

Contact: Darlene De Lorenzo

Midwesco Filter Resources, Inc.
Phone 540.667.8500
Fax 540.667.9074

385 Battaile Drive
PO Box 2075 (22604)
Winchester, VA 22601

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Resources, Inc.**

Press Release



MFRI SUBSIDIARY, PERMA-PIPE ANNOUNCES MANUFACTURING FACILITY IN THE UNITED ARAB EMIRATES (U.A.E)

NILES, IL, September 19, 2005 -- MFRI, Inc. (NASDAQ NM:MFRI), a leading manufacturer of custom designed industrial filtration products, specialty piping systems and industrial process cooling equipment, announced today that its Perma-Pipe subsidiary has established a new company, Perma-Pipe Middle East, FZE, (PPME), in the Emirate of Fujairah, U.A.E. The company will manufacture specialty pre-insulated piping systems for the U.A.E. and other regional markets.

PPME has entered into a long term lease of an 80,000 square foot building on a 12 acre site in the Fujairah Free Zone Authority. Currently, the building and site are being upgraded and modified to support the needs of PPME. Specialized processing equipment will be installed this fall with a planned start of commercial operations prior to year end.

"The PPME facility will be able to produce pre-insulated and jacketed pipe and fittings in sizes from 1" up to 72" for most commonly used materials. This will be the only plant in the world with such a broad range of product offerings in this field," said Fati Elgendy, President of Perma-Pipe, Inc. "PPME will serve growing regional markets for pre-insulated pipe for district cooling, chemical, oil and gas transportation and Liquefied Natural Gas (LNG) terminals," he added. David Unger, CEO of MFRI continued, "We are excited about this strategic move. From this platform, we will participate in the rapidly growing U.A.E. markets of Dubai and Abu Dhabi along with other Middle Eastern countries, parts of the Far East, North Africa and special European opportunities."

For Release 9 a.m. EDT, September 19, 2005

About Perma-Pipe

Perma-Pipe is the largest U.S. manufacturer of specialty piping systems for district heating and cooling, secondary containment and pre-insulated oil and gas gathering flow lines. Perma-Pipe manufactures insulated and jacketed district heating and cooling piping systems that efficiently distribute energy, in the form of steam and hot or chilled water, to multiple locations from central energy plants. These products are used by customers that include military bases, cogeneration projects, university campuses and prisons.

The industrial environmental marketplace is served by offering process piping, secondary contained piping, and leak detection/location systems through PERMA-PIPE/RICWIL industrial and environmental product group. Process and secondary containment piping are important products for chemical plants, jet fuel systems, nuclear facilities, and the food and beverage industries. PERMA-PIPE's "Skin Effect" heat tracing system provides a cost effective solution for long runs of pipe that require consistent heat monitoring.

PERMALERT leak detection can be placed inside any of the secondary-contained piping products to detect and locate leaks in the piping system. Other leak detection applications such as sub-floors in clean rooms, computer rooms, and semiconductor facilities benefit from this cable based technology for leak location in sensitive areas.

Their manufacturing facility in Lebanon, Tennessee, delivers piping systems all across the United States as well as Canada and Mexico. The European, Middle East and Far East communities are serviced by our corporate office in Niles, IL.

PERMA-PIPE is proud to be the market leader in the piping industry with their commitment to quality and development of new products to meet the increasing needs of their customers. For more information, visit www.permapipe.com.