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

- Record Quarterly Revenues of \$71.7 million–**
- \$6.5 million Adjusted EBITDA vs. \$5.8 million in previous year –**
- Operating Expenses decreased to 12.0% of net sales, compared to 12.5% last year –**

WASHINGTON, NC – November 2, 2011 – Flanders Corporation (OTCQX: FLDR) reported financial results for the third quarter ended September 30, 2011.

Harry Smith, Flanders Corporation’s Chairman and CEO, stated, “We set a record for revenues in the third quarter for the company, historically our strongest quarter of revenues, with net sales of \$71.7 million. This revenue increase was driven by growth in our C&I ASHRAE product lines. I am very pleased with the Company’s results, our ongoing improvements, and the focus of our employees and management team. Going forward, we will continue to concentrate on reducing costs while providing our customers with high quality and price competitive products to continue to increase revenues through gains in market share.”

Financial Summary – Quarter Ended September 30, 2011

Revenue for the three months ended September 30, 2011 was \$71.7 million, compared to \$71.1 million for the three months ended September 30, 2010, an increase of 0.8%. Gross margin was 17.4%, compared to 17.8% for the same period a year ago.

Operating expenses before plant consolidation and exit costs, impairment and loss on disposal of property and equipment, and stock compensation in the third quarter 2011 was \$8.6 million compared to \$8.9 million in 2010. The decrease is due to our ongoing efforts to reduce, control and maintain spending across all categories. The primary improvement for the quarter related to a decrease of approximately \$0.3 million in lower freight costs offset by higher advertising of \$0.2 million.

Plant consolidation and exit costs for the third quarter 2011 were a net gain of \$0.3 million as we settled our lease liability on one of the locations we previously exited. In the third quarter of 2010 the company was actively exiting locations and recorded an exit cost loss of \$0.8 million.

Net income for the third quarter 2011 was \$1.4 million or \$0.05 per fully diluted share compared to \$1.6 million or \$0.06 per fully diluted share in 2010.

Adjusted EBITDA for the three months ended September 30, 2011 was \$6.5 million or 9.1% of net sales compared to \$5.8 million or 8.2% of net sales for the same period a year ago.

John Oakley, President and CFO, stated, "Gross margins were impacted by higher labor costs during the quarter as we experienced some unexpected inefficiencies when using temporary labor during our peak production season. Operating expenses were down from a year ago as we continue to focus on reducing, controlling and monitoring all areas affecting spending. Exit costs were favorable for the quarter as we negotiated lease liability settlements for one of the properties we exited in 2010. Interest and depreciation will continue to be higher than the previous year due to the sales and leaseback transaction completed earlier this year. Accounts receivable increased approximately \$5.8 million from a year ago primarily due to timing, as the summer surge in sales arrived later in the quarter of 2011 when compared to 2010. Inventories were flat year over year as they increased to \$30.1 million at September 2011 compared to \$30.0 million a year earlier."

Financial Summary – Nine Months Ended September 30, 2011

Revenue for the nine months ended September 30, 2011 was \$191.2 million, compared to \$183.0 million for the same period a year ago, an increase of 4.5%. Gross margin was 18.1% for the nine months ended September 30, 2011 and 2010. Operating expenses in 2011 were \$25.7 million compared to a 2010 total of \$24.9 million.

Plant consolidation and exit costs were a gain of \$1.3 million in 2011 compared to \$10.9 million of expense for the nine months ended September 30, 2010.

Net income for the nine months ended September 30, 2011 was \$1.7 million, or \$0.06 per fully diluted share, compared to a net loss of \$5.1 million or \$(0.19) per fully diluted share for the same period in 2010.

Adjusted EBITDA for the nine months ended September 30, 2011 was \$15.8 million compared to \$13.6 million for the same period a year ago, a 16.4% increase year over year.

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 other 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 November 2, 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 21235769. A telephone replay will be available until midnight Eastern Time on December 2, 2011 by dialing 855-859-2056 or 404-537-3406 and entering pass code 21235769.

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 CONDENSED BALANCE SHEETS
(In thousands, except share data)

	September 30, 2011	December 31,
	(unaudited)	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 332	\$ 594
Receivables:		
Trade, net of allowance for doubtful accounts: \$1,395		
In 2011 and \$1,456 in 2010	49,096	41,787
Other	263	442
Inventories, net	30,061	24,195
Deferred income tax asset	9,714	9,714
Assets held for sale	991	1,117
Other current assets	16,902	14,110
Total current assets	107,359	91,959
Property and equipment, net	99,658	74,176
Intangible assets, net	192	237
Notes receivable and other assets	17,723	16,262
Total assets	\$ 224,932	\$ 182,634
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 35,771	\$ 33,435
Accrued expenses	11,505	10,857
Current maturities of long-term debt and capital lease obligations	3,317	1,495
Current portion of exit cost liability	961	1,136
Other current liabilities	1,162	100
Total current liabilities	52,716	47,023
Long-term capital lease obligation, less current maturities	30,756	6,686
Long-term debt, less current maturities	39,121	35,309
Long-term liabilities, other	8,985	2,905
Deferred income tax liability	3,494	2,983
Long-term exit cost liabilities	4,915	7,902
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.001 par value, 10,000,000 shares authorized; none issued and outstanding as of September 30, 2011 and December 31, 2010	-	-
Common stock, \$.001 par value; 50,000,000 shares authorized; issued and outstanding: 27,782,838 as of September 30, 2011 and 27,132,838 as of December 31, 2010	28	27
Additional paid-in capital	95,802	93,120
Accumulated other comprehensive loss	(114)	(883)
Retained earnings (accumulated deficit)	(10,771)	(12,438)
Total stockholders' equity	84,945	79,826
	\$ 224,932	\$ 182,634

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net sales	\$ 71,699	\$ 71,141	\$ 191,246	\$ 183,035
Cost of goods sold	59,232	58,467	156,580	149,868
Gross profit	12,467	12,674	34,666	33,167
Operating expenses	8,615	8,861	25,707	24,853
Plant consolidation and exit costs, net	(316)	755	(1,311)	10,912
Impairment of property or equipment	135	-	135	-
Loss on disposal of property and equipment	68	-	89	578
Stock compensation expense	44	-	2,683	4,866
Operating income (loss)	3,921	3,058	7,363	(8,042)
Nonoperating income (expense):				
Other income, net	25	38	97	212
Interest expense on swap liability settlement	-	-	(1,168)	-
Interest expense, net	(1,334)	(404)	(3,210)	(1,180)
Nonoperating expense, net	(1,309)	(366)	(4,281)	(968)
Income (loss) from continuing operations before income taxes and extraordinary items	2,612	2,692	3,082	(9,010)
Provision (benefit) for income taxes	1,232	1,047	1,415	(3,505)
Net income (loss)	1,380	1,645	1,667	(5,505)
Extraordinary gain, net of taxes	-	-	-	385
Net earnings (loss) after extraordinary items	<u>\$ 1,380</u>	<u>\$ 1,645</u>	<u>\$ 1,667</u>	<u>\$ (5,120)</u>
Basic earnings (loss) per share:				
Income (loss) before extraordinary item	\$ 0.05	\$ 0.06	\$ 0.06	\$ (0.20)
Extraordinary item	-	-	-	0.01
Net earnings (loss) per share	<u>\$ 0.05</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ (0.19)</u>
Diluted earnings (loss) per share:				
Income (loss) before extraordinary item	\$ 0.05	\$ 0.06	\$ 0.06	\$ (0.20)
Extraordinary item	-	-	-	0.01
Net earnings (loss) per share	<u>\$ 0.05</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ (0.19)</u>
Weighted average common shares outstanding				
Basic	<u>27,783</u>	<u>27,133</u>	<u>27,519</u>	<u>26,679</u>
Diluted	<u>27,784</u>	<u>27,133</u>	<u>27,521</u>	<u>26,679</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ 1,380	\$ 1,645	\$ 1,667	\$ (5,120)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	2,285	1,991	6,408	5,040
Provision for bad debts	25	190	121	1,311
Extraordinary gain, net of taxes	-	-	-	(385)
Stock compensation expense	44	-	2,683	4,866
Amortization of deferred gain	(14)	(18)	(50)	(54)
(Gain) loss on disposal of property and equipment	73	(40)	89	851
Impairment of property, plant	135	-	135	-
Deferred income taxes	3	257	505	(3,238)
Change in working capital components:				
Increase in accounts receivable	(2,431)	(1,429)	(7,430)	(12,881)
(Increase) decrease in other receivables	98	(59)	179	(1)
(Increase) decrease in inventory	300	2,959	(5,866)	(542)
Increase in other current assets	(699)	(1,891)	(1,308)	(4,468)
(Increase) decrease in other assets	1,179	(160)	299	(769)
Increase in accounts payable	1,383	2,199	2,336	9,922
Increase in accrued expenses	941	1,025	660	1,772
Increase in other current liabilities	879	-	1,062	-
Increase (decrease) in exit cost liability	(374)	(255)	(2,303)	8,138
Increase (decrease) in other non-current liabilities	228	-	(282)	-
Net cash provided by (used in) operating activities	<u>5,435</u>	<u>6,414</u>	<u>(1,095)</u>	<u>4,442</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(5,665)	(4,120)	(10,655)	(10,999)
Proceeds from sale of property and equipment	18	-	18	1,799
Proceeds from insurance claim on building and equipment	-	-	-	1,885
Proceeds from notes receivable	296	716	972	1,609
Loans made to notes receivable	(352)	(240)	(735)	(531)
Net cash used in investing activities	<u>\$(5,703)</u>	<u>\$ (3,644)</u>	<u>\$(10,400)</u>	<u>\$ (6,237)</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in restricted cash	\$ -	\$ (28)	\$ -	\$ (301)
Principal payments on long-term borrowings	(689)	(326)	(13,649)	(1,697)
Proceeds from revolving credit agreement	70,368	65,417	207,648	176,027
Payments to revolving credit agreement	(72,686)	(67,975)	(194,411)	(171,123)
Proceeds from refinance of revolving credit agreement	-	-	24,903	-
Payoff of revolving credit agreement	-	-	(24,903)	-
Proceeds from long-term borrowings	(6)	-	3,605	-
Proceeds from sale leaseback	2,615	-	8,446	-
Payment of debt issuance costs	(57)	-	(406)	-
Purchase of common stock	-	-	-	(1,000)
Net cash provided by (used in) financing activities	<u>(455)</u>	<u>(2,912)</u>	<u>11,233</u>	<u>1,906</u>
Net increase in cash and cash equivalents	(723)	(142)	(262)	111
CASH AND CASH EQUIVALENTS				
Beginning of period	<u>1,055</u>	<u>513</u>	<u>594</u>	<u>260</u>
End of period	<u>\$ 332</u>	<u>\$ 371</u>	<u>\$ 332</u>	<u>\$ 371</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period for:				
Income taxes	<u>\$ 353</u>	<u>\$ 810</u>	<u>\$ 353</u>	<u>\$ 2,392</u>
Interest, net of amounts capitalized to property, and equipment	<u>\$ 1,522</u>	<u>\$ 654</u>	<u>\$ 3,387</u>	<u>\$ 1,559</u>
Interest on settlement swap liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168</u>	<u>\$ -</u>
Interest capitalized to property, and equipment	<u>\$ 57</u>	<u>\$ 83</u>	<u>\$ 244</u>	<u>\$ 254</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>\$ 581</u>	<u>\$ -</u>	<u>\$ 581</u>
Acquisition of capital lease assets	<u>\$ 703</u>	<u>\$ -</u>	<u>\$ 22,923</u>	<u>\$ -</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income (loss)	\$ 1,380	\$ 1,645	\$ 1,667	\$ (5,120)
Interest expense, net	1,334	404	4,378	1,180
Income tax expense (benefit)	1,232	1,047	1,415	(3,505)
Depreciation and amortization	2,285	1,991	6,408	5,040
Plant consolidation and exit costs, net	(316)	755	(1,311)	10,912
Impairment of property or equipment and loss on disposal of property and equipment	203	-	224	578
Noncash stock compensation expense	44	-	2,683	4,866
Other	329	-	329	(385)
Adjusted EBITDA	<u>\$ 6,491</u>	<u>\$ 5,842</u>	<u>\$ 15,793</u>	<u>\$ 13,566</u>