled to notice of and to attend and vote at the special meeting. As of the close of business on [ ], 2006, there were 10,500,000 shares of our common stock outstanding. Each share of our common stock is entitled to one vote with respect to each of the matters to be acted upon at the special meeting.

### **Quorum**

The presence, in person or by proxy, of a majority of the shares of our common stock outstanding as of the record date constitutes a quorum for the transaction of business.

### **Abstentions and Broker Non-Votes**

Proxies that are marked `abstain` and proxies relating to `street name` shares that are returned to us but marked by brokers as `not voted` with respect to the acquisition or other proposal will be treated as shares present for purposes of determining the presence of a quorum on all matters. The latter, however, will not be treated as shares entitled to vote any proposal to which authority to vote is withheld by the broker. If you do not give the broker voting instructions, under the rules of the National Association of Securities Dealers, Inc., your broker may not vote your shares with respect to the acquisition. Since stockholders must affirmatively vote against approval of the acquisition in order to exercise their conversion rights, stockholders who fail to vote, or who abstain from voting, may not exercise their conversion rights. Beneficial holders of shares held in `street name` that are voted against approval of the acquisition may exercise their conversion rights. See the information set forth under `Special Meeting Conversion Rights` below.

### **Vote of Our Stockholders Required**

The approval of the acquisition will require the approval of the holders of a majority of the shares of our common stock present and entitled to vote at the meeting with respect to the acquisition, as well as the holders of a majority of our IPO shares voted with respect to the acquisition. Notwithstanding these approvals, our certificate of incorporation provides that we cannot complete the acquisition if the holders of 20% or more of our IPO shares (1,725,000 or more shares) exercise their conversion rights.

The approval of the proposal to grant our board of directors discretionary authority to adjourn the special meeting to solicit additional votes for approval of the acquisition in the event that there are insufficient votes for its approval present at the special meeting will require the affirmative vote of the holders of a majority of our common stock present and entitled to vote at the meeting. Abstentions are deemed entitled to vote on this proposal. Therefore, they will have the same effect as a vote against the proposal. Broker non-votes, however, are not deemed entitled to vote on this proposal and will have no effect on the outcome of the vote on this proposal.

### **Voting Your Shares**

Each share of our common stock that you own in your name entitles you to one vote. Your proxy card shows the number of shares of our common stock that you own.

There are two ways to vote your shares of our common stock at the special meeting:

You can vote by completing, dating, signing and returning the enclosed proxy card. If you vote by proxy card, the proxy holders whose names are listed on the proxy card, will vote your shares as you instruct on the proxy

card. If you sign and return the proxy card but do not give instructions on how to vote your shares, your shares will be voted as recommended by our board of directors FOR the approval of the acquisition and the other proposal described in this proxy statement; and

You can attend the special meeting and vote in person. We will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or another nominee, you must get a proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares.

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### **Revoking Your Proxy**

If you give a proxy, you may revoke it at any time before it is exercised by doing any one of the following:

You may send us another proxy card with a later date;

You may notify John O. Johnson, our Chief Operating Officer, in writing before the special meeting that you revoke your proxy; or

You may attend the special meeting, revoke your proxy and vote in person, as indicated above.

### **Who Can Answer Your Questions About Voting Your Shares**

If you have any questions about how to vote or direct a vote in respect of your shares of our common stock, you may call John O. Johnson, our Chief Operating Officer, at (626) 795-0040. You also may call **[proxy solicitor]** at (800) [ ].

### **Adjournment**

In the event there are an insufficient number of shares of our common stock present in person or by proxy at the special meeting to approve our acquisition of RWA, our board of directors intends to adjourn the special meeting to a later date provided a majority of the shares present and voting on the motion vote is in favor of such adjournment. The place and date to which the special meeting would be adjourned would be announced at the special meeting. Proxies voted against the approval of the acquisition will not be voted to adjourn the special meeting. Abstentions and broker non-votes also will not be voted on this matter. If it is necessary to adjourn the special meeting and the adjournment is for a period of not more than 30 days from the original date of the special meeting, no notice of the time and place of the adjourned meeting need be given to our stockholders, other than by an announcement made at the special meeting.

The effect of any such adjournment would be to permit us to solicit additional proxies for approval of the acquisition. Such an adjournment would not invalidate any proxies previously filed as long as the record date remains the same for the subsequent meeting.

### **No Additional Matters May Be Presented at the Special Meeting**

The special meeting has been called only to consider the approval of our acquisition of Royal Wolf and the related proposal described in this proxy statement. Under our by-laws, other than procedural matters incident to the conduct of the meeting, no other matters may be considered at the special meeting.

By signing and returning the enclosed proxy card, you will be deemed to grant the proxy holders discretionary authority to consider and act upon such other matters as may properly be presented incident to the conduct of the meeting and any adjournment or postponement of the meeting.

### **Conversion Rights**

Any stockholder holding shares of our common stock originally issued in our IPO who affirmatively votes against approval of our acquisition of RWA may demand that we convert such shares into a pro rata portion of the funds held in the trust account pursuant to Article Sixth of our certificate of incorporation. If demand is made and the acquisition is consummated, we will convert these shares into a pro rata portion of the funds held in the trust account, including

earned interest (net of taxes on such interest), as of the date two business days prior to the closing of the acquisition. Stockholders who seek to exercise their conversion rights must affirmatively vote against the acquisition.

The last sale price of our common stock on [ ], 2006, the record date, was \$[ ]. The funds held in the trust account on June 30, 2006 were approximately \$7.50 per IPO share after deduction of the contingent underwriting discount and taxes on earned interest. Prior to exercising conversion rights, our stockholders should verify the market price of our common stock, since they may be able to receive greater proceeds from the sale of their common stock in the public market than from exercising their conversion rights.



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If the holders of 20% or more of our IPO shares (1,725,000 or more shares) exercise their conversion rights, we cannot complete the acquisition notwithstanding its approval by our stockholders at the special meeting.

If you exercise your conversion rights, then you will be exchanging your shares of our common stock for cash and will no longer own those shares. You will be entitled to receive cash for these shares only if you continue to hold those shares through the completion of the acquisition and then tender your stock certificate to us. If you hold the shares in street name, you will have to coordinate with your broker to have your shares certificated. If the acquisition is not completed, these shares will not be converted into cash.

## **No Appraisal Rights**

Stockholders do not have no appraisal rights in connection with the acquisition under applicable Delaware corporation law or otherwise.

## **Proxy Solicitation Costs**

We are soliciting proxies on behalf of our board of directors. This solicitation is being made by mail, but also may be made by telephone or in person. We and our directors, officers and employees may also solicit proxies in person, by telephone or by other electronic means. These persons will not be compensated for these solicitation activities.

We have engaged [ ] to assist in the proxy solicitation process. We will pay [ ] a fee of \$[ ] plus reasonable out-of-pocket charges and a flat fee of \$[ ] per outbound proxy solicitation call. Such costs will be paid initially with borrowings under the line of credit made available to us by Mr. Valenta, which borrowings will be repaid to Mr. Valenta if the acquisition (or other business combination) is completed.

We will ask banks, brokers and other institutions, nominees and fiduciaries to forward our proxy materials to their principals and to obtain their authority to execute proxies and voting instructions. We will reimburse them for their reasonable expenses.

## **Voting Agreement**

As of the record date, Ronald F. Valenta, John O. Johnson, James B. Roszak, Lawrence Glascott, Manuel Marrero, David M. Connell, and Marc Perez, each of whom is our director or executive officer, owned an aggregate of 1,875,000 shares of our common stock, or approximately 17.9% of our outstanding shares. In connection with our IPO, they agreed to vote these shares with respect to our initial business combination as the holders of a majority of the IPO shares that are voted.

**YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU MAY OWN. WE SINCERELY DESIRE YOUR PRESENCE AT THE SPECIAL MEETING. HOWEVER, SO THAT WE MAY BE SURE THAT YOUR VOTE WILL BE INCLUDED, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE SPECIAL MEETING.**

## **CONSIDERATION OF THE ACQUISITION**

*The terms of the acquisition and the acquisition agreement were determined based upon arm's-length negotiations between us and the sellers. The following is a summary of our consideration of the acquisition.*

## **Background**

We are a special-purpose acquisition company organized on October 14, 2005 to effect an acquisition, capital stock exchange, asset acquisition or other similar business combination with an operating business. In April 2006, we completed our initial public offering, or IPO, from which we derived net proceeds of approximately \$65.55 million. Of the net proceeds, \$65 million, along with proceeds of \$700,000 from the private placement of securities to our Chief Executive Officer and Chief Operating Officer, were placed in a trust account. Such funds, together with the interest earned thereon, will be released to us upon completion of our initial business combination,

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less any amount payable to our stockholders who exercise their conversion rights in connection with the business combination and less the contingent underwriting fee payable to the underwriters of our IPO. If we fail by October 5, 2007 to enter into an agreement in principle or a definitive agreement with respect to a business combination, or having done so we fail to complete the business combination by April 5, 2008, then, in accordance with our certificate of incorporation, we must take all actions necessary to dissolve and liquidate as soon as reasonably practicable.

Promptly following our IPO, we contacted or were contacted by several investment bankers, private equity firms, consulting firms, legal and accounting firms, as well as numerous other business contacts. Through these contacts, we identified and reviewed information with respect to more than 20 target companies, including a number that were based outside of the U.S. We provided four of these companies, including three based in Germany, with written indications of interest or verbal indications of value as follows:

In May 2006, we commenced discussions with a California provider of modular buildings that had revenue in excess of \$6 million in its most recent fiscal year. Although we furnished the company with a written indication of interest, the parties were unable to agree upon the value of the company and discussions terminated in June 2006.

In May 2006, we commenced discussions with an investment bank representing three German providers of portable storage containers and offices that led to discussions of value. The three companies had combined revenues in excess of \$20 million in the most recent fiscal year. Issues of timing and valuation led to the termination of the negotiations in June 2006.

On April 11, 2006, Ronald F. Valenta, our Chief Executive Officer and a director, was contacted by Michael Baxter, a founder and Executive Director of RWA, to understand the nature of our company and our interest in discussing the possibility of acquiring RWA in our initial business combination. Prior to this initial communication, none of our directors or officers had any dealings with any of Royal Wolf's officers, stockholders, directors or representatives.

Following a number of telephone calls, on May 2, 2006, we executed a non-disclosure agreement and began exchanging information with RWA.

On May 8 and 9, 2006, Mr. Valenta met in the Sydney, Australia, offices of Equity Partners Management Pty Limited, or Equity Partners, the private equity sponsor and majority shareholder of RWA, with Mr. Baxter, Dr. Richard Peter Gregson, Managing Director of Equity Partners, Mr. Rajeev Dhawan, Executive Director of Equity Partners, Paul Henry Jeffery, Non-Executive Director of RWA and James Warren, Chief Operating Officer of RWA. The representatives discussed their respective companies and the valuation parameters of a potential transaction. Following this meeting, Mr. Valenta advised Mr. Baxter that we were interested in continuing discussions relating to a possible acquisition of RWA.

On May 11, 2006, we convened a telephonic meeting of our board of directors at which, among other things, management reviewed with our directors the status of our discussions with RWA regarding a possible acquisition of RWA.

Over the next several days, Messrs. Baxter and Dhawan and Mr. Peter McCann, Chief Financial Officer of RWA, had several communications with Mr. Valenta regarding our preliminary due diligence requests and a due diligence timetable.

On May 15, 2006, we delivered a preliminary non-binding indication of interest to Messrs. Gregson and Dhawan. After several subsequent communications between Messrs. Dhawan and Baxter and Mr. Valenta, on May 23, 2006, we delivered a revised non-binding indication of interest, which was executed on May 26, 2006.

On June 26, 2006, we engaged LaRue, Corrigan and McCormick LLP, or LCM, to review the audit work papers of Royal Wolf's auditors and undertake other specific financial accounting due diligence procedures.

On July 3, 2006, LCM began its due diligence procedures at Equity Partners' headquarters in Sydney, Australia. On July 7, 2006, we engaged Ernst & Young LLP Australia to perform tax due diligence and advise us with respect to structuring of the possible acquisition.

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On July 10, 2006, we engaged Barnes & Wenden as our Australian legal counsel in connection with the acquisition.

On July 11, 2006, Mr. Valenta and John O. Johnson, our Chief Operating Officer, met with senior managers of Royal Wolf at the offices of Equity Partners to review our preliminary due diligence findings and discuss various aspects of a possible acquisition. Over the course of approximately one week, succeeding drafts of a non-binding term sheet were prepared in response to comments and suggestions of the parties and their respective counsel, with management and counsel for both companies engaging in numerous telephonic conferences and negotiating sessions.

On July 28, 2006, our board of directors met to discuss the proposed acquisition of RWA. Present at the meeting were all of our directors, as well as Mr. Johnson, Marc Perez, our Controller, and Alan B. Spatz of Troy & Gould Professional Corporation, our corporate counsel. Prior to the meeting, financial, operational and descriptive information about Royal Wolf was sent to each of our directors. Messrs. Valenta and Johnson described Royal Wolf's business and operations and the structure of the possible acquisition, and led a discussion among the directors and our outside counsel. Following the discussion, our board of directors directed Messrs. Valenta and Johnson to continue pursuing the acquisition as outlined and to keep the board of directors apprised of their progress.

Following the July 28, 2006 board meeting, our management and legal advisors continued to negotiate with representatives of RWA. On August 3, 2006, we signed a non-binding term sheet by which RWA granted us an exclusive period extending through August 31, 2006 to perform more in-depth due diligence and to discuss the terms of a definitive acquisition agreement. Several conversations took place over the next several days between us, RWA and our respective legal advisors regarding the outline of a definitive acquisition agreement. On August 8, 2006, while these discussions were underway, we engaged Consulting Earth Scientists, an environmental services firm, to complete environmental site assessments on each of the leased facilities of RWA.

From August 14 to August 16, 2006, Mr. Johnson was present in Sydney, Australia, to conduct further due diligence with respect to potential tax and corporate structure with Ernst & Young LLP Australia, to review the legal due diligence with Mr. Barnes of Barnes & Wenden and the environmental due diligence with Consulting Earth Scientists, and to continue to evaluate financial and accounting information of Royal Wolf. During this same three-day period, several negotiations were held between Barnes & Wenden and counsel to the sellers, resulting in the preparation of a draft definitive acquisition agreement.

On August 29, 2006, a special meeting of our board of directors was convened at our offices in Pasadena, California, at which our board reviewed the internal valuation analyses of Royal Wolf prepared by our management and discussed the various terms of the draft definitive acquisition agreement. Representatives of the sellers also were present at the beginning of the meeting, and presented Royal Wolf's 2007 business plan and answered questions posed by our directors prior to the directors' deliberations regarding approval of the acquisition. After further review and discussion, the acquisition agreement was unanimously approved by our board of directors, subject to modifications to be negotiated to address the directors' comments on the draft agreement.

Additional negotiations regarding adjustments to the definitive acquisition agreement took place in person on August 30, 2006 and telephonically over the several days after that, which discussions resulted in the preparation of the proposed final definitive agreement.

On September 1, 2006, a telephonic meeting of our board took place at which the board was updated regarding ongoing developments and approved the final modifications to the terms of the acquisition agreement.

The parties signed the acquisition agreement on September 12, 2006. On September 12, 2006, we issued a press release and filed a Current Report on Form 8-K announcing the signing of the acquisition agreement and certain other matters.

**Our Board of Directors Reasons for the Approval of the Acquisition**

Based upon its evaluation, our board of directors has unanimously approved our acquisition of RWA and determined that it is in the best interests of us and our stockholders.

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In the prospectus relating to our IPO, we stated our intention to focus our pursuit of a business combination on targets in the specialty finance industry and in areas where our management has significant expertise. We believe that the RWA acquisition meets these investment objectives.

Our board of directors also considered a wide variety of other factors in connection with its evaluation of the acquisition. In light of the complexity of those factors, our board of directors did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its decision. In addition, individual members of our board of directors may have given different weight to different factors.

In considering the acquisition, our board of directors gave considerable weight to the following positive factors:

***Royal Wolf's established business, strong management team, record of growth and potential for future growth***

Our board of directors considered it to be important that our initial business combination target have an established business and significant growth potential. Royal Wolf has been in business since 1995, has strong current business operations and is a market leader in the Australian domestic portable storage and container industries. It has achieved significant historical growth, both internally and through acquisitions, and has in place its infrastructure to support additional growth with minimal additional overhead investments. Royal Wolf has been successful in developing new applications for portable containers, and has grown revenues from \$30.4 million in fiscal 2003 to \$51.4 million in fiscal 2006. Royal Wolf has completed four acquisitions since December 2005, demonstrating its ability to grow through acquisitions. Our board of directors believes that Royal Wolf will be able to continue to grow domestically within Australia, because:

Royal Wolf has customer service centers in each state in Australia;

Royal Wolf has average monthly lease container utilization rates of between 81% and 91%; and

Royal Wolf has over 12,000 active customers in numerous industries.

Our board also believes that Royal Wolf can grow by expanding into new geographic markets in the Asia-Pacific, and that our capital resources may be used to facilitate this growth.

***The experience of our management***

Our board of directors considered the experience of our management in building and consolidating specialty finance businesses in the U.S. and Europe. Mr. Valenta, in particular, has extensive management experience in the portable storage industry that lends itself to the planned growth of Royal Wolf's business and operations.

***The experience of Royal Wolf's management***

Another important criteria to our board of directors was that the company have a seasoned management team. Royal Wolf's management has extensive experience in the container, transportation and portable storage industries. Mr. Robert Allan and Mr. Warren each have more than 30 years of experience managing companies in related industries and more than ten years each as Regional Directors of U.S.-based container leasing companies. Mr. McCann has nearly three years of experience at Royal Wolf, and many of Royal Wolf's operating managers also have long tenure with Royal Wolf or other companies in the portable storage and container industry. The management team has demonstrated its ability to grow both internally and through acquisition and is capable of managing this industry segment globally for us.

***Royal Wolf's ability to execute its business plan after the acquisition using its own financing resources, since part of the cash held in our trust account may be used to pay our stockholders who exercise their conversion rights***

Our board of directors considered the fact that our stockholders may exercise their conversion rights in connection with the acquisition, and thereby reduce the amount of cash available to us following the acquisition.



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Our board of directors believes that Royal Wolf will be able to fully implement its business plan, even if not all the funds currently in the trust account are available to us after the acquisition.

***Financial results***

Our board of directors reviewed Royal Wolf's historical revenue and profitability. Royal Wolf achieved \$51.4 million in revenue for the fiscal year ended June 30, 2006. Royal Wolf's gross profit has improved from \$12.8 million to \$18.0 million from 2004 to 2006. This margin improvement reflects the operating leverage in Royal Wolf's business model, which we believe should help drive greater profitability as revenue expands, and a \$0.5 million reduction in depreciation due to a revision of the useful lives and residual values of certain fixed assets.

***Favorable industry dynamics***

Our board of directors considered positive long-term capital spending trends in Australia, such as the growing demand for portable services in the mining and construction industries. Our board of directors believes that similar trends underway in developing Asia-Pacific markets are favorable to the expansion of Royal Wolf's business into new geographic markets.

***Competitive position and acceptance of its services***

Royal Wolf's leading market share in Australia, reputation in its industry and among its clients, and its involvement in high-profile projects were considered by our board of directors to be favorable factors in approving the acquisition.

***Barriers to entry***

Duplicating Royal Wolf's nationwide consumer service center network would require a large cadre of experienced industry personnel, which we believe is not readily available to a potential entrant in the Australian portable storage industry and represents a competitive advantage of Royal Wolf.

***Regulatory environment of the industry***

Royal Wolf's business is not subject to burdensome regulatory requirements, and we believe that Royal Wolf has satisfactory compliance procedures in place.

***Costs associated with effecting the business combination***

Our board of directors determined that the transactions costs of acquiring RWA would be of the same order of magnitude as would be encountered with other possible business combinations, including business combinations with much smaller companies. A favorable factor was that RWA's historical financial statements were audited in accordance with practices applicable to Australian private companies by a reputable and experienced accounting firm, and that RWA was able to furnish the financial and other information required for the preparation of this proxy statement in accordance with Securities and Exchange Commission requirements.

***The terms of the acquisition agreement contain customary provisions for transactions of this type.***

Our board of directors believes that the acquisition agreement contains customary provisions for transactions of this type, including customary representations and warranties and indemnification and escrow provisions in our favor. It was important to our board of directors that the acquisition agreement include these customary provisions to protect us against the risks associated with possible unknown liabilities or similar potential problems at Royal Wolf. The sellers

willingness to agree to an escrow of a portion of the acquisition consideration to satisfy potential indemnification claims by us was viewed favorably by our board.

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**Material Negative Factors Considered by Our Board of Directors**

Our board of directors believes that each of the above factors supports its determination and recommendation to approve the acquisition. Notwithstanding these positive factors, our board of directors also considered negative factors and potential risks in its deliberations, including the following:

The risks relating to Royal Wolf's business set out in this proxy statement in the section entitled "Risk Factors" beginning on page [ ];

Royal Wolf has no current business or operations in the U.S. or outside of Australia.

Royal Wolf has fluctuations in its operating income;

Royal Wolf's container sales business is maturing and is not likely to grow at the same rate as its other businesses; and

The deposit provisions of the acquisition agreement may result in our forfeiture of substantial deposits if there are undue delays in completing the acquisition.

**Due Diligence and Valuation**

Several members of our management or board of directors have extensive experience in due diligence evaluations of acquisition targets and in valuing companies. Ronald A. Valenta, our Chief Executive Officer and a director, has been a board member of ten other companies in a number of industries, and has extensive experience in the portable services industry and as a private investor. John O. Johnson, our Chief Operating Officer, has extensive experience as an investment analyst, investment banker and financial advisor. Other members of the board, including David Connell and James Roszak, are experienced in the investment, securities and capital management industries.

In determining to approve the acquisition agreement relating to RWA, our board of directors relied on financial, industry, customer, capital markets (equity valuations), product, business and legal information relating to Royal Wolf compiled by our management and other advisors.

In determining that the acquisition is in the best interests of us and our stockholders, in addition to reviewing financial information of RWA and the portable storage and container industry, in general, our board of directors reviewed publicly-available information of companies with business and operations that the board considered to be similar to those of Royal Wolf and publicly-available information related to acquisition or merger transactions similar to the acquisition. None of the companies reviewed were identical to RWA, nor were any of the transactions reviewed identical to the acquisition. In fact, the companies reviewed are all based in the U.S., whereas Royal Wolf is based and operates exclusively in Australia. Our board of directors nonetheless believes that such companies and transactions were relevant in analyzing the acquisition, because they involved companies that operate primarily in the portable storage and container industry and because we are a U.S.-based company. Stockholders should note that analyses of comparable companies and comparable transactions are not purely mathematical, but involve subjective business judgments concerning the differences between those companies and transactions and Royal Wolf and the acquisition.

Our board of directors did not rely on any single analysis or upon any one particular set of industry information in evaluating the acquisition, but reviewed the totality of the information presented to it, including, among other items, the valuation analyses done by our management. Further, based on our board of directors' belief that its members have the skill and experience to properly evaluate the acquisition, our board determined that obtaining a valuation or fairness opinion was unnecessary.

**Valuation Analyses**

The following is a summary of the material financial analyses performed by our management in connection with the acquisition. The following summary does not purport to be a complete description of the financial analyses performed by our management, and the order of analyses described below does not necessarily represent the relative importance or weight given to those analyses by our management. Except as otherwise noted, the following

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quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before August 29, 2006 and is not necessarily indicative of current market conditions.

In performing its analyses, our management relied on projections for Royal Wolf as provided by its management. No assurance can be made that the projections our management used in its analyses will be achieved. Further, Royal Wolf did not publicly disclose internal management projections of the type provided to our management in connection with our management's analysis of the acquisition, and the projections utilized were not prepared with intent for public disclosure or prepared in accordance with generally accepted accounting principles, the published guidelines of the Securities and Exchange Commission or the American Institute of Certified Public Accountants' guidelines for projections or forecasts. These projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including without limitation, factors related to general economic and industry conditions and competitive activity. Actual results could vary significantly from those set forth in the projections used by our management. For all of these reasons, stockholders should not place undue reliance on these projections.

Our management used the following valuation methodologies:

Discounted cash flow analysis;

Comparable companies analysis; and

Precedent transactions.

Our management also calculated the enterprise value, or EV, of Royal Wolf, as equal to the market value of common equity (as implied by the acquisition consideration we have agreed to pay) plus the book value of Royal Wolf's total debt, minority interest, preferred stock, capital lease obligations, and equity in affiliates, less the book value of Royal Wolf's cash and cash equivalents, as of June 30, 2006, as a multiple of the following historical and estimated financial results:

Revenue and earnings before interest, taxes, depreciation and amortization, or EBITDA, with EBITDA adjusted to exclude certain non-recurring costs, including transactions costs to be incurred by Royal Wolf in connection with the acquisition, provided by Royal Wolf's management, for the last twelve-month period, or LTM, ended June 30, 2006; and

Royal Wolf management's revenue and adjusted EBITDA estimates for the fiscal year ending June 30, 2007.

The resulting implied multiples for Royal Wolf from these analyses were as follows, assuming the \$85 million aggregate consideration equals EV:

	<b>At \$85 Million Aggregate Consideration</b>
EV to LTM FY 2006 Actual revenue	1.75x
EV to FY 2007 Management projected revenue	1.25x
EV to LTM FY 2006 Actual adjusted EBITDA	10.90x
EV to FY 2007 Management projected adjusted EBITDA	7.94x

EV means enterprise value, LTM means last twelve months, FY means fiscal year, and EBITDA means earnings before interest, taxes, depreciation and amortization. EBITDA is a non-GAAP financial measure that is used because of its wide acceptance as a measure of operating profitability and financial performance before nonoperating expenses (interest and taxes) and non-cash charges (depreciation and amortization).

As part of its analysis, our management compared the multiples in the table above with those of other selected comparable public companies and with selected comparable transactions (see Selected Companies Analysis and Selected Transactions Analysis below ).

**Table of Contents*****Discounted Cash Flow Analysis.***

The discounted cash flow analysis determines a net present value of future cash flows of Royal Wolf. This analysis starts with a net cash flow for each year of the projection period (2006 through 2010) equal to Royal Wolf's EBITDA less cash taxes, capital expenditures and changes in working capital, which we refer to as free cash flows. In addition, a terminal value is computed in 2010 as a multiple of 2010 EBITDA. The annual net cash flow and terminal value are converted into a present value as of June 30, 2006 using an appropriate discount rate. Cash balances are added and debt balances are subtracted as of June 30, 2006 from the present value to arrive at net equity value of RWA.

Our management discounted Royal Wolf's future free cash flows through 2009 as projected by the management of Royal Wolf using discount rates reflecting RWA's weighted-average cost of capital ranging from 15% to 20% and terminal EBITDA multiples of 7 to 9 times. This resulted in an estimated enterprise value of RWA in the range of \$66.7 million to \$99.1 million and an average of \$82.9 million.

***Selected Companies Analysis.***

Our management reviewed and compared financial information of Royal Wolf to corresponding financial information, ratios and public market multiples for the publicly-traded companies that were selected because they have operations that we considered reasonably similar to the operations of Royal Wolf. Our management did not necessarily include all companies or businesses that could be deemed as comparable to Royal Wolf. The companies our management selected for its analyses were:

Mobile Mini Inc.	Nasdaq NMS	MINI
Williams-Scotsman	Nasdaq NMS	WLSC
McGrath Rentcorp	Nasdaq NMS	MGRC

Our management calculated and compared financial information and various financial market multiples and ratios of the selected companies based on historical information it obtained from Securities and Exchange Commission filings and consensus estimates from publicly available sources reporting such data. With respect to Royal Wolf and each of the selected companies, our management calculated:

EV as a multiple of actual fiscal year 2006 and management projected 2007 revenue; and

EV as a multiple of actual fiscal year 2006 and management projected 2007 EBITDA.

Historical LTM financial results utilized by our management for purposes of this analysis were based upon information contained in the applicable company's most recent publicly available financial statements prior to August 1, 2006. For the selected companies, LTM refers to the last twelve-month period available from the most recently publicly available financial information prior to August 1, 2006.

All companies were selected because they served the modular building or container rental/leasing markets. However, all of the companies operate exclusively or primarily in the U.S., and none of the companies selected are identical to Royal Wolf. As a result, any conclusions from this analysis must involve complex considerations and judgments concerning differences in financial and operating characteristics of the companies selected and other factors that would affect the market values of publicly-traded companies.

The results of these analyses are summarized in the following tables:

	<b>Mean</b>	<b>Median</b>	<b>Range</b>	<b>Transaction</b>
Selected Companies:				
<i>EV to Revenue</i>				
LTM(x)	3.5	2.7	2.6 to 5.3	1.75x
Estimated 2006(1)	3.3	2.6	2.5 to 4.6	1.25x
<i>EV to EBITDA</i>				
LTM(x)	8.9	8.4	6.0 to 12.3	10.90x
Estimated 2006(1)	8.2	7.9	6.1 to 10.7	7.94x



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- (1) Because of differences in year end between the public companies with fiscal years ending December 31 and Royal Wolf with a June 30 fiscal year, the Estimated 2006 data for Royal Wolf will be for the year ended June 30, 2007.

**Selected Transactions Analysis.**

Our management also analyzed certain information relating to merger and acquisition transactions involving companies that were selected because they have operations that we considered reasonably similar to the operations of Royal Wolf. Our management did not necessarily include transactions of all companies or businesses that could be deemed as comparable to Royal Wolf. Our management analyzed the following transactions:

<b>Date</b>	<b>Target</b>	<b>Acquirer</b>
8/04/06	Pac Van, Inc	Mobile Office Acquisition Corp
8/04/06	Mobile Storage Group, inc	Welsh, Carson, Anderson & Stowe
3/13/06	Royal Wolf Portable Storage	Mobile Mini Inc.
3/06/06	Comark Building Systems	Carlyle Group
1/17/06	Waco International Limited	Asia Opportunity Fund/JP Morgan
12/01/05	Bennett's Trailer Company	New Acton Mobile Industries, LLC
11/28/05	Skanska Modul AB	3i Group plc
10/17/05	Baker Tanks, Inc	Lightyear Capital, LLC
10/05/05	A-One Storage, LLC	Mobile Mini, Inc.
3/04/05	Mobile Space, Inc.	Williams Scotsman, Inc.

Using publicly-available information, our management analyzed, among other things, the multiples of the historical merger and acquisition transactions as a multiple of enterprise value, or EV, to LTM revenue and EBITDA. All data were provided from publicly available sources reporting such data. The table below, excluding transactions where observations were not available, summarizes the mean, median, and range of the set of selected comparable acquisition and merger transactions:

	<b>Implied Transaction Multiple:</b>	
	<b>LTM Revenue(x)</b>	<b>LTM EBITDA(x)</b>
Mean	1.7	8.3
Median	1.7	8.8
Range	.8 - 2.8	6.9 - 9.1

Although the selected transactions were used for comparison purposes, none of the selected transactions nor the companies involved in them was either identical or directly comparable to the acquisition. Further, all multiples for the selected transactions were based on public information available at the time of each transaction, and do not take into account differing market and other conditions during which the selected transaction occurred. In addition, each transaction involved companies with differing financial and operating characteristics, potential for synergies, and other factors which would necessarily affect the transaction multiples. As a result, any conclusions from this analysis must involve complex considerations and judgments concerning differences in financial and operating characteristics

of the companies selected, the timing of the transaction, and other factors that would affect the market values of merger and acquisition transactions.

*Satisfaction of 80% requirement*

We represented in the prospectus relating to our IPO that the business acquired by us in our initial business combination would have a fair market value equal to at least 80% of our net assets at the time of the transaction, including the funds held in the trust account. Based on the financial analysis it used generally in evaluating and approving the RWA acquisition, our board of directors determined that the acquisition of RWA meets this requirement.

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The terms of the acquisition were determined based upon arm's-length negotiations between us and the sellers, who had no prior dealings with us or our officers or directors. Under the circumstances, our board of directors believes that the total consideration for the acquisition appropriately reflects the fair market value of RWA. In light of the financial background and experience of several members of our management and board of directors, our board also believes it is qualified to determine whether the acquisition of RWA meets this requirement. Our board of directors did not seek or obtain an opinion of an outside fairness or valuation advisor as to whether the 80% test has been met.

## **THE ACQUISITION AGREEMENT**

*The following is a summary of selected provisions of the acquisition agreement, which is referred to in Australia as a share sale deed. While we believe this description covers the material terms of the acquisition agreement, it may not contain all of the information that is important to you and is qualified in its entirety by reference to the acquisition agreement attached as ANNEX A to this proxy statement. We urge you to read the acquisition agreement in its entirety.*

*The acquisition agreement contains representations, warranties, covenants and other agreements that we, GFN Australasia and the sellers made to one another. The assertions embodied in those representations, warranties, covenants and other agreements are qualified by information in confidential disclosure schedules that the sellers have delivered in connection with signing the acquisition agreement. The disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations, warranties, covenants and other agreements set forth in the attached acquisition agreement. Accordingly, you should bear in mind that the representations, warranties, covenants and other agreements are modified in important part by the disclosure schedules. We do not believe that the disclosure schedules contain information that the securities laws require us to publicly disclose. Moreover, information concerning the subject matter of the representations, warranties, covenants and other agreements may have changed since the date of the acquisition agreement, which subsequent information may or may not be fully reflected in our public disclosures.*

### **Structure of Acquisition**

The acquisition agreement provides that GFN Australasia Finance Pty Limited will acquire all of the outstanding shares of capital stock of RWA Holdings Pty Limited from the shareholders of RWA.

### **Closing and Effective Time of the Acquisition**

The closing of the acquisition will take place on the last day of the month in which the conditions to closing have been satisfied or waived, or such other date and time as we and the sellers agree. We expect to close the acquisition on [ ], 200[ ], assuming it is approved at the special meeting on [ ], 200[ ].

### **Acquisition Consideration; Payment of Consideration**

The aggregate consideration is \$87.4 million, subject to certain adjustments, as follows:

*Net Tangible Assets.* If the total assets less all intangibles and liabilities of Royal Wolf, excluding the amount required to cash out outstanding options, the bonus to the former chairman and costs and expenses of the acquisition is less than \$2,051,730 at the closing, the aggregate consideration will be decreased by the amount of the shortfall;

*Working Capital.* If the current assets (excluding cash and deposits relating to a specified contract) less the current liabilities (excluding interest bearing debt, other than in relation to assets acquired by Royal Wolf in

satisfaction of its obligations under a specified contract, if awarded, finance leases, overdrafts and bank vendor financing) is less than \$2,279,700 (\$1,647,463 if the closing occurs in December 2006), the aggregate consideration will decrease by the amount of the shortfall;

*Container Rental Equipment.* If gross amount of container rental equipment at the closing is greater than the specified amount, the purchase price will be increased by the amount of such excess, and if the gross

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amount of container rental equipment at the closing is less than the specified amount, the purchase price will be decreased by the amount of such deficiency. The specified amount ranges from \$34.7 million to \$35.7 million. At June 30, 2006, Royal Wolf had gross amount of container rental equipment of \$31.5 million.

*Acquisition Costs.* If Royal Wolf incurs cost and expenses in making any business acquisitions after the date of the acquisition agreement but prior to the consummation of this acquisition, the purchase price will be increased by the amount of such costs and expenses incurred.

*Container Lease.* If the outstanding balance at the closing owing under a particular container lease program exceeds certain specified amounts, the aggregate consideration will be reduced by the amount of such excess.

*SEC Clearance of Proxy Statement.* The aggregate consideration will increase by \$570,000 if our definitive proxy statement in connection with the acquisition has not been cleared by the Securities and Exchange Commission before January 16, 2007 and by an additional \$570,000 if such clearance has not been obtained by February 16, 2007.

We have paid the sellers a deposit of \$418,000, and must pay additional deposits of \$190,000 on each of November 30, 2006, December 31, 2006 and January 31, 2007 (all deposits would total \$988,000) if the closing of the acquisition has not occurred by such dates and we do not terminate the acquisition agreement. If the closing occurs, the deposits will be applied to reduce the amounts payable to the sellers at the closing. If the closing does not occur, the deposits are refundable to us only in certain limited circumstances.

Of the aggregate consideration in the acquisition, we will pay the sellers at the closing cash in the amount of \$83.6 million, modified by the adjustments and less the net debt of Royal Wolf as of the closing date. The remaining \$3.8 million of consideration will consist of \$1.5 million of shares of our common stock to be issued to one of the sellers and a total of \$2.3 million payable in cash in two equal installments on the first and second anniversaries of the closing for a non-compete covenant from the sellers. Our shares of common stock to be issued to the sellers will be valued for this purpose based upon the average of the closing sale prices of our common stock as reported on the American Stock Exchange during the 20 trading days ending two days prior to the closing of the Acquisition.

Net debt of Royal Wolf is defined to include the following:

The aggregate amount of outstanding indebtedness for borrowed money and finance leases (\$29.9 million at June 30, 2006);

The aggregate amount owed on the non-convertible notes held by one of the sellers (\$5.1 million at June 30, 2006);

Amount of outstanding, deferred purchase price, consulting or non-compete or earn-out payment obligations under acquisition agreements;

Declared but undistributed dividends or other distributions;

The amounts required to cancel outstanding options;

Amounts owing in relation to a lease relating to 12 reefers;

Costs and expenses incurred by the sellers of negotiating, preparing and executing the acquisition agreement that are paid by Royal Wolf;

The outstanding bonus amount agreed to be paid to a former chairman of Royal Wolf; and

Any premium paid in relation to insurance obtained to support warranties of the sellers in the acquisition agreement.

Net debt does not include the following:

Moneys owing to suppliers in the ordinary course of business;

Amounts owing under any operating leases;

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Any off-balance sheet debt disclosed by the sellers before the acquisition agreement in relation to the lease for 70 curtainsider containers, and any liabilities associated with that lease; and

Any amounts owing by Royal Wolf in relation to any assets acquired in satisfaction of its obligations under specified contract, less any deposits and other amounts received by Royal Wolf in relation to the contract.

**Warranties**

The acquisition agreement contains warranties of each of us, GFN Australasia and the sellers relating, among other things, to:

Proper corporate organization and similar corporate matters; and

The authorization, performance and enforceability of the acquisition agreement.

The acquisition agreement also contains representations and warranties of the sellers relating, among other things, to:

No conflict or breach of any material contracts;

Liquidation, insolvency or defaults of any of the sellers;

Ownership of Royal Wolf shares; and

No option, right to acquire or encumbrance of or affecting the shares;

The acquisition agreement also contains representations and warranties of the sellers relating to Royal Wolf, including:

Proper corporate organization and similar corporate matters of RWA and its subsidiaries;

No insolvency event;

Subsidiaries;

Shares; shares in the subsidiaries; no issuance of dividends;

Lack of any other subsidiary, partnership, joint venture or unincorporated association, or any other business entity;

Title to and ownership of properties and assets, including intellectual property rights;

Accuracy, maintenance and possession of records;

Financial information;

Compliance; required filings;

Tax matters;

Litigation;

Environmental matters;

Labor matters;

Material contracts;

Insurance; and

Leased property.

**Covenants**

We and the sellers have each agreed to take such actions as are necessary, proper or advisable to consummate the acquisition. The sellers have agreed, to the extent within their respective powers as shareholders of Royal Wolf



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and through their board representation, to continue the management and conduct of business of Royal Wolf and its subsidiaries in the ordinary course prior to the closing and not to take the following actions without our prior written consent or except in accordance with Royal Wolf's budget:

Enter into, terminate or alter any term of any material contract or commitment with a value equal to or greater than \$75,990;

Incur any material liability of \$37,995 or more outside the ordinary course of the business;

Dispose of, agree to dispose of, encumber or grant an option over any of its assets outside the ordinary course of the business;

Hire or terminate any senior employee or alter the terms of employment of any senior employee whose salary package is valued at \$113,985 or more;

Allot or issue or agree to allot or issue any share or any security convertible into any share;

Declare or pay any dividends or make any other distribution of assets or profits;

Alter or agree to alter the constitution; or

Pass any special resolution.

**Conditions to Closing of the Acquisition**

The closing of the acquisition is subject to a number of conditions, including the following:

The Securities and Exchange Commission clears this preliminary proxy statement no later than February 17, 2007;

Our shareholders approve the acquisition no later than March 17, 2007 (and such approval is deemed to include all approvals required under our certificate of incorporation, as discussed elsewhere in this proxy statement);

Consents are obtained from the landlords to certain Royal Wolf leases and to other parties to certain Royal Wolf contracts;

No event occurs that has a material adverse effect on the assets, liabilities or profitability of Royal Wolf from June 30, 2006 to the closing;

All outstanding options to purchase shares in RWA are cancelled and the repurchase of certain shares by RWA;

The sellers and RWA have terminated a shareholders' agreement governing the operation of Royal Wolf;

Termination of the employment agreement between Royal Wolf and Michael P. Baxter with Mr. Baxter's waiver of all claims against Royal Wolf as a result of the termination; and

The employment agreements between Royal Wolf and Robert Allan, Peter McCann and James Warren are amended to eliminate references to any shareholders' agreement and share option plans, and these key employees confirm that Royal Wolf is not in default under such agreements and that they have no claims against

Royal Wolf other than as provided in such agreements.

With the exceptions of the first two conditions set forth above, any closing condition may be waived by the party entitled to the benefit of the condition. We may waive one or more of the closing conditions in our favor if we deem it advisable to do so.

**Indemnification**

Each of the sellers has agreed to indemnify us against claims (as defined) due to breach of the seller's warranties, subject to certain limitations. The sellers have no liability for a claim unless the amount of the claim is at least \$15,198 and until the aggregate of all claims in excess of \$15,198 exceeds \$284,962, in which event we can

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claim the whole amount, not just the amount in excess of \$284,962. The sellers will have no liability for breach of warranty unless the claim arises within 18 months after the date of the acquisition agreement (five years after the date of the acquisition agreement for breach of certain warranties relating to corporate organization, outstanding shares and share capitalization, compliance with legal requirements, tax, and the environment).

At the closing, \$5.3 million of the cash consideration payable by us to the sellers will be deposited in a separate bank account requiring signatures of us and the sellers for withdrawals. The purpose of this account is to provide a source of funds to pay the sellers' indemnification obligations. The acquisition agreement provides that 25% of these funds will be released to the sellers 12 months after the closing and the balance will be released to the sellers 18 months from the closing, in each case, subject to any paid or pending indemnity claims by us. In addition, the shares of our common stock issued to one of the sellers is intended to serve a source of repayment for indemnity claims, and will be subject to restrictions on transfer for similar 12-month and 18-month periods. The acquisition agreement provides that these funds and shares can be released prior to such 12-month and 18-month periods if the sellers obtain warranty insurance in such amount and on such other terms as we may approve.

## **Consulting and Employment Agreements**

In connection with the acquisition, Michael Baxter, the executive director and a founder of Royal Wolf, will enter into a 360-day consulting agreement pursuant to which he will agree to provide consulting services relating to the transition of ownership of Royal Wolf for total fee of \$37,995.

Robert Allan, James Warren and Peter McCann, the three principal executives of Royal Wolf, will continue to serve in these capacities following the acquisition. Each of Messrs. Allan, Warren and McCann is party to our employment agreement which is terminable under certain circumstances upon notice to him.

## **Termination**

The sellers may terminate the acquisition agreement if we do not obtain Securities and Exchange Commission clearance of this preliminary proxy statement by February 16, 2007 or a vote of our stockholders by March 17, 2007. Either party may terminate the acquisition agreement if any of the other closing conditions are not satisfied by March 17, 2007, provided that it such party has used reasonable efforts to satisfy its conditions and kept the other party informed of its progress in satisfying its conditions.

## **Fees and Expenses**

All fees and expenses incurred in connection with the acquisition agreement and the transactions contemplated thereby will be paid by the party incurring such expenses, whether or not the acquisition is consummated. If the acquisition is consummated, however, any transaction fees of the sellers that are paid by Royal Wolf will be included in the calculation of Royal Wolf's net debt and reduce the cash consideration in the acquisition accordingly.

## **Confidentiality; Access to Information**

Royal Wolf will afford to us and our financial advisors, accountants, counsel and other representatives prior to the completion of the acquisition reasonable access during normal business hours, upon reasonable notice, to all of its respective properties, books, records and personnel to obtain all information concerning the business, provided that we do so in a manner that does not disrupt the business of Royal Wolf.

## **Non-compete Covenants**

The sellers have agreed that following the closing, within Australia or New Zealand, they will not:

Engage in a business that competes with Royal Wolf for a period of five years after the closing;

Solicit, canvass, approach or accept an approach from a person who was at any time during the twelve months ending on the closing a customer of Royal Wolf with a view to obtaining their business that is in competition with the business of Royal Wolf for a period of four years after the closing;

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Interfere with the relationship between Royal Wolf and its customers, employees or suppliers for a period of three years after the closing;

Induce or help to induce a Royal Wolf employee to leave their employment for a period of two years after the closing; or

Disclose or use to their advantage or to Royal Wolf's disadvantage, itself or by any of its subsidiaries, agents, or representatives, any of the trade secrets or any confidential information relating to Royal Wolf or its business at any time after the closing.

The acquisition agreement provides that the consideration for these covenants is \$2.3 million, payable in two equal installments on the first and second annual anniversaries of the closing.

**Amendment**

The acquisition agreement may be amended by the parties thereto only by writing signed on behalf of each of the parties.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed combined balance sheet combines our historical unaudited balance sheet as of June 30, 2006 and the historical audited balance sheet of Royal Wolf as of June 30, 2006, giving effect to the acquisition as if it had occurred on June 30, 2006.

The following unaudited pro forma condensed combined statements of operations combine (i) the historical unaudited statements of operations of us and Royal Wolf for the six months ended June 30, 2006, giving effect to the acquisition as if it had occurred on January 1, 2006, and (ii) the historical unaudited statements of operations of us for the period from October 14, 2005 (date of inception) to December 31, 2005, and Royal Wolf for the twelve months ended December 31, 2005, giving effect to the acquisition as if it had occurred on January 1, 2005. The unaudited statements of operations of Royal Wolf for the twelve months ended December 31, 2005 were derived by combining the results for the six-month period from January 1, 2005 to June 30, 2005 with the period from July 1, 2005 to December 31, 2005 as Royal Wolf's fiscal year end is June 30. In addition, all unaudited pro forma condensed combined financial information presented for Royal Wolf has been adjusted to conform with U.S. GAAP and converted into U.S. dollars at the average exchange rate during the periods in the pro forma income statements and at the exchange rate at June 30, 2006 for the pro forma balance sheets.

The historical financial information has been adjusted to give effect to pro forma events that are directly attributable to the acquisition, are factually supportable and, in the case of the pro forma income statements, have a recurring impact.

The following information should be read in conjunction with the pro forma condensed combined financial statements:

Accompanying notes to the unaudited pro forma condensed combined statements;

Separate historical financial statements of Royal Wolf for the periods ended June 30, 2005 and 2006 included elsewhere in this proxy statement; and

Our separate historical financial statements for the periods ended December 31, 2005 and June 30, 2006, which are not included in this proxy statement but can be obtained as described in the section [Where You Can Find More Information](#).

The unaudited pro forma condensed combined balance sheet at June 30, 2006 and unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2006 and the twelve months ended December 31, 2005 have been prepared using two different levels of approval of the acquisition by our stockholders, as follows:

*Assuming No Conversions:* This presentation assumes none of our stockholders exercises their conversion rights; and

*Assuming Maximum Conversions:* This presentation assumes that 19.99% of our stockholders exercise their conversion rights.

This information to aid you in your analysis of the financial aspects of the acquisition. The unaudited pro forma information is not necessarily indicative of the financial position or results of operations that may have actually occurred had the acquisition taken place on the dates noted, or the future financial position or operating results of the

combined company.

Our acquisition of Royal Wolf will be accounted for as a reverse acquisition and equity recapitalization, with us as the acquired company for financial reporting purposes. Accordingly, our assets and liabilities have been presented at their historical cost (which also is the estimated fair value) with no goodwill recorded and no increment in stockholders equity. The acquisition consideration paid to the sellers will be reflected as a distribution to the sellers, and results in a reduction in stockholders equity.

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**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**June 30, 2006**  
**Assuming No Conversions**

	<b>GFN</b>	<b>Royal Wolf</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
	<b>(In thousands except share data)</b>			
<b>ASSETS</b>				
Current assets:				
Cash	\$ 77	\$ 567	\$ 66,392(a) (40,156)(b) (1,380)(b)	\$ 25,500
Cash held in trust account	66,392		(66,392)(a)	
Other current assets	57	12,911		12,968
Total current assets	66,526	13,478	(41,536)	38,468
Property and equipment, net		30,387		30,387
Intangible assets, net		3,472	2,190(b) 700(b)	6,362
Other assets	4	566		570
Total assets	\$ 66,530	\$ 47,903	\$ (38,646)	\$ 75,787
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>				
Current liabilities:				
Trade accounts payable	\$	\$ 9,133	\$	\$ 9,133
Accrued expenses		921	900(c) 700(b)	2,521
Other current liabilities	1,631	6,526	(1,380)(b)	6,777
Total current liabilities	1,631	16,580	220	18,431
Long term liabilities:				
Notes payable		27,156	13,000(b)	40,156
Non-compete payable			2,190(b)	2,190
Other long term liabilities		1,149		1,149
Total long term liabilities		28,305	15,190	43,495
Common stock subject to possible conversion, 1,724,138 shares at conversion value	12,941		(12,941)(b)	
Stockholders equity:				
Common stock	1	3,322	(3,322)(b)	1
Retained earnings (deficit)	291	(304)	(291)(b)	(304)



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Additional paid-in capital	51,666		1,460(b) (900)(c) 12,941(b) (51,003)(b)	14,164
Total stockholders' equity	51,958	3,018	(41,115)	13,861
Total liabilities and stockholders' equity	\$ 66,530	\$ 47,903	\$ (38,646)	\$ 75,787

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**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**June 30, 2006**  
**Assuming Maximum Conversions**

	<b>GFN</b>	<b>Royal Wolf</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
		<b>(In thousands except share data)</b>		
<b>ASSETS</b>				
Current assets:				
Cash	\$ 77	\$ 567	\$ 66,392(a) (40,156)(b) (1,380)(b) (12,941)(b) (66,392)(a)	\$ 12,559
Cash held in trust account	66,392			
Other current assets	57	12,911		12,968
Total current assets	66,526	13,478	(54,477)	25,527
Property and equipment, net		30,387		30,387
Intangible assets, net		3,472	2,190(b) 700(b)	6,362
Other assets	4	566		570
Total assets	\$ 66,530	\$ 47,903	\$ (51,587)	\$ 62,846
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>				
Current liabilities:				
Trade accounts payable	\$	\$ 9,133		9,133
Accrued expenses		921	900(c) 700(b)	2,521
Other current liabilities	1,631	6,526	(1,380)(b)	6,777
Total current liabilities	1,631	16,580	220	18,431
Long term liabilities:				
Notes payable		27,156	13,000(b)	40,156
Non-compete payable			2,190(b)	2,190
Other long term liabilities		1,149		1,149
Total long term liabilities		28,305	15,190	43,495
Common stock subject to possible conversion, 1,724,138 shares at conversion value	12,941		(12,941)(b)	
Stockholders equity:				
Common stock	1	3,322	(3,322)(b)	1

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Retained earnings (deficit)	291	(304)	(291)(b)	(304)
Additional paid-in capital	51,666		1,460(b) (900)(c) (51,003)(b)	1,223
Total stockholders equity	51,958	3,018	(54,056)	920
Total liabilities and stockholders equity	\$ 66,530	\$ 47,903	\$ (51,587)	\$ 62,846

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**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**  
**Six Months Ended June 30, 2006**  
**Assuming No Conversions**

	<b>GFN</b>	<b>Royal Wolf</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
	(In thousands except share and per share data)			
Revenue	\$	\$ 25,812	\$	\$ 25,812
Cost of sales		16,305		16,305
Gross margin		9,507		9,507
Operating expenses	64	6,384		6,448
Operating (loss)/income	(64)	3,123		3,059
Other expenses/(income):				
Interest income	(555)		161(g)	(394)
Interest expense		1,571	369(d)	1,940
Depreciation and amortization		1,613	550(e)	2,227
			64(f)	
Other expenses		39		39
Total other expenses/(income)	(555)	3,223	1,144	3,812
Income/(loss) before provision for income taxes	491	(100)	(1,144)	(753)
Provision/(credit) for income taxes	197	99	(416)(h)	(120)
Net income	\$ 294	\$ (199)	\$ (728)	\$ (633)
Net income per share:				
Basic				\$ (0.06)
Diluted				\$ (0.06)
Weighted average shares outstanding:				
Basic				10,682,763
Diluted				10,682,763

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**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**  
**Six Months Ended June 30, 2006**  
**Assuming Maximum Conversions**

	<b>GFN</b>	<b>Royal Wolf</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
	(In thousands except share and per share data)			
Revenue	\$	\$ 25,812	\$	\$ 25,812
Cost of sales		16,305		16,305
Gross margin		9,507		9,507
Operating expenses	64	6,384		6,448
Operating (loss)/income	(64)	3,123		3,059
Other expenses/(income):				
Interest income	(555)		429(g)	(126)
Interest expense		1,571	369(d)	1,940
Depreciation and amortization		1,613	550(e) 64(f)	2,227
Other expenses		39		39
Total other expenses/(income)	(555)	3,223	1,412	4,080
Income/(loss) before provision for income taxes	491	(100)	(1,412)	(1,021)
Provision/(credit) for income taxes	197	99	(513)(h)	(217)
Net income	\$ 294	\$ (199)	\$ (899)	\$ (804)
Net income per share:				
Basic				\$ (0.09)
Diluted				\$ (0.09)
Weighted average shares outstanding:				
Basic				8,958,625
Diluted				8,958,625

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**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**  
**Twelve Months Ended December 31, 2005**  
**Assuming No Conversions**

	<b>GFN</b>	<b>Royal Wolf</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
	<b>(In thousands except share and per share data)</b>			
Revenue	\$	\$ 45,174	\$	\$ 45,174
Cost of sales		29,136		29,136
Gross margin		16,038		16,038
Operating expenses	4	12,112		12,116
Operating (loss)/income	(4)	3,926		3,922
Other expenses/(income):				
Interest income			(510)(g)	(510)
Interest expense		1,840	1,634(d)	3,474
Depreciation and amortization		2,513	1,174(e) 127(f)	3,814
Other expenses		(210)		(210)
Total other expenses/(income)		4,143	2,425	6,568
Loss before provision for income taxes	(4)	(217)	(2,425)	(2,646)
Provision for income taxes		189	(882)(h)	(693)
Net (loss)	\$ (4)	\$ (406)	\$ (1,543)	\$ (1,953)
Net (loss) per share:				
Basic				\$ (0.18)
Diluted				\$ (0.18)
Weighted average shares outstanding:				
Basic				10,692,163
Diluted				10,692,163

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**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**  
**Twelve Months Ended December 31, 2005**  
**Assuming Maximum Conversions**

	<b>GFN</b>	<b>Royal Wolf</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined</b>
	(In thousands except share and per share data)			
Revenue	\$	\$ 45,174	\$	\$ 45,174
Cost of sales		29,136		29,136
Gross margin		16,038		16,038
Operating expenses	4	12,112		12,116
Operating (loss)/income	(4)	3,926		3,922
Other expenses/(income):				
Interest income			(251)(g)	(251)
Interest expense		1,840	1,634(d)	3,474
Depreciation and amortization		2,513	1,174(e) 127(f)	3,814
Other expenses		(210)		(210)
Total other expenses/(income)		4,143	2,684	6,827
Loss before provision for income taxes	(4)	(217)	(2,684)	(2,905)
Provision for income taxes		189	(976)(h)	(787)
Net (loss)	\$ (4)	\$ (406)	\$ (1,708)	\$ (2,118)
Net (loss) per share:				
Basic				\$ (0.24)
Diluted				\$ (0.24)
Weighted average shares outstanding:				
Basic				8,968,025
Diluted				8,968,025

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**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED  
FINANCIAL STATEMENTS  
(Amounts in thousands)**

Adjustments included in the column under the heading Pro Forma Adjustments include adjustments:

- (a) To record the reclassification of funds held in trust by Continental Stock Transfer & Trust Company;
- (b) Of \$40,156 to reflect the cash payment portion of the acquisition; \$1,380 to reflect the payment for deferred underwriters commission; \$2,190 to reflect the contractual consideration payable for non-compete agreement that will be entered into with the sellers; \$700 to reflect the estimated deferred financing costs; \$13,000 to reflect the adjustment for the contemplated financing of a portion of the acquisition consideration (\$29,204 in a refinanced revolver and \$10,952 in new mezzanine financing); \$12,941 (i) assuming no conversions to reflect the increase in equity, and (ii) assuming maximum conversions to reflect the payment in cash to our converting stockholders; \$3,322 to reflect the reclassification of Royal Wolf's common stock to additional paid-in capital; \$291 to reflect the elimination of our retained earnings; \$1,460 of shares of our common stock that we will issue to one of the sellers; and \$51,003 to reflect the offset to capital of the foregoing adjustments under the reverse acquisition application of the equity recapitalization method of accounting;
- (c) To reflect the estimated direct costs of the acquisition;
- (d) To adjust interest expense to 8.0% on the amended revolver and 13.0% on the mezzanine financing based upon a contemplated financing;
- (e) To reflect the amortization over two years of the non-compete intangible asset;
- (f) To reflect amortization expense over five and one-half years of the estimated deferred financing costs;
- (g) To adjust interest income based on reduction of cash in trust after acquisition; and
- (h) To adjust provision for income taxes based on adjustment of interest income, interest expense and amortization expense.



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**OTHER INFORMATION ABOUT US**

**Business of General Finance Corporation**

We were incorporated on October 14, 2005, to effect an acquisition, capital stock exchange, asset acquisition or other similar business combination with an operating business. Prior to executing the acquisition agreement relating to the acquisition of Royal Wolf, our efforts were limited to organizational activities, completion of our IPO and the evaluation of possible business combinations, including the acquisition.

**Offering Proceeds Held in Trust**

We completed our IPO in April 2006. The net proceeds of the offering, after payment of underwriting discounts and expenses, were approximately \$65.55 million. Of that amount, \$65 million was placed in the trust account and invested in government securities. The remaining proceeds, along with proceeds of \$700,000 from the private placement of units to our officers and directors, were used by us to pay offering expenses in connection with our IPO. The funds in the trust account will not be released to us until the earlier of the completion of a business combination or our liquidation. The trust account contained approximately \$66.4 million as of June 30, 2006. We will pay the cash portion of the acquisition consideration payable at the closing with a portion of the net proceeds of our IPO held in the trust account. Any remaining net proceeds in the trust account, less any amounts payable to our shareholders who exercise their conversion rights and after the payment of a contingent underwriting discount to the underwriters of our IPO, will be released to us for use in our business without further restriction. The maximum contingent underwriting discount is \$1,380,000, which is subject to reduction by \$0.16 per share for each IPO share that is converted in connection with the acquisition. The released funds will be used by us to repay our outstanding indebtedness to Mr. Valenta under the line of credit agreement and for working capital and general corporate purposes, including possible acquisitions, and there will be no further restrictions on our use of such funds.

**Liquidation If No Business Combination**

Our certificate of incorporation provides that we must liquidate as soon as practicable if we do not complete a business combination by October 5, 2007, or by April 5, 2008 if certain extension criteria have been satisfied.

In connection with such liquidation, we will distribute pro rata to the holders of our IPO shares the amount in the trust account, including any earned interest (net of taxes on such interest). Our directors and officers who acquired their shares of our common stock prior to our IPO have waived their rights to participate in any liquidation distribution with respect to these shares of common stock. There also will be no distribution from the trust account with respect to our warrants.

If we fail by October 5, 2007 to enter into an agreement in principle or a definitive agreement with respect to another business combination, or having done so we fail to complete the business combination by April 5, 2008, we will liquidate as soon as practicable pursuant to Section 275 of the Delaware General Corporation Law. Under Section 275, our board of directors must adopt a specific plan of dissolution and liquidation to recommend to our stockholders and our stockholders must approve the plan before we can liquidate. Accordingly, there will be a delay beyond October 5, 2007 or April 5, 2008, as the case may be, in our liquidation and the distribution to our public stockholders of the funds in our trust account as part of any plan of dissolution and liquidation.

Based upon the funds held in the trust account as of June 30, 2006, the per-share liquidation price as of that date would have been approximately \$7.50, or \$0.50 less than the per-unit offering price of \$8.00 in our IPO. The proceeds

deposited in the trust account could, however, become subject to the claims of our creditors, and there is no assurance that the actual per-share liquidation price will not be less than \$7.50 due to such claims.

Our stockholders holding IPO shares will be entitled to receive funds from the trust account only in the event of our liquidation or if they exercise their conversion rights in connection with the acquisition or other business combination completed by us. In no other circumstances will a stockholder have any right or interest of any kind to or in the trust account.

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**INFORMATION ABOUT ROYAL WOLF**

**Business Overview**

RWA Holdings Pty Limited, or RWA, is a company organized under the laws of Australia and a holding company for Royal Wolf Trading Australia Pty Limited, its principal subsidiary, and its other subsidiaries. RWA engages in no significant business activities apart from its ownership of Royal Wolf Trading Australia Pty Limited and its other subsidiaries. RWA and its subsidiaries are collectively referred to in this proxy statement as Royal Wolf.

The mailing address of RWA is Suite 201, Level 2, 22-28 Edgeworth David Avenue, Hornsby, New South Wales, Australia 2077, and its telephone number is 001-612-9482-3466.

Royal Wolf leases and sells portable storage containers, portable container buildings and freight containers in Australia. Royal Wolf's management believes that Royal Wolf is the market leader in Australia for container-based storage and accommodation products. Royal Wolf currently has more than 150 employees and operates 15 customer service centers located in every state in Australia. It is represented in all major business centers in Australia and is the only portable container lease and sales company in Australia with a nationally integrated infrastructure and work force.

Royal Wolf's products include the following.

*Portable Storage Containers:* Royal Wolf leases and sells portable containers for on-site storage by retail outlets and manufacturers, local councils and government departments, farming and agricultural concerns, building and construction companies, clubs and sporting associations, mine operators and individual customers. Royal Wolf's portable storage products include general purpose-dry storage containers, refrigerated containers and hazardous goods containers in a range of standard and modified sizes, designs and storage capacities.

*Portable Container Buildings:* Royal Wolf leases and sells portable container buildings for use as site offices, housing accommodations and for other purposes. Royal Wolf entered the portable building market in August 2005 with 20 and 40 portable buildings manufactured from steel container platforms, which it markets primarily to mine operators, construction companies and the general public.

*Freight Containers:* Royal Wolf also leases and sells freight containers specifically designed for transport of products by road and rail. Customers include national moving and storage companies, distribution and logistics companies, domestic freight forwarders, transport companies, rail freight operators and the Australian military. Royal Wolf's freight container products include curtain-side, refrigerated and bulk cargo containers, together with a range of standard and industry-specific dry freight containers.

**History**

Royal Wolf Trading Australia Pty Ltd, RWA's principal operating subsidiary, was founded in mid-1995 as an Australian subsidiary of Triton Holdings Limited. Triton is headquartered in the U.S. with business activities that include Triton Container International, the world's largest lessor of marine cargo containers to the international shipping industry.

Royal Wolf Trading Australia Pty Ltd's business initially consisted of selling used shipping containers from third party container depots. With internal Triton financing, it entered the retail container leasing and sales market in 1997

through its acquisition of AA Shipping, a Melbourne-based container leasing and sales business. The acquisition more than doubled the company's fleet of containers for lease and provided the company with its first retail facility in Australia and a platform from which to grow nationally.

In late 2003, the senior management team completed a management buyout of the company with backing from Equity Partners Two Pty Limited, an Australian private equity firm, and local banks.

During 2004 and 2005, Royal Wolf made significant investments in its customer service center infrastructure and its personnel in preparation for new product introductions that were made in August 2005, in the acquisition of competing businesses, and in the organic growth of its existing programs.

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Since December 2005, Royal Wolf has completed four acquisitions as follows:

In December 2005, Royal Wolf acquired the assets of Cairns-based Cape Containers for a purchase price of \$600,000. This purchase resulted in the acquisition of 173 portable storage units and the related customer base;

In March 2006, Royal Wolf purchased the remaining shares of Royal Wolf-Hi Tech, a Newcastle-based joint venture, for \$800,000, which added a further 676 portable storage units to the Royal Wolf lease fleet;

In April 2006, Royal Wolf acquired the assets of Melbourne-based Australian Container Network, or ACN, for \$4.3 million. This acquisition added a further 891 units to Royal Wolf's lease fleet and eliminated the second-largest portable storage supplier in Melbourne (next to Royal Wolf) from the market; and

In August 2006, Royal Wolf acquired the assets of Townsville-based Bohle Containers for \$200,000. This was a small but strategically important acquisition that added a further 57 units to Royal Wolf's lease fleet.

These acquisitions contributed to the 17,473 total units in Royal Wolf's lease fleet as of September 30, 2006.

## **Portable Storage Container Market**

The use of shipping containers, known as containerization, is an important element of the logistics revolution that changed cargo handling in the last half of the 20<sup>th</sup> century. The trailer transport of shipping containers began in North America during the mid-1950s and spread internationally during the late 1960s and early 1970s. It is currently estimated that 90% of the world's cargo moves by containers stacked on transport ships. The current worldwide container fleet is estimated at 18 million units, the majority of which are standard 20' and 40' steel general purpose containers. Container ownership is predominantly divided between shipping lines and international and domestic container leasing companies.

The domestic portable storage, freight and accommodation container market slowly emerged with the maturing of the international cargo container business during the mid-1980s. As containers were removed from international service due to retirement or surplus inventory, alternate uses were developed.

The retired cargo containers initially were utilized primarily for packaging of one-way shipments, for project work, or for use as cheap storage on farms or construction sites. By the late 1980s, retired containers that were previously sold in an as-is condition were being refurbished into secure portable storage containers that were leased or sold to customers.

Through the 1990s, new uses for containers were developed that involved converting or customizing a refurbished cargo container for a particular application, such as a workshop or site office. Containers offer a relatively inexpensive and plentiful building template that is durable, cuttable, movable and long lasting. During this period, containerization was also gaining market acceptance in Australia as a means of more securely transporting freight by road and rail, gradually replacing older and less efficient forms of freight transportation such as trucks and rail wagons.

Since the mid 1990s, the domestic container industry in Australia has developed into a stable market structure with set competitive models analogous to the marine container business 20 or 25 years ago. Marine containerization displaced less efficient and more expensive specialized equipment. In the same way, portable storage, freight and accommodation containers are increasingly being substituted for more expensive, less flexible, purpose-built space. We believe that there are many more uses for portable storage, freight and accommodation containers still to be developed; part of Royal Wolf's market opportunity is to develop and service these new applications.

Royal Wolf's management estimates that the portable storage market in Australia currently generates annual revenues of approximately U.S. \$150 million, with an estimated 60% derived from sales of portable storage containers. Royal Wolf's management anticipates that, as the market matures, rental revenue will account for an increasing proportion of the total revenue.

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The portable storage market has experienced steady growth since the mid-1990s. Although there is no official forecast of industry growth rates or the future potential size market for portable storage in Australia, we believe that a number of factors suggest that the market will continue to grow:

The level of knowledge among potential customers regarding the availability and benefits of containerized storage in key Australian markets, such as the construction and mining industries, is still low;

Suppliers and customers continue to develop further uses for portable containers, thereby broadening the market for portable containers; and

As the market leader in Australia, Royal Wolf has consistently achieved organic growth and based, in part, on growth in the market as a whole.

Royal Wolf's competition in this market is regionalized and highly fragmented. In most locations, Royal Wolf competes with one or two large to mid-sized regional competitors, as well as smaller, full and part-time operators. Local competitors are regionally focused, and are usually more capital-constrained. Most are therefore heavily reliant on monthly sales performance, have slowly growing rental fleets and limited ability to transact larger deals.

## **Portable Buildings Market**

The portable buildings market in Australia is estimated to have generated revenue totalling \$760 million in the year ending June 2006, of which approximately \$450 million (Source IBISWorld report Prefabricated Metal Building Manufacturing in Australia C2911 30 March 2006) relates to the markets in which Royal Wolf offers a competing product. The portable buildings market consists of the following:

Engineering, construction and resources approximately 50%.

Non-residential building construction approximately 35%.

Recreation and holiday market approximately 15%.

Within the engineering, construction and resources market, portable buildings are used for site offices, toilet and shower facilities, and worker housing and temporary accommodation blocks. This market is influenced by trends in public and private sector spending on infrastructure, generally, and, particularly, mine development and road and pipeline construction.

Demand from the non-residential buildings market principally stems from the demand for work sheds, site offices, industrial garages and temporary warehousing. Demand can be significantly affected by special projects such as the 2000 Olympic Games and 2006 Commonwealth Games hosted in Australia.

The recreation and holiday market is increasingly becoming an important source of demand, particularly for the supply of fitted out cabins to be used as rental accommodations and second homes on purchased blocks of land. Growth in demand has been driven by growth in disposable income and increased leisure time associated with an aging population.

We believe that the portable buildings market will grow over the medium term, driven in part by a cyclical expansion in the mining and construction markets. Differentiation and new portable building products such as those provided by Royal Wolf will act as a stimulus for longer-term growth in the market as older style products are replaced.

The lease and sale of containerized portable buildings have major advantages over traditional portable buildings in terms of transportability, security and flexibility. We believe that Royal Wolf's launch of its portable buildings line of products in late 2005 represents a significant new market and growth opportunity for Royal Wolf.

In the portable buildings markets, Royal Wolf competes with three or four other large participants who manufacture their own units and most of whom offer units for both lease and sale to customers. The major barrier to entry for new participants is the degree of market penetration necessary to create a wide profile with contractors and clients. Penetrating and competing with the range of products and number of depots and agencies offered by incumbent operators tends to inhibit new entrants. As Royal Wolf already has a national sale and distribution



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network, established supply channels and a strong profile in its target markets, many of the barriers to entry applicable to other new entrants are not applicable to it.

### **Freight Container Market**

RWA's management estimates that the freight container market in Australia generates approximately \$29 million in aggregate annual lease and sales revenues. The rate of growth in this industry has been slow compared with the portable container storage and portable buildings market demonstrating the relative maturity of the market.

Although there is potential for growth in the freight container market as more road and rail carriers recognize the efficiencies of containerization, Royal Wolf's present strategy is to maintain rather than grow its container fleet investment and dependence upon this sector of its business activities.

### **Leasing versus Sale**

Royal Wolf's business model is focused on both the leasing and sale of its products.

Monthly lease rates typically range from approximately \$64 to \$110 (higher for portable buildings and more specialized containers). Average monthly lease fleet utilization has historically ranged from 81% to 91%. Lease contracts range from 30-day short-term leases to long-term leases with a minimum commitment ranging from two-to-five years and average more than twelve months.

Royal Wolf has a strong and scaleable lease platform with significant geographical reach and a recognizable brand identity. Royal Wolf's lease fleet has grown from 8,171 units in June 2003 to approximately 16,000 units in June 2006.

### **Economics of container rental model**

Royal Wolf estimates that its container lease fleet products have economic lives of up to 30 years. Customers typically request the products by size or intended application, not by age or condition. As a result, standardized products historically have generated comparable lease rates throughout their useful lives.

### **Sales activity**

Historically, capital constraints have limited the extent to which Royal Wolf has been able to grow its lease fleet, so Royal Wolf has pursued a hybrid model funding growth in the lease fleet through container sales. Sales not only help fund Royal Wolf's lease fleet growth, but also provide a vehicle for profitably disposing of surplus or aging lease fleet equipment. Royal Wolf has enjoyed a consistent sale market for its products, with sales averaging 12,000 or more units each year since 2003.

### **Branch network**

Royal Wolf leases and sells its products from an Australia-wide network of 15 Customer Service Centers, or CSCs, the largest branch network in Australia of any company in the business of selling and leasing portable storage containers. Royal Wolf is represented in all major locations, and is the only container leasing and sales company with a nationally integrated infrastructure and work force. A typical Royal Wolf CSC consists of a leased site of approximately two-to-five acres with a sales office, forklifts and all-weather container repair workshop. CSC office staffing ranges from two to 15 people and consists of a Branch Manager supported by the appropriate level of sales, operations and administrative personnel. Yard and workshop staffing usually ranges between one and 12 people and can consist of welders, spray painters, boilermakers, forklift drivers and production supervisors. CSC inventory

holding ranges between 100 and 500 containers at any one time, depending on market size and throughput demand.

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The following illustrates Royal Wolf's existing CSC locations:

**Products**

Royal Wolf is the only container company in Australia with both the national presence and product range capable of servicing all sectors of the domestic rental & sales market. The Company's key products include:

- Portable storage containers:
  - 10 , 20 & 40 general purpose units
  - Mini Cube units
  - Dangerous Goods containers
  - Refrigerated containers
- Portable container buildings:
  - Site offices & Cabins
  - Workforce accommodation unit
  - Luxury accommodation unit
  - Ablutions block
- Freight Containers:
  - Curtain-side containers
  - 20 & 40 Hi-cube containers
  - 20 & 40 two pallet-wide containers
  - Side-opening door containers

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**Customers**

Royal Wolf has a broad base of over 12,000 active customers, with no single customer constituting more than 3% of the Company's annual revenue for the fiscal year ended June 30, 2006. Our customer base includes the retail and manufacturing sectors, councils and government departments, the farming and agricultural community, the building and construction industry, clubs and sporting associations, the mining sector and the general public. In order to minimize the effect from a financial downturn in any particular industry sector, the Company spreads its business activities across the largest number of customers and widest number of industry sectors possible.

Royal Wolf provides its customers a solutions-orientated approach, with high reliability in equipment quality and supply, with prompt and efficient delivery and pick-up, and with superior service and product knowledge. This is supported by a highly responsive national marketing team, in-house finance, control and engineering expertise, plus nationally linked fleet management and accounting systems. Royal Wolf is the largest and only truly national supplier of container products in Australia, and the only container company with the scale, capacity and geographical spread to service a full range of customers; from small local accounts right through to the largest national corporations.

**Employees**

As of June 30, 2006, Royal Wolf employed approximately 167 persons on a full-time basis, as follows:

Operations 49;

Sales 36;

Production 35;

Management 20;

Finance 19; and

Support 8.

None of Royal Wolf's employees are covered by a collective bargaining agreement. Royal Wolf's management believes its relationship with its employees is good. Royal Wolf has never experienced any material labor disruption, and its management is not aware of any efforts or plans to organize its employees.

**Sales and Marketing**

Royal Wolf's sales and marketing strategy is designed to reach thousands of potential customers. Communication with potential customers is predominantly generated through a combination of Yellow Pages and print media advertising, phone sales and cold calling, web-site, word of mouth, walk-ins and direct mail.

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The customer hiring or buying process is being driven by customer awareness of the products combined with moderate price shopping. Typical customers may shop two, perhaps three suppliers, but they do not spend much time doing it the value of the transaction being relatively low to the value of their time. The key is for Royal Wolf to be one of the suppliers that a potential customer calls.

### **Product Procurement**

Royal Wolf purchases out-of-service marine cargo containers from a wide variety of international shipping lines and container leasing companies, plus new container products directly from container manufacturers in China. Royal Wolf is the largest buyer of both new and used container products for the Australian market.

The majority of used containers purchased are standard 20 and 40 units which Royal Wolf converts, refurbishes and customizes. Royal Wolf also purchases new containers directly from container manufacturers.

### **Fleet Management**

Royal Wolf regularly needs to re-locate containers between its CSCs to meet peaks in regional demand and optimize individual CSC inventory levels. Royal Wolf has close relationships with the national road and rail haulage companies that enable it to transport the majority of containers interstate at attractive rates.

Royal Wolf's management information systems are instrumental to our fleet management and targeted marketing efforts. Fleet information is updated daily at branch level which provides management with on-line access to utilization, leasing and sale fleet unit levels and revenues by branch or geographic region.

### **Growth Strategy and Opportunities**

Royal Wolf's experienced senior management team has demonstrated consistent execution of its growth strategy and has successfully positioned Royal Wolf to capitalize on further growth opportunities. With average monthly lease fleet utilization exceeding 80%, reliable sales revenues, expanding market opportunity for its growing product range, acquisition and new site development strategies, we believe Royal Wolf is well-positioned to continue its growth while leveraging its existing infrastructure to enhance margins.

The principal components of Royal Wolf's growth strategy include:

- Lease fleet growth through rate increases, utilization and volume growth;

- Potential to implement transport services to improve service and access pick up/ drop off benefits;

- In-market acquisitions;

- Geographic expansion Regional and Asia/Pacific;

- Complementary products;

- Further penetration of mining industry; and

- Further penetration of defence industries

The container storage and portable building industry is a relative young industry in Australia, the youth of the market presenting significant growth opportunities for Royal Wolf. Although container use for portable storage, domestic freight movement and portable building applications is increasing, there are still considerably more uses for containers still to be developed. Royal Wolf's market opportunity is to fully develop and service these applications, part of the attraction being that public awareness of these products is still relatively low.

**Regulatory Matters**

Royal Wolf must comply with various federal, state and local environmental, transportation, health and safety laws and regulations in connection with its operations. Royal Wolf believes that it is in substantial compliance with these laws and regulations. In addition to compliance costs, Royal Wolf may incur costs related to alleged environmental damage associated with past or current properties owned or leased by it. Royal Wolf believes that its

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liability, if any, for any environmental remediation will not have a material adverse effect on its financial condition. However, we cannot be certain that the discovery of currently unknown matters or conditions, new laws and regulations, or stricter interpretations of existing environmental laws will not have a material adverse effect on Royal Wolf's business or operations in the future.

**Trademarks**

Royal Wolf is a party to a licensing agreement with Triton Holdings Limited for the use of the Royal Wolf name and trademark within Australia and Pacific Islands region. Royal Wolf has represented to us that it believes that it is in compliance with the agreement and there are no claims pending against Royal Wolf challenging its right to use the Royal Wolf name and trade mark within Royal Wolf's region of business.

**Legal Proceedings**

Currently, Royal Wolf is not involved in any material lawsuits or claims arising out of the normal course of our business. The nature of the Royal Wolf's business is such that disputes can occasionally arise with vendors including suppliers and subcontractors, and customers over warranties, contract specifications and contract interpretations among other things. Royal Wolf assesses these matters on a case-by-case basis as they arise. Reserves are established, as required, based on its assessment of its exposure. Royal Wolf has insurance policies to cover general liability and workers compensation related claims. In the opinion of Royal Wolf's management, the ultimate amount of liability not covered by insurance, if any, under pending litigation and claims will not have a material adverse effect on Royal Wolf's financial position or operating results.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ROYAL WOLF**

*You should read the following discussion and analysis of Royal Wolf's consolidated financial condition and results of operations together with Royal Wolf's Selected Historical Consolidated Financial Information and consolidated financial statements and notes thereto that appear elsewhere in this proxy statement. This discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements.*

*The historical consolidated financial results of Royal Wolf described below are presented in Australian dollars and in a different format from the financial statements in this proxy statement.*

**Royal Wolf**

In 2005, Royal Wolf changed its financial reporting year-end date from December 31 to June 30. Since the financial results for 2005 would, therefore, represent only the six month period to June 30, 2005, in order to present comparable periods for comparison purposes, the periods compared in the following tables and in the following description of Royal Wolf's Results of Operations are the twelve months ended June 30, 2006, the twelve months ended June 30, 2005, and the twelve months ended June 30, 2004. The results of operations for the twelve months ended June 30, 2005 and 2004 have been derived from Royal Wolf's condensed consolidated financial statements for the six-months ended June 30, 2005 and for the twelve months ended December 31, 2004 and 2003, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of the periods presented. We believe the following table is a more meaningful and appropriate presentation to compare and analyze the operating results of Royal Wolf and sets forth certain income and expenditure items for the twelve months ended June 30, 2006, 2005 and 2004, respectively.

	<b>Twelve Months Ended June 30</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>(Restated)</b>		
	<b>(In millions of Australian dollars)</b>		
Revenues:			
Leasing	\$ 17.5	\$ 15.1	\$ 12.6
Sale:			
New units	6.8	0.4	
Rental equipment	30.8	28.3	26.8
Other	12.3	10.7	7.9
Total revenues	67.4	54.5	47.3
Cost of Revenues:			
Leasing	4.5	4.7	5.8
Sale:			
New units	5.0	0.3	
Rental equipment	23.2	19.6	16.3
Other	11.0	9.1	8.3



Gross profit	23.7	20.8	16.9
Operating Expenses:			
Selling, general and administrative	20.1	15.9	12.2
Interest (net)	3.5	2.9	1.7
Other	1.0	1.7	1.3
Profit before tax	(0.8)	0.3	1.7
Income tax (benefit)	(0.5)	0.3	0.3
Profit after tax	\$ (0.3)	\$	\$ 1.4

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The following table sets forth certain income and expenditure items as a percentage of total revenues for the periods indicated:

	<b>Twelve Months Ended June 30,</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
Revenues:			
Leasing	25.9%	27.7%	26.6%
Sales:			
New Units	10.1%	0.7%	0.0%
Rental equipment	45.7%	52.0%	56.7%
Delivery, installation and other	18.3%	19.6%	16.7%
Total revenues	100.0%	100.0%	100.0%
Cost of sales and services:			
Leasing	6.7%	8.6%	12.3%
Sales:			
New units	7.4%	0.6%	0.0%
Rental equipment	34.4%	35.9%	34.5%
Delivery, installation and other	16.3%	16.7%	17.5%
Total cost of sales and services	64.8%	61.8%	64.3%
Gross profit	35.2%	38.2%	35.7%
Selling, general and administrative expenses	29.8%	29.2%	25.8%
Interest (net)	5.2%	5.4%	3.6%
Other operating expenses	0.7%	3.6%	5.5%
Total operating expenses	35.7%	38.2%	34.9%
Income before income taxes	(0.5)%	0.2%	0.8%
Income tax expense (benefit)	(0.3)%	(0.2)%	0.1%
Net income	(0.2)%	%	0.7%

**Results of Operations*****Twelve Months Ended June 30, 2006 Compared with the Twelve Months Ended June 30, 2005***

Revenues for the twelve months ended June 30, 2006 were \$67 million, a \$12.9 million or 23.7% increase from revenues of \$54.5 million in the same twelve-month period ended June 30, 2005. The increase resulted from a \$2.5 million or 8.8% increase in sales of rental equipment, a \$6.4 million increase in sales of new products, and a \$2.4 million or 15.9% increase in leasing revenue. Other revenues, which consist primarily of revenues derived from the delivery and installation of Royal Wolf's products, increased by \$1.6 million or 15% from the same period of 2005. The foregoing increases include approximately \$2.2 million of additional revenues generated by the assets that Royal Wolf acquired since December 2005.

The increases in revenues from sales and leasing are largely due to the continued growth in the industries that Royal Wolf serves, Royal Wolf's penetration of those markets, and the enhanced capability of Royal Wolf to modify its containers, thereby increasing the potential market and uses of its products. The increase in sales of new products is primarily attributable to the launch of new products in late 2005.

The 15.9% increase in leasing revenues for the year ended June 30, 2006 resulted primarily from an increase in the number of products Royal Wolf had available for lease during the year, and to a lesser extent, to the increased utilization of the available products and increased rental rates. During the year ended June 30, 2006, the number of products available for lease increased by approximately 3,800 units, of which approximately 1,700 units were acquired through the four acquisitions of businesses that Royal Wolf completed during the second half of the year. The increased number of products available during the current year is expected to continue to result in higher leasing revenues. Average core fleet utilization also contributed to increased leasing revenues, as the utilization rate for the year ended June 30, 2006 increased by approximately 3% from the same period of the prior year to

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approximately 88%. The average monthly rental rate for the year ended June 30, 2006 was up approximately 3% from the same period of the prior year.

Other revenues, including delivery and installation revenues, increased by \$1.6 million for the year ended June 30, 2006 from the year ended June 30, 2005. The foregoing increase was primarily the result of significant additional revenues derived from delivery and installation activities, which increases were partially offset by a decrease in revenues from storage, repairs, commission and other non-recurring expenses related to the acquisition of the remaining shares in the Royal Wolf Hi-Tech joint venture company in March 2006 and other operational changes.

Gross profit for the year ended June 30, 2006 was \$23.7 million, a \$2.9 million or 13.9% increase from the same period of 2005 due to the increase in revenues. Gross profit margin as a percentage of sales decreased from 38.2% for the year ended 2005 to 35.2% in 2006 due to overall competitive pricing pressures and lower margins on revenues generated from the sale of the company's containers. The decrease in gross margins in sales activities was partially offset by an increase in the gross margin percentage in leasing activities. Leasing gross profit for the year increased by \$2.6 million while leasing gross profit margin percentage increased by an additional 5.4%. Of the increased leasing gross profit, \$0.7 million related to the impact of the reduction in depreciation charge in 2006 due to revision of asset useful lives and residual values of container assets.

Selling, general and administrative expense for the year ended June 30, 2006 increased approximately \$4.2 million or 26.4% to \$20.1 million from \$15.9 million for the year ended June 30, 2005. This increase is primarily associated with increased employee-related costs and marketing expenditure directed at the new products. Employee-related expenses increased due to the increased number of employees resulting from both the additional businesses Royal Wolf acquired during the year and from additional employees hired by Royal Wolf as it positioned itself for future growth at various of its CSC depots.

Interest expense for the year ended June 30, 2006 increased by \$0.6 million or 20.7% to \$3.5 million from \$2.9 million in the same period of 2005 due primarily to an increase in the amount borrowed during the year ended June 30, 2006 and to an increase in the rate of interest paid by Royal Wolf for some of the outstanding debt. As of June 30, 2006, Royal Wolf had \$46.1 million of interest bearing indebtedness outstanding, compared to \$38.4 million outstanding as of June 30, 2005. In addition, during the year ended June 2006, Royal Wolf refinanced \$10.0 million of indebtedness that bore interest at a rate of 7% per annum with indebtedness that bears interest at an annual rate of 15%.

***Six Months Ended June 30, 2005***

Revenues for the six months ended June 30, 2005 were \$26.9 million, comprising \$13.3 in sales of rental equipment, \$4.5 million in delivery and installation revenues, new product sales of \$0.4 million and leasing revenues of \$7.7 million.

Other revenue, consisting primarily of revenues from delivery and installation services, as well as revenues from storage, repairs, commission and other miscellaneous items, was \$1.0 million.

Other revenue from charges to former affiliated international Royal Wolf companies ceased as a result of the management buy-out transaction in December 2003.

Gross profit for the six months ended June 30, 2005 was \$10.3 million. Gross profit margin percentage from the sales of rental equipment was 28.8% and the gross margin percentage on the company's leasing activities was 69.1%.

Selling, general and administrative expense for the six months ended June 20, 2005 was \$8.7 million.

***Twelve Months Ended June 30, 2005 Compared with the Twelve Months Ended June 30, 2004***

Revenues for the year ended June 30, 2005 were \$54.5 million, a \$7.2 million or 15.2% increase from revenues of \$47.3 million in the same period of 2004. The increase resulted from a \$1.5 million or 5.6% increase in sales of rental equipment, a \$0.4 million increase in sales of new equipment, a \$2.5 million or 19.8% increase in leasing

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revenue, and a \$2.8 million or 35.4% increase in delivery, installation and other miscellaneous revenues from the same period of 2004.

The increases in sales of rental equipment and corresponding increase in delivery and installation revenues are largely due to continued growth in the industry Royal Wolf serves and the enhanced capability of Royal Wolf's container modification business. In addition, in the year ended June 2005, the company introduced new products for sale that were not offered in year ended June 2004.

Leasing revenues increased due to an increase of approximately 400 units on rent and to higher utilization rates and rental rates. Average core fleet utilization of leasing products for the year ended June 30, 2005 increased by approximately 0.5% to approximately 85% compared to the same period of the prior year. The average monthly rental rate for the year ended June 30, 2005 was up approximately 6% from the same period of the prior year.

Other revenue, which includes revenues primarily from delivery and installation services, as well as revenues from storage, repairs, commission and other miscellaneous items, increased by \$2.8 million, or 35.4%, in the year ended June 30, 2005 over the prior year due primarily to increased modification work activities, which are more time and labor intensive. The increase in modification services was partially offset by a reduction of \$0.9 million in other revenue from charges to former affiliated international Royal Wolf companies as compared to the twelve months ended June 2004. These revenues ceased as a result of the management buy-out transaction in December 2003.

Gross profit for the year ended June 30, 2005 was \$20.8 million, a \$3.9 million or 23.1% increase from the same period of 2004. Gross profit margin percentage from the sales of rental equipment decreased in 2005 to 30.7% from 39.2% in 2004 due primarily to an exchange rate adjustment variation on the settlement of U.S. denominated debt at the time of the management buyout transaction in December 2003 in the same period of 2004 of \$4.3 million. Excluding this adjustment, Royal Wolf would have recorded an increase in gross profit margin percentage to 46.1%. Gross margin as a percentage of sales increased primarily as leasing gross profits for the year increased by \$3.6 million and the gross profit margin percentage on the company's leasing activities increased by 14.9%.

Selling, general and administrative expense for the year ended June 30, 2005 increased approximately \$3.7 million or 30.3% to \$15.9 million from \$12.2 million for the year ended June 30, 2004. This increase is primarily associated with increased employee-related costs, expansion of the CSC depot infrastructure, business insurance, travel related and professional fees.

Interest expense for the year ended June 30, 2005 increased by \$1.2 million or 70.6% to \$2.9 million from \$1.7 million in the same period of 2004 due primarily to the incremental interest expense incurred on the outstanding \$5.4 million 15% B Class Notes.

## **Liquidity and Capital Resources**

### ***Cash Flow for Fiscal 2006, 2005 and 2004***

During 2004, 2005 and 2006, Royal Wolf's principal sources of funds consisted of cash generated from its operations, borrowings (including core debt and a non-converting note) from Australia and New Zealand Banking Group Limited, or ANZ, Royal Wolf's prime bankers, funds received from the issuance of B Class Notes and A Class shares of stock. Royal Wolf also financed a smaller portion of its capital requirements through finance leases and lease-purchase contracts.

Cash flow from operating activities of \$5.8 million in 2004, \$1.9 million in 2005 and \$14.0 million in 2006 were largely generated by the rental of units from Royal Wolf's lease fleet, the associated delivery and installation services

from rental and sales activities and other products. The \$3.8 million decrease in cash flow from operating activities for the six months ended June 30, 2005 was substantially the result of increased purchases of inventories and a decrease in payables. Other factors that contributed to the decrease in net cash provided by operating activities from 2004 to 2005 included increases in selling, general and administrative expense as Royal Wolf made significant investments in CSC infrastructure improvements and headcount growth in preparation for new product introduction and expanded operations.

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Cash flow used in investing activities was \$13.1 million in 2004, \$13.1 million in 2005 and \$26.0 million in 2006. Royal Wolf's primary capital expenditures during these periods were for the discretionary purchase of new and used container fleet units for the lease fleet and units purchased through acquisitions of complimentary businesses. During the twelve months ended June 30, 2006, funds expended in investing activities included the acquisition of assets of three complementary businesses, consisting of the following: In December 2005, Royal Wolf acquired the assets of Cairns-based Cape Containers for a purchase price of \$0.8 million; in March 2006 Royal Wolf purchased the remaining 50% interest in Royal Wolf- Hi Tech, a Newcastle-based joint venture in which it already owned a 50% equity interest, for \$1.1 million; and in April 2006, Royal Wolf acquired the assets of Melbourne-based Australian Container Network for \$5.7 million. The purchase price of each of the foregoing acquisitions was paid by means of borrowings from ANZ.

Other capital expenditures included purchases of additional products for the lease fleet in the amounts of \$12.0 million, \$7.7 million and \$18.1 million in 2004, 2005 and 2006, respectively, and capital expenditures of \$1.3 million, \$1.9 million and \$1.1 million in 2004, 2005 and 2006, respectively, for branch display/showrooms, equipment, leasehold improvements and management information systems.

Net cash provided by financing activities was \$5.0 million in 2004, \$12.4 million in 2005, and \$9.9 million in 2006. Net cash provided by financing activities for the three years consisted of net borrowings under Royal Wolf's ANZ credit facility, term loans, notes and vendor financing arrangements, which were used to supplement cash flow from operating activities in the funding of capital expenditures, as well as the fleet purchases as described above.

Royal Wolf has also funded its liquidity needs through rental agreements and non-recourse loans involving its customers and Royal Wolf's banks. In August 2004, Royal Wolf entered into two rental agreements with K&S Freighters Pty Limited, or K&S, with a total equipment value of approximately \$2.0 million. The rental agreements have a term of five years and three years (with an option to extend for two years) and are funded in the form of an undisclosed principal/agency arrangement with BankWest (Royal Wolf's bankers in 2004). Under these agreements, K&S pays a monthly rental until the end of the rental agreements, and BankWest bear 100% of the credit risk of the transaction. Royal Wolf has the option to purchase the equipment either upon the expiration of the rental term for \$1, or if K&S defaults, for the amount shown as the amortized principal amount outstanding to BankWest. The rental agreement is assignable to Royal Wolf if BankWest's debt is extinguished in full before the expiration of the lease term. The assignability of the rental agreement is applicable to both K&S transactions, where there is a five-year rental agreement but BankWest's debt is extinguished in full inside the five-year period. The transactions between Royal Wolf and K&S apply to (i) a 70 curtainsider transaction in which BankWest's debt is scheduled to be repaid full within 49 months, and (ii) a 12 Reefer transaction, in which BankWest's debt is scheduled to be paid off in 58 months. At the end of these periods, the rental agreement will be assigned to Royal Wolf to receive full benefit of the remaining rental payments.

Royal Wolf has also entered into a \$0.9 million non-recourse transaction with Wridgways Australia Limited, or Wridgways, a publicly-listed company in the moving and storage industry that is one of Royal Wolf's five largest customers. The transaction is essentially a non-recourse loan from ANZ that Royal Wolf used to purchase 300 high cube containers. Royal Wolf then leased those containers to Wridgways using ANZ-specific leasing documentation. There is approximately \$76,000 in surplus cash above the monthly P&I non-recourse payment due to RWA over the 60-month term, which is excess cash sweep. The containers are reflected as an asset on Royal Wolf's balance sheet, subject to depreciation. The loan bears interest at a rate of 8.85% per annum and is amortized over a period of five years. ANZ has a security interest (a mortgage) in the lease agreement between Royal Wolf and Wridgways.

***Current Financing Arrangements***



Pursuant to a senior debt facility, dated December 17, 2004, as amended, ANZ has extended the following credit facilities to Royal Wolf:

Bank Overdraft. Royal Wolf has a bank overdraft facility of \$0.8m to cover normal working capital needs. Interest on bank overdrafts is charged at the prevailing market rates on the amount outstanding from time to time.

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*Receivables Financing Facility: Royal Wolf has an accounts receivables working capital facility that allows the company, subject to certain terms, to access up to \$7.5 million. The facility bears interest at a variable rate equal to base rate plus 1.65% per annum and a monthly fee of \$5,000.*

*Secured Bank Loans. ANZ has agreed to make up to \$41.2 million of secured bank loans available to Royal Wolf. The bank loans are payable either in December 2009 or June 2011 with various levels of loan amortization payment obligations. The availability of the secured loans is subject to annual review. The loans bear interest at the banks prime rates plus 1.10% - 1.35%, with interest payable quarterly. The bank loans are secured by a first ranking fixed and floating charge over the assets and undertakings of Royal Wolf. Under the terms of the Facility Agreement with ANZ, Royal Wolf is required to ensure compliance with numerous covenants in relation to various financial ratios, including consolidated interest coverage; consolidated reworked adjusted leverage; and consolidated debt service coverage. All of Royal Wolf's containers are subject to the bank's liens and are therefore restricted within the shores of Australia.*

***B Class Notes***

In December 2003, Royal Wolf issued \$4.1 million of B Class Notes in connection with the management buyout of the company. The holders of these B Class Notes are entitled to receive cumulative interest of 15% per annum on the issue price of their notes. These notes do not give their holders any voting rights. The B Class Notes are unsecured obligations that mature upon the occurrence of a sale event or as agreed between the B Class Note holders and Royal Wolf. Interest is either paid annually or compounds on a semi-annual basis. Under the senior debt facility agreement with ANZ, any payment of interest to the B Class Note holders must be approved by ANZ. In the event of a liquidation of Royal Wolf, the holders of B Class Notes rank above all shareholders and behind the holder of Royal Wolf's non-convertible note, and are entitled to the proceeds of liquidation to the extent of the face value of the notes and any accumulated interest.

***Non-Convertible Note***

In September 2005, Royal Wolf issued a \$10.0 million Non-Convertible Note to ANZ. The note bears interest at a rate of 15% per annum, with interest either paid annually or compounded on an annual basis. In the event of a liquidation of Royal Wolf, ANZ, as the holder of the non-convertible note, ranks above all shareholders and ahead of the holders of B Class Notes, and therefore is entitled to the proceeds of liquidation to the extent of the face value of the notes and any accumulated interest.

In the opinion of management of Royal Wolf and our management, Royal Wolf's cash from operations, current working capital position and its existing credit facilities will be sufficient to meet Royal Wolf's operating cash requirements for the fiscal year ending June 30, 2007. However, GFN Australasia, our Australian subsidiary, may seek to obtain third-party subordinated debt financing in order to (i) refinance Royal Wolf's existing 15% B Class Notes and Non-Convertible Note, and (ii) provide additional growth capital to Royal Wolf. It is our intention to maintain the existing credit facility with ANZ. We are currently in discussions with ANZ regarding amending certain of the provisions of the existing facility, although no assurance can be given that the terms will be amended. If we are able to obtain subordinated debt financing on the terms that we expect, the subordinated debt would have a minimum five-year term, bear interest of approximately 12% to 13% per annum, and provide the lender with warrants to purchase shares of our common stock. We expect that the covenants in the subordinated debt will be similar to the terms of the ANZ credit facility, that the subordinated debt holders will place limitations on our indebtedness and cash distributions, and that there will be an intercreditor agreement between the holders of the subordinated debt and ANZ. We have not, however, entered into any agreements regarding the subordinated debt, and no assurance can be given that we will be able to obtain third-party financing, that the amount of any third-party financing will be sufficient for the foregoing purposes, or that the terms of any such third-party financing will be similar to the terms described

above.

Except as described above, Royal Wolf is not a party to any off-balance sheet arrangements and does not engage in trading activities involving non-exchange traded contracts. In addition, Royal Wolf has no financial guarantees, debt or lease agreements or other arrangements that could trigger a requirement for an early payment or that could change the value of Royal Wolf's assets.

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The following is a summary of Royal Wolf's contractual obligations as of June 30, 2006:

Contractual Obligations	Total	Payment Due by Fiscal Year Ending June 30,			
		2007	2008- 2010 (In thousands)	2011- 2013	2014 and Thereafter
Facility leases	\$ 5,629	\$ 2,602	\$ 2,356	\$ 400	\$ 271
Finance leases/arrangements	2,451	907	1,544		
Bank indebtedness and term loans	26,127	8,029	18,098		
Total	\$ 34,207	\$ 11,538	\$ 21,998	\$ 400	\$ 271

**Impact of Inflation**

Royal Wolf believes that inflation has not had a material effect on its business.

**Seasonality**

Although demand from certain specific customer segments can be seasonal, Royal Wolf's operations as a whole are not seasonal to any significant extent. Royal Wolf experiences a reduction in sales volumes to general industry during Australia's summer holiday break from mid-December to the end of January, followed by February being a short working day month. However, this reduction in sales typically is counterbalanced by the increased lease revenues derived from the relocations industry, which experiences its seasonal peak of personnel relocations during this same summer holiday break.

**Critical Accounting Policies and Estimates****General**

Royal Wolf's financial reports for 2006, 2005 and 2004 are general-purpose financial reports, which was prepared in accordance with the requirements of the Corporations Act 2001 and Australian accounting standards adopted by the Australian Accounting Standards Board, or AASB. International Financial Reporting Standards, or IFRSs, form the basis of Australian accounting standards adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS, or AIFRS, to distinguish from previous Australian generally accepted accounting principles. The preparation of a financial report in conformity with Australian accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The U.S. Securities and Exchange Commission defines "critical accounting policies" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Royal Wolf's significant

accounting policies are described in Note 1 to the Notes to Royal Wolf's Consolidated Financial Statements for the year ended June 30, 2006. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. However the following policies are considered to be critical within the Securities and Exchange Commission definition:

***Revenue Sale and Modification of Containers***

Revenue from the sale and modification of containers is recognized in the income statement (net of returns, discounts and allowances) when the significant risks and rewards of ownership have been transferred to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time the goods are delivered to or retrieved by the customer.

**Table of Contents*****Depreciation***

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually. The estimated useful lives in the current and comparative periods are as follows:

	<b>2005</b>	<b>2006</b>
<i>Property, plant and equipment</i>		
Plant and equipment	3 - 10 years	3 - 10 years
Motor vehicles	3 - 10 years	3 - 10 years
Furniture and fittings	5 - 10 years	5 - 10 years
<i>Container hire fleet</i>		
Containers for hire	10 years (20% residual)	10 - 25 years (20% residual)
Leased containers for hire (used)	10 years (20% residual)	10 - 25 years (20% residual)
Leased containers for hire (new)	25 years (20% residual)	10 - 30 years (20-30% residual)

***Impairment of Goodwill***

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortized but is tested annually for impairment. For goodwill assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date. Royal Wolf assesses whether goodwill and intangibles with indefinite useful lives are impaired, which assessment occurs at least annually. These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. Intangible assets are tested for impairment where an indicator of impairment arises. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Negative goodwill arising on an acquisition is recognized directly in profit or loss.

Goodwill acquired has been allocated to one single cash-generating unit, being RWA. Goodwill has been assessed as having an infinite useful life and accordingly is not amortized. This asset is tested for impairment annually using the value in use model. Goodwill arose through the purchase of Royal Wolf Trading Australia Pty Limited from Triton Containers International Limited in 2003, and through the purchases of Royal Wolf Hi-Tech Pty Limited, and the business and assets of Cape Containers Pty Limited and Australian Container Network Pty Limited.

***Trade and Other Receivables***

Trade and other receivables are stated as amortized cost less impairment losses. The recoverable amount of the consolidated entity's receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (*i.e.*, the effective interest rate compounded at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognized until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

***Inventories***

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business. Expenses of marketing, selling and distribution to customers, as well as costs of completion are estimated and are deducted from the estimated selling price to establish net realizable value.

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***Accounting Estimates and Judgments***

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Revision of accounting estimates    Container for hire depreciation*

The preparation of the financial statements requires the making of estimations and assumptions that affect the recognized amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

At the beginning of the financial year, Royal Wolf revised upwards the useful life of containers for hire. The financial impact of the revision results in depreciation expense for the year ended June 30, 2006 being \$696,023 less than what it would have been if the previous useful life estimate had been applied. The financial impact of the revision in future periods is not disclosed as the effect cannot be reliably estimated at this point in time due to uncertainty over the timing of sale and existing containers and purchase of new containers.

*Foreign currency risk*

Royal Wolf faces transactional currency exposures. Such exposure arises from sales or purchases in currencies other than the unit's measurement currency. The currency giving rise to this risk is primarily U.S. Dollars.

Royal Wolf has a bank account denominated in U.S. Dollars, into which customers pay their debts. This is a natural hedge against fluctuations in the exchange rate. The funds are then used to pay suppliers, avoiding the need to convert to Australian dollars.

Royal Wolf uses forward currency contracts and options to eliminate the currency exposures on the majority of its transactions denominated in foreign currencies, either by transaction if the amount is significant, or on a general cash flow hedge basis. The forward currency contracts and options are always in the same currency as the hedged item.

It is Royal Wolf's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness. At June 30, 2006, Royal Wolf had hedged 100% of its foreign currency purchases for which firm commitments existed at the balance sheet date, extending to November 2006.

***Issued standards not early adopted (AIFRS)***

The following standards and amendments were available for early adoption but have not been applied by Royal Wolf in the consolidated financial statements:

*AASB 7 Financial instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after January 1, 2007;



AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognized in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after January 1, 2006;

AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time Adoption of Australian Equivalents to International*

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*Financial Reporting Standards*, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after January 1, 2007.

Royal Wolf plans to adopt AASB 7, AASB 2005-9 and AASB 2005-10 in the 2007 financial year.

The initial application of AASB 7 and AASB 205-10 is not expected to have an impact on the consolidated financial results of Royal Wolf as the standard and the amendment are concerned only with disclosures.

The initial application of AASB 2005-9 could have an impact on the consolidated financial results of Royal Wolf as the amendment could result in liabilities being recognized for financial guarantee contracts that have been provided by Royal Wolf. However, the quantification of the impact is not known or reasonably estimable in the current financial year as an exercise to quantify the financial impact has not been undertaken by Royal Wolf to date.

**BENEFICIAL OWNERSHIP OF SECURITIES**

The following table sets forth information regarding the beneficial ownership of our common stock as of [ ], 2006, the record date for the special meeting, by:

Each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;

Each of our current executive officers and directors; and

All of our current executive officers and directors as a group; and

Unless otherwise noted, we believe that each beneficial owner named in the table has sole voting and investment power with respect to the shares shown, subject to community property laws where applicable. An asterisk (\*) denotes beneficial ownership of less than one percent.

Name	Beneficial Ownership	
	Number of Shares	Percent of Class
Ronald F. Valenta(1)	1,410,000	13.4%
John O. Johnson	365,250	3.5%
James B. Roszak	22,500	(*)
Lawrence Glascott	22,500	(*)
Manuel Marrero	22,500	(*)
David M. Connell	22,500	(*)
Marc Perez	18,750	(*)
Azimuth Opportunity, Ltd(2) c/o WSmiths Finance Nemours Chambers P.O. Box 3170 Road Town, Tortola British Virgin Islands	525,100	5.0%
Fir Tree, Inc.(3)	898,525	9.6%

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535 Fifth Avenue, 31st Floor  
New York, NY 10017

All officers and directors as a group (seven persons)	1,875,000	17.86%
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- (1) Mr. Valenta's business address is c/o General Finance Corporation, 260 South Los Robles, Suite 217, Pasadena, California 91101.
- (2) Information is based exclusively on a Schedule 13G filed with the Securities Exchange Commission on August 31, 2006.
- (3) Fir Tree, Inc. is the investment manager of both Fir Tree Recovery Master Fund, L.P., a Cayman Islands exempted limited partnership, and Sapling, LLC. Fir Tree Recovery may direct the vote and disposition of

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271,894 shares of Common Stock. Sapling may direct the vote and disposition of the 626,631 shares of Common Stock. Information is based exclusively on a Schedule 13G filed with the Securities Exchange Commission on April 11, 2006.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Prior to our IPO, we issued an aggregate of 1,875,000 shares of common stock to our officers and directors as set forth above under Beneficial Ownership of Securities at a purchase price of approximately \$0.134 per share. These shares are being held in escrow with Continental Stock Transfer & Trust Company, as escrow agent, pursuant to an escrow agreement between us, our officers and directors and the escrow agent. These shares will not be transferable by our officers and directors, except to their spouses, children or trusts established for their benefit, and will only be released from escrow upon the earlier of one year after the completion of our initial business combination or the completion of a transaction after our initial business combination that results in our stockholders having the right to exchange their shares for cash or other securities.

We currently have an unsecured limited recourse line of credit agreement with Ronald J. Valenta, our Chief Executive Officer and a director, under which we can borrow up to \$1,750,000 from time to time at an annual interest rate of 8%. At September 12, 2006, the outstanding principal amount of borrowings under the line of credit was \$700,000. Borrowings under the line of credit will become due and payable upon the first to occur of our initial business combination, an event of default (as defined), our liquidation or dissolution, and April 5, 2008, provided, however, that Mr. Valenta will have no recourse against the funds held in the trust account for repayment of any amounts outstanding under the line of credit. Subject to this limitation on recourse to the funds in the trust account, amounts outstanding under the line of credit may be repaid in whole or in part at any time without penalty or premium. Neither Mr. Valenta nor our other officers or directors has any obligation to provide us any additional financing.

**WHERE YOU CAN FIND MORE INFORMATION**

We file reports, proxy statements and other information with the Securities and Exchange Commission as required by the Securities Exchange Act of 1934, as amended. You may read and copy reports, proxy statements and other information filed by us with the Securities and Exchange Commission at the Securities and Exchange Commission public reference room located at Judiciary Plaza, 100 F Street, N.E., Room 1024, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-732-0330. You may also obtain copies of the materials described above at prescribed rates by writing to the Securities and Exchange Commission, Public Reference Section, 100 F Street N.E., Washington, D.C. 20549. You also may access information on us at the Securities and Exchange Commission web site containing reports, proxy statements and other information at: <http://www.sec.gov>.

If you would like additional copies of this proxy statement or the proxy card, or if you have questions about the acquisition, you should contact, orally or in writing:

Mr. John O. Johnson  
Chief Operating Officer  
General Finance Corporation  
260 South Los Robles, Suite 217  
Pasadena, California 91101  
Telephone: (626) 795-0040

OR

**[Proxy Solicitor]**

Telephone: (      ) \_\_\_\_



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**Independent audit report to the members of RWA Holdings Pty Limited**

The Board of Directors  
RWA Holdings Pty Limited

We have audited the accompanying consolidated balance sheets of RWA Holdings Pty Limited and subsidiaries as of June 30, 2006 and 2005, and December 31, 2004, and the related consolidated income statements, statements of recognized income and expense, and cash flows for the periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Australia and the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RWA Holdings Pty Limited and subsidiaries as of June 30, 2006 and 2005, and December 31, 2004, and the results of their operations and their cash flows for the periods then ended, in conformity with Australian equivalents to International Financial Reporting Standards.

Australian equivalents to International Financial Reporting Standards vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 27 to the consolidated financial statements.

As discussed in Note 1(w), the accompanying consolidated financial statements as of June 30, 2006 and 2005, and December 31, 2004 and for each of the periods in the two and a half year period ended June 30, 2006 have been restated.

/s/ KPMG

Sydney, Australia  
October 20, 2006

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**Table of Contents****RWA Holdings Pty Limited Financial Report****Income statements**

For the year ended 30 June 2006

	Note	<b>Restated 30 June 2006 12 Months A\$ 000</b>	<b>Restated 30 June 2005 6 Months A\$ 000</b>	<b>Restated 31 December 2004 12 Months A\$ 000</b>
Revenue				
Sale and modification of containers		46,097	17,534	35,463
Hire of containers		21,290	9,339	16,756
<b>Total revenue</b>		<b>67,387</b>	<b>26,873</b>	<b>52,219</b>
Other income	3	35	18	31
Changes in inventories of finished goods and WIP		(3,475)	(1,936)	1,740
Purchases of finished goods and consumables used		(40,243)	(14,687)	(34,437)
Employee benefits expense		(10,157)	(4,794)	(7,525)
Depreciation and amortisation expense		(4,480)	(2,041)	(3,943)
Other expenses	4	(6,411)	(2,820)	(4,568)
<b>Results from operating activities</b>		<b>2,656</b>	<b>613</b>	<b>3,517</b>
Financial income	6	552	429	118
Financial expenses	6	(4,064)	(1,457)	(3,252)
<b>Net financing costs</b>		<b>(3,512)</b>	<b>(1,028)</b>	<b>(3,134)</b>
Share of profit of associate	11		172	92
<b>Profit/(loss) before tax</b>		<b>(856)</b>	<b>(243)</b>	<b>475</b>
Income tax benefit	7	525	30	4
<b>Profit/(loss) after tax</b>		<b>(331)</b>	<b>(213)</b>	<b>479</b>
<b>Attributable to:</b>				
Equity holders of the parent		(331)	(213)	479

The income statements are to be read in conjunction with the notes of the financial statements set out on pages F-7 to F-56.



**Table of Contents****RWA Holdings Pty Limited Financial Report****Statements of recognised income and expense  
For the year ended 30 June 2006**

		<b>Restated 30 June 2006 12 Months A\$ 000</b>	<b>Restated 30 June 2005 6 Months A\$ 000</b>	<b>Restated 31 December 2004 12 Months A\$ 000</b>
	<b>Note</b>			
Net income/(loss) recognised directly in equity				
Profit/(loss) for the period		(331)	(213)	479
<b>Total recognised income and expense for the period</b>	<b>19</b>	<b>(331)</b>	<b>(213)</b>	<b>479</b>
<b>Attributable to:</b>				
Equity holders of the parent		(331)	(213)	479

The statements of recognised income and expense are to be read in conjunction with the notes of the financial statements set out on pages F-7 to F-56.

**Table of Contents****RWA Holdings Pty Limited Financial Report****Balance sheets**  
As at 30 June 2006

	<b>Note</b>	<b>Restated 30 June 2006 A\$ 000</b>	<b>Restated 30 June 2005 A\$ 000</b>	<b>Restated 31 December 2004 A\$ 000</b>
<b>ASSETS</b>				
Cash and cash equivalents	8	777	695	3
Trade and other receivables	9	10,206	7,876	7,024
Inventories	10	7,498	4,023	2,140
<b>Total current assets</b>		<b>18,481</b>	<b>12,594</b>	<b>9,167</b>
Receivables	9	775	839	1,194
Investments accounted for using the equity method	11		427	255
Property, plant and equipment	12	3,599	3,306	1,812
Container hire fleet	13	38,491	25,779	22,447
Intangible assets	14	5,060	4,207	4,515
<b>Total non-current assets</b>		<b>47,925</b>	<b>34,558</b>	<b>30,223</b>
<b>Total assets</b>		<b>66,406</b>	<b>47,152</b>	<b>39,390</b>
<b>LIABILITIES</b>				
Trade and other payables	15	12,509	8,228	11,530
Interest-bearing loans and borrowings	16	8,939	2,778	1,425
Current tax liability				791
Employee benefits	17	962	801	444
Provisions	18	300		
<b>Total current liabilities</b>		<b>22,710</b>	<b>11,807</b>	<b>14,190</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	16	37,194	30,175	20,614
Deferred tax liabilities	7	824	119	119
Employee benefits	17	567	227	308
Provisions	18	282	8	8
<b>Total non-current liabilities</b>		<b>38,867</b>	<b>30,529</b>	<b>21,049</b>
<b>Total liabilities</b>		<b>61,577</b>	<b>42,336</b>	<b>35,239</b>

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<b>Net assets</b>		4,829	4,816	4,151
<b>Equity</b>				
Issued capital	19	4,550	4,550	3,672
Retained earnings/(accumulated losses)	19	(65)	266	479
Reserves	19	344		
<b>Total equity attributable to equity holders of the parent</b>		4,829	4,816	4,151

The balance sheets are to be read in conjunction with the notes of the financial statements set out on pages F-7 to F-56.

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**Table of Contents****RWA Holdings Pty Limited Financial Report****Statements of cash flows  
For the year ended 30 June 2006**

	Note	<b>Restated 30 June 2006 12 Months A\$ 000</b>	<b>Restated 30 June 2005 6 Months A\$ 000</b>	<b>Restated 31 December 2004 12 Months A\$ 000</b>
<b>Cash flows from operating activities</b>				
Cash receipts from customers		71,375	29,238	56,324
Cash paid to suppliers and employees		(54,343)	(25,334)	(49,584)
Cash generated from operations		17,032	3,904	6,740
Interest paid		(3,041)	(1,270)	(1,721)
Income taxes received/(paid)			(759)	781
<b>Net cash from operating activities</b>	25	13,991	1,875	5,800
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		70	24	74
Interest received		209	104	118
Acquisition of subsidiary, net of cash acquired	24	(6,490)		
Acquisition of property, plant and equipment	12	(1,119)	(1,937)	(1,254)
Acquisition of container hire fleet	13	(18,073)	(7,725)	(12,003)
Acquisition of intangible assets	14	(496)	(25)	(70)
Payment of deferred purchase consideration			(3,500)	
<b>Net cash from investing activities</b>		(25,899)	(13,059)	(13,135)
<b>Cash flows from financing activities</b>				
Payment of finance lease liabilities		(756)	(385)	(1,910)
Proceeds from borrowings		24,736	12,987	19,682
Repayment of borrowings		(14,116)	(1,071)	(12,755)
Proceeds from calls made on shares			878	
<b>Net cash from financing activities</b>		9,864	12,409	5,017
Net increase / (decrease) in cash and cash equivalents		(2,044)	1,225	(2,318)
Cash and cash equivalents at beginning of period		695	(530)	1,788
<b>Cash and cash equivalents at 30 June</b>	8	(1,349)	695	(530)

The statements of cash flows are to be read in conjunction with the notes of the financial statements set out on pages F-7 to F-56.

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**RWA Holdings Pty Limited Financial Report**

**Notes to the consolidated financial statements**

**1. Significant accounting policies**

RWA Holdings Pty Limited (the company) is a proprietary company domiciled in Australia.

The consolidated financial report of the company for the financial year ended 30 June 2006 comprise the company and its subsidiaries (together referred to as the consolidated entity) and the consolidated entity's interest in associates.

The financial report was authorised for issue by the directors on 20 October 2006.

***Change in year end***

On 20 January 2005 the Australian Securities and Investments Commission (ASIC) issued a Subsection 340(1) Order granting the company and its controlled entity relief from paragraph 323D(2)(b) of the Act and allowing a transitional financial year of six months from 1 January 2005 to 30 June 2005, with each financial year thereafter being twelve months long. Consequently, comparative amounts for the income statement, changes in equity, cash flows and related notes are not entirely comparable.

**(a) Statement of compliance**

The financial report has been prepared in accordance with the requirements of Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB). International Financial Reporting Standards (IFRSs) form the basis of AASBs, and for the purpose of this report are called Australian equivalents to IFRS (AIFRS) to distinguish from previous Australian generally accepted accounting principles (AGAAP). The financial reports of the consolidated entity also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

**(b) Basis of preparation**

The financial report is presented in Australian dollars.

***Issued standards not early adopted***

The following standards and amendments were available for early adoption but have not been applied by the consolidated entity in these financial statements:

*AASB 7 Financial instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007;

*AASB 2005-9 Amendments to Australian Accounting Standards* (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006;

*AASB 2005-10 Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of*

*Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

The consolidated entity plans to adopt AASB 7, AASB 2005-9 and AASB 2005-10 in the 2007 financial year.

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**RWA Holdings Pty Limited Financial Report**

**Notes to the consolidated financial statements (Continued)**

The initial application of AASB 7 and AASB 2005-10 is not expected to have an impact on the financial results of the consolidated entity as the standard and the amendment are concerned only with disclosures.

The initial application of AASB 2005-9 could have an impact on the financial results of the company and the consolidated entity as the amendment could result in liabilities being recognised for financial guarantee contracts that have been provided by the company and the consolidated entity. However, the quantification of the impact is not known or reasonably estimable in the current financial year as an exercise to quantify the financial impact has not been undertaken by the company and the consolidated entity to date.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, and financial instruments classified as available-for-sale.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Directors Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1(v).

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report. The accounting policies have been applied consistently by all entities in the consolidated entity.

**(c) Basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The



financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

*(ii) Associates*

Associates are those entities in which the company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements includes the consolidated entity s share of the total

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**RWA Holdings Pty Limited Financial Report**

**Notes to the consolidated financial statements (Continued)**

recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate.

The consolidated entity's investment in its associate is accounted for under the equity method of accounting in the consolidated financial statements. The financial statements of the associate are used by the consolidated entity to apply the equity method of accounting. The reporting dates of the associate and the consolidated entity are identical and both use consistent accounting policies.

The investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate, less any impairment in value. The income statement reflects the consolidated entity's share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the consolidated entity recognises its share of any changes and discloses this, when applicable in the statement of changes in equity.

*(iii) Transactions eliminated on consolidation*

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to the Investments accounted for under the equity method and Share of profit of associate accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the consolidated entity's interest in such entities is disposed of.

*(d) Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

*(e) Derivative financial instruments*

The consolidated entity may use derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. In accordance with its treasury policy, the

consolidated entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

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**RWA Holdings Pty Limited Financial Report**

**Notes to the consolidated financial statements (Continued)**

***(f) Property, plant and equipment***

*(i) Owned assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (l)). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads, where applicable.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

*(ii) Subsequent costs*

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

*(iii) Leased assets*

Leases under which the substantially all the risks and benefits incidental to ownership of the leased item are assumed by the consolidated entity are classified as finance leases. Other leases are classified as operating leases.

***Finance leases***

A lease asset and a lease liability equal to the present value of the minimum lease payments, or the fair value of the leased item, whichever is the lower, are capitalised and recorded at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

***Operating leases***

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Where leases have fixed rate increases, these increases are accrued and amortised over the entire lease period, yielding a constant periodic expense for the entire term of the lease.

*(iv) Depreciation*

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

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**Table of Contents****RWA Holdings Pty Limited Financial Report****Notes to the consolidated financial statements (Continued)**

The estimated useful lives in the current and comparative periods are as follows:

	<b>2004-2005</b>	<b>2006</b>
<i>Property, plant and equipment</i>		
Plant and equipment	3 - 10 years	3 - 10 years
Motor vehicles	3 - 10 years	3 - 10 years
Furniture and fittings	5 - 10 years	5 - 10 years
<i>Container hire fleet</i>		
Containers for hire	10 years (20% residual)	10 - 25 years (20% residual)
Leased containers for hire (used)	10 years (20% residual)	10 - 25 years (20% residual)
Leased containers for hire (new)	25 years (20% residual)	10 - 30 years (20-30% residual)

**(g) Container hire fleet**

The consolidated entity has a container hire fleet primarily consisting of refurbished, modified and manufactured shipping containers that are held long term and leased to customers under short-term operating lease agreements with varying terms. Depreciation is provided using the straight-line method over the units' estimated useful life, after the date the unit is put in service, and are depreciated down to their estimated residual values. For depreciation rates, estimated useful lives and residual values, see above. In the opinion of management, estimated residual values do not cause carrying values to exceed net realisable value. The consolidated entity continues to evaluate these depreciation policies as more information becomes available from other comparable sources and its own historical experience.

Costs incurred on hire fleet containers subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years, otherwise, expensed as incurred.

Containers in the hire fleet are available for sale, and are transferred to inventory prior to sale. Cost of sales of the hire fleet container is recognised as the depreciated cost at date of disposal.

**(h) Intangible assets****(i) Goodwill****Business combinations prior to 1 January 2004**

Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

**Business combinations since 1 January 2004**

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and not amortised but is tested annually for impairment (see accounting policy (1)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Negative goodwill arising on an acquisition is recognised directly in profit or loss.

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**Notes to the consolidated financial statements (Continued)**

*(ii) Other intangible assets*

Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (l)).

Expenditure on development activities, whereby research findings are assigned to a plan or design for the production of new or substantially improved products and processes is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate portion of overheads. Other development expenditure is recognised in the income statement as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy l).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

*(iii) Subsequent expenditure*

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

*(iv) Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives in the current and comparative periods are as follows:

Goodwill	indefinite
Software	3 years
Development assets	5 years or the products expected life cycle, as appropriate

*(i) Trade and other receivables*

Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy (l)).

*(j) Inventories*

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. Expenses of marketing, selling and distribution to customers, as well as costs of completion are estimated and are deducted from the estimated selling price to establish net realisable value.



Costs are assigned to individual items of stock on the basis of specific identification, and include expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

*(k) Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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**Notes to the consolidated financial statements (Continued)**

***(l) Impairment***

The carrying amounts of the consolidated entity's assets, other than inventories (see accounting policy (j)) and deferred tax assets (see accounting policy (s)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (l(i))).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

***(i) Calculation of recoverable amount***

The recoverable amount of the consolidated entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate compounded at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

The recoverable amount of the consolidated entity's other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

***(ii) Reversals of impairment***

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

***(m) Interest bearing borrowings***

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and

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**Notes to the consolidated financial statements (Continued)**

redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

**(n) Employee benefits**

*(i) Defined contribution superannuation funds*

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

*(ii) Long-term service benefits*

The consolidated entity's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the consolidated entity's obligations.

*(iii) Wages, salaries and annual leave*

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

*(iv) Share-based payment transactions*

Certain directors and senior officers have been granted options over the ordinary shares of RWA Holdings Pty Limited. Details of the interests of the directors and top five remunerated officers of the consolidated entity have been disclosed in the Directors' report.

The employee share option plan allows consolidated entity employees to acquire shares of the Company with both the company and employees having the option to settle with a cash equivalent. The fair value of options granted is recognised as an employee expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The liability is remeasured at each balance sheet date and at settlement date.

The fair value of the options granted is measured using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest. The volatility of the asset value is based upon the volatility of listed companies with a similar profile to the consolidated entity.

**(o) Provisions**

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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**RWA Holdings Pty Limited Financial Report**

**Notes to the consolidated financial statements (Continued)**

**(p) Trade and other payables**

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled within 60 day terms.

**(q) Revenue**

*Sale and modification of containers*

Revenue from the sale and modification of containers is recognised in the income statement (net of returns, discounts and allowances) when the significant risks and rewards of ownership have been transferred to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time the goods are delivered to or retrieved by the customer.

*Hire of containers*

Revenue from hire of containers is recognised in the period earned.

Unearned revenue arises when transport charges for the return retrieval of a hired container or containers is billed in advance, while the actual retrieval has not yet occurred as the container is still on hire. The amount of unearned revenue at balance date was \$565,000 (2005: \$489,000, 2004: 470,000), and is included in trade and other payables.

**(r) Net financing costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy (e)). Borrowing costs are expensed as incurred and included in net financing costs.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

**(s) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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**RWA Holdings Pty Limited Financial Report**

**Notes to the consolidated financial statements (Continued)**

A deferred tax asset is recognised only to the extent that it is probable that future taxable