

Global Railway Reports Year-end Results and Revenues Growth of 26% for 2010

Company: **Global Railway Industries Ltd.**
Stock Symbol: **GBI**
Listing: **Toronto Stock Exchange**
Outstanding Shares: **15.2 Million**
Web Site: www.globalrailway.com

LACHINE, QC, March 31 /CNW/ - **Global Railway Industries Ltd. - (TSX: GBI)**: Global Railway Industries Ltd., www.globalrailway.com, ("Global" or the "Company"), a leading North American provider of railway products and services today reports the Company's financial results for the year ended December 31, 2010. All dollar figures are reported in Canadian currency unless otherwise noted.

2010 Financial Highlights:

- Total revenues from continuing operations increased by 26% to \$45.3 million compared to \$36 million for 2009.
- Loss from continuing operations of \$4.3 million compared to a loss of \$10.9 million in 2009.
- As previously reported, the Canada Revenue Agency was auditing CADRI's 2008 R&D receivable and on March 3rd 2011 disallowed 2008 claims resulting in a combined non-recurring charge of \$877,000 against Q4 2010 costs of goods sold related to 2008 and 2009 and a reduction of previously accrued 2010 credits. The potential total cash impact for repayment of amounts previously received is \$470,000.
- Year-end cash balances of \$11.63 million versus \$2.0 million in 2009, excluding escrowed amounts.
- Year-end escrow balances were \$7.8 million of which \$2.5 million of first scheduled payments were received subsequent to year end.
- Loss per share from continuing operations of \$0.28 compared to a loss per share of \$0.71 in 2009.
- During 2010, the Company repaid outstanding bank loans of \$23.9 million and customer deposits of \$2.2 million.

For the year ended December 31, 2010, the Company realized a one-time pre-tax gain of \$24.9 million before cumulative translation adjustment loss and after working capital adjustments, on the sale of all the share capital of GBI USA Holdings, Inc. (the parent company of G&B Specialties, Inc. ("G&B")) and the assets of Bach-Simpson Corporation ("Bach"). A portion of the net proceeds of the sale were used to fully repay the Company's outstanding bank loans.

Mr. Fausto Levy, President and CEO of Global commented, "We are pleased to conclude 2010, a year in which we successfully completed the sale of both G&B and Bach, improved working capital by more than \$33 million, retired bank loans and eliminated the liquidity pressure that the Company had been operating under for two years. Additionally, despite the \$1.8 million loss from continuing operations incurred during the fourth quarter of 2010, the company generated positive operating cash flows from continuing operations in the amount of \$517,000."

Mr. Levy continued, "Notwithstanding sizable revenue gains, the Company continues to work on improvements to margins. Gross profit margin for Q4 and year to date rose versus comparable periods in 2009. However, during Q4 technical issues with supplier equipment continued to hamper production. We believe that most of these issues are in the process of being resolved. The CADRI management team continued the pursuit of new contracts including the signing of a contract for the remanufacture of six marine engines during Q4, which represents a new market channel for the Company. We are also continuing to focus on cost reductions and operational efficiencies. We are also currently bidding on a large long-term transit refurbishment contract and we have been informed that we submitted the lowest priced bid of the three bidders. However, the evaluation of the strength of the bids are subject to many bid requirements and the final acceptance of the bid is subject to the sole discretion of the board of the transit customer. We cannot be certain that we will satisfy the bid requirements. Even if we meet the bid requirements, there can be no assurance that we will ultimately be selected to provide the refurbishment services or that we will be able to agree on terms of a definitive agreement."

Mr. Ross Corcoran, Vice President Finance and CFO commented, "The Company's loss from continuing operations for the year ended December 31, 2010 was \$4.3 million compared with a loss from continuing operations of \$10.9 million for the year ended December 31, 2009. The fourth quarter 2010 had a loss of \$1.8 million (\$0.12 loss per share) from continuing operations primarily due to R&D, inventory adjustments and restructuring costs associated with the sale transactions compared to a loss from continuing operations of \$4.3 million (\$0.28 loss per share) for the fourth quarter of 2009. As previously reported, the Canada Revenue Agency had been auditing CADRI's 2008 R&D claim. In March 2011, the CRA disallowed CADRI's 2008 R&D claim, resulting in CADRI taking a combined charge of \$877,000 against Q4 2010 gross profit margins related to 2008, 2009 and a reduction of previously accrued 2010 credits." Management and its advisors are planning to continue further representation with CRA regarding these claims.

Mr. Corcoran, also commented, "In 2010, CADRI successfully delivered the 23rd locomotive to VIA in accordance with the agreed to delivery schedule. CADRI's gross profit margins for the units in production under the current \$113.3 million VIA contract have improved during 2010 versus 2009 despite several supplier quality issues; management is expecting further improvements in 2011"

"CADRI is starting to experience an increase of sales for locomotive maintenance and component parts. Management expects this trend to continue during 2011 as railroads continue to remobilize stored locomotives and railcars." On a positive note, some of the freight railroads are starting to see some signs that several market groups are stabilizing and, if that is the case, we expect

a pent up demand for our products for 2011 as rail work and maintenance programs resume to more normalized levels", concluded Mr. Levy.

Financial Summary:

| Summary Income Statement | Three months ending | Three months ending | Change |
|---|---------------------|---------------------|-------------|
| | December 31, 2010 | December 31, 2009 | |
| Revenues | \$12,201,081 | \$10,794,632 | \$1,406,449 |
| Loss from continuing operations | (\$1,817,795) | (\$4,277,478) | \$2,274,600 |
| Continuing operating loss per share (diluted) | (\$0.12) | (\$0.28) | \$0.16 |
| Net Loss | (\$1,976,444) | (\$3,880,062) | \$1,903,618 |
| Loss per share (diluted) | (\$0.13) | (\$0.25) | \$0.12 |

| Summary Income Statement | Twelve months ending | Twelve months ending | Change |
|---|----------------------|----------------------|--------------|
| | December 31, 2010 | December 31, 2009 | |
| Revenues | \$45,264,248 | \$36,006,287 | \$9,257,961 |
| Loss from continuing operations | (\$4,265,104) | (\$10,863,024) | \$6,597,920 |
| Continuing operating loss per share (diluted) | (\$0.28) | (\$0.71) | \$0.43 |
| Net earnings (loss) | \$16,655,576 | (\$6,835,293) | \$23,490,869 |
| Net earnings (loss) per share (diluted) | \$1.09 | (\$0.45) | \$1.54 |

The Company's year to date results include a pretax gain on the sale of G&B and Bach in the amount of approximately \$24.9 million, before cumulative translation adjustment loss.

The Board of Directors continues to focus on completing the Company's strategic review to maximize shareholder value.

The Company's 2010 Consolidated Financial Statements and Management's Discussion and Analysis will be posted later today in the investor information section of Global's web site at www.globalrailway.com and are also available on SEDAR at www.sedar.com.

Forward Looking Statements:

This news release contains certain forward-looking statements about the objectives, strategies, financial conditions, results of operations and businesses of Global. Statements that are not historical facts are forward-looking and are subject to important risks, uncertainties and assumptions. These statements are based on the Company's current expectations about its business and the markets in which it operates, and upon various estimates and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect the Company's business, or if its estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that the circumstances described in any forward-looking statement will materialize. Significant and reasonably foreseeable factors that could cause the Company's results to differ materially from its current expectations are discussed in the section entitled "Business Risks" contained in the Company's Management's Discussion and Analysis for the year ended December 31, 2010 filed by Global with the Canadian securities commissions (available on SEDAR at www.sedar.com),. The Company disclaims any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

About Global Railway Industries: Global Railway Industries Ltd. is a public company whose shares are listed for trading on the Toronto Stock Exchange (TSX) under the symbol "GBI". For more information: visit www.globalrailway.com or www.investorfile.com.

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