Acceleware Ltd.

Interim Financial Statements (Unaudited)
For the Nine Months Ended
September 30, 2011 and 2010

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Contents

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Acceleware Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Acceleware Ltd.

Statements of Financial Position (Unaudited)
(in Canadian dollars)

As at:

		September 30, 2011		December 31, 2010		January 1, 2010
Assets						
Current						
Cash and cash equivalents	**$**	**618,898**	$	353,584	$	547,172
Trade and other receivables		**819,084**		517,584		567,210
Alberta SR&ED tax credits receivable		**124,144**		109,301		178,974
Deposits and prepaid expenses		**32,311**		22,748		16,709
		1,594,437		1,003,217		1,310,065
Non-current						
Property and equipment		**164,494**		272,241		565,437
Total assets		**1,758,931**	$	1,275,458	$	1,875,502
Liabilities						
Current						
Accounts payable and accrued liabilities	**$**	**446,622**	$	536,654	$	574,282
Deferred revenue		**89,314**		123,945		207,015
		535,936		660,599		781,297
Shareholders' Equity						
Share capital (note 5)		**16,474,036**		16,474,036		16,359,210
Contributed surplus (note 5)		**5,898,918**		5,874,106		5,760,295
Deficit		**(21,149,959)**		(21,733,283)		(21,025,300)
		1,222,995		614,859		1,094,205
Total liabilities and shareholders' equity	**$**	**1,758,931**	$	1,275,458	$	1,875,502

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

Approved on behalf of the Board:

(signed) "Bohdan Romaniuk"
Director

(signed) "Dennis Nerland"
Director

Acceleware Ltd.

Statements of Comprehensive Income (Loss) (Unaudited)
(in Canadian dollars)

	Three months ended Sept. 30, 2011 (unaudited)	Three months ended Sept. 30, 2010 (unaudited)	**Nine months ended Sept. 30, 2011 (unaudited)**	Nine months ended Sept. 30, 2010 (unaudited)
Revenue (note 6)	**$ 761,937**	$ 671,425	**$ 2,015,195**	$ 1,811,885
Expenses				
Cost of revenue	**126,931**	119,034	**363,245**	324,393
General and administrative	**283,582**	409,619	**904,362**	1,390,678
Research and development	**318,623**	240,192	**1,076,051**	723,038
Loss (gain) on disposal of property & equip.	**—**	(592)	**5,409**	(773)
	729,136	768,253	**2,349,067**	2,437,336
Income (loss) before income tax	**32,801**	(96,828)	**(333,872)**	(625,451)
Deferred income tax recovery	—	—	**917,196**	—
Total comprehensive income (loss) for the period attributable to shareholders	**$ 32,801**	$ (96,828)	**$ 583,324**	$ (625,451)
Earnings (loss) per share				
Basic and diluted	**$ 0.001**	$ (0.002)	**$ 0.011**	$ (0.012)
Weighted average shares outstanding	**54,534,748**	54,534,748	**54,534,748**	54,004,783

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

Acceleware Ltd.

Statements of Changes in Shareholders' Equity (Unaudited)
(in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at January 1, 2010	$ 16,359,210	$ 5,760,295	$ (21,025,300)	$ 1,094,205
Total comprehensive loss for the period attributable to shareholders	—	—	(707,983)	(707,983)
Share-based payments	—	113,811	—	113,811
Share issuances, net of costs	114,826	—	—	114,826
Balance at December 31, 2010	$ 16,474,036	$ 5,874,106	$ (21,733,283)	$ 614,859
Balance at December 31, 2010	$ 16,474,036	$ 5,874,106	$ (21,733,283)	$ 614,859
Total comprehensive income for the period attributable to shareholders	—	—	583,324	583,324
Share-based payments	—	24,812	—	24,812
Balance at September 30, 2011	**$ 16,474,036**	**$ 5,898,918**	**$ (21,149,959)**	**$ 1,222,995**

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

Acceleware Ltd.

Statements of Cash Flows (Unaudited)
(in Canadian dollars)

	Three months ended Sept. 30, 2011 (unaudited)	Three months ended Sept. 30, 2010 (unaudited)	**Nine months ended Sept. 30, 2011 (unaudited)**	Nine months ended Sept. 30, 2010 (unaudited)
Cash flows from (used for) operating activities				
Income (loss) before income tax	**$ 32,801**	$ (96,828)	**$ (333,872)**	$ (625,451)
Items not involving cash:				
Amortization	**58,675**	80,370	**167,274**	241,910
(Gain) loss on disposal of property and equipment	**—**	(592)	**5,409**	(773)
Share-based payments (note 5)	**12,534**	17,192	**24,812**	99,925
Deferred income tax recovery	**—**	—	**917,196**	—
	104,010	142	**780,819**	(284,389)
Changes in non-cash working capital items				
Trade and other receivables	**(126,668)**	(120,935)	**(301,501)**	86,101
Alberta SR&ED tax credit receivable	**(44,391)**	150,807	**(14,843)**	81,106
Deposits and prepaid expenses	**1,393**	(7,416)	**(9,563)**	(8,881)
Accounts payable and accrued liabilities	**(46,511)**	11,717	**(90,032)**	(34,580)
Deferred revenue	**(41,645)**	(311)	**(34,631)**	(85,088)
	(153,812)	34,004	**330,249**	(245,731)
Cash flows from investing activities				
Proceeds from sale of property and equipment	**—**	592	**8,233**	1,018
Purchase of property and equipment	**(53,901)**	—	**(73,168)**	—
	(53,901)	592	**(64,935)**	1,018
Increase (decrease) in cash and cash equivalents	**(207,713)**	34,596	**265,314**	(244,713)
Cash and cash equivalents, beginning of period	**826,611**	267,863	**353,584**	547,172
Cash and cash equivalents, end of period	**$ 618,898**	$ 302,459	**$ 618,898**	$ 302,459
Comprised of:				
Cash on hand	**$ 578,858**	$ 262,459	**$ 578,858**	$ 262,459
Cash equivalents	**40,040**	40,000	**40,040**	40,000
	$ 618,898	$ 302,459	**$ 618,898**	$ 302,459
Interest received	**$ 20**	$ 91	**$ 60**	$ 151
Interest paid	**$ —**	$ 409	**$ 97**	$ 415
Income taxes paid	**$ —**	$ 945	**$ —**	$ 945

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

1. General information

Acceleware Ltd. (the "Company" or "Acceleware") is a technology company based in Calgary, Alberta, that specializes in the development and marketing of special purpose software accelerators used to reduce engineering design simulation and data processing run times. The Company also provides specialized software development services and training programs in the field of high performance computing. The Company is incorporated under the Alberta Business Corporations Act, has its registered offices at 2800 715 fifth avenue SW, Calgary, Alberta, Canada, and trades on the TSX Venture Exchange under the symbol AXE.

On April 26, 2011 (the "Effective Date") the Company completed a court supervised plan of arrangement (the "Arrangement") involving, among others, the Company and an arm's length private company ("Privateco"), pursuant to which the Company completed a reorganization transaction to create a new company named Acceleware Ltd. As a result of the reorganization, Acceleware Ltd. received financing of $917,196.

Pursuant to the Arrangement and on the Effective Date of the Arrangement: (i) the Company transferred all of its assets (with the exception of the benefit of its tax pools which by their nature cannot be transferred) and liabilities to Acceleware Ltd., a new company incorporated under and governed by the Business Corporations Act (Alberta); (ii) holders of the Company's common shares received common shares of Acceleware Ltd. on a pro rata basis consistent with their relative percentage holdings of common shares of the Company immediately prior to the Arrangement.

As such, pursuant to the Arrangement: (i) Acceleware Ltd. will conduct exactly the same business formerly conducted by the Company with the same assets and liabilities of the Company (with the exception of the benefit of certain of the Company's tax pools which, by their nature, cannot be transferred and have remained with the Company); (ii) the shareholders of Acceleware Ltd. are the same as the former shareholders of the Company, holding the same number of common shares of Acceleware Ltd. as that number of common shares each held in the Company immediately prior to the closing of the Arrangement; (iii) Acceleware Ltd. is a reporting issuer and the common shares of Acceleware Ltd. is listed on the TSX Venture Exchange (the "TSXV") under the trading symbol "AXE"; and (iv) Acceleware Ltd. received net proceeds of $917,196.

2. Basis of presentation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and International Financial Reporting Standard 1 ("IFRS 1"), "First-time Adoption of International Financial Reporting Standards" as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These interim financial statements have been prepared using the accounting policies the Company expects to adopt in its financial statements for the year ending December 31, 2011.

The preparation of these interim financial statements resulted in changes to the Company's accounting policies as presented in the financial statements for the year ended December 31, 2010 prepared under Canadian Generally Accepted Accounting Principles ("previous GAAP"). These financial statements include all necessary disclosures required for interim financial statements but do not include all of the necessary disclosures required for annual financial statements. Therefore, these interim financial statements should be read in conjunction with the annual audited financial statements and related notes for the year ended December 31, 2010 and the disclosures and accounting policies included in the interim financial statements for the three months ended March 31, 2011. There have been no changes to the accounting policies from those disclosed previously in the March 31, 2011 financial statements.

2. Basis of presentation – cont'd

(a) Statement of compliance – cont'd

The standards that will be effective or available for voluntary early adoption in the financial statements for the year ending December 31, 2011 are subject to change and may be affected by additional interpretation(s). Accordingly, the accounting policies will be finalized when the first annual IFRS financial statements are prepared for the year ending December 31, 2011. The accounting policies the Company expects to adopt in its financial statements for the year ended December 31, 2011 are disclosed in note 4 of the interim financial statements for the three months ended March 31, 2011.

These interim financial statements were approved by the Board of Directors on November 22, 2011.

(b) Functional and presentation currency

The interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

(c) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. The determination of the amount of the Scientific Research and Development claim, and hence the relevant receivable amount, requires management to make calculations based on its interpretation of eligible expenditures in accordance with the terms of the programs. The reimbursement claims submitted by the Company are subject to review by the relevant government agencies. Although the Company has used its best judgment and understanding of the related program agreements in determining the receivable amount, it is possible that the amounts could increase or decrease by a material amount in the near term dependent on the review and audit by the government agencies.

Estimates are used when accounting for revenue recognition both in terms of contracts with multiple deliverables, and in consulting contracts recognized using percentage of completion. The Company evaluates each element of a contract with multiple elements in order to estimate the fair value of each separable component of the transaction. In contracts recognized using percentage of completion, the Company must use estimates in determining the progress of each contract at period end. In such contracts, the Company evaluates the completion relative to predetermined milestones.

The Company makes use of estimates when making allowances for uncollectible trade and other receivables. The Company evaluates each receivable at period end using factors such as age of receivable, payment history, and credit risk to estimate when determining if an allowance is required, and the amount of the allowance.

The Company must make estimates in regards to assets. The useful life of assets must be estimated when calculating amortization. Where possible, the Company uses its own history with assets of similar classes to determine useful lives. The Company must make use of estimates when determining if an asset is impaired.

The Company must make use of estimates in calculating the fair value of share-based payments. Amounts recorded for share-based payments are subject to the inputs used in the Black-Scholes option pricing model, including assumptions such as volatility, dividend yield, risk-free interest rates, forfeiture rate estimates, and expected option life.

Other estimates employed are related to taxes and related provisions, fair value of share-based payments, and contingencies. Actual results could differ from these and other estimates.

3. Going concern

These 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 Company plans to manage its cash flow and investment in new products to match the cash requirements to cash generated from operations. Plans include programs to improve gross margin through the introduction of new revenue streams such as a software-only products, consulting services and training; focus on core vertical markets, reduce operating expenses, and limit capital expenditures. The Company's management ("Management") believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, Management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional product development initiatives, and further reducing sales and marketing and general and administrative expenses.

The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of operations and cash flows.

The ability of the Company to continue as a going concern is dependent upon successful execution of its plans noted above. The outcome of these initiatives cannot be predicted at this time. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern for a reasonable period of time.

4. Recent Accounting Pronouncements Issued and not yet Effective

(a) Financial Instruments

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

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

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

(in Canadian dollars)

4. Recent Accounting Pronouncements Issued and not yet Effective – cont'd

(b) Fair Value Meausement

In May 2011, IFRS 13, "Fair Value Measurement," was issued which replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 with early application permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

(c) Presentation of Financial Statements

In June 2011, IAS 1, "Presentation of Financial Statements," was amended to require companies preparing financial statements in accordance with IFRS to group together items within OCI that may be reclassified to the net income section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

5. Share capital and other components of shareholders' equity

(a) Share capital

The authorized share capital of the Company consists of an unlimited number of common shares, and unlimited number of first preferred shares, of which conditions are to be determined; and an unlimited number of second preferred shares, of which conditions are to be determined.

Common shares	Number	Amount
Balance, January 1, 2010	52,238,235	$ 16,359,210
Issued in satisfaction of debt	2,296,513	114,826
Balance, December 31, 2010 and September 30, 2010	54,534,748	$ 16,474,036

Effective March 3, 2010 the Company settled outstanding indebtedness of $114,826 through the issuance of common shares of the Company ("Common Shares") at deemed prices of $0.05 per Common Share (the "Debt Settlement"). The deemed price of $0.05 was determined using the weighted average closing price of the Common Shares on the TSX Venture exchange for the five trading days preceding March 3, 2010. The outstanding debt was comprised of employee wages and consulting fees. A total of 2,296,513 Common Shares were issued under the debt settlement.

(b) Share-based payments

At September 30, 2011 the Company has one equity-settled share-based compensation plan. The Company accounts for options granted under this plan in accordance with the fair value method of accounting for share-based payments. The estimated fair value of the options that are ultimately expected to vest is recorded over the option's vesting period and charged to share-based payments. During the nine months ended September 30, 2011, 1,240,000 options were granted under the plan. Total share-based payments for the three and nine months ended September 30, 2011 were $12,534 and $24,812 respectively (three and nine months ended September 30, 2010 - $17,192 and $99,925 respectively).

(in Canadian dollars)

5. Share capital and other components of shareholders' equity - cont'd

(b) Share-based payments (cont'd)

During the year ended December 31, 2010, the Company granted to certain employees, officers, and directors, a series of options to purchase a total of 1,355,000 Common Shares at an exercise price of $0.10 per share. 677,500 of the options will vest immediately and 677,500 will vest one year from the date of grant. The options expire 5 years from the date of grant. The exercise price was based upon the minimum option price allowed by the TSX Venture Exchange, which was higher than the market price prevailing at the stock option grant date. The weighted average grant date fair value of the stock options issued was estimated to be $0.069 per option using the Black-Scholes option pricing model based on the following weighted average assumptions: expected volatility of 223%, a risk-free interest rate of 2.11%, expected dividend yield of nil%, forfeiture rate of 4% and expected life of 5 years. The estimated fair value of each tranche of options not immediately vesting is amortized to expense over the option vesting period on a straight line basis.

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

	Number	Weighted Average Exercise Price
Balance, January 1, 2010	3,716,930	0.323
Granted	1,355,000	0.100
Forfeited	(1,178,529)	0.311
Expired	(787,501)	0.222
Balance, December 31, 2010	3,105,900	0.256
Granted	1,240,000	0.100
Forfeited	(153,000)	0.286
Expired	(36,429)	0.250
Balance, September 30, 2011	4,156,471	0.208

Summary of options outstanding and exercisable as at September 30, 2011 are as follows:

Range of exercise price outstanding		Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$0.10	$0.10	3,545,000	3.34	$0.100	2,305,000
0.44	0.70	248,971	0.57	0.515	223,971
0.80	1.14	362,500	0.89	1.055	387,500
$0.10	$1.14	4,156,471	2.96	$0.208	2,916,471

(in Canadian dollars)

5. Share capital and other components of shareholders' equity – cont'd

(c) Contributed surplus

Balance, January 1, 2010	$	5,760,295
Share-based payments		113,811
Balance, December 31, 2010	$	5,874,106
Share-based payments		24,812
Balance, September 30, 2011	$	5,898,918

6. Segmented information

The Company operates in an international market within one reportable industry segment.

(a) Geographic segmentation is as follows:

Revenue:		**Three months ended Sept. 30, 2011**		Three months ended Sept. 30, 2010		**Nine months ended Sept. 30, 2011**		Nine months ended Sept. 30, 2010
Canada	**$**	**3,608**	$	67,413	**$**	**31,469**	$	105,313
Foreign Countries		**758,329**		604,012		**1,983,726**		1,706,572
	$	**761,937**	$	671,425	**$**	**2,015,195**	$	1,811,885

(b) Product segmentation of revenue is as follows:

		Three months ended Sept. 30, 2011		Three months ended Sept. 30, 2010		**Nine months ended Sept. 30, 2011**		Nine months ended Sept. 30, 2010
Product sales	**$**	**236,111**	$	134,763	**$**	**588,076**	$	433,939
Maintenance		**85,109**		106,016		**255,268**		303,586
Consulting		**440,697**		430,555		**1,171,791**		1,074,209
Interest		**20**		91		**60**		151
	$	**761,937**	$	671,425	**$**	**2,015,195**	$	1,811,885

(in Canadian dollars)

6. Segmented information – cont'd

The Company derives significant revenues from major customers each of who exceed 10% of total revenues. They are as follows:

	Three months ended Sept. 30, 2011	Three months ended Sept. 30, 2010	**Nine months ended Sept. 30, 2011**	Nine months ended Sept. 30, 2010
Customer A	**$ 200,156**	$ –	**$ 342,458**	$ –
Customer B	**160,077**	–	**160,077**	–
Customer C	**122,897**	–	**171,724**	–
Customer D	**94,599**	208,111	**362,858**	370,093
Customer E	**54,334**	142,331	**404,170**	423,111
	$ 632,063	$ 350,442	**$ 1,441,287**	$ 793,204

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

7. Income taxes

A deferred income tax asset was recognized for the nine months ending September 30, 2011 for $917,196 (three and nine months ending September 30, 2010 - $nil) due to the closing of the Arrangement.

The Company has $171,755 (December 31, 2010 - $6,344,519) in deductible SR&ED expenditures and $53,266 (December 31, 2010 - $1,980,924) of SR&ED investment tax credits available to claim against deferred tax or income taxes. The investment tax credits expire in 2031.

The Company recorded $44,391 and $129,632 in refundable Alberta SR&ED tax credits for the three and nine months ended September 30, 2011 respectively (three and nine months ended September 30, 2010 respectively - $28,166 and $97,868). The Alberta SR&ED tax credits are recorded as a reduction of research and development expenses.

8. Capital risk management

Capital disclosures provide information about (i) the Company's objectives, policies, and processes for managing capital, (ii) quantitative data about what the Company regards as capital, (iii) whether the Company has complied with any capital requirements, and (iv) if it has not complied, the consequences of such non-compliance.

The Company's objectives for managing capital are:

i. To safeguard the Company's ability to continue as a going concern, so that it can provide adequate returns for shareholders and benefits for other stakeholders.

ii. To ensure sufficient liquidity to enable the internal financing of capital thereby facilitating its ability to continue operations and eventually achieve profitable operations.

iii. To maintain a strong capital base so as to maintain investor, creditor and market confidence.

The Company manages its capital structure and makes adjustments to it in light of changes in economic and business conditions, financing environment and the risk characteristics of the underlying assets. In order to

8. Capital risk management – cont'd

maintain or adjust its capital structure, the Company may issue new shares, new debt, draw on lines of credit, or scale back the size and nature of its operations. The Company's management of its capital is dependent upon successful execution of its cost containment plans and on its ongoing efforts to focus on core vertical markets and achieve profitable operations. The Company is not subject to externally imposed capital requirements. As at September 30, 2011, shareholders' equity was $1,222,995 (December 31, 2010 - $614,859) and the Company had no debt (December 31, 2010 - $nil).

9. Indemnifications

(a) Directors and officers

Under the terms of certain agreements and Acceleware Ltd.'s by-laws, the individuals who have acted at Acceleware Ltd.'s request as directors and/or officers are indemnified to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory and other legal limitation periods. The nature of the indemnification agreements prevents Acceleware Ltd. from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such indemnification agreements. Acceleware Ltd. has mitigated this risk by obtaining directors' and officers' liability insurance.

(b) Other

In the ordinary course of business, Acceleware Ltd. enters contracts which contain indemnification provisions such as loan agreements, purchase contracts, service agreements, licensing agreements, asset purchase and sale agreements, operating agreements, leasing agreements, asset use agreements etc. In such contracts Acceleware Ltd. may indemnify counterparties to the contracts if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that Acceleware Ltd. could be required to pay cannot be estimated.

10. Economic dependence

The Company's solutions currently run on digital processor cards from a single supplier. Should this supplier fail to supply these components to the Company's customers in a manner that meets those customers' quality, quantity, cost or time requirements, and if the Company were unable to modify its solutions to run on hardware from alternate suppliers of these components in a timely manner or on acceptable terms, this could adversely affect the Company's ability to sell products.

(in Canadian dollars)

11. Commitments

Acceleware entered into a premise lease on 9,262 square feet of office space commencing June 1, 2007, and ending on May 31, 2012, a period of five years. The Company secured an additional 2,015 square feet of office space commencing January 1, 2008 for balance of the term, period ending May 31, 2012. A rent inducement of $46,310 was received and is included in accounts payable and accrued liabilities and will be amortized over the term of the lease and be recorded as a reduction to rent expense. In addition to the basic monthly rent, the Company must pay a proportionate share of realty taxes, operating costs, utilities and additional services. The minimum annual basic rent commitments are as follows:

2011	$	47,423
2012		79,039
Thereafter		–
	$	126,462

12. Related Party Transactions

(a) In the nine months ended September 30, 2011, the Company incurred expenses in the amount of $100,239 (September 30, 2010 - $90,315) to a company controlled by an officer of the Company as fees for duties performed in managing operations, and is included in research and development. Of the total, $11,210 was included in accounts payable as at September 30, 2011 (December 31, 2010 - $11,110). These fees occurred in the normal course of operations and have been recognized at the agreed to exchange amount which in the opinion of management approximates fair value for services rendered.

(b) As of September 30, 2011, four officers of the Company have advanced $86,624 (December 31, 2010 - $94,062) to the Company. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2011. These amounts are recorded in accounts payable.

(c) Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management included:

		Nine months ended September 30, 2011		Nine months ended September 30, 2010
Salaries and short-term employee benefits	**$**	**480,004**	$	400,398
Share-based payments		**24,812**		132,782
	$	**504,816**	$	533,180

13. Subsequent Event

On November 16, 2011, the TSX Venture Exchange accepted for filing the Company's September 6, 2011 proposal to issue 1,415,518 Common Shares to settle outstanding debt of $70,776 at a deemed price of $0.05 per Common Share. The outstanding debt was comprised of deferred salaries to officers and other management. The Common Shares are subject to a four month hold period that expires four months after the date of issue.

(in Canadian dollars)

14. Effects of Transition to IFRS

The Company adopted IFRS in accordance with IAS 34 as of January 1, 2010. The accounting policies set out in note 4 of the interim financial statements March 31, 2011 have been applied in preparing the interim financial statements for the nine months ended September 30, 2011, the comparative information for the nine months ended September 30, 2010, and in preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company's date of transition to IFRS) and statements of financial position as at September 30, 2010 and December 31, 2010.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's equity is set out in the following tables and the notes that accompany the tables.

		Contributed Surplus		Deficit
As reported under previous Canadian GAAP – December 31, 2009	$	5,669,374	$	(20,934,379)
Share-based payments		90,921		(90,921)
As reported under IFRS – January 1, 2010	**$**	**5,760,295**	**$**	**(21,025,300)**

		Contributed Surplus		Deficit
As reported under previous Canadian GAAP – September 30, 2010	$	5,802,157	$	(21,592,688)
Share-based payments		58,063		(58,063)
As reported under IFRS – September 30, 2010	**$**	**5,860,220**	**$**	**(21,650,751)**

		Contributed Surplus		Deficit
As reported under previous Canadian GAAP – December 31, 2010	$	5,814,196	$	(21,673,373)
Share-based payments		59,910		(59,910)
As reported under IFRS – December 31, 2010	**$**	**5,874,106**	**$**	**(21,733,283)**

14. Effects of Transition to IFRS – cont'd

(a) Mandatory exceptions to retrospective application

In preparing these financial statements using IFRS 1, First-Time Adoption of International Financial Reporting Standards, the Company has applied certain mandatory exceptions from full retrospective application of IFRS as described below.

- *Estimates* - Hindsight was not used to create or revise estimates and accordingly, the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

(b) Elected exemptions from full retrospective application

In preparing these financial statements in accordance with IFRS 1, the Company has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below.

- *Share-based payment transactions* - The Company elected to apply IFRS 2 only to options issued after November 7, 2002 which were not fully vested at January 1, 2010.