

First Aviation Releases Fiscal 2009 Financials

WESTPORT, CT, May 14, 2010 – First Aviation Services Inc. (FAVS.PK) today released audited financial statements for the fiscal year ended December 31, 2009, showing a return to profitability and the close of a successful year as the Company continues to execute on its strategy of being the worldwide supply chain service provider to the aerospace industry. The Company changed its reporting year end in 2009 from January 31st to December 31st so its financial reporting will be more consistent with that of its peers, however the change necessitated its reporting on an eleven month period ending December 31st.

In a letter to shareholders Aaron Hollander, Chairman & CEO said “In the fourth quarter of 2009, the Company’s sales (which included the acquisitions for part of the period) were \$29.4 million, representing an increase of 9.7% over the prior year. Sales increased approximately 4% on a comparable basis exclusive of the acquisitions. In the quarter, EBITDA was \$1.0 million and the Company earned \$.03 per share before acquisition expenses. Inclusive of acquisition expenses the Company broke even in the last quarter.

For the eleven month period ended December 31, 2009, sales were \$100.3 million, about 3.8% below the comparable eleven month period in the prior year. EBITDA was a positive \$2.5 million before acquisition expenses and net income before acquisition expenses was \$.03 per share. After acquisition expenses, the Company reported a small loss of \$0.54 million.

To expand our repair and overhaul capabilities we entered into two strategic acquisitions last year that closed in December. The first was for Kelly Aerospace’s maintenance, repair and overhaul business located in Wichita, KS which was renamed Aerospace Turbine Rotables, Inc. or AeTR. The second was for Limco-Piedmont’s propeller overhaul division located in Winston-Salem, NC, now operating under the name Piedmont Propulsion Systems, LLC or PPS.

The transactions enhanced our capital base as a result of the sale of approximately 5.8 million newly issued non-voting common shares to a subsidiary of Limco-Piedmont, a wholly owned subsidiary of TAT Technologies Ltd. As a result of the transactions, Limco-Piedmont is a significant, but not controlling, shareholder.

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Operationally, Aerospace Products International, Inc., (API) our largest operating subsidiary, made significant progress as we entered into a number of long term agreements with new and existing customers and suppliers:

- Cirrus Aircraft, a recognized leader in personal aircraft signed with API a multi-year exclusive logistics services agreement to support Cirrus owners, operators and service centers worldwide.
- CAE and API entered into a preferred supplier agreement in support of CAE's Global Academy network.
- Otto Instrument, the leading Honeywell-authorized avionics and instrument repair and overhaul facility, named API as exclusive distributor of avionics and instruments including its repair and overhaul services.
- SAFT, the premier manufacturer of nickel-cadmium batteries in the aerospace industry, authorized API as a worldwide distributor.
- LHTEC, a partnership between Honeywell and Rolls-Royce, signed a new long-term agreement confirming API as their logistics provider of CTS800 spare parts and component repairs through 2018.
- Rolls-Royce signed an additional agreement naming API as the exclusive distributor of Rolls-Royce's CTS800 spare parts through 2018.
- API entered into a number of other authorizations including being named a distributor for ELITE, a simulator manufacturer, and
- FedEx continued to name API as a double platinum supplier every quarter in 2009, among other accomplishments.

The Company's return to profitability and operational achievements came with a great deal of sacrifice on the part of our employees. They worked harder and shared the financial burden during the most dramatic downturn in our industry's history. I am very grateful to the entire team for their incredible dedication.

As we look back on the year just completed and begin 2010, we are a stronger company financially and better balanced geographically with a more diversified and powerful product offering than ever before."

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FIRST AVIATION SERVICES INC.
Audited Consolidated Condensed Statements of Operations

(In Thousands, except share and per share amounts)

	11 mos. Ended Dec 31, 2009	12 mos. Ended Jan 31, 2009
Net Sales	\$ 100,332	\$ 114,244
Cost of Sales	(83,068)	(95,037)
Gross Profit	17,264	19,207
Selling, general & administrative expenses	(13,955)	(18,723)
Corporate expenses	(2,037)	(1,647)
Acquisition expense	(683)	-
Income (loss) from operations	589	(1,163)
Net interest income (expense) and other	2	3
Interest expense and other, net	(1,126)	(1,374)
Net Income (loss)	\$ (535)	\$ (2,534)
Net Income before acquisition expense	\$ 148	\$ (2,534)
Basic net loss per share	\$ (0.07)	\$ (0.34)
Net loss per share - assuming dilution	\$ (0.07)	\$ (0.34)
Weighted average shares outstanding - basic	8,250,906	7,465,583
Weighted average shares outstanding - assuming dilution	8,250,906	7,465,583

Please see our forward looking statements at www.firstaviation.com/forward



FIRST AVIATION SERVICES INC.
Audited Consolidated Condensed Balance Sheets

(In Thousands, except share and per share amounts)

	<u>Dec 31,</u> <u>2009</u>	<u>Jan 31,</u> <u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,033	\$ 1,304
Trade receivables, net	18,725	14,492
Inventories, net	37,604	29,471
Prepaid expenses and other	2,445	1,362
Total current assets	<u>59,807</u>	<u>46,629</u>
Property, plant and equipment, net	2,663	3,253
Goodwill	11,488	-
Total Assets	<u>\$ 73,958</u>	<u>\$ 49,882</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 17,091	\$ 11,651
Accrued Compensation	407	290
Other accrued liabilities	3,378	1,280
Revolving line of credit	21,326	20,630
Other short-term debt	7,000	-
Notes payable	404	537
Total current liabilities	<u>49,606</u>	<u>34,388</u>
Subordinated debt:		
Related party - JEM III, LLC	-	2,000
Long term liabilities	677	-
Total Liabilities	<u>50,283</u>	<u>36,388</u>
Common Stock	91	91
Class A \$0.01 par value, 20,000,000 shares authorized, 9,135,699 shares issued		
Class B \$0.01 par value, 6,000,000 shares authorized, 5,766,667 shares issued	58	-
Preferred Stock	1,350	-
\$0.01 par value, 30,000 shares authorized, 13,500 shares issued		
Additional Paid In Capital	46,754	38,288
Other income (loss)	390	229
Retained Earnings	(17,296)	(16,761)
Treasury Stock	(7,672)	(8,353)
Total Stockholders' Equity	<u>23,675</u>	<u>13,494</u>
Total Liabilities & stockholders' equity	<u>\$ 73,958</u>	<u>\$ 49,882</u>

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FIRST AVIATION SERVICES INC.
Audited Consolidated Condensed Statements of Cash Flows

(In Thousands)

	<u>11 mos. Ended Dec 31, 2009</u>	<u>12 mos. Ended Jan 31, 2009</u>
Cash flows from operating activities:		
Net income (loss)	\$ (535)	\$ (2,534)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	945	1,521
Equity based compensation	106	167
Provision for bad debts	(75)	(142)
Provision for excess & obsolete inventory	26	(1,011)
(Gain) loss on sale of plant & equipment	-	(5)
(Increase) decrease in working capital assets:		
Trade receivables	(2,256)	2,746
Inventory	(4,445)	795
Prepaid expenses and other assets	(1,051)	53
Increase (decrease) in working capital liabilities:		
Accounts payable	3,937	997
Accrued compensation and related expenses, and other accrued liabilities	2,633	(1,021)
Net cash (used in) provided by operating activities	(715)	1,566
Cash flows from investing activities:		
Purchases of plant and equipment	(79)	(702)
Net cash used in investing activities	(79)	(702)
Cash flows from financing activities:		
Borrowings (repayments), on revolving line of credit, net	696	256
Borrowings (repayments), on notes payable, net	(105)	(506)
Net cash provided by (used in) financing activities	591	(250)
Effect of exchange rates on cash	(68)	(60)
Net change in cash and cash equivalents	(271)	554
Cash and cash equivalents at beginning of period	1,304	750
Cash and cash equivalents at end of period	<u>\$ 1,033</u>	<u>\$ 1,304</u>
Cash paid for interest	\$ 2,313	\$ 1,238
Income taxes paid, net	-	-

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First Aviation Services Inc., (“FAvS”) located in Westport, Connecticut, through its principal operating subsidiaries Aerospace Products International, Inc., (“API”), based in Memphis, TN, Aerospace Turbine Rotables, Inc. (“AeTR”) in Wichita, KS and Piedmont Propulsion Systems, LLC (“PPS”) in Winston-Salem, NC is a leading provider of services to the aviation industry worldwide. With locations in the U.S., Canada, Asia Pacific and China plus partners throughout the world, FAvS is a leading provider of aviation products, supply chain management services, repair and overhaul and technology solutions in the industry.

More information about FAvS and its subsidiaries may be found on the company’s website, www.firstaviation.com. Please see our forward looking statements at www.firstaviation.com/forward.

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