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**Flanders Corporation Reports
Second Quarter 2011 Financial Results**

- **Second Quarter Revenues Increased 3.1% to \$65.0 million –**
- **\$6.1 million Adjusted EBITDA vs. \$5.7 million in previous year –**
- **Operating Expenses decreased to 13.0% of net sales, compared to 14.6% last year –**

WASHINGTON, NC – August 4, 2011 – Flanders Corporation (OTCQX: FLDR) reported financial results for the second quarter ended June 30, 2011.

Harry Smith, Flanders Corporation’s Chairman and CEO, stated “Revenues are ahead of last year on strength in most product lines. We continue to see increased demand in our C&I ASHRAE and High Purity product lines while our backlog remains very strong. With the company operating more efficiently than last year and our automation initiatives continuing to develop, we are expecting an exciting second half of 2011.”

Financial Summary

Revenue for the three months ended June 30, 2011 was \$65.0 million, compared to \$63.1 million for the three months ended June 30, 2010, an increase of 3.1%. Gross margin was 19.1%, compared to 21.1% for the same period a year ago.

Operating expenses, before plant consolidation and exit costs, loss on disposal of property and equipment, and stock compensation in the second quarter 2011 was \$8.5 million compared to \$9.2 million in 2010. This decrease is due primarily to a decrease of \$0.8 million in bad debts offset slightly by higher commissions paid in second quarter 2011 of \$0.1 million due to higher revenues.

Plant consolidation and exit costs for the second quarter 2011 were limited to \$0.1. In the second quarter of 2010 the company was exiting locations and recorded an exit cost loss of \$7.7 million.

Net income for the second quarter 2011 was \$48 thousand or \$0.00 per share compared to a loss of \$4.5 million or (\$0.17) per share in 2010.

Adjusted EBITDA for the three months ended June 30, 2011 was \$6.1 million compared to \$5.7 million for the same period a year ago.

John Oakley, President and CFO stated "The increase in revenues of 3.1 % was due to growth in our C&I ASHRAE product lines coupled with strong shipments in our containment product lines followed by ongoing growth in retail. Gross margins were impacted in the quarter by higher depreciation in cost of goods sold of \$500 thousand as well as some larger projects in our containment product lines having slightly lower margins than traditionally experienced on smaller projects. Our automation projects continue on schedule with completion of this phase in 2011 as reported previously. Interest costs increased dramatically due to the accounting required by the sale and leaseback of several facilities as announced earlier in the year. We are refining our 2011 revenue year over year expectations to be an increase of 5% to 8% as our MOX project is suffering due to challenges in that project external to Flanders, as well as the retail markets not growing as rapidly as expected."

Financial Summary – Six Months Ended June 30, 2011

Revenue for the six months ended June 30, 2011 was \$119.5 million, compared to \$111.9 million for the same period a year ago, an increase of 6.8%. Gross margin was 18.6%, compared to 18.3% for the same period a year ago. Operating expenses in 2011 were \$17.1 million compared to a 2010 total of \$16.0 million. Plant consolidation and exit costs were a gain of \$1.0 million in 2011 as compared to \$10.2 million of expense for the six months ended June 30, 2010.

For the six months ended June 30, 2011 net income was \$287 thousand, or \$0.01 per diluted share, compared to a net loss of \$6.8 million or \$(0.26) per diluted share for the same period in 2010.

Adjusted EBITDA for the six months ended June 30, 2011 was \$9.3 million, a 20.4% increase compared to \$7.7 million for the same period a year ago.

Non-GAAP Financial Measures

The Company provides some financial 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 non-operating expenses, extraordinary items, depreciation and amortization (Adjusted EBITDA) provides useful information in the measure of operations. These non-GAAP financial measures are intended to supplement the user's overall understanding of the Company's current financial performance and its prospects for the future. Specifically, the Company believes the non-GAAP results provide useful information to both management and investors by identifying certain expenses that, when excluded from the GAAP results, may provide additional understanding of the Company's core operating results or business performance. However, these non-GAAP financial measures are not intended to supersede or replace the Company's GAAP results. A reconciliation of the non-GAAP results to the GAAP results is provided in the "Reconciliation of Net Earnings to Adjusted EBITDA" schedule below.

Conference Call

Chairman of the Board and CEO, Harry Smith and President and CFO John Oakley are scheduled to conduct a conference call at 10:00 a.m. ET on August 4, 2011 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 84878862. A telephone replay will be available until midnight Eastern Time on September 4, 2011 by dialing 855-859-2056 or 404-537-3406 and entering pass code 84878862.

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. 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, except share data)

	Unaudited June 30, 2011	December 31, 2010
ASSETS	<u>2011</u>	<u>2010</u>
Current assets		
Cash and cash equivalents	\$ 1,055	\$ 594
Receivables:		
Trade, net of allowance for doubtful accounts: \$1,506 in 2011 and \$1,456 in 2010	46,691	41,787
Other	361	442
Inventories, net	30,362	24,195
Deferred income tax asset	9,714	9,714
Assets held for sale	1,117	1,117
Other current assets	15,456	14,110
Total current assets	<u>104,756</u>	<u>91,959</u>
Property and equipment, net	95,643	74,176
Intangible assets, net	207	237
Notes receivable and other assets	18,947	16,262
Total assets	<u>\$ 219,553</u>	<u>\$ 182,634</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 34,388	\$ 33,435
Accrued expenses	10,600	10,857
Current maturities of long-term debt and capital lease obligations	2,227	1,495
Current portion of exit cost liability	1,051	1,136
Other current liabilities	282	100
Total current liabilities	<u>48,548</u>	<u>47,023</u>
Long-term capital lease obligation, less current maturities	29,845	6,686
Long-term debt, less current maturities	42,420	35,309
Long-term liabilities, other	6,533	2,905
Deferred income tax liability	3,491	2,983
Long-term exit cost liabilities	5,200	7,902
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.001 par value, 10,000,000 shares authorized; none issued and outstanding as of June 30, 2011 and December 31, 2010		
Common stock, \$.001 par value; 50,000,000 shares authorized; issued and outstanding: 27,782,838 as of June 30, 2011 and 27,132,838 as of December 31, 2010	28	27
Additional paid-in capital	95,758	93,120
Accumulated other comprehensive loss	(119)	(883)
Retained earnings (accumulated deficit)	(12,151)	(12,438)
Total stockholders' equity	<u>83,516</u>	<u>79,826</u>
	<u>\$ 219,553</u>	<u>\$ 182,634</u>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Net sales	\$ 64,977	\$ 63,052	\$119,546	\$111,894
Cost of goods sold	52,568	49,723	97,348	91,400
Gross profit	12,409	13,329	22,198	20,494
Operating expenses	8,451	9,182	17,092	15,992
Plant consolidation and exit costs	133	7,747	(995)	10,157
Loss on disposal of property and equipment	18	194	22	579
Stock compensation expense	2,548	3,850	2,638	4,866
Operating income (loss)	1,259	(7,644)	3,441	(11,100)
Nonoperating income (expense):				
Other income, net	46	75	73	174
Interest expense on swap liability settlement	-	-	(1,168)	-
Interest expense, net	(1,226)	(374)	(1,876)	(777)
Nonoperating expense, net	(1,180)	(299)	(2,971)	(603)
Income (loss) from continuing operations before income taxes and extraordinary items	79	(7,943)	470	(11,703)
Provision (benefit) for income taxes	31	(3,092)	183	(4,552)
Net income (loss)	<u>\$ 48</u>	<u>\$ (4,851)</u>	<u>\$ 287</u>	<u>\$ (7,151)</u>
Extraordinary gain, net of taxes	-	385	-	385
Net earnings (loss) after extraordinary items	<u>\$ 48</u>	<u>\$ (4,466)</u>	<u>\$ 287</u>	<u>\$ (6,766)</u>
Basic earnings (loss) per share:				
Income (loss) before extraordinary item	\$ 0.00	\$ (0.18)	\$ 0.01	\$ (0.27)
Extraordinary item	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.01
Net earnings (loss) per share	<u>\$ 0.00</u>	<u>\$ (0.17)</u>	<u>\$ 0.01</u>	<u>\$ (0.26)</u>
Diluted earnings (loss) per share:				
Income (loss) before extraordinary item	\$ 0.00	\$ (0.18)	\$ 0.01	\$ (0.27)
Extraordinary item	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.01
Net earnings (loss) per share	<u>\$ 0.00</u>	<u>\$ (0.17)</u>	<u>\$ 0.01</u>	<u>\$ (0.26)</u>
Weighted average common shares outstanding				
Basic	<u>27,783</u>	<u>26,759</u>	<u>27,783</u>	<u>26,448</u>
Diluted	<u>27,787</u>	<u>26,759</u>	<u>27,787</u>	<u>26,448</u>

FLANDERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ 48	\$ (4,466)	\$ 287	\$ (6,766)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	2,136	1,517	4,124	3,049
Provision for bad debts	(46)	795	95	1,269
Extraordinary gain, net of taxes	-	(385)	-	(385)
Stock compensation expense	2,548	3,850	2,638	4,866
Amortization of deferred gain	(15)	(18)	(36)	(36)
Loss on disposal of property and equipment	16	624	16	890
Deferred income taxes	2	(2,637)	502	(3,495)
Change in working capital components:				
(Increase) decrease in accounts receivable	(9,846)	(7,787)	(4,998)	(11,600)
(Increase) decrease in other receivables	111	(20)	82	57
Increase in inventory	(2,678)	(2,906)	(6,167)	(3,500)
Increase in other current assets	650	(1,851)	(608)	(2,576)
(Increase) decrease in other assets	(1,002)	37	(880)	(608)
Increase in accounts payable	324	1,979	954	7,724
Increase (decrease) in accrued expenses	(55)	(948)	(281)	747
Increase in other current liabilities	30	-	183	-
Increase (decrease) in exit cost liability	(258)	6,429	(1,928)	8,392
Decrease in other non-current liabilities	(7)	-	(512)	-
Net cash provided by (used in) operating activities	<u>(8,042)</u>	<u>(5,787)</u>	<u>(6,529)</u>	<u>(1,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,845)	(3,744)	(4,189)	(6,878)
Proceeds from sale of property and equipment	-	1,106	-	1,799
Proceeds from insurance claim on building and equipment	-	1,885	-	1,885
Proceeds from notes receivable	354	502	676	892
Loans made to notes receivable	(211)	(175)	(382)	(291)
Net cash used in investing activities	<u>\$ (1,702)</u>	<u>\$ (426)</u>	<u>\$ (3,895)</u>	<u>\$ (2,593)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS—Continued
(In thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in restricted cash	\$ 2,416	\$ (137)	\$ -	\$ (273)
Principal payments on long-term borrowings	(3,473)	(84)	(12,938)	(1,371)
Proceeds from revolving credit agreement	68,340	63,228	137,280	110,609
Payments to revolving credit agreement	(63,827)	(56,605)	(121,725)	(103,147)
Proceeds from refinance of revolving credit agreement	-	-	24,903	-
Payoff of revolving credit agreement	-	-	(24,903)	-
Proceeds from long-term borrowings	786	-	2,786	-
Proceeds from sale leaseback	5,831	-	5,831	-
Payment of debt issuance costs	(5)	-	(349)	-
Purchase of common stock	-	-	-	(1,000)
Net cash provided by (used in) financing activities	<u>10,068</u>	<u>6,402</u>	<u>10,885</u>	<u>4,818</u>
Net increase in cash and cash equivalents	324	189	461	253
CASH AND CASH EQUIVALENTS				
Beginning of period	<u>731</u>	<u>324</u>	<u>594</u>	<u>260</u>
End of period	<u>\$ 1,055</u>	<u>\$ 513</u>	<u>\$ 1,055</u>	<u>\$ 513</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period for:				
Income taxes	<u>\$ -</u>	<u>\$ 1,284</u>	<u>\$ -</u>	<u>\$ 1,582</u>
Interest, net of amounts capitalized property, and equipment	<u>\$ 1,151</u>	<u>\$ 281</u>	<u>\$ 1,712</u>	<u>\$ 818</u>
Interest on settlement swap liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168</u>	<u>\$ -</u>
Interest capitalized to property, and equipment	<u>\$ 106</u>	<u>\$ 121</u>	<u>\$ 187</u>	<u>\$ 258</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITY				
Sale of building/equipment for note receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 400</u>
Purchase of building with debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,576</u>	<u>\$ -</u>
Sale of equipment for accounts payable offset	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 332</u>
Acquisition of capital lease assets	<u>\$ 22,390</u>	<u>\$ -</u>	<u>\$ 23,021</u>	<u>\$ -</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income (loss)	\$ 48	\$ (4,466)	\$ 287	\$ (6,766)
Interest expense, net	1,226	374	3,044	777
Income tax expense (benefit)	31	(3,092)	183	(4,552)
Depreciation and amortization	2,136	1,517	4,124	3,049
Plant consolidation and exit costs	133	7,747	(995)	10,157
Loss on disposal of property and equipment	18	194	22	579
Noncash stock compensation expense	2,548	3,850	2,638	4,866
Extraordinary gain, net of taxes	-	(385)	-	(385)
Adjusted EBITDA	<u>\$ 6,140</u>	<u>\$ 5,739</u>	<u>\$ 9,303</u>	<u>\$ 7,725</u>