

General Finance CORP
Form 10-Q
May 13, 2014
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U. S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2014

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____.

Commission file number 001-32845

(Exact Name of Registrant as Specified in its Charter)

**Delaware
(State or Other Jurisdiction of
Incorporation or Organization)**

**32-0163571
(I.R.S. Employer
Identification No.)**

**39 East Union Street
Pasadena, CA 91103**

(Address of Principal Executive Offices)

(626) 584-9722

(Registrant's Telephone Number, Including Area Code)

Indicate by check whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
25,588,656 shares outstanding as of May 9, 2014.

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GENERAL FINANCE CORPORATION

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Table of Contents**Part I. FINANCIAL INFORMATION****Item 1. Financial Statements****GENERAL FINANCE CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per share data)**

	June 30, 2013	March 31, 2014 (Unaudited)
Assets		
Cash and cash equivalents	\$ 6,278	\$ 8,349
Trade and other receivables, net of allowance for doubtful accounts of \$2,275 and \$2,541 at June 30, 2013 and March 31, 2014, respectively	34,360	44,077
Inventories	31,858	36,596
Prepaid expenses and other	5,571	11,020
Property, plant and equipment, net	19,840	21,884
Lease fleet, net	290,165	340,307
Goodwill	68,692	72,276
Other intangible assets, net	16,402	14,829
Total assets	\$ 473,166	\$ 549,338
Liabilities		
Trade payables and accrued liabilities	\$ 32,238	\$ 42,309
Income taxes payable	496	21
Unearned revenue and advance payments	15,764	15,427
Senior and other debt	162,951	215,395
Deferred tax liabilities	27,576	34,669
Total liabilities	239,025	307,821
Commitments and contingencies (Note 9)		
Equity		
Cumulative preferred stock, \$.0001 par value: 1,000,000 shares authorized; 400,100 shares issued and outstanding (in series) and liquidation value of \$40,542 and \$40,702 at June 30, 2013 and March 31, 2014, respectively	40,100	40,100
Common stock, \$.0001 par value: 100,000,000 shares authorized; 24,330,257 and 24,358,644 shares issued and outstanding at June 30, 2013 and March 31, 2014, respectively	2	2
Additional paid-in capital	120,146	118,652
Accumulated other comprehensive income (loss)	(906)	357
Accumulated deficit	(19,179)	(13,494)

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Total General Finance Corporation stockholders equity	140,163	145,617
Equity of noncontrolling interests	93,978	95,900
Total equity	234,141	241,517
Total liabilities and equity	\$ 473,166	\$ 549,338

The accompanying notes are an integral part of these condensed consolidated financial statements.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)

(Unaudited)

	Quarter Ended March 31,		Nine Months Ended March 31,	
	2013	2014	2013	2014
Revenues				
Sales:				
Lease inventories and fleet	\$ 27,022	\$ 24,421	\$ 75,020	\$ 84,067
Manufactured units	5,310	6,807	13,041	12,955
	32,332	31,228	88,061	97,022
Leasing	31,503	34,445	92,515	100,026
	63,835	65,673	180,576	197,048
Costs and expenses				
Cost of sales:				
Lease inventories and fleet (exclusive of the items shown separately below)	19,827	18,065	55,230	64,457
Manufactured units	5,556	4,959	12,105	9,532
Direct costs of leasing operations	12,258	12,162	34,639	36,206
Selling and general expenses	13,482	14,902	39,757	43,098
Depreciation and amortization	5,568	6,022	16,155	17,284
Operating income	7,144	9,563	22,690	26,471
Interest income	3	14	43	37
Interest expense	(2,749)	(2,490)	(8,604)	(7,216)
Foreign currency exchange gain (loss) and other	115	(512)	583	(1,061)
	(2,631)	(2,988)	(7,978)	(8,240)
Income before provision for income taxes	4,513	6,575	14,712	18,231
Provision for income taxes	1,715	2,749	5,591	7,621
Net income	2,798	3,826	9,121	10,610
Preferred stock dividends	(44)	(922)	(130)	(2,597)
Noncontrolling interests	(2,049)	(1,841)	(5,602)	(4,925)
	\$ 705	\$ 1,063	\$ 3,389	\$ 3,088

Net income attributable to common stockholders

Net income per common share:

Basic	\$	0.03	\$	0.04	\$	0.15	\$	0.13
Diluted		0.03		0.04		0.15		0.12

Weighted average shares outstanding:

Basic	22,127,042	24,357,045	22,059,072	24,340,735
Diluted	22,821,564	25,208,993	22,753,594	25,192,683

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/LOSS****(In thousands, except share and per share data)****(Unaudited)**

	Quarter Ended March 31		Nine Months Ended March 31,	
	2013	2014	2013	2014
Net income	\$ 2,798	\$ 3,826	\$ 9,121	\$ 10,610
Other comprehensive income (loss):				
Fair value change in derivative, net of income tax provision (benefit) of \$196 and \$100 for the quarter and nine months ended March 31, 2013 and \$(37) and \$(40) for the quarter and nine months ended March 31, 2014, respectively	457	(110)	233	(93)
Cumulative translation adjustment	557	5,665	3,487	3,125
Total comprehensive income	3,812	9,381	12,841	13,642
Allocated to noncontrolling interests	(2,667)	(4,791)	(7,579)	(6,694)
Comprehensive income allocable to General Finance Corporation stockholders	\$ 1,145	\$ 4,590	\$ 5,262	\$ 6,948

The accompanying notes are an integral part of these condensed consolidated financial statements.

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GENERAL FINANCE CORPORATION AND SUBIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(In thousands, except share and share data)

(Unaudited)

			Total Accumulated Retained			General Finance Equity of Corporation			
	Cumulative	Additional	Other	Earnings	Stockholder	Noncontrolling	Total		
	Preferred	Common	Paid-In	Income (Accumulated)	Equity	Interests	Equity		
	Stock	Stock	Capital	(Loss)	Deficit)			Total	
	Stock	Stock	Capital	(Loss)	Deficit)	Equity	Interests	Equity	
Balance at June 30, 2013	\$ 40,100	\$ 2	\$ 120,146	\$ (906)	\$ (19,179)	\$ 140,163	\$ 93,978	\$ 234,141	
Share-based compensation			1,095			1,095	308	1,403	
Preferred stock dividends			(2,597)			(2,597)		(2,597)	
Dividends on capital stock by subsidiary							(4,660)	(4,660)	
Purchases of subsidiary capital stock							(420)	(420)	
Issuance of 6,668 shares of common stock			8			8		8	
Grant of 21,719 shares of restricted stock									
Net income					5,685	5,685	4,925	10,610	
Fair value change in derivative, net of related tax effect				(47)		(47)	(46)	(93)	
Cumulative translation adjustment				1,310		1,310	1,815	3,125	
Total comprehensive income						6,948	6,694	13,642	
Balance at March 31, 2014	\$ 40,100	\$ 2	\$ 118,652	\$ 357	\$ (13,494)	\$ 145,617	\$ 95,900	\$ 241,517	

The accompanying notes are an integral part of these condensed consolidated financial statements.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended March 31,	
	2013	2014
Net cash provided by operating activities (Note 10)	\$ 20,975	\$ 20,760
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(14,649)	(15,695)
Proceeds from sales of property, plant and equipment	161	133
Purchases of property, plant and equipment	(6,197)	(4,306)
Proceeds from sales of lease fleet	20,226	19,582
Purchases of lease fleet	(55,645)	(61,885)
Other intangible assets	(203)	(210)
Net cash used in investing activities	(56,307)	(62,381)
Cash flows from financing activities:		
Repayments of equipment financing activities	(281)	(51)
Repayment of senior credit facility and subordinated note	(79,175)	
Proceeds from senior and other debt borrowings, net	114,389	51,089
Deferred financing costs	(1,412)	(688)
Proceeds from issuances of common stock	295	8
Purchases of subsidiary capital stock	(197)	(420)
Dividends on capital stock by subsidiary	(2,345)	(2,339)
Preferred stock dividends	(130)	(2,597)
Net cash provided by financing activities	31,144	45,002
Net increase (decrease) in cash	(4,188)	3,381
Cash and equivalents at beginning of period	7,085	6,278
The effect of foreign currency translation on cash	(153)	(1,310)
Cash and equivalents at end of period	\$ 2,744	\$ 8,349

On February 5, 2014, the Board of Directors of Royal Wolf declared a dividend of AUS\$0.05 per RWH share payable on April 3, 2014 to shareholders of record on March 19, 2014. The condensed consolidated financial statements accrued the amount of the dividend pertaining to the noncontrolling interest, which totaled \$2,321 (AUS\$2,509), as a charge directly to the equity of noncontrolling interests at March 31, 2014 (see Note 3).

The accompanying notes are an integral part of these condensed consolidated financial statements.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Note 1. Organization and Business Operations

General Finance Corporation (GFN) was incorporated in Delaware in October 2005. References to the Company in these Notes are to GFN and its consolidated subsidiaries. These subsidiaries include GFN U.S. Australasia Holdings, Inc., a Delaware corporation (GFN U.S.); GFN North America Corp., a Delaware corporation (GFNNA); GFN Manufacturing Corporation, a Delaware corporation (GFNMC), and its subsidiary, Southern Frac, LLC, a Texas limited liability company (collectively Southern Frac); Royal Wolf Holdings Limited, an Australian corporation publicly traded on the Australian Securities Exchange (RWH), and its Australian and New Zealand subsidiaries (collectively, Royal Wolf); Pac-Van, Inc., an Indiana corporation, and its Canadian subsidiary, PV Acquisition Corp., an Alberta corporation (collectively Pac-Van); and Lone Star Tank Rental Inc., a Delaware corporation.

At March 31, 2014, the Company has two geographic segments that include three operating units; Royal Wolf, which leases and sells storage containers, portable container buildings and freight containers in Australia and New Zealand, which is referred geographically by the Company to be the Asia-Pacific (or Pan-Pacific) area; Pac-Van, which leases and sells storage, office and portable liquid storage tank containers, modular buildings and mobile offices in North America; and Southern Frac, which manufactures portable liquid storage tank containers in North America.

On May 31, 2011, the Company completed an initial public offering (IPO) in Australia of a noncontrolling interest in RWH. A total of 50,000,000 shares of capital stock were issued to the Australian market and an additional 188,526 shares were issued to the non-employee members of the RWH Board of Directors, the RWH chief executive officer and the RWH chief financial officer. At the IPO date and through March 31, 2014, GFN U.S. owned a direct (and the Company an indirect) majority interest of over 50% of Royal Wolf.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles (U.S. GAAP) applicable to interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (which include all significant normal and recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for all periods presented have been made. The accompanying results of operations are not necessarily indicative of the operating results that may be expected for the entire fiscal year ending June 30, 2014. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes thereto of the Company, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2013 filed with the Securities and Exchange Commission (SEC).

Unless otherwise indicated, references to FY 2013 and FY 2014 are to the nine months ended March 31, 2013 and 2014, respectively.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Foreign Currency Translation

The Company's functional currencies for its foreign operations are the respective local currencies, the Australian (AUS) and New Zealand (NZ) dollars in the Asia-Pacific area and the Canadian (C) dollar in North America. All adjustments resulting from the translation of the accompanying condensed consolidated financial statements from the functional currency into reporting currency are recorded as a component of stockholders' equity in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 830, *Foreign Currency Matters*. All assets and liabilities are translated at the rates in effect at the balance sheet dates; and revenues, expenses, gains and losses are translated using the average exchange rates during the periods. Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognized in the statement of operations. 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 the functional currency at foreign exchange rates prevailing at the dates the fair value was determined.

Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements****(Unaudited)**Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant changes include assumptions used in assigning value to identifiable intangible assets at the acquisition date, the assessment for impairment of goodwill, the assessment for impairment of other intangible assets, the allowance for doubtful accounts, share-based compensation expense, residual value of the lease fleet and deferred tax assets and liabilities. Assumptions and factors used in the estimates are evaluated on an annual basis or whenever events or changes in circumstances indicate that the previous assumptions and factors have changed. The results of the analysis could result in adjustments to estimates.

Inventories

Inventories are stated at the lower of cost or market (net realizable value) and consist of primarily finished goods for containers, modular buildings and mobile offices held for sale or lease; as well as raw materials, work in-process and finished goods of manufactured portable liquid storage tank containers. Costs for leasing operations are assigned to individual items on the basis of specific identification and include expenditures incurred in acquiring the inventories and bringing them to their existing condition and location; while costs for manufactured units are determined using the first-in, first-out method. 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. Inventories are comprised of the following (in thousands):

	June 30, 2013	March 31, 2014
Finished goods	\$ 27,357	\$ 32,300
Work in progress	1,680	2,835
Raw materials	2,821	1,461
	\$ 31,858	\$ 36,596

Property, plant and equipment consist of the following (in thousands):

June 30, March 31,

	Estimated Useful Life		2013	2014
Land			\$ 2,181	\$ 2,393
Building and improvements	10	40 years	3,943	4,451
Transportation and plant equipment (including capital lease assets)	3	20 years	22,605	25,942
Furniture, fixtures and office equipment	3	10 years	5,142	5,934
Construction in-process			87	129
			33,958	38,849
Less accumulated depreciation and amortization			(14,118)	(16,965)
			\$ 19,840	\$ 21,884

Lease Fleet

The Company has a fleet of storage, portable building, office and portable liquid storage tank containers, mobile offices, modular buildings and steps that it primarily leases to customers under operating lease agreements with varying terms. The value of the lease fleet (or lease or rental equipment) is recorded at cost and depreciated on the straight-line basis over the estimated useful life (5 - 20 years), after the date the units are put in service, down to their estimated residual values (up to 70% of cost). In the opinion of management, estimated residual values are at or below net realizable values. The Company periodically reviews these depreciation policies in light of various factors, including the practices of the larger competitors in the industry, and its own historical experience. Costs incurred on lease fleet units subsequent to initial acquisition are capitalized when it is probable that future economic benefits in excess of the originally assessed performance will result; otherwise, they are expensed as incurred. At June 30, 2013 and March 31, 2014, the gross costs of the lease fleet were \$332,435,000 and \$391,986,000, respectively.

Units in the lease fleet are also available for sale. The cost of sales of a unit in the lease fleet is recognized at the carrying amount at the date of sale.

Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements****(Unaudited)**Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recorded for temporary differences between the financial reporting basis and income tax basis of assets and liabilities at the balance sheet date multiplied by the applicable tax rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period. The Company files U.S. Federal tax returns, multiple U.S. state (and state franchise) tax returns and Australian, New Zealand and Canadian tax returns. For U.S. Federal tax purposes, all periods subsequent to June 30, 2008 are subject to examination by the U.S. Internal Revenue Service (IRS) and, for U.S. state tax purposes, with few exceptions, all periods subsequent to June 30, 2007 are subject to examination by the respective state s taxation authorities. Generally, periods subsequent to June 30, 2008 are subject to examination by the respective taxation authorities in Australia, New Zealand and Canada. The Company believes that its income tax filing positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change. Therefore, no reserves for uncertain income tax positions have been recorded. In addition, the Company does not anticipate that the total amount of unrecognized tax benefit related to any particular tax position will change significantly within the next 12 months.

The Company s policy for recording interest and penalties, if any, will be to record such items as a component of income taxes.

Net Income per Common Share

Basic net income per common share is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the periods. Diluted net income per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. The potential dilutive securities (common stock equivalents) the Company had outstanding were warrants and stock options. The following is a reconciliation of weighted average shares outstanding used in calculating earnings per common share:

	Quarter Ended March 31,		Nine Months Ended March 31,	
	2013	2014	2013	2014
Basic	22,127,042	24,357,045	22,059,072	24,340,735
Assumed exercise of warrants	224,652		224,652	
Assumed exercise of stock options	469,870	851,948	469,870	851,948
Diluted	22,821,564	25,208,993	22,753,594	25,192,683

Potential common stock equivalents totaling 3,234,344 for both the quarter ended March 31, 2013 and FY 2013 and 1,296,929 for both the quarter ended March 31, 2014 and FY 2014 have been excluded from the computation of diluted earnings per share because the effect is anti-dilutive.

Recently Issued Accounting Pronouncements

Previously, in August 2010, the FASB, as result of a joint project with the International Accounting Standards Board (IASB) to simplify lease accounting and improve the quality of and comparability of financial information for users, published proposed standards that would change the accounting and financial reporting for both lessee and lessor under ASC Topic 840, *Leases*. Since then, the FASB and IASB have been deliberating submitted comments about their 2010 proposals and other feedback from constituents. On May 16, 2013, both the FASB and the IASB issued nearly identical exposure drafts that retained the most significant change to lease accounting rules from the 2010 proposed standards, the elimination of the concept of off-balance sheet treatment for operating leases for lessees for the vast majority of lease contracts. However, the 2013 exposure drafts include significant modifications, among them the establishment of two types of lease contracts for both lessees and lessors. Instead of capital and operating leases, the proposed rules create two types of leases (both similar to capital leases for lessees), which the FASB and IASB refer to as Type A and Type B. In addition, the revised exposure drafts seek to correct issues, noted by many commenters, related to the pattern and classification of expense recognition as well as the definition of lease term and the treatment of variable lease payments under the 2010 proposed standards. The Company believes that the final standards, if issued in substantially the same form as the revised exposure drafts, would have a material effect in the presentation of its consolidated financial position and results of operations.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Note 3. Equity Transactions

Rights Offering

On June 25, 2010, the Company completed a rights offering to stockholders of record as of May 14, 2010. The offering entitled holders of the rights to purchase units at \$1.50 per unit, with each unit consisting of one share of GFN common stock and a three-year warrant to purchase 0.5 additional shares of GFN common stock at an exercise price of \$4.00 per share. By the expiration date of June 25, 2013, the Company had received total net proceeds of \$8,154,000 during the fiscal year ended June 30, 2013 from exercises of these warrants that resulted in the issuance of 2,038,626 shares of GFN common stock. Of these net proceeds, \$8,000,000 was used to reduce indebtedness at Pac-Van Van under its senior credit facility (see Note 5).

Preferred Stock

Upon issuance of shares of preferred stock, the Company records the liquidation value as the preferred equity in the consolidated balance sheet, with any underwriting discount and issuance or offering costs recorded as a reduction in additional paid-in capital.

Series A and B Preferred Stock

The Company conducted private placements of Series A 12.5% Cumulative Preferred Stock, par value \$0.0001 per share and liquidation preference of \$50 per share (Series A Preferred Stock); and Series B 8% Cumulative Preferred Stock, par value of \$0.0001 per share and liquidation value of \$1,000 per share (Series B Preferred Stock). The Series B Preferred Stock is offered primarily in connection with business combinations. In connection with a public offering of a new series of preferred stock, the Company redeemed the Series A Preferred Stock (see below) and, at March 31, 2014, the Company had outstanding 100 shares of Series B Preferred Stock in Equity totaling \$100,000.

The Series B Preferred Stock is not convertible into GFN common stock, has no voting rights, except as required by Delaware law, and was redeemable after February 1, 2014; at which time it may be redeemed at any time, in whole or in part, at the Company's option. Holders of the Series B Preferred Stock are entitled to receive, when declared by the Company's Board of Directors, annual dividends payable quarterly in arrears on the 31st day of January, July and October and on the 30th day of April of each year. In the event of any liquidation or winding up of the Company, the holders of the Series B Preferred Stock will have preference to holders of common stock.

In connection with an acquisition during the year ended June 30, 2011, the Company issued 110 shares of Series B Preferred Stock with a liquidation value of \$110,000 that is redeemable in three annual installments from the dates of issuance. As a result, these shares, which total \$37,000 at June 30, 2013 are classified as a liability in the condensed consolidated balance sheet under the caption Senior and other debt.

Series C Convertible Preferred Stock

In connection with the Southern Frac acquisition on October 1, 2012, the Company issued 750 shares of a Series C Convertible Cumulative Preferred Stock, par value \$0.0001 per share and liquidation preference of \$1,000 per share (Series C Convertible Preferred Stock). The Series C Convertible Preferred Stock accrued no dividends, unless declared by the Board of Directors of the Company, and was automatically convertible into 150,000 shares of GFN common stock at the date that the shares of GFN common stock had a closing price equal to or in excess of \$5.00 per share on the NASDAQ Stock Market (NASDAQ). On February 12, 2013, the closing price of the Company's common stock was \$5.06 per share, and the Series C Convertible Preferred Stock automatically converted to 150,000 shares of Company common stock. Subsequently, the shares of the Series C Convertible Preferred Stock were cancelled.

Series C Preferred Stock

On May 17, 2013, the Company completed a public offering of 350,000 shares of 9.00% Series C Cumulative Redeemable Perpetual Preferred Stock (the Series C Preferred Stock), liquidation preference \$100.00 per share, and on May 24, 2013, the underwriters exercised their overallotment option to purchase an additional 50,000 shares. Proceeds from the offering totaled \$37,500,000, after deducting the underwriting discount of \$2,000,000 and offering costs of \$500,000. The Company used \$36,000,000 of the net proceeds to reduce indebtedness at Pac-Van under its senior credit facility, pursuant to the requirement that at

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

least 80% of the gross proceeds, or \$32,000,000, be used for that purpose in order to permit the payment of intercompany dividends by Pac-Van to GFN and its subsidiaries to fund any dividends declared on the Series C Preferred Stock (see Note 5) and also used \$1,295,000, plus accrued dividends, of the net proceeds to redeem the 25,900 shares of the Series A Preferred Stock. Subsequently, the shares of the Series A Preferred Stock were cancelled.

Dividends on the Series C Preferred Stock are cumulative from the date of original issue and will be payable on the 31st day of each January, July and October and on the 30th day of April commencing July 31, 2013 when, as and if declared by the Company's Board of Directors. Commencing on May 17, 2018, the Company may redeem, at its option, the Series C Preferred Shares, in whole or in part, at a cash redemption price of \$100.00 per share, plus any accrued and unpaid dividends to, but not including, the redemption date. Among other things, the Series C Preferred Shares have no stated maturity, are not subject to any sinking fund or other mandatory redemption, and are not convertible into or exchangeable for any of the Company's other securities. Holders of the Series C Preferred Shares generally will have no voting rights, except for limited voting rights if dividends payable on the outstanding Series C Preferred Shares are in arrears for six or more consecutive or non-consecutive quarters, and under certain other circumstances. If the Company fails to maintain the listing of the Series C Preferred Stock on the NASDAQ for 30 days or more, the per annum dividend rate will increase by an additional 2.00% per \$100.00 stated liquidation value (\$2.00 per annum per share) so long as the listing failure continues. In addition, in the event of any liquidation or winding up of the Company, the holders of the Series C Preferred Stock will have preference to holders of common stock and are pair passu with the Series B Preferred Stock.

The Series C Preferred Stock is listed on the NASDAQ Stock Market under the symbol GFNCP.

Dividends

As of March 31, 2014, since issuance, dividends paid or payable totaled \$59,000 for the Series B Preferred Stock.

As of March 31, 2014, since issuance, dividends paid totaled \$2,590,000 for the Series C Preferred Stock.

The characterization of dividends to the recipients for Federal income tax purposes is made based upon the earnings and profits of the Company, as defined by the Internal Revenue Code.

Royal Wolf Dividends

On August 14, 2012, the Board of Directors of Royal Wolf declared a dividend of AUS\$0.045 per RWH share payable on October 2, 2012 to shareholders of record on September 20, 2012; and on February 5, 2013, the Board of Directors of Royal Wolf declared a dividend of AUS\$0.045 per RWH share payable on April 3, 2012 to shareholders of record on March 19, 2013.

On August 13, 2013, the Board of Directors of Royal Wolf declared a dividend of AUS\$0.05 per RWH share payable on October 3, 2013 to shareholders of record on September 24, 2013; and on February 5, 2014, the Board of Directors of Royal Wolf declared a dividend of AUS\$0.05 per RWH share payable on April 3, 2014 to shareholders of record on March 19, 2014.

The condensed consolidated financial statements reflect the amount of the dividends pertaining to the noncontrolling interest.

Note 4. Acquisitions

The Company can enhance its business and market share by entering into new markets in various ways, including starting up a new location or acquiring a business consisting of container, modular unit or mobile office assets of another entity. An acquisition generally provides the Company with operations that enables it to at least cover existing overhead costs and is preferable to a start-up or greenfield location. The businesses discussed below were acquired primarily to expand the Company's container lease fleet. The accompanying condensed consolidated financial statements include the operations of the acquired businesses from the dates of acquisition.

FY 2014 Acquisitions

On August 1, 2013, the Company, through Pac-Van, purchased the business of Harper's Hot Shot Service, Inc. (Harper Hot Shot) for \$3,267,000, which included a holdback amount of \$148,000. Harper Hot Shot leases and sells containers and is located in Paducah, Kentucky.

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On September 6, 2013, the Company, through Pac-Van, purchased the business of Canadian Storage Containers Inc. (Canadian Storage) for \$1,516,000 (C\$1,591,000), which included a holdback amount of approximately \$247,000 (C\$260,000). Canadian Storage leases and sells containers and is located in Calgary, Alberta, Canada.

On September 10, 2013, the Company, through Royal Wolf, purchased the businesses of Intermodal Solutions Pty Ltd, Kookaburra Containers Pty Ltd, Kookaburra Containers WA Pty Ltd, Kookaburra Containers Victoria Pty Ltd, Pack and Secure Pty Ltd and Intermodal Solutions Holdings Pty Ltd, collectively Intermodal Kookaburra for \$5,231,000 (AUS\$5,680,000), which included a holdback amount of approximately \$368,000 (AUS\$400,000). Intermodal Kookaburra, among other things, leases and sells freight and storage containers in the Asia-Pacific area.

On October 31, 2013, the Company, through Royal Wolf, purchased the business of DBCS Containers Limited (DBCS) for \$333,000 (AUS\$351,000), which included a holdback amount of approximately \$33,000 (AUS\$35,000). DBCS leases and sells containers and is located in Auckland, New Zealand.

On November 7, 2013, the Company, through Pac-Van, purchased the business of Pinnacle Rental & Supply, LLC (Pinnacle Rental) for \$6,179,000, which included a holdback amount of \$293,000. Pinnacle Rental leases portable liquid storage tank containers from Boaz, Alabama.

On December 20, 2013, the Company, through Pac-Van, purchased the business of Mark Rumpke Mobile Storage, Inc. (Rumpke) for \$288,000, which included a holdback amount of \$30,000. Rumpke leases and sells containers and is located in Cincinnati, Ohio.

The valuations and purchase accounting for the acquisitions in FY 2014 are still to be completed and are subject to change. The preliminary allocations to tangible and intangible assets acquired and liabilities assumed were as follows (in thousands):

	Intermodal Kookaburra September 10, 2013	Pinnacle Rental November 7, 2013	Other Acquisitions	Total
Fair value of the net tangible assets acquired and liabilities assumed:				
Trade and other receivables	\$	\$	\$ 164	\$ 164
Inventories	496	50	1,046	1,592
Prepaid expenses and other			6	6
Property, plant and equipment	50		390	440
Lease fleet	3,479	5,271	2,212	10,962
Accounts payables and accrued liabilities	(76)		(41)	(117)
Deferred income taxes			(402)	(402)

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Unearned revenue and advance payments	(35)	(99)	(133)	(267)
Total net tangible assets acquired and liabilities assumed	3,914	5,222	3,242	12,378
Fair value of intangible assets acquired:				
Non-compete agreement	385	95	130	610
Customer lists/relationships	83	180	162	425
Goodwill	849	682	1,870	3,401
Total intangible assets acquired	1,317	957	2,162	4,436
Total purchase consideration	\$ 5,231	\$ 6,179	\$ 5,404	\$ 16,814

Goodwill recognized is attributable primarily to expected corporate synergies, the assembled workforce and other factors. The goodwill recognized in the Canadian Storage, Intermodal Kookaburra and DBCS acquisitions is not deductible for U.S. income tax purposes. The Company incurred approximately \$149,000 and \$744,000 and \$571,000 and \$719,000 during the quarter ended March 31, 2013 and FY 2013 and during the quarter ended March 31, 2014 and FY 2014, respectively, of incremental transaction costs associated with acquisition-related activity that were expensed as incurred and are included in selling and general expenses in the accompanying condensed consolidated statements of operations.

On February 28, 2014, the Company entered into a definitive agreement to acquire (subject to the completion of financing arrangements, final approval by the Company's Board of Directors, the obtaining of required regulatory approvals and other customary conditions) substantially all the assets and assume certain liabilities of the affiliated companies, Lone Star Tank Rental LP, based in Kermit, Texas, and KHM Rentals, LLC, based in Kenedy, Texas, (collectively Lone Star) for a total purchase consideration

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of \$95,000,000, subject to certain working capital and other adjustments to be determined after the closing date (Asset Purchase Agreement). This transaction closed early in the fourth quarter of the Company s FY 2014 (see Note 12). For its fiscal year ended December 31, 2013, Lone Star had revenues of \$44,357,000 and net income of \$14,534,000.

Note 5. Senior and Other Debt

Royal Wolf Senior Credit Facility

Royal Wolf has an approximately \$118,769,000 (AUS\$101,000,000 and NZ\$29,200,000) senior credit facility with Australia and New Zealand Banking Group Limited (ANZ), which is secured by substantially all of the assets of the Company s Australian and New Zealand subsidiaries (the ANZ Credit Facility). Approximately \$90,408,000 (AUS\$71,000,000 container purchases sub-facility and NZ\$28,500,000 flexible rate term loan facility) matures on September 30, 2016, \$13,877,000 (AUS\$15,000,000 capital expenditure sub-facility) matures on November 14, 2014, another \$13,877,000 (AUS\$15,000,000 multi-option sub-facility) matures by June 30, 2014 and \$607,000 (NZ\$700,000 term facility) matures in varying installments over the next five years.

As of March 31, 2014, based upon the exchange rate of one Australian dollar to \$0.9251 U.S. dollar and one New Zealand dollar to \$0.9374 Australian dollar, total borrowings and availability under the ANZ credit facility totaled \$108,215,000 (AUS\$116,977,000) and \$8,324,000 (AUS\$8,998,000), respectively. Borrowings under the ANZ Credit Facility bear interest at the bank bill swap interest rate in Australia (BBSY) or New Zealand (BKBM), plus 1.50% - 1.95% per annum. At March 31, 2014, the BBSY and BKBM were 2.70% and 3.01%, respectively.

Royal Wolf also has a \$2,775,000 (AUS\$3,000,000) sub-facility with ANZ to, among other things, facilitate direct and global payments using electronic banking services.

The ANZ senior credit facility, as amended, is subject to certain financial and other customary covenants, including, among other things, compliance with specified consolidated interest coverage and total debt ratios based on EBITDA and the payment of dividends are not to exceed 60% of net profits (adding back amortization), plus any dividend surplus from the previous year, as defined.

Pac-Van Senior Credit Facility

Pac-Van had an \$85,000,000 senior secured revolving credit facility with a syndicate led by PNC Bank, National Association (PNC) that included Wells Fargo Bank, National Association (Wells Fargo) and Union Bank, N.A. (the PNC Credit Facility). The PNC Credit Facility was scheduled to mature on January 16, 2013, but on September 7, 2012 Pac-Van entered into a new \$120,000,000, five-year senior secured revolving credit facility with a syndicate led by Wells Fargo, that also includes HSBC Bank USA, NA (HSBC), and the Private Bank and Trust Company (the Wells Fargo Credit Facility).

On February 7, 2014, Pac-Van amended the Wells Fargo Credit Facility to, among other things, increase the maximum borrowing capacity from \$120,000,000 to \$200,000,000 and add two new lenders (OneWest Bank and Capital One) to the syndicate. Borrowings under the facility now accrues interest, at Pac-Van's option, either at the base rate plus 1.00% to 1.50% or the LIBOR plus 2.50% to 3.00%, and the maximum amount of intercompany dividends that Pac-Van is allowed to pay in each fiscal year to GFN and its subsidiaries for the Series C Preferred Stock (see Note 3) increased from \$4,000,000 to \$5,000,000 (or the amount equal to the dividend rate of the Series C Preferred Stock and its aggregate liquidation preference and the actual amount of dividends required to be paid to the Series C Preferred Stock), provided that (i) the payment of such dividends does not cause a default or event of default; (ii) Pac-Van is solvent; (iii) Pac-Van is permitted to borrow \$5,000,000 or more under the Wells Fargo Credit Facility; and (iv) Pac-Van is in compliance with the fixed charge coverage ratio covenant after giving effect to the payment and the dividends are paid no earlier than ten business days prior to the date they are due.

The Wells Fargo Credit Facility contains, among other things, certain financial covenants, including fixed charge coverage ratios, and other covenants, representations, warranties, indemnification provisions, and events of default that are customary for senior secured credit facilities

At March 31, 2014, borrowings and availability under the Wells Fargo Credit Facility totaled \$97,447,000 and \$26,861,000, respectively.

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Southern Frac Senior Credit Facility

Southern Frac has a senior credit facility with Wells Fargo, as amended, (Wells Fargo SF Credit Facility) that provides with (i) a senior secured revolving line of credit under which Southern Frac may borrow, subject to the terms of a borrowing base, as defined, up to \$12,000,000 with a three-year maturity; (ii) a combined \$860,000 equipment and capital expenditure term loan (the Restated Equipment Term Loan), which fully amortizes over 48 months commencing July 1, 2013; and (iii) a \$1,500,000 term loan (the Term Loan B), which fully amortizes over 18 months, commencing May 1, 2013. The Wells Fargo SF Credit Facility contains, among other things, certain financial covenants, including fixed charge coverage ratios, and other covenants, representations, warranties, indemnification provisions, and events of default that are customary for senior secured credit facilities; including events of default relating to a change of control of GFN, GFNMC and Southern Frac. Borrowings under the Wells Fargo SF Credit Facility will accrue interest based on the three-month LIBOR, plus a margin equal to 3.5% for the revolving line of credit, 4.0% for the Restated Equipment Term Loan and 7.0% for the Term Loan B.

At March 31, 2014, borrowings and availability under the Wells Fargo SF Credit Facility totaled \$7,130,000 and \$1,107,000, respectively.

Credit Suisse Term Loan

On March 31, 2014, the Company, at the corporate level, entered into a \$25,000,000 facility agreement with Credit Suisse AG, Singapore Branch (Credit Suisse Term Loan) as part of the financing for the acquisition of Lone Star. The Credit Suisse Term Loan provides that the amount borrowed will bear interest at LIBOR plus 7.50% per year, will be payable quarterly, and that all principal and interest will mature two years from the date that the Company borrows the \$25,000,000 (see Note 12). In addition, the Credit Suisse Term Loan is secured by a first ranking pledge over all shares of RWH owned by GFN U.S., requires a certain coverage maintenance ratio in U.S. dollars based on the value of the RWH shares and, among other things, that an amount equal to six-months interest be deposited in an interest reserve account pledged to secure repayment of all amounts borrowed.

Other

Other debt totaled \$2,603,000 at March 31, 2014.

The weighted-average interest rate in the Asia-Pacific area was 6.1% and 5.4% and 6.1% and 5.7% in the quarter ended March 31, 2013 and 2014 and in FY 2013 and FY 2014, respectively; which does not include the effect of translation, interest rate swap contracts and options and the amortization of deferred financing costs. The weighted-average interest rate in North America was 4.9% and 3.7% and 4.9% and 3.7% in the quarter ended March 31, 2013 and 2014 and in FY 2013 and FY 2014, respectively, which does not include the effect of the amortization of deferred financing costs and accretion of interest.

Loan Covenant Compliance

At March 31, 2014, the Company was in compliance with the financial covenants under its senior credit facilities.

Note 6. Financial Instruments

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC Topic 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, as follows:

Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2 - Observable inputs, other than Level 1 inputs in active markets, that are observable either directly or indirectly; and

Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company's derivative instruments are not traded on a market exchange; therefore, the fair values are determined using valuation models that include assumptions about yield curve at the reporting dates as well as counter-party credit risk. The assumptions are generally derived from market-observable data. The Company has consistently applied these calculation techniques to all periods presented, which are considered Level 2.

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Derivative instruments measured at fair value and their classification in the condensed consolidated balances sheets and statements of operations are as follows (in thousands):

Type of Derivative	Contract	Balance Sheet Classification	Derivative - Fair Value (Level 2)	
			June 30, 2013	March 31, 2014
	Swap Contracts and Options (Caps)	Trade payables and accrued liabilities	\$ (1,210)	\$ (1,110)
	Forward-Exchange Contracts	Trade payables and accrued liabilities		(160)
	Forward-Exchange Contracts	Trade and other receivables	713	

Type of Derivative	Contract	Statement of Operations	Quarter Ended March 31,		Nine Months Ended March 31,	
			2013	2014	2013	2014
	Swap Contracts and Options (Caps)	Unrealized gain (loss) included in interest expense	\$	\$ 71	\$ (80)	\$ 229
	Forward-Exchange Contracts	Unrealized foreign currency exchange gain (loss) and other	77	(574)	(14)	(872)

Interest Rate Swap Contracts

The Company's exposure to market risk for changes in interest rates relates primarily to its senior and other debt obligations. The Company's policy is to manage its interest expense by using a mix of fixed and variable rate debt.

To manage its exposure to variable interest rates in a cost-efficient manner, the Company enters into interest rate swaps and interest rate options, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps and options are designated to hedge changes in the interest rate of a portion of the ANZ outstanding borrowings. The Company believes that financial instruments designated as interest rate hedges were highly effective; however, prior to August 2012, documentation of such, as required by FASB ASC Topic 815, *Derivatives and Hedging*, did not exist. Therefore, all movements in the fair values of these hedges prior to August 2012 were reported

in the consolidated statements of operations in the periods in which fair values change. In August 2012, the Company entered into an interest swap contract that met documentation requirements and, as such, it was designated as a cash flow hedge. This cash flow hedge was determined to be highly effective in FY 2013 and FY 2014 and, therefore, changes in the fair value of the effective portion were recorded in accumulated other comprehensive income. The Company expects this derivative to remain effective during the remaining term of the swap; however, any changes in the portion of the hedge considered ineffective would be recorded in interest expense in the consolidated statement of operations. In the quarter ended March 31, 2014 and FY 2014, the ineffective portion of this cash flow hedge recorded in interest expense was an unrealized gain of \$71,000 and \$229,000, respectively.

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The Company's interest rate derivative instruments are not traded on a market exchange; therefore, the fair values are determined using valuation models which include assumptions about the interest rate yield curve at the reporting dates (Level 2 fair value measurement). As of June 30, 2013 and March 31, 2014, there was one open interest rate swap contract that was designated as a cash flow hedge and matures in June 2017, as follows (dollars in thousands):

	June 30, 2013		March 31, 2014	
	Swap	Option (Cap)	Swap	Option
Notional amounts	\$ 45,730	\$	\$ 46,255	\$
Fixed/Strike Rates	3.98%		3.98%	
Floating Rates	2.87%		2.70%	
Fair Value of Combined Contracts	\$ (1,210)	\$	\$ (1,110)	\$

Foreign Currency Risk

The Company has transactional currency exposures. Such exposure arises from sales or purchases in currencies other than the functional 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 a small number of 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 and participating forward contracts 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 and participating forward contracts are always in the same currency as the hedged item. The Company believes that financial instruments designated as foreign currency hedges are highly effective. However documentation of such as required by ASC Topic 815 does not exist. Therefore, all movements in the fair values of these hedges are reported in the statement of operations in the period in which fair values change. As of June 30, 2013, there were 43 open forward exchange and two participating forward contracts that mature between July 2013 and November 2013; and as of March 31, 2014, there were 36 open forward exchange contracts that mature between April 2014 and August 2014, as follows (dollars in thousands):

	June 30, 2013		March 31, 2014	
	Forward Exchange	Participating Forward	Forward Exchange	Participating Forward
Notional amounts	\$ 17,003	\$ 3,000	\$ 11,100	\$
Exchange/Strike Rates (AUD to USD)	0.9077 - 1.0234	0.9262	0.8652 - 0.9682	
Fair Value of Combined Contracts	\$ 692	\$ 21	\$ (160)	\$

In FY 2013 and FY 2014, net unrealized and realized foreign exchange gains (losses) totaled \$163,000 and \$194,000, and \$(267,000) and \$46,000, respectively. For the quarter ended March 31, 2013 and 2014, net unrealized and realized foreign exchange gains (losses) totaled \$55,000 and \$31,000, and \$96,000 and \$(55,000), respectively.

Fair Value of Other Financial Instruments

The fair value of the Company's borrowings under its senior credit facilities was determined based on level 3 inputs including a search for debt issuances with maturities comparable to the Company's debt (Debt Issuances with Upcoming Call Dates), a comparison to a group of comparable industry debt issuances (Industry Comparable Debt Issuances) and a study of credit (Credit Spread Analysis) as of June 30, 2013. Under the Debt Issuances with Upcoming Call Dates, the Company performed a Yield-to-Worse analysis on debt issuances with call dates that were comparable to the maturity dates of the Company's borrowings. Under the Industry Comparable Debt Issuance method, the Company compared the debt facilities to several industry comparable debt issuances. This method consisted of an analysis of the offering yields compared to the current yields on publicly traded debt securities. Under the Credit Spread Analysis, the Company first examined the implied credit spreads of the United States Federal Reserve. Based on this analysis the Company was able to assess the credit market. The fair value of the Company's senior credit facilities as of June 30, 2013 was determined to be approximately \$156,098,000. The Company also determined that the fair value of its other debt of \$3,612,000 at June 30, 2013 approximated or would not vary significantly from their carrying values. The Company believes that market conditions at March 31, 2014 have not changed significantly from June 30, 2013. Therefore, the proportion of the fair value to the carrying value of the Company's senior credit facilities and other debt at March 31, 2014 would not vary significantly from the proportion determined at June 30, 2013.

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Under the provisions of FASB ASC Topic 825, *Financial Instruments*, the carrying value of the Company's other financial instruments (consisting primarily of cash and cash equivalents, net receivables, trade payables and accrued liabilities) approximate fair value.

Note 7. Related-Party Transactions

Effective January 31, 2008, the Company entered into a lease with an affiliate of Ronald F. Valenta, a director and the chief executive officer of the Company, for its corporate headquarters in Pasadena, California. The rent is \$7,393 per month, effective March 1, 2009, plus allocated charges for common area maintenance, real property taxes and insurance, for approximately 3,000 square feet of office space. The term of the lease is five years, with two five-year renewal options, and the rent is adjusted yearly based on the consumer price index. On October 11, 2012, the Company exercised its option to renew the lease for an additional five-year term commencing February 1, 2013. Rental payments were \$27,000 in both the quarters ended March 31, 2013 and 2014, and \$83,000 in both FY 2013 and FY 2014.

Effective October 1, 2008, the Company entered into a services agreement with an affiliate of Mr. Valenta for certain accounting, administrative and secretarial services to be provided at the corporate offices and for certain operational, technical, sales and marketing services to be provided directly to the Company's operating subsidiaries. Charges for services rendered at the corporate offices will be, until further notice, at \$7,000 per month and charges for services rendered to the Company's subsidiaries will vary depending on the scope of services provided. The services agreement provides for, among other things, mutual modifications to the scope of services and rates charged and automatically renews for successive one-year terms, unless terminated in writing by either party not less than 30 days prior to the fiscal year end. Total charges to the Company at the corporate office for services rendered under this agreement totaled \$21,000 in both the quarters ended March 31, 2013 and 2014, and \$63,000 in both FY 2013 and FY 2014.

Revenues at Pac-Van from affiliates of Mr. Valenta totaled \$12,000 and \$43,000 and \$6,000 and \$21,000 during the quarter ended March 31, 2013 and FY 2013 and during the quarter ended March 31, 2014 and FY 2014, respectively; and equipment and other services purchased by Pac-Van from these affiliated entities totaled \$3,000 in the quarter ended September 30, 2013. There were no such purchases in FY 2014.

The premises of Pac-Van's Las Vegas branch is owned by and currently leased from the acting branch manager through December 31, 2014, with the right for an additional two-year extension through December 31, 2016. Rental payments on this lease totaled \$30,000 and \$86,000 and \$30,000 and \$89,000 during the quarter ended March 31, 2013 and FY 2013 and during the quarter ended March 31, 2014 and FY 2014, respectively.

Note 8. Equity Plans

On August 29, 2006, the Board of Directors of the Company adopted the General Finance Corporation 2006 Stock Option Plan (2006 Plan), which was approved and amended by stockholders on June 14, 2007 and December 11, 2008, respectively. Options granted and outstanding under the 2006 Plan are either incentive stock options under

Section 422 of the Internal Revenue Code of 1986, as amended, or so-called non-qualified options that are not intended to meet incentive stock option requirements. All options granted do not have a term in excess of ten years, and the exercise price of any option is not less than the fair market value of the Company's common stock on the date of grant. After the adoption by the Board of Directors and upon the approval of the 2009 Stock Incentive Plan (2009 Plan) by the stockholders (see below), the Company suspended any further grants under the 2006 Plan.

On September 21, 2009, the Board of Directors of the Company adopted the 2009 Plan, which was approved by the stockholders at the Company's annual meeting on December 10, 2009. The 2009 Plan is an omnibus incentive plan permitting a variety of equity programs designed to provide flexibility in implementing equity and cash awards, including incentive stock options, nonqualified stock options, restricted stock grants (non-vested equity shares), restricted stock units, stock appreciation rights, performance stock, performance units and other stock-based awards. Participants in the 2009 Plan may be granted any one of the equity awards or any combination of them, as determined by the Board of Directors or the Compensation Committee. Upon the approval of the 2009 Plan by the stockholders, the Company suspended further grants under the 2006 Plan (see above). Any stock options which are forfeited under the 2006 Plan will become available for grant under the 2009 Plan, but the total number of shares available under the 2006 Plan and the 2009 Plan will not exceed the 2,500,000 shares reserved for grant under the 2006 Plan. Unless terminated earlier at the discretion of the Board of Directors, the 2009 Plan will terminate December 10, 2019.

The 2006 Plan and the 2009 Plan are referred to collectively as the Stock Incentive Plan.

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There have been no grants or awards of restricted stock units, stock appreciation rights, performance stock or performance units under the Stock Incentive Plan. All grants to-date consist of incentive and non-qualified stock options that vest over a period of up to five years (time-based), non-qualified stock options that vest over varying periods that are dependent on the attainment of certain defined EBITDA and other targets (performance-based) and non-vested equity shares.

Since inception, the range of the fair value of the stock options granted (other than to non-employee consultants) and the assumptions used are as follows:

Fair value of stock options	\$ 0.81 - \$3.94
Assumptions used:	
Risk-free interest rate	1.19% - 4.8%
Expected life (in years)	7.5
Expected volatility	26.5% - 84.6%
Expected dividends	

At March 31, 2014, the weighted-average fair value of the stock options granted to non-employee consultants was \$4.53, determined using the Black-Scholes option-pricing model using the following assumptions: a risk-free interest rate of 2.37% - 2.57%, an expected life of 8.2 - 9.2 years, an expected volatility of 70.2% and no expected dividend.

A summary of the Company's stock option activity and related information for FY 2014 follows:

	Number of Options (Shares)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)
Outstanding at June 30, 2013	2,170,598	\$ 4.93	
Granted			
Exercised	(6,668)	1.22	
Forfeited or expired	(56,110)	6.47	
Outstanding at March 31, 2014	2,107,820	\$ 4.94	6.0
Vested and expected to vest at March 31, 2014	2,107,820	\$ 4.94	6.0

Exercisable at March 31, 2014	995,860	\$ 6.99	4.0
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At March 31, 2014, outstanding time-based options and performance-based options totaled 1,163,950 and 943,870, respectively. Also at that date, the Company's market price for its common stock was \$7.90 per share, which was at or below the exercise prices of over 19% of the outstanding stock options. As a result, the intrinsic value of the outstanding stock options at that date was \$6,176,000. Share-based compensation of \$5,077,000 related to stock options and has been recognized in the condensed consolidated statements of operations, with a corresponding benefit to equity, from inception through March 31, 2014. At that date, there remains \$1,287,000 of unrecognized compensation expense to be recorded on a straight-line basis over the remaining weighted-average vesting period of 1.3 years.

A deduction is not allowed for U.S. income tax purposes with respect to non-qualified options granted in the United States until the stock options are exercised or, with respect to incentive stock options issued in the United States, unless the optionee makes a disqualifying disposition of the underlying shares. The amount of any deduction will be the difference between the fair value of the Company's common stock and the exercise price at the date of exercise. Accordingly, there is a deferred tax asset recorded for the U.S. tax effect of the financial statement expense recorded related to stock option grants in the United States. The tax effect of the U.S. income tax deduction in excess of the financial statement expense, if any, will be recorded as an increase to additional paid-in capital.

On June 7, 2013, the Company granted a total of 115,000 non-vested equity shares to seven officers and key employees of GFN, Pac-Van and Southern Frac at a value equal to the closing market price of the Company's common stock as of that date, or \$4.43 per share. The non-vested equity shares are subject to performance conditions based on achieving adjusted EBITDA and return of capital targets for the fiscal years ending June 30, 2014 and 2015 and would be expected to vest thirty-nine months from the date of grant.

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On December 5, 2013, the Company granted a total of 18,295 non-vested equity shares to the five non-employees members of the Company's Board of Directors at a value equal to the closing market price of the Company's common stock as of that date, or \$6.15 per share, which vest one year from the date of grant.

On February 11, 2014, the Company granted a total of 3,424 non-vested equity shares to a non-employee member of the Company's Board of Directors at a value equal to the closing market price of the Company's common stock as of that date, or \$6.571 per share, which vest one year from the date of grant.

Share-based compensation of \$167,000 related to non-vested equity shares and has been recognized in the condensed consolidated statements of operations, with a corresponding benefit to equity, from inception through March 31, 2014. At that date, there remains \$478,000 of unrecognized compensation expense to be recorded on a straight-line basis over the remaining vesting period of over approximately 2.5 years, 0.75 years and 0.92 years for the June 7, 2013, December 5, 2013 and February 11, 2014 non-vested equity grants, respectively.

Royal Wolf Long Term Incentive Plan

In conjunction with the RWH IPO (see Note 1), Royal Wolf established the Royal Wolf Long Term Incentive Plan (the "LTI Plan"). Under the LTI Plan, the RWH Board of Directors may grant, at its discretion, options, performance rights and/or restricted shares of RWH capital stock to Royal Wolf employees and executive directors. Vesting terms and conditions may be up to four years and, generally, will be subject to performance criteria based primarily on enhancing shareholder returns using a number of key financial benchmarks, including EBITDA. In addition, unless the RWH Board determines otherwise, if an option, performance right or restricted share has not lapsed or been forfeited earlier, it will terminate at the seventh anniversary from the date of grant.

It is intended that up to one percent of RWH's outstanding capital stock will be reserved for grant under the LTI Plan and a trust will be established to hold RWH shares for this purpose. However, so long as the Company holds more than 50% of the outstanding shares of RWH capital stock, RWH shares reserved for grant under the LTI Plan are required to be purchased in the open market unless the Company agrees otherwise. The LTI Plan, among other provisions, does not permit the transfer, sale, mortgage or encumbering of options, performance rights and restricted shares without the prior approval of the RWH Board. In the event of a change of control, the RWH Board, at its discretion, will determine whether, and how many, unvested options, performance rights and restricted shares will vest. In addition, if, in the RWH Board's opinion, a participant acts fraudulently or dishonestly or is in breach of his obligations to Royal Wolf, the RWH Board may deem any options, performance rights and restricted shares held by or reserved for the participant to have lapsed or been forfeited.

As of March 31, 2014, the Royal Wolf Board of Directors has granted 1,359,000 performance rights to key management personnel under the LTI Plan. In FY 2013 and FY 2014, share-based compensation of \$343,000 and \$586,000, respectively, related to the LTI Plan has been recognized in the condensed statements of operations, with a corresponding benefit to equity.

Note 9. Commitments and Contingencies

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

In conjunction with the acquisition of Southern Frac on October 1, 2012, GFNMC entered into an agreement with the 10% noncontrolling interest holder for a call option that provides that for the period commencing on April 1, 2013 through October 1, 2017, GFNMC may purchase the noncontrolling interest for an initial price of \$1,500,000, with incremental increases of \$250,000 for each of the subsequent seven six-month periods.

Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements****(Unaudited)****Note 10. Cash Flows from Operating Activities and Other Financial Information**

The following table provides a detail of cash flows from operating activities (in thousands):

	Nine Months Ended March 31,	
	2013	2014
Cash flows from operating activities		
Net income	\$ 9,121	\$ 10,610
Adjustments to reconcile net income to cash flows from operating activities:		
Gain on sales and disposals of property, plant and equipment	(106)	(39)
Gain on sales of lease fleet	(5,248)	(5,244)
Gain on bargain purchase of businesses	(160)	
Unrealized foreign exchange loss (gain)	(163)	267
Unrealized loss on forward exchange contracts	14	872
Unrealized loss (gain) on interest rate swaps and options	80	(229)
Depreciation and amortization	16,406	17,848
Amortization of deferred financing costs and accretion of interest	388	620
Share-based compensation expense	968	1,403
Deferred income taxes	4,905	6,669
Changes in operating assets and liabilities:		
Trade and other receivables, net	4,393	(12,142)
Inventories	(1,149)	(1,195)
Prepaid expenses and other	(1,170)	(4,175)
Trade payables, accrued liabilities and unearned revenues	(7,083)	5,971
Income taxes	(221)	(476)
Net cash provided by operating activities	\$ 20,975	\$ 20,760

Note 11. Segment Reporting

The tables below represent the Company's revenues from external customers, operating income, interest income and expense, share-based compensation expense, depreciation and amortization, expenditures for additions to long-lived assets (consisting of lease fleet and property, plant and equipment), long-lived assets and goodwill; as attributed to its two geographic (and operating) segments (in thousands):

	Quarter Ended March 31, 2013		Nine Months Ended March 31, 2014	
	2013	2014	2013	2014
Revenues from external customers				
North America:				
Sales	\$ 11,665	\$ 14,253	\$ 29,944	\$ 34,269
Leasing	12,303	15,387	35,934	45,094
	23,968	29,640	65,878	79,363
Asia-Pacific:				
Sales	20,667	16,975	58,117	62,753
Leasing	19,200	19,058	56,581	54,932
	39,867	36,033	114,698	117,685
Total	\$ 63,835	\$ 65,673	\$ 180,576	\$ 197,048
Operating income				
North America	\$ 27	\$ 2,614	\$ 2,503	\$ 7,496
Asia-Pacific	7,117	6,949	20,187	18,975
Total	\$ 7,144	\$ 9,563	\$ 22,690	\$ 26,471

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Interest income				
North America	\$	\$	\$ 2	\$
Asia-Pacific	3	14	41	37
Total	\$ 3	\$ 14	\$ 43	\$ 37
Interest expense				
North America	\$ 1,054	\$ 1,111	\$ 3,673	\$ 3,017
Asia-Pacific	1,695	1,379	4,931	4,199
Total	\$ 2,749	\$ 2,490	\$ 8,604	\$ 7,216
Share-based compensation				
North America	\$ 157	\$ 286	\$ 538	\$ 803
Asia-Pacific	165	247	430	600
Total	\$ 322	\$ 533	\$ 968	\$ 1,403
Depreciation and amortization				
North America	\$ 1,796	\$ 2,061	\$ 4,889	\$ 6,014
Asia-Pacific	3,914	4,153	11,517	11,834
Total	\$ 5,710	\$ 6,214	\$ 16,406	\$ 17,848
Additions to long-lived assets				
North America			\$ 23,253	\$ 30,523
Asia-Pacific			38,589	35,668
Total			\$ 61,842	\$ 66,191

	At	
	June 30, 2013	March 31, 2014
Long-lived assets		
North America	\$ 142,771	\$ 193,604
Asia-Pacific	167,234	168,587
Total	\$ 310,005	\$ 362,191

Goodwill			
North America		\$ 36,957	\$ 39,407
Asia-Pacific		31,735	32,869
Total		\$ 68,692	\$ 72,276

There were no intersegment net revenues between the Asia-Pacific area and North America in FY 2014 and FY 2013. However, intrasegment net revenues related to the sales of portable liquid storage containers from Southern Frac to Pac-Van in North America totaled \$1,691,000 and \$5,278,000 during the quarter ended March 31, 2013 and FY 2013, and \$6,222,000 and \$16,418,000 during the quarter ended March 31, 2014 and FY 2014, respectively.

Note 12. Subsequent Events

On April 3, 2014, the Company borrowed the \$25,000,000 available to it under the Credit Suisse Term Loan (see Note 5).

On April 4, 2014, the Company amended the Asset Purchase Agreement (see Note 4) and entered into an Amended and Restated Asset Purchase Agreement (Amended and Restated Asset Purchase Agreement).

On April 7, 2014, the Company, primarily through Pac-Van and Lone Star Tank Rental Inc., the Company's indirect wholly-owned Delaware corporation, amended and restated the Wells Fargo Credit Facility (see Note 5) as part of the financing for the acquisition of Lone Star. Also at that date, effective April 1, 2014, the Company closed the acquisition of Lone Star, pursuant to the Amended and Restated Asset Purchase Agreement. The purchase consideration consisted of (i) \$75,000,000 in cash, (ii) 1,230,012 shares of GFN common stock (the number of shares was agreed to based on a value of \$8.13 per share, which was the average of the closing market price during the 15-day trading period ending April 2, 2014), (iii) \$5,000,000 payable over five years for a non-compete agreement and (iv) \$5,000,000 payable over two years for a general indemnity holdback. The Company funded the cash

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

portion of the consideration using \$50,000,000 of availability under the Wells Fargo Credit Facility, as amended, and \$25,000,000 from the Credit Suisse Term Loan. The purchase accounting, which includes the process of identifying, valuing and allocating the purchase consideration to the tangible and intangible assets acquired and liabilities assumed at the effective date of acquisition, is underway, but has not been completed.

On April 17, 2014, the Board of Directors of the Company declared a cash dividend of \$2.225 per share on the Series C Preferred Stock (see Note 3). The dividend is for the period commencing on January 31, 2014 through April 29, 2014, and was paid on April 30, 2014 to holders of record as of April 29, 2014.

Effective May 8, 2014, Royal Wolf refinanced the ANZ Credit Facility (Refinanced RWH Credit Facility) to, among other things, increase the maximum borrowing capacity to \$161,900,000 (AUS\$175,000,000), add Commonwealth Bank of Australia (CBA) through a common terms deed arrangement with ANZ and generally improve the financial covenants. Under the common deed arrangement, ANZ 's proportionate share of the Refinanced RWH Credit Facility is \$97,100,000 (AUS\$105,000,000) and CBA 's proportionate share is \$64,800,000 (AUS\$70,000,000). The Refinanced RWH Credit Facility has \$113,300,000 (AUS\$122,500,000) maturing on July 31, 2017, the pricing of which is 0.45% lower than the existing ANZ Credit Facility, and \$48,600,000 (AUS\$52,500,000) maturing on July 31, 2019.

Table of Contents**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and the accompanying notes thereto, which are included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2013 filed with the Securities and Exchange Commission (SEC), as well as the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, should, could, would, expect, plan, anticipate, believe, estimate, continue or the negative of such terms or other similar expressions. Risk factors that might cause or contribute to such discrepancies include, but are not limited to, those described in our Annual Report on Form 10-K for the year ended June 30, 2013 and other SEC filings. We maintain a web site at www.generalfinance.com that makes available, through a link to the SEC's EDGAR system website, our SEC filings.

References to we, us, our or the Company refer to General Finance Corporation, a Delaware corporation (GFN), its consolidated subsidiaries. These subsidiaries include GFN U.S. Australasia Holdings, Inc., a Delaware corporation (GFN U.S.); GFN North America Corp., a Delaware corporation (GFNNA); GFN Manufacturing Corporation, a Delaware corporation (GFNMC) and its subsidiary, Southern Frac, LLC, a Texas limited liability company (Southern Frac); Royal Wolf Holdings Limited, an Australian corporation publicly traded on the Australian Securities Exchange (RWH); and its Australian and New Zealand subsidiaries (collectively, Royal Wolf); Pac-Van, Inc., an Indiana corporation, and its Canadian subsidiary, PV Acquisition Corp., an Alberta corporation (collectively Pac-Van); and Lone Star Tank Rental Inc., a Delaware corporation (Lone Star).

Background and Overview

We incorporated in Delaware on October 14, 2005 and completed our initial public offering (IPO) in April 2006. Our primary long-term strategy and business plan are to acquire and operate rental services and specialty finance businesses in North and South America, Europe and the Asia-Pacific (or Pan-Pacific) area.

We have two geographic segments that include three operating units; Royal Wolf, which leases and sells storage containers, portable container buildings and freight containers in Australia and New Zealand, which is referred geographically by us to be the Asia-Pacific (or Pan-Pacific) area; Pac-Van, which leases and sells storage, office and portable liquid storage tank containers, modular buildings and mobile offices in North America; and Southern Frac, which manufactures portable liquid storage tank containers in North America.

We do business in three distinct, but related industries, mobile storage, modular space and liquid containment; which we collectively refer to as the portable services industry. Our two leasing subsidiaries, Royal Wolf and Pac-Van, lease and sell their products through twenty customer service centers (CSCs) in Australia, eight CSCs in New Zealand, twenty-nine branch locations in the United States and two branch locations in Canada. As of March 31, 2014, we had 276 and 427 employees and 40,696 and 18,866 lease fleet units in the Asia-Pacific area and North America, respectively.

On April 7, 2014, we, through Lone Star (our indirect wholly-owned subsidiary), closed our acquisition of substantially all of the assets and the assumption of certain of the liabilities of the affiliated companies, Lone Star

Tank Rental, LP, based in Kermit, Texas, and KHM Rentals, LLC, based in Kenedy, Texas, for total consideration of approximately \$95 million, subject to certain working capital and other adjustments to be determined after the closing date. As part of our North American leasing operations, Lone Star leases portable liquid storage tank containers and containment products, as well as provides certain fluid management services, to the oil and gas industry in the Permian and Eagle Ford basins of Texas through a fleet of more than 1,400 units, with approximately 166 employees. For its fiscal year ended December 31, 2013, the two affiliated companies had revenues of \$44,357,000 and net income of \$14,534,000.

Our products primarily consist of the following:

Mobile Storage

Storage Containers. Storage containers consist of new and used shipping containers that provide a flexible, low cost alternative to warehousing, while offering greater security, convenience and immediate accessibility. Our storage products include general purpose dry storage containers, refrigerated containers and specialty containers in a range of standard and modified sizes, designs and storage capacities. Specialty containers include blast-resistant units, hoarding units and hazardous-waste units. We also offer storage vans, also known as storage trailers or dock-height trailers.

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Freight Containers. Freight containers are specifically designed for transport of products by road and rail. Our freight container products include curtain-side, refrigerated and bulk cargo containers, together with a range of standard and industry-specific dry freight containers.

Modular Space

Modular Buildings. Also known as manufactured buildings, modular buildings provide customers with additional space and are often modified to customer specifications. Modular buildings range in size from 1,000 to more than 30,000 square feet and may be highly customized.

Mobile Offices. Also known as trailers or construction trailers, mobile offices are re-locatable units with aluminum or wood exteriors on wood (or steel) frames on a steel carriage fitted with axles, allowing for an assortment of add-ons to provide comfortable and convenient temporary space solutions.

Portable Container Buildings and Office Containers. Portable container buildings and office containers are either modified or specifically-manufactured containers that provide self-contained office space with maximum design flexibility. Office containers in the U.S. are oftentimes referred to as ground level offices (GLOs).

Liquid Containment

Portable Liquid Storage Tank Containers. Portable liquid storage tank containers are often referred to as frac tanks or frac tank containers and are manufactured steel containers with fixed steel axles for transport and use in a variety of industries; including oil and gas exploration and field services, refinery, chemical and industrial plant maintenance, environmental remediation and field services, infrastructure building construction, marine services, pipeline construction and maintenance, tank terminals services, wastewater treatment and waste management and landfill services. While there are a number of different sizes of tanks currently used in the market place, we are currently focusing on the more common 500-barrel capacity containers. Our products typically include features such as guardrails, safety stairways, multiple entry ways and a sloped bottom for easy cleaning, an epoxy lining, and various feed and drain lines.

Results of Operations

Quarter Ended March 31, 2014 (QE FY 2014) Compared to Quarter Ended March 31, 2013 (QE FY 2013)

The following compares our QE FY 2014 results of operations with our QE FY 2013 results of operations.

Revenues. Revenues increased \$1.9 million, or 3%, to \$65.7 million in QE FY 2014 from \$63.8 million in QE FY 2013. This consisted of a decrease of \$3.8 million, or 10%, in revenues at Royal Wolf, a \$4.2 million increase, or 22%, in revenues at Pac-Van and a \$1.5 million increase in manufacturing revenues from Southern Frac. The translation effect of the average currency exchange rate, driven by the weakening in the Australian dollar relative to the U.S. dollar in QE FY 2014 versus QE FY 2013, significantly impacted the translation in QE FY 2014 of the total revenues at Royal Wolf when compared to QE FY 2013. In Australian dollars, total revenues at Royal Wolf increased by 5% in QE FY 2014 from QE FY 2013. The average currency exchange rate of one Australian dollar during QE FY 2014 was \$0.89623 U.S. dollar compared to \$1.03886 U.S. dollar during QE FY 2013.

The revenue decrease at Royal Wolf was primarily in the mining, removals (moving) and storage sectors, where revenues decreased by \$4.2 million in QE FY 2014 from QE FY 2013, but were mitigated somewhat by an increase of \$1.5 million in the government sector. At Pac-Van, the revenue increase in QE FY 2014 from QE FY 2013 was due

primarily to increases in the commercial, mining and energy and industrial sectors where revenues increased between the periods by an aggregate of \$4.4 million.

Sales and leasing revenues represented 41% and 59% of total non-manufacturing revenues, respectively, in QE FY 2014 and 46% and 54% of total non-manufacturing revenues, respectively, in QE FY 2013.

Sales during QE FY 2014 amounted to \$31.2 million, compared to \$32.3 million during QE FY 2013; representing a decrease of \$1.1 million, or 3%. This consisted of a \$3.7 million decrease, or 18%, in sales at Royal Wolf, offset by an increase in manufacturing sales of \$1.5 million, or 28%, at Southern Frac and an increase of \$1.1 million, or 17%, at Pac-Van. Overall, non-manufacturing sales decreased by a net \$2.6 million, or 10%, in QE FY 2014 from QE FY 2013. The decrease at Royal Wolf was comprised of a decrease of \$3.0 million (\$2.3 million decrease due to lower unit sales, \$0.1 million decrease due to average price decreases and a \$0.6 million decrease due to foreign exchange movements) in the national accounts group and a decrease of \$0.7 million (\$2.1 million decrease due to foreign exchange movements, a \$1.0 million increase due to higher unit sales and a \$0.4 million increase due to average price increases) in the CSC operations. At Pac-Van, the higher sales in QE FY 2014 versus QE FY 2013 were primarily due

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to increases in the commercial, industrial and mining and energy sectors, which increased by an aggregate of \$2.0 million, and were offset somewhat by decreases in the government and services sectors totaling \$0.9 million. At Southern Frac, portable liquid storage tank container sales in QE FY 2014 consisted of 217 units sold at an average sales price of approximately \$31,400 per unit versus 158 units sold at an average sales price of approximately \$33,600 per unit during QE FY 2013. Stronger drilling activity and initial sales of two new frac tank products, offset somewhat by a greater proportion of intercompany sales to Pac-Van, in QE FY 2014 when compared to QE FY 2013, were the primary reasons for the increase in manufacturing revenues.

Leasing revenues during QE FY 2014 totaled \$34.5 million, as compared to \$31.5 million during QE FY 2013, representing an increase of \$3.0 million, or 10%. Leasing revenues increased by \$3.1 million, or 25%, at Pac-Van and decreased slightly by \$0.1 million at Royal Wolf. In Australian dollars, however, QE FY 2014 leasing revenues at Royal Wolf actually increased by 15% from QE FY 2013.

At Royal Wolf, average utilization in the retail and the national accounts group operations were 85% and 82%, respectively, during QE FY 2014, an increase from 84% and 80% in QE FY 2013. The overall average utilization increased to 84% in QE FY 2014 from 83% QE FY 2013; and the average monthly lease rate of containers was AUS\$182 in QE FY 2014 versus AUS\$162 in QE FY 2013. Leasing revenues in QE FY 2014 increased over QE FY 2013 in local currency due primarily to the combination of higher monthly lease rates and the average monthly number of units on lease being more than 1,700 higher in QE FY 2014 as compared to QE FY 2013. We believe the primary reasons we are generally able to maintain high average utilization rates and increase our average units on lease and monthly rate between periods at Royal Wolf is the generally stable economy in the Asia-Pacific area and our position as the only company with a national footprint in the mobile storage industry in Australia and New Zealand. We regularly review each local market in which we do business to determine if local factors justify increases or decreases in lease rates and the effect these changes would have on utilization and revenues.

At Pac-Van, average utilization rates were 75%, 83%, 83%, 68% and 72% and average monthly lease rates were \$104, \$273, \$847, \$245 and \$848 for storage containers, office containers, frac tank containers, mobile offices and modular units, respectively, during QE FY 2014; as compared to 78%, 83%, 85%, 65% and 74% and \$101, \$261, \$910, \$238 and \$836 for storage containers, office containers, frac tank containers, mobile offices and modular units in QE FY 2013, respectively. The average composite utilization rate in QE FY 2014 and QE FY 2013 was 74% for both periods, and the composite average monthly number of units on lease was over 3,300 higher in QE FY 2014 as compared to QE FY 2013. The strong utilization, average monthly number of units on lease and generally higher monthly lease rates resulted primarily from improved demand across most sectors, particularly in the mining and energy, commercial, construction and industrial sectors, which increased by an aggregate of \$3.0 million.

Cost of Sales. Cost of sales from our lease inventories and fleet (which is the cost related to our sales revenues only and exclusive of the line items discussed below) decreased by \$1.7 million from \$19.8 million during QE FY 2013 to \$18.1 million during QE FY 2014, as a result of the lower sales from our lease inventories and fleet discussed above. Our gross profit percentage from these non-manufacturing sales decreased slightly to 26% in QE FY 2014 from 27% in QE FY 2013. Cost of sales from our manufactured portable liquid storage tank containers totaled \$5.0 million, or approximately \$22,900 per unit, versus \$5.6 million in QE FY 2013, or approximately \$35,200 per unit. Overall, efficiencies gained from improved systems and processes, including lower material costs, substantially reduced our average cost per unit during QE FY 2014 from QE FY 2013.

Direct Costs of Leasing Operations and Selling and General Expenses. As a result of our increased business activity, direct costs of leasing operations and selling and general expenses increased in absolute dollars by \$1.4 million from \$25.7 million during QE FY 2013 to \$27.1 million during QE FY 2014; but increased only slightly as a percentage of revenues from 40% in QE FY 2013 to 41% in QE FY 2014.

Depreciation and Amortization. Depreciation and amortization increased by \$0.4 million to \$6.0 million in QE FY 2014 from \$5.6 million in QE FY 2013, primarily as a result of our increasing investment in the lease fleet and business acquisitions.

Interest Expense. Interest expense of \$2.5 million in QE FY 2014 was \$0.3 million lower than the \$2.8 million in QE FY 2013. This was comprised of a decrease in interest expense of \$0.3 million at Royal Wolf. The weighted-average interest rate (which does not include the effect of translation, interest rate swap contracts and options and the amortization of deferred financing costs) at Royal Wolf of 5.4% in QE FY 2014 decreased from 6.1% in QE FY 2013 and effectively offset the comparatively higher average borrowings between periods. The weighted-average interest rate (which does not include the effect of the amortization of deferred financing costs) in North America was 3.7% in QE FY 2014 and 4.9% in QE FY 2013.

Foreign Currency Exchange and Other. The currency exchange rate of one Australian dollar to one U.S. dollar was \$1.0374 at December 31, 2012, \$1.0423 at March 31, 2013, \$0.8874 at December 31, 2013 and \$0.9251 at March 31, 2014. In QE FY 2013 and QE FY 2014, net unrealized and realized foreign exchange gains (losses) totaled \$55,000 and \$31,000, and \$96,000 and \$(55,000), respectively.

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Income Taxes. Our effective income tax rate was 41.8% in FY 2014 and 38.0% in FY 2013. The effective rate is greater than the U.S. federal rate of 34% primarily because of state income taxes from the filing of tax returns in multiple U.S. states and the effect of doing business and filing income tax returns in foreign jurisdictions.

Preferred Stock Dividends. In QE FY 2014, we paid \$0.9 million on our 9.00% Series C Cumulative Redeemable Perpetual Preferred Stock (the Series C Preferred Stock) issued in May 2013 (see Note 3 of Notes to Condensed Consolidated Financial Statements).

Noncontrolling Interests. Noncontrolling interests in the Royal Wolf and Southern Frac results of operations were approximately \$1.8 million and \$2.0 million in QE FY 2014 and QE FY 2013, respectively, reflecting the lower profitability of Royal Wolf due primarily to the translation effect of the weaker Australian dollar to the U.S. dollar in QE FY 2014 versus QE FY 2013.

Net Income Attributable to Common Stockholders. Net income attributable to common stockholders of \$1.1 million in QE FY 2014 was \$0.4 million more than the \$0.7 million in QE FY 2013 primarily as a result of greater operating profit in North America and overall lower interest expense, offset somewhat by a higher effective income tax rate and increased preferred stock dividend payments.

Nine Months Ended March 31, 2014 (FY 2014) Compared to Nine Months Ended March 31, 2013 (FY 2013)

The following compares our FY 2014 results of operations with our FY 2013 results of operations.

Revenues. Revenues increased \$16.4 million, or 9%, to \$197.0 million in FY 2014 from \$180.6 million in FY 2013. This consisted of an increase of \$3.0 million, or 3%, in revenues at Royal Wolf, a \$13.5 million increase, or 20%, in revenues at Pac-Van and a \$0.1 million decrease in manufacturing revenues from Southern Frac; which we acquired on October 1, 2012. The translation effect of the average currency exchange rate, driven by the weakening in the Australian dollar relative to the U.S. dollar in FY 2014 versus FY 2013, significantly impacted the translation in FY 2014 of the total revenues at Royal Wolf when compared to FY 2013. In Australian dollars, total revenues at Royal Wolf increased by 16% in FY 2014 from FY 2013. The average currency exchange rate of one Australian dollar during FY 2014 was \$0.91342 U.S. dollar compared to \$1.03885 U.S. dollar during FY 2013.

The revenue increase at Royal Wolf was primarily in the transport, government and mining sectors, where revenues increased by \$13.1 million in FY 2014 from FY 2013, and were offset significantly by across-the-board decreases in most of the other sectors. At Pac-Van, the revenue increase in FY 2014 from FY 2013 was due primarily to increases in the commercial, mining and energy, industrial, retail, construction and education sectors where revenues increased between the periods by an aggregate of \$14.6 million.

Sales and leasing revenues represented 46% and 54% of total non-manufacturing revenues, respectively, in FY 2014 and 45% and 55% of total non-manufacturing revenues, respectively, in FY 2013.

Sales during FY 2014 amounted to \$97.0 million, compared to \$88.1 million during FY 2013; representing an increase of \$8.9 million, or 10%. This consisted of a \$4.4 million increase, or 26%, in sales at Pac-Van and a \$4.6 million increase, or 8%, in sales at Royal Wolf, offset slightly by a \$0.1 million decrease in sales at Southern Frac. Overall, non-manufacturing sales increased by \$9.0 million, or 12%, in FY 2014 from FY 2013. The increase at Royal Wolf was comprised of an increase of \$10.6 million (\$4.0 million increase due to higher unit sales and \$9.4 million increase due to average price increases, offset somewhat by a \$2.8 million decrease due to foreign exchange movements) in the national accounts group and a decrease of \$6.0 million (\$1.8 million decrease due to average price decreases and \$5.5 million decrease due to foreign exchange movements, offset slightly by a

\$1.3 million increase due to higher unit sales) in the CSC operations. Sales in the national accounts group during FY 2014 included over \$11.0 million (over AUS\$12.0 million) to one customer, a freight logistics company that operates a national rail network. The operating margin of the over AUS\$12.0 million sales contract with this customer was below 10%. At Pac-Van, higher sales in FY 2014 versus FY 2013 were primarily due to increases in the commercial, education and industrial sectors, which increased by an aggregate of \$5.1 million. At Southern Frac, portable liquid storage tank container sales in FY 2014 consisted of 393 units sold at an average sales price of approximately \$33,000 per unit versus 388 units sold at an average sales price of approximately \$33,600 per unit during FY 2013.

Leasing revenues during FY 2014 totaled \$100.0 million, as compared to \$92.5 million during FY 2013, representing an increase of \$7.5 million, or 8%. Leasing revenues increased by \$9.2 million, or 26%, at Pac-Van and decreased by \$1.7 million, or 3%, at Royal Wolf. In Australian dollars, however, FY 2014 leasing revenues at Royal Wolf actually increased by 11% from FY 2013.

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At Royal Wolf, average utilization in the retail operations was 85% during both FY 2014 and FY 2013; and average utilization in the national accounts group operations was 76% during FY 2014 and 77% during FY 2013. In FY 2014 and FY 2013, the overall average utilization was 83%; and the average monthly lease rate of containers was AUS\$175 in FY 2014 versus AUS\$163 in FY 2013. Leasing revenues in FY 2014 increased over FY 2013 in local currency due primarily to the combination of the higher average monthly lease rate and the average monthly number of units on lease being more than 1,750 higher in FY 2014 as compared to FY 2013. We believe the primary reasons we are generally able to maintain high average utilization rates and increase our average units on lease and monthly lease rate between periods at Royal Wolf is the generally stable economy in the Asia-Pacific area and our position as the only company with a national footprint in the mobile storage industry in Australia and New Zealand. We regularly review each local market in which we do business to determine if local factors justify increases or decreases in lease rates and the effect these changes would have on utilization and revenues.

At Pac-Van, average utilization rates were 80%, 82%, 83%, 68% and 72% and average monthly lease rates were \$112, \$272, \$874, \$242 and \$832 for storage containers, office containers, frac tank containers, mobile offices and modular units, respectively, during FY 2014; as compared to 83%, 83%, 84%, 66% and 75% and \$105, \$260, \$1,020, \$236 and \$843 for storage containers, office containers, frac tank containers, mobile offices and modular units in FY 2013, respectively. The average composite utilization rate in FY 2014 and FY 2013 was 77% in both periods; and the composite average monthly number of units on lease was over 3,000 higher in FY 2014 as compared to FY 2013. The strong utilization, average monthly number of units on lease and generally higher monthly lease rates resulted primarily from improved demand across most sectors, particularly in the mining and energy, commercial, construction, retail and industrial sectors, which increased by an aggregate of \$9.7 million.

Cost of Sales. Cost of sales from our lease inventories and fleet (which is the cost related to our sales revenues only and exclusive of the line items discussed below) increased by \$9.3 million, from \$55.2 million during FY 2013 to \$64.5 million during FY 2014, as a result of the higher sales from our lease inventories and fleet discussed above. However, our gross profit percentage from these sales revenues decreased to 23% in FY 2014 from 26% in FY 2013 due primarily to the lower margin on the sales to a Royal Wolf freight logistics customer, as discussed above. Cost of sales from our manufactured portable liquid storage tank containers totaled \$9.5 million, or approximately \$24,300 per unit, versus \$12.1 million in FY 2013, or approximately \$31,200 per unit, which included additional costs due to the purchase price allocation effect of carrying the opening inventory on October 1, 2012 at fair value. Overall, efficiencies gained from improved systems and processes, including lower material costs, substantially enhanced our gross profit percentage from sales of manufactured units to 26% during FY 2014 from 7% in FY 2013.

Direct Costs of Leasing Operations and Selling and General Expenses. As a result of increased business activity, direct costs of leasing operations and selling and general expenses increased in absolute dollars by \$4.9 million from \$74.4 million during FY 2013 to \$79.3 million during FY 2014; but decreased as a percentage of revenues from 41% in FY 2013 to 40% in FY 2014. In addition, this absolute dollar increase was not only the result of our increased leasing operations, but also the additional selling and administrative expenses of \$1.4 million incurred at Southern Frac in FY 2014 from FY 2013 because FY 2013 included only six months of Southern Frac's operations.

Depreciation and Amortization. Depreciation and amortization increased by \$1.1 million to \$17.3 million in FY 2014 from \$16.2 million in FY 2013, primarily as a result of our increasing investment in the lease fleet and business acquisitions.

Interest Expense. Interest expense of \$7.2 million in FY 2014 was \$1.4 million lower than the \$8.6 million in FY 2013. This was comprised of a decrease in interest expense of \$0.7 million in North America and a decrease of \$0.7 million at Royal Wolf. The weighted-average interest rate (which does not include the effect of translation, interest rate swap contracts and options and the amortization of deferred financing costs) at Royal Wolf of 5.7% in FY

2014 decreased from 6.1% in FY 2013 and more than offset the comparatively higher average borrowings between periods. In North America, the lower interest expense in FY 2014 versus FY 2013 was due to both a lower weighted-average interest rate and average borrowings. The weighted-average interest rate (which does not include the effect of the amortization of deferred financing costs) in North America was 3.7% in FY 2014 and 4.9% in FY 2013.

Foreign Currency Exchange and Other. The currency exchange rate of one Australian dollar to one U.S. dollar was \$1.0161 at June 30, 2012, \$1.0423 at March 31, 2013, \$0.9146 at June 30, 2013 and \$0.9251 at March 31, 2014. In FY 2013 and FY 2014, net unrealized and realized foreign exchange gains (losses) totaled \$163,000 and \$194,000, and (\$267,000) and \$46,000, respectively. In FY 2013, the estimated fair value of the tangible and intangible assets acquired and liabilities assumed exceeded the purchase prices of two of our acquisitions resulting in bargain purchase gains of \$0.2 million.

Income Taxes. Our effective income tax rate was 41.8% in FY 2014 and 38.0% in FY 2013. The effective rate is greater than the U.S. federal rate of 34% primarily because of state income taxes from the filing of tax returns in multiple U.S. states and the effect of doing business and filing income tax returns in foreign jurisdictions.

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Preferred Stock Dividends. In FY 2014, we paid \$2.6 million on our Series C Preferred Stock (see Note 3 of Notes to Condensed Consolidated Financial Statements).

Noncontrolling Interests. Noncontrolling interests in the Royal Wolf and Southern Frac results of operations were \$4.9 million in FY 2014, as compared to \$5.6 million in FY 2013, reflecting the lower profitability of Royal Wolf primarily due to the translation effect of the weaker Australian dollar to the U.S. dollar between periods.

Net Income Attributable to Common Stockholders. Net income attributable to common stockholders of \$3.1 million in FY 2014 was \$0.3 million lower than the \$3.4 million in FY 2013 primarily as a result of lower operating profit in the Pan-Pacific area, net losses from foreign exchange and derivative instrument transactions versus a net gain in the prior period, a higher effective income tax rate and larger preferred stock dividend payments; offset somewhat by a greater operating profit in North America and overall lower interest expense.

Measures not in Accordance with Generally Accepted Accounting Principles in the United States (U.S. GAAP)

Earnings before interest, income taxes, impairment, depreciation and amortization and other non-operating costs and income (EBITDA) and adjusted EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with, U.S. GAAP. These measures are not measurements of our financial performance under U.S. GAAP and should not be considered as alternatives to net income, income from operations or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flow from operating, investing or financing activities as a measure of liquidity.

Adjusted EBITDA is a non-U.S. GAAP measure. We calculate adjusted EBITDA to eliminate the impact of certain items we do not consider to be indicative of the performance of our ongoing operations. You are encouraged to evaluate each adjustment and whether you consider each to be appropriate. In addition, in evaluating adjusted EBITDA, you should be aware that in the future, we may incur expenses similar to the expenses excluded from our presentation of adjusted EBITDA. Our presentation of adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. We present adjusted EBITDA because we consider it to be an important supplemental measure of our performance and because we believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, many of which present EBITDA and a form of adjusted EBITDA when reporting their results. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Because of these limitations, adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or to reduce our indebtedness. We compensate for these limitations by relying primarily on our U.S. GAAP results and using adjusted EBITDA only supplementally. The following table shows our adjusted EBITDA and the reconciliation from net income (in thousands):

	Quarter Ended March 31,		Nine Months Ended March 31,	
	2013	2014	2013	2014
Net income	\$ 2,798	\$ 3,826	\$ 9,121	\$ 10,610
Add (deduct)				
Provision for income taxes	1,715	2,749	5,591	7,621
Foreign currency exchange loss (gain) and other	(115)	512	(583)	1,061
Interest expense	2,749	2,490	8,604	7,216
Interest income	(3)	(14)	(43)	(37)

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Depreciation and amortization	5,710	6,214	16,406	17,848
Share-based compensation expense	322	533	968	1,403
Adjusted EBITDA	\$ 13,176	\$ 16,310	\$ 40,064	\$ 45,722

Our business is capital intensive, so from an operating level we focus primarily on EBITDA and adjusted EBITDA to measure our results. These measures provide us with a means to track internally generated cash from which we can fund our interest expense and fleet growth objectives. In managing our business, we regularly compare our adjusted EBITDA margins on a monthly basis. As capital is invested in our established branch (or CSC) locations, we achieve higher adjusted EBITDA margins on that capital than we achieve on capital invested to establish a new branch, because our fixed costs are already in place in connection with the established branches. The fixed costs are those associated with yard and delivery equipment, as well as advertising, sales, marketing and office expenses. With a new market or branch, we must first fund and absorb the start-up costs for setting up the new branch facility, hiring and developing the management and sales team and developing our marketing and advertising programs. A new branch will have low adjusted EBITDA margins in its early years until the number of units on rent increases. Because of our higher operating margins on incremental lease revenue, which we realize on a branch-by-branch basis, when the branch

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achieves leasing revenues sufficient to cover the branch's fixed costs, leasing revenues in excess of the break-even amount produce large increases in profitability and adjusted EBITDA margins. Conversely, absent significant growth in leasing revenues, the adjusted EBITDA margin at a branch will remain relatively flat on a period by period comparative basis.

Liquidity and Financial Condition

Each of our operating units substantially funds its operations through secured bank credit facilities that require compliance with various covenants. These covenants require our operating units to, among other things, maintain certain levels of interest or fixed charge coverage, EBITDA (as defined), utilization rate and overall leverage.

Royal Wolf has an approximately \$118,769,000 (AUS\$101,000,000 and NZ\$29,200,000) senior credit facility with Australia and New Zealand Banking Group Limited (ANZ), which is secured by substantially all of the assets of our Australian and New Zealand subsidiaries (the ANZ Credit Facility). Approximately \$90,408,000 (AUS\$71,000,000 container purchases sub-facility and NZ\$28,500,000 flexible rate term loan facility) matures on September 30, 2016, \$13,877,000 (AUS\$15,000,000 capital expenditure sub-facility) matures on November 14, 2014, another \$13,877,000 (AUS\$15,000,000 multi-option sub-facility) matures by June 30, 2014 and \$607,000 (NZ\$700,000 term facility) matures in varying installments over the next five years.

Pac-Van had an \$85,000,000 senior secured revolving credit facility with a syndicate led by PNC Bank, National Association (PNC) that included Wells Fargo Bank, National Association (Wells Fargo) and Union Bank, N.A. (the PNC Credit Facility). The PNC Credit Facility was scheduled to mature on January 16, 2013, but on September 7, 2012, Pac-Van entered into a new five-year, senior secured revolving credit facility with a syndicate led by Wells Fargo, that also includes HSBC Bank USA, NA (HSBC), and the Private Bank and Trust Company (the Wells Fargo Credit Facility). On February 7, 2014, Pac-Van amended the Wells Fargo Credit Facility to, among other things, increase the maximum borrowing capacity from \$120,000,000 to \$200,000,000 and add two new lenders (OneWest Bank and Capital One) to the syndicate. Borrowings under the facility will now accrue interest, at Pac-Van's option, either at the base rate plus 1.00% to 1.50% or the LIBOR plus 2.50% to 3.00%, and the maximum amount of intercompany dividends that Pac-Van is allowed to pay in each fiscal year to GFN and its subsidiaries for the Series C Preferred Stock increased from \$4,000,000 to \$5,000,000 (or the amount equal to the dividend rate of the Series C Preferred Stock and its aggregate liquidation preference and the actual amount of dividends required to be paid to the Series C Preferred Stock), provided that (i) the payment of such dividends does not cause a default or event of default; (ii) Pac-Van is solvent; (iii) Pac-Van is permitted to borrow \$5,000,000 or more under the Wells Fargo Credit Facility; and (iv) Pac-Van is in compliance with the fixed charge coverage ratio covenant after giving effect to the payment and the dividends are paid no earlier than ten business days prior to the date they are due.

Southern Frac has a senior secured credit facility with Wells Fargo (the Wells Fargo SF Credit Facility). The Wells Fargo SF Credit Facility, as amended, provides for (i) a senior secured revolving line of credit under which Southern Frac may borrow, subject to the terms of a borrowing base, as defined, up to \$12,000,000 with a three-year maturity; (ii) a combined \$860,000 equipment and capital expenditure term loan (the Restated Equipment Term Loan), which fully amortizes over 48 months commencing July 1, 2013; and (iii) a \$1,500,000 term loan (the Term Loan B), which fully amortizes over 18 months, commencing May 1, 2013.

Reference is made to Note 5 of Notes to Condensed Consolidated Financial Statements for further discussion of our senior and other debt.

As of March 31, 2014, our required principal and other obligations payments for the twelve months ending March 31, 2015 and the subsequent three twelve-month periods are as follows (in thousands):

	Twelve Months Ending March 31,			
	2015	2016	2017	2018
ANZ Credit Facility	\$ 16,495	\$ 584	\$ 90,847	\$ 289
Wells Fargo Credit Facility				97,447
Wells Fargo SF Credit Facility	6,646	215	215	54
Other	879	486	78	81
	\$ 24,020	\$ 1,285	\$ 91,140	\$ 97,871

On May 17, 2013, we completed a public offering of 350,000 shares of our Series C Preferred Stock, liquidation preference \$100.00 per share, and on May 24, 2013, the underwriters exercised their overallotment option to purchase an additional 50,000 shares. Proceeds from the offering totaled \$37,500,000, after deducting the underwriting discount of \$2,000,000 and offering costs of \$500,000. Among other things, we used \$36,000,000 of the net proceeds to reduce indebtedness at Pac-Van under the Wells Fargo Credit Facility (pursuant to the requirement that at least 80% of the gross proceeds, or \$32,000,000, be used for that purpose) and \$1,295,000 to redeem our Series A 12.5% Cumulative Preferred Stock. With the satisfaction of the 80% gross proceeds requirement, Pac-Van is permitted to pay intercompany

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dividends in each fiscal year to GFN and its subsidiaries for the Series C Preferred Stock equal to the lesser of \$5,000,000 or the amount equal to the dividend rate of the Series C Preferred Stock and its aggregate liquidation preference and the actual amount of dividends required to be paid to the Series C Preferred Stock, provided that (i) the payment of such dividends does not cause a default or event of default; (ii) Pac-Van is solvent; (iii) Pac-Van is permitted to borrow \$5,000,000 or more under the Wells Fargo Credit Facility; and (iv) Pac-Van is in compliance with the fixed charge coverage ratio covenant after giving effect to the payment and the dividends are paid no earlier than ten business days prior to the date they are due.

As of June 25, 2013, the expiration date of warrants issued by us in a rights offering on June 25, 2010, we received total net proceeds during FY 2013 of \$8,154,000, of which \$8,000,000 was used to reduce indebtedness at Pac-Van under the Wells Fargo Credit Facility.

Reference is made to Note 3 of Notes to Condensed Consolidated Financial Statements for further discussion of our Series C Preferred Stock and other equity transactions.

On March 31, 2014, we, at the corporate level, entered into a \$25,000,000 facility agreement with Credit Suisse AG, Singapore Branch (Credit Suisse Term Loan) as part of the financing for the acquisition of the affiliated entities, Lone Star Tank Rental, LP and KHM Rentals, LLC. The Credit Suisse Term Loan provides that the amount borrowed will bear interest at LIBOR plus 7.50% per year, will be payable quarterly, and that all principal and interest will mature two years from the date that we borrow the \$25,000,000. In addition, the Credit Suisse Term Loan is secured by a first ranking pledge over all shares of RWH owned by GFN U.S., requires a certain coverage maintenance ratio in U.S. dollars based on the value of the RWH shares and, among other things, that an amount equal to six-months interest be deposited in an interest reserve account pledged to secure repayment of all amounts borrowed. On April 3, 2014, we borrowed the \$25,000,000 available to us under the Credit Suisse Term Loan.

We intend to continue utilizing our operating cash flow and net borrowing capacity primarily to expanding our container sale inventory and lease fleet through both capital expenditures and accretive acquisitions; as well as paying dividends on the Series C Preferred Stock, if and when declared by our Board of Directors.

We currently do not pay a dividend on our common stock and do not intend on doing so in the foreseeable future.

Significant Recent Developments

On April 7, 2014, we, primarily through Pac-Van and Lone Star, amended and restated the Wells Fargo Credit Facility (see above) as part of the financing for the acquisition of the affiliated entities, Lone Star Tank Rental, LP and KHM Rentals, LLC. The purchase consideration consisted of (i) \$75,000,000 in cash, (ii) 1,230,012 shares of our common stock (the number of shares was agreed to based on a value of \$8.13 per share, which was the average of the closing market price during the 15-day trading period ending April 2, 2014), (iii) \$5,000,000 payable over five years for a non-compete agreement and (iv) \$5,000,000 payable over two years for a general indemnity holdback. We funded the cash portion of the consideration using \$50,000,000 of availability under the Wells Fargo Credit Facility, as amended, and \$25,000,000 from the Credit Suisse Term Loan (see above).

Effective May 8, 2014, Royal Wolf refinanced the ANZ Credit Facility (Refinanced RWH Credit Facility) to, among other things, increase the maximum borrowing capacity to \$161,900,000 (AUS\$175,000,000), add Commonwealth Bank of Australia (CBA) through a common terms deed arrangement with ANZ and generally improve the financial covenants. Under the common deed arrangement, ANZ's proportionate share of the Refinanced RWH Credit Facility is \$97,100,000 (AUS\$105,000,000) and CBA's proportionate share is \$64,800,000 (AUS\$70,000,000). The Refinanced RWH Credit Facility has \$113,300,000 (AUS\$122,500,000) maturing on July 31, 2017, the pricing of which is 0.45%

lower than the existing ANZ Credit Facility, and \$48,600,000 (AUS\$52,500,000) maturing on July 31, 2019.

Cash Flow for FY 2014 Compared to FY 2013

Our business is capital intensive, and we acquire leasing assets before they generate revenues, cash flow and earnings. These leasing assets have long useful lives and require relatively minimal maintenance expenditures. Most of the capital we deploy into our leasing business historically has been used to expand our operations geographically, to increase the number of units available for lease at our branch and CSC locations and to add to the breadth of our product mix. Our operations have generally generated annual cash flow which would include, even in profitable periods, the deferral of income taxes caused by accelerated depreciation that is used for tax accounting.

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As we discussed above, our principal source of capital for operations consists of funds available from the senior secured credit facilities at our operating units. We also finance a smaller portion of capital requirements through finance leases and lease-purchase contracts. Supplemental information pertaining to our consolidated sources and uses of cash is presented in the table below (in thousands):

	Nine Months Ended March 31,	
	2013	2014
Net cash provided by operating activities	\$ 20,975	\$ 20,760
Net cash used in investing activities	\$ (56,307)	\$ (62,381)
Net cash provided by financing activities	\$ 31,144	\$ 45,002

Operating activities. Our operations provided net cash flow of \$20.8 million during FY 2014, a slight decrease from the \$21.0 million of operating cash flow provided during FY 2013. Net income of \$10.6 million in FY 2014 was \$1.5 million higher than the net income of \$9.1 million in FY 2013; however, our operating cash flows decreased by \$6.7 million in FY 2014 from the management of operating assets and liabilities when compared to FY 2013. In FY 2014 and FY 2013, operating cash flows were reduced by \$12.0 million and \$5.2 million, respectively, from the management of operating assets and liabilities. Operating cash flows in FY 2014 increased by \$1.7 million over FY 2013 as a result of larger non-cash adjustments of depreciation and amortization (including amortization of deferred financing costs and accretion of interest). Depreciation, amortization and accretion of interest totaled \$18.5 million in FY 2014 versus \$16.8 million in FY 2013. In addition, net unrealized losses (gains) from foreign exchange and derivative instruments (see Note 6 of Notes to Condensed Consolidated Financial Statements), which reduce operating results, but are non-cash add-backs for cash flow purposes, were \$0.9 million in FY 2014 versus \$(0.1) million in FY 2013; an increase of \$1.0 million. In both periods, operating cash flows benefitted from the deferral of income taxes, which totaled \$6.7 million in FY 2014 and \$4.9 million in FY 2013. Historically, operating cash flows are typically enhanced by the deferral of most income taxes due to the rapid tax depreciation rate of our fixed assets and available net operating loss carryforwards. Additionally, in both FY 2014 and FY 2013, operating cash flows were reduced by gains on the sales of lease fleet of \$5.2 million and enhanced by non-cash share-based compensation charges of \$1.4 million and \$1.0 million, respectively.

Investing Activities. Net cash used by investing activities was \$62.4 million during FY 2014, as compared to \$56.3 million during FY 2013, an increase of \$6.1 million. Purchases of property, plant and equipment, or rolling stock, were approximately \$4.3 million in FY 2014, a decrease of \$1.9 million from the \$6.2 million in FY 2013; but net capital expenditures of lease fleet (purchases, net of proceeds from sales of lease fleet) were \$42.3 million in FY 2014 as compared to \$35.4 million in FY 2013, an increase of \$6.9 million. The increase in FY 2014 net capital expenditures from FY 2013 was due to primarily container lease fleet purchases of \$24.1 million in FY 2014 in North America as compared to \$15.6 million in FY 2013, an increase of \$8.5 million; whereas net capital expenditures in the Pan Pacific totaled \$18.2 million in FY 2014 versus \$19.8 million in FY 2013, a decrease of \$1.6 million. The amount of cash that we use during any period in investing activities is almost entirely within management's discretion and we have no significant long-term contracts or other arrangements pursuant to which we may be required to purchase at a certain price or a minimum amount of goods or services. In FY 2014, we made six business acquisitions (two in the Pan Pacific and four in North America) for cash totaling \$15.7 million (see Note 4 of Notes to Condensed Consolidated Financial Statements), as compared to eight acquisitions (three in the Pan Pacific and five in North America) in FY 2013 for cash of \$14.6 million.

Financing Activities. Net cash provided by financing activities was \$45.0 million during FY 2014, as compared to \$31.1 million provided during FY 2013, an increase of \$13.9 million. In FY 2014, cash provided from financing activities included borrowings of \$51.1 million on the existing credit facilities to primarily fund our increasing investment in the container lease fleet and business acquisitions. In FY 2013, in connection with the refinancing at Pac-Van (see Liquidity and Financial Condition above), we fully repaid the PNC Credit Facility and Laminar Note for \$79.2 million and borrowed a net \$114.4 million on all of our credit facilities to also primarily fund our investment in the container lease fleet and business acquisitions. We also incurred deferred financing costs of \$1.4 million in FY 2013, primarily in connection with the refinancing at Pac-Van, versus \$0.7 million in FY 2014. In FY 2014 we paid preferred stock dividends of \$2.6 million, versus only \$0.1 million in FY 2013, an increase of \$2.5 million due primarily to the issuance of our Series C Preferred Stock in May 2013, and in both FY 2014 and FY 2013, Royal Wolf paid capital stock dividends of \$2.3 million to noncontrolling interests (see Note 3 of Notes to Condensed Consolidated Financial Statements).

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Receivables and inventories were \$44.1 million and \$36.6 million at March 31, 2014 and \$34.4 million and \$31.9 million at June 30, 2013, respectively. At March 31, 2014, days sales outstanding (DSO) in trade receivables were 40 days and 55 days at Royal Wolf and Pac-Van, as compared to 44 days and 50 days at June 30, 2013, respectively. Effective asset management is always a significant focus as we strive to apply appropriate credit and collection controls and maintain proper inventory levels to enhance cash flow and profitability.

The net book value of our total lease fleet increased to \$340.3 million at March 31, 2014 from \$290.2 million at June 30, 2013. At March 31, 2014, we had 59,562 units (20,180 units in retail operations in Australia, 10,717 units in national account group operations in Australia, 9,799 units in New Zealand, which are considered retail; and 18,866 units in North America) in our lease fleet, as compared 54,259 units (19,685 units in retail operations in Australia, 10,455 units in national account group operations in Australia, 9,043 units in New Zealand, which are considered retail; and 15,076 units in North America) at June 30, 2013. At those dates, 47,332 units (16,434 units in retail operations in Australia, 8,143 units in national account group operations in Australia, 8,829 units in New Zealand, which are considered retail; and 13,926 units in North America); and 42,262 units (16,054 units in retail operations in Australia, 6,756 units in national account group operations in Australia, 8,052 units in New Zealand, which are considered retail; and 11,400 units in North America) were on lease, respectively.

In the Asia-Pacific area, the lease fleet was comprised of 36,443 storage and freight containers and 4,253 portable building containers at March 31, 2014; and 35,284 storage and freight containers and 3,899 portable building containers at June 30, 2013. At those dates, units on lease were comprised of 30,212 storage and freight containers and 3,194 portable building containers; and 28,192 storage and freight containers and 2,670 portable building containers, respectively.

In North America, the lease fleet was comprised of 10,223 storage containers, 1,766 office containers (GLOs), 1,292 portable liquid storage tank containers, 4,604 mobile offices and 981 modular units at March 31, 2014; and 7,273 storage containers, 1,530 office containers (GLOs), 586 portable liquid storage tank containers, 4,703 mobile offices and 984 modular units at June 30, 2013. At those dates, units on lease were comprised of 7,329 storage containers, 1,520 office containers, 1,137 portable liquid storage tank containers, 3,225 mobile offices and 715 modular units; and 5,711 storage containers, 1,216 office containers, 524 portable liquid storage tank containers, 3,235 mobile offices and 714 modular units, respectively.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet transactions, arrangements, obligations or other relationships with unconsolidated entities or others that are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Seasonality

Although demand from certain customer segments can be seasonal, our operations as a whole are not seasonal to any significant extent. We experience a reduction in sales volumes at Royal Wolf 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 removals or moving and storage industry, which experiences its seasonal peak of personnel relocations during this same summer holiday break. Demand from some of Pac-Van's customers can be seasonal, such as in the construction industry, which tends

to increase leasing activity in the first and fourth quarters; while customers in the retail industry tend to lease more units in the second quarter. Our business at Southern Frac, which is significantly derived from the oil & gas industry, may decline in our second quarter month of December and our third quarter months of January and February. These months may have lower activity in parts of the country where inclement weather may delay, or suspend, a company's drilling projects.

Impact of Inflation

We believe that inflation has not had a material effect on our business. However, during periods of rising prices 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.

Table of Contents**Critical Accounting Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we re-evaluate all of our estimates. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions as additional information becomes available in future periods. We believe the following are the more significant judgments and estimates used in the preparation of our condensed consolidated financial statements.

We are required to estimate the collectability of our trade receivables. Accordingly, we maintain allowances for doubtful accounts for estimated losses that may result from the inability of our customers to make required payments. On a recurring basis, we evaluate a variety of factors in assessing the ultimate realization of these receivables, including the current credit-worthiness of our customers, days sales outstanding trends, a review of historical collection results and a review of specific past due receivables. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required, resulting in decreased net income. To date, uncollectible accounts have been within the range of our expectations.

We lease and sell storage, building, office and portable liquid storage tank containers, modular buildings and mobile offices to our customers. Leases to customers generally qualify as operating leases unless there is a bargain purchase option at the end of the lease term. Revenue is recognized as earned in accordance with the lease terms established by the lease agreements and when collectability is reasonably assured. Revenue from sales of equipment is recognized upon delivery and when collectability is reasonably assured, while revenue from the sales of manufactured units are recognized when title and risk of loss transfers to the purchaser, generally upon shipment. Certain arrangements to sell units under long-term construction-type sales contracts are accounted for under the percentage of completion method. Under this method, income is recognized in proportion to the incurred costs to date under the contract to estimated total costs.

We have a fleet of storage, portable building, office and portable liquid storage tank containers, mobile offices, modular buildings and steps that we lease to customers under operating lease agreements with varying terms. The lease fleet (or lease or rental equipment) is recorded at cost and depreciated on the straight-line basis over the estimated useful life (5 – 20 years), after the date the units are put in service, down to their estimated residual values (up to 70% of cost). In our opinion, estimated residual values are at or below net realizable values. We periodically review these depreciation policies in light of various factors, including the practices of the larger competitors in the industry, and our own historical experience.

For the issuances of stock options, we follow the fair value provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, *Compensation – Stock Compensation*. FASB ASC Topic 718 requires recognition of employee share-based compensation expense in the statements of income over the vesting period based on the fair value of the stock option at the grant date. The pricing model we use for determining fair values of the purchase option is the Black-Scholes Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates, market prices and volatilities. Selection of these inputs involves management’s judgment and may impact net income. In particular, prior to July 1, 2009, we used volatility rates based upon a sample of comparable companies in our industry and we now use a volatility rate based on the performance of our common stock, which yields a higher rate. In addition we use a risk-free interest rate, which is the rate on U.S. Treasury instruments, for a security with a

maturity that approximates the estimated remaining expected term of the stock option.

We account for goodwill in accordance with FASB ASC Topic 350, *Intangibles - Goodwill and Other*. FASB ASC Topic 350 prohibits the amortization of goodwill and intangible assets with indefinite lives and requires these assets be reviewed for impairment at least annually or when events or circumstances indicate these assets might be impaired. We operate two reportable segments that include three operating units (Royal Wolf, Pac-Van and Southern Frac) and all of our goodwill was allocated between these three reporting units. Prior to July 1, 2012, we performed an annual impairment test on goodwill at year end using the quantitative two-step process under FASB ASC Topic 350. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. Effective July 1, 2012, we adopted the new qualitative assessment now allowable under ASC Topic 350. It will no longer be required for us to calculate the fair value of a reporting unit unless a determination is made based on a qualitative assessment that it is more likely than not (i.e., greater than 50%) that the fair value of the reporting unit is less than its carrying amount. However, if we do determine that fair value is less than the carrying amount, the existing quantitative calculations in steps one and two under ASC Topic 350 continue to apply. Some factors we consider important in making this determination include (1) significant underperformance relative to historical, expected or projected future

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operating results; (2) significant changes in the manner of our use of the acquired assets or the strategy for our overall business; (3) significant changes during the period in our market capitalization relative to net book value; and (4) significant negative industry or general economic trends. As of March 31, 2014, we determined that it was more likely than not that the fair values of our three reporting units were greater than their respective carrying amounts.

Intangible assets include those with indefinite (trademark and trade name) and finite (primarily customer base and lists, non-compete agreements and deferred financing costs) useful lives. Customer base and lists and non-compete agreements are amortized on the straight-line basis over the expected period of benefit which range from one to ten years. Costs to obtaining long-term financing are deferred and amortized over the term of the related debt using the straight-line method. Amortizing the deferred financing costs using the straight-line method does not produce significantly different results than that of the effective interest method. We review intangibles (those assets resulting from acquisitions) at least annually for impairment or when events or circumstances indicate these assets might be impaired. We tested impairment using historical cash flows and other relevant facts and circumstances as the primary basis for its estimates of future cash flows. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment. Effective July 1, 2012, we adopted the new qualitative factors now allowable under ASC Topic 350. If we determine, based on a qualitative assessment, that it is more likely than not (i.e., greater than 50%) that fair value is not impaired, then no further testing is necessary. However, if we determine that fair value is less than the carrying amount, then the existing quantitative calculations under ASC Topic 350 continue to apply. As of March 31, 2014, we determined that it was more likely than not that the fair values of intangible assets were greater than their carrying amounts.

In preparing our consolidated financial statements, we recognize income taxes in each of the jurisdictions in which we operate. For each jurisdiction, we estimate the actual amount of taxes currently payable or receivable as well as deferred tax assets and liabilities attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance would be provided for those deferred tax assets for which it is more likely than not that the related benefits will not be realized. In determining the amount of the valuation allowance, we consider estimated future taxable income as well as feasible tax planning strategies in each jurisdiction. If we determine that we will not realize all or a portion of our deferred tax assets, we would increase our valuation allowance with a charge to income tax expense or offset goodwill if the deferred tax asset was acquired in a business combination. Conversely, if we determine that we will ultimately be able to realize all or a portion of the related benefits for which a valuation allowance has been provided, all or a portion of the related valuation allowance would be reduced with a credit to income tax expense except if the valuation allowance was created in conjunction with a tax asset in a business combination.

Reference is made to Note 2 of Notes to Condensed Consolidated Financial Statements for a further discussion of our significant accounting policies.

Impact of Recently Issued Accounting Pronouncements

Reference is made to Note 2 of Notes to Condensed Consolidated Financial Statements for a discussion of recently issued accounting pronouncements that could potentially impact us.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges and other market-driven rates or prices. Exposure to interest rates and currency risks arises in the normal course of our business and we may use derivative financial instruments to hedge exposure to fluctuations in foreign exchange rates and interest rates. We believe we have no material market risks to our operations, financial position or liquidity as a result of derivative activities, including forward-exchange contracts.

Reference is made to Note 6 of Notes to Condensed Consolidated Financial Statements for a discussion of financial instruments.

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Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports we file and submit under the Securities Exchange Act of 1934, as amended (Exchange Act), is recorded, processed, summarized and reported within the time periods specified in accordance with SEC guidelines and that such information is communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure based on the definition of disclosure controls and procedures in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. In designing and evaluating our disclosure controls and procedures, we recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and that our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures in reaching that level of reasonable assurance.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures, as required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level. There were no changes in our internal control over financial reporting during the quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

In evaluating our forward-looking statements, readers should specifically consider risk factors that may cause actual results to vary from those contained in the forward-looking statements. Risk factors associated with our business are included, but not limited to, our Annual Report on Form 10-K for the year ended June 30, 2013, as filed with the SEC on September 17, 2013 (Annual Report) and other subsequent filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

See Exhibit Index attached.

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SIGNATURES

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

Date: May 13, 2014

GENERAL FINANCE CORPORATION

By: /s/ Ronald F. Valenta
Ronald F. Valenta
Chief Executive Officer

By: /s/ Charles E. Barrantes
Charles E. Barrantes
Chief Financial Officer

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EXHIBIT INDEX

Exhibit

Number	Exhibit Description
2.1	Asset Purchase Agreement dated February 28, 2014 among KHM Rentals, LLC, Lone Star Tank Rental LP, certain other parties thereto and Lone Star Tank Rental Inc. (incorporated by reference to Registrant's Form 8-K filed March 3, 2014)
10.1	Amendment No. 5 among Pac-Van, Wells Fargo Bank, National Association and HSBC Bank USA, NA (incorporated by reference to Registrant's Form 8-K filed February 10, 2014)
31.1	Certification of Chief Executive Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a)
31.2	Certification of Chief Financial Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. §1350
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. §1350
101	The following materials from the Registrant's Quarterly report on Form 10-Q for the quarter ended March 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income/Loss, (iv) the Condensed Consolidated Statements of Equity, (v) the Condensed Consolidated Statements of Cash Flows and (vi) Notes to Condensed Consolidated Financial Statements.