

**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 Q2 FINANCIAL STATEMENTS

**GLENBRIAR TECHNOLOGIES INC.**

**Interim Statements of Financial Position**

(Expressed in Canadian Dollars)

	<i>(unaudited)</i>	<i>(audited)</i>
	<b>March 31</b>	September 30
	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (note 11)	127,148	59,859
Accounts receivable	342,931	362,124
Prepaid expenses	58,743	33,240
Total current assets	528,822	455,223
<b>Non-current</b>		
Property and equipment (note 4)	522,306	596,685
Total assets	1,051,128	1,051,908
<b>LIABILITIES</b>		
<b>Current</b>		
Bank indebtedness (note 5)	54,044	165,221
Accounts payable and accrued liabilities	685,120	631,395
Finance leases – current portion (note 7)	61,592	69,080
Finance loans – current portion (note 8)	26,432	25,965
Deferred revenue	104,020	100,560
Deferred rent – current portion	5,971	5,971
Total current liabilities	937,179	998,192
<b>Non-current</b>		
Loans payable (note 6)	586,800	345,000
Finance leases (note 7)	9,366	42,252
Finance loans (note 8)	22,034	34,619
Deferred rent	25,376	28,361
Total liabilities	1,580,755	1,448,424
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 9)	4,279,555	4,279,555
Deficit	(4,809,182)	(4,676,071)
Total shareholders' equity	(529,627)	(396,516)
Total liabilities and shareholders' equity	1,051,128	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)**

	6 months ended March 31		3 months ended March 31	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Revenue</b>				
Managed information services	1,290,260	1,503,470	669,428	836,580
Equipment and software sales	570,665	865,658	402,578	451,037
Other income	4,009	1,817	2,081	1,091
<b>Gross revenue</b>	<b>1,864,934</b>	<b>2,370,945</b>	<b>1,074,087</b>	<b>1,288,708</b>
Cost of services	767,034	893,922	376,951	477,077
Cost of goods sold	479,692	732,969	337,795	362,353
<b>Gross profit</b>	<b>618,208</b>	<b>744,054</b>	<b>359,341</b>	<b>449,278</b>
<b>Other (income) expenses</b>				
General and administrative	570,593	589,307	253,453	291,878
Sales and marketing	61,377	91,760	27,906	48,283
Foreign exchange gain	4,057	(6,494)	(458)	(5,799)
<b>EBITDA</b>	<b>(17,819)</b>	<b>69,481</b>	<b>78,440</b>	<b>114,916</b>
Depreciation of property and equipment (note 4)	74,379	50,063	37,189	31,172
<b>Income from operations</b>	<b>(92,198)</b>	<b>19,418</b>	<b>41,251</b>	<b>83,744</b>
Finance expense	40,914	42,547	16,762	20,110
<b>Net (loss) income and comprehensive (loss) income</b>	<b>(133,112)</b>	<b>(23,129)</b>	<b>24,489</b>	<b>63,634</b>
<b>Net income per share</b>				
Basic and diluted	0.00	0.00	0.00	0.00
<b>Weighted average shares outstanding</b>				
Basic and diluted	48,421,510	48,421,510	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)**

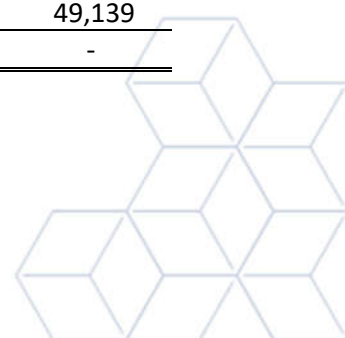
	<b>6 months ended Mar 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Common Shares</b>		
Balance, beginning and end of period	<b>4,279,555</b>	4,279,555
<b>Deficit</b>		
Balance, beginning of period	<b>(4,676,070)</b>	(4,719,855)
Net income for the period	<b>(133,112)</b>	(23,129)
<b>Balance, end of period</b>	<b>(4,809,182)</b>	(4,742,984)

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

	<b>6 months ended Mar 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows related to the following activities</b>		
<b>Operating</b>		
Net loss	<b>(133,112)</b>	(23,129)
Adjustments for:		
Depreciation of property and equipment (note 4)	<b>74,379</b>	50,063
Deferred rent	<b>(2,985)</b>	(2,985)
	<b>(61,718)</b>	23,949
Changes in non-cash working capital (note 11)	<b>50,875</b>	(115,561)
Net cash provided by operating activities	<b>(10,843)</b>	(91,612)
<b>Financing</b>		
(Repayments) advances of bank indebtedness, net	<b>(111,176)</b>	100,056
(Repayments) advances of finance leases - net	<b>(40,374)</b>	(26,537)
Repayment of finance loans	<b>(12,118)</b>	(14,246)
Loans payable advances	<b>241,800</b>	-
Net cash provided by (used in) financing activities	<b>78,132</b>	59,273
<b>Investing</b>		
Capital expenditures	-	(16,800)
Net cash used in investing activities	-	(16,800)
Increase (decrease) in cash	<b>67,289</b>	(49,139)
Cash, beginning of period	<b>59,859</b>	49,139
<b>Net change and cash, end of period</b>	<b>127,148</b>	-

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.

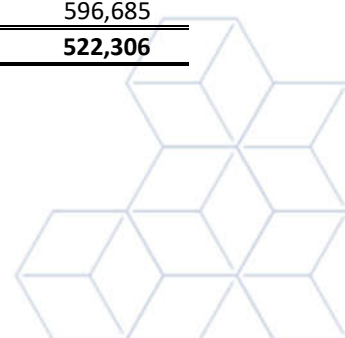
These financial statements have been prepared on the basis that the Corporation will continue as a going concern. As at March 31, 2017, the Corporation has negative working capital of \$408,357 and has a deficit of \$4,809,182. The Corporation incurred a net loss during the period ended March 31, 2017 of \$133,112. 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 March 31, 2017 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.

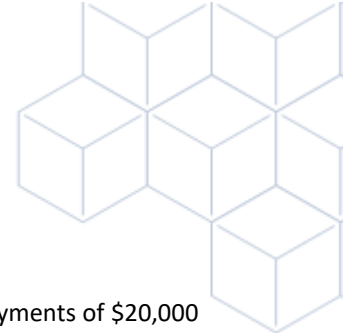
### 3. USE OF ESTIMATES AND JUDGMENTS

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

	<b>Computer Hardware</b>	<b>Office Operating Systems</b>	<b>Data Centre Equipment</b>	<b>Office Equipment</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b><u>Cost</u></b>					
September 30, 2016	606,494	294,167	389,166	111,443	1,401,270
Additions	-	-	-	-	-
<b>March 31, 2017</b>	<b>606,494</b>	<b>294,167</b>	<b>389,166</b>	<b>111,443</b>	<b>1,401,270</b>
<b><u>Accumulated depreciation</u></b>					
September 30, 2016	571,566	78,443	51,196	103,380	804,585
Additions	5,238	29,418	38,916	807	74,379
<b>March 31, 2017</b>	<b>576,804</b>	<b>107,861</b>	<b>90,112</b>	<b>104,187</b>	<b>878,964</b>
<b><u>Net book value</u></b>					
September 30, 2016	34,928	215,724	337,970	8,063	596,685
<b>March 31, 2017</b>	<b>29,690</b>	<b>186,306</b>	<b>299,054</b>	<b>7,256</b>	<b>522,306</b>





## 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 March 31, 2017 was \$54,044.

## 6. LOANS PAYABLE

Loans payable at March 31, 2017 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 March 31, 2017, 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	\$ 28,706	\$ 5,993	\$ 38,586
2018	34,446	3,110	37,556
2019	7,806	666	8,472
	<u>\$ 70,958</u>	<u>\$ 9,769</u>	<u>\$ 80,727</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	\$12,952
2018	26,484
2019	9,030
	<u>\$48,466</u>

## 9. SHARE CAPITAL

### a) Common shares issued and outstanding

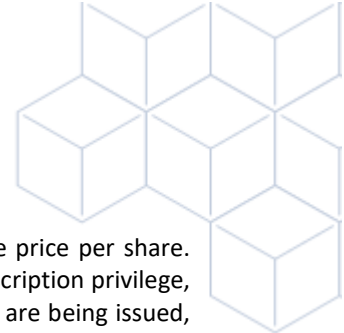
	Number of shares	Amount \$
Balance, March 31, 2017 and September 30, 2016	48,421,510	<u>4,279,555</u>

### b) Weighted average shares outstanding

	As at March 31	
	2017	2016
Basic and diluted	<u>48,421,510</u>	<u>48,421,510</u>

### c) Rights offering

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.

#### 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 March 31 and September 30, 2016 were entirely comprised of cash on deposit.

Changes in non-cash working capital:

	<b>6 months ended Mar 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Accounts receivable	<b>19,193</b>	(213,373)
Prepaid expenses	<b>(25,503)</b>	(666)
Accounts payable and accrued liabilities	<b>53,725</b>	99,684
Deferred revenue	<b>3,460</b>	(1,206)
Total	<b>50,875</b>	(115,561)
Cash interest paid	<b>40,914</b>	42,547

