POLARIS HOLDING COMPANY LIMITED

Consolidated Financial Statements
(With Independent Auditors' Report Thereon)

March 31, 2012

KPMG Audit Limited
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Polaris Holding Company Limited

We have audited the accompanying consolidated financial statements of Polaris Holding Company Limited (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended March 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2012, and its consolidated financial performance and its consolidated cash flows for the year ended March 31, 2012 in accordance with International Financial Reporting Standards.

KPMG Audit Limited

Chartered Accountants
Hamilton, Bermuda
October 5, 2012

POLARIS HOLDING COMPANY LIMITED

Consolidated Statement of Financial Position

March 31, 2012
(Expressed in Bermuda Dollars)

	March 31, 2012	March 31, 2011 (As restated Note 22)	April 1, 2010
Assets			
Investments (Note 4)	$ 938,688	$ 942,493	$ 813,826
Investment property (Notes 5 and 21)	3,000,000	3,000,000	3,000,000
Property, plant and equipment (Note 6)	4,184,337	3,672,622	3,672,196
Total non-current assets	8,123,025	7,615,115	7,486,022
Cash and cash equivalents (Notes 7 and 18)	6,684,236	4,038,836	5,024,424
Accounts receivable (Notes 15 and 18)	741,028	1,219,931	615,864
Inventory (Note 8)	1,265,445	1,153,133	1,016,072
Prepaid expenses	194,140	135,405	166,536
Pension receivable (Note 9)	–	–	29,533
Total current assets	$ 8,884,849	$ 6,547,305	$ 6,852,429
Total assets	$ 17,007,874	$ 14,162,420	$ 14,338,451
Liabilities			
Long-term debt (Note 11)	$ 3,966,962	$ 1,328,101	$ 2,242,759
Total non-current liabilities	3,966,962	1,328,101	2,242,759
Accounts payable and accrued expenses	699,351	659,813	551,608
Finance lease - current portion (Note 12)	–	–	6,437
Long-term debt - current portion (Note 11)	436,816	415,311	362,224
Total current liabilities	1,136,167	1,075,124	920,269
Total liabilities	5,103,129	2,403,225	3,163,028
Equity			
Share capital (Note 13)	1,244,600	1,244,600	1,244,600
Share premium (Note 14)	122,650	122,650	122,650
General reserve (Note 14)	1,250,000	1,250,000	1,250,000
Retained earnings	8,604,242	8,494,911	8,039,806
Accumulated other comprehensive income	683,253	647,034	518,367
Total equity attributable to the Company	11,904,745	11,759,195	11,175,423
Total liabilities and equity	$ 17,007,874	$ 14,162,420	$ 14,338,451

See accompanying notes to consolidated financial statements

Signed on behalf of the Board

Director

POLARIS HOLDING COMPANY LIMITED

Consolidated Statement of Comprehensive Income

Year ended March 31, 2012
(Expressed in Bermuda Dollars)

	2012	2011 (As restated Note 22)
Revenue		
Stevedoring revenue (Note 15)	$ 9,389,076	$ 10,032,588
Stevedoring expenses (Note 10)	5,097,494	5,590,958
Stevedoring gross profit	4,291,582	4,441,630
Rental income (Note 5)	100,847	82,168
Total income	4,392,429	4,523,798
Expenses		
Administrative salaries and wages (Note 10)	1,608,115	1,756,578
General and administrative expenses	1,021,992	754,808
Depreciation (Note 6)	530,345	565,855
Employee benefits (Notes 9 and 10)	498,153	485,710
Professional fees	359,804	401,902
Impairment of investments (Note 4)	40,024	–
Total expenses	4,058,433	3,964,853
Results from operating activities	333,996	558,945
Finance income (Note 16)	37,502	47,038
Interest expense (Note 11)	(106,592)	(150,878)
Net finance expense	(69,090)	(103,840)
Profit for the year (attributable to owners of the Company)	264,906	455,105
Other comprehensive income		
Net change in fair value of available-for-sale investments	36,219	128,667
Total comprehensive income for the year	$ 301,125	$ 583,772
Earnings per share (Note 17)	$ 0.21	$ 0.37

All items included in the consolidated statement of comprehensive income relate to continuing operations.

See accompanying notes to consolidated financial statements

POLARIS HOLDING COMPANY LIMITED

Consolidated Statement of Changes in Equity

Year ended March 31, 2012
(Expressed in Bermuda Dollars)

	Share capital	Share premium	General reserve	Retained earnings	Accumulated other comprehensive income	Total equity
Balance at April 1, 2010	$ 1,244,600	$ 122,650	$ 1,250,000	$ 8,039,806	$ 518,367	$ 11,175,423
Total comprehensive income:						
Profit for the year (as restated Note 22)	–	–	–	455,105	–	455,105
Other comprehensive income	–	–	–	–	128,667	128,667
Balance at March 31, 2011	1,244,600	122,650	1,250,000	8,494,911	647,034	11,759,195
Total comprehensive income:						
Profit for the year	–	–	–	264,906	–	264,906
Other comprehensive income	–	–	–	–	36,219	36,219
Transactions with owners of the Company recognized directly in equity:						
Dividends declared and paid (Note 13)	–	–	–	(155,575)	–	(155,575)
Balance at March 31, 2012	$ 1,244,600	$ 122,650	$ 1,250,000	$ 8,604,242	$ 683,253	$ 11,904,745

See accompanying notes to consolidated financial statements

POLARIS HOLDING COMPANY LIMITED

Consolidated Statement of Cash Flows

Year ended March 31, 2012
(Expressed in Bermuda Dollars)

	2012	2011
Cash flows from operating activities		
Profit for the year	$ 264,906	$ 455,105
Adjustments for:		
Depreciation	530,345	565,855
Net finance expense	69,090	103,840
Impairment of investments	40,024	–
Net changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable	478,903	(604,067)
(Increase) decrease in prepaid expenses	(58,735)	31,131
Increase in inventory	(112,312)	(137,061)
Increase in accounts payable and accrued expenses	39,538	108,205
Decrease in pension receivable	–	29,533
Net cash provided by operating activities	1,251,759	552,541
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,042,060)	(566,281)
Interest and dividends received	37,502	47,038
Net cash used in investing activities	(1,004,558)	(519,243)
Cash flows from financing activities		
Long-term debt principal repayments	(339,634)	(861,571)
Dividends paid	(155,575)	–
Interest paid	(106,592)	(150,878)
Proceeds received from long-term debt	3,000,000	–
Capital lease principal repayments	–	(6,437)
Net cash provided by (used in) financing activities	2,398,199	(1,018,886)
Increase (decrease) in cash and cash equivalents	2,645,400	(985,588)
Cash and cash equivalents at beginning of year	4,038,836	5,024,424
Cash and cash equivalents at end of year	$ 6,684,236	$ 4,038,836

See accompanying notes to consolidated financial statements

1. **General**

Polaris Holding Company Limited (the "Company") was incorporated on January 24, 2011 under the laws of Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton, Bermuda. The Company was created to facilitate the restructuring of the Stevedoring Services Limited group by way of a court approved Scheme of Arrangement (the "Scheme"). The Scheme was the vehicle by which the shares of Stevedoring Services Limited were transferred to Polaris Holding Company Limited on the same basis as they were held in Stevedoring Services Limited, and these new shares replaced the shares of Stevedoring Services Limited listed on the Bermuda Stock Exchange. There is no ultimate controlling party.

At a Board of Directors meeting held on November 24, 2010, the Board authorized management to execute the Scheme, which required the incorporation of the newly formed holding company called Polaris Holding Company Limited. The Company is the holding company for the group of companies which comprise of Stevedoring Services Limited ("SSL"), Equipment Sales and Rental Limited ("ESR"), and Mill Reach Holding Company Limited ("MRH"). The Scheme became effective on March 28, 2011 after shareholder and Supreme Court approval. The group restructuring has been accounted for as a combination of entities under common control with transfers being recorded at their carrying value.

Stevedoring Services Limited, a wholly-owned subsidiary, is incorporated under the laws of Bermuda and carries on business as a stevedoring company. In January 2011, this subsidiary was awarded a 5 year license by the Corporation of Hamilton, with provisions for a further license of 5 years subject to satisfactory performance. Equipment Sales and Rental Limited, a wholly-owned subsidiary, is incorporated under the laws of Bermuda and carries on the business of purchasing and leasing heavy operating machinery and equipment. At a Board of Directors meeting held on February 24, 2010, it was decided and approved that Stevedoring Services Limited would transfer a portion of its heavy port operating equipment to Equipment Sales and Rental Limited. Mills Reach Holding Limited, a wholly-owned subsidiary, is incorporated under the laws of Bermuda and was incorporated on February 10, 2010 and acquired land held at Mill Reach Lane, Pembroke from Stevedoring Services Limited.

2. **Basis of preparation**

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the Company's first consolidated financial statements prepared in accordance with IFRS, and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. In preparing these consolidated financial statements, the Company's opening consolidated statement of financial position has been presented as at April 1, 2010, the Company's date of transition to IFRS.

As a result of this transition, an explanation of how the transition to IFRS has affected the previously reported consolidated financial position and consolidated financial performance of the Company as at and for the year ended March 31, 2011 is provided in Note 21.

The consolidated financial statements were authorized for issue by the Board of Directors on October 5, 2012.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale investments measured at fair value.

2. **Basis of preparation** (continued)

(c) Functional and presentation currency

These consolidated financial statements are presented in Bermuda dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions about future considerations. The use of available information and the application of judgment are inherent in the formation of estimates; actual results in the future may differ from estimates upon which financial information is prepared. Revisions to accounting estimates, if any, are recognized in the period in which the estimate is revised and in any future periods affected. Management believes that the critical accounting policies where judgment is necessarily applied are those which relate to the valuation of accounts receivable. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the following notes:

- Note 3(d) – impairment of property, plant and equipment
- Note 3(m) – impairment of financial assets
- Note 18 – allowance for impairment of accounts receivable
- Note 5 – valuation of investment property
- Note 8 – valuation of inventory

(e) Significant accounting changes

During the year ended March 31, 2012, the Company adopted International Accounting Standard ("IAS") 24 *Related Party Disclosures* and *Improvements to IFRS 2010.* The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. While IAS 24 required the collection and disclosure of additional information, the pronouncement did not have a material impact on the Company's consolidated financial statements.

3. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all period presented in the consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position at April 1, 2010 for the purpose of the transition to IFRS, unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the accounts and results of operations of the Company and its wholly-owned subsidiaries. All significant inter-company transactions are eliminated on consolidation.

(b) Revenue recognition

Stevedoring revenues include stevedoring and dock handling revenues, and are recognized in the accounting period in which the services are rendered.

(c) Investment income

Investment income comprises dividend income from equity investments and interest on bank deposits. Dividend income is recognized when the right to receive payment is established. Interest income is recognized on the accruals basis using the effective interest method.

3. **Significant accounting policies** (continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost included expenditures that is directly attributable to the acquisition of the asset and include capitalized borrowing costs. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets, with the exception of cranes, which are depreciated on a reducing balance basis. Improvements to leased premises are capitalized and depreciated over the related lease period. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). Items of property, plant and equipment are depreciated from the date that they are installed and ready for use.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized in profit or loss if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognized.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use the estimated future cash flows are discounted to their present value using a discount rate that reflects the time value of money and any risks specific to the asset.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

The estimated useful lives of significant items of property, plant and equipment are as follows:

Buildings	10 years
Furniture and fixtures	3-4 years
Computer equipment	3-5 years
Cranes and heavy equipment	5-10 years
Miscellaneous equipment	3-5 years

(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost, except for land held as investment property which is not subject to depreciation.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(f) Financial instruments

Financial instruments are classified either as available-for-sale, held for trading, held to maturity, loans and receivables, or other financial liabilities.

Cash and cash equivalents are classified as held for trading and are measured at fair value with changes therein recognized in the consolidated statement of comprehensive income.

3. **Significant accounting policies** (continued)

(f) Financial instruments (continued)

The Company has classified its investments in equity securities as available-for-sale. Available-for-sale investments are valued at fair value as at the reporting date based on the last quoted market price as reported on the primary securities exchange on which it is traded on the reporting date. Changes in fair value are included as a separate component of changes in equity until they are realized.

Other financial assets, being accounts receivable are classified as loans and receivables. All financial liabilities are classified as other financial liabilities. Loans and receivables and other financial liabilities are recorded at amortized cost using the effective interest method adjusted for any impairment.

Fair value hierarchy

Accounting standards over fair value measurements defines fair value, establishes a framework for measuring fair value using a three-tier hierarchy of inputs to value the Company's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including management's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including, for example, the type of investment, the liquidity of markets, and other characteristics particular to the investment. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for investments categorized in level 3 of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The fair value hierarchy is disclosed in Note 18(a).

(g) Comprehensive income

Comprehensive income consists of profit for the year and other comprehensive income ("OCI"). OCI represents the change in fair value during the year from unrealized gains and losses on investments classified as available-for- sale.

(h) Cash and cash equivalents

For the purposes of the statement of cash flows the Company considers all cash on hand, deposits with financial institutions that can be withdrawn without prior notice or penalty and short-term deposits with an original maturity of three months or less as equivalent to cash.

3. **Significant accounting policies** (continued)

(i) Employee benefits

Effective June 1, 2009, the Company's defined benefit pension scheme was frozen such that no further benefits would accrue to the members of the plan beyond that date. The Company made the decision to freeze the plan in light of the growing deficit and heavy financial burden on the Company. On October 1, 2009, the wind-up of the pension scheme was instituted and all active members in the pension plan were given the opportunity to purchase annuities, purchase a third party investment vehicle, or enroll in the Company's defined contribution pension plan.

The costs of employee benefits payable in respect of the Company's defined contribution pension plan are charged to the consolidated statement of comprehensive income in the year in which the related services are rendered by the employees. The Company pays fixed contributions to a separate entity and has no obligation to pay further amounts.

(j) Inventory

Inventory represents spare parts and is recorded at cost less any provision for obsolete or slow-moving items. Cost is determined on a specific item basis.

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Bermuda dollars at the rates of exchange prevailing at the balance sheet date, while associated revenues and expenses are translated into Bermuda dollars at the actual rates prevailing at the date of the transaction. Resulting gains or losses are recorded in the consolidated statement of comprehensive income.

(l) Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the interest expense and the reduction of the outstanding liability. The interest expense is allocated each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in the consolidated statement of financial position. Payments made under operating leases are recognized in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

(m) Impairment of financial assets

At each reporting date the Company assesses whether there is objective evidence that financial assets are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

(Expressed in Bermuda Dollars)

3. **Significant accounting policies** (continued)

(m) Impairment of financial assets (continued)

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through net income.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, and the current fair value, less any impairment loss recognized previously in profit or loss. If, in a subsequent period, the fair value of impaired available-for-sale equity security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in other comprehensive income.

(n) Taxation

Under current Bermuda law the Company is not subject to income tax on its profits or capital gains. Accordingly no provision for current or deferred income tax has been made in the consolidated financial statements.

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company. IFRS 9 *Financial Instruments*, becomes mandatory for the Company's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not yet been determined.

4. **Investments**

Investments classified as available-for-sale comprise the following:

	March 31, 2012		March 31, 2011		April 1, 2010	
	Cost	Fair value	Cost	Fair value	Cost	Fair value
Equity securities	$ 295,459	$ 938,688	$ 295,459	$ 942,493	$ 295,459	$ 813,826

At March 31, 2012, the Company's holdings in equity securities consist of two securities of companies incorporated or operating from Bermuda (March 31, 2011 - two and April 1, 2010 - two). The investee companies comprise of a company with diversified operations in Bermuda 15.8 % (March 31, 2011 - 26.0% and April 1, 2010 - 30.6%) and an insurance company with global operations 84.2 % (March 31, 2011 - 74.0% and April 1, 2010 - 69.4%).

(Expressed in Bermuda Dollars)

4. **Investments** (continued)

Management has the ability and intention to hold equity securities over the long-term but may dispose of individual securities in response to liquidity needs or adverse market conditions.

During the year the Company had unrealized gains of $36,219 (2011 - $128,667) on its equity securities which are recognized in other comprehensive income as a separate component within equity. During the year, the Company recognized an impairment charge on its equity investments of $40,024 (2011 - $nil).

5. **Investment property**

Investment property comprises land being held in MRH and is not depreciated. The property, which is leased to two tenants on a month-by-month basis, earned rental income of $100,847 for the year (2011 - $82,168).

	March 31, 2012	March 31, 2011	April 1, 2010
Cost	$ 3,000,000	$ 3,000,000	$ 3,000,000

The property was valued by an independent appraiser on March 8, 2011 at a value of $3,000,000. This value was not considered to be significantly different as at April 1, 2010, March 31, 2011 and March 31, 2012 based on market conditions.

POLARIS HOLDING COMPANY LIMITED

Notes to the Consolidated Financial Statements

March 31, 2012
(Expressed in Bermuda Dollars)

6. **Property, plant and equipment**

	Buildings	Cranes and heavy equipment	Miscellaneous equipment	Furniture and fixtures	Computer equipment	Total
Cost						
At April 1, 2010	$ 296,041	$ 9,201,038	$ 729,754	$ 293,015	$ 1,788,823	$ 12,308,671
Additions	–	566,281	–	–	–	566,281
At March 31, 2011	$ 296,041	$ 9,767,319	$ 729,754	$ 293,015	$ 1,788,823	$ 12,874,952
At April 1, 2011	$ 296,041	$ 9,767,319	$ 729,754	$ 293,015	$ 1,788,823	$ 12,874,952
Additions	–	1,042,060	–	–	–	1,042,060
Disposals	–	(2,972,375)	–	–	–	(2,972,375)
At March 31, 2012	$ 296,041	$ 7,837,004	$ 729,754	$ 293,015	$ 1,788,823	$ 10,944,637
Depreciation						
At April 1, 2010	$ 243,028	$ 5,681,433	$ 726,254	$ 277,983	$ 1,707,777	$ 8,636,475
Depreciation for the year	15,691	492,431	3,500	9,672	44,561	565,855
At March 31, 2011	$ 258,719	$ 6,173,864	$ 729,754	$ 287,655	$ 1,752,338	$ 9,202,330
At April 1, 2011	$ 258,719	$ 6,173,864	$ 729,754	$ 287,655	$ 1,752,338	$ 9,202,330
Depreciation for the year	15,437	489,991	–	4,279	20,638	530,345
Disposals	–	(2,972,375)	–	–	–	(2,972,375)
At March 31, 2012	$ 274,156	$ 3,691,480	$ 729,754	$ 291,934	$ 1,772,976	$ 6,760,300
Carrying amounts						
At April 1, 2010	$ 53,013	$ 3,519,605	$ 3,500	$ 15,032	$ 81,046	$ 3,672,196
At March 31, 2011	$ 37,332	$ 3,593,455	$ –	$ 5,360	$ 36,485	$ 3,672,622
At March 31, 2012	$ 21,885	$ 4,145,524	$ –	$ 1,081	$ 15,847	$ 4,184,337

(Expressed in Bermuda Dollars)

7. **Cash and cash equivalents**

The effective interest rate earned on cash and cash equivalents for the year ended March 31, 2012 was 0.20% (2011 - 0.25%).

8. **Inventory**

Inventory of $1,265,445 (2011 - $1,153,133 and 2010 - $1,016,072) is stated net of a provision for obsolescence of $95,166 (2011 - $35,166 and 2010 - $205,500). Inventory recognized as an expense amounted to $397,432 (2011 - $370,453) and is included in stevedoring expenses in the consolidated statement of comprehensive income.

9. **Employee pension benefits**

The Company's defined benefit pension plan was wound up and annuities were purchased for the plan members as at October 1, 2009. Under IAS 19, *Employee Benefits*, since the entire benefit obligation was settled, all remaining unrecognized gains or losses and transitional obligations were recognized immediately. As at April 1, 2010 the fair value of the remaining plan assets was $29,533 and this balance was settled during the year ended March 31, 2011.

On December 14, 2009, the former members of the Company's defined benefit pension plan became members of the Company's defined contribution plan and were given the option to transfer their accrued benefits from the defined benefit pension plan into the defined contribution plan.

The total expense incurred for the defined contribution plan was $185,516 (2011 - $198,417).

The total pension benefits expense is included in employee benefits in the consolidated statement of comprehensive income. Employee benefits also include the expense of providing health insurance benefits to employees during the term of their employment.

10. **Personnel expenses**

	March 31, 2012	March 31, 2011
Short term employment benefits	$ 4,421,709	$ 4,882,908
Key management compensation	331,460	318,517
Compulsory payroll tax, social insurance and health scheme contributions	762,592	894,893
Payment to defined contributions pension scheme (Note 9)	185,516	198,417
Other employee benefit expense	33,436	37,453
	$ 5,734,713	$ 6,332,188

Personal expenses are included in stevedoring expenses and administrative salaries and wages in the consolidated statement of comprehensive income.

(Expressed in Bermuda Dollars)

11. Long-term debt

In December 2009 the Company secured a loan of $2,693,934 from a Bermuda bank for the funding of the defined benefit pension plan deficit, the wind-up of the defined benefit plan (Note 9), and the retirement of an outstanding loan with another Bermuda financial institution. The loan is a variable rate promissory note and at year end the monthly payments were $42,701 and is due on May 15, 2016. The interest rate is set at 2.90% above the bank's Bermuda dollar base rate. The effective interest rate for the year was 6.23% (2011 - 5.86%). In December 2011 a subsidiary company, ESR, secured a 15 year United States dollar loan of $3 million from William E. Meyer Ltd., a related party. The loan is an adjustable promissory note and at year end the monthly payments were $29,493 currently bearing interest at 5%. The rate is adjusted and fixed at the beginning of the 6^{th} and 11^{th} year of the loan to reflect a rate equal to 1.5% above the Bermuda dollar base rate. Interest paid to the related party during the year was $37,359 (2011 - $nil) and has been capitalized within additions to property, plant and equipment (Note 6) in accordance with IAS 16.

The expected loan principal payments due by financial year are as follows:

2013	$ 436,816
2014	463,753
2015	492,156
2016	522,321
2017 and thereafter	2,488,732
	$ 4,403,778

12. Obligations under finance lease

During the year ended March 31, 2012 the Company made payments of $nil (2011 - $6,475) in relation to a lease for computer equipment, including an interest expense of $nil (2011 - $38). The lease was for a term of 5 years and ended in April 2010.

13. Share capital

The Company's authorized share capital is $2,000,000 represented by 2,000,000 common shares of par value $1 each. At March 31, 2012 1,244,600 (March 31, 2011 - 1,244,600 and April 1, 2010 - 1,244,600) shares were issued and fully paid. As explained in Note 1, Polaris Holding Company Limited was created to facilitate the restructuring of the Stevedoring Services Limited group by way of a court approved Scheme of Arrangement. The Scheme was the vehicle by which the shares of Stevedoring Services Limited were transferred to Polaris Holding Company Limited on the same basis as they were held in Stevedoring Services Limited, and these new shares replaced the shares of Stevedoring Services Limited listed on the Bermuda Stock Exchange. The Scheme became effective on March 28, 2011 after shareholder and Supreme Court approval.

As at March 31, 2012, the total directors' and officers' shareholdings were 61,211 (March 31, 2011 - 61,211 and April 1, 2010 - 61,211) shares. No rights to subscribe for shares in the Company have been granted to or exercised by any director or officer.

(Expressed in Bermuda Dollars)

13. **Share capital** (continued)

The holders of common shares are entitled to receive dividends as declared from time to time. The following dividends were declared and paid by the Company:

	March 31, 2012	March 31, 2011
0.050 cents per qualifying ordinary share – June	$ 62,230	$ –
0.025 cents per qualifying ordinary share – September	31,115	–
0.025 cents per qualifying ordinary share – December	31,115	–
0.025 cents per qualifying ordinary share – March	31,115	–
	$ 155,575	$ –

14. **Share premium and general reserve**

Share premium represents amounts received on subscription for share capital in excess of the stated par value.

General reserve represents amounts appropriated by the directors.

15. **Related party transactions**

Bermuda Container Line Ltd, Meyer Freight Ltd (agents on behalf of its principals Bermuda International Shipping Ltd. ("BISL") and Somers Isles Shipping Ltd. ("SISL")), are companies which are related by virtue of common significant influence by directors of the Company.

During the year, the Company earned revenues from Bermuda Container Line Ltd., of $3,898,368 (2011 - $4,290,460). Included in accounts receivable at year end is $343,266 (March 31, 2011 - $483,753 and April 1, 2010 - $424,505) due from Bermuda Container Line Ltd.

The Company also earned revenues of $5,442,523 (2011 - $5,616,796) from Meyer Freight Ltd. Included in accounts receivable as at March 31, 2012 is $364,647 (March 31, 2011 - $713,475 and April 1, 2010 - $185,098) due from Meyer Freight Ltd.

16. **Finance income**

Finance income comprises of the following:

	March 31, 2012	March 31, 2011
Dividend income	$ 26,060	$ 25,626
Interest income	11,442	21,412
	$ 37,502	$ 47,038

17. **Earnings per share**

Earnings per share is computed by dividing profit for the year by the monthly weighted average number of shares outstanding during the year.

(Expressed in Bermuda Dollars)

18. **Financial instruments**

(a) *Fair value*

The fair value of cash and cash equivalents, short-term deposits, accounts receivable and accounts payable and accrued expenses approximates their carrying value due to their short-term maturity. The fair value of investments is based on quoted market prices and is presented in Note 4.

The fair values of the finance lease obligation and long-term debt approximate their carrying values as they attract interest rates that approximate market rates.

Certain items such as inventory, property, plant and equipment and prepaid expenses are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

The fair value hierarchy table below summarizes the inputs used to value the Company's financial assets carried at fair value at March 31, 2012.

2012	Level 1	Level 2	Level 3	Total
Investments – equity securities	$ 938,688	$ –	$ –	$ 938,688
	$ 938,688	$ –	$ –	$ 938,688

2011	Level 1	Level 2	Level 3	Total
Investments – equity securities	$ 942,493	$ –	$ –	$ 942,493
	$ 942,493	$ –	$ –	$ 942,493

(b) *Credit risk*

A concentration of credit risk exists when there are significant contracts with individual counterparties or when groups of issuers or counterparties have similar business characteristics that would cause their ability to meet contractual commitments to be adversely affected, in a similar manner, by changes in the economy or other market conditions.

At March 31, 2012, 76% (March 31, 2011- 63% and April 1, 2010 - 51%) of the Company's cash and cash equivalents are held with a single Bermuda bank.

At March 31, 2012, 96% (March 31, 2011 - 98% and April 1, 2010 - 99%) of the Company's accounts receivable balance is due from two customers.

Management does not believe that there is any significant credit risk with respect to its cash and cash equivalents as the financial institutions at which these balances are held are regulated by the Bermuda Monetary Authority.

(Expressed in Bermuda Dollars)

18. **Financial instruments** (continued)

(b) *Credit risk* (continued)

In addition, the Company's major customers have been transacting with the Company for a number of years and losses have not occurred. Therefore, management does not believe there is significant credit risk arising from accounts receivable balances. The maximum exposure to credit risk for accounts receivable is represented by the carrying value on the balance sheet. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The ageing of accounts receivable at the reporting date is as follows:

	March 31, 2012	March 31, 2011	April 1, 2010
Current	$ 665,838	$ 851,372	$ 607,719
Past 30 days	70,029	368,128	9,572
Past 60 days	90	394	501
Past 90 days	6,071	1,037	500
	742,028	1,220,931	618,292
Less: allowance for impairment	(1,000)	(1,000)	(2,428)
	$ 741,028	$ 1,219,931	$ 615,864

The movement in the allowance for impairment in respect of accounts receivable during the year is as follows:

	March 31, 2012	March 31, 2011	April 1, 2010
Opening balance	$ 1,000	$ 2,428	$ 22,691
Decrease in allowance	–	–	(19,952)
Amounts written-off	–	(1,428)	(311)
	$ 1,000	$ 1,000	$ 2,428

(c) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect interest earned on cash and cash equivalents and interest paid on long-term debt and finance leases. Interest is earned on cash and cash equivalents at variable rates. Interest is paid on the Company's long-term debt at variable rates as explained in Note 11. Interest on the finance lease is at a fixed rate. Management does not believe that the Company is exposed to significant interest rate risk. An increase of one percent in interest rates at the reporting date would have increased equity and profit for the year by $23,000 (2011 - $23,000) assuming all other variables remain constant. An equal change in the opposite direction would have decreased consolidated equity and consolidated profit by the same amount.

18. **Financial instruments** (continued)

(d) Market risk

Equity price risk arises from available-for-sale marketable securities held by the Company. The primary goal of the Company's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard. The performance of the investment portfolio is actively monitored. All of the Company's equity investments are listed on the Bermuda Stock Exchange and are classified as available-for-sale. A two percent increase in market prices at the reporting date, assuming all other variables remain constant, would have increased equity by $18,774 (2011 - $18,850). An equal change in the opposite direction would have decreased equity by the same amount. There would be no impact on the Company's reported consolidated profit for the year.

Management does not believe that the Company is exposed to significant currency risk, as the majority of the Company's transactions are denominated in Bermuda dollars or United States dollars and there are no significant foreign currency denominated assets and liabilities at the reporting date.

(e) Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash together with cash generated from the collection of accounts receivable to meet all its liabilities as they fall due.

The table below categorizes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are contractual undiscounted consolidated cash flows.

As at March 31, 2012	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 15 years
Accounts payable and accrued expenses	$ 699,351	$ 699,351	$ –	$ –	$ –
Long-term debt	5,849,063	332,771	332,771	665,542	4,517,979
	$ 6,548,414	$1,032,122	$ 332,771	$ 665,542	$ 4,517,979

As at March 31, 2011	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
Accounts payable and accrued expenses	$ 659,813	$ 659,813	$ –	$ –	$ –
Long-term debt	1,963,892	256,206	256,206	512,412	939,068
	$ 2,623,705	$ 916,019	$ 256,206	$ 512,412	$ 939,068

(Expressed in Bermuda Dollars)

18. **Financial instruments** (continued)

(e) Liquidity risk (continued)

As at April 1, 2010	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
Accounts payable and accrued expenses	$ 551,608	$ 551,608	$ –	$ –	$ –
Finance lease	6,475	6,475	–	–	–
Long-term debt	2,976,304	256,206	756,206	512,412	1,451,480
	$ 3,534,387	$ 814,289	$ 756,206	$ 512,412	$ 1,067,747

19. **Capital management**

The Company's capital comprises shareholders' equity, which consists of share capital, share premium, general reserve, retained earnings and accumulated other corresponsive income. The Company's capital management approach is driven by its operational requirements whilst functioning within Bermuda's economic, commercial, and regulatory environment. The Company's strategy is approved by the Board of Directors. The Board of Directors also monitors the level of dividends to ordinary shareholders. It is the Company's policy to maintain a strong capital base to support operational needs at all times, to provide returns to its shareholders and to maintain investor, creditor and market confidence, and to sustain future development of the business. The Company also maintains discipline over its investment decisions. The allocation of capital is monitored to ensure that returns are appropriate after taking account of capital cost.

Polaris Holding Company Limited's capital management policies and principles define the process by which the Company examines the risk profiles from both economic and regulatory capital viewpoints. This ensures that the minimum levels of capital are maintained to meet the following circumstances:

i. Remain sufficient to support the Company's risk profile and outstanding commitments.
ii. Capable of withstanding a severe economic downturn scenario.
iii. Remain consistent with the Company's strategic and operational goals whilst maintaining the Board of Directors' and shareholders' expectations.

There were no changes to the Company's approach to capital management during the year. The Company is not exposed to externally imposed capital requirements.

20. **Operating segments**

The reportable operating segments are as follows:

1. Stevedoring Services Limited carries on the business as a stevedoring company in Bermuda.
2. Equipment Sales and Rental Limited carries on the business of purchasing and leasing heavy operating machinery and equipment in Bermuda.
3. Mills Reach Holding Limited carries on the business of leasing its land to businesses as office and business space in Bermuda.

For management purposes, the Group is organized into these three separate business segments based on their products and services. For financial reporting purposes, these three companies are the main contributing factors for the consolidated financial statements of Polaris Holding Company Limited.

Management including the client operating Decision Maker, monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on the profit or loss of the company which is explained in the table below.

Due to leasing arrangement between Equipment Sales and Rental Limited (the "lessor") and Stevedoring Services Limited (the "lessee") for the use of the heavy port operating equipment, an elimination transaction in the amount of $999,000 was incurred under the Polaris Holding Company Limited group structure.

2012

Revenue/expenses (stated in $000's)	SSL	ESR	MRH	Elimination	Consolidated
External revenue	$ 9,389	$ –	$ 101	$ –	$ 9,490
Inter-segment	–	999	–	(999)	–
Other income	36	1	–	–	37
Total revenue	$ 9,425	$ 1,000	$ 101	$ (999)	$ 9,527
Expense	$ 8,381	$ 858	$ 23	$ –	$ 9,262
Inter-segment	999	–	–	(999)	–
Total expenses	$ 9,380	$ 858	$ 23	$ (999)	$ 9,262
Profit for the year	$ 45	$ 142	$ 78	$ –	$ 265

20. **Operating segments** (continued)

2011

Revenue/expenses (stated in $000's)	SSL	ESR	MRH	Elimination	Consolidated
External revenue	$ 10,033	$ –	$ 82	$ –	$ 10,115
Inter-segment	–	484	–	(484)	–
Other income	47	–	–	–	47
Total revenue	$ 10,080	$ 484	$ 82	$ (484)	$ 10,162
Expense	$ 9,207	$ 489	$ 11	$ –	$ 9,707
Inter-segment	484	–	–	(484)	–
Total expenses	$ 9,691	$ 489	$ 11	$ (484)	$ 9,707
Profit for the year	$ 389	$ (5)	$ 71	$ –	$ 455

	SSL	ESR	MRH	Total reportable segments	Elimination	Total
As at March 31, 2012						
Assets	$ 6,604	$ 8,295	$ 3,108	$ 18,007	$ (999)	$ 17,008
Liabilities	1,412	4,657	33	6,102	(999)	5,103
Capital expenditure	189	853	–	1,042	–	1,042

	SSL	ESR	MRH	Total reportable segments	Elimination	Total
As at March 31, 2011						
Assets	$ 7,667	$ 4,049	$ 3,018	$ 14,734	$ 572	$ 14,162
Liabilities	2,858	10	19	2,887	484	2,403
Capital expenditure	566	–	–	566	–	566

21. **Explanation of transition to IFRS**

As stated in Note 2(a), these are the Company's first consolidated financial statements prepared in accordance with IFRS.

In preparing its opening IFRS consolidated statement of financial position as at April 1, 2010, the Company has adjusted amounts reported previously in consolidated financial statements prepared in accordance with generally accepted accounting principles in Bermuda and Canada ("Bermuda/Canada GAAP"). An explanation of how the transition from Bermuda/Canada GAAP to IFRS has affected the Company's consolidated financial position, consolidated financial performance and consolidated cash flows as at and for the year ended March 31, 2011 and as at April 1, 2010 is set out below.

(Expressed in Bermuda Dollars)

21. **Explanation of transition to IFRS** (continued)

		April 1, 2010		
	Note	Previous Bermuda/ Canada GAAP	Effect of transition to IFRS	IFRS
Assets				
Investments		$ 813,826	$ –	$ 813,826
Inventory		1,016,072	–	1,016,072
Investment property	(a)	–	3,000,000	3,000,000
Property, plant and equipment	(a)	3,734,188	(61,992)	3,672,196
Cash and cash equivalents		5,024,424	–	5,024,424
Accounts receivable		615,864	–	615,864
Prepaid expenses		166,536	–	166,536
Pension receivable		29,533	–	29,533
Total assets		$ 11,400,443	$ 2,938,008	$ 14,338,451
Liabilities and equity				
Long-term debt		$ 2,604,983	$ –	$ 2,604,983
Accounts payable and accrued expenses		551,608	–	551,608
Finance lease		6,437	–	6,437
Share capital		1,244,600	–	1,244,600
Share premium		122,650	–	122,650
General reserves		1,250,000	–	1,250,000
Retained earnings	(a)	5,101,798	2,938,008	8,039,806
Fair value reserve		518,367	–	518,367
Total liabilities and equity		$ 11,400,443	$ 2,938,008	$ 14,338,451

(Expressed in Bermuda Dollars)

21. **Explanation of transition to IFRS** (continued)

		March 31, 2011		
	Note	Previous Bermuda/ Canada GAAP	Effect of transition to IFRS	IFRS
Assets				
Investments		$ 942,493	$ –	$ 942,493
Inventory		1,153,133	–	1,153,129
Investment property	(a)	–	3,000,000	3,000,000
Property, plant and equipment	(a)	3,734,614	(61,992)	3,672,622
Cash and cash equivalents		4,038,836	–	4,038,836
Accounts receivable		1,219,931	–	1,219,931
Prepaid expenses		135,405	–	135,405
Total assets		$ 11,224,412	$ 2,938,008	$ 14,162,420
Liabilities and equity				
Long-term debt		$ 1,743,412	$ –	$ 1,743,412
Accounts payable and accrued expenses		659,813	–	659,813
Share capital		1,244,600	–	1,244,600
Share premium		122,650	–	122,650
General reserves		1,250,000	–	1,250,000
Retained earnings	(a)	5,556,903	2,938,008	8,494,911
Fair value reserve		647,034	–	647,034
Total liabilities and equity		$ 11,224,412	$ 2,938,008	$ 14,162,420

(a) Investment property

Investment property comprising land at an original cost of $61,992 and a fair value of $3,000,000, previously included as property, plant and equipment under Bermuda/Canada GAAP has been reclassified at the date of transition under IFRS. Consistent with the Company's accounting policy under IFRS 1, the investment property has been recognized at fair value at the date of transition with a corresponding increase in retained earnings. There has been no adjustment to the previously reported profit for the year or cash flows for the year ended March 31, 2011.

(Expressed in Bermuda Dollars)

22. **Prior period adjustment**

The Company incurred organizational costs due to the group restructuring as described in Note 1. These expenses related to costs incurred during the year ended March 31, 2011, but were not recorded until fiscal year 2012. To correctly record the expenses in the period incurred a prior period adjustment has been reflected in these financial statements as follow:

		Effect of revision 2011
Decrease in prepaid expenses	$	127,272
Increase in professional fees	$	127,272
Decrease in retained earnings and profit for the year	$	127,272

23. **Capital commitment**

The Company has entered into an agreement to purchase a new crane with the funds received from William E. Meyer Ltd. (Note 11). A down payment of $853,125 was paid during the year ended March 31, 2012, with the remaining contractual commitment of $2,146,875 to be paid during the year ended March 31, 2013.