

FAVS CONTINUES STRONG IMPROVEMENT IN THIRD QUARTER

WESTPORT, CONNECTICUT, November 20, 2008 – First Aviation Services Inc. (FAVS.PK) today announced significantly improved financial results for the three months ended October 31, 2008 on 2.6% lower revenue. Earnings from operations for the three and nine month periods ended October 31, 2008 were a positive \$293,000 and \$662,000, respectively, versus negative (\$939,000) and (\$2,733,000) in the comparable prior year three and nine month periods, after adjusting for the effect of the one-time repurchase of \$2.1 million of previously classified slow moving and obsolete inventory by a major original equipment manufacturer in the nine month period ended October 31, 2007. The net loss of (\$80,000) in the current year quarter represents a significant improvement over the (\$1,207,000) loss incurred in the three months ended October 31, 2007.

Gross Margin pre-freight, as a percentage of sales, improved to 18.5% in the current year quarter versus 15.7% in the prior year three month period and 18.9% versus 16.3% (ex the repurchase) in the prior year nine month period. SG&A expenses were 13.1% lower in the current year quarter and 7.9% less than the costs incurred in the prior year nine month period, while corporate expenses were 26.3% lower in the current year nine month period versus the comparable prior year period. Interest expense was approximately 33% lower in the current nine month period compared to the prior year, and net freight expense was 1.5% of revenue for the nine months ended October 31, 2008 versus 1.8% in the 2007 period resulting in significant savings in operational expenses.

Mr. Aaron Hollander, Chairman and CEO of First Aviation, said: “The team continues to make strong operational and financial progress. Notwithstanding the difficult economy, we have increased margins, controlled costs and improved the service levels of our product. We are attentive to the changing economic environment and are constantly striving to increase our competitiveness.”

The results of operations for the nine months ended October 31, 2007 have been restated from the results reported in the prior year period. The effect of the restatement is more fully described in a note to the consolidated statements of operations.

First Aviation 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. With locations in the U.S., Canada, Asia Pacific, and China plus partners throughout the world, services to the aviation industry include the sale of aircraft parts and components, the provision of supply chain management services, and overhaul and repair services.

More information about First Aviation can be found on the Company’s and API’s websites, which are located at <http://www.favs.com> and <http://www.apeworldwide.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 our current expectations concerning future events and results. Such forward-looking statements, including those concerning our expectations, involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, that may cause our 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, among others: our ability to obtain parts and components from 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 customers, the ability of our customers to meet their financial obligations to us, our 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 Southaven, Mississippi, significant failure of our computer systems, telephone systems or networks, and other items that are beyond our control and may cause actual results to differ from management's expectations. 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)

	Three months ended	
	October 31,	
	2008	2007
	(unaudited)	(as restated) (1)
Net sales	\$ 30,040	\$ 30,876
Cost of sales	<u>25,027</u>	<u>26,486</u>
Gross profit	5,013	4,390
Selling, general and administrative expenses	4,336	4,988
Corporate expenses	<u>384</u>	<u>341</u>
Income (loss) from operations	293	(939)
Net interest income (expense) and other	(361)	(559)
Foreign currency transaction gain (loss)	<u>(5)</u>	<u>309</u>
Loss before income taxes	(73)	(1,189)
Provision for income taxes	<u>(7)</u>	<u>(18)</u>
Net loss	<u>\$ (80)</u>	<u>\$ (1,207)</u>
 (EBIDTA) Earnings before taxes depreciation and amortization	 <u>\$ 655</u>	 <u>\$ (520)</u>
 <i>Basic net loss per share, and net loss per share - assuming dilution:</i>		
Basic net loss per share	<u>\$ (0.01)</u>	<u>\$ (0.16)</u>
Net loss per share - assuming dilution	<u>\$ (0.01)</u>	<u>\$ (0.16)</u>
Weighted average shares outstanding - basic	<u>7,476,593</u>	<u>7,396,110</u>
Weighted average shares outstanding - assuming dilution	<u>7,476,593</u>	<u>7,396,110</u>

(1) The results of operations for the quarter ended October 31, 2007 have been restated from the results in the prior year period in the amount of (\$82,000) in SG&A costs and (\$135,000) in non-cash cost of goods sold related to the prior year quarter.

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

	Nine months ended		
	2008	October 31,	
	(unaudited)	2007	2007
		(as restated) (1)	(as restated) (1)
		(Ex Raytheon) (2)	
Net sales	\$ 89,462	\$ 93,634	\$ 95,718
Cost of sales	<u>74,194</u>	<u>80,201</u>	<u>80,982</u>
Gross profit	15,268	13,433	14,736
Selling, general and administrative expenses	13,462	14,613	14,613
Corporate expenses	<u>1,144</u>	<u>1,553</u>	<u>1,553</u>
Income (loss) from operations	662	(2,733)	(1,430)
Net interest income (expense) and other	(1,001)	(1,505)	(1,505)
Foreign currency transaction gain (loss)	<u>(3)</u>	<u>707</u>	<u>707</u>
Loss before income taxes	(342)	(3,531)	(2,228)
Provision for income taxes	<u>(15)</u>	<u>(75)</u>	<u>(75)</u>
Net loss	<u>\$ (357)</u>	<u>\$ (3,606)</u>	<u>\$ (2,303)</u>
 (EBIDTA) Earnings before taxes depreciation and amortization	 <u>\$ 1,857</u>	 <u>\$ (1,477)</u>	 <u>\$ (174)</u>
 <i>Basic net loss per share, and net loss per share - assuming dilution:</i>			
Basic net loss per share	<u>\$ (0.05)</u>	<u>\$ (0.49)</u>	<u>\$ (0.31)</u>
Net loss per share - assuming dilution	<u>\$ (0.05)</u>	<u>\$ (0.49)</u>	<u>\$ (0.31)</u>
Weighted average shares outstanding - basic	<u>7,443,373</u>	<u>7,381,214</u>	<u>7,381,214</u>
Weighted average shares outstanding - assuming dilution	<u>7,443,373</u>	<u>7,381,214</u>	<u>7,381,214</u>

(1) The results of operations for the nine months ended October 31, 2007 have been restated from the results reported in the prior year period in the amount of \$523,000 in non-cash income resulting from the correction of the foreign exchange revaluation calculation on the Canadian dollar denominated balance sheet, (\$527,000) in non-cash cost of goods sold (COGS) expense related to the correction of intercompany service billings, (\$155,000) in COGS costs for a reduction in customer service billings, \$(183,000) in additional SG&A expenses and \$144,000 in income for China operations start-up costs previously reported in the quarter ended April 30, 2007 and incurred in the prior fiscal year ended January 31, 2007.

(2) Excluding the effect of the \$2.1 million Raytheon repurchase and resulting \$1.3 million gain recognized in the nine months ended October 31, 2007.

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

	<u>October 31,</u> <u>2008</u> <u>(unaudited)</u>	<u>January 31,</u> <u>2008</u> <u>(Audited)</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,852	\$ 750
Trade receivables, net of allowance for doubtful accounts of \$874 and \$1,847, respectively	14,886	17,096
Inventory, net of allowance for obsolete and slow moving inventory of \$4,566 and \$5,426, respectively	30,834	30,751
Prepaid expenses and other	<u>2,087</u>	<u>1,415</u>
Total current assets	49,659	50,012
Plant and equipment, net	<u>3,490</u>	<u>4,064</u>
Total Assets	<u>\$ 53,149</u>	<u>\$ 54,076</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 7,739	\$ 10,654
Accrued compensation and related expenses	548	762
Other accrued liabilities	1,144	1,480
Revolving line of credit	23,988	20,374
Notes payable	<u>537</u>	<u>598</u>
Total current liabilities	33,956	33,868
Related Party - JEM III LLC	2,000	2,000
Notes payable, less current portion	<u>-</u>	<u>445</u>
Total liabilities	35,956	36,313
Stockholders' equity:		
Common stock, \$0.01 par value, 10,000,000 shares authorized, 9,135,699 shares issued	91	91
Additional paid-in capital	38,879	38,782
Accumulated deficit	(13,085)	(12,931)
Accumulated other comprehensive income	<u>392</u>	<u>835</u>
	26,277	26,777
Less: Treasury stock, at cost, 1,652,700 and 1,713,774 shares, respectively	<u>(9,084)</u>	<u>(9,014)</u>
Total stockholders' equity	<u>17,193</u>	<u>17,763</u>
Total liabilities and stockholders' equity	<u>\$ 53,149</u>	<u>\$ 54,076</u>

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

	Nine months ended October 31,	
	<u>2008</u> (unaudited)	<u>2007</u> (as restated)
Cash flows from operating activities		
Net loss	\$ (357)	\$ (2,303)
Adjustments to reconcile net loss to net cash used in operating activities - non-cash expense (income):		
Depreciation and amortization	1,195	1,256
Equity based compensation	28	62
(Increase) decrease in working capital assets:		
Trade receivables	2,210	4,503
Inventory	(83)	3,281
Prepaid expenses and other	(672)	207
Increase (decrease) in working capital liabilities:		
Accounts payable	(2,713)	(8,354)
Accrued compensation and related expenses, and other accrued liabilities	<u>(550)</u>	<u>(1,702)</u>
Net cash used in operating activities	(942)	(3,050)
Cash flows from investing activities		
Purchases of plant and equipment	<u>(621)</u>	<u>(521)</u>
Net cash used in investing activities	(621)	(521)
Cash flows from financing activities		
Borrowings (repayments), net on revolving line of credit	3,614	626
Borrowings on related party note	-	3,000
Repayments on notes payable	<u>(506)</u>	<u>(254)</u>
Net cash provided by (used in) financing activities	<u>3,108</u>	<u>3,372</u>
Effect of exchange rate changes on cash and cash equivalents	(443)	408
Net decrease in cash and cash equivalents	1,102	209
Cash and cash equivalents at beginning of period	<u>750</u>	<u>1,745</u>
Cash and cash equivalents at end of period	<u>\$ 1,852</u>	<u>\$ 1,954</u>