

Acceleware Ltd.

**Condensed Interim Financial Statements (Unaudited)
For the Six Months Ended June 30, 2012 and 2011**

(in Canadian dollars)

Acceleware Ltd.

Condensed Interim Financial Statements For the Six Months Ended June 30, 2012 and 2011 (in Canadian dollars)

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Acceleware Ltd.

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.

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

As at:

June 30, 2012 December 31, 2011

	June 30, 2012	December 31, 2011
Assets		
Current		
Cash and cash equivalents	\$ 364,366	\$ 876,386
Trade and other receivables	695,016	496,926
Alberta SR&ED tax credits receivable	248,762	160,465
Deposits and prepaid expenses	51,033	33,794
	1,359,177	1,567,571
Non-current		
Property and equipment (note 5)	186,867	92,873
Total assets	\$ 1,546,044	\$ 1,660,444
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 643,333	\$ 386,282
Deferred revenue	126,394	98,925
	769,727	485,207
Going concern (note 3)		
Commitments (note 8)		
Shareholders' Equity		
Share capital (note 6a)	16,544,812	16,544,812
Contributed surplus (note 6c)	5,958,249	5,911,452
Deficit	(21,726,744)	(21,281,027)
	776,317	1,175,237
Total liabilities and shareholders' equity	\$ 1,546,044	\$ 1,660,444

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.

Condensed Statements of Comprehensive Loss (Unaudited)

(in Canadian dollars)

	Three months ended June 30, 2012 (unaudited)	Three months ended June 30, 2011 (unaudited)	Six months ended June 30, 2012 (unaudited)	Six months ended June 30, 2011 (unaudited)
Revenue (note 7)	\$ 732,068	\$ 738,634	\$ 1,156,605	\$ 1,253,258
Expenses				
Cost of revenue	146,111	149,927	243,875	236,314
General and administrative	439,220	305,018	897,151	620,780
Research and development	244,957	384,872	503,263	757,428
(Gain) loss on disposal of property & equip.	(41,967)	4,985	(41,967)	5,409
	788,321	844,802	1,602,322	1,619,931
Loss before income tax	(56,253)	(106,168)	(445,717)	(366,673)
Deferred income tax recovery	—	917,196	—	917,196
Total comprehensive (loss) income for the period attributable to shareholders	\$ (56,253)	\$ 811,028	\$ (445,717)	\$ 550,523
(Loss) earnings per share				
Basic and diluted	\$ (0.001)	\$ 0.015	\$ (0.008)	\$ 0.010
Weighted average shares outstanding	55,950,266	54,534,748	55,950,266	54,534,748

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

Acceleware Ltd.

Condensed Statements of Changes in Shareholders' Equity (Unaudited)

(in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at December 31, 2010	\$ 16,474,036	\$ 5,874,106	\$ (21,733,283)	\$ 614,859
Total comprehensive income	—	—	550,523	550,523
Share-based payments	—	12,278	—	12,278
Share issuances	—	—	—	—
Balance at June 30, 2011	\$ 16,474,036	\$ 5,886,384	\$ (21,182,760)	\$ 1,177,660
Balance at December 31, 2011	\$ 16,544,812	\$ 5,911,452	\$ (21,281,027)	\$ 1,175,237
Total comprehensive loss	—	—	(445,717)	(445,717)
Share-based payments	—	46,797	—	46,797
Share issuances	—	—	—	—
Balance at June 30, 2012	\$ 16,544,812	\$ 5,958,249	\$ (21,726,744)	\$ 776,317

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

Acceleware Ltd.

Condensed Statements of Cash Flows (Unaudited)

(in Canadian dollars)

	Three months ended June 30, 2012 (unaudited)	Three months ended June 30, 2011 (unaudited)	Six months ended June 30, 2012 (unaudited)	Six months ended June 30, 2011 (unaudited)
Cash flows from (used for) operating activities				
Loss before income tax	\$ (56,253)	\$ (106,168)	\$ (445,717)	\$ (366,673)
Items not involving cash:				
Amortization	25,747	54,179	54,254	108,599
(Gain) loss on disposal of property and equipment	(41,967)	4,985	(41,967)	5,409
Share-based payments (note 6)	23,499	7,449	46,797	12,278
	(48,974)	(39,555)	(386,633)	(204,387)
Changes in non-cash working capital items				
Accounts receivable	(261,140)	(326,161)	(119,430)	(321,323)
Alberta SR&ED tax credit receivable	(41,023)	73,063	(88,297)	29,548
Prepaid expenses	(24,472)	19,522	(17,239)	(10,956)
Accounts payable and accrued liabilities	161,040	(34,582)	110,819	102,969
Deferred revenue	51,846	(34,493)	27,469	7,014
	(162,723)	(342,206)	(473,311)	(433,135)
Cash flows from financing activities				
Proceeds from plan of arrangement (note 1)	—	1,200,545	—	1,200,545
Costs associated with plan of arrangement (note 1)	—	(283,349)	—	(283,349)
	—	917,196	—	917,196
Cash flows from investing activities				
Proceeds from sale of property and equipment	44,309	7,685	44,309	8,233
Purchase of property and equipment	(118,637)	(6,376)	(150,588)	(19,267)
Change in non-cash working capital	37,570	—	67,570	—
	(36,758)	1,309	(38,709)	(11,034)
Increase (decrease) in cash and cash equivalents	(199,481)	576,299	(512,020)	473,027
Cash and cash equivalents, beginning of period	563,847	250,312	876,386	353,584
Cash and cash equivalents, end of period	\$ 364,366	\$ 826,611	\$ 364,366	\$ 826,611
Comprised of:				
Cash on hand	\$ 324,265	\$ 786,571	\$ 324,265	\$ 786,571
Cash equivalents	40,101	40,040	40,101	40,040
	\$ 364,366	\$ 826,611	\$ 364,366	\$ 826,611
Interest received	\$ —	\$ 20	\$ —	\$ 20
Interest paid	\$ 385	\$ —	\$ 731	\$ —
Income taxes paid	\$ 800	\$ —	\$ 800	\$ —

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

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, pursuant to which the Company completed a reorganization transaction to create a new company named Acceleware Ltd. (formerly Acceleware Corp.) As a result of the reorganization, Acceleware Ltd. received gross proceeds of \$1,200,545. The costs associated with the transaction were \$283,349.

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); and (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 giving effect 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 condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of condensed interim financial statements, including International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) and have been prepared following the same accounting policies and method of computation as the annual financial statements for the year ended December 31, 2011. The disclosures provided below are incremental to those included with the annual financial statements. Certain information and disclosures normally included in the notes to the annual financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were approved by the Board of Directors on August 21, 2012.

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

2. Basis of Presentation (cont'd)

(b) Functional and presentation currency

The condensed 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 agency.

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.

The Company makes use of estimates when making allowances for uncollectible trade and other receivables. The Company evaluates each receivable at year 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 and contingencies. Actual results could differ from these and other estimates.

3. Going concern

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has accumulated losses amounting to \$21,726,744 (December 31, 2011 - \$21,281,027), largely due to investments in new product development and in the penetration of new markets.

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 focussing on higher gross margin revenue streams such as software products, consulting services and training; focussing on selected core vertical markets; reducing

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

3. Going concern (cont'd)

operating expenses; and limiting 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, marketing and general and administrative expenses, and seeking outside financing.

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 financial performance 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 condensed interim 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

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2011 or later periods. The standards impacted that are applicable to the Company are as follows:

The amendment to IFRS 7, 'Financial Instruments: Disclosures' was issued in October 2010 and provides greater transparency around risk exposures relating to transfers of financial assets that are either partially or entirely derecognized, but with which the entity continues to have some continuing involvement. The amendment will only affect disclosure and is effective for annual periods beginning on or after July 1, 2011.

IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting.

IFRS 10, 'Consolidated Financial Statements' was issued in May 2011 and will supersede the consolidation requirements in SIC-12 'Consolidation – Special Purpose Entities' and IAS 27 'Consolidated and Separate Financial Statements' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where it is difficult to assess.

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

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

IFRS 11, 'Joint Arrangements' was issued in May 2011 and will supersede existing IAS 31, 'Joint Ventures' effective for annual period beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method.

IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IAS 1, 'Presentation of Financial Statements' was amended by the IASB in June 2011 in order to align the presentation of items in order comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

IAS 12, 'Income Taxes' was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012.

The amendment to IAS 19, 'Employee Benefits' was issued in June 2011 which revises the accounting for defined benefit plans to eliminate the option to defer recognition of actuarial gains and losses (the "corridor approach") by recognizing these in other comprehensive income as they occur; immediately recognize all past service costs; replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset); and revise the disclosure requirements. Accounting for termination benefits was also revised. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 27, 'Consolidated and Separate Financial Statements' contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IAS 28, which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

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

ventures, was amended in 2011. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

The Company is currently assessing the impact of these standards on its reporting and disclosures.

5. Property and equipment

Cost:	Furniture and fixtures	Computer hardware	Computer software	Leasehold improvements	Total
Opening balance at January 1, 2012	\$ 230,602	\$ 720,301	\$ 77,659	\$ 647,126	\$ 1,675,688
Additions	—	46,732	—	103,856	150,588
Disposals	(144,126)	—	—	(647,126)	(791,252)
Closing balance at June 30, 2012	\$ 86,476	\$ 767,033	\$ 77,659	\$ 103,856	\$ 1,035,024

Accumulated amortization:	Furniture and fixtures	Computer hardware	Computer software	Leasehold improvements	Total
Opening balance at January 1, 2012	\$ 196,445	\$ 681,857	\$ 77,659	\$ 626,848	\$ 1,582,809
Amortization	3,477	30,502	—	20,275	54,254
Disposals	(141,783)	—	—	(647,123)	(788,906)
Closing balance at June 30, 2012	\$ 58,139	\$ 712,359	\$ 77,659	\$ —	\$ 848,157

Net book value at June 30, 2012	\$ 28,337	\$ 54,674	\$ —	\$ 103,856	\$ 186,867
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During the three months ended June 30, 2012 the Company leased new premises. As a result of the move, \$647,126 in leasehold improvements and related amortization and impairment were subject to disposal. In addition, \$144,126 in furniture and fixtures and related amortization and impairment were also subject to disposal. A portion of the disposed furniture was sold resulting in a gain on disposal of \$41,967.

50% of amortization expense is allocated to research and development expense and 50% is allocated to general and administrative expense. For the six months ended June 30, 2012 \$27,127 (six months ended June 30, 2011 – \$54,300) in amortization is included in each of general and administrative and research and development expense on the statement of comprehensive loss.

6. 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.

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

6. Share capital and other components of shareholders' equity (cont'd)

Common shares	Number	Amount
Balance, December 31, 2011	55,950,266	\$ 16,544,812
Issued	—	—
Balance, June 30, 2012	55,950,266	\$ 16,544,812

(b) Share-based payments

At June 30, 2012 the Company had 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 compensation. 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 compensation expenses.

During the six months ended June 30, 2012, the Company granted to certain employees, officers, and directors, a series of options to purchase a total of 1,380,000 Common Shares at an exercise price of \$0.10 per share. 460,000 of the options will vest one year from the date of grant, 460,000 will vest two years from the date of grant and 460,000 will vest three years from the date of grant. The options expire 5 years from the date of grant.

The weighted average grant date fair value of the stock options issued during the six months ended June 30, 2012 was estimated to be \$0.070 per option using the Black-Scholes option pricing model based on the following weighted average assumptions: expected volatility of 183%, a risk-free interest rate of 1.33%, expected dividend yield of nil%, expected forfeiture rate of 10% and expected life of 5 years. The estimated fair value of each tranche of options not immediately vesting is amortized to share-based payments over the option vesting period on a straight line basis. Total share-based payments for the three months ended June 30, 2012 were \$23,499 (three months ended June 30, 2011 - \$7,449).

During the year ended December 31, 2011, the Company granted to certain employees, officers, and directors, a series of options to purchase a total of 1,240,000 Common Shares at an exercise price of \$0.10 per share. 413,333 of the options will vest one year from the date of grant, 413,333 will vest two years from the date of grant and 413,334 will vest three years from the date of grant. The options expire 5 years from the date of grant.

The weighted average grant date fair value of the stock options issued during 2011 was estimated to be \$0.063 per option using the Black-Scholes option pricing model based on the following weighted average assumptions: expected volatility of 187%, a risk-free interest rate of 2.48%, expected dividend yield of nil%, expected forfeiture rate of 10% and expected life of 5 years. The estimated fair value of each tranche of options not immediately vesting is amortized to share-based payments over the option vesting period on a straight line basis. Total share-based payments for the year ended December 31, 2011 were \$37,346.

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

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

6. Share capital and other components of shareholders' equity (cont'd)

	Number	Weighted Average Exercise Price
Balance, December 31, 2011	3,580,000	\$ 0.206
Granted	1,380,000	0.100
Forfeited	(10,000)	0.100
Expired	(302,500)	1.081
Balance, June 30, 2012	4,647,500	\$ 0.118

Summary of options outstanding and exercisable as at June 30, 2012 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	4,535,000	2.72	\$0.100	2,433,297
0.70	0.70	37,500	0.85	0.700	37,500
0.80	1.14	75,000	0.31	0.898	75,000
\$0.10	\$1.14	4,647,500	2.67	\$0.118	2,545,797

(c) Contributed surplus

Balance, December 31, 2011	\$	5,911,452
Share-based payments		46,797
Balance, June 30, 2012	\$	5,958,249

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

7. Segmented information

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

(a) Geographic segmentation is as follows:

Revenue:	Three months ended	Three months ended	Six months ended	Six months ended
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Canada	\$ 23,234	\$ 22,315	\$ 34,092	\$ 27,861
Foreign Countries	708,834	716,319	1,122,513	1,225,397
	\$ 732,068	\$ 738,634	\$ 1,156,605	\$ 1,253,258

(b) Product segmentation of revenue is as follows:

	Three months ended	Three months ended	Six months ended	Six months ended
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Product sales	\$ 185,551	\$ 170,518	\$ 231,647	\$ 351,965
Maintenance	59,357	72,076	134,611	170,159
Consulting	487,160	496,020	790,347	731,094
Interest	—	20	—	40
	\$ 732,068	\$ 738,634	\$ 1,156,605	\$ 1,253,258

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

	Three months ended	Three months ended	Six months ended	Six months ended
	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011
Customer A	\$ 294,713	\$ 48,828	\$ 514,011	\$ 48,828
Customer B	137,432	106,300	212,655	344,105
Customer C	70,885	97,655	70,885	97,655
Customer D	—	243,381	—	268,259
	\$ 503,030	\$ 496,164	\$ 797,551	\$ 758,847

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

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

8. Commitments

On February 29, 2012, Acceleware entered into a premise lease agreement to lease 5,244 square feet of office space commencing August 1, 2012 and ending July 31, 2017, a period of five years.

In addition to the basic monthly rents, the Company must pay a proportionate share of property taxes, operating costs, utilities and additional services ("additional rent").

The minimum annual basic rent and estimated additional rent commitments are as follows:

2012	\$	49,521
2013		148,563
2014		150,748
2015		153,807
2016		155,992
Thereafter		79,525
	\$	738,156

9. Related Party Transactions

- (a) For the three months ended June 30, 2012, the Company incurred expenses in the amount of \$39,000 (three months ended June 30, 2011 - \$33,330) and \$76,114 for the six months ended June 30, 2012 (six months ended June 30, 2011 - \$66,660) to a company controlled by an officer of the Company as fees for duties performed in managing operations, and are included in research and development expense. Of the total, \$nil was included in accounts payable and accrued liabilities as at June 30, 2012 (December 31, 2011 - \$13,770). These fees were paid 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) For the three months ended June 30, 2012, the Company incurred expenses in the amount of \$nil (three months ended June 30, 2011 - \$252,027) and \$nil for the six months ended June 30, 2012 (six months ended June 30, 2011 - \$256,712) to a company controlled by a director of the Company for legal fees, and are included in general and administrative expense. Of the total, \$nil was included in accounts payable and accrued liabilities as at June 30, 2012 (December 31, 2011 - \$1,916). These fees were paid 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.
- (c) Four officers of the Company have advanced \$68,144 (December 31, 2011 - \$24,194) to the Company. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2012. These amounts are recorded in accounts payable.

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011

(in Canadian dollars)

9. Related Party Transactions (cont'd)

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

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Salaries and short-term employee benefits	\$ 180,836	\$ 165,629	\$ 397,919	\$ 335,304
Share-based payments	14,413	4,233	28,733	6,470
	\$ 195,249	\$ 169,862	\$ 426,652	\$ 341,774