CellStop Systems Inc.

August 31, 2011 and 2010

Consolidated Financial Statements

(Stated in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of:
CELLSTOP SYSTEMS INC.

We have audited the accompanying consolidated financial statements of CellStop Systems Inc. and its subsidiaries, which comprise the consolidated balance sheets as at August 31, 2011 and 2010, and the consolidated statements of deficit, operations, comprehensive loss, and cash flows for the years then ended, and 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 Canadian generally accepted accounting principles 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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity'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 financial position of CellStop Systems Inc. and its subsidiaries as at August 31, 2011 and 2010, and their financial performance and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Watson Dauphinee & Masuch"

Chartered Accountants

Vancouver, B.C.
November 30, 2011

CELLSTOP SYSTEMS INC.

Consolidated Balance Sheets

As at August 31, 2011 and 2010

	2011 $	2010 $
ASSETS		
CURRENT		
Cash	13,209	1,018
Term deposit	362,765	-
HST recoverable	4,282	2,142
Prepaid rent	5,602	-
	385,858	3,160
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	55,187	64,957
Loan payable (Note 3)	-	89,534
	55,187	154,491
SHAREHOLDERS' EQUITY		
Share capital (Note 6(b))	7,792,497	7,201,210
Contributed surplus	184,286	184,286
Accumulated other comprehensive income (Note 2(i))	194,768	194,768
Deficit	(7,840,880)	(7,731,595)
	330,671	(151,331)
	385,858	3,160

Nature of operations (Note 1)
Commitments (Note 7)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:

/s/ M. Gahagan
M. Gahagan, Director

/s/ G. Tuskey
G. Tuskey, Director

CELLSTOP SYSTEMS INC.

Consolidated Statements of Deficit
For the Years Ended August 31, 2011 and 2010

	2011 $	2010 $
DEFICIT, BEGINNING OF THE YEAR	(7,731,595)	(7,609,253)
Net loss for the year	(109,285)	(122,342)
DEFICIT, END OF THE YEAR	(7,840,880)	(7,731,595)

The accompanying notes are an integral part of these consolidated financial statements.

CELLSTOP SYSTEMS INC.

Consolidated Statements of Operations

For the Years Ended August 31, 2011 and 2010

	2011 $	2010 $
EXPENSES		
Administration and management fees (Note 7(a))	30,000	30,000
Auditing and legal	15,466	25,498
Consulting fees	17,500	30,500
Filing and transfer agent fees	15,211	16,301
Interest and financing fee (Note 3)	14,904	9,534
Office	4,264	8,517
Rent (Note 7(c))	15,000	-
LOSS BEFORE OTHER ITEMS	112,345	120,350
OTHER ITEMS		
Settlement of legal claim (Note 4)	-	(1,992)
Interest income	3,060	-
NET LOSS FOR THE YEAR	(109,285)	(122,342)
WEIGHTED AVERAGE NUMBER OF POST-CONSOLIDATION COMMON SHARES OUTSTANDING (Note 6(b)(i))	24,272,807	18,323,297
BASIC AND DILUTED LOSS PER POST-CONSOLIDATION COMMON SHARE	(0.0051)	(0.0071)

The accompanying notes are an integral part of these consolidated financial statements.

CELLSTOP SYSTEMS INC.

Consolidated Statements of Comprehensive Loss

For the Years Ended August 31, 2011 and 2010

	2011 $	2010 $
NET LOSS FOR THE YEAR	(109,285)	(122,342)
Other Comprehensive Income for the Year	-	-
COMPREHENSIVE LOSS FOR THE YEAR	(109,285)	(122,342)

The accompanying notes are an integral part of these consolidated financial statements.

CELLSTOP SYSTEMS INC.

Consolidated Statements of Cash Flows
For the Years Ended August 31, 2011 and 2010

	2011 $	2010 $
CASH WAS PROVIDED FROM, (UTILIZED FOR):		
OPERATING ACTIVITIES		
Net loss for the year	(109,285)	(122,342)
Non-cash item:		
Amortization of Interest and financing fee	13,644	9,534
Changes in non-cash working capital accounts:		
HST recoverable	(2,140)	(1,468)
Prepaid rent	(5,602)	-
Accounts payable and accrued liabilities	(12,948)	(54,907)
	(116,331)	(169,183)
INVESTING ACTIVITY		
Term Deposit	(362,765)	-
FINANCING ACTIVITIES		
Loan advance	-	100,000
Proceeds from private placement	500,000	-
Share issuance costs	(8,713)	(4,576)
	491,287	95,424
INCREASE (DECREASE) IN CASH FOR THE YEAR	12,191	(73,759)
CASH, BEGINNING OF THE YEAR	1,018	74,777
CASH, END OF THE YEAR	13,209	1,018

SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid	4,438	-
Income taxes paid	-	-

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS

CellStop Systems Inc. (the "Company") was incorporated on April 29, 1982 under the laws of the Province of British Columbia. The Company currently has no active operations and is analyzing project opportunities.

The address of the Company's registered office is Suite 302, 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4, Canada

The Company is a publicly traded company and the Company's listing on the TSX Venture Exchange ("Exchange") was transferred to the NEX board of the Exchange effective July 02, 2010 due to the Company's lack of operations. The NEX board allows the Company's shares to continue trading while it analyzes project opportunities and resume active business. The Company is subject to restrictions on share issuances and certain types of payments as set out in NEX policies.

The Company was previously in the business of providing wireless telemetry solutions utilizing the GSM network. On September 01, 2007, the Company ceased its operations, being the development and marketing of automotive security using wireless GSM technology, upon the sale of its subsidiary, CellStop International Limited.

The consolidated annual financial statements were authorized for issue by the Board of Directors on November 30, 2011.

NOTE 2 – BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared using Canadian generally accepted accounting principles ("GAAP") as summarized below:

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiaries: The Buddy Systems Inc., Palm Coast Solutions Inc. ("PCSI") and Group West Systems (Massachusetts) Ltd. All significant intercompany transactions and balances have been eliminated.

b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of net recoverable amount of assets, the estimated amount of accrued liabilities, and the realization of future income tax assets. Actual results could differ from such estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

c) Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar.

Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction date. All exchange gains or losses are recognized in earnings.

NOTE 2 – BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Foreign Currency Translation (continued)

The Company's inactive foreign subsidiaries are determined to be of an integrated nature and are translated into Canadian dollars using the temporal method. Monetary assets and liabilities of foreign subsidiaries are translated at year-end exchange rates. Non-monetary assets, liabilities, revenues and expenses are translated at the rate of exchange in effect at the transaction date. Exchange gains and losses arising from this translation are recognized in earnings. Prior to September 01, 2008, these foreign operations were translated using the current method for self-sustaining subsidiaries, and the related exchange gains and losses were accumulated and reported in other comprehensive income.

d) Financial Instruments

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale assets or other financial liabilities.

Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income and reported in shareholders' equity.

The Company classifies cash and term deposit as held-for-trading which is carried at their fair value; and accounts payable and accrued liabilities and loan payable as other financial liabilities which are carried at their amortized cost.

e) Share Capital

The Company records proceeds from share issuances net of commissions and issuance costs. Shares issued for other than cash consideration are valued at the quoted price on the NEX Venture Exchange based on the earlier of: (i) the date the shares are issued, and (ii) the date the agreement to issue the shares is reached.

NOTE 2 – BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Stock Based Compensation

The Company has a stock option plan for its directors, officers and employees. Under this plan, stock options are not issued at less than their fair market value.

The Company recognizes compensation cost for options and other stock-based awards under the fair value-based method. Compensation cost is measured using the Black-Scholes option pricing model at the date of the grant and is expensed over the vesting period of the equity instrument awarded, with the offsetting amounts credited to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus amount is transferred to share capital. As at August 31, 2011 and 2010, the Company had no stock options outstanding.

g) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

h) Loss Per Share

Basic loss per share is calculated using the weighted average number of shares issued and outstanding during the period. Diluted loss per share is the same as basic loss per share as the issuance of shares on the exercise of share purchase options and warrants is anti-dilutive.

i) Comprehensive Income

Comprehensive income is comprised of the Company's net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from non-shareholder source, and includes foreign exchange gains and losses arising from the translation of the financial statements of self-sustaining foreign operations.

As at August 31, 2011 and 2010, the accumulated other comprehensive income of $194,768 represented the accumulated foreign currency translation gain of the Company's foreign subsidiaries previously classified as self-sustaining operations. Effective September 01, 2008, the Company reclassified these inactive subsidiaries as integrated operations due to their inactivity, and adopted the temporal translation method prospectively to provide more relevant financial information.

j) Income Taxes

The Company accounts for income taxes using the liability method, whereby future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Income tax assets, including the benefit of income tax losses available for carry forward, are only recognized to the extent that it is more likely than not that the Company will ultimately realize those assets.

NOTE 2 – BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period. These reclassifications have no effect on the audited consolidated net loss for the years ended August 31, 2011 and 2010.

l) Future Accounting Standard Changes

(i) International Financial Reporting Standards ("IFRS")

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 01, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter ending November 30, 2011 for which the current and comparative information will be prepared under IFRS. The financial reporting impact of the transition to IFRS is not expected to be material on the Company's consolidated financial statements.

(ii) Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1582 "Business Combinations", Section 1601, "Consolidations", and Section 1602 "Non-Controlling Interests". These sections replace the former Section 1581 "Business Combinations" and Section 1600 "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual financial statements relating to fiscal years beginning on or after January 01, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company will evaluate the impact of the adoption of these standards on its consolidated financial statements when applicable.

NOTE 3 – LOAN PAYABLE

	2011 $	2010 $
Loan Payable, Beginning of the Year	89,534	-
Loan advance received	-	100,000
Financing fee on issuance of bonus shares	-	(20,000)
Interest accrued	1,260	3,178
Payments of interest	(4,438)	-
Amortization of financing fee	13,644	6,356
Shares issued for debt settlement (Note 6(b))	(100,000)	-
Loan Payable, End of the Year	-	89,534

NOTE 3 – LOAN PAYABLE (Continued)

The loan bore interest at 10% per annum payable quarterly, was unsecured, and was scheduled to mature on May 07, 2011. Pursuant to the loan agreement dated April 28, 2010, the Company issued 400,000 common shares to the lender with a deemed value of $20,000 in connection to the debt financing. The Company recorded this financing fee as an adjustment to the carrying amount of the loan payable and amortized the fee over the term of the loan.

On October 13, 2011, the Company settled the outstanding principal amount of the loan payable of $100,000 by issuing 1,111,111 units of the Company (Note 6(b)(iii)).

During the year ended August 31, 2011, the Company accrued interest of $1,260 (2010 – $3,178) and recorded amortization of the financing fee of $13,644 (2010 – $6,356) totaling $14,904 (2010 – $9,534).

NOTE 4 – SETTLEMENT OF LEGAL CLAIM

On February 18, 2009, the Ontario Superior Court of Justice granted an award of $58,498 plus interest to a former contractor of the Company. The Company accrued a settlement and interest payable of $68,073 in the year ended August 31, 2009. In May 2010, the Company paid the full settlement amount including interest totaling $70,065. This payment included additional interest of $1,992 accrued in the year ended August 31, 2010.

NOTE 5 – RELATED PARTY TRANSACTION

a) The Company paid $24,000 (2010 – $24,000) to an officer of the Company for management services provided, of which $2,000 (2010 – $2,000) remained outstanding in accounts payable and accrued liabilities as at August 31, 2011.

b) The Company paid $600 (2010 – $6,148) to an officer of the company for legal services provided.

NOTE 6 – SHARE CAPITAL

a) Authorized Share Capital

Unlimited number of common shares without par value.

b) Issued and Outstanding Share Capital

	Number of Shares	$
Balance, August 31, 2009 (Pre-Share Consolidation)	73,166,063	7,185,786
Shares issued for loan payable (Note 3)	400,000	19,400
Share consolidation, net of share issuance costs (i)	(55,174,535)	(3,976)
Balance, August 31, 2010 (Post-Share Consolidation)	18,391,528	7,201,210
Private placement, net of share issuance costs (ii)	5,555,556	491,287
Shares issued for debt settlement (iii)	1,111,111	100,000
Balance, August 31, 2011 (Post-Share Consolidation)	25,058,195	7,792,497

NOTE 6 – SHARE CAPITAL (Continued)

b) Issued and Outstanding Share Capital (Continued)

(i) On August 25, 2010, the common shares of the Company were consolidated on a basis of 1 new common share for 4 old common shares.

(ii) During the year ended August 31, 2011, the Company completed a private placement of 5,555,556 units at $0.09 per unit for gross proceeds of $500,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at $0.12 per share for a term of one year. These warrants expire on October 13, 2011.

(iii) During the year ended August 31, 2011, the Company issued 1,111,111 units at $0.09 per unit to settle the outstanding principal amount of the loan payable of $100,000 (Note 3). Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at $0.12 per share for a term of one year. These warrants expire on October 13, 2011.

c) Share Purchase Warrants

	Number of Warrants	Exercise Price $
Balance, August 31, 2009 (Pre-Share Consolidation)	10,000,000	0.05
Share consolidation (Note 6(b)(i))	(7,500,000)	(0.05)
Balance, August 31, 2010 (Post-Share Consolidation)	2,500,000	0.20
Warrants issued for debt settlement (Note 6(b)(iii))	1,111,111	0.12
Warrants issued for private placement (Note 6(b)(ii))	5,555,556	0.12
Warrants expired	(2,500,000)	0.20
Balance, August 31, 2011 (Post-Share Consolidation)	6,666,667	0.12

The warrants expire on October 13, 2011.

NOTE 7 – COMMITMENTS

a) Effective March 01, 2008, the Company entered into a business advisory and administration agreement with an arm's length party for an open term of $2,500 per month. The Company may terminate the agreement at any time for cause, or on 30-day written notice without cause.

b) Effective May 01, 2009, the Company entered into a management agreement with an officer of the Company for an open term of $2,000 per month. The Company may terminate the agreement at any time for cause, or on 30-day written notice without cause.

c) Effective June 01, 2011, the Company entered into an office rental agreement of $5,000 per month with an arm's length party. The agreement expires on July 31, 2012.

NOTE 8 – INCOME TAXES

a) Future Income Taxes

The tax effects of temporary differences that give rise to future income tax assets as at August 31, 2011 and 2010 are as follows:

	2011 $	2010 $
Future income tax assets resulting from:		
Non-capital losses carry-forward	960,953	919,799
Capital losses carry-forward	314,953	314,953
Tax value in excess of net book value	14,132	15,196
Tax deductible share issuance costs	3,668	1,925
	1,293,705	1,251,873
Valuation allowance	(1,293,705)	(1,251,873)
Net future income tax assets	-	-

The Company has Canadian non-capital losses available for carry-forward to offset future taxable income. These losses expire as follows:

Year	
2014	287,378
2015	288,924
2026	354,537
2027	249,713
2028	2,179,474
2029	165,743
2030	153,430
2031	164,615
	3,843,814

The Company has Canadian capital losses of $2,539,137 which can be carried forward indefinitely and may be applied against future capital gains.

Future tax benefits which may arise as a result of these losses have not been recognized in these consolidated financial statements due to the uncertainty of their realization, and accordingly these tax benefits have been offset by a valuation allowance.

b) Provision for Income Taxes

A reconciliation of the combined Canadian federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

Expected income tax recovery	(29,509)	(35,888)
Tax deductible costs	(2,139)	(1,907)
Items not deductible for tax	(12,801)	(7,213)
Effect of change in tax rates	3,295	6,650
Unrecognized tax benefits of non-capital losses	41,154	38,358
Income tax expense	-	-

NOTE 9 – FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks:

a) Fair value

The carrying values of cash, term deposit, accounts payable and accrued liabilities, and loan payable approximate their respective fair values due to the short-term nature of these instruments.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. To the extent that the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding. The ability of the Company to arrange such financing will depend in part upon prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms acceptable to the Company.

If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer dilution. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures and remain in business.

c) Foreign Exchange Risk

Foreign exchange risk arises because of fluctuations in exchange rates. The Company has no active operations and has minimum cash denominated in United States dollar. The Company has not entered into any forward exchange contracts or other derivative instrument to hedge against foreign exchange risk.

d) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and term deposit balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to receivables is remote.

e) Interest Rate Risk

Interest on the Company's loan payable is based on a fixed rate and therefore does not expose the Company to interest rate risk.

NOTE 10 – CAPITAL MANAGEMENT

The Company manages its common shares as capital, which as at August 31, 2011 was $7,792,497 (2010 – $7,201,210). The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue project opportunities for the benefit of its shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may attempt to issue new shares or debt, or adjust the amount of cash. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

NOTE 10 – CAPITAL MANAGEMENT (Continued)

The Company is not subject to any externally imposed capital requirements. The Company prepares annual expenditure budgets and updates these as required throughout the year which it uses as the primary tool for assessing its capital requirements.

Risk Management

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company in order to make further developments or take advantage of unanticipated opportunities.

Market Risk

The Company is presently analyzing various opportunities to invest its capital. Any potential opportunity will be affected by a market risk.

Key Personnel and Future Staffing Requirements Risk

The Company's success will also be dependent on its ability to identify, recruit, motivate and retain highly qualified executives, management and technical support personnel.