

2010 1st Quarter Report

Table of Contents

| | |
|--|----|
| Management Discussion and Analysis (Form 51-102F1) | 2 |
| 2010 1 st Quarter Financial Statements | 9 |
| Supplementary Information | 14 |

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.

ISSUER DETAILS

| | | |
|--|--|---|
| NAME OF ISSUER Glenbriar Technologies Inc. | FOR QUARTER ENDED 2009 12 31 | DATE OF REPORT YY / MM / DD 10 01 25 |
|--|--|---|

ISSUER ADDRESS

550 Parkside Drive, Unit A8

| | | |
|--|---|--|
| CITY/PROVINCE/POSTAL CODE Waterloo, ON N2L 5V4 | ISSUER FAX NO. (403) 234-7310 | ISSUER PHONE NO. (519) 743-2444 x117 |
|--|---|--|

| | | |
|---|--------------------------------------|--|
| CONTACT NAME Robert D. Matheson | CONTACT POSITION President | CONTACT PHONE NO. (403) 450-7410 |
|---|--------------------------------------|--|

| | |
|--|--|
| CONTACT E-MAIL ADDRESS inquiries@glenbriar.com | WEB SITE ADDRESS glenbriar.com |
|--|--|

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

| | | |
|---|--|---|
| PRESIDENT'S SIGNATURE "Robert Matheson" | PRINT FULL NAME Robert D. Matheson | DATE OF REPORT YY / MM / DD 10 01 25 |
|---|--|---|

| | | |
|--|--|---|
| 301, 401 9 Ave SW Calgary , AB T2P 3C5 Phone (403) 233-7300 Fax (403) 234-7310 | 1687 Ingleton Ave Burnaby , BC V5C 4L8 Phone (604) 320-0155 Fax (604) 320-0157 | 550 Parkside Drive, Unit A8 Waterloo , ON N2L 5V4 Phone (519) 743-2444 Fax (519) 743-3656 |
|--|--|---|

MANAGEMENT DISCUSSION AND ANALYSIS (Form 51-102F1)

This information is given as of January 25, 2010. This MD&A has not been reviewed by Glenbriar's auditors. This quarterly MD&A should be read as a supplement to the MD&A provided for the year ended September 30, 2009. As of the date of this report: (a) there are 40,112,682 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, other than contributions to the employee and director share purchase plan (see note 9 of Notes to Consolidated Financial Statements for the year ended September 30, 2009).

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 350 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.*

Glenbriar's 2010 Annual General Meeting will be held on March 4, 2010 in Calgary.

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, network appliances, blade servers, solid state storage and managed perimeter security protection. Glenbriar has a base of 200 active managed services clients.

Glenbriar's clients elected to upgrade existing systems during the recession to allow deferral of capital investments. This resulted in a larger decrease in equipment sales than in services.

In the first quarter, Glenbriar upgraded Internet security and backup solutions for a professional conference development firm, replaced and upgraded terminal server access for an industrial equipment rental company, and implemented an e-mail archive solution separate from the Microsoft Exchange database but searchable from Outlook clients for a media events management company. Glenbriar set up a new office location for a client engaged in remedial construction for insurance damage, including phone, network, cabling, hardware, routers, Internet and remote access, added new workstations and backup solution for a non-profit client, and did a server rollout for a real estate development and property management client.

Glenbriar provided the expertise and project management to transform a Novell platform into a virtualized Microsoft Server 2008 infrastructure and for the mailbox migration from Netmail to Exchange for the student body at a private technology institute in the first quarter, and for the relocation of the BC head offices of a gold exploration company and an international athletic performance apparel company. Glenbriar designed and implemented a file and e-mail archive and

retrieval solution for current and old files for a law firm in Vancouver, and upgraded the network and resolved accounting system issues for a commercial axle and frame service company in Surrey in the first quarter. Glenbriar added a full service and a server client to its Managed Services platform in the first quarter, and installed new servers, workstations, storage solutions and network upgrades at numerous clients. Glenbriar assisted with the relocation of professionals to China and Syria for an oil and gas client in Calgary, who will be moving their IT infrastructure into a Glenbriar hosted environment in the second quarter.

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 has a base of 60 active unified communications clients.

Glenbriar’s IP Communications solutions combine ShoreTel phones, switches and software with Cisco networking equipment, Blackberry Enterprise Servers and Glenbriar’s enhancements to produce a truly superior deployment.

Glenbriar set up a Blackberry Enterprise Server with 25 user accounts for a client, including a change of carrier, in the first quarter. Glenbriar installed a 36 phone ShoreTel solution on gigabit phones and network for a BC client, which included resolution of network and cabling deficiencies, and relocated phones and cabling for another client. Glenbriar upgraded most of its telephony client base to Shoreware 9.1 during the first quarter.

Glenbriar installed a CRM solution from Assured Software of Kelowna, BC for a Burnaby based flood response company, and upgraded the interoffice VPN to include QoS for a Vancouver based event management and public relations firm in the first quarter, and installed a PRI to improve customer service and add phone features and reliability for a pipeline and utility construction firm with several offices in BC and Alberta.

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 Dealership module is now up to 30 clients, with POS, light manufacturing and professional services modules under development.

All of these modules can be delivered using Software as a Service (SaaS), hosted or on the client’s server. The latest release extended the rich functionality of prior releases to include full support for multi-location and multi-company clients, and includes a new mechanism which automates the procedure for delivering future updates.

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

Peartree added three new Dealership clients in the first quarter, including an RV dealer on Vancouver Island on a Software as a Service (SaaS) platform, a bicycle shop in Ontario on a traditional client-server platform, an Ontario dealer that will initially start with the CRM and Unit Inventory modules for prospecting and marketing. Glenbriar implemented the first stages of the professional services module in its Calgary location in the first quarter.

Financial Review

Canadian generally accepted accounting principles (GAAP) are being replaced by International Financial Reporting Standards (IFRS) for public companies in Canada for fiscal years starting on or after January 1, 2011. Canadian GAAP is being harmonized with IFRS in stages in the ensuing period. This harmonization was applied retrospectively in certain cases, which caused Glenbriar to record large losses to bring the statements into line with the new standards. Because of these revisions, Glenbriar expects the impact of the change to IFRS to be relatively minor, 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 in 2009 through 2011. The income statement presentation has been rearranged to more clearly show the effect of these changes.

Research and development. Glenbriar early adopted the new CICA section 3064, Goodwill and Intangible Assets, on October 1, 2007. Section 3064 made substantial changes in what research and development costs should be capitalized and amortized. Glenbriar’s proprietary software asset is now scheduled to 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 in response to the uncertainty from the current global economic crisis. Glenbriar’s tax pools are not affected by this writedown, and 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 compares earnings before interest, taxes, amortization and other noncash items (EBITAS) before research and development expenses (R&D) with EBITAS after deducting both expensed and capitalized portions of R&D expenses. EBITAS is not recognized under GAAP, and may be applied differently by different issuers. Glenbriar’s use refers to earnings before interest, taxes, amortization, stock compensation expense and other noncash items.

| | Audited | | | | | Unaudited |
|------------------------------|---------|-------|-------|-------|-------|-----------|
| (\$000's) | 2005 | 2006 | 2007 | 2008 | 2009 | 2010Q1 |
| Revenue | 4,752 | 5,110 | 5,510 | 6,374 | 5,685 | 1,190 |
| Expenses | 4,516 | 4,821 | 5,295 | 6,127 | 5,757 | 1,106 |
| EBITAS (before R&D) | 236 | 289 | 215 | 247 | (72) | 83 |
| R&D (expensed & capitalized) | 484 | 481 | 348 | 303 | 120 | 30 |
| EBITAS (after R&D) | (248) | (192) | (133) | (56) | (192) | 53 |

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, operating results were down in 2009 due to the effects of the global recession. It is expected that results from operations will recover in the latter half of fiscal 2010.

Selected Financial Information

| Selected Quarterly Financial Information (\$) | Quarter ended | | | | | | | |
|---|---------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|
| | 2009 | | | | 2008 | | | |
| | Dec 31 | Sept 30 | Jun 30 | Mar 31 | Dec 31 | Sept 30 | Jun 30 | Mar 31 |
| Revenue | 1,190,024 | 1,174,292 | 1,383,508 | 1,226,094 | 1,901,471 | 1,621,207 | 1,831,320 | 1,506,867 |
| Income from continuing operations | (49,905) | (377,155) | (102,063) | (218,114) | 48,588 | (2,658,091) | (4,671) | (75,067) |
| -per share (basic and diluted) | (0.002) | (0.011) | (0.003) | (0.007) | 0.002 | (0.082) | - | (0.002) |
| Net income | (49,905) | (377,155) | (102,063) | (218,114) | 48,588 | (2,658,091) | (4,671) | (75,067) |
| -per share (basic and diluted) | (0.002) | (0.011) | (0.003) | (0.007) | 0.002 | (0.082) | - | (0.002) |

Overall revenue decreased 37% for the quarter ended December 31, 2009 from the prior year period, made up of a 14% drop in services and a 60% drop in equipment and software sales. These differences reflect the fact that the quarter ended December 31, 2008 was a record quarter, while the current quarter reflects the full impact of the deferral of capital investments by clients during the global recession. While cost savings measures implemented in the first quarter are reflected in the lower loss, it is expected that the full benefit of these measures will not be recognized until the third quarter of fiscal 2010.

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

Liquidity and Capital Resources

As of December 31, 2009, Glenbriar had a working capital deficiency of \$159,152, down substantially from the \$489,786 at September 30, 2009. This improvement reflects the changes to the demand credit facility and shareholder advances described below, increase in value of the marketable securities, and equity investments made in the first quarter by employees and directors under the employee and director share purchase plan. Marketable securities reflect the fair value of the shares. Inventory changes reflect normal business fluctuations. Inventory is considered relatively liquid. The deferred revenue account did not change significantly from year end 2009.

Glenbriar received \$87,100 of leasehold allowances for its Calgary office in fiscal 2004, which is now fully amortized. The \$43,107 of leasehold allowances for its Waterloo office in fiscal 2006 will continue to be amortized over coming periods.

The demand credit facility declined to \$281,119 at December 31, 2009 from \$364,386 a year earlier. In April 2009, the demand credit facility was termed out over 41 months based on an initial balance of \$411,372, with additional principal payment on November 6, 2009 of \$55,097, resulting in a \$130,000 reduction in principal since May 2009. See note 6 of Notes to Consolidated Financial Statements. An additional principal payment of \$50,000 is due on March 31, 2010. While it may not be ascertained until the end of the second quarter, Glenbriar believes it has taken sufficient steps to meet its current ratio requirements on its primary credit facility as of December 31, 2009. 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 and extended payables in order to preserve cash resources.

Glenbriar has negotiated to repay \$115,000 outstanding relating to the Micro-Aid acquisition, made up of a \$65,000 credit facility and \$50,000 shareholder loan, based on a 48 month amortization period and 18 month term, subject to accelerated repayment obligations if certain funding levels or capital transactions are entered into prior to the end of the term. Accordingly, this obligation has been

reclassified from an account payable to a shareholder advance, which includes a current portion of \$30,000. The \$299,000 balance of shareholder advances as of December 31, 2009 is owed to Glenbriar’s management.

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.

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.

Glenbriar’s long term financial commitments for a delivery vehicle and office leases are as follows:

| Fiscal period | \$ |
|---------------|---------|
| 2010 | 147,701 |
| 2011 | 30,966 |
| 2012 | 4,759 |
| 2013 | 3,966 |

Results from Operations

Earnings decreased to a loss of \$49,905 from a gain of \$48,588 for the first quarter of fiscal 2010 from the similar 2009 period, primarily due to reduced capital spending by clients during the global recession. Non-operating factors include a \$21,750 under accrual of 2009 first quarter amortization, \$30,745 increase in 2010 first quarter from the prior year period for employer contributions to the employee and director shared purchase plan, and a \$9,764 increase in the gain on marketable securities over the same periods. These non-operating factors contributed to a net \$42,731 decrease in first quarter 2010 earnings compared to the prior year period.

Revenue. Revenue decreased 37% for the quarter ended December 31, 2009 from the prior year period, made up of a 14% drop in services and a 60% drop in equipment and software sales. The difference reflects a high level of virtualized server sales in fiscal 2009, as well as the continuing effect of the recession in fiscal 2010.

Expense. Cost of goods sold reflects reduced equipment and software sales due to deferral of capital projects by clients during the recession. General and administrative expense was down due to cost cutting measures. Amortization expense for the first quarter of fiscal 2009 was understated by \$21,750, which was adjusted in the 2009 fiscal year end statements. Proprietary software amortization will continue at an accelerated for the next 2 fiscal years. See Changes in Accounting Policies and Estimates above.

Accounts receivable. The balance for December 31, 2009 reflects 47 days of sales, which is up from 34 days of sales for the year end fiscal 2009, but below the prior year period of 60 days.

Accounts payable and accrued liabilities. The decrease in this account to \$486,765 at December 31, 2009 from \$617,854 at the end of fiscal 2009 reflects a \$66,089 reduction in payables and the reclassification of the Micro-Aid credit facility balance of \$65,000 from an account payable to a shareholder advance.

Deferred revenue. This account is attributable to Peartree, and represents payments received from customers in advance for annual or quarterly software maintenance fees, which is brought into revenue monthly. This account was relatively flat from fiscal 2009 year end to the current quarter. 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 rising value of the Canadian dollar reduces revenue from US and Mexican accounts, which are priced in US dollars. With the global recession, demand in the automotive and recreational dealer sectors has been weak, and some automotive parts suppliers and dealers going out of business. Commodity price variations in energy and mining have led to the postponement or cancellation of some megaprojects. Glenbriar and its subsidiaries serve all of these sectors. Glenbriar expects equipment and software sales to continue to show weakness in the coming quarters as businesses continue to postpone or cancel capital investments. Glenbriar seeks to partially offset reduced expenditures with cost reductions and emphasizing strong cost reductions available to its clients in total cost of ownership through effective use of its Managed Services, Unified Communications and Enterprise Software.

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

Total shareholder advances (including current portion) of \$414,000 as of December 31, 2009 are up \$79,000 from the September 30, 2009 balance, and include the \$50,000 shareholder loan carried forward from the Micro-Aid acquisition. This difference includes the reclassification of the \$65,000 Micro-Aid credit facility to a shareholder advance. In October 2009, \$25,000 of loans payable were converted to common shares, with the balance of the change reflecting new advances. See note 6 of Notes to Consolidated Financial Statements.

Glenbriar issued 1,504,980 common shares from treasury on October 21, 2009, and a further 1,841,441 on December 2, 2009 at \$0.05 per share under the employee and director share purchase plan, of which 500,000 were issued as repayment of long-term loans payable in lieu of employee cash contributions. The last closing price on the CNSX prior to each issuance was \$0.02 and \$0.03 per share, respectively. See notes 4, 5 and 7 of Notes to Consolidated Financial Statements and Subsequent Events below for details of these share issuances and the acquisition of Allnet Computing, the former owner of which became an employee as part of the transaction.

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

Glenbriar issued 1,704,280 common shares from treasury on January 18, 2010 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 \$0.05 per share.

2010 1st QUARTER FINANCIAL STATEMENTS

GLENBRIAR TECHNOLOGIES INC.

Consolidated Balance Sheets

December 31 and September 30, 2009

| | <i>(unaudited)</i> Dec 31, 2009 | <i>(audited)</i> Sept 30, 2009 |
|--|---|--|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | 62,955 | 83,953 |
| Accounts receivable | 612,032 | 531,844 |
| Inventory | 33,997 | 22,996 |
| Marketable securities, at fair value | 39,054 | 13,669 |
| Prepaid expenses | 17,277 | 17,277 |
| | 765,315 | 669,739 |
| Proprietary software (note 2) | 255,981 | 300,981 |
| Customer lists (note 2) | 82,917 | 97,932 |
| Property and equipment (note 2) | 151,014 | 156,006 |
| | 1,255,227 | 1,224,658 |
| LIABILITIES | | |
| CURRENT | | |
| Demand credit facilities | 281,119 | 364,386 |
| Accounts payable and accrued liabilities | 486,765 | 617,854 |
| Deferred revenue | 126,583 | 127,285 |
| Shareholder advances – current portion | 30,000 | 50,000 |
| | 924,467 | 1,159,525 |
| Deferred leasehold allowances (note 2) | 7,500 | 8,000 |
| Shareholder advances | 384,000 | 285,000 |
| | 1,315,967 | 1,452,525 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (note 5) | 3,890,651 | 3,756,518 |
| Shares to be issued | 82,899 | - |
| Deficit | (4,034,290) | (3,984,385) |
| | (60,740) | (227,867) |
| | 1,255,227 | 1,224,658 |

GLENBRIAR TECHNOLOGIES INC.
Consolidated Statements of Earnings (Loss) and Deficit
3 months ended December 31, 2009 and 2008 (unaudited)

| | 3 months ended Dec 31 | |
|---|------------------------------|------------------|
| | 2009 | 2008 |
| | \$ | \$ |
| REVENUE | | |
| Managed information services | 797,825 | 926,743 |
| Equipment and software sales | 384,910 | 967,743 |
| Interest and other income | 7,289 | 6,985 |
| | 1,190,024 | 1,901,471 |
| EXPENSES | | |
| Managed information services | 585,763 | 779,992 |
| Cost of goods sold | 255,301 | 689,214 |
| General and administrative | 203,354 | 239,500 |
| Sales and marketing | 61,793 | 49,650 |
| | 1,106,211 | 1,758,356 |
| Earnings before the following items | 83,313 | 143,115 |
| Research and development | 30,000 | 30,000 |
| Amortization | 69,914 | 53,549 |
| Interest and bank charges | 13,583 | 11,738 |
| Stock compensation expense | 45,606 | 14,861 |
| Unrealized loss (gain) on marketable securities | (25,385) | (15,621) |
| NET EARNINGS (LOSS) | (49,905) | 48,588 |
| RETAINED EARNINGS, BEGINNING OF PERIOD | (3,984,385) | (3,334,841) |
| RETAINED EARNINGS, END OF PERIOD | (4,034,290) | (3,286,253) |
| EARNINGS PER SHARE | | |
| Total basic and diluted | (0.002) | 0.002 |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | |
| Basic | 34,314,953 | 32,633,094 |
| Diluted | 34,314,953 | 32,633,094 |

GLENBRIAR TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
3 Months Ended December 31, 2009 and 2008

| | 3 months ended Dec 31 | |
|--|------------------------------|-----------------|
| | 2009 | 2008 |
| | \$ | \$ |
| CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Net earnings | (49,905) | 48,588 |
| Adjustments for: | | |
| Amortization | 69,914 | 53,549 |
| Stock compensation expense | 45,606 | 14,861 |
| Unrealized (gain) loss on marketable securities | (25,385) | (15,621) |
| | <u>40,230</u> | <u>101,377</u> |
| Changes in non-cash working capital | (155,352) | (60,341) |
| | <u>(115,122)</u> | <u>41,036</u> |
| FINANCING | | |
| Issue of common shares – net | 84,353 | - |
| Issue of common shares – pending | 82,899 | - |
| Increase in shareholder advances | 99,000 | 25,000 |
| Change in revolving credit facility | (83,267) | (53,509) |
| | <u>182,985</u> | <u>(28,509)</u> |
| INVESTING | | |
| Capital expenditures | (4,908) | (1,527) |
| Acquisition of Micro-Aid | - | (11,000) |
| | <u>(4,908)</u> | <u>(12,527)</u> |
| NET CHANGE AND CASH, END OF PERIOD | <u><u>62,955</u></u> | <u><u>-</u></u> |

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTATION

These Notes relate to the 3 months ended December 31, 2009, and are prepared as a supplement to the Notes to the Consolidated Financial Statements for the period ended September 30, 2009. The Consolidated Financial Statements and Notes have been approved by the Corporation's board of directors, but the Corporation's external auditors have not reviewed or commented on the unaudited portions of these financial statements and notes.

2. CAPITAL ASSETS

| | December 31, 2009 | | Sept 30, 2009 | |
|--------------------------------|-------------------|-----------------------------------|-------------------------|-------------------------|
| | Cost \$ | Accumulated Amortization \$ | Net Book Value \$ | Net Book Value \$ |
| Proprietary software | 998,669 | (742,688) | 255,981 | 300,981 |
| Customer lists | 180,172 | (97,254) | 82,918 | 97,932 |
| Computers and office equipment | 648,480 | (523,122) | 123,358 | 127,272 |
| Leasehold improvements | 116,115 | (88,459) | 27,656 | 28,734 |
| | 748,602 | (557,539) | 151,014 | 156,006 |

A leasehold allowance received during 2006 of \$43,107 has been deferred and is being amortized over the lease term. Amortization of proprietary software and customer lists during the period was \$45,000 and \$15,014 (2009 – \$25,000 and \$12,399), respectively.

3. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

4. BUSINESS COMBINATION

On November 30, 2008, the Corporation acquired the customer list of Allnet Computing of Calgary for 330,361 new common shares at \$0.095 per share, the market price on the date of issuance, representing total consideration of \$31,441. Allnet Computing was a small IT consultancy in Calgary, whose owner is now a full time employee of the Corporation. The purchase price equals the estimated fair value of the customer list acquired.

5. SHARE CAPITAL

| | Number of Shares | Amount \$ |
|--|---------------------|------------------|
| Authorized | | |
| Unlimited number of common shares | | |
| Unlimited number of preferred shares of one or more series | | |
| Common shares issued | | |
| Balance, September 30, 2009 | 35,061,981 | 3,756,518 |
| Employee share purchase plan | 3,346,421 | 134,133 |
| Balance, December 31, 2009 | 38,408,402 | 3,890,651 |

On October 21, 2009, the Corporation issued 1,504,980 common shares for \$0.05 per share under the employee and director share purchase plan, of which 500,000 were issued as repayment of long-term loans payable in lieu of employee cash contributions. On December 2, 2009, the Corporation issued 1,841,441 common shares for \$0.05 per share under the plan. The CNSX closing price on the date prior to issuance was \$0.02 and \$0.03 per share, respectively. Participant contributions are received in cash and are recorded at the issue price, while the Corporation's contributions are recorded at the CNSX closing price.

There were no options granted, exercised or outstanding under the Corporation's stock option plan as of December 31 and September 30, 2009.

6. REVOLVING CREDIT FACILITIES

The Corporation had a demand line of credit facility available to a maximum of \$500,000 prior to May 1, 2009, subject to margining limits, at 2% above the bank's prime lending rate with interest payable monthly. In April 2009, and as further amended in October 2009, the revolving credit facility was termed out over 41 months (subject to demand) commencing May 1, 2009 based on an initial balance of \$411,372, with monthly payments of \$11,085 at the greater of 6% per annum or 3.5% above the bank's prime lending rate. An additional payment of \$55,097 was due and paid on November 6, 2009 to reduce the outstanding principal balance to \$300,000, with an additional \$50,000 payment due on March 31, 2010. The credit facility also requires that the Corporation maintain a current ratio of a minimum of 1:1, to be tested annually commencing with the 2010 annual review, based upon the credit facility being treated as a term loan and excluding any shareholder advances in calculating this ratio. While it may not be ascertained until the end of the second quarter, the Corporation believes it has taken sufficient steps to meet its current ratio requirements on its primary credit facility as of December 31, 2009. Security is provided by a first charge over all of the Corporation's assets, including a full liability guarantee by Peartree, and a limited guarantee by specific officers of the Corporation in the amount of \$250,000. The balance as at December 31, 2009 was \$281,119 (September 30, 2009 - \$364,386).

The Corporation has negotiated to repay \$115,000 outstanding relating to the Micro-Aid acquisition, made up of a \$65,000 credit facility and \$50,000 shareholder loan, based on a 48 month amortization period and 18 month term, subject to accelerated repayment obligations if certain funding levels or capital transactions are entered into prior to the end of the term.

7. SUBSEQUENT EVENTS

The Corporation issued 1,704,280 common shares from treasury on January 18, 2010 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 \$0.05 per share.

SUPPLEMENTARY INFORMATION

| | | | |
|---|------------------------------|---|---------------------------------|
| CNSX ISSUER Glenbriar Technologies Inc. | TRADING SYMBOL GTI | NUMBER OF OUTSTANDING SECURITIES 40,112,682 | DATE January 25, 2010 |
|---|------------------------------|---|---------------------------------|

1. Related party transactions

See “Related Party Transactions” in Management Discussion and Analysis.

2. Securities issued and options granted during the period

See notes 5 and 7 of Notes to the Consolidated Financial Statements for the period ending December 31, 2009 for details regarding share issuances. No options were issued, granted or expired during the period, and none are outstanding.

3. Securities as of end of period

| | <u>Number of Shares</u> | <u>Amount \$</u> |
|--|-----------------------------|----------------------|
| Authorized | | |
| Unlimited number of common shares | | |
| Unlimited number of preferred shares of one or more series | | |
| Issued | | |
| Common shares | 38,408,402 | 3,890,651 |

4. Officers and directors as of the date of this report

| <u>Name</u> | <u>Position</u> |
|----------------------|---|
| Robert D. Matheson | Chairman, President & CEO |
| Brian Tijman | Controller, CFO & Director |
| Glenn F. H. Matheson | Executive Vice-President & Director |
| David Moser | Vice-President, Ontario & Director; President of Peartree Software Inc. |
| Craig Henderson | Director |
| James H. Ross | Director |
| Roy Clarke | Chief Technology Officer, Peartree Software Inc. |
| Jamie Skawski | Vice-President, Enterprise Services |