Star Navigation Systems Group Ltd.
Management's Discussion and Analysis
For the nine-month and three-month periods ended March 31, 2011

1. Date – May 30, 2011

The following management discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for Star Navigation Systems Group Ltd. (the "Company" or "Star") and should be read in conjunction with the audited financial statements for the year ended June 30, 2010, and the unaudited financial statements for the nine-month period ended March 31, 2011. Results are presented for the three and nine-month periods ended March 31, 2011. Amounts are reported in Canadian dollars based upon the financial statements prepared in accordance with Canadian generally accepted accounting principles. Information contained herein is presented as at May 30, 2011.

Certain information in this MD&A or incorporated by reference, and in other public announcements by the Company is forward–looking and is subject to important risks and uncertainties. Words such as "may", "will", "believe", "expect", "anticipate", "estimate" and similar expressions identify forward-looking statements. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals and objectives. Forward–looking statements are necessarily based upon estimates and assumptions considered reasonable by management but which are subject to business, economic and competitive uncertainties. Results could differ materially from those projected in forward-looking statements. Due to the Company's previous focus on directing early sales and marketing efforts on the Middle East and developing countries, the Company is potentially subject to risks involving political unrest, cultural differences, differing legal systems and business practices, and the significant added expense of travel and accommodation for Company personnel required to be onsite for sales, testing and installation duties. The Company endeavours to mitigate these risks as much as reasonably possible through the judicious use of secure financial instruments, experienced local sales agents and coordinated travel arrangements. The Company now spreads its efforts between North America and Europe, as well the Middle East, and South Asia. Current events in the Middle East have resulted in some restriction of the Company's efforts there, although the Company did record a sale to Midwest (Egypt) Airlines (see Subsequent Events).

Factors which could cause actual results to differ materially from current expectations include, among other things, the ability of the Company to successfully implement its strategic and financing initiatives and whether such strategic and financing initiatives will yield the expected benefits; competitive conditions in the business in which the Company participates; supply chain interruptions; general economic conditions and normal business uncertainty; fluctuations in foreign currency exchange rates; and changes in laws, rules and regulations applicable to the Company in the jurisdictions in which the Company operates. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law.

If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.
Readers are cautioned that forward-looking statements are not guarantees of future performance.

Further information relating to Star is available on SEDAR at www.sedar.com.

2. General Development of the Business

History

Star commenced its operations in May 2000 and was listed on the TSX Venture Exchange (the “Exchange”) on August 29, 2002, under the symbol ‘SNA’. Based in Toronto, Ontario, Star is a development stage company that has successfully tested, marketed and sold technology platforms that offer operators of land, sea and air assets real-time data-solutions which allow them the opportunity to reduce costs, track assets and enhance aviation and operator safety. The Company’s products have global sales potential for both new and existing aircraft as well as other transportation assets. The Company’s head office is in Toronto, Ontario. Star owns the exclusive world-wide license to the patented STAR-ISMS® technology. Patents have been granted by Canada, the United States, the United Kingdom, India, Hong Kong and Australia.

Selected Financial Information and Management's Discussion and Analysis

Annual Information

The fiscal year end of the Company is June 30. The following table summarizes the Company’s audited financial results for the year ended June 30, 2010, 2009 and 2008.

	Year ended June 30, 2010	**Year ended June 30, 2009**	**Year ended June 30, 2008**
Total revenues	$153,849	$457,405	$83,631
Net Loss	$(3,363,082)	$(2,978,175)	$(3,414,690)
Total assets	$2,517,752	$301,420	$652,607
Total long term liabilities	$14,978	$46,707	$5,056
Cash dividends declared	$Nil	$Nil	$Nil

The Company experienced a loss in the fiscal year ended June 30, 2010 and had losses averaging ($3,251,982) for the last three years. A major factor that has contributed to these losses has been the Company’s slow transition from R&D into the commercial market, causing a lack of sales of the Company’s In-Flight Safety Monitoring System (“STAR-ISMS®”) unit to major airlines. The Company continues to invest money in the development of its STAR-ISMS® unit and in raising market awareness for this product but has had no substantial revenues for the past 3 years. The Company’s focus and attention is now very strongly directed towards commercialization of its core product STAR-ISMS® and closing further sales with commercial airlines. In the aerospace

industry this process is typically long and arduous and has forced the Company to rely on raising capital through equity sales to fund the research and development and operational funding that is needed to bring this project to fruition. As can be seen from the table above, total assets for the years ended 2009 and 2008 were minimal indicating that the Company's cash levels were quite low.

Assets in the fiscal year ending June 30, 2010 climbed to $2.5 million largely as a result of three private placements the Company completed throughout the year.

This increase in cash has allowed the Company to accelerate marketing plans and to achieve its first sales of the STAR-ISM® unit to commercial airlines. (See subsequent events).

The Company has little long-term debt and short-term debt has been reduced in the year by using a combination of the cash raised and the completion of a shares for debt exchange. Although the private placements have caused an increase in the total number of issued and outstanding shares to just over 183 million at March 31, 2011, the increase in cash (enhanced again in September 2010 with another private placement of $1.3 million) has put the Company in a position to fund its known expenditures for the next twelve (12) months while still retaining a positive cash balance should spending on research and development need to be increased.

Overview and Overall Performance

The Company's financial condition still remains healthy after the nine-month period ended March 31, 2011. The cash position of the Company, while decreasing since December 31, 2010, remains near the $1.25 million dollar level at March 31, 2011. Assets are down by $555k from the June 30, 2010 levels largely due to the decrease in cash levels. Accounts receivable are down significantly (by $101,493) from June 30, 2010 as the Company has now collected its past due accounts receivable balances and has no bad debts in the current fiscal year. Prepaid expenses have increased $127,781 as a result of equipment deposits paid to suppliers. Accounts payable and accrued liabilities are down by over $159,588 from June 30, 2010 as the Company continues to reduce its current liabilities with the cash on hand it has. As well, amounts due from related parties dropped by $157,000 from June 30, 2010 due to the participation of two of the Company's officers in a private placement completed by the Company in September 2010. Results of operations continue to show significant losses although the Company has closed its first STAR-ISMS® sale this will start to offset R&D costs and regular operating costs.

The Company is committed to completing its new STAR-ISMS® Second Generation Star Server Unit ("SSU-G2"). The Company has sufficient cash reserves to do this. However, the Company cannot forecast the future costs of moving its STAR-ISMS® program to the next level until the Company secures further contracts with a fixed-wing commercial airlines. To this end the Company has made a major advance by securing its second fixed-wing sale which the Company has just announced (see Subsequent events). In mid September 2010, the Company entered into an agreement (the "Agreement') with Shaheen Air International to install the STAR-ISMS® on one of the airline's Boeing 737-200/300 aircraft, on a performance evaluation and configuration basis.

Star is currently working on the Installation Supplemental Type Certificate ("STC"), although operational demands on the target aircraft has limited Star's access to the aircraft, resulting in some adjustments in the schedule. Shaheen has expressed full commitment to the project and is working with Star to complete the requirements for certification.

The evaluation period will last for 90 days and will commence as soon as the Operational Supplemental Type Certificate approval is issued (expected in the fall of 2011). The Agreement provides that upon successful completion of the performance evaluation, the airline will purchase the installed unit and purchase a further eleven STAR-ISMS® systems for the balance of its fleet. Should this initiative be successful, it will assist the Company to successfully market its STAR-ISMS® unit to other airlines and would have a positive impact on its results of operations in 2012.

Athough the Company is continuing to progress, it is in the infancy of commercialization and without significant revenues at this time. Revenues are gradually increasing, and the Company has focused its efforts on the marketing, promotion and sale of its STAR-ISMS® unit. In order to better accommodate flexible fleet configurations, the SSU-G2 unit has been designed to satisfy several Federal Aviation Regulation ("FAR") categories that include various environmental and operational requirements. Testing on the SSU-G2 unit is extensive and continues. The SSU-G2 server is now expected to be commercially available by mid-summer 2011 and will be installed on the Shaheen Air B737, once the Installation STC is received.

The Company has also, successfully achieved AS9100 Rev C: ISO 9001:2008 certification. AS9100 Rev. "C" is the international quality management system standard for Aircraft, Space and Defense (AS&D) industry. The standard is based on ISO 9001:2008 and includes additional quality system requirements specifically for aerospace. The standard provides manufacturers and suppliers with a comprehensive internationally recognized quality system for providing safe and reliable products to the aerospace (civil, military) industry.

In November 2010 the Company announced its participation with Astrium Services (France) and the General Directorate for Civil Aviation in France ("DGCA") in the SESAR project. Prompted by AF447 loss and the significant problems and costs associated with locating the black boxes carried aboard, the study was initiated in order to propose innovative solutions for improving aircraft safety and optimizing coordination between both air transit and search and rescue services in remote or oceanic areas. Content for the final report submission has been submitted by Star to its SESAR project partners.

Other complimentary products such as "STAR-ISMS® Lite", (flight tracking and monitoring system incorporating two-way voice and data), STAR-ISMS® Ultra Lite, (an airborne asset tracking and monitoring system), as well as Terrestrial Monitoring and Marine Monitoring which serve the same purpose for land and marine applications, are available and are being marketed and sold. See the Company's website at www.star-navigation.com for more information.

The Company continues its efforts to conclude existing sales initiatives with customers in Pakistan, India, Europe and North America and has expanded the number of airlines with whom it is currently in discussion in those areas.

As stated earlier, efforts in the Middle East have been significantly reduced due to the political situations occurring there.

Discussions continue with appropriate governmental authorities in India concerning the granting of the Aeromobile license required to use the STAR-ISMS® in Indian airspace, as the Company's system cannot be utilized in the absence of such approval.

While recent funding through private placements has enhanced the Company's financial position, strict hiring protocols and other cost cutting measures remain in place pending increased revenues. Attendance at promotional events such as air shows continues to be closely assessed in terms of value for investment and potential networking and relationship building opportunities. In this regard, during the calendar year ended December 31, 2010, the Company attended airshows in Berlin, Farnborough and Egypt and will be attending the 2011 Paris airshow in June.

The Company has been actively participating in negotiations with Astrium Services, U.K. (an EADS company), regarding a commercial agreement. This agreement is comprehensive and complex in nature, and while a significant number of commercial points have been mutually agreed, the discussions are currently aimed at resolving several outstanding issues.
While Star is optimistic that negotiations will be satisfactorily concluded, as with any major contract negotiation, ultimately Star will always act in the best interests of its shareholders.

Operational Milestones

During the nine-month period ended March 31, 2011, the Company has made the following progress towards achieving its objectives:

- The Company has successfully achieved AS9100 Rev C and ISO 9001:2008 Certification. This important, industry world-wide recognized aerospace certification will go a long way in supporting the Company's sales efforts. The certification confirms that the Company's quality environment is of a very high standard, thereby providing a better "comfort level" to potential customers and suppliers thereby potentially shortening the sales cycle.

- The Company entered into an agreement with Shaheen Air International (see Overview & Overall Performance).

- The Company has completed the performance/design and platform upgrades to its Ground Station Services ("GSS"). As part of its commitment to continuous improvement, Star has upgraded its Ground Station platform to better position it for the expected growth in 2011. The new platform will enhance the reliability and performance of the current infrastructure and is ready to accommodate new customers and the commercial "pilot project" that is tentatively scheduled to begin in the fall of 2011.

- Development of the Company's SSU-G2 is in the process of being completed. Although delayed (see Overview) testing of the prototype is ongoing and a commercial 3 – 6 month "pilot project" rollout is expected to begin in the fall of 2011.

- Negotiations continue with Pakistan International Airlines Corporation ("PIA"). Daily operational flights with the STAR-ISMS® aboard one of PIA's A-310 aircraft are ongoing and the upgraded model of the First Generation SSU, currently aboard the PIA A-310 is meeting all design expectations. Star's representatives in Pakistan continue to maintain close contact with PIA officials.

- In China, working discussions continue with respect to the COMAC 919 Big Commercial Aircraft project and the Company is awaiting the completion of the selection process. Star has offered to provide more information, if needed, in an effort to expedite the process for deciding on supplemental systems.

Outlook

Star's Management looks to achieve the following for the balance of the fiscal year ending June 30, 2011 and ahead to June 30, 2012:

- Formalize the relationship with Astrium Services through the negotiation and execution of a formal commercialization mechanism under which Star and Astrium can develop new business opportunities in the field of aircraft critical data collection, analysis and transmission.

- Draft an integration plan for the development/implementation of our STAR-ISMS® software onto PilotView® EFB's (Esterline/CMC Electronics)

- Enter into full production of the SSU-G2.

- Continue to work closely with PIA in order to secure a purchase order by building upon the results of the real-time demonstration aboard a PIA A-310 and the recent discussions in Pakistan between Star's Chief Technology Officer, COO and PIA management.

- Continue to develop sales initiatives in the Europe, the Middle East and North America.

- Manage additional funding opportunities and aggressively monitor operating and administrative expenses.

- Continue to work closely with PIA in order to refine the utility and scope of the STAR-ISMS® during the current real time demonstration. The ability of the Company's Engineering and Software departments to analyze and assess data from an aircraft in actual flight is a valuable resource. Ultimately, the objective remains a purchase order from PIA.

- Continue to work on the COMAC 919 project in China. As stated previously, the Company has been informed that COMAC is still going through the selection process and that they have not yet decided/confirmed the second level/supplemental systems. This is a very large scale project and there have been some scheduling extensions. Potential suppliers (including Star) have no control over the process at this stage.

- Expansion of the revenue stream from existing STAR-ISMS® Lite, STAR-ISMS® Ultra Lite and Terrestrial Monitoring products through effective sales, installation and world-wide marketing. For more information see the Company's website at www.star-navigation.com.

- Continue research and development efforts, with respect to increased functionality of the STAR-ISMS® for additional applications. Star continues to be committed to the longevity and improvement of the STAR-ISMS(R) product / service and will continue to focus significant effort in Research and Development. Pursuit of improved reliability and new capabilities, is paramount to STAR's long term success.

- Continue to closely monitor and defend our Intellectual Property

The Company's focus continues to be exclusively on the commercialization and refinement of its product and on the furthering of the sales and marketing of our flagship product – STAR-ISMS® - the In Flight Safety Monitoring System.

Summary of Quarterly Results

The following table sets out selected unaudited financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada, for each of the previous eight quarters ended March 31, 2011. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

(Expressed in $)

Three months	**2011**	**2010**	**2010**	**2010**
Period Ending	**March 31**	**December 31**	**September 30**	**June 30**
Revenue	20,896	21,019	31,804	32,661
Working Capital/(Deficit)	(443,455)	64,623	530,848	(12,241)
Expenses	862,424	1,698,187	888,911	1,713,772
Net Loss	(841,528)	(1,677,168)	(857,107)	(1,554,231)
Net Loss (per Share)	(0.005)	(0.001)	(0.005)	(0.02)

	2010	**2009**	**2009**	**2009**
Period Ending	**March 31**	**December 31**	**September 30**	**June 30**

Revenue	75,660	22,377	23,151	84,108
Working Capital/(Deficit)	(219,398)	(2,595,982)	(3,012,419)	(2,688,415)
Expenses	837,399	585,789	428,710	1,577,552
Net Loss	(821,402)	(581,621)	(405,828)	(900,424)
Net Loss (per Share)	(0.01)	(0.00)	(0.003)	(0.3)

Quarter-over-quarter fluctuations for fiscal 2010 and 2009 are primarily as follows:

- low and inconsistent revenue generation throughout the year
- working capital fluctuations in fiscal 2010 were influenced primarily by the completion of three private placements that were completed in late Q2 and early Q3 of fiscal 2010 and one completed in Q1 of fiscal 2011. There have been no further private placements since September 30, 2010.
- increases in September 2010 and June 2010 expenses related to the assigned fair values of stock option grants and year end audit related adjustments.
- for fiscal 2010 working capital moved into a positive position due to the Company completing private placements and a reduction in current liabilities such as accounts payables and accrued liabilities, fiscal 2009 working capital deficiency was consistent throughout the year as cash remained relatively low
- net loss for the 12 month periods ending June 30, 2010 and June 30, 2009 were $3,363,082 and $2,978,175 respectively

RESULTS OF OPERATIONS

Comparison of the nine-month and three-month periods ended March 31, 2011 and March 31, 2010

The following commentary compares the unaudited interim consolidated financial results for the nine-month and three-month periods ended March 31, 2011 and March 31, 2010.

Overview:

The Company generated a loss for the nine-month period ended March 31, 2011 of $3,375,803 vs. a loss of $1,408,492 for the same period in 2010. The difference of $1,967,311 is almost (70% of total difference) all due to the increase in stock-based compensation attributable to options that the Company granted during the fiscal year ended June 30, 2010 which have vested in the current year. Stock-based compensation is considered a non-cash item and is required to be included in the Company's profit and loss but it nonetheless tends to skew operational results of the Company.

The Company has seen all of its major expense categories increase. Increases in general & administration expense ("G&A") of ($108,987), marketing expense ($32,230), research and development costs ($154,320), professional fees ($178,582) and amortization ($39,283) have occurred. For the three-month period ended March 31, 2011 the Company had a loss of $841,528 compared to a loss of $501,142 for 2010. The difference of $340,386 was created by increases in G&A ($49,168), professional fees ($124,054), research and development ($23,811), amortization ($15,264) and stock-based compensation expense ($178,196) and decreases in marketing and promotion ($58,853).

The Company's sales for both the nine and three month periods ended March 31, 2011 were both lower by $47,280 and $54,575 during these periods compared to 2010. During the quarter ended March 31, 2010 the Company had completed an order for 5 STAR-ISMS® lite units to Skylink Canada which accounted for these differences. Airtime revenues for the nine-month period were only $4,058 lower than 2010 (2011 - $63,054 vs. 2010 - $63,054) while for the three-month period the difference is only $688. These variances are caused by the Company's customers having fluctuating usage of the units they now have installed in their aircraft and land vehicles. The Company continues to make the aviation market more aware of its products and this awareness resulted in the Shaheen Air International agreement which was completed in September 2010. If, upon the successful completion of the evaluation period (see Overview and Outlook), Shaheen Air International is satisfied with the results of the evaluation, it has committed to an order of 12 of the Company's STAR-ISMS® units.

The Company continues to expand its visibility in the overseas markets (the Company is attending the Paris Airshow in June 2011) and hopes that the increased exposure will increase sales figures as the world-wide economy stabilizes and airline companies increase their capital spending.

Revenues:

The Company's monthly monitoring fees charged to various customers have remained consistent with the same three-month period in 2010 having $688 more in airtime revenues (2011 - $20,896 vs. 2010 - $21,584). The Company has one customer that continues to add additional vehicle tracking devices sporadically throughout the year which has resulted in increased monthly fees paid to the Company. However, these revenues fluctuate from period to period depending on the usage of the devices in the aircraft and land vehicles. Some devices are turned off for periods of time resulting in decreased fees while others are on aircraft or vehicles that have extra usage.

There were no new sales of hardware equipment in this three-month period ending March 31, 2011 while in the same period of 2010 there were 5 units sold.
The disparity in consistent sales highlights the need for the Company to continue to obtain more customers with an increased marketing campaign to try and smooth out this area of sales.

Cost of Sales:

The Company continues to promote its products into various markets around the world but has yet to achieve a sale to a large commercial airline. To this end it has effectively been selling its product at break-even margins in previous periods to entice customers to purchase its products and see the usefulness of it and to purchase other units. Another reason for this is that the products being developed can have a very long sales cycle and require acceptance amongst several customers rather than just one. As a result the Company's margins are very low. In the future the Company expects to sell for higher margins once they have gained a major commercial airline as a customer.

Research and Development:

Research and development expenses have increased in the nine-month period by $154,320 (2011 - $463,419 vs. 2010 - $309,099). The increase was driven by the increase in R&D wages of $132,091 (2011 - $362,090 vs. 2010 - $229,999). The main reason for this is the increase in sub-contractor expense (2011 - $95,669 vs. 2010 - $32,905). The use of sub-contract expense increased in this period as the Company is gearing up to receive its new SSU-G2 box which has required more testing requirements before the SSU-G2 can be installed on an airliner. Salaries increased by $51,111 in this nine-month period over 2010 as the Company has increased its technical staff from 2010. Increases in salaries to senior technical staff also took place and the Company is no longer enrolled in a government sponsored work sharing program which ended on May 31, 2010. This work program saved the Company 40% of the wages it spent on staff wages. Travel expense has decreased by $19,045 as the Company's Chief Technical Officer has spent more time at head office to assist in the completion of the new SSU-G2 box and assist in completing the sales agreement with Astrium. Research and development material costs have increased as the Company ramps up toward production of its new SSU-G2 unit. These costs have gone up by $22,295 this year compared to 2010 and material costs needed to test the new box have also increased.
For the three-month period ended March 31, 2011 research and development costs have increased in total by $23,811 (2011 - $154,120 vs. 2010 - $130,309). The increase was due to salaries of the technical staff which rose by $45,724 this period over 2010 but was offset as travel costs decreased by $19,957 as the technical department spends more time testing the new SSU-G2 box for future installations.
As part of its product improvement initiative, for the past 2.5 years Star has been working on enhancements to its fuel management, fleet management and savings modules. Working closely with aviation experts and experienced pilots, Star's R&D team has developed modules that offer improvements in efficiency, flexibility and performance measuring capabilities. Star will continue in its pursuit of functional and effective product development and improvement.

General and Administrative:

General and administrative ("G&A") expenses have increased both in the three-month period ended March 31, 2011 (2011 - $248,163 vs. 2010 - $198,995) and nine-month period (2011 - $669,502 vs. 2010 - $560,515). These increases were driven by several expense categories.

Fees accrued to Board members decreased by $20,000 over 2010 in the nine-month period and by $8,000 in the three-month period. The Company now has two less directors for whom it is accruing monthly fees than it did in the same period in 2010. Rent expense has increased in this period by $21,501 over 2010 as the monthly rental costs of its Toronto office have increased by $2,000 per month and the costs of its Atlanta office have now come online. Consulting costs increased by $25,700 as the Company engaged the services of an executive search firm to help it fill the position of Chief Operating Officer. G&A wages have increased by $43,650 over 2010 levels on a nine-month basis.

The Company completed its search for a Chief Operating Officer ("COO") in February 2011 and this search has accounted for $33,250 of the total increase in G&A wages. As well the salary of the CEO has increased (2011 - $202,500 vs. 2010 - $186,000) by $16,500 due to an increase that came into effect in fiscal 2010. Filing fees increased by $13,673 after an Ontario Securities Commission ("OSC") review of its disclosure requirements. This resulted in an additional cost of $17,712 for the Company. Small increases occurred in travel, $10,125 as CEO travel to London to complete the Astrium working agreement took place. Office expense has increased by $12,175 over 2010 (2011 - $29,701 vs. 2010 - $17,526).

For the three-month period ended March 31, 2011 total G&A expenses were up by $49,168. Directors are down to 3 due to vacancies on the Board resulting in an $8,000 decrease. Consultants costs have increased by $18,450 as indicated above the Company incurred costs paid to an executive search firm to aid in the hiring of a COO. As a result of this hiring in February 2011, Management wages have increased for the quarter by $33,081. Lastly filing fees went up due to the requirements made on the Company by the OSC which was completed in March 2011.

The Company is committed to monitoring all expenditures and has implemented a series of procedures that ensures that future expenditures are sourced out with more than one vendor and discounts are sought at all times. This allows the Company to continue to monitor its cash balance effectively.

Marketing and Promotion:

Marketing and promotion ("M&P") related costs have been kept under control and has increased by $32,230 in the nine-month period, going from $276,626 in 2010 up to $308,856 in 2011. For the three-month period ended March 31, 2011 M&P costs dropped by $58,853.
For the nine-month period the increase was primarily due to higher consulting expenses of $46,660 over 2010. The Company recognizes that this will be a continued expense if it is to broaden its brand recognition. The Company has the necessary working capital to allow it to do this, whereas in 2010 this was not the case.

The Company has cautiously started to broaden its marketing initiatives overseas and in the United States which has resulted in increased travel costs of $28,341 (2011 - $75,659 vs. 2010 - $47,318). Travel costs will continue to increase as the Company continues to get its message out to prospective customers across the country and south of the border.

To this end the Company opened up a satellite office in Atlanta, Georgia in September 2010 and it hopes that this will allow it to take advantage of the large aviation presence there. This will take time and patience but has already resulted in greater industry recognition of the Company. Drops in advertising expense of $26,185 and investor relations expenses of $6,878 have helped to offset the increases. The Company spent $24,795 in the 2010 period on new advertising brochures that it uses to promote the Company at the air shows that it attends. There was no such expense in the 2011 quarter. Investor relations costs have dropped as the Company ended its relationship with its investor relations firm Agoracom and has not renewed with any other company.

Professional Fees:

Professional fees have seen the largest increases of all expense categories in both the nine and three month periods ended March 31, 2011. For the nine-month period professional fees have increased by $178,582 over 2010 (2011 - $269,681 vs 2010 $91,099 and for the three-month period the increase was $124,054 (2011 - $115,261 vs. 2010 – ($8,793). The increase in both the nine and three month period is strictly due to the cost of legal fees. The Company continues to seek closure in its pending litigation suit against a former officer of the Company and Aeromechanical Services ("AMS"). Costs to date on this case have totaled $96,075. Also, the Company continues to defend its intellectual property from infringement and to that end has hired a legal firm in Washington, D.C. to advise it on any breaches and these costs total $30,130. In-house legal counsel costs amounted to $69,588 for the nine-month period. The total increase over 2010 in legal fees is $156,077. Accounting fees decreased by $6,857 over 2010 and audit fees increased by $28,610. This includes the costs incurred related to the OSC and Toronto Venture Stock Exchange reviews of certain compliance related issues the Company and assistance with planning the conversion to International Financial Reporting Standards ("IFRS") in 2011.

Stock based compensation

The Company has a stock option plan (the "Plan") for employees, officers, directors and consultants performing special technical or other services for the Company ("optionees"). During 2010, the Company amended the Plan whereby the number of common shares to be issued under the Plan is not to exceed 30,000,000 (2009 - 19,589,684) common shares. The designation of optionees, amount and vesting provisions of the stock options under the Plan are determined by the Board of Directors.

The Company applies a fair value based method of accounting to all stock-based payments. Accordingly, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable. Stock-based compensation is charged to operations over the vesting period and the offset is credited to contributed surplus.

Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

During the nine-month period stock-based compensation amounted to $1,572,095 vs. $154,988 in 2010. The increase in stock-based compensation is due to the large number of options the Company granted in the fiscal 2010 year that have now vested in fiscal 2011 resulting in a higher than normal stock-based compensation calculation (based on the Black-Scholes model).

Amortization

Amortization costs were $23,201 during the third-quarter ended March 31, 2011, compared to $7,937 for the same period ended March 31, 2010. The increase in amortization results from an increase in the Company's asset base that occurred in the third and fourth quarters of fiscal 2010. The Company spent money on improving the offices in Toronto and on production equipment. The total amount of equipment and license additions in the year totaled $262,230.

As a result, amortization for leasehold improvements has increased for 2011. Production equipment will be amortized once it has been fully completed.

<u>Foreign Exchange Gain/Loss</u>

Monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate. Non-monetary assets and liabilities as well as revenue and expense transactions denominated in foreign currencies are translated at the rate prevailing at the time of the transaction. Translation gain or loss adjustments are recognized in the period in which they occur. The Company transacts its sales and equipment purchases in US dollars. At March 31, 2011, the Company had $1,077,889 vs. 2010 – $525,511 of cash and cash equivalents in US dollars.

Liquidity and Capital Resources

The Company had cash and cash equivalents of $1,248,284 at March 31, 2011 compared to a cash balance of $1,969,406 at March 31, 2010. The Company's cash balance was improved in December 2009, January 2010 and September 2010. The Company has a working capital deficiency of $443,455 at March 31, 2011 compared to the working capital deficiency of $219,398 it had at March 31, 2010. The Company now has sufficient cash to cover its known operating expenditures for the next 12 months and will raise money through equity financings if unforeseen expenditures arise. Due to the uncertain nature of its ability to close sales with major airlines the Company cannot project with certainty what level of cash commitment it may face in the future. That being said, the Company continues to seek additional financing should it sign a major deal. The Company has also had talks with its major supplier of the STAR-ISMS® unit to see if it can arrange terms that would allow the Company to purchase the unit and defer a substantial portion of the payment until it is paid by a customer. The Company continues to keep its accounts payable current, does not suffer from any defaults on its lease commitments and, as it does not have any significant long-term debt, there are no breaches of any loan covenants.

The Company is subject to the risks generally associated with high-technology development stage companies, which include fluctuations in operating expenses and revenues and its ability to secure further equity or debt financing/funding which is subject to prevailing market conditions at that time. There can be no assurance that management will be successful in raising the necessary capital required to continue the project but it has taken the necessary steps to address this concern.

Off Balance Sheet Arrangements

As at March 31, 2011, the Company had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

Outstanding Share Data

Series I Preferred Shares	615,000
Common Shares (i,ii,iii,iv,v)	183,142,406
Share Purchase Warrants	64,951,446 (exercise prices ranging from $0.20 cents to $0.50)
Stock Options	15,693,000 (exercise prices ranging from $0.10 to $0.32 with expiry dates up to March 31, 2015 and various graded vesting provisions).

(i) On November 10, 2009, the Company completed a non-brokered private placement of 10,776,666 units of the Company at an issue price of $0.06 per unit for gross proceeds totaling $646,600. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.20 per additional common share for a term of 24 months from the closing date. Finder's fees in the amount of $62,760 in cash commissions and warrants to acquire 1,046,000 common shares were paid in connection with this private placement.

(ii) On December 4, 2009, the Company completed a non-brokered private placement of 3,428,333 units of the Company at an issue price of $0.06 per unit for gross proceeds totaling $205,700. Each unit consists of one common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share of the Company (a "Warrant Share") at a price of $0.20 per Warrant Share for a term of 24 months from the closing date. Finder's fees in the amount of $20,570 in cash commissions and warrants to acquire 342,833 common shares were paid in connection with this private placement.

(iii) On January 12, 2010, the Company completed a non-brokered private placement of 19,948,666 units of the Company at an issue price of $0.12 per unit for gross proceeds totaling $2,393,840. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.30 per share for a term of 24 months from the closing date. Finder's fees in the amount of $231,600 in cash commissions and warrants to acquire 1,930,000 units were paid in connection with this private placement.

(iv) Pursuant to the debt settlement (the “Debt Settlement”), agreed to on May 4, 2010, the Company issued from treasury 1,922,165 common shares of the Company at a price of $0.20 per share. The Debt Settlement resulted in reducing amounts due to related parties by $315,436 and other payables by $115,505, with a total debt reduction of $430,941. The shares issued to creditors were restricted from resale for a period of 180 days from the date of issue. The issuance of the Debt Settlement Shares will not result in a change of control, and the transaction is subject to TSX-Venture Exchange approval.

(v) On September 14, 2010, the Company completed a non-brokered private placement of 10,875,000 units of the Company at an issue price of $0.12 per unit for gross proceeds totaling $1,305,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.20 per share for a term of 24 months from the closing date. Finder's fees and regulatory fees in the amount of $122,675 in cash were paid in connection with this private placement.

Critical Accounting Estimates

For information regarding critical accounting estimates used by the Company, please see Note 3, Significant Accounting Policies of the audited financial statements of the Company for the year-ended June 30, 2010.

Significant Accounting Policies

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods of their application as the most recent audited consolidated financial statements for the year ended June 30, 2010, except for the change in accounting policies described in Note 2. These consolidated financial statements should be read in conjunction with those audited consolidated financial statements.

Recent Accounting Pronouncements Issued and Not Yet Applied

(a) The CICA recently introduced Handbook Section 1582 – Business Combinations to replace Handbook Section 1581 – Business Combinations. The new standard will become effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of this standard on its financial statements.

(b) The CICA recently introduced Handbook Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which will replace Handbook Section 1600 – Consolidated Financial Statements establishing a new section for accounting for a non-controlling interest in a subsidiary.

These new sections apply to interim and annual consolidated statements for years beginning on or after January 1, 2011.

The Company is currently in the process of evaluating the potential impact of these standards on its financial statements.

(c) In 2006, the Canadian Accounting Standards Board (" AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five year transitional period. In February, 2008, the AcSB announced that January 1, 2011, is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP, affecting interim and annual financial statements relating to fiscal years after this date. These new standards will be applicable as of January 1, 2011. The Company has a June 30 year end, and accordingly would need to prepare annual and interim financial statements relating to fiscal year beginning on July 1, 2011 and ending on December 31, 2012, in accordance with IFRS. This in turn will require IFRS comparatives for the fiscal year beginning on July 1, 2010 and ending on June 30, 2011. As such, July 1, 2010 is the effective date of transition for the Company. For 2010-11, information will have to be gathered in accordance with both existing Canadian GAAP and IFRS.

In summary, financial statements prepared using IFRS will be required for the first quarter of 2011-12 and will include 2010-11 comparative IFRS information, and the July 1, 2010 balance sheet.

The Company has formally established a transition plan and project implementation team. As an update to our previously filed annual and quarterly MD&A, management engaged an external consultant to undertake a preliminary review of the impact of IFRS on the Company's financial statements.

The objective of this review was to highlight, initially, all potential differences that are significant to the Company. The Company has completed the detailed diagnostic plan which included identifying significant accounting policy differences and their related areas of impact in terms of systems, procedures and financial statements. Differences between IFRS and Canadian generally accepted accounting principles (GAAP), in addition to those referenced below, may continue to be identified based on further detailed analysis by the Company and other changes to IFRS prior to the Companies conversion to IFRS in 2011-12.
The Company will continue to review all proposed and continuing projects of the International Accounting Standards Board to determine their impact and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Set out below are some of the key areas which indicate accounting differences, and where changes in accounting policies are expected that may materially impact the Company's consolidated financial statements. The list and comments should not be regarded as a complete list of changes that will result from a transition to IFRS. It is intended to highlight the more significant areas we have identified to date.

Analysis of changes is still in process and not all decisions have been finalized where choices of accounting policies are available.

Accounting Policy Impact and Decisions

Intangible assets

IFRS 1 permits a Company to revalue intangible assets at their fair value as at the date of transition to IFRS. Such intangible assets would need to meet the recognition criteria (including reliable measurement of original cost); and the criteria for revaluation (including the existence of an active market). The Company is currently evaluating this option.

Business combinations

IFRS 1 provides an exemption that allows Companies transitioning to IFRS to not restate business combinations entered into prior to the date of transition. The Company is currently evaluating this option.

Share-based payments

IFRS 1 provides an exemption that allows Companies not to apply IFRS 2 Share-based Payment to options granted before November 2002, as well as to options granted after November 2002, but vested prior to transition. The Company is currently evaluating this option.

Equipment

In view of the component accounting that is strictly applied under IFRS, the Company will need to ascertain if items of property, plant and equipment would need further componentization. It may be likely that certain items of equipment could include components that need to be accounted and depreciated separately.

Impairment of Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists, and then measuring impairment by comparing asset carrying values to their fair value (which is calculated using discounted cash flows). IAS 36 Impairment of Assets (IAS 36) uses a one-step approach for testing and measuring impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted cash flows).

This may potentially result in write-downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis,

but could not be supported on a discounted cash flow basis. This difference could lead to income statement and earnings volatility in future periods. The Company is currently assessing the implications of the difference in the impairment approach.

Revenue recognition

In reviewing IAS 18 Revenue, the Company has determined that certain changes will be made in the manner in which it would recognize revenue in arrangements that have multiple deliverables, going forward. In accordance with Canadian GAAP, revenue is recognized for all delivered elements in an arrangement when there is objective and reliable evidence of fair value for the undelivered elements (commonly referred to as the residual method). Under the residual method, the amount of consideration allocated to the delivered elements equals the total arrangement consideration less the fair value of the undelivered item. However, in accordance with IFRS, revenue is allocated and recognized for each separately identifiable component in a multiple deliverable arrangement. The residual method is not permitted. As a result, for certain arrangements, the amount and timing of revenue recorded for each identifiable component may differ under IFRS.

Provisions

The Company is currently assessing the requirements of IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”, to determine whether all its provisions meet the “probable” recognition criteria under IFRS, and whether any additional provisions are required.

(d) In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) require, in situations where a vendor does not have vendor-specific objective evidence or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance. The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If EIC 175 is adopted early, in a reporting period that is not the first reporting period in the entity’s fiscal year, it must be applied retroactively from the beginning of the Company’s period of adoption. The Company is currently reviewing the impact of adoption of these amendments on its financial statements.

Related Party Transactions

The Company has accrued and carries significant balance on its financial statements of amounts due to related parties. The amounts represent compensation accrued with respect to salary compensation for its officers, monthly compensation accrued for its directors, advisory board members and committee chairpersons that have accumulated over the past several years.

The Company's Board of Directors are compensated at the rate of $2,000 per month for performing duties such as providing guidance to management in areas such as budgeting, new sales contracts or joint ventures anticipated and any other issue that management deems necessary. Advisory Board members are business people with expertise in the Aviation industry who help the Company attain access to the decision makers of major airlines to help promote Star's STAR-ISMS®. They are remunerated at the rate of $15,000 per year. Committee Chairperson's are selected from amongst the Directors of the Company to lead the Audit, Compensation and Corporate Governance committee's. Chairpersons' are remunerated at the rate of $2,000 per month. All of the above amounts are accrued in the financial statements of the Company. The terms for repayment of the amounts owing to the various Board, Advisory and Committee members are restricted.

These amounts can only be settled when individuals wish to exercise options that have been granted to them by the Company or to participate in a private placement being done by the Company.

The related party transactions disclosed above, are non-interest bearing and unsecured, in the normal course of business and are recorded at the exchange amount, which is the amount agreed to between the related parties.

At March 31, 2011, management estimates that there is the possibility for the amounts due to be paid out in this fiscal year, and accordingly they have been classified as current liabilities. The only fixed contractual obligations the Company has with related parties are the compensation contracts it has with the CEO, COO, CTO and CFO.

The following balances are due as of March 31, 2011: Due to Directors - $192,250 (2010 - $152,250), Due to Advisory Board - $84,500 (2010 - $100,000) and Due to Committee Chairpersons - $90,000 (2010 - $72,000). The following amounts are due to Related Parties; Due to Dale Sparks – Chief Technical Officer and member of the Board of Directors - $20,576 (2010 - $92,576). The above amount resulted from the accrual of salary for Mr. Sparks. Due to Viraf S. Kapadia – Chief Executive Officer and Chairman of the Board of Directors - $1,137,366 (2010 - $1,264,866). This amount resulted from salary accrual for Mr. Kapadia in prior years including certain years where as CEO he took no salary due to the economic limitations the Company was experiencing at the time. He also financed the Company at various times when the Company was experiencing funding shortfalls and he deferred repayment until the Company attained stability. Due to a corporation formally controlled by an officer who is also a director of the Company - $28,090 (2010 - $28,090).

Included on the statement of profit and loss for the nine-month period ended March 31, 2011 in general and administrative expenses is $418,000 (2010 - $402,105) in fees paid and accrued to directors and officers of the Company. Rent expense of $90,000 (2010 - $72,000) was paid to a corporation formerly controlled by an officer who is also a director of the Company. Salary of $211,500 (2010 - $194,105) was paid to the Company CEO V.Kapadia. Directors fees of $52,000 (2010 - $72,000) were accrued to S.Saulnier, I. Alhamer, Robin Reidel and C.Wyburn. Advisory board fees of $46,500 (2010 - $46,500) were accrued to P.Jeanniot, C.Simpson, JL Larmor, K.Ledeboer and S.Gough-Cooper. Chairperson fees of $18,000 (2010 - $18,000) were accrued to C. Wyburn.

Included in research and development is $135,000 (2010 - $55,398) in fees paid and accrued to D. Sparks the Chief Technical Officer and a director of the Company. Professional fees of $36,000 (2010 – $42,857) were paid to R.Koroll, the Chief Financial Officer of the Company. Also included in accounts payable of the Company is approximately $Nil (2010 - $8,854) owing to V. Kapadia a director and officer of the Company.

The amounts owing to the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, due to related parties, other payables and capital lease obligations.

Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments. The fair market values of cash and cash equivalents, accounts payables and accrued liabilities approximate their carrying values.

Subsequent Events

The Company announced on May 24, 2011 that, following discussions initiated at the Avex 2010 Air Show in November, 2010, Midwest Airlines (Egypt) ("Midwest") has now placed an order with Star. This sale will see the installation of Star's flagship product, the In-Flight Safety Monitoring System ("STAR-ISMS®"), on one of its Boeing 737-800 aircraft. Midwest also has the option of purchasing two (2) further STAR-ISMS® systems at the same price within one (1) year. The purchase order and initial deposit from Midwest have been received and contemplates installation commencing immediately upon receipt by Star of the required Supplementary Type Certificate ("STC"), approximately a 60 day process from receipt of specific aircraft documentation. Payment of the balance of the contract price will occur upon activation of the system. The value of the contract for all 3 aircraft, based on list prices, together with estimated airtime, telephone and alerts charges over the next 5 years, is approximately $1,300,000 USD depending upon usage. If Midwest's option is not exercised the contract value is approximately $430,000 USD, although Star expects the option to be exercised. Midwest's fleet currently consists of 3 Boeing 737-800's. Star's team is currently in Egypt gathering aircraft details for STC purposes and expects to apply for the STC shortly.

Risk Factors and Risk Management

Although management is working diligently towards generating revenue, improving cost containment and achieving profitable operations, the Company is subject to the risks generally associated with high-technology development stage companies. These risks include fluctuations in operating expenses, lengthy sales cycles, the pace of technological change, competition, regulatory approvals and permitting, and the need to secure further equity or debt financing and/or funding.

The Company is also subject to the risk of competition in a fast moving high technology industry. Protection of the Company's Intellectual Property carries the risk of expensive litigation. Retention of highly skilled key personnel, fluctuation of input costs, travel costs and general economic conditions may impact the Company's performance."

The Company's revenues depend mainly upon two factors: hardware sales and ongoing monthly monitoring charges and airtime. Revenues from hardware are normally a one-time event and are dependent upon sales. Therefore, these revenues will vary from period to period. Revenue from a customer from ongoing monthly monitoring is relatively stable, but can vary depending upon usage and, in rare cases, upon the financial health of the customer. The Company is working diligently to increase the level of sales across its product suite, carefully monitors the payment records of its customers, and sets its pricing models to reflect risk and return realities.

Operating expenses are generally stable but will vary depending on sales activity and required research and development activities. Both expense items are pre-revenue in nature. Also, as the Company is determined to protect its Intellectual Property, cases of potential infringement of patent are not predictable and the legal costs involved can be substantial. While all eventualities cannot be predicted, the Company maintains a sufficient level of funds to cover most contingencies.

The Company's target clients for the flagship STAR-ISMS® system are mainly commercial airlines. As is the case with high technology sales to any large commercial operation operating on slim margins in a competitive environment, the sales cycle is generally a lengthy one, involving multiple varied sales presentations to several different departments and stakeholders, be they Engineering, Finance, Operations or the Executive.

A large percentage of the Company's sales initiatives to date have involved non-North American customers, with the attendant travel and time requirements. Amongst other initiatives, the Company is increasing its North American sales presence, refining its sales process, and making greater use of video conferencing.

The Company is in the latter stages of the testing and commercialization of its SSU G2. In order to maintain and enhance its current competitive advantage, the research and development department of the Company is continually working to upgrade the existing functionality, size, weight and price point of the STAR-ISMS® system.

Although the Company's exclusive world wide license to the patented technology underlying the STAR-ISMS® system provides a large measure of security, advances in technology are possible.

As has been demonstrated by duration of the Company's discussions with the Government of India with respect to the ability of Indian customers to utilize the STAR-ISMS® system in Indian airspace, regulatory matters can delay the sales process to varying degrees. The Company relies upon entities such as Transport Canada to issue approvals such as Supplementary Type Certificates, required whenever the Company is installing equipment aboard an aircraft. While Transport Canada works hard to provide excellent service, this is not always the case around the world.

Until revenues exceed expenses, the Company raises the necessary capital through private placements. There can be no assurance that management will be successful in raising the necessary capital required to fund pre-revenue activities.

Due to the Company's original intentional focus on directing early sales and marketing efforts on the Middle East and developing countries, the Company is potentially subject to risks involving political unrest, cultural differences, differing legal systems and business practices, and the significant added expense of travel and accommodation for Company personnel required to be onsite for sales, testing and installation duties.

The Company intends to mitigate these risks as much as possible through the judicious use of secure financial instruments, experienced local sales agents and coordinated travel arrangements. Increasing recent focus by the Company on North American and European opportunities also serves to mitigate some of these risks.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") file a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

As part of our corporate governance practices, internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") have been designed. There has been no formal evaluation of the operation of these controls. The Company has designed its ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Management works to mitigate the risk of a material misstatement in financial reporting; however, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Company's DC&P have been designed to ensure that information required to be disclosed by Star is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

It should be noted that while the Company's CEO and CFO believe that the Company's DC&P provide a reasonable level of assurance that they are effective, they do not expect that the DC&P or ICFR will prevent all errors or fraud. There have been no material changes to the internal controls of the Company in the nine-month period ended March 31, 2011.