

## Quarterly Report

# **Polaris International Holdings, Inc.**

(A Delaware Corporation)

Period Ending June 30, 2010 (2010Q3)

### **Item 1 Exact name of the issuer and address of its principal executive offices.**

Polaris International Holdings, Inc.  
578 Washington Blvd., #238, Marina del Rey, CA 90292  
Telephone: (310)849-1094  
Facsimile: (310)823-2375  
E-Mail: [info@polaris-int.com](mailto:info@polaris-int.com)  
Website: [www.polaris-int.com](http://www.polaris-int.com)

Investor relations contact: Chuck Cibulka  
Stock Services LLC.  
1220 Rosecrans St, San Diego, CA 92106  
(858)213-4153.

### **Item 2 Shares outstanding. (Period End Date: June 30, 2010)**

#### Common Stock

- Number of shares authorized: 7,000,000,000
- Number of shares outstanding: 3,848,040,366
- Freely tradable shares (public float): Approx. 2,000,000,000
- Total number of beneficial shareholders: Unknown
- Total number of record shareholders: 65

#### Series A Preferred Stock

- Number of shares authorized: 100,000,000
- Number of shares outstanding: 100,000

#### Series B Preferred Stock

- Number of shares authorized: 100,000,000
- Number of shares outstanding: 156,179

Par or Stated Value and Description of the Security

A.

Class of Stock	Common	Series A Preferred	Series B Preferred
Par Value	\$0.0001	\$0.0001	\$0.001
Authorized	7,000,000,0000 shares	100,000,000 shares	10,000,000 shares

B. Each share of common stock is entitled to one vote on each matter presented to the stockholders for approval, has a right to receive dividends when, as and if declared by the board of directors and does not have preemptive rights.

Each share of Series A Preferred Stock (as provided in the Issuer's bylaws) is entitled to one vote per share of common stock into which the Series A Preferred Stock could, at the date of a vote on any matter presented to the stockholders for approval, has no right to receive dividends and is convertible into a number of shares of common stock equal to the sum 75% of the issued and outstanding shares of common stock plus the issued and outstanding shares of Series B Preferred Stock divided by the number of issued and outstanding shares of common stock.

Each share of Series B Preferred Stock (as provided in the Issuer's bylaws) is entitled to one vote on each matter presented to the stockholders for approval, has a right to receive dividends when, as and if declared by the board of directors, a liquidation preference of \$1.00 per share and is convertible, after August 9, 2010, into a number of shares of common stock determined by dividing the "price" of the preferred share (initially, \$2.00 and subject to change by the board of directors) by ten times the par value of the common stock.

The terms of the Series A Preferred Stock and the Series B Preferred Stock, as contained in the Issuer's bylaws will delay, defer or prevent a change in control of the Issuer.

**Item 3 Interim financial statements.**

For the period ended June 30, 2010, the following unaudited interim financial statements are incorporated by reference herein.

- 1) Balance Sheet
- 2) Statement of Income and Accumulated Deficit
- 3) Statement of Changes in Shareholders' Equity
- 4) Statement of Cash Flows
- 5) Financial Notes

They are attached to the end of this Quarterly Report, and entitled "Interim Financial Statements: Period Ended June 30, 2010 (2010Q3)"

## **Item 4 Management discussion and analysis**

### **A. Plan of Operations:**

The Company completed acquisition of IT services business of two Japanese companies in Tokyo, Japan in 2009Q4. The Company has established its strong core operations and plans to build a multi-market base. The Company set up an additional new office location in San Diego, California to develop a new business opportunities while our focus remains on research and exploring additional outsourcing service companies as a potential acquisition targets in North America.

In addition, Staff IS Co. Ltd. plans to focus on ASP service business to our customers in addition to IT system infrastructure business.

#### About the Two Acquisitions - Staff IS Co., Ltd. and Polaris Technologies, Inc.

Staff IS Co., Ltd. and Polaris Technologies, Inc. currently have a handful of clients from Fortune Global 100 corporations and the latter two companies have been profitable with great future growth potential. These acquisitions will deliver us not only high profile customers, experienced people and steady revenues but also the capability to provide all aspects of IT outsourcing services. The acquisition prices of both companies are well below current market values due to the relationship that both of the founders of Polaris International Holdings, Inc. had with the companies owners. IT business of Polaris Technologies, Inc. the Company acquired has become a division of Staff IS Co., Ltd.

Staff IS Co., Ltd. Network Infrastructure Business Division was established in 2001 and Polaris Technology, Inc. was established in 2005. Staff IS' primary business is the integrated wiring system construction. Their business includes *Move and Change*. Move and Change is IT equipment relocation services with organizational changes that occur in the office environment.

Polaris Technologies is an Application Service Provider company that provides IT services from business framework design to implementation and on-going-support. Polaris Technologies manages and distributes software-based services and solutions to clients across a wide area network from a central data center.

#### Synergistic Effect

Staff IS and Polaris Technologies have been working together for the last two years which has created a synergistic effect. Last year Staff IS received approximately \$500,000 worth of projects through Polaris Technologies. Polaris Technologies received approximately \$150,000 worth of projects through Staff IS.

**B. Management’s Discussion and Analysis of Financial Condition and Results of Operations. Activity Report on Polaris International Holdings, Inc. (Interim Reporting Period 2010Q3)**

Management believes that the acquisition of the two Japanese IT outsourcing services companies has provided steady revenues, experienced people and high profile customers.

Staff IS Co. continued to perform well. Staff IS Co. began ASP services to our customers.

The Company set up an additional office location in San Diego, California to expand its business operation in the United States.

In addition, in the next six months additional financing is expected to be raised through either shareholder right offerings, secondary offerings that consist of private individuals and institutions (otherwise known as PIPE’s: Private Equity into Public Entity), conversion of debt to equity and or issuing warrants. This will provide the bulk of the financing required to grow operations at the planned rate.

There is no assurance the Company will be able to raise any of the funds required to finance the expansion of its business either in this or any other period. The failure to obtain future financing or to produce levels of revenue to meet our financial needs could result in our inability to grow and expand our business.

Summary of Quarter - to – Quarter Results of Operations (unaudited)

<u>Period ended March 31</u>	<u>2010Q3</u>	<u>2009Q3</u>	<u>Change +/- in %</u>	<u>Change +/- in \$</u>
Revenue	\$1,313,246.00	\$0	1,313,246%	\$1,313,246.00
Expenses	\$1,191,090.00	\$32,586.00	3.65%	\$1,158,504.00
Income(Loss)	\$122,156.00	(\$32,586.00)	574%	\$154,742.00

*(During 2010Q3 as well as 2009Q3, Polaris International Holdings, Inc. focused on the completion of the acquisition of two established IT services companies.)*

Common Stock – Interim Period

- The Company issued no shares of Common Stock.

Series B Preferred Stock – Interim Period

- The Company issued 45,150 shares of Series B preferred stock at \$2.00 per share.
- In May, 2010 the Company converted \$70.600 of notes into equity, issuing 35,300 shares of Series B preferred stock.

## **Cautionary Statement Concerning Forward Looking Statements**

Certain portions of this analysis including forward looking Statements within the meaning of section 27A of the Securities Act of 1993 and Section 21E of the Securities Exchange Act of 1934 including statements regarding expected growth of the Company and the value of its securities. Statements contained herein that look forward in time which include everything other than historical information, involve risk and uncertainties that may affect the Company's actual results of operation. Factors that could cause actual results to differ include the size and growth of the market for the Company's services, the company's ability to fund its capital requirements in the near term and in the long term, pricing pressures, unforeseen and/or unexpected circumstances in happenings, pricing pressures, etc. Investing in securities is speculative and carries risk. Past performance does not guarantee future results.

### **C. Off-Balance Sheet Arrangements.**

As of the date of this document, Polaris International Holdings, Inc. does not have any off balance sheet arrangements.

### **Item 5 Legal proceedings.**

There is no additional information required by item VIII(A)(11) of Section One of these Guidelines, to the extent not already disclosed in a prior disclosure statement.

### **Item 6 Defaults upon senior securities.**

There is no material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not occurred in within 30 days, with respect to any indebtedness of the issuer exceeding 5% of the total assets of the issuer.

### **Item 7 Other Information**

The Company entered in a year lease agreement for our San Diego office.

Address: 3775 Talbot Street, Suite F, San Diego, CA 92106.

Telephone: (619)758-9003

Staff: 2 - Outsourced.

### **Item 8 Exhibits.**

There are no additional exhibits required under Items XVIII of Section One, and which have not already been described or attached in any prior disclosure statement, or any amendments to any previously described or attached exhibits.

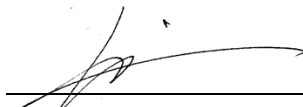
**Item 9 Certifications.**

I, Kunimitsu Misawa, certify that:

1. I have reviewed this Quarterly Report of Polaris International Holdings, Inc. for the interim reporting period ended June 30, 2010.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

The undersigned hereby certifies that the information herein is true and correct to the best of their knowledge and belief.

Dated this 27th day of August, 2010



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Kunimitsu Misawa

President/CEO

Polaris International Holdings, Inc.



**Attachment:**

**Polaris International Holdings, Inc. (PIHN)**

**Interim Financial Statements  
Period Ended June 30, 2010  
(2010Q3)**

**POLARIS INTERNATIONAL HOLDINGS, INC.**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 30, 2010**

**Assets**

**Current Assets**

Cash	\$579,661
Accounts Receivable	297,645
Loans Receivable	354,680
Due from Affiliate	725
Investment - Securities	1,800
Security Deposit	4,500
Total Current Assets	<u>1,239,011</u>

**Other Assets**

Goodwill	1,357,556
Licensing Fees	54,000
Less Accum amortization	<u>(110,542)</u>
Total Other Assets	<u>1,301,014</u>

**Fixed Assets**

Automobiles	45,177
Less Accum Depreciation	<u>(7,549)</u>
Total Fixed Assets	37,628

**Total Assets** \$2,577,653

**Please see Footnotes which are an integral part of the financial statements**



**POLARIS INTERNATIONAL HOLDINGS, INC.**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 30, 2010**

**Liabilities**

**Current Liabilities**

Accounts Payable	\$389,888
Accrued Expenses	16,807
Shareholder Loans	155,540
Notes Payable	10,000
Deferred Compensation	167,314
Loans from Officers	9,000
Total Current Liabilities	<u>748,549</u>

**Loan Term Liabilities**

Convertible Notes - Shareholders	225,513
Convertible Note - Company Acquisitions	1,700,000
Total Liabilities	<u>1,925,513</u>

**Shareholders' Equity**

Common Stock, par value \$0.0001 7,000,000,000 shares authorized 3,848,040,366 shares issued and outstanding	384,804
Preferred Stock Series A, par value \$0.0001 100,000,000 shares authorized 100,000 shares issued and outstanding	10
Preferred Stock Series B, par value \$0.001 100,000,000 shares authorized 2,089,679 shares issued and outstanding	2,090
<b>Additional Paid In Capital</b>	648,587
<b>Retained Earnings</b>	<u>(1,131,900)</u>
Total Shareholders' Equity	<u>(96,409)</u>

**Total Liabilities & Shareholders' Equity**

**\$2,577,653**

**Please see Footnotes which are an integral part of the financial statements**

**POLARIS INTERNATIONAL HOLDINGS, INC.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE QUARTER ENDED JUNE 30, 2010**

Revenues		\$1,313,246
Cost of Goods Sold		
Salary	102,370	
Transportation	26,900	
Outside Services	585,378	
Total Cost of Goods Sold	<u>714,648</u>	
Gross Profit		598,598
<b>Operating Expenses</b>		
Amortization Expenses	49,037	
Automobile Expenses	5,767	
Bank Fee	25	
Business Development	56,262	
Conferences & Consulting	34	
Depreciation Expense	4,621	
Filing Fees	500	
Insurance	2,853	
Rent/Lease Expense	36,943	
Legal and Professional Fees	47,385	
Office Expenses	23,400	
Outside Services	27,976	
Pension Plan Contributions	19,175	
Phone, Fax, etc.	8,056	
Salaries and Compensation	136,334	
Taxes	27,043	
Travel	163	
Utilities	40	
Total Operating Expenses	<u>445,614</u>	
Income Before Tax Provision		152,984
Other (Income) Expenses		
Interest Expenses	30,827	
Forgiveness of Debt	(43,000)	
Total Other (Income) Expenses	<u>(12,173)</u>	
Net Income (Loss)		<u>\$165,157</u>

**Please see Footnotes which are an integral part of the financial statements**

**POLARIS INTERNATIONAL HOLDINGS, INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE QUARTER ENDED JUNE 30, 2010**

	Common Stock Par Value \$0.0001		Preferred Stock Series A / Preferred Stock Series B Par Value \$0.0001 / Par Value \$0.001		Additional Paid-In Capital	Surplus (Deficit)	Total		
	Shares	Amount	Shares	Amount					
Balance, March 31, 2010	3,848,040,366	\$384,804	100,000	\$10	2,011,029	\$2,011	\$491,366	(\$1,297,057)	(\$418,866)
Preferred Stock Sales					45,150	45	90,255		90,300
Preferred Stock Exchange					33,500	34	66,966		67,000
Net Income(Losses)								165,157	165,157
Balance, June 30, 2010	<u>3,848,040,366</u>	<u>\$384,804</u>	<u>100,000</u>	<u>\$10</u>	<u>2,089,679</u>	<u>\$2,090</u>	<u>\$648,587</u>	<u>(\$1,131,900)</u>	<u>(\$96,409)</u>

**Please see Footnotes which are an integral part of the financial statements**

**POLARIS INTERNATIONAL HOLDINGS, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED JUNE 30, 2010**

**Cash Inflows (Outflows) from:**

**Operating Activities:**

Net Income/(Loss)	\$ 165,157
Provided by Operating Activities:	
Depreciation and Amortization	53,658
Due from Affiliate	(725)
(Increase)/Decrease in Accounts Receivable	201,505
(Increase)/Decrease in Loans Receivable	(354,680)
(Increase)/Decrease in Fixed Assets	(16,296)
Increase/(Decrease) in Accounts Payable	189,781
Increase/(Decrease) in Accrued Expenses	(56,545)

<b>Cash Provided by Operating Activities</b>	<u>16,698</u>
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**Financing Activities:**

(Decrease) in Shareholder Loans	(17,645)
Increase in Deferred Compensation	16,500
Increase in Long Term Debts	5,048
(Decrease) in Loans from Officers	(1,800)
(Decrease) in Notes Payable	(110,000)
Increase in Additional Paid In Capital	157,221
Increase in Preferred Stock	79

<b>Cash Provided by Financing Activities</b>	<u>49,403</u>
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Change in Cash	231,258
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Cash - Beginning of Year	<u>348,403</u>
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Cash - End of Year	<u><u>\$ 579,661</u></u>
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**Please see Footnotes which are an integral part of the financial statements**

# POLARIS INTERNATIONAL HOLDINGS, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### (1) NATURE OF OPERATIONS:

The Company was incorporated on July 16, 2001 as Pullmoro, Inc. under the corporate laws of the State of Delaware, U.S.A. On November, 4, 2002, Pullmoro, Inc. changed its name to The Condor Group International, Inc. On December 4, 2002 The Condor Group International, Inc. changed its name to Third Dynamic International, Inc. On September 6, 2005, Third Dynamic International, Inc. changed its name to Modern World Media, Inc. On September 26, 2005 Modern World Media, Inc. changed its name to Polaris International Holdings, Inc.

The Company was incorporated to become a holding company of IT outsourcing services and companies and to provide related IT services. The Company has completed the acquisition of two Japanese IT outsourcing services companies as well as identifying outsourcing companies as a potential acquisition target in North America.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Method of Accounting

This summary of significant accounting policies of Polaris International Holdings, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are the representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

#### Revenue Recognition

Revenue is recognized when the Company provides services. The Company is paid directly by its clients. The payment are typically made within 30 days to 60 days upon the Company completing its services. Some payments are made in installments upon an executed service agreement.

#### Cash and Cash Equivalents

The Company considers all short-debt securities with maturity of three months or less to be cash equivalents.

#### Fair Value of Financial Instruments

Pursuant to SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", the Company is required to estimate the fair value of all financial instruments included on its balance sheet. At JUNE 30, 2010 financial instruments consisted of cash and cash equivalents, accounts receivable, and accounts payable. The Company considers the items in the financial statements to approximate their value due to the relatively short period of time between origination of instruments and their expected realization.

POLARIS INTERNATIONAL HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on the following estimated useful lives:

	Years
Machinery and Equipment	5-7
Furniture and Fixtures	5-7
Building	39
Vehicle	5

Expenditure for major renewals and betterments that extend the useful life of property and equipment are capitalized. Expenditures of maintenance and repairs are charged to expenses as incurred.

Amortization of license fees was \$ 26,400 for the reporting period.

Amortization of goodwill was \$ 22,637 for the reporting period.

Depreciation for fixed assets was \$ 4,621 for the reporting period.

Provision for Income Taxes

The Company accounts for income taxes in accordance with statements of Financial Standards No. 109.

Under SFAS 109, deferred tax assets may be recognized for temporary differences that will result in deductible amounts in future periods and for loss carryforwards. Valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all the deferred assets will not be realized.

A detail of deferred tax assets are:

	JUNE 30, 2010
Federal and State net operating loss carryforwards	\$1,318,351
Valuation Allowance	<u>(1,318,351)</u>
	\$ <u>          -</u>

POLARIS INTERNATIONAL HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(3) DEBT

The Company has several outstanding loans from shareholders, Polaris Technologies, Inc., an officer and private parties. Interest on the notes varies from 10% to 12% per annum.

(4) FUNDING

The funding for the Company has come from its two co-founders, shareholders, and Polaris Technologies, Inc.

(5) RELATED PARTY TRANSACTIONS

Not Applicable.

(6) PREMISES

The Company administrative and legal offices are located at:  
16947 Gothard Street, # 1  
Huntington Beach, CA 92647  
U.S.A.

These premises will serve as the head office of the Company for the time being. At present, the Company believes that the space is adequate. As the business grows, there will be a requirement for a new location, and additional space; however, the location and the nature and size of the space will be determined in the future.

(7) STOCK ISSUANCE AND NONCASH TRANSACTIONS

In October, 2009 the Company converted \$2,061 of debts into equity, issuing 20,616,750 shares of common stock according to the convertible notes.

On October 31, 2009 the Company purchased a Japanese corporation (Staff IS) in exchange for the issuance of \$ 1,700,000 of convertible debt and in November 2009, the Company acquired another company in exchange for a \$ 100,000 debt obligation. To date \$ 90,000 of this debt obligation has been paid. The company has spreaded the acquisition price of \$1,800,000 over the assets being bought at their fair market value, with the remaining portion recorded as Goodwill. The Company has consolidated the financial statements of this foreign exchange entity. The SEC Foreign Exchange Rate was used to convert financial statements of this foreign exchange entity into US Dollars for consolidating.

POLARIS INTERNATIONAL HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

In November, 2009 the Company converted \$46,135 of debts into equity, issuing 461,348,170 shares of common stock according to the convertible notes.

In October, 2009 the Company recorded \$10,000 payable for the remaining purchase of a Japanese IT company.

In January, 2010 the Company converted \$60,223 of debts into equity, issuing 602,230,446 shares of common stock according to the convertible notes.

In March , 2010 the Company converted \$20,000 of debts into equity, issuing 200,000,000 shares of common stock according to the convertible notes.

In March , 2010 the Company exchanged \$100 of equity for consulting services, issuing 100,000 shares of preferred stock B at par value of \$0.001.

In March , 2010 the Company exchanged \$1,800 of equity in other companies, issuing 1,800,000 shares of preferred stock B at par value of \$0.001.

From April , 2010 through June , 2010 the Company sold 45,150 shares of preferred B stock for \$ 90,300.

In May , 2010 the Company converted \$ 67,000 of debts into equity and had \$ 43,000 in debt forgiveness, issuing 33,500 shares of preferred stock B at par value of \$0.001.