EMPOWER TECHNOLOGIES CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Three-month periods ended March 31, 2011 and 2010

EMPOWER TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011, DECEMBER 31, 2010, AND JANUARY 1, 2010
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2011	December 31, 2010	January 1, 2010
ASSETS			
Current			
Cash	$ 329,745	$ 32,201	$ 59,455
Accounts receivable	6,488	16,723	20,147
Inventory (Note 5)	73,541	123,973	56,610
Prepaid expenses	23,900	36,321	59,378
	433,674	209,218	195,590
Deposit	18,729	-	-
Property and equipment (Note 6)	53,406	56,534	81,481
Total assets	$ 505,809	$ 265,752	277,071
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable and accrued liabilities	$ 745,645	$ 722,137	$ 521,200
Current portion of obligations under finance lease (Note 12)	3,595	3,595	3,595
Debenture proceeds received in advance	-	-	162,128
Convertible debentures (Note 7)	1,046,041	1,639,042	416,811
Customer deposit	5,367	45,467	5,000
Loans payable (Note 8)	626,757	571,957	17,280
	2,427,405	2,982,198	1,126,014
Loans payable (Note 8)	2,152,500	2,152,500	2,152,500
Obligations under finance lease (Note 12)	8,988	9,887	13,482
Total liabilities	4,588,893	5,144,585	3,291,996
Shareholders' deficiency			
Capital stock (Note 9)			
Authorized: unlimited common shares without par value			
Issued and outstanding: 46,531,279 shares (2010 – 42,968,504)	20,800,047	19,710,858	19,710,858
Contributed surplus (Note 9)	2,426,553	2,394,451	2,353,574
Equity portion of convertible debenture issued	88,678	147,897	41,190
Share proceeds received in advance	533,400	140,506	-
Deficit	(27,931,762)	(27,272,545)	(25,120,547)
Total shareholders' deficiency	(4,083,084)	(4,878,833)	(3,014,925)
Total liabilities and shareholders' deficiency	$ 505,809	$ 265,752	$ 277,071

Nature and continuance of operations (Note 2)
Commitments (Note 18)
Subsequent events (Note 19)

On behalf of the Board:

"Paul Leung" Director "Edward Bagg" Director

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

EMPOWER TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended March 31, 2011	Three Month Period Ended March 31, 2010 Restated – Note 21
SALES	$ 134,673	$ 10,790
COST OF SALES	50,447	983
	84,226	9,807
EXPENSES		
Accounting and audit	-	5,000
Advertising and promotion	7,934	1,387
Amortization of property and equipment	2,482	3,805
Amortization of assets under capital lease	647	809
Bad debt	48,499	-
Bank charges and interest	15,368	4,756
Consulting fees	46,500	37,000
Directors' fees	24,000	24,000
Foreign exchange gain	(822)	(1,603)
Insurance	6,316	11,842
Interest and accretion on debentures	62,022	22,445
Interest on long term debt	47,453	47,374
Legal fees	721	43,210
Office expenses	2,154	4,113
Rent	5,205	13,818
Research and development	55,772	164,184
Stock-based compensation (Note 10)	27,101	4,546
Telephone and utilities	3,762	14,422
Transfer agent and filing fees	30,515	7,579
Travel	3,008	6,479
Wages and benefits	46,725	84,826
	(435,362)	(499,992)
Loss before other items	(351,136)	(490,185)
OTHER ITEM		
Interest and other income	6	5,000
Gain on extension of convertible debentures	-	40,022
Expense on amendment of terms of convertible debentures	(308,087)	-
	(308,081)	45,022
Loss and comprehensive loss for the period	$ (659,217)	$ (445,163)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	45,264,515	42,968,504

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

EMPOWER TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIENCY
THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Capital Stock	Contributed Surplus	Equity Portion of Convertible Debenture	Share Proceeds Received in advance	Deficit	Total
Balance, January 1, 2010	42,968,504	$ 19,710,858	$ 2,353,574	$ 41,190	-	$ (25,120,547)	$ (3,014,925)
Extension of convertible debentures	-	-	-	1,017	-	-	1,017
Issuance of convertible debentures	-	-	-	-	-	-	-
Share proceeds received in advance	-	-	-	-	-	-	-
Stock-based compensation	-	-	4,546	-	-	-	4,546
Loss for the period	-	-	-	-	-	(445,163)	(445,163)
Balance, March 31, 2010	42,968,504	19,710,858	2,358,120	42,207	-	(25,565,710)	(3,454,525)
Balance, December 31, 2010	42,968,504	19,710,858	2,394,451	147,897	140,506	(27,272,545)	(4,878,833)
Non-brokered private placement	565,150	141,287	-	-	392,894	-	534,181
Conversion of debentures to shares	2,997,625	947,902	-	(59,219)	-	-	888,683
Services rendered by the Investor relation firm	-	-	5,000	-	-	-	5,000
Stock-based compensation	-	-	27,102	-	-	-	27,102
Loss for the period	-	-	-	-	-	(659,217)	(659,217)
Balance, March 31, 2011	46,531,279	$ 20,800,047	$ 2,426,553	$ 88,678	$ 533,400	$ (27,931,762)	$ (4,083,084)

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

EMPOWER TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended March 31, 2011	Three Month Period Ended March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (659,217)	$ (445,163)
Items not affecting cash:		
Amortization of property and equipment	2,482	3,805
Amortization of assets under capital lease	647	809
Share-based payments	27,101	4,546
Fair value of options granted for investor relations	5,000	-
Accretion and accrued interest on convertible debenture	29,636	22,445
Accrued interest on loan payable	59,883	50,082
Loss (gain) on amendment of the terms for converted debentures	308,087	(40,022)
	(226,381)	(403,498)
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	10,235	(4,960)
Decrease in inventory	50,432	670
Increase in prepaid expenses and deposit	(6,308)	(63,108)
Increase (decrease) in accounts payable and accrued liabilities	(41,917)	91,469
Decrease in customer deposit	(40,100)	(5,000)
Net cash used in operating activities	(254,039)	(384,427)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	(899)	(899)
Proceeds of loans payable	18,300	216,771
Proceeds from share issuance	782	-
Proceeds from debenture received in advance	-	156,400
Share proceed received in advance	533,400	-
Net cash provided by (used in) financing activities	551,583	372,272
Change in cash during the period	297,544	(12,155)
Cash, beginning of period	32,201	59,455
Cash, end of period	$ 329,745	$ 47,300

Supplemental disclosure with respect to cash flows (Note 15)

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

1. REPORTING ENTITY

Empower Technologies Corporation (the "Company") is incorporated in Canada, is a public company listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol EPT. The corporate headquarters is located at 3751 Shell Road, Richmond, BC, V6X 2W2. The condensed consolidated interim financial statements of the Company comprise of the Company and its subsidiaries. The Company is a provider of Linux-based embedded system technologies and solutions for the consumer electronic industry and the intelligent appliance market.

2. NATURE AND CONTINUANCE OF OPERATIONS

Statement of compliance

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. These are the Company's first IFRS condensed interim financial statements for a portion of the period covered by the Company's first IFRS annual financial statements for year ending December 31, 2011. Subject to certain IFRS transition elections disclosed in Note 21, the Company has consistently applied the same accounting policies in its opening IFRS financial position at January 1, 2010 and throughout all periods presented, as if the policies have always been in effect. These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* and do not contain all of the information required for full annual financial statements. The Company prepared its previous 2010 annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and these condensed consolidated interim financial statements should be read in conjunction with the Company's 2010 annual consolidated financial statements considering the IFRS transition disclosures included in Note 21.

The unaudited condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on June 28, 2011.

Comparative figures for 2010 have been reclassified to conform to the current's period presentation.

Going concern

These condensed consolidated interim 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 rather than through a process of forced liquation. The Company has incurred losses of $27,931,762 since inception and further losses are anticipated in the development of its business plan. These circumstances lead to significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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. Subsequent to period-ends, the Company closed a financing and converted debt to equity (see Note 19).

Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. NATURE AND CONTINUANCE OF OPERATIONS (cont'd…)

Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the years reported. Significant areas requiring the use of management estimates include the determination of impairment of property and equipment, amortization rates for equipment, effective interest rate used in calculating the debt portion of convertible debenture, future income tax assets and liabilities, and the determination of the assumptions used in calculating fair value of share-based compensation calculations. Actual results could differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in all periods presented in these condensed consolidated interim financial statements, and have been applied consistently by the Company's subsidiaries.

Basis of consolidation

The financial statements of subsidiaries are included in the condensed consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

All intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed consolidated financial statements.

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.

Property and equipment

i) Recognition and measurement:

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in net profit (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Property and equipment (cont'd…)

ii) Subsequent costs:

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

iii) Depreciation:

Depreciation is calculated using the declining balance method at the following annual rates:

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

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period-end and adjusted, if appropriate.

Intangible assets

Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the periods ended March 31, 2011 and 2010, December 31, 2010 and January 1, 2010, no development expenditures were capitalized.

Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities.

Leases

Operating lease payments are recognized in net profit (loss) on a straight-line basis over the term of the lease.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd…)

Impairment

i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each consolidated financial statement reporting date to determine whether there is objective evidence that it is impaired if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment test is performed, on an individual basis, for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in net profit (loss).

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net profit (loss) and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit (loss).

ii) Non-Financial assets:

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or group of assets. Impairment losses recognized in prior periods are determined at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any deferred income tax asset to the extent that it is not probable the asset will be realized

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments

The Company records all share-based payments at their fair value. The share-based compensation costs are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

Share-based payment arrangements in which the Company receives goods and services as consideration for its own equity instruments are accounted for as equity-settled share based payment transactions, regardless of how the equity instruments are obtained by the Company.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the net loss or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if applicable. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, if applicable, for the effects of all dilutive potential common shares, which consist of the stock options granted to employees.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

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, the fee is fixed and determinable and collection is probable.

ii) Products

The Company generates revenue through the sale of electronic products. Revenue from the sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of the subsidiaries of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign currency translation (cont'd…)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2010, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

i) New accounting standards effective January 1, 2012
Amendments to IFRS 7 *Financial Instruments: Disclosures* - In October 2010, the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its condensed consolidated interim financial statements.

IAS 12 *Income taxes* - In December 2010, the IASB issued an amendment to IAS 12 that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its condensed consolidated interim financial statements.

ii) New accounting standards effective January 1, 2013
IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd…)

iii) New accounting standards effective January 1, 2013 (cont'd…)
IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled

Entities - Non-monetary Contributions by Venturers.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 9 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its condensed interim financial statements or whether to early adopt any of the new requirements.

5. INVENTORY

	March 31, 2011	December 31, 2010	January 1, 2010
Material inventories	$ 7,983	$ 7,983	$ 12,872
Work in process	-	50,432	43,204
Finished goods	65,558	65,558	534
	$ 73,541	$ 123,973	$ 56,610

6. PROPERTY AND EQUIPMENT

Cost	Computer equipment	Furniture and equipment	Leasehold Improvement	Tools	Total
As at January 1, 2010	$144,343	$109,889	$ 28,724	$37,000	$319,956
Additions	-	-	-	-	-
As at December 31, 2010	$144,343	$109,889	$28,724	$37,000	$319,956
Additions	-	-	-	-	-
As at March 31, 2011	$144,343	$109,889	$ 28,724	$37,000	$319,956
Accumulated Depreciation					
As at January 1, 2010	$ 127,069	$65,870	$ 20,070	$25,466	$238,475
Depreciation	5,182	8,804	8,654	2,307	24,947
As at December 31, 2010	$ 132,251	$ 74,674	$ 28,724	$27,773	$263,422
Depreciation	907	1,761	-	460	3,128
As at March 31, 2011	$ 133,158	$ 76,435	$ 28,724	$28,233	$266,550
Carrying Amounts					
Balance, January 1, 2010	$ 17,274	$44,019	$8,654	$11,534	$81,481
Balance, December 31, 2010	$12,092	$35,215	$-	$9,227	$56,534
Balance, March 31, 2011	$11,185	$33,454	$-	$8,767	$53,406

7. CONVERTIBLE DEBENTURES

	March 31, 2011	December 31, 2010	January 1, 2010
On January 20, 2009, the Company closed the first tranche of its private placement of convertible debentures in the aggregate amount of $160,000 of which $70,000 was received before December 31, 2008. The convertible debentures bearing interest at the rate of 10% per annum 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. An equity portion of $18,573 was calculated which reflects the convertible feature attached to the debentures.	$ -	$ -	$ 169,293
On March 20, 2009, the Company closed the second tranche of its private placement of convertible debentures in the aggregate amount of $96,500. The convertible debentures bearing interest at the rate of 10% per annum 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. An equity portion of $9,887 was calculated which reflects the convertible feature attached to the debentures.	-	-	101,178

Continued

7. CONVERTIBLE DEBENTURES (cont'd…)

	March 31, 2011	December 31, 2010	January 1, 2010
On April 28, 2009, the Company closed the third and final tranche of its private placement of convertible debentures in the aggregate amount of $140,200. 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. An equity portion of $12,730 was calculated which reflects the convertible feature attached to the debentures.	-	-	146,340
In January 2010, the Company extended its existing debenture agreement for an additional year to January 31, 2011. An equity portion of $1,017 relating to the extension was calculated which reflects the convertible feature attached to the debentures. In January 2011, convertible debentures of $264,600 were converted into common shares of the Company at a reduced conversion rate of $0.20 per share. Debenture agreements in the aggregate amount of $36,500 matured in January 31, 2011 and was reclassified to loan payable.	-	390,046	-
On July 30, 2010, the Company entered into a convertible loan agreement with one director and officer in the aggregate amount of $925,000 subject to TSX Venture approval. The convertible loan bear interest at the rate of 14% per annum and are convertible into common shares of the Company at $0.15 per share until July 30, 2011. An equity portion of $70,496 was calculated which reflects the convertible feature attached to the loan agreement.	906,219	883,646	-
On October 14, 2010, the Company closed a private placement of convertible debentures in the aggregate amount of $318,528. The convertible debentures bearing interest at the rate of 12% per annum and are convertible into common shares of the Company at $0.50 per share until December 31, 2011. An equity portion of $35,194 was calculated which reflects the convertible feature attached to the debentures. In January 2011, a convertible debenture of $263,528 was converted into common shares of the Company at a reduced conversion rate of $0.20 per share.	53,221	289,981	-
Interest accrued	17,367	75,369	-
In January 2011, the Company extended existing debenture agreement with a principle amount of $50,000 maturing on January 31, 2011 to May 18, 2011.	18,770	-	-
In January 2011, the Company extended existing debenture agreements with an aggregate principle amount of $20,000 maturing on January 31, 2011 to December 31, 2011	50,464		
	$ 1,046,041	$ 1,639,042	$ 416,811

7. CONVERTIBLE DEBENTURES (cont'd…)

In January 2011, the Company reduced the conversion rate of convertible debenture in an aggregate amount of

$264,600 and $263,528 with an original conversion rate of $0.40 and $0.50 per share to $0.20 per share maturing on January 31, 2011 and December 31, 2011 respectively. The Company recorded an expense on amendment of terms of convertible debenture of $312,776, which is the difference of the fair value of the consideration the holder receives under the revised terms and under the original terms.

In January 2011, the Company recorded a gain of $4,689 on extending the maturity date of existing debentures from January 31, 2011 to May 31, 2011 and December 31, 2011, which is the difference of the fair value of the existing debentures and extended debentures on the date of extension.

During the three-month period ended March 31, 2010, the Company recorded a gain of $40,022 on extending its existing debentures for an additional year, which is the difference of fair value of the existing debentures and extended debentures on the date of extension.

8. LOANS PAYABLE

The loans payable are due to a director and officer of the Company, are unsecured, bear interest at the rate of 8.5% per annum, of which $2,152,500 of loans are due on April 30, 2012 and $590,257 are due on demand.

$36,500 of the loan payable is related to two convertible debenture holders which their debentures matured on January 31, 2011. The Company repaid the loan in full in April 2011.

9. CAPITAL STOCK AND CONTRIBUTED SUPRLUS

During the three month period ended March 31, 2011, the Company closed a non-brokered private placement issuing 565,150 Units at a price of $0.25 per unit for gross proceeds of $141,288. Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant is exercisable for a term of one year at a price equal to $0.30.

During the three month period ended March 31, 2011, the Company issued 2,997,625 common shares for convertible debenture and accrued interest of $599,525 (See note 7).

There was no share issuance during the year ended December 31, 2010.

10. STOCK OPTIONS

On September 19, 2003, the Company adopted a stock option plan under which it is authorized to grant options to directors and employees to acquire common shares, up to an amount equivalent to 20% of the outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant, less applicable discounts. The options can be granted for a maximum term of 5 years.

On June 28, 2005, the Company amended the vesting period of the options to officers and directors to 1/3 one year after the date of grant, 1/3 two years after the date of grant and 1/3 three years after the date of grant. The Company also amended the vesting period of the options to employees and consultants to 1/4 one year after the date of grant, 1/4 two years after the date of grant, 1/4 three years after the date of grant and 1/4 four years after the date of grant. Under the current option plan, the maximum aggregate number of shares that may be reserved for issuance is 6,000,000 common shares.

10. STOCK OPTIONS (cont'd…)

As at March 31, 2011, the following incentive stock options are outstanding:

	Number of Shares	Exercise Price ($)	Expiry Date
Stock options	300,000	2.50	April 20, 2011*
	450,000	1.00	September 1, 2011
	60,000	0.62	August 24, 2012
	500,000	0.22	February 28, 2013
	2,240,000	0.10	August 23, 2015
Total outstanding options	**3,550,000**		

*Expired subsequently

Stock option transactions are summarized as follows:

	Three-month Period Ended March 31, 2011		Year Ended December 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	3,217,500	$ 1.48	1,080,000	$ 1.45
Options granted	500,000	0.22	2,510,000	0.10
Options expired or cancelled	(167,500)	1.15	(372,500)	0.45
Outstanding, end of period	3,550,000	$ 0.44	3,217,500	$ 0.51
Number of options exercisable, end of period	836,667	$ 1.54	965,875	$ 1.48

Stock-based compensation

The Company granted 500,000 stock options during the three month period ended March 31, 2011 to an investor relation firm. The fair value of $5,000 was recorded for the fair value of services received during the three month period ended March 31, 2011. Compensation costs of $27,101 (2010 - $4,546) resulted from amortization of stock-based compensation of options granted in the current and prior period.

10. STOCK OPTIONS (cont'd…)

The following weighted average assumptions were used in the Black-Scholes Option Pricing Model in determining the fair value of stock-based compensation issued for services during the year:

	2011	2010
Risk-free interest rate	-	2.61%
Expected life	-	5 years
Annualized volatility	-	213.09%
Dividend	-	-

11. WARRANTS

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Three-month Period Ended March 31, 2011		Year Ended December 31, 2010	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	3,642,787	$ 0.29	4,948,282	$ 0.45
Warrants granted	565,150	0.30	-	-
Warrants expired	-	-	(1,305,495)	0.89
Outstanding, end of period	4,207,937	$ 0.29	3,642,787	$ 0.29
Number of warrants currently exercisable	4,207,937	$ 0.29	3,642,787	$ 0.29

As at March 31, 2011, the following warrants are outstanding:

	Number of Warrants	Exercise Price ($)	Expiry Date
Warrants	2,950,250	0.30	July 9, 2011
	250,000	0.30	July 9, 2011
	442,537	0.25	July 9, 2011
	565,150	0.30	February 2, 2012
Total outstanding Warrants	**4,207,937**		

12. OBLIGATIONS UNDER FINANCE LEASE

	March 31, 2011	December 31, 2010	January 1, 2010
Payments of $300 per month, non-interest bearing, due over lease terms expiring through September 2014	$ 12,583	$ 13,482	$ 17,077
Less: current portion	(3,595)	(3,595)	(3,595)
	$ 8,988	$ 9,887	$ 13,482
Estimated remaining lease payments are as follows:			
2010	$ -	$ -	$ 3,595
2011	2,696	3,595	3,595
2012	3,595	3,595	3,595
2013	3,595	3,595	3,595
2014	2,697	2,697	2,697
Balance of obligation	$ 12,583	$ 13,482	$ 17,077

13. RELATED PARTY TRANSACTIONS

Key management includes directors, and officers of the Company. The Company entered into the following transactions with related parties:

a) Recorded stock-based compensation of $24,294 (three month period ended March 31, 2010 - $Nil) for services provided by directors and officers.

b) Paid or accrued consulting fees of $36,500 (three month period ended March 31, 2010 - $27,000) for services provided by officers and directors of the Company.

c) Paid or accrued directors' fees of $24,000 (three month period ended March 31, 2010 - $24,000) for services provided by directors of the Company.

d) Paid or accrued salaries and benefits of $18,000 (three month period ended March 31, 2010 - $18,000) to an officer of the Company included in research and development costs.

e) Paid or accrued salaries and benefits of $11,500 (three month period ended March 31, 2010 - $21,000) to directors and officers of the Company. Included in current accounts payable is $475,050 (December 31, 2010 - $375,059; January 1, 2010 - $211,484) due to directors and officers of the Company.

At March 31, 2011, $590,257 (December 31, 2010 - $571,957; January 1, 2010 - $17,280) of short term loans payable is due to a director and officer of the Company. The short term loans bear interest at 8.5% and are unsecured. The Company also has $906,219 (December 31, 2010 - $883,646; January 1, 2010 - $Nil) of convertible debentures (See Note 7), and $2,152,500 (December 31, 2010 - $2,152,000; and January 1, 2010 - $2,152,000) of long term loans payable (Note 8) to the same director and officer. The loans bear interest at 8.5%, and are unsecured. The total interest paid or accrued to the director was $92,597 (March 31, 2010 - $51,615) for the three month period ended March 31, 2011.

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.

14. 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, 2011	December 31, 2010	January 1, 2010
Property and equipment:			
Canada	$ 53,406	$ 56,534	$ 81,481

	Three month period ended March 31, 2011	Three month period ended March 31, 2010
Revenue:		
Canada	$ 30,000	$ -
United States of America	104,673	3,974
Asia	-	6,816
	$ 134,673	$ 10,790

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

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three month period ended March 31, 2011	Three month period ended March 31, 2010
Cash paid during the period for interest	$ 32,376	$ 223
Cash paid during the period for income taxes	$ -	$ -

During the three month period ended March 31, 2011 the Company:
a) converted $575,907 of its convertible debentures and accrued interest into shares
b) issued $141,287 of common stock, the proceeds of $140,506 was received before December 31, 2010.

16. FINANCIAL INSTRUMENTS AND RISK

The carrying value of accounts receivable, accounts payable and accrued liabilities, obligation under finance lease, convertible debenture and loans payable approximated their fair value.

Financial instruments measured at fair value on the financial position are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 329,745	$ -	$ -	$ 329,745

16. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

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.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfil 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.

The Company's cash is held with high-credit quality financial institutions. Provisions for doubtful accounts are made on a customer by customer basis. All write downs against receivables are recorded in the Consolidated Statement of Comprehensive Loss. The Company is exposed to credit related losses on sales to customers outside of North America due to higher risks of enforceability and collectability. Accounts receivable at March 31, 2011 are comprised of trade accounts receivable. Sufficient allowance for doubtful accounts is set up as at March 31, 2011.

(ii) 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.

(a) 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 Renmibi. 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, 2011 and at December 31, 2010, the Company held only minor amounts of cash deposits in foreign currencies.

(b) 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 does not have any debt instruments outstanding with variable interest rates at March 31, 2011. 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.

(iii) 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. At March 31, 2011, the Company had cash of $329,745. Monthly operating expenses approximate $145,000. The continuation of the Company depends upon the support of its lender and equity investors, which cannot be assured. Subsequent to period-end, the Company closed a financing and converted debt to equity (see Note 19)

17. 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, convertible debentures 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.

18. COMMITMENTS

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

2011	$ 32,026
2012	44,290
2013	38,093
	114,409

19. SUBSEQUENT EVENTS

Subsequent to period ended March 31, 2011:

i) The Company announced the completion of closing the non-brokered private placement. The total non-brokered private placement of $660,000 for 3,300,000 Units at the price of $0.20 per Unit. Each Unit consists of one common share and one half common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share for a period of two year from the date of issue at a price equal to Cdn. $0.25 per additional share.

ii) The Company announced the TSX approval and the completion of directors' debt for equity conversion for $216,000 into 1,440,000 common shares at a price of $0.15 per share.

20. CORRECTION OF PRIOR PERIOD ENTRIES

The Company has restated its financial statements for the three-month period ended March 31, 2010 to adjust for errors (items (a), (b), (c), and (d). The effect of the restatement has no effect on the net cash used in operating activities and net cash used in the financing activities.

	Three-month period ended March 31, 2010			
Consolidated Statement of Operations and Comprehensive Loss	As Reported		Adjustment	As Restated
	$		$	$
Consulting fees	31,000	a)	6,000	37,000
Directors' fees	-	b)	24,000	24,000
Interest on long term debt	49,107	c)	(1,733)	47,374
Total expenses	(478,862)		(28,267)	(507,129)
Loss before other items				
Gain on extension of convertible debenture	49,898	d)	(9,876)	40,022
Loss and comprehensive loss for the period	(414,157)		(38,143)	(452,300)

20. CORRECTION OF PRIOR PERIOD ENTRIES (cont'd…)

a) To accrue consulting fees for services provided by officers and directors of the Company.

b) To accrue directors' fees for services provided by directors of the Company.

c) To adjust the interest accrued for interest on long-term debt.

d) To adjust the gain recognized on extension of the convertible debt.

21. FIRST TIME ADOPTION OF IFRS

i) Transition to IFRS

The Company has adopted IFRS effective January 1, 2011 with a transition date of January 1, 2010. Prior to the adoption of IFRS the Company prepared its financial statements in accordance with Canadian GAAP.

The comparative information presented in these first condensed interim financial statements for the three months ended March 31, 2010, year ended December 31, 2010 and the opening financial position as at January 1, 2010 (the "Transition Date") have been prepared in accordance with the accounting policies referenced in Note 3 and IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1").

ii) Initial elections upon adoption

The Company adopted IFRS in accordance with IFRS 1 which requires the retrospective application of IFRS at the Transition Date with all adjustments to assets and liabilities taken to deficit, subject to mandatory exceptions and the application of optional exemptions. The IFRS 1 exceptions applied in the conversion from Canadian GAAP to IFRS by the Company are explained as follows:

(a) Share-based payments – The Company elected under IFRS 1 to apply IFRS 2, *Share-Based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date

(b) Business combinations – The Company elected under IFRS 1 to not to apply IFRS 3, *Business Combinations* retrospectively to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

(c) Compound financial instruments – The Company has elected under IFRS 1 not to retrospectively apply IAS 32, *Financial Instruments – Presentation* to compound instruments settled before the Transition Date.

(d) Borrowing costs – The Company has elected to apply the transitional provisions of IAS 23, *Borrowing Costs* ("IAS 23") to qualifying assets that occurred since the date of transition to IFRS.

iii) Estimates

IFRS 1 does not permit changes to estimates previously made. Accordingly, estimates used at the Transition Date are consistent with estimates made at the same date under Canadian GAAP.

21. FIRST TIME ADOPTION OF IFRS (cont'd…)

iv) Reconciliation between Canadian GAAP and IFRS

In preparing the Company's IFRS Transition Date statement of financial position management noted that adjustments related to share-based compensation were necessary to be made by the Company previously in its financial statements prepared in accordance with previous Canadian GAAP.

Share-based compensation

In certain situations, stock options granted vest in instalments over a specified vesting period. When the only vesting condition is service from the grant date to the vesting date of each tranche awarded, then each instalment should be accounted for as a separate share-based payment arrangement under IFRS, otherwise known as graded vesting. Canadian GAAP permits an entity the accounting policy choice with respect to graded vesting awards. Each installment can be considered as a separate award, each with a different vesting period, consistent with IFRS, or the arrangement can be treated as a single award with a vesting period based on the average vesting period of the instalments depending on the policy elected.

The Company's policy under Canadian GAAP was to treat graded vesting awards under the latter method and, as a result, an adjustment of $25,289 was required on the application of IFRS 2 at the transition date and an adjustment of $(10,289) was required for the restated December 31, 2010, and ($7,137) for March 31, 2010.

The January 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position	**January 1, 2010 Canadian GAAP**	**Effect of IFRS Transition**	**January 1, 2010 IFRS**
Total Assets	$ 277,071	$ –	$ 277,071
Total Liabilities	$ 3,291,996	$ –	$ 3,291,996
Shareholders' Deficiency			
Share capital	19,710,858	–	19,710,858
Contributed surplus	2,328,285	25,289	2,353,574
Equity portion of convertible debenture	41,190	–	41,190
Deficit	(25,095,258)	(25,289)	(25,120,547)
Total Shareholders' Deficiency	(3,014,925)	–	(3,014,925)
Total Liabilities and Shareholder's Deficiency	$ 277,071	$ –	$ 277,071

The March 31, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position	**March 31, 2010 Canadian GAAP**	**Effect of IFRS Transition**	**March 31, 2010 IFRS**
Total Assets	$ 327,700	$ –	$ 327,700
Total Liabilities	$ 3,782,225	$ –	$ 3,782,225
Shareholders' Deficiency			
Share capital	19,710,858	–	19,710,858
Contributed surplus	2,339,968	18,152	2,358,120
Equity portion of convertible debenture	42,207	–	42,207
Deficit	(25,547,558)	(18,152)	(25,565,710)
Total Shareholders' Deficiency	(3,454,525)	–	(3,454,525)
Total Liabilities and Shareholder's Deficiency	$ 327,700	$ –	$ 327,700

21. FIRST TIME ADOPTION OF IFRS (cont'd…)

iv) Reconciliation between Canadian GAAP and IFRS (cont'd…)

The December 31, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position		December 31, 2010 Canadian GAAP		Effect of IFRS Transition		December 31, 2010 IFRS
Total Assets	$	265,752	$	–	$	265,752
Total Liabilities	$	5,144,585	$	–	$	5,144,585
Shareholders' Deficiency						
Share capital		19,710,858		–		19,710,858
Contributed surplus		2,379,451		15,000		2,394,451
Equity portion of convertible debenture		147,897		–		147,897
Share proceeds received in advance		140,506		–		140,506
Deficit		(27,257,545)		(15,000)		(27,272,545)
Total Shareholders' Deficiency		(4,878,833)		–		(4,878,833)
Total Liabilities and Shareholder's Deficiency	$	265,752	$	–	$	265,752

The December 31, 2010 Canadian GAAP statement of operations and comprehensive loss has been reconciled to IFRS as follows

Statement of Operations and Comprehensive Loss		Year Ended Dec. 31, 2010 Canadian GAAP		Effect of IFRS Transition		Year Ended Dec. 31, 2010 IFRS
Revenue	$	319,733	$	–	$	319,733
Cost of sales		140,150		–		140,150
Stock-based compensation	$	51,166	$	(10,289)	$	40,877
Total expenses		2,404,249	$	(10,289)	$	2,393,960
Total other income		(62,379)		–		(62,379)
Net loss and comprehensive loss	$	(2,162,287)	$	10,289	$	(2,151,998)

The March 31, 2010 Canadian GAAP statement of operations and comprehensive loss has been reconciled to IFRS as follows

Statement of Operations and Comprehensive Loss		3 months ended March 31, 2010 Canadian GAAP (Restated See Note 20)		Effect of IFRS Transition		3 months ended March 31, 2010 IFRS
Revenue	**$**	10,790	**$**	–	**$**	10,790
Cost of sales		983		–		983
Stock-based compensation	$	11,683	$	(7,137)	$	4,546
Total expenses		507,129	$	(7,137)	$	499,992
Total other income		(45,022)		–		(45,022)
Net loss and comprehensive loss	$	(452,300)	$	7,137	$	(445,163)

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under previous Canadian GAAP.