Podium Capital Corporation and its wholly owned subsidiary CRS Electronics Inc.)

Management Discussion and Analysis

Second Quarter, Fiscal 2009
Ended June 30, 2009

Prepared by management without audit

August 28, 2009

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Podium Capital Corporation ("Podium") and its wholly owned subsidiary CRS Electronics Inc. (the "Company" or "CRS") and the financial performance for the three months and six months ended June 30, 2009. Subsequent to the quarter end effective September 1, 2009, Podium Capital Corporation and CRS Electronics Inc. filed a short-form amalgamation. If approved by the regulatory authorities, the two corporations will become one corporation named that will assume the name CRS Electronics Inc. This discussion and analysis should be read in conjunction with the unaudited Interim Consolidated Financial Statements and related notes as at and for the period ended June 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.

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.

The Share Purchase Agreement also provided that on the Closing, 10% of the Share Consideration, being 1,620,448 Podium Shares, was escrowed and will be either (i) released, in whole or in part, to the CRS Shareholders upon satisfaction of the Escrow Conditions, or (ii) returned to Podium for cancellation in the event that the Escrow Conditions are not satisfied. 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 August 28, 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

CRS is a developer and manufacturer of LED space lighting 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.

In the third and fourth quarters of 2008, CRS expanded the management team through the addition of a Chief Financial Officer (“CFO”) and Vice President of Sales and Marketing. The CFO was tasked to develop and execute a financial plan to fund the entry into the space lighting market. This financial plan is in process, with the Qualifying Transaction being an important major step. The Vice President of Sales and Marketing established a marketing plan to rebrand CRS, develop channels of distribution and sell the new space lighting products. This marketing plan is progressing with the enlistment of 10 agents, a new website and sales of the space lighting products.

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:

- *During the first quarter of 2009, CRS introduced a second model of LED MR16 replacement with a 300 lumen output, an 85% energy savings and a colour rendering of 92. CRS developed a light platform that through lens changes can change the beam angles and other light attributes to meet the specific needs of larger customers such as restaurants and retail chains. In the second quarter, 2,663 of the MR16's shipped in the quarter were the new MR16's compared to of the 716 MR16's shipped in the first quarter.*

- *On May 20, 2009 CRS completed a Share Purchase Agreement ("SPA") with Podium Capital Corporation. The SPA is considered a Qualifying Transaction by the TSXV. The transaction effectively raised $678,409 in common share equity.*

- *On May 20, 2009, CRS issued 550,000 common shares by way of a private placement with net proceeds of $165,000.*

- *During the quarter the Company received a commitment for an Equipment Loan Facility to a maximum $468,000 for 65% of the planned equipment expenditures.*

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 began selling 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 Commercially Available LED Product Evaluation and Reporting ("CALiPER") Program. Three of the key attributes used to compare LED replacements lamps are:

- Lumen output is a measure 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 this 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 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 the first half of 2009 as a result of buyers delaying purchases to apply for "Stimulus" Funding expected from the US and Canadian Governments.

Continued growth of our the bus light business and contract LED light engine manufacturing

CRS first entry, ten years ago, in 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 LED versions of their existing conventional light products. The 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 of 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 the 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 in lower parts costs.

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 together with the Equipment Loan Facility will enable CRS to purchase 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				Fiscal 2007	
In Thousands of dollars	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	$651.4	$430.0	$450.6	$667.8	$784.4	$385.6	$309.2	$462.8
Gross profit	190.5	122.7	134.3	264.3	243.5	67.3	85.3	177.6
Gross profit percentage	29.2%	28.5%	29.8%	39.6%	31.0%	17.4%	27.6%	38.4%
Select expenses								
Selling	(86.2)	(68.6)	(122.6)	(88.1)	(40.7)	(37.0)	(38.2)	(28.5)
General and administrative	(188.8)	(140.0)	(66.8)	(202.5)	(101.1)	(80.4)	(144.0)	(126.4)
Engineering and research	(4.0)	(3.9)	(102.6)	(54.4)	(17.5)	(40.9)	(91.2)	(52.4)
Foreign exchange (gain) loss	27.3	(4.5)	(16.3)	(1.3)	0.1	11.1	(17.1)	(11.9)
Add back: Depreciation and amortization	30.0	19.7	29.2	10.4	10.4	10.4	13.0	13.0
EBITDA	(31.2)	(74.6)	(144.9)	(71.6)	94.7	(69.5)	(192.2)	(28.6)
EBITDA percentage	-4.8%	-17.3%	-32.1%	-10.7%	12.1%	-18.0%	-62.2%	-6.2%
Interest expense	(23.8)	(16.5)	(15.8)	(12.1)	(12.2)	(12.8)	(12.4)	(11.5)
Refundable tax credit (income)	2.1	8.9	25.9	16.5	16.3	18.8	60.8	28.7
Other (income) loss	(0.1)	0.1	0.5	2.6	2.2	2.3	3.7	4.4
Depreciation	(27.6)	(16.3)	(19.9)	(13.0)	(13.0)	(13.0)	(16.6)	(14.3)
Amortization of product development costs	(8.0)	(6.6)	(13.2)	—	—	—	—	—
Stock-based compensation	(178.3)	—	—	—	—	—	—	—
Net income	($266.9)	($105.0)	($167.4)	($77.6)	$88.0	($74.2)	($156.7)	($21.3)
Net income as a percentage of revenue	-41.0%	-24.4%	-37.1%	-11.6%	11.2%	-19.3%	-50.7%	-4.6%
Earnings (loss) per shares – basic and fully diluted	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.010)	($0.00)

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 quarter ended June 30, 2009, compared with the same period last year.

In Thousands of dollars	Three months ended June 30 2009	Three months ended June 30 2008	Increase (Decrease)	% Increase (Decrease)	Six months ended June 30 2009	Six months ended June 30 2008	Increase (Decrease)	% Increase (Decrease)
Sales	$651.4	$784.4	($133.0)	-17.0%	$1,081.4	$1,169.9	($88.6)	-7.5%
Gross profit	190.5	243.5	(53.0)	-21.8%	313.2	309.1	4.1	1.3%
Gross profit percentage	29.2%	31.0%			29.0%	26.4%		
Select expenses								
Selling	(86.2)	(40.7)	45.5	111.8%	(154.8)	(77.7)	77.1	99.2%
As a % of sales	-13.2%	-5.2%			-14.3%	-6.6%		
General and administrative	(188.9)	(101.1)	90.0	86.7%	(328.8)	(175.3)	153.5	81.2%
As a % of sales	-29.0%	-12.6%			-30.4%	-15.5%		
Engineering and research	(4.0)	(17.5)	(13.5)	-77.1%	(7.9)	(58.4)	(50.5)	-86.5%
As a % of sales	-0.6%	-2.2%			-0.7%	-5.0%		
Foreign exchange (gain) loss	27.3	0.1	27.2	27200.0%	22.8	11.2	11.6	103.6%
As a % of sales	4.2%	0.0%			2.1%	1.0%		
Add back depreciation and amortization	30.0	10.4	19.6	188.3%	49.7	20.8	28.9	138.4%
As a % of sales	15.8%	1.3%			4.6%	1.8%		
EBITDA	(31.3)	96.9	(125.9)	132.9%	(105.8)	29.8	(135.6)	454.9%
As a % of sales	-4.8%	12.1%			-9.8%	2.2%		
Interest expense	(23.8)	(12.2)	11.6	95.1%	(40.4)	(25.1)	15.3	60.9%
As a % of sales	-3.7%	-1.6%			-3.7%	-2.1%		
Refundable tax credit (income)	2.1	16.3	(14.2)	-87.0%	11.0	35.1	(24.1)	-68.6%
As a % of sales	0.3%	2.1%			1.0%	3.0%		
Depreciation	(27.6)	(13.0)	14.6	112.0%	(43.9)	(26.0)	17.9	68.7%
As a % of sales	-4.2%	-1.7%			-4.1%	-2.2%		
Amortization of product development	(8.0)	0.0	8.0	0.0%	(14.6)	0.0	14.6	
As a % of sales	-1.2%	0.0%			-1.4%	0.0%		
Stock-based compensation	(178.3)	0.0	178.3	0.0%	(178.3)	0.0	178.3	
As a % of sales	-27.4%	0.0%			-16.5%	0.0%		
Net (loss) income	($266.9)	$88.0	($354.9)	403.2%	($371.9)	$13.8	($385.7)	2809.5%
Net income as a percentage of revenue	-41.0%	11.2%			-34.4%	1.2%		
Earnings (loss) per share	($0.01)	$0.01			($0.02)	$0.00		

Revenues

Revenues for the second quarter ended June 30, 2009 decreased (17.0%) to $651,353 from $784,362 for the same period in 2008. Revenue from bus light sales was $345,161 during the second quarter of 2009, compared to $552,351 for the same period in 2008. The decrease in the bus light sales can be attributed to financial constraints in ordering parts. The decrease in the bus light business was offset by an increase in MR16 revenue from $90,000 in Q2 2008 to $170,353 in Q2 2009. During the month of June, the Company achieved revenue of approximately $280,000, representing an increase of 77% over the company's average monthly year-to-date revenue in 2008. In June, CRS shipped MR16s to two premiere locations; Gowlings LLP's Toronto offices (500 MR16s) and GlaxoSmithKline's facility in Mississauga, Ontario (700 MR16s).

For the six months ended June 30, 2009, revenues decreased (7.6%) to $1,081,350 from $1,169,929. The increases in revenues from the LED MR16 light partially offset the decrease in bus light sales. Revenues from contract manufacturing the first six months of fiscal 2009 and 2008 were approximately equal.

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 June 30, 2009, gross profit percentages decreased to 29.2% from 31.0% in 2008 due a lower sales volume. For the six months of fiscal 2009 the gross profit percentage improved to 29.0% from 26.4% for the same period in 2008. The gross profit percentage in 2008 was negatively impacted by recording a prior period adjustment with respect to the opening inventory. Without the prior period adjustment the 2008 gross profit percentage would have been 29.2% for the six months ended June 30, 2008.

Selling expenses

For the three months ended June 30, 2009 selling expenses increased to $86,232 from $40,710 for the same period in 2008. The addition of the Vice President of Sales and Marketing in July 2008 and the implementation of the marketing plan, primarily related to the new LED space lighting products, increased marketing expenses for the second quarter in 2009 over the same period in 2008. Also due to the increased marketing efforts, for the six months ended June 30, 2009, marketing expenses increased 99.3% to $154,849 from $77,666.

General and Administrative Expenses

For the three months ended March 31, 2009, general and administrative expenses increased to $140,015 from $80,350 for the same period in 2008. A significant portion of the increase in costs related to cost of the new position of Chief Financial Officer in the second quarter of 2008. Also, as a result of seeking financing in the first quarter of 2009, travel and other related expenses were higher in 2009 than in 2008.

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 second quarter of 2009, engineering, research and development costs decreased to $4,004 from $7,890 for the same period in 2008. During the second 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 $17,176 compared to $58,373 for the first two quarters of 2008. Consulting fees related to filing the SRED tax credits equal to $27,500 were expensed in the first quarter in 2008.

Interest on Short-Term Debt

Interest on short-term debt increased to $21,727 during the second quarter 2009 from $9,007 during the second quarter of 2008. A similar increase occurred for the first six months in 2009 over 2008. The increase in the expense in 2009 over 2008 resulted from an increase in the average credit card debt and bank operating loans.

Interest on Long-Term Debt

For the three months ended June 30, 2009, interest on long-term debt decreased to $2,075 from $3,237 in 2008. The decrease in the expense resulted from the reduction in the average principal on the long-term debt to $106,899 in 2009 from $139,951 in 2008. For the six months of fiscal 2009, interest on long-term debt decreased to $5,450 or 21% from $6,920 for the same period in 2008.

Depreciation

Depreciation expense increased in the second quarter of 2009 to $27,555 from $13,027 for the same quarter in 2008. The increase in depreciation resulted from an increase in assets under capital leases. For the six months ended depreciation increased to $43,838 in 2009 from $26,055 for the same period of 2008.

Amortization of Product Development Costs

To the end of the second quarter of 2009, CRS incurred development costs equal to $186,765 for the development of the LED MR16 light, the LED streetlight and the G2Max bus safety light. The amortization expense for the first quarter of 2009 was $7,998 compared to no amortization costs during the second quarter of 2008. The Company accumulated product development costs in 2008 equal to $56,232, but did not commence amortization of the costs until the third 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 June 30, 2009 was $2,111 compared to $16,289 in 2008. For six months ended June 30, 2009, the SRED income was $10,997 compared to $35,096 in 2009. The reduction in the SRED tax credits resulted from lower product development activity on the LED MR16 in 2009 for the corresponding periods 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 June 30, 2009, CRS incurred foreign currency gains of $27,300 compared to a gain of $148 in 2008. For the year to date, the foreign currency gains were $22,810 in 2009 and $11,202 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 Capital 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 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. Such stock options vest immediately to 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.

Earnings

The net loss for the quarter ended June 30, 2009 was ($266,874) compared to a gain of $87,970 for the second quarter of 2008. In 2008, the gain resulted from higher sales for the period in 2008 than in 2009. The loss in the second quarter of 2009 also included a non-cash expense of $178,380 resulting from the issuance of stock options. Also in the first quarter of 2009, revenues and gross profit suffered due to a lack of liquidity to purchase parts. 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 $122,049 in Q2 2009 to $279,159 from $157,110 in Q2 2008. For the six months ended June 30, 2009, the engineering, selling and administrative expenses increased $180,166 to $491,610 from $311,444 in 2008.

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

The negative EBITDA for the quarter ended June 30, 2009, was ($31,300) compared to the first quarter of ($105,800). The improvement in the second quarter over the first quarter in 2009 resulted from an increase in revenues and gross margins percentages. The second quarter of 2008, had a positive EBITDA equal to $96,900. Higher revenues and lower engineering, selling and administrative costs in the second quarter of 2008 than for the second quarter of 2009, resulted in a higher EBITDA in the quarter than for the same quarter in 2009.

Liquidity and Capital Resources

(in thousands of Canadian dollars except for ratios)	June 30, 2009	March 31, 2009	December 31, 2008
Current Ratio	1.15: 1	.57 : 1	.61 : 1
Cash	$87,315	$10,316	$10,512
Cash available under the operating line	$320,000	($3,182)	$23,609
Working Capital	$154,385	($535,775)	($390,871)
Total Assets	$1,676,189	$721,233	$1,011,033
Total Debt	$1,097,112	$1,314,828	$1,081,712
Total Equity	$579,077	($175,727)	($70,679)
Debt to Equity Ratio	1.89 : 1	7.5 : 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. June 30, 2009, CRS had a working capital of $154,385 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 reasonable 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.

Cash Flows

In the second quarter of 2009, CRS experienced negative cash flows from operations of ($661,558) compared to a positive cash flow $25,732 in the second quarter of 2009. In the latter half of the second quarter of 2009, revenues increased 77%. During the quarter accounts receivable increased $286,331 and inventory increased $68,788. After the Qualifying Transaction closed CRS made an effort to reduce the outstanding payables from an average days outstanding from over 80 days to approximately 50 days. The reduction in accounts payable in the second quarter of 2009 was ($198,431). Through constant communications with supplies and the reduction in the trade accounts payable, CRS was able to retain trading accounts with all their key suppliers.

Description of the Securities

The authorized capital of CRS consists of an unlimited number of common shares.

Issued and outstanding
23,403,150 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 3542114 Canada 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 3542114 Canada Inc.	16,204,483	—
Effectively issued in the Qualifying Transaction	6,648,667	678,408
Issuance of common shares for cash	550,000	165,000
	23,403,150	$678,508

[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 is now 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 are subject to an escrow agreement will 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 is 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.

Subsequent to the end of 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 were released to the shareholders of 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 are restricted from trading until September 19, 2009.

[b] 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.

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	80,000	$0.30	1,450,533	$0.30
Exercised	—	—	—	—
Expired	—	—	—	—
Outstanding, June 30, 2009	1,624,936	$0.30	1,450,533	$0.30

Under the Podium Stock Option 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 715,379.

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

Exercise price	Number outstanding	Weighted-average remaining contractual life	Weighted-average exercise price
$0.30	1,691,422	2.8 years	$0.30

These options vested immediately on the grant date and, accordingly, the amount has been expensed as stock-based compensation.

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.

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. 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.

All CRS Shares are issued as fully paid and non-assessable shares. Each CRS Share is entitled to one vote at meetings of the shareholders of CRS and to receive such non-cumulative dividends as may be declared from time to time in respect of the CRS Shares.

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 six month period ended June 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, 2008, 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.

New Accounting Pronouncements

(a) 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 will be 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 Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

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

The accounting framework under which financial statements are prepared in Canada for all publicly accountable enterprises is scheduled to change to IFRS by January 1, 2011. Generally accepted accounting principles ("GAAP") in Canada will cease to apply and will be replaced by IFRS. Commencing in fiscal 2010, the Company will need to prepare accounts in accordance with Canadian GAAP and IFRS in order to have comparative financial statements on full implementation of IFRS in 2011. The Company is evaluating accounting policy differences between Canadian GAAP and IFRS based on management's current understanding of these standards. Management is currently assessing the impact of the transition to IFRS on its 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 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.