



**News Release**  
August 12, 2011

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

## **Global Railway Industries Ltd. Reports Q2 2011 Results**

**Lachine, Quebec – August 12, 2011 - Global Railway Industries Ltd., - (GBI:TSX):** Global Railway Industries Ltd., [www.globalrailway.com](http://www.globalrailway.com), ("Global" or the "Company"), today reports the Company's 2011 second quarter financial results for the three and six months ended June 30, 2011. All dollar figures are reported in Canadian currency unless otherwise noted.

### **2011 Q2 Financial Highlights: 3-months ended June 30, 2011**

- Total revenue of \$10.1 million compared to \$11.9 million from continuing operations in Q2 2010
- Net loss of \$581,000 compared to a net loss of \$823,000 from continuing operations in Q2 2010
- Loss per share of \$0.04 compared to a loss of \$0.05 per share in Q2 2010 from continuing operations

### **2011 Financial Highlights: 6-months ended June 30, 2011**

- Total revenue fell 3% to \$22.3 million compared to \$22.9 million from continuing operations in Q2 2010
- Net loss of \$379,000 compared to a net loss of \$1,424,000 from continuing operations in Q2 2010
- Loss per share of \$0.02 compared to a loss of \$0.09 per share in Q2 2010 from continuing operations

During the second quarter, the Company delivered four remanufactured locomotives under its refurbishment contract with VIA Rail Canada bringing the total number of locomotives delivered to 30. On June 24, 2011, the Company was also awarded a contract by Metrolinx to refurbish 127 bi-level passenger cars for a total value of approximately \$120.6 million to be delivered over a period of approximately 6 years. The contract was formally signed on July 13, 2011.

Mr. Fausto Levy, Acting President and CEO of Global commented, "Although we are pleased about the long-term refurbishment contract awarded during the quarter, the strength of the Canadian dollar remains a challenge in our pursuit of USA based sales. We will continue to pursue new business opportunities in order to reduce revenue concentration and better distribute our fixed costs over a larger revenue base. Revenue growth slowed during the second quarter following completion of a marine contract at the end of Q1 and as a result of customer delays on some other smaller contracts." Management will continue to pursue strategies to shift CADRI revenue generation from project oriented contracts requiring continuous learning and start up costs to more stable long term repeat activities.

Mr. Ross Corcoran, Vice President Finance and CFO of Global commented, "Revenue dropped by 15% during Q2 and 3% year-to-date from the equivalent periods in 2010, primarily due to more stabilized revenues on the VIA contract in 2011 compared to higher revenues in 2010 while catching-up on the project schedule. Additionally, strong appreciation of the Canadian dollar affected potential revenue gains. Gross margin for the six months ended June 30, 2011 improved to 11.5% from 8.6% for the same period in 2010. However, gross margin for the second quarter alone softened to 9.9% from 11.0% in the second quarter of 2010 due to reduced R&D tax credits and the impact of foreign exchange. The movement in the Canadian – US dollar exchange rate has an impact because the proportion of the Company's sales denominated in United States dollars exceeds the proportion of the Company's expenses denominated in United States dollars. Overall results for the six months were also impacted by increased corporate costs related to IFRS conversion and the corporate strategic review process. "

Mr. Corcoran added that "Corporate costs excluding financial expenses and taxes were \$626,000 for the second quarter of 2011 or \$1.1 million year to date. This compared to \$1.1 million for the second quarter of 2010 and \$1.9 million year to date in 2010 for an improvement of \$478,000 for the quarter and \$807,000 year to date, excluding financial expenses and taxes. Based on the existing level of expenditures, excluding potential transaction costs, we expect annual head office and public company costs during the current year of between \$2.0 million and \$2.2 million."

As the Company starts gearing up for the new bi-level car refurbishment contract we expect that project start up costs and learning curve costs will negatively impact CADRI results in the short and medium term.

The Company's loss from continuing operations for the second quarter of 2011 was \$581,000 compared to a loss of \$823,000 from continuing operations in the second quarter of 2010 for an improvement of \$243,000, due primarily to reduced finance costs as well as reduced administration and selling expenses.

For the six months, loss from continuing operations was \$378,000 versus a loss of \$1,424,000 from continuing operations one year earlier for an improvement of \$1,044,000 due to improved margins, reduced interest costs as well as reduced administration and selling expenses.

#### Strategic Review:

The Company's Board of Directors announced on July 5, 2011 that it had reached an agreement to sell CADRI to a company controlled by Global's Acting President and CEO, with the participation of a major financial partner, as well as members of CADRI management. The transaction is valued at approximately \$12.9 million, including the assumption of VIA customer deposits of approximately \$550,000 as at June 30, 2011. The closing of the transaction is currently anticipated to occur in the later part of the third quarter of 2011.

The transaction is subject to customary conditions, in addition to the approval of the Company's shareholders. Global has called a special meeting of shareholders to be held on August 30, 2011 to consider the sale of CADRI and subsequent winding up of the Company. A Notice of Special Meeting and Management Information Circular (the "Circular") in respect of the meeting was dated July 25, 2011 and is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders are encouraged to review the Circular for more information.

#### Financial Summary:

Summary Income Statement (unaudited)	Three months ending June 30, 2011	Three months ending June 30, 2010	Change
Revenues	\$ 10,093,785	\$ 11,926,616	\$ (1,832,831)
Loss from continuing operations	\$ (580,590)	\$ (823,297)	\$ 242,707
Loss per share (diluted) from continuing operations	\$ (0.04)	\$ (0.05)	\$ 0.02
Net Loss	\$ (580,590)	\$ 534,953	\$ (1,115,543)
Earnings (loss) per share (diluted)	\$ (0.04)	\$ 0.04	\$ (0.07)

Summary Income Statement (unaudited)	Six months ending June 30, 2011	Six months ending June 30, 2010	Change
Revenues	\$ 22,273,360	\$ 22,924,574	\$ (651,214)
Loss from continuing operations	\$ (378,641)	\$ (1,423,618)	\$ 1,044,977
Loss per share (diluted) from continuing operations	\$ (0.02)	\$ (0.09)	\$ 0.07
Net Loss	\$ (378,641)	\$ 652,646	\$ (1,031,287)
Earnings (loss) per share (diluted)	\$ (0.02)	\$ 0.04	\$ (0.07)

The Company's 2011 second quarter financial statements and Management's discussion and analysis will be posted in the investor information section of Global's web site at [www.globalrailway.com](http://www.globalrailway.com) and are also available on SEDAR at [www.sedar.com](http://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](http://www.sedar.com)), as updated in its most recent Management's Discussion and Analysis for the six months ended June 30, 2011. 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](http://www.globalrailway.com).

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