

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.

2017 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
	2016	2016
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (note 11)	239,205	59,859
Accounts receivable	357,431	362,124
Prepaid expenses	53,923	33,240
Total current assets	650,559	455,223
Non-current		
Property and equipment (note 4)	559,496	596,685
Total assets	1,210,055	1,051,908
LIABILITIES		
Current		
Bank indebtedness (note 5)	112,969	165,221
Accounts payable and accrued liabilities	736,787	631,395
Finance leases – current portion (note 7)	68,540	69,080
Finance loans – current portion (note 8)	26,586	25,965
Deferred revenue	149,434	100,560
Deferred rent – current portion	5,971	5,971
Total current liabilities	1,100,287	998,192
Non-current		
Loans payable (note 6)	586,800	345,000
Finance leases (note 7)	22,604	42,252
Finance loans (note 8)	27,612	34,619
Deferred rent	26,868	28,361
Total liabilities	1,764,171	1,448,424
SHAREHOLDERS' EQUITY		
Share capital (note 9)	4,279,555	4,279,555
Deficit	(4,833,671)	(4,676,071)
Total shareholders' equity	(554,116)	(396,516)
Total liabilities and shareholders' equity	1,210,055	1,051,908

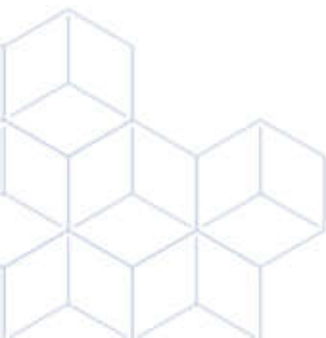
The accompanying notes are an integral part of these financial statements



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

	3 months ended Dec 31	
	2016	2015
	\$	\$
Revenue		
Managed information services	620,832	666,890
Equipment and software sales	168,087	414,621
Other income	1,927	726
Gross revenue	790,846	1,082,237
Cost of revenue	390,082	416,845
Cost of goods sold	141,898	370,616
Gross profit	258,866	294,776
Other (income) expenses		
General and administrative	239,332	277,429
Sales and marketing	33,471	43,477
Professional fees	73,810	20,000
Foreign exchange loss	4,514	(695)
EBITDA (Earnings before interest, taxes and depreciation)	(96,261)	(45,435)
Depreciation of property and equipment (note 4)	37,189	18,891
Loss from operations	(133,450)	(64,326)
Finance expense	24,151	22,437
Net loss and comprehensive loss	(157,601)	(86,763)
Net income per share		
Basic and diluted (note 9(b))	(0.00)	(0.00)

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)

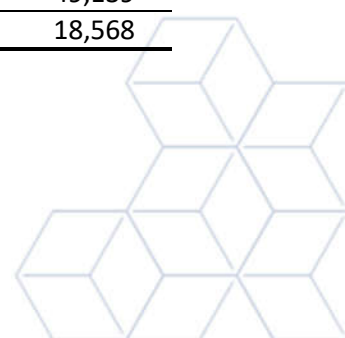
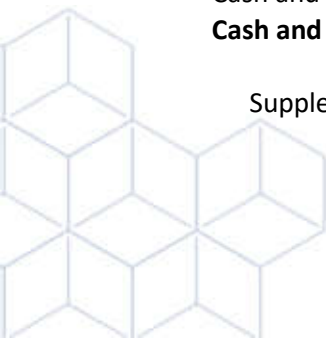
	3 months ended Dec 31	
	2016	2015
	\$	\$
Common Shares		
Balance, beginning and end of period	4,279,555	4,279,555
Deficit		
Balance, beginning of period	(4,676,070)	(4,719,855)
Net income (loss) for the period	(157,601)	(86,763)
Balance, end of period	(4,833,671)	(4,806,618)

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

	3 months ended Dec 31	
	2016	2015
	\$	\$
Cash flows related to the following activities		
Operating		
Net income	(157,601)	(86,763)
Adjustments for:		
Depreciation of property and equipment (note 4)	37,189	18,891
Deferred rent	(1,493)	(1,493)
	(121,905)	(69,365)
Changes in non-cash working capital (note 11)	138,276	76,858
Net cash provided by operating activities	16,371	7,493
Financing		
Repayments of bank indebtedness	(52,252)	(1,674)
Repayments of finance leases	(20,188)	(13,956)
Repayments of finance loans	(6,387)	(5,634)
Loans payable advances	241,800	-
Net cash provided by (used in) financing activities	162,974	(21,264)
Investing		
Capital expenditures	-	(16,800)
Net cash provided by (used in) investing activities	-	(16,800)
Increase (decrease) in cash	179,346	(30,571)
Cash and cash equivalents, beginning of period	59,859	49,139
Cash and cash equivalents, end of period	239,205	18,568

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 2016 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 2016 annual financial statements.

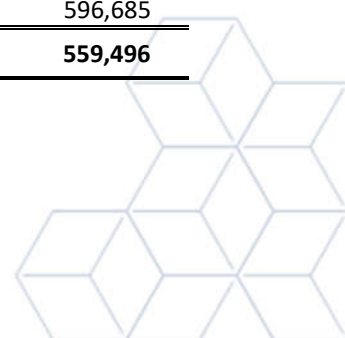
These financial statements have been prepared on the basis that the Corporation will continue as a going concern. As at December 31, 2016, the Corporation has negative working capital of \$449,728 and has a deficit of \$4,833,671. The Corporation incurred a net loss during the period ended December 31, 2016 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, 2016 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.

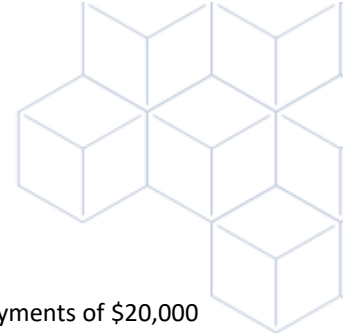
3. USE OF ESTIMATES AND JUDGMENTS

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, 2016	606,494	294,167	389,166	111,443	1,401,270
Additions	-	-	-	-	-
December 31, 2016	606,494	294,167	389,166	111,443	1,401,270
Accumulated depreciation					
September 30, 2016	571,566	78,443	51,196	103,380	804,585
Additions	2,918	14,710	19,458	406	37,189
December 31, 2016	574,184	93,153	70,654	103,786	841,774
Net book value					
September 30, 2016	34,928	215,724	337,970	8,063	596,685
December 31, 2016	32,310	201,014	318,512	7,659	559,496





5. BANK INDEBTEDNESS

The Corporation is repaying the Royal Bank of Canada under an agreement that provides for monthly payments of \$20,000 until April 2017, with the remaining balance due in May 2017. The balance outstanding as of December 31, 2016 was \$112,969.

6. LOANS PAYABLE

Loans payable at December 31, 2016 in the amount of \$586,800 (September 30, 2016 - \$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, 2016, the officers had not requested payment, and consequently, the advances were classified as non-current liabilities.

7. FINANCE LEASES

Finance leases consisted of six 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 2019.

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

	Principal	Imputed interest	Minimum lease payments
2017	\$ 48,890	\$ 8,949	\$ 57,839
2018	34,446	3,110	37,556
2019	7,806	666	8,472
	<u>\$ 91,142</u>	<u>\$ 12,725</u>	<u>\$ 103,867</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:

2017	\$18,683
2018	26,484
2019	9,030
	<u>\$54,197</u>

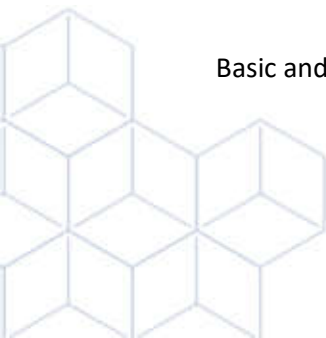
9. SHARE CAPITAL

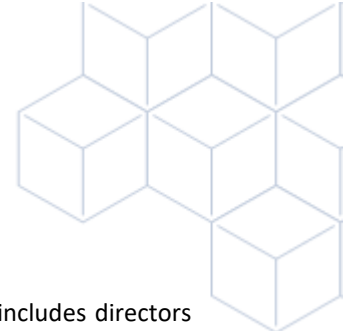
a) Common shares issued and outstanding

	Number of shares	Amount \$
Balance, December 31 and September 30, 2016	48,421,510	<u>4,279,555</u>

b) Weighted average shares outstanding

	As at December 31	
	2016	2015
Basic and diluted	<u>48,421,510</u>	<u>48,421,510</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, 2016 were entirely comprised of cash on deposit.

Changes in non-cash working capital:

	3 months ended Dec 31	
	2016	2015
	\$	\$
Accounts receivable	4,694	58,297
Prepaid expenses	(20,683)	165
Accounts payable and accrued liabilities	105,392	18,777
Deferred revenue	48,874	(381)
Total	138,276	76,858
Cash interest paid	18,018	17,710

12. SUBSEQUENT EVENT

On February 17, 2017, Glenbriar announced a rights offering to shareholders of record as of February 21, 2017. Glenbriar issued 1 right for each share held. 2 rights entitles the holder to purchase 1 Common Share for \$0.02 per share, with an additional subscription privilege to obtain additional Common Shares at the same price per share. These additional shares represent shares not taken up by other rights holders under the basic subscription privilege, and will be allocated on a pro rata basis if the total issue is oversubscribed. No rights certificates are being issued, and the rights will not be listed or posted for trading. The rights are freely transferable. The shares issued upon exercise of the rights will trade on the Canadian Securities Exchange. The rights expire on May 20, 2017. There are currently 48,421,510 rights outstanding to purchase up to 24,210,755 common shares at \$0.02 per share on or before May 20, 2017.

