

## **FAVS ANNOUNCES FIRST QUARTER RESULTS**

WESTPORT, CONNECTICUT, June 16, 2006 – First Aviation Services Inc. (NASDAQ: FAVS), a leading provider of supply chain services to the aerospace industry worldwide, today announced results a net loss of (\$266,000) or (\$0.04) per share for the three months ended April 30, 2006 versus net income of \$153,000 or \$0.02 per share in the prior year quarter.

Net sales of \$29.2 million represents a decline of 8.6% from the \$32.0 million reported in the prior year. The decrease was due to weak market conditions in certain segments, stronger price discipline, and the temporary impact of implementing a new information system that reduced service levels provided to customers.

Gross margins increased to 19.6% from 17.7% for the three months ended April 30, 2006 over the comparable prior year period as a result of a favorable mix of products and less price discounting. Gross profit for the quarter ended April 30, 2006 of \$5.7 million, a record for the quarter, exceeded the gross profit for the prior year quarter by \$73,000.

Mr. Michael Culver, President and CEO of First Aviation, said: “Our performance this quarter was less than satisfactory; we believe it is the result of factors largely within our control. While there is general softness in the markets we serve, particularly in General Aviation, we believe that much of the decline in sales was the result of service levels below the high standards that API has set for itself and the industry. We have made a multi-million dollar investment in systems to remain the technological leader in distribution and supply chain management. We believe the short term impact to service levels will be more than offset by the increased capabilities we will offer our customers and the efficiency this technology will bring to the Company. In fact in May we started to realize some of the benefits of SAP. Technical leadership that is customer centric is one of our primary goals.”

*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.apiworldwide.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, 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 1A, "Risk Factors", 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, 2006. The Company undertakes no obligation to update any forward-looking statements or cautionary factors except as required by law.*

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**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>2006</b>	<b>2005</b>
Net sales	\$ 29,242	\$ 31,981
Cost of sales	<u>23,515</u>	<u>26,327</u>
Gross profit	5,727	5,654
Selling, general and administrative expenses	5,045	4,860
Corporate expenses	<u>619</u>	<u>604</u>
Income from operations	63	190
Net interest income (expense) and other	(302)	(37)
Minority interest in subsidiary	<u>-</u>	<u>(10)</u>
Income (loss) before income taxes	(239)	143
Provision for income taxes	<u>(27)</u>	<u>10</u>
Net income (loss)	<u>\$ (266)</u>	<u>\$ 153</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>\$ (0.04)</u>	<u>\$ 0.02</u>
Weighted average shares outstanding - basic	<u>7,353,250</u>	<u>7,324,551</u>
Weighted average shares outstanding - assuming dilution	<u>7,353,250</u>	<u>7,330,503</u>

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

	<u>April 30,</u> <u>2006</u>	<u>January 31,</u> <u>2006</u>
	(unaudited)	*
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,751	\$ 9,488
Trade receivables, net of allowance for doubtful accounts of \$631 and \$596, respectively	20,223	18,737
Inventory, net of allowance for slow moving and obsolete inventory of \$1,712 and \$1,709, respectively	38,324	38,809
Prepaid expenses and other	<u>1,319</u>	<u>1,351</u>
Total current assets	<b>63,617</b>	68,385
Plant and equipment, net	<u>5,434</u>	<u>4,963</u>
Total Assets	<u><b>\$ 69,051</b></u>	<u>\$ 73,348</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 12,574	\$ 15,441
Accrued compensation and related expenses	1,085	1,823
Other accrued liabilities	1,609	1,750
Notes payable	804	1,125
Income taxes payable	<u>1,013</u>	<u>1,012</u>
Total current liabilities	<b>17,085</b>	21,151
Long-term debt	14,500	14,500
Notes payable, less current portion	<u>1,221</u>	<u>1,245</u>
Total liabilities	<b>32,806</b>	36,896
Stockholders' equity:		
Common stock, \$0.01 par value, 25,000,000 shares authorized, 9,135,699 shares issued	91	91
Additional paid-in capital	38,805	38,799
Retained earnings	6,083	6,349
Accumulated other comprehensive income	<u>527</u>	<u>500</u>
	<b>45,506</b>	45,739
Less: Treasury stock, at cost, 1,777,973 and 1,782,449 shares, respectively	<u>(9,261)</u>	<u>(9,287)</u>
Total stockholders' equity	<u><b>36,245</b></u>	<u>36,452</u>
Total liabilities and stockholders' equity	<u><b>\$ 69,051</b></u>	<u>\$ 73,348</u>

\* Balances were derived from the audited balance sheet as of January 31, 2006.