

**POLARIS HOLDING COMPANY LIMITED**

**Consolidated Financial Statements**  
(With Independent Auditors' Report Thereon)

March 31, 2014



**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, 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended March 31, 2014, 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 audit. We conducted our audit 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, 2014, and its consolidated financial performance and its consolidated cash flows for the year ended March 31, 2014 in accordance with International Financial Reporting Standards.

*KPMG Audit Limited*

Chartered Professional Accountants  
Hamilton, Bermuda  
October 24, 2014

**POLARIS HOLDING COMPANY LIMITED**

Consolidated Statement of Financial Position


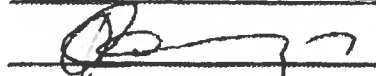
March 31, 2014

(Expressed in Bermuda Dollars)

	<u>2014</u>	<u>2013</u> (As restated Note 4)
<b>Assets</b>		
<b>Non-current assets</b>		
Investments (Note 5)	\$ 167,634	\$ 172,564
Investment property (Note 6)	1,900,000	3,000,000
Property, plant and equipment (Note 7)	<u>5,540,504</u>	<u>6,196,955</u>
Total non-current assets	7,608,138	9,369,519
<b>Current assets</b>		
Cash and cash equivalents (Note 8)	3,802,073	3,964,451
Accounts receivable (Notes 4, 15, and 18(b))	892,469	939,659
Inventory (Notes 4 and 9)	379,358	832,376
Prepaid expenses	<u>264,391</u>	<u>193,730</u>
Total current assets	5,338,291	5,930,216
Total assets	<u>\$ 12,946,429</u>	<u>\$ 15,299,735</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long-term debt (Note 12)	\$ 2,458,593	\$ 2,977,493
Total non-current liabilities	\$ 2,458,593	\$ 2,977,493
<b>Current liabilities</b>		
Accounts payable and accrued expenses	784,583	590,010
Long-term debt - current portion (Note 12)	<u>519,055</u>	<u>489,344</u>
Total current liabilities	1,303,638	1,079,354
Total liabilities	3,762,231	4,056,847
<b>Equity</b>		
Share capital (Note 13)	1,244,600	1,244,600
Share premium (Note 14)	122,650	122,650
General reserve (Note 14)	1,250,000	1,250,000
Retained earnings (Note 4)	6,547,226	8,600,986
Accumulated other comprehensive income	<u>19,722</u>	<u>24,652</u>
Total equity attributable to the Company's shareholders	9,184,198	11,242,888
Total liabilities and equity	<u>\$ 12,946,429</u>	<u>\$ 15,299,735</u>

See accompanying notes to consolidated financial statements

Signed on behalf of the Board

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**POLARIS HOLDING COMPANY LIMITED**

## Consolidated Statement of Comprehensive Income

Year ended March 31, 2014  
(Expressed in Bermuda Dollars)

	<u>2014</u>	<u>2013</u> (As restated Note 4)
<b>Revenue</b>		
Stevedoring revenue (Note 15)	\$ 9,457,823	\$ 8,998,953
Stevedoring expenses (Notes 4 and 8)	<u>5,605,226</u>	<u>4,806,514</u>
Stevedoring gross profit	3,852,597	4,192,439
Rental income (Note 6)	<u>131,295</u>	<u>101,249</u>
Total income	<u>3,983,892</u>	<u>4,293,688</u>
<b>Expenses</b>		
Administrative salaries and wages (Note 11)	1,644,927	1,537,063
General and administrative expenses	1,251,417	1,010,228
Impairment of investment property (Note 6)	1,000,000	-
Depreciation (Note 7)	661,452	669,470
Depreciation of investment property buildings (Note 6)	100,000	-
Employee benefits (Notes 10 and 11)	540,058	508,816
Professional fees	428,286	323,804
Loss on sale of property, plant and equipment	<u>-</u>	<u>295,019</u>
Total expenses	<u>5,626,140</u>	<u>4,344,400</u>
Results from operating activities	(1,642,248)	(50,712)
Finance income (Note 16)	13,761	840,140
Finance expense (Note 12)	<u>(176,353)</u>	<u>(228,600)</u>
Net finance (expense) income	<u>(162,592)</u>	<u>611,540</u>
(Loss) profit for the year (attributable to owners of the Company)	(1,804,840)	560,828
<b>Other comprehensive income items that may be reclassified to profit or and loss:</b>		
Net change in fair value of available-for-sale investments reclassified to profit and loss	-	(683,253)
Net change in fair value of available-for-sale investments	<u>(4,930)</u>	<u>24,652</u>
Total comprehensive (loss) profit for the year	<u>\$ (1,809,770)</u>	<u>\$ (97,773)</u>
Earnings per share (Note 17)	<u>\$ (1.45)</u>	<u>\$ 0.45</u>

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, 2014

(Expressed in Bermuda Dollars)

	Share capital	Share premium	General reserve	Retained earnings	Accumulated other comprehensive income	Total equity
Balance at April 1, 2012, as previously reported	\$ 1,244,600	\$ 122,650	\$ 1,250,000	\$ 8,604,242	\$ 683,253	\$ 11,904,745
Prior period adjustments (Note 4)	—	—	—	(315,164)	—	(315,164)
Restated balance at April 1, 2012	\$ 1,244,600	\$ 122,650	\$ 1,250,000	\$ 8,289,078	\$ 683,253	\$ 11,589,581
Total comprehensive income:						
Profit for the year (as restated in Note 4)	—	—	—	560,828	—	560,828
Change in fair value of available-for-sale investments reclassified to profit or loss	—	—	—	—	(683,253)	(683,253)
Other comprehensive income	—	—	—	—	24,652	24,652
Transactions with owners of the Company recognized directly in equity:						
Dividends declared and paid (Note 13)	—	—	—	(248,920)	—	(248,920)
Balance at March 31, 2013 (as restated in Note 4)	\$ 1,244,600	\$ 122,650	\$ 1,250,000	\$ 8,600,986	\$ 24,652	\$ 11,242,888
Balance at April 1, 2013	\$ 1,244,600	\$ 122,650	\$ 1,250,000	\$ 8,600,986	\$ 24,652	\$ 11,242,888
Total comprehensive loss:						
Loss for the year	—	—	—	(1,804,840)	—	(1,804,840)
Change in fair value of available-for-sale investments reclassified to profit or loss	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	(4,930)	(4,930)
Transactions with owners of the Company recognized directly in equity:						
Dividends declared and paid (Note 13)	—	—	—	(248,920)	—	(248,920)
Balance at March 31, 2014	\$ 1,244,600	\$ 122,650	\$ 1,250,000	\$ 6,547,226	\$ 19,722	\$ 9,184,198

See accompanying notes to consolidated financial statements

**POLARIS HOLDING COMPANY LIMITED**

## Consolidated Statement of Cash Flows

Year ended March 31, 2014  
(Expressed in Bermuda Dollars)

	<u>2014</u>	<u>2013</u> (As restated Note 4)
<b>Cash flows from operating activities</b>		
(Loss) profit for the year	\$ (1,804,840)	\$ 560,828
Adjustments for:		
Depreciation	661,452	669,470
Depreciation of investment property	100,000	-
Impairment of investment property	1,000,000	-
Net finance expense (income)	162,592	(611,540)
Loss on sale of property, plant and equipment	-	295,019
Net changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable	47,190	(198,631)
(Increase) decrease in prepaid expenses	(70,661)	410
Decrease in inventory	453,018	117,905
Increase (decrease) in accounts payable and accrued expenses	<u>194,573</u>	<u>(109,341)</u>
Net cash provided by operating activities	<u>743,324</u>	<u>724,120</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,001)	(3,387,768)
Interest and dividends received	13,761	36,244
Proceeds from sale of equipment	-	410,668
Proceeds from sale of investments	<u>-</u>	<u>911,412</u>
Net cash provided by (used) in investing activities	<u>8,760</u>	<u>(2,029,444)</u>
<b>Cash flows from financing activities</b>		
Long-term debt principal repayments	(489,189)	(936,941)
Dividends paid	(248,920)	(248,920)
Interest paid	<u>(176,353)</u>	<u>(228,600)</u>
Net cash used in financing activities	<u>(914,462)</u>	<u>(1,414,461)</u>
Decrease in cash and cash equivalents	(162,378)	(2,719,785)
Cash and cash equivalents at beginning of year	<u>3,964,451</u>	<u>6,684,236</u>
Cash and cash equivalents at end of year	<u>\$ 3,802,073</u>	<u>\$ 3,964,451</u>

*See accompanying notes to consolidated financial statements*

## **POLARIS HOLDING COMPANY LIMITED**

### Notes to the Consolidated Financial Statements

March 31, 2014

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#### **1. General**

Polaris Holding Company Limited (the “Company” or “PHC”) 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 (“SSL”) group by way of a court approved Scheme of Arrangement (the “Scheme”). The Scheme was the vehicle by which the shares of SSL were transferred to PHC on the same basis as they were held in SSL, and these new shares replaced the shares of SSL listed on the Bermuda Stock Exchange. There is no ultimate controlling party.

The Company is the holding company for the group of companies which comprise of 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.

SSL, 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. ESR, 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. MRH, 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 SSL.

#### **2. Basis of preparation**

##### *(a) Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The consolidated financial statements were authorized for issue by the Board of Directors on October 24, 2014.

##### *(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.

##### *(c) Functional and presentation currency*

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

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## POLARIS HOLDING COMPANY LIMITED

Notes to the Consolidated Financial Statements

March 31, 2014

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

#### *(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. 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(l) – impairment of financial assets
- Note 17 – allowance for impairment of accounts receivable
- Note 6 – valuation of investment property
- Note 9 – valuation of inventory

#### *(e) Comparative figures*

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

### 3. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

#### *(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.

#### *(d) Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are 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.

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**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

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

*(d) Property, plant and equipment (continued)*

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	5-15 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 less accumulated depreciation and accumulated impairment losses. Land held as investment property is not subject to depreciation. The investment property's market value is determined by an independent appraiser. A material decline in market value is recognized to profit or loss.

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.

The buildings are stated at cost less accumulated depreciation and depreciated over their estimated useful lives of 10 years. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets.

*(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.

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 the investments are 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.

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## POLARIS HOLDING COMPANY LIMITED

Notes to the Consolidated Financial Statements

March 31, 2014

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### 3. Significant accounting policies (continued)

#### (f) *Financial instruments* (continued)

##### *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 (loss)/ income*

Comprehensive (loss)/income consists of (loss)/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 consolidated 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.

#### (i) *Employee benefits*

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.

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## POLARIS HOLDING COMPANY LIMITED

### Notes to the Consolidated Financial Statements

March 31, 2014

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

##### *(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 consolidated statement of financial position, 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) 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.

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 profit or loss.

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 securities 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.

##### *(m) Impairment of non-financial assets*

Property, plant and equipment and investment property 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.

##### *(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.

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## POLARIS HOLDING COMPANY LIMITED

### Notes to the Consolidated Financial Statements

March 31, 2014

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

##### (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, 2013, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The company does not plan to adopt these standards early.

##### (i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

##### (ii) IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

##### (iii) Offsetting Financial assets and Financial Liabilities

the amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is considered to be equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014 and interim periods within those annual periods. Early application is permitted.

Based on initial assessment, the standard is not expected to have a material impact on the Company.

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**POLARIS HOLDING COMPANY LIMITED**

## Notes to the Consolidated Financial Statements

March 31, 2014

**4. Prior period adjustment**

The Company has restated its 2013 consolidated financial statements for adjustments in accounts receivable, stevedoring revenue, inventory and Stevedoring expenses as summarized in the table below:

	Balance as previously reported, as at <u>March 31, 2013</u>	<u>Adjustment</u>	Balance as restated, as at <u>March 31, 2013</u>
<b>Statement of comprehensive income</b>			
Stevedoring revenue	\$9,140,108	(\$141,155)	\$8,998,953 (a)
<b>Statement of financial position</b>			
Accounts receivable	\$1,080,814	(\$141,155)	\$ 939,659 (a)
<b>Statement of comprehensive income</b>			
Stevedoring expenses	\$4,759,496	\$ 47,018	\$4,806,514 (b)
<b>Statement of financial position</b>			
Inventory	\$1,194,558	(\$362,182)	\$ 832,376 (b)
Retained earnings			
March 31, 2012	\$9,104,323	(\$315,164)	\$8,789,159 (b)
Retained earnings			
March 31, 2013	\$8,789,159	(\$188,173)	\$8,600,986

Based on these adjustments the Company has restated its 2013 consolidated financial statements to reflect those effects on profits for the year, earnings per share and retained earnings as follows:

	Balance as previously reported, as at <u>March 31, 2013</u>	<u>Adjustment</u>	Balance as restated, as at <u>March 31, 2013</u>
<b>Statement of comprehensive income</b>			
Profit for the year	\$749,001	(\$141,155) <u>(47,018)</u> (\$188,173)	\$560,828
Earnings per share	\$0.60	(\$0.15)	\$0.45

(a) During the current year, management found that invoice billing in 2013 was overstated.

(b) During the current year, management found that inventory valuations in 2013 were overstated.

**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

**5. Investments**

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

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Equity securities	\$ 147,912	\$ 167,634	\$ 147,912	\$ 172,564

At March 31, 2014, the Company's holdings in equity securities consist of one security of a company incorporated and operating from Bermuda. Last year the Company sold its holding of 10,800 shares in an insurance company with global operations for proceeds of \$911,412 resulting in a realized gain of \$803,891.

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 recognized an unrealized loss of \$ 4,930 (2013 - \$24,652) on its equity investments which are recognized in other comprehensive income as a separate component within equity

**6. Investment property**

Investment property comprises land and buildings being held in MRH and is depreciated. The property, which is leased to two tenants on a 36 month basis and one tenant on a 24 month basis, earned rental income of \$131,295 for the year (2013 - \$101,249).

<b>Cost</b>	<u>2014</u>	<u>2013</u>
Land	\$ 1,150,000	\$ 1,725,000
Buildings	<u>850,000</u>	<u>1,275,000</u>
	\$ 2,000,000	\$ 3,000,000

The property was valued by an independent appraiser on March 24, 2014 at a value of \$2,000,000. This value is considered to not be significantly different as at March 31, 2014 based on market conditions. Impairment losses on assets carried at deemed cost are measured as the difference between the carrying amount of the asset and the market value. Impairment losses are recognized in profit or loss. As of March 31, 2014, impairment loss of \$1,000,000 was recognized in profit or loss.

	<u>2014</u>	<u>2013</u>
Balance at April 1	\$ 3,000,000	\$ 3,000,000
Impairment loss	(1,000,000)	—
Accumulated depreciation	<u>(100,000)</u>	<u>—</u>
Balance at March 31	\$ 1,900,000	\$ 3,000,000

On March 8, 2011 the property was independently appraised for \$3,000,000. That value, like other Bermuda real estate, had become depressed with a softer economy, and thus was written down in 2014.

**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

**7. Property, plant and equipment**

	Buildings	Cranes and heavy equipment	Miscellaneous equipment	Furniture and fixtures	Computer equipment	Total
<b>Cost</b>						
At April 1, 2012	\$ 296,041	\$ 7,837,004	\$ 729,754	\$ 293,015	\$ 1,788,823	\$ 10,944,637
Additions	—	3,387,768	—	—	—	3,387,768
Disposals	—	(1,897,721)	—	—	—	(1,897,721)
At March 31, 2013	\$ 296,041	\$ 9,327,051	\$ 729,754	\$ 293,015	\$ 1,788,823	\$ 12,434,684
At April 1, 2013	\$ 296,041	\$ 9,327,051	\$ 729,754	\$ 293,015	\$ 1,788,823	\$ 12,434,684
Additions	—	—	5,000	—	—	5,000
At March 31, 2014	\$ 296,041	\$ 9,327,051	\$ 734,754	\$ 293,015	\$ 1,788,823	\$ 12,439,684
<b>Depreciation</b>						
At April 1, 2012	\$ 274,156	\$ 4,397,159	\$ 729,754	\$ 291,934	\$ 1,772,976	\$ 7,465,979
Depreciation for the year	13,400	639,142	—	1,081	15,847	669,470
Disposals	—	(1,897,721)	—	—	—	(1,897,721)
At March 31, 2013	\$ 287,556	\$ 3,138,580	\$ 729,754	\$ 293,015	\$ 1,788,823	\$ 6,237,728
At April 1, 2013	\$ 287,556	\$ 3,138,580	\$ 729,754	\$ 293,015	\$ 1,788,823	\$ 6,237,728
Depreciation for the year	2,672	658,363	417	—	—	661,452
Disposals	—	—	—	—	—	—
At March 31, 2014	\$ 290,228	\$ 3,796,943	\$ 730,171	\$ 293,015	\$ 1,788,823	\$ 6,899,180
<b>Carrying amounts</b>						
At March 31, 2012	\$ 21,885	\$ 4,145,524	\$ —	\$ 1,081	\$ 15,847	\$ 4,184,337
At March 31, 2013	\$ 8,485	\$ 6,188,470	\$ —	\$ —	\$ —	\$ 6,196,955
At March 31, 2014	\$ 5,813	\$ 5,530,108	\$ 4,583	\$ —	\$ —	\$ 5,540,504

**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

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**8. Cash and cash equivalents**

The effective interest rate earned on cash and cash equivalents for the year ended March 31, 2014 was 0.37% (2013 - 0.18%).

**9. Inventory**

Inventory of \$ 379,358 (2013 - \$832,376) is stated net of a provision for obsolescence of \$502,741 (2013 - \$184,907). Inventory, when relieved, is classified as an equipment repairs and maintenance expense. Equipment repairs and maintenance recognized as an expense amounted to \$412,197 (2013 - \$212,140). Inventory written down during the year amounted to \$372,823 (2013 - \$89,741). Equipment repairs and maintenance and inventory written down are included in stevedoring expenses in the consolidated statement of comprehensive income.

**10. Employee pension benefits**

The total expense incurred for the Company's defined contribution plan was \$181,854 (2013 - \$175,998).

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.

**11. Personnel expenses**

	<u>2014</u>	<u>2013</u>
Short term employment benefits	\$ 4,311,629	\$ 4,293,251
Key management compensation	278,411	329,271
Compulsory payroll tax, social insurance and health scheme contributions	808,932	872,591
Payment to defined contributions pension scheme (Note 10)	181,854	175,998
Severance costs and other employee benefits	<u>192,579</u>	<u>34,500</u>
	<u>\$ 5,773,405</u>	<u>\$ 5,705,611</u>

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

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## POLARIS HOLDING COMPANY LIMITED

### Notes to the Consolidated Financial Statements

March 31, 2014

#### 12. Long-term debt

In December 2009 the Company secured a loan of \$2,693,934 from a Bermuda bank. The loan is a variable rate promissory note and at year end the monthly payments were \$31,738. The loan is due for repayment on July 26, 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 6.40% (2013 - 6.40%). Interest expense for the year was \$63,933 (2013 - \$83,460)

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 \$23,723 currently bearing interest at 5.0% per annum. The rate is adjusted and fixed at the beginning of the 6<sup>th</sup> and 11<sup>th</sup> 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 \$112,420. The Company made a balloon principal repayment of \$500,000 on March 14, 2013. Interest expense for the year was \$112,420 (2013 - \$145,140)

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

2015	\$	519,055
2016		550,585
2017		325,145
2018		210,318
2019 and thereafter		<u>1,372,545</u>
	\$	<u>2,977,648</u>

#### 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, 2014 \$1,244,600 (2013 - 1,244,600) shares were issued and fully paid. As explained in Note 1, PHC was created to facilitate the restructuring of the SSL group by way of a court approved Scheme of Arrangement. The Scheme was the vehicle by which the shares of SSL were transferred to PHC on the same basis as they were held in SSL, and these new shares replaced the shares of SSL listed on the Bermuda Stock Exchange. The Scheme became effective on March 28, 2011 after shareholder and Supreme Court approval.

As at March 31, 2014, the direct shareholding ownership of directors and officers was 350 (2013 - 61,211) shares. No rights to subscribe for shares in the Company have been granted to or exercised by any director or officer.

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:

	<u>2014</u>	<u>2013</u>
0.05 (2013 - 0.05) cents per qualifying ordinary share – June	\$ 62,230	\$ 62,230
0.05 (2013 - 0.05) cents per qualifying ordinary share – September	62,230	62,230
0.05 (2013 - 0.05) cents per qualifying ordinary share – December	62,230	62,230
0.05 (2013 - 0.05) cents per qualifying ordinary share – March	<u>62,230</u>	<u>62,230</u>
	\$ 248,920	\$ 248,920

**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

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**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 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. Meyer Freight Ltd is the agent for BISL and SISL

The Company also earned stevedoring revenue of \$5,076,947 (2013 - \$4,890,609) from both BISL and SISL. Included in accounts receivable as at March 31, 2014 is \$475,947 (2013 - \$471,072) due from both companies.

Meyer Technologies Ltd is related by virtue of common significant influence by a director of the Company. Meyer Technologies Ltd is a subsidiary of the Meyer Group of Companies. The Company incurred information technology expenses of \$25,200 from Meyer Technologies Ltd.

**16. Finance income**

Finance income comprises of the following:

	<u>2014</u>	<u>2013</u>
Gain on sale of investments (Note 5)	–	\$ 803,891
Dividend income	7,396	31,282
Interest income	<u>6,365</u>	<u>4,967</u>
	<u>\$ 13,761</u>	<u>\$ 840,140</u>

**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.

The calculation of basic earnings per share at March 31 2014 was based on the loss attributable to ordinary shareholders of \$1,804,840 (2013 - profit \$560,828), and a weighted average number of ordinary shares outstanding of 1,244,600 (2013 - 1,244,600), calculated as follows:

	<u>2014</u>	<u>2013</u>
Issued ordinary shares and weighted average number of shares at April 1, 2013 and March 31, 2014	1,244,600	1,244,600

There were no dilutive potential ordinary shares as at March 31, 2014 or March 31, 2013.

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**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

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**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 value of the long-term debt is included in Note 18(e) and takes into account the interest rate of the loan.

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:

<u>2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments – equity securities	\$ <u>167,634</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>167,634</u>
	\$ <u>167,634</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>167,634</u>
<u>2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments – equity securities	\$ <u>172,564</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>172,564</u>
	\$ <u>172,564</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>172,564</u>

There have been no transfers between the fair value hierarchy during the year.

*(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, 2014, 73% (2013 - 70%) of the Company's cash and cash equivalents are held with a single Bermuda bank.

At March 31, 2014, 97% (2013 - 80%) of the Company's accounts receivable balance is due from three 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.

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**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

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**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 consolidated statement of financial position. 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:

	<u>2014</u>	<u>2013</u>
Current	\$ 790,540	\$ 704,291
Past 30 days	15,231	225,063
Past 60 days	2,160	-
Past 90 days	<u>95,580</u>	<u>11,215</u>
	903,511	940,569
Less: allowance for impairment	<u>(11,042)</u>	<u>(1,000)</u>
	<u>\$ 892,469</u>	<u>\$ 939,569</u>

The movement in the allowance for impairment in respect to trade and other receivables was as follows:

Balance at April 1, 2012 and March 31, 2013	\$ 1,000
Increase in provision	<u>10,042</u>
Balance at March 31, 2014	<u>\$ 11,042</u>

*(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. 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 12. 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 \$30,468 (2013 - \$28,242) assuming all other variables remain constant. An equal change in the opposite direction would have decreased equity and profit by the same amount.

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**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

**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. 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 \$3,353 (2013 - \$3,451). 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 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.

	<u>Total</u>	<u>6 months or less</u>	<u>6 - 12 months</u>	<u>1 - 2 years</u>	<u>2 - 15 years</u>
<b>As at March 31, 2014</b>					
Accounts payable and accrued expenses	\$ 784,583	\$ 784,583	\$ -	\$ -	\$ -
Long-term debt	<u>3,601,016</u>	<u>332,771</u>	<u>332,771</u>	<u>1,076,961</u>	<u>1,858,514</u>
	\$ 4,385,599	\$1,117,354	\$ 332,771	\$ 1,076,961	\$ 1,858,514
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>Total</u>	<u>6 months or less</u>	<u>6 - 12 months</u>	<u>1 - 2 years</u>	<u>2 - 15 years</u>
<b>As at March 31, 2013</b>					
Accounts payable and accrued expenses	\$ 590,010	\$ 590,010	\$ -	\$ -	\$ -
Long-term debt	<u>4,065,284</u>	<u>332,771</u>	<u>332,771</u>	<u>1,331,083</u>	<u>2,068,659</u>
	\$ 4,655,294	\$ 922,781	\$ 332,771	\$ 1,331,083	\$ 2,068,659
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## **POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

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### **19. Capital management**

The Company's capital comprises shareholders' equity, which consists of share capital, share premium, general reserve, retained earnings and accumulated other comprehensive 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.

PHC'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. PHC carries on business as an investment holding company in Bermuda.
2. SSL carries on the business as a stevedoring company in Bermuda.
3. ESR carries on the business of purchasing and leasing heavy operating machinery and equipment in Bermuda.
4. MRH 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 four separate business segments based on their products and services. For financial reporting purposes, these four companies are the main contributing factors for the consolidated financial statements of PHC.

Management including the chief 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 a leasing arrangement between ESR (the "lessor") and SSL (the "lessee") for the use of the heavy port operating equipment, an elimination transaction in the amount of \$1,213,000 (2013 - \$1,344,000) was recognized under the PHC group structure.

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**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

20. **Operating segments (continued)**

2014

Revenue/expenses (stated in \$000's)

	<u>PHC</u>	<u>SSL</u>	<u>ESR</u>	<u>MRH</u>	<u>Elimination</u>	<u>Consolidated</u>
Stevedoring revenue	\$ -	\$ 9,458	\$ -	\$ -	\$ -	\$ 9,458
Rental Income	-	-	-	131	-	131
Inter-segment	631	-	1,213	18	(1,862)	-
Finance income	<u>11</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
Total revenue	\$ 642	\$ 9,461	\$ 1,213	\$ 149	\$ (1,862)	\$ 9,603
Stevedoring expenses	\$ -	\$ 5,605	\$ -	\$ -	\$ -	\$ 5,605
Depreciation	\$ -	\$ 30	\$ 631	\$ -	\$ -	\$ 661
Depr. of invest. property	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 100
Other expenses	<u>630</u>	<u>3,200</u>	<u>6</u>	<u>29</u>	<u>-</u>	<u>3,865</u>
Expenses	\$ 630	\$ 3,230	\$ 637	\$ 129	\$ -	\$ 4,626
Impairment of invest. property	-	-	-	1,000	-	1,000
Inter-segment	-	1,658	204	-	(1,862)	-
Finance expenses	<u>-</u>	<u>-</u>	<u>177</u>	<u>-</u>	<u>-</u>	<u>177</u>
Total expenses	\$ 630	\$ 10,493	\$ 1,018	\$ 1,129	\$ (1,862)	\$ 11,408
Profit (loss) for the year	\$ 12	\$ (1,032)	\$ 195	\$ (980)	\$ -	\$ (1,805)

2013

Revenue/expenses (stated in \$000's)

(As restated Note 4)	<u>PHC</u>	<u>SSL</u>	<u>ESR</u>	<u>MRH</u>	<u>Elimination</u>	<u>Consolidated</u>
Stevedoring revenue	\$ -	\$ 8,999	\$ -	\$ -	\$ -	\$ 8,999
Rental Income	-	-	-	101	-	101
Inter-segment	229	-	1,344	-	(1,573)	-
Finance income	<u>815</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>840</u>
Total revenue	\$ 1,044	\$ 9,024	\$ 1,344	\$ 101	\$ (1,573)	\$ 9,940
Stevedoring expenses	\$ -	\$ 4,807	\$ -	\$ -	\$ -	\$ 4,807
Depreciation	\$ -	\$ 57	\$ 612	\$ -	\$ -	\$ 669
Other expenses	48	3,273	24	34	-	3,379
Loss on sale equipment	<u>-</u>	<u>-</u>	<u>295</u>	<u>-</u>	<u>-</u>	<u>295</u>
Expenses	48	3,330	931	34	-	4,343
Inter-segment	-	1,326	247	-	(1,573)	-
Finance expenses	<u>-</u>	<u>-</u>	<u>229</u>	<u>-</u>	<u>-</u>	<u>229</u>
Total expenses	\$ 48	\$ 9,463	\$ 1,407	\$ 34	\$ (1,573)	\$ 9,379
Profit (loss) for the year	\$ 996	\$ (439)	\$ (63)	\$ 67	\$ -	\$ 561

**POLARIS HOLDING COMPANY LIMITED**

Notes to the Consolidated Financial Statements

March 31, 2014

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20. **Operating segments** (continued)

As at March 31, 2014

	<u>PHC</u>	<u>SSL</u>	<u>ESR</u>	<u>MRH</u>	<u>Total reportable segments</u>	<u>Elimination</u>	<u>Total</u>
Assets	\$ 4,593	\$ 3,817	\$ 5,966	\$ 2,117	\$ 16,493	\$ (3,547)	\$ 12,946
Liabilities	(20)	1,670	2,154	(42)	3,762	—	3,762
Capital expenditure	—	5	—	—	5	—	5

As at March 31, 2013  
(As restated Note 4)

	<u>PHC</u>	<u>SSL</u>	<u>ESR</u>	<u>MRH</u>	<u>Total reportable segments</u>	<u>Elimination</u>	<u>Total</u>
Assets	\$ 1,319	\$ 4,277	\$ 8,119	\$ 3,176	\$ 16,891	\$ (1,591)	\$ 15,300
Liabilities	12	1,031	4,572	33	5,648	(1,591)	4,057
Capital expenditure	—	—	3,388	—	3,388	—	3,388

Within SSL the Company is reliant on three major customers each of whom represent more than 10 percent of SSL's revenue.

The Company operates in a single geographic region.

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