
NOTICE TO READER

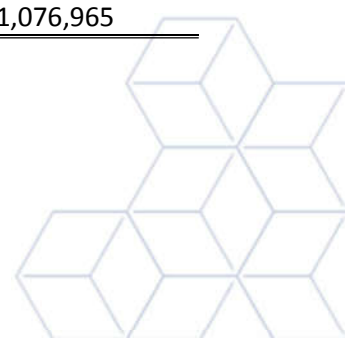
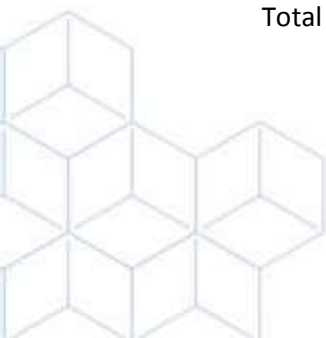
The unaudited interim financial statements and related management discussion and analysis were prepared by management and approved by the board of directors. They have not been reviewed by Glenbriar's external auditors.

2016 Q1 FINANCIAL STATEMENTS

GLENBRIAR TECHNOLOGIES INC.
Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	<i>(unaudited)</i>	<i>(audited)</i>
	December 31	September 30
	2015	2015
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (note 11)	18,568	49,139
Accounts receivable	282,423	340,720
Prepaid expenses	29,311	29,476
Total current assets	330,302	419,335
Non-current		
Property and equipment (note 4)	682,759	657,630
Total assets	1,013,061	1,076,965
LIABILITIES		
Current		
Bank indebtedness (note 5)	190,688	192,362
Accounts payable and accrued liabilities	645,282	626,507
Finance leases – current portion (note 7)	54,708	46,714
Finance loans – current portion (note 8)	25,470	25,470
Deferred revenue	106,771	107,152
Deferred rent – current portion	5,971	5,971
Total current liabilities	1,028,890	1,004,176
Non-current		
Loans payable (note 6)	345,000	345,000
Finance leases (note 7)	77,031	71,759
Finance loans (note 8)	56,364	61,998
Deferred rent	32,839	34,332
Total liabilities	1,540,124	1,517,265
SHAREHOLDERS' EQUITY		
Share capital (note 9)	4,279,555	4,279,555
Deficit	(4,806,618)	(4,719,855)
Total shareholders' equity	(527,063)	(440,300)
Total liabilities and shareholders' equity	1,013,061	1,076,965

The accompanying notes are an integral part of these financial statements

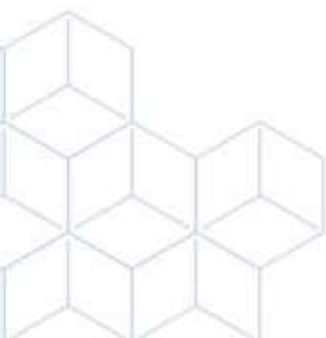




GLENBRIAR TECHNOLOGIES INC.
Interim Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars) (unaudited)

	3 months ended Dec 31	
	2015	2014
	\$	\$
Revenue		
Managed information services	666,890	726,017
Equipment and software sales	414,621	289,245
Other income	726	1,959
Gross revenue	1,082,237	1,017,221
Cost of revenue	416,845	537,750
Cost of goods sold	370,616	218,340
Gross profit	294,776	261,131
Other (income) expenses		
General and administrative	297,429	206,369
Sales and marketing	43,477	81,793
Depreciation of property and equipment (note 4)	18,891	5,000
Foreign exchange loss	(695)	-
Income from operations	(64,326)	(32,032)
Finance expense	22,437	5,896
Net income and comprehensive income	(86,763)	(37,928)
Net income per share		
Basic and diluted	0.00	0.00
Weighted average shares outstanding		
Basic and diluted	48,421,510	48,421,510

The accompanying notes are an integral part of these financial statements





GLENBRIAR TECHNOLOGIES INC.
Interim Statements of Changes in Equity
(Expressed in Canadian Dollars) (unaudited)

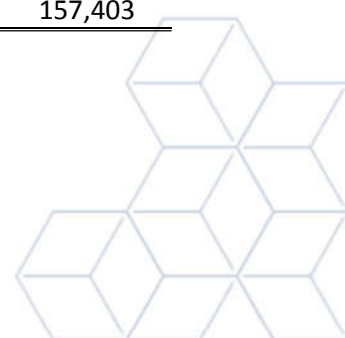
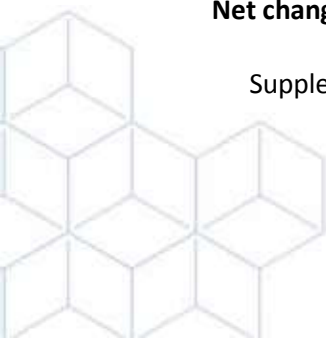
	3 months ended Dec 31	
	2015	2014
	\$	\$
Common Shares		
Balance, beginning and end of period	4,279,555	4,279,555
Deficit		
Balance, beginning of period	(4,719,855)	(4,528,226)
Net income for the period	(86,763)	(37,928)
Balance, end of period	(4,806,618)	(4,566,154)

Interim Statements of Cash Flows
(Expressed in Canadian Dollars) (unaudited)

	3 months ended Dec 31	
	2015	2014
	\$	\$
Cash flows related to the following activities		
Operating		
Net income	(86,763)	(37,928)
Adjustments for:		
Depreciation of property and equipment (note 4)	18,891	5,000
Deferred rent	(1,493)	(1,492)
	(69,365)	(34,420)
Changes in non-cash working capital (note 11)	76,858	27,708
Net cash provided by operating activities	7,493	(6,712)
Financing		
Repayments of bank indebtedness, net	(1,674)	-
Repayments of finance leases	(13,956)	-
Repayments of finance loans	(5,634)	-
Net cash provided by (used in) financing activities	(21,264)	-
Investing		
Capital expenditures	(16,800)	(54,382)
Net cash provided by (used in) investing activities	(16,800)	(54,382)
(Decrease) increase in cash	(30,571)	(61,094)
Cash, beginning of period	49,139	218,497
Net change and cash, end of period	18,568	157,403

Supplementary cash flow information (note 11)

The accompanying notes are an integral part of these financial statements





Notes to Interim Financial Statements

1. BASIS OF PRESENTATION

These interim financial statements for Glenbriar Technologies Inc. ("Corporation") have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 Annual Report.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of interim financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires the Corporation's management to exercise judgment in applying the Corporation's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3. The Corporation applies the same accounting policies and methods of computation in its interim financial statements as in its 2015 annual financial statements. None of the new standards, interpretations or amendments, effective for the first time from October 1, 2015, have had a material effect on the financial statements.

These financial statements have been prepared on the basis that the Corporation will continue as a going concern. As at December 31, 2015, the Corporation has negative working capital of \$698,588 and has a deficit of \$4,806,618. The Corporation incurred a net loss during the period ended December 31, 2015 of \$86,763. In addition, the Corporation was in default of a covenant on its credit facility (note 5). In order to continue as a going concern, the Corporation will need to generate positive cash flows from operations or obtain additional debt or equity financing. Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to December 31, 2015 is uncertain. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

3. USE OF ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in these interim financial statements.



4. PROPERTY AND EQUIPMENT

	Computer Hardware \$	Office Operating Systems \$	Data Centre Equipment \$	Office Equipment \$	Total \$
Cost					
September 30, 2015	606,494	294,167	324,346	110,333	1,335,340
Additions	-	-	44,020	-	44,020
December 31, 2015	606,494	294,167	368,366	110,333	1,379,360
Accumulated depreciation					
September 30, 2015	556,596	19,611	-	101,503	677,710
Additions	3,742	14,708	-	441	18,891
December 31, 2015	560,338	34,319	-	101,944	696,601
Net book value					
September 30, 2015	49,898	274,556	324,346	8,830	657,630
December 31, 2015	46,156	259,848	368,366	8,389	682,759

5. BANK INDEBTEDNESS

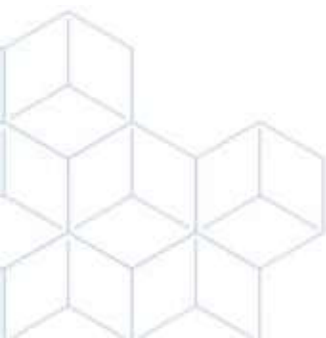
Glenbriar entered into a revolving demand credit facility with the Royal Bank of Canada in March 2015. This facility allows for borrowing of up to 75% of accounts receivable under 91 days (less potential prior payables) to a maximum of \$500,000, calculated monthly, and bears interest at Royal Bank prime plus 2.25% per annum. A second facility allows for borrowing up to \$100,000 on a VISA business account. The total borrowings are secured by a general security agreement over Glenbriar's current and after acquired assets, and postponement of loans payable (see note 6). The outstanding balance on December 31, 2015 under both facilities was \$190,688. The bank indebtedness requires the Corporation to maintain a ratio of liabilities to tangible net worth of not greater than 4:1. At September 30th, 2015 the Corporation was in default of the covenant. The lender has not called the loan as of February 12, 2016. The Corporation is actively engaged with the lender in developing strategies to bring the Corporation into compliance over time.

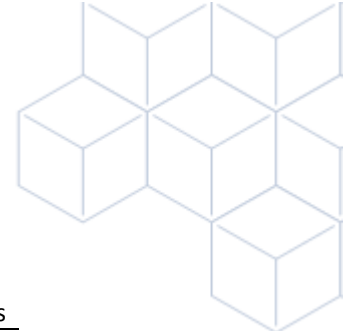
6. LOANS PAYABLE

Loans payable at December 31, 2015 in the amount of \$345,000 (September 30, 2015 - \$345,000) consist of net advances from officers of the Corporation secured by a general security agreement which bear interest at the rate of interest charged on the bank indebtedness (note 5). The advances are repayable 12 months after the officers provide written request for payment. As at December 31, 2015, the officers had not requested payment, and consequently, the advances have been classified as non-current liabilities.

7. FINANCE LEASES

Glenbriar entered into an additional finance lease in the first quarter of fiscal 2016 to facilitate its new cloud infrastructure. Finance leases consisted of five equipment leases. The equipment leases bear interest ranging between 12.33% and 16.52% annually and require blended monthly payments of interest and principal. The final payments are due between November 2017 and September 2018.





Minimum lease payments related to the finance leases are as follows:

	Principal	Imputed interest	Minimum lease payments
2016	\$40,838	\$12,875	\$53,713
2017	63,112	9,488	72,600
2018	27,789	1,532	29,321
	<u>\$131,739</u>	<u>\$23,895</u>	<u>\$155,634</u>

8. FINANCE LOANS

The financing loans relate to the purchase of two office operating systems. The financing loans are non-interest bearing and unsecured. The final payments are due on December 1, 2018 and February 1, 2019. The payments on the financing loans are as follows:

2016	\$19,836
2017	26,484
2018	26,484
2019	9,030
	<u>\$81,834</u>

9. SHARE CAPITAL

a) Common shares issued and outstanding

	Number of shares	Amount \$
Balance, December 31 and September 30, 2015	<u>48,421,510</u>	<u>4,279,555</u>

10. RELATED PARTY TRANSACTIONS

General and administrative expense includes remuneration of the key management personnel, which includes directors and officers of the Corporation.

11. SUPPLEMENTARY CASH FLOW INFORMATION

Cash and cash equivalents at December 31 and September 30, 2015 were entirely comprised of cash on deposit.

Changes in non-cash working capital:

	3 months ended Dec 31	
	2015	2014
	\$	\$
Accounts receivable	<u>58,297</u>	217,248
Inventory	-	(5,590)
Prepaid expenses	165	(45,137)
Accounts payable and accrued liabilities	18,777	(136,548)
Deferred revenue	(381)	(2,264)
Total	<u>76,858</u>	<u>27,708</u>
Cash interest paid	<u>17,710</u>	5,896

