

FIRST AVIATION ANNOUNCES RECORD THIRD QUARTER REVENUES AND GROSS PROFIT DESPITE INDUSTRY TURMOIL

WESTPORT, CONNECTICUT, December 10, 2001 – First Aviation Services Inc. (NASDAQ: FAVS), a leading provider of services to the aerospace industry worldwide, today announced record revenues for the third quarter of \$27.0 million and record gross profit for the quarter of \$5.7 million.

For the quarter ended October 31, 2001, net sales increased 2.8% from \$26.2 million for the third quarter of the prior year. Gross profit for the quarter increased 1.0% from \$5.6 million reported in the prior year. Operating income, before corporate expenses, decreased to \$0.4 from \$0.5 million in the prior year. The Company incurred a net loss of \$0.07 per share for the quarter. Results for the quarter include the impact of its previously announced acquisition of Superior Air Parts, Inc. (“Superior”) in August 2001.

On a continuing operations basis the Company incurred a net loss for the quarter of \$0.07 per share, as compared to a net loss of \$0.01 per share for the prior year quarter. During the quarter the Company strengthened its inventory reserves by \$0.3 million. The Company also incurred certain non-recurring charges of \$0.3 million, principally for severance, partially as a result of a reduction in force brought about by the terrorists attacks that occurred on September 11th. Without such charges the Company would have had net income of \$0.01 per share for the quarter.

Said Jerry Schlesinger, President and Chief Executive Officer of Aerospace Products International (API), “This probably was the most difficult quarter we have faced. We were extremely saddened by the tragic events that occurred during the quarter, which resulted in our entire industry being thrown into turmoil. Under these difficult, trying circumstances I am extremely proud of the way our employees came together and handled the situation. The days ahead still will be difficult but I am confident that we will continue to do well and grow.”

Michael Culver, President and CEO of First Aviation, said, “This was a quarter of opposites. During the first half of the quarter we continued to experience strong, double digit growth. After the tragic events of September 11th we faced unprecedented challenges. The entire industry shut down for a period of time and has not yet recovered. Our industry changed literally overnight, and we quickly responded by reviewing the way we approach our business. We took the actions needed to match our cost structure to our new sales model by reducing our SG&A expense by \$2.5 million annually, and we reexamined our balance sheet. These actions had a significant negative impact on our results for this quarter. However,

we continue to focus on new business opportunities, and look forward to the recovery of our industry. The growth this fiscal year is due to our investments in technology, new product lines and international expansion. We are optimistic about our long term outlook, especially in the area of logistics.”

For the first nine months of the fiscal year ending January 31, 2002 net sales increased 10.3% to \$80.1 million from \$72.6 million reported for the first nine months of the prior fiscal year. Gross profit over the same periods increased 5.3% to \$16.6 million from \$15.7 million reported in the prior year. For the nine months ended October 31, 2001 the Company incurred a net loss from continuing operations of \$0.05 per share, after non-recurring charges, compared to a net loss of \$0.01 per share for the prior year. Over the same period the Company had net income of \$0.05 per share, compared to \$0.02 per share in the prior year. Year to date results include the impact of the acquisition of Superior.

First Aviation, located in Westport, Connecticut is a worldwide leader in providing aerospace products and services to aircraft operators of some of the most widely used commercial and general aviation aircraft. Its operations include API, based in Memphis, Tennessee. In addition to the product lines it distributes, API offers overhaul and repair services for brakes and starter/generators, and builds custom hose assemblies. API also is a leading provider of supply chain management and customized third party logistics services. With locations in the U.S., Canada and Asia Pacific, plus partners throughout the world, API continues to be the fastest growing provider of aviation products and inventory management solutions in the industry.

The Company will host a conference call to discuss third quarter results on Monday, December 10, 2001 at 4:00 pm EST. Interested parties should call 1 (800) 370-0906 before 3:50 pm EST on December 10, 2001. A replay will be available for 48 hours. Please call (877) 519-4471; PIN is 3007996.

More information about First Aviation can be found on the World Wide Web at <http://www.firstaviation.com> and, <http://www.apiparts.com>.

Forward-Looking Statements

Information included in this release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical facts, but rather reflect the Company's current expectations concerning future events and results. Such forward-looking statements, including those concerning the Company's expectations, involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In evaluating such statements, as well as the future prospects of the Company, specific consideration should be given to various factors, including the

Company's ability to obtain parts from its principal suppliers on a timely basis, changes in market and economic conditions, especially those currently facing the aviation industry as a whole, the effects of fuel costs on the Company's customers, aircraft operators and freight carriers utilized by the Company, the ability to consummate suitable acquisitions, and other items that are beyond the Company's control and may cause actual results to differ from management's expectations.

#

**Contact: Michael D. Davidson
Corporate Controller
First Aviation Services Inc.
(203) 291-7707**

(See attached financial information)

First Aviation Services Inc.
Consolidated Condensed Statements of Operations
(in thousands, except share amounts)
(unaudited)

	Three Months		Nine Months	
	Ended October 31,		Ended October 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Net Sales	\$ 26,953	\$ 26,222	\$ 80,088	\$ 72,596
Cost of Sales	<u>21,291</u>	<u>20,615</u>	<u>63,528</u>	<u>56,876</u>
Gross Profit	5,662	5,607	16,560	15,720
Selling, general and administrative expenses	<u>5,299</u>	<u>5,089</u>	<u>15,016</u>	<u>14,662</u>
Operating income before corporate expenses	363	518	1,544	1,058
Corporate expenses	<u>960</u>	<u>876</u>	<u>2,271</u>	<u>2,453</u>
Operating loss from continuing operations	(597)	(358)	(727)	(1,395)
Net interest income and other	64	321	388	1,218
Minority interest in subsidiary	<u>(11)</u>	<u>(10)</u>	<u>(31)</u>	<u>(31)</u>
Loss before income taxes	(544)	(47)	(370)	(208)
Benefit for income taxes	<u>54</u>	<u>18</u>	<u>37</u>	<u>120</u>
Loss from continuing operations	(490)	(29)	(333)	(88)
Loss from discontinued operations, net of benefit for income taxes of \$173 and \$389, respectively	-	(337)	-	(756)
Income from disposal of subsidiary, net of provision for income taxes of \$-, \$-, \$405, and \$-, respectively	<u>-</u>	<u>979</u>	<u>707</u>	<u>979</u>
Net income (loss)	<u><u>\$ (490)</u></u>	<u><u>\$ 613</u></u>	<u><u>\$ 374</u></u>	<u><u>\$ 135</u></u>

First Aviation Services Inc.
Consolidated Condensed Statements of Operations (continued)
(in thousands, except share amounts)
(unaudited)

	Three Months		Nine Months	
	Ended October 31,		Ended October 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<i>Basic net income (loss) per common share:</i>				
Loss from continuing operations	\$ (0.07)	\$ (0.01)	\$ (0.05)	\$ (0.01)
Loss from discontinued operations	-	(0.04)	-	(0.10)
Income from disposal of subsidiary	<u>-</u>	<u>0.13</u>	<u>0.10</u>	<u>0.13</u>
Basic net income (loss) per common share	<u><u>\$ (0.07)</u></u>	<u><u>\$ 0.08</u></u>	<u><u>\$ 0.05</u></u>	<u><u>\$ 0.02</u></u>
Shares used in computation of basic net income (loss) per common share	<u><u>7,204,125</u></u>	<u><u>7,687,661</u></u>	<u><u>7,195,093</u></u>	<u><u>7,784,426</u></u>
 <i>Net income (loss) per common share - assuming dilution:</i>				
Loss from continuing operations	\$ (0.07)	\$ (0.01)	\$ (0.05)	\$ (0.01)
Loss from discontinued operations	-	(0.04)	-	(0.10)
Income from disposal of subsidiary	<u>-</u>	<u>0.13</u>	<u>0.10</u>	<u>0.13</u>
Net income (loss) per common share - assuming dilution	<u><u>\$ (0.07)</u></u>	<u><u>\$ 0.08</u></u>	<u><u>\$ 0.05</u></u>	<u><u>\$ 0.02</u></u>
Shares used in computation of net income (loss) per common share - assuming dilution	<u><u>7,204,125</u></u>	<u><u>7,687,661</u></u>	<u><u>7,195,093</u></u>	<u><u>7,784,426</u></u>

First Aviation Services Inc.
Consolidated Condensed Balance Sheets
(in thousands)

	October 31,	January 31,
	2001	2001
	<u>(Unaudited)</u>	<u>*</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,622	\$ 31,855
Trade receivables, net	16,236	15,860
Inventories, net	23,770	21,803
Deferred and refundable income taxes, prepaid expenses and other	<u>3,811</u>	<u>4,849</u>
Total current assets	<u>72,439</u>	<u>74,367</u>
Plant and equipment, net	4,461	4,638
Goodwill and other intangibles, net	<u>3,977</u>	<u>1,709</u>
	<u><u>\$ 80,877</u></u>	<u><u>\$ 80,714</u></u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 10,775	\$ 13,496
Accrued liabilities	2,854	4,321
Income taxes payable	1,910	2,120
Revolving line of credit and current portion of obligations under capital leases	<u>10</u>	<u>11,757</u>
Total current liabilities	<u>15,549</u>	<u>31,694</u>
Revolving line of credit	16,000	-
Minority interest	1,041	1,041
Obligations under capital leases	<u>194</u>	<u>147</u>
Total liabilities	<u>32,784</u>	<u>32,882</u>
Stockholders' equity:		
Common stock	91	91
Additional paid-in capital	38,608	38,625
Retained earnings	19,850	19,476
Accumulated other comprehensive loss	(201)	-
Treasury stock	<u>(10,255)</u>	<u>(10,360)</u>
Total stockholders' equity	<u>48,093</u>	<u>47,832</u>
Total liabilities and stockholders' equity	<u><u>\$ 80,877</u></u>	<u><u>\$ 80,714</u></u>

*Balances were derived from the audited balance sheet as of January 31, 2001