integrated
technology
solutions

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.

MANAGEMENT DISCUSSION AND ANALYSIS

This information is given as of August 23, 2012 under NI Form 51-102F1. As of the date of this report, there are 47,648,510 Glenbriar voting common shares issued and outstanding. There is no other class or series of shares issued, and no warrants or options or other rights to acquire additional common shares outstanding, except contributions to the employee share purchase plan (see note 9(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.

Corporate Reorganization

Glenbriar revamped its Ontario operations in 2011, including relocation of its Waterloo office in February 2011 and absorption of Peartree Software Inc. into Glenbriar by vertical short form amalgamation on October 1, 2011. Peartree is now used as a brand name for Glenbriar's software products. The two former officers of Peartree became part-time contractors, and Christine Padaric was promoted to Vice-President, Human Resources and Software Services, with responsibility for Ontario operations. The former Peartree officer who was also a Glenbriar director resigned that position on the amalgamation. These changes are designed to provide the energy and initiative to drive forward our many enterprise software opportunities.

The Calgary head office was relocated in September 2011 to larger premises to accommodate its growing business demand as it increases its focus on the enterprise space. Effective October 1, 2011, Glenbriar also disposed of its interest in the Glenbriar Limited Partnership and Glenbriar Solutions Inc. to third parties. These dispositions were in response to changes to Canadian tax law in March 2011, which substantially reduced the feasibility of that structure for providing funding for marketing and product commercialization. Glenbriar no longer has any active subsidiaries or partnership interests.

On June 28, 2012, Warren Berg was appointed as Vice-President, Information Technology. Mr. Berg has been with Glenbriar since 2000, and previously held the position of Manager, IT Services. This appointment forms part of a general reorganization of Glenbriar's Calgary operations. Mr. Berg's new duties and responsibilities include those formerly provided by Jamie Skawski, who resigned as Vice-President, Enterprise Services. Mr. Skawski had been with Glenbriar since 1998.

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 resources necessary to deliver the optimal integrated IT solution suite for its clients.

IT Services

Glenbriar continued to implement new and updated infrastructure projects in the first half of fiscal 2012. Glenbriar hardened its security solutions during the period to combat increasing levels of attempted intrusions from overseas sources. These solutions tie in to disaster recovery and internal infrastructure planning processes, which are often done in conjunction with office moves and reorganizations. Glenbriar has seen a growing demand for SharePoint services at all levels of clients, and is growing that portion of its business in response.

Communications

Glenbriar was recognized by ShoreTel for its outstanding achievement in customer satisfaction in calendar 2011. Glenbriar’s exceptional score reflects an industry recognized world class level of professionalism and customer care in all aspects of the customer experience as reflected in ShoreTel customer experience surveys administered by an impartial third party during that period.

Glenbriar continued to rollout a number of new IP telephony projects in the first half of fiscal 2012. Most of these are multisite, single image redeployments for clients with operations in Western Canada, Northwest Territories and the US. A number of additional projects are currently in the design phase. Glenbriar is increasing the level and depth of its IP telephony certifications across all of its branches in order to keep up with the growing demand in this area. Glenbriar continued to expand its telephony and wireless integration solutions during the quarter, and is seeing increased demand for the newly designed ShoreTel Conference Bridge.

Software Services

Glenbriar revamped its Dealership and SMB divisional goals during the first quarter to implement a continuous product improvement cycle involving direct user input and feedback to determine the path of updates and introduce new functionality for future releases. These goals include high levels of customer satisfaction, browser independence, smartphone capabilities, Spader compatibility and enhanced middleware.

Glenbriar added three new RV dealership clients in Canada and the US in the first quarter of fiscal 2012, and is following up on a number of other potential clients. Glenbriar rolled out its latest software release for its Web based enterprise software in the first quarter of fiscal 2012 using its automated release mechanism. This release includes a major part sale report, integration with an electronic credit and debit card processing facility, and bug fixes.

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 MMS 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.

Glenbriar has a number of customization projects underway for its ERP customers, including moving preprinted forms to Harvest Reports (a Glenbriar report writer), addition of new capacity in Mexico, and enhancement of the Web Order Entry module.

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.

Financial Review

Canadian generally accepted accounting principles (GAAP) changed to 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.

This is Glenbriar's third interim report using IFRS. Harmonization of Canadian GAAP with IFRS over the last few years resulted in substantial changes to Glenbriar's financial statements for 2008 through 2011. Because of these revisions, Glenbriar experienced only a minor impact when it adopted IFRS, in that most of the effects of the transition had already been incorporated into the statements. See notes 2 and 12 of Notes to Consolidated Financial Statements.

Glenbriar Limited Partnership

Glenbriar disposed of its interest in the Glenbriar Limited Partnership (GLP) at the end of fiscal 2011. The General Partner of GLP was Glenbriar Solutions Inc., a Glenbriar subsidiary which exercised control over GLP's operations. Glenbriar disposed of its shares in GSI at the end of fiscal 2011. During fiscal 2011, the Limited Partners of GLP were Glenbriar, and from time to time, private investors who provided capital to GLP by purchasing limited partnership units ("LP Units"). 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 were included in Glenbriar's consolidated financial statements during fiscal 2011, since GSI had full control over GLP's operations and it was a wholly owned subsidiary of the Corporation. In addition, the Corporation had the right to acquire all the LP Units not held by it directly. See note 3 of Notes to Consolidated Financial Statements.

Selected Financial Information

Selected Quarterly Financial Information ($)	Quarter ended							
	2012		2011				2010	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Basis for preparation	*IFRS*	*IFRS*	*IFRS*	*GAAP*	*IFRS*	*IFRS*	*IFRS*	*GAAP*
Revenue	1,779,384	1,677,134	1,669,734	1,312,812	1,542,013	1,891,946	1,304,959	1,129,642
Income from continuing operations	76,163	39,049	79,494	(419,009)	1,802	179,476	7,871	(243,668)
-per share (basic and diluted)	0.002	0.001	0.002	(0.01)	-	0.004	-	(0.006)
Net income	76,163	39,049	79,494	(419,009)	1,802	179,476	7,871	(243,668)
-per share (basic and diluted)	0.002	0.001	0.002	(0.01)	-	0.004	-	(0.006)

Results for the quarters ended June 30 and March 31, 2012 and 2011, and December 31, 2011 and 2010 were prepared using IFRS. All other quarters were prepared using GAAP. Results for the quarter ended September 30, 2011 will be updated to IFRS when the 2012 annual report is released. Management does not expect any significant change from the numbers presented above when that quarter is updated.

Overall revenue increased 15% for the quarter ended June 30, 2012 from the prior year period, made up of a 9.5% rise in services and a 25.2% increase in equipment and software sales. These differences reflect increased capital investments by clients due to economic recovery and greater emphasis on marketing.

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

Liquidity and Capital Resources

As of June 30, 2012, Glenbriar had working capital of $90,404, a substantial improvement from the working capital deficiency of $172,156 at September 30, 2011. This improvement reflects higher receivables and pay down of loan obligations. Marketable securities reflect the fair value of the shares. Inventory changes reflect normal business fluctuations. Inventory is principally made up of items purchased for clients which are in transit from the distributor to client sites, but which remain in Glenbriar's possession pending configuration or an implementation date. Accordingly, inventory is considered relatively liquid and is fairly valued at cost. Deferred revenue was up $76,922 from year end 2011 principally due to software maintenance and service fees, which are brought into income over the term of the licence renewal.

Lease payments under office leases are expensed on a straight-line basis over the life of the lease. Incentives under an operating lease, such as rent-free periods, are recognized as a reduction in rental payments over the lease term. Deferred rent reflects rent free allowances on the new office lease in Calgary. The lease term is 124 months including the rent free period. The deferred rent account was included in changes to non-cash working capital in statement of cash flows and note 14 of the notes to consolidated financial statements in the 2012 Q1 Report, but was subsequently moved to its own line under operating activities, with its consequent removal from note 11.

The demand credit facility was paid out on March 31, 2012. This facility had been termed out in April 2009 with an initial balance of $411,372. See note 8 of Notes to Consolidated Financial Statements. This repayment schedule strained cash resources during a difficult business cycle. Glenbriar management made cash advances to Glenbriar, improved collection of accounts receivable, increased limits and maximized participation in the employee and director share purchase plan, redirected employee contributions from open market purchases to treasury purchases under the plan, extended payables, and raised funds through the issue of LP Units in order to preserve cash resources and meet its repayment obligations.

The $347,315 loans payable (including current portion) as of June 30, 2012 is made up of $330,000 payable to Glenbriar's management, and a shareholder's loan for $17,315 carried forward from a prior acquisition that is scheduled to be repaid in the fourth quarter of fiscal 2012. See note 8 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 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. 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 June 30, 2012:

	$
2012	59,964
2013	228,648
2014	224,556
2015	224,556
2016	201,223
Subsequent years	1,017,248
Total	1,965,195

Results from Operations

Net income rose marginally to $194,706 from $189,149 for the first nine months of fiscal 2012 from the similar 2011 period. Most of the 2011 result reflected a one-time large equipment sale in the second quarter of that year. Apart from that sale, the results reflect increased project spending by clients, reduced amortization of intangibles, and the gain on sale of related entities.

Managed services revenue includes all professional services and consulting revenue. Direct salaries and benefits include the salaries of those employees who directly earn managed services revenue. Margins on managed services are based on a comparison of managed services revenue to direct salaries and benefits. Salaries for administrative and support staff are included in general and administrative expenses, while salaries for sales and marketing staff are included in sales and marketing expense.

Equipment and software revenue includes all revenue from the sale of those items, and cost of goods sold is made up of the cost of equipment and software sales. Both accounts include shipping, but exclude any allocation of salaries or overhead. Margins on equipment and software sales are based on a comparison of equipment and software revenue to cost of goods sold.

Revenue. Revenue increased 8.2% for the nine months ended June 30, 2012 from the prior year period, made up of an 11.5% rise in services and a 4.8% rise in equipment and software sales. These differences reflect increased project spending by clients as the economy recovers from the global recession and the benefits of the marketing initiative.

Expense. Margins on managed services dropped to 21.2% in the first 9 months of fiscal 2012 from 25.2% in the prior year period, reflecting the added costs of reorganizing the service delivery model in that area. Margins dropped to 31% from 38.5% on equipment and software sales over the same periods due to a one-time $350,000 equipment sale, as well as a smaller proportion of software sales, which carry higher margins than equipment sales. General and administrative expense decreased to 15% of sales in the first 9 months of 2012 from 16.2% in the similar 2011 period, and sales and marketing expenses rose to 5.8% of sales in 2012 from 4.8% for the same period of 2011.

Accounts receivable. The balance for June 30, 2012 reflects 48 days of sales, which is up from 38 days of sales for the year end fiscal 2011, and from the prior year period of 37 days.

Accounts payable and accrued liabilities. The decrease in this account to $661,273 at June 30, 2012 from $713,346 at the end of fiscal 2011 reflects improved liquidity.

Deferred revenue. The balance of $277,347 as of June 30, 2012, includes $18,770 for managed services projects which were not complete at the end of the quarter, and $258,577 for periodic software maintenance and services, which are brought into revenue monthly as services are performed. This is a noncash 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 recovery from the global recession. Business investment in new infrastructure has been steady thus far in fiscal 2012, as businesses ratchet up capital purchases and investments.

Critical Accounting Estimates

IFRS 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 Glenbriar's accounts receivable, inventory, software and other capital assets. Actual results will differ from the estimates.

Glenbriar management assesses the recoverability of accounts receivable based upon its past history of recovery. Past experience indicates that recoveries have consistently been above 99%, so an allowance for doubtful accounts of 1% is applied to accounts receivable.

Inventory principally represents hardware and software products that are held for delivery to clients pending configuration or an installation date. Accordingly, inventory is current and liquid, and its cost is estimated by management to equal its fair value.

Carrying value of proprietary software assets, future tax assets and intangible assets is nil. Glenbriar management estimates that these assets are fairly valued at the current time.

Carrying value of property, plant and equipment is estimated by management to be fairly valued at its depreciated cost.

Related Party Transactions

Management loan advances of $330,000 as of June 30, 2012 are the same as at September 30, 2011. See note 8(a) of Notes to Consolidated Financial Statements.

Glenbriar instituted a new 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 note 9(d) of Notes to Consolidated Financial Statements.

See “Glenbriar Limited Partnership” above and note 3 of Notes to Consolidated Financial Statements regarding the participation of employees, directors and management in the purchase of LP Units in first quarter of fiscal 2011. Glenbriar Solutions Inc., a subsidiary of Glenbriar and general partner of the partnership, was sold for $20,000 effective October 1, 2011 to a corporation controlled by an outside director of Glenbriar. Glenbriar’s interest in the Partnership was sold for $5,000 effective October 1, 2011 to a corporation whose CEO, director and minority shareholder is an outside director of Glenbriar. The Partnership structure had a carrying value of nil, and had ceased to have any economic value to Glenbriar due to changes in Canadian tax law implemented in March 2011. The proceeds of disposition are included in the statement of comprehensive income and in the statement of consolidated cash flows as a gain on sale of related entities.

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).