Condensed Consolidated Interim Financial Statements of

GLOBAL RAILWAY INDUSTRIES LTD.

(In Canadian dollars)

Three months ended March 31, 2012 and 2011
(Unaudited)

GLOBAL RAILWAY INDUSTRIES LTD.
Consolidated Interim Statements of Financial Position
(In Canadian dollars)
March 31, 2012, with comparative figures as at December 31, 2011
(Unaudited)

	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 7,415,805	$ 4,285,302
Short-term investments	2,789,269	2,782,201
Trade and other receivables	158,076	208,442
Escrow receivables	1,004,304	4,167,084
Prepaid expenses	13,013	13,500
	11,380,467	11,456,529
Total assets	$ 11,380,467	$ 11,456,529
Liabilities and Equity		
Current liabilities:		
Trade and other payables	$ 278,450	$ 223,569
Income taxes payable	278,313	278,313
Provisions	250,000	250,000
	806,763	751,882
Equity:		
Share capital	26,387,766	26,387,766
Contributed surplus	2,744,438	2,744,438
Deficit	(18,558,500)	(18,427,557)
	10,573,704	10,704,647
Subsequent event (note 6)		
Total liabilities and equity	$ 11,380,467	$ 11,456,529

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

On behalf of the Board:

"signed" Thomas Dea
Chairman of the Board

"signed" Laurie Bennett
Chairman of the Audit Committee

GLOBAL RAILWAY INDUSTRIES LTD.

Consolidated Interim Statements of Comprehensive Income (Loss)
(In Canadian dollars)
Three months ended March 31, 2012, with comparative figures for 2011
(Unaudited)

	2012	2011
Sales	$ -	$ 12,179,575
Cost of goods sold	-	10,620,826
Gross profit	-	1,558,749
Other operating expenses:		
Administration expenses	153,697	1,179,850
Selling expenses	-	155,699
	153,697	1,335,549
Earnings (loss) from operating activities	(153,697)	223,200
Finance income	23,950	52,959
Finance costs	(1,196)	(88,650)
Net finance income (costs)	22,754	(35,691)
Earnings (loss) before income taxes	(130,943)	187,509
Income tax expense (recovery):		
Current	-	26,506
Deferred	-	(40,946)
	-	(14,440)
Net earnings (loss) and comprehensive income (loss)	$ (130,943)	$ 201,949
Earnings (loss) per share (note 4):		
Basic	$ (0.01)	$ 0.01
Diluted	$ (0.01)	$ 0.01

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

GLOBAL RAILWAY INDUSTRIES LTD.

Consolidated Interim Statements of Changes in Equity
(In Canadian dollars)
Three months ended March 31, 2012, with comparative figures for the three months ended March 31, 2011
(Unaudited)

	Number of common shares issued	Share capital	Contributed surplus	Retained earnings (deficit)	Total equity
Balance at January 1, 2011	15,252,399	$ 26,374,781	$ 2,746,742	$ 11,154,362	$ 40,275,885
Net earnings	-	-	-	201,949	201,949
Share-based payment	-	-	573	-	573
Balance at March 31, 2011	15,252,399	$ 26,374,781	$ 2,747,315	$ 11,356,311	$ 40,478,407
Balance at January 1, 2012	15,264,065	$ 26,387,766	$ 2,744,438	$ (18,427,557)	$ 10,704,647
Loss	-	-	-	(130,943)	(130,943)
Balance at March 31, 2012	15,264,065	$ 26,387,766	$ 2,744,438	$ (18,558,500)	$ 10,573,704

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

GLOBAL RAILWAY INDUSTRIES LTD.

Consolidated Interim Statements of Cash Flows
(In Canadian dollars)
Three months ended March 31, 2012, with comparative figures for 2011
(Unaudited)

	2012	2011
Cash provided by (used in):		
Cash flows from operating activities:		
Net earnings (loss)	$ (130,943)	$ 201,949
Adjustments for:		
Income tax recovery	-	(14,440)
Stock-based compensation expense	-	573
Depreciation of plant and equipment	-	106,068
Variation of depreciation included in inventories	-	26,363
Net finance (income) costs	(22,754)	35,691
	(153,697)	356,204
Change in:		
Trade and other receivables	50,366	(961,324)
Escrow receivables	3,165,275	2,427,892
Inventories	-	749,559
Costs and estimated earnings on uncompleted contracts in excess of billings	-	(432,993)
Prepaid expenses	487	(187,483)
Trade and other payables	56,095	(224,244)
Provisions	-	(137,028)
Customer deposits	-	(514,003)
	3,272,223	720,376
Interest paid	-	(4,071)
Income taxes paid	-	(1,628)
Net cash from operating activities	3,118,526	1,070,881
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	-	(15,749)
Interest received	13,109	13,662
Net cash from investing activities	13,109	(2,087)
Cash flows from financing activities:		
Repayment of customer deposits	-	(75,472)
Payment of bank fees	(1,132)	(6,359)
Net cash used in financing activities	(1,132)	(81,831)
Increase in cash and cash equivalents	3,130,503	986,963
Cash and cash equivalents, beginning of period	4,285,302	5,357,742
Cash and cash equivalents, end of period	$ 7,415,805	$ 6,344,705

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

1. Nature of operations:

Global Railway Industries Ltd. ("the Company") is a company domiciled in Canada, with its Registered Office located at 12220 Stony Plain Road, Edmonton, AB, T5N 3Y4. The Company designed, manufactured, remanufactured, and marketed railway products, equipment, locomotives, and services to the railway industry prior to the sale of its last operating subsidiary on September 23, 2011. The Company was incorporated in the Province of Alberta and was listed under the symbol "GBI" on the Toronto Stock Exchange (TSX) until its voluntary delisting from the TSX on November 3, 2011. The delisting from the TSX was made following the initial distribution to shareholders on November 2, 2011. The Company is now listed on the NEX, a separate board of the TSX Venture Exchange, under the ticker symbol "GBI.H" since November 4, 2011 because the Company was no longer able to meet the TSX's listing requirements following the sale of its only remaining operating subsidiary, CADRI, and the commencement of the winding-up of the Company.

On October 14, 2011, the Company filed a Certificate of Intent to Dissolve Global Railway Industries Ltd., under the *Alberta Business Corporations Act* , with the Alberta Registrar of Corporations and, upon conclusion of the winding up process, the Company intends to apply for a Certificate of Dissolution once tax clearance is obtained.

On October 14, 2011, the Company filed a Certificate of Dissolution for a Nevada Profit Corporation for GBI Industries Inc., with the Corporation Service Company (CSC).

The Consolidated Financial Statements of the Company as at and for the year ended December 31, 2011, which were prepared under International Financial Reporting Standards ("IFRS"), are available on SEDAR, or at www.globalrailways.com.

2. Basis of preparation:

(a) Statement of compliance:

These Condensed Consolidated Interim Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies disclosed in the Company’s December 31, 2011 annual Consolidated Financial Statements. The Condensed Consolidated Interim Financial Statements do not include all of the information required for full annual Consolidated Financial Statements.

These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Company's 2011 annual Consolidated Financial Statements prepared in accordance with IFRS and with the accounting policies and selected annual disclosures disclosed in notes 2 and 3.

Certain of the prior period's comparative figures have been reclassified to conform with the financial statement presentation adopted in the current periods.

Presentation of the Consolidated Interim Statements of Financial Position differentiates between current and non-current assets and liabilities. The Consolidated Interim Statements of Comprehensive Income (Loss) are presented using the functional classification for expenses.

These Condensed Consolidated Interim Financial Statements were approved by the Company's Board of Directors on May 2, 2012.

(b) Basis of consolidation:

The Condensed Consolidated Interim Financial Statements include the accounts of Global Railway Industries Ltd. and the wholly-owned subsidiaries which it controls. Control over a subsidiary exists when Global Railway Industries Ltd. has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Condensed Consolidated Interim Financial Statements from the date that control commences until the date that control ceases. The subsidiaries include CAD Railway Industries Ltd. ("CADRI") and its wholly-owned subsidiary, CAD Railway Properties Inc. ("CRP"), which were sold on September 23, 2011 to 2290693 Ontario inc., GBI Industries, Inc. and 1703558 Ontario Inc. ("1703558", formerly Bach-Simpson), which was wound up on September 21, 2011. All intercompany balances, and any unrealized gains and losses or income and expenses arising from intercompany transactions, are eliminated in preparing the Condensed Consolidated Interim Financial Statements.

(c) Basis of measurement:

The Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis.

2. Basis of preparation (continued):

(d) Functional and presentation currency:

These Condensed Consolidated Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

(e) Use of estimates and judgments:

The preparation of the Condensed Consolidated Interim Financial Statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Significant items subject to such estimates and assumptions include the valuation allowances for trade and other receivables and deferred income taxes; revenue under the percentage of completion method; and the calculation of share-based payment. These estimates and assumptions are based on Management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which Management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets and declines in customer spending have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the Condensed Consolidated Interim Financial Statements in future periods.

The key judgments made in applying accounting policies that have the most significant effect on the amounts recognized in these Condensed Consolidated Interim Financial Statements are as follows:

(i) Provision for claims:

Provisions are made for warranty and environmental expenses based on past experience and Management's estimate of the timing of future payments and an appropriate discount rate. Subsequent to the sale of CADRI, the Company's provisions represent 50% of Management's best estimate of certain warranty expenses to be incurred by CADRI for a period of one year, to a maximum of $1,000,000 in combination with other indemnities as agreed to in the Share Purchase Agreement.

(ii) Provision against trade receivables for claims:

The Company makes estimates on the recoverability of trade receivable balances based on specific facts and circumstances as well as past experience of write-offs. Changes in the economic conditions in which customers operate and their underlying financial stability impact Management's estimates in provisions against trade receivable balances.

(iii) Tax assets:

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer considered probable that the related tax benefit will be realized.

(iv) Share options:

In calculating the fair value associated with share options, Management was required to make estimates on, among other things, risk-free rates of returns, expected volatility, expected dividends, expected life of options, expected forfeitures and future market conditions.

3. Significant accounting policies:

The accounting policies set out in note 3 of the Consolidated Financial Statements for the year ended December 31, 2011, have been applied consistently to all periods presented in these Condensed Consolidated Interim Financial Statements. In addition, the Company adopted the following accounting pronouncement, IFRS 7, Financial Instruments: Disclosures.

In October 2010, the IASB amended IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). This amendment enhances disclosure requirements to aid financial statement users in evaluating the nature of, and risks associated with an entity's continuing involvement in derecognized financial assets. This amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2012. The Company has assessed the impact of this amendment and there is no impact on its unaudited Condensed Consolidated Interim Financial Statements.

(In Canadian dollars)

4. Earnings (loss) per share:

The computation for basic and diluted common shares outstanding for the three month periods ended March 31 are as follows:

	2012	2011
Weighted average number of common shares outstanding:		
Basic	15,264,065	15,247,399
Effect of stock options	-	7,000
Diluted	15,264,065	15,254,399

Stock options to purchase nil (March 31, 2011 - 260,000) common shares are excluded from the weighted average common shares in the calculation of diluted earnings (loss) per share as they are not dilutive. There were no share options oustanding as at March 31, 2012 (March 31, 2011 - 277,500).

5. Related party transactions:

During the three months ended March 31, 2012, $45,000 was paid for management services provided by a company owned by the Company's President and Chief Executive Officer (March 31, 2011 - $72,000).

6. Subsequent event:

On April 25, 2012, the Board of Directors authorized a second dividend to shareholders of $0.40 per common share for a total of $6,105,626. The payment will be made on May 14, 2012.