2011 ANNUAL REPORT

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2011 ANNUAL REPORT

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To Our Shareholders

Changes in Accounting Policies and Estimates

This Annual Report contains the last financials statements to be prepared using Canadian GAAP. On October 1, 2011, Glenbriar changed to International Financial Reporting Standards (IFRS). Glenbriar expects limited impact on its financial statements from the change, given that most of the newer standards were adopted by way of incremental harmonization of the standards over the last 4 years. In fiscal 2008, Glenbriar early adopted the harmonized standard for research and development, and wrote off its goodwill and future tax assets. These changes created a loss of $2.5 million in 2008, a cumulative non-cash reduction in assets of approximately $3.3 million, and high amortization rates for 2009, 2010 and 2011. See Changes in Accounting Policies and Estimates under Financial Review below for details.

Operating Results

Glenbriar achieved its second consecutive year of positive EBITAS (earnings before interest, taxes, amortization and stock compensation expense) after research and development in 2011 since it undertook its research and development activities in 2004. Overall gross margin was maintained at 26.2%. While the terming out of the operating line of credit in April 2009 has resulted in a reduction in the bank debt from $411,000 to $38,000 at the date of this Annual Report, it is anticipated that the repayment schedule for this and other loans payable will keep Glenbriar in a tight cash position for most of fiscal 2012.

Marketing and Sales

Glenbriar experienced a 19% increase in sales in 2011 due to slow recovery from the global recession and the implementation of marketing initiative. In addition to the Director of Business Development, Glenbriar has appointed Business Development Coordinators in Calgary and Waterloo, and plans to add one in Vancouver in early 2012.

Reorganization of Ontario Operations

Glenbriar revamped its Ontario operations in 2011. It is hoped that these changes will provide the energy and initiative to drive forward our many enterprise software opportunities.

New Calgary and Waterloo Offices

Glenbriar relocated two of its three offices in 2011 in order to provide new direction and room for expansion.

Robert Matheson, President & CEO

MANAGEMENT DISCUSSION AND ANALYSIS *(Form 51-102F1)*

This information is given as of December 2, 2011. As of the date of this report: (a) there are 47,386,510 Glenbriar voting common shares issued and outstanding; and (b) there is no other class or series of shares issued, and no warrants or options or other rights to acquire additional common shares outstanding, other than contributions to the employee share purchase plan (see note 8(d) of Notes to Consolidated Financial Statements).

Description of Business

***Glenbriar Technologies Inc.** (CNSX:GTI) has supported the IT needs of some of Canada's largest manufacturing and distribution companies for over 20 years. From its offices in Calgary, Vancouver and Waterloo, Glenbriar's staff of IT professionals manage and support the IT needs of over 300 companies. From its early roots in developing and supporting ERP systems, Glenbriar has branched out to support all things technical under a client's roof, from complete infrastructure and business applications to telephony solutions.*

Relocation of Head Office

In August 2011, Glenbriar relocated its Calgary head office Suite 1100, 736 – 8 Avenue SW, Calgary, Alberta. The new location is the penthouse floor of the Petro Fina Building, an 11 storey Heritage style office building at 8th Avenue and 7th Street SW in downtown Calgary, with two way access to Calgary's elevated "Plus 15" pedestrian network and convenient connections to the C-Train, Calgary's light rail transit. The building has been recently renovated and updated to modernize the infrastructure and bring out the unique art deco elements of its original design, and includes fitness and conference facilities for tenants. The move to larger, more interesting office space reflects Glenbriar's expanding and growing business demand as it increases its focus on the enterprise space. The new location is being built out to Glenbriar's specifications, and includes a private balcony, enhanced server room and stylish décor.

Relocation of Waterloo Office

In February 2011, Glenbriar relocated its Waterloo office to 100A Lodge Street, Waterloo. The new location faces Lodge and Weber Street, a main artery in Waterloo. Lease costs will be 25% lower in the new space. The new office space provides a multi-use training and meeting room, individual offices for quiet innovation and R&D, open concept areas for collaboration and room to accommodate growth.

Reorganization of Ontario Operations

Effective October 1, 2011, Glenbriar's software division, Peartree Software Inc., was absorbed into Glenbriar by vertical short form amalgamation. Going forward, the Peartree name will be used only as a brand name for Glenbriar's software products, and all operations have been consolidated into Glenbriar.

Christine Padaric was appointed as Vice-President, Human Resources with responsibility for Ontario operations. Ms. Padaric has been an employee of Peartree since 1996, and has taken an increasingly greater role in the management of the Waterloo operations of Glenbriar and Peartree in recent years. Prior to her employment with Glenbriar, Ms. Padaric was employed for 8 years by Grand River Hospital (Freeport) in Human Resources. Ms. Padaric holds a Bachelor of Arts from the University of Windsor, a Diploma of Human Resource Management from Conestoga College and is a candidate for the Certified Human Resource Professional (CHRP) designation. Christine is also an occasional instructor at Conestoga College teaching both Human Resource Management and Interpersonal Communication.

The two former officers of Peartree, David Moser and Roy Clarke, continue to provide services as part-time independent contractors. All of Peartree's other employees continued as employees of Glenbriar. In conjunction with this reorganization, Mr. Moser submitted his resignation as a director of Glenbriar effective immediately. No replacement has been appointed.

Limited Partnership
Glenbriar set up a limited partnership structure in the first quarter of 2011 to provide a source of funds for product rollouts, marketing and sales. See "Glenbriar Limited Partnership" below for details. Glenbriar is still seeking additional funds for strategic acquisitions and reduction of long term obligations.

Frankfurt Listing
In June 2011, Glenbriar retained Peter Koch GmBH of Frankfurt, Germany to act as its initial sponsor to comply with recent changes to the Frankfurt Stock Exchange. Under the changes, stocks quoted on the Xontro platform are being moved to the Xetra platform, and listing requirements have been strengthened. As part payment for implementing these changes and acting as Glenbriar's designated sponsor, Glenbriar issued 100,000 common shares from treasury at $0.05 per share.

Products

Glenbriar provides full service technology solutions to commercial and nonprofit enterprises: IT Services, Communications and Software. Glenbriar has created, acquired, or licensed the appropriate human and intellectual property (IP) resources necessary to deliver the optimal integrated IT solution suite for its clients.

IT Services

Glenbriar leverages technology advances to increase scalability by "productizing" the delivery of IT services. These advances include virtualization, cloud computing, network appliances, blade servers, solid state storage and managed perimeter security protection.

In fiscal 2011, Glenbriar designed and installed new IT infrastructure and platforms for a wide variety of clients, including energy, flooring and finance companies, law and engineering firms, health and educational service providers, commercial realtors, school boards, non-profits and industrial contractors, manufacturers, suppliers and service companies. Several projects were completed for infrastructure upgrades for users of Glenbriar's Peartree enterprise software products. These activities included increased use of server virtualization, hosted cloud environments, managed services implementations, wireless mesh network solutions, disaster recovery sites, Web portals and SharePoint projects. Glenbriar substantially renewed and upgraded its internal infrastructure as part of its head office move. Glenbriar also commenced a project for a commercial property management and investment company to virtualize all of the building management servers at each location, which allows failover to other locations in the event of an outage.

Communications

Glenbriar provides enterprise communications solutions that deploy unique distributed architecture, best in class system management, ease of use and award winning devices. Glenbriar supplements this with proprietary software which permits virtual call attendants to work for multiple business units across the globe.

Glenbriar's IP Communications solutions combine ShoreTel phones, switches and software with Cisco networking equipment, mobility enterprise servers, smartphones and Glenbriar's enhancements to produce a truly superior deployment.

SIP Trunking over Fixed Wireless

Glenbriar designed and implemented a SIP trunking solution for an existing client that operates a network of remote telephony installations in Alberta and Saskatchewan in 2011. This solution deploys a fixed wireless solution leveraging the Alberta Supernet to reach the remote sites.

Seamless WiFi to Mobile Call Transfer

Glenbriar enhanced its product offerings to include the leading enterprise solution for achieving seamless WiFi to cellular call transfer for mobile phones. This product allows employees to use their cellular or smartphones on the corporate land lines through a WiFi connection while in the office, and to have the call seamlessly switch over to the cellular network when the employee gets out of range for the WiFi network. The product works on all leading corporate PBXs, including ShoreTel, Avaya, Cisco and Nortel, and is capable of completely replacing hardwired phone sets within an office environment without incurring major cellphone charges.

Enterprise WiFi Deployment

Glenbriar also added an enhanced corporate WiFi solution in 2011 that reduces the need for access points within a large environment by deploying up to 16 radios in a single access point, each radio geared toward a particular direction in order to maximize signal strength and minimize interference.

Enterprise IP Call Centre and Mobility

Glenbriar implemented mobile enterprise servers and wireless support solutions for several clients during the period, and completed a ShoreTel IP call centre and telephony rollout for an online financial transfer provider with locations in Canada and the UK. Further installs of IP communications solutions included financial services, manufacturers, and industrial suppliers, including ShoreTel systems and Cisco wireless bridge upgrades and reconfigurations for industrial clients.

ShoreTel Deployments

Glenbriar continues to acquire new clients who are existing ShoreTel customers that are seeking to fully realize all of the extended benefits of their investments by switching to Glenbriar for their ongoing support and expansion. Glenbriar is currently designing multisite, single image redeployments for clients with operations in Western Canada, Northwest Territories and the US.

During fiscal 2011, Glenbriar installed several ShoreTel Pure IP Telephony solutions, including school districts, industrial clients, non-profits, commercial realtors, Internet hosting providers, design studios, and professional services firms. Glenbriar also installed a teleconferencing and training solution for an international property management client, followed on by a ShoreTel install. These solutions now include support for iPhones and Macs, a Web based Communicator client, ability to virtualize the server, and distributed database capabilities to eliminate any single points of failure.

Software
Glenbriar has leveraged its solid ERP software knowledge into a simpler Web-based interface which can be economically customized to different vertical niche markets, without any limit on scalability or delivery method. Modules include Peartree Dealership, POS and light manufacturing. A professional services module is under development.

Dealership & SMB

Glenbriar added several new clients for its Web-based Peartree Dealership and SMB products during fiscal 2011, including RV, marine and used car dealerships clients in BC, Ontario, New Brunswick and Prince Edward Island. Product enhancements in the upcoming software release include major part sale report, integration with an electronic credit and debit card processing facility, and bug fixes. The software release mechanism will also be automated. The Dealership product may be viewed at www.peartreedealership.com, which includes self-guided online demos. Peartree has developed a cloud pricing model for clients who may be interested in online delivery of its Dealership product.

ERP

Peartree ERP has been upgraded to conform to the electronic data initiative mandated by the Mexican government. This initiative uses digital technology to create, process, transmit and store digital fiscal documents to eliminate the issuance and managing of paper invoices and other records. Invoices must be on preprinted forms from authorized print houses, must contain specific information, and must be stored in hard copy for five years. The regulations also require electronic signatures, automated electronic accounting systems, simultaneous accounting records created at the time of sale, use of a specified XML format, monthly electronic reporting to government, and electronic archiving and retrieval.

Lineside Labelling

Glenbriar's Lineside Labeling product has been deployed to over 30 production lines, with additional lines scheduled for deployment. This product was created out of OEM (original equipment manufacturer) mandated inventory and shipping accuracy requirements, particularly from Toyota and Honda. Users of this software are now able to capture the data required for industry performance tracking OEE (overall equipment effectiveness) reporting. Once fully deployed, this product will replace existing third party solutions that had been implemented to deal with preventive maintenance and other plant tracking software. Glenbriar is currently interfacing the inventory enhancements with the general ledger module, and is considering marketing strategies for this new product.

Glenbriar has moved into the second phase of its Lineside Labelling product, which involves the design and deployment of online storyboards to deliver real-time shipping and production status. EDI, Shipping History and Production storyboard applications have been the first to go live. Next in line are the Vanning Loads templates, which ensure that material is loaded on trailers in a precise sequence predetermined by the manufacturer. These changes will initially meet Honda order and processing specifications, and will soon be expanded to include Toyota and other OEMs.

Select Web Order Entry Portal

Glenbriar's Select Web Order Entry application is now live, and will be updated in the coming month to incorporate client requests for additional functionality. This application provides online order, review and inventory requirements for clients of greenhouse and nursery businesses through a portal. The portal integrates Glenbriar's web-based software tools and database with its ORDX order entry module to allow the customers of the greenhouse and nursery supplier to conduct their business online, while being a fully integrated part of the supplier's ERP system. Glenbriar is working with a major client to consider opportunities for creating a market for this application.

Multivalue Application Database Consulting

Glenbriar continues to expand its base of opportunities for multivalue application database consulting. Glenbriar has developed specialized expertise using numerous tools common to both its ERP manufacturing and distribution product and its Web based Dealership/SMB product, such as Harvest Reports for customized output and Web based middleware for providing graphical user interfaces. These tools can be leveraged to enhance the functionality of third party multivalue applications.

Intellectual Property

Glenbriar has outright ownership of all intellectual property related its proprietary software products, which deploy third party database licences. Glenbriar's IP Communications solutions are delivered through channel partner relationships, but often include customized proprietary enhancements owned by Glenbriar.

Glenbriar's sales are arm's length sales to third parties. Software licences are renewable periodically, and renewal is required for the software to continue to function. Glenbriar owns the copyright to its source code, and has a number of employees with two decades of experience with its products. Glenbriar is a registered trade mark in Canada for the lines of business in which it operates. In addition, Glenbriar resells third party products and licences which include intellectual property aspects, and rely upon the third party's representations as to the validity of any patents, copyrights or other intellectual property rights. Glenbriar is not aware of any issues relating to any of the intellectual property rights described above.

Sales and Marketing

Glenbriar appointed a Marketing and Business Development Director in July 2010 to establish and grow the sales and marketing function across all branches as the next step in this initiative. Business Development Coordinators were added in Calgary and Waterloo, with interviews underway to add one in Vancouver. These positions report to the Marketing and Business Development Director.

Market Conditions

Software publishing and computer system design and services in Canada generated $38 billion in revenue in 2009 (StatsCan). The IT services, enterprise software and enterprise communications markets are large and highly competitive, with over 50,000 establishments in Canada.

In its report *US and Global IT Market Outlook: Q3 2011*, Forrester Research, Inc. (NASDAQ: FORR), an independent research firm focusing on business and technology, predicted relatively unchanged growth levels in North America in 2012 from 2011 levels.

In its Autumn 2011 update, the Conference Board of Canada predicted that Glenbriar's core locations of Alberta, Ontario and BC will grow by 3.6, 2.2 and 2.5 per cent, respectively, in 2012, compared to 3.1, 1.8 and 2.6% in 2011.

Companies that delayed or deferred IT investments during the global recession are now having upgrade their IT infrastructure to keep pace with technology and to remain competitive. Companies streamlined business processes to improve productivity to counteract out recessionary market pressures, and now seek IT investments which facilitate or accelerate these new efficiencies. Technologies that provide fast paybacks, such as IP communications, virtualization, inexpensive enterprise software, flat rate managed services, Software as a Service (SaaS), and Cloud Computing have become preferred solutions in a cost centric environment. This pace is expected to continue as more small businesses migrate toward the cloud in the next few years. Glenbriar focuses on these technologies.

Financial Review

Changes in Accounting Policies and Standards

Canadian generally accepted accounting principles (GAAP) were replaced by International Financial Reporting Standards (IFRS) for public companies in Canada for fiscal years starting on or after January 1, 2011. Glenbriar adopted IFRS on October 1, 2011. Harmonization of Canadian GAAP with IFRS over the last few years resulted in substantial changes to Glenbriar's financial statements for 2008 through 2011. These changes caused large losses to be recorded in order to bring the statements into line with the new standards. Because of these revisions, Glenbriar expects only a minor impact when it fully adopts IFRS, in that most of the effects of the transition have already been incorporated into the statements.

The effect of these changes contributed to a loss of $2.5 million and a cumulative non-cash reduction in assets on the balance sheet of approximately $3.3 million in 2008, as well as accelerated amortization of the proprietary software asset until it reached $nil in the fourth quarter of fiscal 2011.

To compare operating results before and after these changes, Glenbriar calculates earnings before interest, taxes, amortization, gains on marketable securities and stock compensation expense (EBITAS) after deducting both operating and capitalized portions of research and development (R&D). EBITAS is not recognized under GAAP or IFRS, and may be applied differently by different issuers.

	Audited				
($000's)	2007	2008	2009	2010	2011
Revenue	5,510	6,374	5,685	5,081	6,052
Expense	5,295	6,135	5,757	4,956	5,895
R&D (all)	348	303	120	120	102
EBITAS	(133)	(56)	(192)	5	55

While Glenbriar has benefitted from reduced overall spending on R&D over the past years due to the completion of the core modules for its Web-based enterprise software. Revenue recovered in fiscal 2011 due to recovery from the global recession in 2009 and 2010.

Glenbriar Limited Partnership

Glenbriar Limited Partnership ("GLP") is an Alberta limited partnership which carries on the business of developing and extending the market for enterprise information technology solutions created or supported by Glenbriar. The General Partner of GLP is Glenbriar Solutions Inc., which exercises control over GLP's operations. Glenbriar Solutions Inc. is a wholly owned subsidiary of Glenbriar. The Limited Partners of GLP are Glenbriar, and from time to time, private investors who have provided capital to GLP by purchasing limited partnership units ("LP Units") at a price of $5,000 per LP Unit.

As GLP Limited Partners on December 31 of each year, investors are entitled to deduct their share of operating losses of GLP for the year to a maximum of $5,000 per LP Unit. As a result, their share of operating losses is not available to Glenbriar to offset future taxable income realized by it.

The financial results of GLP are included in Glenbriar's consolidated financial statements, as Glenbriar Solutions Inc. has full control over GLP's operations and is a wholly owned subsidiary. In addition, Glenbriar has the right to acquire all the LP Units not held by it directly. LP Units and any Glenbriar common shares issued in exchange for LP Units are subject to a 4 month hold period from the date of closing, subject to applicable securities regulations.

In December 2010, GLP issued 26 LP Units at a price of $5,000 each for gross proceeds of $130,000. Management, directors and employees purchased 21 LP Units. A selling concession of $2,500 was paid on the 5 LP Units not sold to management and employees. Glenbriar purchased all of the LP Units on February 11, 2011 for 100,000 common shares from treasury per Unit.

Selected Financial Information

Selected Annual Financial Information ($)	Year ended September 30		
	2011	2010	2009
Revenue	6,051,730	5,080,988	5,685,365
EBITAS	54,707	4,515	(192,118)
Loss before tax	(229,860)	(423,868)	(649,544)
Net loss	(229,860)	(423,868)	(649,544)
-per share (basic and diluted)	(0.01)	(0.01)	(0.02)
Total assets	940,313	1,037,826	1,224,658
Long term liabilities (excl. leasehold allowances)	330,000	356,500	285,000
Dividends	-	-	-

See the start of the Financial Review section and "Changes in Accounting Policies and Estimates" above relating to changes in financial reporting standards. Revenue increased 19.1% in 2011, made up of an 8.9% increase in managed services and a 36.9% increase equipment and software sales. Gross margin remained at 26.2% in 2011 and 2010, up from 22.2% in 2009. Earnings were too broadly impacted by changes in accounting policies and estimates to be of useful comparative value for results from operations. For this reason, Glenbriar management uses the EBITAS analysis set forth above to compare operating results. That analysis shows an improvement in operating results after research and development of $50,192 in 2011, building on the $196,633 improvement in 2010, and showing recovery from the recessionary decline of $136,000 in 2009. These numbers reflect maintenance of improved margins in 2011 and 2010.

Selected Quarterly Financial Information ($)	Quarter ended							
	2011			2010				2009
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Revenue	1,312,812	1,542,013	1,891,946	1,304,959	1,129,642	1,618,000	1,143,322	1,190,024
Income (loss) from operations	(419,009)	1,802	179,476	7,871	(243,668)	(5,965)	(124,330)	(49,905)
-per share (basic and diluted)	(0.01)	-	0.004	-	(0.006)	-	(0.002)	(0.002)
Net income (loss)	(419,009)	1,802	179,476	7,871	(243,668)	(5,965)	(124,330)	(49,905)
-per share (basic and diluted)	(0.01)	-	0.004	-	(0.006)	-	(0.003)	(0.002)

Revenue increased 16% for the quarter ended September 30, 2011 from the same quarter in 2010, with annual revenue rising 19.1% for 2011 over 2010. The loss for the quarters ended September 30, 2011 and 2010 include year-end adjustments. Rising sales reflect slow recovery from the global recession, as companies resume technology investments to replace outdated equipment and improve their business processes and efficiency.

Glenbriar has not paid dividends and has no current intention of doing so.

Liquidity and Capital Resources

As of September 30, 2011, Glenbriar had a working capital deficiency of $172,156, down from $289,619 in 2010 and $554,581 in 2009. This working capital deficiency reflects shareholders' loans from a prior corporate acquisition, increased deferred revenue due to projects still being completed as of each year end, and repayment of demand credit facilities. Marketable securities reflect the fair value of the shares. Inventory changes reflect normal business fluctuations. Inventory is considered relatively liquid. The deferred revenue account of $200,425 for 2011 is up from $159,433 for 2010 due to managed services projects being partially completed over year end, with the balance being attributed to proprietary software maintenance fees, which are brought into revenue monthly as services are performed over the term of the licence. As deferred revenue is a non-cash item, working capital showed a small surplus of $28,269 after deferred revenue as of September 30, 2011, compared to deficits of $130,186 in 2010 and $427,296 in 2009.

Leasehold allowances received in prior periods became fully amortized in 2011.

The demand credit facility declined to $68,457 at September 30, 2011 from $192,438 in 2010. In April 2009, the demand credit facility was termed out over 41 months based on an initial balance of $411,372, with additional principal payment made on November 6, 2009 of $55,097. These payments have resulted in a $342,915 reduction in principal since May 2009. See note 6 of Notes to Consolidated Financial Statements. This repayment schedule has strained cash resources during a difficult business cycle. Glenbriar management has made cash advances to Glenbriar, improved collection of accounts receivable, increased limits and encouraged participation in the employee share purchase plan, redirected employee contributions from open market purchases to treasury purchases under the plan, reduced non-strategic staff, entered into a limited partnership arrangement and extended payables in order to preserve cash resources. While several of these initiatives have been reduced due to increased activities, the repayment obligations on the demand credit facility and short term portion of loans payable will continue to be a cash drain until they are completed in fiscal 2012.

The long-term portion of loans payable of $330,000 as of September 30, 2011 is owed to Glenbriar's management. The current portion of loans payable is a shareholders' loan of $67,354 from a prior corporate acquisition which is being repaid in varying monthly amounts until July 2012. See note 7 of Notes to Consolidated Financial Statements.

Glenbriar has no off-balance sheet arrangements.

Glenbriar may be required to seek additional equity or debt financing, reduce its operations or to limit its growth in order to maintain liquidity. In addition, Glenbriar does not have adequate surplus capital on hand to pursue its research and development activities at an optimal rate, to establish and implement a robust marketing and sales program, and to make strategic acquisitions. Accordingly, Glenbriar may reasonably be expected to issue additional equity or take on more debt in order to obtain the additional resources which it believes are necessary to enable it to seek to achieve the growth rates which are sought by investors and shareholders. If additional equity is issued, existing shareholders may experience dilution of their shareholdings. If additional debt is taken on, the business could be put at greater risk of not being able to survive downturns in business cycles, the loss of major accounts, or other negative events. Glenbriar management will continue to take steps to improve its working capital position, which may include injection of capital, loans or renegotiation of credit facilities, but there is no assurance that these efforts will be successful.

To date, Glenbriar has funded its research and development from internal sources, including cash flow and disposition of non-core assets. With some products and solutions now ready, and others expected to be completed in the coming months, additional funds will be required to engage in product rollouts, marketing and sales, and make strategic acquisitions.

In February 2011, Glenbriar entered into a 5 year lease for new premises for its Waterloo office. Despite a 25% reduction in monthly lease payments, the new lease increases long-term lease commitments because the previous lease expired in February 2011. In August 2011, Glenbriar entered into a 10 year lease for new premises for its head office in Calgary. Glenbriar's long term financial commitments for a delivery vehicle and office leases were as follows as of September 30, 2011:

	$
2012	190,951
2013	228,648
2014	224,556
2015	224,556
2016	201,080
Subsequent years	1,016,487
	2,086,278

Results from Operations

Loss after taxes decreased to $229,860 from $423,868 for the year ended September 30, 2011 from 2010. The losses for both periods reflect the continued accelerated amortization of proprietary software, which was completed in fiscal 2011. See "Changes in Accounting Policies and Estimates" above for further discussion regarding these changes. Overall gross margin remained at 26.2% for both 2011 and 2010, up from 22.5% in 2009.

Revenue. Revenue increased 19.1% in fiscal 2011 from 2010, with managed services up 8.9% and equipment and software sales up 36.9%.

Expense. Margins on managed services fell from 25.8% in 2010 to 23.4% in 2011, and on equipment and software sales rose from 26.1% in 2010 to 30.2% in 2011, reflecting a higher proportion of telephony and software sales. General and administrative expense fell from 18.9% of sales in 2010 to 18.1% in 2011. See the above discussion and "Changes in Accounting Policies and Estimates" regarding changes in amortization expense.

Accounts receivable. The balance for fiscal 2011 reflects 38 days of sales, which is down from 46 days of sales for fiscal 2010, reflecting faster collection of accounts.

Accounts payable and accrued liabilities. The increase in this account to $713,346 at September 30, 2011 from $647,448 at the end of fiscal 2010 reflects higher sales volumes.

Deferred revenue. This account includes managed services projects which were not complete at year end, plus periodic software maintenance fees which are brought into revenue monthly as services are performed. This is a non-cash item.

Forward Looking Statements

This MD&A may contain forward-looking statements. These forward-looking statements do not guarantee future events or performance and should not be relied upon. Actual outcomes may differ materially due to any number of factors and uncertainties, many of which are beyond Glenbriar's control. Some of these risks and uncertainties may be described in Glenbriar's corporate filings (posted at www.sedar.com). Glenbriar has no intention or obligation to update or revise any forward looking statements due to new information or events, except as required by securities legislation.

Risk Factors

The recovery from the global recession continues at a slow pace. Glenbriar serves the automotive, recreational, energy and mining sectors, all of which continue to exhibit slow recovery from the global recession. Glenbriar's equipment and software sales recovered in fiscal 2011 as businesses invested to update their information technology infrastructure. Glenbriar has increased its emphasis on marketing the total cost of ownership through effective use of its IT Services, Communications and Enterprise Software. See notes 1, 9 and 12 of Notes to Consolidated Financial Statements.

Critical Accounting Estimates

Canadian GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting periods presented. Significant estimates include the assessment of recoverability of carrying values of Glenbriar's accounts receivable, software and other capital assets. Actual results will differ from the estimates.

Related Party Transactions

Management loan advances of $330,000 as of September 30, 2011 are up $10,000 from the September 30, 2010 balance. See note 7(a) of Notes to Consolidated Financial Statements.

Glenbriar instituted an employee share purchase plan in February 2008. Participants who elect to participate in the plan purchase Glenbriar common shares in the open market or from treasury. Glenbriar then matches those contributions with shares from treasury by private placement on a quarterly basis. See notes 8(c) and (d) and note 14 of Notes to Consolidated Financial Statements and Subsequent Events below.

Additional Information

Additional information about Glenbriar is available from Glenbriar's website at www.glenbriar.com, the CNSX website at www.cnsx.ca, the Sedar website at www.sedar.com, or by request from Glenbriar's head office at 1100, 736 – 8 Ave SW, Calgary, AB T2P 1H4 (Phone 403-233-7300 x117).

Subsequent Events

Effective October 1, 2011, Glenbriar's software division, Peartree Software Inc., was absorbed into Glenbriar by vertical short form amalgamation. The Peartree name is now used only as a brand name for Glenbriar's software products. Christine Padaric, an employee of Peartree since 1996, was appointed Vice-President, Human Resources with responsibility for Ontario operations. The two former officers of Peartree, David Moser and Roy Clarke, continue to provide services as part-time independent contractors. Mr. Moser also resigned as a director of Glenbriar. All of Peartree's other employees continued as employees of Glenbriar.

Glenbriar issued 105,800 common shares from treasury on December 2, 2011 at $0.05 per share under the employee share purchase plan (note 8(d)). The last closing price on the CNSX prior to each issuance was $0.01 per share.

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Independent Auditors' Report

To the Shareholders of
Glenbriar Technologies Inc.

We have audited the accompanying consolidated financial statements of Glenbriar Technologies Inc. and its subsidiaries, which comprise the consolidated balance sheets as at September 30, 2011 and September 30, 2010, and the consolidated statements of loss, comprehensive loss and deficit and cash flows for the years ending September 30, 2011 and September 30, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Glenbriar Technologies Inc. and its subsidiaries as at September 30, 2011 and September 30, 2010, and the results of their operations and cash flows for the years ended September 30, 2011 and September 30, 2010 in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

We draw attention to note 1 to the consolidated financial statements which describes conditions that indicate the existence of an uncertainty that may cast doubt upon the Corporation's ability to continue operating as a going concern. Our opinion is not qualified in respect of this matter.

Calgary, Alberta	(signed) “Collins Barrow Calgary LLP”
December 2, 2011	Chartered Accountants

GLENBRIAR TECHNOLOGIES INC.
Consolidated Balance Sheets
September 30, 2011 and 2010

	2011	2010
	$	$
ASSETS		
CURRENT		
Cash and cash equivalents	**118,854**	76,832
Marketable securities (note 4)	**17,712**	22,543
Accounts receivable	**636,740**	643,058
Inventory	**63,116**	19,285
Prepaid expenses	**41,004**	15,982
	877,426	777,700
Proprietary software (note 5)	**-**	120,981
Customer lists (note 5)	**-**	37,875
Property and equipment (note 5)	**62,887**	101,270
	940,313	1,037,826
LIABILITIES		
CURRENT		
Demand credit facility (note 6)	**68,457**	192,438
Accounts payable and accrued liabilities	**713,346**	647,448
Deferred revenue	**200,425**	159,433
Loans payable – current portion (note 7)	**67,354**	68,000
	1,049,582	1,067,319
Loans payable (note 7)	**330,000**	356,500
	1,379,582	1,423,819
SHAREHOLDERS' DEFICIENCY		
Share capital (note 8(b))	**4,263,639**	4,087,055
Deficit	**(4,702,908)**	(4,473,048)
	(439,269)	(385,993)
	940,313	1,037,826

Basis of presentation (note 1)
Commitments and contingencies (note 11)

APPROVED BY THE BOARD

(signed). . . . . Director

(signed). . . . . Director

GLENBRIAR TECHNOLOGIES INC.
Consolidated Statements of Loss, Comprehensive Loss and Deficit
Years Ended September 30, 2011 and 2010

	2011 $	2010 $
REVENUE		
Managed information services	**3,491,492**	3,205,689
Equipment and software sales	**2,546,302**	1,860,573
Interest and other income	**13,936**	14,726
	6,051,730	5,080,988
EXPENSES		
Managed information services	**2,675,979**	2,379,874
Cost of goods sold	**1,777,304**	1,375,714
General and administrative	**1,093,193**	959,710
Sales and marketing	**348,547**	241,175
Research and development	**102,000**	120,000
	5,997,023	5,076,473
Earnings before the following items	**54,707**	4,515
Amortization	**196,653**	299,657
Interest and bank charges	**43,068**	44,629
Stock-based compensation (note 8(d))	**27,339**	99,860
Gain on sale of marketable securities (note 3)	**-**	(310)
Unrealized loss (gain) on marketable securities	**4,831**	(23,944)
Foreign exchange loss	**12,676**	8,491
NET LOSS AND COMPREHENSIVE LOSS	**(229,860)**	(423,868)
DEFICIT, BEGINNING OF YEAR	**(4,473,048)**	(4,049,180)
DEFICIT, END OF YEAR	**(4,702,908)**	(4,473,048)
LOSS PER SHARE		
Basic and diluted	**(0.01)**	(0.01)
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic and diluted	**45,772,514**	40,717,121

GLENBRIAR TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011 **$**	2010 $
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net loss	**(229,860)**	(423,868)
Adjustments for:		
Amortization	**196,653**	299,657
Amortization of deferred leasehold allowance	**-**	(8,000)
Stock-based compensation	**27,339**	99,860
Unrealized loss (gain) on marketable securities	**4,831**	(23,944)
Gain on sale of marketable securities (note 4)	**-**	(310)
Write off of property and equipment	**5,892**	-
Issuance of common shares for services (note 8(c))	**5,000**	-
	9,855	(56,605)
Changes in non-cash working capital (note 13)	**44,355**	(34,761)
	54,210	(91,366)
FINANCING		
Issuance of common shares	**144,245**	205,677
Net repayment of demand credit facility	**(123,981)**	(171,948)
Net (decrease) increase in loans payable	**(27,146)**	40,000
	(6,882)	73,729
INVESTING		
Acquisition of property and equipment	**(5,306)**	(4,864)
Proceeds on disposal of marketable securities (note 3)	**-**	15,380
	(5,306)	10,516
Increase (decrease) in cash and cash equivalents	**42,022**	(7,121)
Cash and cash equivalents, beginning of year	**76,832**	83,953
CASH AND CASH EQUIVALENTS, END OF YEAR	**118,854**	76,832
Comprised of:		
Cash on deposit	**118,854**	76,832

Supplementary cash flow information (note 13)

Notes to Consolidated Financial Statements for the Years ended September 30, 2011 and 2010

1. BASIS OF PRESENTATION

Glenbriar Technologies Inc. ("Corporation") was incorporated under the Business Corporations Act (Alberta) on July 15, 1994. The consolidated financial statements for the years ended September 30, 2011 and 2010 include the accounts of its subsidiaries, Peartree Software Inc. ("Peartree"), Glenbriar Solutions Inc., Kingdom Computer Services Inc. and Glenbriar Limited Partnership (see note 3). During the years ended September 30, 2011 and 2010, the Corporation operated primarily in the information technology sector and had only one reportable operating segment.

The consolidated financial statements have been prepared on a going concern basis, which presumes the Corporation will continue to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended September 30, 2011, the Corporation had a net loss of $229,860 (2010 – $423,868), cash flow from operating activities before changes in non-cash working capital of $9,855 (2010 – $(56,605)), and a working capital deficiency in the amount of $172,156 as at September 30, 2011 (2010 – $289,619). The Corporation's continuing operations are dependent on its ability to take appropriate measures, including one or more of managing cash on hand, increasing sales, reducing expenses, or raising additional equity or debt financing to meet its obligations and repay its liabilities in the normal course. See also notes 9 and 12. Although the Corporation's working capital position improved in fiscal 2011 over 2010, there is no assurance that management will continue to be successful in implementing appropriate measures.

2. SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The preparation of the Corporation's consolidated financial statements in conformity with Canadian generally accepted accounting policies ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting periods presented. Significant estimates include the assessment of recoverability of carrying values of the Corporation's accounts receivable, property and equipment, and future income tax assets. Actual results could differ from the estimates.

Revenue recognition

Equipment and software sales relate to proprietary software and products purchased and resold to customers. The revenue from these sales is recognized upon shipment. Software licences paid in advance for proprietary software, which include ongoing support and maintenance obligations, are deferred and recognized over the period of those obligations. Managed information services revenue is recognized as services are rendered. In cases where collectability is not reasonably assured, revenue is recognized when the cash is collected. Payments received in advance of services rendered are deferred until such time as the services are performed.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit with banks and short-term deposits with initial maturities of three months or less.

Inventory

Inventory is comprised mainly of equipment and spare parts, and is carried at the lower of cost and net realizable value. Cost is measured on a first-in, first-out basis. The total amount of inventory recognized during the year as an expense, including inventory write downs to net realizable value of $19,408 and $28,621 for 2011 and 2010, respectively, was $1,680,753 (2010 - $1,171,136).

Proprietary software

Research and development costs incurred prior to the establishment of the technological and financial feasibility of a particular software project are expensed as incurred. Software development costs which are directly attributable to these activities are capitalized when certain criteria are met, including that the technological and financial feasibility of a project is established. Amortization of proprietary software is recorded over the period of expected benefit of five years on a straight line basis.

If the carrying value is determined to be unrecoverable based on future estimated undiscounted cash flows, the carrying value of the proprietary software is written down to fair value and the excess is charged to earnings. The fair value is based on management's estimate of discounted future cash flows from the related software asset. There was no impairment of proprietary software recorded during the years ended September 30, 2011 or 2010.

Customer lists

Customer lists were acquired as part of prior years' corporate acquisitions. Customer lists are amortized over the period of the expected benefit on a straight line basis over 36 months. If the carrying value is determined to be unrecoverable based on the future estimated undiscounted cash flows, the carrying value of the customer lists is written down to fair value and the excess is charged to earnings. The fair value is based on management's estimate of discounted future cash flows from the related customer lists. There was no impairment of customer lists recorded during the years ended September 30, 2011 or 2010.

Property and equipment

Computers and office equipment are recorded at cost. Amortization is recorded using the declining-balance method at rates ranging from 20% - 30% per year. Leasehold improvements are amortized over the term of the lease (5 years). If the carrying value of an asset exceeds the projected undiscounted future net cash flow from its use and disposal, a reduction of the carrying value to the fair value would be recorded.

Foreign currency transactions

Revenue and expenses are recorded at the average rate of exchange in effect at the transaction dates. Monetary assets and liabilities relating to foreign exchange transactions are recorded at rates of exchange in effect at the balance sheet date and any resulting gains or losses recorded in income for the period.

Income taxes

The Corporation uses the liability method of accounting for income taxes. Under this method, temporary differences arising from the differences between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Temporary differences arising on acquisitions result in future income tax liabilities or assets. Future tax assets are recognized to the extent they are more likely than not to be realized.

Stock-based compensation

The Corporation has a stock option plan as described in note 8(e). The Corporation records an expense for stock options issued based on the fair value at the date of grant, calculated using the Black-Scholes option pricing model with a corresponding credit to contributed surplus. No stock options were issued or outstanding under this plan as of September 30, 2011 or 2010.

Stock-based compensation expense represents the estimated fair value of the Corporation's quarterly contributions of treasury shares to the employee share purchase plan implemented in February 2008, as described in note 8(d). The estimated fair value of the shares issued is based on the market price at the date of issue. These contributions are expensed as incurred.

Earnings (loss) per common share

The Corporation follows the treasury stock method to determine the dilutive effect of stock options or other potentially dilutive instruments. Under this method, basic net earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated on the basis of the weighted average number of common shares outstanding during the period plus the additional incremental common shares that would have been outstanding if potentially dilutive stock options or other instruments were exercised for common shares using the treasury stock method.

Comprehensive income, equity, financial instruments and hedges

Financial assets are classified as loans and receivables, held-to-maturity, held-for-trading and available-for-sale. Loans and receivables include all loans and receivables except debt securities, and are accounted for at amortized cost. Held-to-maturity classification is restricted to fixed maturity instruments that the Corporation intends and is able to hold to maturity, and is accounted for at amortized cost. Held-for-trading instruments are recorded at fair value on the balance sheet, with realized and unrealized gains and losses reported in net income (loss). The remaining financial assets are classified as available-for-sale. These are recorded at fair value, with gains or losses being recognized in other comprehensive income. Derecognition of a financial asset and other than temporary impairment losses are recognized in the statement of earnings (loss).

Financial liabilities are classified as either held-for-trading or other financial liabilities. Held-for-trading instruments are recorded at fair value with realized and unrealized gains and losses reported in the statement of earnings (loss). Other financial liabilities instruments are accounted for at amortized cost, with gains and losses reported in the statement of earnings (loss) in the period that the liability recognition is derecognized or impaired.

Derivative instruments (“derivatives”) are classified as held-for-trading unless designated as hedging instruments. All derivatives are recorded at fair value on the balance sheet. For derivatives that hedge the changes in fair value of an asset or liability, changes in the derivatives’ fair value are reported in the statement of earnings (loss) and are substantially offset by changes in the fair value of the hedged asset or liability attributable to the risk being hedged. For derivatives that hedge variability in cash flows, the effective portion of the changes in the derivatives’ fair values are initially recognized in other comprehensive income (“OCI”), and the ineffective portion is recorded in the statement of earnings (loss). Amounts temporarily recorded in accumulated OCI will subsequently be reclassified to the statement of earnings (loss) in the periods when the net earnings (loss) is affected by the variability in the cash flows of the hedged item.

The Corporation has designated accounts receivable as loans and receivables, accounts payable and accrued liabilities, loans payable and demand credit facilities as other financial liabilities, all of which are carried at amortized cost. The Corporation’s cash and cash equivalents, and marketable securities are classified as held-for-trading. The Corporation’s cash and cash equivalents and marketable securities are carried at fair value on the balance sheet, with any changes in the fair value recognized in the statement of earnings (loss). Fair value is determined by reference to published price quotations. The Corporation does not have any derivative financial instruments.

Adoption of new accounting policies

Business combinations

As of October 1, 2010, the Corporation early adopted changes in CICA section 1582, “Business Combinations”, which replaced section 1581, “Business Combinations”, and harmonizes Canadian standards related to business combinations with IFRS. This new section establishes revised standards on the recognition and measurement of identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, as well as recognition and measurement guidance for goodwill acquired in the business combination or the gain from a bargain purchase option. The new standard also provides guidance on identifying the acquirer and the acquisition date (being the date at which control is acquired), and on the presentation and disclosure to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The adoption of this new standard did not have any significant impact on the Corporation’s current financial statements, but will result in changes to the accounting and disclosures for future business acquisitions.

Consolidated Financial Statements and Non-controlling Interests

As of October 1, 2010, the Corporation early adopted changes to CICA section 1601, “Consolidated Financial Statements” and section 1602, “Non-Controlling Interests”, which together replace section 1600, “Consolidated Financial Statements”. These sections establish revised standards for the preparation of consolidated financial statements and specifically discuss the consolidated accounting following a business combination involving the purchase of an equity interest of one company by another. These sections also provide guidance in situations involving a combination or consolidation other than through the purchase of an equity interest or involving an incorporated business. The adoption of this new standard did not have any impact on the Corporation’s current financial statements, but will result in changes to the accounting and disclosures for future business acquisitions for which the Corporation does not acquire 100% of the issued and outstanding common shares.

Future accounting pronouncements

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada for public companies will converge with IFRS by the end of 2011. In February 2008, the AcSB confirmed that publicly traded companies will be required to change over to IFRS (replacing Canadian GAAP) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the effective transition date for the Corporation is October 1, 2011, with the first reporting period under IFRS being the three months ended December 31, 2011, including restatement of comparative periods.

The Corporation has developed its IFRS changeover plan, including analysis of key GAAP differences and assessment of accounting policies under IFRS, as well as potential IFRS 1 exemptions. The Corporation will complete its conversion to IFRS in the 2012 fiscal year commencing with the interim financial statements for the 3 months ended December 31, 2011.

The International Accounting Standards Board ("IASB") has also provided certain exemptions under IFRS 1 for entities adopting IFRS for the first time.

3. GLENBRIAR LIMITED PARTNERSHIP

Glenbriar Limited Partnership ("GLP") is an Alberta limited partnership which carries on the business of developing and extending the market for enterprise information technology solutions created or supported by the Corporation. The General Partner of GLP is Glenbriar Solutions Inc., which exercises control over GLP's operations. The Limited Partners of GLP are the Corporation, and from time to time, private investors who have provided capital to GLP by purchasing limited partnership units ("LP Units") at a price of $5,000 per LP Unit.

In December 2010, GLP issued 26 LP Units at a price of $5,000 each for gross proceeds of $130,000. On February 11, 2011, the Corporation purchased all of the outstanding LP Units in exchange for 100,000 common shares of the Corporation per Unit. Management, directors and employees purchased 21 LP Units. A selling concession of $2,500 was paid on the 5 LP Units not sold to management and employees.

The financial results of GLP are included in the Corporation's consolidated financial statements since inception, as Glenbriar Solutions Inc. has full control over GLP's operations and is a wholly owned subsidiary of the Corporation. In addition, the Corporation has the right to acquire all the LP Units not held by it directly.

For tax purposes, the Limited Partners are entitled to deduct their share of operating losses of GLP on December 31 of each year to a maximum of $5,000 for each LP Unit held. As a result, the Limited Partner's share of operating losses is not available to the Corporation to offset future taxable income.

4. MARKETABLE SECURITIES

Marketable securities are comprised of 322,038 (2010 – 322,038) common shares of Platinum Communications Corporation ("Platinum"), a public company traded on the TSX Venture Exchange. During the year ended September 30, 2010, 68,500 shares were sold for net proceeds of $15,380 and a realized gain of $310.

5. LONG-TERM ASSETS

	2011		
	Cost $	**Accumulated Amortization $**	**Net Book Value $**
Proprietary software	998,669	(998,669)	**-**
Customer lists	180,172	(180,172)	**-**
Computers and office equipment	645,850	(582,963)	**62,887**
Leasehold improvements	116,115	(116,115)	**-**
Property and equipment	761,965	(699,078)	**62,887**

	2010		
	Cost $	Accumulated Amortization $	Net Book Value $
Proprietary software	998,669	(877,688)	**120,981**
Customer lists	180,172	(142,297)	**37,875**
Computers and office equipment	646,436	(550,550)	**95,886**
Leasehold improvements	116,115	(110,731)	**5,384**
Property and equipment	762,551	(661,281)	**101,270**

Leasehold allowances received during 2006 of $43,107 and during 2004 of $87,100 were deferred and amortized over the 5 year lease term, and were fully amortized in fiscal 2010. Amortization of proprietary software, customer lists and property and equipment during the year was $120,981, $37,875 and $37,797 (2010 – $180,000, $60,057 and $59,600), respectively.

6. DEMAND CREDIT FACILITY

In April 2009, and as further amended in October 2009, the Corporation's revolving credit facility with a chartered bank was termed out over 41 months (subject to demand) commencing May 1, 2009 based on an initial balance of $411,372, with blended monthly payments of $11,085 including interest at the greater of 6% per annum or 3.5% above the bank's prime lending rate. An additional payment of $55,097 was due and paid on November 6, 2009 to reduce the outstanding principal balance to $300,000. The credit facility was amended on March 22, 2011 removing covenants relating to current and debt to equity ratios and periodic reporting. As at September 30, 2011, the Corporation was in compliance with all terms under the credit facility. Security is provided by a first charge over all of the Corporation's assets, and a guarantee by specific officers of the Corporation. The balance as at September 30, 2011 was $68,457 (September 30, 2010 – $192,438).

7. LOANS PAYABLE

Loans payable at September 30, 2011 in the amount of $397,354 (2010 - $424,500) consist of:

a) Net advances of $330,000 (2010 - $320,000) from officers of the Corporation secured by a general security agreement which bear interest at the rate of interest charged from time to time by the Bank of Montreal to its personal line of credit customers plus any insurance premium which may be payable. The advances are repayable 12 months after the officers provide written request for payment. As at September 30, 2011, the officers had not requested payment, and consequently, the advances have been classified as non-current liabilities. Fiscal 2010 included an increase of $20,000 relating to expenses paid by the officers on behalf of the Corporation and a decrease of $25,000 relating to common shares issued under the employee share purchase plan (note 8(d)). Included in interest expense is $12,195 (2010 - $11,734) charged by the officers of the Corporation in respect of these advances, of which $5,371 (2010 - $nil) is included in accounts payable and accrued liabilities.

b) The final repayment terms of the loans payable of $104,500 outstanding at September 30, 2010 relating to a previous corporate acquisition were settled in fiscal 2011. As of September 30, 2011, $67,354 was still outstanding, all of which has been classified as a current liability. The outstanding balances are secured by a general security agreement and are being repaid in varying monthly instalments until July 2012. $33,209 bears interest at prime plus 1.5% per annum and $34,145 is non-interest bearing.

8. SHARE CAPITAL

a) *Authorized*
Unlimited number of common shares
Unlimited number of preferred shares of one or more series

b) *Common shares issued and outstanding*

	Number of shares	**Amount $**
Balance, September 30, 2009	35,061,981	**3,756,518**
Private placement	600,000	**30,000**
Employee share purchase plan	7,888,528	**300,537**
Balance, September 30, 2010	43,550,509	**4,087,055**
Private placement	100,000	**5,000**
Exchange of limited partnership units (note 3)	2,600,000	**130,000**
Employee share purchase plan	1,030,201	**41,584**
Balance, September 30, 2011	47,280,710	**4,263,639**

c) *Private placements*

The 2010 private placement consisted of the issuance of 600,000 common shares from treasury at $0.05 per share to a director of the Corporation, the proceeds of which were used to pay for an external consultant to assist the Corporation with select financial market initiatives and programs. The fees paid were recorded as general and administrative expenses in fiscal 2010. The shares issued were recorded at the exchange amount agreed to by the parties to the transaction. The 2011 private placement consisted of the issuance of 100,000 shares from treasury at $0.05 per share to a securities dealer as part payment for arranging to update the Corporation's listing and acting as its official sponsor under new regulations on the Frankfurt Stock Exchange. The last closing price on CNSX prior to this issuance was $0.05 per share. The fees paid were recorded as general and administrative expense in fiscal 2011.

d) *Employee share purchase plan*

In February 2008, the Corporation implemented a share purchase plan, under which participants make contributions to purchase common shares on the open market or from treasury (subject to the number of shares being calculated and issued based on a minimum of $0.05 per share) through a designated trust facility, subject to a maximum of $20,000 per participant per plan year. These contributions are matched quarterly by the Corporation issuing shares from treasury at the market price at the date of issue (subject to the number of shares being calculated and issued based on a minimum of $0.05 per share). In fiscal 2010, loans payable of $25,000 (note 7) were paid through the issuance of 500,000 common shares under the plan. During the year ended September 30, 2011, the Corporation recorded $27,339 (2010 - $99,860) of stock-based compensation expense, comprised of $26,823 (2010 - $94,946) in issued shares and $516 (2010 - $4,914) in accrued liabilities for estimated contributions for September 2011.

e) *Stock option plan*

The Corporation is authorized to grant stock options to directors, officers and employees for up to 10% of the number of common shares outstanding. Options may be granted for periods up to 5 years at prices based upon the Corporation's trading price on the date of issue. An option was granted in July 2010 to a financial consultant under the plan, but it expired according to its terms prior to 2010 year end. No other stock options were granted, exercised or outstanding in 2011 or 2010.

9. CAPITAL DISCLOSURES

The Corporation's goal is to develop a strong capital base to meet its growth objectives, while maintaining the ability to fulfill its financial obligations, finance internal growth and fund potential acquisitions. The Corporation may be required to seek additional equity or debt financing, reduce its operations or to limit its growth in order to maintain liquidity. The Corporation does not have adequate surplus capital on hand to pursue its research and development activities at an optimal rate, to establish and implement a robust marketing and sales program, or to make strategic acquisitions. Accordingly, the Corporation may reasonably be expected to issue additional equity or take on more debt in order to obtain the additional resources which it believes are necessary to enable it to seek to achieve the growth rates which are sought by investors and shareholders. If additional equity is issued, existing shareholders may experience dilution of their shareholdings. If additional debt is taken on, the business could be put at greater risk of not being able to survive downturns in business cycles, the loss of major accounts, or other negative future events.

The Corporation's capital structure includes working capital (deficiency). The Corporation's capital management objectives, evaluation measures and targets have remained unchanged over the periods presented. The Corporation's capital is not subject to any external restrictions.

10. INCOME TAXES

The components of the future income tax asset amounts as at September 30, 2011 and 2010 are as follows:

	2011	2010
	$	$
Excess of tax basis over carrying value on long-term assets	**265,540**	210,493
Future benefit of current and prior years' losses	**939,428**	1,046,923
Investment tax credits	**91,000**	91,000
	1,295,968	1,348,416
Valuation allowance	**(1,295,968)**	(1,348,416)
	-	-

Management has assessed the future tax assets using the criteria of whether it is more likely than not that the future tax assets can be realized. Based on the uncertainty of future taxable income, management has recorded a valuation allowance of the full amount of the future tax asset as at September 30, 2011 and 2010.

As at September 30, 2011, the Corporation had investment tax credits of approximately $91,000 available to reduce taxes otherwise payable, and non-capital losses of approximately $3.7 million available to be carried forward to reduce future taxable income. The benefit of these credits and losses has not been recognized in the consolidated financial statements. These credits and losses expire as follows:

	Non-capital losses	**Investment tax credits**
	$	**$**
2014	88,000	67,000
2015	396,000	24,000
2026	359,000	-
2027	267,000	-
2028	751,000	-
2029	698,000	-
2030	1,119,000	-

In addition, the Corporation has approximately $439,000 of deductible research and development expenditures with no expiry, and other net temporary deductible differences of approximately $600,000 which expire at various dates.

Income tax recovery differs from the amounts which would be obtained by applying the combined federal and provincial statutory income tax rate to the respective years' loss before income taxes. The following schedule explains the differences between the expected and actual tax recovery:

	2011	**2010**
	$	**$**
Loss before income taxes	**(229,860)**	(423,868)
Expected income taxes – statutory rate of 28.5% (2010 - 29.2%)	**(65,510)**	(123,769)
Effect of tax rate changes	**50,721**	9,975
Unrealized (gain) loss on marketable securities	**688**	(2,646)
Non-deductible portion of GLP operating losses (note 3)	**37,050**	-
Expiry of non-capital losses	**-**	26,197
Adjustments to tax pools and other	**29,499**	2,218
Provision for future income taxes before valuation allowance	**52,448**	(88,025)
Change in valuation allowance	**(52,448)**	88,025
	-	-

11. COMMITMENTS AND CONTINGENCIES

The Corporation is committed to the following minimum annual payments over the next 5 years for vehicle and office leases, which expire at various dates through January 2022:

	$
2012	190,951
2013	228,648
2014	224,556
2015	224,556
2016	201,080
Subsequent years	1,016,487
	2,086,278

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The Corporation's financial instruments are comprised of cash and cash equivalents, accounts receivable, marketable securities, accounts payable and accrued liabilities, demand credit facilities, and loans payable. The carrying values of the Corporation's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and short-term loans payable approximate their respective fair values due to their short term maturity. As the Corporation's demand credit facilities and long-term loans payable bear interest at floating market rates, the respective carrying values approximate fair value. The Corporation's marketable securities are adjusted to market value on a quarterly basis.

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Leve1 1 reflects valuation based on quoted prices observed in active markets for identical assets or liabilities.
Level 2 reflects valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 reflects valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The financial instruments in the Corporation's financial statements, measured at Level 1 fair value, are cash and marketable securities.

Credit risk

The Corporation is exposed to normal credit risk from customers. Accounts receivable are generally unsecured, subject to the Corporation's ability to file security interest under certain conditions. Default rates on unsecured credit have traditionally been below 1% of annual sales. The Corporation's customer accounts are past due as follows: 30-60 days – $60,000 (2010 - $63,000); 61-90 days – $92,000 (2010 - $42,000); 91 days or older – $60,000 (2010 - $115,000). The Corporation has reviewed the past due accounts on a customer by customer basis and has provided an allowance for doubtful accounts of $26,480 (2010 - $19,868), all relating to past due accounts 90 days or older. Licences for proprietary software cease to function if payments are not kept current. The Corporation minimizes concentrations of credit risk by maintaining a wide customer base spread across differing industries. Additional sales and services may be withheld if a customer falls to pay its obligations in a timely manner.

The Corporation is also subject to credit risk through its cash on deposit. As cash is held in a reputable financial institution, concentration of credit risk is considered minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates or availability of capital. The Corporation is exposed to interest rate risk on any outstanding drawings on its demand credit facilities and loans payable. An increase or decrease in the interest rate of 1% would result in approximately a $4,700 (2010 - $5,700) adjustment to the net loss reported based upon the outstanding balances as of September 30, 2011.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. During fiscal 2011, 1% (2010 – 1%) of total revenue was in US dollars. At September 30, 2011, approximately $8,200 (2010 - $10,700), $19,000 (2010 - $19,000) and $59,000 (2010 - $72,000) of the Corporation's cash, accounts receivable and accounts payable and accrued liabilities were in US dollars, respectively. An increase in the value of the Canadian dollar relative to the US dollar will decrease the equivalent Canadian amounts received, while an increase in the value of the Canadian dollar will decrease the amounts received. Exchange rate fluctuations have increased in volatility under current economic conditions, and this risk cannot be accurately quantified. A 1% change in the Canadian-US exchange rate on the net assets held in US$ would increase/decrease the reported loss by approximately $320 (2010 - $620). The Corporation has no contracts in place to mitigate this exposure.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. This risk increases as revenue increases due to the need for additional working capital. The Corporation is at risk of needing to reduce operations to maintain sufficient working capital. The Corporation's financial liabilities, comprised of amounts drawn on the demand credit facilities of $68,457 (2010 - $192,438), and accounts payable and accrued liabilities of $713,346 (2010 - $647,448), are due and payable within less than one year. Of the total loans payable of $397,354 (2010 - $424,500), $330,000 (2010 - $356,500) is due in more than one year, and $67,354 (2010 - $68,000) is current. The Corporation had a working capital deficiency of $172,156 as of September 30, 2011 (2010 - $289,619). Deferred revenue of $200,425 (2010 - $159,433) and certain payables in the amount of $516 (2010 - $4,914) to be paid through the issuance of common shares, are non-cash items, which do not affect cash working capital used to maintain operations. The Corporation is seeking additional investment to improve its working capital position, but there is no certainty that it will be able to achieve that objective under current market conditions.

13. SUPPLEMENTARY CASH FLOW INFORMATION

	2011 **$**	2010 $
Changes in non-cash working capital:		
Accounts receivable	**6,318**	(111,214)
Prepaid expenses	**(25,022)**	1,295
Inventory	**(43,831)**	3,711
Accounts payable and accrued liabilities	**65,898**	39,299
Deferred revenue	**40,992**	32,148
	44,355	(34,761)
Cash interest paid	**43,068**	44,629

Non-cash transactions:

(1) Refer to note 8(c) and (d) for non-cash issuance of common shares relating to the employee share purchase plan and private placements in 2010.

(2) Refer to note 7(a) for increase in loans payable relating to expenses paid on behalf of the Corporation in fiscal 2010

14. SUBSEQUENT EVENTS

Effective October 1, 2011, Peartree Software Inc., was absorbed into Glenbriar by vertical short form amalgamation.

The Corporation issued 105,800 common shares from treasury on December 2, 2011 under the Corporation's employee share purchase plan (note 8(d)). The last closing price on the CNSX prior to issuance was $0.01 per share.