integrated technology solutions

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.

MANAGEMENT DISCUSSION AND ANALYSIS

This information is given as of February 26, 2015 under NI Form 51-102F1. As of the date of this report, there are 48,421,510 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, Portals & Collaboration, Unified Communications and Software Services.

The 2014 Annual Report was released on January 20, 2015. Glenbriar's 2014 Annual Meeting will be held in Calgary on April 1, 2015. Materials were mailed in late February to holders of record as of February 19, 2015.

Social Media

Glenbriar continues to evolve its social media reach to include a more defined strategy over a variety of platforms. By encouraging interaction with our audience, and by promoting our client's own social media accounts, Glenbriar seeks to foster loyalty with its clients and increase awareness of their brands and businesses. Glenbriar Technologies can be found on Twitter (*@Glenbriar*), Facebook (*Glenbriar Technologies page*), LinkedIn, Google+ and on our blog page www.glenbriar.com/corporate/blog.

New Back Office

Glenbriar continued the process of upgrading its back office applications and infrastructure to improve efficiencies and allow easier interoperability between branches, clients and service delivery. This new infrastructure will replace a number of proprietary systems that Glenbriar had developed over the years with state of the art industry standard applications. It is expected that this upgrade will be completed in fiscal 2015, and will have a positive effect on all aspects of operations going forward.

Products & Services

Cyber-security

In June 2014, Glenbriar acquired an exclusive Canadian licence to market and distribute world class cybersecurity products across Canada, either on a stand-alone basis, or incorporated within existing products and services. The main focus of these products is the securing of information sharing activities among computer networks, applications and the people who operate them.

Cloud Services

Glenbriar continued to configure, install and implement its new Cloud hosting infrastructure during the first quarter of fiscal 2015. By 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.

The new Cloud infrastructure deploys the latest generation converged Cloud platform, which delivers substantially reduced data centre complexity and management and process automation to ensure fast, repeatable provisioning of hosted offerings to new and existing clients. This system will allow Glenbriar to publish and deliver its Cloud offerings online. The new infrastructure is designed to be very scalable and manageable.

Portals & Collaboration

Glenbriar has implemented and is currently developing comprehensive SharePoint solutions for clients in energy regulation, energy and health care. Microsoft's SharePoint is the world's leading web-based business collaboration platform. SharePoint is changing the way that businesses operate, reducing lost productivity and escalating costs that result from organizations not having the technological capacity or staffing resources to efficiently and cost-effectively streamline their business processes.

Unified Communications

Glenbriar has additional deployments underway for its inclusive Remote Facility Communications solution. This 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.

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.

Software Services

Glenbriar's MMS has been updated to incorporate industry mandated EDI changes. A number of MMS clients are implementing server upgrades to provide enhanced performance and functionality.

Glenbriar continues to develop its multivalue application database consulting and production line control products for manufacturers.

Financial Review

Selected Financial Information

Selected Quarterly Financial Information ($)	Quarter ended							
	2014				2013			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	1,017,221	1,392,609	1,460,363	1,756,829	1,343,731	1,395,535	1,472,250	1,644,830
Income (loss) from operations	(32,032)	(122,013)	77,829	125,160	238,493	(150,688)	(22,409)	11,105
-per share (basic and diluted)	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Net income (loss)	(37,928)	(145,564)	67,522	117,082	232,082	(173,196)	(29,553)	3,243
-per share (basic and diluted)	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00

Revenue decreased 24% for the quarter ended December 31, 2014 from the prior year period, made up of a 29% decrease in services and a 10% decrease in equipment and software sales. These changes reflect shifting of resources from traditional break-fix clients into construction and commissioning of our new Cloud data centre, as well as reduced economic activity in Alberta. Net income decreased to ($37,928) from $232,082 for the prior year period, reflecting the $107,000 gain on sale in fiscal 2014, and refocussing of internal resources into the new Cloud data centre and away from billable activity. See note 5 of Notes to Financial Statements.

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

Liquidity and Capital Resources

As of December 31, 2014, Glenbriar had a working capital deficiency of $30,175, a decrease from working capital of $58,627 at September 30, 2014. Inventory changes reflect normal business fluctuations. Inventory is considered relatively liquid. Deferred revenue was down 4% to $59,079 due to normal business fluctuations. Deferred rent reflects rent free allowances on the new office lease in Calgary. This amount is amortized over the term of the lease. Both deferred revenue and deferred rent are noncash items that do not impact liquidity over the short term.

Glenbriar continues to implement measures to improve its capital resources. The only remaining loan payable as of December 31, 2014 was $345,000 payable to Glenbriar's management, a $50,000 reduction from the prior year. See note 7 of Notes to Financial Statements. Glenbriar has no off-balance sheet arrangements.

Glenbriar may be required to seek additional equity or debt financing, reduce its operations or to limit its growth in order to maintain liquidity. In addition, Glenbriar does not have adequate surplus capital on hand to pursue its capital investment at an optimal rate, to establish and implement a robust marketing and sales programs, and to make strategic acquisitions. Accordingly, Glenbriar may reasonably be expected to issue additional equity or take on more debt in order to obtain the additional resources which it believes are necessary to enable it to seek to achieve the growth rates which are sought by investors and shareholders. If additional equity is issued, existing shareholders may experience dilution of their shareholdings. If additional debt is taken on, the business could be put at greater risk of not being able to survive downturns in business cycles, the loss of major accounts, or other negative events. Glenbriar will continue to take steps to improve its working capital position, which may include injection of capital, loans or renegotiation of credit facilities, but there is no assurance that these efforts will be successful.

The income statement for first quarter of fiscal 2015 reflects the following changes implemented in the prior year's first quarter: a) sale of the Peartree Dealership product eliminated research and development expenses and gain on sale of software product; b) termination of the employee stock plan eliminated stock based compensation and corresponding share issuances; and c) liquidation of marketable securities has eliminated that item from the financial statements. A new classification has been added, Cloud data centre expense, which reflects the costs of running the Cloud data centre which is currently being commissioned. Glenbriar invested more than $200,000 in this operation as of December 31, 2014, with the bulk of it in the form of operating leases. This data centre is scheduled for commissioning in March 2015, with customer onboarding commencing shortly after that. Glenbriar will continue to seek additional funds to accelerate this investment.

Glenbriar's long term financial commitments for a delivery vehicle, data centre equipment and office leases were as follows as of December 31, 2014:

	$
2015	273,011
2016	312,097
2017	297,230
2018	249,955
2019	197,411
Subsequent years	446,371
Total	1,776,075

Results from Operations

Net income decreased to $(37,928) from $232,082 for the first quarter of fiscal 2015 from the similar 2014 period, reflecting a 24% decrease in revenue. This reflects better revenue and $107,000 gain on sale of the Peartree Dealership product in the first quarter of fiscal 2014. See note 5 of Notes to Financial Statements.

Managed services revenue includes all professional services and consulting revenue. Direct salaries and benefits include the salaries of those employees who directly earn managed services revenue. Margins on managed services are based on a comparison of managed services revenue to direct salaries and benefits. Salaries for administrative and support staff are included in general and administrative expenses, while salaries for sales and marketing staff are included in sales and marketing expense.

Equipment and software revenue includes all revenue from the sale of those items, and cost of goods sold is made up of the cost of equipment and software sales. Both accounts include shipping, but exclude any allocation of salaries or overhead. Margins on equipment and software sales are based on a comparison of equipment and software revenue to cost of goods sold.

Revenue. Revenue decreased 24% for the quarter ended December 31, 2014 from the prior year period, made up of a 29% decrease in services and a 10% decrease in equipment and software sales. These changes reflect commissioning of our new Cloud data centre and reduced economic activity in Alberta.

Expense. Margins on managed services decreased to 26.0% in the first quarter of fiscal 2015 from 33.4% in the prior year period, reflecting the reduced business activity and directing of internal resources to deployment of the Cloud data centre. Margins decreased to 24.5% from 25.7% on equipment and software sales over the same periods, reflecting a lower proportion of unified communications activity, which carries higher margins. General and administrative expense rose to 18.4% of sales in the first quarter of 2015 from 14.6% in the similar 2014 period, and sales and marketing expenses increased to 8.0% from 6.2% of sales in the same periods of 2015 over 2014 due to lower sales volume.

Accounts receivable. The balance for December 31, 2014 reflects 32 days of sales, which is down from 36 days of sales for the year end fiscal 2014, and from the prior year period of 56 days.

Accounts payable and accrued liabilities. The decrease in this account to $572,210 at December 31, 2014 from $708,758 at the end of fiscal 2014 and $856,258 from the prior year period reflects faster collection of receivables.

Deferred revenue. The balance of $59,079 as of December 31, 2014, changed marginally from year end 2014. 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

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, energy and mining sectors, all of which were challenged by the global recession and the effects of globalization on their business cycles. See the 2013 Annual Report for a more detailed description of the many changes underway in the IT sector, all of which will have a major effect on the way many of Glenbriar's clients conduct their business over the coming years. The pace of change keeps quickening, and Glenbriar and its clients must adapt promptly, but carefully, to choose the right technologies and strategies to optimize their business technology processes and infrastructure. The consumerization of end user devices, increased mobility, and changing workplaces will continue to place a heavy burden on businesses to remain secure and to keep their data safe but accessible. Glenbriar will have to continue to reliably identify, evaluate, optimize and support these new technologies for its clients in order to remain successful in the coming periods.

Critical Accounting Estimates

IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods presented. Significant estimates include the assessment of recoverability of carrying values of Glenbriar's accounts receivable, software and other capital assets. Actual results will differ from the estimates.

Related Party Transactions

Management loan advances of $345,000 as of December 31, 2014 are the same as at September 30, 2014. See note 7 of Notes to Financial Statements.

Additional Information

Additional information about Glenbriar is available from Glenbriar’s website at www.glenbriar.com, the CSE website at www.thecse.com, the Sedar website at www.sedar.com, or by request from Glenbriar’s head office at 1100, 736 – 8 Ave SW, Calgary, AB T2P 1H4 (Phone 403-233-7300 x117).