FORM 51-102F1

EMPOWER TECHNOLOGIES CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

The following discussion and analysis, prepared as of August 25, 2008, should be read together with the unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2008 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the audited financial statements and the Management Discussion and Analysis for the year ended December 31, 2007. Additional information relating to Empower, including the Annual Information Form filed June 19, 2007, is available on SEDAR at www.sedar.com.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. References in this document to "we", "us", "Empower" and "the Company" refer to Empower Technologies Corporation and its subsidiaries.

PERFORMANCE SUMMARY

Since the Company successfully created the core embedded system technologies and solutions, in prior periods, we are now focusing our efforts on developing new technologies, products, and solutions and on commercializing our core technologies. We operate in a dynamic marketplace where technology advances occur rapidly. We have developed and are developing products that we believe will have widespread acceptance. However, we have not yet had significant shipments. Our future as a company depends upon market acceptance of our products and technology.

The total expenses excluding stock-based compensation decreased to $712,637 for the three months ended June 30, 2008 (the "Quarter"), compared with $871,473 for the three month period ended June 30, 2007. Revenue decreased to $13,067 for the Quarter, compared to $114,434 for the three month period ended June 30, 2007. For the six months ended June 30, 2008 ("Year to Date"), total expenses excluding stock-based compensation decreased to $1,393,540 compared to $1,662,317 for the six month period ended June 30, 2007. Revenue decreased for the six months ended June 30, 2008 to $30,699 from $131,370 for the six month period ended June 30, 2007. The decrease is due to our new products - the EDK6446 Development Kit and SBC644x single board computer - that are still in the early stages of the sales cycle to get adoption. Management expects sales to improve as these new products become established in the market with design wins. The typical sales cycle for these products is between 12 to 18 months.

As at June 30, 2008, the Company had cash and cash equivalents of $118,360 compared to $774,830 at December 31, 2007.

The Company expects overall operating expenses will stay at current levels until significant product shipments begin.

Furthermore, during the 2nd quarter of 2008, our Company:

- Introduced the EDK6446 Development Kit and Euler Embedded Software Platform at the Embedded System Conference Silicon Valley 2008. The EDK6446 Development Kit is a multimedia embedded system development tool to expedite product development and fast track product deployment into the field. Utilizing an extremely powerful dual-core embedded processor (with a

297MHz ARM9 core and a 594MHz DSP core), it is ideal for developers or manufacturers creating new applications in the fields of industrial handheld/tablets, security surveillance, wired/wireless media streaming, infotainment system in automobiles, portable navigation and video telephony. Our Euler Embedded Software Platform is a new navigation system software technology featuring Navigon navigation software. It is made for navigation device developers, manufacturers and OEM/ODM'ers looking for ready made solutions.

- Negotiated a 5 year volume Purchase Order (PO) from Advantec Computer Systems, LLC ("Advantec") under certain terms and conditions to supply industrial handheld computers to their Value Added Resellers (VAR). Under the Agreement, Advantec will distribute Empower's OEM/ODM ("Original Equipment Manufacturer" / "Original Design Manufacturer") industrial handheld and tablet to the healthcare, hospitality, field repair, utilities, transportation, retail, public safety, government and other industrial vertically integrated customers through Advantec's vast VAR and SI ("System Integrator") distribution network. This five (5) year PO is valued at about $40 million US dollars.

- Signed a purchase order agreement with the Massachusetts Institute of Technology (MIT) for the purchase of Empower's innovative Single Board Computer, the SBC644x. Empower's SBC644x is based on a Linux Embedded OS ("LEOs®"), and is made specifically to enable intelligent media devices for markets in mobile, portable navigation, set-top box, security and surveillance and transportation infotainment systems – and anywhere high-performance image processing is required. The SBC644x was developed with the Empower's EDK6446 development kit utilizing the latest version of Empower's Linux Embedded OS (LEOs).

RESULTS OF OPERATIONS

	Six month Period Ended June 30, 2008	Six month Period Ended June 30, 2007	Three Month Period Ended June 30, 2008	Three Month Period Ended June 30, 2007	Year Ended December 31, 2007
Sales					
United States of America	$ 13,294	$ 128,238	$ 2,585	$ 111,523	$ 148,825
Canada	4,409	221	150	-	848
Asia	12,996	2,911	10,332	2,911	43,579
Europe	-	-	-	-	1,534
	30,699	131,370	13,067	114,434	194,786
Cost of Sales					
Cost of material sold	14,103	158,985	5,911	148,599	208,503
Write-down of inventory	116,309	-	-	-	385,277
	130,412	158,985	5,911	148,599	593,780
Gross margin	(99,713)	(27,615)	7,156	(34,165)	(398,994)
Total expenses	1,560,587	1,771,235	792,702	887,994	3,482,917
Other items	2,123	8,123	111	6,613	8,951
Income (loss) for the period:					
Canada	(1,620,350)	(1,739,693)	(755,362)	(879,439)	(3,744,902)
People's Republic of China	(51,108)	29,481	(7,638)	28,730	(84,162)
United States of America	13,281	(80,515)	(22,435)	(64,837)	(43,896)
	$ (1,658,177)	$ (1,790,727)	$ (785,435)	$ (915,546)	$ (3,872,960)
Loss per share	$ (0.04)	$ (0.05)	$ (0.02)	$ (0.03)	$ (0.11)
Total assets	$ 355,743	$ 944,625	$ 355,743	$ 944,625	$ 1,129,338

Revenue

In recent quarters, the Company's activities have shifted from the development of the Company's technology to commercializing the sales and marketing of LEOs, LDKxxxx, and EDKxxxx development platforms and the reference designs using LEOs. Revenues generated for the three months ended June 30, 2008 were $13,067, compared with $114,434 for the three months ended June 30, 2007. For the six months ended June 30, 2008, revenues were $30,699, compared with $131,370 for the six months ended June 30, 2007. These sales are attributed to shipments of prototypes and development kits. Shipments under contracts executed during the second quarter of 2008 are expected in future quarters.

Cost of sales

Cost of material sold during the Quarter was $5,911, compared with $148,599 for the period ended June 30, 2007. For the six months ended June 30, 2008, cost of material sold was $14,103, compared with $158,985 during the six months ended June 30, 2007. Excluding the write off of inventory, cost of material sold as a percentage of sales amounted to 46% in the first half of 2008, compared with 121% for the same period in 2007. The change is attributable to the efforts to improve our margins and lower our costs and the write off of certain inventory in previous periods. In addition to the cost of material sold during the first half of 2007, cost of sales includes $116,309 which is a provision against the carrying value of inventory (2007 - $ nil). This inventory remains in the company's possession and much of it can be utilized in sales of Empower products, should those sales be realized. As certain of these items are still in use in the marketplace, the option exists for the company to sell them to distributors for resale.

General and Administrative

General and administrative expenses without stock-based compensation and R&D costs for the three months ended June 30, 2008 decreased to $392,982 (2007 - $578,928) due to the reduction in the number of administration staff. Advertising and promotion decreased to $16,335 (2007 - $110,010) due to the Company's effort to reduce costs. Consulting fees decreased to $85,608 (2007 - $177,548) due to the Company's effort to reduce costs and the resulting engagement with new contractors and consultants. For the six months ended June 30, 2008, general and administrative costs without stock-based compensation and R&D costs decreased to $785,802 (2007 - $1,079,226).

Research and Development

Research and Development costs ("R&D costs") relating to the development of LEOs, adding new operating software, the EDK644x development kits, Euler Software Platform and new reference designs are expensed as incurred. R&D costs for the period ended June 30, 2008 were $319,655 compared to $292,545 for the quarter ended June 30, 2007. For the six months ended June 30, 2008, R&D costs were $607,738, compared to $583,091 for the six months ended June 30, 2007.

Expenditures relate to regular maintenance, improvement and upgrades to the core technology LEOs and adding new embedded CPU platforms such as TI's DM6441 and OMAP3.

	Six Month Period Ended June 30, 2008	Six Month Period Ended June 30, 2007	Three Month Period Ended June 30, 2008	Three Month Period Ended June 30, 2007
Equipment and supplies	$ 40,255	$ 50,002	$ 28,707	$ 22,206
Rent	64,153	59,832	32,657	30,754
Salaries and benefits	503,330	473,257	258,291	239,585
	$ 607,738	$ 583,091	$ 319,655	$ 292,545

SIGNIFICANT PROJECTS

LEOs III
The next version of LEOs for Texas Instruments' (TI) latest DaVinci™ dual-core microprocessor – DM644x is completed and available to the market. It is now being continuously maintained and upgraded.

EDK3503 Development Kit

EDK (Empower Development Kit) replaces the successful LDK (LEOs Development Kit) series. The second in the EDK series is for Texas Instruments' (TI) OMAP3 technology processors; it is now in full development. The EDK3503 will help designers accelerate the development of wireless and/or mobile always-on internet devices.

H1000 Industrial Handheld

This mobile data terminal model was previously named "PowerPlay 1x and iH". The Company is redesigning this model. Besides the regular PDA functions, this new model will have wireless communication, RFID reader, UPC scanner, POS add-on capability. The "H1000" is targeted toward the industrial handheld market.

P2000 PND Family

This is the Portable Navigation Device ("PND") reference design we have developed using map engine technology licensed from our partner Navigon. The first prototype was exhibited at the SEMA2007 trade show in Las Vegas in Q4 of 2007. Two products are being offered, all featuring a large 4.3" widescreen LCD touch panels: P2000 (the basic model which features navigation, bluetooth hands-free and traffic advisory data) and P2800 (the executive unit which includes our basic unit's features, plus a wireless back up camera and iPod™ remote connectivity). All P2xxxx family uses Empower's proprietary Euler Embedded Software Platform.

Euler Embedded Software Platform

Euler Embedded Software Platform is a new navigation system software suite featuring Navigon navigation software, Bluetooth hands free software, multimedia player and wireless rearview camera software. It is made for navigation device developers, manufacturers and OEM/ODM'ers looking for ready made solutions. Euler, the world's most sophisticated features rich GPS device development platform, is highly customizable by the developers to have their own "Look and Feel". More user-friendly software features and functions will be added to Euler.

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended June 30, 2008	Three Months Ended March 31, 2008	Three Months Ended December 31, 2007	Three Months Ended September 30, 2007
Total assets	$ 355,743	$ 532,640	$ 1,129,338	$ 884,822
Stock based compensation	80,065	86,982	91,272	80,230
Working capital	10,030	216,943	229,449	22,965
Shareholders' equity (deficiency)	(833,336)	(154,966)	245,497	147,223
Revenues	13,067	17,632	45,582	17,834
Net loss	(785,435)	(872,742)	(1,326,095)	(756,138)
Loss per share	$ (0.02)	$ (0.02)	$ (0.04)	$ (0.02)

	Three Months Ended June 30, 2007	Three Months Ended March 31, 2007	Three Months Ended December 31, 2006	Three Months Ended September 30, 2006
Total assets	$ 944,625	$ 1,878,671	$ 1,024,654	$ 1,628,819
Stock based compensation	16,521	92,397	50,980	58,275
Working capital	550,662	1,441,477	535,222	1,384,272
Shareholders' equity	683,131	1,582,156	681,875	1,559,571
Revenues	114,434	16,936	28,461	19,971
Net loss	(915,546)	(875,181)	(1,036,656)	(954,903)
Loss per share	$ (0.03)	$ (0.02)	$ (0.03)	$ (0.03)

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
Sales			
United States of America	$ 148,825	$ 71,912	$ (27,821)
Asia	43,579	5,390	2,407
Europe	1,534	-	13,890
Canada	848	7,836	15,270
	194,786	85,138	3,746
Cost of Sales			
Cost of material sold	208,503	128,101	103,082
Write-off of inventory	385,277	43,111	-
	593,780	171,212	103,082
	(398,994)	(86,074)	(99,336)
Total expenses	3,482,917	4,102,673	4,097,078
Other items	8,951	34,873	69,100
Loss for the period			
Canada	(3,744,902)	(3,825,696)	(3,675,968)
People's Republic of China	(84,162)	(163,566)	(236,751)
United States of America	(43,896)	(164,612)	(214,595)
	$(3,872,960)	$(4,153,874)	$(4,127,314)
Loss per share	$ (0.11)	$ (0.12)	$ (0.13)
Total assets	$ 1,129,338	$ 1,024,654	$ 4,613,921

Our operations throughout the years displayed above have been focused on the development of our technologies and promoting those technologies to product designers and engineers.

LIQUIDITY

The Company has financed its operations to date primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

		As at June 30, 2008		As at June 30, 2007
Deficit	$	(21,992,294)	$	(18,251,884)
Working capital	$	10,030	$	550,662

Net cash used in operating activities for the Quarter was $629,860 compared to net cash used of $ 850,326 for the three month period ended June 30, 2007. The decrease in the use of cash was primarily caused by reduced spending on the Company's operations. For the six month period ended June 30, 2008, the net cash used in operating activities was $1,432,062 compared with net cash used in operating activities of $1,555,233 for the six month period ended June 30, 2007. The principal cause of this decrease is reduction in spending on the Company's operations.

Net cash used in investing activities for the Quarter is $nil compared to net cash used in investing activities of $nil for the three month period ended June 30, 2007. For the six months ended June 30, 2008, the net cash used in investing activities was $nil, compared with net cash used by investing activities of $ 2,217 for the six months ended June 30, 2007.

Net cash generated by financing activities for the Quarter was $491,397 compared to net cash used by financing activities of $1,103 for the three month period ended June 30, 2007. The difference between the years is that there was no money raised through financing activities during the 2007 quarter. For the six months ended June 30, 2008, net cash generated by financing activities was $775,592, compared with net cash generated by financing activities of $1,585,860 for the six months ended June 30, 2007. The cash provided was primarily due to the loan and issuance of common shares. The decrease is attributable to the cash raised through the issue of common shares being much higher in the first half of 2007 than in the first half of 2008.

At June 30, 2008, the Company had $118,360 in cash. The Company has been incurring operating losses (excluding stock-based compensation and amortization) at the average rate of $ 246,522 per month over the last six months.

CAPITAL RESOURCES

The authorized capital of the Company consists of unlimited common shares without par value. As at June 30, 2008, there were 39,768,254 common shares issued and outstanding.

Short Form Offering

The Company completed a Short Form Offering ("SFO") as of January 7, 2008 by closing the second tranche. The first tranche closed in December, 2007. The SFO was for up to 2,666,667 units (the "Units") at $0.75 per Unit, with each Unit consisting of one share and one half warrant. Each whole warrant is exercisable into one common share for a period of two years at an exercise price of $0.90 per share. The warrants are non-transferable. The second tranche of the SFO resulted in the sale of 561,300 Units for gross proceeds of $420,975. The Company issued 84,195 agent's warrants (valued at $19,372), exercisable at $0.75 per share until January 7, 2010. The Company also paid $33,678 in agent's commissions and reimbursed the agent for $2,000 in legal and administration fees.

In this SFO, a total of 2,442,600 units were sold for gross proceeds of $1,831,950, before expenses of the SFO.

The following is the detail of the relevant estimated milestones and actual usage of funds to June 30, 2008.

DESCRIPTION OF USE OF PROCEEDS	Use of Proceeds Indicated in Short Form Offering Document	Use of Proceeds Pro-rated for Actual Gross Proceeds	Use of Proceeds as of June 30, 2008	Remaining Proceeds
Outstanding accounts payable	$ 260,000	$ 240,774	$ 240,774	$ -
Continuing marketing and sales expenses	200,000	185,215	185,215	-
Product development expenses	700,000	648,245	648,245	-
Unallocated general working capital	620,000	574,160	574,160	-
Total	$ 1,780,000	$ 1,648,394	$ 1,648,394	$ -

During 2007, the Company completed a brokered private placement with Union Securities Ltd. (“the Agent”). The private placement was for 1,700,000 Units (the “Offering”) at a price of $0.90 per Unit for total proceeds of $1,530,000. Each Unit consists of one common share and one-half common share purchase warrant. Each whole warrant had an original exercise price of $1.25 with an original expiry date of February 20, 2008. The Company granted the Agent an Over-Allotment Option (“Over-Allotment Option”) exercisable to February 27, 2007 to purchase 170,000 Units on the same terms as the Units in the offering. 90,000 of the Over-Allotment Options were exercised by the Agent immediately and the balance expired. The Agent’s compensation included a commission of 8% of the gross subscription amount and the Over-Allotment Option. In addition, the Agent received 179,000 compensation options (the “Agent’s Compensation Options” valued at $49,035) equal to 10% of all Units sold pursuant to the Offering and the Over-Allotment Option. Each Agent’s Compensation Option entitles the Agent to purchase one Unit of the Company at $0.90 per Unit at any time prior to February 20, 2008. These Agent’s Compensation Options expired unexercised.

The company has 895,000 warrants outstanding from the brokered private placement described above. The Company reduced the exercise price on these warrants from $1.25 to $0.90 and extended the expiry date to November 30, 2008. Thus, each warrant now entitles the holder to purchase one share of the Company at a price of $0.90 at any time on or before November 30, 2008.

The warrants described above represent a source of new equity capital for the Company in the event that market conditions lead to their being exercised.

As at June 30, 2008	Warrants	Exercise Price	Expiry Date	Amount
Warrants issued February 2007	895,000	$0.90	November 30, 2008	$ 805,500
Warrants issued December 2007	1,015,650	$0.90	December 19, 2009	914,085
Warrants issued December 2007	282,195	$0.75	December 19, 2009	211,646
Warrants issued January 2008	280,650	$0.90	January 7, 2010	252,585
Warrants issued January 2008	84,195	$0.75	January 7, 2010	63,146
	2,557,690			$ 2,246,962

To continue its operations, the Company will need to issue more debt, to have the support of warrant holders to exercise the warrants detailed above and/or to have the support of investors to acquire common stock that may be issued in the future. There is no certainty in any of the above.

Currently the Company is not committed to any material future capital expenditures.

OUTSTANDING SHARES

As at June 30, 2008, the Company has shares outstanding as follows:

	Shares
Authorized	
Unlimited common shares without par value	
Balance, December 31, 2007	39,176,954
Short form offering	561,300
Exercise of options	30,000
Balance, June 30, 2008	39,768,254

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued directors' fees of $60,000 (six month period ended June 30, 2007 - $60,000) for services provided by directors and officers of the Company.

b) Recorded stock-based compensation of $121,276 (six month period ended June 30, 2007 - $80,660) for options granted to directors and officers of the company.

c) Paid or accrued consulting fees of $140,000 (six month period ended June 30, 2007 - $302,000) for services provided by directors and officers of the Company.

d) Paid compensation and benefits of $60,000 (six month period ended June 30, 2007 - $60,000) included in research and development costs to an officer of the Company.

e) Paid or accrued interest of $15,883 (six month period ended June 30, 2007 - $1,562) to an officer of the company on loans advanced to the Company

Included in current accounts payable is $75,175 (June 30, 2007 - $107,520) due to directors and officers of the Company. $62,500 due to a related party represents consulting fees upon which payment has been deferred to July 31, 2009. There was no similar amount in 2007.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, obligations under capital leases and loans payable. In April 2005, the CICA issued HB Section 3855, which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In accordance with this new standard, the Company has classified its financial instruments as follows: cash and cash equivalents are classified as held-for-trading; accounts receivable are classified as loans and receivables; accounts payable and accrued liabilities are classified as other liabilities; obligations under capital leases are classified as other liabilities; and loans payable are classified as other liabilities. All are measured at fair value and changes in fair values are included in net earnings in the period in which they arise. Cash and cash equivalents are exposed to credit risk and these amounts are placed with major banks. The Company is not exposed to interest rate risk due to the short-term maturity of the financial instruments. Adoption of this standard had no impact on the Company's financial statements. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Certain operations of the Company are conducted in the People's Republic of China ("PRC"). As a result, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, and by the general state of the PRC economy. The operations in the PRC are subject to different considerations and other risks not typically associated with companies in North America. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittances abroad and rates and methods of taxation, among other things.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Significant inter-company balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Cash and equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and cash equivalents with high quality financial institutions, thereby minimizing exposure for deposits in excess of federally insured amounts. The Company believes that credit risk associated with cash is remote.

Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group, at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

Allowance for receivables

The Company establishes an allowance for receivables on a specific account basis. The Company had no allowance for doubtful accounts as at June 30, 2008 or December 31, 2007.

Inventories

Inventories are carried at the lower of cost, using the weighted average method, and net realizable value. Inventories consist of material inventories; work in process and finished goods. The material inventory balances include electronic parts for research and development use. The work in process and finished goods balances include electronic consumer products.

Research and development expenses

Costs related to research, design and development of software products are charged to research and development expense as incurred. Software development costs are capitalized beginning when a product's technological feasibility has been established, which generally occurs upon completion of a working model, and ending when a product is available for general release to customers. All subsequent costs are expensed as incurred. The Company reassesses whether it has met the relevant criteria for deferral and amortization and whether there is any impairment in value at each reporting date.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is calculated using the declining balance method at the following annual rates:

Computer equipment	30%
Furniture and equipment	20%
Leasehold improvements	25%
Tools	20%

Revenue recognition

i) Software - The Company recognizes revenue from packaged software and license fees when the software is delivered, title has passed and customer acceptance has occurred, there is persuasive evidence that an arrangement exists, the fee is fixed and determinable and collection is probable.

ii) Products - The Company generates revenue through the sale of electronic products. Revenue is recognized only when persuasive evidence for a sales arrangement exists (i.e., delivery of the product has occurred, the product fee is fixed or determinable and collection of the sale is reasonably assured).

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Foreign currency translation

The Company's subsidiaries whose functional currencies are other than the Canadian dollar are translated as integrated operations using the temporal method. Under this method, monetary items are translated into Canadian dollar equivalents at the exchange rate in effect at the balance sheet date, non-monetary items are translated at historical rates, and revenue and expense items are translated at exchange rates prevailing when such items are recognized in the statement of operations. Exchange gains or losses arising on translation of foreign currency items are included in operating results.

Stock-based compensation

The Company uses the fair-value method of accounting for all stock-based compensation.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year.

CHANGES IN ACCOUNTING POLICIES

Adopted During 2008:

Inventories: In June 2007, the CICA issued HB Section 3031, which is effective for financial years beginning on or after January 1, 2008, to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognized as an asset and carried forward until the related revenues are recognized. This Section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. Adoption of these new accounting provisions had no impact on the Company’s financial position or results of operations.

Capital Disclosures: In December 2006, the CICA issued HB Section 1535 which establishes standards for disclosing information about an entity's capital and how it is managed. This new standard is effective for fiscal years beginning on or after October 1, 2007. This standard will affect certain disclosures in the Company’s annual financial statements, but will have no impact on the Company’s financial position and results of operations.

Financial Instruments – Disclosures: In December 2006, the CICA issued HB Section 3862 which requires entities to provide disclosures in their financial statements that enable users to evaluate:

(a) the significance of financial instruments for the entity's financial position and performance; and

(b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.
This standard is effective for fiscal years beginning on or after October 1, 2007. The Company has assessed how this standard will affect its future financial disclosures for the 2008 annual financial statements. We do not anticipate that this standard will have any impact on the Company's financial position or results of operations.

Financial Instruments – Presentation: In December 2006, the CICA issued HB Section 3863 which establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains and the circumstances in which financial assets and financial liabilities are offset. This standard is effective for fiscal years beginning on or after October 1, 2007. The Company has assessed that this standard will affect the future presentation of its financial instruments in the annual financial statements, but will have no impact on the Company's financial position or results of operations.

General Standards of Financial Statement Presentation: In June 2007, the CICA amended HB Section 1400 governing the overall standards to be applied to financial statement presentation, including requirements to assess and disclose an entity's ability to continue as a going concern. The new provisions are effective for fiscal years beginning on or after January 1, 2008 and affect certain disclosures in Note 2 to our financial statements for the period ended June 30, 2008.

Future Changes:

Goodwill and Intangible Assets: In February 2008, the CICA issued HB Section 3064 which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. This standard is effective for fiscal years beginning on or after October 1, 2008. The Company is assessing how this standard will affect its future financial disclosures. At June 30, 2008, the Company had no goodwill or intangible assets recorded on its balance sheet.

International Financial Reporting Standards ("IFRS"): On February 13, 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own Generally Accepted Accounting Principles. Interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 will need to conform with IFRS. The Company is monitoring these developments and is assessing the impact on its financial statements of conversion to the new accounting standards

SUBSEQUENT EVENTS

Subsequent to June 30, 2008:

1. An officer advanced $60,000 to the Company through loans, bearing interest at 8.5% and repayable on October 15, 2009.

2. The Company announced the first sales order to customize and supply the Empower embedded computer and software technology for two new infotainment demonstration systems from a well recognized transportation equipment supplier. In today's energy cost sensitive business, such as transportation, Empower's embedded computer and software technology will supply a light weight, low power, low heat, high performance and cost efficient Single Board Computer and embedded software for use in the digital infotainment systems in the transportation industry such as airlines, high speed trains and long haul buses to save fuel without eroding user experience and satisfaction. Due to the competitive nature of the transportation equipment industry, the manufacturer requested to remain anonymous.