

FAVS ANNOUNCES IMPROVED PERFORMANCE AND Q2 RESULTS

WESTPORT, CONNECTICUT, September 17, 2007 – First Aviation Services Inc. (FAVS.PK), a leading provider of supply chain services to the aerospace industry worldwide, released its second quarter financial results for the three months ended July 31, 2007.

Mr. Aaron Hollander, Chairman and CEO of First Aviation, said: “We continue to make strong progress and are pleased that sales increased over 8% for the quarter versus the same quarter in the prior year. SG&A expense has been reduced substantially, while earnings from operations before corporate expense was a positive \$313 thousand. We have significantly reduced the net loss vs. the same quarter in the prior year and simultaneously reduced payables to suppliers during the quarter by \$5.4 million. Ahmed Metwalli and the entire management team are focused on improved profitability and continued balance sheet improvement.”

The company reported a net loss for the quarter of \$694 thousand or (\$0.09) per share vs. a net loss of \$1.9 million or (\$0.26) for the same quarter in the prior year. The Company is currently reviewing the financial statements for possible adjustments to expenses for previously reported periods including the reporting of Canadian currency translation adjustments. The Company does not believe that these adjustments will be material to the previously reported results for these periods.

First Aviation, located in Westport, Connecticut and its principal operating subsidiary, Aerospace Products International Inc. (“API”), based in Memphis, Tennessee, is a leading provider 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 wheels, brakes and starter/generators, and the assembly of custom hoses. With locations in the U.S., Canada, Europe, Asia Pacific and China, plus partners throughout the world, API continues to be a leading provider 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, including terrorism and terrorism related impacts, the impact of changes in fuel and other freight related costs, major adverse weather related effects such as hurricanes impacting our customer base, 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 Mississippi, significant failure of our computer systems, telephone systems or networks, and other items that are beyond the Company's control and may cause actual results to differ from management's expectations.

See financial statements below

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FINANCIAL INFORMATION

First Aviation Services Inc.

Consolidated Condensed Balance Sheets (Unaudited)
(in thousands, except share amounts)

	<u>July 31,</u> <u>2007</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,417
Trade receivables, net of allowance for doubtful accounts of \$1,674	21,303
Inventory, net of allowance for obsolete and slow moving inventory of \$5,129	33,839
Prepaid expenses and other	<u>1,364</u>
Total current assets	57,923
Plant and equipment, net	<u>4,658</u>
Total Assets	<u><u>\$ 62,581</u></u>
Liabilities and stockholders' equity	
Current liabilities:	
Accounts payable	\$ 9,194
Accrued compensation and other liabilities	2,903
Revolving line of credit	24,916
Other short-term debt	3,000
Notes payable	270
Income taxes payable	<u>-</u>
Total current liabilities	40,283
Long-term liabilities, less current portion	<u>1,162</u>
Total liabilities	41,445
Stockholders' equity:	
Common stock, \$0.01 par value, 25,000,000 shares authorized, 9,135,699 shares issued	91
Additional paid-in capital	38,732
Accumulated deficit	(9,273)
Accumulated other comprehensive income	<u>622</u>
	30,172
Less: Treasury stock, at cost, 1,739,589	<u>(9,036)</u>
Total stockholders' equity	<u>21,136</u>
Total liabilities and stockholders' equity	<u><u>\$ 62,581</u></u>

First Aviation Services Inc.

Consolidated Condensed Statements of Operations (Unaudited)
(in thousands, except share amounts)

	Three months ended July 31, 2007
Net sales	\$ 32,166
Cost of sales	<u>27,238</u>
Gross profit	4,928
Selling, general and administrative expenses	<u>4,615</u>
Income before corporate expenses	313
Corporate expenses	<u>648</u>
Loss from operations	(335)
Net interest income (expense)	(514)
Foreign currency transaction gain	<u>192</u>
Loss before income taxes	(657)
Provision for income taxes	<u>(37)</u>
Net loss	<u><u>\$ (694)</u></u>
 <i>Basic net loss per share, and net loss per share - assuming dilution:</i>	
Basic net loss per share	<u><u>\$ (0.09)</u></u>
Net loss per share - assuming dilution	<u><u>\$ (0.09)</u></u>
Weighted average shares outstanding - basic	<u><u>7,373,613</u></u>
Weighted average shares outstanding - assuming dilution	<u><u>7,373,613</u></u>

First Aviation Services Inc.

Consolidated Condensed Statements of Operations (Unaudited)
(in thousands)

	Three months ended July 31, 2007
Cash flows from operating activities	
Net loss	\$ (694)
Adjustments to reconcile net loss to net cash used in operating activities - non-cash expense (income):	
Depreciation and amortization	417
Equity based compensation	61
Other	(3)
(Increase) decrease in working capital assets:	
Trade receivables	1,304
Inventory	173
Prepaid expenses and other	531
Increase (decrease) in working capital liabilities:	
Accounts payable	(5,371)
Accrued compensation and related expenses, and other accrued liabilities	303
Net cash used in operating activities	<u>(3,279)</u>
Cash flows from investing activities	
Purchases of plant and equipment	<u>(152)</u>
Net cash used in investing activities	(152)
Cash flows from financing activities	
Borrowings on revolving line of credit	1,486
Repayments on revolving line of credit	-
Borrowings on other short-term debt	3,000
Repayments on notes payable	<u>(36)</u>
Net cash provided by (used in) financing activities	<u>4,450</u>
Net increase in cash and cash equivalents	1,019
Effect of exchange rate changes on cash and cash equivalents	47
Cash and cash equivalents at beginning of period	<u>351</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,417</u></u>