



**FIRST AVIATION ANNOUNCES STRONG FIRST QUARTER
OPERATING INCOME GROWTH**

WESTPORT, CONNECTICUT, June 12, 2002 – First Aviation Services Inc. (NASDAQ: FAVS), a leading provider of services to the aerospace industry worldwide, today announced first quarter net sales of \$25.0 million and income before cumulative effect of accounting change of \$0.01 per share.

For the first quarter ended April 30, 2002, gross profit increased 7.9% to \$5.6 million from \$5.2 million reported in the prior year on 2.2% lower net sales. Operating income before corporate expenses increased approximately 39.2% to \$0.7 million from \$0.5 million in the prior year.

Operating income for the quarter increased \$0.2 million, to \$0.1 million, compared to a loss of \$0.1 million for the same period of the prior year. Income before income taxes increased 32.0% compared to the prior year. For both years for the quarter income before cumulative effect of an accounting change was \$0.1 million, or \$0.01 per share. After the cumulative effect of an accounting change the Company incurred a net loss of \$0.37 per share for the quarter ended April 30, 2002, compared to net income of \$0.01 per share for the prior year. There was no accounting change in the quarter ended April 30, 2001.

Michael Culver, President and CEO of First Aviation, said, “Under the circumstances we were pleased with our results. Sales in our traditional distribution business were down somewhat compared to the prior year, while the aerospace industry overall is experiencing a significant decline, especially in the airline and general aviation sectors. Recovery in the industry has been slow. Our positive results also reflect the continuing shift in our business mix to logistics services from our traditional distribution business. API generally is paid fees for logistics services based on the value of product shipped through our facilities as well as other services provided on our customers’ behalf. We leverage our existing facilities, personnel and systems to provide services for our customers at lower cost. These services generally are more profitable than traditional distribution.”



Mr. Culver added, "During the quarter, the value of product that was shipped through our facilities actually increased approximately 20% over the first quarter of the prior fiscal year, even though the sale of the majority of our logistics products themselves are not recorded as revenue. We expect this trend to fee based revenue for logistics services to continue. In addition, we are very pleased to report positive operating cash flow for the quarter of \$1.9 million. This is the second straight quarter of outstanding cash flows. The cash flow results were due to the excellent performance of our management team, as they continue to reduce inventory and generate strong receivables collections."

During the first quarter, as required, the Company adopted Financial Accounting Standards Board Pronouncement No. 142, "*Goodwill and Other Intangible Assets*", ("FAS 142"). In order to comply with the adoption requirements of FAS 142 the Company incurred a one-time, non-cash charge of approximately \$2.7 million, or \$0.38 per share, after applicable income tax effect, to write-off the carrying value of its goodwill. This non-cash charge did not affect the Company's operations. The adoption of FAS 142 represents a change in accounting principle, and the cumulative effect was reported net of the applicable income tax effect on a separate line in the Consolidated Condensed Statements of Operations.

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 Aerospace Products International, Inc. ("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, including inventory management services, to the aerospace industry. With locations in the U.S., Canada and Asia Pacific, plus partners throughout the world, API continues to be one of the fastest growing providers of aviation products and inventory management solutions in the industry.

The Company will host a conference call to discuss first quarter results on Friday, June 14, 2002 at 2:00 pm EST. Interested parties should call 1 (800) 370-0906 before 1:45 pm EST. A replay will be available for 48 hours. Please call (877) 519-4471; PIN is 3238191.

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 and components from its principal suppliers on a timely basis, domestic and international market and economic conditions, especially those currently facing the aviation industry as a whole, the impact changes in of fuel and other freight related costs, the Company's relationships with its customers, the ability to obtain and service supply chain management contracts, 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.

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(See attached financial information)



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

	Three Months Ended April 30,	
	2002	2001
Net Sales	\$ 24,998	\$ 25,571
Cost of Sales	19,378	20,362
Gross Profit	5,620	5,209
Selling, general and administrative expenses	4,960	4,735
Operating income before corporate expenses	660	474
Corporate expenses	554	535
Litigation expense	-	45
Operating income (loss)	106	(106)
Net interest and other	32	213
Minority interest in subsidiary	(10)	(10)
Income before income taxes	128	97
Provision for income taxes	(50)	(10)
Income before cumulative effect of accounting change	78	87
Cumulative effect of accounting change, net	(2,735)	-
Net income (loss)	\$ (2,657)	\$ 87
 <i>Basic net income (loss) per common share, and net income (loss) per common share - assuming dilution:</i>		
Income before cumulative effect of accounting change	\$ 0.01	\$ 0.01
Cumulative effect of accounting change, net	(0.38)	-
Basic net income per common share, and net income per common share - assuming dilution	\$ (0.37)	\$ 0.01
Weighted average common shares outstanding - basic	7,214,107	7,186,454
Weighted average common shares outstanding - assuming dilution	7,230,763	7,191,651



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

	April 30, 2002	January 31, 2002
	<i>(unaudited)</i>	*
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,147	\$ 31,113
Trade receivables, net	14,166	15,396
Inventories, net	21,741	23,016
Other current assets	4,466	3,034
Total current assets	<u>72,520</u>	<u>72,559</u>
Plant and equipment, net	4,223	4,100
Goodwill and other intangibles, net	<u>30</u>	<u>3,885</u>
	<u>\$ 76,773</u>	<u>\$ 80,544</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 11,397	\$ 11,464
Accrued liabilities	1,992	2,748
Income taxes payable	1,343	1,293
Current portion of obligations under capital leases	122	180
Total current liabilities	<u>14,854</u>	<u>15,685</u>
Revolving line of credit	14,500	14,800
Minority interest	<u>1,041</u>	<u>1,041</u>
Total liabilities	<u>30,395</u>	<u>31,526</u>
Stockholders' equity:		
Common stock	91	91
Additional paid-in capital	38,495	38,516
Retained earnings	18,071	20,728
Accumulated other comprehensive loss	(196)	(193)
Treasury stock	<u>(10,083)</u>	<u>(10,124)</u>
Total stockholders' equity	<u>46,378</u>	<u>49,018</u>
Total liabilities and stockholders' equity	<u>\$ 76,773</u>	<u>\$ 80,544</u>

*Balances were derived from the audited balance sheet as of January 31, 2002