

**FIRST AVIATION ANNOUNCES RECORD SALES FOR THE FIRST QUARTER**  
**ENDED APRIL 30, 2004**

WESTPORT, CONNECTICUT, June 23 2004 – First Aviation Services Inc. (NASDAQ: FAVS), one of the leading providers of supply chain services to the aerospace industry worldwide, today announced record net sales of \$30.2 million in the first quarter ended April 30, 2004. A net loss of \$(410,000) or \$(0.06) per share was incurred in the first quarter of the fiscal year versus net income of \$120,000 or \$0.02 per share in the first quarter ended April 30, 2003.

For the three months ended April 30, 2004, net sales of \$30.2 million increased by \$4.6 million, or 18.0% over that reported in the prior year. Gross profit increased to \$5.6 million, adding \$738,000 or 15.0% over the prior year quarter. In the first quarter of the current fiscal year, net sales of parts and components increased in a majority of the customer sectors the company serves, notably in the general aviation, corporate flight departments, large corporate maintenance, repair and overhaul facilities, and retail and airline sectors.

Mr. Michael Culver, President and CEO of First Aviation, said: “Operating results at API exceeded plan for the first quarter. We are pleased by the progress made in the prior three months which resulted in near across the board increases in sales at API.”

Selling, general and administrative expense increased 17.0% to 5.0 million in the current quarter from \$4.3 million in the prior year quarter. The increases were due to a variety of factors, primarily increases in personnel costs related to the increased level of sales and management restructuring, and legal costs for ongoing litigation.

Corporate expenses increased by \$440,000 to \$930,000 in the quarter ended April 30, 2004, due in part to expenses associated with a proxy contest by a dissident shareholder.

“Profitability was negatively impacted by the increase in expenses” said Mr. Aaron Hollander, Chairman of First Aviation. “We are disappointed to have incurred the costs associated with the proxy contest and shareholder proposals by a dissident shareholder, especially since we had significant revenue growth in the first quarter.”

First Aviation, located in Westport, Connecticut and its principal operating subsidiary, Aerospace Products International Inc. (“API”), based in Memphis, Tennessee, is one of the leading providers of services to the aviation industry worldwide. The services the Company provides the aviation industry include the sale of aircraft parts and components, the provision of supply chain management services, overhaul and repair services for brakes and starter/generators, and the assembly of custom hoses. With

locations in the U.S., Canada and Asia Pacific, plus partners throughout the world, API continues to be one of the leading providers of aviation products, supply chain management services and technology solutions in the industry.

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

### **Forward-Looking Statements**

*Certain statements discussed in this release constitute 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. Such risks, uncertainties and other important factors include, at a minimum, the Company's ability to obtain parts and components from its principal suppliers on a timely basis, depressed domestic and international market and economic conditions, especially those currently facing the aviation industry as a whole, the impact of changes in fuel and other freight related costs, relationships with its customers, the ability of the Company's customers to meet their financial obligations to the Company, the ability to obtain and service supply chain management contracts, changes in regulations or accounting standards, the ability to consummate suitable acquisitions and expand, and other items that are beyond the Company's control may cause actual results to differ from management's expectations. In addition, specific consideration should be given to the various factors described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended January 31, 2004, and the various factors described in this release. The Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions, or circumstances on which the forward-looking statement is based.*

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(See attached financial information)

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

	<b>Three months ended</b>	
	<b>April 30,</b>	
	<b>2004</b>	<b>2003</b>
	<b>(unaudited)</b>	
Net sales	\$ 30,215	\$ 25,605
Cost of sales	<u>24,603</u>	<u>20,731</u>
Gross profit	5,612	4,874
Selling, general and administrative expenses	4,990	4,266
Corporate expenses	<u>930</u>	<u>490</u>
Income (loss) from operations	(308)	118
Net interest income and other	(82)	89
Minority interest in subsidiary	<u>(10)</u>	<u>(10)</u>
Income (loss) before income taxes	(400)	197
Benefit (provision) for income taxes	<u>(10)</u>	<u>(77)</u>
Income (loss) before cumulative effect of accounting change	(410)	120
Cumulative effect of accounting change, net of benefit for income taxes of \$922	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ (410)</u>	<u>\$ 120</u>
 <i>Basic net income (loss) per share, and net income (loss) per share - assuming dilution:</i>		
Basic net income (loss) per share, and net income (loss) per share - assuming dilution	<u>\$ (0.06)</u>	<u>\$ 0.02</u>
Weighted average shares outstanding - basic	<u>7,290,048</u>	<u>7,251,355</u>
Weighted average shares outstanding - assuming dilution	<u>N/A</u>	<u>7,258,903</u>

**First Aviation Services Inc.**  
Consolidated Condensed Balance Sheets  
(in thousands, except share amounts)

	<b>April 30, 2004</b>	<b>January 31, 2004</b>
	<b>(unaudited)</b>	*
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 23,745	\$ 25,144
Trade receivables, net of allowance for doubtful accounts of \$1,411 and \$1,418, respectively	15,164	13,499
Inventory, net of allowance for obsolete and slow moving inventory of \$938 and \$1,013, respectively	21,492	22,344
Prepaid expenses and other	1,001	1,032
Total current assets	61,402	62,019
Plant and equipment, net	3,019	2,963
	\$ 64,421	\$ 64,982
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 11,331	\$ 9,561
Accrued compensation and related expenses, and other accrued liabilities	2,270	2,376
Income taxes payable	942	939
Total current liabilities	14,543	12,876
Revolving line of credit	12,650	14,500
Minority interest in subsidiary	1,041	1,041
Total liabilities	28,234	28,417
Stockholders' equity:		
Common stock, \$0.01 par value, 25,000,000 shares authorized, 7,296,960 and 7,284,093 shares outstanding	91	91
Additional paid-in capital	38,358	38,375
Retained earnings	7,144	7,554
Accumulated other comprehensive income (loss)	211	238
	45,804	46,258
Less: Treasury stock, at cost	(9,617)	(9,693)
Total stockholders' equity	36,187	36,565
Total liabilities and stockholders' equity	\$ 64,421	\$ 64,982

\* Balances were derived from the audited balance sheet as of January 31, 2004.