

FIRST AVIATION ANNOUNCES RECORD SALES IN THE THIRD QUARTER

WESTPORT, CONNECTICUT, December 15, 2003 – First Aviation Services Inc. (NASDAQ: FAVS), one of the premier suppliers of products and services to the aerospace industry worldwide, today announced record sales in the third quarter. Net income was at break even in the third quarter of the current year, compared to net income of \$0.02 per share for the third quarter of the prior year.

For the nine months ended October 31, 2003 the Company incurred a net loss of \$0.01 per share, compared to a net loss of \$0.37 for the nine months ended October 31, 2002. Prior year results included a loss of \$0.38 per share related to the adoption of a new accounting principle related to goodwill.

A summary of results is as follows:

- Cash provided by operating activities for the nine months ended October 31, 2003, was \$2.6 million. Cash on hand at October 31, 2003 increased \$2.6 million from year-end to \$28.6 million, or \$3.94 per share, and stockholders' equity increased \$0.4 million from year-end to \$36.5 million, or \$5.02 per share.
- Net sales for the three months ending October 31, 2003, increased \$1.2 million or 4.3% to \$27.8 million compared to \$26.6 million for the comparable period of the prior year, due to increased sales of general aviation parts, and sales of services. Gross profit for the three months ending October 31, 2003 was level with the same period of the prior year at \$5.1 million, primarily due to sales of products with lower gross margins, and increased promotional activities and freight.

“We saw an increase in general aviation sales in the 3rd quarter,” said Michael Culver, President and CEO of First Aviation, “The Company’s efforts and investments to increase sales revenue have started to produce results. We will be undertaking various initiatives to improve our business.”

First Aviation, located in Westport, Connecticut and its principal operating subsidiary, Aerospace Products International Inc. (“API”), based in Memphis, Tennessee, is one of the premier suppliers of products and services worldwide to manufacturers and aircraft operators of some of the most widely used commercial and general aviation aircraft. In addition to its parts and components supply services, API is a leading provider of supply chain management and customized third party logistics services and technology solutions, including inventory management services. API also offers overhaul and repair services for brakes and starter/generators, and builds custom hose assemblies. With locations in the U.S., Canada and Asia Pacific, plus partners throughout the world, API continues to be one of the premier suppliers of aviation products, supply chain management services and technology solutions in the industry.

The Company will host a conference call to discuss third quarter results on December 17, 2003. A separate announcement will be issued for that purpose.

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, 2003, 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 amounts)
(unaudited)

| | Three months ended October 31, | | Nine months ended October 31, | |
|--|-----------------------------------|------------------|----------------------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Net sales | \$ 27,756 | \$ 26,611 | \$ 78,639 | \$ 77,775 |
| Cost of sales | <u>22,650</u> | <u>21,480</u> | <u>63,852</u> | <u>63,046</u> |
| Gross profit | 5,106 | 5,131 | 14,787 | 14,729 |
| Selling, general and administrative expenses | 4,532 | 4,306 | 13,119 | 12,859 |
| Corporate expenses | <u>668</u> | <u>647</u> | <u>1,907</u> | <u>1,881</u> |
| Income (loss) from operations | (94) | 178 | (239) | (11) |
| Net interest income and other | 57 | 31 | 146 | 130 |
| Minority interest in subsidiary | <u>(10)</u> | <u>(11)</u> | <u>(31)</u> | <u>(31)</u> |
| Income (loss) before income taxes | (47) | 198 | (124) | 88 |
| Benefit (provision) for income taxes | <u>64</u> | <u>(77)</u> | <u>42</u> | <u>(34)</u> |
| Income (loss) before cumulative effect of accounting change | 17 | 121 | (82) | 54 |
| Cumulative effect of accounting change, net of benefit for income taxes of \$922 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,735)</u> |
| Net income (loss) | <u>\$ 17</u> | <u>\$ 121</u> | <u>\$ (82)</u> | <u>\$ (2,681)</u> |
| <i>Basic net income (loss) per share, and net income (loss) per share - assuming dilution:</i> | | | | |
| Income before cumulative effect of accounting change | \$ - | \$ 0.02 | \$ (0.01) | \$ 0.01 |
| Cumulative effect of accounting change | <u>-</u> | <u>-</u> | <u>-</u> | <u>(0.38)</u> |
| Basic net income (loss) per share, and net income (loss) per share - assuming dilution | <u>\$ -</u> | <u>\$ 0.02</u> | <u>\$ (0.01)</u> | <u>\$ (0.37)</u> |
| Weighted average shares outstanding - basic | <u>7,273,961</u> | <u>7,227,860</u> | <u>7,262,272</u> | <u>7,220,492</u> |
| Weighted average shares outstanding - assuming dilution | <u>7,286,529</u> | <u>7,227,860</u> | <u>N/A</u> | <u>7,226,723</u> |

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

| | October 31, 2003 | January 31, 2003 |
|---|-----------------------------|-----------------------------|
| | (unaudited) | * |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 28,636 | \$ 26,013 |
| Trade receivables, net of allowance for doubtful accounts of \$1,553 and \$1,656, respectively | 14,271 | 13,454 |
| Inventory, net of allowance for obsolete and slow moving inventory of \$997 and \$997, respectively | 19,790 | 20,617 |
| Prepaid expenses and other | 848 | 1,318 |
| Total current assets | 63,545 | 61,402 |
| Plant and equipment, net | 3,137 | 3,639 |
| | \$ 66,682 | \$ 65,041 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 10,866 | \$ 10,324 |
| Accrued compensation and related expenses, and other accrued liabilities | 2,606 | 2,073 |
| Income taxes payable | 1,155 | 1,009 |
| Total current liabilities | 14,627 | 13,406 |
| Revolving line of credit | 14,500 | 14,500 |
| Minority interest in subsidiary | 1,041 | 1,041 |
| Total liabilities | 30,168 | 28,947 |
| Stockholders' equity: | | |
| Common stock, \$0.01 par value, 25,000,000 shares authorized, 7,276,305 and 7,250,710 shares outstanding, respectively | 91 | 91 |
| Additional paid-in capital | 38,390 | 38,445 |
| Retained earnings | 7,461 | 7,543 |
| Accumulated other comprehensive income (loss) | 311 | (96) |
| | 46,253 | 45,983 |
| Less: Treasury stock, at cost | (9,739) | (9,889) |
| Total stockholders' equity | 36,514 | 36,094 |
| Total liabilities and stockholders' equity | \$ 66,682 | \$ 65,041 |

* Balances were derived from the audited balance sheet as of January 31, 2003.