



QUARTERLY REPORT

GENERAL FINANCE AND DEVELOPMENT, INC.

PERIOD ENDING MARCH 31, 2012

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Item 1. Exact Name of the Issuer and the Address of its Principal Executive Offices

General Finance and Development, Inc.

The address of the issuer's principal executive offices.

*General Finance and Development, Inc.
855 Village Center Dr. Suite 315
North Oaks, MN 55127
Phone: 651-238-8636
Fax: 612-483-0825*

Websites maintained by the issuer:

www.genfd.com

www.heartfitsystem.com

www.corporateartforce.com

*Investor Relations Contact: Paul Graham, Graham Financial Services
Graham Financial Services, Inc.
P.O.Box 1445
Farmington, AR 72730
Phone: 479-304-8333*

E-mail Address: investorrelations@genfd.com

Item 2. Shares Outstanding

General Finance and Development, Inc. Common Stock

*As of 3-31-2012:
Authorized shares: 50,000,000
Issued and outstanding: 4,524,250
Public float: 337,288
Total # of beneficial shareholders: 1
Total number of shareholders of record: 221*

Item 3. Interim Financial Statements

(See) Exhibit A. Financial Statements for the quarter ended March 31, 2012

Item 4. Management's Discussion and Analysis or Plan of Operation

A. Plan of Operation.

Describe the issuer's plan of operation for the next twelve months.

Our plan for the next 12 months is to execute our business plan and seek additional financing as we build our business and investment portfolio. There can be no assurance that we will be successful with any of the initiatives, and if so; we cannot accurately predict the value of any initiative.

HeartFit System, LLC *We are currently piloting our health-fitness promotion business and health-fitness screening as a complement to our employee benefit program at Corporate Art Force, L.L.C.*

GFD Investments, LLC *We executed a finance agreement with Aurora Capital Management, LLC in April of 2012 and posted a disclosure at OTC Markets website. The agreement with Aurora Capital Management provides for the contribution of up to 750,000 common shares of GFD to GFD Investments over time. Based on the last sale of GFDV at \$1.50, the value of the shares is currently \$1,125,000. The shares will be strategically converted to cash in order to finance venture projects in alignment with the objectives of GFD Investments.*

Corporate Art Force, LLC *We plan to expand the business and sustain profitability. Capital will be necessary to grow the business to increase the sales force and implement marketing programs. Capital will also be required as working capital to fund the fulfillment costs for the additional orders prior to delivery, invoicing and collection.*

B. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company generated \$346,970 in revenue for the period ended March 31, 2012 as compared to \$418,318 in revenue for the same period in 2011. General and administrative expenses for the period ending March 31, 2012 were \$142,327 as compared to \$144,997 for the same period in 2011. The relative constant general and administrative expenses are primarily due to expense reductions enacted by the Company in 2011. Realized and unrealized gains of \$36,703 aggregated for the period ending March 31, 2012 as compared to realized and unrealized gains of \$68,406 for the same period in 2011.

As a result of the foregoing, the Company realized a net loss of \$48,123 for the 1st quarter, 2012, as compared to a net income of \$12,261 for the 1st quarter 2011.

Total assets for the Company were \$874,639 at the end of the 1st quarter 2012 compared to \$904,415 at 2011 year-end. The Company showed \$9,430 in long-term liabilities at the end of the 1st quarter 2012.

Current liabilities were \$101,765 at the end of the 1st quarter 2012 compared to \$80,954 at 2011 year-end. Current assets exceeded current liabilities by a multiple of 4.5 to 1 at the end of the 1st quarter.

Total stockholders' equity decreased to \$763,444 at the end of the 1st quarter 2012 from \$811,567 at year-end 2011.

Capital Requirements

During 2012 we anticipate needing additional capital to finance our plan for the year.

Aurora Capital Management, LLC is has been purchasing invoices from our subsidiary Corporate Art Force in order to meet near term cash needs. During the 1st quarter of 2012, \$274,362 of invoices were purchased for \$246,926. Financing costs relating to this accounts receivable factoring were \$27,436 for the 1st quarter of 2012.

Our subsidiary GFD Investments, LLC executed a finance agreement with Aurora Capital Management, LLC. The agreement provides for the contribution of up to 750,000 shares of GFD to GFD subsidiary GFD Investments over a period of time. Based on the last sale of GFDV at \$1.50, the value of the shares is currently \$1,125,000. The trading volume of GFD shares has been light. Consequently, the shares may not easily convert to cash.

Other capital may come from any combination of income from our operating businesses and/or selling our shares as part of a new offering. At this time we do not know the amount of shares, price or type of offering we may undertake and the receptiveness of the markets that we would offer our shares to.

Liquidity and Capital Resources

At March 31, 2012, the Company had working capital of \$356,635 as compared to working capital of \$409,257 at December 31, 2011. The change is due primarily to the loss in the 1st quarter of 2012 net of the increase in the value of marketable equity securities.

C. Off-Balance Sheet Arrangements.

We have no off balance sheet arrangements.

Item 5. Legal Proceedings

The company is not a party in any material legal proceedings or administrative actions at this time.

Item 6. Defaults Upon Senior Securities

The company has not been in default of any senior securities.

Item 7. Other Information

Our subsidiary Corporate Art Force entered into a Master Services Agreement with the 3M Company that was dated in December of 2011 and executed in January of 2012. The agreement was disclosed in our 2011 Annual Report with a copy attached as an exhibit.

Our subsidiary GFD Investments, LLC entered into a finance agreement with Aurora Capital Management, LLC in April 2012. The disclosure was posted at the OTC Markets website. The agreement with Aurora Capital Management provides for the contribution of up to 750,000 shares of GFDV to GFD subsidiary GFD Investments. Aurora is the majority shareholder of GFD and is owned by CEO William Kieger. Based on the last sale of GFDV at \$1.50, the value of the shares is currently \$1,125,000. In order for GFD Investments to remain as a non-affiliate shareholder, the number of shares held at any given time will be less than 5% of the outstanding shares. The shares will be contributed by Aurora to GFD Investments as the shares are strategically converted to cash in order to finance venture projects in alignment with the objectives of GFD Investments

There are no other updates to report in this 1st Quarter 2012 Report.

Item 8. Exhibits

See Attached Exhibit A. Financial Statements.

Item 9. Issuers Certifications

I, William Kieger, certify that:

I have reviewed this Quarterly Disclosure Statement of General Finance and Development, Inc. for the period ending March 31, 2012.

Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 11, 2012

By: /s/ William Kieger

William Kieger
Chief Executive Officer
Chief Financial Officer

Exhibit A. Financial Statements

Casey, Menden, Faust & Nelson, P.A.

Edina, Minnesota 55439-2586

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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JOHN C. NELSON, C.P.A.
MICHAEL A. CASEY, JR., C.P.A.
SCOTT M. CALLAHAN, C.P.A.
DONALD G. LANGEWISCH, C.P.A.
PAULA, MEIDL, C.P.A.
JASON E. THOMAS, C.P.A.
MICHAEL P. MENDEN, C.P.A.
JESSICA J. MAGRUM, C.P.A.
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STEPHEN J. DEVRIES
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BRENDA L. NAASZ
MARCIA RUDERMAN
MICHAEL B. ANDERSON
LUANN M. MENDEN
KELLY S. CALLAHAN

Accountant's Disclaimer of Opinion
On Unaudited Financial Statements

To the Stockholders
General Finance and Development, Inc.
Minneapolis, Minnesota

The accompanying consolidated balance sheets of General Finance and Development, Inc. as of March 31, 2012 and December 31, 2011 and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for the periods then ended were not audited by us and, accordingly, we do not express an opinion on them.

The consolidating balance sheet and consolidating statements of operations are not a required part of the basic financial statements. Such information has not been audited by us and, accordingly, we do not express an opinion on it.

Casey, Menden, Faust & Nelson, P.A.

May 7, 2012

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	March 31, 2012	December 31, 2011
Current assets:		
Cash	\$ 32,675	\$ 57,132
Marketable equity securities	261,366	225,465
Accounts receivable, net	7,263	53,999
Inventory	97,176	113,412
Prepaid expenses	59,920	40,203
Total current assets	<u>458,400</u>	<u>490,211</u>
Property and equipment, at cost	155,803	146,782
Less accumulated depreciation	<u>(67,989)</u>	<u>(61,003)</u>
Property and equipment, net	<u>87,814</u>	<u>85,779</u>
Other assets:		
Goodwill and customer list	<u>328,425</u>	<u>328,425</u>
Total assets	<u><u>\$ 874,639</u></u>	<u><u>\$ 904,415</u></u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 92,173	\$ 71,536
Current maturities of long-term debt	<u>9,592</u>	<u>9,418</u>
Total current liabilities	<u>101,765</u>	<u>80,954</u>
Long-term debt	<u>9,430</u>	<u>11,894</u>
Stockholders' equity:		
Undesignated shares: no par value; 5,000,000 authorized; no shares issued and outstanding	-	-
Common stock: \$.01 par value; 50,000,000 shares authorized; issued and outstanding 4,524,250 in 2012 and 2011	45,243	45,243
Additional paid-in capital	1,529,299	1,529,299
Accumulated deficit	<u>(811,098)</u>	<u>(762,975)</u>
Total stockholders' equity	<u>763,444</u>	<u>811,567</u>
Total liabilities and stockholders' equity	<u><u>\$ 874,639</u></u>	<u><u>\$ 904,415</u></u>

See Accountant's Disclaimer of Opinion on Unaudited Financial Statements

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended	
	March 31, 2012	March 31, 2011
Total revenues	\$ 346,970	\$ 418,318
Cost of goods sold	<u>289,469</u>	<u>329,466</u>
Gross profit	<u>57,501</u>	<u>88,852</u>
Expenses:		
General and administrative	<u>142,327</u>	<u>144,997</u>
Operating income (loss)	<u>(84,826)</u>	<u>(56,145)</u>
Other income (expense):		
Realized gain (loss) on investment in marketable equity securities	134	11
Unrealized gain (loss) on investment in marketable equity securities	36,569	68,395
Interest and dividend income	-	-
Total other income (expense)	<u>36,703</u>	<u>68,406</u>
Income (loss) before income taxes	(48,123)	12,261
Income tax expense	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ (48,123)</u>	<u>\$ 12,261</u>
Basic earnings (loss) per common share	<u>\$ (0.01)</u>	<u>\$ 0.00</u>
Diluted earnings (loss) per common share	<u>\$ (0.01)</u>	<u>\$ 0.00</u>
Weighted average number of shares outstanding	<u>4,524,250</u>	<u>4,524,250</u>

See Accountant's Disclaimer of Opinion on Unaudited Financial Statements

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three Months Ended	
	March 31, 2012	March 31, 2011
Net income (loss)	\$ (48,123)	\$ 12,261
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Comprehensive income (loss)	<u>\$ (48,123)</u>	<u>\$ 12,261</u>

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Par Value			
Balance, January 1, 2011	4,524,250	\$ 45,243	\$ 1,529,299	\$ (784,848)	\$ 789,694
Net income	-	-	-	21,873	21,873
Balance, December 31, 2011	4,524,250	\$ 45,243	\$ 1,529,299	\$ (762,975)	\$ 811,567
Net income (loss)	-	-	-	(48,123)	(48,123)
Balance, March 31, 2012	4,524,250	\$ 45,243	\$ 1,529,299	\$ (811,098)	\$ 763,444

See Accountant's Disclaimer of Opinion on Unaudited Financial Statements

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended	
	March 31, 2012	March 31, 2011
Cash flows from operating activities:		
Net income (loss)	\$ (48,123)	\$ 12,261
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation expense	6,986	6,825
Realized loss on investment in marketable equity securities	(134)	(11)
Unrealized loss on investment in marketable equity securities	(36,569)	(68,395)
Accounts receivable	46,736	82,232
Inventory	16,236	(21,288)
Prepaid expenses	(19,717)	-
Accounts payable and accrued expenses	20,637	(79,889)
Net cash flows from operating activities	<u>(13,948)</u>	<u>(68,265)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(9,021)	-
Investment in marketable equity securities	-	-
Proceeds from sales of marketable equity securities	802	284
Net cash flows from investing activities	<u>(8,219)</u>	<u>284</u>
Cash flows from financing activities:		
Principal payments on debt	<u>(2,290)</u>	<u>(2,129)</u>
Net cash flows from financing activities	<u>(2,290)</u>	<u>(2,129)</u>
Increase (decrease) in cash	(24,457)	(70,110)
Cash: Beginning of period	57,132	100,874
Cash: End of period	<u>\$ 32,675</u>	<u>\$ 30,764</u>

See Accountant's Disclaimer of Opinion on Unaudited Financial Statements

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Three Months Ended	
March 31, 2012	March 31, 2011

Supplemental Cash Flow Information:

Cash paid for:

Interest	<u>\$ 11,327</u>	<u>\$ 11,327</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011**

NOTE 1 – NATURE OF ORGANIZATION

Business

The Company was incorporated on April 1, 2003 under the laws of the State of Minnesota. The Company was formed as a spin-off from Vital Health Technologies, Inc. as a part of a merger agreement between Vital Health Technologies, Inc. and Caribbean American Health Resorts, Inc. Each shareholder of record of Vital Health Technologies, Inc. on March 12, 2003, received one share of General Finance and Development, Inc. common stock for each share of Vital Health Technologies, Inc. common stock they owned.

From the date of formation on April 1, 2003 the Company pursued licensing opportunities for the Variance Cardiography technology and design and subsequent completion of a research study involving the technology. In November 2004 the formal paperwork was executed for the purchase of the Variance Cardiography technology from Vital Health Technologies, Inc. that had been anticipated in the merger/spin-off agreement. Management of the Company feels Variance Cardiography could become an effective methodology of detecting coronary artery disease.

In April 2006 The Company formed a wholly owned subsidiary, HeartFit System, LLC (HeartFit) a Minnesota limited liability company. The Company is currently developing a business model for utilization of its Variance Cardiography technology using HeartFit.

In January 2007, the Company formed a wholly-owned subsidiary, GFD Investments, LLC, a Minnesota Limited Liability Company. The Company manages a speculative investment fund and also pursues merger/acquisitions, joint venture projects in industries such as health fitness, medical technologies, financial services, rental and consumer products, internal, e-commerce and real estate.

In September 2009, the Company formed a wholly-owned subsidiary, Corporate Art Force, LLC, a Minnesota Limited Liability Company. In September 2009, Corporate Art Force, LLC completed the purchase of the customer base, business concept and certain assets of Art Holdings Corporation. Corporate Art Force, LLC offers art sales and consulting services to all size business organizations.

The Company is fully dependent on Aurora Capital Management, a stockholder, for the maintenance of its corporate status and to provide all managerial support for the Company. A principal of Aurora Capital Management acts as the Company's chairman and chief executive officer.

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Corporate Art Force, LLC, HeartFit System, LLC and GFD Investments, LLC. All intercompany transactions and balances were eliminated in consolidation.

Cash Equivalents

For purposes of reporting cash flows, cash equivalents include investment instruments purchased with maturity of three months or less. There were no cash equivalents in 2012 or 2011.

Revenue Recognition

Revenue is recognized at the point of shipment or performance of service. Revenues are presented on a "gross basis". Accordingly, sales, use and value added taxes are included in revenues in the accompanying financial statements.

Amounts received from customers in advance of revenue recognition would be deferred and presented as liabilities in the accompanying financial statements.

Comprehensive Income

FASB ASC 220-10-20: Comprehensive Income establishes standards for the reporting and disclosure of comprehensive income and its components which will be presented in association with a company's financial statements. Comprehensive income is defined as the change in a business enterprise's equity during a period arising from transactions, events or circumstances relating to non-owner sources, such foreign currency translation adjustments and unrealized gains or losses on available-for-sale securities. It includes all changes in equity during a period except those resulting from investments by or distributions to owners. A reconciliation of net income and comprehensive income is provided in the accompanying financial statements.

Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings (loss) per common share, in addition to the weighted average determined for basic earnings per shares would include potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Consideration

The Company will apply the fair value-based method of accounting for employee and non-employee stock-based consideration and/or compensation in accordance with ASC 718: Compensation (based on quoted market prices at the date of grant and/or as earned).

Financial Instruments

In accordance with FASB ASC 820: Fair Value Measurements financial instruments consist of the following:

Short-Term Assets and Liabilities:

The fair value of cash and cash equivalents, accounts payable and accrued expenses, and short-term borrowings approximate their carrying values due to the short-term nature of these financial instruments.

Long-Term Debt:

The fair value of long-term debt approximates their carrying value because the terms are equivalent to borrowing rates currently available to the company for debt with similar terms and maturities.

Use of Estimates:

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Concentrations:

The Company maintains its bank balances at one financial institution and at one brokerage company. Bank balances might periodically exceed federally insured levels. The balance at the brokerage company is not federally insured, but is protected by the Securities Protection Corporation (SIPC) up to a \$250,000 limit on cash held in the account. Cash balances maintained by the Company might periodically exceeded SIPC insured limits of \$250,000 at the brokerage company.

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations, Risks and Uncertainties

Marketable Equity Securities:

At March 31, 2012 and December 31, 2011, one hundred percent of the Company's investments in marketable equity securities consist of shares of the Company's own common stock. Shares of the Company's common stock are traded on the OTC Bulletin Board. These shares are being held in the Company's wholly-owned subsidiary, GFD Investments, LLC, in accordance with the business purpose of GFD Investments, LLC.

Accounts Receivable:

Credit terms are extended to customers in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral. Customer deposits are required on certain specialty orders. These deposits would be reflected as a liability in the accompanying financial statements.

Management believes all accounts receivable are collectible and has not recorded an allowance for doubtful accounts. While the ultimate loss may differ, management believes that any additional loss will not have a material impact on the Company's financial position. Due to uncertainties in the collection process, however, it is at least reasonably possible that management's estimate of the outcome will change during the next year. That amount cannot be estimated.

Lender Concentration:

The Company is dependent on Aurora Capital Management, a related party, for all of its financing to date (See Note 6).

Major Customers:

Approximately 80% of the Company's sales are generated by approximately 50 clients of Corporate Art Force, LLC. Out of those 50 clients, 2 clients generated approximately 40% of these sales. If the Company were to lose either of these clients it would have a major negative effect on the Company.

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Shipping and Handling Fees and Cost

GAAP requires shipping and handling fees billed to customers to be classified as revenue and shipping and handling costs to be classified as cost of sales as disclosed in the notes to the financial statements. The Company included shipping and handling fees billed to customers in net sales. Shipping and handling costs associated with inbound freight and outbound freight are included in cost of sales.

Income Taxes

The Company has implemented FASB ASC 740: Income Taxes. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. See Note 5.

The Company has evaluated for uncertain tax positions and feels there are none. Federal and state taxing authorities generally have the right to examine returns for three years from the date of filing. Any interest or penalties as a result of the Project would be included in operating expenses in the accompanying financial statements. No interest or penalties are reflected in the 2012 or 2011 financial statements.

Goodwill

The Company has adopted FASB ASC 350 - Goodwill and Other Intangibles. Goodwill and intangible assets with indefinite useful lives are not presumed to be wasting assets. These assets are not amortized and are instead tested at least annually for impairment. Intangible assets that have finite useful lives continue to be amortized over those lives.

The Company tested goodwill for impairment using a present value technique. Impairment arises if the carrying value of the goodwill exceeds its implied fair value. Management determined that no impairment of goodwill has occurred in 2012 or 2011.

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

In accordance with FASB ASC 360-10, Accounting For The Impairment Of Long-Lived Assets And For Long-Lived Assets To Be Disposed Of, the Company reviews its long-lived assets and intangibles related to those assets periodically to determine potential impairment by comparing the carrying value of the long-lived assets outstanding with estimated future cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future cash flows be less than the carrying value, the Company would recognize an impairment loss. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets and intangibles. Management determined that no impairment of long-lived assets existed in 2012 or 2011.

NOTE 3 - GOING CONCERN/DEVELOPMENT STAGE

From formation on April 1, 2003 through June 30, 2010, the Company was deemed to be in the development stage. During the development stage the Company's efforts were primarily limited to maintenance of its corporate status. In the third quarter 2010 the Company deemed that it had left the development stage as a result of the level of revenues generated from operation of the Company's wholly-owned subsidiary, Corporate Art Force, LLC.

At this time it is not known if the Company has sufficient capital resources to maintain itself until the Company can achieve profitable operations. Accordingly, the Company may need to raise either debt or equity financing. If the Company is unsuccessful it might not be able to continue as a going concern. Even if the Company successfully raises debt or equity financing it will still need to become profitable to continue as a going concern. Management is working to increase revenues and control costs, but there can be no guarantee these efforts will be successful. No estimate can be made of the range of loss that is reasonably possible should the Company be unsuccessful.

The Company is fully dependent on Aurora Capital Management, a stockholder, for the maintenance of its corporate status and to provide all managerial support for the Company. A principal of Aurora Capital Management acts as the Company's chairman and chief executive officer.

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011

NOTE 4 – INVESTMENTS

The Company has adopted FASB ASC 820: Fair Value Measurements and FASB ASC 820: The Fair Value Option for Financial Assets and Financial Liabilities. Accordingly, investments are recorded at their fair value and unrealized gains or losses are recognized as income in the accompanying financial statements. Fair value is determined from the brokerage statement, a level one input. The brokerage statement reflects fair value at the last selling price.

	<u>2012</u>	<u>2011</u>
Cost basis	\$ 218,436	\$ 218,508
Unrealized gain (loss)	<u>42,930</u>	<u>6,957</u>
Fair value	<u>\$ 261,366</u>	<u>\$ 225,465</u>

NOTE 5 – LONG-TERM DEBT

Long-term debt consisted of:

	<u>2012</u>	<u>2011</u>
Note payable - vehicle due in monthly installments of \$889 including interest at 7.34% secured by vehicle	\$ 19,022	\$ 21,312
Less current maturities	<u>9,592</u>	<u>\$ 9,418</u>
Long-term debt	<u>\$ 9,430</u>	<u>\$ 11,894</u>

Future maturities of long-term debt are as follows:

2012	\$ 7,128
2013	10,133
2014	<u>1,761</u>
	<u>\$ 19,022</u>

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011**

NOTE 6 - RELATED PARTY TRANSACTIONS

Management and administrative support:

Since inception, the Company has received the majority of its managerial services and administrative support at no cost from Aurora Capital Management and a principal of Aurora Capital Management, shareholders of the Company. The Company valued these services and recorded the expense and corresponding capital contribution in accordance with Staff Accounting Bulletin (SAB) 79. Donated services aggregated \$471,142 from inception to June 30, 2011.

In 2011 the Company began paying Aurora Capital Management for these managerial services and administrative support. Year-to-date in 2012 the Company has not made any payments to Aurora Capital Management for these managerial services and administrative support. In 2011 the Company paid Aurora Capital Management \$30,000 for these managerial services and administrative support.

Note Payable – Related Party:

In September 2010 the Company entered into a factoring arrangement with Aurora Capital Management. In 2012 year-to-date the Company factored an aggregate of \$274,362 in accounts receivable to Aurora Capital Management for \$246,926 in advances. In 2011 the Company factored an aggregate of \$607,960 in accounts receivable to Aurora Capital Management for \$547,155 in advances. The financing costs of this factoring have totaled \$27,436 in 2012 year-to-date and \$60,805 in 2011 and are included in interest expense in the accompanying financial statements.

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011

NOTE 7 - INCOME TAXES

Income taxes consisted of the following:

	2012	2011
Current:		
Federal	\$ -	\$ -
State	-	-
	<u>-</u>	<u>-</u>
Deferred:		
Federal	-	-
State	-	-
	<u>-</u>	<u>-</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

Reconciliation between the expected federal income tax rate and the actual tax rates is as follows:

	2012		2011	
	Dollar	Percent	Dollar	Percent
Expected federal tax expense (benefit)	\$ (16,300)	-34.0%	\$ 4,200	34.0%
Surtax exemption	9,100	19.0%	(2,400)	-19.0%
State income tax, net of federal tax benefit	(3,100)	-6.4%	800	6.5%
Valuation (utilization) of deferred tax asset	10,300	21.4%	(2,600)	-21.5%
State minimum fee	<u>-</u>	<u>0.0%</u>	<u>-</u>	<u>0.0%</u>
Income tax expense (benefit)	<u>\$ -</u>	<u>0.0%</u>	<u>\$ -</u>	<u>0.0%</u>

(Continued)

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011

NOTE 7 - INCOME TAXES (Continued)

The tax effects of net operating loss carry forwards gives rise to a significant deferred tax asset. ASC 740: Income Taxes requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

	2012	2011
Gross deferred tax asset relating to:		
Capital loss carryforwards	\$ 56,400	\$ 56,400
Net operating loss carryforwards	209,000	221,400
Gross deferred tax liability:		
Unrealized gain on investments	(18,800)	(3,000)
Tax depreciation	(9,600)	(9,200)
Tax amortization	(23,400)	(22,400)
Unrealized gain on investments	-	-
Net deferred tax assets	213,600	243,200
Valuation allowance	(213,600)	(243,200)
Net deferred tax assets	-	-
Deferred tax liability	-	-
Net deferred tax asset (liability)	<u>\$ -</u>	<u>\$ -</u>

At March 31, 2012, the Company has net operating loss carry forwards available to offset future taxable income as follows:

Year	Federal	Minnesota
2018	\$ 6,600	\$ 6,600
2019	4,100	4,100
2020	148,700	148,700
2021	5,700	5,700
2022	5,800	5,800
2024	100,000	100,000
2025	121,800	112,900
2027	84,700	84,700
	<u>\$ 477,400</u>	<u>\$ 468,500</u>

GENERAL FINANCE AND DEVELOPMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**PERIODS ENDED MARCH 31, 2012 AND 2011 AND
YEAR ENDED DECEMBER 31, 2011**

NOTE 8 - LEASE

The Company leases its showroom, office and production space under an operating lease entered into in April 2010. Rent expense was \$35,749 in 2012 year-to-date and \$138,758 in 2010.

Future minimum lease payments are as follows:

2012	\$ 135,012
2013	135,012
2014	135,012
2015	<u>45,004</u>
	<u><u>\$ 450,040</u></u>

SUPPLEMENTAL INFORMATION

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATING BALANCE SHEETS (UNAUDITED) MARCH 31, 2012

	General Finance and Development, Inc.	HeartFit System, LLC	GFD Investments, LLC	Corporate Art Force LLC	Eliminations	Consolidated
<u>ASSETS</u>						
Current assets:						
Cash	\$ 50	\$ 261	\$ 30,101	\$ 2,263	\$ -	\$ 32,675
Marketable equity securities	-	-	261,366	-	-	261,366
Accounts receivable, net	-	-	-	7,263	-	7,263
Intercompany receivable (payable)	-	-	74,000	(74,000)	-	-
Inventory	-	-	-	97,176	-	97,176
Prepaid expenses	-	-	-	59,920	-	59,920
Total current assets	50	261	365,467	92,622	-	458,400
Property and equipment, at cost	-	-	-	155,803	-	155,803
Less accumulated depreciation	-	-	-	(67,989)	-	(67,989)
Property and equipment, net	-	-	-	87,814	-	87,814
Other assets:						
Goodwill and customer list	-	-	-	328,425	-	328,425
Investments in subsidiaries	763,394	-	-	-	(763,394)	-
	763,394	-	-	328,425	(763,394)	328,425
Total assets	\$ 763,444	\$ 261	\$ 365,467	\$ 508,861	\$ (763,394)	\$ 874,639

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATING BALANCE SHEETS (UNAUDITED)

MARCH 31, 2012

<u>CURRENT LIABILITIES AND SHAREHOLDERS' EQUITY</u>	General Finance and Development, Inc.	HeartFit System, LLC	GFD Investments, LLC	Corporate Art Force LLC	Eliminations	Consolidated
Current liabilities:						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 27,767	\$ 64,406	\$ -	\$ 92,173
Note payable - related party	-	-	-	-	-	-
Current maturities of long-term debt	-	-	-	9,592	-	9,592
Total current liabilities	-	-	27,767	73,998	-	101,765
Long-term debt	-	-	-	9,430	-	9,430
Shareholders' equity:						
Undesignated shares: no par value; 5,000,000 authorized; no shares issued and outstanding	-	-	-	-	-	-
Common stock: \$.01 par value; 50,000,000 shares authorized; 4,524,250 shares issued and outstanding	45,243	-	-	-	-	45,243
Additional paid-in capital	1,529,299	-	373,498	526,000	(899,498)	1,529,299
Accumulated deficit	(811,098)	261	(35,798)	(100,567)	136,104	(811,098)
Total stockholders' equity (deficit)	763,444	261	337,700	425,433	(763,394)	763,444
Total liabilities and stockholders' equity (deficit)	\$ 763,444	\$ 261	\$ 365,467	\$ 508,861	\$ (763,394)	\$ 874,639

See Independent Accountant's Disclaimer of Opinion on Unaudited Financial Statements

GENERAL FINANCE AND DEVELOPMENT, INC.

CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED) THREE MONTHS ENDED MARCH 31, 2012

	General Finance and Development, Inc.	HeartFit System, LLC	GFD Investments, LLC	Corporate Art Force LLC	Eliminations	Consolidated
Total revenues	\$ 1,000	\$ -	\$ -	\$ 346,970	\$ (1,000)	\$ 346,970
Cost of goods sold	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,469</u>	<u>-</u>	<u>289,469</u>
Gross profit	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>57,501</u>	<u>(1,000)</u>	<u>57,501</u>
Expenses:						
General and administrative	<u>1,506</u>	<u>-</u>	<u>100</u>	<u>141,721</u>	<u>(1,000)</u>	<u>142,327</u>
Operating income (loss)	<u>(506)</u>	<u>-</u>	<u>(100)</u>	<u>(84,220)</u>	<u>-</u>	<u>(84,826)</u>
Other income (loss):						
Earnings (loss) on subsidiaries	(47,616)	-	-	-	47,616	-
Realized loss on investment marketable equity securities	-	-	134	-	-	134
Unrealized loss on investment marketable equity securities	-	-	36,569	-	-	36,569
Interest and dividend income	-	-	-	-	-	-
Total other income (expense)	<u>(47,616)</u>	<u>-</u>	<u>36,703</u>	<u>-</u>	<u>47,616</u>	<u>36,703</u>
Income (loss) before income taxes	(48,122)	-	36,603	(84,220)	47,616	(48,123)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ (48,122)</u>	<u>\$ -</u>	<u>\$ 36,603</u>	<u>\$ (84,220)</u>	<u>\$ 47,616</u>	<u>\$ (48,123)</u>