EMPOWER TECHNOLOGIES CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

September 30, 2009

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

	(Undaudited) September 30, 2009	December 31, 2008
ASSETS		
Current		
Cash	$ 5,186	$ 421,920
Accounts receivable	23,262	23,309
Inventory (Note 3)	35,016	29,514
Prepaid expenses	88,176	40,715
	151,640	515,458
Property and equipment	69,315	91,484
Total assets	$ 220,955	$ 606,942
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	$ 341,536	$ 259,005
Current portion of obligations under capital lease (Note 4)	-	3,675
Debenture proceeds received in advance	-	70,000
Convertible debenture (Note 5)	391,612	-
	733,148	332,680
Loans payable (Note 6)	2,009,500	2,024,500
Total liabilities	2,742,648	2,357,180
Shareholders' deficiency		
Capital stock		
Authorized: unlimited common shares without par value		
Issued and outstanding: 42,968,504 shares (2008 – 39,768,254)	19,756,945	19,186,439
Contributed surplus	2,264,934	2,094,052
Equity portion of convertible debenture issued	41,190	-
Deficit	(24,584,762)	(23,030,729)
Total shareholders' deficiency	(2,521,693)	(1,750,238)
Total liabilities and shareholders' deficiency	$ 220,955	$ 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 "Edward Bagg" Director

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

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

	Nine Month Period Ended September 30, 2009	Nine Month Period Ended September 30, 2008	Three Month Period Ended September 30, 2009	Three Month Period Ended September 30, 2008
REVENUE				
Sales	$ 16,562	$ 120,517	$ 3,695	$ 89,818
COST OF SALES				
Cost of material sold	3,113	39,422	1,341	25,319
Write-off of inventory	-	116,309	-	-
	3,113	155,731	1,341	25,319
	13,449	(35,214)	2,354	64,499
EXPENSES				
Accounting and audit	76,817	23,828	22,461	23,828
Advertising and promotion	20,275	57,138	10,176	11,990
Amortization of property and equipment	14,042	19,655	4,183	6,552
Amortization of assets under capital lease	1,083	1,524	271	508
Bank charges and interest	65,251	45,254	20,510	25,693
Consulting fees	64,687	254,883	19,500	78,855
Directors' fees	-	90,000	-	30,000
Foreign exchange (gain) loss	2,382	2,424	4,770	(355)
Insurance	32,076	30,277	10,785	10,401
Interest on long term debt	125,979	-	43,789	-
Legal fees	99,083	61,924	23,838	8,477
Loss on disposal of property and equipment	7,044	-	7,044	-
Office expenses	30,913	35,981	4,072	14,685
Rent	18,393	41,209	10,444	13,498
Research and development	493,005	903,510	177,873	295,772
Stock-based compensation	135,829	245,795	34,683	78,748
Telephone and utilities	30,987	42,760	11,502	13,873
Transfer agent and filing fees	29,452	25,423	7,542	6,731
Travel	24,407	65,315	8,344	9,490
Wages and benefits	295,969	328,915	87,673	86,482
	(1,567,674)	(2,275,815)	(509,460)	(715,228)
Loss before other items	(1,554,225)	(2,311,029)	(507,106)	(650,729)
OTHER ITEMS				
Interest and other income	192	2,127	22	4
Loss for the period	$ (1,554,033)	$ (2,308,902)	$ (507,084)	$ (650,725)
Basic and diluted loss per common share	$ (0.04)	$ (0.06)	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding	40,752,946	39,739,539	42,690,221	39,768,254

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

EMPOWER TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' 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)
Short form offering (net of issuance costs)	3,200,250	0.25	605,559	-	-	-	605,559
Agent's warrants issued pursuant to the short form offering	-	-	(35,053)	35,053	-	-	-
Issuance of convertible debentures	-	-	-	-	41,190	-	41,190
Stock-based compensation	-	-	-	135,829	-	-	135,829
Loss for the period	-	-	-	-	-	(1,554,033)	(1,554,033)
Balance, September 30, 2009	42,968,504	-	$ 19,756,945	$ 2,264,934	$ 41,190	$ (24,584,762)	$(2,521,693)

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

	Nine Month Period Ended September 30, 2009	Nine Month Period Ended September 30, 2008	Three Month Period Ended September 30, 2009	Three Month Period Ended September 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (1,554,033)	$ (2,308,902)	$ (507,084)	$ (650,725)
Items not affecting cash:				
Amortization of property and equipment	14,042	19,655	4,183	6,552
Amortization of property and equipment under capital lease	1,083	1,524	271	508
Stock-based compensation	135,829	245,795	34,683	78,748
Write-off of obsolete inventories	-	116,309	-	-
Loss on disposal of property and equipment	7,044	-	7,044	-
Interest on convertible debenture	36,102	-	8,104	-
Changes in non-cash working capital items:				
Decrease (increase) in receivables	47	(6,331)	(2,082)	(51,527)
Decrease (increase) in inventory	(5,502)	(23,910)	1,164	(1,324)
Decrease (increase) in prepaid expenses	(47,461)	(64,179)	(41,838)	(28,266)
Increase (decrease) in accounts payable and accrued liabilities	82,531	82,508	(195,851)	138,608
Increase (decrease) in customer deposit	-	(1,957)	-	-
Net cash used in operating activities	(1,330,318)	(1,939,488)	(691,406)	(507,426)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of capital lease obligations	(3,675)	(3,308)	(1,470)	(1,103)
Proceeds from loan payable	285,000	1,385,500	80,000	600,500
Repayment of loan payable	(300,000)	(482,000)	-	10,000
Advances from related party	-	72,500		
Proceeds from debenture payable	326,700	-	-	
Proceeds from issuance of common shares, net of issuance costs	605,559	413,505	605,559	1,208
Net cash provided by financing activities	913,584	1,386,197	684,089	610,605
Change in cash during the period	(416,734)	(553,291)	(7,317)	(103,179)
Cash, beginning of period	421,920	774,830	12,503	118,360
Cash, end of period	$ 5,186	$ 221,539	$ 5,186	$ 221,539

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 nine month period ended September 30, 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.

		September 30, 2009		December 31, 2008
Deficit	$	(24,584,762)	$	(23,030,729)
Working capital (deficiency)	$	(581,508)	$	182,778

3. INVENTORY

		September 30, 2009		December 31, 2008
Material inventories	$	23,662	$	27,913
Work in process		9,486		-
Finished goods		1,868		1,601
	$	35,016	$	29,514

4. OBLIGATIONS UNDER CAPITAL LEASE

	September 30, 2009	December 31, 2008
Payments of $367 per month, due over lease terms expiring through September 2009	$ -	$ 3,675
Less: current portion	-	(3,675)
	$ -	$ -
Estimated remaining lease payments are as follows:		
2009	$ -	$ 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. On April 24, 2009 the Company closed its third and final tranche of its private placement convertible debenture in the aggregate amount of $140,200. 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.

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 (nine month period ended September 30, 2008 - $90,000) for services provided by directors.

b) Recorded stock-based compensation of $84,599 (nine month period ended September 30, 2008 - $178,823) for services provided by directors and officers.

c) Paid or accrued consulting fees of $42,500 (nine month period ended September 30, 2008 - $282,733) for services provided by officers and directors of the Company.

d) Paid or accrued salaries and benefits of $64,000 (nine month period ended September 30, 2008 - $90,000) to an officer of the Company included in research and development costs.

e) Paid or accrued salaries and benefits of $101,500 (nine month period ended September 30, 2008 – $127,500) to two directors and officers of the Company.

Included in current accounts payable is $141,044 (December 31, 2008 - $35,393) due to directors and officers of the Company.

6. RELATED PARTY TRANSACTIONS (cont'd…)

At September 30, 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 $126,399 (September 30, 2008-$38,298) for the nine month period ended September 30, 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:

	September 30, 2009	December 31, 2008
Property and equipment:		
Canada	$ 69,315	$ 91,484

	Nine month period ended September 30, 2009	Nine month period ended September 30, 2008	Three month period ended September 30, 2009	Three month period ended September 30, 2008
Revenue:				
Canada	$ 9,325	$ 6,609	$ 3,695	$ 2,200
United States of America	405	85,175	-	71,881
Asia	6,832	22,818	-	9,822
Europe	-	5,915	-	5,915
	$ 16,562	$ 120,517	$ 3,695	$ 89,818

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

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Nine month period ended September 30, 2009	Nine month period ended September 30, 2008
Cash paid during the period for interest	$ 34,498	$ 23,500
Cash paid during the period for income taxes	$ -	$ -

During the nine month period ended September 30, 2009, the Company:

Granted 250,000 shares and 250,000 warrants representing the corporate finance fee plus 442,537 non-transferable warrants (valued at $35,053) as agent service fees pursuant to the short form offering.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd…)

During the nine month period ended September 30, 2008, the Company:
Granted 84,195 non-transferable warrants (valued at $13,134) as agent service fees pursuant to the short form offering.

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 September 30, 2009 are mainly comprised of GST receivable. There is no provision for doubtful accounts at September 30, 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 nine month period ended September 30, 2009 and as at September 30, 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 September 30, 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 September 30, 2009, the Company had cash of $5,186. Monthly operating expenses approximate $174,000. 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	$	32,979
2010		98,938

12. SUBSEQUENT EVENTS

a. On October 2, 2009 the Company announced signing the definitive agreement to purchase all of the business and assets of the San Diego based privately held Pixon Imaging, LLC in a cash and stock transaction valued at approximately US$2.4 million plus an earnout bonus subject to certain conditions. This concludes the "Letter of Intent" Empower announced on September 14, 2009. With this purchase, Empower is taking their proprietary advanced embedded technology to the expanding image processing market that serves a large global military, security, surveillance, and first response customer base demanding real time imaging applications.

b. On October 22, 2009 the Company announced offering a non-brokered private placement of unsecured convertible debentures of up to $3 million, subject to regulatory approval. Proceeds of the offering will be used for the proposed acquisition of Pixon Imaging LLC, and for continued sales and marketing of Empower's products and general working capital. The debentures bear interest at the rate of 12% per annum payable semi-annually and are due December 31, 2011. The debentures will be convertible into common shares of Empower at a conversion price of $0.50 per share.

c. On November 12, 2009 the Company announced offering a brokered private placement of unsecured convertible debentures ("Debentures") of up to $3 million (the "Offering"), subject to regulatory approval. Proceeds of the Offering will be used for the proposed acquisition of Pixon Imaging LLC, and for continued sales and marketing of Empower's products and general working capital. The Debentures will bear interest at the rate of 12% per annum payable semi-annually and are due December 31, 2011. The Debentures are convertible into common shares of Empower at a conversion price of $0.50 per share. The holders of the debentures have the option to elect to receive any accrued and unpaid interest in cash or in shares. If the holder elects to receive the interest in shares, each share will have a deemed price equal to the last closing price of the Company's shares on the date of conversion. Canaccord Capital Corporation act as agent for the Offering (the "Agent"). The Agent's fee is an 8% cash commission and Agent's warrants equal to 15% of the aggregate number of Convertible Debentures sold. Each Agent's warrant will be exercisable for a period of 24 months into one share at a price of $0.28 each. The Agent also will receive a corporate finance fee of $20,000, $5,000 paid at the time of signing the agreement and $15,000 will be paid upon closing. In addition, the Company will issue to Canaccord Capital Corporation 200,000 common shares upon closing.