Acceleware Corp.

Interim Financial Statements
March 31, 2008 (Unaudited)

Acceleware Corp.

Interim Financial Statements
March 31, 2008 and 2007
(Unaudited)

Contents

Acceleware Corp.

Balance Sheets
As at:

		March 31, 2008 (unaudited)		December 31, 2007 (audited)
Assets				
Current				
Cash and cash equivalents	$	**4,280,130**	$	6,196,894
Short term investments		**1,569,277**		1,550,017
Accounts receivable		**1,250,517**		1,198,480
Inventory		**1,355,277**		1,077,306
Prepaid expenses		**50,072**		78,457
		8,505,273		10,101,154
Investment		**1,036,865**		1,011,313
Property and equipment		**1,448,354**		1,456,826
	$	**10,990,492**	$	12,569,293
Liabilities and Shareholder's Equity				
Current				
Accounts payable and accrued liabilities	$	**1,160,416**	$	1,177,404
Deferred revenue		**249,653**		225,010
		1,410,069		1,402,414
Shareholders' Equity				
Share capital (note 3)		**15,859,561**		15,229,099
Warrants (note 3)		**3,684,833**		3,902,506
Contributed surplus (note 3)		**1,514,565**		1,365,390
Deficit		**(11,478,536)**		(9,330,116)
		9,580,423		11,166,879
	$	**10,990,492**	$	12,569,293

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

Approved on behalf of the Board:

(signed) "Sean Krakiwsky"
Director

(signed) "Bohdan Romaniuk"
Director

Acceleware Corp.

Statements of Operations and Deficit
For the:

		Three Months Ended March 31, 2008 (unaudited)		Three Months Ended March 31, 2007 (unaudited)
Revenue				
Product sales	$	**1,108,137**	$	294,300
Maintenance		**130,386**		38,364
Interest		**116,441**		34,177
		1,354,964		366,841
Expenses				
Costs of product sales		**814,782**		157,592
General and administrative		**1,762,284**		1,087,461
Research and development		**861,425**		246,629
Amortization		**64,893**		51,085
		3,503,384		1,542,767
Loss for the period		**(2,148,420)**		(1,175,926)
Deficit, beginning of period		**(9,330,116)**		(2,592,371)
Deficit, end of period	$	**(11,478,536)**	$	(3,768,297)
Loss per share				
Basic and diluted	$	**0.05**	$	0.06
Weighted average outstanding		**41,702,048**		19,139,531

See accompanying notes to interim financial statements.

Acceleware Corp.

Statements of Cash Flows
For the:

	Three Months Ended March 31, 2008 (unaudited)	Three Months Ended March 31, 2007 (unaudited)
Cash flows from (used for) operating activities		
Loss for the period	**$ (2,148,420)**	$ (1,175,926)
Items not involving cash:		
Amortization	**129,786**	51,085
Accrued interest on investments	**(44,812)**	-
Stock-based compensation	**92,828**	91,640
	(1,970,618)	(1,033,201)
Changes in non-cash working capital items		
Accounts receivable	**(52,037)**	22,534
Prepaid expenses	**28,385**	(124,857)
Inventory	**(356,484)**	(152,544)
Accounts payable and accrued liabilities	**(16,989)**	37,568
Deferred revenue	**24,643**	703
	(2,343,100)	(1,249,797)
Cash flows from financing activities		
Issuance of common shares and warrants, net of issue costs	**469,136**	10,901,813
Cash flows from investing activities		
Purchase of property and equipment	**(42,800)**	(170,779)
Increase (decrease) in cash and cash equivalents	**(1,916,764)**	9,481,237
Cash and cash equivalents, beginning of period	**6,196,894**	626,996
Cash and cash equivalents, end of period	**$ 4,280,130**	$ 10,108,233
Comprised of:		
Cash on hand	**$ 571,189**	$ 175,009
Cash equivalents	**3,708,941**	9,933,224
	$ 4,280,130	$ 10,108,233

See accompanying notes to interim financial statements.

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

The accompanying unaudited interim financial statements do not include all of the information and notes required by Canadian generally accepted accounting principles applicable to audited annual financial statements and therefore should be read in conjunction with the December 31, 2007 audited financial statements and notes. In management's opinion, the interim financial statements have been properly prepared using careful judgment with reasonable limits of materiality and within the same framework of the Company's significant accounting policies and method of application as the most recent audited financial statements except for the changes in accountings policies described in note 2.

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

2. Adoption of new accounting standards

Capital disclosures

Effective January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535 "Capital Disclosures". The new section requires an entity to disclose information about its capital and how it is managed. The Company's capital management strategy is outlined in note 6 to the financial statements.

Financial instruments

Effective January 1, 2008, the Company adopted the CICA Handbook Section 3862 "Financial Instruments" and Section 3863 "Financial Instruments – Presentation", which replace Section 3861 "Financial Instruments – Disclosure and Presentation". The new sections revise and enhance financial instruments disclosure requirements and place increased emphasis on disclosure about the nature and extent of the risks arising from financial instruments and how the Company manages those risks.

In accordance with these new standards, the Company's financial instruments are classified as follows:

- Cash and cash equivalents, short-term investments and investments are classified as held-for-trading and accordingly carried at their fair values;
- Accounts receivable are classified as loans and receivables, and accordingly carried at their amortized costs;
- Accounts payable and accrued liabilities are classified as other financial liabilities and are currently carried at their amortized cost.

2. Adoption of new accounting standards (cont'd)

General standards on financial statement presentation

Effective January 1, 2008, the Company adopted CICA Handbook Section 1400 "General Standards on Financial Statement Presentation", which requires the Company to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The adoption of this standard did not have a material impact on the Company's financial statements.

Inventories

Effective January 1, 2008, the Company adopted CICA Handbook Section 3031 "Inventories", which requires inventory to be valued on a first-in, first-out basis or weighted average basis. The new standard also requires fixed and variable production overheads that are incurred in converting material into finished goods to be allocated to the cost of inventory on a systematic basis. The Company assessed a retrospective adjustment to its inventories and considered it not material, therefore no adjustment has been made. The adoption of this standard did not have a material impact on the Company's financial statements.

Recent accounting pronouncements

Goodwill and intangible assets

CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces CICA Handbook Section 3062 "Goodwill and Intangible Assets", and Section 3450 "Research and Development Costs", establishes the standards for recognition, measurement and disclosure of goodwill and intangible assets. Under these new standards, internally generated intangible assets may be recognized in the financial statements under certain circumstances. This standard is effective for the Company for interim and annual financial statements beginning on January 1, 2009. The Company has not yet determined the impact of the adoption of this change on these financial statements.

International financial reporting standards

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS) effective January 1, 2011. The impact of the transition to IFRS on the Company's financial statement has not yet been determined.

3. Share capital

Authorized:

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

3. **Share capital (cont'd)**

Issued:

Common shares	Number		Amount
Balance, December 31, 2007	41,351,821	$	15,229,099
Stock option plan exercises:			
Issued for cash	142,571		58,280
Transferred from contributed surplus	-		43,094
Warrant exercises:			
Issued for cash	586,938		410,856
Transferred from warrants	-		118,232
Balance, March 31, 2008	42,081,330	$	15,859,561

Warrants

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

	Number		Amount		Weighted Average Exercise Price
Balance, December 31, 2007	6,672,361	$	3,902,506	$	1.539
Exercised	(586,938)		(118,232)		0.646
Expired	(387,777)		(99,441)		0.646
Balance, March 31, 2008	5,697,646	$	3,684,833	$	1.682

Warrants outstanding and exercisable:

Exercise Price	Warrants Outstanding	Weighted Average Remaining Term (Years)	Warrants Exercisable
1.29	2,250,000	0.81	2,250,000
1.30	100,000	0.71	100,000
1.30	180,723	1.70	180,723
1.80	90,000	0.09	90,000
2.00	3,076,923	0.71	3,076,923
	5,697,646		5,697,646

3. Share capital (cont'd)

Escrowed shares

At March 31, 2008, an aggregate of 4,042,185 common shares remain subject to escrow agreements pursuant to the requirements of the TSX Venture Exchange. Pursuant to the escrow agreements, an aggregate of 2,021,095 escrowed shares (representing 15% of the 13,473,952 originally escrowed shares) will be released from escrow on each of July 18, 2008 and January 18, 2009.

Stock options

During the quarter, the Company granted to certain employees and officers, a series of options to purchase a total of 192,500 common shares of Acceleware Corp. at prices ranging from $0.80 to $0.82 per share. One third of the options vest on the date of grant, one third vest one year from the date of grant, and one third vest two years from the date of grant. The options expire 5 years from the date of grant. The exercise price was based upon the market price prevailing at the stock option grant date. The fair value of the options was estimated using the Black-Scholes option pricing model based on the following assumptions: a volatility of 125% a risk-free interest rate ranging from 3.34% to 3.39% and expected dividend yield of nil %.

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

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2007	4,101,676	$0.739
Granted	192,500	0.810
Forfeited	(40,000)	(0.40)
Exercised	(142,571)	(0.42)
Balance, March 31, 2008	4,111,605	$ 0.757

A summary of outstanding options at March 31, 2008 is shown on the following page:

3. Share capital (cont'd)

Options Outstanding					Options exercisable
Range of exercise price outstanding		Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$0.20	$0.60	2,011,643	2.81	$0.32	1,651,509
$0.80	$1.14	1,266,500	4.30	0.96	306,783
$1.30	$2.00	833,462	1.06	1.52	801,162
$0.20	$2.00	4,111,605	2.91	$0.76	2,759,454

Stock-based compensation expense of $92,828 was recorded for the three months ended March 31, 2008 (2007 - $91,640).

Contributed surplus

Contributed surplus consists of the following:

Balance, December 31, 2007	$	1,365,390
Stock-based compensation		92,828
Warrants expired		99,441
Exercise of options		(43,094)
Balance, March 31, 2008	$	1,514,565

4. Segmented information

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

Revenue (excluding interest) :		**Canada**	**Foreign Countries**		**Total**
Three months ended March 31, 2008	**$**	28,735	1,209,788	$	1,238,523
Three months ended March 31, 2007	$	38,201	294,463	$	332,664

4. Segmented information (cont'd)

The Company derives significant revenues from three Independent Software Vendor ("ISV") distribution channels each of which exceed 10% of total revenues for the three-months ended March 31, 2008 (March 31, 2007- two ISV's). The first ISV accounts for $540,913 (2007 - $184,253) of revenues and the second ISV accounts for $313,150 (2007 - $133,962) of revenues and in 2008 a third ISV accounts for $214,290 (2007 - $nil).

5. Financial instruments and capital risk

The Company's objective for investments is to hold securities which are highly liquid and temporary in nature. The Company currently holds an investment in asset backed commercial paper as disclosed in our outlined in the audited financial statements for December 31, 2007. To date, the Company has not entered into derivative contracts to manage these risks.

Fair value

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair values due to the immediate or short-term maturity of these financial instruments.

The Company has determined that based on the management's assumptions disclosed in note 4 of the annual audited financial statements for December 31, 2007, for the Company's investment in asset backed commercial paper (ABCP), a gain on valuation for three month period ending March 31, 2008 of $25,552 was required due to the time value of money.

While the Company believes that it has utilized an appropriate methodology to estimate fair value on the Company's investment in ABCP, given the number of uncertainties there can be no assurance that management's estimate of potential recovery as at March 31, 2008 is accurate.

Interest-rate risk

The Company is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the fair value or future cash flows of its cash equivalents and short-term investments. The short term nature of these instruments, a maturity within three months of their purchase date and the highly liquid nature of the investments significantly mitigate the Company's interest rate risk.

Currency risk

A portion of the Company's revenues are made to customers in foreign countries and accordingly the Company is exposed to related foreign currency risk arising from fluctuations in US dollar exchange rates. This risk is significantly mitigated by purchases settled in US dollars.

5. Financial instruments and capital risk (cont'd)

Market risk

Market risk includes the Company assumptions on value and on liquidity from its investment in asset backed commercial paper as disclosed in the audited financial statements dated December 31, 2007. While the Company believes that it has utilized an appropriate methodology to estimate fair value, given the number of uncertainties there can be no assurance that management's estimate of potential recovery as at March 31, 2008 is accurate.

Credit risk

Credit risk reflects the risk that the Company may be unable to recover its accounts receivable. The Company is exposed to credit risk as a substantial portion of its revenue is predominately generated from three customers. The Company manages its credit risk by closely monitoring the granting of credit. At this time, the Company makes no allowance for doubtful accounts.

Credit risk includes the Company assumptions on value and on liquidity from its investment in asset backed commercial paper as disclosed in the audited financial statements dated December 31, 2007. While the Company believes that it has utilized an appropriate methodology to estimate fair value, given the number of uncertainties there can be no assurance that management's estimate of potential recovery as at March 31, 2008 is accurate.

The Company limits it exposure to credit risk with respect to short-term investments by only investing in bankers acceptance and GIC, both highly liquid investments.

Capital risk management

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 expansion.

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

The Company considers the items included in capital to include shareholder's equity, cash and cash equivalents and short-term investments. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

6. Subsequent events

On May 6, 2008, Acceleware Corp. granted to certain of its employees an aggregate of 117,500 options to acquire common shares of the Company. The options have an exercise price of $0.70 per share and expire on May 6, 2013. Ten percent of the options will vest immediately, thirty percent will vest on May 6, 2009, thirty percent will vest on May 6, 2010 and thirty percent will vest on May 6, 2011.

In note 4 to the December 31, 2007 audited financial statements, the Asset Backed Commercial Paper ("ABCP") restructuring plan was disclosed. The ABCP noteholders voted in favour of the restructuring plan on April 25, 2008. The restructuring plan is currently awaiting final approval from the Ontario Superior Court of Justice.