

FIRST AVIATION ANNOUNCES SECOND QUARTER RESULTS

WESTPORT, CONNECTICUT, September 10, 2003 – First Aviation Services Inc. (NASDAQ: FAVS), one of the premier suppliers of products and services to the aerospace industry worldwide, today announced a net loss of \$0.03 per share in the second quarter, compared to a net loss of \$0.02 per share for the second quarter of the prior year.

For the six months ended July 31, 2003 the Company incurred a net loss of \$0.01 per share, compared to a net loss of \$0.39 per share for the comparable period of the prior year. Results for the prior year included a loss of \$0.38 per share related to the adoption of a new accounting principle related to goodwill.

A summary of results is as follows:

- Cash provided by operating activities for the six months ended July 31, 2003, was \$1.9 million, while the net increase in cash and cash equivalents was \$1.9 million for the same period.
- Cash on hand at July 31, 2003 increased \$1.9 million from year-end to 27.9 million, or \$3.84 per share, and stockholders' equity increased \$0.2 million from year-end to \$36.3 million, or \$4.99 per share.
- Net sales for the three months ending July 31, 2003, decreased 3.4% to \$25.3 million compared to \$26.2 million for the comparable period of the prior year, due to continued weakness in the aviation markets. Gross profit decreased by 2.4% to \$4.8 million from \$4.9 million in the prior year for the same reason as the decrease in net sales.
- Selling, general and administrative expenses for the three months ending July 31, 2003, decreased 4.8% compared to the comparable period of prior year, due to decreased bad debts expense and a focus on cost containment.
- Corporate expenses increased 10.2% for the three months ending July 31, 2003, compared to the prior year. Included in corporate expenses is approximately \$122,000, or \$0.02 per share, of costs incurred in connection with the Company's solicitation against a dissident stockholder's proxy contest. Corporate expenses for the six months ended July 31, 2003, were flat compared to the comparable period of the prior year.

Michael Culver, President and CEO of First Aviation, said "Although consolidated second quarter results were disappointing, operating income before corporate expenses for the second quarter of this year increased 26% over last year's second quarter. We continue to look for opportunities that will benefit the Company long term, while also focusing on strategies to enhance sales in the short term, and hold the line on expenses. Consolidated results would have been better without the costs for the proxy contest and some costs for new business development as we continue to explore new sources of revenue."

First Aviation, located in Westport, Connecticut and its principal operating subsidiary, Aerospace Products International Inc. ("API"), based in Memphis, Tennessee, is one of the premier suppliers of

products and services worldwide to manufacturers and aircraft operators of some of the most widely used commercial and general aviation aircraft. In addition to its parts and components supply services, API is a leading provider of supply chain management and customized third party logistics services and technology solutions, including inventory management services. API also offers overhaul and repair services for brakes and starter/generators, and builds custom hose assemblies. With locations in the U.S., Canada and Asia Pacific, plus partners throughout the world, API continues to be one of the premier suppliers of aviation products, supply chain management services and technology solutions in the industry.

The Company will host a conference call to discuss second quarter results during the week of September 15, 2003. A separate announcement will be issued for that purpose.

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, 2003, 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 amounts)
(unaudited)

	Three months ended July 31,		Six months ended July 31,	
	2003	2002	2003	2002
Net sales	\$ 25,278	\$ 26,165	\$ 50,883	\$ 51,164
Cost of sales	<u>20,471</u>	<u>21,241</u>	<u>41,201</u>	<u>41,566</u>
Gross profit	4,807	4,924	9,682	9,598
Selling, general and administrative expenses	4,323	4,540	8,589	8,553
Corporate expenses	<u>748</u>	<u>679</u>	<u>1,238</u>	<u>1,233</u>
Loss from operations	(264)	(295)	(145)	(188)
Net interest income (expense) and other	(1)	68	89	99
Minority interest in subsidiary	<u>(10)</u>	<u>(11)</u>	<u>(21)</u>	<u>(21)</u>
Loss before income taxes	(275)	(238)	(77)	(110)
Benefit (provision) for income taxes	<u>55</u>	<u>93</u>	<u>(22)</u>	<u>43</u>
Loss before cumulative effect of accounting change	(220)	(145)	(99)	(67)
Cumulative effect of accounting change, net of benefit for income taxes of \$922	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,735)</u>
Net loss	<u>\$ (220)</u>	<u>\$ (145)</u>	<u>\$ (99)</u>	<u>\$ (2,802)</u>
<i>Basic net loss per share, and net loss per share - assuming dilution:</i>				
Loss before cumulative effect of accounting change	\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ (0.01)
Cumulative effect of accounting change	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.38)</u>
Basic net loss per share, and net loss per share - assuming dilution	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.39)</u>
Weighted average shares outstanding - basic	<u>7,261,145</u>	<u>7,219,300</u>	<u>7,256,331</u>	<u>7,216,747</u>
Weighted average shares outstanding - assuming dilution	<u>7,261,145</u>	<u>7,219,300</u>	<u>7,256,331</u>	<u>7,216,747</u>

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

	July 31, 2003	January 31, 2003
	(unaudited)	*
Assets		
Current assets:		
Cash and cash equivalents	\$ 27,882	\$ 26,013
Trade receivables, net of allowance for doubtful accounts of \$1,680 and \$1,656, respectively	12,506	13,454
Inventory, net of allowance for obsolete and slow moving inventory of \$997, respectively	19,631	20,617
Prepaid expenses and other	1,369	1,318
Total current assets	61,388	61,402
Plant and equipment, net	3,231	3,639
	\$ 64,619	\$ 65,041
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,644	\$ 10,324
Accrued compensation and related expenses, and other accrued liabilities	2,111	2,073
Income taxes payable	1,044	1,009
Total current liabilities	12,799	13,406
Revolving line of credit	14,500	14,500
Minority interest in subsidiary	1,041	1,041
Total liabilities	28,340	28,947
Stockholders' equity:		
Common stock, \$0.01 par value, 25,000,000 shares authorized, 7,266,980 and 7,250,710 shares outstanding, respectively	91	91
Additional paid-in capital	38,412	38,445
Retained earnings	7,444	7,543
Accumulated other comprehensive income (loss)	126	(96)
	46,073	45,983
Less: Treasury stock, at cost	(9,794)	(9,889)
Total stockholders' equity	36,279	36,094
Total liabilities and stockholders' equity	\$ 64,619	\$ 65,041

* Balances were derived from the audited balance sheet as of January 31, 2003.