

CNQ Form 5 – Quarterly Listing Statement

2006 3rd QUARTER REPORT

This Report includes the following Schedules for June 30, 2006:

- A. *Unaudited 2006 Q3 Financial Statements;*
- B. *Supplementary Information; and*
- C. *Management Discussion and Analysis (Form 51-102F1).*

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

2006 06 30

DATE OF REPORT

YY / MM / DD

06 07 31

ISSUER ADDRESS

550 Parkside Drive, Unit 8A

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.

(519) 743-2444 x117

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 CNQ 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 CNQ Requirements (as defined in CNQ 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

06 07 31

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Schedule A: FINANCIAL STATEMENTS

GLENBRIAR TECHNOLOGIES INC.

Consolidated Statements of Earnings and Retained Earnings

6 months ended June 30, 2006 and 2005 (unaudited)

	9 months ended June 30		3 months ended June 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
Revenue				
Information technology services	2,102,838	2,107,978	756,955	648,630
Equipment and software sales	1,890,738	1,522,612	561,084	576,354
Oil and gas sales, net	-	21,038	-	-
Gain on disposal of properties	-	101,070	-	-
Interest and other income	7,285	13,402	3,415	8,065
	<u>4,000,861</u>	<u>3,766,100</u>	<u>1,321,454</u>	<u>1,233,049</u>
Expenses				
Information technology services	1,464,875	1,579,206	527,443	523,126
Cost of goods sold	1,459,572	1,228,096	440,350	436,037
Oil and gas production	-	15,762	-	320
General and administrative	772,688	666,252	272,850	168,910
Depletion, depreciation and amortization	67,980	93,965	9,457	31,155
Interest and bank charges	15,514	11,031	5,977	3,583
Foreign exchange loss	6,174	10,170	(7)	5,120
	<u>3,786,803</u>	<u>3,604,482</u>	<u>1,256,070</u>	<u>1,168,251</u>
Earnings before income taxes	<u>214,058</u>	<u>161,618</u>	<u>65,384</u>	<u>64,798</u>
Provision for income taxes	<u>35,250</u>	<u>-</u>	<u>11,750</u>	<u>-</u>
Net earnings	<u>178,808</u>	<u>161,618</u>	<u>53,634</u>	<u>64,798</u>
Retained earnings, beginning of period	<u>172,949</u>	<u>22,814</u>	<u>298,123</u>	<u>119,634</u>
Retained earnings, end of period	<u>351,757</u>	<u>184,432</u>	<u>351,757</u>	<u>184,432</u>
Earnings per share				
Basic	<u>0.006</u>	<u>0.006</u>	<u>0.002</u>	<u>0.002</u>
Fully diluted	<u>0.006</u>	<u>0.006</u>	<u>0.002</u>	<u>0.002</u>
Weighted average shares outstanding				
Basic	<u>27,806,333</u>	<u>25,789,928</u>	<u>29,182,984</u>	<u>25,789,928</u>
Fully diluted	<u>27,806,333</u>	<u>25,789,928</u>	<u>29,182,984</u>	<u>25,789,928</u>

GLENBRIAR TECHNOLOGIES INC.

Consolidated Balance Sheets

June 30, 2006 and September 30, 2005

	<i>(unaudited)</i> June 30, 2006	<i>(audited)</i> Sept 30, 2005
	\$	\$
ASSETS		
CURRENT		
Accounts receivable	1,207,933	893,045
Prepaid expenses	50,288	43,688
Inventory	73,636	101,808
	1,331,857	1,038,541
Capital assets (Note 2)	237,152	225,072
Intangible assets (Note 3)	1,192,636	930,474
Goodwill	1,023,756	1,023,756
Future income taxes	1,068,895	1,023,955
	4,854,296	4,241,798
LIABILITIES		
CURRENT		
Revolving credit facility	345,274	318,219
Accounts payable and accrued liabilities	491,556	407,220
Deferred revenue	271,093	251,186
Current portion of deferred leasehold allowances (Note 2)	19,360	15,360
	1,127,283	991,985
Deferred leasehold allowances (Note 2)	48,082	45,140
	1,175,365	1,037,125
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	3,327,174	3,031,724
Retained earnings	351,757	172,949
	3,678,931	3,204,673
	4,854,296	4,241,798

GLENBRIAR TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
6 months ended March 31, 2006 and 2005 (unaudited)

	9 months ended June 30		3 months ended June 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
Cash flows related to the following activities:				
Operating				
Net earnings	178,808	161,618	53,634	64,798
Adjustments for:				
Future income taxes	35,250	-	11,750	-
Gain on disposal of oil properties	-	(101,070)	-	-
Depletion, depreciation and amortization	67,980	93,365	9,457	31,155
	<u>282,038</u>	<u>154,513</u>	<u>74,841</u>	<u>95,953</u>
Changes in non-cash working capital	(182,131)	34,225	(158,349)	22,527
	<u>99,907</u>	<u>188,738</u>	<u>(83,508)</u>	<u>118,480</u>
Financing				
Change in revolving credit facility	27,055	(76,157)	229,422	(3,171)
Issue of common shares - net	295,450	-	30,450	-
	<u>322,505</u>	<u>(76,157)</u>	<u>259,872</u>	<u>(3,171)</u>
Investing				
Net proceeds on disposal of assets	-	150,000	-	-
Capital assets	(61,557)	(22,011)	(56,079)	521
Software development	(360,855)	(240,570)	(120,285)	(115,830)
	<u>(422,412)</u>	<u>(112,581)</u>	<u>(176,364)</u>	<u>(115,309)</u>
Net change in cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTATION

These Notes relate to the 9 months ended June 30, 2006, and are prepared as a supplement to the Notes to the Consolidated Financial Statements for the period ended September 30, 2005. Glenbriar's auditors have not reviewed or commented on the unaudited portions of these financial statements and notes.

Amortization of software development costs is calculated at 20% of the value of a software sale.

2. CAPITAL ASSETS

	June 30, 2006		Sept 30, 2005
	Cost	Accumulated Depletion and Depreciation	Net Book Value
	\$	\$	\$
Computers and office equipment	502,454	(348,494)	153,960
Leasehold improvements	117,442	(34,250)	83,192
	619,896	(382,744)	237,152

Leasehold allowances received during fiscal 2004 of \$87,100 (net of amounts amortized to rent expense of \$38,825) are being deferred and amortized over the 5 year lease term for the Calgary office. Leasehold allowances received during this quarter of \$20,000 are being deferred and amortized over the 5 year lease term for the Waterloo office.

3. INTANGIBLE ASSETS

	June 30, 2006		Sept 30, 2005
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Proprietary software	255,100	(255,100)	-
Software development	1,202,636	(10,000)	1,192,636
	1,457,736	(265,100)	1,192,636

4. 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, 2005	25,789,928	3,031,724
Private placements	3,602,500	295,450
Balance, March 31, 2006	29,392,428	3,296,724

In the second quarter of fiscal 2006, the Corporation issued 3,312,500 common shares under a non-brokered private placement at \$0.08 per share. In the third quarter of fiscal 2006, the Corporation issued 290,000 common shares under a non-brokered private placement at \$0.105 per share. In both cases, the issue price was the prior closing price on the CNQ, with no discounts, fees, commissions, warrants or options.

Stock option plan

There were no options granted, exercised or outstanding under the Corporation's stock option plan as of June 30, 2006 and September 30, 2005.

5. COMMITMENTS

Glenbriar relocated to new premises in Waterloo in April 2006 under a new 5 year lease. Glenbriar's previous lease in Kitchener expired in May 2006. This resulted in an increase in commitments for minimum annual payments for office leases to the following:

Fiscal period	\$
2006	34,550
2007	138,200
2008	138,700
2009	120,200
2010	117,500

Schedule B: SUPPLEMENTARY INFORMATION

CNQ ISSUER Glenbriar Technologies Inc.	TRADING SYMBOL GBRT	NUMBER OF OUTSTANDING SECURITIES 29,392,428	DATE July 31, 2006
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1. Related party transactions

See "Related Party Transactions" in Schedule C: Management Discussion and Analysis.

2. Securities issued and options granted during the period

Date	Security	Type of Issue	Number	Price	Total	Consideration	Related person	Commission
Jan 11-06	Common	Private placement	2,187,500	\$0.08	\$175,000	Cash	Yes	No
Jan 31-06	Common	Private placement	1,125,000	\$0.08	\$90,000	Cash	No	No
Jun 5-06	Common	Private placement	290,000	\$0.105	\$30,450	Services	Yes	No

No options were issued, granted or expired during the period, and none are outstanding.

3. Securities as of end of period

	Number of Shares	Amount \$
Authorized		
Unlimited number of common shares		
Unlimited number of preferred shares of one or more series		
Issued		
Common shares	29,392,428	3,296,724

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.
Jean-Sebastien Leroux	Director
Peter Varteresian	Director
Roy Clarke	Chief Technology Officer, Peartree Software Inc.
Jamie Skawski	Vice-President, Consulting

Schedule C: MANAGEMENT DISCUSSION AND ANALYSIS (Form 51-102F1)

This information is given as of July 31, 2006. This MD&A has not been reviewed by Glenbriar's external auditors. This quarterly MD&A should be read as a supplement to the MD&A provided for the year ended September 30, 2005. As of the date of this report: (a) there are 29,392,428 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.

Description of Business

Glenbriar Technologies Inc. (CNQ: GBRT) provides leading-edge business-driven technology. Glenbriar's **Peartree Software Inc.** division develops Web-based software solutions for specific market verticals. Glenbriar adds post-carrier IP telephony, call centres and support services to deliver complete technology management solutions. Glenbriar has offices in Alberta, British Columbia and Ontario.

Corporate Strategy

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.

Awards and Recognition

In October 2005, Glenbriar was ranked 218 on the Deloitte Technology Fast 500, a ranking of the 500 fastest-growing technology companies in North America. Rankings are based on the percentage of technology revenue growth over five years, from 2000-2004. Glenbriar's technology revenue grew 722 percent during this period.

Microsoft Gold Partner Status

In January 2006, Glenbriar attained Gold Certified status in the Microsoft Partner Program with dual competencies in Microsoft Advanced Infrastructure Solutions and Networking Infrastructure Solutions, recognizing Glenbriar's expertise and impact in the technology marketplace. In addition to achieving dual competencies, Glenbriar's specialization in Active Directory and Identity Management was also recognized. As a Gold Certified partner, Glenbriar has demonstrated expertise with Microsoft technologies and proven ability to meet customers' needs. Microsoft Gold Certified Partners receive a rich set of benefits, including access, training, and support, which is meant to give them a competitive advantage in the marketplace.

Relocation of Office to Waterloo

In the second quarter, Glenbriar and Peartree entered into a new five year lease at 550 Parkside Drive, Unit 8A, Waterloo, ON N2L 5V4. The move was completed on April 18, 2006. All phone numbers remain the same.

The new premises are located in a professional business plaza, with improved parking access for staff and visitors, as well as deliveries at the rear of the building. Custom configuration of the new premises has resulted in improved communication flow, better space utilization, and a significant reduction of overall office space requirements. The new space includes an attractive training room for

customers, a boardroom, meeting room, a state of the art server room with a fiber optic connection, as well as attractive amenities for our staff, including a kitchen, dining area and lounge. Despite rising demand for commercial real estate in the area, Glenbriar and Peartree have achieved an overall reduction in monthly office lease burden as a result of the move.

Investor Relations Appointment

In June 2006, Glenbriar entered into an agreement with Baltic Investment Group of Hamburg, Germany to provide strategic investor relations and corporate communications services. Glenbriar has embarked on a shift towards commercialization of its strong portfolio of technology solutions, and is implementing an investor relations and communications program to increase visibility and market awareness. Baltic participated in a private placement for 290,000 common shares at \$0.105 per share as part of the transaction. Proceeds will be used to fund corporate awareness, media and investor relations. Baltic had no previous financial interest, direct or indirect, in Glenbriar or its securities.

Enterprise Communications (VoIP)

Glenbriar is redesigning its Greeting Assistant software to include additional functionality and features. It is expected that this product will be rebranded following this redesign.

In addition, substantial upgrades to both the software and hardware aspects of the ShoreTel component of the Glenbriar Communications Solutions were introduced in May with the release of ShoreTel 6.1. Of particular interest to the SMB market segment is the introduction of “key system” functionality for branch offices and small businesses. The new IP 212k has two soft keys, 12 self-labelling programmable buttons that can be configured to each customer’s needs, 8 hard keys with extended features, audio controls for handset, speakerphone and headset, and a high contrast large LCD display, all of which mimic the look and feel of a key system phone. Additional new features include bridged call appearances for branch offices and small businesses that have shared call answering requirements, and which operate for both inbound and outbound calls. SIP trunk improvements, Centrex flash capability, gigabit-enabled phones and other features have also been introduced.

VoIP Marketing Agreement with Alberta ISP

In the second quarter of fiscal 2006, Glenbriar announced a joint venture marketing agreement with an Internet service provider (ISP) to deliver Glenbriar’s business IP telephony solutions to that ISP’s growing base of fixed and wireless broadband customers located in small and rural communities in southern Alberta. Glenbriar completed two installations under this agreement in the second quarter.

VoIP Deployment to BC School District

In the second quarter, Glenbriar deployed a VoIP communications solution for BC School District No. 72. SD 72 required a native IP-based voice communications solution that supports a stringent set of criteria for call processing, voice messaging, management and administrative features. In addition, the solution had to be scalable to meet anticipated growth without major system cost, and be provided by a vendor that could deliver an intelligent network infrastructure to meet the high standards for a completely converged voice-data network. Glenbriar received an initial order for a second location for this client in the third quarter. School District 72 is located on the east coast of central Vancouver Island, serving 6,300 students in 19 schools.

VoIP Deployment to Manitoba ISP

Glenbriar installed an IP telephony solution for an ISP in Manitoba in February 2006, followed by a second location in March 2006.

VoIP Deployment to BC ISP

During the third quarter, an ISP in the Lower Mainland of British Columbia deployed the Glenbriar's VoIP solution at a second location, following on an earlier successful installation at their original location.

VoIP Deployment to Alberta Dealerships

During the second and third quarters, Glenbriar's business VoIP solution was deployed at three dealerships in central Alberta. As a result, the Pontiac-Buick, Nissan and Kia dealerships were combined into a single integrated IP telephony system over multiple locations. This integration reduces the need for local trunks, provides single switchboard capability, and enhances business workflow. ShoreTel's new key system capabilities (described above) are being deployed in the parts departments to optimize business efficiency. In addition, the ability to add additional sites in remote locations, enhance functionality for mobile and teleworkers, facilitate computer telephony integration, and cost reductions made the Glenbriar Communications Solution the optimal choice.

VoIP Deployment to Alberta Oilfield Service Company

During the third quarter, Glenbriar's VoIP solution was deployed at an oil and gas service company in southern Alberta. The first installation was at the Red Deer field office, with the head office in Calgary scheduled to be added in the coming months. Mobile and teleworker functionality of the Glenbriar solution play an important role for this client.

VoIP Deployment to Oil and Gas Companies

During the third quarter, Glenbriar's VoIP solution was deployed at an energy company in Calgary. In addition, a junior energy company with exposure to several oil sands projects deployed the Glenbriar solution in their new Calgary office after an earlier successful installation of the Glenbriar solution in their Vancouver head office, allowing integration of both sites.

Enterprise Software Solutions

Over the last 3 months, Peartree has refocused its software development team along new lines, which is already showing a positive impact on both the speed and quality of development and deployment. The development team has worked hard to optimize the code to provide a more robust product line. This new model follows empirical studies which have tried to identify the optimal structure for a software development team.

Harvest Reports

Peartree has continued to roll out its Harvest Reports product to its existing base of manufacturing and distribution customers, with 8 clients now using the product. *Harvest Reports* is a sophisticated data reporting tool that allows businesses to access data stored in a multivalue or relational database and transform it into a highly formatted, graphically-enabled report. *Harvest Reports* can be formatted to request information, such as date ranges or periods, to narrow and focus the data that is generated. Drill-down capabilities enable requests for subreports. From text based or HTML based applications, *Harvest Reports* delivers commercial quality formatted output for reports, invoices, purchase orders and other documents, which be printed, faxed, e-mailed, saved and archived with a few simple mouse clicks. Formatting changes are simple and rapid due to the enhanced report development toolset. Output is available in Word, Excel, PDF and a variety of other formats.

Ongoing development and integration of Harvest Reports' functionality is providing for more flexible reporting throughout the Peartree Software business applications. In this way, Harvest Reports' functionality provides specific or exception information by email or fax for any EDI incoming or outgoing transmissions. During the third quarter, Peartree expanded the EDI module of its

Manufacturing Management Software (MMS) to utilize the automatic emailing and fax features of Harvest Reports. Specifically, the 861 or RECADV (Receipt Advice) has been enhanced to generate an email/fax and distribute it to the associated contacts. Contacts (Customer Service Reps, Materials Personnel, etc.) are alerted immediately with information regarding shipment receipt confirmation. This visibility expedites the time required to deal with any discrepancies.

MMS Suite

In the third quarter, Peartree welcomed two new clients to its portfolio of manufacturers deploying its MMS enterprise resource planning solution. The first client is Cambridge Brass, a waterworks brass manufacturer in Ontario that was previously operating under a relationship with Delta Faucet. The second client is Edscha de Mexico S.A. de C.V., a subsidiary of the Edscha Group of Germany, whose Hinge Systems Division is the world market leader and leader in innovation for door hinges and door checks in the automotive industry.

Dealership

Using a fully integrated Web-based platform, Peartree's Dealership product eliminates the need for complex filing systems and information management, keeping track of sales, service, inventory, purchasing, and financials with one easy to use system. From the ground up, it has been designed to be simple, affordable and reliable. Six recreation vehicle dealership management sites have been added and are operating as fully functional commercial sites. Two of these sites have now been expanded to include the finance and insurance integration which Peartree has undertaken through a third party supplier. Peartree is also well underway under a pilot project to extend its dealership software into the truck refrigeration unit sales and maintenance segment.

Peartree is nearing completion of the extension of Dealership to multisite operations. In addition, development is well advanced on the customer relationship module, which will be included in the software.

SMB Module

Peartree entered into a development project with a manufacturer in the plastic packaging industry in the second quarter to develop a module tailoring its Web-based enterprise software to the light manufacturing segment. In addition, initial work continues on the small and medium business module, which will be aimed at professional services and retail operations. The professional services component of the SMB module is nearing completion of its initial beta release. Peartree and Glenbriar will deploy this module internally in the coming months.

Technology Management

Glenbriar is currently restructuring its technology management delivery infrastructure to expand the number and level of available services, including focusing on corporate governance and Sarbanes-Oxley compliance issues for clients, improved security offerings and business continuity planning. This will lead to greater specialization by technology professionals, and expanded use of junior staff and helpdesk models for ongoing maintenance and support.

Glenbriar started representing and completed its first install of an appliance-based solution which operates as an intelligent overlay between business frontlines and IP networks to deliver optimal WAN application performance at every location. This appliance is particularly well adapted to multisite or mixed topography WAN environments, and offers exceptional performance on converged networks. In addition, Glenbriar deployed a new large scale imaging solution for a client in Calgary in May 2006.

Selected Quarterly Financial Information (\$)	Quarter ended							
	2006		2005				2004	
	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30
Revenues	1,321,454	1,457,958	1,221,449	1,120,238	1,233,049	1,287,270	1,245,781	1,023,065
Income from continuing operations	53,634	38,453	86,721	(11,483)	64,798	8,028	88,792	(14,827)
-per share (basic)	0.002	0.001	0.003	-	0.002	-	0.003	(0.001)
-per share (diluted)	0.002	0.001	0.003	-	0.002	-	0.003	(0.001)
Net income	53,634	38,453	86,721	(11,483)	64,798	8,028	88,792	(14,827)
-per share (basic)	0.002	0.001	0.003	-	0.002	-	0.003	(0.001)
-per share (diluted)	0.002	0.001	0.003	-	0.002	-	0.003	(0.001)

Revenue from information technology sources is up 10% for the 9 months ended June 30, 2006 over the prior year period. Revenue for the quarter ended December 31, 2004 included a gain on sale of gas properties of \$101,070 and net gas revenue of \$21,038. Revenue from the last two quarters of calendar 2004 included gas revenue. As Peartree's US sales are made in US dollars, this has resulted in a decline in those revenues in Canadian currency over the last two years.

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

Liquidity and Capital Resources

As of June 30, 2006, Glenbriar had \$204,574 of working capital, compared to \$264,555 at March 31, 2006. Inventory fell 28% to \$76,636 at June 30, 2006 from \$101,808 at year end 2005. Inventory is considered relatively liquid. The deferred revenue account of \$271,093 is all attributable to Peartree, and represents payments received for software maintenance fees, which revenues are deferred until such time as the services are performed.

In the second quarter, a private placement was completed for \$265,000, which resulted in 3,312,500 shares being issued at \$0.08 per share bringing. Glenbriar's officers subscribed for \$160,000 of the that placement. In the third quarter, a private placement was completed for \$30,450, which resulted in 290,000 shares being issued at \$0.105 per share to Baltic Investment Group. See "Investor Relations Appointment" above. In both placements, the share price was set at the prior closing price on the CNQ, with no discounts, fees or commissions.

Glenbriar may be required to seek additional equity or debt financing, reduce its operations or limit its growth in order to maintain liquidity. In addition, Glenbriar does not have adequate surplus capital on hand to pursue its research and development activities at an optimal rate, to establish and implement a robust marketing and sales program, and to make strategic acquisitions. Accordingly, Glenbriar may reasonably be expected to issue additional equity or take on more debt in order to obtain the additional resources which it believes are necessary to enable it to seek to achieve the growth rates which are sought by investors and shareholders. If additional equity is issued, existing shareholders may experience dilution of their shareholdings. If additional debt is taken on, the business could be put at greater risk of not being able to survive downturns in business cycles, the loss of major accounts, or other negative events.

Glenbriar entered into a new five year lease for premises in Waterloo, Ontario in the second quarter. Glenbriar's existing lease in Kitchener expired in May 2006.

Results from Operations

Net earnings increased to \$178,808 from \$161,618 for the 9 months ended June 30, 2006 from 2005. If gas revenue and the gain on sale of the gas property are excluded, net earnings for the 2005 period were \$55,272. In addition, the 2006 net earnings include \$32,250 more allocation for future taxes than the 2005 figure.

Revenue. Results for the 9 months ended June 30, 2006 compared to the same prior year period reflect: a) a decrease in revenue from US sources for Peartree caused by the rise of the Canadian dollar relative to the US dollar; b) falling prices for hardware due to both industry trends and the rising Canadian dollar; c) sale of gas producing assets effective December 1, 2004; d) the gain on sale of the gas assets in December 2004; and e) change in focus of product mix. Continued focus on enterprise management software and enterprise communications solutions signaled an increase in equipment and software sales over the period. Consulting revenue from automotive parts manufacturing customers declined in conjunction with reduced demand in the North American auto parts industry, which makes up a significant portion of Peartree's traditional software services revenue.

Expense. Cost of goods sold rose in line with sales volumes, as margins improved due to a higher mix of new software sales and IP telephony installations. General and administrative expense was up during the third quarter due to a combination of staff turnover, increased training expenses, and third party costs from corporate restructuring activities, including corporate development, marketing and sales, and investor relations. Foreign exchange losses reflect changes in the value of the Canadian dollar relative to the US dollar. Depreciation, depletion and amortization expense reflect the completion of the amortization of proprietary software in the first quarter of fiscal 2006. In addition, initial amortization of software development costs started in the second quarter, based upon a charge of 20% of the value of software sales from new products. See notes 1, 2 and 3 of Notes to Consolidated Financial Statements.

Accounts receivable. The balance for the third quarter of fiscal 2006 reflects 83 days of sales, which is up from 70 days of sales for the prior quarter. This change mainly reflects \$120,000 attributable to pilot projects with longer lead times being included in the third quarter balance.

Accounts payable and accrued liabilities. The increase in this account to \$491,556 at the end of the third quarter of fiscal 2006 from \$407,220 at the end of fiscal 2005 reflects a higher volume of business.

Deferred revenue. This account is all attributable to Peartree, and represents payments received from customers for software maintenance fees. The variations in this account reflect normal business cycle fluctuations.

Related Party Transactions

See "Liquidity and Capital Resources" above.

Subsequent Events

Glenbriar appointed Valiant Trust Company as its registrar and transfer agent effective July 1, 2006. Valiant replaces CIBC Mellon Trust Company as registrar and transfer agent for Glenbriar's common

shares. All inquiries and correspondence relating to shareholder records, transfer of shares, lost certificates, or change of address should now be directed to Valiant Trust Company as follows:

Valiant Trust Company
310, 606 – 4 St SW
Calgary, Alberta T2P 1T1

Phone +1 (403) 233-2801
Toll Free +1 (866) 313-1872
Fax +1 (403) 233-2857
E-mail inquiries@valianttrust.com
Web www.valianttrust.com

Additional Information

Additional information about Glenbriar is available from Glenbriar's website at www.glenbriar.com, the CNQ website at www.cng.ca, the Sedar website at www.sedar.com, or by request from Glenbriar at 550 Parkside Drive, Unit 8A, Waterloo, ON N2L 5V4 (Phone 519-743-2444 x117).