Acceleware Ltd.

Condensed Interim Financial Statements (Unaudited)
For the Three Months Ended March 31, 2015 and 2014

(in Canadian dollars)

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Contents

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:

	March 31, 2015	December 31, 2014
Assets		
Current		
Cash and cash equivalents	**$ 505,937**	$ 630,322
Trade and other receivables	**472,690**	756,909
Alberta SR&ED tax credits receivable	**170,644**	135,307
Inventory	**—**	29,624
Deposits and prepaid expenses	**59,940**	73,125
	1,209,211	1,625,287
Non-current		
Property and equipment	**135,730**	131,532
Total assets	**$ 1,344,941**	$ 1,756,819
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 636,622**	$ 701,998
Deferred revenue	**164,814**	181,371
Finance lease *(note 5)*	**30,797**	28,833
	832,233	912,202
Non-current		
Finance lease *(note 5)*	**31,900**	18,335
	864,133	930,537
Going concern *(note 3)*		
Commitments *(note 8)*		
Shareholders' Equity		
Share capital *(note 6a)*	**17,056,812**	17,056,812
Contributed surplus *(note 6c)*	**6,136,564**	6,124,204
Deficit	**(22,712,568)**	(22,354,734)
	480,808	826,282
Total liabilities and shareholders' equity	**$ 1,344,941**	$ 1,756,819

Approved on behalf of the Board:

(signed) "Bohdan Romaniuk"
Director

(signed) "Dennis Nerland"
Director

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

Acceleware Ltd.

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

For the:

		Three months ended March 31, 2015		Three months ended March 31, 2014
Revenue *(note 7)*	**$**	**328,774**	$	672,984
Expenses				
Cost of revenue		**104,455**		84,401
General and administrative		**214,914**		318,726
Research and development		**367,679**		305,230
		687,048		708,357
Loss from operations		**(358,274)**		(35,373)
Other income		**440**		480
Total comprehensive loss for the period attributable to shareholders	**$**	**(357,834)**	$	(34,893)
Loss per share				
Basic and diluted	**$**	**(0.005)**	$	(0.001)
Weighted average shares outstanding – basic and diluted		**66,190,266**		55,950,266

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, 2013	$	16,544,812	$	6,033,864	$	(22,195,836)	$	382,840
Net comprehensive loss		—		—		(34,893)		(34,893)
Share-based payments		—		38,009		—		38,009
Balance at March 31, 2014	$	16,544,812	$	6,071,873	$	(22,230,729)	$	385,956
Balance at December 31, 2014	$	17,056,812	$	6,124,204	$	(22,354,734)	$	826,282
Net comprehensive loss		—		—		(357,834)		(357,834)
Share-based payments		—		12,360		—		12,360
Balance at March 31, 2015	**$**	**17,056,812**	**$**	**6,136,564**	**$**	**(22,712,568)**	**$**	**480,808**

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

Acceleware Ltd.

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

For the:

		Three months ended March 31, 2015		Three months ended March 31, 2014
Cash flows from (used for) operating activities				
Comprehensive loss before tax	**$**	**(357,834)**	$	(34,893)
Items not involving cash:				
Amortization		**24,004**		20,837
Share-based payments *(note 6c)*		**12,360**		38,009
		(321,470)		23,953
Changes in non-cash working capital items				
Trade and other receivables		**284,219**		(204,888)
Alberta SR&ED tax credit receivable		**(35,337)**		(32,554)
Deposits and prepaid expenses		**13,185**		(13,674)
Inventory		**29,624**		—
Accounts payable and accrued liabilities		**(65,376)**		5,199
Deferred revenue		**(16,557)**		76,521
		(111,712)		(145,443)
Cash flows from financing activities				
Repayment of finance lease *(note 5)*		**(12,673)**		(6,407)
		(12,673)		(6,407)
Increase (decrease) in cash and cash equivalents		**(124,385)**		(151,850)
Cash and cash equivalents, beginning of period		**630,322**		400,810
Cash and cash equivalents, end of period	**$**	**505,937**	$	248,960
Consisting of:				
Cash on deposit	**$**	**465,458**	$	208,522
Cash equivalents		**40,479**		40,438
	$	**505,937**	$	248,960
Interest received	**$**	**440**	$	480
Interest paid	**$**	**918**	$	447
Income taxes paid	**$**	**—**	$	—

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

1. General information

Acceleware Ltd. (the "Company" or "Acceleware") is a technology company based in Calgary, Alberta, that specializes in the development and marketing of special purpose software accelerators used to reduce engineering design simulation and data processing run times. The Company also provides specialized software development consulting 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.

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, 2014. 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, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors on May 19, 2015.

(b) Functional and presentation currency

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

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments classified as fair value through profit or loss which are measured at fair value with changes in fair value recorded in earnings, and share based payment transactions.

(d) Significant accounting assumptions, estimates and judgements

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements. Judgement is used in situations where there is a choice or assessment required by management. Estimates and underlying assumptions are required on an ongoing basis and revisions are recognized in the year in which such estimates are revised.

2. Basis of Presentation (cont'd)

(d) Significant accounting assumptions, estimates and judgements (cont'd)

The determination of the amount of the Alberta Scientific Research and Experimental Development tax credit receivable 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's Management ("Management") applies judgement when assessing whether certain deliverables in a customer arrangement should be included or excluded from a unit of account to which contract accounting is applied. The judgement is typically related to the sale and inclusion of software, maintenance, and consulting services in a customer arrangement and involves an assessment that principally addresses whether the deliverable has stand-alone value to the customer that is not dependent upon other components of the arrangement.

Management operates under the assumption that its carefully budgeted expenditures, coupled with expected revenue and cash flow will be sufficient to fund future operations as a going concern.

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 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 tax-related provisions and other provisions and contingencies. Actual results could differ from these and other estimates. The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

3. Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has accumulated losses amounting to $22,712,568 (December 31, 2014 - $22,354,734), including the loss of $357,834 in the period ended March 31, 2015, largely due to investments in new product development and in the penetration of new markets.

The Company actively manages its cash flow and investment in new products to match its cash requirements to cash generated from operations. In order to maximize cash generated from operations, the Company plans to continue to focus on high gross margin revenue streams such as a software products, consulting services and training; focus on selected core vertical markets; minimize operating expenses where possible; and limit capital expenditure. 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.

These factors indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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

4. Recent Accounting Pronouncements Issued and not yet Effective

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, 2016 or later periods. The standards affected are as follows:

(a) IFRS 9 Financial instruments
The Company will be required to adopt IFRS 9, Financial Instruments ("IFRS 9") effective for fiscal years ending on or after January 1, 2018 with earlier application permitted. This is a result of the first phase of the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company is analyzing the new standard to determine its impact on the Company's financial statements.

(b) IFRS 15 Revenue from Contracts with Customers
On May 28, 2014, the IASB issued the final revenue standard, IFRS 15 Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2017, and interim periods within that year. Earlier application is permitted. The Company is analyzing the new standard to determine its impact on the Company's financial statements.

(in Canadian dollars)

5. Finance Lease

The Company has certain computer equipment under financial lease expiring 2015 through 2018. The leases carry a weighted average annual interest rate of 5.02%. Estimated lease payments are as follows:

	March 31, 2015	December 31, 2014
2015	**$ 27,378**	$ 30,350
2016	**20,469**	11,286
2017	**17,029**	7,883
2018	**1,506**	—
Minimum lease payments	**66,382**	49,519
Less: interest portion (at a rate of 5.02%)	**3,685**	2,351
Net minimum lease payments	**62,697**	47,168
Less: current portion	**30,797**	28,833
	$ 31,900	$ 18,335

The equipment under finance lease has been recognized in property and equipment at the present value of minimum lease payments. Interest charges on leased equipment during the three months ended March 31, 2015 were approximately $918 (March 31, 2014 – $247). Other than interest, no costs were incurred relating to this lease. The lease is secured by the assets under lease. At March 31, 2015, the net book value of equipment pledged as security for finance leases is $57,463 (December 31, 2014 - $43,361).

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.

Common shares issued	Number	Amount
Balance, March 31, 2015 and December 31, 2014	**66,190,266**	**$ 17,056,812**

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

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

At March 31, 2015 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 options' vesting period and charged to share-based compensation expenses.

During the three months ended March 31, 2015, the Company granted to certain employees, officers, and directors options to purchase a total of 1,668,422 Common Shares at an exercise price of $0.05 per share. Of the total, 1,360,000 options vest over three years, such that 453,322 of the options will vest one year from the date of grant, 453,322 will vest two years from the date of grant and 453,356 will vest three years from the date of grant. A further 100,000 options will vest six months after the grant date. The remaining options vest based on the market price of the Company's common shares. 104,211 options will vest when the closing market price of the Company's common shares exceeds $0.0625 for ten consecutive trading days. 104,211 options will vest when the closing market price of the Company's common shares exceeds $0.075 for ten consecutive trading days. All options granted expire 5 years from the date of grant. The weighted average grant date fair value of the stock options granted during 2015 was estimated to be $0.024 per option using the Black-Scholes option pricing model based on the following weighted average assumptions: expected volatility of 153%, a risk-free interest rate of 0.85%, expected dividend yield of nil%, expected forfeiture rate of 5.7% and expected life of 5 years. The expected volatility was determined by calculating the historical volatility of the Company's common share price from the date of grant back to the date one year prior to the date of grant. 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 payment expenses for the three months ended March 31, 2015 were $6,166 relating to general and administrative and $6,194 relating to research and development for a total of $12,360. Total share-based payment expenses for the three months ended March 31, 2014 were $17,410 relating to general and administrative and $20,599 relating to research and development for a total of $38,009.

During 2014, the Company granted to certain employees, officers, and directors options to purchase a total of 1,696,984 Common Shares at an exercise price of $0.05 per share. Of the total, 1,345,000 options vest over three years, such that 448,335 of the options will vest one year from the date of grant, 448,335 will vest two years from the date of grant and 448,330 will vest three years from the date of grant. 200,000 options vest one year from the grant date. The remaining options vest based on the market price of the Company's common shares. 75,992 options will vest when the closing market price of the Company's common shares exceeds $0.0625 for ten consecutive trading days. The remaining 75,992 options will vest when the closing market price of the Company's common shares exceeds $0.075 for ten consecutive trading days. All options granted expire 5 years from the date of grant. The weighted average grant date fair value of the stock options granted during 2014 was estimated to be $0.044 per option using the Black-Scholes option pricing model based on the following weighted average assumptions: expected volatility of 184%, a risk-free interest rate of 1.44%, expected dividend yield of nil%, expected forfeiture rate of 6% and expected life of 5 years. The expected volatility was determined by calculating the historical volatility of the Company's common share price from the date of grant back to the date one year prior to the date of grant. 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 payment expenses for the year ended December 31, 2014 were $60,639 relating to general and administrative and $29,701 relating to research and development for a total of $90,340.

(in Canadian dollars)

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

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

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

	Number	Weighted Average Exercise Price
Balance, December 31, 2014	4,939,948	0.077
Granted	1,668,422	0.050
Forfeited	(84,000)	0.080
Expired	(715,000)	0.100
Balance, March 31, 2015	5,809,370	0.067

Summary of options outstanding and exercisable as at March 31, 2015:

Exercise price outstanding	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
$0.05	3,871,870	4.17	$0.05	638,312
$0.10	1,937,500	1.72	0.10	1,772,390
	5,809,370	3.36	$0.07	2,410,702

(c) Contributed surplus

Balance, December 31, 2014	$	6,124,204
Share-based payments		12,360
Balance, March 31, 2015	**$**	**6,136,564**

7. Segmented information

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

(a) Geographic segmentation is as follows:

Revenue:		**Canada**	**Foreign Countries**		**Total**
Three months ended March 31, 2015	**$**	**59,875**	**268,898**	**$**	**328,774**
Three months ended March 31, 2014	$	16,558	656,426	$	672,984

(in Canadian dollars)

7. Segmented information (cont'd)

(b) Product segmentation of revenue is as follows:

		Three months ended March 31, 2015		Three months ended March 31, 2014
Product sales	**$**	**33,811**	$	165,806
Consulting		**203,580**		398,625
Maintenance		**91,383**		108,553
	$	**328,774**	$	672,984

The Company derives significant revenues from major customers each of whom exceed 10% of total revenues for the three months ended March 31, 2015.

		Three months ended March 31, 2015		Three months ended March 31, 2014
Customer A	**$**	**68,021**	$	149,491
Customer B		**63,884**		157,275
Customer C		**30,220**		—
	$	**162,125**	$	306,766

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

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. A rent inducement of $103,420 was received and included in accounts payable and accrued liabilities. It will be amortized over the term of the lease and recorded as a reduction to rent expense. At March 31, 2015, $46,798 of the rent inducement remains (December 31, 2014 - $51,812).

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

The minimum annual basic rent commitments are as follows:

2015	$	115,355
2016		155,992
2017		79,525
	$	350,872

(in Canadian dollars)

9. Related Party Transactions

(a) For the three months ended March 31, 2015, the Company incurred expenses in the amount of $39,000 (March 31, 2014 - $39,000) with a company controlled by an officer of the Company as fees for duties performed in managing operations, and this amount is included in research and development. $22,083 was included in accounts payable and accrued liabilities as at March 31, 2015 (December 31, 2014 $24,607). These fees were charged to the Company in the normal course of operations and in the opinion of Management approximate fair value for services rendered.

(b) Four officers of the Company have advanced $271,659 (December 31, 2014 - $283,383) to the Company. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2015. These amounts are recorded in accounts payable.

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

		Three months ended March 31, 2015		Three months ended March 31, 2014
Salaries and short-term employee benefits	**$**	**163,354**	$	170,897
Share-based payments		**6,694**		20,779
	$	**170,048**	$	191,676