CRS Electronics Inc.

Management Discussion and Analysis

Third Quarter, Fiscal 2009
Ended September 30, 2009

Prepared by management without audit

November 26, 2009

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of CRS Electronics Inc. (the "Company" or "CRS") and the financial performance for the three months and nine months ended September 30, 2009. Effective September 1, 2009, Podium Capital Corporation and CRS Electronics Inc. completed a short-form amalgamation. The two corporations became one corporation named CRS Electronics Inc. This discussion and analysis should be read in conjunction with the unaudited Interim Financial Statements and related notes as at and for the period ended September 30, 2009 and the audited Financial Statements and related notes as at and for the year ended December 31, 2008 contained in the Filing Statement for the Qualifying Transaction filed by Podium Capital Corporation "Podium" dated May 8, 2009. Reference should also be made to Podium's filings with Canadian securities regulatory authorities that are available at www.sedar.com under the corporate name CRS Electronics Inc.

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 exclusively 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.

All amounts are in Canadian dollars unless otherwise noted (tabular amounts are in thousands of Canadian dollars) and prepared in accordance with Canadian Generally Accepted Accounting Policies.

On May 20, 2009, CRS completed a Qualifying Transaction with Podium, a corporation accepted as a Capital Pool Company by the TSX Venture Exchange. Immediately after the closing the Qualifying Transaction (i) CRS became a direct, wholly-owned subsidiary of Podium; and (ii) the CRS Shareholders collectively exercise control over Podium. For additional information on the Qualifying Transaction please refer to the Description of Securities section in this MD&A.

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 and 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. 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 we believe that our expectations are based on reasonable assumptions, we can give no assurance that our expectations will materialize. The forward-looking statements made in this MD&A describe our expectations as at November 26, 2009.

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 Factors" section.

Overview

For over 10 years, CRS has been a developer and manufacturer of LED light products. As a manufacturer of LED light boards for its own school bus warning lights and under contract for other light applications, CRS realized that the improvement in light emitting diodes created an opportunity for CRS to supply LED based indoor and outdoor space lighting. During 2007 and 2008, CRS expended a significant amount of time and capital to develop the LED MR16 halogen bulb replacement and to develop a LED streetlight engine ("bulb").

CRS is currently focused on the introduction of LED MR16 to the North American halogen replacement market. CRS's new LED MR16 was tested by the Department of Energy in the United States ("DOE") under the Commercially Available LED Product Evaluation and Reporting ("CALiPER") Program and received the highest ranking by a significant margin. Based on the technology developed by CRS in 2010, the Company plans to introduce additional LED based indoor lighting. The Company developed and sold their LED based decorative streetlight for installation in approximately 10 cities in North America. Market penetration by LED based lights in both the indoor and outdoor market is less than 1%. LED based space lighting products save energy, have attractive economic benefits and are good for the environment. Over the next few years, LED space lighting products will gain market share. CRS continues to supply LED based bus lights and LED light boards for use in a variety of products such as LED road signs, accent lighting, tower warning lights, and vehicle warning lights to name a few. As CRS's customer's market share grows for their respective products, CRS hopes to grow with their customers.

In addition to measures based on Canadian Generally Accepted Accounting Principles ("GAAP") in this MD&A, we use the term earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is not defined by GAAP, and our use of such terms or measurement of such items may vary from that of other companies. In this MD&A, we may describe certain 'income' and 'expense' items as unusual or non-recurring. These terms are not defined by GAAP. Our usage of these terms may vary from the usage adopted by other companies. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results.

Highlights for the Quarter

CRS continues to execute on its strategic and operational initiatives as highlighted in the quarter and shortly thereafter:

Revenues increased 31.6% over the third quarter of 2008.

During the quarter, CRS sold its 10,000th LED MR16. Year to date sales by units of MR16's are up 286% over 2008.

New customers served during the quarter were Starbucks head office in Seattle, WA; Ikea Property Inc. in Conshohocken, PA; Humber College in Toronto, ON; Harvard University in Cambridge, MA; and several other key accounts.

CRS was approved for grants equal to $100,000 from the Government of Ontario under the Yves Landry Foundation for training in new technologies and processes and through the SMART Program administered by the Canadian Manufacturers & Exporters to purchase equipment to improve productivity.

The Company completed a private placement of 1,749,999 common share units, consisting of one common share and one-half warrant to purchase common shares, for aggregate gross proceeds of $525,000.

The Company also issued 50,000 common shares for gross proceeds of $15,000 for the exercise of broker warrants issued to Canaccord Capital Corporation in April 2008.

Business Objectives and Milestones

CRS's overall business objective is to gain a sufficient market share in the LED space lighting segment to provide an economic return to its shareholders. To achieve this overall objective, CRS has set several business objectives to accomplish during 2009 and 2010.

Sales Objectives and Milestones

Successful market introduction of the LED MR16 replacement bulb

CRS' first sales objective is to be one of the top three suppliers by unit sales in the LED MR16 replacement market in North America. The first milestone that will indicate success in this market is selling 40,000 LED MR16's during the second quarter of 2010. Over 44,000,000 halogen MR16's are installed in commercial buildings in the United States. By CRS estimates over 80% of the halogen MR16 lights installed are 50 watt halogen lamps. To adequately replace a halogen 50 watt lamp, an LED replacement MR16 should have approximately 300 lumens or more.

In March 2009, CRS released a second LED MR16 replacement with a 300 lumen output, an 85% energy savings and a colour rendering index ("CRI") of 92. CRS's new MR16 was tested by the Department of Energy in the United States ("DOE") under the CALiPER Program. Three of the key attributes used to compare LED replacements lamps are:

- Lumen output is a measurement of the output of light,
- Colour Rendering Index ("CRI") which is an assessment of the quality of the light compared to natural light with 100 representing natural light, and,
- The number of watts the lamp draws is a measure of the electrical consumption.

The following table is a comparison of the top three lights evaluated in the March 2009 round of CALiPER testing:

Lamp reference	Total power (watts)	Output (Initial Lumens)	CRI
CRS's MR16	6	291	93
Number 2	5	177	87
Number 3	3	150	84

Due to the combined lumen output and colour rendering, CRS's customers are successfully replacing up to and including 50 watt halogen MR16 lamps.

Entry into the LED outdoor lighting market

With respect to outdoor lighting, CRS has a similar sales objective to be one of the top three suppliers of LED streetlight engines (bulbs) in North America. To accomplish this objective, CRS will continue to supply LED light engines for the use in decorative streetlights. CRS has conceptual designs for the cobra head style light engine and CRS is currently testing a prototype cobra head light engine. Approximately 131,000,000 streetlights are installed in the United States. A milestone for CRS will be to sell 3,500 LED streetlight engines during the second quarter of 2010. A second milestone will be the market introduction and sale of the CRS cobra head LED light. The sale of streetlights were delayed during 2009, in part, as a result of buyers delaying purchases to apply for "Stimulus" Funding expected from the US and Canadian Governments.

Continued growth of CRS's bus light business and contract LED light engine manufacturing

CRS's entry, ten years ago, into the LED lighting market was through the development of high brightness bus warning lights. The bus light business is expected to grow in 2009 over 2008 due to an increase in the contract with its major bus customer. The milestone for the bus business is to achieve an increase in revenue of 15% higher in 2009 over 2008.

The quality of the LED bus lights were noticed by LED suppliers. CRS's LED suppliers began referring customers to CRS to assist their customers to develop under contract LED versions of their existing conventional light products. Contract manufacturing could represent significant growth for CRS as additional light applications are converted from conventional lighting to LED based products. CRS has the LED manufacturing experience and production capacity to grow with their contract manufacturing customers. Management has set a milestone for the contract manufacturing business to exceed $750,000 in 2010 compared to $376,000 in 2008.

Product Development Objectives and Milestones

The first product development objective is to complete the design, build a prototype, test and develop the manufacturing methods for the cobra head style LED light. The development will include intelligence in the light such as remote sensing, security features and other attributes in the operations of the LED light engine. To facilitate this development, approximately $200,000 from the proceeds of the Qualifying Transaction with Podium and an Equipment Loan Facility with PenFinancial Credit Union will be used to purchase research equipment.

A second major objective in the area of product development is to further develop the LED MR16 to enable CRS to reduce cost thereof, and therefore, allow CRS to reduce the end user selling price. Due to the high quality of the light generated by its current MR16 models, CRS is successfully selling its current MR16 light offering. CRS has encountered price resistance from potential customers who do not feel the light quality is important for their installation. To compete with lower cost imports for sales to those potential customers, CRS is working on product modifications and cost reductions that are expected to result a version of the LED MR16 with a lower selling price.

A third product development objective is to research and develop a LED PAR lamp line ranging in size from PAR 16 to PAR 38 bulb form factors. Many projects require that both PAR lamps and MR16's to be installed at the same location. The production of the LED PAR line of lamps will be based on CRS's LED MR16 technology which offers the highest standards in lighting quality, color consistency and efficacy. The company plans to release the line in 2010.

Production Objectives and Milestones

CRS' first production objective is to adopt lean manufacturing techniques to assist CRS to increase production capacity to meet sales of $12,000,000 to $15,000,000 per year. To meet this objective, CRS will require additional production management staff, additional production staff, staff training and production equipment. The proceeds of the Qualifying Transaction, the private placement in September 2009, along with the Equipment Loan Facility have enabled CRS to commence purchasing the required manufacturing equipment. The first milestone will be the installation of the production equipment during the third quarter of 2009. The second milestone will be to have the ability to produce 40,000 LED MR16's, 3,500 LED streetlight engines, and to meet the needs of its contract customers and bus light customers during the first quarter of 2010.

Performance of CRS

Key performance indicators

The key performance indicators for CRS are revenue growth, gross profit, EBITDA, and net income.

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 aiming to achieve gross profit percentages (defined as revenues less cost of sales and plant expenses as a percentage of revenues) of approximately 30% on an annual basis. Maintaining a consistent contribution margin will be an indicator of how well the Company is managing its production costs and customer contract negotiations.

Management believes that EBITDA is a measure of how efficiently and effectively the business is running. The Company is entering a period of rapid expansion and growth, therefore selling and general administration costs will increase over the next eighteen months. 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. The first table presents the Company's results for the last eight quarters. The second table sets out the Company's results for the quarter compared with the same periods last year.

Quarterly Results

	Fiscal 2009			Fiscal 2008				2007
In Thousands of dollars	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	$878.7	$651.4	$430.0	$450.6	$667.8	$784.4	$384.7	$309.2
Gross profit	227.5	190.5	122.7	134.3	264.3	243.5	65.6	85.3
Gross profit percentage	25.9%	29.2%	28.5%	29.8%	39.6%	31.0%	17.1%	27.6%
Select expenses								
Selling	191.2	86.2	68.6	122.6	88.1	40.7	37.0	38.2
General and administrative	256.5	188.9	139.9	66.3	199.9	98.9	76.5	140.3
Engineering and research	4.8	4.0	3.9	102.6	54.4	17.5	40.9	91.2
Foreign exchange (gain) loss	9.4	(27.3)	4.5	16.3	1.3	(0.1)	(11.1)	17.1
Total expenses	461.9	251.8	216.9	307.8	343.7	157.0	143.2	286.8
Income (loss) from operations	(234.4)	(61.3)	(94.2)	(173.5)	(79.4)	86.5	(77.6)	(201.5)
Add back: Depreciation and amortization	29.4	30.0	19.7	29.2	10.4	10.4	10.4	16.6
EBITDA	(205.0)	(31.3)	(74.5)	(144.4)	(69.0)	96.9	(67.2)	(184.9)
Interest expense	(14.9)	(23.8)	(16.5)	(15.8)	(12.1)	(12.2)	(12.8)	(12.4)
Refundable tax credit income (expense)	(4.0)	2.1	8.9	25.9	16.5	16.3	18.8	60.8
Depreciation	(26.9)	(27.6)	(16.3)	(19.9)	(13.0)	(13.0)	(13.0)	(16.6)
Amortization of product development costs	(9.2)	(8.0)	(6.6)	(13.2)	—	—	—	—
Stock-based compensation	(6.0)	(178.3)	—	—	—	—	—	—
Net (loss) income	($266.0)	($267.0)	($105.0)	($167.4)	($77.6)	$88.0	($74.2)	($153.1)
Earnings per shares	($0.01)	($0.01)	($0.01)	($0.01)	($0.00)	$0.01	($0.00)	($0.01)

Please note in the first quarter of 2008, Gross Profit was lower by $33,336 due to a prior period adjustment to inventory.

Results of Operations

The following table sets out the Company's consolidated results for the periods ended September 30, 2009, compared with the same period last year.

	Three months ended September 30		Increase	% Increase	Nine months ended September 30		Increase	% Increase
In Thousands of dollars	**2009**	**2008**	**(Decrease)**	**(Decrease)**	**2009**	**2008**	**(Decrease)**	**(Decrease)**
Sales	$878.7	$667.8	$210.9	31.6%	$1,960.1	$1,836.9	$123.2	6.7%
Gross profit	227.5	264.3	(36.8)	-13.9%	540.7	573.5	(32.7)	-5.7%
Gross profit percentage	25.9%	39.6%			27.6%	31.2%		
Select expenses								
Selling	191.2	88.1	103.1	117.0%	346.0	165.8	180.2	108.7%
As a % of sales	21.8%	13.2%			17.7%	9.0%		
General and administrative	256.5	199.9	56.6	28.3%	585.3	375.3	210.4	56.1%
As a % of sales	29.2%	29.9%			29.9%	20.4%		
Engineering and research	4.8	54.4	(49.6)	-91.2%	12.7	112.8	(100.1)	-88.7%
As a % of sales	0.5%	8.1%			0.6%	6.1%		
Foreign exchange (gain) loss	9.4	1.3	8.1	623.1%	(13.4)	(9.9)	(3.5)	34.8%
As a % of sales	1.1%	0.2%			-0.7%	-0.5%		
Total operating expenses	461.9	343.7			930.6	643.9		
Income (loss) from operations	(234.4)	(79.4)			(389.9)	(70.5)		
Add back depreciation and amortization	29.4	10.4	19.0	182.0%	79.0	31.1	47.8	152.8%
As a % of sales	12.9%	1.6%			4.0%	1.7%		
EBITDA	(205.0)	(69.0)	(136.0)	-197.3%	(310.9)	(39.4)	(272.0)	-700.1%
Interest expense	(14.9)	(12.1)	(2.8)	22.9%	(55.2)	(37.1)	(18.1)	48.6%
As a % of sales	-1.7%	-1.8%			-2.8%	-2.0%		
Refundable tax credit income	(4.0)	16.5	20.5	-124.2%	7.0	51.6	(44.6)	-86.4%
As a % of sales	-0.5%	2.5%			0.4%	2.8%		
Depreciation	(26.9)	(13.0)	13.9	106.8%	(70.8)	(39.0)	(31.8)	81.5%
As a % of sales	-3.1%	-1.9%			-3.6%	-2.1%		
Amortization of product development	(9.2)	0.0	9.2	0.0%	(23.9)	0.0	(23.9)	
As a % of sales	-1.0%	0.0%			-1.2%	0.0%		
Stock-based compensation	(6.0)	0.0	6.0	0.0%	(184.3)	0.0	(184.3)	
As a % of sales	-0.7%	0.0%			-9.4%	0.0%		
Net loss	($266.0)	($77.6)	(188.4)	-242.9%	($637.9)	($63.9)	(574.6)	-907.1%

Revenues

Revenues for the third quarter ended September 30, 2009 increased 31.6% to $878,704 from $667,823 for the same period in 2008. Revenue in the quarter from the LED MR16 sales increased to $207,950 from $21,000 in 2008. During 2009, revenue from the sale of LED MR16's increased from $41,127 in Q1 2009, to $179,353 in Q2 2009, to $207,950 in Q3 2009. Revenue from bus light sales was $533,075 during the third quarter of 2009, compared to $552,351 for the same period in 2008. In the first five months of 2009, CRS's financial positions constrained the Company's ability to manage the supply contract with its major customer. The improvement in CRS's financial position has allowed CRS to improve on the timely ordering of parts and execution of the contract.

For the nine months ended September 30, 2009, revenues increased 6.7% to $1,960,054 from $1,836,870 for 2008. The increases in revenues from the LED MR16 light offset the decrease in bus light sales year to date. Revenues from contract manufacturing for the first nine months of fiscal 2009 were up 9.2% to $360,866 from $330,054 in 2008. CRS anticipates growth in the contract LED board sales as customers gain market share with their LED products.

Cost of Sales and Gross Profit

In the above table cost of sales is inclusive of direct material costs, plant labour, plant overheads, plant management salaries, depreciation on plant and equipment and the amortization of product development costs. For the three months ended September 30, 2009, gross profit percentages decreased to 25.9% from 39.6% in 2008 due to a step up in fixed plant expenses and higher inventory unit costs in the first six months of the year flowing through cost of sales in the third quarter of 2009. The increase in the inventory costs resulted from purchase decisions affected by the past cash shortage in the company. For the first nine months of fiscal 2009, the gross profit percentage dropped to 27.6% from 31.2% for the same period in 2008. Depreciation and amortization charged to cost of sales accounted for 2.6% points of the difference between the year to date gross profit percentages from 2009 to 2008.

Selling expenses

For the three months ended September 30, 2009 selling expenses increased to $191,200 from $88,100 for the same period in 2008. A one-time expense related to a settlement with an employee accounted for a significant portion of the year to year increase. Also, due to the settlement with the employee and the increased marketing efforts for the nine months ended September 30, 2009, marketing expenses increased 108.7% to $346,000 from $165,800.

General and administrative expenses

For the three months ended September 30, 2009, general and administrative expenses increased to $256,500 from $199,900 for the same period in 2008. The increase in costs were attributed to an increase in salaries over the previous year and to the additional costs related to being a public company such as legal fees, audit costs, investor relations expenses and insurance costs. For the nine months ended September 30, 2009 administrative costs increased to $585,300 from $375,300 for the same period in 2009. The increase in administrative costs for the nine month period from 2008 to 2009 is related to the addition of a Chief Financial Officer in June 2008, to additional travel and other related expenses to seek financing, and to the costs related to being a public company.

Engineering, Research and Development Costs

Research costs are expensed in the year the costs are incurred. At the time the development of a product is likely to be commercially viable substantially in the form of the product developed to date, the costs to complete the development are capitalized on the balance sheet and amortized over the expected life of the product. In the third quarter of 2009, engineering, research and development costs decreased to $4,754 from $54,433 for the same period in 2008. During the third quarter in 2008 and 2009, development costs of the LED MR16, the LED streetlight and the G2Max bus warning light were capitalized. For the year to date in 2009, research expenses were $12,644 compared to $112,806 for the first three quarters of 2008. Consulting fees related to filing the SRED tax credits equal to $27,500 were expensed in the first quarter in 2008. In 2008, a significant portion of management and staff time was allocated to engineering costs and expensed to a variety of research projects. In 2009, management and staff concentrated more of their time on production and administration.

Interest on Short-Term Debt

Interest on short-term debt increased to $13,060 during the third quarter of 2009 from $9,256 during the third quarter of 2008. For first nine months in 2009, interest on short-term debt increased to $47,889 from $27,339 in 2008. The increase in the expense in 2009 over 2008 resulted from an increase in the average credit card debt and bank operating loans. At the end of the third quarter in 2009, the Company decreased its operating bank debt to nil.

Interest on Long-Term Debt

For the three months ended September 30, 2009, interest on long-term debt decreased to $1,814 from $2,861 in 2008. The decrease in the expense resulted from the reduction in the average principal on long-term debt to $91,444 in 2009 from $127,769 in 2008. For the first nine months of fiscal 2009, interest on long-term debt decreased to $7,264 from $9,781 for the same period in 2008.

Depreciation

Depreciation was reported on the Statement of Operations as follows:

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
Cost of sales	$20,161	$10,422	$55,231	$31,265
Depreciation expense	6,720	2,605	15,488	7,816
	$26,881	$13,027	$70,719	$39,081

The increase in depreciation resulted from the acquisition of assets in 2009 required to support the growth in the business.

Amortization of Product Development Costs

To the end of the third quarter of 2009, CRS incurred development costs equal to $212,244 for the development of the LED MR16 light, the LED streetlight and the G2Max bus safety light. The amortization expense for the third quarter of 2009 was $9,226 compared to no amortization costs during the third quarter of 2008. The Company accumulated product development costs equal to $85,236 at September 30, 2008, but did not commence amortization of the costs until the fourth quarter of 2008.

Scientific Research and Experimental Development Tax Credit ("SRED")

The SRED tax credits are refundable tax credits under the *Income Tax Act* (Canada) awarded for expenditures on research and development. The Company records the SRED tax credits that accrue in each quarter. SRED tax credits that relate to the deferred development costs are recorded on the balance sheet as a reduction of deferred development expenses. The amount recorded as income for the three months ended September 30, 2009 was an expense of $3,986 compared to income of $16,531 in 2008. An expense was recorded in the third quarter of 2009, as a result of an adjustment to 2008 SRED claim equal to $9,000. For nine months ended September 30, 2009, the SRED income was $7,011 compared to $51,627 in 2009. The reduction in the SRED tax credits resulted from lower research activities from the corresponding period in 2008.

Foreign Exchange Losses

In any year CRS sells on average 70% of its products in U.S. dollars. On average in any year, approximately 40% of its expenses are incurred in U.S. dollars. When the value of the U.S. dollar changes to the value of the Canadian dollar, CRS can experience a foreign currency gain or loss on monetary items such as accounts payable and accounts receivable held by CRS during the period of change. For the three months ended September 30, 2009, CRS incurred a foreign currency loss of $9,371 compared to a loss of $1,264 in 2008. For the year to date, the foreign currency losses were $47,889 in 2009 and $27,339 in 2008.

Stock Based Compensation

In 2008, CRS issued stock options to several of its employees. As a requirement of the Qualifying Transaction, the stock options held by the CRS employee in CRS were cancelled and 880,070 new stock options were issued by Podium to the CRS employees. The stock options were treated as a new issue of stock options. Immediately after the closing of the Qualifying Transaction, stock options to purchase a total of 80,000 common shares of the Company were granted to a new director of the Company and to an arm's length corporation which has been engaged to provide financial consulting services to the Company. The fair value of the stock options was calculated to be $178,380 using the Black-Scholes option pricing model and expensed in the second quarter.

In the third quarter of 2009, Stock options to purchase 50,000 common shares of the Company were granted to a director of the Company. The fair value of the options expensed in the quarter was calculated to be $5,967 using the Black-Scholes option pricing model.

Earnings

The net loss for the quarter ended September 30, 2009 was ($265,919) compared to a loss of ($77,650) for the third quarter of 2008. Included in the losses in both quarters were similar one-time costs for the settlements with an employee in 2009 and a consultant in 2008. From mid 2008 to the present, CRS increased management staff and increased marketing expenses to introduce the LED MR16 and LED streetlight. Engineering, selling and administrative costs increased by $110,011 in Q3 2009 to $452,530 from $342,519 in Q2 2008. For the nine months ended September 30, 2009, the engineering, selling and administrative expenses increased $290,177 to $944,140 from $653,963 in 2008. The cost increases were required to position the Company for future growth of its LED based products.

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

The negative EBITDA for the quarter ended September 30, 2009 was ($204,900) compared to the third quarter of 2008 of ($69,000). For the nine month period in 2009, the negative EBITDA was ($310,900) compared to ($39,400) for the same period in 2008. Higher revenues did not offset the increase in engineering, selling and administrative costs.

Liquidity and Capital Resources

(in thousands of Canadian dollars except for ratios)	September 30, 2009	December 31, 2008
Current Ratio	1.44: 1	.61 : 1
Cash	$184,328	$10,512
Available operating line	$320,000	$23,609
Working Capital	$375,477	($390,871)
Total Assets	$1,735,089	$1,011,033
Total Debt	$887,042	$1,081,712
Total Equity	$847,047	($70,679)
Debt to Equity Ratio	1.05 : 1	15.3 : 1

The Qualify Transaction and private placement at the time of the Qualifying Transaction resulted in a significant improvement in the liquidity of the Company. The transactions allowed the Company to bring liabilities to a current position and fund the growth in sales experienced in the third quarter of 2009. The private placement at the end of September 2009 provided the Company with additional liquidity to fund the expansion of its production capacity and to fund the increase in business activity. As at September 30, 2009, CRS had working capital of $375,477 compared to a working capital deficiency ($390,871) at December 31, 2008. The current ratio and debt to equity ratio have improved from unacceptable levels to good levels given these economic times.

In 2008, management recognized the need for CRS to implement a financial plan to resolve the working capital deficiency and to provide liquidity for future operations. CRS' financial plan was to complete the Qualifying Transaction with Podium and to arrange capital leases or long-term loans to acquire research and production equipment. The Qualifying Transaction closed May 20, 2009. CRS arranged for debt financing under a commitment letter from PenFinancial Credit Union for a maximum of $468,000 for a fixed term of 3 years, with amortization of 7 years, at an interest rate of 7.5%, for the purpose of funding a portion of CRS' projected 2009 equipment purchases. Notwithstanding the maximum amount of $468,000, the total amount of the loan will not exceed 65% of equipment purchases. The existing operating line of $320,000 is in place and available for use.

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

In the third quarter of 2009, CRS experienced negative cash flows from operations of ($240,249) compared to a positive cash flow of $34,209 in the third quarter of 2008. In the third quarter of 2009, revenues increased 31.6% over the previous year. Due to a significant increase in sales in June 2009, accounts receivable and inventory had moderate increases in the third quarter of 2009 of $24,952 and $5,843 respectively. During the third quarter of 2009 the Company received the 2008 SRED refund due from the Government of Canada equal to $89,625. The SRED refund was used to repay $68,337 on a Note Payable related to financing secured by the SRED refund.

For the nine months ended September 30, 2009 the cash used in operations was ($957,909) compared to a cash provided from operations of $54,160 for the same period in 2008. The average revenue in the third quarter of 2009 was 95% higher than the fourth quarter of 2008. Accordingly, the net period end balances of inventory, accounts receivable and accounts payable at September 30, 2009 and December 31, 2008 were $414,039 and ($154,823) respectively. The increase in working capital accounts, equal to $568,777, and the change in loss from operations, as outlined above, accounted for a significant portion of the change in cash provided from or used in operations for the period.

Description of the Securities

The authorized capital of CRS consists of:

Authorized
Unlimited number of common shares

Issued and outstanding
24,636,093 common shares

The common share transactions over the period are as follows:

	Number of shares	Amount
Balance December 31, 2007	100	$100
Stock split 3,666,656.67 common shares for 1 common share	36,666,567	—
Issuance of common shares for cash	1,000,000	150,000
Balance December 31, 2008	37,666,667	150,100
Common shares of CRS Electronics Inc. redeemed for exchange for common shares of Podium Capital Corporation	(37,666,667)	—
Common shares of Podium Capital Corporation issued for common shares of CRS Electronics Inc.	15,887,427	—
Common shares issued in the Qualifying Transaction	6,648,667	678,408
Issuance of common shares for cash	2,099,999	663,195
Balance September 30, 2009	24,636,093	$1,491,703

[a] Common stock

On May 20, 2009 Podium and the Company completed a Qualifying Transaction as defined in and pursuant to the policies of the TSX Venture Exchange. As a result of the Qualifying Transaction, CRS became a direct, wholly-owned subsidiary of Podium. The Qualifying Transaction was treated as an issuance of common shares by the continuing corporation, CRS Electronics Inc.

The shareholders' equity accounts as at May 19, 2009 of Podium represented the gross proceeds of the issuance of common shares. The net proceeds from the Qualifying Transaction are:

Podium Shareholder equity accounts:	
Podium Common shares	$1,190,518
Podium contributed surplus	361,609
Podium retained earnings	(432,162)
	1,119,965
Closing costs incurred by Podium	(268,620)
Net proceeds received from Podium	851,345
Closing costs incurred by CRS	(172,937)
Net proceeds of the Qualifying Transaction	$678,408

Net assets acquired from Podium:	
Cash	$1,021,256
Goods and Services Tax recoverable	25,892
Accounts payable	(195,803)
Net assets acquired from Podium	$851,345

Ten percent, or, 1,620,448 of the common shares issued to the shareholders of CRS were subject to an escrow agreement and were to be either (i) released, in whole or in part, to the CRS Shareholders prior to August 19, 2009 or a mutually agreed to date, or (ii) returned to Podium for cancellation in the event that the Escrow Conditions are not satisfied. The most significant Escrow Condition was an adjustment in the shares to be released from escrow based on the reduction, if any, in the net working capital of CRS from December 31, 2008 to May 19, 2009.

During the quarter the working capital adjustment was completed and 317,056 common shares of the 1,620,448 common shares subject to the escrow agreement were surrendered to the Company for cancellation. The remaining 1,303,392 common shares were released to the shareholders of the former CRS.

Issuance of common shares for cash:

In conjunction, and, conditional on closing the Qualifying Transaction, by way of a private placement, the Company issued 550,000 common shares at $0.30 per share for total gross proceeds equal to $165,000. A director of the Company subscribed for 50,000 common shares. The common shares were restricted from trading until September 19, 2009.

During the quarter, the Company completed a private placement of 1,749,999 common share units for aggregate gross proceeds of $525,000. The units were comprised of one common share and one half warrant and the units were issued at a price of $0.30 per unit. Each whole warrant entitles the holder to acquire one common share upon payment of $0.50 per common share no later than September 30, 2010. The warrants are not registered for trading and all common shares issued directly or through the exercise of warrants are restricted from trading until February 1, 2010. The private placement was a non-brokered private placement, but a finders' fee equal to $2,500 was paid to an agent not related to the Company. Other closing costs for legal expenses and filings fees were $9,578.

The value of the warrants, net of an allocation of the closing costs, were determined to be $29,727 using the Black-Scholes option pricing model based on the following assumptions: expected dividend yield of 0%, expected volatility of 75.%, risk-free interest rate of 1.3% and an expected life of 1 year.

During the quarter, 50,000 common shares were issued through the exercise agents options at a price of $0.30 per common share for gross proceeds of $15,000.

[b] Series A warrants

As outlined in Note 15[a], on September 30, 2009, the Company issued 1,749,999 common share units. The units were comprised of one common share and one half warrant. Each whole warrant entitles the holder to acquire one common share upon payment of $0.50 per common share no later than September 30, 2010. The warrants are not registered for trading and all common shares issued through the exercise of warrants are restricted from trading until February 1, 2010. As at September 30, 2009, 1,499,999 one half warrants, that entitled the warrant holders to purchase 874,998 common shares, were outstanding.

[c] Stock options

Employee Stock Option Plan

In 2008, CRS established a stock option plan whereby directors, officers, employees and consultants, subject to certain conditions, may be granted options to purchase common shares of the Company. As a condition of the Qualifying Transaction, the CRS stock option plan was terminated. CRS employees who held stock options under the CRS Stock Option Plan were issued 880,070 stock options in the Podium Stock Option Plan. Two of the employees of CRS became officers and insiders of Podium. Included in the stock options issued to the CRS employees were 228,532 stock options issued to each of the two officers. All stock options issued to the CRS employees were vested on closing the Qualifying Transaction. The stock options issued are exercisable at a price of $0.30 per share until November 14,

2013. The fair value of the 880,070 CRS employee options was calculated to be $163,870 using the Black-Scholes option pricing model based on the following assumptions: expected dividend yield of 0%, expected volatility of 81%, risk-free interest rate of 2.17% and an expected life of 5 years.

Immediately after the closing of the Qualifying Transaction, stock options to purchase a total of 80,000 common shares of the Company were granted to a new director of the Company and to an arm's length corporation which has been engaged to provide financial consulting services to the Company. Such stock options vest four months from the date of the grant and are exercisable at a price of $0.30 per share for 5 years from the date of grant. The fair value of the 80,000 options was calculated to be $14,400 using the Black-Scholes option pricing model based on the following assumptions: expected dividend yield of 0%, expected volatility of 81%, risk-free interest rate of 2.17% and an expected life of 5 years.

On August 31, 2009, Stock options to purchase 50,000 common shares of the Company were granted to a director of the Company. The stock options vest four months from the date of the grant and are exercisable at a price of $0.35 per share for 5 years from the date of grant. The fair value of the 50,000 options was calculated to be $5,967 using the Black-Scholes option pricing model based on the following assumptions: expected dividend yield of 0%, expected volatility of 60%, risk-free interest rate of 2.6% and an expected life of 5 years.

Immediately prior to the Qualifying Transaction the following stock options under the Podium Stock Option Plan were outstanding:

	Number	Exercise Price	Expiry Date
Retiring directors and officers of Podium	443,244	$0.30	May 19, 2010
Continuing directors and officers of Podium	221,622	$0.30	March 27, 2013
Charitable options	66,486	$0.30	March 27, 2018
	731,352		

A summary of the Company's stock option activity during the year is as follows:

	2009		2008	
	Number of options	Weighted-average Exercise Price	Number of options	Weighted-average Exercise Price
Options:				
Outstanding, beginning of year	1,450,533	$0.30	—	—
Cancellation of CRS employee options	(1,450,533)	$0.30	—	—
Replacement options to CRS employees	880,070	$0.30	—	—
Podium stock options	664,866	$0.30	—	—
Granted	130,000	$0.32	1,450,533	$0.30
Exercised	—	—	—	—
Expired	—	—	—	—
Outstanding, September 30, 2009	1,674,936	$0.30	1,450,533	$0.30

Under the Plan the total number of stock options that may be outstanding at any time is equal to 10% of the common shares outstanding. The remaining number of options available to be granted under the plan is 788,673.

The following table summarizes information about options outstanding as at September 30, 2009:

Exercise price	Number outstanding	Weighted-average remaining contractual life	Weighted-average exercise price
$0.30	1,674,936	2.7 years	$0.30

The Black-Scholes option pricing model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. Given the nature of the Company and the relatively small but varying stock trading, which impacts the assumptions required to be used in the model, there can be significant variation in the estimate of the fair value of the options.

Subsequent to period end, an officer of the Company exercised 20,000 stock options at price per common share equal to $0.30.

Agent's options and charitable options

On April 1, 2008, Podium completed an Initial Public Offering. The brokerage firm who acted as agent for Podium was granted 333,333 options to purchase shares of Podium at an exercise price of $0.30 with an expiry date of April 2, 2010. During the period 50,000 agent's options were exercised for gross proceeds equal to $15,000. The balance at the end of the period was 283,333. Subsequent to the end of the period an additional 128,582 agent's options were exercised with gross proceeds equal to $38,574.

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

[d] Contributed surplus

Contributed surplus was generated from issuing stock-based remuneration to employees and consultants and from the issuance of warrants associated with the common share units in September 2009. The balance of contributed as at September 30 was comprised of the following:

	2009	2008
Stock-based remuneration	$184,237	—
Series A warrants	29,727	—
	$213,964	—

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.

Transactions with Related Parties

None.

Proposed Transactions

CRS is not a party to any proposed transaction, with the exception of expansion plans mentioned above, that may have an effect on the financial condition, results of operations or cash flows or proposed asset or business acquisition or disposition.

Outlook

CRS management believes that opportunities exist to generate sales of CRS' range of products. In 2009, revenues from the bus safety products could increase dramatically over the 2008 sales levels due to a contract signed with a major customer in late 2008 to provide a wider range of bus lights. Contract manufacturing of LED light boards should increase in 2009 over 2008 due to the sector by sector adoption of LED based products offered by the Company's customers

The most dramatic change in year over year revenues is expected to occur with the sale of CRS' LED MR16 and the LED outdoor streetlight product. Incentive plans offered by governments and utilities in both Canada and the United States look favourably on products that reduce energy consumption. Both CRS' indoor and outdoor LED lights offer energy savings and lower operating costs to the end user.

Critical Accounting Policies

This MD&A should be read in conjunction with the Company's unaudited Financial Statements for the three month and nine month period ended September 30, 2009, and the audited Financial Statements for the year ended December 31, 2008 and the notes thereto contained in the Filing Statement for the Qualifying Statement filed by Podium. Those Financial Statements outline the accounting principles and policies used to prepare our financial statements. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on reported results or financial position.

Accounting policy changes including initial adoption

Effective January 1, 2009, the Company adopted the following sections of the Handbook of the Canadian Institute of Chartered Accountants:

(a) Inventories:

CICA Handbook Section 3031, Inventories, replaces corresponding Section 3030 and establishes new standards for the measurement and disclosure of inventories. This new section requires inventories to be measured at the lower of cost and net realizable value, provides guidance on the determination of cost and requires the reversal of prior period write-downs when the net realizable value of impaired inventory subsequently recovers. The adoption of this section had no material impact on the unaudited interim consolidated financial statements.

(b) Goodwill and intangible assets

In February 2008, the CICA issued Section 3064 "Goodwill and intangible assets", replacing Section 3062 "Goodwill and other intangible assets" and Section 3450 "Research and development costs". Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section is applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company has adopted the new standards for its fiscal year beginning January 1, 2009. The section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The adoption of this section had no material impact on the unaudited interim consolidated financial statements.

(c) EIC-173 – Credit Risk and the Fair Value of Financial Assets and Financial liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The adoption of this section had no material impact on the unaudited interim consolidated financial statements.

New Accounting Pronouncements

(a) EIC-173 – Credit Risk and the Fair Value of Financial Assets and Financial liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

Financial Instruments and Other Instruments

CRS is not a party to any financial instrument, as the term is defined in National Instrument 51-102F1, paragraph 1.14.

Risk Factors

The Company is exposed to a variety of risks in the normal course of operations. Please refer to Filing Statement for the Qualifying Transaction filed by Podium Capital Corporation. Reference should also be made to Podium's filings with Canadian securities regulatory authorities that are available at www.sedar.com under the corporate name CRS Electronics Inc.