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**Flanders Corporation Reports First Quarter 2010  
Financial Results**

**– Revenues increase 4% to \$50 million –  
– Records fifth straight quarter of positive EBITDA –**

**WASHINGTON, NC – May 11, 2010** – Flanders Corporation (OTCQX: FLDR) reported financial results for the first quarter ended March 31, 2010.

Harry Smith, Flanders Corporation's Chairman and CEO, said: "We continue to grow revenues in this very challenging environment demonstrating the strength of the Flanders model. Order rates for our high purity product lines have strengthened through the first quarter and we anticipate this trend continuing through 2010. While our other commercial and industrial markets continue to be impacted by ongoing difficulties in the world markets, our retail business remains strong. Our operational improvements are gaining momentum and we expect to be well positioned for growth in all market lines."

**First Quarter 2010 Financial Summary**

Revenue for the first quarter of 2010 was \$50.0 million, compared to \$48.0 million in the first quarter 2009. Gross margin was 17.0% in 2010 as compared to 20.6% in 2009. Operating expenses in 2010 were \$8.1 million compared to a 2009 total of \$7.4 million. Net loss for the first quarter of 2010 was \$.1 million or \$0.0 per share, as compared to net income in 2009 of \$1.8 million, or \$0.07 per share. EBITDA for the first quarter of 2010 was \$3.3 million, compared to EBITDA of \$4.6 million in 2009.

Management uses some measures not in accordance with generally accepted accounting principles (GAAP) to evaluate the results of the company's operations and believes earnings before interest, taxes, certain noncash and nonoperating expenses, extraordinary items, depreciation and amortization (EBITDA) provides a useful measure of operations.

Flanders' Chief Financial Officer, John Oakley said: "While gross margin was slightly impacted by continued pricing pressure in the commercial and industrial markets and slower than anticipated sales in retail distribution, our new facility in Ardmore, Oklahoma

is now open and we expect to be able to take advantage of improved efficiencies in 2010. Additionally, we have begun to see positive effects from our cost containment initiatives. After consideration of the first quarter 2010 impact of \$1.0 million in stock compensation expense and a \$270,000 increase in freight expenses, operating expenses decreased 8.2% compared to the first quarter of 2009. As to the remainder of the year, we reaffirm our revenue expectations for 2010 to be between \$255 million and \$270 million.”

### **Conference Call**

Chairman of the Board and CEO, Harry Smith and President and CFO John Oakley are scheduled to conduct a conference call at 11:00 a.m. ET on May 11, 2010 to review these results in more detail. To access the call from within the U.S., please dial 866-425-6192, and international callers can access the call by dialing 973-409-9253 approximately 10 minutes prior to the start of the conference call. The conference ID will be 73229719. A telephone replay will be available until midnight Eastern Time on June 11<sup>th</sup> by dialing 800-642-1687 or 706-645-9291 and entering pass code 73229719.

### **Safe Harbor Statement**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements made in this press release other than statements of historical fact, are forward-looking statements. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include, among other things: statements and assumptions relating to future growth, as well as management's short-term and long-term performance goals; statements regarding anticipated order patterns from our customers or the anticipated economic conditions of the industries and markets that we serve; statements related to the performance of the U.S. and other economies generally; statements relating to the anticipated effects on results of operations or financial condition from recent and expected developments or events; statements relating to the Flanders' business and growth strategies; and any other statements or assumptions that are not historical facts. Flanders believes that its expectations are based on reasonable assumptions. However, these forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause Flanders' actual results, performance or achievements, or industry results, to differ materially from the Flanders' expectations of future results, performance or achievements expressed or implied by these forward-looking statements. In addition, the Flanders' past results of operations do not necessarily indicate its future results. These and other uncertainties are discussed in the "Risk Factors" section of the Company's 2009 Form 10-K. The future results of Flanders may fluctuate as a result of these and other risk factors detailed from time to time in the company's filings with the Securities and Exchange Commission. You should not place undue reliance on any forward-looking statements. These statements speak only as of the date of this press release. Except as otherwise required by applicable laws, Flanders undertakes no obligation to publicly update or revise any forward-looking statements or the risk factors described in this press release, including projected sales and profit levels for any business segment in any given quarter, whether as a result of new information, future events, changed circumstances or any other reason after the date of this press release.

**About Flanders**

Flanders is a leading air filtration products manufacturer. Flanders' products are utilized by many industries, including those associated with commercial and residential heating, ventilation and air conditioning systems, semiconductor manufacturing, ultra-pure materials, biotechnology, pharmaceuticals, synthetics, nuclear power and nuclear materials processing.

For further information on Flanders and its products, visit its web site at <http://www.flanderscorp.com/> or contact John Oakley at 252-946-8081.

- Tables Follow -

**FLANDERS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	<small>(unaudited)</small>	
	<b>March 31, 2010</b>	<b>December 31, 2009</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 485	\$ 260
Receivables:		
Trade, less allowance for doubtful accounts: 2,210 in 2010 and \$2,172 in 2009	37,621	33,159
Other	329	407
Inventories	30,519	29,415
Deferred taxes	2,643	2,566
Other current assets	8,638	8,134
Total current assets	80,235	73,941
Property and equipment, net	71,279	71,263
Intangible assets, net	279	280
Notes Receivable and other assets	18,120	17,511
	\$ 169,913	\$ 162,995
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current maturities of long-term debt and capital lease obligations	\$ 1,315	\$ 1,051
Accounts payable	25,379	19,353
Accrued expenses	14,772	13,334
Other current liabilities	498	498
Total current liabilities	41,964	34,236
Long-term capital lease obligations, less current maturities	135	150
Long-term debt, less current maturities	32,965	33,662
Deferred taxes	149	158
Long-term liabilities, other	3,090	3,085
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$.001 par value, 10,000 shares authorized; none issued	-	-
Common stock, \$.001 par value; 50,000 shares authorized; issued and outstanding: 26,133 and 26,133 as of March 31, 2010 and December 31, 2009, respectively	26	26
Additional paid-in capital	88,918	88,902
Accumulated other comprehensive loss	(922)	(908)
Retained (deficit) earnings	3,588	3,684
	91,610	91,704
	\$ 169,913	\$ 162,995

**FLANDERS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2010</b>	<b>2009</b>
Net sales	\$ 49,965	\$ 48,020
Cost of goods sold	41,479	38,115
Gross profit	8,486	9,905
Operating expenses	8,079	7,403
Operating income	407	2,502
Nonoperating income (expense):		
Other income, net	(58)	754
Interest expense	(506)	(399)
	(564)	355
Earnings before income taxes	(157)	2,857
Provision (benefit) for income taxes	(61)	1,057
Net earnings	(96)	1,800
Basic and Diluted earnings per share	\$ 0.00	\$ 0.07
Weighted average common shares outstanding		
Basic	26,133	25,524
Diluted	26,133	25,780

**FLANDERS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)  
(unaudited)

	Three Months Ended March 31,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Earnings (Loss)	\$ (96)	\$ 1,800
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	1,532	1,367
Provision for doubtful accounts and notes	494	476
(Gain) Loss on sale of property and equipment	260	(88)
Stock compensation expense	1,016	46
Deferred gain	(18)	(12)
Deferred taxes	(77)	158
Change in working capital components:		
Receivables	(6,582)	(6,295)
Inventories	(1,104)	(1,711)
Other current assets and income tax receivable	(106)	599
Increase in other assets	8	(96)
Accounts payable	6,026	295
Accrued expenses	3,142	5,266
Net cash provided by operating activities	\$ 4,495	\$ 1,805
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	\$ (3,134)	\$ (3,850)
Proceeds from sale of property and equipment	692	49
Decrease in other assets	(338)	169
Net cash provided by (used) in investing activities	\$ (2,780)	\$ (3,632)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from (payments on) revolving credit agreement	\$ 839	\$ 2,154
Principal payments on long-term borrowings	(1,287)	(190)
Purchase and retirement of common stock	(1,000)	0
Payment of debt issuance costs	(42)	(90)
Net cash used in financing activities	\$ (1,490)	\$ 1,874
Net decrease in cash and cash equivalents	\$ 225	\$ 47
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	\$ 260	\$ 404
End of year	\$ 485	\$ 451

**FLANDERS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF SUPPLEMENTAL CASH FLOW INFORMATION**

(In thousands)  
(unaudited)

	Three Months Ended	
	March 31,	
	2010	2009
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Income taxes paid	\$ 297	\$ 62
Interest paid	\$ 479	\$ 372
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Sale of equipment or building for note receivable	\$ 400	\$ 166
Offset of accrued expenses against other receivables	\$ 0	\$ 3,427

**FLANDERS CORPORATION AND SUBSIDIARIES**  
**RECONCILIATION OF NET EARNINGS TO EBITDA**  
(In thousands)  
(unaudited)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Net Earnings</b>	\$ (96)	\$ 1,800
Noncash stock compensation expense	1,015	0
Loss on sale of real estate	384	0
Interest	506	399
Taxes	(61)	1,057
Depreciation and amortization	1,532	1,367
<b>EBITDA</b>	<b>\$ 3,280</b>	<b>\$ 4,623</b>