

## **STRONG FIRST QUARTER ANNOUNCED BY FIRST AVIATION**

WESTPORT, CT, May 17, 2010 – First Aviation Services Inc. (FAVS.PK) today announced that net income of \$607 thousand, or \$.04 per share, compared favorably in the first quarter versus a net loss of \$421 thousand, or \$.06 cents per share, in the prior year first quarter.

Sales for the first quarter were \$30.8 million, an improvement over the prior year of 19.3%. Contributing to the sales growth were the two previously announced acquisitions of Aerospace Turbine Rotables, Inc. and Piedmont Propulsion Systems, LLC that closed in December, 2009. Without recognizing the effect of these acquisitions, sales increased 2.0% on a year over year basis.

The EBITDA before acquisition expense for the quarter was \$1,485 thousand versus \$47 thousand in the comparable period last year.

“We reported strong first quarter results notwithstanding the challenging economic environment,” said Aaron P. Hollander, Chairman and CEO of First Aviation. “We are pursuing opportunities that capitalize on the combined strength of First Aviation’s operating subsidiaries and focusing on international and military markets that we believe will continue to outperform. While we see signs of recovery in general aviation, particularly in the corporate and charter segments, we expect it will be some time for the market to fully recover.”

Note: In December of 2009 the Company began reporting on a calendar year basis. The above numbers reflect management’s estimates of the prior year’s first quarter on a comparable basis.

(continued on next page)



**FIRST AVIATION SERVICES INC.**  
**Consolidated Condensed Statements of Operations**<sup>(1)</sup>

(In Thousands, except per share amounts)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Actual)</b>	<b>(Actual)</b>
Net Sales	\$ 30,795	\$ 25,807
Cost of Sales	(23,992)	(21,448)
Gross Profit	6,803	4,359
Selling, general & administrative expenses	(5,201)	(4,052)
Corporate expenses	(385)	(433)
Acquisition expense	(11)	-
Income (loss) from operations	1,206	(126)
Net interest income (expense) and other	(541)	(295)
Foreign Exchange gain (loss)	15	-
Income (loss) before income taxes	680	(421)
Income tax benefit (provision)	(73)	-
Net Income (loss)	<b>\$ 607</b>	<b>\$ (421)</b>
EBITDA - Before Acquisition Expense	\$ 1,485	\$ 47
Basic EPS Before Acquisition Expense	\$ 0.04	\$ (0.06)
Basic EPS After Acquisition Expense	\$ 0.04	\$ (0.06)
Basic average shares outstanding	15,618	7,422

<sup>1</sup> Figures disclosed in this Press Release have not been audited; please see our forward looking statements at [www.firstaviation.com/forward](http://www.firstaviation.com/forward)



**FIRST AVIATION SERVICES INC.**  
**Consolidated Condensed Balance Sheets** <sup>(1)</sup>

(In Thousands, except per share amounts)

	<i>March 31,</i> <b>2010</b>	<i>December 31,</i> <b>2009</b>
	<i>(Actual)</i>	<i>(Actual)</i>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,035	\$ 1,033
Trade receivables, net	20,217	18,725
Inventories, net	37,555	37,604
Prepaid expenses and other	1,889	2,445
Total current assets	60,696	59,807
Property, plant and equipment, net	2,458	2,663
Goodwill	11,488	11,488
<b>Total Assets</b>	<b>\$ 74,642</b>	<b>\$ 73,958</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 17,392	\$ 17,091
Accrued Compensation	530	407
Other accrued liabilities	2,004	3,378
Revolving line of credit	22,145	21,326
Other short-term debt	7,000	7,000
Notes payable	418	432
Total current liabilities	49,489	49,634
Long-term liabilities	872	649
<b>Total Liabilities</b>	50,361	50,283
<b>Common Stock</b>	91	91
Class A \$0.01 par value, 20,000,000 shares authorized, 11,320,628 shares issued		
Class B \$0.01 par value, 6,000,000 shares authorized, 5,766,667 shares issued	58	58
<b>Preferred Stock</b>	1,414	1,350
\$0.01 par value, 30,000 shares authorized, 13,500 shares issued		
Additional Paid In Capital	46,639	46,754
Accumulated other comprehensive income	319	390
Retained Earnings	(16,721)	(17,296)
Treasury Stock	(7,519)	(7,672)
Total Stockholders' Equity	24,281	23,675
<b>Total Liabilities &amp; stockholders' equity</b>	<b>\$ 74,642</b>	<b>\$ 73,958</b>

<sup>1</sup> Figures disclosed in this Press Release have not been audited; please see our forward looking statements at [www.firstaviation.com/forward](http://www.firstaviation.com/forward)



**FIRST AVIATION SERVICES INC.**  
**Consolidated Condensed Statements of Cash Flows**<sup>(1)</sup>  
(In Thousands)

	<i>Three Months Ended</i>	
	<i>March 31,</i>	
	<u>2010</u>	<u>2009</u>
	<i>(Actual)</i>	<i>(Actual)</i>
Cash flows from operating activities:		
Net income (loss)	\$ 607	\$ (421)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	273	274
Deferred income tax provision		
Stock based compensation	6	139
(Increase) decrease in working capital assets:		
Trade receivables	(1,492)	(1,195)
Inventory	49	152
Prepaid expenses and other assets	556	90
Increase (decrease) in working capital liabilities:		
Accounts payable	301	2,332
Accrued compensation and related expenses, and other accrued liabilities	(1,187)	(474)
Net cash (used in) provided by operating activities	<u>(887)</u>	<u>897</u>
Cash flows from investing activities:		
Payment for net assets acquired	-	-
Payment for goodwill	-	-
Purchases of plant and equipment	(68)	(67)
Disposals of PPE	-	-
Net cash used in investing activities	<u>(68)</u>	<u>(67)</u>
Cash flows from financing activities:		
Borrowings (repayments), net on revolving line of credit	819	(837)
Borrowings (repayments), net on notes payable & other	209	(76)
Borrowings (repayments), net on time loan	-	-
Net cash provided by (used in) financing activities	<u>1,028</u>	<u>(913)</u>
Effect of exchange rates on cash	(71)	(42)
Net change in cash and cash equivalents	<u>2</u>	<u>(125)</u>
Cash and cash equivalents at beginning of period	<u>1,033</u>	<u>2,136</u>
Cash and cash equivalents at end of period	<u>\$ 1,035</u>	<u>\$ 2,011</u>

<sup>1</sup> Figures disclosed in this Press Release have not been audited; please see our forward looking statements at [www.firstaviation.com/forward](http://www.firstaviation.com/forward)



*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](http://www.firstaviation.com). Please see our forward looking statements at [www.firstaviation.com/forward](http://www.firstaviation.com/forward).*

# # #

Contact: James G. Howell II  
Chief Financial Officer  
First Aviation Services Inc.  
(901) 259-4502

First Aviation Services Inc.  
15 Riverside Ave, Westport, CT 06880  
[www.firstaviation.com](http://www.firstaviation.com)