Glenbriar Technologies Inc.

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 12, 2013 under NI Form 51-102F1. As of the date of this report, there are 48,256,510 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 8(b) 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.

The 2012 Annual Report released on December 14, 2012 included the first audited annual financial statements prepared using IFRS. Glenbriar experienced 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 and estimates used by management over the last 4 years.

Glenbriar's 2013 Annual Meeting was held in Calgary on March 25, 2013. All resolutions included in the Notice of Meeting and Information Circular were duly passed.

Glenbriar is still seeking additional funds for strategic acquisitions and reduction of long term obligations.

Products & Services

Glenbriar provides full service technology solutions to commercial and nonprofit enterprises: IT Services, Cloud Services, Portals and Collaboration, Unified Communications and Software Services. 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.

Flood Response

Glenbriar responded to increased demands from the flooding in Calgary during the latter part of June 2013. This resulted in certain projects being postponed as alternatives were put in place to deal with mandatory office evacuations, forced power outages, and damage to infrastructure. Most of these systems had resumed normal operations in early July 2013, but several are expected to extend into mid-July. Execution of predetermined procedures, contingency plans, and rapid responses minimized downtime for Glenbriar's client base. Communications were reconfigured and rerouted without the loss of e-mails or data.

One area where Glenbriar's solutions shone was with clients who had deployed Glenbriar's ShoreTel Unified Communications solutions. Those clients were able to redirect calls to other offices and locations so their employees could carry on business, look after themselves or help others during the crisis. Consulting clients quickly and easily forwarded their phone lines and operations to their other branches. Health care networks were able to shift calls and inquiries to alternate locations instantaneously. A flooded municipality set up a flood relief call centre in minutes manned by volunteer staff with no need for training. All of these examples took just minutes to implement using Glenbriar's ShoreTel Unified Communications solutions.

Marketing Focus

Glenbriar revamped its marketing and sales efforts in June and July 2013, reducing the number of representatives, rearranging the reporting structure, and refocussing on enterprise initiatives. It is expected that the reduced costs and focus will start to show positive results in the fourth quarter.

This new focus will better align Glenbriar with changing market forces and allow it to take advantage of new enterprise service expertise which has been developed over the last year. This will translate into an increased focus on Unified Communications, Portals and Collaboration, and Cloud Services.

Portals & Collaboration/Cloud Services

Glenbriar experienced renewed interest in collaboration projects in the third quarter, with several new projects committed to proceeding or taken further toward implementation. Glenbriar is currently implementing a comprehensive SharePoint solution for a new client in energy regulation. Cloud deployments, mobility functionality, managed services and print services bring with them the need for increased emphasis on security. Glenbriar is actively seeking upgraded technologies to meet these new requirements.

Managed Services

Glenbriar commenced a number of IT audits for new and potential clients in the third quarter. New projects are in the design phase for rolling out over the next 2 quarters. Cloud deployments, mobility functionality, managed services and print services will continue to grow in enterprise environments, and bring with them the need for increased emphasis on security. Glenbriar is actively seeking upgraded technologies to meet these new requirements.

Unified Communications

Glenbriar completed the installation of an IP communications installation for a securities firm in May 2013. This reflects an increase in the number of enterprises that are seeking to replace their end of life and outdated Nortel equipment with what Gartner rates as the leading unified communications solution, ShoreTel. As a ShoreTel Gold Champion Partner, Glenbriar stands to gain from this trend. In addition, there is growing interest in Glenbriar's enhanced WiFi solutions, which extend the functionality, security and strength of signal in difficult to reach areas.

Software Services

The next service release of Peartree Dealership 6 has been extended to September to permit additional testing. Peartree's MMS is currently being updated to incorporate industry mandated EDI changes, and the Plant Products module has been extended to incorporate additional functionality resulting from a client's corporate acquisition. A number of MMS clients are implementing server upgrades to provide enhanced performance and functionality.

Glenbriar continues to develop its multivalue application database consulting and production line control products for manufacturers.

Financial Review

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. (GSI), a Glenbriar subsidiary which exercised control over GLP's operations. Glenbriar disposed of its shares in GSI at the end of fiscal 2011. See note 4 of Notes to Financial Statements.

Selected Financial Information

Selected Quarterly Financial Information ($)	Quarter ended							
	2013		2012				2011	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	1,472,250	1,644,830	1,493,538	1,538,236	1,779,384	1,677,134	1,669,734	1,312,812
Income from continuing operations	(29,553)	3,243	54,456	(146,096)	76,163	39,049	79,494	(419,009)
-per share (basic and diluted)	(0.001)	-	0.001	(0.003)	0.002	0.001	0.002	(0.01)
Net income	(29,553)	3,243	54,456	(146,096)	76,163	39,049	79,494	(419,009)
-per share (basic and diluted)	(0.001)	-	0.001	(0.003)	0.002	0.001	0.002	(0.01)

Overall revenue decreased 17% for the quarter ended June 30, 2013 from the prior year period, made up of a 2% increase in services and a 27% decrease in equipment and software sales. Reduced profitability was in line with the reduction in revenue, and the inclusion of a $25,000 gain on sale of related entities and $17,712 unrealized gain on marketable securities in 2012. See note 4 of Notes to Financial Statements.

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

Liquidity and Capital Resources

As of June 30, 2013, Glenbriar had a working capital deficiency of $(5,278), a small improvement from $(53,047) at September 30, 2012. Marketable securities reflect the fair value of the shares. Inventory changes reflect normal business fluctuations. Inventory is considered relatively liquid. Deferred revenue was up $43,096 from year end 2012 because of a larger proportion of software licensing and maintenance contracts falling in the third quarter.

Deferred rent reflects rent free allowances on the new office lease in Calgary. This amount is amortized over the term of the lease.

Glenbriar continues to implement measures to improve its capital resources. The only remaining loan payable as of June 30, 2013 was $345,000 payable to Glenbriar's management. See note 7 of Notes to 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. Additional funds will be required to engage in product rollouts, marketing and sales, and make strategic acquisitions.

Glenbriar's long term financial commitments for a delivery vehicle and office leases were as follows as of June 30, 2013:

	$
2013	66,263
2014	237,835
2015	226,175
2016	201,782
2017	189,240
Subsequent years	828,975
Total	1,750,270

Results from Operations

Net income fell to $28,146 from $194,706 for the nine months ended June 30, 2013 from the similar 2012 period, reflecting a 10% decrease in revenue. The 2012 period included a $25,000 gain on sale of related entities and a $17,712 unrealized gain on marketable securities. See note 4 of Notes to Financial Statements.

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 decreased 10% for the 9 months ended June 30, 2013 from the prior year period, made up of a 2% rise in services and a 27% decrease in equipment and software sales. These differences reflect a spike in capital investments by clients in the prior year period, who had postponed those investments during the global recession.

Expense. Margins on managed services decreased to 19% in the 9 months ended June 30, 2013 from 21% in the prior year period, reflecting increased cyber-security requirements. Margins increased to 33% from 31% on equipment and software sales over the same periods. General and administrative expense fell to 14.5% of sales in the 9 months ended June 30, 2013 from 15.0% in the similar 2012 period, and sales and marketing expenses rose to 6.9% from 5.8% of sales in the same periods of 2013 over 2012. These changes reflect the lower equipment revenues.

Accounts receivable. The balance for June 30, 2013 reflects 46 days of sales, which is up from 37 days of sales for the year end fiscal 2012, and from the prior year period of 36 days. Glenbriar expects this number to decline in the fourth quarter of 2013.

Accounts payable and accrued liabilities. The modest decrease in this account to $697,278 at June 30, 2013 from $714,639 at the end of fiscal 2012 reflects the faster payment of accounts.

Deferred revenue. The balance of $205,460 as of June 30, 2013 is made up of periodic software maintenance contracts, which are brought into revenue monthly as services are performed. Deferred revenue is typically higher in the third quarter due to a higher proportion of annual licences coming up for renewal during that period. 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. The rate of expansion of the overall economy is expected to remain low due to cuts to government spending, particularly in the U.S., which could have a shadow effect on Canada.

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, software and other capital assets. Actual results will differ from the estimates.

Related Party Transactions

Management loan advances of $345,000 as of June 30, 2013 were up $15,000 from the balance as at September 30, 2012. See note 7 of Notes to Financial Statements.

Under the Glenbriar Employee Share Purchase Plan, participants are eligible to 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 8(b) of Notes to Financial Statements.

See "Glenbriar Limited Partnership" and note 4 of Notes to Financial Statements regarding participation of management, employees and directors in the Glenbriar Limited Partnership.

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).