

## 2017 ANNUAL REPORT

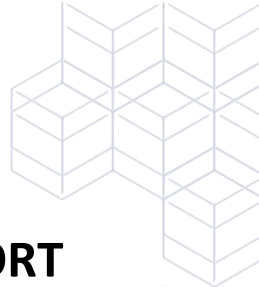
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integrated  
technology  
technology solutions



## 2017 ANNUAL REPORT

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## MANAGEMENT DISCUSSION AND ANALYSIS

This information is given as of January 31, 2018 under NI Form 51-102F1. As of the date of this report, there are 130,421,510 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.

### Description of Business

**Glenbriar Technologies Inc.** (CSE: GTI) is a leading provider of Cloud-enabled business technology solutions. From its offices in Calgary, Vancouver and Waterloo, Glenbriar's IT professionals and software developers design, manage and support solutions that include IT Services, Cloud Services, Unified Communications and Software Services.

Glenbriar's 2017 Annual Meeting was held in Calgary on April 6, 2017. All resolutions were approved as recommended by management by a positive vote of over 97%.

### Rights Offering

Glenbriar conducted a rights offering from February 17 to May 20, 2017, which resulted in the issuance of 2,000,000 common shares from treasury. The share issuance was recorded at the market price on the date the related obligation covered by the shares was incurred, or \$0.005 per share.

### Private Placement

On June 16, 2017, Glenbriar announced a private placement of \$800,000 at \$0.01 per common share to Uniserve Communications Corp. (TSX-V: USS) of Vancouver. Glenbriar applied for and was granted relief from the CSE's minimum price rule in connection with the transaction. Glenbriar announced completion of the private placement on June 26, 2017. This transaction resulted in Uniserve owning 80,000,000 common shares, or 61.3% of the 130,421,510 shares outstanding. Net proceeds to Glenbriar of \$720,000 (after a 10 % placement fee paid to Uniserve) were used to reduce outstanding debt and improve working capital.

### Special Meeting of Shareholders

Due to the private placement described above, on June 16, 2017, Glenbriar cancelled the previously announced special meeting of shareholders, which was scheduled to be held on July 24, 2017, and abandoned its plan to rename the corporation, initiate a rebranding exercise, and consider a share consolidation. Going forward, Glenbriar will instead focus on aligning its operations and strategic direction in common with Uniserve.

### Board Changes

As part of this investment, Uniserve agreed to appoint three new directors to join Glenbriar's board and Glenbriar agreed to appoint one member to join Uniserve's board.

Effective June 27, 2017, James H. Ross, Craig Henderson and Glenn Matheson resigned from the Glenbriar board of directors. Glenn Matheson remains Vice-President, Unified Communications. Subject to regulatory approval, Nicholas Jeffrey, Hashim Mitha and Iain Gordon (respectively, Uniserve's CEO, COO and CFO) were appointed to Glenbriar's board. Changes to committee members will be decided at a subsequent board meeting. There was no change in officers. Effective October 20, 2017, Iain Gordon resigned as director and Walter Schultz was appointed.

Effective June 27, 2017, Robert Matheson was appointed to the board of Uniserve on behalf of Glenbriar.

Effective June 30, 2017, the members of Glenbriar's original board of directors (meaning before the changes described above) signed an agreement with Uniserve, subject to regulatory approval, to exchange their personal holdings, which total 26,855,804 Glenbriar common shares, for Uniserve common shares on a basis of 1 Uniserve share for 5 Glenbriar shares. This ratio reflected the respective stock prices (US\$ \$0.10; GTI \$0.02) as of the close of trading on June 28, 2017,



and resulted in 5,371,159 Uniserve common shares being issued from treasury. However, as Uniserve consolidated its common shares on a basis of 2.5 old for 1 new basis on June 30, 2017, this represents 2,128,450 post-consolidation Uniserve common shares. Now completed, Uniserve's ownership of Glenbriar has increased from 80,000,000 shares (61.3%) to 106,855,804 shares (81.9%).

As of January 18, 2018, Glenbriar completed the sale of its information technology services business to Uniserve. The final purchase price for the assets, after adjustments, was \$1,782,492, of which \$245,984 was paid in cash and the balance paid by way of demand promissory note.

## Products & Services

### Cloud Services

Glenbriar has transferred its internal infrastructure to the Cloud infrastructure, and is migrating hosted clients and new Cloud hosted clients as well. By focusing on keeping the data in Canada, new hosting opportunities arise in industries that are sensitive to the location and storage of their data and intellectual property, such as health care, financial services, technology innovation and natural resources. Glenbriar doubled its storage capacity to its Cloud data centre in 2016 to meet current and future demand.

As business technology moves from in-house infrastructure to the Cloud, using public, private or hybrid models, Glenbriar is transitioning its clients to optimize their Cloud strategy to fit their business growth, needs and outcomes to ensure the right mix of Cloud, on premise and hybrid solutions to fulfill their objectives.

Glenbriar is realigning its services for small business customers to transition them to a more Cloud-centric model. This allows the adoption of a broader range of clients and services. The downturn in the business cycle in Alberta has led to the bankruptcy or shutdown of a number of Glenbriar's customers in that province. It will take several quarters to replace this lost revenue.

### Managed Services

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's Remote Facility Communications solution works over a fixed, wireless or satellite Internet connection, with all major brands of smartphones and wireless devices, and with all national cellphone carriers, making it available virtually anywhere. Typical payout for clients is less than one year for a huge increase in functionality.

### Software Services

Glenbriar's MMS incorporates industry mandated EDI changes. A number of MMS clients are upgrading their server infrastructure 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		
	2017	2016	2015
Revenue	-	-	4,184,230
Gross profit	-	-	1,355,443
EBITDA (earnings before interest, taxes and depreciation)	(73,939)	(63,714)	(40,060)
Loss from continuing operations	(99,742)	(80,814)	(191,629)
- Per share (basic & diluted)	(0.00)	(0.00)	(0.00)
Income (loss) from discontinued operations	(542,075)	124,598	-
- Per share (basic & diluted)	(0.01)	0.00	-
Income (loss) and comprehensive income (loss)	(641,817)	43,784	(191,629)
Total assets	423,762	1,051,908	1,076,965
Long term liabilities (excl. deferred rent)	-	421,871	478,757

Loss and comprehensive loss was (\$641,818) in 2017, down from income of \$43,784 in 2016. The reduction of total assets and large net loss were due to an impairment of assets booked for \$447,927 during the period. See note 4 to the financial statements for details.

Selected Quarterly Financial Information (\$)	Quarter ended							
	2017			2016				2015
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Revenue	-	-	-	-	-	-	-	-
Income (loss) and comprehensive income (loss)	(578,365)	69,794	24,354	(157,601)	28,733	38,131	63,746	(86,825)
-per share (basic and diluted)	(0.01)	0.00	0.00	(0.00)	0.00	0.00	0.00	(0.00)

Overall revenue decreased 19% for the quarter ended September 30, 2017 from the prior year period, made up of a 18% drop in services and a 22% decrease in equipment and software sales.

EBITDA refers to earnings before interest, taxes, depreciation and amortization. It is a measure used by management to determine the earnings from operations by excluding non-operational expenses, such as interest and taxes, and certain non-cash allocations, such as depreciation and amortization. The main variations between EBITDA and net income for Glenbriar relate to interest expense and depreciation calculation.

Glenbriar has not paid dividends during the 2017 fiscal year.

### Liquidity and Capital Resources

As of September 30, 2017, Glenbriar had working capital deficiency including the items included in assets and liabilities held for sale of \$308,333 (\$144,871 excluding deferred items, which do not require a direct cash outlay), an improvement from working capital deficiency of \$542,969 (\$442,409 excluding deferred items) at September 30, 2016. This improvement reflects the repayment of bank debt (\$157,602) and a decrease of 51% in trade payables.

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 office lease in Calgary, which has a remaining term of 6 years.

Glenbriar retired all remaining bank indebtedness during the 2016-2017 fiscal year.

Loans payable at September 30, 2017 in the amount of \$71,069 (September 30, 2016 - \$345,000) consist of net advances from officers of the Corporation secured by a general security agreement which bear interest at the rate of 10% (note 6).



The advances are repayable subsequent to year end, and related accrued interest of \$1,062 is included in accounts payable (2016 - \$17,100).

Finance expense includes \$25,802 of interest on the advances in fiscal 2017 (2016 - \$17,100), which corresponds to an average interest rate of 10% for 2017 (2016 – 5%).

Finance leases consisted of six 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 2019.

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.

Glenbriar has no off-balance sheet arrangements.

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 aggressively pursue its new business delivery model activities, to establish and implement a robust marketing and sales program, and to make strategic acquisitions. Accordingly, Glenbriar has engaged in an agreement to sell its core business operations to Uniserve, see note 1 to the financial statements for details.

Glenbriar has 5 years left on its lease for its office in Calgary. Glenbriar's long term financial commitments for office leases were as follows as of September 30, 2017:

	\$
2018	217,253
2019	197,086
2020	197,086
2021	197,086
2022	65,695
Total	<u>874,206</u>

A contractual maturity analysis of the Corporation's financial liabilities is as follows:

Financial liabilities	2018	2019	2020	Total
Bank indebtedness	-	-	-	-
Accounts payable	393,474	-	-	393,474
Loans payable	71,064	-	-	71,064
Finance leases	34,660	7,856	-	42,516
Finance loans	24,767	8,446	-	33,213
	<u>523,970</u>	<u>16,302</u>	-	<u>540,272</u>

## Results from Operations

Net loss was (\$641,817) for fiscal 2017, a decline from a net income of \$43,784 for fiscal 2016, reflecting a 12% decline in services and 37% decline in equipment sales and a large impairment of assets.

Managed services revenue includes all professional services and consulting revenue. Cost of services includes 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 cost of services. 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 sales include all revenue from the sale of equipment and related third party software, and cost of goods sold is made up of the cost of equipment and third party software sales. Both accounts include shipping, but exclude any allocation of salaries or overhead. Margins on equipment and third party software sales are based on a comparison of equipment and third party software revenue to cost of goods sold.

**Revenue.** Sales and services revenue including revenue included in discontinued operations decreased 21% in 2017, made up of a 12% decrease in services revenue and a 37% decrease in equipment sales.

**Expense.** Margins on managed services increased to 43% in fiscal 2017 from 41% in fiscal 2016. Margins on equipment and third party software sales increased to 21% from 17% over the same periods. General and administrative expense increased to 34% of sales in fiscal 2017 from 24% in fiscal 2016, and sales and marketing expenses remained at 4% of sales in 2017 from 4% in 2016. These figures include items included in discontinued operations.

**Accounts receivable.** The balance (including items included in discontinued operations) for September 30, 2017 reflects 23 days of sales, which is down from 28 days of sales for year-end 2016.

**Accounts payable and accrued liabilities.** The total balance (including items included in discontinued operations) was down to \$390,429 at September 30, 2017 from \$631,395 at the end of fiscal 2016.

**Deferred revenue.** This balance (including items included in discontinued operations) increased to \$163,463 as of September 30, 2017 from \$100,560 at the end of fiscal 2016 due to increased down payments on hardware to \$122,177 from \$64,606 at the end of 2016. As well as a marginal increase in MMS deferred revenue. This balance is for periodic software maintenance and services on Glenbriar's proprietary software products, 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](http://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 effects of globalization on their business cycles. 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. Accordingly, Glenbriar has engaged in an agreement to sell its core business operations to Uniserve, see note 1 to the financial statements for details.

Glenbriar filed a statement of claim in Alberta Court of Queen's Bench in September 2015 against IT service providers and former senior managers and employees for breach of contract, fiduciary and various common law duties in connection with certain activities over the last 2 years. Glenbriar has settled the claims with all but one individual and one corporate defendants. This process will continue to resolution under Uniserve.

### Critical Accounting Estimates

The preparation of Glenbriar's financial statements in conformity with 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 revenues and expenses during the reporting periods presented. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from the estimates.

The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets, liabilities and equity:

*Valuation of accounts receivable*

The recoverability of accounts receivable based upon its past history of recovery and specific doubtful accounts.

*Useful life and valuation of property and equipment*

Property and equipment are depreciated over the estimated useful life of the assets. Changes in the estimated useful lives could increase or decrease the amount of depreciation recorded during the year. The carrying value of property and equipment is estimated by management to be recoverable.

The carrying value of proprietary software assets, deferred tax assets and intangible assets is \$nil. The carrying value of property, plant and equipment is lesser of fair market value or its depreciated cost. As the result of an impairment test Glenbriar management determined some assets were impaired and booked an expense of \$447,927 during the period and that these assets are fairly valued as at September 30, 2017.

*Income taxes*

The measurement of income taxes requires management to make judgements in the interpretation and application of relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. The availability of tax pools is subject to audit and interpretation by taxation authorities. There are no current or deferred income taxes recognized in the financial statements as disclosed in note 14 and management estimates that these items have been fairly valued.

**Related Party Transactions**

Management loan advances were \$71,064 as of September 30, 2017, down from \$345,000 at the prior year end. During the year ended September 30, 2017, Glenbriar recorded \$25,803 of interest in relation to loans payable. See note 6 of Notes to the Financial Statements.

**Additional Information**

Additional information about Glenbriar is available from Glenbriar's website at [www.glenbriar.com](http://www.glenbriar.com), the CSE website at [thecse.com](http://thecse.com), the Sedar website at [www.sedar.com](http://www.sedar.com), or by request from Glenbriar's head office at 333, 330 Terminal Ave. Vancouver BC, V6A 4C1 (phone 604-395-3950).





## Independent Auditors' Report

To the Shareholders of  
**Glenbriar Technologies Inc.**

We have audited the accompanying financial statements of Glenbriar Technologies Inc., which comprise the statements of financial position as at September 30, 2017 and September 30, 2016, and the statements of income (loss) and comprehensive income (loss), statements of changes in shareholders' deficiency and statements of cash flows for the years ended September 30, 2017 and September 30, 2016, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Glenbriar Technologies Inc. as at September 30, 2017 and September 30, 2016, and its financial performance and its cash flows for the years ended September 30, 2017 and September 30, 2016 in accordance with International Financial Reporting Standards.

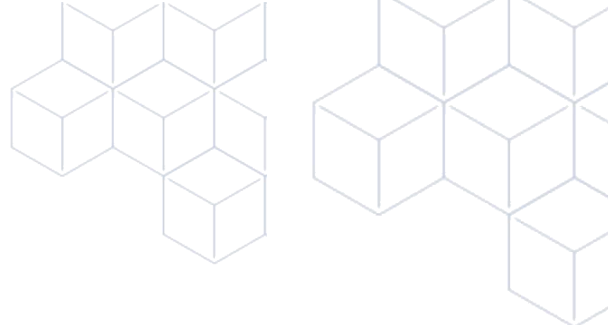
### **Emphasis of Matter**

We draw attention to note 2 of the financial statements which describes conditions that indicate the existence of a material uncertainty that may cast significant doubt upon the Corporation's ability to continue operating as a going concern. Our opinion is not qualified in respect of this matter.

Calgary, Canada  
January 29, 2018

(signed) "Collins Barrow Calgary LLP"  
Chartered Professional Accountants





**GLENBRIAR TECHNOLOGIES INC.**

**Statements of Financial Position**

(Expressed in Canadian Dollars)

	<b>September 30</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (note 13(c))	<b>50,000</b>	59,859
Accounts receivable (notes 12 and 15)	-	362,124
Prepaid expenses	-	33,240
Assets held for sale (note 17)	<b>373,762</b>	-
Total current assets	<b>423,762</b>	455,223
<b>Non-current</b>		
Property and equipment (note 4)	-	596,685
Total assets	<b>423,762</b>	1,051,908
<b>LIABILITIES</b>		
<b>Current</b>		
Bank indebtedness (note 5)	-	165,221
Accounts payable and accrued liabilities (notes 12 and 15)	-	631,395
Finance leases – current portion (note 7)	-	69,080
Finance loans – current portion (note 8)	-	25,965
Deferred revenue	-	100,560
Deferred rent – current portion	-	5,971
Loans payable (note 6)	<b>71,069</b>	-
Liabilities related to assets held for sale (note 17)	<b>661,026</b>	-
Total current liabilities	<b>732,095</b>	998,192
<b>Non-current</b>		
Loans payable (note 6)	-	345,000
Finance leases (note 7)	-	42,252
Finance loans (note 8)	-	34,619
Deferred rent	-	28,361
Total liabilities	<b>732,095</b>	1,448,424
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (note 9)	<b>5,009,555</b>	4,279,555
Deficit	<b>(5,317,888)</b>	(4,676,071)
Total shareholders' deficiency	<b>(308,333)</b>	(396,516)
Total liabilities and shareholders' deficiency	<b>423,762</b>	1,051,908

Going concern (note 2)

Commitments (notes 5 and 10)

Discontinued operations and subsequent events (note 17)

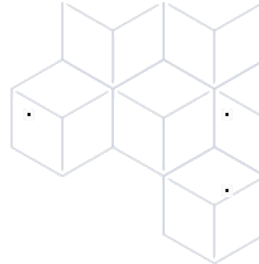
Approved by the Board,

"Iain Gordon" \_\_\_\_\_, Director

"Hashim Mitha" \_\_\_\_\_, Director

The accompanying notes are an integral part of these financial statements





**GLENBRIAR TECHNOLOGIES INC.**

**Statements of Income (Loss) and Comprehensive Income (Loss)**

**Years ended September 30**

(Expressed in Canadian Dollars)

	<b>2017</b>	2016
	\$	\$
<b>Expenses</b>		
General and administrative (note 11)	<b>73,939</b>	63,714
<b>Total expenses</b>	<b>73,939</b>	63,714
<b>Loss from continuing operations before other expenses</b>	<b>(73,939)</b>	(63,714)
Finance expense (note 16)	<b>(25,803)</b>	(17,100)
<b>Loss from continuing operations</b>	<b>(99,742)</b>	(80,814)
Income (loss) from discontinued operations (note 17)	<b>(542,075)</b>	124,598
<b>Income (loss) and comprehensive income (loss)</b>	<b>(641,817)</b>	43,784
Loss per share from continuing operations	<b>(0.00)</b>	(0.00)
Income (loss) per share from discontinued operations	<b>(0.01)</b>	0.00
<b>Total income (loss) per share, basic and diluted</b>	<b>(0.01)</b>	0.00

The accompanying notes are an integral part of these financial statements





**GLENBRIAR TECHNOLOGIES INC.**

**Statements of Changes in Shareholders' Deficiency**

**Years ended September 30**

(Expressed in Canadian Dollars)

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Common Shares</b>		
Balance, beginning of year	4,279,555	4,279,555
Rights offering (note 9)	10,000	-
Private placement (note 9)	720,000	-
<b>Balance, end of year</b>	<b>5,009,555</b>	4,279,555
<b>Deficit</b>		
Balance, beginning of year	(4,676,071)	(4,719,855)
Loss from continuing operations for the year	(99,742)	(80,814)
Income (loss) from discontinued operations for the year	(542,075)	124,598
<b>Balance, end of year</b>	<b>(5,317,888)</b>	(4,676,071)

The accompanying notes are an integral part of these financial statements





**GLENBRIAR TECHNOLOGIES INC.**

**Statements of Cash Flows**

**Years ended September 30**

(Expressed in Canadian Dollars)

	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
<b>Cash flows related to the following activities</b>		
<b>Operating</b>		
Loss from continuing operations	<b>(99,742)</b>	(80,814)
Net operating cash flows from (used in) discontinued operations (note 17)	<b>(104,778)</b>	218,630
Net cash provided by (used in) operating activities	<b>(204,520)</b>	137,816
<b>Financing</b>		
Advances from (repayments of) bank indebtedness, net	<b>(165,221)</b>	(27,141)
Repayment of loans payable (note 6)	<b>(273,931)</b>	-
Private placement (note 9)	<b>720,000</b>	-
Rights offering (note 9)	<b>10,000</b>	-
Net financing cash flows used in discontinued operations (note 17)	<b>(96,187)</b>	(82,045)
Net cash provided by (used in) financing activities	<b>194,661</b>	(109,186)
<b>Investing</b>		
Net investing cash flows used in discontinued operations (note 17)	-	(17,910)
Net cash used in investing activities	-	(17,910)
Net change in cash and cash equivalents	<b>(9,859)</b>	10,720
Cash and cash equivalents, beginning of year	<b>59,859</b>	49,139
<b>Cash and cash equivalents, end of year</b>	<b>50,000</b>	59,859

Supplementary cash flow information (note 13)

The accompanying notes are an integral part of these financial statements





## **GLENBRIAR TECHNOLOGIES INC.**

### **Notes to the Financial Statements**

**Years ended September 30, 2017 and 2016**

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#### **1. REPORTING ENTITY**

Glenbriar Technologies Inc. (“Glenbriar” or “Corporation”) was incorporated under the Alberta Business Corporations Act on July 15, 1994. The Corporation operates primarily in the information technology sector and has only one operating segment. The Corporation’s head office is located at 1100, 736 – 8 Ave SW, Calgary, Alberta, Canada, T2P 1H4.

On June 11, 2017, Uniserve Communications Corporation (“Uniserve”) invested \$800,000 (note 9) for 61.3% ownership of Glenbriar Technologies Inc. These funds were used to retire loans and other financial obligations of Glenbriar.

Effective June 30, 2017, Uniserve acquired an additional 20% of the issued and outstanding shares of Glenbriar from the directors of Glenbriar. As a result, Uniserve owns 81.9% of the issued and outstanding shares of Glenbriar as at September 30, 2017.

Subsequent year end on November 3, 2017, Glenbriar executed an agreement to assign, sell, and transfer all of its rights, title and interest in and to all Glenbriar assets to be used or in any way connected with its conduct of business of providing information technology and software licensing, consulting, support and services to Uniserve (note 17).

#### **2. BASIS OF PRESENTATION**

##### *Statement of compliance*

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

A summary of the Corporation’s significant accounting policies under IFRS is presented in note 3. These policies have been consistently applied. The financial statements and notes were authorized for issue by the Corporation’s board of directors on January 29, 2018.

##### *Basis of measurement and going concern*

The financial statements have been prepared on a historical cost basis, except for cash and cash equivalents, which are measured at fair value.

These financial statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Corporation’s ability to continue as a going concern. As at September 30, 2017, the Corporation has negative working capital of \$308,333 (2016 - \$(542,969)) and has an accumulated deficit of \$5,317,888 (2016 - \$4,676,071). The Corporation posted a net loss from continuing operations during the year ended September 30, 2017 of \$99,742 (2016 – net loss from continuing operations of \$80,814). The Corporation sold its operating business subsequent to year end (note 17), which resulted in an increase in working capital to \$50,000. 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 September 30, 2017 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 classification that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

**GLENBRIAR TECHNOLOGIES INC.****Notes to the Financial Statements****Years ended September 30, 2017 and 2016**

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*Functional and presentation currency*

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

*Use of estimates and judgements*

The preparation of the Corporation's financial statements in conformity with 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 revenues and expenses during the reporting periods presented. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from the estimates.

The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets, liabilities and equity:

*Valuation of accounts receivable*

The recoverability of accounts receivable is based upon its past history of recovery and specific doubtful accounts.

*Useful life and valuation of property and equipment*

Property and equipment are depreciated over the estimated useful life of the assets. The estimate of the useful life valuation could increase or decrease the amount of depreciation recorded during the year. Valuation of property and equipment is based on estimates of the recoverable amount and future cash flows to be generated from the assets.

*Income taxes*

The measurement of income taxes requires management to make judgements in the interpretation and application of relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. The availability of tax pools is subject to audit and interpretation by taxation authorities. There are no current or deferred income taxes recognized in the financial statements as disclosed in note 14 and management estimates that these items have been fairly valued.

**3. SIGNIFICANT ACCOUNTING POLICIES***Revenue recognition*

Managed information services revenue is recognized as services are rendered. In cases where collectability is not reasonably assured, revenue is recognized when the cash is collected. Payments received in advance of services rendered are deferred until such time as the services are performed.

Equipment and software sales relate to hardware and software products purchased and resold to customers. The revenue from these sales is recognized upon shipment and collection of the related receivable is reasonably assured. Software licences paid in advance for proprietary software, which include ongoing support and maintenance obligations, are deferred and recognized over the period of those obligations.

Other income relates to miscellaneous income amounts and is recognized in the period earned and when determined to be receivable.







**GLENBRIAR TECHNOLOGIES INC.**  
**Notes to the Financial Statements**  
**Years ended September 30, 2017 and 2016**

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*Cash and cash equivalents*

Cash and cash equivalents are comprised of cash on deposit with banks and short-term deposits with initial maturities of three months or less.

*Property and equipment*

Upon initial recognition, computer hardware, office operating systems, data centre equipment and office equipment are recorded at cost, being the purchase price and directly attributable costs of acquisition, development or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Corporation. Subsequent measurement is at cost less accumulated depreciation less any accumulated impairment losses. When parts of property and equipment have different useful lives, they are accounted for as separate components of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probably that the future economic benefit associated with the item will flow to the Corporation and the cost of the item can be measure reliably. The carrying amount of a replaced asset is derecognized after replacement. Repairs and maintenance are charged to the statement of income during the period in which they occur.

Depreciation on computer hardware and office equipment is recorded using the declining-balance method at rates of 30% and 20%, respectively. Depreciation on office operating systems and data centre equipment is on a straight line basis over 5 years.

*Finance leases*

Finance leases that transfer substantially all the benefits and risks of ownership to the Corporation are accounted for at the commencement of the lease term as finance leases and recorded as property and equipment at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with an offsetting liability. Finance charges are allocated to each period in accordance with the applicable agreements and are charged directly to income as finance expenses. Capitalized leased assets are amortized in accordance with the Corporation's property and equipment policy. All other leases are accounted for as operating leases and the lease costs are expensed as incurred.

*Government assistance*

The Corporation may be entitled to investment tax credits or other incentives based on certain research and experimental development costs incurred. These amounts are netted against the related assets in expenses in the period in which they are earned and realization is considered to be probable. Investment tax credits or other incentives may be subject to assessment and approval by the applicable government authority. Adjustments, if any are required, are reflected in the year when such assessments are received. No government tax credits or incentives were earned or recorded during 2017 or 2016.

*Impairment of non-financial assets*

At each reporting date, the Corporation's non-financial assets are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of income (loss).



**GLENBRIAR TECHNOLOGIES INC.****Notes to the Financial Statements****Years ended September 30, 2017 and 2016**

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For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The recoverable amount is based on the higher of fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows to be derived from the asset in its current state are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the assets.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount, with the exception of impairment losses on goodwill which are not reversed. When an impairment loss is reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed what the carrying amount would have been had no impairment losses been recognized for the asset in prior periods.

*Income taxes*

Income taxes are comprised of current and deferred taxes. Income tax expense (recovery) is recognized in income (loss) except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss). Current taxes are the expected taxes payable on the taxable income for the period plus any adjustment to taxes payable in respect of previous periods. Deferred taxes are recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences including carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

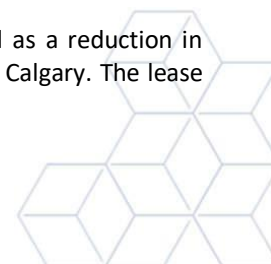
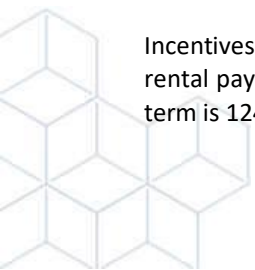
Deferred taxes are not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

*Net income (loss) per common share*

The Corporation follows the treasury stock method to determine the dilutive effect of stock options or other potentially dilutive instruments. Under this method, basic net income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income per share is calculated on the basis of the weighted average number of common shares outstanding during the period plus the additional incremental common shares that would have been outstanding for any potentially dilutive stock options or other instruments were exercised for common shares using the treasury stock method.

*Deferred rent*

Incentives such as rent-free periods are initially recognized as a deferred rent liability and amortized as a reduction in rental payments over the lease term. Deferred rent reflects rent free allowances on the office lease in Calgary. The lease term is 124 months ending January 31, 2022, including the rent free period.



**GLENBRIAR TECHNOLOGIES INC.****Notes to the Financial Statements****Years ended September 30, 2017 and 2016**

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*Provisions and contingencies*

A provision is recognized on the statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. No such provisions were required as at September 30, 2017 and 2016.

*Foreign currency translation*

Foreign currency transactions are translated into the functional currency using the average rate of exchange in effect at the transaction dates. Monetary assets and liabilities relating to foreign currency transactions are recorded at rates of exchange in effect at the statement of financial position date and any resulting gains or losses recorded in income for the period.

*Financial instruments*

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "loans and receivables", "available-for-sale", "held-to-maturity", or "financial liabilities measured at amortized cost".

Financial assets are classified as loans and receivables, held-to-maturity, held-for-trading, designated at fair value through profit or loss and available-for-sale. Loans and receivables include all loans and receivables except debt securities, and are accounted for at amortized cost using the effective interest rate method and are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Held-to-maturity classification is restricted to fixed maturity non-derivative instruments that the Corporation intends and is able to hold to maturity, and is accounted for at amortized cost using the effective interest rate method. Held-for-trading and designated at fair value through profit or loss instruments are measured at fair value on the statement of financial position, with realized and unrealized gains and losses reported in net income and transactions costs are expensed when incurred. The remaining non-derivative financial assets are classified as available-for-sale. These are recorded at fair value, with gains or losses being recognized in other comprehensive income. Derecognition of a financial asset and other than temporary impairment losses are recognized in the statement of comprehensive income.

Financial liabilities are classified as held-for-trading, designated at fair value through profit and loss or financial liabilities measured at amortized cost. Held-for-trading and designated at fair value through profit and loss instruments are recorded at fair value with realized and unrealized gains and losses reported in income, and transaction costs being expensed when incurred. Financial liabilities measured at amortized cost and non-derivative instruments are accounted for at amortized cost using the effective interest rate and represent all financial liabilities not classified as held-for-trading or designated at fair value through profit and loss.

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, stock options and warrants are recognized as a deduction from equity, net of any tax effects.

The Corporation has designated accounts receivable as loans and receivables; and bank indebtedness, accounts payable and accrued liabilities, loans payable, finance leases and finance loans as financial liabilities measured and carried at amortized cost. The Corporation's cash and cash equivalents are classified as held-for-trading. Fair value is determined by reference to published price quotations. The Corporation does not have any derivative financial instruments.

**GLENBRIAR TECHNOLOGIES INC.****Notes to the Financial Statements****Years ended September 30, 2017 and 2016**

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The Corporation assesses at each reporting date, whether there is objective evidence that financial assets, other than those designated as fair value through profit or loss are impaired. When impairment has occurred, the cumulative loss is recognized in the statement of income (loss). For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. When an "available-for-sale" financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of income (loss) in the period. Impairment losses may be reversed in subsequent periods.

*Finance income and expenses*

Finance expense is comprised of interest expense on borrowings, and impairment losses recognized on financial assets. For the years ended September 30, 2017 and 2016, finance expense consists of interest on the Corporation's bank indebtedness, loans payable, finance leases, and accounts payable and accrued liabilities.

*Assets held for sale and discontinued operations*

The Corporation classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts primarily through sale rather than through continuing use. To meet criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition. The Corporation must be committed to a plan to sell the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The Corporation measures assets or disposal groups at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories or financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in the statement of income; however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying asset or disposal groups as held for sale, the Corporation presents the assets separately as a single amount and the associated liabilities separately as a single amount on the statement of financial position. The comparative period statements of financial position are not restated. Assets held for sale are not depreciated, depleted, or amortized.

A discontinued operation is a component of the Corporation's business that represents a separate major line of business or geographical area of operations that has been disposed of or classified as held for sale. The operations and cash flows can be clearly distinguished from the rest of the Corporation, both operationally and for financial reporting purposes. When the Corporation classifies an operation as a discontinued operation, it re-presents the comparative statements of income and comprehensive income as if the operation had been discontinued from the start of the comparative year. In doing this, the Corporation excludes the results for the discontinued operations and any gain or loss from disposal from the statements of income and comprehensive income from continuing operations and presents them on a separate line as profit or loss (net of tax) from the discontinued operation. Per share information and changes to other comprehensive loss related to discontinued operations are presented separately from continuing operations. Cash flows from discontinued operations are presented separately from cash flows from continuing operations in the statement of cash flows.

**GLENBRIAR TECHNOLOGIES INC.****Notes to the Financial Statements****Years ended September 30, 2017 and 2016**

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*Recent accounting pronouncements not yet adopted*

The Corporation continues to assess the impact of adopting the following pronouncements from the IASB:

*For annual periods beginning on or after January 1, 2018:*

*IFRS 9, "Financial Instruments"* provides a comprehensive standard for accounting for financial instruments. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected-loss' impairment model and a substantially reformed approach to hedge accounting.

*IFRS 15, "Revenue from Contracts with Customers"* outlines how to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Corporation expects to be entitled in exchange for those goods and services. IFRS 15 also results in enhanced disclosures about revenue, provides guidance for transactions not previously addressed comprehensively (for example, service revenue and contract modifications) and improves guidance for multiple-element arrangements.

*For annual periods beginning on or after January 1, 2019:*

*IFRS 16, "Leases"* specifies how to recognize, measure, present and disclose leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, and lessor accounting is substantially unchanged from its predecessor, IAS 17. Upon adoption, a lessee shall either apply IFRS 16 with full retrospective effect, or alternatively, not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity. Early adoption is permitted if IFRS 15 is also adopted.



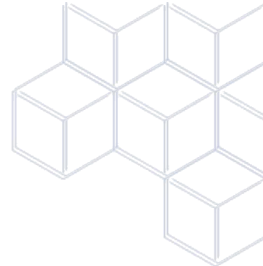


**GLENBRIAR TECHNOLOGIES INC.**  
**Notes to the Financial Statements**  
**Years ended September 30, 2017 and 2016**

**4. PROPERTY AND EQUIPMENT**

	Computer Hardware \$	Office Operating Systems \$	Data Centre Equipment \$	Office Equipment \$	Total \$
<b>Cost</b>					
30-Sep-15	606,494	294,167	324,346	110,333	1,335,340
Additions	-	-	64,820	1,110	65,930
30-Sep-16	606,494	294,167	389,166	111,443	1,401,270
Additions	-	-	-	-	-
Transfer to assets held for sale (note 17)	(606,494)	(294,167)	(389,166)	(111,443)	(1,401,270)
<b>30-Sep-17</b>	-	-	-	-	-
<b>Accumulated depreciation</b>					
30-Sep-15	556,596	19,611	-	101,503	677,710
Additions	14,970	58,832	51,196	1,877	126,875
30-Sep-16	571,566	78,443	51,196	103,380	804,585
Additions	10,477	58,835	77,833	1,613	148,758
Impairment	24,451	156,889	260,137	6,450	447,927
Transfer to assets held for sale (note 17)	(606,494)	(294,167)	(389,166)	(111,443)	(1,401,270)
<b>30-Sep-17</b>	-	-	-	-	-
<b>Net book value</b>					
30-Sep-15	49,898	274,556	324,346	8,830	657,630
30-Sep-16	34,928	215,724	337,970	8,063	596,685
30-Sep-17	-	-	-	-	-

During the year ended September 30, 2017, the Corporation capitalized \$nil (2016 - \$16,800) in general and administrative costs consisting of salaries and benefits to office operating systems. At September 30, 2017, the net book value of property and equipment under finance leases (note 7) was \$nil (2016 - \$175,734). No additional leases were signed during fiscal year 2017. Prior to reclassification into discontinued operations (note 17) management reviewed the assets for impairment. It was determined that the assets had no value in use because management intended to use alternate assets going forward. In addition, fair value less costs of disposal was determined to be \$NIL as there is no market for the assets. The fair value of these assets is classified as Level 3 under the fair value hierarchy. Therefore, the value in use and fair value less costs for disposal were determined to be \$NIL as at September 30, 2017 and all property and equipment has been fully impaired. The impairment has been recorded in discontinued operations (note 17).



**GLENBRIAR TECHNOLOGIES INC.**  
**Notes to the Financial Statements**  
**Years ended September 30, 2017 and 2016**

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**5. BANK INDEBTEDNESS**

Glenbriar entered into a revolving demand credit facility with the Royal Bank of Canada in March 2015. The total borrowings were secured by a general security agreement over Glenbriar’s current and after acquired assets, and postponement of loans payable. The bank indebtedness bore interest at the bank’s floating base rate plus 2.25% per annum. At September 30, 2016, the interest rate was 4.95%. The bank indebtedness required the Corporation to maintain a ratio of liabilities to tangible net worth of not greater than 4:1 at the end of the fiscal year. At September 30, 2015, the Corporation was in default of the covenant, leading to suspension of the facility in February 2016. The Corporation then entered in to an agreement with the Bank to repay the balance at \$20,000 per month commencing in April 2016 (at which time the balance was \$292,000) through September 2016, with the remaining balance due in full in October 2016. This agreement was extended in December 2016 to continue the monthly payments until April 2017, with the remaining balance due in May 2017. This outstanding balance was fully paid off as of May 2017 with the proceeds of the share issuance (note 9) and the debt agreement was cancelled.

**6. LOANS PAYABLE**

Loans payable at September 30, 2017 in the amount of \$71,069 (2016 - \$345,000) consist of net advances from officers of the Corporation, secured by a general security agreement, and bear interest at the rate of 10% (2016 - interest charged on the bank indebtedness (note 5)). This amount was partially repaid from the Uniserve investment on June 16, 2017. Subsequent to yearend, the remainder of the loans payable are required to be repaid out of the proceeds of the asset sale (note 17).

Finance expense includes \$25,802 of interest on the advances in fiscal 2017 (2016 - \$17,100).

**7. FINANCE LEASES**

Finance leases consist of six 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 2019. Minimum lease payments related to the finance leases are as follows:

	Principal	Imputed interest	Minimum lease payments
2018	\$ 34,660	\$ 3,110	\$ 37,770
2019	7,856	666	8,522
	<u>\$ 42,516</u>	<u>\$ 3,776</u>	<u>\$ 46,292</u>

At September 30, 2017, all finance leases have been classified as liabilities held for sale (note 17).

**8. FINANCE LOANS**

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

	\$
2018	<u>24,767</u>
2019	<u>8,446</u>
	<u>\$33,213</u>

At September 30, 2017, all finance loans have been classified as liabilities held for sale (note 17).





**GLENBRIAR TECHNOLOGIES INC.**

**Notes to the Financial Statements**

**Years ended September 30, 2017 and 2016**

**9. SHARE CAPITAL**

a) *Authorized*

Unlimited number of common shares

Unlimited number of preferred shares of one or more series

b) *Common shares issued and outstanding*

	Number of shares	Amount \$
Balance, September 30, 2015 and 2016	48,421,510	<b>4,279,555</b>
Rights offering (i)	2,000,000	<b>10,000</b>
Private placement, net (ii)	80,000,000	<b>800,000</b>
Issuance costs (ii)	-	<b>(80,000)</b>
Balance, September 30, 2017	130,421,510	<b>5,009,555</b>

i) The Corporation completed a rights offering on May 20, 2017, which resulted in subscriptions for 2,000,000 common shares for proceeds of \$10,000.

ii) In June 2017 the Corporation completed a private placement for 80 million common shares for gross proceeds of \$800,000. A 10% placement fee of \$80,000 was paid to the shareholder. The shareholder became the controlling shareholder as a result of this transaction.

c) *Income (loss) per share*

There are no equity instruments that could potentially dilute basic income (loss) per share outstanding at September 30, 2017.

d) *Weighted average shares outstanding*

	<b>2017</b>	<b>2016</b>
Basic and diluted	<b>69,588,177</b>	48,421,510





**GLENBRIAR TECHNOLOGIES INC.**  
**Notes to the Financial Statements**  
**Years ended September 30, 2017 and 2016**

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**10. COMMITMENTS**

As of September 30, 2017, the Corporation was committed to the following minimum annual payments and estimated operating costs payable to lessors for office leases, which expire at various dates through January 2022:

	\$
2018	217,253
2019	197,086
2020	197,086
2021	197,086
2022	65,695
Total	<u>874,206</u>

Subsequent to September 30, 2017, all commitments of the Corporation were assumed by the purchaser (note 17).

**11. RELATED PARTY TRANSACTIONS**

General and administrative expense includes remuneration of the key management personnel, which includes senior management, directors and officers of the Corporation. For fiscal 2017, remuneration of \$333,018 related to salaries, benefits and cash-based compensation (2016 - \$496,637) was incurred to key management personnel. Total salaries and benefits, including amounts included in cost of services, general and administrative, sales and marketing, and property and equipment, were \$1,710,254 in 2017 (2016 - \$2,148,341). The full amount of salaries including remuneration to key management personnel is included in discontinued operations (note 17).

See notes 6 and 17 regarding loan advances to the Corporation by key management.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Further quantitative disclosures are included throughout these financial statements. The Corporation employs risk management strategies and policies to ensure that any exposure to risk comply with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, the Corporation's management has the responsibility to administer and monitor these risks.

*Fair value of financial instruments*

The Corporation's financial instruments are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, bank indebtedness, loans payable, finance leases and finance loans. The carrying values of the Corporation's accounts receivable, accounts payable and accrued liabilities and finance loans approximate their respective fair values due to their short term maturity. As the Corporation's loans payable bear interest at floating market rates, the respective carrying values approximate fair value.





**GLENBRIAR TECHNOLOGIES INC.**  
**Notes to the Financial Statements**  
**Years ended September 30, 2017 and 2016**

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Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 reflects valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 reflects valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 reflects valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The financial instruments in the Corporation's financial statements, measured at Level 1 fair value, are cash and cash equivalents.

*Credit risk*

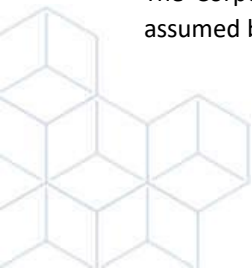
The Corporation is exposed to normal credit risk from customers. Accounts receivable are generally unsecured, subject to the Corporation's ability to file security interest under certain conditions. Accounts receivable are normally collected 30 days after invoicing. Default rates on unsecured credit have traditionally been below 1% of annual sales. The Corporation's customer accounts are aged as follows: current – \$161,000 (2016 - \$224,000); 30-60 days – \$33,000 (2016 - \$55,000); 61-90 days – \$11,000 (2016 - \$16,000); 91 days or older – \$32,000 (2016 - \$67,000). The Corporation has reviewed the past due accounts on a customer by customer basis and has provided an allowance for doubtful accounts of \$30,387 (2016 - \$11,817), all relating to past due accounts 91 days or older. Licences for proprietary software cease to function if payments are not kept current. The Corporation minimizes concentrations of credit risk by maintaining a wide customer base spread across differing industries. At September 30, 2017, the Corporation had \$25,699 (2016 - \$38,154) due from one customer, representing 10.8% (2016 – 10.5%) of trade receivables at September 30, 2017. Additional sales and services may be withheld if a customer falls to pay its obligations in a timely manner.

The Corporation is also subject to credit risk through its cash and cash equivalents. As cash and cash equivalents are held in a reputable financial institution, concentration of credit risk is considered minimal.

*Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. For the year ended September 30, 2017, the Corporation had net loss from continuing operations of \$(99,742), cash deficit from operating activities of \$(204,520), and at September 30, 2017 has a working capital deficiency of \$(308,333).

The Corporation will repay the loan payable out of the proceeds of the asset sale and the remaining liabilities will be assumed by the purchaser (note 17).





**GLENBRIAR TECHNOLOGIES INC.**  
**Notes to the Financial Statements**  
**Years ended September 30, 2017 and 2016**

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Management believes that its ongoing cash flow from operating activities, based on current internal operating forecasts, and the additional funds from the asset sale will be sufficient to satisfy its current and future obligations as they become due and to fund ongoing operations. The Corporation has additional commitments as outlined in note 10.

A contractual maturity analysis of the Corporation's financial liabilities is as follows:

Financial liabilities	2018	2019	Total
Accounts payable	\$ 393,474	\$ -	\$ 393,474
Loans payable	71,069	-	71,069
Finance leases	34,660	7,856	42,516
Finance loans	24,767	8,446	33,213
	<u>\$ 523,970</u>	<u>\$ 16,302</u>	<u>\$ 540,272</u>

*Market risk*

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates or availability of capital. The Corporation is exposed to interest rate risk on any outstanding drawings on its loans payable. An increase or decrease in the interest rate of 1% would result in approximately a \$710 (2016 - \$5,102) adjustment to the 2017 net income reported based upon the outstanding balances as of September 30, 2017.

*Foreign exchange risk*

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. During fiscal 2017, 9.1% (2016 - 1%) of total revenue was denominated in US dollars. At September 30, 2017, approximately \$12,425 (2016 - \$541), \$33,750 (2016 - \$29,886), \$24,875 (2016 - \$48,757) and \$26,610 (2016 - \$46,859) of the Corporation's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and finance loans were denominated in US dollars, respectively. An increase in value of the Canadian dollar relative to the US dollar will decrease the equivalent Canadian amounts, while a decrease in the value of the Canadian dollar will increase the amounts. Exchange rate fluctuations have increased in volatility under current economic conditions, and this risk cannot be accurately quantified. A 1% change in the Canadian-US exchange rate on the net assets held in US\$ would increase or decrease the reported income by approximately \$53 (2016 - \$652). Due to the small amounts, the Corporation has no contracts in place to mitigate this exposure.

*Capital management*

The Corporation's goal is to develop a strong capital base to meet its growth objectives, while maintaining the ability to fulfill its financial obligations, finance internal growth and fund potential acquisitions. The Corporation may be required to seek additional equity or debt financing, reduce its operations or to limit its growth to maintain liquidity. The Corporation does not have adequate surplus capital on hand to establish and implement a robust marketing and sales program or to make strategic acquisitions. Accordingly, the Corporation may reasonably be expected to issue additional equity or obtain more debt to achieve 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 share holdings. 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 future events



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The Corporation's capital structure includes working capital (deficiency). The Corporation's capital management objectives, evaluation measures and targets have remained unchanged over the periods presented. The Corporation's capital is not subject to any external restriction, except for the bank loan covenants (note 5).

The Corporation's defined capital at September 30, 2017 is as follows:

	\$
Current assets	423,762
Current liabilities	(732,095)
Working capital deficiency	<u>(308,333)</u>

**13. SUPPLEMENTARY CASH FLOW INFORMATION**

Changes in non-cash working capital relate to discontinued operations (note 17).

*a) Changes in non-cash working capital:*

	2017	2016
	\$	\$
Accounts receivable	<u>126,483</u>	(21,404)
Inventory	<u>(28,325)</u>	-
Prepaid expenses	<u>(31,394)</u>	(3,764)
Accounts payable and accrued liabilities	<u>(237,921)</u>	4,888
Deferred revenue and deferred rent	<u>62,902</u>	(6,592)
Total	<u>(108,255)</u>	(26,872)

*b) Cash interest paid*

<u>55,765</u>	<u>87,125</u>
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*c) Cash equivalents:*

Cash equivalents includes a guaranteed investment certificate of \$15,000 (2016 - \$15,000) bearing interest at 1.45% and maturing in July 2017.

*d) Non-cash transactions:*

During the year ended September 30, 2017, the Corporation acquired property and equipment valued at \$nil (2016 - \$48,020) by way of finance leases.

**14. INCOME TAXES**

The components of the deferred income tax asset amounts as at September 30, 2017 and 2016 are as follows:

	2017	2016
	\$	\$
Excess of tax basis over carrying value on long-term assets	<u>194,017</u>	116,294
Deferred benefit of current and prior years' losses	<u>1,079,420</u>	1,007,867
Share issue costs	<u>(4,193)</u>	-
	<u>1,269,244</u>	1,124,161
Valuation allowance	<u>(1,269,244)</u>	(1,124,161)
	<u>-</u>	<u>-</u>





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Management has assessed the net deferred tax asset using the criteria of whether it is probable that the deferred tax assets can be realized. Based on the uncertainty of future taxable income, management has recorded an offsetting valuation allowance for the full amount of the deferred tax asset as at September 30, 2017 and 2016.

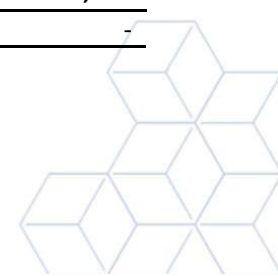
As at September 30, 2017, the Corporation had non-capital losses of approximately \$4,120,000 available to be carried forward to reduce future taxable income. The benefit of these credits and losses has not been recognized in the financial statements. These credits and losses expire as follows:

	<b>Non-capital losses</b>
	<b>\$</b>
2026	352,000
2027	267,000
2028	751,000
2029	698,000
2030	1,119,000
2033	134,000
2035	562,000
2036	99,000
2037	138,000

The Corporation also has approximately \$512,000 and \$111,000 of undepreciated capital cost and cumulative eligible capital property, respectively, with no expiry date.

Income tax expense (recovery) differs from the amounts which would be obtained by applying the combined federal and provincial statutory income tax rate to the respective years' loss before income taxes. The following schedule explains the differences between the expected and actual tax expense (recovery):

	<b>2017</b>		
	<b>Continuing Operations</b>	<b>Discontinuing Operations</b>	
	<b>\$</b>	<b>\$</b>	
	<b>Total</b>	<b>\$</b>	
Income (loss) before income taxes	<b>(99,742)</b>	<b>(542,075)</b>	<b>(641,156)</b>
Expected income taxes – statutory rate of 26.2% (2016 – 26.2%)	<b>(26,132)</b>	<b>(142,024)</b>	<b>(168,156)</b>
Expiry of non-capital losses	-	-	-
Adjustments to tax pools and other	<b>3,586</b>	<b>19,487</b>	<b>23,073</b>
Provision for deferred income taxes before valuation allowance	<b>(22,547)</b>	<b>(122,536)</b>	<b>(145,083)</b>
Change in valuation allowance	<b>22,547</b>	<b>122,536</b>	<b>145,083</b>
	-	-	-





**GLENBRIAR TECHNOLOGIES INC.**

**Notes to the Financial Statements**

**Years ended September 30, 2017 and 2016**

	2016		Total \$
	Continuing Operations \$	Discontinuing Operations \$	
Income (loss) before income taxes	(80,814)	124,598	43,784
Expected income taxes – statutory rate of 26.2% (2016 – 26.2%)	(21,173)	32,645	11,471
Expiry of non-capital losses	72,945	-	72,945
Adjustments to tax pools and other	33,157	51,120	84,277
Provision for deferred income taxes before valuation allowance	84,928	83,765	168,693
Change in valuation allowance	(84,928)	(83,765)	(168,693)
	-	-	-

**15. SUPPLEMENTARY ACCOUNTS RECEIVABLE AND PAYABLE INFORMATION**

	2017 \$	2016 \$
Accounts receivable components:	<b>266,028</b>	
Trade receivables		373,941
Allowance for doubtful accounts	<b>(30,387)</b>	(11,817)
Total	<b>235,641</b>	362,124

	2017 \$	2016 \$
Accounts payable and accrued liabilities components:		
Trade payables	<b>246,237</b>	494,735
Accrued salaries and wages	<b>145,051</b>	96,725
Sales tax payable	<b>1,124</b>	1,815
Other payables	<b>1,062</b>	38,120
Total	<b>393,474</b>	631,395

**16. FINANCE EXPENSE**

	2017 \$	2016 \$
Interest on bank indebtedness	<b>21,715</b>	22,775
Finance charges	<b>27,024</b>	35,171
Interest on finance leases	<b>12,111</b>	18,796
Interest on loans payable	<b>25,803</b>	17,100
	<b>86,653</b>	93,842

**17. DISCONTINUED OPERATIONS AND SUBSEQUENT EVENTS**

During the year ended September 30, 2017, the Corporation made the determination that it would pursue options to sell its operating business and related net assets (the “Business”), including a potential sale to Uniserve Communications Corporation (the “Purchaser”). As at September 30, 2017, the Business was classified as a separate disposal group held for sale and as a discontinued operation.

On November 3, 2017, the Corporation executed an agreement to assign, sell, and transfer all of its rights, title and interest in and to all assets used or in any way connected with its conduct of the Business of providing information technology and software licensing, consulting, support and services to the Purchaser.



**GLENBRIAR TECHNOLOGIES INC.**

**Notes to the Financial Statements**

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Subsequent to year end a final purchase price of \$1,728,492, after adjustments, was determined and is to be paid by cash of \$245,984 and a demand, non-interest bearing promissory note in the principal amount of \$1,536,508. Subsequent to receipt of the purchase price, the Corporation is to retain a balance of at least \$50,000 in cash and to repay the outstanding loan payable of \$71,069. The remainder of the proceeds are to be divided to the shareholders of the Corporation. The Purchaser may apply its dividend entitlement by way of setoff from the Purchase Price.





**GLENBRIAR TECHNOLOGIES INC.**

**Notes to the Financial Statements**

**Years ended September 30, 2017 and 2016**

**Assets (liabilities) held for sale consist of:**

	\$
<b>Assets held for sale</b>	
<b>Current</b>	
Cash and cash equivalents (note 13(c))	45,162
Accounts receivable (notes 12 and 15)	235,641
Prepaid expenses	64,634
Inventory	28,325
Total current assets	373,762
<b>Non-current</b>	
Property and equipment (note 4)	-
Total assets	373,762
<b>Liabilities related to assets held for sale</b>	
<b>Current</b>	
Accounts payable and accrued liabilities (notes 12 and 15)	393,474
Finance leases – current portion (note 7)	34,660
Finance loans – current portion (note 8)	24,767
Deferred revenue	163,462
Deferred rent – current portion	5,971
Total current liabilities	622,334
<b>Non-current</b>	
Finance leases (note 7)	7,856
Finance loans (note 8)	8,446
Deferred rent	22,390
Total non-current liabilities	38,692
Total liabilities	661,026
<b>Net liabilities held for sale</b>	<b>287,264</b>





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Income (loss) from discontinued operations consists of the following:

	2017	2016
	\$	\$
<b>Revenue</b>		
Managed information services	2,602,100	2,938,613
Equipment and software sales	1,100,681	1,752,357
Other income	24,637	4,582
<b>Gross revenue</b>	<b>3,727,418</b>	<b>4,695,552</b>
Cost of services (note 11)	1,472,279	1,747,450
Cost of goods sold	870,299	1,455,762
<b>Gross profit</b>	<b>1,384,840</b>	<b>1,492,340</b>
<b>Other (income) expenses</b>		
General and administrative (note 11)	1,130,306	972,684
Sales and marketing (note 11)	134,867	196,906
Foreign exchange (gain) loss	4,207	(5,465)
<b>EBITDA (Earnings before interest, taxes and depreciation)</b>	<b>115,462</b>	<b>328,215</b>
Depreciation of property and equipment	148,758	126,875
<b>Income (loss) from discontinued operations before other expenses</b>	<b>(33,298)</b>	<b>201,340</b>
Finance expense (note 16)	(60,850)	(76,742)
Impairment of property and equipment (note 4)	(447,927)	-
<b>Income (loss) from discontinued operations</b>	<b>(542,075)</b>	<b>124,598</b>