integrated technology solutions

2013 ANNUAL REPORT

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To Our Shareholders

Operating Results
Net income declined to a $145,050 loss in fiscal 2013 from income of $48,610 in fiscal 2012. Revenue from sales and services decreased 10% in 2013 over 2012, made up of a 3% increase in services and a 29% decrease in equipment sales. The reduction in equipment sales reflects lower cost of technology, simpler and less costly end user devices, movement to hosted and cloud based computing models, longevity of newer infrastructure at the network and server level, and the shift to application driven computing networks. See "Changes in Business Technology Market" below for a discussion of some of these trends.

Replacement of Chief Financial Officer
Brian Tijman stepped down as CFO in December 2013. Brian has held the role of CFO continuously since 1995, so his contribution as CFO is missed by all of us. As one of the three original founders of Glenbriar, Mr. Tijman is the largest shareholder and will remain a director. We wish Brian the best of luck in his new endeavours.

Sherri Saunders of our Waterloo office has been appointed as Acting CFO until further notice. Sherri has over 20 years of experience in various aspects of accounting management, financial reporting, auditing procedures and accounting technology support.

Sale of Peartree Dealership Software
Effective December 31, 2013, Glenbriar sold its Peartree Dealership product and client base to Blue Skies Business Solutions Inc. of Waterloo, Ontario. Blue Skies is wholly owned by Roy Clarke, who was the principal architect of the software product. This product represented less than 4% of Glenbriar's total revenue, and was determined to no longer represent a strategic asset by the board of directors. The sale provides for a seamless transition for users, and allows for more product development going forward. Glenbriar will keep its information technology consulting relationships with those clients.

Sale of Marketable Securities
Glenbriar disposed of the balance of its marketable securities in the first quarter of fiscal 2014. The 2014 Q1 Report will show a gain on disposition from the sale of these securities. See notes 5 and 15 of Notes to Financial Statements below for a description of the securities sold.

Employee Share Purchase Plan
Glenbriar is in the process of winding down its Employee Share Purchase Plan. Tax changes implemented by the federal government in March 2011 significantly reduced the participation rate in the plan, leading to it no longer being considered worthwhile to maintain. Formal windup of the plan is expected to be completed by the end of the second quarter of fiscal 2014.

Robert Matheson, President & CEO

NOTICE TO READER
The 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 January 23, 2014 under NI Form 51-102F1. As of the date of this report, there are 48,331,510 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(c) of Notes to the Financial Statements).

Description of Business

Glenbriar Technologies Inc. (CSE: GTI) is a leading provider of business technology solutions for successful enterprises in manufacturing, distribution, retail, energy, health, education, dealership, professional services and real estate. From its offices in Calgary, Vancouver and Waterloo, Glenbriar's staff of IT professionals and software developers design, manage and support solutions that include IT Services, Cloud Services, Portals & Collaboration, Unified Communications and Software Services.

Glenbriar released updated versions of its websites in the first quarter of fiscal 2013, with additional revisions being added throughout the year.

Glenbriar was recognized in the September 2013 issue of Software Magazine as one of the 500 Largest Software and Services Providers in the World. This publication can be viewed at http://rcppubs.com/3D/SWM/2013/sep-13/index.html.

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.

Changes in Business Technology Market

The business technology market is shifting from the traditional on-premises client-server model to incorporate structural changes in how employees and customers use new technology and communications. These changes reflect 4 main pillars:

a) **Big Data** represents the rapid expansion of the number of devices connected to the Internet and providing explosive growth in both the amount and type of data that can be collected, analyzed, and used to drive new sources of revenue and efficiency for businesses. This pillar incorporates the Internet of Things, which refers to a wide variety of devices constantly gathering and dispensing data without any human interaction.

b) **The Cloud** represents the movement of processing capacity away from desktops to centralized servers so that apps and data are accessible from anywhere. Clouds can be hosted in public, private or hybrid environments.

c) **Mobility** represents the shift in end user devices to smartphones, tablets, notebooks and other devices accessing the Cloud on a wide variety of operating systems. This pillar incorporates the trends of consumerization of data consumption and BYOD (bring your own device).

d) **Security** reflects the need for enhanced security requirements resulting from device and data proliferation and accessibility inherent in Mobility, Big Data and the Cloud, which has driven an exponential increase in cybercrime, with the consequent loss of privacy, theft and misuse of identity and intellectual property.

All of these have to be made to work together in new and exciting ways in order to get both the functionality and security that are needed as a result of these changes. Glenbriar's solutions lead business into this new world.

Cloud Services

Information technology is moving from the on premise client-server model to the cloud. Glenbriar has been delivering cloud solutions to our clients for more than a decade. Cloud is a simple, reliable and affordable way to capitalize on high levels of service and uptime while enabling instantaneous business growth requirements.

Glenbriar offers Cloud Services to help to unlock an organization's full potential, focusing on efficiency, flexibility and of course, cost savings. Glenbriar Cloud Services provide hosted solutions for critical business applications while reducing many of the expenses required for a conventional internal infrastructure. Cloud computing can be custom designed to the client's needs using any of the following methodologies:

- A **hybrid cloud** keeps critical business applications on the client's premises and leverages cloud services to manage non-critical business systems. A hybrid cloud delivers the scalability and cost savings while keeping critical data on premise and under strict controls.
- A **public cloud** provides for off-site delivery of virtually any application over the Internet. While offering the maximum level of scalability, mobility and cost flexibility, a public cloud solution is often not appropriate for organizations with critical data and security obligations, which may be subject to legal restrictions regarding location of and access to the data.
- A **private cloud** allows an organization to exploit many of the advantages of a public or hybrid cloud solution, but with a keen eye to the levels of security and control you need to manage and retain exclusive access to your data and applications. Private clouds are most appropriate in areas where data integrity, privacy, secrecy or location is paramount, such as health care, defence, legal, energy, regulatory, financial and intellectual property.

Mobility

Glenbriar's mobility solutions work over a fixed, wireless or satellite Internet connection, with all major brands of smartphone and wireless devices, and with all national cellphone carriers, making it available virtually anywhere. When travelling, users' cell phones can function over any Wi-Fi connection, eliminating cell and long distance charges when out of the country or roaming, and will automatically switch to an available cellular network when leaving the Wi-Fi coverage area without dropping the call. Phone presence and charges are the same as being in any major city. Typical payout is less than one year for a huge increase in functionality.

Portals & Collaboration

Glenbriar experienced increased interest in collaboration projects in fiscal 2013, with several new projects committed to proceeding or taken further toward implementation. Glenbriar is currently implementing comprehensive SharePoint solutions for clients in energy regulation, energy and health care.

Microsoft's SharePoint is one of the world's leading web-based business collaboration platforms. SharePoint is changing the way that businesses operate, eliminating the reduced productivity and higher costs that result from organizations not having the technological capacity or staffing resources to efficiently and cost-effectively streamline their business processes.

This interactive, customizable and accessible information and networking source works to increase connectivity and make collaboration easier. When organizational teams, regardless of individual roles or location, can readily share calendars, templates, documents, databases, contacts, and sales and inventory reports, tactical successes are guaranteed without any loss of the big picture view.

Glenbriar's Portals and Collaboration solutions deliver high levels of functionality to organizations through ease of access, empowered site owners, extensive alerts on any changes that occur, and easy location of documents through the use of custom columns, metadata and views that can be configured to any device, including smart phones, tablets and PCs. This improves organizational efficiency, cuts training and maintenance costs, and facilitates group working, information sharing and electronic document organization.

Security

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.

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, with a few being extended into mid-July. Execution of predetermined procedures, contingency plans, and rapid responses minimized downtime for Glenbriar's client base. Communications were reconfigured and rerouted in minutes 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 Unified Communications solutions.

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. There is growing interest in Glenbriar's enhanced WiFi solutions, which extend the functionality, security and strength of signal in difficult to reach areas.

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.

Software Services

Glenbriar disposed of its Peartree Dealership product effective December 31, 2013 for total proceeds of $107,000 to Blue Skies Business Solutions Inc. of Waterloo. Blue Skies is wholly owned by Roy Clarke of Waterloo, who was the principal architect of the software product. This product represented less than 4% of Glenbriar's total revenue, and was determined to no longer represent a strategic asset by the board of directors. The terms of the agreement provide for a seamless transition for users, and allow for more product development going forward than would have occurred if Glenbriar had retained the product. Glenbriar will keep its information technology consulting relationships with Peartree Dealership clients who currently use those services.

Glenbriar'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

Selected Financial Information

Selected Annual Financial Information ($)	Year ended September 30		
	2013	2012	2011
Revenue	6,006,154	6,664,487	6,051,730
Gross profit	1,346,362	1,565,943	1,598,447
Net income (loss) before tax	(145,050)	48,610	(229,860)
Net income (loss)	(145,050)	48,610	(229,860)
-per share (basic and diluted)	0.00	0.00	(0.01)
Total assets	740,796	878,890	940,313
Long term liabilities (excl. deferred rent)	395,000	330,000	330,000
Dividends	-	-	-

Revenue decreased 10% in 2013, made up of a 3% increase in services revenue and a 29% decrease in equipment and software sales, after a 10% overall increase in 2012. These numbers reflect changes in the marketplace. Hardware costs continue to fall, and clients are shifting away from on-premises to hosted solutions. At the same time, the nature of the services being provided are moving away from the desktop and into data analytics, unified communications, mobility and big data. These trends are expected to continue in future periods. Gross margin fell to 22.4% in 2013 from 23.5% in 2012 and 26.2% in 2011, reflecting the need to redeploy corporate resources into these new areas. Net income declined to a loss of $145,050 from the 2012 profit of $48,610, but is an improvement from the 2011 loss of $229,860. The 2012 net income included $45,933 of gain on sale of related entities and unrealized gain on securities, which do not reflect ongoing operations. This mainly reflects reduced contributions from lower equipment sales.

Selected Quarterly Financial Information ($)	Quarter ended							
	2013			2012				2011
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Revenue	1,395,535	1,472,250	1,644,830	1,493,538	1,538,236	1,779,384	1,677,134	1,669,734
Income from continuing operations	(150,688)	(22,409)	11,105	59,984	(124,703)	84,828	44,083	84,680
-per share (basic and diluted)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	(173,196)	(29,553)	3,243	54,456	(146,096)	76,163	39,049	79,494
-per share (basic and diluted)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Overall revenue decreased 9% for the quarter ended September 30, 2013 from the prior year period, made up of a 6% rise in services and a 34% decrease in equipment and software sales. These differences reflect changing market conditions described in the previous paragraph.

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

Liquidity and Capital Resources

As of September 30, 2013, Glenbriar had a working capital deficiency of $133,082 ($36,196 deficiency excluding deferred revenue, which does not require a direct cash outlay), a decline from working capital deficiency of $53,047 at September 30, 2012. This decline reflects lower receivables and deferred revenue. 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 down by $65,478 from the prior year end, and is made up principally of software maintenance and service fees, which are brought into income over the term of the licence renewal. Management has implemented cost reductions in the first quarter of fiscal 2014 which, with its ongoing cash flow from operating activities, it believes will be sufficient to satisfy its obligations as they become due and to fund ongoing operations.

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 Calgary lease term is 124 months including the rent free period.

The $395,000 loan payable as of September 30, 2013 is payable to Glenbriar's management. These advances are repayable 12 months after a written request for payment, with no such requests received to January 23, 2014, and may be repaid at any time without penalty. See note 7 of Notes to the Financial Statements. Glenbriar has no off-balance sheet arrangements.

During fiscal 2012, Glenbriar repaid all external debt amounts previously outstanding. Subsequent to September 30, 2013, Glenbriar received additional funds through the sale of assets (see note 15 of Notes to Financial Statements). Glenbriar will continue to seek 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.

Management believes that its ongoing cash flow from operating activities, based on current internal operating forecasts, will be sufficient to satisfy its current and future obligations as they become due and to fund ongoing operations.

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. Glenbriar management is seeking to restructure its engagement with certain products and solutions to eliminate the ongoing need for research and development activities.

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, office equipment and office leases were as follows as of September 30, 2013:

	$
2014	275,147
2015	260,070
2016	204,107
2017	189,240
2018	191,302
Subsequent years	637,673
Total	1,757,539

Results from Operations

Net income declined to $(145,050) for fiscal 2013 from $48,610 for fiscal 2012. Most of the decline reflects lower contributions from equipment and software sales, which have been reduced by changes in the information technology market, and with respect to 2012, the gain on sale of related entities and unrealized gain on marketable securities.

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 sales 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. Sales and services revenue decreased 10% in fiscal 2013 over 2012, made up of a 3% rise in services and a 29% decline in equipment and software sales. These shifts reflect the shift in the information technology market to hosted from on-premises solutions, as well as declines in the cost of hardware.

Expense. Margins on managed services decreased marginally to 15.9% in fiscal 2013 from 16.1% in fiscal 2012, reflecting the added costs of reorganizing to deliver a different mix of higher end services required to meet the changes in the information technology marketplace. Margins on equipment and software sales were flat at 33.5% from 33.4% over the same periods, but on a smaller sales base. General and administrative expense was relatively flat at 15.5% of sales in fiscal 2013 from 15.0% in fiscal 2012, as were sales and marketing expenses at 6.9% of sales in 2013 from 6.6% in 2012.

Accounts receivable. The balance for September 30, 2013 reflects 34 days of sales, which is down from 37 days of sales for the year end fiscal 2012.

Accounts payable and accrued liabilities. The total balance was relatively flat at $715,851 at September 30, 2013 from $714,639 at the end of fiscal 2012.

Deferred revenue. The balance of $96,886 as of September 30, 2013 is for periodic software maintenance and services, which are brought into revenue monthly as services are performed.

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

Glenbriar is in the information technology business, which is a rapidly changing and competitive environment. Glenbriar must stay abreast of several new technologies and be ready to quickly and effectively deploy them for its customers. Glenbriar serves the automotive, recreational, energy and mining sectors, all of which were challenged by the global recession and the effects of globalization on their business cycles. See "Changes in Business Technology Market" above for a description of the many changes underway in the IT sector, all of which will have a major effect on the way many of Glenbriar's clients conduct their business over the coming years. The pace of change keeps quickening, and Glenbriar and its clients must adapt promptly, but carefully, to choose the right technologies and strategies to optimize their business technology processes and infrastructure. The consumerization of end user devices, increased mobility, and changing workplaces will continue to place a heavy burden on businesses to remain secure and to keep their data safe but accessible. Glenbriar will have to continue to reliably identify, evaluate, optimize and support these new technologies for its clients in order to remain successful in the coming periods.

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 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 bad debt expense has been consistently less than 1% of sales. See note 14 of Notes to the Financial Statements regarding allowance for doubtful accounts.

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.

The carrying value of proprietary software assets, deferred tax assets and intangible assets is $nil. The carrying value of property, plant and equipment is its depreciated cost. Glenbriar management estimates that these assets are fairly valued as at September 30, 2013.

Related Party Transactions

Management loan advances were $395,000 as of September 30, 2013, an increase of $65,000 from the prior year end. See note 7 of Notes to the 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 8(c) of Notes to the Financial Statements.

Glenbriar disposed of its interest in the Glenbriar Limited Partnership and its general partner, Glenbriar Solutions Inc., for proceeds of $25,000 on 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 cash flows as a gain on sale of related entities for the year ended September 30, 2012.

Additional Information

Additional information about Glenbriar is available from Glenbriar's website at www.glenbriar.com, the CSE website at thecse.com, 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

The marketable securities referred to in note 5 of Notes to the Financial Statements were sold subsequent to September 30, 2013 for net proceeds of $33,958.

Brian Tijman stepped down as CFO in December 2013. Sherri Saunders has been appointed as Acting CFO. Ms. Saunders has over 20 years of experience in various aspects of accounting management, financial reporting, auditing procedures and accounting technology support.

Glenbriar sold its Peartree Dealership product subsequent to September 30, 2013 for total proceeds of $107,000.

Glenbriar plans to wind up its Employee Share Purchase Plan described in note 8(c) below, and has delayed the final share issuance under that Plan to coincide with that winding up.

Effective January 7, 2014, the Canadian National Stock Exchange (CNSX) changed its name to the Canadian Securities Exchange (CSE). See thecse.com for details.