

Third Quarter EPS of \$.46 Reported by First Aviation

WESTPORT, CT, November 7, 2011 – First Aviation Services Inc. (OTC PINK: FAVSD) today released reviewed financial statements for the third quarter ended September 30, 2011.

Income from operations for the quarter increased by 300% over the prior year period to \$916 thousand on 11.2% lower sales. Net income for the quarter was \$509 thousand with earnings per share of \$.46 versus a net loss of \$369 thousand or earnings per share of (\$.54) in the prior year quarter. Year to date net income of \$1.2 million with earnings per share of \$1.23 compared positively to \$704 thousand or \$.67 per share in the prior year nine months. Gross margin year to date was 21.2% which compares favorably to the prior year of 18.4%. Earnings per share stated above reflect the 1 for 20 reverse stock split that was effective October 24, 2011.

For the first nine months the Company reduced bank borrowings by \$4.9 million and increased stockholders' equity by \$4.1 million. Book value per share as of September 30, 2011 is \$21.28.

Aaron Hollander, Chairman and CEO, said: "The Company continues to benefit from our initiatives to focus on higher margin maintenance, repair and overhaul (MRO) and supply chain management programs. The market continues to be challenging, especially domestically, though we are seeing increased confidence in the longer term outlook, particularly in the international corporate market and flight schools."

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 to the industry.



First Aviation Services Inc.

Consolidated Condensed Statements of Operations

(in thousands, except share and per share amounts)

	Three Mos Ended Sept 30,		Nine Mos Ended Sept 30,		12 Mos Ended
	2011	2010	2011	2010	Dec 31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2010*
Net sales	\$ 29,807	\$ 33,584	\$ 87,556	\$ 96,769	\$ 128,463
Cost of sales	(23,502)	(27,395)	(68,807)	(76,965)	(103,392)
Gross profit	6,305	6,189	18,749	19,804	25,071
Selling, general and administrative expenses	5,048	5,607	15,736	16,173	22,419
Corporate expenses	341	356	1,123	1,129	1,577
	5,389	5,963	16,859	17,302	23,996
Income from operations	916	226	1,890	2,502	1,075
Non-operating income (expense)					
Interest income and other, net	(28)	(9)	(46)	(14)	2
Interest expense	(330)	(534)	(1,058)	(1,591)	(2,252)
Other income	7	-	707	-	-
Income (loss) before income taxes	565	(317)	1,493	897	(1,175)
Income tax provision	(56)	(52)	(265)	(193)	(16)
Net income (loss)	509	(369)	1,228	704	(1,191)
Dividends on preferred stock	(64)	(55)	(184)	(176)	(219)
Income available (loss attributable) to common stockholders	\$ 445	\$ (424)	\$ 1,044	\$ 528	\$ (1,410)
<i>Basic net income (loss) per share, and net income (loss) per share - assuming dilution:</i>					
Basic net income (loss) per share ⁽¹⁾	\$ 0.46	\$ (0.54)	\$ 1.23	\$ 0.67	\$ (1.80)
Net income (loss) per share - assuming dilution ⁽¹⁾	\$ 0.46	\$ (0.54)	\$ 1.23	\$ 0.67	\$ (1.80)
Weighted average shares outstanding - basic ⁽¹⁾	958,124	784,660	846,144	782,879	783,710
Weighted average shares outstanding - assuming dilution ⁽¹⁾	958,370	784,660	846,871	783,934	783,710

* Derived from Audited Consolidated Financial Statements

⁽¹⁾ Earnings per share and weighted average shares outstanding for all periods presented reflect the impact of the 1 for 20 reverse stock split which was effective October 24, 2011

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



First Aviation Services Inc.

Consolidated Condensed Balance Sheets

(in thousands, except share amounts)

	Sept 30, 2011 <i>(Unaudited)</i>	Dec 31, 2010* <i>(Unaudited)</i>	Restated Sept 30, 2010 <i>(Unaudited)</i>
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,181	\$ 1,302	\$ 1,126
Trade receivables, net	20,820	20,051	20,386
Inventories, net	31,999	34,778	36,494
Prepaid expenses and other	2,139	2,417	3,184
Total current assets	<u>56,139</u>	<u>58,548</u>	<u>61,190</u>
Plant and equipment, net	1,948	2,467	2,626
Deferred financing costs and other	443	538	256
Goodwill	7,773	7,773	7,773
Total assets	<u>\$ 66,303</u>	<u>\$ 69,326</u>	<u>\$ 71,845</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 17,478	\$ 18,777	\$ 17,867
Accrued compensation and related expenses	487	555	479
Other accrued liabilities	2,422	3,387	4,302
Revolving line of credit	18,130	22,257	22,479
Term loan payable	600	6,400	6,600
Notes payable	-	28	41
Total current liabilities	<u>39,117</u>	<u>51,404</u>	<u>51,768</u>
Long-term liabilities:			
Other liabilities	1,589	1,717	2,127
Term loan payable	5,200	-	-
Total liabilities	<u>45,906</u>	<u>53,121</u>	<u>53,895</u>
Stockholders' equity			
Class A Common stock, \$0.20 par value, 1,000,000 shares authorized, 733,644, 566,031 and 566,031 shares issued, respectively, 670,064, 497,843 and 496,341 shares outstanding, respectively	125	91	91
Class B Common stock, \$0.20 par value, 300,000 shares authorized 288,334, 288,334 and 288,334 shares issued and outstanding, respectively	58	58	58
Preferred stock, \$0.01 par value, \$100 redemption value, 30,000 shares authorized, 17,685, 15,841 and 15,264 shares issued and outstanding, respectively	1,768	1,584	1,526
Additional paid-in capital	42,167	39,669	39,808
Deficit	(17,677)	(18,721)	(16,749)
Accumulated other comprehensive income	391	500	368
	<u>26,832</u>	<u>23,181</u>	<u>25,102</u>
Less: treasury stock, at cost, 63,580, 68,188 and 69,690 shares, respectively	<u>(6,435)</u>	<u>(6,976)</u>	<u>(7,152)</u>
Total stockholders' equity	<u>20,397</u>	<u>16,205</u>	<u>17,950</u>
Total liabilities and stockholders' equity	<u>\$ 66,303</u>	<u>\$ 69,326</u>	<u>\$ 71,845</u>

* Derived from Audited Consolidated Financial Statements

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First Aviation Services Inc.

Consolidated Statements of Cash Flows

(in thousands)

	Three Months Ended Sept 30,		Nine Months Ended Sept 30,		12 Mos Ended
	2011	2010	2011	2010	Dec 31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2010*
Cash flows from operating activities					
Net income (loss)	\$ 509	\$ (369)	\$ 1,228	\$ 704	\$ (1,191)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	513	503	1,364	1,401	1,146
Equity based compensation	28	5	73	101	132
Provision for bad debts	52	78	188	195	328
Provision for excess and obsolete inventory	(36)	-	(36)	-	270
Change in working capital assets/liabilities:					
Trade receivables	(567)	(567)	(957)	(3,032)	(1,930)
Inventories	1,061	1,488	2,815	623	2,109
Prepaid expenses and other	322	(256)	(147)	(350)	(7)
Accounts payable	(3,298)	1,828	(1,347)	1,618	2,787
Accrued compensation and related expenses, and other accrued liabilities	(857)	(845)	(984)	(1,323)	(2,162)
Net cash provided by (used in) operating activities	(2,273)	1,865	2,197	(63)	1,482
Cash flows from investing activities					
Purchases of plant and equipment and other assets	(71)	(467)	(222)	(664)	(791)
Net cash used in investing activities	(71)	(467)	(222)	(664)	(791)
Cash flows from financing activities					
Borrowings (repayments) on revolving line of credit, net	(1,320)	(378)	(4,128)	1,153	931
Loan costs	(10)	-	(103)	(170)	(347)
Repayments on term loan	-	(300)	(600)	(400)	(600)
Borrowings (repayments) on notes payable and other	(174)	(92)	(156)	246	(397)
Issuance of Class A Common Stock	-	-	3,000	-	-
Net cash (used in) provided by financing activities	(1,504)	(770)	(1,987)	829	(413)
Effect of exchange rate changes on cash and cash equivalents	(15)	-	(109)	(9)	(9)
Net change in cash and cash equivalents	(3,863)	628	(121)	93	269
Cash and cash equivalents at the beginning of the period	5,044	498	1,302	1,033	1,033
Cash and cash equivalents at the end of the period	\$ 1,181	\$ 1,126	\$ 1,181	\$ 1,126	\$ 1,302
Supplemental cash flow disclosures					
Cash paid for:					
Interest	\$ 249	\$ 331	\$ 831	\$ 1,310	\$ 1,828
Income taxes paid, net	\$ 11	\$ 42	\$ 71	\$ 42	\$ 28

* Derived from Audited Consolidated Financial Statements

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