CRS Electronics Inc.

Management Discussion and Analysis

First Quarter Report
For the three month period ended March 31, 2015

May 22, 2015

The following information prepared as of May 22, 2015 is Management's Discussion and Analysis ("MD&A") of the financial condition and performance of CRS Electronics Inc. (the "Company" or "CRS") for the three months period ended March 31, 2015 and should be read in conjunction with the audited financial statements for the year ended December 31, 2014 which have been prepared in accordance with International Financial Reporting Standards.

All amounts are in United States (U.S.) dollars unless otherwise noted (tabular amounts are in thousands of U.S. dollars).

This MD&A is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee comprised of a majority of independent directors. The audit committee reviews and prior to its publication, approves, pursuant to the authority delegated to it by the Board of Directors, this disclosure.

Forward-Looking Information

The statements made in this MD&A, particularly those in the "Outlook" section that are not historical facts, contain forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address CRS's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by management and with information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements. The forward-looking statements made in this MD&A describe our expectations as at May 22, 2015.

You should not place undue reliance on these forward-looking statements. These statements reflect our current view of future events and are subject to certain risks and uncertainties as contained in the Company's filings with Canadian securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results could differ materially from those anticipated in these forward-looking statements. Management undertakes no obligation to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although the Company believes that their expectations are based on reasonable assumptions, the Company can give no assurance that our forward-looking statements will materialize. Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

The material assumptions that were applied in making the forward looking statements in this MD&A include: execution of the Company's existing plans and development programs for its product line, either of which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs; and the accuracy of current interpretation of market study results.

For a description of material factors that could cause our actual results to differ materially from the forward-looking statements in this MD&A, please see the "Risk and Uncertainties" section.

Overview

For over 16 years, CRS has been a developer and manufacturer of light emitting diode ("LED") light products. As a manufacturer of LED indicator lights for Blue Bird Corporation buses and other light applications, CRS realized that the improvement in LEDs created an opportunity to supply LED based lighting. Throughout 2007 to 2013 inclusive, CRS expended a significant amount of time and capital to develop, manufacture and market an LED MR16 halogen bulb replacement and LED PAR series of interior lights for the residential market segment. However, CRS was unable to earn positive margins due to high Canadian labour rates and severe residential market price pressure through retailers.

CRS was focused on the expansion of its lamps to the North American LED commercial market and has exited the retail residential market sector completely. The residential market value proposition did not align with CRS' considerable product features, market price or cost structure. CRS seeks to expand into the North American LED fixture market at a commercial level to leverage market leading intellectual property designed into its products. Converting the Welland, Ontario manufacturing facility to a distribution center for its lamp supply chain was finalized during Q1 2014. However, the Asian supply chain was interrupted when a key vendor violated our contractual agreement, seized CRS tooling and halted production. All LED lamp production ceased. CRS is selling existing inventory and has entered co-branding relationship with other LED lamp providers. Once inventory is depleted, CRS will only sell lamps made by strategic partners.

The Welland facility serves as both a warehouse for remaining LED lamps and manufacturing area for new LED fixtures whose designs were completed in Q4. With local supply chain and significantly higher margins, CRS management believes commercial market linear LED fixtures is precisely the correct market to target.

Outlook

For Fiscal 2015 the Company is focusing on completing the assembly of LED linear fixtures which are set to launch in Q2 of 2015. CRS anticipates completion of agreement with local manufacturing partner to maintain aggressive lead time goals during anticipated rapid growth.

Business Objectives and Milestones

CRS' overall business objective is to gain market share in the LED commercial lighting market to provide an economic return to its shareholders.

Sales Objectives

1. Commercial LED lamp sales

Our objective is to expand sales in the commercial lamp replacement market. CRS introduced LED commercial lamps under the Lumenova™ brand to North America. The company has strategically targeted the most commonly used commercial lamp categories for LED replacements: MR16, GU10, PAR 20, PAR 30, PAR 38, R20, BR30 and BR40 lamps. Independent laboratory testing confirms CRS LED lamps produce more light output, operate using less wattage, dim smoothly to 1% light output and are offered with a wider range of colour temperatures than any other brand. The typical response has been overwhelmingly positive and is reflective of strong sales results. However, with the unplanned end of Asian supply chain (see Overview), CRS is selling remaining inventory while simultaneously co-branding products of its new strategic partners. This has allowed category expansion into LED 277 volt lamps, Replacement Downlights, Candelabra, S14 lamps, A19's and Wet Location lamps. No inventory is required.

2. Bus light business and contract LED OEM manufacturing

CRS continues to support its partners in these market segments. Over many years CRS has developed strong partnerships and the product lines deliver consistent gross margins. CRS plans to continue working with and expanding both business units.

3. Lighting fixture sales

CRS introduced LED light fixtures under the KVIC Lighting™ brand to North America. The brand is represented by independent and commissioned commercial lighting agents. The brand is sold through electrical distribution. Similar to competitive advantages in the Lumenova™ brand, KVIC Lighting features best in class lumen output, industry best efficiencies and compatibility with control systems and devices to further enhance energy savings. Designs include linear extruded fixtures for continuous rows, matching recessed, ceiling, and wall versions, and Cove and Graze lighting featuring highest lumen output and triac dimming. This is a competitive advantage allowing incandescent dimming for LED's, eliminating ELV dimming which is expensive and complicated. KVIC also offers tape lighting, including indoor and outdoor submersible products and optional customization of pre-cut and soldered lengths to meet specific application needs. Market reaction has been very positive and independent sales agents agreed to sell our line prior to its initial launch. Significant Fiscal 2015 sales commitments were signed by agents in order to represent KVIC Lighting™.

Product Development – Continued Development of LED Fixture Innovation

The launch of commercial LED linear fixtures under KVIC Lighting™ has been the highest priority of R&D. ETL certification is a requirement and has been completed. Achieving optical performance commensurate with the industry while demonstrating best in class lumen output and efficacies (expressed as lumens per watt) has been the objective. Comparative tests indicate New Product Development has met and, in several cases, far exceeded this objective. Product design costs are in line to meet projected margins, making the KVIC Lighting™ portfolio the most profitable product line in CRS Electronics history. Management believes sales growth in this brand is the key to achieving profitability, and its launch is a monumental moment in the company's history.

Performance of CRS

Key performance indicators

The key performance indicators for CRS are revenue growth, gross profit, EBITDA, net income, and increasing patent protection on intellectual property.

The success of the Company to expand will be measured by revenue growth. Revenue growth will be dependent on the Company being able to increase its sales staff and expand production capacity to meet the anticipated demand for its products.

The Company is targeting gross margin percentages (defined as revenues less cost of sales and plant expenses as a percentage of revenues) of up to 35.0% on an annual basis. Maintaining a consistent gross margin will be an indicator of how well the Company is managing its production costs and customer contract negotiations. The Company is looking at various product development and outsourcing alternatives to increase gross margin.

Management believes that EBITDA is a measure of how efficiently and effectively the business is operating. The Company is entering a period of rapid expansion and growth. To maintain an acceptable EBITDA, management will need to balance the increase in selling and general administration costs and revenue growth. Net income is also viewed as an important measure for determining the value created for shareholders.

Measurement

Below in “Quarterly Results” and “Results of Operations” are two tables the Company uses to assess performance. “Quarterly Results” presents the Company’s results for the last eight quarters, followed by a comparison of the Company’s fiscal year to the prior year.

Quarterly Results

	Fiscal 2015	Fiscal 2014				Fiscal 2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
In thousands of dollars	**USD**	USD	USD	USD	USD	USD	USD	USD
Sales	**495.3**	973.1	706.8	714.1	590.1	283.5	437.0	565.3
Gross loss	**(96.7)**	(189.2)	(36.5)	(56.1)	(141.6)	(452.4)	(243.2)	(109.1)
Gross loss%	**(19.5%)**	(19.4%)	(5.2%)	(7.9%)	(24.0%)	(159.6%)	(55.7%)	(19.3%)
Select expenses								
Selling and marketing	**47.2**	142.4	106.9	349.1	295.7	256.1	236.4	118.8
General and administrative	**344.4**	424.8	404.9	402.4	453.9	583.1	442.1	571.5
Engineering and research	**94.9**	130.0	185.9	216.0	208.9	178.5	187.1	236.5
Foreign exchange (gain) loss	**15.9**	20.8	25.1	(2.5)	93.4	23.7	(68.7)	108.2
Total expenses	**502.4**	718.0	722.8	965.0	1,051.9	1,041.4	796.9	1,035.0
Income (loss) from operations	**(599.1)**	(907.2)	(759.3)	(1,021.1)	(1,193.5)	(1,493.8)	(1,040.1)	(1,144.1)
Add back: Depreciation and amortization	**45.2**	60.5	83.5	77.6	71.8	79.3	80.9	79.6
EBITDA Loss	**(553.9)**	(846.7)	(675.8)	(943.5)	(1,121.7)	(1,414.5)	(959.2)	(1,064.5)
Finance costs	**(10.5)**	(13.6)	(14.1)	(7.2)	(11.8)	(19.9)	(12.6)	(12.4)
Refundable tax credit expense	**-**	-	-	-	-	13.4	-	-
Depreciation of equipment, furniture and leaseholds	**(35.1)**	(32.4)	(53.3)	(47.4)	(41.8)	(45.4)	(46.4)	(46.2)
Amortization of patents and trademarks	**(5.0)**	(4.9)	(4.9)	(4.9)	(4.9)	(6.1)	(6.9)	(6.8)
Amortization of intangibles	**(5.1)**	(23.2)	(25.3)	(25.3)	(25.1)	(27.8)	(27.6)	(26.6)
Loss on disposal of equipment, furniture and leaseholds	**-**	(2.6)	(172.7)	-	(11.6)	(21.3)	(37.5)	-
Loss on disposal of patents and trademarks	**-**	-	-	-	-	(21.0)	(3.5)	-
(Loss) Gain on disposal of intangible assets	**-**	(47.4)	-	-	-	-	(0.9)	-
Change in warrant liability	**270.4**	1,408.7	(728.4)	1.8	21.0	115.0	103.6	(54.8)
Net income (loss)	**(339.2)**	437,9	(1,674.5)	(1,026.5)	(1,195.9)	(1,427.6)	(991.0)	(1,211.3)
Earnings (loss) per share	**(0.003)**	0.005	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)

Results of Operations

The following table sets out the Company's results for the three months ended March 31, 2015 compared with the prior year's period then ended.

	Three Months Ended March 31		Increase	% Increase
In Thousands of U.S. dollars [1]	**2015**	**2014**	**(Decrease)**	**(Decrease)**
Sales	$495.3	$590.1	(94.8)	(16.1%)
Gross profit (loss)	(96.7)	(141.6)	44.9	31.7%
Gross profit (loss) percentage	(19.5%)	(24.0%)		
Selling and marketing	47.2	295.7	(248.5)	(84.0%)
As a % of sales	9.5%	50.1%		
General and administrative	344.4	453.9	(109.5)	(24.1%)
As a % of sales	67.6%	76.9%		
Engineering and research	94.9	208.9		
Foreign exchange (gain) loss	15.9	93.4		
Total operating expenses	502.4	1,051.9		
Income (loss) from operations	(599.1)	(1,193.5)		
Add back amortization	45.2	71.8		
EBITDA Loss	(553.9)	(1,121.7)	567.8	50.6%
Finance costs	(10.5)	(11.8)		
Depreciation of capital equipment	(35.1)	(41.8)		
Amortization of patents and trademarks	(5.0)	(4.9)		
Amortization of intangible assets	(5.1)	(25.1)		
Impairment of patents and trademarks	-	-		
Impairment of product development	-	(11.6)		
Refundable tax credit income	-	-		
Change in warrant liability	270.4	21.0		
Net loss	($339.2)	(1,195.9)	858.2	71.8%

[1] Information for 2015 and 2014 is prepared in accordance with International Financial Reporting Standards ("IFRS").

Revenues

Revenues for the three months ended March 31, 2015 decreased 16.1% to $495,300 from $590,100 for the same period in 2014.

Revenue from bus light sales during the three months ended March 31, 2015 decreased 6.7% for the same period in 2014. Revenues from contract manufacturing for the three months ended March 31, 2015 decreased 83.4% for the same period in 2014.

LED lamps and LED fixtures revenue for the three months ended March 31, 2015 increased 238.9% for the same period in 2014. This marks the fifth quarter Lumenova™ lamp sales have a significant increase.

Cost of Sales and Gross Profit

The cost of sales is inclusive of direct material costs, plant labour, plant overheads, plant management salaries, amortization of plant and equipment and the amortization of product development costs.

For the three months ended March 31, 2015, gross loss percentage was (19.5)% compared to (24.0)% in the same period last year. The improvement is primarily attributed to two factors: 1) By the beginning of 2014 CRS had fully exited the retail market, and 2) consistent for both years, the sales volume in relation to fixed plant expenses and amortization charged to cost of goods sold resulted in negative gross margins. Measures are being taken in the form of lower product costs and focusing of larger LED lighting market segments to mitigate these issues which could persist to impact the gross margin of orders placed in fiscal 2015.

Selling and marketing expenses

For the three months ended March 31, 2015 selling and marketing expenses decreased 84.0% to $47,200 from $295,700 for the same period in 2014. The three month ended decrease reflects the company's strategy of utilizing sales agencies instead of regional sales managers during Q1 2015.

General and administrative expenses

For the three months ended March 31, 2015 general and administrative expenses decreased 24.1% to $344,400 from $453,900 for the same period in 2014. The decrease is attributable to lower head count in administration as well as a decrease in stock based compensation expense during Q1 of 2015.

Engineering and Research

Research costs are expensed in the year the costs are incurred. When a product is likely to be commercially viable in the form developed, the costs to complete the development are capitalized on the balance sheet. When commercial sales begin the development costs are amortized over the expected life of the product.

For the three months ended March 31, 2015 net research and development expenses decreased to $94,900 from $208,900 for the same period in 2014. The Company has restructured the Research and Development department to expand for future development of the Lumenova™ LED lamps and KVIC Lighting™ LED fixture product.

Finance Costs

Interest costs are lower during 2015 due to lower average principal outstanding on long-term debt. Accretion expense is related to the non-interest bearing loan from the Southern Ontario Development Program. These expenses are partially offset by interest revenues. The 2015 and 2014 interest revenues were due to redeemable term deposits purchased by the Company with proceeds from the private equity placement issuance of common shares on June 8, 2012. Interest on the term deposits compounded annually at rates 1.35% during 2015. The interest on the term deposits varied between 1.35% and 1.4% per annum during 2014.

	Three months ended March 31	
	2015	2014
Interest on short term debt	**$7,900**	$9,700
Interest on long term debt	**1,000**	2,300
Accretion expense	**2,900**	5,500
Less:		
Interest revenue	**(1,300)**	(5,700)
Net finance costs:	**$10,500**	$11,800

Total finance costs for the three month period ended March 31, 2015 decreased $1,300 to $10,500 from $11,800 for the same period in 2014. Finance costs are attributable to a mix of long and short term debt obligations as follows:

Interest on short-term debt decreased 18.6% to $7,900 during the three months ended March 31, 2015 from $9,700 during the same period in 2013 and 2014. Fluctuations in short-term interest are due to usage of the line of credit during the period.

Interest on long-term debt decreased 56.5% to $1,000 during the three months ended March 31, 2015 from $2,300 during the same period in 2014. The decrease is related to the continued repayment of loans.

Accretion expense decreased 47.3% to $2,900 during the three month period ended March 31, 2015 from $5,500 during the same period in 2014. The decrease relates to the continued repayment of the loan provided through the Southern Ontario Development Program.

Interest revenue decreased 77.2% to $1,300 during the three month period ended March 31, 2015 from $5,700 during the same period in 2014. The decrease relates to the decrease in term deposits and the related interest earned by the Company from the proceeds of the private equity placement on June 8, 2012.

Depreciation of property and equipment

Depreciation decreased 16.0% to $35,100 during the three months ended March 31, 2015 from $41,800 during the same period in 2014. The decrease is related primarily to limited additions to production equipment and tooling during 2015.

Amortization of Intangible Assets

The amortization expense decreased $20,000 to $5,100 during the three months ended March 31, 2015, from $25,100 during the same period in 2014. This is due to the write off of deferred development costs during the fourth quarter of 2014.

Amortization of Patents and Trademarks

The amortization expense increased $100 to $5,000 during the three months ended March 31, 2015 from $4,900 during the same period in 2014.

Foreign Exchange Losses

The US dollar is the functional currency of the Company and is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the US dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, it retranslates monetary items denominated in foreign currencies at the rates prevailing at that date. It does not retranslate non-monetary items measured in terms of historical cost in a foreign currency. It recognizes exchange differences on monetary items in profit or loss in the period in which they arise. For the three months ended March 31, 2015, CRS incurred a foreign currency loss of $15,900 compared to a loss of $93,400 in 2014. The Company has been able to use more of a natural hedge matching receivables and payables in the same currencies.

Loss before Income Taxes, Depreciation and Amortization ("EBITDA")

The negative EBITDA loss for the three months ended March 31, 2015 was ($553,900) compared to ($1,121,700) for the same period in 2014. The reductions of Gross loss and operating expenses have decreased overall EBITDA loss by $568,000 for the three months ended March 31, 2015.

Net losses

As a result of the above activities, the net loss for the three months ended March 31, 2015 was $339,200, or ($0.003) per share compared to a loss of ($1,195,900), or ($0.014) per share for the same period 2014. The decreased net losses by $856,700 for the three months ended March 31, 2015 is a result of the gain on warrants valuation and reduction on operating expenses offset by the decrease in Gross Loss.

Liquidity and Capital Resources

The following table summarizes the key financial ratios of the Company.

(in U.S. dollars except for ratios)	March 31 2015	December 31 2014
Current Ratio	1.4:1	1.7:1
Cash	$440,192	$654,184
Net Working Capital	$439,005	$685,231
Total Assets	$2,024,887	$2,200,156
Total Liability	$1,185,436	$1,105,430
Total Equity	$839,451	$1,094,726
Debt to Equity Ratio	1.41:1	1.01:1

Due to the losses incurred by the Company in the current and previous years and negative cash flows from operating activities relating thereto, there may be significant doubt with respect to the Company's ability to continue as a going concern. Management closely monitors the Company's current cash position and the short-term and long-term cash requirements. The Company is in a volatile market place that could generate significant orders for their LED products. The Company may be required to obtain additional funding to take advantage of the market opportunities. If additional funding is required, an issuance of common stock or a commitment to issue common stock will most likely be a component of the funding.

Cash Flows

During the three months ended March 31, 2015, CRS experienced negative cash flows used in operations of ($443,610) compared to a negative cash flow of ($1,321,118) for the same period in 2014. The increase in accounts receivables and deposits and prepaid expenses are partially offset by a decrease in inventory and an increase in trade and other payables, otherwise the negative cash flows is a result of loss incurred during the period. The Company invested $1,679 in equipment, furniture and leaseholds and patents in the three months ended March 31, 2015 compared to $49,754 in the prior year same period. The Company's various financing activities generated $231,297 in cash flow for the three months ended March 31, 2015 compared to cash used of ($18,075) in the same period last year. The increase is mainly attributable to proceeds from TD line of credit.

Outstanding Share Data

As at March 31, 2015 the Company had the following items issued and outstanding:

- Common shares: 97,599,844
- Stock options: 6,880,000

Range of exercise prices (CAD$)		Number outstanding	Weighted- average remaining contractual life	Weighted-average exercise price (CAD$)
$0.17	$0.225	2,205,000	54	$0.17
$0.24	$0.31	4,557,500	37	$0.24
$0.48	$0.59	117,500	16	$0.48
Total		6,880,000	42	$0.23

1,528,750 options are exercisable as at March 31, 2015. The weighted average exercise price of these options is CAD $0.27.

As at May 17, 2015 the Company had the following items issued and outstanding:

- Common shares: 97,599,844
- Stock options: 6,258,750
- Charitable options:

In March 27, 2008, charitable options to purchase 66,486 common shares were granted to an eligible charitable organization. These options are exercisable at CAD $0.30 per share with an expiry date as of March 27, 2018.

Commitments and Contingencies

Due to the nature of the business, the Company may have unspecified contingent liabilities that are not known to the Company at the end of the year. The Company will recognize contingent liabilities in a future year when they become known to the Company.

The Company has various commitments for information technology service agreements, operating leases for its premises and vehicles. The future minimum lease payments as of March 31, 2015 and December 31, 2014 are as follows:

	March 31 2015	December 31 2014
No later than one year	**$29,829**	$37,769
Later than one year but no later than five years	**22,002**	29,629
	51,831	67,398

On March 20, 2015, the Company received a claim from an ex-employee claiming wrongful dismissal on February 11, 2015 and seeking various damages for a total of $295,100. The Company intends to vigorously defend these charges. Based on discussions with the Company's legal advisors, it is not possible to assess the potential liability to the Company at this time.

Off-Balance Sheet Arrangement

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of CRS including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Proposed Transactions

CRS is not a party to any proposed transactions, other than the financing initiatives being pursued as described elsewhere in this document (See Subsequent Event note), which may have an effect on the financial condition, results of operations or cash flows or proposed asset or business acquisition or disposition.

FINANCIAL INSTRUMENTS

[a] Fair value

The carrying values of cash and cash equivalents, accounts receivable, trade and other payables and note payable do not materially differ from their fair values given their short-term period to maturity. The fair values of finance lease obligations and debt obligations approximate carrying value as the instruments bear interest or are discounted at market rates.

[b] Credit risk

The Company is exposed to credit risk in the event of non-performance by customers in paying outstanding trade accounts receivable. The Company's three main customers represent 48%, 6% and 5% respectively of accounts receivable at March 31, 2015 (48%, 7% and 5% at December 31, 2014). The Company performs background and credit references checks on customers to mitigate this credit risk.

Trade accounts receivable are past due when a customer fails to make a payment when contractually due, which is generally 30 days from invoice date. The Company specifically identifies customers with past due balances (over normal credit term) and provides for these accounts where appropriate. The following is an aging of trade accounts receivable:

	Current	30-60 Days	60-90 Days	Over 90 Days	Total
March 31, 2015	200,233	76,921	61,161	20,718	359,033

[c] Interest rate risk

The Company is exposed to interest rate risk on its short-term credit facilities and on a portion of its long-term debt, since the interest rate charged on these facilities fluctuates with the general level of interest rates. However, in management's opinion, this risk is not significant as the short term credit facilities do not represent a significant amount of financing.

[d] Liquidity risk

The Company incurs obligations to deliver cash or other financial assets on future dates. Liquidity risk inherently arises from these obligations, which include requirements to repay debt and make operating lease payments.

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances and by appropriately utilizing its line of credit. Company management continuously monitors and reviews both actual and forecasted cash flows and matches the maturity profile of financial assets and financial liabilities. Accounts payable are generally due within 30 days.

The following table outlines the Company's contractual undiscounted obligations. The Company analyzes contractual obligations for financial liabilities in conjunction with other commitments in managing liquidity risk. Contractual obligations include debt obligations and finance leases obligations.

	Total	< 1 year	2 – 5 years
Debt obligations	140,414	105,330	35,084
Finance lease obligations	30,211	12,939	17,272
Total contractual obligations	170,625	118,269	52,356

[e] Foreign currency risk

The Company is exposed to currency risk because it makes purchases and sales transacted in Canadian currency. The following accounts were denominated in Canadian dollars:

	March 31	December 31
	2015	2014
Cash and cash equivalents	**$ 497,876**	$ 619,052
Accounts receivable	**41,935**	45,916
Trade and other payables	**(101,871)**	(40,646)
Debt obligations	**(178,864)**	(219,954)

At March 31, 2015 a 10% change in the average exchange rate between U.S. dollars and Canadian dollars would have resulted in a $25,908 change on reported net loss and comprehensive loss.

Risk and Uncertainties

CRS operates in the LED lighting market and is exposed to a variety of risk factors and uncertainties in the normal course of operations. The risks and uncertainties that could materially affect our business, financial condition and results of operations are described in our Annual Report for the fiscal year 2014 which has been filed with Canadian securities regulatory authorities and is available at www.sedar.com under the corporate name CRS Electronics Inc. The risks disclosed in our annual report are not necessarily the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business. There was no significant change to these risks and uncertainties during the period ended March 31, 2015 other than those described elsewhere in this MD&A.

Subsequent Event

On May 21, 2015, the Company signed a loan agreement whereby the Lender agrees to make credit facilities of an operating loan of up to $1,000,000 and an uncommitted facility of up to $500,000 to the Company. The loan has been used to repay the line of credit with the TD Canada Trust bank, with the remainder used for working capital purposes. The amount available under the operating loan is determined as a percentage of eligible accounts receivable and inventory and is repayable on demand by the Lender or on the first anniversary date of the agreement. The credit facilities bear interest at 15% per annum and are secured by general security agreements on all assets of the Company, cash collateral pledge agreement, intellectual property security agreement and assignment of insurance.