FORM 51-102F1
EMPOWER TECHNOLOGIES CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011

The following discussion and analysis, prepared as of April 30, 2012, should be read together with the consolidated financial statements for the year ended December 31, 2011 and related notes attached thereto, which are prepared using accounting policies consistent with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

References in this document to "we", "the Company" and "Empower" refer to Empower Technologies Corporation and its wholly owned subsidiaries. Empower operates through our wholly-owned Washington State subsidiary Empower Technologies, Inc. ("Empower US"), and indirectly through Empower Technologies (Canada) Inc. ("Empower Canada") and Empower Technologies (Shanghai) Inc. ("Empower Shanghai"). The Company trades on the TSX Venture Exchange under the symbol EPT.

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company's core technology is the LEOs embedded hardware platform. LEOs, which stands for "Linux Embedded Operating System" is the Company's branded operating software which allows product developers and manufacturers to create their own software and embedded hardware, or integrate the Company's software or hardware, for their own products. Empower has now included imaging technology to its core technology. Under the imaging technology, it consists a number of innovative proprietary technologies under its group - Empower's proprietary Image Motion Stabilization (IMS) Technology, Image Signal Correction (ISC) Technology and ISC/IMS enabled surveillance cameras. Examples of products that developers and manufacturers may produce include surveillance cameras, automotive cameras and digital signage systems.

The Company's target customers are product developers and manufacturers in the digital signage and interactive kiosk, security and surveillance, military, automotive and transportation, healthcare, industrial control and consumer electronics sectors. In order for the Company to gain market penetration and recognition of its two core technologies, the Company has decided strategically to divide sales and marketing into two separate operating divisions:

A: The Empower Embedded Engineering Division:

The embedded engineering division will take over the sales and marketing of LEOs embedded development platforms and tools. Under its administration, the embedded product division has developed several models of a LEOs development kit ("Development Kit") and

LEOs embedded computer system boards ("Computer Boards") that provide all the software development tools and hardware platform for developers to create the software and the embedded hardware for their own products. The embedded technology product division markets and sells the Development Kits and Computer Boards (also known as "single board computers") to prospective interested product developers and manufacturers. It is the division's goal to sell as many Development Kits and Computer Boards as possible to achieve product adoption as well as selling engineering services which include OEM manufacturing. However, there are limitations to the number of Development Kits that can be sold. The division also believes a large portion of the revenue will be generated from engineering services and OEM manufacturing. It is because once product developers decide to use the Development Kit to create the software and hardware for their new product, the division has achieved a "design win" and the product developer must obtain a LEOs license or buy Computer Boards (with LEOs embedded) to go into production. Significant revenue for the Company can occur if the licensee's product has the potential to have high volume production. There are also possibilities customers coming to Empower only for its OEM manufacturing service and it can generate significant revenue due to the high value of the product or the volume.

B. The Empower Imaging Laboratories Division

This division will take over the marketing and sales of video technology products. One of the very first imaging technology products is Empower's proprietary real time translational and rotational Image Motion Stabilization (IMS) Technology branded under the name "Bullseye". This state of the arts real time image stabilizer is the best priced unit under its class. The other is Image Signal Correction (ISC) Technology products which are under development. The Company will also have video analytic products in the future. In order to introduce those Empower proprietary imaging technologies and expedite their market penetration, Empower will embark on a sales and marketing strategy to embed its proprietary imaging technologies into a line of surveillance camera and sell into the security and surveillance industry. The Company believes by offering imaging technology product solutions such as surveillance cameras and video stabilizers that incorporate Empower's proprietary real time IMS, ISC and video analytics, it will fast track sales into the market and position Empower's imaging technology as the leader in the industry.

The Company intends to generate or increase revenue by sales of the following:

1. Embedded technology products: Development Kits, Single Board Computer, LEOs licensing; and,

2. Engineering services: consulting services to OEM/ODM products or technologies, product development and manufacturing services;

3. Imaging technology products: proprietary Image Signal Correction (ISC) Technology, proprietary Image Motion Stabilization (IMS) Technology and product solutions such as ISC/IMS enabled surveillance cameras and video stabilizers for customer;

In the past, the focus of the Company's strategy was to develop revenue through licensing of LEOs and the sales of embedded development platform, tools and single board computer products developed by the Company. While the Company may generate some revenue from licensing and through the sale of its own products in the future, it is the Company's plan to add new source of revenue that has fast growth opportunity. Therefore, the Company is now focused on generating increased sales from imaging technology product solutions such as surveillance cameras and video stabilizers and from offering engineering and manufacturing services to developers and manufacturers.

Principal Products or Services:

The Company is currently selling Development Kits through its distributors and is selling Computer Boards to several customers. The Company to date has sold Development Kits, Computer Boards and engineering services. To date, there has been no revenue from licensing. Revenue has been generated largely from the following sources:

1. Development Kits

The Company has developed two series of Developments Kits. The Empower Development Kit (EDK) series contains enhancements helping designers accelerate development of digital video applications.

2. Computer Boards

The Company has also recently sold Computer Boards to a number of customers. Like the Development Kits, the Company has developed a series of Computer Boards.

Computer Boards are currently manufactured by third party contract manufacturers in Asia, however the Company may contract with other manufacturers, subject to the economics.

3. Imaging Technology

The Company has developed in-house real time video stabilizer technology that can perform shaking and rolling motion stabilization. It has also developed image enhancement technology called "Image Signal Correction" Technology or ISC. The Company will be selling surveillance cameras and video stabilizers that incorporate Empower's proprietary real time IMS, ISC and video analytics technologies.

4. Engineering and Manufacturing Services

The Company provides its prospective customers with engineering and manufacturing services including maintenance and support for the LEOs and its Computer Boards, imaging technology products, product developments and contract manufacturing.

Recent Developments:

During 2011, the Company had the following developments:

1. Announced that the Convertible Debentures holders of $528,128 out of the total $689,628 have converted their Convertible Debentures plus the accumulated interest for the total of $599,525 into Common Shares in the capital of the Company at a price of $0.20 per Common Share for a total of 2,997,625 Empower Shares.

2. Announced the completion of the closing of Non-brokered private placement for a total of $141,287.50 for 565,150 Units at a price of $0.25 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share (the "Additional Share") for a period of one year from the date of issue at a price equal to Cdn $0.30 per Additional Share.

3. Announced reaching an agreement with its directors to convert all its debt to the directors into shares and later announced the completion of the conversion. Under the agreement a total of 1,440,000 common shares at $0.15 each were issued for its $216,000 debt to the directors. The price reservation and the conversion of the debt are subject to TSX Venture Exchange approval. The Company recognized a loss of $144,000 on the settlement of debt.

4. Announced the shipment of the first customized production ready Empower media player module to Inflight Canada, Inc. (IFC) for final product assembly. The fully assembled unit will be submitted by IFC for the DO-160 testing and Supplemental Type Certification. Once it is certified, the Empower enabled IFC Proprietary Media Player will be installed into a commercial airliner for its first inaugural flight operation. The certification was not achieved in 2011.

5. The Company closed a non-brokered private placement issuing Units at a price of $0.20 per unit for gross proceeds of $660,000. Each Unit is comprised of one common share and one half common share purchase warrant. Each share purchase warrant is exercisable for a term of two years at a price equal to $0.25.

6. Announced retaining Teatyn Enterprises Inc. ("Teatyn") to provide investor relation services. The agreement between Empower and Teatyn is for one year ending February 28, 2012 and provides for compensation of $5,000 per month plus 500,000 options to acquire up to that number of common shares at $0.22 (USD) per share exercisable until February 28, 2013. The Teatyn option is subject to a twelve month vesting period where the options will vest evenly over that period and TSX Venture Exchange approval. On October 21, 2012, Empower and Teatyn Enterprises Inc. ("Teatyn") has mutually terminated the investor relation service agreement. Only 291,667 options vested and remain outstanding and exercisable as at December 31, 2011.

7. Signed a three way Memorandum of Understanding ("MOU") with a Taiwan technology partner and an automotive electronics manufacturing partner to integrate Empower's proprietary Image Signal Correction (ISC) Technology into their latest automotive camera system product development offerings.

8. Announced signing of two joint product development agreements with OPT Corporation of Nagano-Ken, Japan. OPT is a world leading 360 degree camera manufacturer. The first joint development agreement calls for Empower and OPT to reengineer the existing OPT patented 360 degree omnidirectional surveillance camera using Empower's high performance single board computer embedded with their proprietary Linux Embedded Operating System and the proprietary Image Signal Correction Technology. The second agreement requires OPT to design, develop and supply a new custom 360 degree lens that works with Empower 's new imagery system. The 360 degree omnidirectional fisheye lens camera is a major improvement over the conventional directional camera.

9. The Company closed a non-brokered private placement issuing 1,236,000 Units at a price of $0.125 per Unit for gross proceeds of $154,500. Each Unit is comprised of one common share and one half share purchasing warrant. Each whole purchase warrant is exercisable for a term of one year at a price equal to $0.20.

   In addition, Empower recovered a bad debt in US funds that along with the closing of this non-brokered private placement above totals approximately $500,000 (the "Total"). Although the Total is lower than the original financing target of $750,000, it does represent a major saving to its stakeholders in terms of dilution, Empower is pleased that the total is significant enough for Empower to continue with its sales initiative.

10. Announced, further to the April 11, 2011 news release regarding "MOU (Memorandum of Understanding) with Asia Automotive Electronics Developer and Manufacturer" that it has signed the definitive Supply Agreement and Joint Product Development Agreement ("Agreements") to integrate Empower's proprietary Image Signal Correction (ISC) Technology into their latest automotive camera system product offerings. Under the Supply Agreement, all future Purchase Orders will be issued to Empower to supply the company's ISC Technology to its Taiwan automotive camera manufacturing partner.

11. Announced the Company has promissory notes of approximately $2.8 million outstanding as of October 24, 2011 from a Non-Arm's Length Party who is a director and officer of the Company ("Lender"). Currently the promissory notes have to renew individually annually as each come due over the year. The management of the Company believes if the promissory notes were changed to one long term debt with a convertible feature then it will improve the Company balance sheet, provide long term stability over the debt, increase confidence in the Company's long term prospect and help future financing. Therefore, the management of the Company proposed to issue a five (5) years convertible promissory note bearing 10% compound interest per annum by the Company with option at the discretion of the Lender to renew any remaining balance of the debt at the end of the five (5) years term for another three (3) years or five (5) years under the same terms and conditions, the promissory note and its accrued interest can be converted at any time in whole or in part as many times as necessary during the term to Empower common shares at $0.10 per Share at the discretion of the Lender, the grant by the Company to the Lender of a security interest in all of the Company's present and after acquired personal property in the form of a General Security Agreement, and the creation of a new "Control Person" of the Company which will be the Lender in the event the promissory note is fully converted or the cumulative debt portion converted into Shares represents ownership of 20% or higher of the total outstanding shares subject to shareholders approval.

PERFORMANCE SUMMARY

For the year ended December 31, 2011, the Company has incurred a loss of $1,794,805 or $0.04 per share, compared with a loss of $2,151,998 or $0.05 per share in 2010. This loss represents expenditures related to the ongoing development and marketing of the Company's products. This is consistent with the Company's business plan.

The total expenses excluding share-based payments decreased to $1,280,827, compared with $2,353,083 for the year ended December 31, 2010. Revenue decreased to $157,772, compared to $319,733 for the year ended December 31, 2010.

As at December 31, 2011 the Company had cash of $22,199 compared to $32,201 at December 31, 2010.
The Company expects overall operating expenses will stay at current levels until significant product shipments begin.

RESULTS OF OPERATIONS

		Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Sales				
	Canada	$ 30,000	$ 28,142	$ 5,836
	United States of America	104,673	266,670	404
	Asia	23,099	21,812	14,819
	Europe	-	3,109	-
		157,772	319,733	21,059
Cost of Sales				
	Cost of material sold	51,127	13,653	5,026
	Cost of services	-	122,082	-
	Write-off of inventory	73,292	4,415	10,793
		124,419		15,819

		140,150	
Gross Margin	33,353	179,583	5,240
Total expenses	1,405,370	2,393,960	2,068,697
Other items (expenses)	(422,788)	62,379	(1,072)
Income (Loss) for the period			
Canada	(1,824,253)	(2,169,590)	(2,044,591)
People's Republic of China	-	-	(98,080)
United States of America	29,448	17,592	(78,142)
	$(1,794,805)	$(2,151,998)	$ (2,064,529)
Loss per share	$ (0.04)	$ (0.05)	$ (0.05)
Total assets	$ 163,983	$ 265,752	$ 277,071

Revenue

Revenues generated for the year ended December 31, 2011 were $157,772, compared with $319,733 for fiscal 2010. The decrease is mainly attributable to the completion of all the design win projects and to the Company's effort to shift from selling LEOs embedded development kit and engineering service to sales and marketing of ISC and image stabilization technologies enabled surveillance cameras. These sales are attributed to the sales and marketing of the Company's core enabling embedded technology and solutions. The majority of the sales in this period are attributable to products and services provided to Pixon Imaging and Inflight Canada.

Cost of Sales

Cost of sales for the year ended December 31, 2011 decreased to $124,419 (2010 - $140,150). Excluding the write off of inventory, cost of sales represented 33% of revenue for the year ended 2010 (2010– 43%). The change is attributable to the increase in sales of goods and services relative to profit margin.

General and Administrative

General and administrative expenses without R&D for the year ended December 31, 2011 decreased to $1,204,298 (2010- $1,872,586). Wages and benefits decreased to $163,125 (2010 - $344,316). Advertising and promotion increased to $24,103 (2010 - $15,427). Travelling expenses increased to $37,200 (2010 - $36,259). Office expenses decreased to $11,438 (2010 - $29,396). Rent decreased to $19,715 (2010 - $45,314). Legal fees increased to $90,451 (2010 - $66,363). Consulting fee increased to $233,453 (2010-$108,000). Bad debt decreased to ($276,988) (2010-$240,561) due to the reversing of the write off of the Pixon Imaging receivable. Directors fees decreased to $158,400 (2010-$192,000). Transaction costs decreased to $Nil (2010-$83,378) due to the write off of the advance to Pixon Imaging. A concerted effort to maintain the administrative costs in line with the budget was successful during year 2011.

Research and Development

Research and Development costs ("R&D costs") relating to the development of LEOs, adding new operating software, the EDK644x development kits, EMP3530-SDK, EMP3530/3503 Single Board Computer and new products are expensed as incurred. R&D costs for the year ended December 31, 2011 were $201,072 compared to $521,374 for 2010. The R&D cost decrease is due to the new developments which are either at early stage or their resources requirements are much lower.

	Year Ended December 31, 2011	Year Ended December 31, 2010
Equipment and supplies	$ 19,529	$ 21,266
Rent	46,499	105,732
Salaries and benefits	135,044	394,376
	$ 201,072	$ 521,374

SUMMARY OF QUARTERLY RESULTS(i)

	Three Months Ended December 30, 2011	Three Months Ended September 30, 2011	Three Months Ended June 30, 2011	Three Months Ended March 31, 2011
Total assets	$ 163,983	$ 216,057	$ 172,790	$ 505,809
Share-based payments	49,284	21,285	26,873	27,101
Working capital (deficiency)	(1,811,087)	(2,212,622)	(2,061,001)	(1,993,731)
Shareholders' deficiency	(4,489,180)	(4,306,435)	(4,152,584)	(4,083,084)
Revenues	7,385	12,000	3,714	134,673
Net loss	(356,980)	(324,635)	(453,973)	(659,217)
Loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

	Three Months Ended December 31, 2010	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010
Total assets	$ 265,752	$ 708,640	$ 505,981	$ 327,700
Share-based payments	22,704	10,753	2,875	4,546
Working capital (deficiency)	(2,772,980)	(2,012,853)	(1,688,031)	(1,366,309)
Shareholders' deficiency	(4,878,833)	(4,118,376)	(3,789,838)	(3,454,525)
Revenues	(123,740)	186,155	246,528	10,790
Net loss	(1,029,356)	(339,291)	(338,188)	(445,163)
Loss per share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)

(i) Presented using accounting policies consistent with International Financial Reporting Standards

FOURTH QUARTER RESULTS

Revenue for the fourth quarter ended December 31, 2011 was $7,385 compared to $23,854 for the fourth quarter ended December 31, 2010. The negative $123,740 shown on the above table for the last quarter of 2010 is mainly attributed to the adjustment ($147,594) made to the revenue in the fourth quarter ended December 31, 2010, the revenue for the third quarter ended September 30, 2011 is $12,000.

The general and administrative cost for the fourth quarter ended December 31, 2011 was $87,323 compared to $965,644 for the fourth quarter ended December 31, 2010. This decreased amount is mainly attributable to the Pixon's bad debt recovery, reduced interest due to conversion of debentures to shares and reduced expenses especially R&D.

R&D costs for the fourth quarter ended December 31, 2011 were $51,369 compared to $147,063 for the fourth quarter of 2010 and $42,812 for the third quarter ended September 30, 2011.

LIQUIDITY

The Company has financed its operations to date primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt. As at December 31, 2011, there were 2,833,150 share purchase warrants outstanding. These warrants represent a source of equity capital for Empower, should they be exercised.

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

		2011		2010
Deficit	$	(29,067,350)	$	(27,272,545)
Working capital	$	(1,811,087)	$	(2,772,980)

Net cash used in operating activities for the year ended December 31, 2011 was $817,379 compared to net cash used of $1,771,941 for the year ended December 31, 2010. The cash used in operating activities for the year consisted primarily of the operating expenses, office, marketing and sales activities, R&D and engineering activities.

Net cash used for investing activities for the year ended December 31, 2011 was $62,546 and for the year ended December 31, 2010 was $Nil.

Net cash provided by financing activities for the year ended December 31, 2011 was $869,923 compared to net cash provided of $1,744,687 for the year ended December 31, 2010. The cash provided during the year was due to the proceeds from issuance of common shares and proceeds from loan.

As of December 31, 2011, the Company had $22,199 in cash compared to $32,201 as at December 31, 2010. The Company has been incurring operating losses (excluding share-based payments and amortization) at the average rate of $129,000 per month over the last twelve months.

CAPITAL RESOURCES

The authorized capital of the Company consists of unlimited common shares without par value. As at December 31, 2011, there are 52,507,279 common shares issued and outstanding.

Empower has 2,486,662 outstanding stock options as of December 31, 2011 and as at April 30, 2012. Should these stock options be exercised by the holders, then the equity contributed to the company would be $304,466.

Stock options	Exercise Price	Expiry Date	Amount

as at December 31, 2011 and as at April 30, 2012			
40,000	$0.62	August 24, 2012	$ 24,800
2,155,000	0.10	August 23, 2015	215,500
291,662	0.22	February 28, 2013	64,166
2,486,662			$ 304,466

Empower has 2,833,150 share purchase warrants outstanding as of December 31, 2011 and as at April 30, 2012. Should these warrants be exercised by the warrant holders, then the equity contributed to the Company would be $705,645.

As at December 31, 2011 and as at April 30, 2012	Shares	Exercise Price	Expiry Date	Amount
Warrants outstanding	565,150	$0.30	February 2, 2012	$ 169,545
Warrants outstanding	618,000	0.20	October 20, 2012	123,600
Warrants outstanding	1,650,000	0.25	April 6, 2013	412,500
	2,833,150			$ 705,645

Empower has not committed to any material future capital expenditure.

COMMITMENTS

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

Not later than one year	$ 33,296
Later than one year and no later than five years	26,665
	$ 59,961

b) During the year, the Company entered a Corporate Finance Consulting Agreement with Performance Capital Advisors Inc ("PCA"). PCA is engaged to raise financing of up to $2,000,000. The Company is committed to pay PCA up to $105,000 in cash and 105,000 in share purchase warrants priced the same as the shares issued under any financing until April 2013.

OUTSTANDING SHARES

As at December 31, 2011 and April 30, 2012, the Company has 52,507,279 and 55,195,279 common shares outstanding. Changes since December 31, 2009 are as follows:

	Shares
Balance, December 31, 2009	42,968,504

No activities in 2010	-
Balance, December 31, 2010	42,968,504
Debenture conversion	2,997,625
Non-brokered private placement	565,150
Non-brokered private placement	3,300,000
Shares for debt to directors	1,440,000
Non-brokered private placement	1,236,000
Balance, December 31, 2011	52,507,279
Shares for debt to directors	2,688,000
Balance, April 30, 2012	55,195,279

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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

		2011		2010
Short-term benefits	$	419,400	$	459,000
Share-based payments		79,375		35,091
Total	$	498,775	$	494,091

The Company also entered into the following transactions with related parties:

During the year ended December 31, 2011, the Company settled debt of $216,000 with directors and officers for shares with a fair value of $360,000, resulting in a loss of $144,000.

At December 31, 2011, $661,301 (December 31, 2010 - $375,059; January 1, 2010 - $211,484) is due to directors and officers of the Company. The amounts are non-interest bearing, and unsecured.

At December 31, 2011, $1,023,787 (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 between 8.5% to 14% and are unsecured. The Company also has $2,724,457 (December 31, 2010 - $2,152,000; and January 1, 2010 - $2,152,000) of loans payable to the same director and officer. The long term loans bear interest at 8.5%, and are unsecured. The total interest paid or accrued to the director was $437,790 (2010 - $267,025) for year ended December 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.

CRITICAL ACCOUNTING ESTIMATES

Use of estimates and judgments

The preparation of these consolidated 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, depreciation rates for equipment, effective interest rate used in calculating the debt portion of convertible debenture, deferred income tax assets and liabilities, allowance for doubtful accounts, provisions including amounts for inventories and the determination of the assumptions used in calculating fair value of share-based payment calculations. Actual results could differ from these estimates.

FINANCIAL INSTRUMENTS AND RISK

Cash is classified as fair value through profit or loss. The carrying value of accounts receivable, accounts payable, amounts due to related parties, obligation under finance lease, convertible debenture and loans payable approximated their fair value.

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

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 22,199	$ -	$ -	$ 22,199

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 Operations and 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 December 31, 2011 are comprised of trade accounts receivable. The Company had an allowance of doubtful accounts of $31,500 as at December 31, 2011 (December 31, 2010 - $240,651; January 1, 2010 - $nil).

(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 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 year ended December 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 December 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 December 31, 2011, the Company had cash of $22,199. The continuation of the Company depends upon the support of its lender and equity investors, which cannot be assured.

SUBSEQUENT EVENTS

Subsequent to year ended December 31, 2011:

a) The Company signed a definitive share purchase agreement (“Definitive Agreement”) with Northstar Electronics, Inc. (OTCBB: NEIK) (“Northstar”) to purchase 100% of its wholly owned subsidiary, Northstar Network Ltd. (“NNL”), for Cdn$1,000,000 cash, 3,000,000 warrants and assumption of NNL’s liabilities, which will not exceed $3,000,000 in the aggregate at closing. In the event the transaction does not close by April 30, 2012, the Company will advance to Northstar an additional $100,000 of the purchase price. However, the Company has not advanced any money against the purchase price. The Definitive Agreement provides for an outside closing date of May 31, 2012 after which the agreement will terminate unless extended by the parties. The transaction is subject to customary closing conditions, including completion of satisfactory due diligence, the Company obtaining adequate financing and receipt of regulatory and third party contractual approvals. In addition, Northstar must obtain the consent of its shareholders.

   As at December 31, 2011, the Company had advanced $61,045 to Northstar under the Amended and Restated Loan Agreement between the Company and Northstar, which bears interest at 12 percent per annum in the event of default, matures on April 30, 2012, and is secured through the general business assets of Northstar.

   The Company has also agreed to provide bridge financing to NNL of up to $550,000 (the “Bridge Loan”) during the period before closing. As security for the repayment of the Bridge Loan, NNL has signed a general security agreement securing all of NNL’s assets, and a share pledge agreement whereby Northstar will pledge 100% of the outstanding NNL shares as collateral once the Company has advanced the full $550,000. On March 20, 2012, Northstar, NNL and the Company have agreed to change the amount required to advance to turn the NNL shares into collateral from $550,000 to $50,000. Also as part of the changes, Northstar and NNL agreed for the Company to receive payments on NNL receivables and invoices directly from NNL customers. NNL will also pay the Company $10,000 per month for the operation of the loans described above. At the end of each month, Empower will deduct the total Northstar customer payments of each month from the Bridge Loan outstanding. Any cash balance left after deducting the Bridge Loan, the Company and NNL will split equally. As at April 26, 2012, the Company had advanced $79,507 to NNL, which bears interest at 12 percent per annum in the event of default.

b) On March 8, 2012, TSX Venture Exchange approved the agreement between the Company and its directors to settle their outstanding debt of $134,400 for the issuance of 2,688,000 common shares.

c) On January 9, 2012, the Company extended the maturity date of convertible debentures to June 30, 2012 in the principal amounts of $50,000, $30,000, $20,000 and $25,000. The convertible debentures had matured on December 31, 2011.

TRANSITION TO INTERNATIONAL REPORTING STANDARDS (IFRS)

IFRS represents standards and interpretations approved by IASB, and are comprised of IFRS, International Accounting standards ("IASs") and interpretations issued by the IFRS Interpretation Committee ("IFRICs") in the former standards Interpretation Committee ("SICs").

Effective January 1, 2011, the Company prepares its consolidated financial statements in accordance with IFRS. The comparative information of 2010 in statements in the MD&A has also been restated to conform with IFRS; This MD&A should be read in conjunction with Note 21 of the Company's audited consolidated financial statements for the year ended December 31, 2011.