

General Finance CORP
Form 10-K
September 11, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended June 30, 2015

OR

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

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, California 91103
(Address of Principal Executive Offices)

(626) 584-9722
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, \$0.0001 par value
9.00% Series C Cumulative Redeemable Perpetual Preferred Stock

Name of Each Exchange On Which Registered
NASDAQ Global Market

(Liquidation Preference \$100 per share)
8.125% Senior Notes due 2021

NASDAQ Global Market
NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 last 90 days. Yes ☒ No ☐

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 ☒

The aggregate market value of Common Stock held by non-affiliates of the Registrant on December 31, 2014 was approximately \$103,255,000 based on a closing price of \$9.86 for the Common Stock on such date. For purposes of this computation, all executive officers and directors have been deemed to be affiliates. Such determination should not be deemed to be an admission that such executive officers and directors are, in fact, affiliates of the Registrant.

There were 26,008,878 shares of the Registrant's Common Stock outstanding as of September 4, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for its 2015 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K. In addition, certain exhibits are incorporated into Part IV, Item 15. of this Annual Report on Form 10-K by reference to other reports and registration statements of the Registrant, which have been filed with the Securities and Exchange Commission.

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SAFE HARBOR STATEMENT

This Annual Report on Form 10-K, including the documents incorporated by reference into this Annual Report on Form 10-K, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, referred to in this Annual Report on Form 10-K as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, referred to in this Annual Report on Form 10-K as the Exchange Act.

Forward-looking statements involve risks and uncertainties that could cause results or outcomes to differ materially from those expressed in the forward-looking statements. Forward-looking statements may include, without limitation, statements relating to our plans, strategies, objectives, expectations and intentions and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Some of the forward-looking statements can be identified by the use of forward-looking terms such as believes, expects, may, will, should, could, seek, intends, plans, estimates, anticipates or other comparable terms. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. The risks and uncertainties discussed in Risk Factors should be considered in evaluating our forward-looking statements. You should not place undue reliance on our forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statements.

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PART I

Item 1. Business

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 Leasing Corporation, a Delaware corporation (GFNNA Leasing); GFN North America Corp., a Delaware corporation (GFNNA); GFN Realty Company, LLC, a Delaware limited liability company (GFNRC); 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 (Lone Star).

Overview

Founded in 2005, we are a leading specialty rental services company offering portable storage, modular space and liquid containment solutions, with a diverse and expanding lease fleet of 72,856 units as of June 30, 2015. Our 70 branch locations across North America and the Asia-Pacific offer a wide range of portable storage units, including our core 20-foot and 40-foot steel containers, office container, mobile office and modular space products and steel tanks that provide our customers a flexible, cost-effective and convenient way to meet their temporary storage and space needs. Our units are easily customized to satisfy our customers' specific application needs and include numerous value-add components. We provide our storage solutions to a diverse base of over 35,000 customers across a broad range of industries, including commercial, construction, transportation, industrial, energy, manufacturing, mining, retail, education and government. Our customers utilize our storage and space units for a wide variety of applications, including the temporary storage of materials, supplies, equipment, retail merchandise inventories, documents and liquid storage and for office use.

We focus on leasing rather than selling our units. Approximately 69% of our total non-manufacturing revenues for the year ended June 30, 2015 (FY 2015) were derived from leasing activities. We believe our business model is compelling because it is driven by lease fleet assets that:

generate a predictable, recurring revenue stream with average lease durations of over 12 months;

possess long useful lives of 20 to 30 years with high residual values;

return the original equipment cost through revenue within four years on average;

operate at high lease fleet utilization levels, historically between 70% and 85%;

require low maintenance expenditures; and

earn attractive margins.

Our lease fleet is comprised of three distinct specialty rental equipment categories that possess attractive asset characteristics and serve our customers on-site temporary needs and applications. These categories match the sectors we serve and collectively refer to as the portable services industry portable (or mobile) storage, modular space and liquid containment.

Our portable storage category is segmented into two products: (1) storage containers, which primarily consist of new and used steel shipping containers under International Organization for Standardization (ISO) standards, that provide a flexible, low cost alternative to warehousing, while offering greater security, convenience and immediate accessibility; and (2) freight containers, which are either designed for transport of products by road and rail and are only offered in our Asia-Pacific territory.

Our modular space category is segmented into three products: (1) office containers, which are referred to as portable container buildings in the Asia-Pacific, are either modified or specifically manufactured containers that provide self-contained office space with maximum design flexibility. Office containers in the United States are oftentimes referred to as ground level offices (GLOs); (2) modular buildings, which provide customers with flexible space solutions and are often modified to customer specifications and (3) mobile offices, which are re-locatable units with aluminum or wood exteriors and wood (or steel) frames on a steel carriage fitted with axles, and which allow for an assortment of add-ons to provide convenient temporary space solutions.

Our liquid containment category includes portable liquid storage tanks that are manufactured 500-barrel capacity steel containers with fixed axles for transport. These units can be utilized for a variety of applications across a wide range of industries, including refinery, petrochemical and industrial plant maintenance, oil and gas services, environmental remediation and field services, infrastructure building construction, marine services, pipeline construction and maintenance, tank terminal services, waste management, wastewater treatment and landfill services.

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Industry Overview

We compete in three distinct, but related, sectors of the specialty rental services industry: portable storage, modular space and liquid containment, which we refer to as the portable services industry.

Portable Storage

The storage industry includes two principal markets, fixed self-storage and portable storage. The fixed self-storage market consists of permanent structures located away from customer locations used primarily by consumers to temporarily store excess household goods. We do not participate in the fixed self-storage market with permanent structures. The portable storage market, in which we operate, differs from the fixed self-storage market in that it brings the storage solution to the customer's location and addresses the need for secure, temporary storage with immediate access to the storage unit. The advantages of portable storage include convenience, immediate accessibility, improved security and lower costs. In contrast to fixed self-storage, the portable storage market is primarily used by businesses and offers a flexible, secure, cost-effective and convenient alternative to constructing permanent warehouse space or storing items at an offsite facility. A broad range of industries, including construction, industrial, commercial, retail and government utilize portable storage equipment to meet both their short-term and permanent storage needs.

The portable storage industry is fragmented in each of our geographic markets, with numerous participants in local markets leasing and selling portable storage units. While we are not aware of any published third-party analysis of either the Asia-Pacific or North American portable storage markets, we believe the portable storage sector has experienced steady growth since the 1990s and is achieving increased market share compared to other storage alternatives because of an increasing awareness of the benefits portable storage units offer. We believe the portable storage sector is growing due to an increasing awareness of the availability, convenience, security and cost benefits of portable storage as well as an increasing number of new applications for portable storage units.

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Modular Space

Modular space solutions, including modular buildings, mobile offices and portable container buildings, are used primarily by businesses to address either temporary or permanent space needs. We believe modular space delivers four core benefits compared to permanent buildings or structures: reusability, timely solutions, lower costs and flexibility. Modular buildings may offer customers significant cost savings over permanent construction and can generally be installed more quickly because site work and fabrication can take place concurrently. In addition, modular solutions are not site specific and can be configured in a number of ways to meet multiple needs. Finally, modular buildings are reusable and will generally serve a wide variety of uses during their life span. A variety of industries utilize modular space solutions, including construction, resources, government, education, retail and special events, among others.

The Modular Building Institute, in its 2015 Relocatable Buildings Annual Report, estimated that the North American modular space (or relocatable) sector is between \$5.0 billion and \$6.0 billion in annual revenue. The sector has experienced significant growth over the last thirty plus years as the number of applications for modular space has expanded and recognition of the product's positive attributes has grown. By outsourcing their space needs, customers are able to achieve flexibility, preserve capital for core operations, and convert fixed costs into variable costs. The IBIS World Industry Report published in December 2014 estimated that the portable container buildings market in Australia generated revenue of AUS\$2.3 billion (\$1.8 billion), of which approximately AUS\$1.5 billion (\$1.2 billion) related to the markets in which we offer a competing product. We believe that we are well positioned to benefit from any continued long-term growth in the North American and Asia-Pacific modular space markets.

We expect that the modular space market will grow over the long-term, driven in part by increasing awareness of the advantages of modular space. Additionally, we believe that the advantages of modular space over permanent buildings and structures of reusability, timely solutions, lower costs, and flexibility are highly valued in many of the end markets we serve. We further believe the increased penetration of modular space solutions in additional end markets will also continue to drive market growth.

Liquid Containment

Portable liquid storage tank containers are used in environmental and industrial applications to temporarily store hazardous and nonhazardous liquids and semi-solids. The tanks are used by customers across a wide variety of end markets, including chemical, refinery and industrial plant maintenance, environmental remediation, infrastructure building construction, marine services, oil and gas exploration and field services, pipeline construction and maintenance, tank terminal services, wastewater treatment and waste management and landfill services. Liquid containment end market demand is recurring and is driven by the non-discretionary nature of required customer maintenance cycles, an increasing enforcement of existing environmental regulations, a growing outsourcing of liquid containment solutions and an increasing level of vendor consolidation. We believe that the rental industry in the U.S. for liquid containment equipment generated approximately \$1.4 billion of annual rental revenues in 2013–2014 but, as a result of the decline during the latter part of FY 2015 in oil and gas prices, it is lower than that currently. While this is a relatively new product line for our North American leasing operations, we believe we can leverage our branch network, existing relationships and operating philosophies to successfully compete in this sector. Our research indicates that many of the companies currently using containment solutions also use our portable storage and mobile office products.

Competitive Strengths

Leading Provider with Strong Presence in Served Markets

We believe we are a leading provider of portable storage, modular space and liquid containment solutions in all of the territories we serve. In North America, Pac-Van is a recognized provider of portable storage, modular buildings and mobile offices on a national, regional and local basis. Lone Star is a market leader in steel tank rental and related services in the Permian Basin in West Texas and the Eagle Ford Shale in South Texas. In the Asia-Pacific area, we believe Royal Wolf is the leading provider in Australia and New Zealand of portable storage containers, portable container buildings and freight containers. Royal Wolf is represented in all major metropolitan areas, and we believe maintains the largest branch network and container fleet, with an estimated 35% market share, of any storage container company in Australia and New Zealand.

Superior Service Focus

Our operating infrastructure in each of our markets is designed to ensure that we consistently meet or exceed customer expectations. Our scalable management information systems and administrative support services enhance our customer service capabilities by enabling our operating management teams to access real time information on product availability, customer reservations, customer usage history and rates on a national, regional and local level. We believe these capabilities enable us to provide superior customer service, allowing us to attract new and retain existing

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customers. With the goal of delivering best in class customer service, we began collecting customer responses on net promoter scores in North America which track customer willingness to recommend our products and services, and from October 2014 to June 2015 our customers gave us an 82% net promoter score, which is a world-class rating. In addition, approximately 90% of our consolidated total leasing revenues in FY 2015 were derived from repeat customers, which we believe is a result of our superior customer service.

Extensive Reach and Capabilities

Through our expansive branch network of 70 locations, we maintain national service capabilities in our markets. In North America, our branches serve 32 of the 50 largest U.S. Metropolitan Statistical Areas, or MSAs. With our expansion into Alberta, Canada, we are now also able to serve the western provinces in Canada. Our Lone Star branches are strategically positioned to be able to respond quickly and maximize service opportunities with customers in the Permian Basin and Eagle Ford Shale. We also have branch offices located in every state in Australia and on both the North and South Islands of New Zealand. We are the only portable storage container company in these Asia-Pacific markets with a national infrastructure and workforce.

Geographic, Product and End Market Diversification

Our specialty rental units are used in a wide variety of applications, and we have established strong relationships with a diversified customer base in both our North American and Asia-Pacific territories. Our customers range from large companies with a national presence to small local businesses. During FY 2015, we served over 35,000 customers in over 20 industries. In FY 2015, our largest customer accounted for less than 4% of consolidated revenues and our 20 largest customers combined accounted for less than 25% of consolidated revenues. We believe that the breadth of our products and services limits the impact of changes within any given customer or industry.

High Quality Fleet with Attractive Asset Characteristics

Our branch offices maintain our lease fleet to consistent quality standards. Maintenance costs are expensed as incurred and branch managers and operations staff are responsible for managing a maintenance program aimed at providing equipment to customers that meets or exceeds customer expectations and industry standards. All of our lease fleet carries signage reflecting its respective brands, which is important to ongoing name recognition in our markets. Our lease fleet possesses attractive asset characteristics, including long economic useful lives with high residual values, predictable and recurring revenue streams, low maintenance expense, rapid payback periods, high incremental leasing margins and favorable tax attributes. We believe these characteristics allow us to generate high returns on invested capital relative to other rental services sectors.

Experienced Management Team

We believe our management team's experience and long tenure with our company and within the industry give us a strong competitive advantage. Our current senior executive management team, led by our President and Chief Executive Officer, Ronald F. Valenta, who has been with us since our inception, has successfully entered new markets, expanded our customer base and integrated a number of meaningful acquisitions. Each of our operating management teams is comprised of experienced and proven senior executives. Jody Miller, who became our Executive Vice President and the Chief Executive Officer of GFNNA Leasing in June 2015, has spent over 25 years in the equipment rental industry. Robert Allan, the Chief Executive Officer of Royal Wolf, has over 33 years of experience in the equipment leasing industry and Pac-Van's President, Theodore M. Mourouzis, joined Pac-Van in 1997 and has been integral to our successful growth in North America. Lone Star's management team has extensive experience in the oil and gas industry and emphasizes safety training and monitoring for all employees. Our senior

management, as well as corporate, regional and branch managers across all of our operating companies, has been integral in developing and maintaining our high level of customer service, deploying technology to improve operational efficiencies and successfully integrating acquisitions.

Business Strategy

Our business strategy consists of the following:

Focus on High Margin Core Leasing Business

We focus on growing our core leasing business because it provides predictable, recurring revenues from specialty rental assets that (1) have long useful lives of over 20 years; (2) generate rapid payback of unit investment through revenue in less than four years on average; and (3) have high residual values of up to 70% of original equipment cost. We have successfully increased leasing revenues as a percentage of our consolidated non-manufacturing revenues from 29% in fiscal year 2007 to 69% for FY 2015. We believe that we can continue to generate substantial demand for our leasing products as the industry is still relatively underdeveloped in our markets, particularly in the Asia-Pacific region. With new uses for our products continually emerging, we believe many more applications for our specialty rental solutions are still yet to be developed.

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Generate Strong Organic Growth

We define organic growth as an increase in lease revenues on a year-over-year basis at our branches in operation for at least one year, excluding leasing revenue attributed to same-market acquisitions. We continue to focus on increasing the number of our rental fleet units. We believe that our high quality lease fleet and superior customer service enable us to increase our lease rates and utilization rates over time. We generate strong organic growth within our existing markets through sales and marketing programs designed to increase brand recognition, expand market awareness of the uses of our specialty rental units and differentiate our products from our competitors.

Leverage Our Infrastructure

Our branch network infrastructure covers a broad geographic area and is capable of serving significant additional customer volume while incurring a minimal amount of incremental fixed costs. With our established branch network and infrastructure we generate significant adjusted earnings before interest, income taxes, impairment, depreciation and amortization and other non-operating costs and income (Adjusted EBITDA) margins on incremental units deployed. Our objective is to add volume by organically growing the lease fleet across our locations and through strategic acquisitions. Asset purchases of tuck-in competitors and adding new units to our fleet allow us to more effectively leverage our infrastructure. Between June 30, 2007 and June 30, 2015, our lease fleet grew from approximately 16,000 units to over 72,000 units, representing a 21% compound annual growth rate, and our Adjusted EBITDA margin expanded from 17% in the fiscal year ended June 30, 2008 to 28% in FY 2015.

Opportunistically Enter New Geographic Markets

We believe a long-term opportunity exists for us to significantly expand the size of our branch network in North America by opening up to 30 new locations in attractive markets. Additionally, we expect to open multiple satellite branch locations in our Asia-Pacific territory to expand our service reach to attractive but more remote areas of Australia and New Zealand.

Pursue Select Strategic Acquisitions

Acquisitions represent an attractive means for us to further leverage our infrastructure, add complementary product lines, enter new geographic regions and accelerate our growth and margin expansion opportunities. We operate in fragmented industries, and we seek to identify acquisition candidates that we believe would be earnings accretive. We have a proven integration model that we have effectively used to integrate 35 acquisitions since May 31, 2007.

Continue New Product Innovation

We have a history of developing innovative new product concepts to better service our customers' needs. Our in-house capabilities and third party modification capabilities allow us to customize units to meet customer specifications. We have introduced many new product innovations, including temporary prison holding cells, hoarding units, blast-resistant units, workforce living accommodations, temporary retail frontage units and observatory units customized from storage containers. In the Asia-Pacific area we offer over 100 container-based designs for the portable services industry. We believe these innovative new product offerings differentiate us in the market.

Products and Services

Portable Storage

Our portable storage products primarily consist of steel storage containers and freight containers. Storage containers are steel structures, which are generally eight feet wide and eight and one-half feet high; and are built to ISO standards for carrying ocean cargo. They typically vary in size from 10 feet to 48 feet in length, with 20-foot and 40-foot length containers being the most common. 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. Storage containers include general purpose dry storage, refrigerated and specialty containers in a range of standard and modified sizes, designs and capacities. Specialty containers include blast-resistant, hoarding and hazardous waste units. Our freight containers are specifically designed for transport of products by road and rail, and include curtain-side, refrigerated and bulk cargo containers, together with a range of standard and industry-specific dry freight containers. Freight container products are only offered in our Asia-Pacific territory. These products are designed for long useful lives. A portion of our fleet consists of used storage containers of eight to thirteen years in age, a time at which their

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useful life as ocean-going shipping containers is over according to the standards promulgated by the ISO. Because we do not have the same stacking and strength requirements that apply in the ocean-going shipping industry, we have no need for these containers to meet ISO standards. We purchase these containers in large quantities, refurbish them by removing any rust and paint them with a rust inhibiting paint, and further customize them, and add our decals and branding.

Modular Space

Our modular space products include office container products, modular buildings and mobile offices. Our office container products (portable building containers and office containers, or GLOs) are either modified or specifically-manufactured containers that provide secure and convenient office space with maximum design flexibility. Floor plans can either be all office space, with features similar to those found in mobile offices, or a combination of office and storage space. Due to their construction, office containers provide greater security than traditional field offices, and since they sit at ground level they do not require stairs for entry and exit. Modular buildings are factory-built, highly customizable portable structures constructed for diverse applications, ranging from schools to restaurants to medical offices and ranging in size from 1,000 to over 30,000 square feet. Mobile offices are factory built, single-unit structures that are re-locatable and used primarily for temporary office space. Mobile offices are generally built on frames that are connected to axles and wheels and have either a fixed or removable hitch for easy transportation. Mobile offices can be equipped with HVAC systems, lighting, electrical wiring, phone jacks, desk tops, shelving and other features normally associated with basic office space. Mobile offices generally have wood siding, carpeting, high ceilings, custom windows and glass storefront doors, which provide a professional, customer-friendly building in which to conduct business. In addition to offering modular buildings for rent, in the Asia-Pacific area, we also provide customers with the ability to customize buildings using our in-house engineering team.

Liquid Containment

Our liquid containment products, primarily portable liquid storage tanks, are manufactured steel containers with fixed steel axles and rear wheels for transport designed to hold liquids and semi-solids. Our product line currently focuses on 500-barrel capacity steel tanks, but also includes acid, gas buster, oil test tanks and various special built tanks. Products typically include features such as guardrails, safety stairways, multiple entry ways, a sloped bottom for easy cleaning, an epoxy lining and various feed and drain lines. A number of value-added services are offered with liquid containment products, including transportation, on-site setup, and the servicing of equipment 24 hours a day, 7 days a week.

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The table below provides details of our lease fleet by product category and unit types.

Product Category	Unit Type	Description	Industry Applications	Number of Units as of June 30, 2015	FY 2015 Average		Utilization	
					North America	Asia-Pacific	North America	Asia-Pacific
Portable Storage	Storage Containers	Dry storage, refrigerated and specialty containers	Classroom equipment	45,757	\$114	A\$141	76%	86%
			storage, Construction					
			equipment and tool					
			storage, Disaster					
			shelters, Landscaping					
			sheds, Recreational					
Modular Space	Freight Containers	Dry freight, curtain-side, refrigerated, bulk cargo containers	equipment storage,	9,128	NA	A\$129	NA	72%
			Retail inventory storage					
	Office Containers	Storage containers, modified to include office space	Freight transportation					
			General administrative office space, Military					
	Modular Buildings	Portable structures used for a variety of applications	installations, Workforce					
			living accommodations, Bank branches,					
	Mobile Offices	Relocatable wood-framed temporary office space	Classrooms /Education, Construction offices,	1,139	\$770	NA	79%	NA
			Daycare facilities, Dormitories, General administrative office					
			space, Healthcare	4,690	\$259	NA	75%	NA
			facilities, Rental					

			facilities, Retail space, Shelters						
			Well-site liquid containment needs, Expansion / upgrade projects, Highway						
			construction/Groundwater						
Liquid Containment	Portable Liquid Storage Tanks	Steel tanks, acid tanks, gas buster tanks and oil test tanks	sewage, Infrastructure projects, Major industrial projects, Mining pit pump work, Municipal sewer and water projects, Non-residential construction projects, Pipeline construction and maintenance, Refinery turnarounds	4,027	\$1,314	NA	71%	NA	

Ancillary Products and Services

We deliver and, where necessary, install our products directly on customers' premises. These services are either provided by our in-house personnel and transportation equipment or outsourced to third parties. We also provide ancillary products such as steps, ramps, furniture, portable toilets, security systems, shelving, mud pumps, hoses, splitter

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valves, tee connectors and other items to our customers for their use in connection with leased equipment. In addition, with our liquid containment products, a variety of spill prevention and secondary containment products are rented to our customers to ensure compliance with the Environmental Protection Agency's Spill Prevention, Control and Countermeasure (SPCC) rule/regulations. Spill containment systems, or berms, are designed to protect against leaks or spills by covering the land under a steel tank with an impermeable plastic that has barrier walls. In the case of a spill, the liquid is captured within the containment system, thereby limiting danger to the environment.

Sales

We complement our core leasing business by selling existing rental fleet assets or assets purchased specifically for resale. The sale of lease fleet units has historically been a cost effective method of replenishing and upgrading the lease fleet. We also provide additional services when selling units. These services range from delivery to full scale turnkey solutions. In a turnkey solution, we provide not only the underlying equipment but also a full range of project related services, which may include foundation, specialty interior finishes, and landscaping, as may be necessary to make the equipment fully operational for the customer.

Product Lives and Durability

Our portable storage, modular space and liquid containment units have long estimated useful lives of 20-30 years. The age of our rental equipment, which can be a key price factor in some rental businesses, has only a modest impact on rental rates. This high value retention is due to the fact that our units have virtually no technology obsolescence risk, do not possess engines, have few moving parts, have low maintenance requirements and are used in non-destructive applications, all differentiating characteristics from many other classes of rental equipment.

Ongoing maintenance to our fleet is performed on an as-needed basis and is intended to maintain the value and rental-ready condition of our units. Maintenance requirements on portable storage units can include removing rust and dents, patching small holes, repairing floors, painting and replacing seals around the doors. Maintenance requirements for modular space units can include repairs of floors, doors, air conditioning units, windows, roofs and electric wiring. Maintenance requirements for liquid containment units include cleaning the unit to eliminate any residual material and inspecting the lining. Maintenance is performed by in-house fleet technicians and third-party vendors, depending on the branch and complexity of the work. Maintenance and repair costs of our lease fleet are included as direct costs of leasing operations and expensed as incurred whether performed by in house technicians or by third party vendors. We believe our maintenance program ensures a high quality fleet that supports both leasing and sales operations.

Our lease fleet units are recorded at cost and depreciated on the straight-line basis, in accordance with accounting principles generally accepted in the United States, over 20 years after the date they are put in service, down to their estimated residual values. Because we have a history of selling units for gains, we believe our lease fleet's estimated residual value is at or below net realizable value.

Geographic Network

Our service locations are segmented into two operating areas: North America and Asia-Pacific. In North America, these service locations are called branches and in our Asia-Pacific area they are referred to as Customer Service Centers, or CSCs. Our North American branch network consists of 39 branch locations in the United States and two in Canada, and our Asia-Pacific network consists of 20 CSCs in Australia and nine in New Zealand.

Our network enables us to maintain product availability and provide customer service within regional and local markets. Customers benefit because they are provided with improved service availability, reduced time to occupancy,

better access to sales representatives, the ability to inspect units prior to rental, and lower freight costs. We, in turn, benefit because we are able to spread regional overhead and marketing costs over a large lease base, redeploy units within our network to optimize utilization, discourage potential competitors by providing ample local supply and service local customers in a more cost efficient manner. Through our network, we develop local market knowledge and strong customer relationships while our corporate-based marketing group manages our brand image, web presence and lead generation programs.

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The following maps show our existing branch and CSC locations as of June 30, 2015.

North America

Asia-Pacific

North America

In North America, branch offices are generally headed by a branch manager and are organized into four regions, which are managed by four regional vice presidents each with more than 15 years of experience in the industry. In addition to a branch manager, each branch has its own sales force and we are introducing a transportation department that will deliver and pick up mobile storage units from customers in certain remote areas. Branch managers are integral to our success and performance-based incentive bonuses are a portion of their compensation.

Our two Lone Star branch locations allow us to be near our customers' production and drilling sites. In addition to benefitting from greater product availability and timely service, this enables many of our customers to realize lower transportation costs, which is a significant value proposition as they aim to control costs. These locations are managed by a general manager working closely with the organization's Department of Transportation (DOT) compliance and safety officer. Each location also has a superintendent that oversees the operations and yard foremen, who are responsible for the drivers and mechanics.

Asia-Pacific

We believe that our Asia-Pacific CSC network is the largest of any storage container company in Australia and New Zealand and management estimates that we have approximately 35% market share in the region. We are represented in all major metropolitan areas, and are the only container leasing and sales company with a nationally integrated infrastructure and workforce. A typical CSC consists of a leased site of approximately two to five acres with a sales office, forklifts and all-weather container repair workshop. CSC office staffing ranges from two to 15 people and include a branch manager supported by the appropriate level of sales, operations and administrative personnel. Yard and workshop staffing usually ranges between one and 12 people and can consist of welders, spray painters, boilermakers, forklift drivers and production supervisors. CSC inventory holding usually ranges between 150 and 700 storage containers at any one time, depending on market size and throughput demand. Each CSC has a branch manager who has overall supervisory responsibility for all activities of the CSC. Branch managers report to one of our State Managers for Australia and Sales Managers (North and South Islands) for New Zealand who in turn report to an Executive General Manager who reports to the CEO. Performance-based incentive bonuses are a portion of the compensation for the CSC, State, Island and branch managers. Each branch has its own sales force, and we are introducing a transportation department that will deliver and pick up mobile storage units from customers in certain hub areas. Each branch has forklifts to load, transport and unload units and a storage yard staff responsible for unloading and stacking units. Steel units can be stored by stacking them three-high to maximize usable ground area. Our larger branches also have a fleet maintenance department to make modifications to the containers and maintain the branch's forklifts and other equipment. Our smaller branches perform preventative maintenance tasks and outsource major repairs.

Except for the Auckland properties, we lease all of our branch locations and Royal Wolf's corporate and administrative offices in Hornsby, New South Wales. All of our major leased properties have remaining lease terms of up to 14 years and we believe that satisfactory alternative properties can be found in all of our markets, if we do not renew these existing leased properties.

Reference is made to Item 2. Properties for a more detailed description of our geographic locations.

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Customers and End Markets

We have a diverse customer base consisting of over 35,000 customers, in over 100 different SIC codes, who operate in a broad variety of over 20 industries in our North American and Asia-Pacific territories. Our customers consist of large national corporations, as well as many local companies and organizations. As a result, no customer contributed more than 4% of our FY 2015 consolidated revenues. Our end markets include construction, commercial, transportation, industrial, energy, manufacturing, mining, retail, education and government. We believe the end market and geographic diversification of our customer base reduces the business exposure to a significant downturn in any particular industry or geography.

The diversity for our leasing operations is depicted in the following charts showing total revenue breakdown by end markets for FY 2015:

The following provides an overview of the end markets served by our leasing operations:

Construction general contractors, residential homebuilders, and subcontractors

Industrial industrial and manufacturing customers including a broad array of manufacturers, telecom distribution, refuse, recycling, and bottling companies

Commercial business that provide service to both commercial businesses and individual consumers, including wholesalers, health care facilities, veterinary offices, entertainment companies, and religious institutions

Oil & Gas and Mining Customers in specific sectors of the extractive industries

Government federal agencies, state and local governments, fire departments, correctional institutions, and the U.S. military

Retail large national chains, small local stores, shopping centers, and restaurants

Education public schools, private schools, and day care facilities

Consumer mass market of individuals or groups, not businesses, such as families, sporting teams and community groups in the Asia-Pacific area

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Moving & Transportation freight providers for primarily road and rail transport in the Asia-Pacific area

Other all other customers

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We differentiate ourselves from competitors in several ways. In our portable storage and modular space businesses, we provide a diverse set of competitively priced products and, in our Asia-Pacific market, we leverage our engineering team to provide customized units upon customer request. In our liquid containment business, we leverage long-standing customer relationships and not only provide liquid containment units, but also bundle units with transportation, on-site set-up, and the servicing of equipment 24 hours a day, 7 days a week. Our customer-centric approach is designed to ensure that our businesses consistently meet or exceed customer expectations. We believe this focus on customer service attracts new and retains existing customers. With the goal of delivering best in class customer service, we began collecting customer responses on net promoter scores in North America which track customer willingness to recommend our products and services, and from October 2014 to June 2015 our customers gave us an 82% net promoter score. In addition, approximately 90% of our consolidated total leasing revenues in FY 2015 were derived from repeat customers, which we believe is a result of our superior customer service.

Sales and Marketing

In North America, members of our sales teams act as primary customer service representatives and are responsible for fielding calls, obtaining credit applications, quoting prices, following up on quotes and handling orders. Our sales teams are responsible for developing and managing local relationships, as well as handling both inbound and outbound calls. They also assist customers in defining their space needs, assess potential opportunities, quote deals, close transactions and obtain the necessary documentation. Upon completing a lease or a sale, the sales team works closely with the local branch operations team to ensure that customer expectations are met or exceeded, relative to equipment quality and delivery timing. Our marketing group is primarily responsible for advertising campaigns, producing company literature, creating promotional sales tools and oversight of customer relationship management system. We market services through a number of promotional vehicles, including the internet, signage on our equipment, telemarketing, targeted mailings, trade shows and advertising in publications. We believe this approach to marketing is consistent with the local nature of our business and allows each branch to employ a customized marketing plan that fosters growth within its particular market. We provide ongoing training to our sales teams, monitor call quality and survey our customers to ensure that customer interactions meet our quality and service standards. Our lease fleet carries signage reflecting our brands, which is important to ongoing name recognition.

Our sales and marketing strategy in the Asia-Pacific is designed to reach thousands of potential customers. Communication with potential customers is predominantly generated through a combination of Yellow Pages, internal advertising and search engine optimization (or SEO), print media advertising, telemarketing, web-site, customer referrals, signage and decal awareness, direct mail, television and radio. The customer hiring or buying process is being driven by customer awareness of the products combined with price shopping. We believe that while a typical customer may shop a limited number of suppliers, the customer does not spend much time doing so because the potential cost savings is relatively low compared to the value of their time. Our goal is to be one of the suppliers that potential customers call and to make the experience as easy as possible for that customer.

Fleet Management and Information Systems

Fleet Management

Fleet information is updated daily at the branch level, which provides management with the ability to monitor branch operations on a daily, weekly, monthly, and ad hoc basis with on-line access to utilization, leasing and sale fleet unit levels and revenues by branch or geographic region. In managing our fleet, we regularly relocate containers between branches to meet changes in regional demand and optimize inventory levels. We have close relationships with the national road and rail hauling companies that enable us to transport the majority of containers interstate at attractive rates.

Ongoing maintenance to our North American leasing fleet is performed on an as-needed basis and is intended to maintain the value and rental-ready condition of our units. We use both in-house fleet technicians and third-party vendors to perform maintenance, depending on the branch and complexity of the work. Maintenance requirements on containers are generally minor and include removing rust and dents, patching small holes, repairing floors, painting and replacing seals around the doors. Maintenance requirements for container offices, mobile offices, and modular buildings tend to be more significant than for storage equipment and may involve repairs of floors, doors, air conditioning units, windows, roofs, and electric wiring. Portable liquid storage tanks require simple maintenance, including cleaning the unit to eliminate any residual material and inspecting and repairing the lining, if needed. Whether performed by us or a third party, the cost of maintenance and repair of our lease fleet is included as direct costs of leasing operations and is expensed as incurred. We believe our maintenance program ensures a high quality fleet that supports both leasing and sales operations.

In the Asia-Pacific, most of our fleet is comprised of new and refurbished and customized storage containers, manufactured steel containers and record storage units, along with our freight and accommodation units. These products are designed for long useful lives. A portion of our fleet consists of used storage containers of eight to thirteen years in age, a time at which their useful life as ocean-going shipping containers is over according to the standards promulgated

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by ISO. Because we do not have the same stacking and strength requirements that apply in the ocean-going shipping industry, we have no need for these containers to meet ISO standards. We purchase these containers in large quantities, refurbish them by removing any rust and paint them with a rust inhibiting paint, and further customize them, and add our decals and branding. We maintain our steel containers on a regular basis by painting them on average once every three to five years, removing rust, spot welding and occasionally replacing the wooden floor or other parts. This periodic maintenance keeps the container in good condition and is designed to maintain the unit's value and rental rates comparable to new units.

Information Systems

We utilize management information systems across each of our businesses to support fleet management and targeted marketing efforts and we believe they are tailored to satisfactorily meet each of our businesses' specific needs for efficient operation.

In our North American portable storage and modular space business, we utilize the Microsoft Dynamics NAV, or Navision, software at all of our branches to monitor operations at branches on a daily, weekly, monthly, and ad hoc basis. Lease fleet information is updated daily at the branch level and verified through routine physical inventories by branch personnel, providing management with online access to utilization, lease fleet unit detail and rental revenues by branch and geographic region. In addition, an electronic file for each unit showing its lease history and current location and status is maintained in the information system. Branch salespeople utilize the system to obtain information regarding unit condition and availability. The database tracks individual units by serial number and provides comprehensive information including cost, condition and other financial and unit specific information. We are planning to upgrade our Navision platform to the current version and install a new rental module called Armada in the year ending June 30, 2016 (FY 2016). We are also planning to add TCM, a business intelligence corporate performance management software package in FY 2016.

In our Asia-Pacific portable storage and modular space businesses, our management information systems, including RMI, Navision and TCM, are scalable and provide us with critical information to manage our business. Utilizing our systems, we track a number of key operating and financial metrics including utilization, lease rates, profitability, customer trends and fleet data. All our branches use RMI/Navision and our support office provides financial, inventory and customer reports for branch managers. We are also planning to upgrade our Navision platform in the Asia-Pacific to the current version and replace RMI with Armada in FY 2016.

Our North American manufacturing business utilizes the enterprise resource planning (ERP) business system, SyteLine, which provides comprehensive functionality, including order processing, inventory, purchasing, planning and scheduling, production, cost management, project tracking, accounting and customer service.

Product Procurement

North America

Our North American leasing operations closely monitor fleet capital expenditures, which include fleet purchases and any capitalized improvements to existing units. Pac-Van's top three suppliers of units for FY 2015 represented approximately 36% of all fleet purchases and the top ten suppliers represented approximately 65% of all fleet purchases. We purchase our Pac-Van lease fleet from a network of third-party suppliers. All of our mobile offices are built by an established network of manufacturing partners to standard specifications, which may vary depending on regional preferences. In addition, we build these units to meet state building code requirements and generally obtain multi-state codes enabling us to move equipment among our branch network to meet changing demand and supply

conditions. Like mobile offices, we procure modular buildings from an established network of manufacturing partners to meet state building requirements and generally obtain multiple state codes for each unit.

On October 1, 2012, we acquired 90% of the membership interests of Southern Frac. Southern Frac manufactures portable liquid storage containers in Waxahachie, Texas for primarily oil and gas exploration and production, but it can also manufacture for, among others, the chemical and industrial, environmental remediation, waste water treatment and waste management sectors. In FY 2015, Southern Frac had total revenues from third parties of \$14.0 million, representing 398 units. Also in FY 2015, Southern Frac sold 556 units (\$20.3 million of intercompany revenues) to our North American leasing operations. We believe that Southern Frac will continue to provide a substantial portion of the portable liquid storage containers requirements to our North American leasing operations, as well as generate leasing referrals.

Lone Star has historically purchased its tank fleet from several manufacturers but expects Southern Frac to be its primary supplier of steel tanks going forward. However, if needed, we have an established network of steel tank manufacturing partners located throughout the United States. Lone Star purchases its other containment solutions, pumps and hoses from a network of other manufacturing providers.

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Capital investments are adjusted to match business needs and to respond to changing economic conditions. We do not generally enter into long-term purchase contracts with manufacturers and we can modify our capital investment activities in response to market conditions. Our North American leasing operations supplement fleet spending with acquisitions. Although the timing and amount of acquisitions are difficult to predict, management considers its acquisition strategy to be opportunistic and attempts to adjust its fleet spending patterns as favorable acquisition opportunities become available.

Asia-Pacific

In the Asia-Pacific area, we purchase marine cargo containers from a wide variety of international shipping lines and container leasing companies and new container products directly from storage container manufacturers in China. We believe we are the largest buyer of both new and used storage container products for the Australia and New Zealand markets. The majority of used storage containers purchased are standard 20-foot and 40-foot units which we convert, refurbish or customize. We purchase new storage container products in the Asia-Pacific area under purchase orders issued to container manufacturers, which the manufacturers may or may not accept or be able to fill. There are several alternative sources of supply for storage containers. Though we are not dependent upon any one manufacturer in purchasing storage container products, if one or more suppliers did not timely fill our purchase orders or did not properly manufacture the ordered products, our reputation and financial condition also could be harmed. The top four suppliers represented approximately 19% of all fleet purchases during FY 2015.

Competition*Portable Storage*

The portable storage markets in North America, Australia and New Zealand are highly fragmented. In most locations within its markets, Pac-Van and Royal Wolf compete with several national and regional competitors. Our largest competitors in the portable storage sector in North America are Mobile Mini, Algeco Scotsman, McGrath RentCorp, Haulaway, Allied Leasing, Eagle Leasing and National Trailer Storage. We believe we are the market share leader in Australia and New Zealand. Our primary competitors in these markets include Cronos Limited, CGM-CMA Group, and the SCF Group (Simply Containers) as well as smaller, full and part-time operators. Local competitors are regionally focused, and are usually more capital-constrained. Therefore, in general, they are heavily reliant on monthly sales performance, have slow growing rental fleets and have limited ability to handle larger volume contracts or customer accounts. We believe that participants in this sector compete on the basis of customer relationships, price, service, as well as breadth and quality of equipment offered.

Modular Space

The modular space sector is highly competitive in each of the markets in which we compete. Our largest North American competitors, ModSpace, Williams Scotsman (Algeco Scotsman), Mobile Modular (McGrath RentCorp) and Mobile Mini have greater market share or product availability in some markets, as well as greater financial resources and pricing flexibility. Other regional competitors include M Space, Acton Mobile, Vanguard Modular, Design Space and Satellite Shelters. In the Australian portable container buildings market, Royal Wolf maintains a small presence and competes primarily with four large participants who manufacture their own units and most of whom offer units for both lease and sale to customers. These competitors are Coates Hire, Atco Structures & Logistics, Ausco Modular (Algeco Scotsman) and Nomad Building Solutions. We believe we compete on the basis of service, quality, customer relationships and price. We believe that our reputation for customer service and a wide selection of units allow us to compete effectively. The major barrier to entry for new participants is the degree of market penetration necessary to create a wide profile with contractors and clients. Penetrating and competing with the range of products and number of

depots and agencies offered by incumbent operators tends to inhibit new entrants. As we already maintain a national sale and distribution network, established supply channels and a strong profile in our target markets, many of the barriers to entry applicable to other new entrants are not applicable to us.

Liquid Containment

The liquid containment sector is highly competitive. We compete in this sector based upon product availability, product quality, price, service and reliability. As with the other industries we serve, the competition consists of national, regional and local companies. Some of the national competitors, notably BakerCorp, Rain For Rent and Adler Tanks (McGrath RentCorp), have significantly larger tank lease fleet and may have greater financial and marketing resources, more established relationships and greater name recognition in the market than we do. As a result, the competitors with these advantages may be better able to attract customers and provide their products and services at lower rental rates.

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As of June 30, 2015, we had a total of 811 employees. None of our employees are covered by a collective bargaining agreement and management believes its relationship with employees is good. We have never experienced any material labor disruption and are unaware of any efforts or plan to organize our employees. The employee groups are as follows:

	North America			Asia-Pacific
	Leasing	Manufacturing	Corporate	Leasing
Corporate executive			5	
Regional executive and administrative staff	51	11	3	25
Senior and branch management	35			29
Sales and marketing	58			79
Branch operations and administration	278			133
Manufacturing		104		
	422	115	8	266

Executive Officers of the Registrant

The following information is provided as of June 30, 2015 regarding our executive officers. No family relationship exists between any executive officer.

Name	Age	Position
Ronald F. Valenta	56	Chairman of the Board, Chief Executive Officer and President
Jody Miller	48	Executive Vice President and Chief Executive Officer of GFN

North America Leasing Corporation

Charles E. Barrantes	63	Executive Vice President and Chief Financial Officer
Christopher A. Wilson	48	General Counsel, Vice President and Secretary
Jeffrey A. Kluckman	54	Executive Vice President, Business Development
Robert Allan	59	Chief Executive Officer of Royal Wolf Holdings Limited
Theodore Mourouzis	52	President and Chief Operating Officer of Pac-Van, Inc.

Ronald F. Valenta has served as a director and as our Chief Executive Officer since our inception and Chairman of the Board since June 2014. From 1988 to 2003, Mr. Valenta served as the President and Chief Executive Officer of Mobile Services Group, Inc., a portable storage company he founded. From 2003 to 2006, Mr. Valenta was a director of the National Portable Storage Association, a storage industry non-profit organization that he co-founded. From 1985 to 1989, Mr. Valenta was a Senior Vice President of Public Storage, Inc. From 1980 to 1985, Mr. Valenta was employed by the accounting firm of Arthur Andersen & Co. in Los Angeles.

Jody Miller became Executive Vice President and the Chief Executive Officer of GFN North America Leasing Corporation in June 2015. Prior to joining us, Mr. Miller spent over 25 years in the equipment rental industry, including at Mobile Mini, Inc. as Executive Vice President and Chief Operations Officer for five years, Mobile Storage Group, Inc. as Senior Vice President for five years, and RSC Holdings, Inc. as Regional Vice President for seven years. Prior to that, he worked in smaller rental businesses in various leadership roles. Mr. Miller is a 1990 graduate of Central Missouri State University.

Charles E. Barrantes has served as our Executive Vice President and Chief Financial Officer since September 2006. Prior to joining us, Mr. Barrantes was Vice President and Chief Financial Officer for Royce Medical Company from early 2005 to its sale in late 2005. From 1999 to early 2005, he was Chief Financial Officer of Earl Scheib, Inc., a public company that operated over 100 retail paint and body shops. Mr. Barrantes has over 35 years of experience in accounting and finance, starting with more than a decade with Arthur Andersen & Co.

Christopher A. Wilson has served as our General Counsel, Vice President and Secretary since December 2007. Prior to joining us, Mr. Wilson was the general counsel and assistant secretary of Mobile Services Group, Inc. from February 2002 to December 2007. Mr. Wilson practiced corporate law as an associate at Paul, Hastings, Janofsky & Walker LLP from 1998 to February 2002. Mr. Wilson graduated with a B.A. from Duke University in 1989 and a J.D. from Loyola Law School of Los Angeles in 1993.

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Jeffrey A. Kluckman became our Executive Vice President, Business Development in September 2011. Prior to joining us, among other things, he held the role of vice president of mergers and acquisitions for portable storage solutions provider Mobile Mini, Inc. (NASDAQ: MINI) and, earlier, similar positions with Mobile Storage Group, Inc., which was acquired by Mobile Mini in 2008, and RSC Equipment Rental, Inc. (NYSE: RRR). In his over 15-year background in the rental services sector, including the mobile storage, modular space and equipment rental industries, Mr. Kluckman successfully completed more than 110 transactions. Mr. Kluckman received an accounting degree from Northern Illinois University.

Robert Allan has served as the Chief Executive Officer of Royal Wolf since February 2006. Mr. Allan joined Royal Wolf in April 2004 as its Executive General Manager. From 2000 until joining Royal Wolf, he served as Group General Manager of IPS Logistics Pty Ltd, a shipping and logistics company. From 1997 until 2000, Mr. Allan was employed as a Regional Director of Triton Container International, the world's largest lessor of marine cargo containers to the international shipping industry. Mr. Allan has more than 33 years of experience in the container leasing and logistics industries.

Theodore Mourouzis has served as the President of Pac-Van, Inc. since August 2006. He previously served as its Chief Operating Officer since 1999 and as its Vice President of Finance from 1997 until 1999. Prior to his employment with Pac-Van, Mr. Mourouzis was a controller for a 3M joint venture, served four years in management consulting with Deloitte & Touche, and was president of a picture framing distributor and the chief financial officer of its holding company. He received his undergraduate degree from Stanford University in 1985 and a Masters of Business Administration from The Wharton School of the University of Pennsylvania in 1991.

Trademarks

North America

Our North American leasing operations own a number of trademarks important to its business, including Pac-Van® and We've Put Thousands of U.S. Businesses In Space. We have also applied for and are awaiting final confirmation on Expect More. We'll Deliver and Container King. Material trademarks are registered in the U.S. Patent and Trademark Office. Registrations for such trademarks in the U.S. will last indefinitely as long as we continue to use and maintain the trademarks and renew filings with the applicable governmental offices.

Asia-Pacific

We entered into a licensing agreement with Triton Corporation in May 2008 for the use of the Royal Wolf name and trademark in connection with its retail sales and leasing of intermodal cargo containers and other container applications in the domestic storage market within Australia and New Zealand and surrounding islands in the Pacific Islands region. We paid Triton Corporation \$740,000 to license the trademark. The license will continue in perpetuity as long as Royal Wolf continues to use the Royal Wolf name and trademark as the exclusive name for its business and mark for its products, subject to the termination provisions of the license. The license may be terminated by the licensor upon 30 days notice in the event Royal Wolf breaches its obligations under the license and will terminate automatically if Royal Wolf becomes insolvent or ceases to sell products under the trademark for a continuous period of 30 months. We sold the Royal Wolf name and trademark to Royal Wolf in May 2011 in connection with the Australian initial public offering of Royal Wolf Holdings Limited. There are no claims pending against Royal Wolf challenging its right to use the Royal Wolf name and trade mark within Royal Wolf's region of business.

Available information

Our Internet website address is www.generalfinance.com. This reference to our Internet website does not incorporate by reference the information contained on or hyperlinked from our Internet website into this Annual Report on Form 10-K. Such information should not be considered part of this Annual Report on Form 10-K. The Internet websites for Royal Wolf, Pac-Van, Lone Star and Southern Frac are www.royalwolf.com.au, www.PacVan.com, www.lonestartank.com and www.southernfrac.com, respectively. The noncontrolling interest of the capital stock of Royal Wolf that we do not own is traded on the Australian Securities Exchange (ASX) under the symbol RWH. We are required to file Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q with the Securities and Exchange Commission (SEC) on a regular basis, and are required to disclose certain material events in a current report on Form 8-K. The public may read and obtain a copy of any materials we file with the SEC through our Internet website noted above, which is hyperlinked to the SEC 's Internet website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The SEC 's Internet website is located at <http://www.sec.gov>.

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Item 1A. Risk Factors

In addition to the other information in our Annual Report on Form 10-K, you should consider the risks described below that we believe may be material to investors in evaluating us. This section contains forward-looking statements, and in considering these statements, you should refer to the qualifications and limitations on our forward-looking statements that are described in SAFE HARBOR STATEMENT before the beginning of Item 1.

Global economic conditions and market disruptions may adversely affect our business, financial condition and results of operations.

There continues to be global economic uncertainty. These uncertain economic conditions in the markets where we operate, and other events or factors that adversely affect demand in the portable services industry, could adversely affect our business. Worsening conditions could adversely affect, among other things, the collection of our trade receivables on a timely basis, resulting in additional reserves for uncollectible accounts; and, in the event of continued contraction in container, mobile office and modular unit sales and leasing, could lead to a build-up of inventory and lease fleet levels. In addition, we engage in borrowing and repayment activities under our revolving credit facilities on an almost daily basis and have not had any disruption in our ability to access our revolving credit facilities as needed. However, disruptions in the global credit markets, such as those that occurred in the global financial crisis during the latter part of the past decade, could increase the likelihood that one or more of our lenders may be unable to honor its commitments under our revolving credit facilities, which could have an adverse effect on our business, financial condition and results of operations.

Demand for a substantial portion of our leasing operations and manufacturing products in North America is, to a significant degree, dependent on the levels of expenditures and drilling activity by the oil and gas industry and can fluctuate significantly in a short period of time. A substantial or an extended decline in oil and gas prices could result in lower expenditures and reduced drilling by the oil and gas industry, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Demand for a substantial portion of our leasing operations and manufacturing products in North America depends, to a significant degree, on the level of expenditures by the oil and gas industry for the exploration, development and production of oil and natural gas reserves and can fluctuate significantly in a short period of time. These expenditures are generally dependent numerous factors and events over which we have no control, including the industry's view of current and future oil and natural gas prices, future economic growth and the resulting impact on demand for oil and natural gas. Declines, as well as anticipated declines, in oil and gas prices could result in the reduction of drilling activity, project modifications, delays or cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us. The oil and gas industry has historically experienced volatile prices for oil and gas and periodic downturns, which have been characterized by diminished demand for oilfield services and downward pressure vendor prices charged. A significant downturn in the oil and gas industry could result in a reduction in demand for our products, specifically our portable liquid containment products and services in North America, and could adversely affect our financial condition, results of operations and cash flows.

Changes in regulatory, or governmental, oversight of hydraulic fracturing could materially adversely affect the demand for our portable liquid containment products.

Until recently, demand related to hydraulic fracturing had increased and we made a conscientious decision to enter into this market. However, oil and gas exploration and extraction (including use of tanks for hydraulic fracturing of gas and oil shale) are subject to numerous local, state and federal regulations. The hydraulic fracturing method of extraction has come under scrutiny in several states and by the federal government due to the potential adverse effects

that hydraulic fracturing, and the liquids and chemicals used, may have on water quality and public health. In addition, the disposal of wastewater from the hydraulic fracturing process into injection wells may increase the rate of seismic activity near drill sites and could result in regulatory changes, delays or interruption of future activity. Changes in these regulations could limit, interrupt, or stop exploration and extraction activities, which would negatively impact the demand for our portable liquid containment products and services in North America.

We operate with a significant amount of indebtedness, borrowed primarily under senior secured credit facilities, which include various restrictions, including liens on all or substantially all of our assets, variable interest rates and contains restrictive covenants.

Our substantial indebtedness could have adverse consequences, such as:

require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which could reduce the availability of our cash flow to fund future operating capital, capital expenditures, acquisitions and other general corporate purposes;

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expose us to the risk of increased interest rates, as our borrowings on our secured senior credit facilities are at variable rates of interest;

require us to sell assets to reduce indebtedness or influence our decisions about whether to do so;

increase our vulnerability to general adverse economic and industry conditions;

limit our flexibility in planning for, or reacting to, changes in our business and our industry;

restrict us from making strategic acquisitions or pursuing business opportunities;

limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds; and

violating covenants in these agreements could have a material adverse effect on our business, financial condition and results of operations; including substantially increasing our cost of borrowing and restricting our future operations, if not cured or waived. In addition, the lenders may be able to terminate any commitments they had made to supply us with further funds. Accordingly, we may not be able to fully repay our debt obligations, if some or all of our debt obligations are accelerated upon an event of default.

Our senior credit agreements also contain various restrictive covenants that limit the operations of our business. Among other things, these agreements include covenants and restrictions relating to:

payments and distributions to GFN;

liens and sale-leaseback transactions;

loans and investments;

debt and hedging arrangements;

mergers, acquisitions and asset sales;

transactions with affiliates; and

changes in business activities.

In addition, we may incur substantial debt to complete business combinations. The incurrence of debt could result in:

default and foreclosure on our assets if our operating revenues after a business combination are insufficient to repay our debt obligations;

our immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand; and

our inability to obtain necessary additional financing if the agreements governing such indebtedness restrict our ability to obtain such financing while the debt instrument is outstanding.

While we believe we will remain in compliance with the covenants in agreements governing such indebtedness in the foreseeable future and that our relationships with our senior lenders are good, there is no assurance our lenders would consent to an amendment or waiver in the event of noncompliance; or that such consent would not be conditioned upon the receipt of a cash payment, revised principal payout terms, increased interest rates or restrictions in the expansion of the credit facilities for the foreseeable future; or that our senior lenders would not exercise rights that would be available to them, including, among other things, demanding payment of outstanding borrowings. In addition, our ability to obtain additional capital or alternative borrowing arrangements at reasonable rates may be adversely affected. All or any of these adverse events would further limit our flexibility in planning for or reacting to downturns in our business.

See also significant risks related primarily to our 9.00% Series C Cumulative Redeemable Perpetual Preferred Stock (the Series C Preferred Shares or Series C Preferred Stock) and our 8.125% Senior Notes Due 2021 (the Senior Notes). In addition, reference is made to Note 5 of Notes to Consolidated Financial Statements for more information regarding our indebtedness.

We may need additional capital which we may be unable to obtain.

Our business is capital intensive and any inability to obtain capital in the amounts and at the times when needed, may have a material adverse affect on our business, financial condition and results of operations, including substantially increasing our cost of borrowing and restricting our future operations and impairing our ability to grow, improve and maintain our leased assets. We have a significant amount of our outstanding senior indebtedness maturing in the foreseeable future. We may not have sufficient cash flow from our operations to repay amounts coming due. If we are unable to refinance this indebtedness, it could have a material adverse effect on our business.

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We are subject to fluctuations in the rates of exchanges in the translation of our foreign operations into the U.S dollar for financial reporting purposes.

Fluctuations in the rates of exchange for the U.S. dollar against the Australian, New Zealand and Canadian dollars could significantly affect our results of operations through lower than anticipated reported revenues and profitability as a result of the translation of our foreign operations financial results into U.S. dollars.

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

As a result of our acquisitions, we have recorded significant amounts of goodwill and intangible assets. Goodwill represents the excess of the total purchase price of these acquisitions over the fair value of the net assets acquired. We are not permitted to amortize goodwill under U.S. accounting standards and, instead, we review goodwill (as well as intangible assets) for impairment. Impairment may result from, among other things, deterioration in the performance of acquired businesses, adverse market conditions and adverse changes in applicable laws or regulations, including changes that restrict the activities of the acquired business. In the event impairment is identified, a charge to earnings would be recorded. Although it does not affect our cash flow, a write-off of all or a part of our goodwill or intangibles would adversely affect our operating results and equity.

Reference is made to Note 2 of Notes to Consolidated Financial Statements for more information regarding goodwill and intangible assets.

Future acquisitions of businesses could subject us to additional business, operating and industry risks, the impact of which cannot presently be evaluated, and could adversely impact our capital structure.

We intend to pursue acquisition opportunities in an effort to diversify our investments and grow our business. Any business we acquire may cause us to be affected by numerous risks inherent in the target's business operations. If we acquire a business in an industry characterized by a high level of risk, we may be affected by the currently unascertainable risks of that industry. Although we will endeavor to evaluate the risks inherent in a particular industry or target business, we cannot assure that we will be able to properly ascertain or assess all of the significant risk factors.

In addition, the financing of any acquisition we complete could adversely impact our capital structure as any such financing would likely include the issuance of additional equity securities and/or the borrowing of additional funds. The issuance of additional equity securities may significantly reduce the equity interest of our stockholders and/or adversely affect prevailing market prices for our common stock. Increasing our indebtedness could increase the risk of a default that would entitle the holder to declare all of such indebtedness due and payable and/or to seize any collateral securing the indebtedness. In addition, default under one debt instrument could in turn permit lenders under other debt instruments to declare borrowings outstanding under those other instruments to be due and payable pursuant to cross default clauses.

In addition, integrating acquired businesses and assets into our business can be difficult and risky; especially if the acquired business or assets involve an industry segment with which our management has limited experience or where there are limited synergies with our current businesses. Our integration of acquired businesses and realization of all synergies or efficiencies that we believe may result from such acquisitions may not come into fruition, which could negatively impact our business.

Reference is made to Note 4 of Notes to Consolidated Financial Statements for more information regarding acquisitions.

While part of our long-term business strategy is to acquire additional businesses, there is no assurance that we will be able to identify businesses that we can acquire upon terms we believe acceptable, or if such acquisitions require additional financing, that we could obtain such additional financing.

We cannot ascertain the availability of businesses to acquire, nor the capital requirements for future transactions. We cannot assure that, if required, additional financing will be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to consummate a particular acquisition, we would be compelled to either restructure the transaction or abandon that particular acquisition. In addition, if we consummate a future acquisition, we may require additional financing to fund the operations or growth of the target business. The failure to secure additional financing may impact the continued development or growth of the target business and could adversely impact our operating results.

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Our long-term growth plan may include the expansion of operations into markets outside of North America and the Asia-Pacific area. Such international expansion may not prove successful, and may divert significant capital, resources and management's time and attention and adversely affect our on-going operations.

To date, we have conducted all of our business within North America and the Asia-Pacific area. However, we may in the future enter international markets, including possibly South America and the European markets, which would require substantial amounts of management time and attention. Our products and overall business approach may not be accepted in other markets to the extent needed to make our international expansion profitable. In addition, the additional demands on management from these activities may detract from our efforts in our current markets and adversely affect our operating results therein. Any international expansion will expose us to the risks normally associated with conducting international business operations, including unexpected changes in regulatory requirements, changes in foreign legislation, possible foreign currency controls, currency exchange rate fluctuations or devaluations, tariffs, difficulties in staffing and managing foreign operations, difficulties in obtaining and managing vendors and distributors, potential negative tax consequences and difficulties collecting accounts receivable.

Our long-term growth plan involves an element of risk and could strain our management resources.

We intend to pursue a growth strategy involving organic and non-organic growth. There is no guarantee that such growth will occur or be successful. We may incur significant capital expenditures in connection with expansion plans that may not be realized or may not deliver the earnings that are expected. In addition, our expansion plans may, in the future, give rise to unforeseen risks or problems, and our future performance will depend in large part on our ability to manage our long-term planned growth that could strain our existing management, human and other resources. To successfully manage this growth, we must continue to add competent managers and employees and improve our operating, financial and other internal procedures and controls. We also must effectively motivate, train and manage employees. If we do not manage our growth effectively, it would adversely affect our future operating results.

Failure to retain key executives could adversely affect our operations and could impede our ability to execute our business plan and growth strategy.

Our growth strategies, operational guidance, capital allocation and capital markets support are managed largely by our existing corporate officers, including our President, Chief Executive Officer and Chairman of the Board, Ronald F. Valenta; as well as the senior management teams at our operating units in the Asia-Pacific area and North America. The continued success of our businesses will depend largely on the efforts and abilities of Mr. Valenta, the corporate executives and the operational senior management teams. These key personnel, particularly Mr. Valenta, have an understanding of our businesses that cannot be readily duplicated. However, we do not have key-man insurance on any of these key personnel. The loss of any of these key personnel, especially Mr. Valenta, could impair our ability to execute our business plan and growth strategy and could have a material adverse affect on our operating results.

We may issue shares of our capital stock that would reduce the equity interest of our stockholders and could cause a change in control of our ownership.

We may seek to finance future transactions, including business combinations, or improve our financial position by issuing additional shares of our common stock and/or preferred stock. The issuance of any number of shares of our common stock or of our preferred stock:

may significantly reduce the equity interest of investors;

may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded to our common stock;

may cause a change in control if a substantial number of our shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and

may adversely affect prevailing market prices for our common stock.

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

Historically, our average monthly lease fleet utilization has averaged between 70% and 85%; with the typical lease term being for an average period of over twelve months. The high utilization rate and the length of the average lease have provided us with a predictable revenue stream. However, if utilization rates decline or should a significant number of our lease units be returned during any short period of time, we would have to re-lease a large supply of units at similar rates to maintain historic revenues from these operations. Our failure to effectively maintain historical utilization rates or remarket a large influx of units returning from leases could have a material adverse effect on our results of operations and cash flows.

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Our lease fleet is subject to residual value risk upon disposition, and may not sell at the prices or in the quantities we expect.

A significant portion of our revenues are from unit sales out of our lease fleet. The market value of any given unit of our lease fleet could be less than its depreciated value at the time it is sold. The market value of used rental equipment depends on several factors, including:

the market price for new equipment of a like kind;

the age of the equipment at the time it is sold, as well as wear and tear on the equipment relative to its age;

the supply of used equipment on the market;

technological advances relating to the equipment;

worldwide and domestic demand for used equipment; and

general economic conditions.

We include in operating income the difference between the sales price and the depreciated value of an item of equipment sold. Changes in our assumptions regarding depreciation could change our depreciation expense, as well as the gain or loss realized upon disposal of lease fleet. Sales of units from our lease fleet at prices that fall significantly below its carrying value will have an adverse impact on our results of operations.

Unionization by some or all of our employees could cause increases in operating costs.

Our employees are not presently covered by collective bargaining agreements. Unions may attempt to organize our employees in the future. We are unable to predict the outcome of any continuing or future efforts to organize our employees, the terms of any future labor agreements, or the effect, if any, those agreements might have on our operations or financial performance.

We are subject to laws and governmental regulations and actions that affect our operating results and financial condition.

Our business is subject to regulation and taxation under a wide variety of foreign and U.S. federal, state and local laws, regulations and policies including those imposed by the Securities and Exchange Commission, the Internal Revenue Service, the Dodd-Frank Wall Street Reform and Consumer Protection Act and NASDAQ, as well as applicable labor laws. Although we have policies and procedures designed to comply with applicable laws and regulations, failure to comply with the various laws and regulations may result in civil and criminal liability, fines and penalties, increased costs of compliance, additional taxation and restatement of our financial statements.

There can also be no assurance that, in response to current economic conditions or the current political environment or otherwise, laws and regulations will not be implemented or changed in ways that adversely affect our operating results and financial condition, such as recently adopted legislation that expands health care coverage costs or facilitates union activity or federal legislative proposals to increase taxation and operating costs.

Failure to comply with internal control attestation requirements could lead to loss of public confidence in our financial statements and negatively impact our stock price.

As a public reporting company, we are required to comply with the Sarbanes-Oxley Act of 2002, including Section 404, and the related rules and regulations of the SEC, including expanded disclosures and accelerated reporting requirements. Compliance with Section 404 and other related requirements has increased our costs and will continue to require additional management resources. We may need to continue to implement additional finance and accounting systems, procedures and controls to satisfy new reporting requirements. While our management concluded that our internal control over financial reporting as of June 30, 2015 was effective, there is no assurance that future assessments of the adequacy of our internal controls over financial reporting will be favorable. If we are unable to obtain future unqualified reports as to the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our internal control over financial reporting, which could, among other things, adversely affect our stock price.

We are exposed to various possible claims relating to our business and our insurance may not fully protect us.

We are exposed to various possible claims relating to our business. These possible claims include those relating to: (i) personal injury or death caused by container products, mobile offices or modular units leased or sold by us;

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(ii) accidents involving our vehicles and our employees; (iii) employment-related claims; (iv) property damage; (v) commercial claims and (vi) environmental contamination. We believe that we have adequate insurance coverage for the protection of our assets and operations. However, our insurance may not fully protect us for certain types of claims, such as claims for punitive damages or for damages arising from intentional misconduct, which are often alleged in third party lawsuits.

In addition, we may be exposed to uninsured liability at levels in excess of our policy limits. If we are found liable for any significant claims that are not covered by insurance, our liquidity and operating results could be materially adversely affected. It is possible that our insurance carrier may disclaim coverage for any class action and derivative lawsuits against us. It is also possible that some or all of the insurance that is currently available to us will not be available in the future on economically reasonable terms or not available at all. In addition, whether we are covered by insurance or not, certain claims may have the potential for negative publicity surrounding such claims, which may adversely impact our operating results, value of our public securities, or give rise to additional similar claims being filed.

Disruptions in our information technology systems could limit our ability to effectively monitor and control our operations and adversely affect our operations.

Our information technology systems facilitate our ability to monitor and control our operations and adjust to changing market conditions. Any disruption in our information technology systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively transact business, monitor and control our operations and adjust to changing market conditions in a timely manner. Like other companies, our information technology systems may be vulnerable to a variety of interruptions due to our own error or events beyond our control, including, but not limited to, cyber-security breaches, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers, and other security issues. The failure of these systems to operate effectively could result in substantial harm or inconvenience to us or our customers. This could include the improper use of personal information or other identity theft. Each of these situations or data privacy breaches may cause delays in customer service, reduce efficiency in our operations, require significant capital investments to remediate the problem, or result in negative publicity that could harm our reputation and results.

In addition, the delay or failure to implement information system upgrades and new systems effectively could disrupt our business, distract management's focus and attention from our business operations and growth initiatives, and increase our implementation and operating costs, any of which could negatively impact our operations and operating results.

The price of our common stock may fluctuate significantly, which may make it difficult for stockholders to resell common stock when they want or at a price they find attractive.

We expect that the market price of our common stock will fluctuate. Our common stock price can fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include:

actual or anticipated variations in our quarterly operating results;

changes in interest rates and other general economic conditions;

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significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;

operating and stock price performance of other companies that investors deem comparable to us;

news reports relating to trends, concerns, litigation, regulatory changes and other issues in our industry;

geopolitical conditions such as acts or threats of terrorism or military conflicts;

relatively low trading volume; and

significant concentration of ownership in our common stock.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock will rely in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

We do not currently intend to pay dividends on our common stock, which may limit the return on your investment in us.

Except for payment of dividends on our preferred stock and on the capital stock of Royal Wolf, we intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends on our common stock in the foreseeable future.

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Significant Risks Related Primarily to Our Leasing Operations in North America

General or localized economic downturns or weakness may adversely affect our customers, in particular those in the construction industry, which may reduce demand for our products and services and negatively impact our future revenues and results of operations.

A significant portion of our revenues in our North American leasing operations is derived from customers who are in industries and businesses that are cyclical in nature and subject to changes in general economic conditions, including the oil and gas and the construction industries. Although the variety of our products, the breadth of our customer base and the number of markets we serve throughout North America limit our exposure to economic downturns, general economic downturns or localized downturns in markets where we operate could reduce demand for our products, especially in the construction or oil and gas industries, and negatively impact our future revenues, results of operations and cash flows.

We may be brought into tort or environmental litigation or held responsible for cleanup of spills if the customer fails to perform, or an accident occurs in the use of our tank container products, which could materially adversely affect our business, future operating results or financial position.

Our portable liquid tank containers and containment products are used by customers to store non-hazardous and certain hazardous liquids on the customers' site. Customers are responsible for proper operation of our fleet equipment while on lease and returning a cleaned and undamaged container upon completion of use, but we cannot always assure that these responsibilities are fully met in all cases. Our operations are subject to operational hazards, including accidents or equipment issues that can cause pollution and other damage to the environment. Hazards inherent in the oil and natural gas industry, such as, but not limited to, accidents, blowouts, explosions, pollution and other damage to the environment, fires and hydrocarbon spills, may delay or halt operations at extraction sites which we service. These conditions can cause:

personal injury or loss of life;

liabilities from accidents by our fleet of trucks and other equipment;

damage to or destruction of property, equipment and the environment; and

the suspension of operations.

In the event of a spill or accident, we may be brought into a lawsuit or enforcement action by either our customer or a third party on numerous potential grounds, including that an inherent flaw in a container tank contributed to the accident or that the container tank had suffered some undiscovered harm from a previous customer's prior use. In the event of a spill caused by our customers, we may be held responsible for cleanup under environmental laws and regulations concerning obligations of suppliers of rental products to effect remediation. In addition, applicable environmental laws and regulations may impose liability on us for conduct of third parties, or for actions that complied with applicable regulations when taken, regardless of negligence or fault. Substantial damage awards have also been made in certain jurisdictions against lessors of industrial equipment based upon claims of personal injury, property damage, and resource damage caused by the use of various products. While we try to take reasonable

precautions that our lease equipment is in good and safe condition prior to lease and carry insurance to protect against certain risks of loss or accidents, liability could adversely impact our profitability.

We maintain insurance coverage that we believe to be customary in the industry against these hazards. We may not be able to maintain adequate insurance in the future at rates we consider reasonable. In addition, insurance may not be available to cover any or all of the risks to which we are subject, or, even if available, the coverage provided by such insurance may be inadequate, or insurance premiums or other costs could make such insurance prohibitively expensive. It is likely that, in our insurance renewals, our premiums and deductibles will be higher, and certain insurance coverage either will be unavailable or considerably more expensive than it has been in the recent past. In addition, our insurance is subject to coverage limits, and some policies exclude coverage for damages resulting from environmental contamination.

We face significant competition in the modular space industry, especially from several national competitors in the United States who have greater financial resources and pricing flexibility than we do. If we are unable to compete successfully, we could lose customers and our future revenues could decline.

Although our competition varies significantly by market, the modular space markets in which we compete are dominated by primarily four participants and are highly competitive. In addition, we compete with a number of large to mid-sized regional competitors, as well as many smaller, full and part-time operators in many local regions. The modular space industry is highly competitive, subject to stiff pricing competition and almost all of the competitors have portable storage product offerings. The primary modular national competitors with portable storage product offerings have greater financial resources and pricing flexibility. If they focus on portable storage and are unable to compete successfully, we could lose customers and our future revenues and results of operations could decline.

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The portable storage industry in North America is highly competitive and we face intense competition that may lead to our inability to increase or maintain our prices, which could have a material adverse impact on our results of operations.

The portable storage industry in North America is highly competitive and fragmented. Many of the markets in which we operate are served by numerous competitors, ranging from national companies to smaller multi-regional companies and small, independent businesses with a limited number of locations. Some of these competitors currently offer products outside of our offerings or may have better brand recognition in some market sectors. If these competitors use their brand awareness to promote products that compete with our product offerings, customers may choose these competitors' products over ours and we could lose business. Our competitors are competing aggressively on the basis of pricing and may continue to drive down prices. Additionally, general economic factors could drive down market prices. To the extent that we choose to match our competitors' declining prices, it could harm our results of operations as we would have lower margins. To the extent that we choose not to match or remain within a reasonable competitive distance from our competitors' pricing, it could also harm our results of operations, as we may lose rental volume.

The portable liquid containment rental industry is highly competitive, and competitive pressures could impair our ability to increase market share and to rent or sell, equipment at favorable prices.

The portable liquid containment rental industry is highly competitive. We compete against national, regional and local companies, some of which are significantly larger than we are and have greater financial and marketing resources than we have. Some of our competitors also have longer operating histories, lower cost rental equipment and lower cost structures and more established relationships with equipment manufacturers than we have. In addition, certain of our competitors are more geographically diverse than we are and have greater name recognition among customers than we do. As a result, our competitors that have these advantages may be better able to attract customers.

We believe that local relationships, equipment quality, service levels and fleet size are key competitive factors in the portable liquid containment industry. From time to time, we or our competitors may attempt to compete aggressively by lowering rental rates or prices. Competitive pressures could adversely affect our future revenues and operating results by depressing the rental rates. To the extent we lower lease rates or increase our fleet size in order to retain or increase market share, our operating margins would be adversely impacted. In addition, we may not be able to match a larger competitor's price reductions or fleet investment because of its greater financial resources, all of which could adversely impact our future operating results.

Seasonality of the portable liquid containment industry may impact future quarterly results.

Activity may decline in our second quarter months of November and December and our third quarter months of January and February. These months may have lower rental activity in parts of the country where inclement weather may delay, or suspend, customer projects. The impact of these delays may be to decrease the number of frac tank containers on lease until companies are able to resume their projects when weather improves. These seasonal factors may impact our future quarterly results in each year's second and third quarters.

Significant increases in raw material costs could increase our operating costs significantly and harm our future results of operations.

We purchase raw materials, including metals, lumber, siding and roofing and other products, to construct and modify modular buildings and to modify containers to its customers' requirements. We also maintain a truck fleet to deliver units to and return units from customers. During periods of rising prices for raw materials, especially oil and fuel for

delivery vehicles, and in particular when the prices increase rapidly or to levels significantly higher than normal, we may incur significant increases in operating costs and may not be able to pass price increases through to customers in a timely manner, which could harm our future results of operations.

A key for success in the oil and gas industry in North America is our ability to continue to employ and retain skilled and unskilled personnel. Any difficulty we experience replacing or adding personnel could adversely affect our business.

We may not be able to find enough skilled and unskilled labor to meet our needs, which could limit our growth. Oil and gas business activity historically decreases or increases with the prices of oil and natural gas. We may have problems retaining and finding enough laborers in the future, particularly if the demand for our portable liquid containment products and fluid management services increases significantly in a relatively short period of time. Other factors may also inhibit our ability to find enough workers to meet our employment needs.

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We believe that a key to our success in the oil and gas industry in North America is dependent upon our ability to continue to employ and retain skilled and unskilled personnel. Our inability to employ or retain personnel generally could have a significant adverse effect on our operations.

A substantial portion of the revenues of Lone Star are earned from a limited number of major customers and the loss of any one or more of these customers could adversely affect our results of operations.

Lone Star earns a substantial portion of its revenue from a limited number of major customers. One or more of these customers could cancel their leases and cease doing business with Lone Star for a variety of reasons beyond our control. The loss of one or more of these major customers could adversely affect our results of operations.

Failure by our manufacturers to sell and deliver products in a timely fashion may harm our reputation and financial condition.

We currently purchase new modular buildings and components, mobile offices and container products directly from manufacturers. Although we are not dependent on any one manufacturer and are able to purchase products from a variety of suppliers, the failure of one or more of our suppliers to timely manufacture and deliver storage containers to us could adversely affect our operations. We purchase new modular buildings and components, mobile offices and storage containers under purchase orders issued to various manufacturers, which the manufacturers may or may not accept or be able to fill. We have no contracts with any supplier. If these suppliers do not timely fill our purchase orders, or do not properly manufacture the ordered products, our reputation and financial condition could be harmed.

Some zoning laws restrict the use of our storage units and therefore limit our ability to offer products in all markets.

Many of our customers use our storage units to store goods on their own properties. Local zoning laws in some of our markets prohibit customers from maintaining mobile offices or storage containers on their properties or require that mobile offices or storage containers be located out of sight from the street. If local zoning laws in one or more of our geographic markets were to ban or restrict our products from being stored on customers' sites, our business in that market could suffer.

As Department of Transportation regulations increase, our operations could be negatively impacted and competition for qualified drivers could increase.

We operate in the United States pursuant to operating authority granted by the U.S. Department of Transportation (DOT). Our company drivers must comply with the safety and fitness regulations of the DOT, including those relating to drug and alcohol testing and hours-of-service. Such matters as equipment weight and dimensions also are subject to government regulations. Our safety record could be ranked poorly compared to our peer firms. A poor fleet ranking may result in the loss of customers or difficulty attracting and retaining qualified drivers which could affect our results of operations. Should additional rules be enacted in the future, compliance with such rules could result in additional costs.

Significant Risks Related Primarily to Our Leasing Operations in the Asia-Pacific

The future performance of Royal Wolf depends on customer demand for portable container solutions as well as the expansion of the portable container solutions products market in Australia.

Any reduction in customer demand, failure of customer demand to grow, or failure of Royal Wolf to meet changes in customer demand or preferences may adversely affect Royal Wolf's businesses, operational performance, growth prospects and financial position. For example, if expected growth in the portable container buildings market fails to come to fruition, or if businesses and individuals no longer demand portable container buildings at current levels, Royal Wolf's return on its portable container building investments could be negatively impacted. The demand for Royal Wolf's assets is dependent on the key industry segments into which Royal Wolf sells and lease assets, such as oil and gas, mining, construction, industrial and retail. A significant reduction in the business climate in these industry segments, could negatively impact Royal Wolf's results of operations.

The success and ability to drive future growth is dependent to a large extent on brand reputation.

Royal Wolf believes its brand reputation is a key driver in its success and its ability to drive future growth. Any adverse change to the reputation of Royal Wolf may adversely affect the Company's businesses, operational performance and financial condition. Royal Wolf owns the trademark and license for the name "Royal Wolf" in Australia, New Zealand and surrounding islands in the Asia-Pacific region. There is a risk that use of the "Royal Wolf" brand by third parties in jurisdictions in which Royal Wolf does not own the trademark may adversely impact the Royal Wolf brand and consequently its business.

Table of Contents***Royal Wolf's ability to achieve its long-term business strategy is dependent to a certain extent on its supply chain and purchasing.***

Royal Wolf's long-term business strategy assumes a certain level of growth in Australian and New Zealand demand for container based solutions. Royal Wolf's ability to meet this demand is dependent, to a certain extent, on the ability of Royal Wolf to purchase storage containers economically and on a timely basis. Historically, Royal Wolf has successfully worked with shipping lines and international container leasing companies to purchase used containers, and with manufacturers and brokers, including in China, to purchase new containers, but there can be no guarantee of this in the future. Changes to shipping line practices with respect to used containers, and adverse changes in trade practices, regulations and relations between Australia and its trading partners, including China, could adversely impact Royal Wolf's ability to purchase containers or impact the price at which Royal Wolf is able to purchase containers.

Historically, Royal Wolf has relied on internal supply chain and sourcing arrangements, international suppliers and the logistics industry to relocate containers. Changes to these arrangements, constraints on the supply chain, failure of suppliers to deliver or deliver in a timely manner or material increases in the price of new or used containers could have an adverse impact on Royal Wolf's business, operational performance, profit margins and financial results. Royal Wolf purchases new storage container products under purchase orders issued to container manufacturers, which the manufacturers may or may not accept or be able to fill. There are several alternative sources of supply for storage containers. Though Royal Wolf is not dependent upon any one manufacturer in purchasing storage container products, the failure of one or more of its suppliers to timely deliver containers to Royal Wolf could adversely affect its operations. If these suppliers do not timely fill Royal Wolf's purchase orders or do not properly manufacture the ordered products, Royal Wolf's reputation and financial condition also could be harmed.

Royal Wolf conducts its business in a highly competitive sector.

Royal Wolf's faces competition in the portable buildings, freight and portable storage markets. Royal Wolf also faces potentially significant competition from modular industry companies who have non-container portable building offerings, especially several national competitors in Australia who have greater financial resources and pricing flexibility than Royal Wolf. As a result, Royal Wolf is subject to potential competition from new domestic and foreign competitors and the provision of new products or services, aggressive pricing and lease rates offered by existing competitors. Competition varies by region and Royal Wolf may not always be able to match its competitors in service levels, functionality and price in each or all regions. The emergence of a new competitor with international reach, or increased focus on the rental model by existing competitors, particularly with an extensive distribution network, could have an adverse effect on Royal Wolf's business, financial condition, results of operations and growth prospects. Also, continued service improvement by competitors may result in Royal Wolf's customers using substitutes in place of some of Royal Wolf's products. Royal Wolf may not always be able to match its competitors in both functionality and price, which could negatively impact Royal Wolf's revenues. In addition, some of Royal Wolf's unique products are the subject of patent applications only and there is no guarantee that those applications will become effective. If the patent applications do not become effective, there is a risk that Royal Wolf's competitors could produce similar rival products, which may have an adverse effect on Royal Wolf.

Royal Wolf is subject to foreign exchange rate fluctuations.

Royal Wolf is subject to exchange rate fluctuations, particularly as it sources a substantial portion of its portable container solutions fleet from China in purchases, which are U.S. dollar-denominated. While Royal Wolf has a hedging policy to mitigate this risk, unhedged exchange rate fluctuations in the Australian dollar relative to the U.S. dollar and, to a lesser extent, the New Zealand dollar, may adversely affect the financial performance of Royal Wolf, including its financial position, cash flows, distributions, growth prospects, and share price.

Royal Wolf is subject to Australian and New Zealand taxation and tariff regulation.

Significant recent reforms and current proposals for further reforms to tax laws in the jurisdictions within which Royal Wolf operates may give rise to uncertainty. The precise scope and impact of future changes to tax laws may not be known. Royal Wolf is also subject to import tariffs with respect to the portable container products it sources from overseas. Any changes to such tax or tariff laws (including the imposition of, or increases to, such taxes or tariffs), their interpretation or the manner in which they are administered by the relevant government agency or the current rate of company income tax or import tariff may impact the operational or financial performance of Royal Wolf (or customers in its key end markets).

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Royal Wolf may face a tightening labor force and is subject to Workplace Health and Safety regulations.

Royal Wolf's ability to remain productive, profitable and competitive and to effect its planned growth initiatives depends on its ability to attract and retain workers. Tightening of the labor market in key regions due to a shortage of suitably skilled workers may inhibit Royal Wolf's ability to hire and retain employees. Additionally, rising wages paid to employees may pose a risk to Royal Wolf's margins if it is unable to pass on such higher costs through price increases.

Royal Wolf is also subject to Workplace Health and Safety regulations. If Royal Wolf is not able to maintain its working conditions to meet Workplace Health and Safety regulations it may impact Royal Wolf's operations and ability to attract and retain workers and also result in contravention of those regulations, which may give rise to potential criminal and civil liability and also damage Royal Wolf's brand and reputation.

Significant Risks Related Primarily to Our Manufacturing Operations in North America

Significant competition in the industry in which Southern Frac operates may result in its competitors offering new or better products and services or lower prices, which could result in a loss of customers and a decrease in revenues.

The portable liquid storage tank container manufacturing industry is highly competitive. Southern Frac competes with other manufacturers of varying sizes, some of which have substantial financial resources. Manufacturers compete primarily on the quality of their products, customer relationships, service availability and cost. Barriers to entry are low. As a result, it is possible that additional competitors could enter the market at any time. If Southern Frac is unable to successfully compete with other portable liquid storage tank container manufacturers it could lose customers and our revenues may decline.

Seasonality of the portable liquid containment industry may impact future quarterly results.

Activity may decline in our second quarter months of November and December and our third quarter months of January and February. These months may have lower rental activity in parts of the country where inclement weather may delay, or suspend, customer projects. The impact of these delays may be to decrease the number of frac tank containers sold until companies are able to resume their projects when weather improves. These seasonal factors may impact Southern Frac's future operating results in each fiscal year's second and third quarters.

Difficulties Associated with Fixed Capacity Levels

Southern Frac's ability to increase manufacturing capacity may require significant investments in equipment and personnel. To the extent that we make investments to increase manufacturing capacity and demand for our products is not sustained, our results of operations and financial condition may be adversely affected. Conversely, if we choose not to make investments to increase manufacturing capacity, our ability to meet customer demand for our products and increase revenues may be adversely affected. Additionally, operating our facilities at near full capacity levels may cause us to incur labor costs at premium rates in order to meet customer requirements, experience increased maintenance expenses or require us to replace our machinery and equipment on an accelerated basis, each of which could cause our results of operations and financial condition to be adversely affected.

Implementation of Operational Improvements

As part of our ongoing focus on being a low-cost provider of high quality products, we periodically analyze our business to further improve our operations. Our continued analysis may include identifying and implementing opportunities for: (i) further rationalization of manufacturing capacity; (ii) streamlining of selling, general and administrative overhead; or (iii) efficient investment in new equipment and the upgrading of existing equipment. We may be unable to successfully identify or implement plans targeting these initiatives, or fail to realize the benefits of the plans we have already implemented, as a result of operational difficulties, a weakening of the economy or other factors. Cost reductions may not fully offset decreases in the prices of our products due to the time required to develop and implement cost reduction initiatives. Additional factors such as inconsistent customer ordering patterns, increasing product complexity and heightened quality standards also may make it more difficult to reduce our costs. It is also possible that as we incur costs to implement improvement strategies, the initial impact on our financial position, results of operations and cash flow may be adverse and we may not be able to successfully realize sufficient cost savings to mitigate this adverse impact.

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Southern Frac's business could be harmed if we fail to maintain proper inventory levels.

Southern Frac is required to maintain sufficient inventories to accommodate the needs of its customers including, in many cases, short lead times on delivery requirements. We purchase raw materials on a regular basis in an effort to maintain our inventory at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon orders, customer volume expectations, historic buying practices and market conditions. Inventory levels in excess of customer demand may result in the use of higher-priced inventory to fill orders reflecting lower selling prices, if steel prices have significantly decreased. These events could adversely affect our financial results. Conversely, if we underestimate demand for our products or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages. Inventory shortages could result in unfilled orders, negatively impacting our customer relationships and resulting in lost revenues, which could harm our business and adversely affect our financial results.

Southern Frac's future operating results may be affected by fluctuations in raw material prices, and it may be unable to pass on any increases in raw material costs to its customers.

Southern Frac's principal raw material is steel. The steel industry as a whole has been cyclical, and at times availability and pricing can be volatile due to a number of factors beyond our control. These factors include general economic conditions, domestic and worldwide demand, the influence of hedge funds and other investment funds participating in commodity markets, curtailed production from major suppliers due to factors such as the closing or idling of facilities, accidents or equipment breakdowns, repairs or catastrophic events, labor costs or problems, competition, new laws and regulations, import duties, tariffs, energy costs, availability and cost of steel inputs (e.g., ore, scrap, coke and energy), currency exchange rates and other factors. This volatility, as well as any increases in raw material costs, could significantly affect our steel costs and adversely impact our financial results. If our suppliers increase the prices of our critical raw materials, we may not have alternative sources of supply. In addition, in an environment of increasing prices for steel and other raw materials, competitive conditions may impact how much of the price increases we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to customers, our financial results could be adversely affected. Also, if steel prices decrease, competitive conditions may impact how quickly we must reduce our prices to our customers, and we could be forced to use higher-priced raw materials to complete orders for which the selling prices have decreased. Decreasing steel prices could also require us to write-down the value of our inventory to reflect current market pricing.

The loss of key supplier relationships could adversely affect Southern Frac.

Southern Frac has developed relationships with certain steel and other suppliers which have been beneficial to us by providing more assured delivery and a more favorable all-in cost, which includes price and shipping costs. If any of those relationships were disrupted, it could have an adverse effect on delivery times and the overall cost and quality of our raw materials, which could have a negative impact on our business. In addition, we do not have long-term contracts with any of our suppliers. If, in the future, we are unable to obtain sufficient amounts of steel and other products at competitive prices and on a timely basis from our traditional suppliers, we may be unable to obtain these products from alternative sources at competitive prices to meet our delivery schedule, which could have a material adverse affect on our results of operations.

The costs of manufacturing Southern Frac's products and its ability to supply customers could be negatively impacted if we experience interruptions in deliveries of needed raw materials or supplies.

If, for any reason, Southern Frac's supply of steel is curtailed or it otherwise is unable to obtain the quantities it needs at competitive prices, our business could suffer and our financial results could be adversely affected. Such

interruptions could result from a number of factors, including a shortage of capacity in the supplier base of raw materials, energy or the inputs needed to make steel or other supplies, a failure of suppliers to fulfill their supply or delivery obligations, financial difficulties of suppliers resulting in the closing or idling of supplier facilities, other significant events affecting supplier facilities, significant weather events and other factors, all of which are beyond our control.

The loss of significant volume from key customers could adversely affect Southern Frac.

A significant loss of, or decrease in, business from any of its key customers could have an adverse effect on Southern Frac's sales and financial results if it cannot obtain replacement business. In addition, certain of its top customers may be able to exert pricing and other influences on Southern Frac, requiring it to market, deliver and promote its products in a manner that may be more costly. Moreover, Southern Frac generally does not have long-term contracts with its customers. As a result, although its customers periodically provide indications of their product needs and purchases, they generally purchase Southern Frac's products on an order-by-order basis, and the relationship, as well as particular orders, can be terminated at any time.

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Significant Risks Related Primarily to Our Series C Preferred Shares

We cannot assure that quarterly dividends on, or any other payments in respect of, the Series C Preferred Shares will be made timely or at all.

We cannot assure that we will be able to pay quarterly dividends on the Series C Preferred Shares or to redeem the Series C Preferred Shares, if we wanted to do so. Quarterly dividends on our Series C Preferred Shares will be paid from funds legally available for such purpose when, as and if declared by our board of directors. Certain factors may influence our decision, or adversely affect our ability, to pay dividends on, or make other payments in respect of, our Series C Preferred Shares, including, among other things:

the amount of our available cash or other liquid assets, including the impact of any liquidity shortfalls caused by the below-described restrictions on the ability of our subsidiaries to generate and transfer cash to us;

our ability to service and refinance our current and future indebtedness;

changes in our cash requirements to fund capital expenditures, acquisitions or other operational or strategic initiatives;

our ability to borrow or raise additional capital to satisfy our capital needs;

restrictions imposed by our existing, or any future, credit facilities, debt securities or leases, including restricted payment and leverage covenants that could limit our ability to make payments to holders of the Series C Preferred Shares;

limitations on the ability of Southern Frac or Royal Wolf to distribute cash to us due to third parties holding equity interests in those subsidiaries; and

limitations on cash payments to shareholders under Delaware law, including limitations that require dividend payments be made out of surplus or, subject to certain limitations, out of net profits for the then-current or preceding year in the event there is no surplus.

Based on its evaluation of these and other relevant factors, our board of directors may, in its sole discretion, decide not to declare a dividend on the Series C Preferred Shares for any quarterly period for any reason, regardless of whether we have funds legally available for such purpose. In such event, a holder's sole recourse will be its rights as a holder of Series C Preferred Shares, which includes the right to cumulative dividends and, under certain specified circumstances, to additional interest and limited conditional voting rights.

GFN's ability, as a holding company, to make payments in respect of the Series C Preferred Shares depends on the ability of our subsidiaries to transfer funds to us.

GFN is a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, GFN's cash flow and ability to make dividend payments to our stockholders depend on the earnings of our subsidiaries, the distribution from our subsidiaries and compliance with the covenants governing the indebtedness of our subsidiaries, including, without limitation, covenants of the senior credit facilities of our subsidiaries that permit dividends and other payments from such subsidiaries to GFN. Payments by our subsidiaries to GFN are also contingent upon those subsidiaries' earnings and business considerations. Furthermore, GFN's right to receive any assets of any of our subsidiaries upon their liquidation, reorganization or otherwise, and thus the ability of a holder of Series C Preferred Stock to benefit indirectly from such distribution, will be subject to the prior claims of the subsidiaries' creditors.

The terms of the revolving senior credit facility with a syndicate led by Wells Fargo Bank, National Association (Wells Fargo) limit the ability of our North American Leasing operations to upstream dividends to GFN that would be used to pay dividends on the Series C Preferred Stock. If the amount of the dividends payable on the Series C Preferred Stock exceeds the amount of the dividends our North American Leasing operations are permitted to pay GFN and GFN is unable to generate sufficient cash from its other subsidiaries for a dividend payment, GFN may not be able to make the required dividend payment on the Series C Preferred Stock. Our ability to pay dividends or make other payments to the holders of our Series C Preferred Shares will be adversely affected if the senior credit facility prohibits the payment of dividends to GFN.

The Series C Preferred Shares represent perpetual equity interests.

The Series C Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, will not entitle the holders thereof to receive payment of a principal amount at a particular date. As a result, holders of the Series C Preferred Shares may be required to bear the financial risks of an investment in the Series C Preferred Shares for an indefinite period of time. In addition, the Series C Preferred Shares will rank junior to all our indebtedness and other liabilities, and to any other senior securities we may issue in the future with respect to assets available to satisfy claims against us. In addition, the lack of a fixed mandatory redemption date for the Series C Preferred Shares will increase your reliance on the secondary market for liquidity purposes.

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Investors should not expect us to redeem the Series C Preferred Shares on the date the Series C Preferred Shares become redeemable by the Company or on any particular date afterwards.

The shares of Series C Preferred Shares have no maturity or mandatory redemption date and are not redeemable at the option of investors under any circumstances. By their terms, the Series C Preferred Shares may be redeemed by us at our option either in whole or in part at any time on or after May 17, 2018 or, under certain circumstances, may be redeemed by us at our option, in whole, sooner than that date. Any decision we may make at any time regarding whether to redeem the Series C Preferred Shares will depend upon a wide variety of factors, including our evaluation of our capital position, our capital requirements and general market conditions at that time. However, investors should not assume that we will redeem the Series C Preferred Shares at any particular time, or at all.

Increases in market interest rates may adversely affect the trading price of our Series C Preferred Shares.

One of the factors that will influence the trading price of our Series C Preferred Shares will be the dividend yield on the Series C Preferred Shares relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may reduce demand for our Series C Preferred Shares and would likely increase our borrowing costs and potentially decrease funds available for distribution. Accordingly, higher market interest rates could cause the market price of our Series C Preferred Shares to decrease.

The Series C Preferred Shares have not been rated and the lack of a rating may adversely affect the trading price of the Series C Preferred Shares.

We have not sought to obtain a rating for the Series C Preferred Shares, and the shares may never be rated. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the Series C Preferred Shares or that we may elect to obtain a rating of our Series C Preferred Shares in the future. In addition, we may elect to issue other securities for which we may seek to obtain a rating. The market value of the Series C Preferred Shares could be adversely affected if:

any ratings assigned to the Series C Preferred Shares in the future or to other securities we issue in the future are lower than market expectations or are subsequently lowered or withdrawn;

or ratings for such other securities would imply a lower relative value for the Series C Preferred Shares.

The interests of holders in the Series C Preferred Shares could be diluted by our issuance of additional shares of preferred stock, including additional Series C Preferred Shares, and by other transactions.

Our charter currently authorizes the issuance of up to one million shares of preferred stock in one or more classes or series, and we will be permitted, without notice to or consent of the holders of Series C Preferred Shares, to issue additional Series C Preferred Shares or other securities that have rights junior to such shares, up to the maximum aggregate number of authorized shares of our preferred stock. The issuance of additional preferred stock on a parity with or senior to our Series C Preferred Shares would dilute the interests of the holders of our Series C Preferred Shares, and any issuance of preferred stock senior to or on a parity with our Series C Preferred Shares or of additional indebtedness could adversely affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series C Preferred Shares. We cannot assure that quarterly dividends on, or any other payments in respect of, the Series C Preferred Shares will be made timely or at all and there are effectively no provisions relating to our Series C Preferred Shares that protect the holders of our Series C Preferred Shares in the event of a highly leveraged or other

transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business; any of which might adversely affect the holders of our Series C Preferred Shares.

A holder of Series C Preferred Shares has extremely limited voting rights.

Voting rights as a holder of Series C Preferred Shares will be extremely limited. However, in the event that six quarterly dividends, whether consecutive or not, payable on Series C Preferred Shares are in arrears or a listing failure has occurred and is continuing, the holders of Series C Preferred Shares will have the right, voting together as a class with all other classes or series of parity securities upon which like voting rights have been conferred and are exercisable, to elect two additional directors to serve on our board of directors.

The Series C Preferred Shares are not convertible and purchasers may not realize a corresponding benefit if the trading price of our common stock rises.

The Series C Preferred Shares are not convertible into our common shares and do not have exchange rights or entitled or subject to any preemptive or similar rights. Accordingly, the market value of the Series C Preferred Shares

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may depend to some degree on, among other things, dividend and interest rates for other securities and other investment alternatives and our actual and perceived ability to make dividend or other payments in respect of our Series C Preferred Shares rather than the trading price of our common stock. In addition, our right to redeem the Series C Preferred Shares on or after May 17, 2018 or in the event of a change in control could impose a ceiling on their value.

Significant Risks Related Primarily to Our Senior Notes

The Senior Notes are not rated and the issuance of a credit rating could adversely affect the market price of the Senior Notes.

At their issuance, the Senior Notes were not rated by any credit rating agency. However, the Senior Notes may subsequently be rated by one or more of the credit rating agencies. If the Senior Notes are rated, the rating could be lower than expected, and such a rating could have an adverse effect on the market price of the Senior Notes. Furthermore, credit rating agencies revise their ratings from time to time and could lower or withdraw any rating issued with respect to the Senior Notes. Any real or anticipated downgrade or withdrawal of any ratings of the Senior Notes could have an adverse effect on the market price or liquidity of the Senior Notes.

Ratings reflect only the views of the issuing credit rating agency or agencies and are not recommendations to purchase, sell or hold any particular security, including the Senior Notes. In addition, ratings do not reflect market prices or suitability of a security for a particular investor, and any future rating of the Senior Notes may not reflect all risks related to us and our business or the structure or market value of the Senior Notes.

We are the sole obligor of the Senior Notes and our direct and indirect subsidiaries do not guarantee our obligations under the Senior Notes and do not have any obligation with respect to the Senior Notes. Furthermore, your right to receive payment on the Senior Notes will be structurally subordinated to the liabilities of our subsidiaries.

We are a holding company with no business operations or assets other than the capital stock of our direct and indirect subsidiaries. Consequently, we will be dependent on loans, dividends and other payments from these subsidiaries to make payments of principal and interest on the Senior Notes. However, our subsidiaries are separate and distinct legal entities, and they will have no obligation, contingent or otherwise, to pay the amounts due under the Senior Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payments. Holders of the Senior Notes will not have any direct claim on the cash flows or assets of our direct and indirect subsidiaries.

The ability of our subsidiaries to pay dividends and make other payments to us will depend on their cash flows and earnings, which, in turn, will be affected by all of the factors discussed in our Annual Report on Form 10-K. The ability of our direct and indirect subsidiaries to pay dividends and make distributions to us may be restricted by, among other things, applicable laws and regulations and by the terms of the agreements into which they enter. If we are unable to obtain funds from our direct and indirect subsidiaries as a result of restrictions under their debt or other agreements, applicable laws and regulations or otherwise, we may not be able to pay cash interest or principal on the Senior Notes when due.

The Senior Notes are structurally subordinated to all indebtedness of our subsidiaries. While the indenture governing the Senior Notes will limit the indebtedness and activities of these subsidiaries, holders of indebtedness of, and trade creditors of, our subsidiaries, are entitled to payments of their claims from the assets of such subsidiaries before those assets are made available for distribution to us, as direct or indirect shareholder. Accordingly, in the event that any of our subsidiaries becomes insolvent, liquidates or otherwise reorganizes:

the creditors of such subsidiary (including the holders of the Senior Notes) will have no right to proceed against such subsidiary's assets; and

the creditors of such subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of assets of such subsidiary before we, as direct or indirect stockholder, will be entitled to receive any distributions from such subsidiary.

We may be unable to repurchase the Senior Notes upon a change of control.

In the event of a change of control, as defined in the indenture governing our Senior Notes, we must offer to purchase the Senior Notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase. In the event that we are required to make such offer with respect to the Senior Notes, there can be no assurance that we would have sufficient funds available to purchase any Senior Notes, and we may be required to refinance the Senior Notes. There can be no assurance that we would be able to accomplish a refinancing or, if a refinancing were to occur, that it would be accomplished on commercially reasonable terms. The revolving credit

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facilities of our subsidiaries prohibit us from repurchasing any of the Senior Notes, except under limited circumstances. The revolving credit facilities of our subsidiaries also provide that certain change of control events would constitute a default. In the event a change of control occurs at a time when we are prohibited from purchasing the Senior Notes, we could seek the consent of the lenders under the revolving credit facilities of our U.S. subsidiaries to purchase the Senior Notes. If we did not obtain such consent, we would remain prohibited from purchasing the Senior Notes. In this case, our failure to purchase would constitute an event of default under the indenture governing the Senior Notes.

We may not be able to generate sufficient cash to service all of our debt, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Our ability to make scheduled payments on, or to refinance our obligations under, our debt will depend on our financial and operating performance and that of our subsidiaries, which, in turn, will be subject to prevailing economic and competitive conditions and to financial and business factors, many of which may be beyond our control. We may not maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure our debt. In the future, our cash flow and capital resources may not be sufficient for payments of interest on, and principal of, our debt, and such alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. We may not be able to refinance any of our indebtedness or obtain additional financing, particularly because of our anticipated high levels of debt and the debt incurrence restrictions imposed by the agreements governing our debt, as well as prevailing market conditions. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The instruments governing our indebtedness restrict our ability to dispose of assets and use the proceeds from any such dispositions. We may not be able to consummate those sales, or if we do, at an opportune time, the proceeds that we realize may not be adequate to meet debt service obligations when due.

Changes in the credit markets could adversely affect the market price of the Senior Notes.

The market price for the Senior Notes will be based on a number of factors, including:

the prevailing interest rates being paid by other companies similar to us; and

and the overall condition of the financial markets.

The condition of the credit markets and prevailing interest rates have fluctuated in the past and can be expected to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the price and liquidity of the Senior Notes.

An increase in market interest rates could result in a decrease in the relative value of the Senior Notes.

In general, as market interest rates rise, Senior Notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase these Senior Notes and market interest rates increase, the market values of your Senior Notes may decline. We cannot predict the future level of market interest rates.

We could enter into various transactions that could increase the amount of our outstanding debt, or adversely affect our capital structure or credit rating, or otherwise adversely affect holders of the Senior Notes.

Subject to certain exceptions relating to incurring certain liens or entering into certain sale and leaseback transactions, the terms of the Senior Notes do not prevent us from entering into a variety of acquisition, divestiture, refinancing, recapitalization or other highly leveraged transactions. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the Senior Notes.

Redemption may adversely affect your return on the Senior Notes.

We have the right to redeem some or all of the Senior Notes prior to maturity. We may redeem the Senior Notes at times when prevailing interest rates may be relatively low compared to rates at the time of issuance of the Senior Notes. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Senior Notes.

Item 1B. Unresolved Staff Comments

None.

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We lease most of the locations in our North American leasing operations, except for Pac-Van's corporate. Most of the major leased properties have remaining lease terms of at least one year and we believe that satisfactory alternative properties could be found in all of our North American markets, if necessary. The following table shows information about our branches and other properties in North America as of June 30, 2015:

Location	Function/Uses
United States:	
Albany, GA	Leasing and sales
Atlanta, GA	Leasing and sales
Austin, TX	Leasing and sales
Bakersfield, CA	Leasing and sales
Charleston, WV	Leasing and sales
Charlotte, NC	Leasing and sales
Chicago, IL (owned)	Leasing and sales
Cincinnati, OH	Leasing and sales
Cleveland, OH	Leasing and sales
Columbus, OH	Leasing and sales
Corpus Christi, TX	Leasing and sales
Dallas, TX	Leasing and sales
Denver, CO	Leasing and sales
Des Moines, IA	Leasing and sales
Detroit, MI	Leasing and sales
Elkhart, IN	Leasing and sales
Elko, NV	Fleet storage
Chino-Los Angeles, CA	Leasing and sales
Green Bay, WI	Leasing and sales
Indianapolis, IN	Leasing and sales
Indianapolis, IN (owned)	Corporate office
Jacksonville, FL	Leasing and sales
Kansas City, MO	Leasing and sales
Kenedy, TX (a)	Leasing and sales
Kermit, TX (b)	Leasing and sales
Las Vegas, NV	Leasing and sales
Louisville, KY	Leasing and sales
Memphis, TN (owned)	Leasing and sales
Milwaukee, WI	Leasing and sales
Nashville, TN	Leasing and sales
New Brunswick (Trenton), NJ	Leasing and sales
Orlando, FL	Leasing and sales
Paducah, KY	Leasing and sales
Phoenix, AZ (c)	Leasing and sales
Pittsburgh, PA	Leasing and sales
Milan, IL (Quad Cities)	Leasing and sales
Salt Lake City, UT	Leasing and sales

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San Antonio, TX	Leasing and sales
St. Louis, MO	Leasing and sales
Toledo, OH	Leasing and sales
Watford City, ND	Leasing and sales
Canada:	
Edmonton, AB (c)	Leasing and sales
Calgary, AB	Leasing and sales

- (a) There is another associated location in Karnes, TX, but it does not conduct leasing and sales.
- (b) There is another associated location in Goldsmith, TX, but it does not conduct leasing and sales.
- (c) There is also a fleet maintenance and modification facility in this market.

Southern Frac's 40,000 square foot manufacturing facility located in Waxahachie, Texas is on a 7.4 acre property, which we purchased in December 2012. In addition, Southern Frac has two contiguous leased properties that include administrative offices and warehouse space, as well as additional parking, with lease terms through February 2016 and March 2016; with two three-year renewal options on each lease.

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We lease our GFN corporate headquarters in Pasadena, California, effective January 31, 2008, from an affiliate of our chief executive officer, who is also the chairman of the board of directors. 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, we exercised our option to renew the lease for an additional five-year term commencing February 1, 2013. We also lease a small office in Northbrook, Illinois. The term of the lease is through October 31, 2015.

We locate our Asia-Pacific CSCs (or branches) in markets with attractive demographics and strong growth prospects. Within each market, we have located our CSCs in areas that allow for easy delivery of mobile storage units to our customers over a wide geographic area. In addition, when cost effective, we seek high visibility locations. Our CSCs maintain an inventory of mobile storage units available for lease, and most of our CSCs also provide storage of units under lease at the site (on-site storage). Several CSCs have multiple leases of adjoining or contiguous properties and, except for the Auckland, New Zealand self-storage and regional head office site, the CSCs are all leased. The following table shows information about our CSCs and other properties by country (Australia and New Zealand) at June 30, 2015 and we believe these properties are suitable and adequate:

Location	Functions/Uses
Australia:	
Adelaide	Leasing, on-site storage and sales
Brisbane Weyba Street Banyo	Leasing, on-site storage and sales
Brisbane Armada Place Banyo (special projects and modifications)	Leasing and sales (not a CSC)
South Brisbane Musgrave Road Cooper Plains	Leasing, on-site storage and sales
Cairns	Leasing, on-site storage and sales
Canberra	Leasing, on-site storage and sales
Melbourne East Clayton	Leasing, on-site storage and sales
Melbourne West Sunshine	Leasing, on-site storage and sales
Darwin	Leasing, on-site storage and sales
Geraldton	Leasing, on-site storage and sales
Gold Coast	Leasing, on-site storage and sales
Gosford Central Coast	Leasing, on-site storage and sales
Hobart	Leasing, on-site storage and sales
Hornsby	Head office (Not a CSC)
Sydney Moorebank	Leasing, on-site storage and sales
Sydney St. Marys	Leasing, on-site storage and sales
Sydney Blacktown (Containertech)	Warehouse and sales (Not a CSC)
Newcastle	Leasing, on-site storage and sales
Perth Railway Parade (a)	Leasing, on-site storage and sales
Perth North Bayswater (a)	Leasing, on-site storage and sales
Perth South Bibra Lake	Leasing, on-site storage and sales
Perth Bassendean	Fleet storage and overflow (not a CSC)
Rockhampton	Leasing, on-site storage and sales
Toowoomba	Leasing, on-site storage and sales
Townsville	Leasing, on-site storage and sales
New Zealand:	
Auckland-Ormiston Rd (owned)	Leasing, on-site storage and sales (not a CSC)

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Auckland	Jarvis Way (owned)	Head Office, Leasing, on-site storage and sales
Christchurch		Leasing, on-site storage and sales
Dunedin		Leasing, on-site storage and sales
Hamilton		Leasing, on-site storage and sales
Napier		Leasing, on-site storage and sales
Palmerston North		Leasing, on-site storage and sales
Silverdale/Albany		Leasing, on-site storage and sales
Tauranga/Bay of Plenty		Leasing, on-site storage and sales
Wellington		Leasing, on-site storage and sales

(a) Perth North Bayswater is intended to be relocated to Perth Railway Parade during the first quarter of FY 2016

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Item 3. Legal Proceedings

We are not involved in any material lawsuits or claims arising out of the normal course of our business. We have insurance policies to cover general liability and workers compensation related claims. In our opinion, 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.

Reference is made to Note 10 of Notes to Consolidated Financial Statements for further discussion of commitments and contingencies, including any legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

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Our common stock is listed on The NASDAQ Global Market (NASDAQ) under the symbol GFN. The following tables set forth, for the periods indicated, the range of high and low closing sales prices for our common stock.

	Common Stock	
	High	Low
Year Ended June 30, 2014:		
Fourth Quarter	\$ 9.76	\$ 7.76
Third Quarter	8.44	6.06
Second Quarter	6.53	5.43
First Quarter	5.80	4.70
Year Ended June 30, 2015:		
Fourth Quarter	\$ 8.60	\$ 5.13
Third Quarter	9.84	7.43
Second Quarter	9.86	8.11
First Quarter	9.81	8.30

Record Holders

As of July 31, 2015, there were 92 holders of record of our common stock. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of our common stock whose shares are held in the names of various security brokers, dealers and registered clearing agencies. We believe that there are thousands of beneficial owners.

Dividend Policy

We have not paid any dividends on our common stock to date. The payment of dividends in the future will be contingent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any dividends will be within the discretion of our board of directors. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board does not anticipate declaring any dividends in the foreseeable future.

Sales of Unregistered Securities

Information required has been previously included in either a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Table of Contents**Equity Compensation Plan**

The following table sets forth information concerning our equity compensation plans (see Note 9 of Notes to Consolidated Financial Statements) as of June 30, 2015:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	2,110,191	\$ 5.35	1,328,870(a)
Equity compensation plans not approved by security holders			
Total	2,110,191	\$ 5.35	1,328,870(a)

(a) Reduced by the issuance under the equity compensation plans of 345,060 restricted (non-vested equity) and non-restricted shares.

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The following Performance Graph and related information shall not be deemed soliciting material or filed with the SEC, nor should such information be incorporated by reference into any future filings under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference in such filing.

The following graph compares the five-year cumulative total return on our common stock with the cumulative total returns (assuming reinvestment of dividends) on the Standard and Poor's (S&P) Small Cap and the Russell 2000 if \$100 were invested in our common stock and each index on June 30, 2010.

Index	Year Ended June 30,					
	2010	2011	2012	2013	2014	2015
General Finance Corporation	100.00	239.20	257.60	372.00	760.00	417.60
Russell 2000	100.00	137.41	134.55	167.12	206.63	220.03
S&P Small Cap	100.00	137.03	138.99	173.98	218.41	233.09

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The following tables summarize our selected financial data for each of the five years ended June 30, 2015 and should be read in conjunction with the audited consolidated financial statements included in Item 8 Financial Statements and Supplementary Data and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Consolidated Statement of Operations Information:

	Year Ended June 30,				
	2011	2012	2013	2014	2015
Sales:					
Lease inventories and fleet	\$ 92,687	\$ 108,341	\$ 103,003	\$ 116,448	\$ 90,275
Manufactured units			19,140	19,647	13,981
	92,687	108,341	122,143	136,095	104,256
Leasing	89,577	103,898	123,400	151,010	199,569
	182,264	212,239	245,543	287,105	303,825
Operating income	9,781	26,245	29,491	40,041	43,043
Other expense, net	(15,681)	(12,143)	(9,883)	(13,272)	(21,301)
Income (loss) before provision for income taxes	(5,900)	14,102	19,608	26,769	21,742
Net income (loss)	(8,858)	8,742	11,413	15,149	13,045
Net income (loss) attributable to common stockholders	(15,892)	2,436	3,545	3,904	3,475
Net income (loss) per common share:					
Basic	\$ (0.72)	\$ 0.11	\$ 0.16	\$ 0.16	\$ 0.13
Diluted	(0.72)	0.11	0.16	0.15	0.13

Consolidated Balance Sheet Information:

	2011	2012	June 30, 2013	2014	2015
Trade and other receivables, net	\$ 30,498	\$ 35,443	\$ 34,360	\$ 61,474	\$ 47,641
Inventories	20,942	31,206	31,858	27,402	36,875
Lease fleet, net	220,095	259,458	290,165	396,552	410,985
Total assets	387,570	437,560	473,166	668,489	687,170
Trade payables and accrued liabilities	32,522	35,964	32,238	53,838	37,590
Senior and other debt	136,589	174,092	162,951	302,877	356,733
Total equity	191,892	193,997	234,141	257,885	234,356

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Table of Contents**Selected Unaudited Quarterly Financial Data**

The following table sets forth unaudited operating data for each quarter of the years ended June 30, 2014 and June 30, 2015. This quarterly information has been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, contains all significant adjustments necessary to state fairly the information set forth herein. These quarterly results are not necessarily indicative of future results, growth rates or quarter-to-quarter comparisons.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(a)
	(in thousands, except per share data)			
For the Fiscal Year Ended June 30, 2014:				
Revenues	\$ 65,746	\$ 65,629	\$ 65,673	\$ 90,057
Gross profit	7,278	7,551	8,204	10,059
Operating income	6,768	10,140	9,563	13,570
Net income	2,202	4,582	3,826	4,539
Net income attributable to common stockholders	402	1,623	1,063	816
Net income per common share:				
Basic	\$ 0.02	\$ 0.07	\$ 0.04	\$ 0.03
Diluted	0.02	0.07	0.04	0.03
For the Fiscal Year Ended June 30, 2015:				
Revenues	\$ 80,442	\$ 88,707	\$ 69,386	\$ 65,290
Gross profit	7,186	9,173	6,350	5,868
Operating income	15,468	17,713	6,527	3,335
Net income (loss)	6,401	7,119	601	(1,076)
Net income (loss) attributable to common stockholders	3,718	4,591	(1,741)	(3,093)
Net income per common share:				
Basic	\$ 0.14	\$ 0.18	\$ (0.07)	\$ (0.12)
Diluted	0.14	0.17	(0.07)	(0.12)

(a) During the fourth quarter of the fiscal year ended June 30, 2014, we acquired substantially all of the assets and assumed certain of the liabilities of the affiliated companies, Lone Star Tank Rental, LP and KHM Rentals, LLC (collectively Lone Star). Reference is made to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 4 of Notes to Consolidated Financial Statements for further discussion of this significant acquisition.

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Item 7. 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 included elsewhere in this Annual Report on Form 10-K. This discussion includes forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those anticipated or discussed in those forward-looking statements as a result of various factors; including, but not limited to, those described in Item 1A. Risk Factors.

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 Leasing Corporation, a Delaware corporation (GFNNA Leasing); GFN North America Corp., a Delaware corporation (GFNNA); GFN Realty Company, LLC, a Delaware limited liability company (GFNRC); 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 (Lone Star).

Overview

Founded in October 2005, we are a leading specialty rental services company offering portable (or mobile) storage, modular space and liquid containment solutions in these three distinct, but related industries, which we collectively refer to as the portable services industry.

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. 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. Reference is made to Note 4 of Notes to Condensed Consolidated Financial Statements for more information regarding this significant acquisition.

We have two geographic areas that include four operating segments; the Asia-Pacific (or Pan-Pacific) area, consisting of Royal Wolf (which leases and sells storage containers, portable container buildings and freight containers in Australia and New Zealand) and North America, consisting of Pac-Van (which leases and sells storage, office and portable liquid storage tank containers, modular buildings and mobile offices), and Lone Star (see above), which are combined to form our North American Leasing operations, and Southern Frac (which manufactures portable liquid storage tank containers). As of June 30, 2015, our two geographic leasing operations lease and sell their products through twenty customer service centers (CSCs) in Australia, nine CSCs in New Zealand, thirty-nine branch locations in the United States and two branch locations in Canada. At that date, we had 266 and 545 employees and 41,742 and 31,114 lease fleet units in the Asia-Pacific area and North America, respectively.

Our lease fleet is comprised of three distinct specialty rental equipment categories that possess attractive asset characteristics and serve our customers on-site temporary needs and applications. These categories match the sectors comprising the portable services industry.

Our portable storage category is segmented into two products: (1) storage containers, which primarily consist of new and used steel shipping containers under International Organization for Standardization (ISO) standards, that provide a flexible, low cost alternative to warehousing, while offering greater security, convenience and immediate accessibility; and (2) freight containers, which are either designed for transport of products by road and rail and are only offered in our Asia-Pacific territory.

Our modular space category is segmented into three products: (1) office containers, which are referred to as portable container buildings in the Asia-Pacific, are either modified or specifically manufactured containers that provide self-contained office space with maximum design flexibility. Office containers in the United States are oftentimes referred to as ground level offices (GLOs); (2) modular buildings, which provide customers with flexible space solutions and are often modified to customer specifications and (3) mobile offices, which are re-locatable units with aluminum or wood exteriors and wood (or steel) frames on a steel carriage fitted with axles, and which allow for an assortment of add-ons to provide convenient temporary space solutions.

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Our liquid containment category includes portable liquid storage tanks that are manufactured 500-barrel capacity steel containers with fixed axles for transport. These units are regularly utilized for a variety of applications across a wide range of industries, including refinery, petrochemical and industrial plant maintenance, oil and gas services, environmental remediation and field services, infrastructure building construction, marine services, pipeline construction and maintenance, tank terminal services, waste management, wastewater treatment and landfill services.

Results of Operations**Year Ended June 30, 2015 (FY 2015) Compared to Year Ended June 30, 2014 (FY 2014)**

The following compares our FY 2015 results of operations with our FY 2014 results of operations.

Revenues. Revenues increased \$16.7 million, or 6%, to \$303.8 million in FY 2015 from \$287.1 million in FY 2014. This consisted of a \$60.3 million increase, or 57%, in revenues in our North American leasing operations, a decrease of \$38.0 million, or 24%, in revenues in the Asia-Pacific area and a decrease of \$5.6 million, or 29%, in manufacturing revenues. Excluding the impact of Lone Star, which we acquired on April 7, 2014 and contributed revenues of \$44.5 million in the first nine months of FY 2015, revenues in our North American leasing operations increased by 15% from FY 2014. The average currency exchange rate of the weakening Australian dollar relative to the U.S. dollar in FY 2015 versus FY 2014 adversely effected the translation of revenues from the Asia-Pacific area. The average currency exchange rate of one Australian dollar during FY 2015 was \$0.8373 U.S. dollar compared to \$0.9183 U.S. dollar during FY 2014. In Australian dollars, total revenues in the Asia-Pacific area decreased by 16%.

Excluding Lone Star (doing business in the oil and gas sector) for the first nine months of FY 2015, the North American leasing revenue increase in FY 2015 from FY 2014 of \$15.8 million was broadly across most sectors, but particularly in the commercial, retail, construction and industrial sectors, where revenues increased between the periods by an aggregate of \$23.9 million; offset somewhat by decreases in the oil and gas and education sectors totaling \$9.1 million. The revenue decrease in the Asia-Pacific area was primarily in the transport, oil and gas, government, construction, mining and industrial sectors, where revenues decreased by \$34.8 million in FY 2015 from FY 2014.

Sales and leasing revenues represented 31% and 69% of total non-manufacturing revenues, respectively, in FY 2015 compared to 44% and 56%, respectively, in FY 2014.

Sales during FY 2015 amounted to \$104.3 million, compared to \$136.1 million during FY 2014; representing a decrease of \$31.8 million, or 23%. This consisted of a \$32.7 million decrease, or 37%, in sales in the Asia-Pacific area, an increase of \$6.5 million, or 23%, in our North American leasing operations and a decrease in manufacturing sales of \$5.6 million. Overall, non-manufacturing sales decreased by a net \$26.2 million, or 22%, in FY 2015 from FY 2014. The decrease in the Asia-Pacific area was comprised of a decrease of \$7.1 million (\$5.1 million decrease due to average price reductions and \$5.2 million decrease due to foreign exchange movements, offset by a \$3.2 million increase due to higher unit sales) in the CSC operations and a decrease of \$25.6 million (\$18.2 million decrease due to lower unit sales, a \$6.9 million decrease due to average price decreases and a \$0.5 million decrease due to foreign exchange movements) in the national accounts group. 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, in which the operating margin on the sales contract was under 10%. In our North American leasing operations, the higher sales in FY 2015 versus FY 2014 were across most sectors, but particularly in the commercial, construction, retail and government sectors, which increased by an aggregate of \$8.3 million; offset somewhat by a decrease in the education sector of \$2.3 million. In our North American manufacturing operations, portable liquid storage tank container and specialty product sales in FY 2015 consisted of 398 units sold at an average sales price of

approximately \$35,100 per unit versus 568 units sold at an average sales price of approximately \$34,600 per unit during FY 2014. The decrease in sales of tanks between the periods at Southern Frac was due to the decreased demand, primarily in Texas, as a result of the decline in oil and gas prices.

Leasing revenues during FY 2015 totaled \$199.5 million, as compared to \$151.0 million during FY 2014, representing an increase of \$48.5 million, or 32%. This consisted of an increase of \$53.8 million (which includes \$50.1 million from Lone Star in FY 2015 versus \$14.7 million in FY 2014), or 70%, in North America, and a decrease of \$5.3 million, or 7%, in the Asia-Pacific area. On a local currency basis, leasing revenues increased by 2% in the Asia-Pacific area.

In the Asia-Pacific area, average utilization in the retail and the national accounts group operations was 85% and 72% during FY 2015 and 85% and 75% in FY 2014, respectively, and the overall average utilization was 82% during both periods. The overall average monthly lease rate decreased to AUS\$175 in FY 2015 from A\$177 in FY 2014. Leasing revenues in FY 2015 increased in Australian dollars over FY 2014 due primarily to the average monthly number of units on lease being over 500 higher in FY 2015 as compared to FY 2014. We believe the primary reason we are generally able to maintain high average utilization rates and increase our average units on lease between periods is our position as the only company with a national footprint of container products in the portable storage and modular space sectors 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.

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In our North American leasing operations, average utilization rates were 76%, 85%, 71%, 75% and 79% and average monthly lease rates were \$114, \$299, \$1,314, \$259 and \$770 for storage containers, office containers, frac tank containers, mobile offices and modular units, respectively, during FY 2015; as compared to average utilization rates of 79%, 83%, 85%, 69% and 73% and average monthly lease rates were \$111, \$275, \$872, \$243 and \$824 in FY 2014, respectively. The average composite utilization rate decreased slightly to 76% in FY 2015 from 77% in FY 2014, and the composite average monthly number of units on lease was over 5,600 higher in FY 2015 as compared to FY 2014. The strong utilization, higher average monthly number of units on lease and generally higher monthly lease rates resulted primarily from improved across-the-board demand, but particularly in the commercial, construction, retail and industrial sectors, which increased by an aggregate of \$16.6 million; offset somewhat by a decrease in the oil and gas sector of \$7.1 million, which excludes \$44.5 million of leasing revenues from Lone Star for the first nine months of FY 2015, due to the decreased demand, primarily in Texas, as a result of the decline in oil and gas prices.

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 \$23.3 million from \$88.1 million during FY 2014 to \$64.8 million during FY 2015, as a result of the lower sales discussed above. However, our gross profit percentage from these non-manufacturing sales increased to 28% in FY 2015 from 24% in FY 2014 due primarily to the adverse effect in FY 2014 of the lower margin on the sales to a freight logistics customer in the Asia-Pacific area, as discussed above. Cost of sales from our manufactured portable liquid storage tank containers totaled \$10.9 million in FY 2015, or approximately \$27,400 per unit, versus \$14.9 million in FY 2014, or approximately \$26,200 per unit, representing a manufacturing gross profit percentage of 22% and 24%, respectively. The lower manufacturing gross margin between the periods was due to the lower production levels in FY 2015 as a result of the reduced demand in primarily the Texas oil and gas market.

Direct Costs of Leasing Operations and Selling and General Expenses. Direct costs of leasing operations and selling and general expenses increased in absolute dollars by \$29.7 million (\$25.4 million of which was incurred at Lone Star during the first nine months of FY 2015), from \$117.7 million during FY 2014 to \$147.4 million during FY 2015. As a percentage of revenues, these costs increased to 49% during FY 2015 from 41% during FY 2014 due primarily to operating expenses at our North American leasing operations (principally Lone Star) not proportionately decreasing with lower revenues caused by the reduced demand in the oil and gas market. FY 2015 also includes \$365,000 related to expenses of a public equity offering that was postponed during the fourth quarter. In addition, as discussed above, there were over \$11.0 million of sales to a freight logistics customer which, if excluded, would show these costs as a percentage of revenues in FY 2014 at approximately 43%. This is more comparable to FY 2015, particularly since infrastructure costs in North America, as a percentage of revenues, have proportionally increased in order to support anticipated business growth in other sectors.

Depreciation and Amortization. Depreciation and amortization increased by \$11.3 million to \$37.7 million in FY 2015 from \$26.4 million in FY 2014, primarily as a result of our increasing investment in the lease fleet and business acquisitions.

Interest Expense. Interest expense of \$21.1 million in FY 2015 was \$9.1 million higher than the \$12.0 million in FY 2014, primarily in North America, which increased by \$9.6 million. This was due to higher average borrowings in FY 2015, as compared to FY 2014, and a higher weighted-average interest rate of 5.2% (which does not include the effect of the accretion of interest and amortization of deferred financing costs) in North America in FY 2015 versus 4.1% in FY 2014. This higher weighted-average interest rate between the periods was primarily due to borrowings we made during the fourth quarter of FY 2014 at GFN corporate that totaled \$97.0 million and bear interest rates higher than those of the current lending rates of our combined senior credit facility for our North American leasing operations (see Note 5 of Notes to Consolidated Financial Statements). The weighted-average interest rate of 5.4% (which does not include the effect of translation, interest rate swap contracts and options and the amortization of deferred financing

costs) in the Asia-Pacific area in FY 2015 decreased from 5.7% in FY 2014 and this, along with the weakening Australian dollar relative to the U.S. dollar, offset the comparatively higher average borrowings between the periods.

Foreign Currency Exchange and Other. The currency exchange rate of one Australian dollar to one U.S. dollar was \$0.9146 at June 30, 2013, \$0.9439 at June 30, 2014 and \$0.7658 at June 30, 2015. In FY 2014 and FY 2015, net unrealized and realized foreign exchange gains (losses) totaled \$217,000 and \$(628,000) and \$(512,000) and \$(180,000), respectively.

Income Taxes. Our effective income tax rate was 40.0% in FY 2015 and 43.4% in FY 2014. The effective rate is greater than the U.S. federal rate of 35% 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. The effective tax rate in FY 2014 included the effect to deferred taxes for the increase in the federal statutory rate used from 34% to 35% as a result of our increased domestic taxable income.

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Preferred Stock Dividends. In FY 2015 and FY 2014, we paid dividends of \$3.7 million and \$3.5 million, respectively, for primarily our 9.00% Series C Cumulative Redeemable Perpetual Preferred Stock (the "Series C Preferred Stock").

Noncontrolling Interests. Noncontrolling interests in the Royal Wolf and Southern Frac results of operations were approximately \$5.9 million and \$7.8 million in FY 2015 and FY 2014, respectively, a decrease of \$1.9 million.

Net Income Attributable to Common Stockholders. Net income attributable to common stockholders of \$3.5 million in FY 2015 was \$0.4 million less than the \$3.9 million in FY 2014, primarily due to lower operating profit in our Asia-Pacific leasing operations (including the adverse effect of the weakening Australian dollar), North American manufacturing operations and higher interest expense; offset somewhat by greater operating income in our North American leasing operations.

FY 2014 Compared to Year Ended June 30, 2013 (FY 2013)

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

Revenues. Revenues increased \$41.6 million, or 17%, to \$287.1 million in FY 2014 from \$245.5 million in FY 2013. This consisted of an increase of \$8.4 million, or 5%, in revenues at Royal Wolf, an \$18.0 million increase, or 25%, in revenues at Pac-Van, \$14.7 million of additional revenues generated by Lone Star, which we acquired on April 7, 2014; and an increase of \$0.5 million, or 3%, 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 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 18% in FY 2014 from FY 2013. The average currency exchange rate of one Australian dollar during FY 2014 was \$0.9183 U.S. dollar compared to \$1.0273 U.S. dollar during FY 2013.

The revenue increase at Royal Wolf was primarily in the transport, government and defense sectors, where revenues increased by \$20.8 million in FY 2014 from FY 2013, but were offset somewhat by decreases totaling \$10.3 million in the industrial, removals (moving) and storage, consumer, construction and retailer 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 \$20.4 million, offset somewhat by the government, services and other sectors where revenues decreased by \$2.4 million. Lone Star's revenues of \$14.7 million were entirely in the mining and energy sector.

Sales and leasing revenues represented 44% and 56% 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 \$136.1 million, as compared to \$122.1 million during FY 2013, representing an increase of \$14.0 million, or 11%. This consisted of an \$8.6 million increase, or 11%, in sales at Royal Wolf, an increase in manufacturing sales of \$0.5 million, or 3%, at Southern Frac and an increase of \$4.9 million, or 21%, at Pac-Van. Overall, non-manufacturing sales increased by \$13.5 million, or 13%, in FY 2014 from FY 2013. The increase at Royal Wolf was comprised of an increase of \$15.2 million (\$4.8 million increase due to higher unit sales, \$13.8 million increase due to average price increases and a \$3.4 million decrease due to foreign exchange movements) in the national accounts group and a decrease of \$6.6 million (\$6.4 million decrease due to foreign exchange movements, \$2.3 million decrease due to average price decreases and a \$2.1 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 A\$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, the higher sales in FY 2014 versus FY 2013 were primarily due to increases in the commercial, industrial, mining and energy and education sectors, which increased by an aggregate of \$6.2 million, and were offset somewhat by decreases in the services, construction and government sectors totaling \$1.6 million. At Southern Frac, portable liquid storage tank container sales in FY 2014 consisted of 568 units sold at an average sales price of approximately \$34,600 per unit versus 577 units sold at an average sales price of approximately \$33,200 per unit during FY 2013. Stronger drilling activity in Texas, offset substantially by a greater proportion of intercompany sales to Pac-Van and Lone Star, in FY 2014 when compared to FY 2013, were the primary reasons for the increase in manufacturing revenues.

Leasing revenues during FY 2014 totaled \$151.0 million, as compared to \$123.4 million during FY 2013, representing an increase of \$27.6 million, or 22%. Leasing revenues increased by \$27.8 million, or 57%, in our North American Leasing operations; consisting of an increase at Pac-Van of \$13.1 million, or 27%, and Lone Star generated

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\$14.7 million of leasing revenues during the fourth quarter of FY 2014. In the Asia-Pacific area, Royal Wolf's leasing revenues decreased slightly by \$0.2 million. In Australian dollars, however, FY 2014 leasing revenues at Royal Wolf actually increased by 12% from FY 2013.

At Royal Wolf, average utilization in the retail and the national accounts group operations were 85% and 75%, respectively, during FY 2014, an increase from 84% and 74% in FY 2013, respectively. The overall average utilization increased slightly in FY 2014 to 82.4% from 81.8% in FY 2013; and the average monthly lease rate of containers was AUS\$177 in FY 2014 versus AUS\$164 in FY 2013. Leasing revenues in FY 2014 increased over 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 1,875 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 rate between periods at Royal Wolf was the generally stable economy in the Asia-Pacific area and our position as the only company with a national footprint of container products in the mobile storage and modular space sectors 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 79%, 83%, 85%, 69% and 73% and average monthly lease rates were \$111, \$275, \$872, \$243 and \$824 for storage containers, office containers, frac tank containers, mobile offices and modular units, respectively, during FY 2014; as compared to average utilization rates of 82%, 82%, 87%, 67% and 75% and average monthly lease rates of \$105, \$262, \$965, \$236 and \$843 in FY 2013, respectively. The average composite utilization rate increased to 77% in FY 2014 from 76% in FY 2013, and the composite average monthly number of units on lease was nearly 3,200 higher in FY 2014 as compared to FY 2013. The strong utilization, higher 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, industrial and retail sectors, which increased by an aggregate of \$14.2 million.

During the fourth quarter of FY 2014, Lone Star's average utilization rate was 87% and its average monthly lease rate was over \$1,900.

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 \$13.0 million from \$75.1 million during FY 2013 to \$88.1 million during FY 2014, as a result of the higher sales discussed above. Our gross profit percentage from these non-manufacturing sales decreased to 24% in FY 2014 from 27% 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 \$14.9 million, or approximately \$26,200 per unit, versus \$17.9 million in FY 2013, or approximately \$31,100 per unit. FY 2013 included additional costs of \$145,000 due to the purchase price allocation effect at Southern Frac 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 reduced our average cost per unit during FY 2014 from FY 2013.

Direct Costs of Leasing Operations and Selling and General Expenses. As a result of our enhanced business activity, direct costs of leasing operations and selling and general expenses increased in absolute dollars by \$16.5 million (\$7.7 million of which was incurred at Lone Star during the fourth quarter of FY 2014), from \$101.2 million during FY 2013 to \$117.7 million during FY 2014, but remained at 41% as a percentage of revenues.

Depreciation and Amortization. Depreciation and amortization increased by \$4.6 million to \$26.4 million in FY 2014 from \$21.8 million in FY 2013, primarily as a result of our increasing investment in the lease fleet and business

acquisitions.

Interest Expense. Interest expense of \$12.0 million in FY 2014 was \$1.0 million higher than the \$11.0 million in FY 2013. This was primarily in North America where higher average borrowings in FY 2014 as compared to FY 2013 more than offset the lower weighted-average interest rate (which does not include the effect of the accretion of interest and amortization of deferred financing costs) of 4.1% in FY 2014 versus 4.8% in FY 2013. 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) in the Asia-Pacific area of 5.7% in FY 2014 decreased from 6.1% in FY 2013 and this, along with the weakening Australian dollar to the U.S. dollar in FY 2014 versus FY 2013, effectively offset the comparatively higher average borrowings between periods.

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, \$0.9146 at June 30, 2013 and \$0.9439 at June 30, 2014. In FY 2013 and FY 2014, net unrealized and realized foreign exchange gains (losses) totaled \$(272,000) and \$229,000 and \$217,000 and \$(628,000), respectively.

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Income Taxes. Our effective income tax rate was 43.4% in FY 2014 and 41.8% in FY 2013. The effective rate is greater than the U.S. federal rate 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. The increase in the effective income tax rate in FY 2014 when compared to FY 2013 was due primarily to the effect of the increase to the federal statutory rate used from 34% to 35% as a result of our increased domestic taxable income.

Preferred Stock Dividends. In FY 2014, we paid \$3.5 million on our Series C Preferred Stock issued in May 2013.

Noncontrolling Interests. Noncontrolling interests in the Royal Wolf and Southern Frac results of operations were approximately \$7.8 million and \$7.7 million in FY 2014 and FY 2013, respectively. The greater profitability at Royal Wolf in FY 2014 as compared to FY 2013 was substantially offset by the translation effect of the weaker Australian dollar to the U.S. dollar in FY 2014 versus FY 2013.

Net Income Attributable to Common Stockholders. Net income attributable to common stockholders of \$3.9 million in FY 2014 was \$0.4 million more than the \$3.5 million in FY 2013 primarily as a result of greater operating profit in both North America and the Asia-Pacific area, offset somewhat by overall higher interest expense, a higher effective income tax rate and increased preferred stock dividend payments.

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):

	Year Ended June 30,				
	2011	2012	2013	2014	2015
Net income (loss)	\$ (8,858)	\$ 8,742	\$ 11,413	\$ 15,149	\$ 13,045
Add					
Provision for income taxes	2,958	5,360	8,195	11,620	8,697

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Foreign currency exchange loss (gain) and other	(4,125)	(443)	(1,028)	1,372	273
Interest expense	20,293	12,743	10,969	11,952	21,096
Interest income	(487)	(157)	(58)	(52)	(68)
Depreciation and amortization	19,165	18,924	22,241	27,127	38,571
Impairment of goodwill	5,858				
Share-based compensation expense	693	901	1,316	1,938	2,174
Expenses of postponed public equity offering					365
Shares of RWH capital stock issued at IPO to Royal Wolf board of directors and executive management	369				
Provision for shares of RWH capital stock to be purchased and awarded to Royal Wolf senior management team	802				
Loyalty, past performance and successful IPO bonus to Royal Wolf executive and senior management team	1,311				
Adjusted EBITDA	\$ 37,979	\$ 46,070	\$ 53,048	\$ 69,106	\$ 84,153

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

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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 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

Though we have raised capital at the corporate level to primarily assist in the funding of acquisitions and lease fleet expenditures, as well as for general purposes, our operating units substantially fund their 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.

Asia-Pacific Leasing Senior Credit Facility

Effective May 8, 2014, Royal Wolf refinanced the Australia and New Zealand Banking Group Limited (ANZ) senior credit facility, which was secured by substantially all of the assets of the Company's Australian and New Zealand subsidiaries to, among other things, increase the maximum borrowing capacity to \$134,015,000 (AUS\$175,000,000), add Commonwealth Bank of Australia (CBA) as a lender through a common terms deed arrangement with ANZ and generally improve the financial covenants (the ANZ/CBA Credit Facility). Under the common deed arrangement of the ANZ/CBA Credit Facility, ANZ's proportionate share of the borrowing capacity is \$80,409,000 (AUS\$105,000,000) and CBA's proportionate share is \$53,606,000 (AUS\$70,000,000). The ANZ/CBA Credit Facility has \$95,725,000 (AUS\$125,000,000) maturing on July 31, 2017 (Facility A), and \$38,290,000 (AUS\$50,000,000) maturing on July 31, 2019 (Facility B).

North America Leasing Senior Credit Facility

Effective February 7, 2014, Pac-Van amended its \$120,000,000 facility led by Wells Fargo Bank, National Association (Wells Fargo) that also included HSBC Bank USA, NA (HSBC), and the Private Bank and Trust Company to, among other things, increase the maximum borrowing capacity from \$120,000,000 to \$200,000,000 and add two new lenders (Capital One Business Credit Corp. and OneWest Bank N.A.) to the syndicate (the Wells Fargo Credit Facility). Further, on April 7, 2014, in conjunction with the acquisition of Lone Star, and on May 23, 2014, the Wells Fargo Credit Facility was amended and restated to, among other things, include Lone Star as a co-borrower and to allow for the funding of the interest requirements of the public offering of unsecured senior notes (see below). On January 6, 2015 and June 30, 2015, the Wells Fargo Credit Facility was amended and restated to, among other things, increase the maximum borrowing capacity from \$200,000,000 to \$232,000,000, add a \$20,000,000 real estate sub-facility, add GFNRC and Southern Frac as borrowers, and allow the borrowers to acquire real estate as collateral. In addition, subject to certain conditions, the amount that may be borrowed under the Wells Fargo Credit Facility may increase by \$20,000,000 to a maximum of \$252,000,000. The Wells Fargo Credit Facility matures on September 7, 2017. In addition, as discussed below, in connection with the June 30, 2015 amendment and restatement, the senior facility for Southern Frac (the Wells Fargo SF Credit Facility) was terminated and all borrowings outstanding were

repaid in full on July 1, 2015.

The Wells Fargo Credit Facility effectively not only finances our North American leasing operations, but also the funding requirements for the Series C Preferred Stock, the term loan with Credit Suisse AG, Singapore Branch and the public offering of unsecured senior notes (see below). The maximum amount of intercompany dividends that Pac-Van and Lone Star are allowed to pay in each fiscal year to GFN for the funding requirements of GFN's senior and other debt and the Series C Preferred Stock are (a) the lesser of \$5,000,000 for the Series C Preferred Stock 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; (b) the lesser of \$3,125,000 for the term loan with Credit Suisse AG, Singapore Branch or the actual annual interest to be paid; and (c) \$6,120,000 for the public offering of unsecured senior notes or the actual amount of annual interest required to be paid; provided that (i) the payment of such dividends does not cause a default or event of default; (ii) each of Pac-Van and Lone Star is solvent; (iii) excess availability, as defined, is \$5,000,000 or more under the Wells Fargo Credit Facility; and (iv) the fixed charge coverage ratio, as defined, will be greater than 1.25 to 1.00 and the dividends are paid no earlier than ten business days prior to the date they are due.

Table of Contents**North America Manufacturing Senior Credit Facility**

The Wells Fargo SF Credit Facility provided (i) a senior secured revolving line of credit under which Southern Frac could have borrowed, subject to the terms of a borrowing base, as defined, up to \$12,000,000 with a three-year maturity; and (ii) a combined \$860,000 equipment and capital expenditure term loan (the Restated Equipment Term Loan), which was to fully amortize over 48 months commencing July 1, 2013. A \$1,500,000 term loan (the Term Loan B), which amortized over 18 months commencing on May 1, 2013, was repaid in full in October 2014. The Wells Fargo SF Credit Facility contained, 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 accrued interest based on the three-month LIBOR, plus a margin equal to 3.5% for the revolving line of credit, and 4.0% for the Restated Equipment Term Loan.

In connection with the June 30, 2015 amendment and restatement of the Wells Fargo Credit Facility discussed above, the Wells Fargo SF Credit Facility was terminated and all borrowings outstanding (which totaled \$4,214,000 at June 30, 2015) were repaid in full on July 1, 2015, and all guaranties granted in connection therewith were terminated and released.

Corporate Senior and Other Debt

On March 31, 2014, we 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 and, on April 3, 2014, we borrowed the \$25,000,000 available to it. 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 borrowed 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. During FY 2015, we repaid, prior to maturity, \$10,000,000 of the outstanding borrowings of the Credit Suisse Term Loan.

On June 18, 2014, we completed the sale of unsecured senior notes (the Senior Notes) in a public offering for an aggregate principal amount of \$72,000,000, which represented 100% of the principal amount and included the underwriters' full exercise of their over-allotment option of \$9,000,000. Net proceeds were \$69,069,000, after deducting underwriting discounts and offering costs of approximately \$2,931,000. The Senior Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof and pursuant to the First Supplemental Indenture (the First Supplemental Indenture) dated as of June 18, 2014 by and between us and Wells Fargo, as trustee (the Trustee). The First Supplemental Indenture supplements the Indenture entered into by and between us and the Trustee dated as of June 18, 2014 (the Base Indenture and, together with the First Supplemental Indenture, the Indenture). The Senior Notes bear interest at the rate of 8.125% per annum, mature on July 31, 2021 and are not subject to any sinking fund. Interest on the Senior Notes is payable quarterly in arrears on January 31, April 30, July 31 and October 31, commencing on July 31, 2014. We used \$68,600,000 of the net proceeds (plus an additional \$4,000,000 of GFN corporate cash on hand) to reduce indebtedness at Pac-Van and Lone Star under the Wells Fargo Credit Facility, pursuant to the requirement that at least 80% of the gross proceeds, or \$57,600,000, be used for that purpose in order to permit the payment of intercompany dividends by Pac-Van and Lone Star to GFN to fund the interest requirements of the Senior Notes.

The Senior Notes rank equally in right of payment with all of our existing and future unsecured senior debt and senior in right of payment to all of its existing and future subordinated debt. The Senior Notes are effectively subordinated to any of our existing and future secured debt, to the extent of the value of the assets securing such debt. The Senior Notes are structurally subordinated to all existing and future liabilities of our subsidiaries and are not guaranteed by any of our subsidiaries. We may, at our option, prior to July 31, 2017, redeem the Senior Notes in whole or in part upon the payment of 100% of the principal amount of the Senior Notes being redeemed plus any additional amount required by the Indenture. In addition, we may from time to time redeem up to 35% of the aggregate outstanding principal amount of the Senior Notes before July 31, 2017 with the net cash proceeds from certain equity offerings at a redemption price of 108.125% of the principal amount plus accrued and unpaid interest. If we sell certain of our assets or experience specific kinds of changes in control, as defined, we must offer to redeem the Senior Notes.

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We may, at our option, at any time and from time to time, on or after July 31, 2017, redeem the Senior Notes in whole or in part. The Senior Notes will be redeemable at a redemption price initially equal to 106.094% of the principal amount of the Senior Notes (and which declines each year on July 31) plus accrued and unpaid interest to the date of redemption. On and after any redemption date, interest will cease to accrue on the redeemed Senior Notes.

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

Equity Transactions

On May 17, 2013, we completed a public offering of 350,000 shares of the Series C Preferred Stock 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 (Series A Preferred Stock). With the satisfaction of the 80% gross proceeds requirement, Pac-Van is permitted to pay intercompany dividends to GFN to fund the dividend requirements of the Series C Preferred Stock (see above).

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 Consolidated Financial Statements for further discussion of our equity transactions.

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

Capital Deployment and Cash Management

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.

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. 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 and 8.00% Series B Cumulative Preferred Stock (Series B Preferred Stock), if and when declared by our Board of Directors.

Supplemental information pertaining to our consolidated sources and uses of cash is presented in the table below (in thousands):

	Year Ended June 30,		
	2013	2014	2015
Net cash provided by operating activities	\$ 34,892	\$ 51,548	\$ 38,249
Net cash used in investing activities	\$ (69,710)	\$ (163,585)	\$ (107,430)
Net cash provided by financing activities	\$ 35,218	\$ 112,909	\$ 67,420

Cash Flows for FY 2015 Compared to FY 2014

Operating activities. Our operations provided net cash flow of \$38.2 million during FY 2015, a decrease of \$13.3 million from the \$51.5 million of operating cash flow provided during FY 2014. Net income of \$13.0 million in FY 2015 was \$2.1 million lower than the net income of \$15.1 million in FY 2014 and our management of operating assets and liabilities in FY 2015 when compared to FY 2014 also reduced operating cash flows by \$20.9 million. In FY 2015, our management of operating assets and liabilities reduced operating cash flows by \$18.3 million versus FY 2014 where operating cash flows were increased by \$2.6 million. In addition, net unrealized gains and losses from foreign exchange

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and derivative instruments (see Note 6 of Notes to Consolidated Financial Statements), which affect operating results but are non-cash add-backs for cash flow purposes, caused only a relatively small net increase to operating cash flows in FY 2015 versus a net increase of \$0.9 million in FY 2014. However, our operating cash flows from non-cash adjustments in FY 2015 increased by approximately \$13.2 million over FY 2014 as a result of higher depreciation and amortization (including amortization of deferred financing costs and accretion of interest). Depreciation, amortization and accretion of interest totaled \$41.6 million in FY 2015 versus \$28.4 million in FY 2014. In both periods, operating cash flows benefitted from the deferral of income taxes, which totaled \$5.5 million in FY 2015 and \$9.8 million in FY 2014. 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 2015 and FY 2014, operating cash flows were reduced by gains on the sales of lease fleet of \$5.8 million and \$7.2 million, respectively, and enhanced by non-cash share-based compensation charges of \$2.2 million and 1.9 million, respectively.

Investing Activities. Net cash used in investing activities was \$107.4 million during FY 2015, as compared to \$163.6 million used during FY 2014, a decrease of \$56.2 million. Purchases of property, plant and equipment were \$18.0 million (which included real estate purchases in North America and in the Asia-Pacific area totaling \$1.2 million and \$9.1 million, respectively) in FY 2015 and \$7.2 million FY 2014, an increase of \$10.8 million; and net capital expenditures of lease fleet (purchases, net of proceeds from sales of lease fleet) were \$54.6 million in FY 2015 as compared to approximately \$65.8 million in FY 2014, a decrease of \$11.2 million. In FY 2015, net capital expenditures of lease fleet were approximately \$42.1 million in North America, as compared to \$44.3 million in FY 2014, a decrease of \$2.2 million; and net capital expenditures of lease fleet in the Pan Pacific totaled \$12.5 million in FY 2015 versus \$21.5 million in FY 2014, a decrease of \$9.0 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 2015, we made eight business acquisitions (two in the Asia-Pacific region and six in North America) for cash totaling \$34.1 million (see Note 4 of Notes to Consolidated Financial Statements), as compared to seven acquisitions (two in the Asia-Pacific region and five in North America) in FY 2014 for cash totaling \$90.7 million; a decrease of \$56.6 million between the periods.

Financing Activities. Net cash provided by financing activities was \$67.4 million during FY 2015, as compared to \$112.9 million provided during FY 2014, a decrease of \$45.5 million. In FY 2015 and FY 2014, cash provided from financing activities included net borrowings of \$77.5 million and \$143.0 million, respectively, on existing credit facilities to primarily fund our increasing investment in the container lease fleet and business acquisitions. In FY 2014, in the Asia-Pacific area, we completely repaid the ANZ Credit Facility for \$113.6 million and entered into the new ANZ/CBA Credit Facility. Also in FY 2014, cash provided from financing activities included borrowings of \$25.0 million from the Credit Suisse Term Loan and \$72.0 million from the Senior Notes (see Liquidity and Financial Condition above). However, cash was used in FY 2015 and FY 2014 to pay preferred stock dividends of \$3.7 million, and \$3.5 million, respectively, on primarily our Series C Preferred Stock; and, additionally, in FY 2015 and FY 2014, cash was used to purchase \$3.9 million and \$4.7 million, respectively, of RWH capital stock in the open market, of which a net \$0.9 million and \$1.0 million, respectively, was purchased by Royal Wolf for eventual issuance to key employees under its Long Term Incentive Plan (see Note 9 of Notes to Consolidated Financial Statements). In both FY 2015 and FY 2014, Royal Wolf paid capital stock dividends of \$3.9 million and \$4.7 million to noncontrolling interests (see Note 3 of Notes to Consolidated Financial Statements).

Cash Flows for FY 2014 Compared to FY 2013

Operating activities. Our operations provided net cash flow of \$51.5 million during FY 2014, an increase of \$16.6 million from the \$34.9 million of operating cash flow provided during FY 2013. Net income of \$15.1 million in FY

2014 was \$3.7 million higher than the net income of \$11.4 million in FY 2013 and our operating cash flows increased by \$3.4 million in FY 2014 from the management of operating assets and liabilities when compared to FY 2013. Operating cash flows in FY 2014 increased by \$5.6 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 \$28.4 million in FY 2014 versus \$22.8 million in FY 2013. In addition, net unrealized losses (gains) from foreign exchange and derivative instruments, which affect operating results, but are non-cash add-backs for cash flow purposes, were \$0.9 million in FY 2014 versus \$(0.7) million in FY 2013; an increase of \$1.6 million. In both periods, operating cash flows benefitted from the deferral of income taxes, which totaled \$9.8 million in FY 2014 and \$7.1 million in FY 2013. Additionally, in both FY 2014 and FY 2013, operating cash flows were reduced by gains on the sales of lease fleet of \$7.2 million and \$6.0 million, and enhanced by non-cash share-based compensation charges of \$1.9 million and \$1.3 million, respectively.

Investing Activities. Net cash used by investing activities was \$163.6 million during FY 2014, as compared to \$69.7 million during FY 2013, an increase use of cash of \$93.9 million. Purchases of property, plant and equipment, or rolling stock, were \$7.2 million in FY 2014, a decrease of \$1.3 million from the \$8.5 million in FY 2013; but net capital expenditures of lease fleet (purchases, net of proceeds from sales of lease fleet) were approximately \$65.8 million in FY

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2014 as compared to \$47.6 million in FY 2013, an increase of \$18.2 million. The increase in FY 2014 net capital expenditures from FY 2013 was due to primarily container lease fleet purchases of \$44.3 million in FY 2014 in North America as compared to \$24.6 million in FY 2013, an increase of \$19.7 million; whereas net capital expenditures in the Pan Pacific totaled \$21.5 million in FY 2014 versus \$23.0 million in FY 2013, a decrease of \$1.5 million. In FY 2014, we made seven business acquisitions (two in the Pan Pacific and five in North America) for cash totaling \$90.7 million, 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 \$112.9 million during FY 2014, as compared to \$35.2 million provided during FY 2013, an increase of \$77.7 million. In FY 2014, in the Asia-Pacific area, we completely repaid the ANZ Credit Facility for \$113.6 million and entered into the new ANZ/CBA Credit Facility; as compared to FY 2013 where, in North America, we fully repaid the PNC Credit Facility for \$79.2 million. In FY 2014, cash provided from financing activities included borrowings of \$25.0 million from the Credit Suisse Term Loan, \$72.0 million from the Senior Notes and \$143.0 million on the existing credit facilities to primarily fund our increasing investment in the container lease fleet and business acquisitions. In FY 2013, cash provided from financing activities included net proceeds of \$37.5 million from the successful public offering of our Series C Preferred Stock and \$8.2 million from issuances of our common stock (as a result of exercises of warrants and options), of which \$44.0 million of these proceeds were used to reduce indebtedness at Pac-Van and \$1.3 million used to redeem our Series A Preferred Stock. We also incurred deferred financing costs of \$4.3 million in FY 2014 and \$1.5 million in FY 2013 in connection with the senior and other debt transactions discussed above. In FY 2014 we paid preferred stock dividends of \$3.5 million, versus only \$0.2 million in FY 2013, an increase of \$3.3 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 \$4.7 million to noncontrolling interests.

Asset Management

Receivables and inventories were \$47.6 million and \$36.9 million at June 30, 2015 and \$61.5 million and \$27.4 million at June 30, 2014, respectively. At June 30, 2015, days sales outstanding (DSO) in trade receivables were 40 days and 66 days in the Asia-Pacific area and in our North American leasing operations, as compared to 43 days and 67 days at June 30, 2014, respectively. The higher DSO in our North American leasing operations was primarily due to the longer payment lag by our oil and gas customers. 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 \$411.0 million at June 30, 2015 from \$396.6 million at June 30, 2014. At June 30, 2015, we had 72,856 units (21,301 units in retail operations in Australia, 10,263 units in national account group operations in Australia, 10,178 units in New Zealand, which are considered retail; and 31,114 units in North America) in our lease fleet, as compared to 61,597 units (20,056 units in retail operations in Australia, 10,610 units in national account group operations in Australia, 9,712 units in New Zealand, which are considered retail; and 21,219 units in North America) at June 30, 2014. At those dates, 54,730 units (17,851 units in retail operations in Australia, 6,391 units in national account group operations in Australia, 8,762 units in New Zealand, which are considered retail; and 21,726 units in North America); and 50,050 units (16,624 units in retail operations in Australia, 7,704 units in national account group operations in Australia, 8,892 units in New Zealand, which are considered retail; and 16,830 units in North America) were on lease, respectively.

In the Asia-Pacific area, the lease fleet was comprised of 36,177 storage and freight containers and 5,565 portable building containers at June 30, 2015; and 35,990 storage and freight containers and 4,388 portable building containers at June 30, 2014. At those dates, units on lease were comprised of 29,178 storage and freight containers and 3,826

portable building containers; and 29,800 storage and freight containers and 3,420 portable building containers, respectively.

In North America, the lease fleet was comprised of 18,708 storage containers, 2,550 office containers (GLOs), 4,027 portable liquid storage tank containers, 4,690 mobile offices and 1,139 modular units at June 30, 2015; and 10,531 storage containers, 1,858 office containers (GLOs), 3,234 portable liquid storage tank containers, 4,591 mobile offices and 1,005 modular units at June 30, 2014. At those dates, units on lease were comprised of 13,225 storage containers, 2,062 office containers, 1,980 portable liquid storage tank containers, 3,548 mobile offices and 911 modular units; 8,150 storage containers, 1,572 office containers, 2,868 portable liquid storage tank containers, 3,462 mobile offices and 778 modular units, respectively.

Table of Contents**Contractual Obligations and Commitments**

At June 30, 2015, our material contractual obligations and commitments consist of outstanding borrowings under our credit facilities discussed above and operating leases for facilities and office equipment. The table below provides a summary of our contractual obligations and reflects expected payments due as of June 30, 2015 and does not reflect changes that could arise after that date.

				Within 2			
	Total	Within 1	Within 1 to	to 3	Within 3 to	Within 4 to	More than
		Year	2 Years	Years	4 Years	5 Years	5 Years
ANZ/CBA Credit Facility	\$ 96,492	\$	\$	\$ 90,220	\$	\$ 6,272	\$
Interest payment obligations under the ANZ/CBA Credit Facility (a)	12,601	5,693	5,693	814	370	31	
Wells Fargo Credit Facility	159,134			159,134			
Interest payment obligations under the Wells Fargo Credit Facility (b)	9,371	4,281	4,281	809			
Wells Fargo SF Credit Facility	4,214			4,214			
Interest payment obligations under the Wells Fargo SF Credit Facility (c)	247	113	113	21			
Credit Suisse Term Loan	15,000	15,000					
Interest payment obligations under the Credit Suisse Term Loan (d)	900	900					
Senior Notes	72,000						72,000
Interest payment obligations under the Senior Notes (e)	35,588	5,850	5,850	5,850	5,850	5,850	6,338
Other (f)	9,893	4,242	1,425	1,530	1,621	199	876
Other interest payment obligations (g)	937	365	233	163	89	46	41
Operating leases (h)	19,909	6,621	4,487	3,377	2,240	1,687	1,497
Total	\$ 436,286	\$ 43,065	\$ 22,082	\$ 266,132	\$ 10,170	\$ 14,085	\$ 80,752

(a) Interest payment obligations under the ANZ/CBA Facility, which are subject to a variable rate, were calculated using a weighted-average rate during the fourth quarter of FY 2015 of 5.9%.

(b) Interest payment obligations under the Wells Fargo Credit Facility, which are subject to a variable rate, were calculated using a rate at June 30, 2015 of 2.69%.

- (c) Borrowings under the Wells Fargo SF Credit Facility were repaid on July 1, 2015 through the Wells Fargo Credit Facility (see above). Therefore, the interest payment obligations were calculated using the same rate of 2.69% utilized for the Wells Fargo Credit Facility (see (b) above).
- (d) Interest payment obligations under the Credit Suisse Term Loan, which are subject to a variable rate, were calculated using a rate at June 30, 2015 of 7.77%.
- (e) Interest payment obligations under the Senior Notes were calculated using the stated rate of 8.125%.
- (f) Includes primarily certain holdback and other notes incurred in connection with acquisitions (see Note 4 of Notes to Consolidated Financial Statements) and equipment financing activities.
- (g) Other interest payment obligations were calculated using a weighted-average rate during the fourth quarter of FY 2015 of 4.7% (interest payments subsequent to June 30, 2021 are considered immaterial and are not calculated).
- (h) See Note 10 of Notes to Consolidated Financial Statements.

We estimate the annual distribution requirements with respect to our Series C Preferred Stock and Series B Preferred Stock outstanding at June 30, 2015 to be approximately \$3.7 million. Dividends are paid when and if declared by our Board of Directors and accumulate if not paid.

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.

Table of Contents**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 Lone Star and Southern Frac, which is significantly derived from the oil and gas industry, may decline in our second quarter months of November and 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, customer projects. The impact of these delays may be to decrease the number of frac tank containers on lease until companies are able to resume their projects when weather improves.

Environmental and Safety

Our operations, and the operations of many of our customers, are subject to numerous federal and local laws and regulations governing environmental protection and transportation. These laws regulate such issues as wastewater, storm water and the management, storage and disposal of, or exposure to, hazardous substances. We are not aware of any pending environmental compliance or remediation matters that are reasonably likely to have a material adverse effect on our business, financial position or results of operations. However, the failure by us to comply with applicable environmental and other requirements could result in fines, penalties, enforcement actions, third party claims, remediation actions, and could negatively impact our reputation with customers. We have a company-wide focus on safety and have implemented a number of measures to promote workplace safety.

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.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our 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 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.

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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, we 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.

The purchase consideration of acquired businesses have been allocated to the assets and liabilities acquired based on the estimated fair values on the respective acquisition dates. Based on these values, the excess purchase consideration over the fair value of the net assets acquired was allocated to goodwill. 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. We operate two reportable geographic areas and the vast majority of goodwill recorded was in the acquisitions of Royal Wolf, Pac-Van, Southern Frac and Lone Star.

We assesses the potential impairment of goodwill on an annual basis or if 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. Qualitative factors which could cause an impairment include (1) significant underperformance relative to historical, expected or projected future operating results; (2) significant changes in the manner of use of the acquired businesses 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. If we did determine that fair value is more likely than not less than the carrying amount, a quantitative two-step impairment test process would be applied. The first step in this quantitative process is a screen for potential impairment where the fair value of the reporting unit is compared to its carrying value to determine if the goodwill is impaired. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, then goodwill is not impaired and no further testing is required. If, however, the carrying value of the net assets assigned to the reporting unit were to exceed its fair value, then the second step is performed by determining the implied fair value of a reporting unit's goodwill and comparing it to the carrying value of the goodwill. This would involve allocating the fair value of the reporting unit to its respective assets and liabilities (as if it had been acquired in a separate and individual business combination and the fair value was the price paid to acquire it), with the excess of the fair value over the amounts assigned being the implied fair value of goodwill. If the implied fair value is less than the carrying value of the goodwill, an impairment loss would be recorded for the difference. We conducted our annual impairment analysis at each yearend. The qualitative assessment determined that it was not more likely than not that the fair values of the reporting units would be less than their respective carrying amounts at June 30, 2013 and 2014. At June 30, 2015, we determined that, among other things, the decline in oil and gas prices and related adverse effect on primarily our liquid containment tank products and services were potential indicators of impairment of goodwill

recorded in the North American reporting units. Based on this qualitative analysis, we performed a step one impairment analysis as of that date, which calculated that the amount by which the excess of the estimated fair values of the North American reporting units, Pac-Van, Lone Star and Southern Frac, exceeded their respective carrying value of invested capital was approximately 29%, 31% and 33%, respectively, of their respective book value (carrying value of net assets). As a result, we concluded that goodwill was not impaired as of June 30, 2015. However, determining the fair value of a reporting unit is judgmental and involves the use of significant estimates and assumptions. We based our fair value estimates on assumptions that we believe are reasonable but are uncertain and subject to changes in market conditions.

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 fourteen 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 intangible assets (those assets resulting from acquisitions) for impairment if we determine, based on a qualitative assessment, that it is more likely than

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not (i.e., greater than 50%) that fair value might be less than the carrying amount. If we determine that fair value is more likely than not less than the carrying amount, then impairment would be quantitatively tested, using historical cash flows and other relevant facts and circumstances as the primary basis for estimates of future cash flows. If we determine that fair value is not likely to be less than the carrying amount, then no further testing would be required. We conducted our review at each yearend, which did not result in an impairment adjustment for FY 2013, FY 2014 or FY 2015. Determining the fair value of intangible assets involves the use of significant estimates and assumptions, which we believe are reasonable, but are uncertain and subject to changes in market conditions.

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 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 Consolidated Financial Statements for a discussion of recently issued accounting pronouncements that could potentially impact us.

Item 7A. 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 Notes 5 and 6 of Notes to Consolidated Financial Statements for a discussion of our senior and other debt and financial instruments.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements:

<u>Report of Independent Registered Public Accounting Firm</u>	F-1
<u>Consolidated Balance Sheets as of June 30, 2014 and 2015</u>	F-2

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<u>Consolidated Statements of Operations for the years ended June 30, 2013, 2014 and 2015</u>	F-3
<u>Consolidated Statements of Comprehensive Income/Loss for the years ended June 30, 2013, 2014 and 2015</u>	F-4
<u>Consolidated Statements of Equity for the years ended June 30, 2013, 2014 and 2015</u>	F-5
<u>Consolidated Statements of Cash Flows for the years ended June 30, 2013, 2014 and 2015</u>	F-7
<u>Notes to Consolidated Financial Statements</u>	F-8

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None.

Item 9A. Controls and Procedures**Conclusion Regarding the Effectiveness of Disclosure 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.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls system are met. Because of the inherent limitations in all controls systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Under the supervision and with the participation of management, we assessed the effectiveness of our internal control over financial reporting based on the criteria in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the criteria in *Internal Control – Integrated Framework (2013)*, we concluded that our internal control over financial reporting was effective as of June 30, 2015.

Our independent registered public accounting firm, Crowe Horwath LLP, audited our internal control over financial reporting as of June 30, 2015, as stated in their report in the section entitled Report of Independent Registered Public

Accounting Firm included elsewhere in this Annual Report on Form 10-K, which expressed an unqualified opinion on the effectiveness of our internal control over financial reporting as of June 30, 2015.

Changes in Internal Control over Financial Reporting

There has not been any change in our internal control over financial reporting in connection with the evaluation required by Rule 13a-15(d) under the Exchange Act that occurred during the quarter ended June 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

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PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K because we will file a definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, pursuant to Regulation 14A of the Securities Exchange Act of 1934 (the Proxy Statement), not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K and the applicable information included in the Proxy Statement is incorporated herein by reference.

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning our executive officers is set forth in Item 1. of this Annual Report on Form 10-K under the caption Executive Officers of the Registrant.

We have adopted a code of ethics that applies to our directors, officers (including our principal executive and principal financial and accounting officers) and employees. A copy of these code of ethics is available free of charge on the Corporate Governance section of our website at www.generalfinance.com or by a written request addressed to the Corporate Secretary, General Finance Corporation, 39 East Union Street, Pasadena, California 91103. We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the code of ethics by posting such information on our web site at the address and location specified above.

Other information required by this Item is incorporated herein by reference to information included in the Proxy Statement.

Item 11. Executive Compensation

Information required by this Item is incorporated herein by reference to information included in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is incorporated herein by reference to information included in the Proxy Statement

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item is incorporated herein by reference to information included in the Proxy Statement

Item 14. Principal Accountant Fees and Services

Information required by this Item is incorporated herein by reference to information included in the Proxy Statement.

Table of Contents**PART IV****Item 15. Exhibits and Financial Statement Schedules****(a) Financial Statements**

(1) The financial statements required in this Annual Report on Form 10-K are included in Item 8. Financial Statements and Supplementary Data.

(2) Financial statement schedule:

Schedule I Condensed Financial Information of Registrant (Parent Company Information)

All other supplemental schedules have been omitted since the required information is not present in amounts sufficient to require submission of the schedule, or because the required information is included in the consolidated financial statements or notes thereto.

(b) Exhibits**Exhibit****No.****Exhibit Description**

- | | |
|-----|--|
| 2.1 | Agreement and Plan of Merger dated July 28, 2008 among General Finance Corporation, GFN North America Corp., Mobile Office Acquisition Corp., Pac-Van, Inc., Ronald F. Valenta, Ronald L. Havner, Jr., D. E. Shaw Laminar Portfolios, L.L.C. and Kaiser Investments Limited (incorporated by reference to Exhibit 2.1 of Registrant's Form 8-K filed July 28, 2008). |
| 2.2 | 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). |
| 3.1 | Amended and Restated Certificate of Incorporation filed April 4, 2006 (incorporated by reference to Exhibit 3.1 of Registrant's Form S-1, File No. 333-129830). |
| 3.2 | Amended and Restated Bylaws as of October 30, 2007 (incorporated by reference to Exhibit 3.2 of Registrant's Form 10-Q for the quarter ended September 30, 2007). |
| 3.3 | Certificate of Designation for the Series A Preferred Stock filed with the Delaware Secretary of State on December 3, 2008 (incorporated by reference to Registrant's Form 8-K filed December 9, 2008). |
| 3.4 | Certificate of Designation for the Series B Preferred Stock filed with the Delaware Secretary of State on December 3, 2008 (incorporated by reference to Registrant's Form 8-K filed December 9, 2008). |
| 3.5 | Corrected Amended and Restated Certificate of Designation for Series A 12.5% Cumulative Preferred Stock filed with the Delaware Secretary of State on May 10, 2013 (incorporated by reference to Registrant's Form 8-K filed May 16, 2013). |
| 3.6 | Certificate of Designation for the Series C Convertible Cumulative Preferred Stock filed with the Delaware Secretary of State on September 28, 2012 (incorporated by reference to Registrant's Form 8-K filed October 4, 2012). |

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- 3.7 Certificate of Elimination of Certificate of Designation, Preferences and Rights of Series C Convertible Cumulative Preferred Stock filed with the Delaware Secretary of State on April 2, 2013 (incorporated by reference to Registrant's Form 8-K filed April 5, 2013).
- 3.8 Certificate of Designations, Preferences and Rights of 9.00% Series C Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.7 of Registrant's Form S-1, File No. 333-187687).
- 3.9 Certificate of Elimination of Certificate of Designation, Preferences and Rights of Series A 12.5% Cumulative Preferred Stock (incorporated by reference to Registrant's Form 8-K filed June 14, 2013).
- 4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.2 of Registrant's Form S-1, File No. 333-129830).
- 4.2 Specimen 9.00% Series C Cumulative Redeemable Perpetual Preferred Stock Certificate (incorporated by reference to Exhibit 4.2 of Registrant's Form S-1, File No. 333-187687).
- 4.3 Senior Indenture dated as of June 18, 2014, between General Finance Corporation and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Registrant's Form 8-K filed June 18, 2014).
- 4.4 First Supplemental Indenture dated as of June 18, 2014, between General Finance Corporation and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Registrant's Form 8-K filed June 18, 2014).

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No.	Exhibit Description
4.5	Form of 8.125% Senior Note due 2021 (included as Exhibit A to Exhibit 4.2 above) (incorporated by reference to Registrant's Form 8-K filed June 18, 2014).
10.1	General Finance Corporation 2009 Stock Incentive Plan (incorporated by reference to Appendix A of Registrant's Definitive Proxy Statement filed October 19, 2009).
10.2	Underwriting Agreement dated May 13, 2011 (incorporated by reference to Registrant's Form 8-K filed May 19, 2011).
10.3	General Finance Corporation 2014 Stock Incentive Plan (incorporated by reference to Appendix A of Registrant's Definitive Proxy Statement filed October 17, 2014).
10.4	Fifth Amendment to Credit and Security Agreement dated December 3, 2014 among Wells Fargo Bank, National Association, Southern Frac, the Company and GFNMC (incorporated by reference to Registrant's Form 8-K filed December 5, 2014).
10.5	Amendment to General Finance Corporation 2014 Stock Incentive Plan Association (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2014).
10.6	Amendment No. 2 to Amended and Restated Credit Agreement among Pac-Van, Lone Star, GFNRC, Wells Fargo Bank, National Association, HSBC Bank USA, NA, The PrivateBank and Trust Company, Capital One Business Credit Corp. and OneWest Bank N.A. (incorporated by reference to Registrant's Form 8-K filed January 6, 2015)
10.7	Employment Agreement with Jody Miller dated June 1, 2015 (incorporated by reference to Registrant's Form 8-K filed June 1, 2015).
10.8	Amendment No. 3 dated May 29, 2015 to Amended and Restated Credit Agreement among Pac-Van, Lone Star, GFNRC, Wells Fargo Bank, National Association, HSBC Bank USA, NA, The PrivateBank and Trust Company and OneWest Bank N.A. 2015 (incorporated by reference to Registrant's Form 8-K filed June 1, 2015).
10.9	Amendment No. 4 dated June 30, 2015 to Amended and Restated Credit Agreement among Wells Fargo Bank, National Association, HSBC Bank USA, NA, OneWest Bank N.A., Pac-Van, Lone Star, GFNRC, Southern Frac and GFNMC (incorporated by reference to Registrant's Form 8-K filed July 2, 2015).
10.10	Facility Agreement dated March 31, 2014 among General Finance Corporation, GFN U.S. Australasia Holdings, Inc. and Credit Suisse AG, Singapore Branch (incorporated by reference to Registrant's Form 8-K filed April 4, 2014).
10.11	Amended and Restated Asset Purchase Agreement dated as April 4, 2014 by and among KHM Rentals, LLC, Lone Star Tank Rental L.P., the Principals listed in Exhibit A attached hereto and Lone Star Tank Rental Inc. (incorporated by reference to Registrant's Form 8-K filed April 8, 2014).
10.12	Amended and Restated Credit Agreement dated April 7, 2014 by and among Wells Fargo Bank, National Association, HSBC Bank USA, N.A., certain other lenders parties thereto, Pac-Van, Inc., and Lone Star Tank Rental Inc. (incorporated by reference to Registrant's Form 8-K filed April 8, 2014).
10.13	Stockholders Agreement dated April 7, 2014 by and among General Finance Corporation and the stockholders of General Finance Corporation parties thereto (incorporated by reference to Registrant's Form 8-K filed April 8, 2014).

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- 10.14 Pledge Agreement dated April 7, 2014 by and among Bobby Herricks, Justin Herricks, General Finance Corporation and Lone Star Tank Rental Inc. (incorporated by reference to Registrant's Form 8-K filed April 8, 2014).
- 10.15 Non-Negotiable Promissory Note dated April 7, 2014 in the original principal amount of \$5,000,000 by Lone Star Inc. held by KHM Rentals, LLC and Lone Star Tank Rental, L.P. (incorporated by reference to Registrant's Form 8-K filed April 8, 2014).
- 10.16 Continuing Guaranty dated April 7, 2014 of GFN North America Corp. in favor of KHM Rentals, LLC and Lone Star Tank Rental, L.P. (incorporated by reference to Registrant's Form 8-K filed April 8, 2014).
- 10.17 ANZ Multicurrency Facility Agreement dated May 8, 2014 among Royal Wolf Trading Australia Pty Limited (Royal Wolf Australia), Royalwolf Trading New Zealand Limited (Royal Wolf New Zealand), Australia and New Zealand Banking Group Limited (ANZ) and ANZ Bank New Zealand Limited (ANZ New Zealand) (incorporated by reference to Registrant's Form 8-K filed April 8, 2014) (incorporated by reference to Registrant's Form 8-K filed May 12, 2014).
- 10.18 CBA Multicurrency Facility Agreement dated May 8, 2014 among Royal Wolf Australia, Royal Wolf New Zealand and Commonwealth Bank of Australia (CBA) (incorporated by reference to Registrant's Form 8-K filed May 12, 2014).

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Exhibit

No.	Exhibit Description
10.19	Deed Poll dated May 7, 2014 entered into among ANZ, ANZ New Zealand, CBA, Royal Wolf Australia and Royal Wolf New Zealand (incorporated by reference to Registrant's Form 8-K filed May 12, 2014).
10.20	Amendment No. 1 among Pac-Van, Lone Star, Wells Fargo Bank, National Association, HSBC Bank USA, NA and Capital One Business Credit Corp. (incorporated by reference to Registrant's Form 8-K filed May 29, 2014).
10.21	Employment Agreement dated May 30, 2014 between Royal Wolf Trading Australia Pty Limited and Robert Allan (incorporated by reference to Registrant's Form 8-K filed June 4, 2014)
10.22	Underwriting Agreement dated June 11, 2014 between Sterne, Agee & Leach, Inc., as representative of the several underwriters, and General Finance Corporation (incorporated by reference to Registrant's Form 8-K filed June 16, 2014).
21.1	Subsidiaries of General Finance Corporation (a)
23.1	Consent of Independent Registered Public Accounting Firm (a)
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 (a)
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. §1350(a)
101	The following materials from the Registrant's Annual Report on Form 10-K for the year ended June 30, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income/Loss, (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements and (vii) Financial Statement Schedule I.

(a) Filed herewith.

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Pursuant to the requirements of Section 13 or 15(d) 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.

General Finance Corporation

By: /s/ Ronald F. Valenta September 11, 2015
 Name: Ronald F. Valenta
 Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Ronald F. Valenta Ronald F. Valenta	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	September 11, 2015
/s/ Charles E. Barrantes Charles E. Barrantes	Executive Vice President and Chief Financial Officer (Principal Accounting and Financial Officer)	September 11, 2015
/s/ James B. Roszak James B. Roszak	Lead Independent Director	September 11, 2015
/s/ David M. Connell David M. Connell	Director	September 11, 2015
/s/ Manuel Marrero Manuel Marrero	Director	September 11, 2015
/s/ Susan L. Harris Susan L. Harris	Director	September 11, 2015
/s/ Larry D. Tashjian Larry D. Tashjian	Director	September 11, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

General Finance Corporation

We have audited the accompanying consolidated balance sheets of General Finance Corporation as of June 30 2015 and 2014 and the related consolidated statements of operations, comprehensive income/loss, equity, and cash flows for each of the years in the three-year period ended June 30, 2015. In connection with our audits of the financial statements, we have also audited the financial statement schedule listed in Item 15(a) of this Form 10-K. We also have audited General Finance Corporation's internal control over financial reporting as of June 30, 2015, based on criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). General Finance Corporation's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of General Finance Corporation as of June 30, 2015 and 2014, and the results of its operations and its cash flows for

each of the years in the three-year period ended June 30, 2015 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, General Finance Corporation maintained, in all material respects, effective internal control over financial reporting as of June 30, 2015, based on criteria established in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Crowe Horwath LLP

Sherman Oaks, California

September 11, 2015

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Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per share data)**

	June 30, 2014	June 30, 2015
Assets		
Cash and cash equivalents	\$ 5,846	\$ 3,716
Trade and other receivables, net of allowance for doubtful accounts of \$3,848 and \$6,663 at June 30, 2014 and 2015, respectively	61,474	47,641
Inventories	27,402	36,875
Prepaid expenses and other	9,919	7,763
Property, plant and equipment, net	30,614	39,452
Lease fleet, net	396,552	410,985
Goodwill	93,166	99,344
Other intangible assets, net	43,516	41,394
Total assets	\$ 668,489	\$ 687,170
Liabilities		
Trade payables and accrued liabilities	\$ 53,838	\$ 37,590
Income taxes payable	1,136	1,291
Unearned revenue and advance payments	14,480	13,958
Senior and other debt	302,877	356,733
Deferred tax liabilities	38,273	43,242
Total liabilities	410,604	452,814
Commitments and contingencies (Note 10)		
Equity		
Cumulative preferred stock, \$.0001 par value: 1,000,000 shares authorized; 400,100 shares issued and outstanding (in series) and liquidation value of \$40,722 at June 30, 2014 and 2015	40,100	40,100
Common stock, \$.0001 par value: 100,000,000 shares authorized; 25,657,257 and 26,008,878 shares issued and outstanding at June 30, 2014 and 2015, respectively	3	3
Additional paid-in capital	128,030	124,288
Accumulated other comprehensive income (loss)	1,915	(12,873)
Accumulated deficit	(11,786)	(4,653)
Total General Finance Corporation stockholders' equity	158,262	146,865

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Equity of noncontrolling interests	99,623	87,491
Total equity	257,885	234,356
Total liabilities and equity	\$ 668,489	\$ 687,170

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

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Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except share and per share data)**

	Year Ended June 30,		
	2013	2014	2015
Revenues			
Sales:			
Lease inventories and fleet	\$ 103,003	\$ 116,448	\$ 90,275
Manufactured units	19,140	19,647	13,981
	122,143	136,095	104,256
Leasing	123,400	151,010	199,569
	245,543	287,105	303,825
Costs and expenses			
Cost of Sales:			
Lease inventories and fleet (exclusive of the items shown separately below)	75,135	88,139	64,772
Manufactured units	17,933	14,864	10,907
Direct costs of leasing operations	46,755	55,078	76,770
Selling and general expenses	54,418	62,612	70,602
Depreciation and amortization	21,811	26,371	37,731
Operating income	29,491	40,041	43,043
Interest income	58	52	68
Interest expense (includes ineffective portion of cash flow hedge reclassifications from AOCI of an unrealized gain (loss) of \$229, \$(219) and \$104 in 2013, 2014 and 2015, respectively)	(10,969)	(11,952)	(21,096)
Foreign currency exchange gain (loss) and other	1,028	(1,372)	(273)
	(9,883)	(13,272)	(21,301)
Income before provision for income taxes	19,608	26,769	21,742
Provision for income taxes (includes provision (benefit) from AOCI reclassifications of \$96, \$(95) and \$42 in 2013, 2014 and 2015, respectively)	8,195	11,620	8,697
Net income	11,413	15,149	13,045
Preferred stock dividends	(153)	(3,489)	(3,658)
Noncontrolling interest	(7,715)	(7,756)	(5,912)

Net income attributable to common stockholders	\$	3,545	\$	3,904	\$	3,475
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Net income per common share:

Basic	\$	0.16	\$	0.16	\$	0.13
Diluted		0.16		0.15		0.13

Weighted average shares outstanding:

Basic	22,160,101	24,631,284	25,805,679
Diluted	22,633,702	25,643,565	26,233,144

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

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/LOSS

(In thousands, except share and per share data)

	Year Ended June 30,		
	2013	2014	2015
Net income	\$ 11,413	\$ 15,149	\$ 13,045
Other comprehensive income (loss):			
Change in fair value, net of ineffective portion cash flow hedge reclassifications to the statement of operations of an unrealized gain (loss) of \$229, \$(219) and \$104 in 2013, 2014 and 2015, respectively (which includes reclassifications of the related income tax provision (benefit) of \$96, \$(95) and \$42 in 2013, 2014 and 2015, respectively); and net of income effect of \$13, \$(40) and \$145 in 2013, 2014 and 2015, respectively	31	(1)	(298)
Cumulative translation adjustment	(13,373)	5,908	(28,196)
Total comprehensive income (loss)	(1,929)	21,056	(15,449)
Allocated to noncontrolling interests	(1,088)	(10,842)	7,794
Comprehensive income (loss) allocable to General Finance Corporation stockholders	\$ (3,017)	\$ 10,214	\$ (7,655)

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

Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF EQUITY**

(In thousands, except share data)

	Cumulative Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total General Finance Corporation Stockholder Equity	Equity of Noncontrolling Interests	Total Equity
Balance at July 1, 2012	\$ 1,395	\$ 2	\$ 112,865	\$ 5,809	\$ (22,877)	\$ 97,194	\$ 96,803	\$ 193,997
Share-based compensation			1,022			1,022	294	1,316
Preferred stock dividends			(153)			(153)		(153)
Dividends on capital stock by subsidiary							(4,678)	(4,678)
Purchases of subsidiary capital stock							(418)	(418)
Noncontrolling interest at acquisition of Southern Frac							889	889
Issuance of 2,045,292 shares of common stock on exercises of stock options and warrants			8,162			8,162		8,162
Issuance of 750 shares of cumulative preferred stock	750					750		750
Conversion of 750 shares of cumulative preferred stock to 150,000 shares of common stock	(750)		750					
Redemption of 25,900 shares of cumulative	(1,295)					(1,295)		(1,295)

preferred stock								
Issuance of 400,000 shares of redeemable perpetual preferred stock, net of offering expenses	40,000		(2,500)			37,500		37,500
Grant of 115,000 shares of restricted stock								
Net income					3,698	3,698	7,715	11,413
Fair value change in derivative, net of related tax effect			16			16	15	31
Cumulative translation adjustment			(6,731)			(6,731)	(6,642)	(13,373)
Total comprehensive income						(3,017)	1,088	(1,929)
Balance at June 30, 2013	40,100	2	120,146	(906)	(19,179)	140,163	93,978	234,141
Share-based compensation			1,501			1,501	437	1,938
Preferred stock dividends			(3,489)			(3,489)		(3,489)
Dividends on capital stock by subsidiary							(4,660)	(4,660)
Purchases of subsidiary capital stock							(974)	(974)
Issuance of 1,230,012 shares of common stock at acquisition of Lone Star		1	9,864			9,865		9,865
Issuance of 6,668 shares of common stock			8			8		8
Grant of 90,320 shares of restricted stock								
Net income					7,393	7,393	7,756	15,149
Fair value change in derivative, net of related tax effect				(1)		(1)		(1)
Cumulative translation			2,822			2,822	3,086	5,908

adjustment

Total
comprehensive
income

10,214 10,842 21,056

Balance at June 30,

2014 \$ 40,100 \$ 3 \$ 128,030 \$ 1,915 \$ (11,786) \$ 158,262 \$ 99,623 \$ 257,885

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

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Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF EQUITY**

(In thousands, except share data)

	Cumulative Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total General Finance Corporation Stockholders' Equity	Equity of Noncontrolling Interests	Total Equity
Share-based compensation	\$	\$	\$ 1,738	\$	\$	\$ 1,738	\$ 436	\$ 2,174
Preferred stock dividends			(3,658)			(3,658)		(3,658)
Dividends on capital stock by subsidiary							(3,922)	(3,922)
Purchases of subsidiary capital stock			(2,534)			(2,534)	(852)	(3,386)
Issuance of 16,002 shares of common stock at acquisition of Black Angus			156			156		156
Issuance of 195,879 shares of common stock on exercises of stock options			556			556		556
Grant of net 110,382 shares of restricted stock								
Grant of 29,358 shares of common stock								
Net income					7,133	7,133	5,912	13,045
Fair value change in derivative, net of related tax effect				(152)		(152)	(146)	(298)
Cumulative translation adjustment				(14,636)		(14,636)	(13,560)	(28,196)

Total comprehensive loss						(7,655)	(7,794)	(15,449)
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Balance at June 30, 2015	\$ 40,100	\$ 3	\$ 124,288	\$ (12,873)	\$ (4,653)	\$ 146,865	\$ 87,491	\$ 234,356
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The accompanying notes are an integral part of these consolidated financial statements.

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Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Year Ended June 30,		
	2013	2014	2015
Cash flows from operating activities:			
Net income	\$ 11,413	\$ 15,149	\$ 13,045
Adjustments to reconcile net income to cash flows from operating activities:			
Gain on sales and disposals of property, plant and equipment	(115)	(45)	(87)
Gain on sales of lease fleet	(5,991)	(7,200)	(5,802)
Gain on bargain purchase of businesses	(160)		
Unrealized foreign exchange loss (gain)	272	(217)	512
Unrealized loss (gain) on forward exchange contracts	(820)	939	(383)
Unrealized loss (gain) on interest rate swaps and options	(149)	219	(104)
Depreciation and amortization	22,241	27,127	38,571
Amortization of deferred financing costs	751	544	1,564
Accretion of interest	(176)	721	1,508
Share-based compensation expense	1,316	1,938	2,174
Deferred income taxes	7,086	9,772	5,532
Changes in operating assets and liabilities (excluding assets and liabilities from acquisitions):			
Trade and other receivables, net	3,100	(16,807)	15,482
Inventories	1,889	14,228	(9,965)
Prepaid expenses and other	(2,490)	(2,923)	2,614
Trade payables, accrued liabilities and unearned revenues	(3,329)	7,491	(26,956)
Income taxes	54	612	544
Net cash provided by operating activities	34,892	51,548	38,249
Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(14,649)	(90,695)	(34,051)
Release of restrictions on cash	1,000		
Proceeds from sales of property, plant and equipment	242	247	452
Purchases of property, plant and equipment	(8,523)	(7,154)	(17,961)
Proceeds from sales of lease fleet	28,030	28,616	23,893
Purchases of lease fleet	(75,591)	(94,356)	(78,535)
Other intangible assets	(219)	(243)	(1,228)
Net cash used in investing activities	(69,710)	(163,585)	(107,430)
Cash flows from financing activities:			
Net proceeds from (repayments of) equipment financing activities	(290)	(74)	577

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Repayment of senior credit facility and subordinated note	(79,175)	(113,633)	
Proceeds from senior and other debt borrowings, net	77,095	143,015	77,496
Proceeds from issuances of 8.125% senior notes		72,000	
Proceeds from term loan borrowings		25,000	
Deferred financing costs	(1,530)	(4,284)	(243)
Proceeds from issuances of common stock	8,162	8	556
Purchases of subsidiary capital stock	(418)	(974)	(3,386)
Dividends on capital stock by subsidiary	(4,678)	(4,660)	(3,922)
Redemption of cumulative preferred stock	(1,295)		
Proceeds from issuance of redeemable perpetual preferred stock, net of offering expenses	37,500		
Preferred stock dividends	(153)	(3,489)	(3,658)
Net cash provided by financing activities	35,218	112,909	67,420
Net increase (decrease) in cash	400	872	(1,761)
Cash and equivalents at beginning of period	7,085	6,278	5,846
The effect of foreign currency translation on cash	(1,207)	(1,304)	(369)
Cash and equivalents at end of period	\$ 6,278	\$ 5,846	\$ 3,716

Supplemental disclosure of cash flow information:

Cash paid during the period:

Interest	\$ 10,657	\$ 10,284	\$ 17,416
Income taxes	1,130	1,491	2,322

Non-cash investing and financing activities (see Note 4):

On October 1, 2012, the Company issued convertible cumulative preferred stock of \$750 and a noninterest-bearing seller holdback note discounted to \$1,502 as part of the consideration for a business acquisition.

On April 7, 2014, the Company issued common stock of \$9,865 and noninterest-bearing seller holdback notes discounted to \$7,937 as part of the consideration for a business acquisition. In addition, discounted working capital and other adjustments totaled \$9,616.

On July 1, 2014, the Company issued common stock of \$156 as part of the consideration for a business acquisition.

The Company included holdback amounts (not including the seller holdback notes discussed above) totaling \$936, \$1,126 and \$3,152 as part of the consideration for business acquisitions during the year ended June 30, 2013, 2014 and 2015, respectively.

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

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Leasing Corporation, a Delaware corporation (GFNNA Leasing); GFN North America Corp., a Delaware corporation (GFNNA); GFN Realty Company, LLC, a Delaware limited liability company (GFNRC); 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 (Lone Star).

The Company does business in three distinct, but related industries, mobile storage, modular space and liquid containment (which are collectively referred to as the portable services industry), in two geographic areas; the Asia-Pacific (or Pan-Pacific) area, consisting of Royal Wolf (which leases and sells storage containers, portable container buildings and freight containers in Australia and New Zealand) and North America, consisting of Pac-Van (which leases and sells storage, office and portable liquid storage tank containers, modular buildings and mobile offices) and Lone Star (which 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), which are combined to form our North American leasing operations, and Southern Frac (which manufactures portable liquid storage tank containers).

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 June 30, 2015, 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 consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Unless otherwise indicated, references to FY 2013, FY 2014 and FY 2015 are to the fiscal years ended June 30, 2013, 2014 and 2015, respectively.

Principles of Consolidation

The 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 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.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Segment Information

FASB ASC Topic 280, *Segment Reporting*, establishes standards for the way companies report information about operating segments in annual financial statements. It also establishes standards for related disclosures about products and services, geographic areas and major customers. Based on the provisions of FASB ASC Topic 280 and the manner in which the chief operating decision maker analyzes the business, the Company has determined it has two separately reportable geographic areas that include four operating segments, North America (leasing and manufacturing, including corporate headquarters) and the Asia-Pacific area (the leasing operations of Royal Wolf).

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States 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.

Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on its cash balances.

Inventories

Inventories are stated at the lower of cost or fair value (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,	
	2014	2015
Finished goods	\$ 24,157	\$ 30,428
Work in-process	2,011	3,678
Raw materials	1,234	2,769
	\$ 27,402	\$ 36,875

Derivative Financial Instruments

The Company may use derivative financial instruments to hedge its exposure to foreign currency and interest rate risks arising from operating, financing and investing activities. The Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on the remeasurement to fair value on unhedged (or the ineffective portion of hedged) derivative financial instruments is recognized in the statement of operations.

Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Accounting for Stock Options

For the issuances of stock options, the Company follows the fair value provisions of FASB ASC Topic 718, *Stock Compensation*, which require recognition of employee share-based compensation expense in the statements of operations over the vesting period based on the fair value of the stock option at the grant date. For stock options granted to non-employee consultants, the Company recognizes compensation expense measured at their fair value at each reporting date. Therefore, the stock options issued to non-employee consultants are subject to periodic fair value adjustments recorded in share-based compensation over the vesting period.

Fair Value

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 6. Fair value estimates would involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates

Property, Plant and Equipment*Owned assets*

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor, the initial estimate (where relevant) of the costs of dismantling and removing the items and restoring the site on which they are located; and an appropriate allocation of production overhead, where applicable. Depreciation for property, plant and equipment is recorded on the straight-line basis over the estimated useful lives of the related asset. The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

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

	Estimated Useful Life		June 30, 2014 2015	
Land			\$ 2,423	\$ 9,656
Building and improvements	10	40 years	4,608	6,580
Transportation and plant equipment (including capital lease assets)	3	20 years	34,934	37,362
Furniture, fixtures and office equipment	3	10 years	7,286	8,613
Construction in-process			134	4
			49,385	62,215
Less accumulated depreciation and amortization			(18,771)	(22,763)

\$ 30,614 \$ 39,452

Capital leases

Leases under which substantially all the risks and benefits incidental to ownership of the leased assets are assumed by the Company are classified as capital leases. Other leases are classified as operating leases. A lease asset and a lease liability equal to the present value of the minimum lease payments, or the fair value of the leased item, whichever is the lower, are capitalized and recorded at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of operations. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Payments made under operating leases are expensed on the straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Where leases have fixed rate increases, these increases are accrued and amortized over the entire lease period, yielding a constant periodic expense over the term of the lease.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2014 and 2015, the gross costs of the lease fleet were \$453,362,000 and \$478,416,000, 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.

Impairment of Long-Lived Assets

The Company periodically reviews for the impairment of long-lived assets and assesses when an event or change in circumstances indicates the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and the eventual disposition is less than its carrying amount. The Company has determined that no impairment provision related to long-lived assets was required to be recorded as of June 30, 2014 and 2015.

Goodwill

The purchase consideration of acquired businesses have been allocated to the assets and liabilities acquired based on the estimated fair values on the respective acquisition dates (see Note 4). Based on these values, the excess purchase consideration over the fair value of the net assets acquired was allocated to goodwill. The Company accounts 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. The Company operates two reportable geographic areas and the vast majority of goodwill recorded was in the acquisitions of Royal Wolf, Pac-Van, Southern Frac and Lone Star.

The Company assesses the potential impairment of goodwill on an annual basis or if 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. Qualitative factors which could cause an impairment include (1) significant underperformance relative to historical, expected or projected future operating results; (2) significant changes in the manner of use of the acquired businesses or the strategy for the Company's overall business; (3) significant changes during the period in the Company's market capitalization relative to net book value; and (4) significant negative industry or general economic trends. If the Company did determine that fair value is more likely than not less than the carrying amount, a quantitative two-step impairment test process would be applied. The first step in this quantitative

process is a screen for potential impairment where the fair value of the reporting unit is compared to its carrying value to determine if the goodwill is impaired. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, then goodwill is not impaired and no further testing is required. If, however, the carrying value of the net assets assigned to the reporting unit were to exceed its fair value, then the second step is performed by determining the implied fair value of a reporting unit's goodwill and comparing it to the carrying value of the goodwill. This would involve allocating the fair value of the reporting unit to its respective assets and liabilities (as if it had been acquired in a separate and individual business combination and the fair value was the price paid to acquire it), with the excess of the fair value over the amounts assigned being the implied fair value of goodwill. If the implied fair value is less than the carrying value of the goodwill, an impairment loss would be recorded for the difference.

The Company conducted its annual impairment analysis at each yearend. The qualitative assessment determined that it was not more likely than not that the fair values of the reporting units would be less than their respective carrying amounts at June 30, 2013 and 2014. At June 30, 2015, the Company determined that, among other things, the decline in oil and gas prices and related adverse effect on primarily its liquid containment tank products and services were potential indicators of impairment of goodwill recorded in the North American reporting units. Based on this qualitative analysis, the Company performed a step one impairment analysis as of that date, which calculated that the amount by which the excess of the estimated fair values of the North American reporting units, Pac-Van, Lone Star and Southern Frac, exceeded their respective carrying value of invested capital was approximately 29%, 31% and 33%, respectively, of their respective book value (carrying value of net assets). As a result, the Company concluded that goodwill was not impaired as of June 30, 2015. However, determining the fair value of a reporting unit is judgmental and involves the use of significant estimates and assumptions. The Company based its fair value estimates on assumptions that it believes are reasonable but are uncertain and subject to changes in market conditions.

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The change in the balance of goodwill was as follows (in thousands):

	June 30,	
	2014	2015
Beginning of year	\$ 68,692	\$ 93,166
Additions to goodwill	23,608	12,008
Other adjustments, primarily foreign translation effect	866	(5,830)
Impairment of goodwill		
End of year	\$ 93,166	\$ 99,344

Goodwill recorded from acquisitions of businesses under asset purchase agreements is deductible for U.S. federal income tax purposes over 15 years, even though goodwill is not amortized for financial reporting purposes.

Intangible Assets

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 fourteen years. Costs to obtain 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.

Intangible assets consist of the following (in thousands):

	June 30,	
	2014	2015
Trademark and trade name	\$ 5,427	\$ 5,875
Customer base and lists	50,735	49,141
Non-compete agreements	13,611	13,902
Deferred financing costs	7,080	7,305
Other	1,951	2,839
	78,804	79,062
Less accumulated amortization	(35,288)	(37,668)
	\$ 43,516	\$ 41,394

The Company reviews intangible assets (those assets resulting from acquisitions) for impairment if it determines, based on a qualitative assessment, that it is more likely than not (i.e., greater than 50%) that fair value might be less than the carrying amount. If the Company determines that fair value is more likely than not less than the carrying amount, then impairment would be quantitatively tested, using historical cash flows and other relevant facts and circumstances as the primary basis for estimates of future cash flows. If it determines that fair value is not likely to be less than the carrying amount, then no further testing would be required. The Company conducted its review at each yearend, which did not result in an impairment adjustment for FY 2013, FY 2014 or FY 2015. Determining the fair value of intangible assets involves the use of significant estimates and assumptions, which the Company believes are reasonable, but are uncertain and subject to changes in market conditions.

The estimated future amortization of intangible assets with finite useful lives as of June 30, 2015 is as follows (in thousands):

Year Ending June 30,	
2016	\$ 9,825
2017	7,778
2018	4,743
2019	4,198
2020	2,962
Thereafter	6,013
	\$ 35,519

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

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Defined Contribution Benefit Plan

Obligations for contributions to defined contribution benefit plans are recognized as an expense in the statement of operations as incurred. Contributions to defined contribution benefit plans in FY 2013, FY 2014 and FY 2015 were \$1,582,000, \$1,638,000 and \$1,644,000, respectively.

Revenue Recognition

The Company leases and sells new and used storage, office, building and portable liquid storage tank containers, modular buildings and mobile offices to its customers, as well as providing other ancillary products and services. 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 the lease fleet is generally recognized upon delivery and when collectability is reasonably assured and 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.

Unearned revenue includes end of lease services not yet performed by the Company (such as transport charges for the pick-up of a unit where the actual pick-up has not yet occurred as the unit is still leased), advance rentals and deposit payments.

Advertising

Advertising costs are generally expensed as incurred. Direct-response advertising costs, principally yellow page advertising, are monitored through call logs and advertising source codes, are capitalized when paid and amortized over the period in which the benefit is derived. However, the amortization period of the prepaid balance never exceeds 12 months. At June 30, 2014 and 2015, prepaid advertising costs were approximately \$35,000 and \$29,000, respectively. Advertising costs expensed were approximately \$3,646,000, \$3,164,000 and \$3,448,000 for FY 2013, FY 2014 and FY 2015, respectively.

Shipping and Handling Costs

The Company reports shipping and handling costs, primarily related to outbound freight in its North American manufacturing operations, as a component of selling and general expenses. Shipping and handling costs totaled \$502,000, \$1,244,000 and \$928,000 in FY 2013, FY 2014 and FY 2015, respectively. Freight charges billed to customers are recorded as revenue and included in sales.

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, 2011 are subject to examination by the U.S. Internal Revenue Service (IRS); and, for U.S. state tax purposes, with few exceptions and depending on the state, periods subsequent to June 30, 2010 or June 30, 2011 are subject to examination by the respective state s taxation authorities. Periods subsequent to June 30, 2011, June 30, 2010 and June 30, 2007 are subject to examination by the respective taxation authorities in Canada, Australia and New Zealand, respectively. Tax records are required to be kept for five years and seven years in Australia and New Zealand, respectively.

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.

Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**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 stock options. The following is a reconciliation of weighted average shares outstanding used in calculating earnings per common share:

	FY 2013	FY 2014	FY 2015
Basic	22,160,101	24,631,284	25,805,679
Assumed exercise of stock options	473,601	1,012,281	427,465
Diluted	22,633,702	25,643,565	26,233,144

Potential common stock equivalents totaling 1,696,997, 1,140,539 and 1,682,726 for FY 2013, FY 2014 and FY 2015, respectively, 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.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers: Topic 606*. ASU 2014-09 completes the joint effort by the FASB and IASB to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards

(IFRS). ASU 2014-09 applies to all companies that enter into contracts with customers to transfer goods or services. ASU 2014-09 is effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early application is permitted for annual reporting periods beginning after December 15, 2016, and public entities have the choice to apply ASU 2014-09 either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying ASU 2014-09 at the date of initial application and not adjusting comparative information. The Company is evaluating the requirements of ASU 2014-09 and has not determined the effect of this ASU in the presentation of its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Imputation of Interest (Subtopic 835-30)*. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts. This update is effective for fiscal years beginning after December 15, 2015, and interim periods within those years, and the Company does not expect the adoption of this update to have a significant impact on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330)*. The amendments in this update simplifies the measurement of inventory, not on a last-in, first-out (LIFO) or retail basis, at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This update is effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017, and the Company does not expect the adoption of this update to have a significant impact on its consolidated financial statements.

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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 FY 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 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 8.00 % Series B 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 June 30, 2014 and June 30, 2015, 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 is 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.

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 least 80% of the gross proceeds, or \$32,000,000, be used for that purpose in order to permit the payment of intercompany dividends to GFN 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 Stock Market (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 under the symbol GFNCP.

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Dividends

As of June 30, 2015, since issuance, dividends paid or payable totaled \$69,000 for the Series B Preferred Stock.

As of June 30, 2015, since issuance, dividends paid totaled \$7,130,000 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.

On August 12, 2014, the Board of Directors of Royal Wolf declared a dividend of AUS\$0.055 per RWH share payable on October 3, 2014 to shareholders of record on September 18, 2014; and on February 10, 2015, the Board of Directors of Royal Wolf declared a dividend of AUS\$0.04 per RWH share payable on April 2, 2015 to shareholders of record on March 18, 2015.

The 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 consolidated financial statements include the operations of the acquired businesses from the dates of acquisition.

FY 2013 Acquisitions

On August 1, 2012, the Company, through Royal Wolf, purchased the business of Tassay Pty Ltd., d.b.a.

Rockhampton Container Sales, for approximately \$656,000 (AUS\$624,000), which included a holdback amount of \$32,000 (AUS\$31,000). Rockhampton Container Sales leases and sells containers and is based in Rockhampton,

Queensland.

On August 17, 2012, the Company, through Pac-Van, purchased the business of Camelback Container Services, LLC (Camelback) for \$178,000, which included a holdback amount of \$16,000. Camelback performs, among other things, custom modifications of ground level offices and storage containers in Phoenix, Arizona.

On September 17, 2012, the Company, through Pac-Van, purchased the business of Container Connection, LLC (Container Connection) for \$1,499,000, which included a holdback note of \$172,000. Container Connection leases and sells containers in Albany, Georgia and Orlando, Florida.

On October 1, 2012, the Company, through GFNMC, acquired 90% of the membership interests of Southern Frac for \$6,899,000; which included a noninterest-bearing holdback note of \$2,000,000 payable over three years (discounted to \$1,502,000 at the date of acquisition). Funding for this acquisition included \$2,000,000 from borrowings under a new \$15,000,000 senior credit facility with Wells Fargo Bank, National Association (Wells Fargo see Note 5) and \$750,000 from the issuance of 750 shares of Series C Convertible Preferred Stock (see Note 3). In conjunction with the acquisition of Southern Frac, 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. Southern Frac manufactures portable liquid storage containers in Waxahachie, Texas.

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On November 5, 2012, the Company, through Royal Wolf, purchased the businesses of Australian Container & Engineering Services Pty Limited, Container Engineering North Queensland Pty Limited and Australian Container Traders Pty Limited, collectively Coral Seas Containers, for approximately \$5,618,000 (AUS\$5,434,000), which included a holdback amount of \$289,000 (AUS\$280,000). Coral Seas Containers, among other things, leases and sells containers and is based in Queensland.

On November 22, 2012, the Company, through Royal Wolf, purchased the business of Cairns Containers Pty Limited (Cairns Containers) for approximately \$845,000 (AUS\$814,000), which included a holdback amount of \$44,000 (AUS\$43,000). Cairns Container leases and sells containers and is based in Cairns, Queensland.

On February 22, 2013, the Company, through Pac-Van, purchased the business of AMEXX Leasing, LLC (AMEXX) for \$354,000, which included a holdback amount of \$31,000. AMEXX leases and sells containers in Michigan and Illinois.

On March 1, 2013, the Company, through Pac-Van, purchased the business of Alberta Container Services, Inc. (ACS) for \$1,788,000 (C\$1,836,000), which included a holdback amount of \$352,000 (C\$364,000). ACS leases and sells containers in Alberta, Canada.

The allocations for the acquisitions in FY 2013 to tangible and intangible assets acquired and liabilities assumed based on their estimated fair market values were as follows (in thousands):

	Southern Frac October 1, 2012	Coral Seas Containers November 5, 2012	Other Acquisitions	Total
Fair value of the net tangible assets acquired and liabilities assumed:				
Restricted cash	\$ 1,000	\$	\$	\$ 1,000
Trade and other receivables	3,085	14	210	3,309
Inventories	2,296	528	1,538	4,362
Prepaid expenses and other	342		16	358
Property, plant and equipment	2,998	107	332	3,437
Lease fleet		3,649	2,305	5,954
Accounts payables and accrued liabilities	(6,211)	(177)	(121)	(6,509)
Unearned revenue and advance payments		(8)	(111)	(119)
Senior and other debt	(47)			(47)
Noncontrolling interest	(889)			(889)
Total net tangible assets acquired, liabilities assumed and noncontrolling	2,574	4,113	4,169	10,856

interest

Fair value of intangible assets acquired:				
Non-compete agreement	71	580	281	932
Customer lists	1,112	295	621	2,028
Trade name	387			387
Backlog	74			74
Goodwill	2,681	630	409	3,720
Total intangible assets acquired	4,325	1,505	1,311	7,141
Total purchase consideration	\$ 6,899	\$ 5,618	\$ 5,480	\$ 17,997

The estimated fair value of the tangible and intangible assets acquired and liabilities assumed exceeded the purchase prices of Rockhampton Container Sales and Container Connection resulting in estimated bargain purchase gains of \$55,000 and \$105,000, respectively. These gains have been recorded as non-operating income in the accompanying consolidated statements of operations.

FY 2014 Acquisitions

On August 1, 2013, the Company, through Pac-Van, purchased the business of Harper's Hot Shot Service, Inc. (Harper's 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.

On September 6, 2013, the Company, through Pac-Van, purchased the business of Canadian Storage Containers Inc. (Canadian Storage) for \$1,527,000 (C\$1,602,000), which included a holdback amount of \$258,000 (C\$271,000). Canadian Storage leases and sells containers and is located in Calgary, Alberta, Canada.

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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 approximately \$5,231,000 (AUS\$5,680,000), which included a holdback amount of \$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 approximately \$333,000 (AUS\$351,000), which included a holdback amount of \$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 \$284,000, which included a holdback amount of \$26,000. Rumpke leases and sells containers and is located in Cincinnati, Ohio.

On April 7, 2014, effective April 1, 2014, the Company, through GFNNA, acquired substantially all the assets and assumed certain liabilities of the affiliated companies, Lone Star Tank Rental LP, based in Kermit, Texas, and KHM Rentals, LLC, based in Kenedy, Texas, for a total purchase consideration of \$102,418,000. At the date of acquisition, the affiliated entities were merged into the Company's indirect wholly-owned subsidiary, Lone Star. Also on April 7, 2014, the Company, primarily through Pac-Van and Lone Star, amended and restated the senior credit facility with a syndicate led by Wells Fargo Bank, National Association (Wells Fargo) (see Note 5) as part of the financing for the acquisition. The purchase consideration consisted of (i) \$75,000,000 in cash, (ii) \$9,865,000 for 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 (discounted to \$3,694,000 at the date of acquisition) payable over five years for a non-compete agreement, (iv) \$5,000,000 (discounted to \$4,243,000 at the date of acquisition) payable over two years for a general indemnity holdback and (v) \$10,481,000 (discounted to \$9,616,000 at the date of acquisition) payable during the fiscal year ending June 30, 2015 for working capital and other adjustments. The Company funded the cash portion of the consideration using \$50,000,000 of availability under the senior credit facility with a syndicate led by Wells Fargo, as amended, and \$25,000,000 from a term loan with Credit Suisse AG, Singapore Branch (see Note 5).

The allocations for the acquisitions in FY 2014 to tangible and intangible assets acquired and liabilities assumed based on their estimated fair market values were as follows (in thousands):

Intermodal Kookaburra September 10, 2013	Pinnacle Rental November 7, 2013	Lone Star April 7, 2014	Other Acquisitions	Total
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Fair value of the net tangible assets acquired and liabilities assumed:					
Trade and other receivables	\$	\$	\$	14,968	\$ 15,132
Inventories	496	50	6,035	1,046	7,627
Prepaid expenses and other			122	6	128
Property, plant and equipment	50		7,291	390	7,731
Lease fleet	3,479	5,271	33,338	2,213	44,301
Accounts payables and accrued liabilities	(76)		(3,609)	(41)	(3,726)
Unearned revenue and advance payments	(35)	(99)		(133)	(267)
Senior and other debt			(1,238)		(1,238)
Deferred tax liabilities				(974)	(974)
Total net tangible assets acquired and liabilities assumed	3,914	5,222	56,907	2,671	68,714
Fair value of intangible assets acquired:					
Non-compete agreement	385	231	5,000	207	5,823
Customer lists/relationships	83	184	17,900	427	18,594
Trade name			2,500		2,500
Goodwill	849	542	20,111	2,106	23,608
Total intangible assets acquired	1,317	957	45,511	2,740	50,525
Total purchase consideration	\$ 5,231	\$ 6,179	\$ 102,418	\$ 5,411	\$ 119,239

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Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated statements of operations reflect the operating results of the Company following the date of acquisition of Lone Star and do not reflect the operating results of Lone Star prior to the acquisition date. The following unaudited pro forma information for FY 2013 and FY 2014 assumes the acquisition of Lone Star occurred at the beginning of the periods presented (in thousands, except per share data):

	FY 2013	FY 2014
	(Unaudited)	
Revenues	\$ 279,580	\$ 325,821
Net income	15,959	19,494
Net income attributable to common stockholders	8,091	8,249
Pro forma net income per common share:		
Basic	\$ 0.35	\$ 0.32
Diluted	0.34	0.31

The pro forma results are not necessarily indicative of the results that may have actually occurred had the acquisition taken place on the dates noted, or the future financial position or operating results of the Company. In addition, they do not consider any potential impacts of current market conditions on revenues, any staff or related expense increases or efficiencies or asset dispositions. The pro forma adjustments are based upon available information and assumptions that the Company believes are reasonable as a result of the application of the purchase method of accounting and consist primarily of adjustments to depreciation and amortization of the fixed assets and identifiable intangible assets acquired, as well as to the interest expense on senior and other debt borrowings, along with the related income tax effect. Revenues and net income for Lone Star since the date of acquisition in FY 2014 totaled \$14,658,000 and \$1,990,000, respectively. The FY 2013 and FY 2014 operating results of all other acquisitions prior to their respective dates of acquisition were not included in the pro forma results as they were not considered significant.

FY 2015 Acquisitions

On July 1, 2014, the Company, through Pac-Van, purchased the business of Black Angus Steel & Supply Co. and Bulkhead Express, LLC (Black Angus) for \$4,861,000, which included the issuance of 16,002 shares of GFN common stock and a holdback amount of \$1,468,000. Black Angus leases and sells containers from two locations in Texas.

On October 20, 2014, the Company, through Pac-Van, purchased the business of LongVANS, Inc. (LongVANS) for \$13,769,000, which included a holdback amount of \$577,000. LongVANS designs, manufactures, leases and sells portable storage containers, portable security containers and modular office trailers from two locations in Wisconsin.

On November 14, 2014, the Company, through Pac-Van, purchased the business of A-One Storage, LLC (A-One) for \$8,308,000, which included a holdback amount of \$779,000. A-One leases and sells storage containers, ground level offices (office containers), storage trailers and wheeled office trailers in Columbus, Ohio.

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On December 1, 2014, the Company, through Royal Wolf, purchased the business of YS Container Services (YS Container) for approximately \$1,560,000 (AUS\$1,833,000), which included a holdback amount of \$147,000 (AUS\$172,000). YS Container primarily leases and sells containers in Christchurch, New Zealand.

On January 9, 2015, the Company, through Pac-Van, purchased the business of Bristlecone Ventures, LLC, doing business as Falcon Containers (Falcon Containers), for \$7,090,000. Falcon Containers primarily leases and sells portable storage and office containers from its two locations in Austin and San Antonio, Texas.

On February 20, 2015, the Company, through Pac-Van, purchased the business of AB-TK Leasing, Inc., doing business as Chet-Jac Trailer Sales (Chet-Jac), for approximately \$1,039,000, which included a holdback amount of \$100,000. Chet-Jac primarily leases and sells portable storage containers and storage trailers from Holts Summit, Missouri.

On March 20, 2015, the Company, through Pac-Van, purchased the business of Budget Mobile Storage, LLC (Budget Mobile Storage), for \$940,000, which included a holdback amount of \$71,000. Budget Mobile Storage primarily leases and sells primarily portable storage containers in Des Moines, Iowa, Wichita, Kansas and the Quad Cities area surrounding Milan, Illinois.

On June 10, 2015, the Company, through Royal Wolf, purchased the business of Ivan s Container Hire (Ivan s Container) for approximately \$165,000 (AUS\$217,000), which included a holdback amount of \$10,000 (AUS\$13,000). Ivan s Container primarily leases and sells containers in Toowoomba, Queensland.

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The allocations for the acquisitions in FY 2015 to tangible and intangible assets acquired and liabilities assumed based on their estimated fair market values were as follows (in thousands):

	Black Angus July 1, 2014	LongVANS October 20, 2014	A-One November 14, 2014	Falcon Containers January 9, 2015	Other Acquisitions	Total
Fair value of the net tangible assets acquired and liabilities assumed:						
Cash	\$	\$	\$	\$	373	\$ 373
Trade and other receivables	139	631		256		1,026
Inventories		22			288	310
Prepaid expenses and other		44			16	60
Property, plant and equipment	249	609	302	255	89	1,504
Lease fleet	2,020	6,228	4,803	3,300	2,102	18,453
Accounts payables and accrued liabilities		(340)		(224)	(32)	(596)
Unearned revenue and advance payments	(84)	(626)	(299)	(204)	(53)	(1,266)
Deferred tax liabilities				(853)		(853)
Total net tangible assets acquired and liabilities assumed	2,324	6,568	4,806	2,903	2,410	19,011
Fair value of intangible assets acquired:						
Non-compete agreement	261	728	160	406	260	1,815
Customer lists/relationships	851	1,400	972	633	589	4,445
Trade name		453				453
Goodwill	1,425	4,620	2,370	3,148	445	12,008
Total intangible assets acquired	2,537	7,201	3,502	4,187	1,294	18,721
Total purchase consideration	\$ 4,861	\$ 13,769	\$ 8,308	\$ 7,090	\$ 3,704	\$ 37,732

Goodwill recognized is attributable primarily to expected corporate synergies, the assembled workforce and other factors. The goodwill recognized in the Southern Frac acquisition in FY 2013 is deductible for U.S. income tax purposes, but all other goodwill recognized during FY 2013 is not as it relates to non-domestic acquisitions. In FY 2014, the goodwill recognized in the Harper's Hot Shot, Canadian Storage, Intermodal Kookaburra and DBCS acquisitions is not deductible for U.S. income tax purposes, but all other goodwill recognized during FY 2014 is

deductible. In FY 2015, the goodwill recognized in the Black Angus, LongVANS, A-One, Chet-Jac and Budget Mobile Storage acquisitions is deductible for U.S. income tax purposes, but the goodwill recognized in the Falcon Containers, YS Container and Ivan's Container acquisitions is not.

The Company incurred approximately \$1,024,000 during FY 2013, \$1,175,000 during FY 2014 and \$279,000 during FY 2015 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 consolidated statements of operations.

Note 5. Senior and Other Debt

Asia-Pacific Leasing Senior Credit Facility

Effective May 8, 2014, Royal Wolf refinanced the Australia and New Zealand Banking Group Limited (ANZ) senior credit facility, which was secured by substantially all of the assets of the Company's Australian and New Zealand subsidiaries to, among other things, increase the maximum borrowing capacity to \$134,015,000 (AUS\$175,000,000), add Commonwealth Bank of Australia (CBA) as a lender through a common terms deed arrangement with ANZ and generally improve the financial covenants (the ANZ/CBA Credit Facility). Under the common deed arrangement of the ANZ/CBA Credit Facility, ANZ's proportionate share of the borrowing capacity is \$80,409,000 (AUS\$105,000,000) and CBA's proportionate share is \$53,606,000 (AUS\$70,000,000). The ANZ/CBA Credit Facility has \$95,725,000 (AUS\$125,000,000) maturing on July 31, 2017 (Facility A), and \$38,290,000 (AUS\$50,000,000) maturing on July 31, 2019 (Facility B).

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Borrowings under the ANZ/CBA Credit Facility bear interest at the bank bill swap interest rate in Australia (BBSY) or New Zealand (BKBM), plus a margin of 1.10% - 2.10% per annum on the Facility A and 1.35% - 2.40% on the Facility B, depending on the net debt leverage ratio (NDLR), as defined. The CBA proportionate share has a minimum margin that is 0.10% higher than the ANZ proportionate share. At June 30, 2015, the 30-day and 90-day BBSY and BKBM was 2.09% and 2.20% and 3.38% and 3.31%, respectively.

The ANZ/CBA Credit Facility also includes a \$2,297,000 (AUS\$3,000,000) sub-facility to, among other things, facilitate direct and global payments using electronic banking services. The ANZ/CBA Credit Facility, as amended, is subject to certain financial and other customary covenants, including, among other things, compliance with specified interest coverage and net debt ratios based on earnings before interest, income taxes, impairment, depreciation and amortization and other non-operating costs and income (EBITDA) on a semi-annual basis and that borrowings may not exceed a multiple of 3.5 times EBITDA, as defined, through June 30, 2016, and 3.25 times EBITDA thereafter.

At June 30, 2015, total borrowings and availability under the ANZ/CBA Credit Facility totaled \$96,492,000 (AUS\$126,002,000) and \$26,225,000 (AUS\$34,245,000), respectively. Of the total borrowings, \$90,220,000 (AUS\$117,812,000) is drawn under Facility A and \$6,272,000 (AUS\$8,190,000) is drawn under Facility B.

The above amounts were translated based upon the exchange rate of one Australian dollar to \$0.7658 U.S. dollar at June 30, 2015.

North America Leasing 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 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 included HSBC Bank USA, NA (HSBC), and the Private Bank and Trust Company (the Wells Fargo Credit Facility). Effective 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 (Capital One Business Credit Corp. and OneWest Bank N.A.) to the syndicate. Further, on April 7, 2014, in conjunction with the acquisition of Lone Star (see Note 4), and on May 23, 2014, the Wells Fargo Credit Facility was amended and restated to, among other things, include Lone Star as a co-borrower and to allow for the funding of the interest requirements of the public offering of unsecured senior notes (see below). The Wells Fargo Credit Facility effectively not only finances the Company's North American leasing operations, but also the funding requirements for the Series C Preferred Stock (see Note 3), the term loan with Credit Suisse AG, Singapore Branch (see below) and the public offering of unsecured senior notes.

On January 6, 2015 and June 30, 2015, the Wells Fargo Credit Facility was amended and restated to, among other things, increase the maximum borrowing capacity from \$200,000,000 to \$232,000,000, add a \$20,000,000 real estate sub-facility, add GFNRC and Southern Frac as borrowers, and allow the borrowers to acquire real estate as collateral. In addition, subject to certain conditions, the amount that may be borrowed under the Wells Fargo Credit Facility may increase by \$20,000,000 to a maximum of \$252,000,000. The Wells Fargo Credit Facility matures on September 7, 2017. In addition, as discussed below, in connection with the June 30, 2015 amendment and restatement, the senior

facility for Southern Frac (the Wells Fargo SF Credit Facility) was terminated and all borrowings outstanding were repaid in full on July 1, 2015.

The maximum amount of intercompany dividends that Pac-Van and Lone Star are allowed to pay in each fiscal year to GFN for the funding requirements of GFN's senior and other debt and the Series C Preferred Stock are (a) the lesser of \$5,000,000 for the Series C Preferred Stock 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; (b) the lesser of \$3,125,000 for the term loan with Credit Suisse AG, Singapore Branch or the actual annual interest to be paid; and (c) \$6,120,000 for the public offering of unsecured senior notes or the actual amount of annual interest required to be paid; provided that (i) the payment of such dividends does not cause a default or event of default; (ii) each of Pac-Van and Lone Star is solvent; (iii) excess availability, as defined, is \$5,000,000 or more under the Wells Fargo Credit Facility; (iv) the fixed charge coverage ratio, as defined, will be greater than 1.25 to 1.00; and (v) the dividends are paid no earlier than ten business days prior to the date they are due.

Borrowings under the Wells Fargo Credit Facility accrue interest, at the Company's option, either at the base rate, plus 0.5% and a range of 1.00% to 1.50%, or the LIBOR rate, plus 1.0% and a range of 2.50% to 3.00%. Borrowings under the \$20,000,000 real estate sub-facility accrue interest, at the Company's option, either at the base rate, plus a range of 1.50% to 2.00%, or the LIBOR rate, plus a range of 3.0% to 3.50%. 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, including a change in control, as defined.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

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At June 30, 2015, borrowings and availability under the Wells Fargo Credit Facility totaled \$159,134,000 and \$41,289,000, respectively.

North America Manufacturing Senior Credit Facility

The Wells Fargo SF Credit Facility provided (i) a senior secured revolving line of credit under which Southern Frac could have borrowed, subject to the terms of a borrowing base, as defined, up to \$12,000,000 with a three-year maturity; and (ii) a combined \$860,000 equipment and capital expenditure term loan (the Restated Equipment Term Loan), which was to fully amortize over 48 months commencing July 1, 2013. A \$1,500,000 term loan (the Term Loan B), which amortized over 18 months commencing on May 1, 2013, was repaid in full in October 2014. The Wells Fargo SF Credit Facility contained, 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 accrued interest based on the three-month LIBOR, plus a margin equal to 3.5% for the revolving line of credit, and 4.0% for the Restated Equipment Term Loan.

In connection with the June 30, 2015 amendment and restatement of the Wells Fargo Credit Facility discussed above, the Wells Fargo SF Credit Facility was terminated and all borrowings outstanding (which totaled \$4,214,000 at June 30, 2015) were repaid in full on July 1, 2015, and all guaranties granted in connection therewith were terminated and released.

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 (see Note 4) and, on April 3, 2014, the Company borrowed the \$25,000,000 available to it. 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 borrowed 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. During FY 2015, the Company repaid, prior to maturity, \$10,000,000 of the outstanding borrowings of the Credit Suisse Term Loan.

8.125% Senior Notes

On June 18, 2014, the Company completed the sale of unsecured senior notes (the Senior Notes) in a public offering for an aggregate principal amount of \$72,000,000, which represented 100% of the principal amount and included the underwriters' full exercise of their over-allotment option of \$9,000,000. Net proceeds were \$69,069,000, after deducting underwriting discounts and offering costs of approximately \$2,931,000. The Senior Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof and pursuant to the First Supplemental

Indenture (the First Supplemental Indenture) dated as of June 18, 2014 by and between the Company and Wells Fargo, as trustee (the Trustee). The First Supplemental Indenture supplements the Indenture entered into by and between the Company and the Trustee dated as of June 18, 2014 (the Base Indenture and, together with the First Supplemental Indenture, the Indenture). The Senior Notes bear interest at the rate of 8.125% per annum, mature on July 31, 2021 and are not subject to any sinking fund. Interest on the Senior Notes is payable quarterly in arrears on January 31, April 30, July 31 and October 31, commencing on July 31, 2014. The Company used \$68,600,000 of the net proceeds (plus an additional \$4,000,000 of GFN corporate cash on hand) to reduce indebtedness at Pac-Van and Lone Star under the Wells Fargo Credit Facility, pursuant to the requirement that at least 80% of the gross proceeds, or \$57,600,000, be used for that purpose in order to permit the payment of intercompany dividends by Pac-Van and Lone Star to GFN to fund the interest requirements of the Senior Notes.

The Senior Notes rank equally in right of payment with all of the Company s existing and future unsecured senior debt and senior in right of payment to all of its existing and future subordinated debt. The Senior Notes are effectively subordinated to any of the Company s existing and future secured debt, to the extent of the value of the assets securing such debt. The Senior Notes are structurally subordinated to all existing and future liabilities of the Company s subsidiaries and are not guaranteed by any of the Company s subsidiaries.

The Company may, at its option, prior to July 31, 2017, redeem the Senior Notes in whole or in part upon the payment of 100% of the principal amount of the Senior Notes being redeemed plus any additional amount required by the Indenture. In addition, the Company may from time to time redeem up to 35% of the aggregate outstanding principal amount of the Senior Notes before July 31, 2017 with the net cash proceeds from certain equity offerings at a redemption price of 108.125% of the principal amount plus accrued and unpaid interest. If the Company sells certain of its assets or experiences specific kinds of changes in control, as defined, it must offer to redeem the Senior Notes.

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The Company may, at its option, at any time and from time to time, on or after July 31, 2017, redeem the Senior Notes in whole or in part. The Senior Notes will be redeemable at a redemption price initially equal to 106.094% of the principal amount of the Senior Notes (and which declines each year on July 31) plus accrued and unpaid interest to the date of redemption. On and after any redemption date, interest will cease to accrue on the redeemed Senior Notes.

The Indenture contains covenants which, among other things, limit the Company's ability to make certain payments, to pay dividends and to incur additional indebtedness if the incurrence of such indebtedness would cause the company's consolidated fixed charge coverage ratio, as defined in the Indenture, to be below 2.0 to 1.0. The Senior Notes are listed on the NASDAQ under the symbol GFNSL.

Other

Other debt totaled \$9,893,000 at June 30, 2015.

As of June 30, 2015, the Company was in compliance with the financial covenants under all its credit facilities.

The weighted-average interest rate in the Asia-Pacific area was 6.1%, 5.7% and 5.4% in FY 2013, FY 2014 and FY 2015, 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 4.8%, 4.1% and 5.2% in FY 2013, FY 2014 and FY 2015, respectively, which does not include the effect of the amortization of deferred financing costs and accretion of interest.

Senior and other debt consisted of the following at June 30, 2014 and 2015 (in thousands):

	June 30,	
	2014	2015
ANZ/CBA Credit Facility	\$ 111,270	\$ 96,492
Wells Fargo Credit Facility	81,483	159,134
Wells Fargo SF Credit Facility	925	4,214
Credit Suisse Term Loan	25,000	15,000
Senior Notes	72,000	72,000
Other	12,199	9,893
	\$ 302,877	\$ 356,733

Scheduled Maturities on Senior and Other Debt

The scheduled maturities for the senior credit facilities senior subordinated notes and other debt at June 30, 2015 were as follows (in thousands):

Year Ending June 30,	
2016	\$ 18,242
2017	1,425
2018	256,098
2019	1,621
2020	6,471
Thereafter	72,876
	\$ 356,733

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;

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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.

Derivative instruments measured at fair value and their classification in the 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, 2014	June 30, 2015
Swap Contracts and Options (Caps and Collars)	Trade payables and accrued liabilities	\$ 1,535	\$ 1,429
Forward-Exchange Contracts	Trade payables and accrued liabilities	230	
Forward-Exchange Contracts	Trade and other receivables		120

Type of Derivative Contract	Statement of Operations Classification	FY 2013	FY 2014	FY 2015
Swap Contracts and Options (Caps and Collars)	Unrealized gain (loss) included in interest expense	\$ 149	\$ (219)	\$ 104
Forward-Exchange Contracts	Unrealized foreign currency exchange gain (loss) and other	820	(939)	383

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 outstanding

borrowings in the Asia-Pacific area. 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 FY 2013, FY 2014 and FY 2015, the ineffective portion of this cash flow hedge recorded in interest expense was an unrealized gain (loss) of \$229,000, \$(219,000) and \$104,000, respectively.

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, 2014 and June 30, 2015, 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, 2014		June 30, 2015	
	Swap	Option (Cap)	Swap	Option
Notional amounts	\$ 47,195	\$	\$ 38,290	\$
Fixed/Strike Rates	3.98%		3.98%	
Floating Rates	2.72%		2.09%	
Fair Value of Combined Contracts	\$ (1,535)	\$	\$ (1,429)	\$

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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, 2014, there were 58 open forward exchange and two participating forward contracts that mature between July 2014 and April 2015; and as of June 30, 2015, there were 27 open forward exchange contracts that mature between July 2015 and December 2015, as follows (dollars in thousands):

	June 30, 2014		June 30, 2015	
	Participating		Participating	
	Forward Exchange	Forward	Forward Exchange	Forward
Notional amounts	\$ 14,405	\$	\$ 9,540	\$
Exchange/Strike Rates (AUD to USD)	0.8774	0.93357	0.7506	1.0286
Fair Value of Combined Contracts	\$ (230)	\$	\$ 120	\$

In FY 2013, FY 2014 and FY 2015, net unrealized and realized foreign exchange gains (losses) totaled \$(272,000) and \$229,000, \$217,000 and \$(628,000) and \$(512,000) and \$(180,000) respectively.

Fair Value of Other Financial Instruments

The fair value of the Company's borrowings under the Senior Notes was determined based on a Level 1 input and for borrowings under its senior credit facilities and Credit Suisse Term Loan determined based on Level 3 inputs; including a comparison to a group of comparable industry debt issuances (Industry Comparable Debt Issuances) and a study of credit (Credit Spread Analysis). 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, 2014 and 2015 was determined to be approximately \$291,781,000 and \$345,534,000, respectively. The Company also determined that the fair value of its other debt of \$12,199,000 and \$9,893,000 at June 30, 2014 and 2015, respectively,

approximated or would not vary significantly from their carrying values.

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.

Credit Risk and Allowance for Doubtful Accounts

Financial instruments potentially exposing the Company to concentrations of credit risk consist primarily of receivables. Concentrations of credit risk with respect to receivables are limited due to the large number of customers spread over a large geographic area in many industry sectors and no single customer accounted for more than 10% of consolidated revenues or trade receivables during and at the periods presented. However, in North America a significant portion of the Company's business activity are with companies in the construction and energy (oil and gas and mining) industries. Revenues from the construction industry totaled \$24,953,000 during FY 2013. Revenues and receivables from the construction industry totaled \$28,726,000 and \$5,544,000 during FY 2014 and at June 30, 2014, respectively; and \$34,077,000 and \$5,415,000, during FY 2015 and at June 30, 2015, respectively. In our North American leasing operations, revenues of \$23,924,000 and \$61,537,000 and receivables of \$21,269,000 and \$14,375,000 during FY 2014 and FY 2015 at June 30, 2014 and 2015, respectively, were from the energy industry. In addition, substantially all of the Company's North American manufacturing revenues at Southern Frac during FY 2013, FY 2014 and FY 2015 were from the energy industry and receivables at June 30, 2014 and 2015 were \$2,617,000 and \$3,178,000, respectively.

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The Company's receivables related to sales of lease inventories and fleet are generally secured by the equipment sold to the customer. The Company's receivables related to its leasing operations are primarily amounts generated from both off-site and on-site customers. The Company has the right to repossess lease equipment for nonpayment. It is the Company's policy that all customers who wish to purchase or lease containers on credit terms are subject to credit verification procedures and the Company will agree to terms with customers believed to be creditworthy. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Net allowance for doubtful accounts provided and uncollectible accounts written off, net of recoveries and other, was \$945,000 and \$1,090,000, \$2,994,000 and \$1,464,000 and \$4,434,000 and \$1,348,000 for FY 2013, FY 2014 and FY 2015, respectively. The translation gain (loss) to the allowance for doubtful accounts for FY 2013, FY 2014 and FY 2015 was \$(118,000), \$43,000 and \$(271,000), respectively.

With respect to credit risk arising from the other significant financial assets of the Company, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. As the counter party for derivative instruments is nearly always a bank, the Company has assessed this as a low risk.

Note 7. Income Taxes

Income (loss) before provision for income taxes consisted of the following (in thousands):

	FY 2013	FY 2014	FY 2015
North America	\$ (2,270)	\$ 6,609	\$ 6,234
Asia-Pacific	21,878	20,160	15,508
	\$ 19,608	\$ 26,769	\$ 21,742

The provision for income taxes consisted of the following (in thousands):

	FY 2013	FY 2014	FY 2015
Current:			
U.S. Federal	\$	\$	\$
State			
Foreign	496	1,427	4,582
	496	1,427	4,582

Deferred:

U.S. Federal	3,322	4,431	4,152
State	391	506	474
Foreign	3,986	5,256	(511)
	7,699	10,193	4,115
	\$ 8,195	\$ 11,620	\$ 8,697

The components of the net deferred tax liability are as follows (in thousands):

	June 30,	
	2014	2015
Deferred tax assets:		
Net operating loss and tax credit carryforwards	\$ 7,292	\$ 15,837
Accrued compensation and other benefits	2,151	2,355
Allowance for doubtful accounts	1,038	1,563
Total deferred tax assets	10,481	19,755
Net deferred tax assets	10,481	19,755
Deferred tax liabilities:		
Accelerated tax depreciation and amortization	(44,894)	(61,844)
Deferred revenue and expenses	(3,860)	(1,153)
Total deferred tax liabilities	(48,754)	(62,997)
Net deferred tax liabilities	\$ (38,273)	\$ (43,242)

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At June 30, 2015, the Company had a U.S. federal net operating loss carryforward of \$60,100,000, which expires if unused during fiscal years 2019 – 2035, and state net operating loss carryforwards of \$20,100,000, which will begin expiring in fiscal year 2019. As a result of the stock ownership change in the Pac-Van acquisition in October 2008, the available deduction of the net operating loss carryforward of \$23,500,000 is generally limited to approximately \$2,400,000 on a yearly basis.

Management evaluates the ability to realize its deferred tax assets on a quarterly basis and adjusts the amount of its valuation allowance if necessary. No valuation allowance has been determined to be required as of June 30, 2014 and 2015.

A reconciliation of the U.S. federal statutory rate to the Company's effective tax rate is as follows:

	FY 2013	FY 2014	FY 2015
Federal statutory rate	34.0%	35.0%	35.0%
Adjustments to federal statutory rate in current year (a)		2.2	
State and Asia-Pacific taxes, net of U.S. federal benefit and credit	7.8	6.2	5.0
Effective tax rate	41.8%	43.4%	40.0%

(a) Represents an adjustment of \$594,000 in FY 2014 to deferred taxes prior to July 1, 2013.

Note 8. Related-Party Transactions

Effective January 31, 2008, the Company entered into a lease with an affiliate of Ronald F. Valenta 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 \$110,000 in each of FY 2013, FY 2014 and FY 2015.

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 prior to the fiscal year end. Total charges to the Company at the corporate office for services rendered under this agreement totaled \$84,000 in both FY 2013 and FY 2014. The services agreement was terminated by the Company effective June 30, 2014.

Revenues at Pac-Van from affiliates of Mr. Valenta totaled \$64,000 and \$33,000 during FY 2013 and FY 2014, respectively. There were no revenues from affiliates in FY 2015. Equipment and other services purchased by Pac-Van from these affiliated entities totaled \$3,000 in FY 2013. There were no such purchases in FY 2014 and FY 2015.

The premises of Pac-Van's Las Vegas branch is owned by and leased from the acting branch manager through December 31, 2014, with the right for an additional two-year extension through December 31, 2016. On December 29, 2014, the Company extended the lease for the additional two years. Rental payments on this lease totaled \$116,000 during FY 2013 and \$118,000 during both FY 2014 and FY 2015.

Note 9. 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.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. After the adoption by the Board of Directors and upon the approval of the 2014 Stock Incentive Plan (the 2014 Plan) by the stockholders (see below), the Company suspended any further grants under the 2009 Plan.

On September 11, 2014, the Board of Directors of the Company adopted the 2014 Plan, which was approved by the stockholders at the Company's annual meeting on December 4, 2014. The 2014 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 2014 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 2014 Plan by the stockholders, the Company suspended further grants under the 2009 Plan. Any stock options which are forfeited under the 2006 Plan and 2009 Plan (collectively the Predecessor Plans) will become available for grant under the 2014 Plan, but the total number of shares available under the 2014 Plan will not exceed the 1,500,000 shares reserved for grant under the 2014 Plan, plus any options which were forfeited or are available for grant under the Predecessor Plans. If not sooner terminated by the Board of Directors, the 2014 Plan will expire on December 4, 2024, which is the tenth anniversary of the date it was approved by the Company's stockholders, the 2006 Plan will expire on June 30, 2016 and the 2009 Plan will expire on December 10, 2019.

The Predecessor Plans and the 2014 Plan are referred to collectively as the Stock Incentive Plan.

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. At June 30, 2015, 1,328,870 shares remain available for grant.

On January 31, 2013 (January 2013 Grant), the Company granted options to three key employees of Southern Frac to purchase a total of 70,000 shares of common stock at an exercise price equal to the closing market price of the Company's common stock as of that date, or \$4.95 per share. The January 2013 Grant consists of 40,000 performance-based options that vest over 43.5 months, subject to performance conditions based on achieving cumulative EBITDA and indebtedness targets for the fiscal years ending June 30, 2013 2015, and 30,000 time-based options that vest over five years.

On June 7, 2013 and June 13, 2013 (collectively, the June 2013 Grants), the Company granted time-based options to 32 officers and key employees of GFN, Pac-Van and Southern Frac and one non-employee consultants to purchase 158,500 and 120,000 shares of common stock, respectively, at an exercise price equal to the closing market price of the Company's common stock as of those dates, or \$4.43 and \$4.50 per share, respectively. The options under the June 2013 Grants vest over three years from the respective date of grant.

In FY 2013, the weighted-average fair value of the stock options granted to officers and key employees was \$3.23, determined using the Black-Scholes option-pricing model using the following assumptions: a risk-free interest rate of 1.45% - 1.65%, an expected life of 7.5 years, an expected volatility of 73.1% - 77.5% and no expected dividend.

On June 19, 2014 (the June 2014 Grant), the Company granted time-based options to 13 key employees of Pac-Van to purchase 45,000 shares of common stock at an exercise price equal to the closing market price of the Company's common stock as of that date, or \$9.25 per share. The options under the June 2014 Grant vest over 39 months from the date of grant. The weighted-average fair value of the stock options in the June 2014 Grant was \$6.35, determined using the Black-Scholes option-pricing model using the following assumptions: a risk-free interest rate of 2.18%, an expected life of 7.5 years, an expected volatility of 69.6% and no expected dividend.

On January 22, 2015 (the January 2015 Grant), the Company granted time-based options to three key employees of GFN and Pac-Van to purchase 33,000 shares of common stock at an exercise price equal to the closing market price of the Company's common stock as of that date, or \$8.29 per share. The options under the January 2015 Grant vest over 36 months from the date of grant.

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On June 15, 2015 (the June 2015 Grant), the Company granted time-based options to 22 key employees of GFN, Pac-Van, Lone Star and Southern Frac to purchase 240,000 shares of common stock at an exercise price equal to the closing market price of the Company's common stock as of that date, or \$5.45 per share. The options under the June 2015 Grant vest over 36 months from the date of grant.

In FY 2015, the weighted-average fair value of the stock options granted to officers and key employees was \$4.02, determined using the Black-Scholes option-pricing model using the following assumptions: a risk-free interest rate of 1.65% - 2.10%, an expected life of 7.5 years, an expected volatility of 70.2% - 71.1% and no expected dividend.

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 - \$6.35
------------------------------------	------------------------

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 June 30, 2015, the weighted-average fair value of the stock options granted to non-employee consultants not fully vested was \$4.45, determined using the Black-Scholes option-pricing model using the following assumptions: a risk-free interest rate of 1.91% - 2.06%, an expected life of 6.95 - 7.95 years, an expected volatility of 71.1% and no expected dividend.

A summary of the Company's stock option activity and related information for FY 2013, FY 2014 and FY 2015 follows:

	Number of Options (Shares)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)
Outstanding at June 30, 2012	1,843,664	\$ 4.96	
Granted	348,500	4.56	
Exercised	(6,666)	1.22	

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Forfeited or expired	(14,900)	1.06	
Outstanding at June 30, 2013	2,170,598	\$ 4.93	6.8
Vested and expected to vest at June 30, 2013	2,170,598	\$ 4.93	6.8
Exercisable at June 30, 2013	916,924	\$ 7.18	4.6
	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	45,000	9.25	
Exercised	(6,668)	1.22	
Forfeited or expired	(56,110)	5.10	
Outstanding at June 30, 2014	2,152,820	\$ 5.03	5.6
Vested and expected to vest at June 30, 2014	2,152,820	\$ 5.03	5.6
Exercisable at June 30, 2014	1,091,694	\$ 6.76	4.2

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	Number of Options (Shares)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)
Outstanding at June 30, 2014	2,152,820	\$ 5.03	
Granted	273,000	5.79	
Exercised	(195,879)	2.84	
Forfeited or expired	(119,750)	4.61	
Outstanding at June 30, 2015	2,110,191	\$ 5.35	5.4
Vested and expected to vest at June 30, 2015	2,110,191	\$ 5.35	5.4
Exercisable at June 30, 2015	1,443,443	\$ 5.59	3.9

At June 30, 2015, outstanding time-based options and performance-based options totaled 1,324,981 and 785,210, respectively. Also at that date, the Company's market price for its common stock was \$5.22 per share, which was below the exercise prices of over 50% of the outstanding stock options. The intrinsic value of the outstanding stock options at that date was \$2,231,400. Share-based compensation of \$5,833,000 related to stock options has been recognized in the consolidated statements of operations, with a corresponding benefit to equity, from inception through June 30, 2015. At that date, there remains \$1,634,000 of unrecognized compensation expense to be recorded on a straight-line basis over the remaining weighted-average vesting period of 1.59 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 39 months from the date of grant.

On December 5, 2013, the Company granted a total of 18,295 non-vested equity shares to the five non-employee 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.

On June 19, 2014, the Company granted a total of 68,601 non-vested equity shares to 17 officers and key employees of GFN, Southern Frac and Lone Star at a value equal to the closing market price of the Company's common stock as of that date, or \$9.25 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, 2015 and 2016 and would be expected to vest 30 months from the date of grant.

On December 4, 2014, the Company granted a total of 27,370 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 \$8.22 per share, which vest one year from the date of grant.

On June 15, 2015, the Company granted a total of 90,000 non-vested equity shares to three officers of GFN at a value equal to the closing market price of the Company's common stock as of that date, or \$5.45 per share, which vest one year from the date of grant.

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A summary of the Company's non-vested equity share activity follows:

	Shares	Weighted-Average Grant Date Fair Value
Nonvested at June 30, 2012		\$
Granted	115,000	4.43
Vested		
Forfeited		
Nonvested at June 30, 2013	115,000	4.43
Granted	90,320	8.52
Vested		
Forfeited		
Nonvested at June 30, 2014	205,320	6.23
Granted	117,370	6.10
Vested	(21,719)	6.22
Forfeited	(6,988)	6.15
Nonvested at June 30, 2015	293,983	\$ 6.18

Share-based compensation of \$848,000 related to non-vested equity shares has been recognized in the consolidated statements of operations, with a corresponding benefit to equity, from inception through June 30, 2015. At that date, there remains \$1,105,000 of unrecognized compensation expense to be recorded on a straight-line basis over the remaining vesting period of over approximately 0.49 years – 1.50 years for the non-vested equity shares.

On June 15, 2015, the Company granted a total of 29,358 equity shares to an officer of GFN at a value equal to the closing market price of the Company's common stock as of that date, or \$5.45 per share. The fair value of this equity share grant of \$160,000 has been recognized in the consolidated statements of operations, with a corresponding benefit to equity.

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 June 30, 2015, Royal Wolf has granted, net of forfeitures, 1,812,112 performance rights to key management personnel under the LTI Plan, which includes a special incentive grant of 106,112 performance rights to the RWH chief executive officer that generally will vest ratably each year over the three years commencing on July 1, 2016. Also, as of June 30, 2015, 375,000 of the performance rights have been converted into RWH capital stock through purchases in the open market. In FY 2013, FY 2014 and FY 2015, share-based compensation of \$488,000, \$840,000 and \$858,000, respectively, related to the LTI Plan has been recognized in the consolidated statements of operations, with a corresponding benefit to equity.

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The Company leases primarily facilities and office equipment under operating leases. The leases have terms of between one and nine years, some with an option to renew the lease after that period. None of the leases includes contingent rentals. There are no restrictions placed upon the lessee by entering into these leases.

Non-cancellable operating lease rentals at June 30, 2015 are payable as follows (in thousands):

Year Ending June 30,	
2016	\$ 6,621
2017	4,487
2018	3,377
2019	2,240
2020	1,687
Thereafter	1,497
	\$ 19,909

Rental expense on non-cancellable operating leases was \$8,802,000, \$9,989,000 and \$9,559,000 in FY 2013, FY 2014 and FY 2015, respectively.

Sales-Type and Operating Fleet Leases

Future minimum receipts under sales-type and operating fleet leases at June 30, 2015 are as follows (in thousands):

Year Ending June 30,	
2016	\$ 16,333
2017	6,324
2018	2,233
2019	1,158
2020	628
Thereafter	4
	\$ 26,680

Other Matters

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.

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Table of Contents**GENERAL FINANCE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 11. Detail of Certain Accounts**

Trade payables and accrued liabilities consist of the following (in thousands):

	June 30,	
	2014	2015
Trade payables	\$ 23,344	\$ 18,979
Checks written in excess of bank balance	1,548	
Payroll and related	9,670	7,498
Taxes, other than income	1,772	2,083
Fair value of interest swap and option and forward currency exchange contacts	1,003	1,429
Accrued interest	1,765	1,769
Deferred consideration	11,303	3,203
Other accruals	3,433	2,629
	\$ 53,838	\$ 37,590

Note 12. Segment Reporting

We have two geographic areas that include four operating segments; the Asia-Pacific area, consisting of the leasing operations of Royal Wolf, and, as discussed above, North America, consisting of the combined leasing operations of Pac-Van and Lone Star, and the manufacturing operations of Southern Frac. Discrete financial data on each of the Company's products is not available and it would be impractical to collect and maintain financial data in such a manner. In managing the Company's business, senior management focuses on primarily growing its leasing revenues and operating cash flow (EBITDA), and investing in its lease fleet through capital purchases and acquisitions.

The tables below represent the Company's revenues from external customers, share-based compensation expense, depreciation and amortization, operating income, interest income and expense, 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 geographic and operating segments (in thousands):

FY 2015						
North America						
Pac-Van	Leasing Lone Star	Combined	Manufacturing	Corporate and Intercompany	Total	Asia Pacific Leasing
						Consolidated

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Adjustments

Revenues:								
Sales	\$ 35,283	\$ 25	\$ 35,308	\$ 34,307	\$ (20,326)	\$ 49,289	\$ 54,967	\$ 104,256
Leasing	80,796	50,138	130,934		(88)	130,846	68,723	199,569
	\$ 116,079	\$ 50,163	\$ 166,242	\$ 34,307	\$ (20,414)	\$ 180,135	\$ 123,690	\$ 303,825
Share-based compensation								
	\$ 303	\$ 11	\$ 314	\$ 114	\$ 884	\$ 1,312	\$ 862	\$ 2,174
Depreciation and amortization								
	\$ 11,306	\$ 11,345	\$ 22,651	\$ 1,076	\$ (678)	\$ 23,049	\$ 15,522	\$ 38,571
Operating income								
	\$ 18,425	\$ 8,233	\$ 26,658	\$ 4,200	\$ (9,202)	\$ 21,656	\$ 21,387	\$ 43,043
Interest income	\$	\$	\$	\$	\$	\$	\$ 68	\$ 68
Interest expense	\$ 4,106	\$ 2,448	\$ 6,554	\$ 311	\$ 8,325	\$ 15,190	\$ 5,906	\$ 21,096
Additions to long-lived assets								
	\$ 44,720	\$ 18,233	\$ 62,953	\$ 378	\$ (5,311)	\$ 58,020	\$ 38,476	\$ 96,496
At June 30, 2015								
Long-lived assets	\$ 222,445	\$ 65,099	\$ 287,544	\$ 3,944	\$ (11,624)	\$ 279,864	\$ 170,573	\$ 450,437
Goodwill	\$ 48,484	\$ 20,782	\$ 69,266	\$ 2,681	\$	\$ 71,947	\$ 27,397	\$ 99,344

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	North America								
	Leasing								
	Pac-Van	Lone Star	Combined	Manufacturing	Corporate and Intercompany Adjustments	Total	Asia Pacific Leasing	Consolidated	
Revenues:									
Sales	\$ 31,516	\$	\$ 31,516	\$ 48,287	\$ (31,419)	\$ 48,384	\$ 87,711	\$	\$ 136,095
Leasing	62,359	14,658	77,017			77,017	73,993		151,010
	\$ 93,875	\$ 14,658	\$ 108,533	\$ 48,287	\$ (31,419)	\$ 125,401	\$ 161,704	\$	\$ 287,105
Share-based compensation	\$ 312	\$ 1	\$ 313	\$ 81	\$ 686	\$ 1,080	\$ 858	\$	\$ 1,938
Depreciation and amortization	\$ 7,928	\$ 2,656	\$ 10,584	\$ 993	\$ (227)	\$ 11,350	\$ 15,777	\$	\$ 27,127
Operating income	\$ 13,323	\$ 4,311	\$ 17,634	\$ 6,079	\$ (11,248)	\$ 12,465	\$ 27,576	\$	\$ 40,041
Interest income	\$	\$	\$	\$	\$	\$	\$ 52	\$	\$ 52
Interest expense	\$ 3,402	\$ 812	\$ 4,214	\$ 614	\$ 809	\$ 5,637	\$ 6,315	\$	\$ 11,952
Additions to long-lived assets	\$ 45,295	\$ 16,717	\$ 62,012	\$ 695	\$ (5,407)	\$ 57,300	\$ 44,210	\$	\$ 101,510

At June 30, 2014

Long-lived assets	\$ 175,890	\$ 55,438	\$ 231,328	\$ 5,820	\$ (6,987)	\$ 230,161	\$ 197,005	\$	\$ 427,166
Goodwill	\$ 36,832	\$ 20,111	\$ 56,943	\$ 2,681	\$	\$ 59,624	\$ 33,542	\$	\$ 93,166

FY 2013

	North America						
	Corporate and Intercompany						
	Leasing (Pac-Van)	Manufacturing	Adjustments	Total	Asia Pacific Leasing	Consolidated	
Revenues:							
Sales	\$ 23,836	\$ 31,669	\$ (12,529)	\$ 42,976	\$ 79,167	\$ 122,143	
Leasing	49,226			49,226	74,174	123,400	
	\$ 73,062	\$ 31,669	\$ (12,529)	\$ 92,202	\$ 153,341	\$ 245,543	
Share-based compensation	\$ 259	\$ 28	\$ 447	\$ 734	\$ 582	\$ 1,316	
Depreciation and amortization	\$ 6,154	\$ 681	\$ 10	\$ 6,845	\$ 15,396	\$ 22,241	
Operating income	\$ 8,403	\$ 607	\$ (6,646)	\$ 2,364	\$ 27,127	\$ 29,491	
Interest income	\$	\$	\$ 2	\$ 2	\$ 56	\$ 58	
Interest expense	\$ 3,943	\$ 365	\$ 398	\$ 4,706	\$ 6,263	\$ 10,969	
Additions to long-lived assets	\$ 33,722	\$ 3,464	\$ (1,799)	\$ 35,387	\$ 48,727	\$ 84,114	

Intersegment net revenues related to the sales of portable liquid storage containers from Southern Frac to the North American leasing operations totaled \$12,529,000, \$28,640,000 and \$20,326,000 during FY 2013, FY 2014 and FY 2015, respectively, and intrasegment net revenues related to the sales of portable liquid storage containers from Pac-Van to Lone Star totaled \$2,779,000 during the fourth quarter of FY 2014.

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GENERAL FINANCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Subsequent Events

On July 17, 2015, the Board of Directors of the Company declared a cash dividend of \$2.30 per share on the Series C Preferred Stock (see Note 3). The dividend is for the period commencing on April 30, 2015 through July 30, 2015, and is payable on July 31, 2015 to holders of record as of July 30, 2015.

On August 28, 2015, the Company, through Pac-Van, purchased the business of Mobile Storage Solutions of Mo., LLC (MSS) for approximately \$1,567,000, which included a holdback amount of \$150,000. MSS leases and sells storage and office containers and storage trailers in Springfield, Missouri.

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Table of Contents**SCHEDULE I CONDENSED FINANCIAL INFORMATION OF REGISTRANT****GENERAL FINANCE CORPORATION****(PARENT COMPANY INFORMATION)****CONDENSED BALANCE SHEETS**

	June 30,	
	2014	2015
	(in thousands)	
Cash and cash equivalents	\$ 102	\$ 314
Property and equipment, net	3	1
Other assets	4,341	5,485
Investment and intercompany accounts	253,648	230,164
Total Assets	\$ 258,094	\$ 235,964
Accounts payable, accrued and other liabilities	\$ 1,641	\$ 2,099
Senior and other debt	97,000	87,000
Other deferred credits	1,191	
General Finance Corporation stockholders equity	158,262	146,865
Total Liabilities and Stockholders Equity	\$ 258,094	\$ 235,964

Table of Contents**SCHEDULE I CONDENSED FINANCIAL INFORMATION OF REGISTRANT****GENERAL FINANCE CORPORATION****(PARENT COMPANY INFORMATION)****CONDENSED STATEMENTS OF OPERATIONS**

	Year Ended June 30,		
	2013	2014	2015
	(in thousands)		
General and administrative expenses	\$ 4,726	\$ 5,605	\$ 5,362
Equity in earnings of subsidiaries	3,216	3,184	(264)
Intercompany income	6,070	9,824	16,791
Interest expense	(398)	(809)	(8,325)
Other income, net	2		
	8,890	12,199	8,202
Income before income taxes	4,164	6,594	2,840
Income tax provision (benefit)	466	(799)	(4,293)
Net income attributable to stockholders	3,698	7,393	7,133
Preferred stock dividends	153	3,489	3,658
Net income attributable to common stockholders	\$ 3,545	\$ 3,904	\$ 3,475

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Table of Contents**SCHEDULE I CONDENSED FINANCIAL INFORMATION OF REGISTRANT****GENERAL FINANCE CORPORATION****(PARENT COMPANY INFORMATION)****CONDENSED STATEMENTS OF CASH FLOWS**

	Year Ended June 30,		
	2013	2014	2015
	(in thousands)		
Cash flows from operating activities:			
Net income attributable to stockholders	\$ 3,698	\$ 7,393	\$ 7,133
Equity in earnings of subsidiaries	(3,216)	(3,184)	264
Depreciation and amortization	41	33	783
Share-based compensation expense	447	686	884
Deferred income taxes	466	(799)	(4,293)
Changes in operating assets and liabilities	(11)	108	1,636
Net cash provided by operating activities	1,425	4,237	6,407
Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(4,647)		
Purchases of property and equipment	(3)		
Net cash used in investing activities	(4,650)		
Cash flows from financing activities:			
Repayment of senior subordinated note	(15,000)		
Repayments of senior and other debt borrowings	(36)	(37)	(10,000)
Proceeds from issuances of senior notes		72,000	
Proceeds from term loan borrowings		25,000	
Deferred financing costs		(3,605)	
Proceeds from issuances of common stock	8,162	8	556
Net proceeds from issuance of redeemable perpetual preferred stock offering	37,500		
Redemption of cumulative preferred stock	(1,295)		
Preferred stock dividends	(153)	(3,489)	(3,658)
Intercompany transfers	(29,239)	(97,164)	6,907
Net cash used in financing activities	(61)	(7,287)	(6,195)
Net increase (decrease) in cash	(3,286)	(3,050)	212
Cash at beginning of period	6,438	3,152	102

Cash at end of period	\$ 3,152	\$ 102	\$ 314
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EXHIBIT INDEX

Exhibit

Number	Exhibit Description
21.1	Subsidiaries of General Finance Corporation
23.1	Consent of Independent Registered Public Accounting Firm
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