ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Acceleware Ltd.'s ("Acceleware" or the "Company") unaudited interim financial statements and the accompanying notes for the three and six months ended June 30, 2011 (the "Interim Financial Statements") which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the audited annual financial statements, accompanying notes and MD&A for the year ended December 31, 2010 which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP" or "GAAP"). Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Acceleware Corp.

This MD&A is presented as of August 22, 2011. All financial information contained herein is expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

- the expectation of Acceleware's ability to continue operating as a going concern, fund its operations through the sale of its products and services, and access external financing if required;
- projections of sales increases through focus on core markets, increasing the number of independent software vendor ("ISV") partners, and continuous performance improvements;
- potential benefits to Acceleware's customers, including cost savings and increases to cash flow and productivity;
- advantages to using Acceleware's products and services;
- ease and efficiency of implementing Acceleware's products and services; and
- supply and demand for Acceleware's primary products and services.

With respect to forward-looking statements contained in this MD&A, the Corporation has assumed, among other things:

- that the cost savings initiatives taken to date, coupled with the future revenue and cash flow expected by the Company's management ("Management") will be sufficient to fund future operations - this assumption being subject to the risk and uncertainty that the Company may not generate enough cash flow from operating activities to meet its capital requirements and that the Company may not be able to secure additional capital resources from external sources to fund any shortfall. Operating cash flow may be negatively impacted by general economic conditions, increased competition, increased equipment or labour costs, and adverse movements in foreign currencies. Should the Company experience a cash flow shortfall from operating activities, Management's contingency plan may not be sufficient to reverse the shortfall;
- that it will be able to increase sales of its products and services by focussing on key vertical markets, increasing the number of ISV partners, and continuously improving its products – which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, that the Company may not be able to successfully attract and integrate its

offerings into ISVs' products and that its research and development efforts may be unable to develop continuous improvements; and

- that it will be able to withstand the impact of increasing competition – which is subject to the risk that the adoption of graphics processing unit ("GPU") computing (and any future hardware platform utilized by the Company) may be negatively affected by future advances in competing technology.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A.

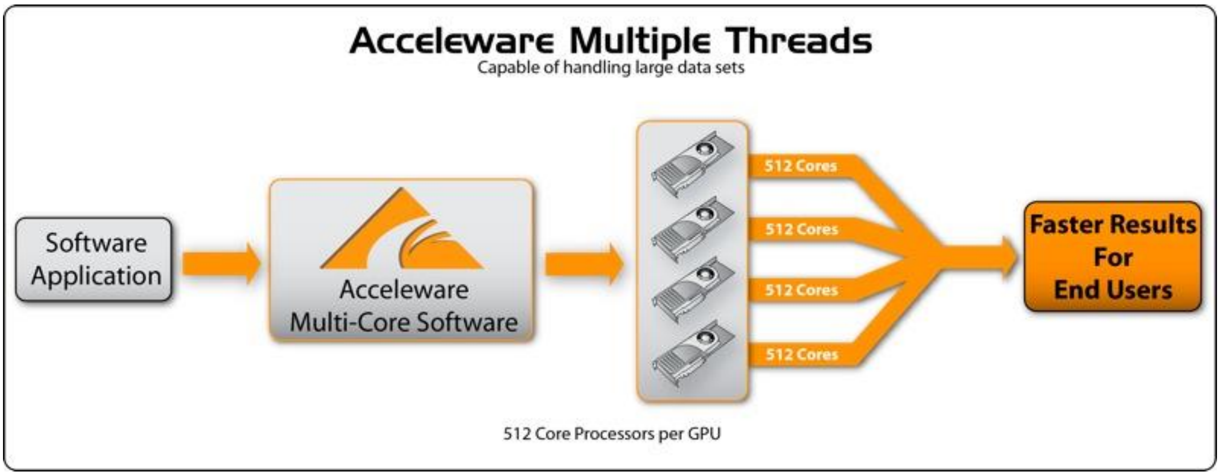
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Corporation's ability to protect and commercially exploit its intellectual property. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Company Overview

Acceleware is a high performance computing ("HPC") company that specializes in developing technologies that significantly reduce the computer processing time required for large scale mathematical calculations. Acceleware develops and sells specialized proprietary software; a combination of specialized proprietary software and third party hardware; and consulting services.

Acceleware solutions and services are deployed by major organizations worldwide to accelerate computer simulation and data processing applications in areas such as computer aided engineering ("CAE"), oil and gas exploration and development, medical imaging, industrial and consumer product design, and academic research. Acceleware's core markets are CAE and oil and gas exploration and development applications. Computing tasks in these fields can take several days, weeks, months or a year to complete, and represent a major bottleneck that prevents progress and innovation. Acceleware's solutions allow organizations to accomplish the same tasks many times faster (for example hours rather than days, or days rather than weeks), and also allow organizations to tackle larger, more complex problems. By enhancing a client's ability to compute, Acceleware helps them to compete.

Acceleware's proprietary software interface allows existing software programs to utilize the multi-core computing platforms that are available today. The Company's proprietary software allows these existing third-party software applications to leverage a combination of Graphic Processing Units ("GPUs"), Central Processing Units ("CPUs") and/or other many-core accelerator technologies as mathematical co-processors. Through this technology, Acceleware has brought supercomputing to the desktop.



In CAE, most of the major mobile telephone manufacturers in the world are using Acceleware's electromagnetic design solutions to design their products more rapidly. Acceleware's fourth-generation software acceleration solutions that support multi-board GPU solutions can accelerate entire industrial simulation and processing applications by over 35 times.

The solutions developed by Acceleware can be easily integrated by software developers, saving them the expense and time of migrating their applications to high performance multi-core platforms. Acceleware improves the overall experience for end users of these applications by providing greater computing speed without the end user having to learn new skills or change their work processes.

In the CAE market, Acceleware partners with software developers to increase the speed at which partners' software runs. Some of the Company's current software partners include SPEAG, Synopsys and Agilent Technologies. Acceleware reaches the CAE market through a combination of partner channels and direct sales.

Acceleware has developed seismic data processing applications for customers and partners in the oil and gas exploration and development market. Acceleware accesses the oil and gas exploration and development market through a combination of channel and direct sales. The Company provides partners with software solutions as an add-on or replacement to an existing seismic data processing platform to increase the functionality of and/or the speed of partners' software. Some of the Company's current software partners include Tsunami Development and Paradigm Geophysical.

In a variety of markets, Acceleware provides HPC consulting services to developers and users, under fixed price or hourly contracts. In addition to these consulting services, Acceleware provides public and private training courses to developers of HPC solutions.

Acceleware was founded in February 2004 by a group of graduate students and professors from the University of Calgary's Electrical Engineering department and became a public company on the TSX Venture Exchange in January 2006 through a reverse takeover of a capital pool company, Poseidon Capital Corp. The Company is headquartered in Calgary, Alberta. As at June 30, 2011, Acceleware had 23 employees including: 3 in administration; 4 in sales, marketing, and product management; and 16 in research and development.

Overall Performance

During the three months ended June 30, 2011 ("Q2, 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 $528,623 for the six months ended June 30, 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. For comparative purposes, the remainder of this MD&A will focus on the loss before income tax numbers.

During Q2, 2011, Acceleware achieved its highest quarterly revenue since Q3, 2009, and the third consecutive quarter of year-over-year improvement in revenue. In addition, Acceleware achieved its fourth consecutive quarter of improvement in net loss before tax when compared to the same quarter a year ago. The improvement was a result of increases in product sales (particularly the Company's Reverse Time Migration ("AxRTM") seismic imaging software). In Q2, 2011 the Company saw its first significant sale of AxRTM through its partnership with Paradigm Geophysical. In addition, revenue improved notably compared to the preceding calendar quarter (three months ended March 31, 2011 "Q1, 2011") mainly due to increased AxRTM sales and increased consulting services revenue.

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. 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 RTM 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. The Company continues to have no debt. Despite the financing, Management's objective remains to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. However, projected cash generated from operating activities remains highly dependent on uncertain revenue projections. During Q2, 2011, cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) were $824,881 compared to $759,396 for Q1, 2011 due to increased cost of revenue, and increased investment in marketing and research and development. 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. This decrease is a result of increased investment in accounts receivable.

Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements in future quarters. 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, if required, 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 research and development initiatives, and further reducing sales, 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.[*]

Second Quarter Highlights and Events

April 27, 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. Acceleware Ltd. has received cash of $917,196 as a result of the closing of the arrangement. Acceleware will use the new financing to accelerate its product development efforts, to increase its marketing and sales presence in its target markets, and for general working capital purposes.

May 11, 2011 – Acceleware and AMD (NYSE: AMD) announced a collaboration whereby the companies will deliver professional training programs to help developers learn how to create applications that comply with OpenCL™ standards. The jointly developed OpenCL courses from AMD and Acceleware are designed to support professional software developers by providing ongoing education opportunities around OpenCL, the non-proprietary industry standard for true heterogeneous computing across platforms.

Strategic Update

Consulting services business

Acceleware continues to see an increased demand for its specialized expertise both within its core verticals and in new markets. The company provides proof of concept, contract development, software code porting, and training

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[*] this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

services to its consulting clients. Where possible, the Company uses services as leverage to increase adoption of its products with its core verticals.

Relative to Q2, 2010, the Company saw continued consulting services business in Q1, 2011 particularly relating to oil and gas markets and its proprietary training services. Consulting services relate to both GPU and CPU HPC projects, and in some cases align well with the Company's core products. In several cases, the Company is developing long-term recurring business from key customers.

In Q2, 2011 Acceleware hosted several CUDA training classes in both open enrolment format and custom-designed for single organizations. During the quarter, the Company announced a partnership to offer OpenCL (an open-source computing language) training classes in conjunction with CPU and GPU manufacturer AMD, the first such classes will be held in Q3, 2011.

Core verticals

In the CAE market, software is sold to end users primarily through channel partners or Independent Software Vendors ("ISV") that have integrated Acceleware's solution into their software packages. Acceleware currently works with some of the world's largest companies in the electronics market, which consists of mobile phone manufacturers, industrial electronics firms, and government organizations. ISVs are an important sales channel for Acceleware, and work with the Company's sales force by selling on Acceleware's behalf, co-selling with Acceleware's sales people, or referring potential customers to Acceleware. In 2011, Acceleware's CAE ISV partners include Schmid & Partner Engineering AG ("SPEAG"), Agilent Technologies, Synopsis, Inc., and Crosslight.

To drive future sales growth, Acceleware will work to add new ISV partnerships. In addition to expanding the Company's potential customer base, new ISV partnerships also provide Acceleware with additional reselling agents who are strongly incented to cross-sell Acceleware's products alongside their software solutions.*

In addition to adding ISV partners, Acceleware is working to deliver new products and solutions to address the needs of a larger proportion of the installed base of its ISV partners. The Company is continuously improving its software acceleration products and expects to continue to release improved products with significant increases in performance every year. *

In Q2, 2011, the Company actively sold products and consulting services to the oil and gas exploration market. The Company continues to develop its latest release of AxRTM with TTI which the Company believes is a state-of-the-art RTM seismic data processing product. This and other seismic data acceleration solutions, with dense packaging and improved economics in power and cooling, provide a multi-fold performance increase that reduces lengthy processing times and enables expedited drilling decisions for the oil and gas industry. In Q2, 2011 the Company saw its first significant sale of AxRTM through its partnership with Paradigm Geophysical.

The Company currently sells product and services solutions into the oil and gas market and will continue to develop improvements to its products and intensify its marketing and business development activities in this market throughout 2011. The Company currently sells its seismic processing solutions through one reseller, and is actively pursuing other resellers. Acceleware has also seen significant sales directly to end-users in this market, and expects to continue to see significant direct sales going forward.*

In 2011, the Company's seismic products are being developed and marketed directly, and through ISVs. The Company's key Seismic ISVs are Paradigm Geophysical and Tsunami Development.

Management believes that adding new partners and increasing the proportion of the partners' end-users that can be addressed by Acceleware's solutions will drive revenue growth, strengthen Acceleware's competitive position in the market verticals where Acceleware operates, and help to establish market leadership. Management believes that

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market leadership in these verticals will result in higher sales penetration over the long-term, as well as improved profitability. Growth in the Company's existing vertical markets will be funded by operations, existing cash resources and investments in the Company and further financing as required from time to time. The Company will continue to finance operations and its growth strategy primarily through the sales of the Company's products and services. *

Acceleware's intellectual property includes its proprietary algorithms, software algorithms and multi-core hardware interface that have been protected as trade secrets to date.

Summary of Quarterly Results

The following table highlights revenue, cash used in operating activities, net loss before tax and earnings (loss) per share for the eight most recently completed quarters ended June 30, 2011.

	2011		2010				2009[1]	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	$738,634	$514,624	$672,556	$671,425	$646,725	$493,735	$610,884	$782,207
Cash generated (used) in operating activities	574,990	(90,929)	49,625	34,004	(101,041)	(178,694)	(352,832)	(274,889)
Net loss before tax	(106,168)	(260,505)	(82,532)	(96,828)	(109,644)	(418,979)	(237,880)	(480,468)
Total comprehensive income (loss) for the period	811,028	(260,505)	(82,532)	(96,828)	(109,644)	(418,979)	(237,880)	(480,468)
Earnings (loss) per share basic and diluted	$0.015	($0.005)	($0.002)	($0.002)	($0.002)	($0.008)	($0.005)	($0.009)

Compared to the same quarter a year earlier, Acceleware showed an increase in both revenue and consequently net loss before tax during the three months ended June 30, 2011. Cash generated (used) in operating activities increase significantly in Q2, 2011 compared to Q2, 2010 due to a significant increase in accounts receivable, although this was offset with the $917,196 deferred income tax recovery. The Company has not recorded any allowance for bad debts as management believes all accounts receivable continue to be collectible.

Results of Operations

Revenue

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.

[1] Financial results for periods ending prior to the Company's transition date to IFRS (January 1, 2010) are reported in Canadian GAAP

Revenue		**Three months ended 06/30/2011**		Three months ended 06/30/2010		Three months ended 3/31/2011	% change Q2 2011 over Q2 2010	% change Q2 2011 over Q1 2010
Product sales	**$**	**245,541**	$	119,498	$	181,447	105%	35%
Maintenance		**72,076**		93,822		98,083	-23%	-27%
Consulting		**420,997**		433,385		235,074	-3%	79%
Interest		**20**		20		20	0%	0%
	$	**738,634**	$	646,725	$	514,624	14%	44%

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.

Revenue		**Six months ended 06/30/2011**		Six months ended 06/30/2010	% change Six months ended 06/30/2011 over Six months ended 06/30/2010
Product sales	**$**	**426,988**	$	299,176	43%
Maintenance		**170,159**		197,570	-14%
Consulting		**656,071**		643,654	2%
Interest		**40**		60	-33%
	$	**1,253,258**	$	1,140,460	10%

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		**Three months ended 06/30/2011**		Three months ended 06/30/2010		**Three months ended 03/31/2011**	% change Q2 2011 over Q2 2010	% change Q2 2011 over Q1 2011
Cost of revenue	**$**	**149,927**	**$**	116,675	**$**	**86,387**	28%	74%
General & administrative		**305,018**		463,434		**315,762**	-34%	-3%
Research & development		**384,872**		176,441		**372,556**	118%	3%
Loss on disposal of property		**4,985**		(181)		**424**	N/A%	1076%
	$	**844,802**	**$**	756,369	**$**	**775,129**	12%	9%

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 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.

Expenses		**Six months ended 06/30/2011**		Six months ended 06/30/2010	% change Six months ended 06/30/2011 over Six months ended 06/30/2010
Cost of revenue	$	**236,314**	$	205,359	15%
General & administrative		**620,780**		981,059	-37%
Research & development		**757,428**		482,846	57%
Loss (gain) on disposal of property		**5,409**		(181)	N/A%
	$	**1,619,931**	$	1,669,083	-3%

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 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.

Net loss before tax

The Company had a net loss before tax for the three months ended June 30, 2011 of $106,168 a decrease of 3% from the $109,644 recorded in Q2, 2010 due to increased revenue, particularly AxRTM sales, offset by increased expenses particularly investment in R&D.

The Company had a net loss before tax for the six months ended June 30, 2011 of $366,673 a decrease of 31% from the $528,623 recorded in the six months ended June 30, 2010 due to increased revenue, particularly AxRTM sales, and reduced expenses particularly G&A.

Total comprehensive income (loss)

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 $528,623 for the six months ended June 30, 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.

Liquidity and Capital Resources

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. The Company continues to have no debt. Despite the financing, Management's objective remains to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. However, projected cash generated from operating activities remains highly dependent on uncertain revenue projections. During Q2, 2011, cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) were $824,881 compared to $759,396 for Q1, 2011 due to increased cost of revenue, and increased investment in marketing and research and development. 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. This decrease is a result of increased investment in accounts receivable.

Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements in future quarters. 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, if required, 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 research and development initiatives, and further reducing sales, 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.[*]

As at June 30, 2011, the Company had current liabilities of $624,092 compared to current liabilities of $660,599 as at December 31, 2010. The decrease is due to decrease in accounts payable and accrued liabilities offset by an increase in deferred revenue. Accounts payable and accrued liabilities decreased due to decreases in trade payables, accrued liabilities and customer deposits offset by increased deferred salaries payable to management and certain employees. Deferred revenue increased as the Company's customers renewed annual maintenance contracts in excess of the recognized maintenance revenue in the period.

Trade and Other Receivables

Due to significant invoicing of customers toward the end of Q2, 2011, trade and other receivables increased to $692,417 as at June 30, 2011, compared to $517,584 as at December 31, 2010. The Company maintains close contact with its channel partners to mitigate risk in the collection of accounts receivable. The Company has not recorded any allowance for bad debts as management believes all accounts receivable continue to be collectible.

Alberta SR&ED Tax Credits

Alberta SR&ED tax credits decreased to $79,753 as at June 30, 2011 from $109,301 as the Company recognized tax credits on the R&D performed during the six months ended June 30, 2011, and received a tax refund for SR&ED performed and claimed in 2010.

Financing Activities

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

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[*] this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

Pursuant to the Arrangement and on the Effective Date of the Arrangement: (i) the Acceleware Corp. 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 Acceleware Corp.'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 Acceleware Corp. immediately prior to giving effect to the Arrangement.

As such, pursuant to the Arrangement: (i) Acceleware Ltd. will conduct exactly the same business formerly conducted by the Acceleware Corp. with the same assets and liabilities of the Acceleware Corp. (with the exception of the benefit of certain of the Acceleware Corp.'s tax pools which, by their nature, cannot be transferred and have remained with the Acceleware Corp.); (ii) the shareholders of Acceleware Ltd. are the same as the former shareholders of the Acceleware Corp., holding the same number of common shares of Acceleware Ltd. as that number of common shares each held in the Acceleware Corp. 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.

Income Tax
The Company follows the liability method with respect to accounting for income taxes. Deferred tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities (temporary differences). Deferred income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect when these differences are expected to reverse. Deferred income tax assets, if any, are recognized only to the extent that, in the opinion of Management, it is probable that the assets will be realized.

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

With the exception of the refundable Alberta SR&ED tax credits, as at June 30, 2011, the potential tax benefits of Acceleware's available tax pools have not been recognized in the Company's account due to uncertainty surrounding the realization of such benefits.

Off-Balance Sheet Arrangements

Guarantees
Generally, while it is not the Company's policy to issue guarantees to third parties, Acceleware has entered into certain such agreements as more fully described in Note 12 to the audited financial statements for the year ended December 31, 2010. As of June 30, 2011, the Company believes that it is, at most, a remote possibility that the indemnification provisions described therein would require any material cash payment. As is the case with any business, the Company may be subject to certain regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2010. A discussion of risks affecting the Company and its business is set forth under the Risk Factors and Uncertainties in Management's Discussion and Analysis for the period ended December 31, 2010.

Transactions with Related Parties

In the six months ended June 30, 2011, the Company incurred expenses in the amount of $66,660 (2010- $63,068) 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, $11,110 was included in accounts payable as at June 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.

Four officers of the Company have advanced $126,855 (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.

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

		Six months ended June 30, 2011		Six months ended June 30, 2010
Salaries and short-term employee benefits	**$**	**310,052**	$	281,775
Share-based payments		**6,470**		45,451
	$	**316,522**	$	327,226

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2010 outlined critical accounting policies including key estimates and assumptions that management has made under these policies and how they affect the amounts reported in the financial statements. During the quarter, there have been no material changes in management's key estimates and assumptions and the unaudited interim financial statements follow the same accounting policies and methods of application as the most recent annual audited financial statements.

Financial Instruments and Other Instruments

The Company's only financial instruments are the monetary assets and liabilities appearing on its balance sheet.

Disclosure of Outstanding Share Data

As of the date of this MD&A, Acceleware had the following common shares and options outstanding:

Common Shares	54,534,748
Stock Options	4,156,471

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's research and development expenses and general and administrative expenses is provided in the audited financial statements for December 31, 2010 that are available on www.sedar.com and as noted below.

Research and Development	**Three months ended June 30, 2011**	Three months ended June 30, 2010
Salaries	$ 274,701	$ 192,764
Consulting	61,617	31,960
R&D training, travel & lab supplies	45,855	1,956
Stock-based compensation	4,098	5,736
Rent and overhead allocations	13,218	22,709
Amortization	27,090	40,363
Government assistance	-	(92,018)
Alberta SR&ED Tax Credits	(41,707)	(27,029)
Total	**$ 384,872**	$ 176,441

Sales, General and Administration	**Three months ended June 30, 2011**	Three months ended June 30, 2010
Salaries	$ 171,206	$ 279,783
Marketing	24,276	11,125
Travel	11,822	11,177
Share-based payments	3,351	13,039
Rent, supplies and public company fees	86,497	64,906
Amortization	27,090	40,363
Professional fees	(19,224)	43,041
Total	**$ 305,018**	$ 463,434