

**FIRST AVIATION ANNOUNCES THIRD CONSECUTIVE QUARTER
OF RECORD NET SALES AND RECORD REVENUES FOR THE
NINE MONTHS ENDED OCTOBER 31, 2004**

WESTPORT, CONNECTICUT, December 15, 2004 – First Aviation Services Inc. (NASDAQ: FAVS), a leading provider of supply chain services to the aerospace industry worldwide, today announced record net sales for the third consecutive quarter. Net sales for the three and nine months ended October 31, 2004, were \$32.1 million, increasing by 15.5% over the prior year quarter, and \$93.3 million, increasing by 18.7% over the first nine months of the prior year, respectively. A net loss of \$(130,000) or \$(0.02) per share was incurred for the quarter ended October 31, 2004, versus a net income of \$17,000 in the quarter ended October 31, 2003. For the nine months ended October, 31, 2004, a net loss was recorded of \$(1,374,000) or \$(0.19) per share, versus a net loss of \$(82,000) or \$(0.01) per share for the same period ended October 31, 2003.

Mr. Michael Culver, President and CEO of First Aviation, said: “We had strong double digit sales growth in the quarter. While we continue to focus on gross margins improvement, we have made a number of changes to our management team and were pleased to settle various legal matters that negatively affected general and administrative expenses short term. We generated \$1.8 million of cash from operating activities in the Third Quarter on revenue growth of 15.5%.”

Selling, general and administrative expense increased 9.1% to \$4.9 million in the current quarter from \$4.5 million in the prior year quarter. For the nine months, selling, general and administrative expense increased 12.0% or \$1.6 million, to \$14.7 million in the current year from \$13.1 million in the prior year. Increases were due to costs related to the increase in sales, including more sales personnel, higher sales commissions, expiration of property tax incentives, and travel increases. Other items contributing to the increase were costs for ongoing litigation, severance, employee recruitment and relocation, offset by reductions in other expense categories.

Corporate expenses decreased by \$66,000 to \$602,000 in the quarter ended October 31, 2004, due to expense reductions in several categories. For the nine months ended October 31, 2004, corporate expenses increased \$470,000 to \$2.4 million from \$1.9 million in the prior year period. The Company estimates that it spent approximately \$250,000 on costs associated with a proxy contest and a proposal by a dissident shareholder.

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 supply chain solutions to the aviation industry worldwide. The services the Company provides the aviation industry include the supply 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. The Company has locations in the U.S., Canada and Asia Pacific, plus partners throughout the world.

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, 2004, 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 and per share amounts)

	Three months ended October 31,	
	2004	2003
	(unaudited)	
Net sales	\$ 32,050	\$ 27,756
Cost of sales	<u>26,698</u>	<u>22,650</u>
Gross profit	5,352	5,106
Selling, general and administrative expenses	4,945	4,532
Corporate expenses	<u>602</u>	<u>668</u>
Loss from operations	(195)	(94)
Net interest income (expense) and other	148	57
Minority interest in subsidiary	<u>(10)</u>	<u>(10)</u>
Loss before income taxes	(57)	(47)
Benefit (provision) for income taxes	<u>(73)</u>	<u>64</u>
Net loss	<u>\$ (130)</u>	<u>\$ 17</u>
<i>Basic net loss per share, and net loss per share - assuming dilution:</i>		
Basic net loss per share, and net loss per share - assuming dilution	<u>\$ (0.02)</u>	<u>\$ -</u>
Weighted average shares outstanding - basic	<u>7,304,914</u>	<u>7,273,961</u>
Weighted average shares outstanding - assuming dilution	<u>N/A</u>	<u>7,286,529</u>

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

	Nine months ended	
	October 31,	
	2004	2003
	(unaudited)	
Net sales	\$ 93,337	\$ 78,639
Cost of sales	77,604	63,852
Gross profit	15,733	14,787
Selling, general and administrative expenses	14,694	13,119
Corporate expenses	2,377	1,907
Loss from operations	(1,338)	(239)
Net interest income (expense) and other	102	146
Minority interest in subsidiary	(31)	(31)
Loss before income taxes	(1,267)	(124)
Provision for income taxes	(107)	42
Net loss	\$ (1,374)	\$ (82)
<i>Basic net loss per share, and net</i>		
<i>loss per share - assuming dilution:</i>		
Basic net loss per share, and net		
loss per share - assuming dilution	\$ (0.19)	\$ (0.01)
Weighted average shares outstanding - basic	7,297,732	7,262,272
Weighted average shares outstanding		
- assuming dilution	N/A	N/A

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

	October 31, 2004	January 31, 2004
	(unaudited)	*
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,036	\$ 25,144
Trade receivables, net of allowance for doubtful accounts of \$824 and \$1,418, respectively	17,056	13,499
Inventory, net of allowance slow moving and obsolete inventory of \$1,537 and \$1,013, respectively	21,399	22,344
Prepaid expenses and other	627	1,032
Total current assets	64,118	62,019
Plant and equipment, net	2,870	2,963
	\$ 66,988	\$ 64,982
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 12,439	\$ 9,561
Accrued compensation and related expenses, and other accrued liabilities	2,622	2,376
Income taxes payable	922	939
Total current liabilities	15,983	12,876
Revolving line of credit	14,500	14,500
Minority interest in subsidiary	1,041	1,041
Total liabilities	31,524	28,417
Stockholders' equity:		
Common stock, \$0.01 par value, 25,000,000 shares authorized, 7,304,332 and 7,284,093 shares outstanding	91	91
Additional paid-in capital	38,336	38,375
Retained earnings	6,180	7,554
Accumulated other comprehensive income (loss)	393	238
	45,000	46,258
Less: Treasury stock, at cost	(9,536)	(9,693)
Total stockholders' equity	35,464	36,565
Total liabilities and stockholders' equity	\$ 66,988	\$ 64,982

* Balances were derived from the audited balance sheet as of January 31, 2004.

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

	Nine months ended October 31,	
	2004	2003
	(unaudited)	
Cash flows from operating activities		
Net loss	\$ (1,374)	\$ (82)
Adjustments to reconcile net loss to net cash from operating activities - non-cash charges:		
Depreciation and amortization	676	854
Compensation paid through issuance of stock	117	92
(Increase) decrease in current assets:		
Trade receivables	(3,451)	(817)
Inventory	1,054	827
Prepaid and other	425	470
Increase (decrease) in current liabilities:		
Accounts payable	2,876	542
Accrued compensation and related expenses, and other accrued liabilities	69	533
Income taxes payable	(27)	146
Net cash provided by operating activities	365	2,565
Cash flows from investing activities		
Purchases of plant and equipment	(579)	(352)
Disposals of plant and equipment	3	-
Net cash used in investing activities	(576)	(352)
Cash flows from financing activities		
Borrowings on revolving line of credit	41,650	43,500
Repayments on revolving line of credit	(41,650)	(43,500)
Principal payments on capital lease obligations and other	-	3
Net cash used in financing activities	-	3
Net increase (decrease) in cash and cash equivalents	(211)	2,216
Effect of exchange rates on cash	103	407
Cash and cash equivalents at beginning of period	25,144	26,013
Cash and cash equivalents at end of period	\$ 25,036	\$ 28,636
Supplemental cash flow disclosures:		
Interest paid	\$ 30	\$ 29
Income taxes paid	\$ 65	\$ (92)