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

This information is given as of January 25, 2011. As of the date of this report: (a) there are 44,024,830 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, except:
i) contributions to the employee share purchase plan (see notes 4 and 7 of Notes to Consolidated Financial Statements); ii) Glenbriar's right to call limited partnership units and exchange them for up to 2,600,000 Glenbriar common shares from treasury; and iii) a broker option to purchase 50,000 shares at $0.05 per share before December 23, 2011 (see "Glenbriar Limited Partnership" below and notes 3 and 4 of Notes to Consolidated Financial Statements for details on items ii) and iii)).

### 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 250 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.*

Whether taking complete responsibility for overall IT requirements so that the client can focus on its core business, or partnering with their in-house staff to design, deliver and manage crucial enterprise solutions, Glenbriar's clients all receive the same high level of service and support.

Glenbriar's software activities are conducted through its wholly owned subsidiary, Peartree Software Inc.

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.

Glenbriar and Peartree will be relocating to a new Waterloo office in March 2011. The new location is more centrally located in Waterloo.

A new business development position was added to the Waterloo office in December 2010. This is part of Glenbriar's initiative to enhance its market share and develop its corporate brand.

### 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.*

Glenbriar designed and installed new server infrastructure, desktops and networks for new oil and gas companies, updated the server infrastructures for a flooring company, dental office and janitorial services company, and moved three non-profit clients to a hosted cloud environment in a virtualized data centre in the first quarter. Glenbriar relocated a law firm to two new locations, relocated an alternative energy company with new infrastructure and connectivity, and moved forward on a virtualization project at a human resources company during the first quarter. Several enterprise wireless mesh network solutions were installed, with more scheduled in the coming months.

Glenbriar designed and implemented a number of infrastructure upgrades for Peartree enterprise software clients during the quarter, and will be following up with additional ones in the coming quarters. These upgrades reflect the efforts over the last few months in the Waterloo office to consolidate service and delivery options so that clients get a seamless one-stop service for IT services, communications and software support.

| ***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, Blackberry Enterprise Servers, iPhones and Glenbriar's enhancements to produce a truly superior deployment.

Glenbriar installed and cut over a ShoreTel solution for the head office of a BC school district during the first quarter, with additional locations expected in future periods. Glenbriar completed the installation of ShoreTel Pure IP Telephony solutions for an industrial client with 6 offices throughout BC and Alberta and a non-profit management consultancy in December 2010. Orders were received for new ShoreTel deployments to be completed in the second quarter of fiscal 2011, including an IP call centre and telephony rollout for an online financial transfer provider with locations in Canada and the UK, a realtor in Alberta, and a funeral planning services provider in Ontario. Additional IP telephony orders are underway, with completion dates set for various times in the next two quarters.

| ***Software*** |
| --- |
| *Glenbriar's software division, Peartree Software, 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. Peartree's modules include dealership, POS and light manufacturing. A professional services module is under development.* |

Peartree entered into a multivalue database consulting contract in December 2010 to provide support and enhancements for a 100 user site for a new client in Ontario. It is expected that this will result in a number of ongoing projects to upgrade and enhance the software infrastructure and functionality for this client.

Peartree continued the installation of its Web based enterprise software for new clients in the first quarter, including new Dealership clients in BC, Ontario and New Brunswick. Additional deployments are scheduled for the second quarter of fiscal 2011. Peartree's software update and client services delivery model have been updated to allow a common service desk platform for both software and IT support. Peartree is also developing a Web portal for a client to allow that client's customers to enter and track their orders online. Peartree is in the process of developing a new cloud pricing model for small shops and dealers.

Peartree's website for its Dealership product may be viewed at www.peartreedealership.com, which includes self-guided online demos.

Peartree is nearing completion of Phase 1 of a major enhancement to its ERP software product, which is referred to as Lineside Labeling. The purpose of this enhancement is to minimize or eliminate errors in inventory building, labeling and shipping. These changes are driven by the need for automotive parts manufacturers to meet higher supplier requirements being specified by automakers such as Honda and Toyota. The overall objective of the Lineside Labeling project is the complete automation of the production line. Additional software enhancements will be developed in conjunction with this project, including applications for preventive maintenance and production machine tracking. When this project is complete, and Lineside Labeling has been fine-tuned and field proven, this new software functionality will be rolled out to the other 50 production lines using Peartree's ERP solution.

## Financial Review

Canadian generally accepted accounting principles (GAAP) are changing to International Financial Reporting Standards (IFRS) for public companies in Canada for fiscal years starting on or after January 1, 2011. Glenbriar will adopt IFRS on October 1, 2011. Adopted in the European Union and Australia in 2005, IFRS is currently being phased in or has recently been adopted in Japan, China, India, and various states in Latin America. The US has allowed foreign issuers to use IFRS since 2007, has been moving toward substantial convergence of US GAAP and IFRS for several years, and may eventually adopt the new standard.

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.

### Changes in Accounting Policies and Estimates

The effect of these changes contributed to a loss of $2.5 million for 2008 and a cumulative noncash reduction in assets on the balance sheet of approximately $3.3 million. These changes have and will continue to be reflected in the accelerated amortization of the proprietary software asset until fiscal 2011.

*Research and development*. Glenbriar's proprietary software asset will be fully amortized by fiscal 2011, resulting in continued high rates of amortization in fiscal 2010 and 2011.
*Goodwill and future tax*. Goodwill and future tax assets were written down to nil in fiscal 2008. Glenbriar's tax pools continue to be available to shelter future earnings.
*Comparing results before and after the changes*. 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, and may be applied differently by different issuers.

| | Audited | | | | | Unaudited |
|---|---|---|---|---|---|---|
| ($000's) | 2006 | 2007 | 2008 | 2009 | 2010 | 2011Q1 |
| Revenue | 5,110 | 5,510 | 6,374 | 5,685 | 5,081 | 1,305 |
| Expense | 4,821 | 5,295 | 6,135 | 5,757 | 4,956 | 1,195 |
| R&D (all) | 481 | 348 | 303 | 120 | 120 | 30 |
| EBITAS (after R&D) | (192) | (133) | (56) | (192) | 5 | 80 |

While Glenbriar has benefitted from reduced overall spending on R&D over the past years due to the completion of the core modules for Peartree's Web-based enterprise software, revenue was down in 2009 and 2010 due to the effects of the global recession.

**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 non-capital losses of GLP for the year to a maximum of $5,000 per LP Unit. As a result, their share of non-capital 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. Each LP Unit is callable by Glenbriar after December 31, 2010 for 100,000 common shares of the Corporation. Management, directors and employees purchased 21 LP Units. A selling concession of $2,500 plus an option for 50,000 shares at an exercise price of $0.05 per share exercisable before December 23, 2011 is payable on the 5 LP Units not sold to management and employees.

**Selected Financial Information**

| **Selected Quarterly Financial Information** ($) | Quarter ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | | | | 2009 | | | |
| | Dec 31 | Sep 30 | Jun 30 | Mar 31 | Dec 31 | Sep 30 | Jun 30 | Mar 31 |
| Revenue | 1,304,959 | 1,129,642 | 1,618,000 | 1,143,322 | 1,190,024 | 1,174,292 | 1,383,508 | 1,226,094 |
| Income from continuing operations | 7,871 | (243,668) | (5,965) | (124,330) | (49,905) | (377,155) | (102,063) | (218,114) |
| -per share (basic and diluted) | - | (0.006) | - | (0.002) | (0.002) | (0.011) | (0.003) | (0.007) |
| Net income | 7,871 | (243,668) | (5,965) | (124,330) | (49,905) | (377,155) | (102,063) | (218,114) |
| -per share (basic and diluted) | - | (0.006) | - | (0.003) | (0.002) | (0.011) | (0.003) | (0.007) |

Overall revenue increased 10% for the quarter ended December 31, 2010 from the prior year period, made up of a 4% rise in services and an 18% rise in equipment and software sales. These changes reflect increased capital investments by clients as they slowly recover from the global recession. Increased profitability reflects the positive impact of cost savings measures implemented during fiscal 2010.

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

**Liquidity and Capital Resources**

As of December 31, 2010, Glenbriar had a working capital deficiency of $82,766, down substantially from the $289,619 at September 30, 2010. This improvement reflects the changes to the demand credit facility and $130,000 raised by the sale of LP Units. Marketable securities reflect the fair value of the shares. Inventory changes reflect normal business fluctuations. Inventory is considered relatively liquid. Deferred revenue was up $101,707 from year end 2010 because of prepayments held for capital infrastructure being purchased by clients.

Leasehold allowances received in prior periods will be fully amortized before the end of the second quarter of 2011.

The demand credit facility declined to $162,243 at December 31, 2010 from $281,119 a year earlier. This reflects a 61% decrease since the demand credit facility was termed out in April 2009 with an initial balance of $411,372. 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 maximized participation in the employee and director share purchase plan, redirected employee contributions from open market purchases to treasury purchases under the plan, placed certain employees on work share programs, reduced non-strategic staff, extended payables, and raised funds through the issue of LP Units in order to preserve cash resources and meet its repayment obligations.

The $420,000 loans payable (including current portion) as of December 31, 2010 is made up of $320,000 payable to Glenbriar's management, a shareholder's loan for $54,500 that is being repaid on terms, and a $45,500 shareholders' loan carried forward from a prior acquisition. 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 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 December 2010, Glenbriar signed a 5 year lease commencing March 2011 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 expires in February 2011. Glenbriar's long term financial commitments for a delivery vehicle and office leases are now as follows:

| Fiscal period | $ |
|---|---|
| 2011 | 127,880 |
| 2012 | 44,759 |
| 2013 | 43,966 |
| 2014 | 40,000 |
| 2015 | 40,000 |
| 2016 | 16,667 |

**Results from Operations**

Earnings improved to a gain of $7,871 from a loss of $49,905 for the first quarter of fiscal 2011 from the similar 2010 period, due to increased capital spending by clients recovering from the global recession, reduced stock compensation expense from lower subscriptions to the employee stock purchase plan, and less change in the fair value of marketable securities.

**Revenue**. Revenue increased 10% for the quarter ended December 31, 2010 from the prior year period, made up of a 4% rise in services and an 18% rise in equipment and software sales. These differences reflect increased capital investments by clients as they continue to recover from the global recession.

**Expense**. Margins on managed services rose to 33.6% in the first quarter of fiscal 2011 from 26.6% in the prior year period, and remained steady at 33.6% on equipment and software sales over the same periods. General and administrative expense rose from 20.4% of sales in the first quarter of 2011 from 17.1% in the similar 2010 period, and sales and marketing expenses rose 26% in the same periods of 2011 over 2010. These increases reflect creation of the limited partnership structure, and more focus on marketing and investor relations. See the above discussion and "Changes in Accounting Policies and Estimates" regarding amortization expense.

**Accounts receivable.** The balance for December 31, 2010 reflects 39 days of sales, which is down from 46 days of sales for the year end fiscal 2010, and from the prior year period of 49 days.

**Accounts payable and accrued liabilities**. The decrease in this account to $481,696 at December 31, 2010 from $647,448 at the end of fiscal 2010 reflects the $130,000 raised from sale of limited partnership units, and faster collection of receivables.

**Deferred revenue**. As of December 31, 2010, this account included $103,573 relating to managed services projects which were not complete at year end, plus periodic software maintenance fees payable to Peartree, 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 and its subsidiaries serve the automotive, recreational, energy and mining sectors, all of which continue to exhibit slow recovery from the global recession. Equipment and software sales were lower in fiscal 2009 and 2010, as businesses postponed capital purchases and cancelled capital investments, as well as industry-wide reductions in hardware prices. These sales are showing initial signs of recovery in fiscal 2011.

**Critical Accounting Estimates**

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

**Related Party Transactions**

Management loan advances of $320,000 as of December 31, 2010 are the same as at September 30, 2010. See note 6(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 notes 4 and 7 of Notes to Consolidated Financial Statements.

See "Glenbriar Limited Partnership" above and note 3 to Consolidated Financial Statements regarding the participation of employees, directors and management in the purchase of LP Units.

**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 301, 401 – 9 Ave SW, Calgary, AB T2P 3C5 (Phone 403-233-7300 x117).

**Subsequent Events**

The Corporation issued 59,987 common shares from treasury on January 18, 2011 at $0.05 per share under the employee and director share purchase plan. The last closing price on the CNSX prior to the issuance was $0.025 per share.