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**For Immediate Release - Press Release**

**COMPANY: MFRI, INC. (NASDAQ NM: MFRI)**  
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**MFRI ANNOUNCES RECORD 2008 SALES, EARNINGS AND EARNINGS PER SHARE  
DESPITE FOURTH QUARTER NON-CASH GOODWILL CHARGE**

**NILES, IL, April 15, 2009** — MFRI, Inc. (Nasdaq: MFRI) announced today record sales for the fiscal year ended January 31, 2009 (“2008”). Net sales were \$303,066,000, up 26.5% from \$239,487,000 in the prior year. Net income in 2008 rose to \$6,689,000 or \$0.98 earnings per share basic and diluted, versus a net loss of \$298,000 for 2007, or \$0.04 per share basic and diluted. The 2008 net income was reduced by a fourth quarter non-cash goodwill impairment charge of \$2,788,000. This charge net of tax impact reduced earnings per share by \$0.27 basic and diluted. Net income for 2008 without the goodwill impairment charge would have been \$8,529,000, or \$1.25 earnings per share basic and \$1.24 diluted.

Gross margin for 2008 increased to 19.5% from 17.2% in 2007. Net sales increased primarily due to a higher starting backlog, the growing success of the piping systems business in the United Arab Emirates, progress on the crude oil pipeline project in India and the start of field work on buildings in the heating, ventilation and air conditioning (“HVAC”) backlog. Due to the increased net sales and gross margin, 2008 gross profit of \$58,948,000 was 42.9% higher than 2007 gross profit of \$41,249,000.

Net sales in 2008 for the piping systems business increased by 45.6%, the filtration products business increased by 8.5%, while the industrial process cooling equipment business decreased by 12.6%. The HVAC business, included in corporate and other, grew over 700 % as work ramped up on projects. In the fourth quarter 2008, the Company recognized a non-cash goodwill impairment charge of \$2,788,000, or net of tax impact at \$0.27 earnings per share basic, which was recorded in continuing operations. The goodwill impairment charge eliminated all remaining Company goodwill and was related to the Company’s filtration products and industrial process cooling equipment businesses.

Net sales for the fourth quarter of 2008 were \$82,623,000, or 41.2% greater than the \$58,503,000 for the prior-year’s quarter. Including the goodwill impairment charge, the fourth quarter of 2008 net loss was \$827,000, or \$0.12 earnings per share basic and diluted, versus a net loss of \$3,762,000 in the prior-year’s fourth quarter, or \$0.56 per share basic and diluted. Net income for the fourth quarter of 2008 without the goodwill impairment charge net of tax impact would have been \$1,013,000, or \$0.15 per share basic.

Net sales for the fourth quarter of 2008 compared to the prior-year’s fourth quarter increased by 73.7% in the piping systems business, increased by 6.5% in the filtration products business and decreased by 23.6% in the industrial process cooling business. The HVAC business, included in corporate and other, increased eleven fold as field work progressed steadily during the 2008 quarter compared to the 2007 quarter.

As previously announced, the piping systems business is performing the insulating and jacketing services for a 600 kilometer (370 mile), 600 millimeter (24 inch) diameter heat-traced crude oil pipeline. This work is being performed at a facility in Mundra, India on the premises of Jindal Saw Ltd, one of India’s largest steel

pipe producers. As of January 31, 2009, the Company had completed production on approximately sixty percent of the India pipeline contract.

The Company's backlog on January 31, 2009 was \$108 million, down 24.8% from the prior year but still the second highest in Company history. Part of the backlog decline was due to the normal progress on specific projects such as the pipeline in India. The Company would not expect a project similar to this one to be replaced in the backlog in sequential years. Additionally, the difficult worldwide economic environment has caused some orders to be postponed or cancelled and has reduced the opportunities to obtain new work. As a favorable sign, quoting activity has been maintained at a reasonably high level but decision making by customers is slow, most likely due to general financial constraints and caution on expenditures.

David Unger, CEO said, "Total annual sales have more than doubled from 2003 to 2008. Our global expansion strategy of manufacturing our products in foreign countries to serve their local markets has resulted in higher sales, earnings and backlog for our Company. In 2008, 51.5% of the Company's employees were located outside the United States and 35% of the Company's sales were to customers outside the United States. We expect a mix of domestic and global sales will continue to support our Company's growth."

Brad Mautner, President and COO said, "Overall, 2008 was a very good year. The piping systems business had a terrific year driven by strong domestic activity and very robust performance in the Middle East supplemented by project revenue in India. The filtration products business grew the net sales nicely but operating profit (not including the non-cash goodwill charge) was down due to reduced margin from the marketplace and some higher expenses for relocating a U.S. operation to a more efficient manufacturing facility. This move will serve us well over the long term. The industrial process cooling equipment business faced a very difficult fourth quarter as the markets it serves were deeply impacted by the global recession. Yet, excluding the non-cash goodwill charge, the group still improved profitability compared to the prior year. The HVAC business worked actively on project backlog and via solid execution, delivered a nice profit for the year. Turning to 2009, all the business units are focused on maximizing the results from existing backlog while adjusting cost structures to the new realities brought on by the uncertain depth and duration of a global recession. Even in the most challenging business climate in decades we are fortunate to have a strong leadership team for each of our segments to navigate the challenges ahead."

MFRI, Inc. is a multi-line company engaged in the following businesses: pre-insulated specialty piping systems for oil and gas gathering, district heating and cooling and other applications; custom-designed industrial filtration products to remove particulates from dry gas streams; industrial process cooling equipment to remove heat from molding, printing and other industrial processes; and installation of heating, ventilation and air conditioning for large buildings.

Form 10-K for the period ended January 31, 2009 will be accessible at <<http://www.sec.gov/>>. For more information visit the Company's website [www.mfri.com](http://www.mfri.com) or contact the company directly.

*Statements and other information contained in this announcement which can be identified by the use of forward-looking terminology such as "anticipate," "may," "will," "expect," "continue," "remain," "intend," "aim," "should," "prospects," "could," "future," "potential," "believes," "plans," "likely," and "probable," or the negative thereof or other variations thereon or comparable terminology, constitute "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 and are subject to the safe harbors created thereby. These statements should be considered as subject to the many risks and uncertainties that exist in the Company's operations and business environment. Such risks and uncertainties include, but are not limited to, economic conditions, market demand and pricing, competitive and cost factors, raw material availability and prices, global interest rates, currency exchange rates, labor relations and other risk factors.*

**MFRI, INC. AND SUBSIDIARIES**  
**Condensed Statements of Operations and Related Data**  
*(In \$000's except per share data)*

	Three Months Ended January 31,		Fiscal Year Ended January 31,	
	2009	2008	2009	2008
Net sales:				
Piping Systems	\$ 44,725	\$ 25,746	\$ 151,792	\$ 104,273
Filtration Products	25,976	24,389	105,390	97,120
Industrial Process Cooling Equipment	6,006	7,865	31,738	36,327
Corporate and Other (1)	5,916	503	14,146	1,767
Totals	<u>82,623</u>	<u>58,503</u>	<u>303,066</u>	<u>239,487</u>
Gross profit:				
Piping Systems	11,891	2,484	37,871	18,952
Filtration Products	1,325	3,024	11,424	13,776
Industrial Process Cooling Equipment	1,321	1,424	7,919	8,508
Corporate and Other (1)	768	48	1,734	13
Totals	<u>15,305</u>	<u>6,980</u>	<u>58,948</u>	<u>41,249</u>
Income (loss) from operations (2):				
Piping Systems	7,570	372	24,037	10,623
Filtration Products	(3,694)	47	(2,936)	2,220
Industrial Process Cooling Equipment	(1,784)	(838)	(1,765)	(1,227)
Corporate and Other (1)	(1,881)	(2,347)	(8,544)	(8,720)
Totals	<u>211</u>	<u>(2,766)</u>	<u>10,792</u>	<u>2,896</u>
Income from joint venture	5	23	104	23
Interest expense – net	813	657	2,834	2,408
(Loss) income before income taxes	(597)	(3,400)	8,062	511
Income tax expense	230	362	1,373	809
Net (loss) income	<u>\$ (827)</u>	<u>\$ (3,762)</u>	<u>\$ 6,689</u>	<u>\$ (298)</u>
Weighted average number of common shares outstanding - basic	6,808	6,707	6,797	6,627
Earnings per share - basic net (loss) income	<u>\$ (0.12)</u>	<u>\$ (0.56)</u>	<u>\$ 0.98</u>	<u>\$ (0.04)</u>
Weighted average number of common shares outstanding - diluted	6,808	6,707	6,853	6,627
Earnings per share - diluted net (loss) income	<u>\$ (0.12)</u>	<u>\$ (0.56)</u>	<u>\$ 0.98</u>	<u>\$ (0.04)</u>

**Backlog:**

	1/31/09	1/31/08
Piping Systems	\$ 52,385	\$ 65,810
Filtration Products	35,549	38,161
Industrial Process Cooling Equipment	3,835	6,315
Corporate and Other (1)	16,051	33,179
Total Backlog	<u>\$ 107,820</u>	<u>\$ 143,465</u>

1. Corporate and Other includes activity for the installation of heating, ventilation and air conditioning systems.
2. Income (loss) from operations for fourth quarter and full year 2009 results includes the goodwill impairment charge totaling \$2,788,000 of which \$1,688,000 was in the filtration products business and \$1,100,000 was in the industrial process cooling equipment business.

See the Company's Form 10-K for the period for notes to financial statements.