

FAVS POSTS SECOND QUARTER NET INCOME \$.06 EPS

WESTPORT, CONNECTICUT, September 15, 2005 – 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 for the three and six months ended July 31, 2005 of \$32.7 million and \$64.7 million, respectively. For the three and six months ended July 31, 2005, net sales increased 5.3% and 5.5% respectively over sales reported in the prior year. Revenues increased for the eighth consecutive quarter over the comparable prior year periods.

Income (loss) from operations was \$31,000 and \$221,000 for the three and six months ended July 31, 2005 compared to (\$835,000) and (\$1,143,000) for the prior year periods. Not included in income (loss) from operations is \$417,000 (pre-tax) in other income as settlement for a contract dispute.

Net income was \$432,000 or \$0.06 per share for the three months ended July 31, 2005 versus a loss of (\$833,000) or (\$0.11) per share in the prior year quarter. For the six months ended July 31, 2005, earnings of \$584,000 or \$0.08 per share compared with a loss of (\$1,243,000) or (\$0.17) per share in the prior year period. Assets at July 31, 2005 totaled \$68.1 million including \$19.5 million of cash.

Selling, general and administrative expense increased 3.6% to \$4.9 million in the current quarter from \$4.8 million in the prior year quarter. Selling, general and administrative expense as a percentage of sales was 15.1% in the quarter ended July 31, 2005, versus 15.3% in the second quarter of 2004. For the six months, selling, general and administrative expense was substantially on par at \$9.8 million in the current year versus the prior year six months. Corporate expenses for the quarter and six months decreased by 31.0% and 33.1%, respectively due to reductions in legal fees related to corporate governance regulations, the absence of a proxy contest by a dissident shareholder and savings resulting from the termination of an advisory agreement by First Equity Development, an affiliate of the Company and its majority shareholder.

Mr. Michael Culver, President and CEO of First Aviation, said: “We have improved profitability. We continue to focus on revenue growth and cost control while investing resources in innovative technologies.”

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, the loss of the use of facilities and distribution hub in Memphis, significant failure of our computer systems or networks, efforts to comply with section 404 of the Sarbanes-Oxley Act of 2002, and other items that are beyond the Company's control and 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", and elsewhere in the Company's Annual Report on Form 10-K for the year ended January 31, 2005, and the various factors described in this release. The Company undertakes no obligation to update any forward-looking statements or cautionary factors.

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

	Three months ended	
	July 31,	
	2005	2004
Net sales	\$ 32,706	\$ 31,072
Cost of sales	<u>27,164</u>	<u>26,303</u>
Gross profit	5,542	4,769
Selling, general and administrative expenses	4,928	4,759
Corporate expenses	<u>583</u>	<u>845</u>
Income (loss) from operations	31	(835)
Net interest income (expense) and other	36	36
Other income	417	-
Minority interest in subsidiary	<u>-</u>	<u>(11)</u>
Income (loss) before income taxes	484	(810)
Provision for income taxes	<u>(52)</u>	<u>(23)</u>
Net income (loss)	<u>\$ 432</u>	<u>\$ (833)</u>
<i>Basic net income (loss) per share, and net income (loss)</i>		
<i>per share - assuming dilution:</i>		
Basic net income (loss) per share, and net income (loss)		
per share - assuming dilution	<u>\$ 0.06</u>	<u>\$ (0.11)</u>
Weighted average shares outstanding - basic	<u>7,333,457</u>	<u>7,298,069</u>
Weighted average shares outstanding - assuming dilution	<u>7,337,753</u>	<u>7,298,069</u>

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

	Six months ended	
	July 31,	
	2005	2004
Net sales	\$ 64,687	\$ 61,287
Cost of sales	<u>53,491</u>	<u>50,906</u>
Gross profit	11,196	10,381
Selling, general and administrative expenses	9,788	9,749
Corporate expenses	<u>1,187</u>	<u>1,775</u>
Income (loss) from operations	221	(1,143)
Net interest income (expense) and other	(2)	(46)
Other income	417	-
Minority interest in subsidiary	<u>(10)</u>	<u>(21)</u>
Income (loss) before income taxes	626	(1,210)
Provision for income taxes	<u>(42)</u>	<u>(33)</u>
Net income (loss)	<u>\$ 584</u>	<u>\$ (1,243)</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>\$ 0.08</u>	<u>\$ (0.17)</u>
Weighted average shares outstanding - basic	<u>7,329,077</u>	<u>7,294,102</u>
Weighted average shares outstanding - assuming dilution	<u>7,333,590</u>	<u>7,294,102</u>

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

	July 31, 2005	January 31, 2005
	(unaudited)	*
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,516	\$ 22,584
Trade receivables, net of allowance for doubtful accounts of \$651 and \$806, respectively	17,210	14,563
Inventory, net of allowance for slow moving and obsolete inventory of \$1,740 and \$1,656, respectively	26,881	24,156
Prepaid expenses and other	1,166	900
Total current assets	64,773	62,203
Plant and equipment, net	3,346	2,996
Total Assets	\$ 68,119	\$ 65,199
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 13,100	\$ 10,495
Accrued compensation and related expenses	1,254	1,205
Other accrued liabilities	2,380	2,424
Income taxes payable	1,026	900
Total current liabilities	17,760	15,024
Revolving line of credit	14,500	14,500
Minority interest in subsidiary	-	1,041
Total liabilities	32,260	30,565
Stockholders' equity:		
Common stock, \$0.01 par value, 25,000,000 shares authorized, 9,135,699 shares issued	91	91
Additional paid-in capital	38,822	38,318
Retained earnings	5,909	5,325
Accumulated other comprehensive income	394	374
	45,216	44,108
Less: Treasury stock, at cost, 1,794,248 and 1,814,191 shares, respectively	(9,357)	(9,474)
Total stockholders' equity	35,859	34,634
Total liabilities and stockholders' equity	\$ 68,119	\$ 65,199

See accompanying notes.

* Balances were derived from the audited balance sheet as of January 31, 2005.

First Aviation Services Inc.
Consolidated Condensed Statement of Cash Flows
(in thousands)

	Six months ended July 31,	
	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Net income (loss)	\$ 584	\$ (1,243)
Adjustments to reconcile net loss to net cash from operating activities - non-cash charges:		
Depreciation and amortization	538	455
Compensation paid through issuance of stock	80	90
(Increase) decrease in current assets:		
Trade receivables	(2,642)	(2,533)
Inventory	(2,720)	430
Prepaid and other	(253)	207
Increase (decrease) in current liabilities:		
Accounts payable	2,599	624
Accrued compensation and related expenses, and other accrued liabilities	3	517
Income taxes payable	125	6
Net cash provided by (used in) operating activities	(1,686)	(1,447)
Cash flows from investing activities		
Purchases of plant and equipment	(885)	(415)
Proceeds from disposals of plant and equipment	-	3
Net cash used in investing activities	(885)	(412)
Cash flows from financing activities		
Borrowings on revolving line of credit	29,000	27,150
Repayments on revolving line of credit	(29,000)	(27,150)
Repurchase of preferred stock of subsidiary	(500)	-
Net cash used in financing activities	(500)	-
Net increase (decrease) in cash and cash equivalents	(3,071)	(1,859)
Effect of exchange rates on cash	3	3
Cash and cash equivalents at beginning of period	<u>22,584</u>	<u>25,144</u>
Cash and cash equivalents at end of period	<u>\$ 19,516</u>	<u>\$ 23,288</u>
Supplemental cash flow disclosures:		
Interest paid	\$ 63	\$ 19
Income taxes paid	\$ 12	\$ 41