Acceleware Corp.

(Formerly Poseidon Capital Corp.)
Interim Financial Statements
March 31, 2007
(Unaudited)

Acceleware Corp.
(Formerly Poseidon Capital Corp.)

Interim Financial Statements
March 31, 2007 and 2006
(Unaudited)

Contents

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Balance Sheets
As at:

		March 31, 2007 (unaudited)		December 31, 2006 (audited)
Assets				
Current				
Cash and cash equivalents	$	10,108,233	$	626,996
Accounts receivable		471,597		494,131
Inventory		476,747		324,204
Prepaid expenses		138,938		14,081
		11,195,515		1,459,412
Property and Equipment		477,826		358,132
	$	11,673,341	$	1,817,544
Liabilities and Shareholder's Equity				
Current				
Accounts payable and accrued liabilities	$	311,847	$	274,281
Deferred revenue		125,026		124,323
		436,873		398,604
Shareholders' Equity				
Share capital (note 3)		10,165,298		3,140,414
Warrants (note 3)		3,836,634		529,458
Contributed surplus (note 3)		1,002,833		341,439
Deficit		(3,768,297)		(2,592,371)
		11,236,467		1,418,940
	$	11,673,341	$	1,817,544

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

Approved on behalf of the Board:

(signed) "Sean Krakiwsky"
Director

(signed) "Dennis Nerland"
Director

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Statements of Operations and Deficit
For the:

		Three Months Ended March 31, 2007 (unaudited)		Eight Months Ended March 31, 2006 (unaudited)
Revenue				
Product sales	$	**294,300**	$	285,238
Maintenance		**38,364**		-
Consulting		**-**		56,000
Interest		**34,177**		3,375
		366,841		344,613
Expenses				
Costs of product sales		**157,592**		156,509
General and administrative		**1,087,461**		543,006
Research and development, including stock-based compensation expense of $8,993 (eight months ended March 31, 2006 - $33,389)		**246,629**		280,000
Amortization		**51,085**		9,499
		1,542,767		989,014
Loss for the period		**(1,175,926)**		(644,401)
Deficit, beginning of period		**(2,592,371)**		(324,633)
Deficit, end of period	$	**(3,768,297)**	$	(969,034)
Loss per share				
Basic and diluted	$	**0.06**	$	0.05
Weighted average outstanding		**19,139,531**		13,556,051

See accompanying notes to interim financial statements.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Statements of Cash Flows
For the:

		Three Months Ended March 31, 2007 (unaudited)		Eight Months Ended March 31, 2006 (unaudited)
Cash flows from (used for) operating activities				
Loss for the period	$	**(1,175,926)**	$	(644,401)
Items not involving cash:				
Amortization		**51,085**		9,498
Stock-based compensation		**91,640**		44,091
		(1,033,201)		(590,812)
Changes in non-cash working capital items				
Accounts receivable		**22,534**		(83,625)
Prepaid expenses		**(124,857)**		(1,000)
Inventory		**(152,544)**		(41,435)
Accounts payable and accrued liabilities		**37,568**		8,012
Deferred revenue		**703**		-
Share subscription receivable		**-**		5,376
		(1,249,797)		(703,484)
Cash flows from financing activities				
Issuance of common shares and warrants, net of issue costs		**10,901,813**		1,593,757
Cash flows from investing activities				
Purchase of property and equipment		**(170,779)**		(93,648)
Increase in cash and cash equivalents		**9,481,237**		796,625
Cash and cash equivalents, beginning of period		**626,996**		239,093
Cash and cash equivalents, end of period	$	**10,108,233**	$	1,035,718
Comprised of:				
Cash on hand	$	**175,009**	$	1,035,718
Cash equivalents		**9,933,224**		-
	$	**10,108,233**	$	1,037,718

See accompanying notes to interim financial statements.

1. Description of business, basis of presentation and going concern

The accompanying unaudited interim financial statements do not include all of the information and notes required by Canadian generally accepted accounting principles applicable to audited annual financial statements and therefore should be read in conjunction with the December 31, 2006 audited financial statements and notes. In management's opinion, the interim financial statements have been properly prepared using careful judgment with reasonable limits of materiality and within the same framework of the Company's significant accounting policies and method of application as the most recent audited financial statements except for the changes in accountings policies described in note 2.

These consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent upon successful execution of a marketing strategy, on-going product development, obtaining additional financing and achieving profitable operations. The outcome of these matters cannot be predicted at this time. These interim financial statements do not reflect the adjustments that would be necessary if the Company was unable to continue as a going concern.

2. Change in accounting policies

Accounting Changes

Effective January 1, 2007, the Company adopted the amended Handbook Section 1506 "Accounting Changes". The changes to this Section particularly affect the following:

- An entity would be permitted to change an accounting policy only when it is required by a primary source of GAAP, or when the change results in a more reliable and relevant presentation in the financial statements;
- Changes in accounting policy should be applied retrospectively, except in cases where specific transitional provisions in a primary source of GAAP permit otherwise or where application to comparative information is impractical (the standard provides specific guidance as to what is considered impractical);
- Expanded disclosures about the effects of changes in accounting policy, estimates and errors on the financial statements; and
- Disclosure of new primary sources of GAAP that have been issued but have not yet come into effect and have not yet been adopted by the entity.

The adoption of the amended Section had no affect on the financial statement accounts of the Company.

2. Change in accounting policies (cont'd)

Financial Instruments – Recognition and Measurement

Effective January 1, 2007, the Company adopted, on a retroactive without restatement basis, the CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" which prescribes all financial instruments within the scope of this standard, including derivatives, be initially measured in the balance sheet at fair value, (except for certain related party transactions). Subsequent measurement of financial instruments should be either at their fair value or, in limited circumstances when fair value may not be considered most relevant, at cost or amortized cost. It also specifies when gains and losses as a result of changes in fair value are to be recognized in the income statement. The adoption of this new accounting standard did not significantly affect the Company's financial statements.

Financial Instruments – Disclosure and Presentation

Effective January 1, 2007, the Company adopted, on a prospective basis, reissued Section 3860 of the Handbook as Section 3861, "Financial Instruments - Disclosure and Presentation", which establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. The adoption of the new requirement did not affect the Company's financial statements.

Comprehensive Income

Effective January 1, 2007, the Company adopted, on a retroactive without restatement basis, the new Handbook Section 1530 ''Comprehensive Income'' which requires that an enterprise present comprehensive income and its components, in a financial statement that is displayed with the same prominence as other financial statements. This Section introduces a new requirement to present certain gains and losses temporarily outside net income. The adoption of the new requirement did not affect the Company's financial statements.

2. Change in accounting policies (cont'd)

Primary Sources of GAAP That Have Been Issued But Have Not Yet Come Into Effect

Effective December 2006, the AcSB issued three new Handbook Sections; Section 3862 "Financial Instruments – Disclosures"; Section 3863 "Financial Instruments – Presentation"; and Section 1535 "Capital Disclosures". These new Sections carry forward unchanged presentation requirements of Section 3861 "Financial Instruments – Disclosure and Presentation"; and converge with the capital disclosure-related amendments to International Accounting Standards. Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how these risks are managed and also simplifies the disclosures about concentrations of risk, credit risk, liquidity risk and market risk currently found in Section 3861. Additional requirements include: more extensive disclosures about exposures to liquidity; currency and other price risks and an analysis of the sensitivity of net income for possible changes thereto; more specific disclosures about collateral; and details of liabilities that are in default or in breach of their terms and conditions. Proposed Section 3863 carries forward, without change, the presentation-related requirements of Section 3861. Proposed Section 1535 requires the disclosure of: an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. As required, the Company will adopt these new accounting standards for its interim and annual financial statements beginning on January 1, 2008. The Company is in the process of assessing the full impact of these new Sections on its financial statements.

International Financial Reporting Standards

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS) over a transition period expected to end in 2011. The impact of the transition to IFRS on the Company's financial statements is not yet determinable.

3. Share capital

Authorized:

Unlimited common shares
Unlimited first preferred shares, conditions to be determined
Unlimited second preferred shares, conditions to be determined

Issued:

Common shares	Number		Amount
Balance, December 31, 2006	22,616,267	$	3,140,414
Issued for cash, net of offering costs (i)	4,500,000		1,535,955
Issued for cash, net of offering costs (ii)	6,153,846		4,473,099
Stock option plan exercises:			
Issued for cash	55,000		23,100
Transferred from contributed surplus			15,800
Warrant exercises:			
Issued for cash	1,322,385		760,491
Transferred from warrants			216,439
Balance, March 31, 2007	34,647,498	$	10,165,298

(i) On January 22, 2007, Acceleware Corp. completed a non-brokered private placement of 4,500,000 units to NVIDIA Corporation (NASDAQ: NVDA) at a price of $0.65 per unit for aggregate gross proceeds of $2,925,000 and incurred selling costs of $61,044. Each unit consists of one common share and one-half of one common share-purchase warrant. Each whole warrant is exercisable into one common share at a price of $1.29 per common share for a period of 24 months from the issuance of the warrants. Acceleware Corp. has recorded the fair value of the warrants issued as a separate component of shareholders' equity. The fair value of the share purchase warrants issued was estimated to be $1,328,001 using the Black-Scholes option pricing model based on the following assumptions: dividend yield (Nil), expected volatility (125%), risk free interest rate (4.10%), and weighted average life of 24 months.

3. Share capital (cont'd)

(ii) On February 14, 2007, Acceleware Corp. completed a brokered private placement of 6,153,846 units at a price of $1.30 per unit for aggregate gross proceeds of $8,000,000 and incurred selling costs of $1,331,285 (cash costs of $745,732 and non cash costs of $585,554). Each unit consists of one common share and one-half of one common share-purchase warrant. Each whole warrant is exercisable into one common share at a price of $2.00 per common share for a period of 22 months from the issuance of the warrants. The securities issued pursuant to the offering are subject to a statutory resale restriction period of four months and a day, which expires on June 15, 2007. Acceleware Corp. has recorded the fair value of the warrants issued as a separate component of shareholders' equity. The fair value of the share purchase warrants issued was estimated to be $2,195,614 using the Black-Scholes option pricing model based on the following assumptions: dividend yield (Nil), expected volatility (125%), risk free interest rate (3.97%), and weighted average life of 22 months. Northern Securities Inc. ("Northern") acted as underwriter for the offering.

Warrants

The changes to number of warrants issued by the Company and their weighted average exercise price are as follows:

	Number		Amount		Weighted Average Exercise Price
Balance, December 31, 2006	2,861,600	$	529,458	$	0.665
Issued in respect of private placement January 22, 2007 (i) above	2,250,000		1,328,001		1.290
Issued in respect of private placement February 14, 2007 (ii) above	3,076,923		2,195,614		2.000
Exercised	(1,322,385)		(216,439)		0.575
Balance, March 31, 2007	6,866,138	$	3,836,634	$	1.485

Warrants outstanding and exercisable:

Exercise Price	Warrants Outstanding	Weighted Average Remaining Term (Years)	Warrants Exercisable
0.70	1,289,215	0.89	1,289,215
0.96	250,000	0.55	250,000
1.29	2,250,000	1.82	2,250,000
2.00	3,076,923	1.71	3,076,923
	6,866,138	1.61	6,866,138

3. Share capital (cont'd)

Escrowed shares

At March 31, 2007, an aggregate of 8,084,381 common shares remain subject to escrow agreements pursuant to the requirements of the TSX Venture Exchange. Pursuant to the escrow agreements, an aggregate of 2,021,095 escrowed shares (representing 15% of the 13,473,952 originally escrowed shares) will be released from escrow on each of July 18, 2007, January 18, 2008, July 18, 2008 and January 18, 2009.

Agent options

On February 14, 2007, Acceleware Corp. granted Northern 492,308 non-transferable agent options. Each agent option entitles the holder thereof to acquire one unit at a price of $1.30 for a period of 22 months from the date of issuance of the agent options. Each unit consists of one common share and one-half of one common share-purchase option. Each whole purchase option is exercisable into one common share at a price of $2.00 per common share for a period of 22 months from February 14, 2007. The fair value of the 492,308, $1.30 Agent options, are estimated to be $406,045 and the fair value of the 246,154, $2.00, Agent options, are estimated to be $179,509, both using the Black-Scholes option pricing model based on the following assumptions: dividend yield (Nil), expected volatility (125%), risk-free interest rate (3.97%), and weighted average life of 22 months.

Stock options

During the quarter, the Company granted to certain employees, a series of options to purchase a total of 175,000 common shares of Acceleware Corp. at prices ranging from $0.84 to $1.40 per share. One third of the options vest on the date of grant, one third vest one year from the date of grant, and one third vest two years from the date of grant. The options expire 5 years from the date of grant. The exercise price was based upon the market price prevailing at the stock option grant date. The fair value of the options was estimated using the Black-Scholes option pricing model based on the following assumptions: a volatility of 125% a risk-free interest rate ranging from 4.01% to 4.10% and expected dividend yield of nil %.

The changes to the number of options granted by Acceleware Corp. and their weighted average exercise price are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2006	2,425,214	$0.338
Granted	913,462	$1.459
Forfeited	-	-
Exercised	(55,000)	$0.420
Balance, March 31, 2007	3,283,676	$0.652

3. Share capital (cont'd)

3. Share capital (cont'd)

A summary of outstanding options at March 31, 2007 is shown below:

Options Outstanding					Options exercisable
Range of exercise price outstanding		Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$0.20	$0.20	450,000	2.81	0.200	450,000
0.25	0.40	983,501	3.85	0.287	824,166
0.42	0.42	353,571	3.23	0.420	183,571
0.44	0.60	583,142	4.46	0.473	231,048
0.84	0.84	80,000	4.79	0.840	26,667
1.30	1.30	492,308	1.71	1.300	492,308
1.40	1.40	95,000	4.84	1.400	31,667
2.00	2.00	246,154	1.71	2.000	246,154
$0.20	$2.00	3,283,676	4.26	0.652	2,485,581

Stock-based compensation expense of $91,640 was recorded for the three months ended March 31, 2007 (2006 - $44,091).

Contributed surplus

Contributed surplus consists of the following:

Balance, December 31, 2006	$	341,439
Stock-based compensation		91,640
Issued on financing (Agent)		585,554
Exercise of options		(15,800)
Balance, March 31, 2007	$	1,002,833

4. Segmented information

The Company operates in an international market within one reportable industry segment. Revenues are distributed as follows:

Revenue:		**Canada**	**Foreign Countries**		**Total**
Three months ended March 31, 2007	**$**	**38,201**	**328,640**	**$**	**366,841**
Eight months ended March 31, 2006	$	61,159	283,454	$	344,613

The Company derives significant revenues from two major customers which both exceed 10% of total revenues for the three-months ended March 31, 2007. The first customer accounts for $184,253 (2006 - $126,003) of revenues and the second customer accounts for $133,962 (2006 - $157,451) of revenues.

All of the Company's assets are located in Canada.

5. Subsequent events

(i) On April 24, 2007, Acceleware Corp. entered into a five year lease commitment for 9,262 square feet of commercial office space. The base rent is $13,121 monthly and $157,454 annually for a minimum commitment over five years of $787,454 plus additional rents. Additional rents are comprised of a proportionate share of realty taxes, operating costs, utilities and additional services.

(ii) On May 2, 2007, Acceleware Corp. granted to certain of its directors, an officer and employees an aggregate of 415,000 options to acquire common shares of Acceleware. The options have an exercise price of $1.08 per share and expire on May 2, 2012. One-third (1/3) of the options will vest immediately, one-third (1/3) will vest on May 2, 2008, and one-third (1/3) will vest on May 2, 2009.

(iii) On May 14, 2007, Acceleware Corp. completed a non-brokered private placement of 90,000 units to Robert Miller, Vice President of Marketing and Product Development for Acceleware, at a price of $1.08 per Unit for gross proceeds of $97,200. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $1.80 per common share for a period of 12 months.