

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.

2016 Q2 FINANCIAL STATEMENTS

GLENBRIAR TECHNOLOGIES INC.

Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	<i>(unaudited)</i>	<i>(audited)</i>
	March 31	September 30
	2016	2015
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (note 11)	-	49,139
Accounts receivable	554,093	340,720
Prepaid expenses	30,142	29,476
Total current assets	584,235	419,335
Non-current		
Property and equipment (note 4)	651,588	657,630
Total assets	1,235,823	1,076,965
LIABILITIES		
Current		
Bank indebtedness (note 5)	292,418	192,362
Accounts payable and accrued liabilities	726,191	626,507
Finance leases – current portion (note 7)	58,615	46,714
Finance loans – current portion (note 8)	25,773	25,470
Deferred revenue	105,946	107,152
Deferred rent – current portion	5,971	5,971
Total current liabilities	1,214,914	1,004,176
Non-current		
Loans payable (note 6)	345,000	345,000
Finance leases (note 7)	60,543	71,759
Finance loans (note 8)	47,449	61,998
Deferred rent	31,346	34,332
Total liabilities	1,699,252	1,517,265
SHAREHOLDERS' EQUITY		
Share capital (note 9)	4,279,555	4,279,555
Deficit	(4,742,984)	(4,719,855)
Total shareholders' equity	(463,429)	(440,300)
Total liabilities and shareholders' equity	1,235,823	1,076,965

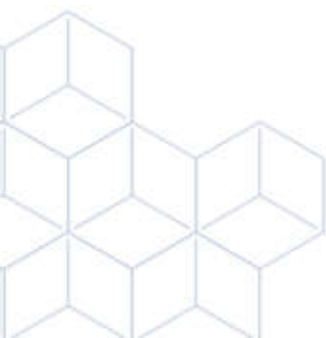
The accompanying notes are an integral part of these financial statements.



GLENBRIAR TECHNOLOGIES INC.
Interim Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars) (unaudited)

	6 months ended March 31		3 months ended March 31	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue				
Managed information services	1,503,470	1,495,593	836,580	769,576
Equipment and software sales	865,658	728,187	451,037	438,942
Other income	1,817	7,733	1,091	5,773
Gross revenue	2,370,945	2,231,513	1,288,708	1,214,292
Cost of services	893,922	1,060,453	477,077	522,703
Cost of goods sold	732,969	528,424	362,353	310,084
Gross profit	744,054	642,636	449,278	381,505
Other (income) expenses				
General and administrative	589,307	453,649	291,878	247,280
Sales and marketing	91,760	163,161	48,283	81,368
Foreign exchange gain	(6,494)	-	(5,799)	-
EBITDA	69,481	25,826	114,916	52,857
Depreciation of property and equipment (note 4)	50,063	10,000	31,172	5,000
Income from operations	19,418	15,826	83,744	47,858
Finance expense	42,547	19,482	20,110	13,586
Net (loss) income and comprehensive income	(23,129)	(3,656)	63,634	34,272
Net income per share				
Basic and diluted	0.00	0.00	0.00	0.00
Weighted average shares outstanding				
Basic and diluted	48,421,510	48,421,510	48,421,510	48,421,510

The accompanying notes are an integral part of these financial statements.





GLENBRIAR TECHNOLOGIES INC.
Interim Statements of Changes in Equity
(Expressed in Canadian Dollars) (unaudited)

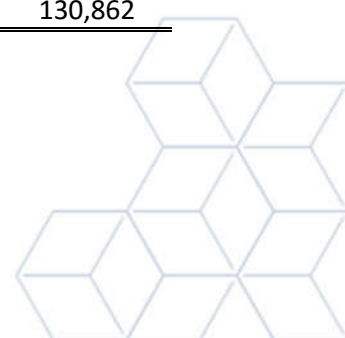
	6 months ended Mar 31	
	2016	2015
	\$	\$
Common Shares		
Balance, beginning and end of period	4,279,555	4,279,555
Deficit		
Balance, beginning of period	(4,719,855)	(4,528,226)
Net income for the period	(23,129)	(3,656)
Balance, end of period	(4,742,984)	(4,531,882)

Interim Statements of Cash Flows
(Expressed in Canadian Dollars) (unaudited)

	6 months ended Mar 31	
	2016	2015
	\$	\$
Cash flows related to the following activities		
Operating		
Net income	(23,129)	(3,656)
Adjustments for:		
Depreciation of property and equipment (note 4)	50,063	10,000
Deferred rent	(2,985)	(2,984)
	23,949	3,359
Changes in non-cash working capital (note 11)	(115,561)	18,638
Net cash provided by operating activities	(91,612)	21,997
Financing		
Changes in bank indebtedness, net	100,056	-
(Repayments) advances of finance leases - net	(26,537)	135,520
Repayment of finance loans	(14,246)	-
Net cash provided by (used in) financing activities	59,273	135,520
Investing		
Capital expenditures	(16,800)	(245,151)
Net cash provided by (used in) investing activities	(16,800)	(245,151)
(Decrease) increase in cash	(49,139)	(87,634)
Cash, beginning of period	49,139	218,497
Net change and cash, end of period	-	130,862

Supplementary cash flow information (note 11)

The accompanying notes are an integral part of these financial statements.





Notes to Interim Financial Statements

1. BASIS OF PRESENTATION

These interim financial statements for Glenbriar Technologies Inc. ("Corporation") have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 Annual Report.

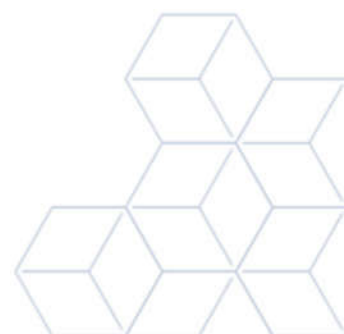
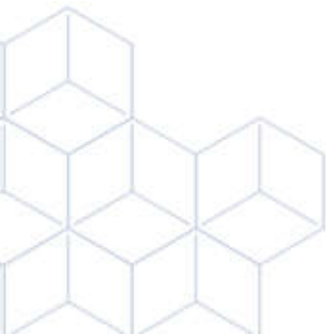
2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of interim financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires the Corporation's management to exercise judgment in applying the Corporation's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3. The Corporation applies the same accounting policies and methods of computation in its interim financial statements as in its 2015 annual financial statements. None of the new standards, interpretations or amendments, effective for the first time from October 1, 2015, have had a material effect on the financial statements.

These financial statements have been prepared on the basis that the Corporation will continue as a going concern. As at March 31, 2016, the Corporation has negative working capital of \$630,677 and has a deficit of \$4,742,982. The Corporation incurred a net loss during the 6 months ended March 31, 2016 of \$23,129, but achieved positive net income of \$63,634 for the 3 months ended March 31, 2016. The Corporation expects to enter into an agreement with the bank to cancel its credit facility and repay the balance over 6 months (note 5). In order to continue as a going concern, the Corporation will need to generate positive cash flows from operations or obtain additional debt or equity financing. Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to March 31, 2016 is uncertain. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

3. USE OF ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in these interim financial statements.





4. PROPERTY AND EQUIPMENT

	Computer Hardware \$	Office Operating Systems \$	Data Centre Equipment \$	Office Equipment \$	Total \$
Cost					
September 30, 2015	606,494	294,167	324,346	110,333	1,335,340
Additions	-	-	44,021	-	44,021
March 31, 2016	606,494	294,167	368,367	110,333	1,379,361
Accumulated depreciation					
September 30, 2015	556,596	19,611	-	101,503	677,710
Additions	7,484	29,417	12,278	884	50,063
March 31, 2016	564,080	49,028	12,278	102,387	727,773
Net book value					
September 30, 2015	49,898	274,556	324,346	8,830	657,630
March 31, 2016	42,414	245,139	356,089	7,946	651,588

5. BANK INDEBTEDNESS

Glenbriar entered into a revolving demand credit facility with the Royal Bank of Canada in March 2015. Management anticipates this facility will be put in repayment mode, with a repayment schedule of \$20,000 per month for 6 months, at which point the balance will become payable. The total borrowings are secured by a general security agreement over Glenbriar's current and after acquired assets, and postponement of loans payable (see note 6). The outstanding balance on March 31, 2016 under this facility was \$292,418.

6. LOANS PAYABLE

Loans payable at March 31, 2016 in the amount of \$345,000 (September 30, 2015 - \$345,000) consist of net advances from officers of the Corporation secured by a general security agreement which bear interest at the rate of interest charged on the bank indebtedness (note 5). The advances are repayable 12 months after the officers provide written request for payment. As at March 31, 2016, the officers had not requested payment, and consequently, the advances have been classified as non-current liabilities.

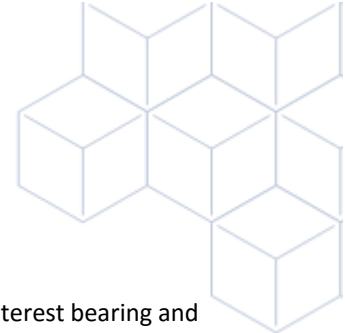
7. FINANCE LEASES

Glenbriar entered into an additional finance lease in the first quarter of fiscal 2016 to facilitate its new cloud infrastructure. Finance leases consisted of five equipment leases. The equipment leases bear interest ranging between 12.33% and 16.52% annually and require blended monthly payments of interest and principal. The final payments are due between November 2017 and September 2018.

Minimum lease payments related to the finance leases are as follows:

	Principal	Imputed interest	Minimum lease payments
2016	\$28,257	\$8,583	\$36,840
2017	63,112	9,488	72,600
2018	27,789	1,532	29,321
	\$119,158	\$19,603	\$138,761





8. FINANCE LOANS

The financing loans relate to the purchase of two office operating systems. The financing loans are non-interest bearing and unsecured. The final payments are due on December 1, 2018 and February 1, 2019. The payments on the financing loans are as follows:

2016	\$11,224
2017	26,484
2018	26,484
2019	9,030
	<u>\$73,222</u>

9. SHARE CAPITAL

a) *Common shares issued and outstanding*

	Number of shares	Amount \$
Balance, March 31, 2016 and September 30, 2015	<u>48,421,510</u>	<u>4,279,555</u>

10. RELATED PARTY TRANSACTIONS

General and administrative expense includes remuneration of the key management personnel, which includes directors and officers of the Corporation.

11. SUPPLEMENTARY CASH FLOW INFORMATION

Cash and cash equivalents at March 31, 2016 and September 30, 2015 were entirely comprised of cash on deposit.

Changes in non-cash working capital:

	6 months ended Mar 31	
	2016	2015
	\$	\$
Accounts receivable	<u>(213,373)</u>	(5,784)
Inventory	-	(446)
Prepaid expenses	(666)	(9,897)
Accounts payable and accrued liabilities	99,684	(10,383)
Deferred revenue	(1,206)	45,148
Total	<u>(115,561)</u>	18,638
Cash interest paid	<u>42,547</u>	19,482

