EMPOWER TECHNOLOGIES CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

March 31, 2009

EMPOWER TECHNOLOGIES CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)

	March 31, 2009	December 31, 2008
ASSETS		
Current		
Cash	$ 26,276	$ 421,920
Accounts receivable	15,629	23,309
Inventory (Note 3)	31,236	29,514
Prepaid expenses	61,825	40,715
	134,966	515,458
Property and equipment	86,149	91,484
Total assets	$ 221,115	$ 606,942
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	$ 309,353	$ 259,005
Current portion of obligations under capital lease (Note 4)	2,573	3,675
Debenture proceeds received in advance	-	70,000
Convertible debenture (Note 5)	233,545	-
	545,471	332,680
Loans payable (Note 6)	1,829,500	2,024,500
Total liabilities	2,374,971	2,357,180
Shareholders' equity (deficiency)		
Capital stock Authorized: unlimited common shares without par value Issued and outstanding: 39,768,254 shares (2008 – 39,768,254)	19,186,439	19,186,439
Contributed surplus	2,148,490	2,094,052
Equity portion of convertible debenture issued	22,955	-
Deficit	(23,511,740)	(23,030,729)
Total shareholders' equity (deficiency)	(2,153,856)	(1,750,238)
Total liabilities and shareholders' equity (deficiency)	$ 221,115	$ 606,942

Basis of presentation (Note 1)
Nature and continuance of operations (Note 2)
Commitments (Note 11)
Subsequent events (Note 12)

On behalf of the Board:

"Paul Leung" Director "Steve Gupta" Director

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

EMPOWER TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)

	Three Month Period Ended March 31, 2009	Three Month Period Ended March 31, 2008
SALES	$ 4,538	$ 17,632
COST OF SALES		
Cost of material sold	352	8,192
Write-off of inventory	-	116,309
	352	124,501
	4,186	(106,869)
EXPENSES		
Accounting and audit	4,500	-
Advertising and promotion	7,631	28,813
Amortization of property and equipment	4,929	6,551
Amortization of assets under capital lease	406	508
Bank charges and interest	1,590	5,435
Consulting fees	10,531	90,420
Directors' fees	-	30,000
Foreign exchange loss (gain)	(893)	1,537
Insurance	10,679	9,938
Interest on long term debt	39,901	-
Legal fees	33,911	18,445
Office expenses	9,258	11,102
Rent	4,101	13,498
Research and development	161,058	288,083
Stock-based compensation	54,438	86,982
Telephone and utilities	11,744	13,628
Transfer agent and filing fees	9,165	10,544
Travel	7,202	30,330
Wages and benefits	115,216	122,071
	(485,367)	(767,885)
Loss before other items	(481,181)	(874,754)
OTHER ITEM		
Interest and other income	170	2,012
	170	2,012
Loss and comprehensive loss for the period	$ (481,011)	$ (872,742)
Basic and diluted loss per common share	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding	39,768,254	39,701,245

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

EMPOWER TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited – Prepared by Management)

	Number of Shares	Price	Capital Stock	Contributed Surplus	Equity Portion of Convertible Debenture	Deficit	Total
Balance, December 31, 2007	39,176,954	$ -	$ 18,781,755	$ 1,797,859	$ -	$ (20,334,117)	$ 245,497
Short form offering (net of issuance costs)	561,300	0.75	386,505	-	-	-	386,505
Agent's warrants issued pursuant to the short form offering	-	-	(13,134)	13,134	-	-	-
Exercise of options	30,000	0.90	31,313	(4,313)	-	-	27,000
Stock-based compensation	-	-	-	287,372	-	-	287,372
Loss for the year	-	-	-	-	-	(2,696,612)	(2,696,612)
Balance, December 31, 2008	39,768,254	-	19,186,439	2,094,052	-	(23,030,729)	(1,750,238)
Issuance of convertible debentures	-	-	-	-	22,955	-	22,955
Stock-based compensation	-	-	-	54,438	-	-	54,438
Loss for the period	-	-	-	-	-	(481,011)	(481,011)
Balance, March 31, 2009	39,768,254	-	$ 19,186,439	$ 2,148,490	$ 22,955	$ (23,511,740)	$(2,153,856)

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

EMPOWER TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Month Period Ended March 31, 2009	Three Month Period Ended March 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (481,011)	$ (872,742)
Items not affecting cash:		
Amortization of property and equipment	4,929	6,551
Amortization of assets under capital lease	406	508
Stock-based compensation	54,438	86,982
Write-off of inventory	-	116,309
Changes in non-cash working capital items:		
Decrease in accounts receivable	7,680	25,605
Increase in inventory	(1,722)	(30,278)
Increase in prepaid expenses	(21,110)	(40,004)
Increase (decrease) in accounts payable and accrued liabilities	50,348	(93,176)
Decrease in customer deposit	(1,102)	(1,957)
Net cash used in operating activities	(387,144)	(802,202)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	-	(1,102)
Proceeds of loans payable	105,000	382,000
Repayments of loans payable	(300,000)	(482,000)
Proceeds from debenture payable	186,500	-
Proceeds from issuance of common shares, net of issuance costs	-	385,297
Net cash provided by (used in) financing activities	(8,500)	284,195
Change in cash during the period	(395,644)	(518,007)
Cash, beginning of period	421,920	774,830
Cash, end of period	$ 26,276	$ 256,823

Supplemental disclosure with respect to cash flows (Note 8)

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

1. BASIS OF PRESENTATION

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for audited financial statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation have been included. Operating results for the three month period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ended December 31, 2009.

The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended December 31, 2008, except for the new accounting policies adopted effective January 1, 2009 discussed below. For further information, refer to the consolidated financial statements and footnotes thereto included for the year ended December 31, 2008.

Newly adopted accounting policies

In February 2008, the CICA issued new handbook Section 3064 – "Goodwill and Intangible Assets" that supersedes Section 3062 – "Goodwill and Other Intangible Assets" and 3450 – "Research and Development Costs". This section provides additional guidance on when expenditures qualify for recognition as intangible assets and requires that costs can be deferred only when relating to an item meeting the definition of an asset. The new accounting standard is effective for interim or annual financial statements relating to fiscal years beginning on or after October 31, 2008. The Company, having no intangible assets, does not expect any impact on its consolidated financial statements from this accounting standard.

Future accounting policies

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian public enterprises will need to adopt International Financial Reporting Standards effective for years beginning on or after January 1, 2011. The Company has not yet evaluated the impact this new framework will have on its consolidated financial statements.

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company is a provider of Linux-based embedded system technologies and solutions for the consumer electronics industry and the intelligent appliance market.

On September 19, 2003, the Company completed a share exchange with Empower Technologies, Inc. ("Empower US"). Sufficient common shares of the Company were issued so that controlling interest in the Company passed to the former shareholders of Empower US. These consolidated financial statements are a continuation of the financial statements of the accounting acquirer, Empower US, and not the Company, the legal parent.

The Company's continuing operations as intended are dependent upon its ability to develop products and technologies that can be commercialized. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. 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. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

		March 31, 2009		December 31, 2008
Deficit	$	(23,511,740)	$	(23,030,729)
Working capital (deficiency)	$	(410,505)	$	182,778

3. INVENTORY

		March 31, 2009		December 31, 2008
Material inventories	$	30,118	$	27,913
Work in process		1,118		-
Finished goods		-		1,601
	$	31,236	$	29,514

4. OBLIGATIONS UNDER CAPITAL LEASE

	March 31, 2009	December 31, 2008
Payments of $367 per month, due over lease terms expiring through September 2009	$ 2,573	$ 3,675
Less: current portion	(2,573)	(3,675)
	$ -	$ -
Estimated remaining lease payments are as follows:		
2009	$ 2,573	$ 3,675

5. CONVERTIBLE DEBENTURE

On January 20, 2009 the Company closed its first tranche of its private placement convertible debenture in the aggregate amount of $160,000, $70,000 of which was received as of December 31, 2008. The convertible debentures bear interest at the rate of 10% per annum and are convertible into common shares of Empower at $0.40 per share until January 31, 2010. Interest is payable semi-annually on July 31, 2009 and January 31, 2010. The convertible debentures and any shares issued upon conversion have a hold period expiring May 16, 2009. On March 20, 2009 the Company closed its second tranche of its private placement convertible debenture in the aggregate amount of $96,500. The $96,500 convertible debentures and any shares issued upon conversion have a hold period expiring July 16, 2009.

The debt component, representing the value allocated to the liability at inception, is recorded as a short-term liability. The remaining component, representing the value ascribed to the holders' option to convert the principal balance into common shares, is classified in shareholders' equity as "equity portion of convertible debentures". Over the term of the debt obligation, the debt component will be accreted to the face value of the debenture by the recording of additional interest expense.

6. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued directors' fees of $Nil (three month period ended March 31, 2008 - $30,000) for services provided by directors.

b) Recorded stock-based compensation of $37,548 (three month period ended March 31, 2008 - $60,820) for services provided by directors and officers.

c) Paid or accrued consulting fees of $3,000 (three month period ended March 31, 2008 - $70,000) for services provided by officers and directors of the Company.

d) Paid or accrued salaries and benefits of $21,000 (three month period ended March 31, 2008 - $30,000) to an officer of the Company included in research and development costs.

e) Paid or accrued salaries and benefits of $45,000 (three month period ended March 31, 2008 – $42,500) to two directors and officers of the Company.

Included in current accounts payable is $75,747 (December 31, 2008 - $35,393) due to directors and officers of the Company.

6. RELATED PARTY TRANSACTIONS (cont'd…)

At March 31, 2009, the loans payable are due to a director of the Company. The loans bear interest at 8.5%, and are unsecured. The total interest paid or accrued to the director was $39,901 (March 31, 2008-$3,442) for the three month period ended March 31, 2009.

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.

7. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in one business segment, being the development of Linux-based embedded systems technologies, in the following geographical areas:

	March 31, 2009	December 31, 2008
Property and equipment:		
Canada	$ 86,149	$ 91,484

	Three month period ended March 31, 2009	Three month period ended March 31, 2008
Revenue:		
Canada	$ 2,732	$ 4,259
United States of America	-	10,709
Asia	1,806	2,664
	$ 4,538	$ 17,632

Revenues are attributed to geographic areas based upon the location of the customers.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three month period ended March 31, 2009	Three month period ended March 31, 2008
Cash paid during the period for interest	$ 223	$ 3,442
Cash paid during the period for income taxes	$ -	$ -

There are no significant non-cash transactions during the three month period ended March 31, 2009 and 2008.

9. FINANCIAL INSTRUMENTS AND RISK

The Company is exposed to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

(a) Credit Risk –

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. Such risk arises principally from certain financial assets held by the Company consisting of trade receivables. The maximum exposure to credit risk of the Company at period end is the carrying value of these financial assets.

Provisions for doubtful accounts are made on a customer by customer basis. All write downs against receivables are recorded in the expenses on the consolidated statement of operations. The Company is exposed to credit related losses on sales to customers outside of North America due to higher risks of enforceability and collectibility. Accounts receivable at March 31, 2009 are comprised of trade accounts receivable. There is no provision for doubtful accounts at March 31, 2009.

(b) Market Risk –

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

(i) Foreign Exchange Risk – The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily the U.S. Dollar and the Chinese Renminbi. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in currencies other than the Canadian dollar, which is the functional currency of the Company and its subsidiaries.

During the three month period ended March 31, 2009 and as at March 31, 2009, the Company held only minor amounts of cash deposits in foreign currencies.

(ii) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents include short term, highly liquid investments that earn interest at market rates. The Company does not have any debt instruments outstanding with variable interest rates at March 31, 2009. Financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. No hedging relationships have been established for the related monthly interest or for the principal payments. The Company manages its interest rate risk by minimizing financing costs on its borrowings and maximizing income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day to day basis. The carrying value of long-term debt approximates its fair value.

(c) Liquidity Risk –

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at March 31, 2009, the Company had cash of approximately $26,276. Monthly operating expenses approximate $162,000. The continuation of the Company depends upon the support of its lender and equity investors, which cannot be assured. The Company's long-term loans payable is from a related party and approximates fair value.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its assets while at the same time maintaining investor and market confidence and to sustain future development of the business. In the management of capital, the Company includes shareholder's equity and loans payable in the definition of capital. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt with different characteristics or acquire and dispose of assets. There were no changes in the Company's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

11. COMMITMENTS

The Company has entered into an operating lease agreement for its premises. The remaining annual lease commitments under this lease are as follows:

2009	$	98,938
2010		98,938

12. SUBSEQUENT EVENTS

a) On May 6, 2009 the Company proceeded with a TSX Venture exchange short form offering (the "Offering") to raise up to $2,000,000. The Offering is not subject to any minimum and is to be of up to 8,000,000 units (the "Units") at $0.25 per unit, with each Unit consisting of one share and one warrant. Each warrant is exercisable into one common share for a period of two years at $0.30 per share. The warrants will be non-transferable. The Agent's fee is $45,000 in cash, plus a commission equal to 8% in cash based upon the gross proceeds raised under this offering plus 250,000 Units, plus 15% in Broker's warrants where each Broker's warrant will be exercisable into one Unit at $0.25 per Unit for a 24 month period.

b) The Company received an additional $80,000 in loan advances from a director of the Company.

c) On April 24, 2009 the Company closed its third and final tranche of its private placement convertible debenture in the aggregate amount of $145,200. The convertible debentures bear interest at the rate of 10% per annum are convertible into common shares of Empower at $0.40 per share for a period of one year. Interest is payable semi-annually on July 31, 2009 and January 31, 2010.