## News Release Acceleware Reports Second Quarter Results for Fiscal 2011 For Immediate Release

CALGARY, Alberta – August 25, 2011 – Acceleware® Ltd. ("Acceleware" or the "Company") (TSX-V: AXE), a leading developer of high performance computing applications, today announced results for the three and six months ended June 30, 2011 (all figures are in Canadian dollars unless otherwise noted).

During the three months ended June 30, 2011 ("Q2, 2011") Acceleware achieved its highest quarterly revenue since Q3 2009, and the third consecutive quarter of year-over-year improvement in revenue. The improvement was a result of increases in product revenue, in particular the Company saw its first significant sale of AxRTM<sup>™</sup> through its partnership with Paradigm Geophysical. "This quarter was highlighted by several achievements. Most notably, beginning to ramp AxRTM<sup>™</sup> revenue from our partnership with Paradigm Geophysical, plus continued strong sales in our traditional segment of electromagnetic simulation and in our newest product line of HPC training programs," said Geoff Clark President and CEO of Acceleware. "We also saw an increase in our oil and gas related consulting services in Q2, 2011, while the closing of our plan of arrangement has allowed us to invest in further developing, commercializing and marketing our products starting in Q2, 2011."

During the three months ended June 30, 2011 the Company announced that the court supervised plan of arrangement involving, among others, Acceleware Corp. and an arm's length private company, pursuant to which Acceleware Corp. completed a reorganization transaction to create a new company named Acceleware Ltd., closed effective April 26, 2011. As a result of the closing of the arrangement, Acceleware Ltd. received cash of \$917,196 and recognized a deferred income tax recovery of the same amount. Total comprehensive income for Q2, 2011 was \$811,028 compared to a total comprehensive loss of \$109,644 for Q2, 2010. For the six months ended June 30, 2011 total comprehensive income was \$550,523 compared to a total comprehensive loss of \$109,644 for Q2, 2010. The increase in total comprehensive income for the three and six months ended June 30, 2011 is largely due to the recognition of the deferred income tax recovery. This deferred income tax recovery is considered to be a one-time event and is not expected to occur on a regular basis.

Acceleware also achieved its fourth consecutive quarter of year-over-year improvement in net loss before tax. During the three months ended June 30, 2011, Acceleware had a net loss before tax of \$106,168 a 3% decrease compared to a net loss before tax of \$109,644 for the three months ended June 30, 2010 ("Q2, 2010"). The decrease in net loss before tax is a result of increased revenue relating to product sales, partially offset by increased expenses, particularly research and development. Net loss before tax for Q2, 2011 decreased 59% from the \$260,505 recorded in Q1, 2011 due to increased product sales and increased consulting revenue. During Q2, 2011 the Company recognized revenue of \$738,634 representing a 14% increase over the \$646,725 recognized during Q2, 2010 due to increased products revenue. Revenue for Q2, 2011 increased 44% over the \$514,624 recognized in Q1, 2011. The increase in revenue from Q1, 2011 was due to increased AxRTM product revenue and the commencement of consulting services projects particularly in the oil and gas market.

Net loss before tax for the six months ended June 30, 2011 decreased 31% to \$366,673 from \$528,623 for the same period a year ago. The decrease is a result of higher revenue and a 3% reduction in expenses. Revenue for the six months ended June 30, 2011 increased 10% to \$1,253,258 compared to \$1,140,460 for the same period a year ago. The increase is a result of increased product revenue related to both CAE electromagnetic simulation products and oil and gas AxRTM seismic applications.

At June 30, 2011 Acceleware had \$1,008,393 in working capital compared to December 31, 2010 when it was \$342,618. Cash and cash equivalents have increased since December 31, 2010 from \$353,584 to \$826,611 as at June 30, 2011. The increase in working capital and cash and cash equivalents is related to the closing of the Company's plan of arrangement that resulted in \$917,196 in cash proceeds to the Company (see note 1 to the Interim Financial Statements for the three months ended June 30, 2011). The infusion of cash from the closing was offset by negative cash flow from operating activities during the three months ended June 30, 2011, primarily due to increased non-cash working capital. Cash flow from operating activities increased to \$574,990 in Q2, 2011 from negative \$90,929 in Q1, 2011 largely due to the deferred income tax recovery. Without the \$917,196 deferred income tax recovery, the cash flow from operating decreased to negative \$342,206 in Q2, 2011 from negative \$90,929 in Q1, 2011 largely in Q1, 2011. This decrease is a result of increased investment in accounts receivable.

## <u>Revenue</u>

During the three months ended June 30, 2011, the Company reported total revenues of \$738,634, a 14% increase compared to \$646,725 for the three months ended June 30, 2010. The increase in recognized revenue over the same period in the prior year was due to an increase in product revenue, particularly relating to the Company's AxRTM seismic imaging product, and an increase in the Company's electromagnetic simulation products. Recognized revenue increased 44% in Q2, 2011 compared to \$514,624 in Q1, 2011 due largely the commencement of new consulting revenue projects in the oil & gas market delayed from Q1, 2011 and an increase in AxRTM product revenue. It is important to note that the Company sells over 90% of its products and services priced in United States dollars ("USD"). The Canadian dollar ("CAD") has appreciated 5.9% against the USD in Q2, 2011 compared to Q2, 2010, negatively impacting reported revenues.

Product sales increased 105% from \$119,498 in Q2, 2010 to \$245,541 in Q2, 2011 and increased 35% from the \$181,447 in Q1, 2011 as the Company's CAE partners' sales prospects increased in 2011, and more importantly the Company's oil and gas software partners saw significant a increase in AxRTM sales. Maintenance revenue decreased 23% from \$93,822 in Q2, 2010 to \$72,076 in Q2, 2011 reflective of the overall decrease in product sales that generate maintenance revenue over the preceding 12 months. Maintenance revenue decreased 27% in Q1, 2011 compared to the \$98,083 recorded in Q1, 2011 for the same reason. Consulting services decreased 3% to \$420,997 in Q2, 2011 from \$433,385 recorded in Q2, 2010 due to a decrease in oil and gas related consulting projects. Consulting revenue increased 79% from the \$235,074 recorded in Q1, 2011 due to the commencement of new consulting services projects from key customers in the oil and gas market, which were delayed from Q1, 2011.

During the six months ended June 30, 2011, the Company reported total revenues of \$1,253,258, a 10% increase compared to \$1,140,460 for the six months ended June 30, 2010. The decrease in recognized revenue over the same period in the prior year was due a reduction in product sales.

Product sales increased 43% to \$426,988 for the six months ended June 30, 2011 from \$299,176 recorded in the six months ended June 30, 2010, due in large part to a large increase in AxRTM sales, and to a lesser extent an increase in electromagnetic simulation products. As

the Company continued to market its consulting services offerings, consulting revenue increased 2% to \$656,071 in the six months ended June 30, 2011 from \$643,654 recognized in the six months ended June 30, 2010. Maintenance revenue decreased 14% to \$170,159 for the six months ended June 30, 2011 from \$197,570 in the six months ended June 30, 2010. The decrease in maintenance revenue is a result of a reduced number of products sold generating maintenance revenue. It is important to note that the Company sells over 90% of its products and services priced in United States dollars ("USD). The Canadian dollar ("CAD") has appreciated 6.25% against the USD in the six months ended June 30, 2011 compared to the six months ended June 30, 2010, negatively impacting reported revenues.

## Expenses

Expenses increased 12% during the three months ended June 30, 2011 to \$844,802 from \$756,369 for the three months ended June 30, 2010. The increase is a result of the increases in research and development and cost of revenue, offset by reductions in general and administrative expense. Expenses increased 9% from the \$775,129 recorded in Q1, 2011, due to increased cost of revenue.

Cost of revenue for Q2, 2011 increased 28% to \$149,927 from \$116,675 in Q2, 2010. The increase is a result of an increase in hardware cost of revenue for equipment purchased and shipped to customers with software products. Cost of revenue increased 74% from \$86,387 expensed in Q1, 2011, due to increased consulting cost of revenue (in turn due to higher consulting revenue) and increase hardware cost of revenue in Q1, 2011 compared to Q4, 2010.

General and administrative expenses ("G&A") include all salaries (excluding research and development personnel) and related expenses (including benefits and payroll taxes); sales and marketing activities; facility costs; stock-based compensation; a proportion of amortization of assets; and professional fees. For the three months ended June 30, 2011 G&A expenses decreased 34% to \$305,018 from \$463,434 recorded in Q2, 2010. The decrease is a result of lower staff levels, lower share-based compensation, lower amortization, and lower professional fees, all partially offset by increased marketing investment, and increased public company and facility costs. G&A expense decreased 3% in Q2, 2011 compared to the \$315,762 recorded in Q1, 2011. The decrease is a result of lower professional services fees. The Company incurred professional fees associated with the Company's transition to IFRS in Q1, 2011.

For the three months ended June 30, 2011, research and development ("R&D") expenditures increased 118% to \$384,872 from \$176,441 for the three months ended June 30, 2010. The increase is a result of a significant reduction in government funding for R&D in Q2, 2011 compared to Q2, 2010, and an increase in R&D investment (staffing and contractors) in Q2, 2011 compared to Q2, 2010. R&D expense increased 3% in Q2, 2011 compared to the \$372,556 recorded in Q1, 2011.

Expenses decreased 3% during the six months ended June 30, 2011 to \$1,619,931 from \$1,669,083 for the six months ended June 30, 2010. The decrease is a result of the reductions in staff and contractors in general and administrative expense, offset by greater investment in research and development.

Cost of revenue for the six months ended June 30, 2011 increased 15% to \$236,314 from \$205,359 in the six months ended June 30, 2010. The increase is a result of increase hardware cost of revenue for equipment purchased and shipped to customers with software products.

For the six months ended June 30, 2011 G&A expenses decreased 37% to \$620,780 from \$981,059 recorded in six months ended June 30, 2010. The decrease is as a result decreased staffing levels in G&A, reduced share based compensation, and reduced amortization.

For the six months ended June 30, 2011, research and development ("R&D") expenditures increased 57% to \$757,428 from \$482,846 for the six months ended June 30, 2010. The increase is a result of increased investment in R&D (higher staffing, contractors travel and training) and a significant reduction in non-repayable government assistance.

Additional information, including the interim unaudited financial statements for the three months ended March 31, 2011 and management's discussion and analysis relating thereto, and the annual audited financial statements for the year ended December 31, 2010 and management's discussion and analysis relating thereto are available on SEDAR at www.sedar.com.

## About Acceleware:

Acceleware develops and markets solutions that enable software vendors to leverage heterogeneous, multi-core processing hardware without rewriting their applications for parallel computing. This acceleration middleware allows customers to speed-up simulation and data processing algorithms, benefitting from high performance computing technologies available in

the market such as multiple-core CPUs, GPUs or other acceleration hardware.

Acceleware solutions are deployed by companies worldwide such as Philips, Boston Scientific, Samsung, Kodak, General Mills, Nokia, LG, RIM, Medtronic, Hitachi, Fujifilm, FDA, Mitsubishi, Sony Ericsson, AGC, NTT DOCOMO, P-Wave Seismic and Renault to speed up product design, analyze data and make better business decisions in areas such as consumer electronics, industrial design, seismic data processing, imaging for the medical, industrial testing and security, defense, financial, and academic research.

Acceleware is a public company on Canada's TSX Venture Exchange under the trading symbol AXE.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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