

# AeroMechanical Services Ltd.

# Investor HIGHLIGHTS

TSX.V: AMA

The past year has been an exciting and challenging period that has seen AMA establish itself as a clear global leader in the emerging field of aircraft-to-end-user communication of timely information that improves operational efficiencies, reduces costs, and contributes to safety enhancements. We have accomplished this in several ways:

- Focus on our customers' needs by delivering on our promises
- Process improvements and cost containment
- Leadership improvements
- Strategic partnerships with Sierra Nevada Corporation ("SNC"), L-3 Communications ("L-3"), and GuestLogix Inc.
- Investment in a unique fuel management capability that operators are demanding

While our current results are not where we want them, we are managing through the global economic downturn and remaining committed to executing the key elements of a strategy that will move us from the "startup" / early stage framework toward being a major factor with larger fleet operators, OEMs (aircraft manufacturers), and the military.

As you consider this report, it is relevant to understand the market environment that we have been operating in for the past year.

The unprecedented drop in air transport demand from Q4 2008 through Q3 2009 is directly correlated to the challenges we have had in booking new orders as operators have effectively shut off capital spending until their revenues and cash recover. The good news is that the trend has now turned back toward an industry recovery, and we have positioned ourselves to close business with numerous operators when their spending environments improve. In 2008, new aircraft deliveries were at an all time high, spurred by corporate profits and the increasing globalization of the

**DATE:** December 31st, 2009  
Investor Fact Sheet

#### BOARD OF DIRECTORS

Bill Tempany  
Doug Marlin  
Mike Brown  
Jack Olcott  
Paul Takalo  
Richard Hayden

#### SENIOR MANAGEMENT

Bill Tempany, CEO  
Richard Hayden, President  
Tom French, CFO & VP Finance  
Matt Bradley, VP Operations

#### TRADING SYMBOL

AMA (TSX Venture)

#### SHARE CAPITAL

As of December 31st, 2009  
(Share Price \$0.53)

Issued	103.5 Million
Fully Diluted	118.1 Million
Market Cap.	\$54.9 million

#### AUDITORS

KMPG LLP

economy with the attendant need for executive travel. The combination of the global recession and the unfortunate adverse publicity generated when US auto executives flew their corporate aircraft to Washington to seek taxpayer bailouts of their companies have combined to cause delivery cancellations or delays that will take years to recover. However, we are seeing that demand for business aircraft travel remains high and we are engaged with two of the largest fleet operators in the world, including an in-service evaluation that we believe will lead to a significant fleet order in the future. The regulatory requirements on business aviation are increasing and we are well positioned to be the pioneer in business aircraft global information, tracking, and communications.

Turning to some specifics of Q3 2009, the 3rd quarter is historically slow and was made worse by our expected shipments to a Mid-East airline customer being delayed by a local certification process, while 2 new orders expected from Africa were delayed by different local issues. All of these situations are recoverable in the very near future. We did book and ship to a US charter carrier and several current customers added afirs to their fleets. We obtained our first supplemental type certificate ("STC") on a business aircraft and are beginning an in-service evaluation with a key customer, and we received an IRAP grant approval from the Canadian National Research Council to support the development of our fuel management products. We responded to the tragic events of Air France 447 by investing in a highly successful demonstration of our unique data streaming technology on customer in-service aircraft, which then led directly to meetings with key manufacturers and became a major

contributor to the closing of our strategic partnership with L-3, the largest “black box” provider in the world. Another unplanned event that we also responded to was the Chapter 7 bankruptcy of a former competitor, Wingspeed Corporation, which occurred in August. We successfully bid to acquire the assets of Wingspeed, which included contracts with 5 airlines for up to 161 installations (51 actually in service) and some advanced technology that we expect to incorporate into future products.

This unique opportunity to grow our customer base during difficult times was seen by Management as critical, despite increasing the short-term demand on our financial and human resources. The L-3 agreement, which actually closed in Q4, is very significant as it aligns us with the world’s

leading provider of aircraft data recorders (black boxes) and provides us access to a global sales force and a substantial customer base, most notably the original equipment manufacturers (OEMs) who specify all mandatory and optional equipment to be included on their production of new aircraft. Finally, our partnership with Sierra Nevada Corporation is progressing in the areas of product development, to which SNC has contributed a significant amount of human and financial resources, and in the military marketing arena, where programs with major US military customers are being formulated and advanced through the review and funding processes.

No review would be complete without a note on China. First, China’s aviation industry has not escaped the effects of the global recession, as demand there has been down to a degree similar to the global industry averages. However, we believe that we see a positive change in the nature of the dialogue with individual Chinese airlines and the Civil Aviation Authority of China has granted AMA another verified supplemental type certificate (“VSTC”) for the Boeing 757, thus allowing the many airlines who operate the 757 to select afirs™UpTime™. It was also specific interest from a Chinese airline that led to the culmination of our strategic partnering agreement with GuestLogix to use afirs UpTime to support the validation of in flight credit card transactions. Finally, we note that L-3 has a significant presence with several key Chinese airlines. AMA is still where it was last quarter in terms of actual deliveries, but remains committed to and cautiously optimistic about this significant emerging market.

Since the end of the third quarter, AMA has been successful in raising \$9,676,000 through two placements. The first placement of \$1,676,000 was completed to fund the purchase of the Wingspeed assets and the second, \$8,000,000, placement will be used to complete the development of AMA’s follow on product, the afirs 228. This product is key to delivering the tools that AMA’s customers need to meet the changing air traffic control rules as well as allowing for increased inputs and outputs than the current version. The enhanced product will take full advantage of all the software and majority of the hardware design in the current afirs 220 but will have improved computing power, increased communications capabilities and will meet the needs of the aviation industry for the next several decades. AMA has customers committed to using this enhanced technology and know that AMA will be the leader in this technology for many years to come.

### STC CHART

TC	FAA	EASA	VSTC	Aircraft Types –STC approvals	# in service	OEM Order backlog End
A	A	A	A	Airbus A319, A320, A321	3500	2497
A	I	I		Airbus 330	582	418
A	A	A	A	Boeing B737-200, -300, -400, -500, -600, -700, -800	5300	2203
A	A	A	A	Boeing 757-200 (C-33A military)	1015	0
A	A	A	A	Boeing 767-200, -300	917	67
A	A	A	P	Bombardier DHC-8-100, -200, -300	805	500
A	A	A	A	Bombardier CRJ100, 200, 440	1470	200
A	A			DC-10 (KC-10 military)	206	0
A	P	I		Fokker 100	264	40
A	I	A		Hawker Beech 750, 800XP, 850XP, 900XP	700	200
A				Viking Air DHC-7 (LSTC)	90	0
	P	P		Lockheed Martin C-130 Hercules	2400	50

A = approved P = Pending I= In Progress