

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Interim Financial Statements
June 30, 2007
(Unaudited)

Acceleware Corp.
(Formerly Poseidon Capital Corp.)

Interim Financial Statements
June 30, 2007 and 2006
(Unaudited)

Contents

Interim Balance Sheets	2
Statements of Operations and Deficit	3
Statements of Cash Flows	4
Notes to Interim Financial Statements	5-15

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Balance Sheets
As at:

	June 30, 2007		December 31,
	(unaudited)		2006 (audited)
Assets			
Current			
Cash and cash equivalents	\$ 7,748,824	\$	626,996
Accounts receivable	846,106		494,131
Inventory	750,396		324,204
Prepaid expenses	96,928		14,081
	9,442,254		1,459,412
Property and Equipment (note 3)	1,242,300		358,132
	\$ 10,684,554	\$	1,817,544
Liabilities and Shareholder's Equity			
Current			
Accounts payable and accrued liabilities	\$ 484,663	\$	274,281
Deferred revenue	156,551		124,323
	\$ 641,214	\$	398,604
Shareholders' Equity			
Share capital (note 4)	\$ 10,414,149	\$	3,140,414
Warrants (note 4)	3,841,836		529,458
Contributed surplus (note 4)	1,200,381		341,439
Deficit	(5,413,026)		(2,592,371)
	10,043,340		1,418,940
	\$ 10,684,554	\$	1,817,544

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

Approved on behalf of the Board:

(signed) "Sean Krakiwsky"

Director

(signed) "Dennis Nerland"

Director

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Statements of Operations and Deficit
For the:

	Three Months Ended June 30, 2007 (unaudited)	Three Months Ended June 30, 2006 (unaudited)	Six Months Ended June 30, 2007 (unaudited)	Eleven Months Ended June 30, 2006 (unaudited)
Revenue				
Product sales	\$ 495,565	\$ 286,880	\$ 789,865	\$ 572,118
Maintenance	43,000	22,412	81,364	22,412
Consulting	-	-	-	56,000
Interest	57,495	2,132	91,672	5,507
	596,060	311,424	962,901	656,037
Expenses				
Costs of product sales	\$ 265,950	\$ 183,050	\$ 423,542	\$ 339,559
General and administrative	1,493,545	270,851	2,581,008	813,857
Research and development, including stock-based compensation expense of \$31,845 and \$4,730 for 3 months ended 2007 and 2006 and \$40,838 and \$38,119 for periods ending 6 months and eleven months	444,511	207,826	691,139	487,826
Amortization	36,783	6,878	87,868	16,377
	2,240,789	668,605	3,783,557	1,657,619
Loss for the period	(1,644,729)	(357,181)	(2,820,656)	(1,001,582)
Deficit, beginning of period	(3,768,297)	(969,034)	(2,592,370)	(324,633)
Deficit, end of period	\$ (5,413,026)	\$ (1,326,215)	\$ (5,413,026)	\$ (1,326,215)
Loss per share				
Basic and diluted	\$ 0.05	\$ 0.02	\$ 0.09	\$ 0.07
Weighted average outstanding	34,824,083	18,625,476	32,406,067	14,936,756

See accompanying notes to interim financial statements

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Statements of Cash Flows
For the:

	Three Months Ended June 30, 2007 (unaudited)	Three Months Ended June 30, 2006 (unaudited)	Six Months Ended June 30, 2007 (unaudited)	Eleven Months Ended June 30, 2006 (unaudited)
Cash flows from (used for) operating activities				
Loss for the period	\$ (1,644,729)	\$ (357,181)	\$ (2,820,656)	\$ (1,001,582)
Items not involving cash:				
Amortization	73,565	6,878	124,650	16,377
Stock-based compensation	221,908	20,915	313,548	65,006
	(1,349,256)	(329,388)	(2,382,458)	(920,199)
Changes in non-cash working capital items				
Accounts receivable	(374,509)	(286,859)	(351,975)	(365,108)
Prepaid	42,009	-	(82,848)	(1,000)
Inventory	(421,409)	(33,600)	(573,953)	(75,035)
Accounts payable and accrued liabilities	172,814	87,339	210,383	95,350
Deferred revenue	31,525	64,598	32,228	64,598
	(1,898,826)	(497,910)	(3,148,623)	(1,201,394)
Cash flows from financing activities				
Issuance of common shares and warrants, net of issue costs	229,694	47,227	11,131,508	1,524,559
Issuance of warrants	-	-	-	116,425
Deferred share issue costs	-	(8,500)	-	(8,500)
	229,694	38,727	11,131,508	1,632,484
Cash flows from investing activities				
Purchase of property and equipment	(690,278)	(36,176)	(861,057)	(129,824)
	(690,278)	(36,176)	(861,057)	(129,824)
Increase in cash and cash equivalents	(2,359,410)	(495,359)	7,121,828	301,266
Cash and cash equivalents, beginning of period	10,108,234	1,035,718	626,996	239,093
Cash and cash equivalents, end of period	\$ 7,748,824	\$ 540,359	\$ 7,748,824	\$ 540,359
Comprised of:				
Cash on hand	\$ 388,845	\$ 40,359	\$ 388,845	\$ 40,359
Cash equivalents	7,359,979	500,000	7,359,979	500,000
	\$ 7,748,824	\$ 540,359	\$ 7,748,824	\$ 540,359

See accompanying notes to interim financial statements.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

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, 2006 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. Change in accounting policies

Accounting Changes

Effective January 1, 2007, the Company adopted the amended Handbook Section 1506 "Accounting Changes". The changes to this Section particularly affect the following:

- An entity would be permitted to change an accounting policy only when it is required by a primary source of GAAP, or when the change results in a more reliable and relevant presentation in the financial statements;
- Changes in accounting policy should be applied retrospectively, except in cases where specific transitional provisions in a primary source of GAAP permit otherwise or where application to comparative information is impractical (the standard provides specific guidance as to what is considered impractical);
- Expanded disclosures about the effects of changes in accounting policy, estimates and errors on the financial statements; and
- Disclosure of new primary sources of GAAP that have been issued but have not yet come into effect and have not yet been adopted by the entity.

The adoption of the amended Section had no effect on the financial statement accounts of the Company.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

2. Change in accounting policies (cont'd)

Financial Instruments – Recognition and Measurement

Effective January 1, 2007, the Company adopted, on a retroactive without restatement basis, the CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement” which prescribes all financial instruments within the scope of this standard, including derivatives, be initially measured in the balance sheet at fair value, (except for certain related party transactions). Subsequent measurement of financial instruments should be either at their fair value or, in limited circumstances when fair value may not be considered most relevant, at cost or amortized cost. It also specifies when gains and losses as a result of changes in fair value are to be recognized in the income statement. The adoption of this new accounting standard did not significantly affect the Company's financial statements.

Financial Instruments – Disclosure and Presentation

Effective January 1, 2007, the Company adopted, on a prospective basis, reissued Section 3860 of the Handbook as Section 3861, “Financial Instruments - Disclosure and Presentation”, which establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. The adoption of the new requirement did not affect the Company's financial statements.

Comprehensive Income

Effective January 1, 2007, the Company adopted, on a retroactive without restatement basis, the new Handbook Section 1530 “Comprehensive Income” which requires that an enterprise present comprehensive income and its components, in a financial statement that is displayed with the same prominence as other financial statements. This Section introduces a new requirement to present certain gains and losses temporarily outside net income. The adoption of the new requirement did not affect the Company's financial statements.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

2. Change in accounting policies (cont'd)

Primary Sources of GAAP That Have Been Issued But Have Not Yet Come Into Effect

Effective December 2006, the AcSB issued three new Handbook Sections; Section 3862 "Financial Instruments – Disclosures"; Section 3863 "Financial Instruments – Presentation"; and Section 1535 "Capital Disclosures". These new Sections carry forward unchanged presentation requirements of Section 3861 "Financial Instruments – Disclosure and Presentation"; and converge with the capital disclosure-related amendments to International Accounting Standards. Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how these risks are managed and also simplifies the disclosures about concentrations of risk, credit risk, liquidity risk and market risk currently found in Section 3861. Additional requirements include: more extensive disclosures about exposures to liquidity; currency and other price risks and an analysis of the sensitivity of net income for possible changes thereto; more specific disclosures about collateral; and details of liabilities that are in default or in breach of their terms and conditions. Proposed Section 3863 carries forward, without change, the presentation-related requirements of Section 3861. Proposed Section 1535 requires the disclosure of: an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. As required, the Company will adopt these new accounting standards for its interim and annual financial statements beginning on January 1, 2008. The Company is in the process of assessing the full impact of these new Sections on its financial statements.

General Standards on Financial Statement Presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements 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 changes are effective for the Company for interim and annual financial statements beginning on January 1, 2008. The Company does not expect the adoption of this change to have an impact on its financial statements.

Inventories

In March 2007, CICA Handbook Section 3031, Inventories, was approved and replaces Section 3030 Inventories. The changes are effective for the Company for interim and annual financial statements beginning on or after January 1, 2008, with earlier application encouraged. The Section provides more guidance on the measurement and disclosure requirements for inventories. The Company is evaluating the impact of the adoption of this new accounting standard on the financial statements.

International Financial Reporting Standards

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS) over a transition period expected to end in 2011. The impact of the transition to IFRS on the Company's financial statements is not yet determinable.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

3. Property and equipment

During the quarter, the company incurred leasehold improvements associated with a new premise lease for office space. These costs will be amortized over the 60 month term of the lease using the straight-line method of depreciation.

4. Share capital

Authorized:

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

Issued:

Common shares	Number	Amount
Balance, December 31, 2006	22,616,267	\$ 3,140,414
Issued for cash, net of offering costs (i)	4,500,000	1,535,955
Issued for cash, net of offering costs (ii)	6,153,846	4,473,099
Issued for cash, net of offering costs (iii)	90,000	63,545
Stock option plan exercises:		
Issued for cash	129,333	56,718
Transferred from contributed surplus		40,160
Warrant exercises:		
Issued for cash	1,463,635	859,366
Transferred from warrants		244,892
Balance, June 30, 2007	34,953,081	\$ 10,414,149

- (i) On January 22, 2007, Acceleware Corp. completed a non-brokered private placement of 4,500,000 units to NVIDIA Corporation (NASDAQ: NVDA) at a price of \$0.65 per unit for aggregate gross proceeds of \$2,925,000 and incurred selling costs of \$61,044. Each unit consists of one common share and one-half of one common share-purchase warrant. Each whole warrant is exercisable into one common share at a price of \$1.29 per common share for a period of 24 months from the issuance of the warrants. Acceleware Corp. has recorded the fair value of the warrants issued as a separate component of shareholders' equity.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

4. Share capital (cont'd)

The fair value of the share purchase warrants issued was estimated to be \$1,328,001 using the Black-Scholes option pricing model based on the following assumptions: dividend yield (Nil), expected volatility (125%), risk free interest rate (4.10%), and weighted average life of 24 months.

- (ii) On February 14, 2007, Acceleware Corp. completed a brokered private placement of 6,153,846 units at a price of \$1.30 per unit for aggregate gross proceeds of \$8,000,000 and incurred selling costs of \$1,331,285 (cash costs of \$745,732 and non cash costs of \$585,554). Each unit consists of one common share and one-half of one common share-purchase warrant. Each whole warrant is exercisable into one common share at a price of \$2.00 per common share for a period of 22 months from the issuance of the warrants. Acceleware Corp. has recorded the fair value of the warrants issued as a separate component of shareholders' equity. The fair value of the share purchase warrants issued was estimated to be \$2,195,614 using the Black-Scholes option pricing model based on the following assumptions: dividend yield (Nil), expected volatility (125%), risk free interest rate (3.97%), and weighted average life of 22 months. Northern Securities Inc. ("Northern") acted as underwriter for the offering.
- (iii) On May 14, 2007, Acceleware Corp. completed a non-brokered private placement of 90,000 units to Robert Miller, Vice President of Marketing and Product Development for Acceleware, at a price of \$1.08 per Unit for gross proceeds of \$97,200. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$1.80 per common share for a period of 12 months. Acceleware Corp. has recorded the fair value of the warrants issued as a separate component of shareholders' equity. The fair value of the share purchase warrants issued was estimated to be \$33,655 using the Black-Scholes option pricing model based on the following assumptions: dividend yield (Nil), expected volatility (125%), risk free interest rate (4.63%), and weighted average life of 12 months.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

4. Share capital (cont'd)

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, 2006	2,861,600	\$ 529,458	\$ 0.665
Issued in respect of private placement January 22, 2007 (i) above	2,250,000	1,328,001	1.290
Issued in respect of private placement February 14, 2007 (ii) above	3,076,923	2,195,614	2.000
Issued in respect of private placement May 2, 2007 (iii) above	90,000	33,655	1.800
Exercised	(1,463,635)	(244,892)	0.590
Balance, June 30, 2007	6,814,888	\$ 3,841,836	\$ 1.506

Warrants outstanding and exercisable:

Exercise Price	Warrants Outstanding	Weighted Average Remaining Term (Years)	Warrants Exercisable
0.70	1,147,965	0.64	1,147,965
0.96	250,000	0.30	250,000
1.29	2,250,000	1.57	2,250,000
1.80	90,000	0.84	90,000
2.00	3,076,923	1.46	3,076,923
	6,814,888	1.32	6,814,888

4. Share capital (cont'd)

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

The estimated fair value of the warrants is amortized to expense over the options' vesting period on a straight-line basis. The fair value of each warrant granted during the period was estimated on the date of the grant using the Black-Scholes fair value option-pricing model with the noted assumptions.

	June 30, 2007
Weighted average grant date fair value of warrants granted during the year	\$ 0.66
Expected dividend yield	Nil%
Expected stock price volatility	125%
Risk-free interest rate	4.63%
Expected option life	5 years

Escrowed shares

At June 30, 2007, an aggregate of 8,084,381 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, 2007, January 18, 2008, July 18, 2008 and January 18, 2009.

Agent options

On February 14, 2007, Acceleware Corp. granted the Agent 492,308 non-transferable agent options. Each agent option entitles the holder thereof to acquire one unit at a price of \$1.30 for a period of 22 months from the date of issuance of the agent options. Each unit consists of one common share and one-half of one common share-purchase option. Each whole purchase option is exercisable into one common share at a price of \$2.00 per common share for a period of 22 months from February 14, 2007. The fair value of the 492,308, \$1.30 Agent options, are estimated to be \$406,045 and the fair value of the 246,154, \$2.00, Agent options, are estimated to be \$179,509, both using the Black-Scholes option pricing model based on the following assumptions: dividend yield (Nil), expected volatility (125%), risk-free interest rate (3.97%), and weighted average life of 22 months.

Stock options

During the six months ended June 30, 2007, the Company granted to certain employees, a series of options to purchase a total of 717,500 common shares of Acceleware Corp. at prices ranging from \$0.84 to \$1.40 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 4.01% to 4.63% and expected dividend yield of nil %.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

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

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, 2006	2,425,214	\$0.338
Granted	1,455,962	\$1.318
Forfeited	(26,667)	\$0.600
Exercised	(13,333)	\$0.600
Exercised (Agent)	(116,000)	\$0.420
Balance, June 30, 2007	3,725,176	\$0.716

A summary of outstanding options at June 30, 2007 is shown below:

		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	\$0.20	450,000	2.56	0.200	450,000
0.25	0.40	983,501	3.60	0.287	879,446
0.42	0.42	292,571	3.47	0.420	122,571
0.44	0.44	443,142	4.17	0.440	147,714
0.45	0.45	20,000	4.08	0.450	6,667
0.60	0.60	80,000	4.33	0.600	33,317
0.84	0.84	80,000	4.54	0.840	26,667
1.08	1.08	415,000	4.84	1.080	138,333
1.09	1.09	127,500	4.76	1.090	42,500
1.30	1.30	492,308	1.46	1.300	492,308
1.40	1.40	95,000	4.59	1.400	31,667
2.00	2.00	246,154	1.46	2.000	246,154
\$0.20	\$2.00	3,725,176	4.13	0.716	2,617,344

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

4. Share capital (cont'd)

Stock-based compensation expense of \$313,548 was recorded for the six months ended June 30, 2007 (Eleven months ended June 30, 2006 - \$65,006).

The estimated fair value of the options is amortized to expense over the options' vesting period on a straight-line basis. The fair value of each option granted during the period was estimated on the date of the grant using the Black-Scholes fair value option-pricing model with the noted assumptions.

	June 30, 2007
Weighted average grant date fair value of options granted during the year	\$ 0.88
Expected dividend yield	Nil%
Expected stock price volatility	125%
Risk-free interest rate	4.63%
Expected option life	5 years

Contributed surplus

Contributed surplus consists of the following:

Balance, December 31, 2006	\$	341,439
Stock-based compensation		313,548
Issued on financing (Agent)		585,554
Exercise of options		(40,160)
Balance, June 30, 2007	\$	1,200,381

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

5. Segmented information

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

Revenue:	Canada	Foreign Countries	Total
Six months ended June 30, 2007	\$ 55,600	815,629	\$ 871,229
Eleven months ended June 30, 2006	\$ 91,074	559,456	\$ 650,530

The Company derives significant revenues from two major customers which both exceed 10% of total revenues for the six-months ended June 30, 2007. The first customer accounts for \$473,065 (2006 - \$218,188) of revenues and the second customer accounts for \$146,813 (2006 - \$262,945) of revenues.

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

6. Commitments

Premise Lease - Acceleware Corp has entered into a premise lease on 9,262 square feet of office space commencing June 1, 2007, and ending on May 31, 2012, a period of five years. The base rent component is \$13,908 monthly, plus additional rents. Additional rents are comprised of a proportionate share of realty taxes, operating costs, utilities and additional services. See below schedule:

June to December 2007	\$ 97,356
2008	166,896
2009	166,896
2010	166,896
2011	166,896
Thereafter	69,540

7. Subsequent Events

On July 20, 2007, Acceleware Corp. granted to certain employees an aggregate of 37,500 options to acquire common shares of Acceleware. The options have an exercise price of \$1.14 per share and expire on July 20, 2012. One-third of the options will vest immediately, one-third will vest on July 20, 2008, and one-third will vest on July 20, 2009.

Acceleware Corp.
(Formerly Poseidon Capital Corp.)
Notes to Interim Financial Statements
June 30, 2007
(Unaudited)

7. Subsequent Events (cont'd)

As at August 27, 2007, the Company had \$1,451,030 of its cash equivalents invested in Structured Investment Trust III, Series A ("SIT"). The SIT is administered by Coventree Capital Group Inc. At the time of purchase, this asset-backed commercial paper had a credit rating of R-1 High (highest rating available for short-term commercial paper) by Dominion Bond Rating Service. The Company is unable to determine at this time how long the current disruption in global credit markets will continue or if the SIT commercial paper that it holds will ultimately be repaid in whole or in part and, if so, when that might occur. However, Acceleware believes it has sufficient cash available to finance its operations during this period of market uncertainty.