No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The Securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States, and may not be offered or sold, directly or indirectly, or delivered in the United States unless registered under the United States Securities Act of 1933 and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available.

PROSPECTUS

Initial Public Offering

Effective Date: July 31, 2003

mPOWER

EMPOWER TECHNOLOGIES CORPORATION
(the "Issuer")
120 - 13551 Verdun Place
Richmond, BC V6V 1W5
Telephone: (604) 278-3100
Facsimile: (604) 278-3102

Minimum: $1,400,000
Maximum: $2,000,000

Minimum: 4,000,000 Units
Maximum: 5,714,286 Units

PRICE: $0.35 PER UNIT

	Price to the Public (1)	Agent's Commission (2)	Proceeds to the Issuer (3)
Per Unit	$0.35	$0.028	$0.322
Total Minimum Offering	$1,400,000	$112,000	$1,288,000
Total Maximum Offering	$2,000,000	$160,000	$1,840,000

(1) This selling price (the "Offering Price") of the Units of the Issuer issued pursuant to this Offering was determined by negotiation between the Issuer and Canaccord Capital Corporation (the "Agent").

(2) Pursuant to an agency agreement dated June 6, 2003, between the Issuer and the Agent, the Issuer agreed to pay the Agent a commission of 8% of the gross proceeds received by the Issuer from Units sold by the Agent under this Offering, plus a $10,000 corporate finance fee. The Agent will also receive non-transferable warrants (the "Agent's Warrants") equal to 20% of the Units sold in the Offering. Each Agent's Warrant will permit the Agent to purchase, for a period of 12 months from the date of completion of this Offering, one common share of the Issuer (the "Agent's Warrant Shares") at $0.45 per share. The Agent will also be receiving a corporate finance fee, payable in common shares of the Issuer ("Corporate Finance Shares") of 200,000 shares on the closing of the Offering. This Prospectus qualifies the Agent's Warrants and the Agent's Warrant Shares.

(3) Before deduction of the balance of the costs of the Offering, the Merger (hereinafter defined) and related transactions, estimated at $90,000.

This Offering is of Units of the Issuer, with each Unit consisting of one common share of the Issuer ("Common Share") and one transferable warrant of the Issuer ("Unit Warrant"). Each Unit Warrant will entitle the holder to purchase one additional Common Share, for a period of 12 months from the date of completion of this Offering (the "Closing Date"), at the price of $0.45 per share. The Offering will not be completed if subscriptions for the Minimum Offering of $1,400,000 are not obtained within 90 days after the issuance of a receipt for this prospectus, without the consent of the executive director of the British Columbia Securities Commission and those persons that subscribed within the 90 days.

The Issuer has applied to the TSX Venture Exchange (the "Exchange") to conditionally list the Common Shares and the Unit Warrants for trading on the Exchange. Subject to that conditional approval, this Offering is to be completed through the facilities of the Exchange.

Investments in small businesses involve a high degree of risk and investors should not invest any funds in the offering unless they can afford to lose their entire investment. See "Risk Factors."

No person is authorized by the Issuer to provide any information or to make any representation other than those contained in this Prospectus in connection with the issue and sale of the securities offered hereby.

Pursuant to a merger agreement with Empower Technologies, Inc. ("Empower US"), the Issuer and Empower US have agreed to complete a merger (the "Merger") by which the Issuer will acquire directly 100% of Empower US and indirectly 100% of Empower US's subsidiaries. The closing of this Offering is conditional upon the concurrent closing of the Merger. Following the Merger, the business of the Issuer will be the business of its subsidiary, Empower US. Empower US is a provider of Linux-based embedded system technologies and solutions for the consumer electronics industry and the intelligent appliance market.

Prior to this Offering, the Issuer completed a brokered private placement of special warrants ("Special Warrants") pursuant to the Offering Memorandum of the Issuer dated February 26, 2003 and, a non-brokered private placement of Special Warrants.

The Agent is acting on a commercially reasonable efforts basis with regard to this Offering. Subscription funds will be held by the Agent pending closing. If the Offering does not close, all subscription funds will be returned to subscribers, without interest, penalty or other deduction.

In addition to the Common Shares and Unit Warrants comprising the Units, the Agent's Warrants and the Agent's Warrant Shares, this Prospectus will qualify:

(a) the Common Shares and warrants of the Issuer issuable to holders of the Special Warrants; and

(b) the Common Shares of the Issuer (the "Merger Shares") being issued in connection with the Merger to the shareholders of Empower US.

Following the completion of the Merger, the Common Shares issued under the minimum Offering will represent 19.99% of the Issuer's outstanding Common Shares (calculated, as are the other percentages in this paragraph, on a non-diluted basis). If the maximum Offering is completed, it will represent 26.30% of the Issuer's outstanding share capital. For a breakdown of Common Shares that will be owned or controlled by insiders of the Issuer, see "Directors, Management and Promoters." Following the Merger, Common Shares held by the public will represent 50.09% of the outstanding shares after the minimum Offering, and 54.03% after the maximum Offering.

The Units are offered subject to prior sale, if, as, and when issued and in accordance with the conditions referred to under "Plan of Distribution" and subject to the approval of Lang Michener, Barristers & Solicitors, Vancouver, British Columbia, on behalf of the Issuer and of Miller Thomson LLP, Barristers and Solicitors, Vancouver, British Columbia, on behalf of the Agent, of such legal matters for which approval is specifically sought by the Issuer or the Agent. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates representing the Common Shares and Warrants comprising the Units will be available for delivery on the date the Offering is completed.

CANACCORD CAPITAL CORPORATION
P.O. Box 10337, Pacific Centre
2200 - 609 Granville Street
Vancouver, British Columbia, V7Y 1H2

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PROSPECTUS SUMMARY

The following is a summary of the principal features of this Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

The Issuer: Empower Technologies Corporation (the "Issuer") is a recently incorporated British Columbia company of Richmond, British Columbia. **The Issuer currently has no active business.** Under a merger agreement with Empower Technologies, Inc. ("Empower US"), the Issuer and Empower US have agreed to complete a merger (the "Merger"), which if completed, the Issuer will acquire directly 100% of Empower US and indirectly 100% of Empower US's subsidiaries. The closing of this Offering is conditional on the concurrent completion of the Merger.

Agent: Canaccord Capital Corporation

The Offering: Between 4,000,000 and 5,714,286 units (the "Units") are offered in British Columbia and such other jurisdictions as may be determined by the Issuer and the Agent, at a price of $0.35 per Unit (the "Offering Price") for aggregate gross proceeds of between $1,400,000 and $2,000,000. Each Unit consists of one common share of the Issuer ("Common Share") and one warrant ("Unit Warrant"), with each Unit Warrant entitling the holder to purchase one additional Common Share at a price of $0.45 per share for a period of 12 months from the date of completion of this Offering (the "Closing Date"). The subscription funds will be held by the Agent pending closing. The Offering will not be completed if subscriptions for the Minimum Offering of $1,400,000 are not obtained within 90 days after the issuance of a receipt for this prospectus, without the consent of the executive director of the British Columbia Securities Commission and those persons that subscribed within the 90 days. If the minimum subscription is not obtained on or before December 31, 2003, unless otherwise agreed by the Issuer and the Agent, all subscription funds will be returned to subscribers without interest, penalty or other deduction (see "Plan of Distribution" and "Description of Securities Offered").

Agent's Warrants and Corporate Finance Shares: The Issuer will issue a number of non-transferable warrants ("Agent's Warrants") to the Agent in an amount equal to 20% of the Units sold under the Offering. Each Agent's Warrant may be exercised to purchase one common share of the Issuer for a period of 12 months from the Closing Date for a price of $0.45 per common share. The Issuer will also pay the Agent on completion of this Offering a corporate finance fee of $10,000 and the Corporate Finance Shares.

Business of the Issuer: The Issuer currently has no active business. Under a merger agreement dated as of March 31, 2003, the Issuer has agreed with Empower US to effect the Merger and on completion of the Merger, the business of the Issuer will be the business of its subsidiary, Empower US.

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

Empower US has developed a Linux-based operating system called the LinuxDA Operating System ("LinuxDA O/S"), which is an operating system platform for intelligent appliances. The first version of LinuxDA O/S was programmed for Palm, Inc.'s Palm IIIx/e and Palm Vx handheld devices. Empower US has started selling this software package online at its product website - www.linuxda.com. A version of LinuxDA O/S has been developed for a PDA using the Dragonball hardware platform, a microprocessor developed by Motorola. It is currently being sold under Empower US's hardware brand "PowerPlay", and the product model names are "PowerPlay III", "PowerPlay V" and "PowerPlay Vs".

Empower US has also developed a LinuxDA software development kit ("SDK") and PowerPlay hardware development board for a number of hardware platforms for consumer electronics products manufacturers. Some of the tools designed for wireless communications in the LinuxDA O/S environment are compatible with communication protocols such as IEEE 802.11, HomeRF, and Bluetooth.

Summary Financial Information:

The following selected pro forma combined consolidated financial information is based on the assumptions described in the notes attached to the pro forma financial statements attached hereto as Schedule D. The pro forma consolidated balance sheet is based upon the Maximum Offering being attained. The pro forma statements are not necessarily indicative of the Issuer's financial position or results of operations would have been if the events reflected therein had been in effect on the dates indicated, nor do they purport to project the Issuer's financial position or results of operation for any future periods.

	Pro Forma Consolidated as at March 31, 2003
ASSETS	
Current	
Cash	$1,912,495
Receivables	4,952
Inventory	35,331
Prepaid Expenses	5,435
Total current assets	1,958,213
Deferred acquisition costs	–
Capital assets	56,896
Deferred development costs	1,621,526
	$3,636,635
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current	
Accounts payable and accrued liabilities	$628,005
Obligations under capital leases	14,760
Total current liabilities	$642,765
Due to related party	1,055,732
	$1,698,497
Shareholders' equity	
Capital stock	3,704,410
Deficit	(1,766,272)
	$1,938,138
	$3,636,635

Use of Proceeds:

The net proceeds resulting from this Offering are expected to be between $1,288,000 and $1,840,000, before deduction of the expenses of this Offering and Merger estimated at $90,000. Following the completion of the Merger and this Offering, the Issuer expects to have available to it between approximately $1,198,000 and $1,750,000, which is net of the estimated expenses of the Offering. These funds will be used to extinguish the working capital deficiency of $583,409 (as of June 30, 2003), product development of $130,000, and sales and marketing expenses of between $119,000 and $149,000, with the balance to be applied towards working capital. (see "Use of Proceeds")

Risk Factors:	Investment in the Units involves a high degree of risk. Units should only be purchased by investors capable of bearing the loss of their entire investment. Investors should consider the following risk factors: the need for additional financing, competition in the industry, reliance on management, dependence on key personnel, failure to obtain additional financing on a timely basis, acceptance of the operating system by the software community, rapid technological change and high risks associated with the high-tech industry. See "Risk Factors".

GLOSSARY OF TERMS

Unless the context indicates otherwise, the following terms when used in this Prospectus have the following meanings:

A. Offering Terms

Affiliate means an affiliate body corporate where,

(a) one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same persons, and

(b) if two bodies corporate are affiliated with the same body corporate at the same time, they are deemed to be affiliated with each other;

Agent means Canaccord Capital Corporation, the agent under this Offering. The Agent may appoint a soliciting dealer group consisting of other registered dealers to arrange for purchasers of the Units.

Agency Agreement means the agreement dated June 6, 2003 made between the Issuer and the Agent regarding this Offering.

Agent's Commission means the total cash commission of 8.0% of the Offering Proceeds raised under this Offering which is payable to the Agent and which may be divided among the Agent and any registered brokers comprising a soliciting dealer group that the Agent appoints.

Agent's Warrants means non-transferable share purchase warrants of the Issuer equal to 20% of the Units sold under this Offering. Each Agent's Warrant will permit the Agent to purchase, for a period 12 months from the Closing Date, one Agent's Warrant Share at $0.45 per share.

Agent's Warrant Shares means the Common Shares of the Issuer issued on exercise of all or any part of the Agent's Warrants, which shares will be qualified for resale in British Columbia under this Prospectus.

Associate means, where used to indicate a relationship with a person,

(a) a partner of that person,

(b) a trust or estate in which that person has a beneficial interest or for which that person serves as trustee or in a similar capacity,

(c) a body corporate in respect of which that person beneficially owns or controls, directly or indirectly, securities carrying more than 10% of the voting rights attached to all outstanding securities of the body corporate,

(d) a relative of that person or a relative of that person's spouse, where the relative has the same home as that person, or

(e) a spouse or child of that person;

BCSC means the British Columbia Securities Commission.

Board means the Board of Directors of the Issuer.

Closing means the completion of the Offering and the Merger to be completed on the Closing Date.

Closing Date means the day on which the Offering and the Merger are completed which will be on or before December 31, 2003.

Common Shares means common shares without par value in the capital stock of the Issuer.

Control Person means a person who holds a sufficient number of the voting rights attached to all outstanding voting securities of the Issuer to effect materially the control of the Issuer or each person and a combination of persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding which holds in total sufficient number of the voting rights attached to all outstanding voting securities of the Issuer to effect materially the control of the Issuer.

Corporate Finance Shares means 200,000 Common Shares of the Issuer issued to the Agent the Closing of the Offering, will be subject to a voluntary pooling agreement.

Designated Provinces means the provinces of British Columbia, Alberta and Ontario, and such other provinces in Canada, into which the Units may be sold as may be agreed to between the Agent and the Issuer.

Empower Canada means Empower Technologies (Canada) Inc., incorporated pursuant to the *Canada Business Corporations Act*, which carries out most of Empower US's current and administration, marketing, research and development.

Empower Group means the Issuer, Empower US, Empower Canada and Empower Shanghai altogether or in various combinations.

Empower Shanghai means LinuxDA (Shanghai) Inc., incorporated in Shanghai, The People's Republic of China, which is responsible for software development.

Empower US Shares means all of the outstanding common shares of Empower US.

Empower US means Empower Technologies, Inc., a Washington State incorporated company, which is the parent company of Empower Canada and Empower Shanghai, and which is intended to be acquired by and become a wholly-owned subsidiary of the Issuer as a result of the Merger.

Escrow Agreement means the form of escrow agreement required by National Policy 46-201 to be entered into among the Issuer, the majority Empower US shareholders and Computershare Trust Company of Canada pursuant to which 9,450,000 Common Shares of the Issuer issued under the Merger will be held in escrow to be released in accordance with regulatory policies.

Exchange means the TSX Venture Exchange or other stock market acceptable to the Issuer and the Agent, acting reasonably.

Investor means a purchaser of Units under this Offering.

Issuer means Empower Technologies Corporation, a corporation incorporated under the laws of the Province of British Columbia which, on completion of the Merger, will ultimately own and control the business, assets and operations of the Empower Group.

Management means management of the Issuer.

Maximum Offering means the maximum Offering of not more than 5,714,286 Units for gross Offering Proceeds of $2,000,000.

Mergeco means ET Merger Corporation, a Washington State company.

Merger means the merger described herein which includes the acquisition by the Issuer of 100% of the outstanding shares of Empower US, which is proposed to be effected by a merger in accordance with the Merger Agreement pursuant to the provisions of the *Washington Business Corporations Act* (see "Merger").

Merger Agreement means the agreement dated as of March 31, 2003 between the Issuer, Empower US and Mergeco containing the terms and conditions of the Merger.

Merger Shares means the 14,614,665 Common Shares to be issued in accordance with the Merger to the Empower US shareholders in exchange for their 14,614,665 common shares of Empower US, being all of the issued and outstanding shares of Empower US.

Minimum Offering means the minimum Offering of not less than 4,000,000 Units for gross Offering Proceeds of $1,400,000.

Net Proceeds means the Offering Proceeds less the Agent's Commission and expenses of this Offering.

Offering means this proposed public offering of between 4,000,000 and 5,714,286 Units at a price of $0.35 per Unit. This will result in gross proceeds of between approximately $1,400,000 and $2,000,000. This Offering will be completed concurrently with the Merger;

Offering Price means the price of $0.35 at which Units are to be sold pursuant to this Offering.

Offering Proceeds means the gross proceeds from the sale of Units.

Private Placements means the brokered private placement, completed in three tranches, of an aggregate 1,116,317 Special Warrants of the Issuer pursuant to the Issuer's Offering Memorandum dated February 26, 2003 and the non-brokered private placement of 84,000 Special Warrants.

Qualification Date means the date on which the Issuer has received the last of the receipts for this Prospectus, in final form, in British Columbia, Alberta and Ontario, as applicable.

Special Warrants means the special warrants of the Issuer issued to subscribers under the Private Placements, each of which is exercisable for one Common Share and one SW Warrant of the Issuer .

Stock Option Plan means that stock option plan to be adopted by the Issuer in accordance with the policies of the Exchange whereby the Issuer shall grant options, effective on and after the Merger, to purchase Common Shares to directors, officers, employees or consultants of the Empower Group.

SW Warrants means the warrants to be issued with Common Shares on the exercise of the Special Warrants, with each warrant entitling the holder to purchase one additional Common Share for a period of 12 months following the Qualification Date, at a price of $0.35 per share.

Unit means one Common Share and one Unit Warrant of the Offering.

Unit Warrants means the transferable warrants to be issued with Common Shares to comprise the Units with each warrant entitling the holder to purchase one additional Common Share for a period of 12 months following the Closing Date, at a price of $0.45 per share.

B. Business and Technical Terms

Amipo	Amipo Electronics Manufacturing Ltd.
Bluetooth	A short range wireless specification for connecting mobile products supported by a consortium of computer and telecommunications companies including Ericsson, IBM, Intel, Nokia and Toshiba. It supports an open specification for wireless, short-range transmission between mobile PCs, mobile phones and other portable devices. Bluetooth provides up to 720 Kbps of data transfer within a range of 40 feet. Bluetooth uses radio waves, which are omnidirectional and can transmit through walls. The technology uses the 2.4GHz Industrial Scientific Medical frequency band, which is not licensed by the FCC. This set of frequencies is used by other wireless LANs and telecommunications systems. When there is interference from other devices, the transmission does not stop, but its speed is downgraded.

CPU	(Central Processing Unit) The computing part of the computer. Also called the "processor", it is made up of the control unit and ALU (Arithmetic Logic Unit). Today, the CPUs of almost all computers are contained on a single chip. The CPU, clock and main memory make up a computer. A complete computer system requires the addition of control units, input, output and storage devices and an operating system.
Embedded	In the case of the LinuxDA O/S, the operating system will be programmed onto an integrated circuit chip.
GNU	A project sponsored by the Free Software Foundation, Inc. (Boston) that is developing complete software environments including operating system Kernels and utilities, editors, compilers and debuggers. GNU facilitates the distribution of free software though the GNU Licenses described below.
GNU General Public License	The license that accompanies the GNU software. Also known as a "copyleft", it gives everyone the right to use and modify the material as long as they make it available to everyone else with the same licensing stipulation.
HomeRF	(HOME Radio Frequency) A wireless technology from the HomeRF Working Group, Portland, OR, founded in 1998 by Compaq, IBM, HP and others. In early 2003, the Group disbanded due to lack of interest in competing against the WiFi standard. The HomeRF open standard used the Shared Wireless Access Protocol (SWAP) to transmit in the unlicensed 2.4GHz band between mobile and desktop devices within a range of 150 feet at 1 or 2 Mbps. Up to 127 devices could be addressed. Derived from the Digital European Cordless Telephone (DECT) standard, HomeRF used a frequency hopping technique that changed 50 times per second. Each 20 ms frame contained one CSMA/CA slot for data and six full-duplex TDMA slots for voice.
IEEE 802.11	(Institute of Electrical and Electronics Engineers, New York, www.ieee.org) A membership organization that includes engineers, scientists and students in electronics and allied fields. Founded in 1963, it has more than 300,000 members and is involved with setting standards for computers and communications. IEEE 802 standards for local area networks (LANs) and metropolitan area networks (MANs). The IEEE specification for LANs breaks the data link layer into two sublayers: the LLC (Logical Link Control) and MAC (Media Access Control). The LLC provides a common interface to the MAC layers, which specify the access method used. IEEE 802.11 wireless LANs committee was formed to set IEEE specification for wireless LANs under the IEEE 802 standards.
Intelligent Appliance	Intelligent appliances include a broad range of devices that are expected to come to market in the coming decade. Indeed, there are already a number of Intelligent appliances on the market: wireless PDA's, Internet access appliances, web-enabled cell phones and more. Traditionally, embedded systems have been designed using very minimal hardware: slow, obsolete 8-bit microprocessors such as variants of the Motorola 6811, Zilog Z80, Intel 80186, Intel 8052 and many others. The next generation of appliances will probably sport fast, full-featured, 32-bit, 64-bit, or 128-bit processors because many of the next generation appliances will need to handle multimedia content (audio and video), TCP/IP networking, Java, web browsing and alternative user interfaces (such as voice recognition and handwriting recognition). There are many processors battling for the market including MIP's, Intel's StrongArm, AMD, Hitachi's SH-3 and SH-4, Transmeta's Crusoe Processor, National Semiconductor's Geode and Linkup System's L7200 family.

Kernel The fundamental part of a program, typically an operating system, that resides in memory at all times and provides the basic services. It is the part of the operating system that is closest to the machine and may activate the hardware directly or interface to another software layer that drives the hardware.

Linux A version of UNIX that runs on x86, Alpha and PowerPC machines. Linux is essentially freeware; however, the full distribution of Linux along with proprietary add-ons and support are available for a fee from vendors such as Red Hat Software and Caldera. Due to its stability, Linux has gained popularity with Internet service providers as the operating system for hosting Web servers. Its usage is expected to grow as a server operating system as well as for the desktop.

ODM (Original Design Manufacturer). A manufacturer that that sells their in-house design and developed equipment to a reseller for rebranding or repackaging. However, the term has evolved to refer to the reseller itself. Thus, an ODM has no ownership of the equipment and adds no value to the product before reselling it, private labels the merchandise under its own name or bundles it with its own products.

OEM (Original Equipment Manufacturer). A manufacturer that sells equipment to a reseller for rebranding or repackaging. However, the term has evolved to refer to the reseller itself. Thus, an OEM either adds value to the product before reselling it, private labels the merchandise under its own name or bundles it with its own products.

Open Source Open source software refers to software that has its internal source code open to the public to view, copy, examine, and modify which means that is continuously modified and updated by large user communities that share information and code suggestions.

PDA (Personal Digital Assistant). A handheld computer that serves as an organizer for personal information. It generally includes at least a name and address database, to-do list and note taker. PDAs are pen based and use a stylus to tap selections on menus and to enter printed characters. The unit may also include a small on-screen keyboard which is tapped with the pen. Data is synchronized between the PDA and desktop computer via cable or wireless transmission.

Portal A website that aims to be a "doorway" to the World-Wide Web, typically offering a search engine and/or links to useful pages, and possibly news or other services. These services are usually provided for free in the hope that users will make the site their default home page.

Scalable Refers to how much a system can be expanded in size and configuration. It typically refers to a computer, product or system's ability to expand. The term by itself implies a positive capability. For example, "the device is known for its scalability" means that it can be made to serve a larger number of users without breaking down or requiring major changes in procedure.

VAR (Value Added Reseller) An organization that adds value to a system and resells it. For example, it could purchase a CPU and peripherals from different vendors, graphics software from another and package it all together as a specialized CAD system. Although VARs typically repackage products, they might also include programs they have developed themselves. The terms VAR and ISV are often used interchangeably.

THE ISSUER AND THE EMPOWER GROUP

Corporate Structure

The Issuer was incorporated under the *Company Act* (British Columbia) on February 21, 2003. Its registered office is in care of its solicitors Lang Michener at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7. The Issuer was incorporated for the purposes of facilitating the Offering and the Merger.

Mergeco was incorporated under the *Washington Business Corporations Act* on May 6, 2003. The company's authorized capital consists of 100,000,000 common shares with no par value and there is one common share issued and outstanding to the Issuer. The company was formed solely to facilitate the Merger and on completion of the Merger will merge with Empower US and cease to be a separate entity.

Empower US was incorporated under the *Washington Business Corporation Act* on February 9, 2000 as Linux D.A. Inc. and changed its name to LinuxDA Inc. on February 16, 2000. The company name was then changed to Empower Technologies, Inc. on March 2, 2001. Empower US's authorized capital consists of 100,000,000 common shares with no par value and 100,000,000 preferred shares issuable in one or more series. As of December 31, 2002 there were 14,614,665 common shares and no preferred shares in the capital of Empower US issued and outstanding. Upon completion of the Merger, Empower US will be a wholly-owned subsidiary of the Issuer.

Empower US's registered office is located at 1010 Union Avenue SE, Olympia, Washington, 98051. Its head office is located at 214 – 18300 NE Union Hill Road, Redmond, Washington, 98052-3391, U.S.A.

Empower US's current administrative, marketing, research and development are primarily carried out through its wholly owned subsidiary, Empower Technologies (Canada) Inc. ("Empower Canada"), based in Richmond, British Columbia. Empower Canada was incorporated on March 23, 2000, pursuant to the *Canada Business Corporations Act*, under the name 3729320 Canada Inc. and changed its name to LinuxDA (Canada) Inc. on April 7, 2000. LinuxDA (Canada) Inc. then changed its name to Empower Technologies (Canada) Inc. on April 19, 2001.

Empower US has also established a wholly owned subsidiary, LinuxDA (Shanghai) Inc. ("Empower Shanghai") which is responsible for software development. Empower Shanghai was incorporated in Shanghai, the People's Republic of China, on March 6, 2001. Empower Canada together with Empower Shanghai currently have ten employees.

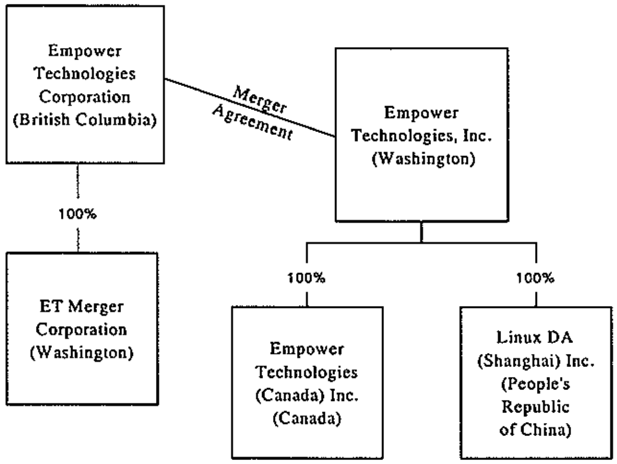
Intercorporate Relationships

(a) Current Structure

Currently, the Issuer, primarily formed to facilitate this Offering and the Merger, has one subsidiary, Mergeco, which was formed solely to facilitate the Merger. The Issuer has entered into the Merger Agreement with Empower US and Mergeco to effect the Merger concurrent with the completion of this Offering.

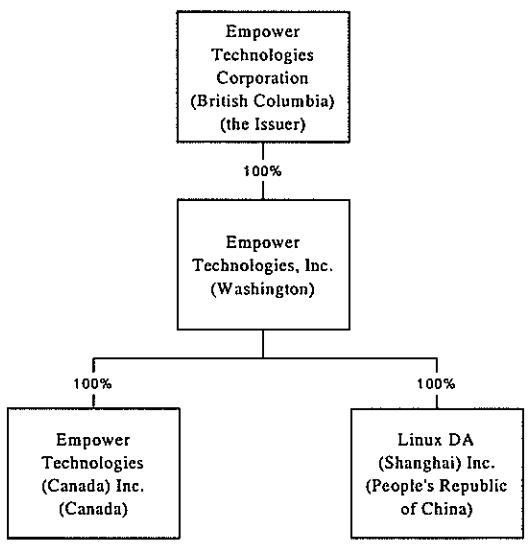
Empower US, which currently has 14,614,665 common shares issued and outstanding, has two subsidiaries, Empower Canada and Empower Shanghai.

The following chart shows Empower US's inter-corporate relationship with its subsidiaries and the Issuer including jurisdiction of incorporation and the percentage of voting securities held.



(b) Proposed Structure on Completion of Merger

On completion of the Merger, Mergeco and Empower US will merge into one company with Empower US as the surviving company and Empower US will become a wholly-owned subsidiary of the Issuer. (See "Merger.") Empower Canada and Empower Shanghai will remain wholly-owned subsidiaries of Empower US.



MERGER

Pursuant to the Merger Agreement setting out the terms of the Merger, Empower US has agreed to use commercially reasonable efforts to carry out the Merger according to the merger provisions of the *Washington Business Corporations Act*. The Merger proposes to effect a merger between Mergeco, a Washington State subsidiary of the Issuer and Empower US with an exchange of outstanding Empower US Shares for the Issuer's Common Shares resulting in the corporate schematic described under "Intercorporate Relationships" above. The Merger must first be approved by a majority of the Empower US shareholders, that is by more than 50% of the votes cast at a meeting of shareholders of Empower US to be held to approve the Merger. It is a condition of the Merger Agreement that the Merger does not have any material adverse tax consequences to investors in Special Warrants.

The holder of a majority of the Empower US Shares has signed an agreement to confirm it supports the Merger. Specifically, Shellbourne Trustees (BVI) Limited In Trust for PAL Trust, which holds 64.66% of the Empower US

Shares, has signed the Support Agreement dated as of February 25, 2003 with the Issuer providing that it will vote its Empower US Shares in favour of the Merger.

Empower US held a special meeting of its shareholders on July 17, 2003 at which the Empower US shareholders approved the Merger Agreement.

The obligations of the parties under the Merger are subject to a number of conditions including the following conditions precedent in favour of the Issuer:

(a) the Exchange will have approved the listing of the Common Shares and the Unit Warrants, and

(b) the Minimum Offering will have been completed.

Completion of the Merger is subject to a number of these conditions, including the approval of the Exchange. The approval of the Exchange has been applied for but not yet obtained. No assurance can be given the Exchange will grant the approval applied for.

BUSINESS OF THE ISSUER FOLLOWING THE MERGER

Business of the Issuer

The Issuer currently has no active business. Under the Merger Agreement, the Issuer has agreed with Empower US to effect the Merger and on completion of the Merger, the business of the Issuer will be the business of its subsidiary, Empower US.

The Issuer has raised $360,095 in gross proceeds in the Private Placements of Special Warrants. The Issuer has advanced the majority of the net proceeds of the Private Placements to Empower Canada, which was used primarily to reduce Empower Group's working capital deficiency. The said advances to Empower Canada were by way of loans secured by a security agreement of Empower Canada, a guarantee of Empower US and a security agreement from Empower US. The said security agreements are subordinate to existing security agreements in favour of Paul Leung to secure his loans to the Empower Group and in favour of Lang Michener to secure legal fees owing by the Empower Group. If the Merger is not completed by December 31, 2003, the said loans from the Issuer will be repaid commencing January 31, 2004 at the rate of 4% per month of the loan principal plus interest at the Canadian bank prime rate plus 1%.

Business of the Empower Group

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

Empower US has already developed a Linux-based operating system called the LinuxDA Operating System ("LinuxDA O/S"), which is an operating system platform for intelligent appliances. The first version of LinuxDA O/S was programmed for Palm, Inc.'s Palm IIIx/e and Palm Vx handheld devices. Empower US has started selling this software package online at the its product website - www.linuxda.com. A version of LinuxDA O/S has been developed for a PDA using the Dragonball hardware platform, a microprocessor developed by Motorola. It is currently being sold under Empower US's hardware brand "PowerPlay", and the product model names are "PowerPlay III", "PowerPlay V" and "PowerPlay Vs".

Empower US has also developed a LinuxDA software development kit ("SDK") and PowerPlay hardware development board for a number of hardware platforms for consumer electronics products manufacturers. Some of the tools designed for wireless communications in the LinuxDA O/S environment are compatible with communication protocols such as IEEE 802.11, HomeRF, and Bluetooth.

Development of Business

Since its inception in February 2000, Empower US has accomplished the following:

- Established the Canadian research and development ("R&D") subsidiary;
- Established the Shanghai software development subsidiary;
- Signed license agreements, and development agreements with several developers;
- Started selling products from its website and generating limited revenues;
- Completed a 16 bit complete Linux based operating system "LinuxDA O/S Version 1.0 DBE" for Motorola's Dragonball microprocessor;
- Commenced branding "LinuxDA";
- Raised approximately $1.8 million for operations and product development;
- Formed the Empower US partnership program;
- Commenced the corporate web site;
- Commenced branding "PowerPlay" as the low cost Dragonball-based PDA product solution;
- Commenced e-commerce in the product website "linuxda.com";
- Created a library of applications for the PDA and Webpad reference designs.
- Contracted a call center to enable 1-800 toll free sales and customer services;
- Signed up distributors in Canada and manufacturer's representative in the USA;
- Completed a production version of a LinuxDA O/S for an MP3/Digital Voice Recorder PDA (PowerPlay Vs) reference design with mono display.
- Commenced the development of a LinuxDA O/S for x86/MIPS CPU to be used in thin client and server devices.

Objectives of the Empower Group

Short-term Objectives (Next 12 months)

- To commence the development of a LinuxDA O/S to enable wireless colour centric PDA capable of Bluetooth, IEEE802.11, and 3G cell phone technology;
- To complete the development of 32 bit LinuxDA O/S for ARMS and MIPS based CPU to be used in PDA, Audio Video Receiver ("AVR") and Webpad devices;
- To expand the marketing and sales force for LinuxDA and PowerPlay brands;
- To expand marketing of LinuxDA O/S, the PDA reference design and PowerPlay;
- To have LinuxDA O/S licensees start generating licensing revenue;
- To solicit third party developers to develop applications for LinuxDA O/S; and,
- To expand customer service and developer infrastructure.

Long-term Objectives (month 13 to month 36)

- To establish LinuxDA and PowerPlay as one of the dominant branded embedded Linux-based operating system and hardware products in the consumer electronics industry;
- To establish LinuxDA as the most licensed embedded Linux based operating system;
- To commence the development of a reference design for LinuxDA O/S based home entertainment center;
- To complete a production version of the LinuxDA O/S based home entertainment center;
- To have LinuxDA O/S applied outside the PDA and the computer industry;
- To have LinuxDA O/S become the first scalable 16 bit, 32 bit, and x86 complete Linux based operating system-on-a-chip solutions; and,
- To have LinuxDA O/S as the most preferred platform for manufacturers in home appliances and consumer electronics.

Principal Products or Services:

Empower US has the following products and services that form the base of its business activities:

1. Embedded LinuxDA O/S to be licensed to consumer electronics manufacturers.

2. Product solutions readily available for consumer electronics manufacturers and developers.

3. Engineering and system development services available for consumer electronics developers and manufacturers.

1. Embedded LinuxDA O/S

The need for miniaturizing operating systems to be embedded into small sized CPUs and the demand for high computing performance for intelligent appliances are two of the primary factors causing or promoting the convergence of consumer electronics and personal computers. The Linux-based operating system provides advantages over other operating systems because the kernel is small, powerful, reliable and well supported by a large Linux community. In addition, it is free under the GPU Public Licence.

LinuxDA O/S is able to fit into a 16 bit CPU and the embedded BIOS, which includes a boot loader to initialize hardware devices, to integrate peripherals, and to assign the memory mapping. LinuxDA O/S includes the Linux kernel and Empower US's proprietary software. Device drivers are also included to setup the hardware devices and peripherals, as is Empower US's proprietary GUI in a standard Linux platform.

One of the unique features of LinuxDA O/S is that it includes a browser to enable Web access.

Empower US intends to develop LinuxDA O/S into a scalable and real time operating system ("RTOS") based on the Linux kernel. Scalability and real time performance enable LinuxDA O/S to be miniaturized when size is important. LinuxDA O/S is also designed to perform real time tasks when real time information processing and control are required.

LinuxDA O/S has the features of scalability, real time support, cross platform capability, and interoperability which make it a preferred choice to be embedded in a wide variety of current and new intelligent appliances.

LinuxDA O/S is a solution for manufacturers who want to develop customized kernels capable of multiple tasks and functions. It supports many microprocessors, computing platforms, and peripheral devices. The flexibility of the modular architecture and Empower US's proprietary development tools provide product developers with the ability to incorporate specific configurations and features into the LinuxDA O/S platform. In addition, LinuxDA O/S has built-in multi-language capability; that is, the operating system can adapt to different languages without any major programming required.

With LinuxDA O/S, intelligent appliances can be connected to networks and the Internet. They can now communicate with each other. These appliances not only perform their own specific control functions, but they can also interact over a network to allow a new set of distributed features. Given such features, embedded intelligent appliances are capable of functioning with industry standard protocols and providing security and networking abilities.

Empower US is also developing a proprietary technology called the Intelligent Appliance User Interface™ ("IAUI™"), which will be one of the core components of LinuxDA O/S. IAUI is a user interface software engine that may be included embedded in the LinuxDA O/S or other software platforms, or embedded in an integrated circuit ("IC"). It provides consumer electronics developers with a tool to add brand identity to a generic product design. This technology reduces the engineering time necessary for designing and implementing user interfaces for consumer electronic products, which in turn, shortens the "time-to-market" of these products.

From the consumers' point of view, the IAUI technology provides a connectivity solution enabling various consumer electronic devices to connect and communicate with one another via a common user interface. It allows consumers to interface with appliances that do not have, or have very limited, graphical user interface. Intelligent appliances that have IAUI technology built-in will enable consumers to perform dynamic mapping of function buttons of the targeted appliances, like the universal remote control. Using the IAUI technology, intelligent appliances will be connected to networks and the Internet, enabling intelligent appliances to communicate with each other. IAUI adds communication ability and interoperability to the universal remote control technology.

Empower US's embedded software products are described as follows:

LinuxDA

The Embedded Operating System

A. Embedded LinuxDA O/S For Palm Version 1.0 DBE

Date Launch	June, 2001
PDA	Palm IIIx/e, Palm Vx
CPU	Motorola Dragonball 68EZ328 16Mhz or higher
Memory	Minimum 2MB Flash
Display	LCD Mono 160X160
Device drivers	Included
Applications	20 applications included

Empower US introduced this version of LinuxDA O/S in June 2001. This software product is currently being sold at Empower US's ecommerce product site.

B. LinuxDA DB Software Development Kit (SDK)

LinuxDA SDK is a set of programming libraries that provide the Application Program Interface (API) for third party developers to write application softwares specifically for the LinuxDA O/S platform.

One of the major advantages of LinuxDA SDK is that it provides the developers a convenient way to write application software across various CPU platforms supported by LinuxDA O/S. The developer can offer a version of the same software for each LinuxDA supported CPU platform by setting the right command to compile the program without changing the source code.

LinuxDA O/S SDK is free for download from Empower US's website.

*2. **Products Solutions***

Empower US offers consumer electronics manufacturers total product solutions for new and existing product categories. The product solutions are the reference designs of a PDA. The PDA is based on Motorola's Dragonball microprocessor. A reference design includes a product prototype, hardware design, and embedded software system. The consumer electronics manufacturers can license the reference design to manufacture the product themselves.

Consumer electronics manufacturers can make use of Empower US's product solutions to shorten the costly and time-consuming product development process. Empower US's product solutions enable OEMs to offer products that can incorporate interoperability and wireless communications. Consumer electronics manufacturers who would like to bring new products to market quickly may rely on Empower US as a means of acquiring the necessary technologies to expedite the development process. With the fast pace at which technology is currently advancing and the instant demands for embedded system technologies and solutions, manufacturers are becoming more dependent on third party technologies and solutions providers such as Empower US.

Empower US's product strategy is to develop reference designs for selective consumer intelligent appliances using the embedded LinuxDA O/S and its technologies to introduce and facilitate the adaptation of Empower US's Linux-based embedded system technologies and solutions. Empower US's technologies allow synchronization with a Windows based PC. Some examples of embedded intelligence appliances that are in use today include PDAs, set-top boxes, network web-cams, portable audio MP3 players, routers, FM tuners, and communications and remote access servers.

Empower US is introducing product solutions for a PDA described as follows:

A. PDA – Motorola Dragonball EZ (Palm IIIxe compatible)

Certain Product Specifications:

Model Name	PowerPlay III (discontinued)
Date Launch	August, 2001
CPU	Motorola Dragonball 68EZ328/16Mhz
Operating System	LinuxDA O/S Version 1.0-1.5 DBE
RAM (DRAM)	8 MB
ROM (Flash ROM)	2 4MB
User Interface	Stylus, S/W Key board, Handwriting
Battery	2 AAA Batteries
Infrared	Built-in

PowerPlay III is a PDA that uses the same hardware as a Palm III. The only difference is the operating system. The Palm III uses Palm OS, while PowerPlay III uses LinuxDA O/S.

B. PDA – Motorola Dragonball EZ (Palm Vx compatible)

Certain Product Specifications:

Model Name	PowerPlay V
Date Launch	January, 2002
CPU	Motorola Dragonball EZ - 16Mhz
Operating System	LinuxDA O/S Version 1.0, 1.5, 2.0, 2.5 DBE
DRAM	8 MB
ROM (Flash ROM)	2 4MB
LCD	160 x 160, 4 Gray Level, Backlight Display, High Resolution Touch Panel
User Interface	Stylus, S/W Key board, Handwriting
Battery	Rechargeable LI-Polymer Battery
Infrared	Built-in
Net Dimension	118(H) X 82(W) X 135(D) mm

PowerPlay V is a PDA that uses the same hardware as a Palm V. The only difference is the operating system. The Palm V uses Palm OS, while PowerPlay V uses LinuxDA O/S.

C. PDA – Motorola Dragon EZ (Palm M500 & Vx cross)

Certain Product Specifications:

Model Name	PowerPlay Vs
Date Launch	Planned July, 2002
CPU	Motorola Dragonball EZ - 16Mhz
Operating System	LinuxDA O/S Version 2.5 DBE
DRAM	8 MB
ROM (Flash ROM)	2 MB
LCD	160 x 160, 4 Gray Level, Backlight Display, Touch Panel
User Interface	Stylus, S/W Key board, Handwriting
Battery	Rechargeable LI-Polymer Battery
Infrared	Built-in
Multimedia	Headphones, MP3, voice recording/playback
Expansion	SD Memory card slot
Net Dimension	118(H) X 82(W) X 135(D) mm

The PowerPlay Vs is a PDA that uses the same hardware as a Palm V except that it has additional hardware and software features not found in a Palm V. The additional features are SD/MMC card slot, MP3 playback, and voice recording. The other difference is in the operating system. Palm V uses Palm OS and PowerPlay Vs uses LinuxDA O/S.

D. PDA - Color

Product Specifications

Model Name	TBA – Code Name New Yorker
Date Launch	Planned September, 2003
CPU	TBA
Operating System	LinuxDA O/S
DRAM	16 MB SDRAM
ROM (Flash ROM)	4 MB Flash EPROM
LCD	320x240, Backlight Display, Touch Panel, 256 color.
User Interface	Stylus, S/W Key board, Handwriting, Optic Mouse
Battery	Rechargeable LI-Polymer Battery
A/V Functions	MP4 movie, MP3, Digital Voice Recording, AM/FM Tuner
Wireless communication	Wireless modems, Bluetooth, Cell phone connections, and 802.11 Wireless LAN.

New Yorker is a colour PDA that uses a 32 bit embedded hardware architecture similar that of the HP Ipaq. In terms of hardware improvements, it will have a colour LCD display and built-in wireless capabilities. New Yorker will use the 32 bit LinuxDA O/S.

E. AVR - Audio Video Receiver

Product Specifications

Model Name	TBA – Code Name Hollywood
Date Launch	Planned September, 2003
CPU	TBA
Operating System	LinuxDA O/S Home Edition
DRAM	16 MB SDRAM
ROM (Flash ROM)	4 MB Flash EPROM
LCD	320x240, Backlight Display, Touch Panel, 256 color.
User Interface	Stylus, S/W Key board, Handwriting, Optic Mouse
Battery	Rechargeable LI-Polymer Battery
A/V Functions	MP4 movie, MP3, Dolby Digital 5.1/EX, DTS, DVD-A, DVD-ROM, DVD-RW, DVD+R, SACD, AM/FM Tuner
Wireless communication	Wireless modems, Bluetooth, Cell phone connections, and 802.11 Wireless LAN.

Hollywood is an audio/video receiver similar to a home theatre receiver that one may purchase from Sony or other consumer electronics manufacturers such as Pioneer or Denon. Hollywood will function like a normal audio/video receiver with additional multimedia PC capabilities. Hollywood will use 32 bit LinuxDA O/S.

F. Webpad - Tablet PC

Product Specifications:

Model Name	TBA – Code Name Tokyo
Date Launch	TBA
CPU	TBA
Operating System	LinuxDA O/S
RAM	TBA
ROM	TBA

LCD	8.2" VGA TFT Touch Panel Color Display with back lighting
User Interface	Stylus, S/W Key board, Handwriting
Quick Keys	X 3 programmable buttons
Battery	Rechargeable battery
Battery Life	Est. 8 hrs continuous operation
Charger	DC 120V-240V travel adaptor
Communications	IrDA, RS232, USB X 2, PCMCIA Type II
Wireless Communications	Bluetooth, IEEE 802.11, GSM/GPRS
External Storage	Compact Flash Type II, SD/MMC memory card
Accessories	RS232 PC connection cable, protective case
Audio	Speaker X 2, headphone jack, microphone jack
Net Weight	900g ± 10%
Net Dimension	210(L) X 250(W) X 21(H) mm

Tokyo is Empower US's Tablet PC solution similar to a HP Compaq Tablet PC model TC1000. Tokyo will use 32 bit LinuxDA O/S.

1. Embedded LinuxDA O/S for Palm Version 1.0 DBE, which has been available for sale since June, 2001;
2. Power Play III PDA, which has been available for sale since August, 2001;
3. Power Play V PDA, which has been available for sale since January, 2002; and
4. Power Play Vs PDA, the development of which is completed and was launched in February, 2003.

For the year ended March 31, 2002 Empower US had revenues of $55,111 and for the nine month period ended December 31, 2002, Empower US had revenues of $7,352, the majority of which was for the sales of PowerPlay III and PowerPlay V.

3. ***Engineering and System Development Services***

Empower US provides its customers with engineering and system development services including maintenance and support for LinuxDA O/S and its reference designs, custom developments, and consultation. Empower US also provides engineering services to port embedded LinuxDA O/S for the customer's in-house developed hardware systems. It also provides device driver support for hardware upgrade, cost reduction, or expansion. Empower US can also customize the LinuxDA O/S to the customer's specification.

Research and Development

Since its inception in February, 2000, Empower US has completed a major portion of its proposed research and development. See "Business of the Issuer Following the Merger – Business of the Empower Group" and "Development of Business". Empower US currently has two further projects for development namely, development of a LinuxDA O/S to enable wireless centric PDA and completion of the development of 32 bit LinuxDA O/S for certain target platforms. See "Business of the Issuer Following the Merger - Milestones".

Empower US entered into a research and development agreement with Amipo Asia Company Ltd. on January 1, 2000. Amipo Asia Company Ltd. has provided some assistance to Empower Shanghai in product development but such assistance is currently on hold.

Operations

The principal business of Empower US is software development. The research and development activities of Empower US are conducted in house in its Canadian and Shanghai subsidiaries. Empower US has its own research and development team which possesses the necessary skills and knowledge required for the research and development activities. The Empower Group currently has ten employees.

Empower US's Canadian subsidiary is located at Unit 120 – 13551 Verdun Place, Richmond, B.C. This premise is subleased by Empower Canada from Amipo Electronic Manufacturing Ltd. ("Amipo"), a company controlled by Paul Leung, Empower US's President. The current terms of the sub-lease with Amipo specify annual rent of $36,000, or $3,000 per month. The term of this sub-lease will expire on September 30, 2004.

Empower US's Shanghai subsidiary, Empower Shanghai, is located in rented premises at No. 27, Alley 52, Wu Yi Road, Shanghai, 200050, People's Republic of China.

Regarding the product solutions as mentioned above, the hardware parts are sourced from suppliers in Taiwan. There are many hardware suppliers in Taiwan. Empower US management does not anticipate any problems regarding the availability of hardware components. The business of Empower US is not impacted materially by any cyclical or seasonal factors.

Marketing Plans and Strategies

The objective of Empower US's marketing strategy is to position LinuxDA O/S as a recognized embedded operating system in the consumer electronics industry. For the costs associated with the marketing plan see "Business of the Issuer Following the Merger - Milestones".

Empower US intends to market its LinuxDA O/S and product solutions first by selling its own branded "PowerPlay" hardware solutions and ultimately by partnering with semiconductor/chipset and consumer electronics manufacturers. Management believes this strategy will allow Empower US to gain market penetration and brand recognition and to leverage on the partners manufacturers' brand equities, thus enhancing the value of Empower US's core product offerings and the "LinuxDA" brands.

The sales strategy is two-fold: to provide (1) licensing; and (2) product sales.

(1) LinuxDA O/S and Total Product Solutions Licensing:

- To effectively penetrate this licensing, OEM/ODM and VAR market, Empower US intends to use manufacturer representatives strategically located throughout the United States, Europe, and the Far East. Sales representatives will be chosen based on their experience and established territory in their respective marketplaces.
- The customer can license the LinuxDA O/S to embed into their own hardware or the customer can OEM the complete unit, including the software, from Empower US. If the customer does not have their own hardware designed, they can license or purchase the hardware solutions from Empower US.

(2) Total Product Solutions Sales:

- Empower US will sell total product solutions under the "PowerPlay" brand. Empower US will only sell the total product solutions online in its e-commerce site or through Empower US's 1-800 phone order directly to end-users. For retail, Empower US has entered into a distributorship agreement with McKinnon Micro Distributing Ltd. ("McKinnon Micro") of Richmond, BC. Empower US will work with McKinnon Micro with respect to distributing PowerPlay products to various major retail electronics chain stores in Canada. Empower US has also entered into a manufacturer's representative agreement with a sales agent in California. Empower US will work with this sales agent to distribute PowerPlay products to major retail electronics chain stores in the United States.
- Empower US will also develop corporate, professional and group sales programs to offer special volume purchase programs and engineering services to business enterprises, professional organizations and large groups, such as unions and professional associations.

Recently, Empower US signed a confidential memorandum of understanding with the US division of a major international medical devices company. Under the memorandum, Empower US is to grant a worldwide licence for its embedded LinuxDA Operating System for use in specific medical sensing and management devices. Empower US and the US company are currently negotiating a definitive agreement based on the memorandum.

Empower US has signed a further confidential memorandum of understanding with an Ontario audio company, whereby Empower US is to licence its technology in the development of certain consumer electronic products, to be marketed by the Ontario company under its brand names.

Empower US continues to focus its marketing efforts on seeking licensing arrangements with other consumer electronic manufacturers or marketers for its LinuxDA O/S and hardware solutions.

Empower US has entered into manufacturer's representative agreements with Charlie Chen and Steve Collins. Although Mr. Chen and Mr. Collins have not participated in the sales and marketing of products to date, Empower US anticipates their participation as the business of Empower US moves forward.

Intellectual Property

1. Empower US currently has applied for a patent for the technologies described as follows:

Patent Application

The title of the patent application is "SYSTEM AND METHOD OF PEN-BASED DATA INPUT INTO A COMPUTING DEVICE". There is a patent pending with the United States Patent and Trademark Office under patent application serial number 10/160,434, which was assigned by a written assignment dated May 31, 2002 to Empower US from the inventors, Paul Chung Po Leung, Kenneth Kee Ho, Kiffin Kin Fong Tam, and Michael Chang. This application claims priority from earlier filed U.S. Provisional Patent Application Serial No. 60/295,067 filed May 31, 2001 and U.S. Provisional Patent Application Serial No. 60/305,385 filed July 13, 2001.

The Technology

The technology which is the subject of the patent application relates generally to data input into a computer system and, more specifically, to a system and method for pen-based handwritten and keystroke data input into a personal digital assistant.

Summary of the Technology

The technology is an improved system and method for pen-based handwritten and keystroke data input into a computer system. The system and method receives pen-based data entry from multiple related input boxes within a handwriting area on a digitizer pad. Character strokes are received into each input box or group of input boxes and are preferably saved and interpreted together to allow more complete recognition of naturally written characters. Thread-based processing is used to allow separate and concurrent evaluation of character strokes, providing for continuous character recognition.

The technology involves a method for processing handwritten character strokes entered into a computer system by a user. First and second handwriting areas for receiving alphabetic letter strokes are provided. A third handwriting area for receiving number and symbol strokes is also provided. Handwritten character strokes entered into the first, second and third handwriting areas are received and interpreted. Handwritten character strokes entered into the first and second handwriting areas are interpreted as alphabetic characters but not as number or symbol characters. Handwritten character strokes entered into the third handwriting area are interpreted as number or symbol characters but not as alphabetic characters.

In an alternative embodiment, handwritten character strokes entered into one or more handwriting areas are interpreted as upper case or lower case characters, depending upon where they are input. In yet another alternative embodiment, handwritten character strokes entered into one or more handwriting areas are interpreted as numbers or symbols, depending upon where they are input.

In an alternative embodiment, an improved alphanumeric keyboard layout is disclosed having an alphabetically sequential organization of alphabetic characters along a plurality of rows and a grid of numerals displayed within a subset of the digitizer pad.

Overall, the technology provides an improved and more efficient system and method for recognizing and processing pen-based handwritten and keystroke data input into a computer system.

This technology described above for use of handwriting areas or an improved keyboard layout for PDAs are key features currently utilized in all of Empower US's products and its LinuxDA O/S and the LinuxDA O/S SDK.

2. Empower US has paid a licence fee to Linux Mark Institute for a world-wide, perpetual, royalty-free right and licence to use the "Linux" trademark in connection with Empower US's manufacture and sale of computer software and other products. A formal licence agreement was discussed, however such has not been provided or assigned. Empower US understands that in any event it is authorized to use the "Linux" trademark in its business. Empower US has no further interests in any registered trademarks.

Empower US currently does not have any patents or registered trademarks and the success of Empower US will depend in part on the ability to obtain patent protection for various products it is developing. See "Risk Factors."

Milestones

The following significant events or milestones are to occur in order for the Empower Group's short-term business objectives to be accomplished:

1. To commence the development of a LinuxDA O/S to enable wireless centric PDA capable of Bluetooth, IEEE802.11, and 3G cell phone technology;

   a. Develop software for the wireless enabled embedded LinuxDA O/S to handle communication protocol for Bluetooth, IEEE802.11and 3G within 4 months, estimated cost $40,000

      Total time: four months
      Total cost: $40,000

2. To complete the development of 32 bit LinuxDA O/S for ARMS and MIPS based CPU to be used in PDA, Audio Video Recorder ("AVR") and Webpad devices;

   a. Develop software to complete the LinuxDA O/S for target platforms within three months, estimated cost $90,000

      Total time: three months
      Total cost: $90,000

3. To expand the marketing and sales force for LinuxDA and PowerPlay brands;

   a. Hire marketing manager to handle the branding of LinuxDA and PowerPlay brands and the marketing of LinuxDA and PowerPlay products for long term, estimated cost $5,000 per month

      Total time: Long term
      Total cost: $60,000 per year

4. To expand marketing of LinuxDA O/S, the PDA reference design and PowerPlay;

   a. Advertise in selected print media for twelve months, estimated cost $60,000

   b. Advertise in selected online sites for twelve months, estimated cost $40,000

   Total time: twelve months
   Total cost: $100,000. Under the Maximum Offering, only $14,000 will be allocated to Milestone 4.

5. To have LinuxDA O/S licensees start generating licensing revenue;

   a. Sign MOU with at least one manufacturer within four months, estimated cost $10,000

Total time: four months
Total cost: $10,000

6. To solicit third party developers to develop applications for LinuxDA O/S; and,

a. Develop a developers' community within LinuxDA website within three months, estimated cost $15,000

b. Develop an online marketplace for developers to market and to showcase their products within four months, estimated cost $20,000

Total time: four months
Total cost: $35,000

7. To expand customer service and developer infrastructure

a. Develop specific customer service channel for each group of customers, i.e. end-users, VARs, developers, LinuxDA licensees within five months, estimated cost $30,000

Total time: five months
Total cost: $30,000

Competitive Conditions

There are a number of companies that have developed or are in the process of developing embedded operating systems. The table below summarizes the major players in the embedded market.

The following table, which includes information obtained by management of Empower US from various sources, provides a comparison between LinuxDA O/S and other competitive products:

	LinuxDA O/S	**HardHat®**	**Embedix®**	**BlueCat®**	**eCos®**	**VxWorks®**	**QNX®**
Company	Empower	MontaVista	Metrowerks	LynuxWorks	Red Hat	WindRiver	QNX
Type	Kernel Open-source	Open-source	Kernel Open-source	Open-source	Open-source	Proprietary	Proprietary
Features	IAUI	Has real time O/S	Has browser	Has real time O/S		Has real time O/S	Has real time O/S
Reference Designs	Yes	Yes	Yes	Yes	No	Yes	No
Pricing	Royalty free	Royalty free	Royalty free	Royalty free	Royalty free	High development cost, High license cost	High development cost, High license cost
Pricing structure	Open-source + license + consulting	Open-source + subscription	Open-source + license + consulting	Open-source + consulting	Open-source + consulting	License + consulting	License + consulting
Strengths	Knowledge & connection in consumer electronics industry	Long history in the embedded market	Strong tie with Caldera	Long history in the embedded market	Free	Strong in product development, esp. in industrial products	Few reference kits
Weaknesses	Relatively new establishment	Weak in product development, Inherited organizational duplication from mergers	Weak in product develop-ment	Inherited organizational duplication from merger	No support & customization for product development	Proprietary O/S	Proprietary O/S

There are a number of competitors who feature Linux-based operating systems, especially those targeted for embedded devices including Metrowerks, LynuxWorks, and MontaVista. Many of these competitors have more financial resources and longer operating histories. Most of the providers of embedded Linux-based operating systems do not include a complete reference design in their product offering. They focus primarily on offering programming tools, which allow the customers to port the provider's embedded operating system into their hardware. This focus is a result of these provider's revenue models, which are based entirely on selling the SDK, programming tools, maintenance, and support packages at very high prices.

FINANCIAL STATEMENTS AND INFORMATION

Financial Statements

Attached hereto as Schedules are the following financial statements:

Schedule A – Audited Financial Statements of the Issuer as at March 31, 2003

Schedule B – Audited Consolidated Financial Statements for Empower US as at December 31, 2002

Schedule C – Unaudited Consolidated Interim Financial Statements for Empower US as at March 31, 2003

Schedule D – Pro Forma Consolidated Balance Sheet of the Issuer as at March 31, 2003

Selected Financial Information of the Issuer

The Issuer was only incorporated in February, 2003 and therefore has not completed its first fiscal year. The Issuer has no operations.

The following table sets out selected financial information about the Issuer based on its audited Balance Sheet as at March 31, 2003.

Balance Sheet of the Issuer

	March 31, 2003
Assets	
Cash	$ 1,173
Receivables	$ 514
Deferred acquisition costs(1)	$ 26,460
Due from related parties(2)	$ 145,600
Total Assets	$ 173,747
Liabilities	
Accounts Payable and Accrued Liabilities	$ 40,460
Total Liabilities	$ 40,460
Shareholders' Equity	
Common Share	1
Special Warrants	150,369
Deficit	$ (17,083)
Total Shareholders' Equity	$ 133,287
Total Liabilities and Shareholders' Equity	$ 173,747

Notes:

(1) To date, the Issuer has accrued $26,460 of deferred acquisition costs relating to the Merger. These costs will be expensed to operations if the Merger does not proceed.

(2) The amounts due from related parties are loans to Empower US and Empower Canada pursuant to the loan agreement between the Issuer and Empower Canada.

Selected Financial Information of Empower US

The following tables set out selected financial information about Empower US on a consolidated basis (including Empower Canada and Empower Shanghai) based on its audited Balance Sheet and Statement of Operations and Deficit for the fiscal years ended March 31, 2001 and 2002 and December 31, 2002 and the interim financial statements (unaudited) for the three month period ended March 31, 2003. All figures expressed in Canadian dollars.

Balance Sheet of Empower US

	March 31	December 31	March 31	
	2003	2002	2002	2001
Assets				
Current Assets	$ 55,903	$ 61,208	$ 153,714	$ 272,449
Other Assets(1)	1,678,422	1,611,315	1,336,181	721,465
Total Assets	1,734,325	1,672,523	1,489,895	993,914
Liabilities and Shareholders' Equity				
Accounts Payable and Accrued Liabilities	587,545	613,943	311,388	150,394
Current Portion of Obligations under Capital Lease	14,760	14,565	11,770	–
Due to Related Parties	145,600	–	–	–
Current Liabilities	747,905	628,508	323,158	150,394
Obligations under Capital Lease	–	3,458	14,527	–
Long-term Loan	1,055,732	975,136	648,943	–
Total Liabilities	1,803,637	1,607,102	986,628	150,394
Share Capital	1,696,960	1,696,960	1,553,395	1,294,395
Accumulated Deficit	(1,766,272)	(1,631,539)	(1,050,128)	(450,875)
Total Liabilities and Shareholders' Equity	1,734,325	1,672,523	1,489,895	993,914

Notes:

(1) Includes capital assets and deferred acquisition and development costs.

As of December 31, 2002 and March 31, 2003, there were 14,614,665 common shares of Empower US issued and outstanding.

There have been no dividends declared since incorporation.

Income Statement of Empower US

	3-month period ended March 31, 2003	9-month period ended December 31, 2002	Year ended March 31 2002	2001
Revenue	$ 398	$ 7,352	$ 55,111	–
Cost of Sales	317	20,862	45,321	–
Gross Profit	81	(13,510)	9,790	–
Operating expenses	134,814	567,901	610,198	436,594
Loss before other item	(134,733)	(581,411)	(600,408)	(436,594)
Interest and other income	–	–	1,155	1,566
Net loss for the period	(134,733)	(581,411)	(599,253)	(435,028)
Basic loss per share	0.01	0.04	0.04	0.03

GAAP

The consolidated audited financial statements of Empower US for the fiscal years ended March 31, 2001 and 2002 and December 31, 2002, and the audited financial statements of the Issuer as at March 31, 2003 are prepared in compliance with Canadian generally accepted accounting principles.

Selected Pro Forma Financial Information

The following selected pro forma combined consolidated financial information is based on the assumptions described in the notes attached to the pro forma financial statements attached hereto as Schedule D. The pro forma balance sheet is based upon the Maximum Offering being attained. The pro forma statements are not necessarily indicative of the Issuer's financial position or results of operations would have been if the events reflected therein had been in effect on the dates indicated, nor do they purport to project the Issuer's financial position or results of operation for any future periods.

	Pro Forma Consolidated as at March 31, 2003
ASSETS	
Current	
Cash	$1,912,495
Receivables	4,952
Inventory	35,331
Prepaid Expenses	5,435
Total current assets	1,958,213
Deferred acquisition costs	–
Capital assets	56,896
Deferred development costs	1,621,526
	$3,636,635

LIABILITIES AND SHAREHOLDERS' EQUITY	
Current	
Accounts payable and accrued liabilities	$628,005
Obligations under capital leases	14,760
Total current liabilities	$642,765
Due to related party	1,055,732
	$1,698,497
Shareholders' equity	
Capital stock	3,704,410
Deficit	(1,766,272)
	$1,938,138
	$3,636,635

Management's Discussion and Analysis of Financial Condition and Results of Operation of the Issuer

No discussion or analysis of financial information is presented for the Issuer as it was only incorporated on February 21, 2003 and it does not have any operations.

Management's Discussion and Analysis of Financial Condition and Results of Operation of Empower US

Three-Month Period Ending March 31, 2003

Revenues generated during the 3-month period ended March 31, 2003 were $398 compared to $22,162 for the 3-month period ended March 31, 2002 ("Q4 2002"). Starting in March 2002, Empower US scaled back its internet sales promotional effort of the PowerPlay PDA and the LinuxDA O/S for Palm Software. Gross profit for the 3-month period ended March 31, 2003 was $81 compared to Q4 2002 of $(22,638). In Q4 of 2002, through the sales of PowerPlay PDA and LinuxDA O/S for Palm, management of Empower US accomplished its plan to launch LinuxDA O/S into the marketplace and to become a recognizable brand. Following Q4 2002, Empower US focussed its marketing and promotional efforts of LinuxDA O/S as a licensing solution for consumer electronics manufacturers and as a result, internet sales decreased. Total expenses for the period were $134,814 (Q4 2002 $184,089) and included interest on long term liability of $29,096 (Q4 2002 nil), legal with respect to financing and the going public process (including the cancelled transactions with Norstar Ventures Corp.) of $44,463 (Q4 2002 $40,745) and wages and benefits of $30,785 (Q4 2002 $50,967). During this period, senior management reduced its compensation to help improve cash flow. Empower US also reduced its advertising and promotional efforts to a minimum. The net loss for the period of $134,733 or $0.01 per share compared to a loss for Q4 2002 of $206,727 or $0.01 per share.

During the period, deferred development costs increased $70,747 as compared to $158,947 during Q4 2002. In the period, advances from related parties were $197,100 of which $145,600 was advanced from the Issuer from proceeds of the Private Placements. In Q4 2002, advances from related parties was $416,299, primarily from Paul Leung, the principal and President of the Issuer and Empower US. In Q4 2002 there were proceeds of $100,000 received from the issuances of common shares, whereas there were no such proceeds in the corresponding 2003 period.

Nine-Month Period Ending December 31, 2002

Empower US changed its fiscal year end from March 31 to December 31 in 2002.

Empower US continued to sell its products through its own product website with minimal promotional efforts. Empower US focussed the majority of its marketing and sales efforts to solicit consumer electronics manufacturers to license its LinuxDA O/S product solutions. Revenues generated during the 9-month period ended December 31, 2002 were $7,352. Gross loss for such period was ($13,510). The negative gross margin was due to the efforts of Empower US to entice existing PowerPlay users to upgrade from PowerPlay III to PowerPlay V by selling PowerPlay V at a discount, and also to distribution of discounted samples to potential consumer electronics manufacturer licensees.

Operating expenses for the 9-month period ended December 31, 2002 were $567,901. In particular, management and consulting fee, office expense and travel expense were $77,243 for the 9-month period ended December 31, 2002. Accounting and legal expenses were $208,754 for the 9-month period ended December 31, 2002. Empower US incurred the majority of such legal and accounting fees due to its attempt to go public in a proposed transaction with two public companies listed on the TSX Venture Exchange. Amortization of assets under capital leases was $5,128 for the 9-month period ended December 31, 2002. Wage and benefits were $114,863 for the 9-month period ended December 31, 2002. Advertising and promotion expenses were $30,915 for the 9-month period ended December 31, 2002. Bank charges and interest expenses were $81,187 for the 9-month period ended December 31, 2002. Over the 9-month period ended December 31, 2002, Empower US reduced its operating costs to a level such that it can still achieve product development milestones.

The net loss for the 9-month period ended December 31, 2002 was $581,411.

Deferred development costs increased $303,518 to $1,550,779 as at December 31, 2002 compared to $1,247,261 as at March 31, 2002. Development costs incurred in the period reflect the continued research and development of the LinuxDA O/S and PowerPlay products.

Fiscal Year Ending March 31, 2002

Empower US launched its product e-commerce website in September 2001 and has since then started selling its products through the product website. Revenues generated since the launch of the product website till March 31, 2002 were $55,111. Gross profit for fiscal year ("FY") 2002 was $9,790.

Operating expenses increased $173,604 in FY2002 to $610,198 compared to $436,594 in FY2001. In particular, accounting and legal expenses decreased $64,660 in FY2002 to $36,337 compared to $100,997 in FY2001, principally reflecting reduced activities with respect to financing. Amortization increased $15,415 in FY2002 to $20,090 compared to $4,675 in FY2001, reflecting a full year of amortization on various FY2001 capital asset purchases and on current year capital additions to computers and testing equipment. Office expense increased $80,740 in FY2002 to $103,507 compared to $22,767 in FY2001, reflecting the addition of the full year operations of the Shanghai subsidiary and the costs related to the launch of Empower US's product website. Wage and benefits increased $63,562 in FY2002 to $202,434 compared to $138,872 in FY2001 reflecting additional staff and higher wages in FY2002. Traveling expense declined $18,865 in FY2002 to $52,767 compared to $71,632 in FY2001, reflecting reduced trips to China and reduced trade show attendance in FY2002. Advertising and promotion expenses increased $12,929 in FY2002 to $31,782 compared to $18,853 in FY2001, reflecting additional advertising and promotional activities related to sales and branding of its products through its website.

The net loss for the year grew $164,225 in FY2002 to $599,253 as compared to a net loss of $435,028 in FY2001.

Development costs increased $580,245 to $1,247,261 as at March 31, 2002 compared to $667,016 as at March 31, 2001. The growth in development costs reflects the increased investment made by Empower US in personnel and materials consumed in the development of the LinuxDA O/S and PowerPlay products.

Fiscal Years Ending March 31, 2001 and 2000

Empower US was incorporated on February 2000. The expenses incurred for the period up to March 31, 2000 were mainly related to the incorporation of Empower US. During FY2001, Empower US was mainly engaged in the research and development activities regarding the LinuxDA O/S. No revenues were generated during these two fiscal years.

Operating expenses increased $420,747 in FY2001 to $436,594 compared to $15,847 in FY2000. In particular, accounting and legal expenses were $100,997 in FY2001, which were principally due to the incorporation and financing costs related to various rounds of equity financing. Amortization was $4,675 in FY2001, reflecting the amortization on various initial capital asset purchases. Office expense were $22,767 in FY2001, reflecting the start-up operations of Empower US and its Canadian subsidiary. Wage and benefits were $138,872 in FY2001, reflecting the hiring of initial staff in FY2001. Traveling expense were $71,632 in FY2001, reflecting the trips to the China as related to setting up the Shanghai subsidiary. Advertising and promotion expenses were $18,853 in FY2001, representing the costs associated with corporate logo design and printing corporate materials.

The net loss for the year were $435,028 in FY2001.

Development costs were $667,016 as at March 31, 2001. The development costs reflects the investment made by Empower US in personnel and materials consumed in the development of the LinuxDA O/S.

Capital Requirements, Resources and Liquidity

At June 30, 2003, The Empower Group had an estimated working capital deficiency of $583,409. The Issuer on May 28, 2003 completed the third tranche of the brokered Private Placement which yielded $88,046 net of commission thereby further reducing the working capital deficiency.

Paul Leung, the President of the Issuer and Empower US has advanced funds to Empower US, the balance of which was $932,332, excluding accrued interest, as at March 31, 2003. Pursuant to an agreement between Mr. Leung and Empower US dated March 31, 2002, as amended, secured by a General Security Agreement dated March 31, 2002 charging the assets and undertaking of Empower US, Mr. Leung has agreed to repayment of the loans to Empower US on the following terms:

1. the principal amount of the shareholders loan will be repaid at the rate of $50,000 per quarter starting on January 1, 2005;

2. the loan bears interest at the rate of 12% per annum until the Closing Date and thereafter at the greater of 9.5% and the prime rate plus 2% per annum which is accruing until January 1, 2005, when all accrued interest shall be paid and thereafter payable monthly commencing February 1, 2005.

Assuming the Minimum Offering of $1,400,000 is completed, the Issuer will have funds available in the amount of $811,600. The funds available will be used to remedy Empower US's working capital deficiency and achieve its business objectives as outlined in this Prospectus.

PLAN OF DISTRIBUTION

The Offering

The Issuer, by its agent, Canaccord Capital Corporation (the "Agent", as defined above) hereby offers to the public through the facilities of the TSX Venture Exchange ("Exchange"), Units of the Issuer at the Offering Price which will result in gross proceeds of up to $2,000,000. This Offering will be made in accordance with the rules and policies of the Exchange, and is subject to minimum gross proceeds of $1,400,000. The closing of this Offering is conditional upon the concurrent closing of the Merger by the Issuer.

This Offering will not continue for a period of more than 90 days after the date on which the Issuer receives a receipt for a final Prospectus if subscriptions representing the minimum amount of funds are not obtained within that period, unless the executive director of the British Columbia Securities Commission and each of the persons or companies who subscribe within that period has consented to such continuation. The Agent will hold all funds received from purchasers under this Offering during such 90-day period, and these funds will be returned to subscribers if the minimum amount of funds is not raised, or if the Issuer has not obtained all necessary registrations and approvals for the Merger, unless such purchasers instruct the Agent otherwise.

The Issuer has entered into the Agency Agreement with the Agent under which the Agent was appointed as the Issuer's agent to offer the Units on a commercially reasonable efforts basis.

The Agent will receive a cash commission of 8% of the gross proceeds of this Offering, as well as Agent's Warrants equal to 20% of the number of Common Shares sold under this Offering. Each Agent's Warrant will permit the Agent, for a period of 12 months from the Closing Date, to purchase one Agent's Warrant Share at $0.45. The Agent will also receive a corporate finance fee of $10,000 and Corporate Finance Shares following the completion of the Offering. The Issuer has also agreed to pay all of the expenses of the Agent for the Offering.

The Agent has acted as agent and advisor for Empower US in previous private placements of Empower US securities. In connection with those services, the Agent received, with other cash consideration, 284,600 Empower US Shares, which on completion of the Merger and this Offering will be exchanged for 284,600 Common Shares of the Issuer.

Under the Agency Agreement, the Agent may offer selling group participation to other licensed dealers. The Agent has also been granted a right of first refusal to provide any additional financings required by the Issuer for twelve months following the Closing Date.

The Agent may terminate its obligation under the Agency Agreement at any time before the date of the Offering on the basis of its assessment of the state of the financial markets in general, or the market for the Common Shares in particular, and in certain other stated events.

Other than as described herein, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with this Offering. The Directors, Officers and other insiders of the Issuer may purchase Common Shares from this Offering. The Agent must first offer the Common Shares to its clients in accordance with the client preference rule and may allocate any remaining Common Shares amongst clients of members of its selling group.

The Issuer and the Agent have agreed to enter into a pooling agreement whereby the Common Shares held by the Agent, namely the 284,600 Common Shares that it will receive on completion of the Merger and the Corporate Finance Shares, will be pooled and released as to 184,600 Common Shares on the Closing Date and 100,000 Common Shares every three months thereafter.

Special Warrants

Prior to the date of this Prospectus, the Issuer completed the Private Placements and issued an aggregate 1,200,317 Special Warrants at $0.30 each. Each Special Warrant consists of one Common Share and one SW Warrant, with each SW Warrant entitling the holder to purchase one additional Common Share at a price of $0.35 per share for a period of 12 months from the Qualification Date.

The Private Placements yielded aggregate gross proceeds of $360,095 which were utilized as to $26,792 for commissions to the Agent for the brokered Private Placement (completed in three tranches), and other Issuer expenses, and $256,000 loaned to Empower Canada, pursuant to a loan agreement between the Issuer and Empower Canada, secured by the assets of Empower Canada and Empower US. The loan to Empower Canada was primarily utilized to reduce the working capital deficiency of the Empower Group.

Five business days following the Qualification Date, each outstanding Special Warrant will be automatically exercised by the Issuer for one Common Share and one SW Warrant. The Common Shares and SW Warrants issued on exercise of the Special Warrants will be qualified for resale in British Columbia under this Prospectus.

Merger Shares

Pursuant to the Merger Agreement, the Issuer will, concurrent with the completion of the Offering, acquire all the issued and outstanding shares of Empower US in exchange for the Merger Shares. The Merger Shares will be qualified for resale in British Columbia under this Prospectus.

Listing of Common Shares and Unit Warrants

The Issuer will be applying to the Exchange to list the Common Shares included in the Units, the Unit Warrants, the Common Shares to be issued on exercise of the Special Warrants, Agent's Warrant Shares, the Merger Shares and the Common Shares to be issued on the exercise of the SW Warrants and the Unit Warrants. The Issuer will be required to fulfil all of the listing requirements of the Exchange in this regard.

DESCRIPTIONS OF SECURITIES OFFERED

Description of Units

Between 4,000,000 and 5,714,286 Units are offered at the Offering Price of $0.35 per Unit for aggregate gross proceeds of between $1,400,000 and $2,000,000. Each Unit consists of one Common Share and one Unit Warrant, with each Unit Warrant entitling the holder to purchase one additional Common Share at a price of $0.45 per share for a period of 12 months from the Closing Date.

The Offering in any event is to close no later than December 31, 2003, unless otherwise agreed between the Issuer and the Agent. The Offering will not be completed if subscriptions for the Minimum Offering of $1,400,000 are not obtained within 90 days after the issuance of a receipt for this prospectus, without the consent of the executive director of the British Columbia Securities Commission and those persons that subscribed within the 90 days. Subscription funds will be held by the Agent pending closing. If the minimum subscription for gross proceeds of $1,400,000 is not obtained on or before such date, all subscription funds will be returned to subscribers, without interest, penalty or other deduction and no other subscriptions under this Prospectus will be made.

Description of Share Capital

The Issuer is authorized to issue 100,000,000 Common Shares without par value, of which one (1) Common Share is issued and outstanding as fully paid and non-assessable shares as at May 31, 2003. The Issuer has issued Special Warrants each of which is exercisable for one Common Share and one SW Warrant.

A holder of Common Shares is entitled to one vote for each share held on all matters to be voted on by such shareholders. In the event of the dissolution, liquidation, winding-up or other distribution of the assets of the Issuer, such shareholders are entitled to receive, on a pro rata basis, all of the assets of the Issuer remaining after payment of all the Issuer's liabilities. The Common Shares carry no pre-emptive or conversion rights.

No group of shareholders has the right to elect a specified number of Directors, nor are there cumulative or similar voting rights attached to the Common Shares.

Dividend Rights

The Issuer has not paid any dividends on its outstanding Common Shares since its incorporation and does not anticipate that it will do so in the foreseeable future. The declaration of dividends on the Common Shares of the Issuer is within the discretion of the Board and will depend upon the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Issuer.

Listing of Common Shares and Unit Warrants

The Issuer will be applying to list the Common Shares and Unit Warrants distributed and qualified under this Prospectus on the TSX Venture Exchange. Listing will be subject to the Issuer fulfilling all the listing requirements of the TSX Venture Exchange.

USE OF PROCEEDS

Net Proceeds

The proceeds of the Minimum Offering, and if the Offering is fully subscribed the proceeds of the Maximum Offering are as follows:

		Minimum Offering	Maximum Offering
A	Amount to be raised by this Offering	$ 1,400,000	$ 2,000,000
B	Selling commissions and fees	$ 112,000	$ 160,000
C	Estimated costs of this Offering and the Merger	$ 90,000	$ 90,000
D	Net Proceeds: D = A – (B + C)	$ 1,198,000	$ 1,750,000

Use of Net Proceeds

The estimated net proceeds realized from the Minimum Offering will be $1,198,000 and from the Maximum Offering $1,750,000, after deducting the estimated expenses of this Offering and the Merger, estimated at approximately $90,000.

The Empower Group, including the Issuer and Empower US, had an estimated consolidated working capital deficiency of $583,409 as of June 30, 2003.

The Private Placement yielded aggregate gross proceeds of $360,095 which were utilized as to $26,792 for commissions to the Agent for the brokered Placement (completed in three tranches), and other Issuer expenses, and approximately $256,000 loaned to Empower Canada, pursuant to a loan agreement between the Issuer and Empower Canada, secured by the assets of Empower Canada and Empower US.

The net Offering Proceeds are to be utilized by the Empower Group as follows:

Purpose	Minimum Offering	Maximum Offering
Working capital deficiency as at June 30, 2003	$ 583,409	$ 583,409
Product Development		
Milestone 1	$ 40,000	$ 40,000
Milestone 2	$ 90,000	$ 90,000
	$ 130,000	$ 130,000
Marketing and Sales		
Milestone 3	$ 60,000	$ 60,000
Milestone 4	$ 14,000	$ 14,000
Milestone 5	$ 10,000	$ 10,000
Milestone 6	$ 35,000	$ 35,000
Milestone 7	$ 0	$ 30,000
	$ 119,000	$ 149,000
Administration and operating expenses (see below)	$ 210,000	$ 210,000
Unallocated working capital	$ 155,591	$ 723,327
Total	$ 1,198,000	$ 1,750,000

For a description of the "Milestones" please refer to "Business of the Issuer Following the Merger – Milestones".

The Offering Proceeds will not be utilized for any payment to parties that are not at arm's length to the Empower Group, other than executive salaries set out below to officers of the Empower Group and rent pursuant to the sublease with Amipo Electronics Manufacturing Ltd., owned by Paul Leung, for the Richmond premises of Empower Canada.

In eliminating the working capital deficiency, the proceeds will be utilized to primarily pay outstanding accounts payable of the Empower Group including for legal, accounting and audit, and other payables.

The administration and operating expenses set out in the above table will cover salaries of management and other overhead costs for operations for the 12-month period following the final closing of the Offering. The administration and operating expenses shall be as follows:

	C$/month
Rent	$ 3,000
Phone	500
Audit	1,500
ISP	500
Employee Benefit	500
Auto Expense	500
Executive Salaries	10,000
Legal	500
Miscellaneous	500
Total	**$ 17,500**

The above allocation represents the Issuer's best estimate of the use of the net proceeds of this Offering, based upon its current plans and estimates regarding anticipated expenditures. **Any shortfall in the budget for completing the "Stated Business Objectives – Short-term Objectives (Next 12 months)" referred to above will be dealt with by the Issuer and Empower US attempting to secure other sources of financing. There can be no assurance that the Issuer and Empower US will be able to secure other sources of financing.** The actual allocation of funds among these uses will depend on technology and other developments in or affecting Empower US's business and the emergence of future opportunities. The Issuer may find it necessary or advisable to reallocate the net proceeds within the above described categories, to use portions for other purposes or to obtain additional financing. Before any application of the net proceeds from the Offering, the funds will be invested in short-term investment grade securities.

CAPITALIZATION

The Issuer

The following table shows the capitalization of the Issuer following completion of the Merger and the Minimum Offering.

Designation of Security	Authorized Amount	Outstanding as of March 31, 2003	Outstanding after the completion of the Merger and the Minimum Offering
Common Shares	100,000,000	$1(1) (one Share)	$3,129,981(3) (20,014,983 Shares)(4)
Special Warrants(2)	unlimited	584,151	Nil

Notes:

(1) The Issuer had an audited shareholders' equity (including the Special Warrants) of $133,287 as at March 31, 2003.

(2) The Issuer subsequently issued a further 616,166 Special Warrants. Each Special Warrant consists of one Common Share and one SW Warrant exercisable to acquire one additional Common Share at $0.35 per share for 12 months following the Qualification Date.

(3) The Issuer has no indebtedness other than accounts payable in the ordinary course.

(4) Assumes the completion of the Minimum Offering of $1,400,000 (see "Use of Net Proceeds"), with an Offering Price of $0.35.

The Issuer has no loan capital.

Empower US

The authorized capital of the Empower US consists of 100,000,000 of Common Shares and 100,000,000 Shares of Preferred Stock. Particulars of Empower US's share and loan capital are shown below:

Designation of Security	Authorized	Outstanding at March 31, 2002	Outstanding at December 31, 2002	Outstanding at March 31, 2003
				(unaudited)
Common Shares	100,000,000	$1,553,395 (14,393,795 shs.)	$1,696,960 (14,614,665 shs.)	$1,696,960 (14,614,665 shs.)
Preferred Shares	100,000,000	—	—	—
Long Term Debt	—	—	$975,136[(1)]	$1,055,732[(1)]

Notes:

(1) Owing to Paul Leung, the President of Empower US. See "Financial Statements and Information – Capital Requirements, Resources and Liquidity.

Empower Canada

The authorized capital of Empower Canada consists of:

(a) an unlimited number of Common shares of which one (1) is issued and outstanding to Empower US; and

(b) an unlimited number of Class A Preferred shares of which none are issued and outstanding.

Empower Canada has no loan capital.

Fully Diluted Share Capital

The following table shows the fully diluted share capital of the Issuer following the completion of the Merger and the Minimum Offering.

	Number of Common Shares	Percentage of Total
Common Shares of the Issuer outstanding	1	0.00%
Common Shares reserved for issue under Stock Option Plan	4,002,997	13.34%
Common Shares to be issued under the Merger	14,614,665	48.69%
Common Shares to be issued on the conversion of Special Warrants	1,200,317	4.00%
Common Shares to be issued as part of the Units under the Minimum Offering	4,000,000	13.33%
Common Shares to be issued on exercise of the SW Warrants	1,200,317	4.00%
Common Shares to be issued on exercise of the Unit Warrants	4,000,000	13.33%
Common Shares to be issued on exercise of the Agent's Warrants[(1)]	800,000	2.67%
Common Shares to be issued as Corporate Finance Shares	200,000	0.7%
Total[(2)]	**30,018,297**	**100%**

Notes:

(1) Equal to 20% of the Minimum Offering.

(2) If the Maximum Offering is completed, the Common Shares reserved for issue under share incentive plans would increase to 4,345,854, the Common Shares reserved for issuance in connection with this Offering including the exercise of the Unit Warrants would increase to 11,428,572, the Common Shares to be issued on exercise of the Agent's Warrants would increase to 1,142,857, and the total fully diluted share capital would equal 34,132,582.

DIRECTORS, MANAGEMENT AND PROMOTERS

Current Directors and Officers

The following sets out the current officers and directors of the Issuer. It is proposed that prior to completion of the Merger that further directors with public company and industry experience will be added to the Board of Directors of the Issuer.

Name, Municipality of Residence and Position(s) held	Principal Occupation for Past Five Years	Number of Empower US Shares Held[(2)]	Percentage of Empower US Shares
Paul Leung, Vancouver, B.C. President, Chief Executive Officer and Director	President & Chief Executive Officer of the Issuer since February 2003 and of Empower US since 2000; President of Amipo Electronics Manufacturing Ltd. since 1994	9,450,000[(1)]	64.66%
Kenneth Ho, Coquitlam, B.C. Vice President, Research and Development	Vice President, Research and Development of the Issuer since July 2003 and of Empower US since 2000; Director, Research and Development with Seanix Technology Inc. from 1992 to 2000	20,000	0.14%
Amy Chan, Vancouver, B.C. Chief Financial Officer, Secretary and Director	Chief Financial Officer and Secretary of the Issuer since July 2003 and Treasurer and General Manager with Empower US since 2000; Financial Controller with Amipo Electronics Manufacturing Ltd. since 1994	Nil	-
Ian Munro, Waterloo, Ontario Director	Professor, University of Waterloo since 1971	25,000	0.12%

Notes:

(1) Owned by PAL Trust, the beneficiaries of which are the immediate family of Paul Leung including Amy Chan, Paul Leung's wife.

(2) As a group, the directors and officers own, directly or indirectly, 9,470,000 Empower US common shares. The only Common Shares of the Issuer owned directly or indirectly by the officers and directors is the one Common Share owned by Paul Leung.

Proposed Directors

The following sets out the proposed Directors of the Issuer on completion of the Merger and Offering. It is anticipated that Amy Chan will resign as a director of the Issuer and that Messrs. Graham, Paton and Bagg will be appointed directors prior to the completion of the Merger and Offering:

Name, Municipality of Residence and Position(s) to be held Upon Completion of Offering and Merger	Principal Occupation for Past Five Years	Number of Common Shares Held Upon Completion of Offering and Merger	Percentage of Shares After Completion of Offering and Merger	
			Minimum Offering	Maximum Offering
Paul Leung, Vancouver, B.C. President, Chief Executive Officer and Director	President & Chief Executive Officer of the Issuer since February 2003 and of Empower US and Empower Canada since 2000; President of Amipo Electronics Manufacturing Ltd. since 1994	9,450,000[(1)]	47.21%	43.49%
Chris Graham, Surrey, B.C. Director	Self-employed consultant since 1997	Nil	-	-
Ron Paton, White Rock, B.C. Director	Securities lawyer since 1989	Nil	-	-
Edward Bagg, Port Coquitlam, B.C. Director	Business Development Manager of Epson Canada Ltd. since 1999; OEM Account Manager of Epson Canada Ltd. from 1993 to 1999	Nil	-	-
Ian Munro, Waterloo, Ontario Director	Professor, University of Waterloo since 1971	25,000	0.12%	0.12%

Proposed Board Committees

It is proposed the Board of Directors of the Issuer will have two committees, the Audit Committee and the Compensation Committee. The Audit Committee is proposed to be comprised of Christopher Graham, Dr. Ian Munro and Ronald Paton, and the Compensation Committee is proposed to be comprised of Christopher Graham, Dr. Ian Munro, Ronald Paton and Edward Bagg. None of the proposed committees members are proposed to be officers of the Issuer.

Management and Directors

Paul Leung, President and Chief Executive Officer and Director

Mr. Leung, age 46, is the President and the sole director of Empower US and since February 2003 is the President, Chief Executive Officer and a Director of the Issuer. Mr. Leung is a full time employee of Empower Canada.

Mr. Leung is the founder of Empower US. He holds a Bachelor's degree with a major in accounting and computer science from Simon Fraser University in British Columbia. He has more than 15 years' experience as an entrepreneur and executive in technology industries. In 1986, he founded Perfax Systems Corp. ("Perfax"). Perfax was engaged in the business of developing fax and data modems. In 1994, he founded Amipo Electronics Manufacturing Ltd. ("Amipo"). Amipo provides North American companies and start-ups with discounted local and offshore engineering and manufacturing services for high tech products. Amipo has become a manufacturer of various consumer electronics products, specifically in the audio/visual and electronics entertainment markets, such as preamplifiers, amplifiers, receivers, transformers, game pads and joysticks. Mr. Leung will enter into a non-competition or non-disclosure agreement with Empower Canada.

Kenneth Ho, Vice President, Research and Development

Mr. Ho, age 42, is the Vice President, Research and Development of Empower US and since July 2003, of the Issuer. Mr. Ho is a full time employee of Empower Canada.

Mr. Ho has a solid background in electrical engineering and product development. From 1992 to 2000, he was the Director of Research & Development at Seanix Technology Inc., a B.C.-based PC manufacturer. He led a team of electronics and mechanical design engineers to design and develop PC board products including system main board, system BIOS, AGP video card, and system chassis. He provided major input in overall system and thin client architecture. Mr. Ho also has extensive product engineering and project management experience as a result of his work at Everex System Inc. from 1987 to 1992. Mr. Ho has a Bachelor of Science degree in electronic engineering from the Washington State University. Mr. Ho will enter into a non-competition or non-disclosure agreement with Empower Canada.

Amy Chan, Secretary, Treasurer and General Manager

Ms. Chan, age 38, is the Secretary, Treasurer and General Manager of Empower US and since July 2003, is the Chief Financial Officer, Secretary and a Director of the Issuer. Ms. Chan is a full time employee of Empower Canada. Ms. Chan is the wife of Paul Leung.

Ms. Chan has over ten years of experience in the financial management and cost accounting for technology and manufacturing industry. Ms Chan was involved in the manufacturing business for many years through her family's garment factory. In 1993, she was the Accounting Manager for Instabox Vancouver Ltd., a corrugated box manufacturer in BC. In 1994, she joined Amipo Electronics Manufacturing Ltd. to work as the financial controller. Ms. Chan holds a Bachelor's degree in Commerce with a major in accounting and finance from St. Mary's University.

Ms. Chan will enter into a non-competition or non-disclosure agreement with Empower Canada.

Dr. Ian Munro - Director

Dr. Munro was appointed a Director of the Issuer in July 2003 and is a Professor of Computer Science at the University of Waterloo, where his research concentrates on such areas as the efficiency of algorithms and data warehousing. He holds the Canada Research Chair in Algorithm Design. Dr. Munro has also held visiting positions at various universities and research labs, including Princeton University, the Max Planck Institute for Informatics, and AT&T Bell Labs. Dr. Munro will devote such time as required to fulfil his duties as a director of the Issuer, which is estimated to be less than 5% of his time.

Chris Graham – Director (To be appointed)

Mr. Graham is an Applied Science graduate of University of British Columbia. He is currently engaged in research and development for his own business, Virtual Acoustic Research. From 1989 to 1997, Mr. Graham held several senior positions in Microsoft Corporation. First he worked as an Applications Software Architect on OS/2. Then he became the Excel Software Architect and later/simultaneously, Excel Group Program Manager, during the release of Excel versions 3 through 5. During this period Excel grew from 20% of the spreadsheet software market to 80%. With this success, he was simultaneously appointed Microsoft Director of Program Management and then to the newly created position of Manager of the "Interoperability Group" which led to the first versions of Microsoft Office. In this role, Mr. Graham worked closely with many of the technologies and product groups within Microsoft. Mr. Graham's last assignment at Microsoft was to lead the Microsoft Natural Language Group which was conducting R&D into integrating natural language processing into Microsoft's family of products. He was responsible for inventing a number of software designs that were patented and assigned to Microsoft. Prior to joining Microsoft he was with Symantec for two years as Director of their TimeLine software division. Prior to 1987, he was the President of Synex Systems Corp and created a number of products including the Lotus 123 Add-

In "SQZ!". Mr. Graham will devote such time as required to fulfil his duties as a director of the Issuer, which is estimated to be less than 5% of his time.

Edward Bagg, Director (to be appointed)

Mr. Bagg has over 13 years, experience in the technology industry. Since 1989, he has been working for Epson Canada Ltd., a wholly owned subsidiary of Seiko Epson Corporation of Japan. Since 1999, he has been the Business Development Manager for the EBS Group of Epson Canada Ltd. From 1992 to 1999, Mr. Bagg was the OEM Account Manager for Western Canada, representing Epson's full line of products. From 1991 to 1992, he was the Customer Assurance Supervisor/Service Manager in the region of Western Canada. Mr. Bagg has a Bachelor of Science degree in E-Business from the University of Phoenix. Mr. Bagg will devote such time as required to fulfil his duties as a director of the Issuer, which is estimated to be less than 5% of his time.

Ron Paton – Director (To be appointed)

Ron Paton practices business law with an emphasis in securities law, in association with the Vancouver, B.C. law firm, Maitland & Company. He received his LL.B. from the University of British Columbia Faculty of Law in 1988 and was admitted to the Law Society of British Columbia in 1989. Mr. Paton has served as a director and officer of several public companies. Through his association with companies in the early stages of development and commercialization, he has developed an understanding of the unique challenges and opportunities presented to these companies. Mr. Paton will devote such time as required to fulfil his duties as a director of the Issuer, which is estimated to be less than 5% of his time.

Promoter and Promoter Consideration

Paul Leung, the President, CEO and a director of the Issuer, is a promoter of the Issuer in that he took the initiative of founding and organizing the Issuer.

Paul Leung, the President and CEO of Empower US, is also the promoter of Empower US in that he took the initiative of founding and organizing Empower US.

Mr. Leung beneficially owns, directly or indirectly, or has control or direction of 9,450,000 Empower US Shares, representing 64.66% of the issued and outstanding Empower US Shares, which pursuant to the Merger are to be exchanged for 9,450,000 Common Shares of the Issuer.

As at March 31, 2003, Mr. Leung has loaned Empower US an aggregate of $932,332, on which interest of $123,400 has been accrued. The principal amounts bear interest at the rate of 12% per annum until the Closing Date and thereafter at the rate of the greater of 9.5% and the prime rate plus 2% per annum, pursuant to a loan agreement dated as of March 31, 2002, as amended, between Mr. Leung and Empower US. All indebtedness owing by Empower US to Mr. Leung is secured by a general security agreement dated as of March 31, 2002 by Empower US in favour of Mr. Leung, constituting a secured charge on all of the assets of Empower US. The principal amount of the shareholders loan will be repaid at the rate of $50,000 per quarter starting on January 1, 2005.

Indebtedness of Directors and Officers

At any time no director, executive officer or senior officer of the Empower Group, or each associate or affiliate of any such director, executive or senior officer is or has been indebted to the Empower Group or is and has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Empower Group, other than through normal business dealings.

Corporate Cease Trade Orders or Bankruptcies

No existing or proposed director, officer, promoter or other member of management of the Empower Group is, or during the ten years preceding the date of this Prospectus has been, a director, officer, or promoter of any issuer that, while the person was acting in that capacity:

(a) was the subject of a cease trade or similar offer that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days, or

(b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets.

Penalties or Sanctions

Within the ten years preceding the date of this Prospectus, no existing or proposed director, officer, promoter, or other member of management of the Empower Group has been the subject of any penalties or sanctions imposed by a court or a securities regulatory authority relating to trading in securities, the promotion, formation or management of a publicly traded company, or involving theft or fraud.

Personal Bankruptcies

During the ten years preceding the date of this Prospectus, no existing or proposed director, or officer, promoter or other member of management of the Empower Group has been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceeding, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Executive Compensation

During the period commencing on April 1, 2002 and ending December 31, 2002, the aggregate direct remuneration paid and/or payable by Empower Group to its senior officers was $128,500 as set out below.

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year[3]	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Common Shares Under Options granted (#)	Restricted Shares or Restricted Share Units	LTIP Payouts ($)	All other Compensation ($)
Paul Leung, President	2002	$15,500	$0	Nil	Nil	Nil	Nil	Nil
	2001	$37,066	$0	Nil	Nil	Nil	Nil	Nil
	2000	$21,258	$0	Nil	Nil	Nil	Nil	Nil
Kiffin Tam, Chief Operating Officer [1]	2002	$26,500	$0	Nil	Nil	Nil	Nil	Nil
	2001	$48,085	$0	Nil	Nil	Nil	Nil	Nil
	2000	$21,020	$0	Nil	Nil	Nil	Nil	Nil
Kenneth Ho, Vice-President, Research and Development	2002	$43,500	$0	Nil	Nil	Nil	Nil	Nil
	2001	$82,085	$0	Nil	Nil	Nil	Nil	Nil
	2000	$71,997	$0	Nil	Nil	Nil	Nil	Nil
Herrick Lau, Vice-President, Finance[2]	2002	$10,000	$0	Nil	Nil	Nil	Nil	Nil
	2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amy Chan, Treasurer and General Manager	2002	$33,000	$0	Nil	Nil	Nil	Nil	Nil
	2001	$43,000	$0	Nil	Nil	Nil	Nil	Nil
	2000	$21,000	$0	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Kiffin Tam resigned from the Empower Group as of March 31, 2003.

(2) Herrick Lau resigned from the Empower Group as of March 31, 2003.

(3) The Year 2002 is for the nine month period ended December 31, 2002, and the Years 2001 and 2000 are for the 12 month fiscal years ended March 31, 2002 and 2001 respectively.

The employment agreement between Empower US and Paul Leung, Empower Group's CEO, provides that if Mr. Leung's employment is terminated for any reason, other than just cause, Mr. Leung is entitled to severance pay of three months' salary and benefits. The employment agreements for Kenneth Ho and Amy Chan, the other senior officers of Empower Group provide for severance pay of three months' salary and benefits. Monthly compensation under the employment agreements are $3,000, $2,000 and $5,000 for Mr. Leung, Ms. Chan and Mr. Ho, respectively.

Non-Arm's Length Party Transactions

During the period ended December 31, 2002, Empower US had the following transactions with related parties:

a) Paid or accrued management fees of $24,300 (to March 31, 2002 - $72,700; March 31, 2001 - $48,000; March 31, 2000 - $4,000)) to a company with a director in common.

b) Paid or accrued rent of $18,000 (to March 31, 2002 - $24,000; March 31, 2001 - $18,000; March 31, 2000 - $1,500) to a company with a director and officer in common.

c) Borrowed funds from Paul Leung, President of Empower US, which as at December 31, 2002 totalled $975,136, pursuant to that Loan Agreement with Empower US dated March 31, 2002, as amended, repayable with interest at the rate of 12% per annum until the Closing Date and thereafter at the greater of 9.5% and the prime rate plus 2% per annum, secured by the assets of Empower US pursuant to that General Security Agreement dated March 31, 2002. The principal amount is payable in quarterly instalments of $50,000 beginning on January 1, 2005. Interest will accrue until January 1, 2005, when all accrued interest shall be paid and thereafter payable monthly commencing February 1, 2005.

Employment Contracts

Empower Canada has entered into employment agreements with each of its officers. These employment agreements set out, among other things, the amount of compensation to be paid in the event of dismissal without cause.

Conflicts of Interest

Although the directors and officers of the Issuer have various fiduciary obligations to the Empower Group, situations may arise where the interests of the directors and officers of the Issuer could conflict with those of the Issuer. The potential conflicts of interest arise as a result of common ownership and certain common directors, officers and personnel of the Empower Group and of Amipo Electronics Manufacturing Ltd. and their respective associates and affiliates. These conflicts are normally resolved in accordance with the *Company Act* (British Columbia) (in the case of the Issuer) which requires disclosures of conflicts at meetings of the directors held for the purposes, inter alia, of acquiring assets or dealing in assets in which directors have an interest. A transaction with an interested director may be approved if the transaction receives the affirmative vote of a majority of the Issuer's other directors.

Amipo presently subleases offices to Empower Canada, however, Empower Canada pays rent direct to the head landlord. Amipo also provides Empower Canada with the use of its office furniture, equipment and telephone system. As consideration for this, Empower Canada will pay Amipo $3,000 as a lease fee.

It is also contemplated by the management of Empower Group that Amipo may eventually be used to manufacture Empower Group's future products. The terms and conditions under which such manufacturing may be undertaken have not yet been determined.

Mr. Paul Leung, the President, CEO and sole shareholder of the Issuer, is also the Chief Executive Officer of Empower US and controls the majority of the Empower US Shares, and is the sole shareholder of Amipo.

The directors and officers of the Empower Group are both by statute and at common law, required to act fairly and in the best interest of the Empower Group and are not permitted to breach this fiduciary duty for their own benefit. At no time has any director or officer of the Empower Group, or any associate of any such director or officer, been indebted to the Empower Group.

While the Empower Group does not anticipate making any loans to directors, officers or affiliates, if such a need should arise, no future loans will be made to such persons absent a bona fide, and independent business purpose.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Issuer that are or have been within the last five years, directors, officer or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
Ronald G. Paton	Conquistador Mines Ltd.	Secretary	January 1998 March 1996	June 2001 July 1996
	Denstone Ventures Ltd.	Director	November 1997	February 2001
	First Venture Capital	Secretary	January 2001	Present
	Immune Network Ltd.	Secretary	June 1999	January 2002
	IntraCoastal System Engineering Corp.	Secretary	July 1999	September 2002
	Panoramic Mirrors	Secretary Director	May 2000 June 2001	Present January 2003
	Pinewood Resources Ltd.	Director of Subsidiary Secretary	December 2000 May 1998	October 2001 June 2001

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

The following information is intended as a brief description of the proposed Stock Option Plan:

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 20% of the then issued and outstanding Common Shares, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Common Shares traded through the facilities of the Exchange on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the Exchange or, if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.

2. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, without having been exercised in full, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the board of directors grant and announce the granting of the option.

3. If the option holder ceases to be a director of the Issuer or its subsidiaries or ceases to be employed by the Issuer or its subsidiaries (other then by reason of death), as the case may be, then the option granted shall expire no later than the 90th day following the date that the option holder ceases to be a director or ceases to be employed by the Issuer or its subsidiaries, subject to the terms and conditions set out in the Stock Option Plan.

4. For so long as the Issuer is classified as a Tier 2 company or equivalent designation on the Exchange, all options granted pursuant to the Stock Option Plan shall be subject to vesting provisions determined by the board of directors in accordance with the requirements of the Exchange.

5. An individual cannot receive grants of more than 5% of the outstanding shares of the Issuer during any one year period.

The Stock Option Plan will be administered by such senior officer or employee as may be designated by the board of directors from time to time. Upon the approval of the Stock Option Plan by the shareholders of the Issuer and completion of the Merger, shareholder approval will not be required or sought on a case-by-case basis for the purpose of the granting of options to and the exercise of options by employees of the Issuer or its subsidiaries regularly employed on a full-time or part-time basis, directors of the Issuer or its subsidiaries and persons who perform services for Newco on an ongoing basis or who have provided, or are expected to provide, services of value to the Issuer or its subsidiaries.

Option to Purchase Securities

The following table sets out certain information concerning options to purchase securities of the Issuer that are proposed to be granted, subject to approval of the Exchange on completion of the Merger and the Offering.

Optionees	Total Number of Optional Common Shares of the Resulting Issuer	Exercise Price	Expiry Date
Paul Leung	900,000	$0.35	Five years from the Closing Date
Kenneth Ho	500,000	$0.35	Five years from the Closing Date
Amy Chan	900,000	$0.35	Five years from the Closing Date
Chris Graham	25,000	$0.35	Five years from the Closing Date
Ron Paton	25,000	$0.35	Five years from the Closing Date
Edward Bagg	25,000	$0.35	Five years from the Closing Date
Ian Munro	25,000	$0.35	Five years from the Closing Date
Michael Chang	100,000	$0.35	Five years from the Closing Date
Karen Jou	15,000	$0.35	Five years from the Closing Date
Diana Carnegie	5,000	$0.35	Five years from the Closing Date

PRIOR SALES

Since the date of incorporation of the Issuer, Common Shares and Special Warrants have been issued as follows:

Date	Number of Securities	Issue Price	Aggregate Issue Price	Source of Consideration
February 26, 2003	1 Common Share	$1.00	$1.00	cash
March 21, 2003	500,151 Special Warrants (brokered)	$0.30	$150,045	cash
March 21, 2003	84,000 Special Warrants (non-brokered)	$0.30	$25,200	cash
April 30, 2003	297,160 Special Warrants (brokered)	$0.30	$89,148	cash
May 28, 2003	309,006 Special Warrants (brokered)	$0.30	$95,702	cash

Private Placements

The Issuer has completed the Private Placements of an aggregate of 1,200,317 Special Warrants at a price of $0.30 per Special Warrant.

Prior Sales by Empower US

The dates and the prices at which securities of Empower US have been sold within the previous 12 months by Empower US and the number of securities of the Empower US common shares sold at each price is as follows:

Date	Number of Shares Issued	Issue Price per Share	Aggregate Consideration	Nature of Consideration Received
March 25, 2002	200,000	$0.50	$100,000	Cash
June 30, 2002	220,870	$0.65	$143,565	Cash

ESCROWED SHARES

Escrowed Shares Following the Merger

After the completion of the Merger, 10,200,000 Merger Shares (the "Escrowed Shares") will be held subject to the terms of an escrow agreement (the "Escrow Agreement") under National Policy 46-201, the national escrow regime. The escrow policy of the Exchange will not apply to the Common Shares.

The Escrowed Shares will be held by Computershare Trust Company of Canada, as trustee, pursuant to an escrow agreement to be dated as at the Closing Date in the form required by National Policy 46-201.

The Escrowed Shares will be released from escrow over three years following the Closing, 10% of the shares of which are to be released on the Closing Date, and then 15% to be released every six months thereafter.

The holder of the 10,200,000 Escrowed Shares will be the following:

Name of Beneficial Owner	Number of Common Shares Held in Escrow	Percentage of Common Shares issued on Completion of Merger and Offering
Shelbourne Trust Company (BVI) Limited in trust for PAL Trust(1)	9,450,000	47.21%
Kiffin Tam	750,000	3.75%

(1)PAL Trust is a discretionary trust, of which the immediate family of Paul Leung, the President of the Empower Group, including Amy Chan, are the beneficiaries.

DILUTION

Based on the consolidated balance sheet of the Issuer at March 31, 2003, investors under this Offering will suffer dilution from basic value calculated as follows:

	Per Common Share	
Public offering price		$ 0.35
Consolidated net tangible book value before this Offering	$ 133,287	
Increase (decrease) in net tangible book value attributable to the Merger(1)	$ (69,312)	
Increase in net tangible book value attributable to the Offering(2)	$ 1,198,000	
Net tangible book value after giving effect to this Offering	$ 939,975	
Net tangible book value per Common Share after giving effect to this Offering(3)		$ 0.05
Dilution to subscriber		$ 0.30
Percentage of dilution in relation to the Offering Price		85.88%

Notes:

(1) Shareholders' equity of the Empower US shareholders as at March 31, 2003.

(2) See "Plan of Distribution." Equal to the $1,288,000 proceeds, net of commissions, of the Minimum Offering, less the estimated expenses of this Offering of $90,000.

(3) Assuming issued and outstanding shares following the Minimum Offering of 4,000,000 Units (see "Capitalization").

PRINCIPAL SHAREHOLDERS

To the knowledge of the Director and Officers of the Issuer, no person beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Issuer as of the date of this Prospectus. On completion of the Merger, the following securityholder will then own more than 10% of the outstanding Common Shares:

Name and Municipality of Residence	Number of Common Shares of the Issuer Currently Held	Percentage of Outstanding Common Shares of the Issuer Currently Held	Number of Common Shares Held following the Merger and the Offering	Percentage of Outstanding Common Shares Following the Merger and the Offering[(1)]	Percentage of Fully Diluted Outstanding Common Shares Following the Offering[(2)]
Shelbourne Trust Company (BVI) Limited in Trust for PAL Trust[(3)] Tortola, BVI	Nil	N/A	9,450,000	47.21%	34.47%
Total	Nil	N/A	9,450,000	47.21	34.47%

Notes:

(1) Based on 20,014,983 Common Shares outstanding following the completion of the Merger and the Offering, assuming completion of the Minimum Offering and an Offering Price of $0.35. If the Maximum Offering is completed, the percentage of the outstanding shares held becomes 43.49%.

(2) Based on a fully diluted share capital of 27,418,297 Common Shares (see "Capitalization – Fully Diluted Share Capital"). If the Maximum Offering is completed, the percentage of the outstanding shares held becomes 27.85%.

(3) PAL Trust is a discretionary trust, of which the immediate family of Paul Leung, the President of the Empower Group, including Amy Chan, are the beneficiaries.

INVESTOR RELATIONS ARRANGEMENTS

The Issuer has not entered into any agreement or understanding with any person to provide promotional or investor relations services for the Issuer or its securities. All such services will be performed by the Issuer's employees for the foreseeable future.

RELATIONSHIP BETWEEN THE ISSUER AND AGENT

The Issuer is not a related party or connected party, as defined in National Instrument 33-105, of the Agent. The Agent has acted as agent and advisor for Empower US in previous private placements of Empower US securities. In connection with those services, the Agent received, with other cash consideration, 284,600 Empower US Shares, which on completion of the Merger and this Offering will be exchanged for 284,600 Common Shares of the Issuer.

RELATIONSHIP BETWEEN THE ISSUER AND PROFESSIONAL PERSONS

No professional person as defined in section 106(2) of the *Securities Rules* (British Columbia) or section 85(1) of the *Securities Rules* (Alberta), including the Issuer's solicitor or any partner of such solicitor's firm, has any beneficial interest, direct or indirect, in any securities or property of the Issuer or an Associate or Affiliate of the Issuer.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

To the knowledge of Management of the Issuer, no other Insider or proposed Director of the Issuer or any Associate or Affiliate of such person had any interest in any material transaction during the year ended December 31, 2002, or has any interest in any material transaction in the current year, except as otherwise disclosed in this Prospectus. See "Directors, Management and Promoters - Non-Arm's Length Party Transactions".

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

To the knowledge of Management, no other current or proposed Director, senior Officer, or Insider of the Issuer, or Associates and Affiliates of these persons, had any interest in any transaction proposed herein except as otherwise disclosed in this Prospectus. See "Directors, Management and Promoters - Promoter and Promoter Consideration and Conflicts of Interest" and "Options to Purchase Securities".

LEGAL PROCEEDINGS

There are no actual or pending legal proceedings to which the Issuer is a party or of which any of their respective assets is subject.

EXPERTS

There are no experts responsible for opinions referred to in this Prospectus.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditor of the Issuer and Empower US is Davidson & Company, Chartered Accountants, 1200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, which has been the auditor of Empower US since 2002.

The registrar and transfer agent of the Issuer is Computershare Investor Services Inc., 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, the Issuer and the Empower Group have not entered into any material contracts since their respective dates of incorporation, except:

1. Agency Agreement for Share Private Placement dated May 11, 2000 between Empower US and Canaccord Capital Corporation (the "Agent") – agreement whereby the Agent acted as Empower US's exclusive agent for a completed private placement of 1,410,000 shares of Empower US at a price of $0.50 per share;

2. Software Development Agreement dated September 18, 2000 among Empower US and Seiko Epson Corporation ("Seiko"), and Epson America Inc. ("EAI") – agreement whereby Empower US is to develop a Linux-based operating software for product of Seiko and Seiko has the right to negotiate to be the first licensee of the said software;

3. Manufacturer's Representative Agreement dated January 18, 2001 between Empower US and Charlie Chen – agreement appointing Charlie Chen as exclusive representative for Empower US's products in all of Asia other than Japan;

4. Sublease Agreement dated December 31, 2002 between Empower Canada and Amipo Electronics Manufacturing Ltd. – sublease for Empower Canada's premises in Richmond, B.C.;

5. Consent to sublease among Mason Investments Ltd., Amipo Electronics Manufacturing Ltd. and Empower Canada dated February 14, 2003 – consent to the sublease for Empower Canada's premises in Richmond, B.C.;

6. Services Agreement dated March 1, 2000 between Empower Canada and Amipo Electronics Manufacturing Ltd. ("Amipo") and Amendment for Services Agreement dated May 1, 2001 – agreement whereby Amipo provides certain services to support and facilitate the business of Empower Canada;

7. Research and Development Agreement dated January 1, 2000 between Empower US and Empower Canada and Amipo Asia Company Ltd. (the "Developer") – agreement whereby the Developer has agreed to undertake the development of certain products for Empower US and Empower Canada;

8. Research and Development Agreement dated April 1, 2001 among Empower US, Empower Canada and Empower Shanghai – agreement whereby Empower Shanghai undertakes to develop certain products including software for Empower Canada and Empower US;

9. Research and Development Agreement dated January 1, 2000 between Empower US and Empower Canada – agreement whereby Empower Canada has agreed to develop certain products and software for Empower US;

10. Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated May 8, 2000 among Empower US and Montreal Trust Company of Canada – agreement to appoint transfer agent for Empower US;

11. Assignment of Agencies Agreement dated January 15, 2001 among Empower US and Montreal Trust Company and Montreal Trust Company of Canada and Computershare Trust Company of Canada – assignment of transfer agent agreement with Empower US to Computershare;

12. Loan Agreement dated March 31, 2002 between Empower US and Paul Leung, as amended – agreement whereby Paul Leung agreed to loan certain funds to Empower US to be secured by a general security agreement;

13. General Security Agreement dated March 31, 2002 between Empower US and Paul Leung – security granted by Empower US in favour of Paul Leung for all funds loaned pursuant to the Loan Agreement with Paul Leung, the balance of which at December 31, 2002 was $975,136;

14. General Security Agreement dated September 11, 2002 between Empower US and Lang Michener – security agreement in favour of Lang Michener securing all outstanding fees and disbursements owed by the Empower Group, the balance of which at December 31, 2002 was $158,038;

15. LinuxDA O/S DBE License Agreement between Empower and Leadertoma Co. Ltd. (the "Licensee") of Taiwan, dated September 10, 2002 – agreement whereby Empower US granted a non-exclusive license to bundle certain Empower software with certain Licensee products;

16. Non-card Manufacturer License Agreement between Empower and MultimediaCard Association ("MMCA") dated September 5, 2002 – agreement whereby MCA granted a world-wide, non-exclusive license to Empower US for the use of technical specifications that interoperate with MMCA products;

17. Multimediacard OEM Trademark License Agreement between Empower and Multimediacard Association ("MMCA") dated September 9, 2002 – agreement whereby MMCA has granted world-wide, non-exclusive license to Empower US for the use of certain MMCA trade-marks;

18. Manufacturer's Representative Agreement dated December 20, 2002 between Empower US and Steve Collins – agreement whereby Steve Collins is appointed as non-exclusive representative for Empower US's products in the USA;

19. Distributorship Agreement dated January 13, 2003 between Empower US and McKinnon Micro Distributing Ltd. – agreement whereby Empower US appointed McKinnon as a non-exclusive distributor for Empower US's products in Canada;

20. Support Agreement between the Issuer and Shellborne Trust Company (BVI) Limited in Trust for PAL Trust (the "Securityholder") dated February 25, 2003 – agreement whereby Securityholder has agreed to vote in favour of the merger;

21. Agency Agreement for Special Warrant Private Placement dated February 26, 2003 among the Issuer, Empower US and Canaccord Capital Corporation – agreement appointing Agent as exclusive agent for the Offering;

22. Loan Agreement dated as of March 10, 2003 between the Issuer and Empower Canada for the loan of the Net Proceeds of this Offering;

23. Guarantee dated as of March 10, 2003 granted by Empower US to the Issuer with respect to Net Proceeds to be loaned to Empower Canada;

24. General Security Agreement dated as of March 10, 2003 granted by Empower Canada to the Issuer with respect to Net Proceeds to be loaned to Empower Canada;

25. Security Agreement dated as of March 10, 2003 granted by Empower US to the Issuer in support of the guarantee of Empower US for the loan of the Net Proceeds to Empower Canada;

26. Transfer Agent Agreement dated March 26, 2003 between the Issuer and Computershare Investor Services Inc. - agreement to appoint transfer agent and registrar for the Issuer.

27. Merger Agreement between Empower US and the Issuer dated as of March 31, 2003 whereby the parties agreed to complete the Merger;

28. Agency Agreement dated June 6, 2003 among the Issuer, Empower US and the Agent whereby the Agent has agreed to act as the Issuer's exclusive agent for the Offering.

Copies of these agreements will be available for inspection at the office of the Issuer's solicitors, Lang Michener, 1500 – 1055 West Georgia Street, Vancouver, British Columbia during ordinary business hours until the day of the Closing.

RISK FACTORS

The following offers an overview of some of the risk factors in relation to the Issuer and Empower US's business. Information contained herein includes "forward-looking statements" which can be identified by the use of forward-looking terminology such as "believes, expects, may, should," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. No assurance can be given that the future results covered by the forward-looking statements will be achieved. The following matters constitute cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties, that could cause actual results to vary materially from the future results covered in such forward-looking statements. Other unanticipated factors could also cause actual results to vary materially from the future results covered in such forward-looking statements.

Business of the Issuer. The Issuer currently has no active business. On completion of the Merger, the business of Empower US and its subsidiaries shall be the business of the Issuer.

Development Stage Enterprise. The markets for Empower US's intended products and services have only recently begun to develop. Demand and market acceptance for software products developed under the open source development model and services relating to these products are subject to a high level of uncertainty and risk. Few open source software products have gained widespread commercial acceptance. This is partly due to the lack of viable open source industry participants to offer adequate service and support on a long term basis. In addition, open source vendors are not able to provide industry standard warranties and indemnities for their products, since these products have been developed largely by independent parties over whom open source vendors exercise no control or supervision. Finally, there are currently few widely available commercial applications built for use with open source operating systems such as those based on the Linux Kernel. If open source software should fail to gain widespread commercial acceptance, Empower US's business, operating results and financial condition would be materially adversely affected.

Empower US's Limited Operating History. Empower US was only incorporated in 2000 and has no significant business operations or assets other than working capital. Development of the proposed LinuxDA O/S and the Issuer's PDA are each at an early stage. There can be no assurance that the financing necessary to complete such development will be available. Even if such financing is available, completion of the development of either product may prove to be impossible, for technical or other reasons. If either product is not successfully developed, a material, adverse effect on Empower US's financial condition and results of operations may be expected. Empower US has no experience in developing and commercializing a PDA or an operating system based on the Linux Kernel and thus, any investment in the Issuer, must be considered speculative and highly risky. Empower US has no history of earnings and it has not paid any dividends. Empower US is very unlikely to realize earnings or pay any dividends in the immediate future.

Business Model. Empower US's strategy is to outsource some of the functions related to the development of the LinuxDA O/S, and engineering of its proposed PDA. It will therefore be necessary for Empower US to enter into contract development and manufacturing arrangement with third parties to perform these functions. Empower US presently intends to have some of the work related to the development of the proposed LinuxDA O/S performed in the People's Republic of China. While Empower US believes this may result in significant savings, it may also expose Empower US to additional risks related to the danger of intellectual property rights infringement. Intellectual property law in the People's Republic of China is legally underdeveloped and not effectively enforced. There can be no assurance Empower US will be successful in protecting any intellectual property rights it may develop in China. However, management of Empower US has considerable experience undertaking development work in the People's Republic of China and has instituted a control system to protect its intellectual property.

Use of the Linux Name. Empower US has negotiated with Linus Torvalds to obtain a license to use the name "Linux" in the name of Empower US's subsidiary and future products. Empower US's business model depends, in part, on the use of the term Linux. In addition, Empower US cannot control the use of this trademark and use by others may lead to confusion about the source, quality, reputation and dependability of Linux, which may harm Empower US's business.

Additional Financing will be Required. Empower US, based on its estimate of costs in connection with the commercialization of its LinuxDA O/S and PDA, will require additional financing. Empower US has no operating revenue and is unlikely to realize operating revenue in the foreseeable future. Empower US, in order to execute its business plan will have to commit significant resources to research and development, sales and marketing, and administrative expenses in the immediate future. The only source of financing presently available to Empower US is the sale of equity capital. There is no assurance such source will continue to be available, on acceptable terms or at all. To the extent that equity financing continues to be available to the Issuer, future equity financings may result in substantial dilution to purchasers under this Offering.

Significant Losses for the Foreseeable Future. Empower US expects to incur significant losses for the foreseeable future and cannot be certain when or if Empower US will achieve profitability. Failure to become and remain profitable will adversely affect the value of Empower US and Empower US's ability to raise capital and continue operations.

Dependence on Skilled Personnel. Empower US will be dependent on certain members of its management and engineering staff, the loss of services of one or more of whom could adversely affect the Issuer's business. In particular, Empower US will be reliant on the services of Mr. Paul Leung. The loss of the technical knowledge and industry expertise of Mr. Leung could seriously impede the development process of the proposed LinuxDA O/S. There can be no assurance that Empower US will be able to successfully attract and retain skilled and experienced personnel. Empower US does not carry life insurance for any of its key personnel.

Difficulties in Deploying the LinuxDA O/S and Ongoing Technological Developments in Embedded Software Market. Deployment of Empower US's intended products often involves a significant commitment of resources, financial and otherwise, by Empower US's intended customers. The deployment process for the proposed LinuxDA O/S and subsequent improvements and supporting products could be lengthy due to the complexity of these intended products. The market for embedded real-time software is characterized by ongoing technological developments, evolving industry standards and rapid changes in customer requirements. Empower US's success will depend upon its ability to adapt and respond to these changes. If Empower US cannot adapt or respond in a cost effective and timely manner to new technology and new customer requirements, the market for Empower US's product would suffer.

The Open Source Community May React Negatively to Empower US's Business Strategy. Some members of the open source software community have criticized the expansion of different Linux-based operating systems. This type of negative reaction, if widely shared by Empower US's potential customers, developers or the rest of the open source community, could diminish the potential demand for the proposed LinuxDA O/S.

No Assurance of Commercialization. Currently Empower US has completed development of its Motorola Dragonball PDA, and the LinuxDA O/S. There can be no assurance that either its PDA or operating system will meet customer standards, be capable of being produced at commercial costs, be successfully marketed or achieve acceptable profit margins. The public may be reluctant or slow to accept the LinuxDA O/S and/or a PDA based on LinuxDA O/S. If that is the case, a material adverse effect on Empower US's results of operations may be expected.

A Significant Portion of Empower US's Revenue is Arrived from Royalties, which are Dependent upon the Efforts of Empower US's Customers which are Outside of its Control. Empower US's operating system is embedded in customers' and user's products, and Empower US will negotiate the payment of royalty fees for each copy of its operating system embedded in those products. Empower US's turnkey solutions will include an embedded operating system and Empower US will negotiate the payment of royalty fees for each product which includes such a system. Empower US's royalty revenues depend upon Empower US's ability to successfully negotiate royalty agreements with its customers and, in turn, their successful commercialization of the underlying products. Empower US cannot control their product development or predict its success. If Empower US's customers are not successful, Empower US's royalty revenues will decline significantly.

If Empower US Loses Third Party License Rights, it may be Unable to sell some of its Intended Products. Empower US intends to license software products from other companies. These third parties may not be able to provide competitive products with adequate features and high quality on a timely basis or to provide sales and marketing co-operation. In addition, Empower US's products may compete with products produced by some of Empower US's licensors. When these licenses terminate or expire, continued license rights may not be available to Empower US on reasonable terms.

Product Errors. Operating systems as complicated as the proposed LinuxDA O/S and the related applications planned by Empower US may contain errors or defects, especially when first introduced, or when new versions are released. Empower US's operating system and software may not be free from errors after commercial release has occurred. Any errors that are discovered after such commercial release could result in loss of revenue or delay in market acceptance, diversion of development resources, damage to Empower US's reputation, increased service and warranty costs and liability claims. In addition, Empower US's proposed products will rely on other software, such as Linux, which may contain defects or errors. Any defects in these products could adversely affect the operation of and market for Empower US's products, reduce revenue, increase costs and damage Empower US's reputation.

Uncertainty of Patents and Proprietary Rights. Empower US's success will depend in part on its ability to obtain U.S. and foreign patent protection for its products including its IAUI™ or its proposed PDA, preserve its trade secrets and operate without infringing the proprietary rights of third parties. Empower US currently holds no patents or registered trademarks and there can be no assurance that, despite any intellectual property protection which Empower US may obtain in the future, Empower US's intellectual property will not be subsequently challenged, infringed upon, invalidated or circumvented by others. The cost of legal action to enforce any intellectual property protection which Empower US may obtain may be prohibitive. There can be no assurance that third parties or competitors will not allege that Empower US's products contravene or infringe their intellectual property rights. Even if such allegations are not valid, if Empower US becomes involved in litigation regarding its rights to any of its products, the potential cost of such litigation and the potential damages that Empower US could be required to pay could be substantial. Empower US will be unable to obtain patent, or significant other intellectual property protection, for the LinuxDA O/S, because the GNU General Public License under which the Linux Kernel was developed will require Empower US to make freely available to the public any modifications or improvements to the Kernel which it develops.

Competition. The issuer will face competition on a number of different levels, with respect to its proposed operating system, its proposed PDA and its proposed Internet services. The markets for these products and services are highly competitive and competition is likely to increase in the future. Empower US faces significant competition from larger companies with greater financial resources and name recognition, such as Palm and Microsoft. Empower US's embedded operating system competitors include Metroworks, LynuxWorks and Monta Vista. Because Linux-based operating systems are open source software, the traditional barriers to entry are minimal. Accordingly, it is possible that new competitors or alliances among competitors may emerge and rapidly acquire significant market share. Empower US's PDA will compete with a variety of smart handheld devices, including touch screen, keyboard-based, smart phones, sub-notebook computers and two-way pagers. Principal competitors in this regard include Palm, Compaq, Casio, Hewlett-Packard, Psion, Research in Motion and Sharp, all of which have far greater financial and technical resources than Empower US, and who will accordingly have a much greater ability to start and win price wars. Empower US's Portal services will compete with a variety of alternative technologies and services including those based on different industry standard s for wireless Internet access, information appliances that provide Internet connectivity as well as other traditional and developing technologies. In all cases, Empower US expects its competitors to continue to improve their products and services, as well as introduce new ones. New and better technologies could, therefore, render Empower US's proposed operating system and proposed PDA obsolete even prior to their completion.

Potential Conflicts of Interest. Although the directors and officers of Empower Group have various fiduciary obligations to Empower Group, situations may arise where the interests of the management of Empower Group could conflict with those of Empower Group. The potential conflicts of interest arise as a result of common ownership and certain common directors, officers and personnel of Empower Group and their associates and affiliates. These conflicts are normally resolved in accordance with the *Company Act* (British Columbia) (in the case of the Issuer) which requires disclosures of conflicts at meetings of the directors held for the purposes, *inter alia*, of acquiring assets or dealing in assets in which directors have an interest. Transactions with interested directors may be approved, but only subject to certain specific requirements intended to provided that the transactions are approved only with the informed consent of a majority of the non-interested directors. See "Conflicts Of Interest". The directors and officers of Empower Group are required to act fairly and in the best interest of Empower Group and are not permitted to breach this fiduciary duty for their own benefit.

Dilution. The Offering price for the Units is substantially higher than the book value of the Units after the Offering. Accordingly, investors who are purchasing Units pursuant to this Offering will incur an immediate dilution on the book value from the price they have paid for their Units.

Subscription Funds. Provided the Minimum Offering is achieved, any funds received from Investors will be available to the Issuer and will not be refunded to the Investors. Even if the Maximum Offering is achieved, the Issuer and Empower US may not have adequate capital to fund all of the business objectives described.

No Assurance of Licence Agreements. Although Empower US has signed two memoranda of understanding to grant licences to an international medical devices company and an Ontario audio company, there can be no assurance that either of these memoranda will result in formal licence agreements or in any licencing or other revenue for the Empower Group. See "Business of the Issuer Following the Merger – Marketing Plans and Strategies". Even if formal licence agreements are signed, there can be no assurance that the products to be developed will be developed or will be commercially viable, or that such will result in any material revenues for the Empower Group

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR CANADIAN INDIVIDUALS

In the opinion of Management upon its own review of the relevant considerations, the following is a summary of the principal considerations under the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder (the "Regulations") for prospective purchasers of Units who are individuals resident only in Canada, who hold and will hold their Units, Common Shares and Warrants as capital property, and who deal and will deal at arm's length with the Issuer, all for the purposes of the Tax Act. Purchasers meeting all such requirements are referred to as "Holders" herein, and this summary only addresses such Holders.

This summary is of a general nature only, is not exhaustive of all possible income tax considerations, and is not intended to be, and should not be construed as, legal or tax advice to any particular purchaser. The income tax consequences of an investment vary according to the circumstances of each purchaser. This summary is based on the current provisions of the Tax Act, the Regulations and the Issuer's understanding of the current administrative policies of the Canada Customs and Regulatory Agency ("CCRA"), and takes into account all proposed changes to the Tax Act and Regulations publicly announced by the Minister of Finance to the date hereof (the "Proposed Amendments"). This summary assumes that the Proposed Amendments will be enacted in the form currently proposed, although no assurance can be given in this respect. This summary does not otherwise take into account or anticipate changes in law, whether by way of judicial decision or legislative action, nor does it take into account provincial, territorial, or foreign tax legislation or considerations. The discussion below is qualified accordingly.

Each prospective purchaser should satisfy himself or herself as to all tax and legal consequences of an investment in Units by consulting his or her own tax and legal advisors.

The price of each Unit must be allocated on a reasonable basis between the underlying Common Share and the Unit Warrant in order to determine their costs for purposes of the Tax Act. The Issuer intends to allocate \$0.349 of the Unit issue price to the underlying Common Share and \$0.001 to the Unit Warrant, although such allocation is not binding on the Holder, or on CCRA.

No gain or loss will be realized by a Holder on the exercise of Unit Warrants for purposes of the Tax Act. On exercise, the cost of the Common Shares acquired will be the aggregate of the Holder's adjusted cost base of the Unit Warrants so exercised and the exercise price. This cost of Common Shares is subject to the averaging rules under the Tax Act.

Dividends on Common Shares are subject to the normal gross-up and dividend tax credit rules under the Tax Act.

Generally, the disposition or deemed disposition of a Common Share (or of a Unit, or of a Unit Warrant other than on exercise as described above) to arm's length persons other than the Issuer will result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition thereof exceed (or are exceeded by, respectively) the aggregate of the adjusted cost base thereof and any expenses incurred for the purpose of making the disposition. Such capital gains or losses are subject to the normal taxation rules under the Tax Act, and capital gains can also give rise to or increase liability for the alternative minimum tax in certain circumstances.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In the event that a holder of a Special Warrant, who acquires Common Shares upon the exercise of a Special Warrant as provided for in this prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of the Special Warrants but also of the subscription pursuant to which the Special Warrants were initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid on the acquisition of the Special Warrants. In the event such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was the original subscriber. The foregoing is in addition to any other right or remedy available to a holder of Special Warrants under applicable provisions of the securities legislation of the Special Warrant holder's province or otherwise at law.

SCHEDULE A

EMPOWER TECHNOLOGIES CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2003

AUDITORS' REPORT

To the Directors of
Empower Technologies Corporation

We have audited the balance sheet of Empower Technologies Corporation as at March 31, 2003 and the statements of operations and deficit and cash flows for the period from incorporation on February 21, 2003 to March 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2003 and the results of its operations and its cash flows for the period from incorporation on February 21, 2003 to March 31, 2003 in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

"DAVIDSON & COMPANY"

Vancouver, Canada

Chartered Accountants

April 30, 2003
(except as to Note 8 which
is as of July 31, 2003)

A Member of *SC INTERNATIONAL*

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Telephone (604) 687-0947 Fax (604) 687-6172

EMPOWER TECHNOLOGIES CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2003

ASSETS

Current		
Cash	$	1,173
Receivables		514
		1,687
Deferred acquisition costs (Note 3)		26,460
Due from related parties (Note 4)		145,600
	$	173,747

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	$	40,460
Shareholders' equity		
Capital stock (Note 5)		1
Special warrants (Note 5)		150,369
Deficit		(17,083)
		133,287
	$	173,747

Nature and continuance of operations (Note 1)

Subsequent events (Note 8)

On behalf of the Board:

"Paul Leung" Director "Amy Chan" Director

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

EMPOWER TECHNOLOGIES CORPORATION
STATEMENT OF OPERATIONS AND DEFICIT
PERIOD FROM INCORPORATION ON FEBRUARY 21, 2003 TO MARCH 31, 2003

EXPENSES		
Accounting and audit	$	14,000
Legal		3,083
Loss, being deficit end of period	$	(17,083)
Basic and diluted loss per common share	$	(17,083)
Weighted average number of common shares outstanding		1

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

EMPOWER TECHNOLOGIES CORPORATION
STATEMENT OF CASH FLOWS
PERIOD FROM INCORPORATION ON FEBRUARY 21, 2003 TO MARCH 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$	(17,083)
Changes in non-cash working capital items:		
Increase in receivables		(514)
Increase in accounts payable and accrued liabilities		40,460
Net cash provided by operating activities		22,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred acquisition costs		(26,460)
Net cash used in investing activities		(26,460)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to related parties		(145,600)
Proceeds from issuance of common shares		1
Proceeds from issuance of special warrants		150,369
Net cash provided by financing activities		4,770
Cash, end of period	$	1,173
Cash paid for income taxes	$	-
Cash paid for interest	$	-

There were no significant non-cash transactions for the period ended March 31, 2003.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of the Province of British Columbia on February 21, 2003.

During the period, the Company entered into a merger agreement dated March 31, 2003 (the "Merger Agreement") with Empower Technologies Inc. ("Empower Inc."), a related company by virtue of a common director, which was incorporated under the laws of the State of Washington. Empower Inc. is a provider of Linux-based embedded systems technologies and solutions for the consumer electronics industry and the intelligent appliance market.

Pursuant to the Merger Agreement:

a) The Company and Empower Inc. have agreed to carry out a merger involving the acquisition of 100% of the outstanding shares of Empower Inc. in exchange for an equivalent number of common shares of the Company. This merger will be carried out by way of a merger with ET Merger Corporation, a wholly owned Washington State subsidiary of the Company, and Empower Inc;

b) Each common share of ET Merger Corporation will be cancelled for no consideration upon completion of the merger; and

c) Empower Inc. will be the surviving company.

Concurrent with this merger, the Company is also in the process of filing a prospectus and applying for an initial public offering of the Company's common shares on the TSX Venture Exchange ("TSX-V").

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with 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.

		March 31, 2003
Working capital (deficiency)	$	(38,773)
Deficit		(17,083)

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Deferred acquisition costs

Costs, such as legal, accounting, due diligence, sponsorship and filing fees relating to potential business acquisitions are deferred and applied towards the cost of the acquisition when completed. Such costs are expensed if the potential acquisition is no longer considered viable by management.

Income taxes

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

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For loss per share, the dilutive effect has not been presented separately as it proved to be anti-dilutive.

Loss per share is calculated using the weighted-average number of common shares outstanding during the period.

3. DEFERRED ACQUISITION COSTS

To date, the Company has accrued $26,460 of deferred acquisition costs relating to the proposed merger (Note 1). These costs will be expensed to operations if the merger does not proceed.

4. DUE FROM RELATED PARTIES

During the period, the Company advanced amounts totaling $32,600 to Empower Inc. The amounts are unsecured, non-interest bearing and have no specific terms of repayment and accordingly, the fair value cannot be determined.

The Company also advanced amounts totaling $113,000 to Empower Technologies (Canada) Inc. ("Empower Canada"), a wholly-owned subsidiary of Empower Inc. Pursuant to a Loan Agreement (the "Loan Agreement") between the Company and Empower Canada, the advances bear interest at prime plus 1% and are payable commencing January 31, 2004 in consecutive monthly installments of 4% of the then principal amount plus accrued interest. The advances are secured by the following:

a) the assets of Empower Canada and Empower Inc., pursuant to General Security Agreements granted in favour of the Company, for all amounts advanced to Empower Canada pursuant to the Loan Agreement;

4. DUE FROM RELATED PARTIES (cont'd...)

b) the guarantee of Empower Inc., upon demand of the Company, for repayment of all present and future, direct or indirect, debts, liabilities and obligations of Empower Canada to the Company.

5. CAPITAL STOCK

	Number of Shares		Amount
Authorized			
100,000,000 common shares without par value			
Issued			
For cash	1	$	1
Balance as at March 31, 2003	1	$	1

Special warrants

The Company has allotted the following shares:

	Number of Special Warrants		Amount
Balance as at February 21, 2003	-	$	-
Special warrants issued	584,151		175,245
Less: Issuance costs	-		(24,876)
Balance as at March 31, 2003	584,151	$	150,369

Each Special Warrant is exercisable without payment of further consideration to acquire one common share of the Company and one Warrant. Each Warrant will entitle the holder to purchase one additional common share of the Company at any time prior to the earlier of:

a) two years from the date of issuance of the Special Warrants; and

b) one year from the date on which regulatory approval for the prospectus (Note 1) has been received (the "Qualification Date") at a price which is the greater of $0.35 per share or the Going Public Price.

The Company will use any commercially reasonable efforts to file a prospectus by December 31, 2003, to qualify the distribution of the common shares and warrants issuable on the exercise of the Special Warrants on the TSX-V. The Special Warrants may be exercised at any time and shall be automatically exercised five business days following the Qualification Date.

6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, due from related parties, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Period From Incorporation on February 21, 2003 to March 31, 2003
Loss for the period before income taxes	$ (17,083)
Expected income tax recovery at statutory rates	$ (6,423)
Other deductions	(1,871)
Unrecognized tax benefit of non-capital operating losses	8,294
	$ -

The significant components of the Company's future tax assets are as follows:

	March 31, 2003
Future income tax assets:	
Net operating losses available for future periods	$ 7,853
Issuance costs	7,085
	14,938
Valuation allowance	(14,938)
Net future tax assets	$ -

The Company has non-capital losses carried forward of approximately $22,000 which expire through to 2010. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements and have been offset by a valuation allowance.

8. SUBSEQUENT EVENTS

Subsequent to March 31, 2003, the Company:

a) Incorporated a subsidiary, ET Merger Corporation, under the laws of the State of Washington to effect the merger with Empower Inc.

b) Closed a second brokered private placement and issued 297,160 Special Warrants (terms disclosed under Note 5) at $0.30 per Special Warrant for net proceeds of $79,516.

c) Closed a third brokered private placement and issued 319,006 Special Warrants (terms disclosed under Note 5) at $0.30 per Special Warrant for net proceeds of $81,107.

d) Advanced $129,000 to Empower Inc. with interest calculated at prime plus 1%. The loan shall be paid in consecutive monthly installments commencing January, 2004 on 4% of the then principal amount of the loan plus interest. The loan is secured by a general security agreement and guarantee from Empower Inc.

SCHEDULE B

EMPOWER TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

DECEMBER 31, 2002

AUDITORS' REPORT

To the Directors of
Empower Technologies Inc.

We have audited the consolidated balance sheets of Empower Technologies Inc. as at December 31, 2002 and March 31, 2002 and 2001 and the consolidated statements of operations and deficit and cash flows for the nine month period ended December 31, 2002, the years ended March 31, 2002 and 2001 and for the period from incorporation on February 9, 2000 to March 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and March 31, 2002 and 2001 and the results of its operations and its cash flows for the nine month period ended December 31, 2002, the years ended March 31, 2002 and 2001 and for the period from incorporation on February 9, 2000 to March 31, 2000 in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY"

Vancouver, Canada

Chartered Accountants

April 2, 2003
(except as to Note 16 which
is as of July 31, 2003)

EMPOWER TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)

	December 31, 2002	March 31, 2002	March 31, 2001
ASSETS			
Current			
Cash	$ 11,187	$ 77,705	$ 265,813
Receivables	7,398	5,915	-
Inventory	36,908	-	-
Prepaid expenses	5,715	70,094	6,636
	61,208	153,714	272,449
Deferred acquisition costs (Note 3)	-	15,000	-
Capital assets (Note 4)	60,536	73,920	54,449
Deferred development costs (Note 5)	1,550,779	1,247,261	667,016
	$ 1,672,523	$ 1,489,895	$ 993,914
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	$ 613,943	$ 311,388	$ 150,394
Current portion of obligations under capital lease (Note 6)	14,565	11,770	-
	628,508	323,158	150,394
Obligations under capital lease (Note 6)	3,458	14,527	-
Due to related party (Note 9)	975,136	648,943	-
	1,607,102	986,628	150,394
Shareholders' equity			
Capital stock (Note 10)	1,696,960	1,553,395	1,294,395
Deficit	(1,631,539)	(1,050,128)	(450,875)
	65,421	503,267	843,520
	$ 1,672,523	$ 1,489,895	$ 993,914

Nature and continuance of operations (Note 1)
Contingencies (Note 14)
Commitment (Note 15)
Subsequent events (Note 16)
On behalf of the Board:

"Paul Leung" Director   Director

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

EMPOWER TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in Canadian Dollars)

	Nine Month Period Ended December 31, 2002	Year Ended March 31, 2002	Year Ended March 31, 2001	Period From Incorporation on February 9, 2000 to March 31, 2000
SALES	$ 7,352	$ 55,111	$ -	$ -
COST OF SALES	20,862	45,321	-	-
	(13,510)	9,790	-	-
EXPENSES				
Accounting and audit	58,067	25,330	20,000	-
Advertising and promotion	30,915	31,782	18,853	-
Amortization	9,218	16,217	4,675	-
Amortization of assets under capital leases	5,128	3,873	-	-
Bank charges and interest	4,808	2,681	2,466	-
Foreign exchange (gain) loss	1,325	10,178	(6,909)	6,067
Insurance	1,993	-	-	-
Interest on capital lease obligations	7,745	7,850	-	-
Interest on long term liability	68,634	25,670	-	-
Legal fees	150,687	11,007	80,997	1,388
Management and consulting fees	36,105	72,700	56,760	4,000
Office expense	22,328	103,507	22,767	2,892
Rent	19,549	24,309	18,075	1,500
Telephone and utilities	17,726	19,893	8,406	-
Travel	18,810	52,767	71,632	-
Wages and benefits	114,863	202,434	138,872	-
	(567,901)	(610,198)	(436,594)	(15,847)
Loss before other item	(581,411)	(600,408)	(436,594)	(15,847)
OTHER ITEM				
Interest and other income	-	1,155	1,566	-
Loss for the period	(581,411)	(599,253)	(435,028)	(15,847)
Deficit, beginning of period	(1,050,128)	(450,875)	(15,847)	-
Deficit, end of period	$ (1,631,539)	$ (1,050,128)	$ (450,875)	$ (15,847)
Basic and diluted loss per common share	$ (0.04)	$ (0.04)	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding	14,491,281	14,115,384	12,914,554	10,568,800

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

EMPOWER TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Nine Month Period Ended December 31, 2002	Year Ended March 31, 2002	Year Ended March 31, 2001	Period From Incorporation on February 9, 2000 to March 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (581,411)	$ (599,253)	$ (435,028)	$ (15,847)
Items not affecting cash:				
Accrued interest	68,634	25,670	-	-
Amortization	9,218	16,217	4,675	-
Amortization of assets under capital leases	5,128	3,873	-	-
Deferred acquisition costs expensed	15,000	-	-	-
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(1,483)	(5,915)	555	(555)
Increase in inventory	(36,908)	-	-	-
(Increase) decrease in prepaid expenses	64,379	(63,458)	(6,636)	-
Increase in accounts payable and accrued liabilities	302,555	160,994	90,168	60,226
Net cash provided by (used in) operating activities	(154,888)	(461,872)	(346,266)	43,824
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of capital assets	(962)	(5,309)	(59,124)	-
Development costs	(303,518)	(580,245)	(617,695)	(49,321)
Deferred acquisition costs	-	(15,000)	-	-
Net cash used in investing activities	(304,480)	(600,554)	(676,819)	(49,321)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of capital lease obligations	(8,274)	(7,955)	-	-
Advances from related party	257,559	623,273	-	-
Proceeds from issuance of common shares	143,565	259,000	899,531	394,864
Net cash provided by financing activities	392,850	874,318	899,531	394,864
Change in cash during the period	(66,518)	(188,108)	(123,554)	389,367
Cash, beginning of period	77,705	265,813	389,367	-
Cash, end of period	$ 11,187	$ 77,705	$ 265,813	$ 389,367

Supplemental disclosure with respect to cash flows (Note 13)

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

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of the State of Washington, U.S.A. On February 23, 2001 the Company changed its name from Linux DA Inc. to Empower Technologies Inc. Its principal activity is Linux-based embedded system technologies and solutions research and development which is primarily carried out through its wholly-owned subsidiary Empower Technologies (Canada) Inc. and the majority of its programming operation is concentrated in its operations in Shanghai in the People's Republic of China.

During 2002, the Company changed its year end from March 31 to December 31.

The Company has entered into a merger agreement with a company related by virtue of a common director (Note 16).

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with 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.

	December 31, 2002	March 31, 2002	March 31, 2001
Deficit	$ (1,631,539)	$ (1,050,128)	$ (450,875)
Working capital (deficiency)	(567,300)	(169,444)	122,055

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Empower Technologies (Canada) Inc. and Linux DA (Shanghai) Inc. Significant inter-company balances and transactions have been eliminated upon consolidation.

Use of estimates

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

Inventories

Finished goods are stated at the lower of average cost and net realizable value. Cost is determined on the first in, first out basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Deferred development costs

Deferred development costs (other than capital expenditures) relating to the development of Linux-based embedded system technologies are expensed as incurred unless they meet Canadian generally accepted accounting principles for deferral and amortization. Deferred development costs are recorded at cost and are amortized upon commencement of commercial sales on a straight line basis over a period not exceeding three years. The Company reassesses whether it has met the relevant criteria for deferral and amortization and whether there is any impairment in value at each reporting date.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization has been provided using the declining balance method with the following rates:

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

Revenue recognition

The Company records revenue when services have been completed, a sales invoice has been rendered, transfer of title has occurred and collection of the amount is reasonably assured.

Income taxes

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

Foreign currency translation

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

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Stock-based compensation

Effective April 1, 2002, the Company adopted the new CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends the use of fair value-based methodology for measuring compensation costs. The policy has been applied to awards granted on or after the date of adoption. The new section also permits, and the Company has adopted, the use of the intrinsic value-based method, which recognizes compensation cost for awards to employees only when the market price exceeds the exercise price at date of grant, but requires pro-forma disclosure of earnings and earnings per share as if the fair value method had been adopted.

The adoption of this section does not have any impact on its financial statements since there were no options granted during the nine month period ended December 31, 2002.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Diluted loss per share amounts have not been presented as there are no outstanding options or warrants.

Loss per share is calculated using the weighted-average number of common shares outstanding during the period.

Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

3. DEFERRED ACQUISITION COSTS

On March 12, 2002, the Company signed a Letter of Intent with Belltech Ventures Ltd. and Norstar Ventures Corp. pursuant to which they had agreed to complete a business combination of the three companies. The Company accrued $15,000 of deferred acquisition costs relating to the proposed transaction. These costs were expensed to operations during the nine month period ended December 31, 2002 as the transaction did not proceed.

4. CAPITAL ASSETS

	December 31, 2002		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 60,867	$ 27,941	$ 32,926
Furniture and equipment	36,785	10,164	26,621
Leasehold improvements	1,750	761	989
	$ 99,402	$ 38,866	$ 60,536

(Expressed in Canadian Dollars)

4. CAPITAL ASSETS (cont'd...)

	March 31, 2002			March 31, 2001		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 59,905	$ 18,520	$ 41,385	$ 46,449	$ 3,668	$ 42,781
Furniture and equipment	36,785	5,467	31,318	11,175	838	10,337
Leasehold improvements	1,750	533	1,217	1,500	169	1,331
	$ 98,440	$ 24,520	$ 73,920	$ 59,124	$ 4,675	$ 54,449

Included in capital assets is $34,252 (March 31, 2002 - $34,252; March 31, 2001 - $Nil) of computer equipment and furniture and equipment under capital lease with related accumulated amortization of $9,001 (March 31, 2002; - $3,873; March 31, 2001 - $Nil).

5. DEFERRED DEVELOPMENT COSTS

	December 31, 2002	March 31, 2002	March 31, 2001
Balance, beginning of period	$ 1,247,261	$ 667,016	$ 49,321
Equipment and supplies	9,114	15,548	54,777
Rent	41,165	55,255	49,637
Salaries and benefits	160,239	354,645	293,851
Technical consulting fees	93,000	154,797	219,430
	303,518	580,245	617,695
Balance, end of period	$ 1,550,779	$ 1,247,261	$ 667,016

6. OBLIGATIONS UNDER CAPITAL LEASES

	December 31, 2002	March 31, 2002	March 31, 2001
Payments $1,380 per month including interest, due over lease terms expiring through May, 2004	$ 18,023	$ 26,297	$ -
Less: current portion	(14,565)	(11,770)	-
	$ 3,458	$ 14,527	$ -

(Expressed in Canadian Dollars)

6. OBLIGATIONS UNDER CAPITAL LEASES (cont'd...)

Estimated minimum lease payments are as follows:

2003	$ 17,802
2004	3,156
	20,958
Less: amount representing interest	(2,935)
Balance of obligation	$ 18,023

7. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, obligations under capital leases and due to related party. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Certain operations of the Company are conducted in the People's Republic of China ("PRC"). As a result, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, and by the general state of the PRC economy. The operations in the PRC are subject to different considerations and other risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties, unless disclosed elsewhere in these statements:

a) Paid or accrued management fees of $24,300 (March 31, 2002 - $72,700; March 31, 2001 - $48,000; March 31, 2000 - $4,000) to a company with a director in common.

b) Paid or accrued wages and benefits of $15,500 (March 31, 2002 - $80,000; March 31, 2001 - $42,000; March 31, 2000 - $Nil) to a director and an officer of the Company.

c) Paid or accrued rent of $18,000 (March 31, 2002 - $24,000; March 31, 2001 - $18,000; March 31, 2000 - $1,500) to a company with a director and officer in common.

d) Accrued interest of $68,634 (March 31, 2002 - $25,670; March 31, 2001 - $Nil; March 31, 2000 - $Nil) to a director of the Company.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (cont'd...)

Included in deferred development costs are rent of $18,000 (March 31, 2002 - $24,000; March 31, 2001 - $18,000); technical consulting fees of $90,000 (March 31, 2002 - $136,000; March 31, 2001 - $185,000); and salaries and benefits of $70,000 (March 31, 2002 - $130,000; March 31, 2001 - $92,960) paid or accrued to directors and officers and to companies with directors and officers in common.

Included in accounts payable is $268,812 (March 31, 2002 - $187,120; March 31, 2001 - $105,668) due to directors, officers and to companies controlled by directors or officers.

The Company entered into service and research and development agreements with various companies related by virtue of a common director. The agreements will remain in effect until terminated by both parties.

These transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

9. DUE TO RELATED PARTY

The amount due to related party is payable to a director of the Company, bears interest at the rate of 12% per annum, is secured by the assets of the Company (Note 14), and was payable on demand or by March 31, 2003.

Subsequent to the nine month period ended December 31, 2002, the terms were amended so that the amount bears interest at the rate of 12% per annum until the date of completion of a Going Public Event, as defined in the agreement, and thereafter at a rate of the greater of 9.5% or the prime rate plus 2% per annum and is payable in quarterly instalments of $50,000 beginning on January 1, 2005.

10. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
100,000,000 common shares without par value		
100,000,000 preferred shares without par value		
Common shares issued		
Balance as at March 31, 2000	11,580,000	$ 394,864
Shares issued for cash	2,170,195	1,045,098
Shares issued to agent	284,600	-
Issuance costs	-	(145,567)
Balance as at March 31, 2001	14,034,795	1,294,395
Shares issued for cash	359,000	259,000
Balance as at March 31, 2002	14,393,795	1,553,395
Shares issued for cash	220,870	143,565
Balance as at December 31, 2002	14,614,665	$ 1,696,960

(Expressed in Canadian Dollars)

11. INCOME TAXES

A reconciliation of income taxes with the reported taxes is as follows:

	Nine Month Period Ended December 31, 2002	Year Ended March 31, 2002	Year Ended March 31, 2001	Period From Incorporation on February 9, 2000 to March 31, 2000
Loss before income taxes	$ (581,411)	$ (599,253)	$ (435,028)	$ (15,847)
Expected income tax recovery	$ (230,238)	$ (246,012)	$ (165,891)	$ (1,036)
Non-deductible expenses and deferred start-up costs	(30,289)	(106,214)	24,796	144
Unrecognized tax benefit of non-capital operating losses	260,527	352,226	141,095	892
Total income tax recovery	$ -	$ -	$ -	$ -

The significant components of the Company's future tax assets are as follows:

	December 31, 2002	March 31, 2002	March 31, 2001	March 31, 2000
Future income tax assets:				
Net operating losses available for future periods	$ 606,430	$ 470,242	$ 141,987	$ 892
Capital assets	15,264	10,812	2,086	-
Deferred start-up costs	(404,644)	85,848	300,673	-
	217,050	566,902	444,746	892
Valuation allowance	(217,050)	(566,902)	(444,746)	(892)
Net future tax assets	$ -	$ -	$ -	$ -

The Company has non-capital losses carried forward of approximately $1,613,000 which expire through to 2009. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements and have been offset by a valuation allowance.

(Expressed in Canadian Dollars)

12. 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:

	December 31, 2002	March 31, 2002	March 31, 2001
Identifiable assets			
Canada	$ 302,185	$ 214,849	$ 311,647
People's Republic of China	282,364	213,662	-
United States of America	1,087,974	1,061,384	682,267
	$ 1,672,523	$ 1,489,895	$ 993,914

	Nine Month Period Ended December 31, 2002	Year Ended March 31, 2002	Year Ended March 31, 2001	Period From Incorporation on February 9, 2000 to March 31, 2000
Revenue				
Canada	$ -	$ -	$ -	$ -
People's Republic of China	-	-	-	-
United States of America	7,352	55,111	-	-
	$ 7,352	$ 55,111	$ -	$ -
Loss for the period				
Canada	$ (316,356)	$ (449,869)	$ (395,335)	$ (7,273)
People's Republic of China	(26,644)	(54,842)	-	-
United States of America	(238,411)	(94,542)	(39,693)	(8,574)
	$ (581,411)	$ (599,253)	$ (435,028)	$ (15,847)

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Nine Month Period Ended December 31, 2002	Year Ended March 31, 2002	Year Ended March 31, 2001	Period From Incorporation on February 9, 2000 to March 31, 2000
Cash paid during the period for interest	$ 4,808	$ 7,850	$ -	$ -
Cash paid during the period for income taxes	-	-	-	-

(Expressed in Canadian Dollars)

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

There were no significant non-cash transactions for the nine month period ended December 31, 2002.

The significant non-cash transaction for the year ended March 31, 2002 was the acquisition of capital assets of $34,252 under capital lease obligations.

The significant non-cash transaction for the year ended March 31, 2001 was the issuance of 284,600 common shares to an agent for $Nil consideration.

There were no significant non-cash transactions for the period ended March 31, 2000.

14. CONTINGENCIES

Pursuant to a General Security Agreement dated March 31, 2002, security, in the form of the Company's assets, was granted by the Company in favor of a director of the Company, for all funds loaned pursuant to a Loan Agreement between the Company and the director (Note 9).

Pursuant to a General Security Agreement dated September 11, 2002, security, in the form of the Company's assets, was granted by the Company in favor of Lang Michener for all outstanding and future legal fees and disbursements owed by the Company, the balance of which was $153,999 at December 31, 2002.

15. COMMITMENT

The Company has entered into an operating lease agreement for premises with a company controlled by a director. The annual lease commitments under these leases are as follows:

2003	$	54,000
2004		40,500

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2002:

a) The Company entered into a merger agreement dated March 31, 2003 (the "Merger Agreement") with Empower Technologies Corporation ("EmpCorp"), a recently incorporated British Columbia company with no active business and related by virtue of a common director.

   Pursuant to the Merger Agreement:

   i) The Company and EmpCorp have agreed to carry out a merger involving the acquisition of 100% of the outstanding shares of the Company in exchange for an equivalent number of common shares of EmpCorp. This merger will be carried out by way of a merger of ET Merger Corporation, a wholly owned Washington State subsidiary of EmpCorp, with the Company;

16. SUBSEQUENT EVENTS (cont'd…)

a) (cont'd…)

ii) Each common share of ET Merger Corporation will be cancelled for no consideration; and

iii) The Company will be the surviving company.

Concurrent with this merger, EmpCorp is also in the process of applying for an initial public offering of its common shares on the TSX Venture Exchange.

b) EmpCorp is also in the process of conducting a brokered private placement (the "Offering Memorandum") through Canaccord Capital Corporation (the "Agent") of a maximum offering of 2,666,667 Special Warrants at $0.30 per Special Warrant for gross proceeds of up to $800,000. Each Special Warrant is exercisable without payment of further consideration to acquire one common share of EmpCorp and one Warrant. Each Warrant will entitle the holder to purchase one additional common share of EmpCorp at any time prior to the earlier of:

i) two years from the date of issuance of the Special Warrants; and

ii) one year from the date on which regulatory approval for the prospectus has been received (the "Qualification Date") at a price the greater of $0.35 per share or the Going Public Price.

EmpCorp will use its commercially reasonable efforts to file a prospectus by December 31, 2003, to qualify the distribution of the common shares and warrants issuable on the exercise of the Special Warrants. The Special Warrants may be exercised at any time and shall be automatically exercised five business days following the Qualification Date.

EmpCorp will advance all of the net proceeds to the Company's wholly owned subsidiary Empower Technologies (Canada) Inc. by way of a loan secured by a security agreement and a guarantee of the Company.

SCHEDULE C

EMPOWER TECHNOLOGIES INC.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

MARCH 31, 2003

EMPOWER TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2003	December 31, 2002
ASSETS		
Current		
Cash	$ 10,699	$ 11,187
Receivables	4,438	7,398
Inventory	35,331	36,908
Prepaid expenses	5,435	5,715
	55,903	61,208
Capital assets (Note 3)	56,896	60,536
Deferred development costs (Note 4)	1,621,526	1,550,779
	$ 1,734,325	$ 1,672,523
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	$ 587,545	$ 613,943
Current portion of obligations under capital leases (Note 5)	14,760	14,565
Due to related parties (Note 8)	145,600	-
	747,905	628,508
Obligations under capital leases (Note 5)	-	3,458
Due to related party (Note 8)	1,055,732	975,136
	1,803,637	1,607,102
Shareholders' equity (deficiency)		
Capital stock (Note 9)	1,696,960	1,696,960
Deficit	(1,766,272)	(1,631,539)
	(69,312)	65,421
	$ 1,734,325	$ 1,672,523

Nature and continuance of operations (Note 1)
Contingencies (Note 13)
Commitment (Note 14)
Subsequent events (Note 15)
On behalf of the Board:

"Paul Leung" Director

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

EMPOWER TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in Canadian Dollars)
(Unaudited)
THREE MONTH PERIOD ENDED MARCH 31

	2003	2002
SALES	$ 398	$ 22,162
COST OF SALES	317	44,800
	81	(22,638)
EXPENSES		
Accounting and audit	4,000	19,691
Advertising and promotion	1,064	5,292
Amortization	1,931	3,824
Amortization of assets under capital leases	1,709	968
Bank charges and interest	1,893	2,007
Foreign exchange (gain) loss	(6,271)	8,924
Interest on capital leases	1,187	1,993
Interest on long term liability	29,096	15,128
Legal	44,463	40,745
Management and consulting fees	4,500	2,888
Office expense	6,327	8,657
Rent	6,000	3,953
Telephone and utilities	5,940	7,146
Travel	2,190	11,906
Wages and benefits	30,785	50,967
	(134,814)	(184,089)
Loss for the period	(134,733)	(206,727)
Deficit, beginning of period	(1,631,539)	(843,401)
Deficit, end of period	$ (1,766,272)	$ (1,050,128)
Basic loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	14,614,665	14,193,795

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

EMPOWER TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)
THREE MONTH PERIOD ENDED MARCH 31

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (134,733)	$ (206,727)
Items not affecting cash:		
Accrued interest	29,096	15,128
Amortization	1,931	3,824
Amortization of assets under capital leases	1,709	968
Changes in non-cash working capital items:		
(Increase) decrease in receivables	2,960	(344)
Decrease in inventory	1,577	24,201
(Increase) decrease in prepaid expenses	280	(56,693)
Increase (decrease) in accounts payable and accrued liabilities	23,202	(69,195)
Net cash used in operating activities	(73,978)	(288,838)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred development costs	(70,747)	(158,947)
Deferred acquisition costs	-	(15,000)
Net cash used in investing activities	(70,747)	(173,947)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	(3,263)	(2,442)
Advances from related parties	147,500	416,299
Proceeds from issuance of common shares	-	100,000
Net cash provided by financing activities	144,237	513,857
Change in cash during the period	(488)	51,072
Cash, beginning of period	11,187	26,633
Cash, end of period	$ 10,699	$ 77,705

Supplemental disclosure with respect to cash flows (Note 12)

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

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of the State of Washington, U.S.A. Its principal activity is Linux-based embedded system technologies and solutions research and development which is primarily carried out through its wholly-owned subsidiary Empower Technologies (Canada) Inc. and the majority of its programming operation is concentrated in its operation in Shanghai, Peoples Republic of China. The Company is considered to be in the development stage as it has not yet earned significant revenues.

During the period, the Company entered into a merger agreement dated March 31, 2003 (the "Merger Agreement") with Empower Technologies Corp. ("EmpCorp"), a company incorporated under the laws of British Columbia and a related company by virtue of a common director. Currently, EmpCorp has no active business.

Pursuant to the Merger Agreement:

a) The Company and EmpCorp have agreed to carry out a merger involving the acquisition of 100% of the outstanding shares of the Company in exchange for an equivalent number of common shares of EmpCorp. This merger will be carried out by way of a merger of a wholly owned Washington State subsidiary of EmpCorp, ET Merger Corporation, with the Company;

b) Each common share of ET Merger Corporation will be cancelled for no consideration; and

c) The Company will be the surviving company.

Concurrent with this merger, EmpCorp is also in the process of applying for an initial public offering of its common shares on the TSX Venture Exchange ("TSX-V").

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with 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.

	March 31, 2003	December 31, 2002
Deficit	$ (1,766,272)	$ (1,631,539)
Working capital (deficiency)	(692,002)	(567,300)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Empower Technologies (Canada) Inc. and Linux DA (Shanghai) Inc. Significant inter-company balances and transactions have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Use of estimates

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

Inventories

Finished goods are stated at the lower of average cost and net realizable value. Cost is determined on the first in, first out basis.

Deferred development costs

Deferred development costs (other than capital expenditures) relating to the development of Linux-based embedded system technologies are expensed as incurred unless they meet Canadian generally accepted accounting principles for deferral and amortization. Deferred development costs are recorded at cost and are amortized upon commencement of commercial sales on a straight line basis over a period not exceeding three years. The Company reassesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization has been provided using the declining balance basis with the following rates:

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

Revenue recognition

The Company records sales when services or product sales have been completed, a sales invoice rendered, transfer of title has occurred and collection of the amount is reasonably assured.

Income taxes

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

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

Stock-based compensation

Effective April 1, 2002, the Company adopted the new CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends the use of fair value-based methodology for measuring compensation costs. The policy has been applied to awards granted on or after the date of adoption. The new section also permits, and the Company has adopted, the use of the intrinsic value-based method, which recognizes compensation cost for awards to employees only when the market price exceeds the exercise price at date of grant, but requires pro-forma disclosure of earnings and earnings per share as if the fair value method had been adopted.

The adoption of this section does not have any impact on these financial statements.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Diluted loss per share amounts have not been presented as there are no outstanding options or warrants.

Loss per share is calculated using the weighted-average number of common shares outstanding during the period.

Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

(Expressed in Canadian Dollars)

3. CAPITAL ASSETS

	March 31, 2003			December 31, 2002		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 60,867	$ 30,188	$ 30,679	$ 60,867	$ 27,941	$ 32,926
Furniture and equipment	36,785	11,495	25,290	36,785	10,164	26,621
Leasehold improvements	1,750	823	927	1,750	761	989
	$ 99,402	$ 42,506	$ 56,896	$ 99,402	$ 38,866	$ 60,536

Included in capital assets is $34,252 (December 31, 2002 - $34,252) of computer equipment and furniture and equipment under capital lease with related accumulated amortization of $10,710 (December 31, 2002 - $9,001).

4. DEFERRED DEVELOPMENT COSTS

	March 31, 2003	December 31, 2002
Balance, beginning of period	$ 1,550,779	$ 1,247,261
Equipment and supplies	-	9,114
Rent	7,147	41,165
Salaries and benefits	33,600	160,239
Technical consulting fees	30,000	93,000
	70,747	303,518
Balance, end of period	$ 1,621,526	$ 1,550,779

5. OBLIGATIONS UNDER CAPITAL LEASES

	March 31, 2003	December 31, 2002
Payments of $1,380 per month including interest, due over lease terms expiring through March, 2004	$ 14,760	$ 18,023
Less: current portion	(14,760)	(14,565)
	$ -	$ 3,458

(Expressed in Canadian Dollars)

5. OBLIGATIONS UNDER CAPITAL LEASES (cont'd...)

Estimated minimum lease payments are as follows:

2003	$	13,769
2004		3,156
		16,925
Less: amount representing interest		(2,165)
Balance of obligation	$	14,760

6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, obligations under capital leases and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Certain operations of the Company are conducted in the People's Republic of China ("PRC"). As a result, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, and by the general state of the PRC economy. The operations in the PRC are subject to different considerations and other risks not typically associated with companies in North America. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, changes in governmental policies with respect to laws and regulations, anti-inflationary measures, foreign currency conversion and remittance abroad, and rates and methods of taxation, among other things.

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties, unless disclosed elsewhere in these statements:

a) Paid or accrued management fees of $4,500 (March 31, 2002 - $2,888) to a company with a director in common.

b) Paid or accrued wages and benefits of $5,000 (March 31, 2002 - $3,500) to a director and an officer of the Company.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS (cont'd...)

c) Paid or accrued rent of $Nil (March 31, 2002 - $3,500) to a company with a director and officer in common.

d) Accrued interest of $29,096 (March 31, 2002 - $15,128) to a director of the Company.

Included in deferred development costs at March 31, 2003 is rent of $7,147 (December 31, 2002 - $18,000); technical consulting fees of $30,000 (December 31, 2002 - $90,000); and salaries and benefits of $33,600 (December 31, 2002 - $70,000) paid or accrued to directors and officers and to companies with directors and officers in common.

Included in accounts payable at March 31, 2003 is $257,677 (December 31, 2002 - $268,812) due to directors, officers and to companies controlled by directors or officers.

The Company entered into service and research and development agreements with various companies related by virtue of a common director. The agreements will remain in effect until terminated by both parties.

These transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

8. DUE TO RELATED PARTIES

	March 31, 2003	December 31, 2002
Due to a company related by virtue of a common director, non-interest bearing, unsecured with no specific terms of repayment.	$ 32,600	$ -
Due to a company related by virtue of a common director, bearing interest at prime plus 1%, payable commencing January 31, 2004 in consecutive monthly instalments of 4% of the then outstanding principal amount plus accrued interest, secured by a General Security Agreement (Note 13) over the Company's assets and a guarantee from the Company for repayment.	113,000	-
	$ 145,600	$ -

The amount due to a related party of $1,055,732 at March 31, 2003 (December 31, 2002 - $975,136) is due to a director of the Company, bears interest at 12% per annum until the date of completion of a Going Public Event, as defined in the agreement, and thereafter at a rate of the greater of 9.5% or the prime rate plus 2% per annum, is secured by the assets of the Company (Note 13), and is payable in quarterly instalments of $50,000 beginning on January 1, 2005.

(Expressed in Canadian Dollars)

9. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
100,000,000 common shares without par value		
100,000,000 preferred shares without par value		
Common shares		
Issued		
Balance, March 31, 2000	11,580,000	$ 394,864
For cash	2,170,195	1,045,098
As finder's fee	284,600	-
Issuance costs	-	(145,567)
Balance, March 31, 2001	14,034,795	1,294,395
For cash	359,000	259,000
Balance, March 31, 2002	14,393,795	1,553,395
For cash	220,870	143,565
Balance, December 31, 2002 and March 31, 2003	14,614,665	$ 1,696,960

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Three Month Period Ended March 31, 2003	Three Month Period Ended March 31, 2002
Loss before income taxes	$ (134,733)	$ (206,727)
Expected income tax recovery	$ (50,660)	$ (81,864)
Non-deductible expenses and deferred start-up costs	333	(26,554)
Unrecognized tax benefit of non-capital operating losses	50,327	108,418
	$ -	$ -

(Expressed in Canadian Dollars)

10. INCOME TAXES (cont'd...)

Significant components of the Company's future income tax assets are as follows:

	March 31, 2003	December 31, 2002
Future income tax assets:		
Net operating losses available for future periods	$ 647,400	$ 606,430
Capital assets	13,595	15,264
Deferred start-up costs	(543,758)	(404,644)
	117,237	217,050
Valuation allowance	(117,237)	(217,050)
Net future tax assets	$ -	$ -

The Company has non-capital losses carried forward of approximately $1,747,000 which expire through to 2010. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements.

11. 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, 2003	December 31, 2002
Identifiable assets		
Canada	$ 267,246	$ 302,185
People's Republic of China	281,920	282,364
United States of America	1,185,159	1,087,974
	$ 1,734,325	$ 1,672,523

(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION (cont'd…)

		March 31, 2003		March 31, 2002
Revenue				
Canada	$	-	$	-
People's Republic of China		-		-
United States of America		398		22,162
	$	398	$	22,162
Loss for the period				
Canada	$	(66,345)	$	(176,123)
People's Republic of China		(444)		(5,586)
United States of America		(67,944)		(25,018)
	$	(134,733)	$	(206,727)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		Three Month Period Ended March 31, 2003		Three Month Period Ended March 31, 2002
Cash paid during the period for interest	$	1,893	$	2,007
Cash paid during the period for income taxes		-		-

The significant non-cash transaction for the three month period ended March 31, 2003 was the payment of accounts payable in the amount of $49,600 on behalf of the Company by EmpCorp in exchange for a loan due to this related party.

There were no significant non-cash transactions for the nine month period ended December 31, 2002.

There were no significant non-cash transactions for the three month period ended March 31, 2002.

13. CONTINGENCIES

Pursuant to a General Security Agreement dated March 31, 2002, security, in the form of the Company's assets, was granted by the Company in favor of a director of the Company, for all funds loaned pursuant to a Loan Agreement between the Company and the director (Note 8).

(Expressed in Canadian Dollars)

13. CONTINGENCIES (cont'd…)

Pursuant to a General Security Agreement dated September 11, 2002, security, in the form of the Company's assets, was granted by the Company in favor of Lang Michener for all outstanding and future legal fees and disbursements owed by the Company, the balance of which was $183,637 at March 31, 2003.

Pursuant to a General Security Agreement dated March 10, 2003, security, in the form of the Company's assets, was granted by the Company in favour of EmpCorp for all funds loaned pursuant to a Loan Agreement between the Company and EmpCorp, the balance of which was $113,000 at March 31, 2003.

14. COMMITMENT

The Company entered into an operating lease agreement for premises with a company controlled by a director. The annual lease commitments are as follows:

2003	$ 40,500
2004	40,500

15. SUBSEQUENT EVENTS

Subsequent to March 31, 2003, the Company:

a) On April 30, 2003, received an advance of $79,000 from EmpCorp.

b) On May 28, 2003, received an advance of $50,000 from EmpCorp.

Interest for the above loans is calculated at prime plus 1%. The loan shall be paid in consecutive monthly installments commencing January 31, 2004 on 4% of the then principal amount of the loan plus interest. The loan is secured by a general security agreement and guarantee.

SCHEDULE D

EMPOWER TECHNOLOGIES CORPORATION

PRO-FORMA CONSOLIDATED BALANCE SHEET
(Unaudited – See Compilation Report)

MARCH 31, 2003

COMPILATION REPORT

To the Directors of
Empower Technologies Corporation

We have reviewed, as to compilation only, the accompanying pro-forma consolidated balance sheet of Empower Technologies Corporation as at March 31, 2003 which has been prepared for inclusion in the Prospectus relating to the merger with Empower Technologies Inc. and the initial public offering of a maximum of 5,714,286 units at $0.35 per unit. In our opinion, the pro-forma consolidated balance sheet has been properly compiled to give effect to the proposed transactions and assumptions in the notes thereto.

"DAVIDSON & COMPANY"

Vancouver, Canada

Chartered Accountants

May 22, 2003

EMPOWER TECHNOLOGIES CORPORATION
PRO-FORMA CONSOLIDATED BALANCE SHEET
(Unaudited – See Compilation Report)
AS AT MARCH 31, 2003

	Empower Technologies Inc.	Empower Technologies Corporation	Note	Pro-forma Adjustments	Pro-forma Consolidation
ASSETS					
Current					
Cash	$ 10,699	$ 1,173	2(b (i))	$ 1,840,000	
			2 (b (v))	160,623	
			2 (b (ii))	(10,000)	
			2(b (iii))	(90,000)	$ 1,912,495
Receivables	4,438	514		-	4,952
Inventory	35,331	-		-	35,331
Prepaid expenses	5,435	-		-	5,435
	55,903	1,687		1,900,623	1,958,213
Capital assets	56,896	-		-	56,896
Deferred development costs	1,621,526	-		-	1,621,526
Deferred acquisition costs	-	26,460	2(b (iii))	(26,460)	-
Due from Empower Technologies Inc.	-	145,600		(145,600)	-
	$ 1,734,325	$ 173,747		$ 1,728,563	$ 3,636,635
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current					
Accounts payable and accrued liabilities	$ 587,545	$ 40,460		$ -	$ 628,005
Obligation under capital leases	14,760	-		-	14,760
Advance from Empower Technologies Corporation	145,600	-		(145,600)	-
	747,905	40,460		(145,600)	642,765
Due to related party	1,055,732	-		-	1,055,732
	1,803,637	40,460		(145,600)	1,698,497
Shareholders' equity (deficiency)					
Capital stock (Note 3)	1,696,960	1	2(a)	1	
			2(a)	(1)	
			2(a)	(17,083)	
			2(b (i))	1,840,000	
			2(b (ii))	(10,000)	
			2(b (iii))	(90,000)	
			2(b (iii))	(26,460)	
			2(b (iv))	150,369	
			2(b (v))	160,623	3,704,410
Special warrants	-	150,369	2(b (iv))	(150,369)	-
Deficit	(1,766,272)	(17,083)		17,083	(1,766,272)
	(69,312)	133,287		1,874,163	1,938,138
	$ 1,734,325	$ 173,747		$ 1,728,563	$ 3,636,635

1. BASIS OF PRESENTATION

The accompanying unaudited pro-forma consolidated balance sheet of Empower Technologies Corporation (the "Company") has been prepared by management in accordance with Canadian generally accepted accounting principles from information derived from the audited financial statements of the Company and the unaudited consolidated financial statements of Empower Technologies Inc. ("Empower Inc.") together with other information available to the Company. The unaudited pro-forma consolidated balance sheet has been prepared by the Company to give effect to the purchase of all the issued and outstanding common shares of Empower Inc. The acquisition is subject to certain regulatory and shareholder approvals. In the opinion of the Company's management, the pro-forma consolidated balance sheet includes all adjustments necessary for fair presentation of the transactions as described below.

The unaudited pro-forma consolidated balance sheet is not necessarily indicative of the financial position which would have resulted if the merger of the Company with Empower Inc. had occurred on a concurrent basis as at March 31, 2003. The unaudited pro-forma consolidated balance sheet should be read in conjunction with the March 31, 2003 audited financial statements of the Company and the unaudited consolidated financial statements of Empower Inc.

The unaudited pro-forma consolidated balance sheet of the Company has been compiled from and includes:

a) the audited financial statements of the Company as at March 31, 2003;

b) the unaudited consolidated financial statements of Empower Inc. as at March 31, 2003; and

c) the additional information set out in Note 2.

2. PRO-FORMA TRANSACTIONS

The unaudited pro-forma consolidated balance sheet was prepared based on the following assumptions:

a) The Company and Empower Inc. have agreed to carry out a merger involving the acquisition of 100% of the outstanding shares of Empower Inc. in exchange for an equivalent number of common shares of the Company. This merger will be carried out by way of a merger of a wholly owned Washington State subsidiary of the Company, ET Merger Corporation, with Empower Inc.

   Pursuant to the provisions of the merger agreement, all of the issued and outstanding common shares of Empower Inc. will be disposed of in consideration for the issuance of 14,614,665 common shares of the Company.

   Legally, the Company is the parent of Empower Inc. However, as a result of the share exchange described above, control of the combined companies passed to the former shareholders of Empower Inc. This type of share exchange, referred to as a "reverse takeover", deems Empower Inc. to be the acquiror for accounting purposes. Accordingly, the net assets of the Company were included in the balance sheet and this acquisition was accounted for by the purchase method.

   The cost of an acquisition should be based on the fair value of the consideration given, except where the fair value of the consideration given is not clearly evident.

2. PRO-FORMA TRANSACTIONS (cont'd...)

Since the 14,614,665 common shares issued by the Company pursuant to this reverse takeover represented approximately 100% of the Company's issued and outstanding capital stock, it is impossible to estimate the actual fair market value of these shares. Therefore, the fair value of the shares issued was based on the fair value of the net assets acquired. The fair value of the Company's net assets had a nominal value of $1 as at March 31, 2003.

Concurrent with this merger, the Company is also in the process of applying for an initial public offering of the Company's common shares on the TSX Venture Exchange ("TSX-V").

b) This unaudited pro-forma balance sheet included the effects of the following:

   i) the issuance of a maximum of 5,714,286 units of the Company at $0.35 per unit for net proceeds of $1,840,000. Each unit consists of one common share and one additional warrant, with each warrant entitling the holder to purchase one additional common share at a price of $0.45 per share for a period of 12 months from the Closing Date.

   ii) the payment of $10,000 and the issuance of 200,000 common shares of the Company to the agent as a corporate finance fee.

   iii) the estimated additional costs of the initial public offering, merger and related transactions of $90,000 together with deferred acquisition costs of $26,460.

   iv) the conversion of the 584,151 special warrant financing in the Company totalling $150,369. Each special warrant is exercisable without payment of further consideration to acquire one common share of the Company and one warrant. Each warrant entitles the holder to purchase one additional common share at $0.35 for a period of the earlier of March 14, 2005 or 12 months from the Qualification Date.

   v) the Company closes a second and third brokered private placement of a total of 616,166 special warrants at $0.30 per special warrant for net proceeds of $160,623. Each special warrant is exercisable without payment of further consideration to acquire one common share of the Company and one warrant. Each warrant will entitle the holder to purchase one additional common share at $0.35 for a period of the earlier of March 14, 2005 or 12 months from the Qualification Date.

c) This unaudited pro-forma balance sheet, however, did not include the following:

   i) the exercise of agent warrants to acquire up to 1,142,857 common shares of the Company at $0.45 per share if exercised within the first twelve months from the Closing Date.

   ii) the exercise of warrants to acquire up to 5,714,286 common shares of the Company at $0.45 per share for a period of twelve months from the Closing Date.

   iii) the exercise of warrants to acquire up to 1,200,317 common shares of the Company at $0.35 per share for a period of the earlier of March 14, 2005 or 12 months from the Qualification Date.

3. CAPITAL STOCK

Capital stock as at March 31, 2003 in the unaudited pro-forma consolidated balance sheet is comprised of the following:

	Number of Shares	Amount
Capital stock as set out in the audited financial statements of the Company (Note 1a)	1	$ 1
Capital stock as set out in the unaudited consolidated financial statements of Empower Inc.(Note 1b)	14,614,665	1,696,960
Capital stock of the Company (Note 2a)	-	(1)
Capital stock of Empower Inc. (Note 2a)	(14,614,665)	-
Shares issued on exchange for Empower Inc. common shares (Note 2a)	14,614,665	1
Deficit of Company acquired (Note 2a)	-	(17,083)
Financing from Initial Public Offering (Note 2b (i))	5,714,286	1,840,000
Agent fee (Note 2b (ii))	200,000	(10,000)
Share issuance costs (Note 2b (iii))	-	(90,000)
Deferred acquisition costs (Note 2b (iii))	-	(26,460)
Conversion of special warrant financing (Note 2b (iv))	584,151	150,369
Special warrant financing (Note 2b (v))	616,166	160,623
	21,729,269	$ 3,704,410

CERTIFICATE OF THE ISSUER

The contents of this Prospectus have been approved by the Board of Directors of the Issuer.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of the Issuer offered by this Prospectus as required by the *Securities Act* (British Columbia), *Securities Act* (Ontario) and *Securities Act* (Alberta) and by the respective regulations thereunder.

DATED: July 31, 2003.

"Paul Leung"	"Amy Chan"
Paul Leung	Amy Chan
President and Chief Executive Officer	Chief Financial Officer

ON BEHALF OF THE BOARD

"Ian Munro"
Dr. Ian Munro
Director

PROMOTER

"Paul Leung"
Paul Leung

CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of the Issuer offered by this Prospectus as required by the *Securities Act* (British Columbia), *Securities Act* (Ontario) and *Securities Act* (Alberta) and by the respective regulations thereunder.

DATED: July 31, 2003.

CANACCORD CAPITAL CORPORATION

Per: "Michael G. Greenwood"
Michael G. Greenwood
President and Chief Operating Officer