U. S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2004**

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File No. 0-7099

CECO ENVIRONMENTAL CORP.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**13-2566064**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
3120 Forrer Street Cincinnati, Ohio	**45209**
(Address of Principal Executive Offices)	**(Zip Code)**

(513) 458-2600
Registrant's Telephone Number, Including Area Code:

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act:

Common Stock, $0.01 par value per share
(Title of Class)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Aggregate market value of voting stock held by non-affiliates of Registrant (based on the last sale price on June 30, 2004): $10,381,388

The number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date: 9,993,260 shares of common stock, par value $0.01 per share, as of March 08, 2005.

Documents Incorporated by Reference

Portions of the definitive Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held May 25, 2005 are incorporated by reference into Part III. The Exhibit Index incorporates several documents by reference as indicated therein.

PART I

Item 1. *Business*

General

CECO Environmental Corp. ("CECO") was incorporated in New York State in 1966 and reincorporated in Delaware in January 2002. We operate as a provider of air pollution control products and services.

Unless the context indicates otherwise, the terms "Company", "we", "us", and "our", as used herein refers to CECO Environmental Corp. (the Registrant) and its subsidiaries.

We market our products and services under the following trade names: "Kirk & Blum", "kbd/Technic", "CECO Filters", "Busch International", "CECO Abatement Systems", "CECOaire", and "KB Duct".

The December 1999 acquisition of Kirk & Blum changed our company both in focus and capability. Since that date we have accomplished the following.

- Founded CECO Abatement. This company produces regenerative thermal oxidizers (RTO's) and has made itself into a significant force in the ethanol industry.
- Launched the "KB Duct" Product line. This product continues to grow in sales year by year.
- Founded CECOaire. This new company produces baghouses and has enabled us to win several major contracts.
- Established CECO Filters India Pvt. Ltd. to penetrate the Asian market.
- Most importantly, we succeeded in integrating CECO Filers, Busch International, CECO Abatement, CECOaire, and Kirk & Blum into a cohesive unit. Kirk & Blum now produces the bulk of the other business units' products and margin that used to go to outside vendors remains in CECO Environmental.

Products and Services

We are recognized as a leading provider in the air pollution control industry. We focus on engineering, designing, building, and installing systems that capture, clean and destroy airborne contaminants from industrial facilities as well as equipment that controls emissions from such facilities. We now market these turnkey pollution control services through all our companies with Kirk & Blum providing project management. With a diversified base of more than 1,500 active customers, we provide services to a myriad of industries including aerospace, brick, cement, ceramics, metalworking, printing, paper, food, foundries, metal plating, woodworking, chemicals, glass, automotive, pharmaceuticals, and chemicals.

Increasingly stringent air quality standards and the need for improved industrial workplace environments are chief among the factors that drive our business. Some of the underlying federal legislation that affects air quality standards is the Clean Air Act of 1970 and the Occupational Safety and Health Act of 1970. The Environmental Protection Agency ("EPA") and Occupational Safety and Health Administrative Agency ("OSHA"), as well as other state and local agencies, administer air quality standards. Industrial air quality has been improving through EPA mandated Maximum Achievable Control Technology ("MACT") standards and OSHA established Threshold Limit Values ("TLV") for more than 1,000 industrial contaminants. Bio-terrorism threats have also increased awareness for improved industrial workplace air quality. Any of these factors, whether individually or collectively, tend to cause increases in industrial capital spending that are not directly impacted by general economic conditions, expansion or capacity increases. Favorable conditions in the economy generally lead to plant expansions and the construction of new industrial sites. Economic expansion provides us with the potential to increase and accelerate levels of growth. However, in a weak economy customers tend to (a) lengthen the time from their initial inquiry to the purchase order or (b) defer purchases.

Our selling strategy is to provide a solutions-based approach for controlling industrial airborne contaminants by being a single source provider of industrial ventilation and air-pollution control products and services. We believe this provides a discernable competitive advantage. We execute this strategy by utilizing our portfolio of in-house technologies and those of third party equipment suppliers. Many of these have been long standing relationships. This enables us to leverage existing business with selective alliances of suppliers and application specific engineering expertise. We compete by providing competitive pricing with turnkey solutions.

Under the Kirk & Blum trade name we have four principal product lines. All have evolved from the original air pollution systems business (contracting, fabricating, parts and clamp-together duct systems). The largest line, with eight strategic locations throughout the Midwest and Southeast United States, is air pollution control systems and industrial ventilation. These systems primarily sold on a turnkey basis include oil mist collection, dust collection, industrial exhaust, chip collection, make-up air, as well as automotive spray booth systems, industrial and process piping, and other industrial sheet metal work. We provide a cost effective engineered solution to in-plant process problems in order to control airborne pollutants. Representative customers include General Electric, General Motors, Procter & Gamble, Nissan, Honda, Toyota, Boeing, Lafarge, Corning, RR Donnelley, and Alcoa. North America is the principal market served. We have, at times, supplied equipment and engineering services in certain overseas markets. We have completed several major contracts in Mexico.

We provide custom metal fabrication services at our Cincinnati, Ohio and Lexington, Kentucky locations. These facilities are used to fabricate parts, subassemblies, and customized products for air pollution and non-air pollution applications from sheet, plate, and structurals and perform the majority of the fabrication for CECO Filters, Busch International, CECOaire and CECO Abatement. We have developed significant expertise in custom sheet metal fabrication. As a result, these facilities give us flexible production capacity to meet project schedules and cost targets in air pollution control projects while generating additional fabrication revenue in support of non-air pollution control industries. Kirk & Blum is the custom fabricator of product components for many companies located in the Midwest choosing to outsource their manufacturing. Generally, we will market custom fabrication services under a long-term sales agreement. Representative customers include Siemens and General Electric.

We also market under the Kirk & Blum trade name, component parts, for industrial air systems to contractors, distributors and dealers throughout the United States. In 2001, we started the K&B Duct product line to provide a cost effective alternative to traditional duct. Primary users for this product line are those that generate dry particulate such as furniture manufacturers, metal fabricators, and any other users desiring flexibility in a duct system. Customers include end users, contractors, and dealers.

Our engineering and design services are also marketed under the kbd/Technic trade name to provide engineering services directly to customers related to air system testing and balancing, source emission testing, and industrial ventilation engineering. Representative customers include General Motors, Ford, Toyota, Quaker Oats, Nissan, Honda and Delphi.

Fiber bed filter technology is marketed under the CECO Filters trade name directly to customers. The principal functions of the filters are (a) the removal of damaging mists and particles (e.g., in process operations that could cause downstream corrosion and damage to equipment), (b) the removal of pollutants and (c) the recovery of valuable materials for reuse. The filters are also used to collect fine insoluble particulates. Major users are chemical and electronics industries, manufacturers of various acid, vegetable and animal based cooking oils, textile products, alkalies, chlorine, papers, asphalt and pharmaceutical products. In February 2004, we established CECO Filters India Pvt. Ltd. in Chennai, India to market filtering equipment under the CECO Filters trade name to extend our penetration into Asia.

We market under the Busch International trade name custom engineered air handling systems used to control fume and oil mist emissions in the steel and aluminum industries. We also market a strip cooler under the JETSTAR trademark. This equipment is globally marketed to the steel and aluminum industries.

We added the CECO Abatement Systems trade name in 2001 to extend our penetration into the thermal oxidation market. We market thermal oxidizers and regenerative thermal oxidizers that eliminate toxic emission fumes and volatile organic compounds from large-scale industrial processes. We have a major presence in the ethanol and solid waste disposal industries.

In January 2005, we started CECOaire to increase our penetration into the dust control markets. We market baghouses that reduce dust particulates from industrial process airstreams. Prior to January 2005, CECOaire operated as part of CECO Filters.

When we undertake large jobs, our working capital objective is to make these projects self-funding. We try to achieve this by (a) progress billing contracts, when possible, (b) utilizing extended payment terms from material suppliers, and (c) paying sub-contractors after payment from our customers, which is an industry practice. Our investment in net working capital is funded by cash flow from operations and by our revolving line of credit. Inventory remains relatively constant from year to year. Accordingly, changes in inventory do not constitute a significant part of our investment in working capital.

OTHER INFORMATION

Kirk & Blum Acquisition

The financing for the Kirk & Blum transaction was provided by a bank loan facility in the original amount of $25 million in term loans and a $10 million revolving credit facility. The bank loan facility was provided by PNC Bank, N.A., Fifth Third Bank and Bank One, N.A. (the “Bank Facility”). In connection with these loans, the banks providing the Bank Facility received a lien on substantially all of our assets.

The bank facility has been amended through eleven amendments to, among other things, reduce minimum coverage under several financial covenants. Additional fees have been paid and prepayments of principal on the Bank Facility have been made in connection with these amendments.

In addition, as a condition to obtaining the Bank Facility, we placed $5 million of subordinated debt. The proceeds of the bank loans and the additional $5 million of subordinated debt were used to pay the purchase prices for Kirk & Blum and kbd/Technic, and to pay expenses incurred in connection with the acquisitions, to refinance existing indebtedness and for working capital purposes.

The $5 million subordinated debt that was provided to us in connection with the Kirk & Blum transaction included investments of $4 million by Can-Med Technology, Inc. d/b/a Green Diamond Oil Corp. (“Green Diamond”), $500,000 by ICS Trustee Services, Ltd. and $500,000 by Harvey Sandler. These investors were also issued warrants to purchase 1,000,000 shares of Common Stock in the aggregate (the “Subdebt Warrants”) at a price of $2.25 per share, the fair market value of the shares at date of issuance. The fair value of the warrants was determined to be $1,847,000 at the date of issuance and the subordinated debt was discounted by such amount. The discount is being amortized as a component of interest expense over the life of the subordinated debt which coincides with the bank’s term loan maturity date of May 2006. The amortization of the discount was approximately $288,000 for each of the years ended December 31, 2003, 2002 and 2001. The effective annualized interest rate on the subordinated debt obligations is 17.75%, after taking into account the value of the warrants. ICS Trustee Services, Ltd. and Harvey Sandler are not our affiliates. Green Diamond Oil Corp. is owned 50.1% by Icarus Investment Corp., a corporation owned 50% by Phillip DeZwirek, the Chairman of the Board of Directors and Chief Executive Officer of the Company and a major stockholder, and 50% by Jason Louis DeZwirek, Phillip DeZwirek’s son, a director and Secretary of the Company and a major stockholder of the Company. The promissory notes, which were issued to evidence the subordinated debt, provide that they accrue interest at the rate of 12% per annum, payable semi-annually. Payments of interest are subject to the subordination agreement with the banks providing the financing referred to above.

Equity Transactions

In December 2001, the Subdebt Warrants were exercised for 1,000,000 shares, and we received gross proceeds of $2.3 million from such exercise.

On December 31, 2001, we completed a $2,120,000 equity raise consisting of the sale of 706,668 shares of our common stock, at a price of $3.00 per share, and the issuance of warrants ("Warrants") to purchase 353,334 shares of our common stock (collectively, with the 706,668 shares, the "Investor Shares") at an initial exercise price of $3.60 per share, to a group of accredited investors (the "Investors") led by Crestview Capital Fund, L.P., a Chicago-based private investment fund. We used these proceeds along with the proceeds received from the exercise of the Subdebt Warrants, to pay down the Bank Facility. As part of our contractual obligations to the Investors, we registered the Investor Shares on a Form S-1, which became effective on May 15, 2002. The shares that were issued upon exercise of the Subdebt Warrants and the 14,000 shares underlying warrants that were issued as a finder's fee in connection with the sale of shares to the Investors were also included in the Form S-1, for a total of 2,074,002 shares. On April 30, 2003 and May 2, 2003, we filed a Post-Effective Amendment on Form S-3 to Form S-1/A with respect to such shares. Under the terms of the Subscription Agreement, we are no longer required to keep the registration statement effective.

Under the Subscription Agreement CECO entered into with the Investors, we were required to issue to such Investors additional shares based on an earnings formula (as set forth in the Subscription Agreement executed in connection with the issuance of the Investor Shares) for fiscal year 2002. Based on the results of this formula, 382,237 additional shares were issued to the Investors in April 2003 at no cost to the investors. The issuance of shares was charged to additional paid in capital.

Asset Sales

In December 2001, we sold the fixed assets and inventory of Air Purator Corp. ("APC") and received notes totaling $475,000. The notes, which were due primarily in March 2002, were secured by the assets of APC. At December 31, 2001, we deferred the gain on sale of $250,000 until collection was reasonably assured. However, the purchaser defaulted on the loan, and we commenced foreclosure proceedings in May 2002. We subsequently sold the assets to the former general manager of APC on July 31, 2002 and recognized a gain on sale during the third and fourth quarters of 2002 totaling $250,000. The net assets and operations of APC were not material to our consolidated operations.

We sold the assets of Busch Martec during 2002 because those assets no longer served our vision for future operations. Busch Martec's assets are insignificant to the consolidated financial statements.

APC was engaged in the manufacture of non-woven specialty needled fiberglass fabrics and Busch Martec acted as a manufacturer's representative with manufacturers of air and fluid products. We no longer engage in those activities.

Due to our increased efficiencies and subsequent need for less space, we sold the property we owned in Conshohocken, Pennsylvania in May 2003 and entered into a lease for approximately half of the property with the purchaser. The net proceeds from the sale of the property were used to reduce our outstanding debt. We recognized net savings, as it was cost effective to sell the property and lease back half of the space.

Customers

No customer comprised 10% or more of our net revenues for 2004. We do not depend upon any one or few customers.

Suppliers

We purchase our angle iron and sheet plate products from a variety of sources. When possible, we secure these materials from steel mills. Other materials are purchased from a variety of steel service centers. Steel prices have been volatile but we cover this through a “surcharge” on our standard products. On contract work, we cover the volatility by including the current price in our estimate.

We purchase chemical grade fiberglass as needed from Johns Manville Corporation, which we believe is the only domestic supplier of such fiberglass. However, there are foreign suppliers of chemical grade fiberglass, and, based on current conditions, we believe that we could obtain such material from foreign suppliers on acceptable terms.

We have a good relationship with all our suppliers and do not anticipate any difficulty in continuing to receive such items on terms acceptable to us. To the extent that our current suppliers are unable or unwilling to continue to supply us with materials, we believe that we would be able to obtain such materials from other suppliers on acceptable terms.

Backlog

Backlog represented by firm purchase orders from our customers was approximately $20.7 million and $7.3 million at the end of the fiscal years 2004 and 2003, respectively. 2003 backlog was completed in 2004. The 2004 backlog is expected to be completed in 2005.

Competition and Marketing

We believe that there are no singly dominant companies in the industrial ventilation and air pollution control niche markets in which we participate. These markets are fragmented with numerous smaller and regional participants. As a result, competition varies widely by region and industry. However, sales of products and services under some of our trade names face competition with companies that have greater financial resources and that have more extensive marketing and advertising.

We sell and market our products and services with our own direct workforce in conjunction with outside sales representatives in the U.S., Mexico, Canada, Asia, Europe and South America. We have direct employees in India.

Government Regulations

We have not been materially negatively impacted by existing government regulation, nor are we aware of any probable government regulation that would materially affect our operations. Our costs in complying with environmental laws have been negligible.

Research and Development

During 2004, 2003, and 2002, costs expended in research and development have not been significant. Such costs are generally included as factors in determining pricing.

Employees

We had 431 full-time employees and 5 part-time employees as of December 31, 2004. The facilities acquired with the acquisition of Kirk & Blum are unionized except for selling, administrative and operating management personnel. None of our other employees are subject to a collective bargaining agreement. We consider our relationship with our employees to be satisfactory. In total, approximately 300 employees are

represented by international or independent labor unions under various union contracts that expire from March 2005 to October 2008.

Our operations are largely dependent on Richard J. Blum and certain other key executives. The loss of Mr. Blum or any of our executives could have a material adverse effect upon our operations. However, we believe our management team is deep and talented.

Intellectual Property

There is no assurance that measurable revenues will accrue to us as a result of our patents or licenses.

We purchased, among other assets, three patents from Busch Co. in 1997 that relate to the JET*STAR systems. The Patent and Trademark Office ("PTO") records do not currently reflect such transfer. We plan on attempting to obtain the proper documentation to file with the PTO. JET*STAR™ systems constituted $0.1 million of revenues in 2004.

We hold a US patent for our N-SERT® and X-SERT® prefilters and for our Cantenary Grid scrubber. We also hold a US patent for a fluoropolymer fiber bed for a mist eliminator, a US patent for a fluted filter, and a US patent for a multiple in-duct filter system. Such patents combined do not have significant value to our overall performance. We were assigned the patent to a multiple throat narrow gap venturi scrubber, which patent may have significant value. We plan to attempt to file the proper documentation with the PTO to reflect proper ownership. Current PTO records indicate that the party from which we obtained such patent owns such patent.

Affiliated Stock Purchase

In September 2002, the Registrant purchased 31,536,440 shares of CECO Filters, Inc. ("Filters") in consideration for the cancellation of Filter's debt of $3,044,423 owed to CECO Group, Inc. ("Group") and $109,221 owed to Registrant. Registrant then immediately assigned such shares to Group. Group currently owns approximately 99% of the shares of Filters.

Financial Information about Geographic Areas

For 2004, 2003 and 2002, sales to customers outside the United States, including export sales, accounted for approximately 3%, 1% and 2%, respectively, of consolidated net sales. The largest portion of these sales was destined for Canada. Generally, sales are denominated in U.S. dollars. We do not currently maintain long-lived assets outside the United States.

RISK FACTORS

In addition to the other information in this Annual Report on Form 10-K, the factors listed below should be considered in evaluating our business and prospects. This Annual Report on Form 10-K contains a number of forward-looking statements that reflect our current views with respect to future events and financial performance. These forward-looking statements are subject to certain risks and uncertainties, including those discussed below and elsewhere herein, that could cause actual results to differ materially from historical results or those anticipated. In this report, the words “anticipates,” “believes,” “expects,” “intends,” “future” and similar expressions identify forward-looking statements. Readers are cautioned to consider the specific factors described below and not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this Annual Report on Form 10-K. We assume no obligation to publicly update any forward-looking statements.

Operating at a Loss

We have incurred net losses for our past 5 fiscal years. There are no assurances that we will achieve or sustain profitability.

Competition

The industries in which we compete are all highly competitive. We compete against a number of local, regional and national contractors and manufacturers in each of our business segments, many of which have been in existence longer than us and some of which have substantially greater financial resources than we do. We believe new entrants that are large corporations may be able to compete with the Company on the basis of price and as a result may have a material adverse affect on the results of our operations. In addition, there can be no assurance that other companies will not develop new or enhanced products that are either more effective than ours or would render our products non-competitive or obsolete.

Dependence on Key Personnel

We are highly dependent on the experience of our management in the continuing development of its operations. The loss of the services of certain of these individuals, particularly Richard J. Blum, President of CECO, would have a material adverse effect on our business. Our future success will depend in part on our ability to attract and retain qualified personnel to manage our development and future growth. There can be no assurance that we will be successful in attracting and retaining such personnel. The failure to recruit additional key personnel could have a material adverse effect on our business, financial condition and results of operations.

Continued Control by Management

As of the date of this Annual Report on Form 10-K, management of the Company beneficially owns approximately 56% of the Company’s outstanding common stock, assuming the exercise of currently exercisable warrants and options held by management. Our stockholders do not have the right to cumulative voting in the election of directors. Accordingly, present management will be in a position to exert control over our business and operations, including the election of our directors.

Dependence Upon Third-Party Suppliers

Although we are not dependent on any one supplier, we are dependent on the ability of our third-party suppliers to supply our raw materials, as well as certain specific component parts. We purchase all of our chemical grade fiberglass from one domestic supplier, which we believe is the only domestic supplier of such fiberglass, and certain specialty items from only two domestic suppliers. These items also can be purchased from foreign suppliers. Failure by our third-party suppliers to meet our requirements could have a material adverse

effect on us. There can be no assurance that our third-party suppliers will dedicate sufficient resources to meet our scheduled delivery requirements or that our suppliers will have sufficient resources to satisfy our requirements during any period of sustained demand. Failure of manufacturers or suppliers to supply, or delays in supplying, our raw materials or certain components, or allocations in the supply of certain high demand raw components could materially adversely affect our operations and ability to meet our own delivery schedules on a timely and competitive basis.

Patents

We hold various patents and licenses relating to certain of our products. There can be no assurance as to the breadth or degree of protection that existing or future patents, if any, may afford us, that our patents will be upheld, if challenged, or that competitors will not develop similar or superior methods or products outside the protection of any patent issued to us. Although we believe that our products do not and will not infringe patents or violate the proprietary rights of others, it is possible that our existing patent rights may not be valid or that infringement of existing or future patents or proprietary rights may occur. In the event our products infringe patents or proprietary rights of others, we may be required to modify the design of our products or obtain a license for certain technology. There can be no assurance that we will be able to do so in a timely manner, upon acceptable terms and conditions, or at all. Failure to do any of the foregoing could have a material adverse effect upon our business. In addition, there can be no assurance that we will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violations action which may be brought against us. Moreover, if our products infringe patents or proprietary rights of others, we could, under certain circumstances, become liable for damages, which also could have a material adverse effect on our business.

New Product Development

The air pollution control and filtration industry is characterized by ongoing technological developments and changing customer requirements. As a result, our success and continued growth depend, in part, on our ability in a timely manner to develop or acquire rights to, and successfully introduce into the marketplace, enhancements of existing products or new products that incorporate technological advances, meet customer requirements and respond to products developed by our competition. There can be no assurance that we will be successful in developing or acquiring such rights to products on a timely basis or that such products will adequately address the changing needs of the marketplace.

Technological and Regulatory Change

The air pollution control and filtration industry is characterized by changing technology, competitively imposed process standards and regulatory requirements, each of which influences the demand for our products and services. Changes in legislative, regulatory or industrial requirements may render certain of our filtration products and processes obsolete. Acceptance of new products may also be affected by the adoption of new government regulations requiring stricter standards. Our ability to anticipate changes in technology and regulatory standards and to develop and introduce new and enhanced products successfully on a timely basis will be a significant factor in our ability to grow and to remain competitive. There can be no assurance that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete.

Leverage

We are highly leveraged. We currently have loan facilities, including a term loan and line of credit, with PNC Bank, N.A.; Bank One, N.A.; and Fifth Third Bank. The terms of such loan facilities have been revised through eleven separate amendments in order to alter some of the financial covenants made by us to prevent CECO from being in default of such covenants.

Our cash interest costs relate primarily to our revolving credit line and term loans; interest payments on the subordinated debt are not permitted under the credit agreement. Our loans are secured by substantially all of our assets and our ability to borrow additional amounts on a secured basis would be limited. On December 31, 2004, the principal balance of the notes owed to Green Diamond was increased for the unpaid accrued interest. The principal balance for the $4,000 subordinated note was increased by the accrued interest of $1,441 to $5,441, and the principal balance for the $1,200 subordinated note was increased by $90 to $1,290 and the maturity date was extended to January 1, 2007. The remaining interest accrued on these subordinated notes was $372,352 at December 31, 2004 and $1,218,000 at December 31, 2003. Such interest will be paid in the future upon agreement with the financial institution. Interest is charged on the revolving credit line at the bank's prime rate plus 5 percentage points. A 1% increase in the average interest rate would increase cash interest cost by approximately $60,000 if borrowings remain constant in 2005. There are no scheduled increases in the fixed or variable rates on the credit facility, however; an increase or decrease in the prime rate would cause the Company's future interest expense and cash flows to increase or decrease proportionately.

Our Common Stock Has Been Relatively Thinly Traded and We Cannot Predict the Extent to Which a Trading Market Will Develop

Our common stock trades on the Nasdaq SmallCap Market. Our common stock is thinly traded compared to larger, more widely known companies. Thinly traded common stock can be more volatile than common stock trading in an active public market.

Future Sales by Our Stockholders May Adversely Affect Our Stock Price and Our Ability to Raise Funds in New Stock Offerings

Phillip DeZwirek has warrants to purchase 2,250,000 shares of CECO common stock, which shares we are obligated to register upon demand. Should Mr. DeZwirek elect to sell such shares, such sales may cause our stock price to decline. Such sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all.

Our Financial Performance Is Sensitive to Changes in Overall Economic Conditions

A general slowdown in the United States economy may adversely affect the spending of our customers, which would likely result in lower net sales than expected on a quarterly or annual basis. Future economic conditions, such as business conditions, fuel and energy costs, interest rates, and tax rates, could also adversely affect our business by reducing customer spending.

International War and Possibility of Acts of Terrorism Could Adversely Impact Us

The involvement of the United States in the conflict in the Middle East or elsewhere or a significant act of terrorism on U.S. soil or elsewhere could have an adverse impact on us by, among other things, disrupting our information or distribution systems, causing dramatic increases in fuel prices thereby increasing the costs of doing business, or impeding the flow of imports or domestic products to us.

Item 2. ***Properties***

Our principal operating offices are headquartered in Cincinnati, Ohio at a 236,178 square foot facility that we own.

We have an executive office in Toronto, Canada, at facilities maintained by affiliates of our Chief Executive Officer and Chairman of the Board and Secretary, who work at the Toronto office. We reimburse such affiliate $5,000 per month for the use of the space and other office expenses.

We own a 33,000 square foot facility in Indianapolis, Indiana, a 35,000 square foot facility in Louisville, Kentucky and a 33,000 square foot facility in Lexington, Kentucky.

We lease the following facilities:

Location	Square Footage	Annual Rent	Expiration
Columbia, Tennessee	28,920	$ 74,240	August 2005
Greensboro, North Carolina	30,000	$ 120,000	August 2006
Defiance, Ohio	10,000	$ 27,400	Month to month
Pittsburgh, Pennsylvania	4,000	$ 48,000	May 2006
Chicago, Illinois	1,250	$ 20,000	January 2006
Conshohocken, Pennsylvania	16,000	$ 88,000	May 2006
Canton, Mississippi	7,500	$ 16,800	October 2005
Chenai, India	960	$ 5,000	January 2006

It is anticipated that all leases coming due in the near future will be renewed at expiration.

All properties owned are subject to collateral mortgages to secure the amounts owed under the Bank Facility.

We consider the properties adequate for their respective purposes.

Due to our increased efficiencies and subsequent need for less space, we sold the property we owned in Conshohocken, Pennsylvania in May 2003. We then entered into a lease for approximately half of the property's space with the purchaser. The net proceeds were used to reduce our outstanding debt.

Item 3. ***Legal Proceedings***

There are no material pending legal proceedings to which our Company or any of our subsidiaries is a party or to which any of our property is subject.

Item 4. ***Submission of Matters to a Vote of Security Holders***

Our annual meeting of shareholders was held on October 14, 2004. At the meeting, directors Phillip DeZwirek, Jason Louis DeZwirek, Richard Blum, Josephine Grivas, Melvin Lazar, Thomas Flaherty and Donald Wright were elected, and the appointment of Deloitte & Touche LLP as our independent registered public accounting firm was ratified. The votes for the appointment of Deloitte & Touche LLP were 6,781,678 with 3,832 against and 2,601 abstentions.

The votes for and against the directors were as follows. There were no abstentions:

	For	Against
Phillip DeZwirek	6,665,229	122,885
Richard J. Blum	6,665,497	122,617
Jason Louis DeZwirek	6,663,697	124,417
Thomas J. Flaherty	6,664,797	123,317
Josephine Grivas	6,664,897	123,217
Melvin F. Lazar	6,665,529	122,585
Donald A. Wright	6,665,997	122,117

Executive Officers of Registrant

The following are the executive officers of the Company as of March 15, 2005. The terms of all officers expire at the next annual meeting of the board of directors and upon the election of the successors of such officers. The ages given are as of March 30, 2005.

Name	Age	Position with CECO
Phillip DeZwirek	67	Chief Executive Officer; Chairman of the Board of Directors
Richard J. Blum	58	President; Director
Dennis W. Blazer	57	Vice President-Finance and Administration; Chief Financial Officer
David D. Blum	49	Senior Vice President-Sales and Marketing; Assistant Secretary
Jason Louis DeZwirek	34	Secretary; Director

Phillip DeZwirek became a director, the Chairman of the Board and the Chief Executive Officer of the Company in August 1979. Mr. DeZwirek also served as Chief Financial Officer until January 26, 2000. Mr. DeZwirek's principal occupations during the past five years have been as Chairman of the Board and Vice President of Filters (since 1985); Treasurer and Assistant Secretary of CECO Group (since December 10, 1999); a director of Kirk & Blum and kbd/Technic (since 1999); President of Can-Med Technology, Inc. d/b/a Green Diamond Oil Corp. ("Green Diamond") (since 1990) and a director and the Chairman, Chief Executive Officer and Treasurer of API Electronics Group, Inc., a publicly traded company, which is a manufacturer of power semi-conductors primarily for military use. Mr. DeZwirek has also been involved in private investment activities for the past five years.

Richard J. Blum became the President and a director of the Company on July 1, 2000 and the Chief Executive Officer and President of CECO Group, Inc. on December 10, 1999. Mr. Blum has been a director and the President of Kirk & Blum since February 28, 1975 until November 12, 2002 and the Chairman and a director of kbd/Technic since November 1988. Mr. Blum is also a director of The Factory Power Company, a company of which CECO owns a minority interest and that provides steam energy to various companies, including CECO. Kirk & Blum and kbd/Technic were acquired by the Company on December 7, 1999. Mr. Richard Blum is the brother of Mr. David Blum.

Dennis W. Blazer became the Chief Financial Officer and the Vice President-Finance and Administration of the Company on December 13, 2004. From 2003 to 2004, Mr. Blazer served as a financial consultant to GTECH Corporation, a leading global information technology corporation. From 1998 to 2003, he served as the Chief Financial Officer of Interlott Technologies, Inc., which stock traded on the American Stock Exchange and which was a worldwide provider of vending technologies for the lottery industry prior to its acquisition by GTECH Corporation in 2003. From 1973 to 1998, Mr. Blazer also served in varying capacities leading up to the position of Vice President of Finance and Administration for The Plastic Moldings Corporation, a custom manufacturer of precision molded plastic components.

David D. Blum became the Senior Vice President-Sales and Marketing and an Assistant Secretary of the Company on July 1, 2000 and the President of Kirk & Blum on November 12, 2002. Mr. Blum served as Vice President of Kirk & Blum from 1997 to 2000 and was Vice President-Division Manager Louisville at Kirk & Blum from 1984 to 1997. Mr. David Blum is the brother of Mr. Richard Blum.

Jason Louis DeZwirek, the son of Phillip DeZwirek, became a director of the Company in February 1994. He became Secretary of the Company on February 20, 1998. Mr. DeZwirek from October 1, 1997 through January 1, 2002 served as a member of the Committee that was established to administer CECO's Stock Option Plan. He also serves as Secretary of CECO Group (since December 10, 1999). Mr. DeZwirek's principal occupation since October 1999 has been as President of kaboose, Inc., a company that owns a children's portal. Mr. DeZwirek is a director and the Vice-Chairman and Secretary of API Electronics Group, Inc.

PART II

Item 5. ***Market for the Registrant's Common Equity and Related Stockholder Matters***

(a) Our common stock is traded in the over-the-counter market and is quoted in the Nasdaq SmallCap Market automated quotation system under the symbol CECE. The following table sets forth the range of bid prices for our common stock as reported in the Nasdaq system during the periods indicated, and represents prices between broker-dealers, which do not include retail mark-ups and mark-downs, or any commissions to the broker-dealers. The bid prices do not reflect prices in actual transactions.

CECO Common Stock Bids			CECO Common Stock Bids			CECO Common Stock Bids		
2003	**High**	**Low**	**2004**	**High**	**Low**	**2005**	**High**	**Low**
1st Quarter	$1.95	$1.65	1st Quarter	$2.01	$1.65	1st Quarter	$4.05	$3.42
2nd Quarter	$2.06	$1.55	2nd Quarter	$1.85	$1.50	(through March 07, 2005)		
3rd Quarter	$2.10	$1.59	3rd Quarter	$2.30	$1.45			
4th Quarter	$2.00	$1.50	4th Quarter	$3.84	$2.11			

(b) The approximate number of beneficial holders of our common stock as of March 7, 2005 was 1,124.

(c) We paid no dividends during the fiscal years ended December 31, 2004 or 2003. We do not expect to pay dividends in the foreseeable future. We are party to various loan documents, which prevent us from paying any dividends.

(d) Information relating to securities authorized for issuance under our equity compensation plans is set forth in Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" below in this Annual Report on Form 10-K.

Item 6. ***Selected Financial Data***

The following table sets forth our selected financial information. The financial information for the years ended December 31, 2004, 2003 and 2002 has been derived from our audited consolidated financial statements included elsewhere in this Annual Report. The financial information for the year ended December 31, 2001 and as of December 31, 2000 has been derived from our audited consolidated financial statements not included in this Annual Report. This historical selected financial information may not be indicative of our future performance and should be read in conjunction with the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes included elsewhere in this Annual Report.

	Year Ended December 31,				
	2004	2003	2002[1]	2001[2]	2000[3]
	(in thousands, except per share amount)				
Statement of operations information:					
Net sales	$69,366	$68,159	$78,575	$90,809	$89,141
Gross profit, excluding depreciation and amortization	13,095	13,011	15,590	18,347	17,421
Depreciation and amortization	1,254	1,245	1,479	2,100	1,986
Loss from operations	(928)	(667)	(306)	(380)	(1,096)
Net (loss)	(928)	(667)	(306)	(380)	(1,096)
Basic and diluted net loss per share[5]	(.09)	(.07)	(.03)	(.05)	(.13)
Weighted average shares outstanding (in thousands)					
Basic	9,990	9,852	9,582	7,899	8,195
Diluted	9,990	9,852	9,582	7,899	8,195
Supplemental financial data:					
Ratio of earnings to fixed charges[6]	n/a	n/a	n/a	n/a	n/a
Deficiency[6]	$ (1,176)	$ (1,034)	$ (641)	$ (326)	$ (1,708)
Cash flows from operating activities	1,882	1,593	3,701	4,382	2,630

	At December 31,				
	2004	2003	2002[1]	2001[2]	2000[3]
	(dollars in thousands)				
Balance sheet information:					
Working capital	$ 1,910	$ 3,709	$ 5,024	$ 7,202	$10,014
Total assets	43,441	41,154	45,514	52,169	54,278
Short-term debt	4,188	2,094	2,120	2,826	3,776
Long-term debt	11,894	13,388	16,202	18,588	26,101
Stockholders equity[4]	7,249	8,030	8,706	9,299	6,602

[1] Effective January 1, 2002, we adopted Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets”. As a result, we ceased amortization of goodwill and indefinite life intangibles, effective January 1, 2002, that totaled $476,000 in fiscal year 2001 and $217,000 in 2000.

[2] During December 2001, we received approximately $4.4 million of gross proceeds from equity transactions.

[3] During fiscal 2000, depreciation and goodwill increased by $600,000 due to the acquisition of Kirk & Blum and kbd/Technic, whose results of operations are included with their respective dates of acquisition.

[4] Effective January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended.

[5] Basic and diluted earnings (loss) per common share are calculated by dividing income (loss) by the weighted average number of common shares outstanding during the period.

[6] For purposes of determining the ratio of earnings to fixed charges, “earnings” are defined as income (loss) from continuing operations before income taxes less minority interest plus fixed charges. “Fixed charges” consist of interest expense on all indebtedness and that portion of operating lease rental expense that is representative of the interest factor. “Deficiency” is the amount by which fixed charges exceeded earnings.

Item 7. ***Management's Discussion and Analysis of Financial Conditions and Results of Operations***

Operations Overview

We operate as a provider of air-pollution control products and services marketed under the "Kirk & Blum", "CECO Filters", "CECOaire", "Busch International", "CECO Abatement Systems", "kbd/Technic" and "K&B Duct" trade names. Our business is focused on engineering, designing, and building equipment, and installing systems that capture, clean and destroy airborne contaminants from industrial facilities as well as equipment that controls emissions from such facilities. We have a diversified base of more than 1,500 active customers among a myriad of industries including aerospace, brick, cement, ceramics, metalworking, printing, paper, food, foundries, metal plating, woodworking, chemicals, tobacco, glass, automotive, and pharmaceuticals. Therefore, our business is not concentrated in a single industry or customer.

We operate under a "hub and spoke" business model in which executive management, finance, administrative and marketing staff serves as the hub while the sales channels serve as spokes. We use this model throughout our operations. This has provided us with certain efficiencies over a more decentralized model.

Although we discuss four principal product lines, our operating units function as internal customers and suppliers of each others' products and services and as such, products and services are intermingled in one major project. As a result, it is not reasonably possible to segregate revenues to external customers, operating profits or identifiable assets by product line.

We have expanded our business by adding CECO Abatement Systems, CECOaire and K&B Duct while divesting of the operating assets of Air Purator Corporation in 2002 and Busch Martec in 2002 (neither were strategically important to us).

Much of our business is driven by various regulatory standards and guidelines governing air quality in and outside factories. Favorable conditions in the economy generally lead to plant expansions and construction of new industrial sites. Economic expansion provides us with the potential to increase and accelerate levels of growth. However, as we have seen in the past two years, in a weak economy customers tend to lengthen the time between inquiry and order or may defer purchases.

We have made significant strides in reducing our leverage through cash generated by operations and asset sales, which has reduced our debt carrying costs. We ended 2004 with senior debt of $8.7 million at December 31, 2004 compared to $10.0 million at December 31, 2003 and $14.3 million at December 31, 2002.

Results of Operations

Our consolidated statements of operations for the years ended December 31, 2004, 2003 and 2002 reflect our operations consolidated with the operations of our subsidiaries.

2004 vs. 2003

	For the year ended December 31,	
	2004	**2003**
($'s in millions)		
Sales	$ 69.4	$ 68.2
Cost of sales	56.3	55.2
Gross profit (excluding depreciation and amortization)	$ 13.1	$ 13.0
Percent of sales	18.9%	19.1%
Selling and administrative expenses	$ 10.7	$ 10.4
Percent of sales	15.3%	15.3%
Operating income	$ 1.2	$ 1.4
Percent of sales	1.9%	2.1%

Consolidated sales were $69.4 million, an increase of $1.2 million compared to 2003. This increase came primarily from our small order business which increased to $26.7 million compared to $24.8 million in 2003. These orders came from our large base of customers that are generally repeat buyers for replacement products, for service work or for custom fabrication work. In 2004, the individual larger contracts decreased slightly.

Orders booked in 2004 were $82.8 million compared with $61.0 million in 2003. The large increase in bookings was due to the strengthening in the economy in the second half of the year coupled with several large orders booked in 2004, (including work for a steel production facility, an ethanol processing facility and an aluminum recycling facility). We have experienced an increased level of customer inquiry and quoting activities in the later half of 2004 relative to the first half of 2004. This may be partially attributable to a perceived improvement in the economy by our customers, which could result in increased air-quality related capital spending. This favorable trend could lead to an increase in our future sales.

Gross profit excluding depreciation and amortization was $13.1 million in 2004 compared with $13.0 million in 2003. Gross profit, as a percentage of sales, was 18.9% in 2004 compared to 19.1% in 2003. The slight decrease was due to our product mix and lower margins realized in our contracting operations coupled with increasing material costs.

Selling and administrative expenses increased by $0.3 million to $10.7 million in 2004. Selling and administrative expenses, as a percentage of revenues for 2004 and 2003 were 15.3%. The cost reduction initiatives we implemented in 2002 and 2003 have helped to stabilize these costs at the current volume level.

Depreciation and amortization remained constant at $1.2 million for both years. This was due primarily to reduced capital expenditures during periods of lower liquidity.

Operating income was $1.2 million in 2004 and $1.4 million in 2003. The decrease in operating income resulting from the higher cost of materials was offset by lower factory overhead spending, which helped to mitigate the reduction in operating income.

Other income for the year ended December 31, 2004 was $236,000 compared with income of $213,000 during the same period of 2003. The other income for the year ended December 31, 2004 was primarily a dividend of $162,000 from Factory Power which was a partnership with an adjacent manufacturing company to provide power to some of the other companies in the industrial park. The partnership no longer provides any services to the area and will be liquidated. Other income for the year ended December 31, 2003 is the result of the gain recognized from the sale and leaseback of our Conshohocken, Pennsylvania property. A deferred gain of $0.2 million is being recognized over the ensuing three-year leaseback period.

Interest expense remained constant at $2.6 million during 2004 compared to the same period of 2003. This was due to lower debt outstanding during the year offset by higher interest rates.

Federal and state income tax benefit was $248,000 during 2004 compared with a tax benefit of $367,000 for the same period in 2003. The effective income tax rate for 2004 was 21.1% compared with 35.5% in the same period of 2003. The effective tax rate during 2004 was favorably affected by state tax benefits and exports sales and negatively affected by certain permanent differences including non-deductible interest expense.

Net loss was $928,000 in 2004 and $667,000 in 2003.

2003 vs. 2002

	For the year ended December 31,	
	2003	**2002**
($'s in millions)		
Sales	$ 68.2	$ 78.6
Cost of sales	55.2	63.0
Gross profit (excluding depreciation and amortization)	$ 13.0	$ 15.6
Percent of sales	19.1%	19.8%
Selling and administrative expenses	$ 10.4	$ 11.9
Percent of sales	15.3%	15.2%
Operating income	$ 1.4	$ 2.2
Percent of sales	2.1%	2.8%

Consolidated sales were $68.2 million, a decrease of $10.4 million compared to 2002. Our small order business remained relatively constant with 2002. In 2003, these orders totaled $24.8 million compared to $26.7 million in 2002. These orders came from our large base of customers that are generally repeat buyers for replacement products, for service work or for custom fabrication work. In 2003, the individual larger contracts were down because of the continuing weakness in the U.S. economy. Additionally, 2002 sales were higher resulting from the following: a) several large projects included in our December 31, 2001 backlog that were completed in 2002 (including work performed for ethanol processing facilities and a specialty textile manufacturer), and b) sales generated by large orders booked in 2002 (including work performed for a large testing facility, a cement manufacturing facility and a major automotive manufacturer). Net sales during the year ended December 31, 2002 included $550,000 revenue generated from operations divested in 2002.

Orders booked in 2003 were $61.0 million compared with $75.0 million in 2002. The decline in bookings was due to the weakness in the economy coupled with several large orders booked in 2002 that were not replaced with comparably sized orders in 2003 (including orders booked for a rockwool insulation manufacturing plant, a large testing facility, a cement manufacturing facility and for a major automotive manufacturer). We have experienced an increased level of customer inquiry and quoting activities in the later half of 2003 relative to the first half of 2003. This may be partially attributable to a perceived improvement in the economy by our customers, which could result in increased air-quality related capital spending. This favorable trend could lead to an increase in our future sales.

Gross profit excluding depreciation and amortization was $13.0 million in 2003 compared with $15.6 million in 2002. Gross profit, as a percentage of sales, was 19.1% in 2003 compared to 19.8% in 2002. The decline was due to our product mix and higher margins realized in our contracting operations coupled with lower factory overhead costs. We managed our fixed overhead costs to help offset some of the lost gross profit from reduced sales in a highly competitive market in 2003. As a result, gross margin was relatively stable in 2003 compared to 2002.

Selling and administrative expenses decreased by $1.5 million to $10.4 million in 2003. Selling and administrative expenses, as a percentage of revenues for 2003 were 15.3% compared to 15.2% in 2002. In light of the lower revenue in 2002 and weakness in the economy, we implemented cost reduction initiatives in May 2002, September 2002 and May 2003, which generated an annualized operating cost savings of approximately $2.8 million. These cost savings, which are primarily due to a reduction in our workforce, and our cost containment efforts, were the principal reasons for the decrease in selling and administrative expenses.

Depreciation and amortization decreased $0.2 million to $1.2 million in year ended December 31, 2003.

Operating income was $1.4 million in 2003 and $2.2 million in 2002. The impact on operating income from the lower sales was significantly lessened by our operating expense reductions. We reduced selling and administrative expenses by $1.5 million principally due to cost reduction programs implemented in 2002 and 2003. Additionally, as noted above, depreciation and amortization expense was lower by $208,000 resulting from our initiatives to control capital expenditures. These expense reductions and cost containment initiatives, as well as lower factory overhead spending, helped to mitigate the reduction in operating income due to lower sales.

Other income for the years ended December 31, 2003 and 2002, was $0.2 million. The other income for the year ended December 31, 2003 is the result of the gain recognized from the sale and leaseback of our Conshohocken, Pennsylvania property. A deferred gain of $0.2 million is being recognized over the ensuing three-year leaseback period. The other income during the year ended December 31, 2002 is the result of a fair market value adjustment to a liability recorded in connection with detachable stock warrants to purchase 353,334 shares of common stock at an initial exercise price of $3.60 per share. These warrants were issued along with the Company’s stock issuance of 706,668 shares of common stock on December 31, 2001 to a group of private investors. This liability is accounted for at fair market value and adjustments in future quarters could result in an increase to the liability and a corresponding charge to income.

Interest expense decreased $0.4 million to $2.6 million during 2003 compared to the same period of 2002. The decrease is due to lower debt outstanding during the year partially offset by higher interest rates.

Federal and state income tax benefit was $0.4 million during 2003 compared with a tax benefit of $0.2 million for the same period in 2002. The effective income tax rate for 2003 was 35.5% compared with 32.0% in the same period of 2002. The effective tax rate during 2003 was favorably affected by state tax benefits and exports sales and negatively affected by certain permanent differences including non-deductible interest expense.

Net loss was $667,000 in 2003 and $436,000 in 2002. The impact on net loss from lower operating income was partially offset by reduced tax-effected interest expense. As a result, we increased our net loss in 2003 by $231,000.

Liquidity and Capital Resources

At December 31, 2004 and December 31, 2003, cash and cash equivalents totaled $339,000 and $136,000, respectively. Generally, we do not carry significant cash and cash equivalent balances because excess amounts are used to pay down our revolving line of credit.

Total bank and related debt as of December 31, 2004 was $8,737,000 as compared to $9,957,000 at December 31, 2003, a decrease of $1,220,000 due to net payments under the bank credit facilities. The cash that we used to pay down our debt came from cash generated by operating activities.

Unused credit availability under our revolving line of credit at December 31, 2004 was $5,086,000. The bank credit facility was amended in November 2004 by extending the maturities of the revolving line of credit to January 2006 and in December 2004 to waive minimum coverage requirements under several financial covenants through December 31, 2004. No extinguishment loss was recognized as a result of this amendment. We opted to amend the existing agreement rather than refinance the entire credit facility because of current market conditions. We will continue to monitor such market conditions and will seek refinancing alternatives in future periods. However, our loans are secured by substantially all of our assets and our ability to borrow additional amounts on a secured basis would be limited.

On September 30, 2003, $1,200,000 of subordinated debt was raised from a related party with a maturity of April 30, 2005 and interest rate of 6% per annum. On June 15, 2004, the maturity date was extended by letter agreement to January 1, 2006. This debt is subordinated to the bank credit facility and the subordinated debt originally issued in December 1999. On December 30, 2004, the principal balance of the notes owed to Green Diamond was increased for the unpaid accrued interest. The principal balance for the $4,000 subordinated note was increased by the accrued interest of $1,441 to $5,441, and the principal balance for the $1,200 subordinated note was increased by $90 to $1,290 and the maturity date was extended to January 1, 2007. The entire principal balance of this obligation will be due upon maturity. Proceeds were used to reduce the revolving line of credit.

Overview of Cash Flows and Liquidity

	For the year ended December 31,		
($'s in thousands)	**2004**	**2003**	**2002**
Total operating cash flow	$ 1,882	$ 1,593	$ 3,701
Purchases of property and equipment	$ (472)	$ (112)	$ (240)
Divestiture of businesses and other	—	—	470
Proceeds from sale of property	—	1,568	—
Net cash provided by (used in) investing activities	$ (472)	$ 1,456	$ 230
Proceeds from issuance of common stock and detachable warrants	$ 13	$ 20	$ 9
Stock issuance expense	—	—	(443)
Repayments of borrowings, net	(1,220)	(4,327)	(3,380)
Proceeds from subordinated notes	—	1,200	—
Other	—	—	24
Net cash used in financing activities	(1,207)	(3,107)	(3,790)
Net increase (decrease)	$ 203	$ (58)	$ 141

In 2004, $1.9 million was generated from operating activities. Cash provided was impacted by our net loss adjusted for non-cash items and increasing working capital demands from increasing sales. We used additional cash due to an increase in accounts receivable of $2.7 million that was due to increasing sales in the fourth quarter. The other working capital accounts that used cash were inventory and costs and estimated earnings in excess of billings on uncompleted contracts. An increase in accounts payable and accrued expenses resulting from increased purchases on increasing sales volume provided cash of $2.8 million. Cash was also provided by increases in billings in excess of costs and estimated earnings and an increase in other liabilities. Our net investment in working capital (excluding cash and cash equivalents and current portion of debt) at December 31, 2004 was $5.9 million as compared to $5.7 million at December 31, 2003. Looking forward, we will continue to manage our net investment in working capital. We believe that our working capital needs will tend to change at a lower rate than the change in sales due to the acceleration of progress billings and collections of such on major contracts.

Cash provided by operating activities in 2003 was $1.6 million. Cash provided was impacted by net loss adjusted for non-cash items, lessened working capital demands from lower sales and improved turnover in accounts receivable. Major changes in working capital that provided cash included: accounts receivable—$639,000, costs and estimated earnings in excess of billings—$784,000, inventory—$480,000. Major changes in working capital that used cash included deferred charges and other assets—$330,000, accounts payable and accrued expenses—$456,000 and billings in excess of costs and estimated earnings on uncompleted contracts—$332,000.

Net cash used in investing activities related to the acquisition of capital expenditures for property and equipment was $472,000 for 2004 compared with $112,000 for the same period in 2003. We received cash proceeds of approximately $1.6 million from the sale of our Conshohocken property (as discussed in the following paragraph). We are managing our capital expenditures in light of the current level of sales. Should sales increase in 2005, we anticipate increased capital expenditure spending. Additional capital expenditures may be incurred related to the replacement facilities subject to the successful completion of the sale of our Cincinnati property.

On May 7, 2003, we received approximately $1.6 million in cash proceeds from the sale and leaseback of our Conshohocken, Pennsylvania property. Approximately $700,000 was used to reduce the revolving line of credit and the balance was used to reduce term debt.

Financing activities used cash of $1.2 million during 2004 compared with cash used of $3.1 million during the same period of 2003. Current year financing activities included net borrowings of $874,000 on our revolving line of credit and payments of $2.1 million on our term loan.

Our backlog has increased from $7.3 million in 2003 to $20.7 million in 2004, and the Company believes that the amount available on its credit facility, together with cash flows from operations, will be sufficient to meet its short-term needs for liquidity over the next twelve months. Additionally, in the longer term, we have real estate with market values significantly in excess of debt which may be sold to generate cash flow. Our cost reduction initiatives will have both short-term and long-term cash flow implications. A lower or more stable cost structure will be beneficial in future periods as revenues increase. We also have access to additional financing by increasing the amount of our subordinated debt obtained through related parties.

Dividends

We did not pay any dividends during the years ended December 31, 2004 and 2003 and do not expect to pay any in the foreseeable future as we are party to various loan documents that prevent us from paying such dividends.

Debt Covenants

The Company’s credit facilities contained financial covenants requiring compliance including at December 31, 2003 and each quarter through September 30, 2004: maximum leverage of 3.2 to 1, minimum fixed charge coverage ratio of 1 to 1 and minimum interest coverage ratio of 2.1 to 1. Our debt agreement has

been amended several times in recent years to revise covenants in order for the Company to be in compliance with such covenants at quarterly reporting periods. These amendments were necessary as a result of the economic environment over the last four years, which negatively affected the markets and industries served by us and therefore our operations and financial performance. Our below plan financial performance resulted in our inability to meet certain covenants that were established based on a higher level of operations. We have made significant changes in our business in response to the lower level of revenues and believe our ability to react effectively has enabled us to successfully renegotiate our agreement.

The Company's credit facilities were amended on December 31, 2004 to reduce the financial covenant requirements for December 31, 2004. In the future, if we cannot comply with the terms of the Credit Agreement as currently written, it will be necessary for us obtain a waiver or renegotiate our loan covenants, and there can be no assurance that such negotiations will be successful. However, we have been able to demonstrate to our lender our ability to address the situation(s) resulting in our inability to comply by making changes to our business and successfully renegotiating our agreement. In the event that we are not successful in obtaining a waiver or an amendment, we would be declared in default which would cause all amounts owed to be immediately due and payable.

Employee Benefit Obligations

Based on the assumptions used to value other postretirement obligations, life insurance benefits and retiree healthcare benefits, in the fourth quarter of 2004, cash payments for these benefits are expected to be in the range of $310,000—$340,000 in each of the next 5 years. Based on current assumptions, estimated contributions of $398,000 may be required in 2005 for the pension plan and $80,000 for the retiree healthcare plan. The amount and timing of required contributions to the pension trust depends on future investment performance of the pension funds and interest rate movements, among other things and, accordingly, we cannot reasonably estimate actual required payments. Currently, our pension plan is under-funded. As a result, absent major increases in long-term interest rates, above average returns on pension assets and/or changes in legislated funding requirements, we will be required to make contributions to our pension trust of varying amounts in the long-term.

Contractual Obligations and Other Commercial Commitments

The following table lists our contractual cash obligations as of December 31, 2004 (in thousands of dollars).

	Total	Less than 1 year	Years 2-3	Years 4-5	More than 5 years
Long-term debt obligations (a)	$ 8,737	$ 4,188	$ 4,549	$ —	$ —
Estimated interest payments	724	724	—	—	—
Estimated pension funding	3,518	314	644	660	1,900
Subordinated debt (b)	7,732	—	7,732	—	—
Estimated interest payments on subordinated debt	1,622	—	1,622	—	—
Operating lease obligations (c)	835	508	320	7	—
Purchase obligations (d)	4,183	4,183	—	—	—
	$27,351	$ 9,917	$14,867	$ 667	$ 1,900

(a) As described in Note 9 to the Consolidated Financial Statements.
(b) As described in Note 10 to the Consolidated Financial Statements.
(c) Primarily as described in Note 13 to the Consolidated Financial Statements.
(d) Primarily consists of purchase obligations for various costs associated with uncompleted sales contracts.

Our interest rate swap matured in November 2002 and therefore, no future obligation exists under this agreement.

Estimated interest payments associated with long term debt are based on anticipated interest payments on the term debt and estimated interest payments on the line of credit are based on the projected borrowing levels throughout the term of the line of credit.

Interest payments associated with the repayment of the subordinated debt are based on the fixed rates, outstanding principal and anticipated payment dates. Interest on the subordinated debt is not currently permitted under the credit facility and therefore, accrued interest is assumed to be paid upon maturity of the debt for purposes of this schedule. At December 31, 2004, accrued interest of $1.5 million on related party subordinated debt was capitalized as principal and the related notes were amended to reflect this increase.

Pension funding was assumed to stay at current levels based on consistent discount and long term return rates, current funding levels and no significant changes in plan design or benefits.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We believe that, of our significant accounting policies, the following accounting policies involve a higher degree of judgments, estimates, and complexity.

Revenue Recognition

A substantial portion of our revenue is derived from contracts, which are accounted for under the percentage of completion method of accounting measured by the percentage of contract costs incurred to date compared to estimated total contract costs to be the best available measure of progress on these contracts. This method requires a higher degree of management judgment and use of estimates than other revenue recognition methods. The judgments and estimates involved include management's ability to accurately estimate the contracts percentage of completion and the reasonableness of the estimated costs to complete, among other factors, at each financial reporting period. In addition, certain contracts are highly dependent on the work of contractors and other subcontractors participating in a project, over which we have no or limited control, and their performance on such project could have an adverse effect on the profitability of our contracts. Delays resulting from these contractors and subcontractors, changes in the scope of the project, weather, and labor availability also can have an effect on a contracts' profitability.

Contract costs include direct material, labor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, and other overhead expenses. Selling and administrative expenses are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes to job performance, job conditions, and estimated profitability may result in revisions to contract revenue and costs and are recognized in the period in which the revisions are made. We provided for estimated losses on uncompleted contracts of $12,000, $0 and $123,000 at December 31, 2004, 2003 and 2002, respectively.

Inventory Costing

All inventories are currently valued at the lower of cost or market, using the first-in, first-out (FIFO) method. Prior to December 31, 2004, inventories were valued at the lower of cost or market using the last-in, first-out (LIFO) inventory method for the labor content of work-in-process and finished products and substantially all inventories of steel at our Cincinnati Facility (approximately 69% of total inventories at December 31, 2003). The remaining contents in our inventory were valued using the FIFO method. Management changed its method of accounting for its LIFO inventory to the FIFO method as management believes the FIFO

method is preferable because it provides a better matching of costs to revenues, provides a more meaningful presentation of the Company's financial position by reflecting recent costs in the balance sheet, and provides for a uniform costing method across the Company's operations. The LIFO method of inventory valuation for all classes of inventory approximated the FIFO value at December 31, 2003 and 2002 and therefore, prior periods have not been restated for this accounting change. The effect of the change for the three months ended December 31, 2004 and the year ended December 31, 2004 was an increase to inventory of $108,000. The effect on net loss for the three months ended December 31, 2004 and the year ended December 31, 2004 was a reduction of $65,000. Net loss per share was reduced for the three months ended December 31, 2004 and the year ended December 31, 2004 by $.01.

Impairment of Long-Lived Assets, including Goodwill

We review the carrying value of our long-lived assets held for use and assets to be disposed of periodically when events or circumstances indicate a potential impairment and the undiscounted cash flows estimated to be generated by those assets are less than the carrying value of such assets. For all assets excluding goodwill and intangible assets with indefinite lives, the carrying value of a long-lived asset is considered impaired if the sum of the undiscounted cash flows is less than the carrying value of the asset. If this occurs, an impairment charge is recorded for the amount by which the carrying value of the long-lived assets exceeds its fair value. Effective January 1, 2002, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets". Under this accounting standard, we no longer amortize our goodwill and intangible assets with an indefinite life and are required to complete an annual impairment test. We have determined that we have a single reporting unit, as defined in SFAS No. 142, within our Company. We completed our impairment test during 2004 as required by this accounting standard and have not recognized an impairment charge related to the adoption of this accounting standard. The impairment test requires us to forecast our future cash flows, which requires significant judgment. As of December 31, 2004, we have $9.5 million of goodwill, $.7 million of intangible assets—finite life, $1.4 million of indefinite life intangible assets, and $9.4 million of property, plant, and equipment recorded on the consolidated balance sheets.

Income Taxes and Tax Valuation Allowances

We record the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in our balance sheets, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded on the balance sheet and will provide necessary valuation allowances as required. We regularly review our deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. If we continue to operate at a loss or are unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, we could be required to record a valuation allowance against all or a significant portion of our deferred tax assets resulting in a substantial increase in our effective tax rate and a material adverse impact on our operating results. Gross deferred tax assets and gross deferred tax liabilities at December 31, 2004 totaled $2.8 million and $5.0 million, respectively.

Risk Management Activities

We are exposed to market risk including changes in interest rates, currency exchange rates and commodity prices. We may use derivative instruments to manage our interest rate and foreign currency exposures. We do not use derivative instruments for speculative or trading purposes. We may enter into hedging relationships such that changes in the fair values or cash flows of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives. Accounting for derivative instruments is complex, as evidenced by the significant interpretations of the primary accounting standard, and continues to evolve. As of December 31, 2004, there were no derivative instruments outstanding.

Pension and Postretirement Benefit Plan Assumptions

We sponsor a pension plan for certain union employees. We also sponsor a postretirement healthcare benefit plan for certain office employees retiring before January 1, 1990. Several statistical and other factors that attempt to anticipate future events are used in calculating the expense and liability related to these plans. These factors include key assumptions, such as a discount rate and expected return on plan assets. In addition, our actuarial consultants use subjective factors such as withdrawal and mortality rates to estimate these liabilities. The actuarial assumptions we use may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of pension or postretirement healthcare benefit expenses we have recorded or may record in the future. An analysis for the expense associated with our pension plan is difficult due to the variety of assumptions utilized. For example, one of the significant assumptions used to determine projected benefit obligation is the discount rate. At December 31, 2004, a 25 basis point change in the discount rate would change the projected benefit obligation by approximately $200,000, and the annual post-retirement expense by less than $50,000. Additionally, a 25 basis point change in the expected return on plan assets would change the annual post-retirement expense by approximately $8,500.

Cash Surrender Value of Life Insurance

We have whole life insurance policies in force on the lives of six former shareholders of certain subsidiaries. These policies were purchased by these subsidiaries prior to their acquisition by CECO Environmental, Inc. in 1999 and were originally intended to provide funding for repurchasing shares in the event of the death of a shareholder. The policies are fully paid up and the cash surrender values have been borrowed to pay premiums and interest on the policy loans, and to provide an occasional low cost source of financing for the Company. Interest on the policy loans is expensed and the loan amounts on the cash surrender values are increased to cover payment of this expense. The net value of these policies, reported as other long term assets, was $424,773, $423,177 and $119,745 as of December 31, 2004, 2003 and 2002.

Other Significant Accounting Policies

Other significant accounting policies, not involving the same level of uncertainties as those discussed above, are nevertheless important to an understanding of our financial statements. See Note 1 to the consolidated financial statements, Summary of Significant Accounting Policies, which discusses accounting policies that must be selected by us when there are acceptable alternatives.

Backlog

Our backlog consists of orders we have received for products and services we expect to ship and deliver within the next 12 months. Our backlog, as of December 31, 2004 was $20.7 million compared to $7.3 million as of December 31, 2003. There can be no assurances that backlog will be replicated, increased or translated into higher revenues in the future. The success of our business depends on a multitude of factors related to our backlog and the orders secured during the subsequent period(s). Certain contracts are highly dependent on the work of contractors and other subcontractors participating in a project, over which we have no or limited control, and their performance on such project could have an adverse effect on the profitability of our contracts. Delays resulting from these contractors and subcontractors, changes in the scope of the project, weather, and labor availability also can have an effect on a contract’s profitability.

New Accounting Standards

In December 2003, the FASB issued a revised FASB Interpretation No. 46, entitled “Consolidation of Variable Interest Entities.” As revised, the new interpretation requires that the Company consolidate all variable interest entities in its financial statements under certain circumstances. We adopted the revised interpretation as of March 31, 2004 as required; however, the adoption of this interpretation did not affect our financial condition or results of operations, as we do not have any variable interest entities.

In November 2002, the FASB's Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 00-21, Revenue Arrangements with Multiple Deliverables. EITF No. 00-21 provided guidance for revenue arrangements that involve the delivery or performance of multiple products or services where performance may occur at different points or over different periods of time. EITF No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The adoption of this interpretation on January 1, 2004 did not affect our financial condition or results of operations.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment." SFAS No. 123 (revised 2004) is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Statement No. 123(R) will require the fair value of all stock option awards issued to employees to be recorded as an expense over the related vesting period. The statement also requires the recognition of compensation expense for the fair value of any unvested stock option awards outstanding at the date of adoption. We are currently evaluating the impact on our results from adopting SFAS No. 123(R), but expect it to be comparable to the pro forma effects of applying the original SFAS No. 123.

Forward-Looking Statements

We desire to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and are making this cautionary statement in connection with such safe harbor legislation. This Form 10-K, the Annual Report to Shareholders or Form 8-K of CECO or any other written or oral statements made by or on our behalf may include forward-looking statements which reflect our current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forecasts and projections in this Form 10-K are "forward-looking statements," and are based on management's current expectations of our near-term results, based on current information available pertaining to us.

We wish to caution investors that any forward-looking statements made by or on our behalf are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other risk factors include, but are not limited to: changing economic and political conditions in the United States and in other countries, changes in governmental spending and budgetary policies, governmental laws and regulations surrounding various matters such as environmental remediation, contract pricing, and international trading restrictions, customer product acceptance, and continued access to capital markets, and foreign currency risks. We wish to caution investors that other factors might, in the future, prove to be important in affecting our results of operations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Investors are further cautioned not to place undue reliance on such forward-looking statements as they speak only to our views as of the date the statement is made. We undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

Item 7a. ***Quantitative and Qualitative Disclosure About Market Risk***

Risk Management Activities

In the normal course of business, we are exposed to market risk including changes in interest and raw material commodity prices. We may use derivative instruments to manage our interest rate exposures. We do not use derivative instruments for speculative or trading purposes. Generally, we enter into hedging relationships such that changes in the fair values of cash flows of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives.

Interest Rate Management

The remaining amount of loans outstanding under the Credit Agreement bear interest at the floating rates as described in Note 9 to the consolidated statements contained in Item 8.

The following table presents information of all dollar-denominated interest rate instruments. The fair value presented below approximates the cost to settle the outstanding contract.

	Expected Maturity Date							
	2005	2006	2007	2008	2009	Thereafter	Total	Fair Value
($ in thousands)								
Liabilities								
Variable Rate Debt ($)	4,188	4,549	—	—	—	—	8,737	8,737
Average Interest Rate	10.25%	10.25%	—	—	—	—	10.25%	10.25%
Subordinated Notes due 2006	—	6,441	—		—	—	6,441	5,982
Effective Interest Rate[1]	—	16.5%[1]	—	—	—	—	16.5%[1]	18.0%[1]
Subordinated Note due 2007	—	—	1,290	—	—	—	1,290	1,160
Average Interest Rate	—	—	6.0%	—	—	—	6.0%	12%

[1] Rate includes amortization of original issue discount related to detachable warrants and adjustment for capitalization of previously recorded accrued interest.

Raw Materials

The profitability of our manufactured products is affected by changing purchase prices of steel and other materials. If higher steel or other material prices cannot be passed onto to our customers, operating income will be adversely affected.

Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial institutions with which we conduct business. Credit risk is minimal as credit exposure is limited with any single high quality financial institution to avoid concentration. We also monitor the creditworthiness of our customers to which we grant credit terms in the normal course of business. Concentrations of credit associated with these trade receivables are considered minimal due to our geographically diverse customer base. Bad debts have not been significant. We do not normally require collateral or other security to support credit sales.

Item 8. ***Financial Statements and Supplementary Data***

The consolidated financial statements of CECO Environmental Corp. and subsidiaries for the years ended December 31, 2004, 2003 and 2002 and other data are included in this Report following the signature page of this Report:

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of December 31, 2004. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

On February, 8, 2005, the Company, in consultation with its Audit Committee, concluded that it must correct its previously issued financial statements to properly account for revenue recognized under the percentage of completion method of accounting. The Company's management determined that a spreadsheet error existed affecting the manner in which revenue was calculated and recognized on small projects. While revenue recognized under the percentage of completion calculation on individual large projects was accurate, due to this spreadsheet error, the accumulation of revenue for small projects was incorrect. This error was material and occurred from 2000 to 2003 and the three quarters reported during 2004. This correction resulted in the restatement of the Company's consolidated financial statements for the fiscal years 2001 through 2003, which was reflected in the Annual Report on Form 10-K/A for the year ended December 31, 2003, and for the three quarters of 2004, which are reflected in Quarterly Reports on Form 10-Q/A for the relevant periods.

After evaluating the nature of the deficiency and the resulting restatement, the Company's Chief Executive Officer and Chief Financial Officer concluded that a material weakness existed in the Company's internal control over financial reporting as of December 31, 2003.

Management detected the error noted above as a result of additional monitoring processes and procedures that were implemented during the fourth quarter of 2004 to review revenue recognized under the percentage of completion method of accounting. The additional procedures were implemented by an individual hired by the Company in its efforts to expand the internal control structure in connection with its planning and execution under the internal control standards of Section 404 of the Sarbanes-Oxley Act of 2002. This person was hired in August 2004 to initiate the Company's documentation and testing of its internal controls. This individual's responsibilities included performing certain monitoring activities which detected the material misstatement.

Based on our evaluation of the effectiveness of the Company's disclosure controls and procedures and the additional monitoring controls that were in place as of December 31, 2004, which enabled the Company to detect the error, the Chief Executive Officer and Chief Financial Officer concluded that the material weakness that led to this error not being detected timely has been mitigated as of December 31, 2004, and that our disclosure controls and procedures as of the end of the period covered by this report were effective as of December 31, 2004.

Changes in Internal Control over Financial Reporting

During the fourth quarter of fiscal 2004, there were no significant changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect internal control over financial reporting except for the additional monitoring controls noted above.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

The information regarding the Company's directors set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held May 25, 2005 (the "Proxy Statement") in the section entitled "Directors and Nominees" is incorporated herein by reference.

Information regarding the identification of the Audit Committee as a separately designated standing committee of the Board and information regarding the status of one or more members of the Audit Committee being an "audit committee financial expert" is set forth in the Proxy Statement in the section entitled "Board of Directors and its Committees," which information is incorporated herein by reference.

Information regarding procedures by which security holders may recommend nominees to the Board of Directors is set forth in the Proxy Statement in the section entitled "Board of Directors and its Committees," which information is incorporated herein by reference.

Reporting of any inadvertent late filings under Section 16(a) of the Securities Exchange Act of 1934, as amended, is set forth in the section of the Proxy Statement entitled "Compliance with Section 16(a) of the Exchange Act." This information is incorporated herein by reference.

Code of Ethics

We have adopted a Code of Ethics that applies to our directors and employees (including our principal executive officer, principal financial officer, principal accounting officer and controller and persons performing similar functions). A copy of the Code of Ethics was attached to the 2003 Form 10-K as Exhibit 14.

Item 11. ***Executive Compensation***

The information in the Proxy Statement set forth under the caption "Executive Compensation," "Board of Directors and its Committees" and "Director Compensation" is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Transactions***

Securities Authorized for Issuance Under Equity Compensation Plans

EQUITY COMPENSATION PLAN INFORMATION

December 31, 2004 Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights, compensation plans	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	268,700	$ 2.53	1,231,300
Equity compensation plans not approved by security holders	3,285,000[1]	$ 2.42	None
TOTAL	3,553,700	$ 2.43	1,231,300

[1] Includes:

(a) a warrant to purchase 448,000 shares of Common Stock for $2.9375 per share granted to Mr. Richard Blum on December 7, 1999, in connection with the acquisition of Kirk & Blum and kbd/Technic;

(b) a warrant to purchase 335,000 shares of Common Stock for $2.9375 per share granted to Mr. David Blum on December 7, 1999, in connection with the acquisition of Kirk & Blum and kbd/Technic;

(c) a warrant to purchase 217,000 shares of Common Stock for $2.9375 per share granted to Mr. Larry Blum on December 7, 1999, in connection with the acquisition of Kirk & Blum and kbd/Technic;

(d) 25,000 shares of common stock that Mr. Jason DeZwirek can purchase on or prior to October 5, 2011 at a price of $2.01 per share pursuant to options granted to Mr. Jason DeZwirek on October 5, 2001;

(e) (i) 750,000 shares of common stock that Mr. Phillip DeZwirek can purchase on or prior to November 7, 2006 at a price of $1.75 per share pursuant to warrants granted to Mr. Phillip DeZwirek on November 7, 1996; (ii) 250,000 shares that may be purchased pursuant to warrants granted January 14, 1998 at a price of $2.75 per share prior to January 14, 2008; (iii) 250,000 shares of common stock that may be purchased by Mr. Phillip DeZwirek pursuant to warrants granted September 14, 1998 at a price of $1.626 per share prior to September 14, 2008; (iv) 500,000 shares that may be purchased pursuant to warrants granted to Mr. Phillip DeZwirek January 22, 1999, which are exercisable prior to January 22, 2009 at a price of $3.00 per share; and (v) 500,000 shares that may be purchased pursuant to warrants granted to Mr. Phillip DeZwirek August 14, 2000, which are exercisable prior to August 14, 2010 at a price of $2.0625 per share; and

(f) 10,000 shares of common stock that Mr. Donald Wright can purchase pursuant to options granted June 30, 1998 at a price per share of $2.75 prior to June 30, 2008.

The information set forth under the caption “Beneficial Ownership of Shares,” “Security Ownership of Management” and “Changes in Control” of the Proxy Statement is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions***

Information concerning "Certain Relationships and Related Transactions" is set forth in the section entitled "Certain Transactions" in the Proxy Statement, which information is incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services***

Information concerning "Principal Accountant Fees and Services," including the Audit Committee Pre-Approval Policy, is set forth in the section entitled "Independent Registered Public Accounting Firm Fees" in the Proxy Statement, which information is incorporated herein by reference.

Item 15. ***Exhibits, Financial Statement Schedules***

(a) 1. Financial statements are set forth in this report following the signature page of this report.

2. Financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included.

3. Exhibit Index. The exhibits listed below, as part of Form 10-K, are numbered in conformity with the numbering used in Item 601 of Regulation S-K of the Securities and Exchange Commission.

2.1 Certificate of Ownership and Merger Merging CECO Environmental Corp. into CECO Environmental Corp. (Incorporated by reference from Form 10-K dated December 31, 2001)

2.2 Certificate of Merger of CECO Environmental Corp. into CECO Environmental Corp. Under Section 907 of the Business Corporation Law. (Incorporated by reference from Form 10-K dated December 31, 2001)

3(i) Certificate of Incorporation. (Incorporated by reference from Form 10-K dated December 31, 2001)

3(ii) Bylaws. (Incorporated by reference from Form 10-K dated December 31, 2001)

10.1 CECO Filters, Inc. Savings and Retirement Plan. (Incorporated by reference from CECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)

** 10.2 CECO Environmental Corp. 1997 Stock Option Plan and Amendment. (Incorporated by reference from Form S-8, Exhibit 4, filed March 24, 2000, of the Company)

10.3 Mortgage dated October 28, 1991 by CECO and the Montgomery County Industrial Development Corporation ("MCIDC"). (Incorporated by reference from CECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.4 Installment Sale Agreement dated October 28, 1991 between CECO and MCIDC. (Incorporated by reference from CECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.5 Lease dated as of March 10, 1992 between CECO and BTR North America, Inc. (Incorporated by reference from CECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.6 Consulting Agreement dated as of January 1, 1994 and effective as of July 1, 1994 between the Company and CECO. (Incorporated by reference to Form 10-QSB dated September 30, 1994 of the Company)

** 10.7 Warrant Agreement dated as of November 7, 1996 between the Company and Phillip DeZwirek. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1996)

** 10.8 Warrant Agreement dated as of January 14, 1998 between the Company and Phillip DeZwirek. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1998)

10.9 Lease between Busch Co. and Richard Roos dated January 10, 1980, Amendment to Lease dated August 1, 1988 between Busch Co. and Richard Roos, Amendment to Lease dated May 21, 1991 between Richard A. Roos and Busch Co. and Amendment to Lease dated June 1, 1991 between JDA, Inc. and Busch Co. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1997)

10.10 Assignment of Lease dated September 25, 1997 among Richard A. Roos, JDA, Inc., Busch Co. and New Busch Co., Inc. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1998)

10.11 Lease between Joseph V. Salvucci and Busch Co. dated October 17, 1994. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1997)

** 10.12 Warrant Agreement dated as of September 14, 1998 between the Company and Phillip DeZwirek. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1998)

** 10.13 Warrant Agreement dated as of January 22, 1999 between the Company and Phillip DeZwirek. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1998)

** 10.14 Option for the Purchase of Shares of Common Stock for Donald Wright dated June 30, 1998. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1998)

10.15 Stock Purchase Agreement, dated as of December 7, 1999, among CECO Environmental Corp., CECO Filters, Inc. and the Stockholders of The Kirk & Blum Manufacturing Company and kbd/Technic, Inc. and Richard J. Blum, Lawrence J. Blum and David D. Blum. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

** 10.16 Employment Agreement, dated as of December 7, 1999, between Richard J. Blum and CECO Group, Inc. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

** 10.17 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to Richard J. Blum. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

** 10.18 Employment Agreement, dated as of December 7, 1999, between Lawrence J. Blum and The Kirk & Blum Manufacturing Company. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

** 10.19 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to Lawrence J. Blum. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

** 10.20 Employment Agreement, dated as of December 7, 1999, between David D. Blum and The Kirk & Blum Manufacturing Company. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

** 10.21 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to David D. Blum. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

10.22 Credit Agreement, dated as of December 7, 1999, among PNC Bank, National Association, The Fifth Third Bank, and Bank One, N.A. and PNC Bank, National Association as agent, and CECO Group, Inc., CECO Filters, Inc., Air Purator Corporation, New Busch Co., Inc., The Kirk & Blum Manufacturing Company and kbd/Technic, Inc. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

10.23 Kbd/Technic, Inc. Voting Trust Agreement, dated as of December 7, 1999, Richard J. Blum, trustee. (Incorporated by reference from the Company's Form 8-K filed December 22, 1999 with respect to event that occurred December 7, 1999)

10.24 Amendment to Credit Agreement dated March 28, 2000. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 1999)

10.25 Letter Agreement between PNC Bank and CECO Group, Inc., dated September 28, 2000. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 2000)

10.26 Second Amendment to Credit Agreement dated November 19, 2000. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 2000)

** 10.27 Stock Option Agreement for Donald A. Wright dated September 18, 2000. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 2000)

** 10.28 Warrant Agreement dated as of August 14, 2000 between the Company and Phillip DeZwirek. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 2000)

** 10.29 Incentive Stock Option Agreement for Marshall J. Morris dated as of January 20, 2000. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 2000)

10.31 Amended and Restated Replacement Promissory Note in the amount of $500,000, dated as of May 1, 2001, made by CECO Environmental Corp. and payable to Harvey Sandler. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 2001)

10.32 Second Amended and Restated Replacement Promissory Note in the amount of $500,000, dated as of May 28, 2002, made by CECO Environmental Corp. and payable to ICS Trustee Services, Ltd. (Incorporated by reference from the Company's Form 10-K dated December 31, 2003)

10.33 Third Amendment to Credit Agreement dated March 30, 2001. (Incorporated by reference from the Company's Form 10-KSB dated December 31, 2000)

10.34 Fourth Amendment to Credit Agreement dated August 20, 2001. (Incorporated by reference from Form 10-K dated December 31, 2001)

10.35 Fifth Amendment to Credit Agreement dated March 27, 2002. (Incorporated by reference from Form 10-K dated December 31, 2001)

** 10.36 Option for the Purchase of Shares of Common Stock of Jason Louis DeZwirek dated October 5, 2001. (Incorporated by reference from Form 10-K dated December 31, 2001)

10.37 Subscription Agreement dated December 31, 2001. (Incorporated by reference from the Company's Form 8-K filed January 15, 2002)

10.38 Form of Warrant (for Investors). (Incorporated by reference from the Company's Form 8-K filed January 15, 2002)

10.39 Form of Warrant (for Finders). (Incorporated by reference from Form 10-K dated December 31, 2001)

10.40 Sixth Amendment to Credit Agreement dated May 14, 2002. (Incorporated by reference from the Company's Form 10-K dated December 31, 2002)

10.41 Seventh Amendment to Credit Agreement dated November 13, 2002. (Incorporated by reference from the Company's Form 10-K dated December 31, 2002)

10.42 Amendment to Pledge Agreement dated November 13, 2002. (Incorporated by reference from the Company's Form 10-K dated December 31, 2002)

10.44 Intercreditor Agreement among PNC Bank, National Association, Fifth Third Bank and Bank One, NA dated November 13, 2003. (Incorporated by reference from the Company's Form 10-K dated December 31, 2003)

10.45 Eighth Amendment to Credit Agreement dated November 13, 2003. (Incorporated by reference from the Company's Form 10-K dated December 31, 2003)

10.46 Lease Agreement between LFT Realty Group and CECO Filters, Inc. dated April 13, 2003. (Incorporated by reference from the Company's Form 10-K dated December 31, 2003)

* 10.47 Ninth Amendment to Credit Agreement dated June 29, 2004.

* 10.48 Tenth Amendment to Credit Agreement dated November 10, 2004.

* 10.49 Amended and Restated Revolving Credit Note dated November 10, 2004.

*;** 10.50 Stock Option Agreement for Dennis W. Blazer dated December 13, 2004.

*;** 10.51 Stock Option Agreement for Melvin F. Lazar dated January 5, 2005.

*;** 10.52 Stock Option Agreement for Thomas J. Flaherty dated January 5, 2005.

*;** 10.53 Stock Option Agreement for Donald A. Wright dated January 5, 2005.

*;** 10.54 First Amendment to Stock Option Agreement of Marshall J. Morris dated November 30, 2004.

*;** 10.55 Indemnification Agreement between the Company and Marshall J. Morris dated November 30, 2004.

* 10.56 Eleventh Amendment to Credit Agreement dated December 30, 2004.

* 10.57 Amended and Restated Replacement Promissory Note in the amount of $1,290,477 dated as of December 30, 2004 made by CECO Environmental Corp. and payable to Green Diamond Oil Corp.

* 10.58 Third Amended and Restated Replacement Promissory Note in the amount of $5,441,315 dated as of December 30, 2004 made by CECO Environmental Corp. and payable to Green Diamond Oil Corp.

14 Code of Ethics (Incorporated by reference from the Company's Form 10-K dated December 31, 2003)

* 18 Letter regarding change in accounting principle.

* 21 Subsidiaries of the Company

* 31.1 Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer

* 31.2 Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer

* 32.1 Certification of Chief Executive Officer (18 U.S. Section 1350)

* 32.2 Certification of Chief Financial Officer (18 U.S. Section 1350)

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* Filed herewith

** Management contracts or compensation plans or arrangements

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CECO ENVIRONMENTAL CORP.

By: /s/ PHILLIP DEZWIREK

Phillip DeZwirek,
Chief Executive Officer
Dated: April 14, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Principal Executive Officer

/s/ PHILLIP DEZWIREK — April 14, 2005

Phillip DeZwirek,
Chairman of the Board, Director and
Chief Executive Officer

Principal Financial and Accounting Officer

/s/ DENNIS W. BLAZER — April 14, 2005

Dennis W. Blazer
Vice President-Finance and Administration;
Chief Financial Officer

/s/ RICHARD J. BLUM — April 14, 2005

Richard J. Blum,
President, Director

/s/ JASON LOUIS DEZWIREK — April 14, 2005

Jason Louis DeZwirek,
Director

/s/ THOMAS J. FLAHERTY — April 14, 2005

Thomas J. Flaherty,
Director

/s/ MELVIN F. LAZAR — April 14, 2005

Melvin F. Lazar,
Director

/s/ DONALD A. WRIGHT — April 14, 2005

Donald A. Wright,
Director

CECO ENVIRONMENTAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
CECO Environmental Corp.

We have audited the accompanying consolidated balance sheets of CECO Environmental Corp. and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/S/ DELOITTE & TOUCHE LLP

Cincinnati, Ohio
March 31, 2005

CECO ENVIRONMENTAL CORP.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2004	2003
	Dollars in thousands except per share data	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 339	$ 136
Accounts receivable, net	14,055	11,398
Costs and estimated earnings in excess of billings on uncompleted contracts	4,181	3,340
Inventories	1,689	1,575
Prepaid expenses and other current assets	1,515	1,983
Total current assets	21,779	18,432
Property and equipment, net	9,385	9,987
Goodwill, net	9,527	9,527
Intangible assets—finite life, net	737	816
Intangible assets—indefinite life	1,395	1,395
Deferred charges and other assets	618	997
	$43,441	$41,154
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ 4,188	$ 2,094
Accounts payable and accrued expenses	12,211	11,309
Billings in excess of costs and estimated earnings on uncompleted contracts	3,470	1,320
Total current liabilities	19,869	14,723
Other liabilities	1,967	2,591
Debt, less current portion	4,549	7,863
Deferred income tax liability	2,462	2,422
Subordinated notes (including, related party—$6,884 and $5,100, respectively)	7,345	5,525
Total liabilities	36,192	33,124
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Preferred stock, $.01 par value; 10,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value; 100,000,000 shares authorized, 10,168,479 and 10,786,194 shares issued in 2004 and 2003, respectively	102	108
Capital in excess of par value	15,017	16,329
Accumulated deficit	(6,637)	(5,709)
Accumulated other comprehensive loss	(760)	(894)
	7,722	9,834
Less treasury stock, at cost, 175,220 and 801,220 shares in 2004 and 2003, respectively	(473)	(1,804)
Total shareholders' equity	7,249	8,030
	$43,441	$41,154

The notes to consolidated financial statements are an integral part of the above statements.

CECO ENVIRONMENTAL CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2004	2003	2002
	Dollars in thousands, except per share data		
Net sales	$ 69,366	$ 68,159	$ 78,575
Costs and expenses:			
Cost of sales, exclusive of items shown separately below	56,271	55,148	62,985
Selling and administrative	10,656	10,402	11,902
Depreciation and amortization	1,254	1,245	1,479
	68,181	66,795	76,366
Income from operations	1,185	1,364	2,209
Other income	200	213	204
Interest expense (including related party interest of $873, $817 and $799, respectively)	(2,561)	(2,611)	(3,054)
Loss from operations before income taxes	(1,176)	(1,034)	(641)
Income tax benefit	(248)	(367)	(335)
Net loss	$ (928)	$ (667)	$ (306)
Net loss per share—basic and diluted	$ (.09)	$ (.07)	$ (.03)
Weighted average number of common shares outstanding:			
Basic and diluted	9,989,666	9,852,280	9,582,011

The notes to consolidated financial statements are an integral part of the above statements.

CECO ENVIRONMENTAL CORP.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Capital in Excess of Par Value	Accumu-lated Deficit	Accumulated Compre-hensive Other Loss	Treasury Stock		Total	Total Compre-hensive Loss
	Shares	Amount				Shares	Amount		
				Dollars in thousands					
Balance, December 31, 2001	10,378	$ 104	$ 16,304	$ (4,736)	$ (687)	(764)	$ (1,686)	$9,299	
Net loss for the year ended December 31, 2002				(306)				(306)	$ (306)
Issuance of common stock	13		9					9	
Treasury stock purchases						(37)	(118)	(118)	
Other comprehensive loss:									
Minimum pension liability, net of tax $278					(418)			(418)	(418)
Maturity of swap, net of tax $160					240			240	240
Balance, December 31, 2002	10,391	104	16,313	(5,042)	(865)	(801)	(1,804)	8,706	$ (484)
Net loss for the year ended December 31, 2003				(667)				(667)	$ (667)
Issuance of common stock	13		20					20	
Issuance of common stock under contingent stock warrants	382	4	(4)						
Other comprehensive loss:									
Minimum pension liability, net of tax $20					(29)			(29)	(29)
Balance, December 31, 2003	10,786	108	16,329	(5,709)	(894)	(801)	(1,804)	8,030	$ (696)
Net loss for the year ended December 31, 2004				(928)				(928)	$ (928)
Issuance of common stock	8		13					13	
Treasury stock retirement .	(626)	(6)	(1,325)			626	1,331		
Other comprehensive loss:									
Minimum pension liability, net of tax $90					136			136	136
Translation loss					(2)			(2)	(2)
Balance, December 31, 2004	10,168	$ 102	$ 15,017	$ (6,637)	$ (760)	(175)	$ (473)	$7,249	$ (794)

The notes to consolidated financial statements are an integral part of the above statements.

CECO ENVIRONMENTAL CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	2004	2003	2002
	Dollars in thousands		
Cash flows from operating activities:			
Net loss	$ (928)	$ (667)	$ (306)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	1,254	1,245	1,479
Non cash interest expense included in net loss	682	623	597
Non cash gains included in net loss	(74)	(213)	—
Deferred income taxes	(553)	(310)	(178)
Gain on sale of business	—	—	(250)
Changes in operating assets and liabilities:			
Accounts receivable	(2,657)	639	4,963
Costs and estimated earnings in excess of billings on uncompleted contracts	(841)	784	587
Inventories	(114)	480	102
Prepaid expenses and other current assets	575	(72)	(1,006)
Deferred charges and other assets	—	(330)	(40)
Accounts payable and accrued expenses	2,831	(456)	(1,040)
Other liabilities	(547)	265	(264)
Billings in excess of costs and estimated earnings on uncompleted contracts	2,150	(332)	(943)
Other	104	(63)	—
Net cash provided by operating activities	1,882	1,593	3,701
Cash flows from investing activities:			
Acquisitions of property and equipment and intangible assets	(472)	(112)	(240)
Divestiture of businesses and other	—	—	470
Proceeds from sale of property	—	1,568	—
Net cash (used in) provided by investing activities	(472)	1,456	230
Cash flows from financing activities:			
Net borrowings (repayments) on revolving credit line	874	(1,198)	700
Proceeds from issuance of stock	13	20	9
Stock issuance expense	—	—	(443)
Repayments of debt	(2,094)	(3,129)	(4,080)
Proceeds from subordinated debt	—	1,200	—
Proceeds from borrowing against cash surrender value of life insurance	—	—	142
Purchases of treasury stock	—	—	(118)
Net cash used in financing activities	(1,207)	(3,107)	(3,790)
Net increase (decrease) in cash and cash equivalents	203	(58)	141
Cash and cash equivalents at beginning of year	136	194	53
Cash and cash equivalents at end of year	$ 339	$ 136	$ 194
Supplemental Schedule of Non-Cash Financing Activities:			
Increase in principal balances of subordinated notes for accrued interest	$ 1,532	$ —	$ —

The notes to consolidated financial statements are an integral part of the above statements.

CECO ENVIRONMENTAL CORP.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	2004	2003	2002
Cash paid (refunded) during the year for:			
Interest	$1,163	$1,331	$2,578
Income taxes	$ (330)	$ (183)	$ 335

The notes to consolidated financial statements are an integral part of the above statements.

(Dollars in thousands, except per share amounts)

1. Nature of Business and Summary of Significant Accounting Policies

Nature of business—The principal businesses of CECO Environmental Corp. is to provide innovative solutions to industrial ventilation and air quality problems through dust, mist and fume control systems and particle and chemical technologies to industrial and commercial customers, primarily in the United States.

Principles of consolidation—Our consolidated financial statements include the accounts of the following subsidiaries:

	% Owned As Of December 31, 2004
CECO Group, Inc. (“Group”)	100%
CECO Filters, Inc. and Subsidiaries (“CFI”)	99%
The Kirk & Blum Manufacturing Company (“K&B”)	100%
kbd/Technic, Inc (“kbd”)	100%
CECO Abatement Systems, Inc (“CAS”) .	100%

CFI includes two wholly owned subsidiaries, New Busch Co., Inc. (“Busch”) and CECO Filters India Private Limited. In 2002, we increased our ownership in CFI from 94% to 99% by contributing our intercompany receivable from CFI and receiving in exchange additional shares of CFI. Minority interest is not material and is included in other liabilities in the consolidated financial statements.

All material intercompany balances and transactions have been eliminated.

Business Segment Information—Our structure and operational integration results in one segment that focuses on engineering, designing, building and installing systems that remove airborne contaminants from industrial facilities, as well as equipment that controls emissions from such facilities. Accordingly, the condensed consolidated financial statements herein reflect the operating results of the segment.

Divestiture of Businesses—In December 2001, we sold the fixed assets and inventory of Air Purator Corporation (“APC”) and received notes totaling $475. The notes which were due primarily in March 2002 were secured by the assets of APC. At December 31, 2001, we deferred the gain on sale of $250 until collection was reasonably assured. However, the purchaser defaulted on the loan, and we commenced foreclosure proceedings in May 2002. We subsequently sold the assets to the former general manager of APC on July 31, 2002 and recognized a gain on the sale during the third and fourth quarters of 2002 totaling $250. The net assets and operations of APC were not material to our consolidated financial statements.

We sold the assets of Busch Martec during 2002 because these assets no longer served our vision for future operations. Busch Martec’s assets were not material to our consolidated financial statements.

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents—We consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments in marketable securities—Investments in marketable securities are generally comprised of corporate common stock securities. These investments generally are classified as trading securities, which are carried at their fair value based on quoted market prices. Accordingly, net realized and unrealized gains and

losses on trading securities and interest income are included in other (expense) income. Realized gains and losses are recorded based on the specific identification method. The fair value of investments in marketable securities at December 31, 2004 and 2003 totaled $99 and $393, respectively, all of which is restricted for bonding purposes. These investments are included in prepaid expenses and other current assets in the consolidated balance sheets.

Inventories—Prior to December 31, 2004, the Company valued the labor content of work-in-process and finished products inventories and substantially all steel inventories at the Company's Cincinnati Facility (approximately 69% of total inventories at December 31, 2003) at the lower of cost or market using the last-in, first-out,(LIFO) inventory costing method. The Company's remaining inventories were valued at the lower of cost or market using the first-in, first-out (FIFO) inventory costing method. Effective December 31, 2004, management changed its method of accounting for the Company's LIFO inventory to the FIFO method. Management believes the FIFO method is preferable because it provides for: a uniform costing method for all of the Company's inventories; a better matching of costs to revenues; and a more meaningful presentation of the Company's financial position by reflecting recent costs in the balance sheet. The LIFO method of inventory valuation for all classes of inventory approximated the FIFO value at December 31, 2003 and 2002, therefore, prior periods have not been restated for this accounting change. The effect of the change for the three months ended December 31, 2004 and the year ended December 31, 2004 was an increase to inventory of $108. The effect on net loss for the three months ended December 31, 2004 and the year ended December 31, 2004 was a reduction of $65. Loss per share was reduced for the three months ended December 31, 2004 and the year ended December 31, 2004 by $.01.

Accounting for long-lived assets—Our policy is to assess the recoverability of long-lived assets when there are indications of potential impairment and the undiscounted cash flows estimated to be generated by those assets are less than the carrying value of such assets.

Property and equipment—Property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to income as incurred. Depreciation and amortization are computed using the straight-line and accelerated methods over the estimated useful lives of the assets, which range from 12 to 40 years for building and improvements and 3 to 10 years for machinery and equipment.

Intangible assets—Indefinite life intangible assets are comprised of tradenames, while finite life intangible assets are comprised of patents. The ratable amortization of the goodwill associated with acquisitions and other intangible assets with indefinite lives was replaced with periodic tests for impairment with our adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" on January 1, 2002. Other intangible assets with finite lives are being amortized on a straight-line basis over their estimated useful lives, which range from 5 to 17 years. In accordance with SFAS No. 142, we ceased amortization of goodwill and intangible assets with indefinite lives effective January 1, 2002. The ceasing of the amortization of such assets resulted in a reduction in amortization expense of $476 for the year ended December 31, 2002. During 2002, we evaluated the fair value of intangible assets with indefinite lives and goodwill and determined that the fair values were in excess of the carrying values of such assets. In the fourth quarter of 2004, we completed our annual tests for impairment and determined that the fair values of these net assets continue to be in excess of the carrying values of such assets.

Cash Surrender Value of Life Insurance—We have whole life insurance policies in force on the lives of six former shareholders of certain subsidiaries. These policies were purchased by these subsidiaries prior to their acquisition by CECO Environmental, Inc. in 1999 and were originally intended to provide funding for repurchasing shares in the event of the death of a shareholder. The policies are fully paid up and the cash surrender values have been borrowed to pay premiums and interest on the policy loans, and to provide an occasional low cost source of financing for the Company. Interest on the policy loans is recorded to interest

expense and the loan amounts on the cash surrender values are increased to cover payment of this expense. The net value of these policies, reported as other long term assets, was $425, $423 and $120 as of December 31, 2004, 2003 and 2002, respectively. The net cash surrender value approximates fair value.

Deferred charges—Deferred charges primarily represent deferred financing costs, which are amortized to interest expense over the life of the related loan. Amortization expense was $405, $348 and $260 for 2004, 2003 and 2002, respectively.

Financial Instruments—On January 1, 2001, we adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". Under this guidance all derivative instruments, including those embedded in other contracts are recognized as either assets or liabilities and those financial instruments are measured at fair value. The accounting for changes in the fair value of derivatives depends on their intended use and designation.

We are exposed to market risk from changes in interest rates. Our policy is to manage interest rate costs using a mix of fixed and variable rate debt. To manage this mix in a cost-efficient manner, we may enter into interest rate swaps or other hedge type arrangements, in which we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Our interest rate swaps matured in 2002 and were not replaced.

Revenue recognition—Revenues from contracts, representing the majority of our revenues, are recognized on the percentage of completion method, measured by the percentage of contract costs incurred to date compared to estimated total contract costs for each contract. This method is used because management considers contract costs to be the best available measure of progress on these contracts. Our remaining revenues are recognized when risk and title passes to the customer, which is generally upon shipment of product.

Contract costs include direct material, labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools and repairs. Selling and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability may result in revisions to contract revenue and costs and are recognized in the period in which the revisions are made. At December 31, 2004, our reserve for estimated losses on uncompleted contracts was $12. No provision for estimated losses on uncompleted contracts was necessary at December 31, 2003.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

Claims against customers are recognized as income by us when collectibility of the claim is probable and the amount can be reasonably estimated.

Claims—The company recognizes certain significant claims for recovery of incurred costs when it is probable that the claim will result in additional contract revenue and when the amount of the claim can be reliably estimated. Unapproved change orders are accounted for in revenue and cost when it is probable that the costs will be recovered through a change in the contract price. In circumstances where recovery is considered probable but the revenues cannot be reliably estimated, costs attributable to change orders are deferred pending determination of contract price.

Cost of sales—Cost of sales amounts include materials, direct labor and associated benefits, inbound freight charges, purchasing and receiving, inspection, warehousing and internal transfer costs. Customer freight charges are included in sales and actual freight expenses are included in cost of sales.

Income taxes—Deferred taxes are determined based on the differences between the financial statement and tax bases of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse.

Selling and administrative expenses—Selling and administrative expenses included sales and administrative wages and associated benefits, selling and office expenses, bad debt expense and change in life insurance cash surrender value.

Advertising costs—Advertising costs are charged to operations in the year incurred and totaled $120, $171 and $153 in 2004, 2003 and 2002, respectively.

Research and development—Research and development costs are charged to expense as incurred. The amounts charged to operations were $16, $28 and $33 in 2004, 2003 and 2002, respectively.

Earnings per share—For the years ended December 31, 2004, 2003 and 2002, both basic weighted average common shares outstanding and diluted weighted average common shares outstanding were 9,989,666, 9,852,280 and 9,582,011, respectively. We consider outstanding options and warrants in computing diluted net loss per share only when they are dilutive. Options and warrants to purchase 3,553,700, 3,453,700 and 3,451,000 shares for the years ended December 31, 2004, 2003 and 2002, respectively, were not included in the computation of diluted earnings per share due to their having an anti-dilutive effect. There were no adjustments to net loss for the basic or diluted earnings per share computations for any year presented.

Stock-based compensation—We apply Accounting Principles Board Opinion No. 25 and related interpretations in the accounting for stock option plans. Under such method, compensation is measured by the quoted market price of the stock at the measurement date less the amount, if any, that the employee is required to pay. The measurement date is the first date on which the number of shares that an individual employee is entitled to receive and the option or purchase price, if any, are known. We did not incur any compensation expense in 2004, 2003 or 2002 related to our stock option plans. We adopted the disclosure-only provisions of SFAS No. 123, “Accounting for Stock-Based Compensation” and related pronouncements.

The following table compares 2004, 2003 and 2002 as reported to the pro forma results, considering both options and warrants discussed in Note 11, had we adopted the expense recognition provision of SFAS No. 123:

	2004	2003	2002
Net loss as reported	$ (928)	$ (667)	$ (306)
Deduct: compensation cost based on fair value recognition, net of tax	(50)	(368)	(422)
Pro forma net loss under SFAS No. 123.	$ (978)	$(1,035)	$ (728)
Basic and diluted loss per share:			
As reported	$(0.09)	$ (0.07)	$(0.03)
Pro forma under SFAS No. 123	(0.10)	(0.11)	(0.08)

Recent accounting pronouncements—In May 2003, the FASB issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity.” This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement was effective for financial instruments entered into or modified after May 31, 2003 and pre-existing instruments as of the beginning of the first interim period that commences after June 15, 2003, except for mandatorily redeemable financial instruments. Mandatorily redeemable financial instruments are subject to the provisions of this statement beginning on January 1, 2004. We have not entered

into or modified any financial instruments subsequent to May 31, 2003 affected by this statement nor do we have any mandatorily redeemable financial instruments. The adoption of this statement did not have a material impact on our financial condition or results of operations.

In December 2003, the FASB issued a revised FASB Interpretation No. 46, entitled “Consolidation of Variable Interest Entities.” As revised, the new interpretation requires that the Company consolidate all variable interest entities in its financial statements under certain circumstances. We adopted the revised interpretation as of March 31, 2004 as required; however, the adoption of this interpretation currently did not affect our financial condition or results of operations, as we do not have any variable interest entities.

In November 2002, the FASB’s Emerging Issues Task Force (“EITF”) reached a consensus on EITF Issue No. 00-21, “Revenue Arrangements with Multiple Deliverables”. EITF No. 00-21 provides guidance for revenue arrangements that involve the delivery or performance of multiple products or services where performance may occur at different points or over different periods of time. EITF No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003 (i.e., our fiscal 2004). The adoption of this interpretation on January 1, 2004 did not affect our financial condition or results of operations.

In December 2003, the FASB issued FASB Statement No. 132 (Revised 2003), “Employers’ Disclosures about Pensions and Other Postretirement Benefits”. The statement increases the existing disclosure requirements by requiring more details about pension plan assets, benefit obligations, cash flows, benefit costs and related information. We are required to segregate plan assets by category, such as debt, equity and real estate, and to provide certain expected rates of return and other informational disclosures. We have adopted the disclosure requirement of SFAS No. 132-R for our December 31, 2003 financial statements, as well as disclosure requirements for various elements of pension and postretirement benefit costs in interim period financial statements beginning with our first quarter ended March 31, 2004.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), “Share-Based Payment.” SFAS No. 123 (revised 2004) is a revision of SFAS No. 123, “Accounting for Stock-Based Compensation,” and supersedes APB Opinion No. 25, “Accounting for Stock Issued to Employees.” Statement No. 123(R) will require the fair value of all stock option awards issued to employees to be recorded as an expense over the related vesting period. The statement also requires the recognition of compensation expense for the fair value of any unvested stock option awards outstanding at the date of adoption. We are currently evaluating the impact on our results from adopting SFAS No. 123(R), but expect it to be comparable to the pro forma effects of applying the original SFAS No. 123.

2. Financial Instruments

Our financial instruments consist primarily of investments in cash and cash equivalents, receivables and certain other assets, such as cash surrender life insurance, as well as obligations under accounts payable, long-term debt and subordinated notes. The carrying values of these financial instruments approximate fair value at December 31, 2004 and 2003 except for subordinated notes for which fair value was $7,142 and $5,560, at December 31, 2004 and 2003, respectively.

Most of the debt obligations approximate their reported carrying amounts based on future payments discounted at current interest rates for similar obligations or interest rates which fluctuate with the market.

The fair value of marketable securities, all of which are restricted for bonding purposes, at December 31, 2004 and 2003 totaled $99 and $393, respectively. The carrying values of these financial instruments approximate fair value at December 31, 2004 and 2003.

We entered into an interest rate swap agreement to convert variable rate debt to a fixed rate (see Note 9) that matured in 2002. The fair value of the swap at December 31, 2001, which was determined using discounted cash flow analysis based on current rates offered for similar issues of debt, was a liability of approximately $400 and was recorded in other liabilities and accumulated other comprehensive loss, net of tax, in the accompanying consolidated balance sheets and consolidated statements of shareholders' equity, respectively.

Concentrations of credit risk:

Financial instruments that potentially subject us to credit risk consist principally of cash and accounts receivable. We maintain cash and cash equivalents with various major financial institutions. We perform periodic evaluations of the financial institutions in which our cash is invested. Concentrations of credit risk with respect to trade and contract receivables are limited due to the large number of customers and various geographic areas. Additionally, we perform ongoing credit evaluations of our customers' financial condition.

Union Contracts:

As of December 31, 2004, the Company's continuing operations included approximately 436 employees. Approximately 328 employees are represented by international or independent labor unions, under various contracts that expire in the years 2005 through 2008.

3. Accounts Receivable

	2004	2003
Trade receivables	$ 1,784	$ 1,834
Contract receivables	12,588	9,834
Allowance for doubtful accounts	(317)	(270)
	$14,055	$11,398

Balances billed, but not paid by customers under retainage provisions in contracts, amounted to approximately $549 and $520 at December 31, 2004 and 2003, respectively. Retainage receivables on contracts in progress are generally collected within twelve months.

Provision for doubtful accounts was approximately $283, $201 and $178 during 2004, 2003 and 2002, respectively, while accounts charged to the allowance were $236, $131, and $356 during 2004, 2003 and 2002, respectively.

4. Costs and Estimated Earnings on Uncompleted Contracts

	2004	2003
Costs incurred on uncompleted contracts	$ 25,937	$ 38,181
Estimated earnings	4,092	4,972
	30,029	43,153
Less billings to date	(29,318)	(41,133)
	$ 711	$ 2,020
Included in the accompanying consolidated balance sheets under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 4,181	$ 3,340
Billings in excess of costs and estimated earnings on uncompleted contracts	(3,470)	(1,320)
	$ 711	$ 2,020

5. Inventories

	2004	2003
Raw material and subassemblies	$ 888	$ 816
Finished goods	251	213
Parts for resale	660	546
Reserve for obsolescence	(110)	—
	$1,689	$1,575

6. Property and Equipment

	2004	2003
Land	$ 1,460	$ 1,460
Building and improvements	4,140	4,131
Machinery and equipment	10,875	10,412
	16,475	16,003
Less accumulated depreciation	(7,090)	(6,016)
	$ 9,385	$ 9,987

Depreciation expense was $1,074, $1,114 and $1,254 for 2004, 2003 and 2002, respectively.

7. Goodwill and Intangible Assets

	2004	2003
Goodwill	$9,527	$9,527
Intangible assets—finite life	$1,346	$1,346
Less accumulated amortization	(609)	(530)
	$ 737	$ 816
Intangible assets—indefinite life	$1,395	$1,395

Indefinite life intangible assets are comprised of tradenames, while finite life intangible assets are comprised of patents. Amortization expense was $79, $78 and $178 for 2004, 2003 and 2002, respectively. Amortization of finite life intangible assets over the next five years is $79 in 2005, $78 in 2006 and 2007 and $77 in 2008 and 2009.

8. Accounts Payable and Accrued Expenses

	2004	2003
Trade accounts payable	$ 9,762	$ 7,845
Compensation and related benefits	901	935
Accrued interest	655	1,471
Other accrued expenses	893	1,058
	$12,211	$ 11,309

9. Debt

	2004	2003
Bank credit facility	$ 8,737	$ 9,957
Less current portion	(4,188)	(2,094)
	$ 4,549	$ 7,863

In December 1999, we obtained a bank credit facility aggregating $33,000 consisting of $23,000 in term loans and a $10,000 revolving credit line. Interest is charged based on the bank's prime rate plus 5 percentage points (10.25% at December 31, 2004 and 9% at December 31, 2003). The proceeds of the credit facility were used to finance the acquisition of K&B and kbd/Technic, Inc. in 1999. The proceeds of the subordinated notes (see Note 10) were used to refinance our existing indebtedness and working capital.

At December 31, 2004, the revolving credit line, as amended, permits borrowings of up to the lesser of 1) $10,000 less outstanding letters of credit, or 2) borrowings which are limited to 75% of eligible accounts receivable, plus 50% of eligible inventory, minus outstanding letters of credit. Amounts unused and available under this revolving credit facility were $5,086 and $4,325 at December 31, 2004 and 2003, respectively. Amounts borrowed were $4,549 and $3,675 at December 31, 2004 and 2003, respectively. Amounts outstanding under letters of credit were $365 and $0 at December 31, 2004 and 2003, respectively. The line of credit matures in 2006. The interest rates were 10.25% and 9.00% at December 31, 2004 and 2003, respectively.

The term loans consisted of a Term A and a Term B facility. Term B was paid off in May 2003. Term A quarterly principal installments were $488 beginning February 2000, increasing to $700 in February 2002 through August 2002, $524 through May 2005 and the final principal payment due July 2005. The amounts outstanding under the term loans were $4,188 and $6,282 at December 31, 2004 and 2003, respectively. The interest rates were 10.25% and 9.0% at December 31, 2004 and 2003, respectively.

The bank credit facility was amended in November 2004 by extending the maturity of the revolving line of credit to January 2006 and the final payment due under the term loan to July 2005. No extinguishment loss was recognized as a result of this amendment. The amendment also waived minimum coverage requirements under several financial covenants through September 30, 2004. Various amendments were also made to the credit facility during 2003, 2002 and 2001 which were effective during and as of December 31, 2003, 2002 and 2001 reducing minimum coverage requirements under several financial covenants through December 2003, raising interest rates, reducing scheduled principal payments under the Term A loan, and extending the maturity on the revolving credit line to January 2004. In consideration for these amendments, additional fees were paid to these lenders. We would not have been in compliance with the financial covenants had the amendments not been made.

In March 2005 the eleventh amendment to the credit facility was negotiated. This amendment waived minimum coverage requirements under several financial covenants through December 31, 2004. No extinguishment loss was recognized as a result of this amendment. In consideration for this amendment, additional fees were paid to these lenders. We would not have been in compliance with the financial covenants had the amendment not been made.

We have opted to amend the existing agreement rather than refinance the entire credit facility because of current market conditions. However, we will continue to monitor such market conditions and could consider refinancing alternatives in future periods.

In April 1992, we obtained a loan through the Pennsylvania Industrial Development Authority, which is collateralized by a mortgage on the related land and building. Principal and interest, at an annual rate of 3%, is paid quarterly over an amortization period of fifteen years ending in 2006. We paid this loan off in May 2003.

On May 7, 2003, we received approximately $1,600 in cash proceeds from the sale and leaseback of our Conshohocken, Pennsylvania property. Approximately, $700 was used to reduce the revolving line of credit and the balance was used to reduce term debt.

Maturities of all long-term debt over the next five years are estimated as follows:

December 31,	Maturities
2005	$ 4,188
2006	4,549
2007	—
2008	—
2009	—
Thereafter	—

Our property and equipment, accounts receivable, investments and inventory serve as collateral for our bank debt. Our debt agreements contain customary covenants and events of default.

10. Subordinated Notes

	2004	2003
Subordinated Notes due 2006, 12%	$6,055	$4,325
Subordinated Note due 2006, 6%	1,290	1,200
	$7,345	$5,525

During December 1999, as part of our refinancing activities (that were accomplished at the same time as the acquisition of K&B and kbd/Technic), we obtained $4,000 of subordinated debt financing from Green Diamond Oil Corp., a company beneficially owned by two of our major shareholders. In addition, we obtained $1,000 of subordinated debt financing with two unrelated parties. Interest on the notes accrues semi-annually at a rate of 12% per annum. The notes are subject to a subordination agreement and amendments to the Bank Credit Facility. In connection with this agreement, accrued interest on the subordinated notes totaling $1,800 and $1,200 at December 31, 2004 and 2003, respectively, was not paid. The notes provided for the issuance to the holders detachable stock warrants that expire December, 2009 (see Note 11). The fair value of the warrants was determined to be $1,847 at the date of issuance and the subordinated debt was discounted by such amount. The discount is being amortized as a component of interest expense over the life of the subordination which matures in May 2006. The amortization of the discount was approximately $288, for each of the years ended December 31, 2004, 2003 and 2002, respectively. The effective annualized interest rate on the subordinated debt obligations is 17.75%, after taking into account the value of the warrants.

On September 30, 2003, $1,200 of subordinated debt was raised from a related party with a maturity of January 1, 2007 and interest rate of 6% per annum. This debt is subordinated to the bank credit facility and the subordinated debt originally issued in December 1999. The entire principal balance of this obligation will be due upon maturity. Proceeds were used to reduce the revolving line of credit. In connection with this agreement, accrued interest on the subordinated note totaling $90 and $18 at December 31, 2004 and 2003, respectively, was not paid.

On December 30, 2004, the subordinated notes with Green Diamond were amended to include the accrued interest on these notes through December 31, 2004 in the principal balance. The principal balance for the $4,000 subordinated note was increased by the accrued interest of $1,441 to $5,441, and the principal balance for the $1,200 subordinated note was increased by $90 to $1,290, and the maturity date was extended to January 1, 2007. Accrued interest on subordinated notes was $372,352 at December 31, 2004 and $1,218,000 at December 31, 2003. Such interest will be paid in the future upon agreement with the financial institution.

11. Shareholders' Equity

Stock Option Plan

We maintain a stock option plan for our employees. Generally, options are exercisable one year from the date of grant, at the rate of 20% each year over the following five years and expire between five and ten years from the date of grant. There are 1,500,000 shares of our common stock that have been reserved for issuance under this plan.

The status of our stock option plan is as follows:

	2004		2003		2002	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	168,700	$ 2.54	166,000	$ 2.60	182,500	$ 2.68
Granted	100,000	2.53	10,000	1.90	—	—
Forfeited	—	—	(7,300)	3.02	(16,500)	3.50
Outstanding, end of year	268,700	2.53	168,700	2.54	166,000	2.60
Options exercisable at year end	174,700		130,700		106,000	
Available for grant at end of year	1,231,300		1,331,300		1,334,000	

For the years ended December 31, 2004, 2003 and 2002, no compensation expense was recognized under stock-based employee compensation plans.

The range of exercise prices on shares outstanding as of December 31, 2004 was as follows:

	Outstanding			Exercisable	
Range of Exercise Prices	Shares	Weighted Average Exercise Price	Remaining Contractual Life in Years	Shares	Weighted Average Exercise Price
$1.70 – 2.63	200,000	$ 2.20	1 – 8	156,000	$ 2.24
$3.35 – 3.88	68,700	$ 3.49	5	18,700	$ 3.88

The fair value of the options and warrants granted, which is amortized to expense over the option vesting period in determining the pro forma impact under SFAS No. 123, is estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions. The expected life of the options valued in 2004, 2003 and 2002 is 10 years. The risk free interest rate used in 2004 was 2.7%, and in 2003 and 2002 was 4.5%. The expected volatility of the Company's stock used in 2004, 2003 and 2002 was 67%, 70%, and 70%, respectively. The expected dividend yield used in 2004, 2003 and 2002 was 0%.

The weighted average fair values at the date of grant for options and warrants granted during 2004 and 2003 was $1.93 and $1.43, respectively. No options were granted in 2002.

We may grant the right to purchase restricted shares of our common stock. Such shares are subject to restriction on transfer under Federal securities laws. During October 2001, we granted options to Jason Louis DeZwirek, a related party and a member of the Board of Directors, to purchase up to 25,000 shares of our common stock, exercisable at any time between April 5, 2002 and October 5, 2011, inclusive, at a price of $2.01, the fair market value at date of grant.

Employee Stock Purchase Plan

We maintain an Employee Stock Purchase Plan for all employees meeting certain eligibility criteria. Under the Plan, eligible employees may purchase through the initial twelve-month offering and through a series of semiannual offerings, each October and April, commencing October 1, 1999, shares of our common stock, subject to certain limitations. The purchase price of each share is 85% of the lesser of its fair market value on the first business day or the last business day of the offering period. The aggregate number of whole shares of common stock allowed to be purchased under the option cannot exceed 10% of the employee's base compensation. There were 250,000 shares made available for purchase under the plan. During 2004, 2003 and 2002, we issued 8,285, 13,001 and 12,949 shares, respectively, under this plan at amounts that approximated fair value. We have decided to terminate the plan during the first part of 2005.

Warrants to Purchase Common Stock

In December 2001, warrants to purchase 1,000,000 shares of common stock at $2.25 per share were exercised; 800,000 shares by the Green Diamond Oil Corp. and 200,000 shares by two unrelated subordinated debt lenders. Gross proceeds of $2,250 were received from the exercise of the warrants and were used to pay down the bank credit facility.

On December 31, 2001, we issued 706,668 shares of common stock at a price of $3.00 per share, and issued detachable stock warrants to purchase 353,334 shares of common stock at an initial exercise price of $3.60 per share to a group of accredited investors (the "Investors"). Gross proceeds of $2,120 were received from the issuance of these shares and were used to pay down the bank credit facility. The right to purchase shares under the warrants vest immediately upon the issuance of the warrants, and the warrants contain various features to protect the Investors in the event of a merger or consolidation and from dilution in the event of a stock issuance at prices below the exercise price. We prepared and filed with the SEC a registration statement within 90 days of the issuance of such warrants and caused the registration statement to become effective within 150 days of the issuance. We valued these warrants at $240 as of December 31, 2001, which is included in other liabilities in the 2001 consolidated financial statements. At December 31, 2002, the fair value of those warrants decreased to $0 and $204 was recorded as other income in the 2002 consolidated financial statements. We valued these warrants at $36 as of December 31, 2004, which is recorded in other income and other liabilities in the 2004 consolidated financial statements.

In connection with this transaction, we were required to issue additional shares based on an earnings formula computed from fiscal year 2002 results (as defined in the Investors' Subscription Agreement) to the Investors, at no additional cost to the Investors. In 2001 we valued these shares at $340, net of expenses of $102, which is included as contingent stock warrants in the accompanying consolidated financial statements. Based on the results of the earnings formula, approximately 382,000 additional shares were issued to the Investors.

In connection with the issuance of the common shares and warrants to the investors, we estimated $440 of issuance costs and issued warrants to purchase 14,000 shares of common stock at an initial exercise price of $3.00. These costs were accrued at December 31, 2001. The fair value of the warrants, valued by our management at $18, has been included as issuance costs and recorded as a liability in other liabilities in the accompanying consolidated financial statements. The total issuance costs including the fair value of the warrants to purchase 14,000 shares of common stock were allocated to common stock, detachable stock warrants and contingent stock warrants based on their respective fair market values.

Former K&B Shareholders

In December 1999, as part of their employment contracts, warrants were granted to three of the former owners of K&B to purchase a total of 1,000,000 shares of our common stock at an exercise price of $2.9375 per share which was the fair market value on the date granted. These warrants become exercisable at the rate of 25% per year over the four years following December 1999. The warrants have a term of ten years.

Related Party and Other

In December 1999, warrants were issued to the subordinated lenders (see Note 10) to purchase up to 1,000,000 shares (900,000 of which are related party at December 31, 2003) of our common stock for $2.25 per share which was the fair market value on the date granted. As noted above, these warrants were exercised in 2001. In connection with such warrants, the subordinated lenders were granted certain registration rights with respect to their warrants and shares of our common stock into which the warrants are convertible. Our management valued the detachable stock warrants at $1,847 and discounted the subordinated debt obligations by such amount (see Note 10) and recorded additional capital in excess of par value at December 31, 1999.

Chief Executive Officer

In January 1999, warrants were issued to the Chief Executive Officer to purchase 500,000 shares of the Company’s common stock at an exercise price of $3.00 per share. Prior to 1999, warrants were issued to the Chief Executive Officer to purchase 1,250,000 shares, at exercise prices ranging from $1.625 to $2.75 per share. In August 2000, warrants were issued to the Chief Executive Officer to purchase 500,000 shares at an exercise price of $2.06 per share. The warrants expire 10 years from the date of issuance.

In December 2001, the Green Diamond Oil Corp. exercised warrants to purchase 800,000 shares at a price of $2.25 per share as previously disclosed.

Treasury Stock

In 2002, we purchased 37,300 shares of our common stock as treasury shares at a total cost of $118. During the fourth quarter of 2004 we retired 626,000 shares of common stock previously held as treasury shares.

12. Pension and Employee Benefit Plans

We sponsor a non-contributory defined benefit pension plan for certain union employees. The plan is funded in accordance with the funding requirements of the Employee Retirement Income Security Act of 1974.

We also sponsor a post-retirement health care plan for office employees retiring before January 1, 1990. The plan allows retirees who have attained the age of 65 to elect the type of coverage desired.

The following tables set forth the plans' changes in benefit obligations, plan assets and funded status on the measurement dates, December 31, 2004 and 2003, and amounts recognized in our consolidated balance sheets as of those dates.

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$ 4,825	$ 4,211	$ 531	$ 586
Service cost	119	100	—	—
Interest cost	283	279	29	33
Amendment	—	23	—	—
Actuarial (gain)/loss	(117)	13	18	(4)
Discount rate change	—	389	—	—
Benefits paid	(196)	(190)	(78)	(84)
Projected benefit obligation at end of year	4,914	4,825	500	531
Change in plan assets:				
Fair value of plan assets at beginning of year	2,679	2,411	—	—
Actual return on plan assets	241	428	—	—
Employer contribution	580	30	78	84
Benefits paid	(196)	(190)	(78)	(84)
Fair value of plan assets at end of year	3,304	2,679	—	—
Funded status	(1,610)	(2,146)	(500)	(531)
Unrecognized prior service cost	60	67	—	—
Unrecognized net actuarial loss/(gain)	1,602	1,815	22	5
Net prepaid benefit cost/(accrued benefit liability)	$ 52	$ (264)	$(478)	$(526)
Amounts recognized in the consolidated balance sheets consist of:				
Prepaid benefit cost	$ 51	$ —	$ —	$ —
Accrued benefit liability	(1,323)	(1,821)	(478)	(526)
Intangible asset included in deferred charges and other assets	60	67	—	—
Accumulated other comprehensive income, net	1,264	1,490	—	—
Net amount recognized	$ 52	$ (264)	$(478)	$(526)
Weighted-average assumptions at December 31:				
Discount rate	5.75%	6.0%	5.75%	6.0%
Expected return on plan assets	8.5%	8.5%	N/A	N/A

The accumulated benefit obligation for our defined benefit plans was $4,576 and $4,500 at December 31, 2004 and 2003, respectively. Information with respect to our plans which have accumulated benefit obligations in excess of plan assets at December 31, 2004 and 2003 is as follows:

	2004	2003
Projected benefit obligation	$4,914	$4,825
Accumulated benefit obligation	4,576	4,500
Fair value of plan assets	3,304	2,679

Based on current assumptions, estimated contributions of $398 may be required in 2005 for the pension plan and $80 for the retiree healthcare plan.

In accordance with SFAS 87, “Employers’ Accounting for Pensions”, additional liabilities to recognize the required minimum liability were as follows:

	2004	2003
Minimum liability included in other comprehensive income:		
(Decrease) increase in minimum liability in other comprehensive income	$(226)	$49

Benefits under the plans are not based on wages and, therefore, future wage adjustments have no effect on the projected benefit obligations.

The details of net periodic benefit cost for pension benefits included in the accompanying consolidated statements of operations for the years ended December 31, 2004, 2003 and 2002 are as follows:

	2004	2003	2002
Service cost	$ 119	$ 100	$ 108
Interest cost	284	279	265
Expected return on plan assets	(253)	(211)	(243)
Net amortization and deferral	115	114	59
Net periodic benefit cost	$ 265	$ 282	$ 189

The net periodic benefit cost (representing interest cost only) for the post-retirement plan included in the accompanying consolidated statements of operations was $29, $33 and $41 for the years ended December 31, 2004, 2003 and 2002 respectively.

Pension plan assets are invested in trusts comprised primarily of investments in various debt and equity funds. A fiduciary committee establishes the target asset mix and monitors asset performance. The expected rate of return on assets includes the determination of a real rate of return for equity and fixed income investment applied to the portfolio based on their relative weighting, increased by an underlying inflation rate.

Changes in health care costs have no effect on the plan as future increases are assumed by the retirees.

Our defined benefit pension plan asset allocation by asset category is as follows:

	Target Allocation 2005	Percentage of Plan Assets	
		2004	2003
Asset Category:			
Equity Securities	55%	51%	55%
Debt Securities and cash	45%	49%	45%
Total	100%	100%	100%

Estimated pension plan cash obligations are $398 for 2005, $322 for 2006 and 2007, $330 for 2008 and 2009, and $1,900 over the next five years.

In connection with collective bargaining agreements, we participate with other companies in defined benefit pension plans. These plans cover substantially all of our Kirk & Blum contracted union employees not covered in the aforementioned plan. If we were to withdraw from participation in these multi-employer plans, we would be required to contribute our share of the plans' unfunded benefit obligation. We have no intention of withdrawing from any plan and, therefore, no liability has been provided in the accompanying consolidated financial statements.

Amounts charged to pension expense under the above plans including the multi-employer plans totaled $1,939, $2,024 and $2,019 for 2004, 2003 and 2002, respectively.

We sponsor a profit sharing and 401(k) savings retirement plan for K&B non-union employees. The plan covers substantially all employees who have one year of service, completed 1,000 hours of service and who have attained 21 years of age. The Plan allows us to make discretionary contributions and provides for employee salary deferrals of up to 15%. We provide matching contributions of 25% of the first 5% of employee contributions. We also have made matching contributions and discretionary contributions of $45, $51 and $65 during 2004, 2003 and 2002, respectively.

We also sponsor a 401(k) Savings and Retirement Plan which covers substantially all of CFI's employees. Under the terms of the Plan, employees can contribute between 1% and 22% of their annual compensation to the Plan. We match 50% of the first 6%. Plan expense for the years ended December 31, 2004, 2003 and 2002 was $27, $33 and $32, respectively.

13. Commitments and Contingencies

Rent

We lease certain facilities on a year-to-year basis. We also have future annual minimum rental commitments under noncancellable operating leases as follows:

December 31,	Commitment
2005	$ 508
2006	257
2007	63
2008	7
	$ 835

Total rent expense under all operating leases for 2004, 2003 and 2002 was $671, $651 and $668, respectively.

Employment Agreements

In December 1999, we entered into five-year employment agreements with three of the former owners of K&B. In 2001, these agreements were amended by extending the term one additional year. The agreements provide for annual salaries and a bonus, for each of the next five years, equal to 25% of our earnings before interest and taxes in excess of $4,000 less contributions made by us on behalf of the former owners to any profit sharing or 401(k) plan. No amounts have been paid in connection with these employment agreements.

14. Income Taxes

Income tax provision (benefit) consisted of the following for the years ended December 31:

	2004	2003	2002
Current:			
Federal	$ 66	$ 16	$ 41
State	239	(73)	(198)
	305	(57)	(157)
Deferred:			
Federal	(413)	(306)	(136)
State	(140)	(4)	(42)
	(553)	(310)	(178)
	$(248)	$(367)	$(335)

The income tax provision (benefit) differs from the statutory rate due to the following:

	2004	2003	2002
Tax benefit at statutory rate	$(400)	$(352)	$(218)
Increase (decrease) in tax resulting from:			
State income tax, net of federal benefit	65	(51)	(158)
Permanent differences, principally goodwill and interest	95	34	40
Other	(8)	2	1
	$(248)	$(367)	$(335)

Deferred income taxes reflect the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred tax liability consisted of the following at December 31:

	2004	2003
Current deferred tax assets (liabilities) attributable to:		
Accrued expenses	$ 546	$ 216
Deferred state taxes	173	301
Reserves on assets	124	114
Inventory	(647)	(938)
Current deferred tax asset (liability) (included in prepaid expenses and other current assets in 2004 and in accounts payable and accrued expenses in 2003 in the consolidated balance sheets)	196	(307)
Noncurrent deferred tax assets (liabilities) attributable to:		
Depreciation	(3,086)	(3,589)
Goodwill and intangibles	(1,349)	(1,320)
Other liabilities	46	346
Non-compete agreement	246	272
Minimum pension liability	506	596
Federal and state net operating loss carryforwards	1,076	1,164
AMT credit carryforward	67	104
Other	32	5
Net noncurrent deferred income tax liability	(2,462)	(2,422)
Net deferred tax liability	$(2,266)	$(2,729)

Gross deferred tax assets were $2,844 and $2,355 at December 31, 2004 and 2003, respectively. Gross deferred tax liabilities were $5,110 and $5,847 at December 31, 2004 and 2003, respectively.

We have Federal net operating loss carryforwards of approximately $2,300 at December 31, 2004 to be utilized in future years, which begin to expire in 2021. Additionally, we have state net operating loss carryforwards of $3,575 at December 31, 2004.

We file a consolidated Federal income tax return.

15. Related Party Transactions

During 2004, we reimbursed Green Diamond Oil Corp. $5 per month for use of the space and other office expenses of our Toronto office. In 2004, 2003 and 2002, reimbursements were $60, $60 and $60, respectively. During 2004, 2003 and 2002, we paid fees of $340, $250 and $250, respectively, to Green Diamond for management consulting services. These services were provided by Phillip DeZwirek, the Chief Executive Officer and Chairman of our Board, through Green Diamond. During 2001, the Company advanced $337 to Green Diamond, which was repaid in March 2002.

16. Backlog of Uncompleted Contracts from Continuing Operations

Our backlog of uncompleted contracts from continuing operations was $20,718 and $7,268 at December 31, 2004 and 2003, respectively.

17. Quarterly Financial Data (unaudited)

The following quarterly financial data are unaudited, but in the opinion of management include all necessary adjustments for a fair presentation of the interim results, which are subject to significant seasonal variations.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Year ended December 31, 2004					
Net Sales	$14,074	$15,071	$18,566	$21,655	$69,366
Income from operations(1)	(169)	1	736	617	1,185
Net income (loss)(1)(2)	(421)	(282)	285	(510)	(928)
Basic and diluted earnings (loss) per share	(0.04)	(0.03)	0.03	(0.05)	(0.09)
Year ended December 31, 2003					
Net Sales	$14,615	$17,622	$17,054	$18,868	$68,159
Income from operations	(378)	171	760	811	1,364
Net income (loss)	(681)	(184)	90	108	(667)
Basic and diluted earnings (loss) per share	(0.07)	(0.02)	0.01	0.01	(0.07)

(1) Includes $677 in additional cost of sales during the fourth quarter for year end physical inventory adjustments totaling $486 and additional expense associated with workers compensation and unemployment totaling $191.

(2) Includes other income of $162 during the fourth quarter related to a dividend from Factory Power which was an investment accounted under the cost method of accounting.

EXHIBIT 10.47

NINTH AMENDMENT TO CREDIT AGREEMENT

This NINTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of the 29TH day of June, 2004 by and among CECO GROUP, INC., CECO FILTERS, INC., AIR PURATOR CORPORATION, NEW BUSCH CO., INC., THE KIRK & BLUM MANUFACTURING COMPANY, KBD/TECHNIC, INC. and CECO ABATEMENT SYSTEMS, INC. (the "Borrowers"), and FIFTH THIRD BANK ("Fifth Third"), individually and as agent (in such capacity, the "Agent") and PNC BANK, NATIONAL ASSOCIATION ("PNC") individually, and BANK ONE, NA ("Bank One"), individually (PNC, Fifth Third and Bank One, and their respective successors and assigns, collectively, the "Banks").

BACKGROUND

A. PNC (then as Agent) the Banks and the Borrowers are parties to a Credit Agreement dated as of December 7, 1999 ("Credit Agreement") as amended by Amendment to Credit Agreement, dated as of March 28, 2000, by Second Amendment to Credit Agreement dated as of November 10, 2000, by Third Amendment to Credit Agreement dated as of March 30, 2001, by Fourth Amendment to Credit Agreement dated as of August 20, 2001, by Fifth Amendment to Credit Agreement dated as of March 27, 2002, by Sixth Amendment to Credit Agreement dated as of May 14, 2002, by Seventh Amendment to Credit Agreement dated as of November 13, 2002 and by Eighth Amendment to Credit Agreement dated as of November 13, 2003 (as amended, the "Amended Credit Agreement").

B. The Banks by separate Intercreditor Agreement, dated as of November 13, 2003, agreed to modify their positions so that from and after that date Fifth Third Bank was solely responsible for the Revolving Credit Commitment and had no interest in the Term Loans (then and now, only Term Loan A) and PNC and Bank One owned, on an equal basis, the Term Loan and Fifth Third Bank became Agent for all purposes under the Credit Agreement, except for being the mortgagee, pledgee or secured party under existing mortgages, pledges or security agreements, given to secure the Loans made pursuant to the Amended Credit Agreement, for which purpose PNC remains agent for the Banks.

C. Borrowers and Guarantors wish to amend the Amended Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the legality and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Amended Credit Agreement.

2. Waiver. The Banks hereby waive the requirement that the Borrowers comply with the Leverage Ratio as provided in Section 6.1(a) of the Credit Agreement, as modified in paragraph 2(m) of the Third Amendment to Credit Agreement, paragraph 2(h) of the Fourth Amendment to Credit Agreement, paragraph 2(a) of the Fifth Amendment to Credit Agreement, paragraph 2(a) of the Sixth Amendment to Credit Agreement, paragraph 2(b) of the Seventh Amendment to Credit Agreement and paragraph 2(b) of the Eighth Amendment to Credit Agreement, as of the last day of June, 2004. The foregoing waiver shall not waive the Borrowers obligations to comply with such Leverage Ratio on any other date or any other obligation of Borrowers under the Amended Credit Agreement.

3. Term Loan Extension and Payments.

(a) The outstanding principal balance of Term Loan A on the date hereof is $5,235,290. Subject to paragraph 3(b) below, the maturity date of Term Loan A is hereby extended to July 1, 2005. Principal payments on Term Loan A shall continue at $523,530.00 per quarter due on August 31, 2004, November 30, 2004, February 28, 2005 and May 31, 2005. The final principal payment of $3,141,170.00 shall be due on July 1, 2005.

(b) Provided that Borrowers satisfy both of the conditions in (i) and (ii) below before July 1, 2005 and no event of default under the Amended Credit Agreement exists on July 1, 2005, the maturity date of Term Loan A shall be automatically extended to January 1, 2006. If the maturity date is extended as herein provided, principal payments on Term Loan A shall continue at $523,530.00 per quarter due on August 31, 2005 and November 30, 2005 and the final principal payment will be due on January 1, 2006. The two conditions for extension of the maturity date of Term Loan A to January 1, 2006, are:

(i) Extension by Fifth Third of the Termination Date for the Revolving Credit Loans under the Amended Credit Agreement to a date on or after January 1, 2006; and

(ii) Borrowers pay to Bank One and PNC $2,800,000 as a principal payment on Term Loan A, in addition to the quarterly principal payments otherwise required to be paid by Borrower.

(c) Principal and interest payments with respect to Term Loan A shall continue to be divided equally between PNC and Bank One.

4. Interest Rates. Annex I to the Credit Agreement, as modified by paragraph 2(f) of the Third Amendment to Credit Agreement, paragraph 2(c) of the Fourth Amendment to Credit Agreement, paragraph 4 of the Sixth Amendment to Credit Agreement, paragraph 4 of the Seventh Amendment to Credit Agreement and paragraph 4 of the Eight Amendment Credit Agreement, is hereby further modified to provide that from and after January 1, 2005 the interest rate on Term Loan A is Base Rate plus 6% per annum.

5. Extension Fee. Upon execution of this Amendment, Borrowers shall pay to: (i) Fifth Third, an Extension Fee in the amount of $18,000; (ii) PNC, an Extension Fee in the amount of $6,000; and (iii) Bank One, an Extension Fee in the amount of $6,000. Provided that the

equipment has not been refinanced and Bank One and PNC have not been paid at least $2,800,000 from such refinancing prior to September 30, 2004, on September 30, 2004, Borrowers shall pay to: (i) Fifth Third, an additional Extension Fee of $9,000; (ii) PNC; an additional Extension Fee in the amount of $6,000; and (iii) Bank One, an additional Extension Fee in the amount of $6,000. If the equipment has been refinanced and Bank One and PNC have been paid a total of at least $2,800,000 from such refinancing prior to September 30, 2004, the additional Extension Fees shall not be payable to any of the Banks. If the equipment has not been refinanced and Bank One and PNC have not been paid at least $2,800,000 from such refinancing prior to September 30, 2004, but, on September 30, 2004, Borrowers have such refinancing scheduled for a date shortly thereafter, Borrowers may request that the Banks extend the date by which such refinancing must be closed and such $2,800,000 must be paid in order to waive the requirement for payment of the additional Extension Fees and the Banks in there sole and absolute discretion, without any obligation to do so, may extend such date, if the Banks agree unanimously to do so.

6. Equipment Appraisals. Banks shall engage appraisals of all equipment of the Borrowers located in Cincinnati, Ohio, by one or more appraisers who are acceptable to the Banks. The Borrowers shall cooperate fully with such appraisers so that such appraisals can be promptly performed. If, in the reasonable judgment of the Banks, Term Loan A will not be paid in full on or before December 31, 2004, the Banks may engage appraisals of the balance of the Borrower's equipment, wherever located, by one or more appraisers who are acceptable to the Banks. The Borrowers shall cooperate fully with such appraisers so that such appraisals can be promptly performed. All of the foregoing appraisals shall be paid for by the Borrowers.

7. Amendment to the Loan Documents. All references to the Credit Agreement in the Loan Documents and in any documents executed in connection therewith shall be deemed to refer to the Credit Agreement as amended by this Amendment and all prior amendments to the Credit Agreement.

8. Ratification of the Loan Documents. Notwithstanding anything to the contrary herein contained or any claims of the parties to the contrary, the Agent, the Banks and the Borrowers agree that the Loan Documents and each of the documents executed in connection therewith are in full force and effect and each such document shall remain in full force and effect, as further amended by this Amendment, and each of the Borrowers hereby ratifies and confirms its obligations thereunder.

9. Representations and Warranties.

(a) Each Borrower hereby certifies that (i) the representations and warranties of such Borrower in the Credit Agreement as previously amended and as amended herein, are true and correct in all material respects as of the date hereof, as if made on the date hereof, provided that, for purposes of this Amendment, only: (x) the representations and warranties made in Section 3.1(a) and (b) and 3.21 of the Amended Credit Agreement shall relate to the most recent financial statements of the type referred to therein which have been given by the Borrowers to the Banks (but the foregoing shall not be a waiver of any Default or Event of Default based on any representation or warranty made by the Borrowers in the Credit Agreement or any amendment thereof, prior to this Amendment, being untrue at the time made, or for any breach of any covenant contained in the

Credit Agreement, as amended prior to the date of this Amendment); (y) the representations and warranties made in Section 3.1(c) of the Amended Credit Agreement shall be made as of the date of this Amendment and not as of the Closing Date; and (z) the representations and warranties made in Section 3.2 of the Amended Credit Agreement shall refer to Material Adverse Effect since the last audited consolidated financial statements of the Borrowers provided to the Banks by the Borrowers, instead of since September 30, 1999 (but the foregoing shall not be a waiver of any Default or Event of Default based on any representation or warranty made by the Borrowers in the Credit Agreement or any amendment thereof, prior to this Amendment, being untrue at the time made, or for any breach of any covenant contained in the Credit Agreement, as amended prior to the date of this Amendment); and (ii) no Event of Default and no event which could become an Event of Default with the passage of time or the giving of notice, or both, under the Credit Agreement or the other Loan Documents exists on the date hereof.

(b) Each Borrower further represents that it has all the requisite power and authority to enter into and to perform its obligations under this Amendment, and that the execution, delivery and performance of this Amendment have been duly authorized by all requisite action and will not violate or constitute a default under any provision of any applicable law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect or of the Articles of Incorporation or by-laws of such Borrower, or of any indenture, note, loan or credit agreement, license or any other agreement, lease or instrument to which such Borrower is a party or by which such Borrower or any of its properties are bound.

(c) Each Borrower also further represents that its obligation to repay the Loans, together with all interest accrued thereon, is absolute and unconditional, and there exists no right of set off or recoupment, counterclaim or defense of any nature whatsoever to payment of the Loans, and each Borrower further represents that the Agents and Banks have fully performed all of their respective obligations under the Loan Documents through the date of this Amendment.

(d) Each Borrower also further represents that there have been no changes to the Articles of Incorporation, by-laws or other organizational documents of each such Borrower since the most recent date true and correct copies thereof were delivered to the Agent.

10. Conditions Precedent. The effectiveness of the amendments set forth herein are subject to the fulfillment, to the satisfaction of the Banks and their counsel, of the following conditions precedent:

(a) The Borrowers shall have delivered to the Banks the following, all of which shall be in form and substance satisfactory to the Banks and shall be duly completed and executed:

(i) This Amendment and the consents of the Guarantor and the Subordinated Creditors as attached hereto; and

(ii) Such additional documents, certificates and information as the Banks may require pursuant to the terms hereof or otherwise reasonably request.

(b) After giving effect to the amendments contained herein, the representations and warranties set forth in the Amended Credit Agreement shall be true and correct on and as of the date hereof.

(c) After giving effect to the amendments contained herein, no Event of Default hereunder, and no event which, with the passage of time or the giving of notice, or both, would become such an Event of Default shall have occurred and be continuing as of the date hereof.

(d) The Borrowers shall have paid the portion of the Extension Fee which is due upon execution of this Amendment as provided in paragraph 5 above and the reasonable fees and disbursements of the Banks' counsel incurred in connection with this Amendment.

11. No Waiver. Except as expressly provided herein, this Amendment does not and shall not be deemed to constitute a waiver by the Agent or the Banks of any Event of Default, or of any event which with the passage of time or the giving of notice or both would constitute an Event of Default, nor does it obligate the Agent or the Banks to agree to any further modifications to the Amended Credit Agreement or any other Loan Document or constitute a waiver of any of the Agent's or the Banks' other rights or remedies.

12. Waiver and Release. The Borrowers each on behalf of themselves, their agents, employees, officers, directors, successors and assigns, do hereby waive and release Agent and Banks, their agents, employees, officers, directors, affiliates, parents, successors and assigns, from any claims arising from or related to administration of the Amended Credit Agreement and the Loan Document and any course of dealing among the parties not in compliance with those agreements from the inception of the Credit Agreement whether known or unknown through the date of execution and delivery of this Amendment.

13. Effective Date. The parties hereto agree that this Amendment shall for all purposes be deemed to be effective as of the date set forth in the first paragraph of this Amendment (the "effective date") and for all purposes the Amended Credit Agreement shall be deemed to have been amended as of such date to reflect the amendments to the Credit Agreement set forth in herein, even though this Amendment is executed after such date.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

CECO GROUP, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: CFO

CECO FILTERS, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

AIR PURATOR CORPORATION

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: President

NEW BUSCH CO., INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

THE KIRK & BLUM MANUFACTURING COMPANY

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

KBD/TECHNIC, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

CECO ABATEMENT SYSTEMS, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION, as Agent and as a Bank

By: /s/ William C. Miles

Name: William C. Miles
Title: Vice President

FIFTH THIRD BANK, as a Bank

By: /s/ David G. Fuller

Name: David G. Fuller
Title: Vice President

BANK ONE, NA, as a Bank

By: /s/ Jeffrey C. Nicholson

Name: Jeffrey C. Nicholson
Title: First Vice President

GUARANTOR'S CONSENT

By Corporate Guaranty, dated December 7, 1999 (the "Guaranty"), the undersigned (the "Guarantor") guaranteed to the Agent and the Banks, subject to the terms and conditions set forth therein, the prompt payment and performance of all of the Obligations (as defined therein). The Guarantor consents to the Borrowers' execution of the foregoing Ninth Amendment to Credit Agreement. The Guarantor hereby acknowledges and agrees that the Guaranty remains unaltered and in full force and effect and is hereby ratified and confirmed in all respects.

CECO ENVIRONMENTAL CORP.

By: /s/ Jason DeZwirek

Name: Jason De Zwirek
Title: Secretary

SUBORDINATED CREDITOR'S CONSENT

The undersigned (the "Subordinated Creditor") is a party to the Subordination Agreement with the Agent and the Banks and other subordinated creditors, dated December 7, 1999 (the "Subordination Agreement"). The Subordinated Creditor consents to the Borrowers' execution of the foregoing Ninth Amendment to Credit Agreement. The Subordinated Creditor hereby acknowledges and agrees that the Subordination Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed in all respects.

GREEN DIAMOND OIL CORP.

By: /s/ Jason DeZwirek

Name: Jason DeZwirek
Title President

SUBORDINATED CREDITOR'S CONSENT

The undersigned (the "Subordinated Creditor") is a party to the Subordination Agreement with the Agent and the Banks and other subordinated creditors, dated December 7, 1999 (the "Subordination Agreement"). The Subordinated Creditor consents to the Borrowers' execution of the foregoing Ninth Amendment to Credit Agreement. The Subordinated Creditor hereby acknowledges and agrees that the Subordination Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed in all respects.

ICS TRUSTEE SERVICES, LTD.

By: _____

Name:
Title

SUBORDINATED CREDITOR'S CONSENT

The undersigned (the "Subordinated Creditor") is a party to the Subordination Agreement with the Agent and the Banks and other subordinated creditors, dated December 7, 1999 (the "Subordination Agreement"). The Subordinated Creditor consents to the Borrowers' execution of the foregoing Ninth Amendment to Credit Agreement. The Subordinated Creditor hereby acknowledges and agrees that the Subordination Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed in all respects.

HARVEY SANDLER

EXHIBIT 10.48

TENTH AMENDMENT TO CREDIT AGREEMENT

This TENTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of the 10th day of November, 2004 by and among CECO GROUP, INC., CECO FILTERS, INC., AIR PURATOR CORPORATION, NEW BUSCH CO., INC., THE KIRK & BLUM MANUFACTURING COMPANY, KBD/TECHNIC, INC. and CECO ABATEMENT SYSTEMS, INC. (the "Borrowers"), and FIFTH THIRD BANK ("Fifth Third"), individually and as agent (in such capacity, the "Agent") and PNC BANK, NATIONAL ASSOCIATION ("PNC") individually, and BANK ONE, NA ("Bank One"), individually (PNC, Fifth Third and Bank One, and their respective successors and assigns, collectively, the "Banks").

BACKGROUND

A. PNC (then as Agent) the Banks and the Borrowers are parties to a Credit Agreement dated as of December 7, 1999 ("Credit Agreement") as amended by Amendment to Credit Agreement, dated as of March 28, 2000, by Second Amendment to Credit Agreement dated as of November 10, 2000, by Third Amendment to Credit Agreement dated as of March 30, 2001, by Fourth Amendment to Credit Agreement dated as of August 20, 2001, by Fifth Amendment to Credit Agreement dated as of March 27, 2002, by Sixth Amendment to Credit Agreement dated as of May 14, 2002, by Seventh Amendment to Credit Agreement dated as of November 13, 2002 and by Eighth Amendment to Credit Agreement dated as of November 13, 2003.

B. The Banks by separate Intercreditor Agreement, dated as of November 13, 2003 ("Intercreditor Agreement"), agreed to modify their positions so that from and after that date Fifth Third was solely responsible for the Revolving Credit Commitment and had no interest in the Term Loans (then and now, only Term Loan A) and PNC and Bank One owned, on an equal basis, the Term Loan and Fifth Third Bank became Agent for all purposes under the Credit Agreement, except for being the mortgagee, pledgee or secured party under existing mortgages, pledges or security agreements, given to secure the Loans made pursuant to the Amended Credit Agreement, for which purpose PNC remains agent for the Banks.

C. Fifth Third (as Agent), the Banks and Borrowers further amended the Credit Agreement by Ninth Amendment to Credit Agreement dated as of June 29, 2004 (the Credit Agreement as amended as set forth in Recital A and this Recital C, the "Amended Credit Agreement").

D. Borrowers and Guarantors wish to amend the Amended Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the legality and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Amended Credit Agreement.

2. Waiver. The Banks hereby waive the requirement that the Borrowers comply with the Leverage Ratio as provided in Section 6.1(a) of the Credit Agreement, as modified in paragraph 2(m) of the Third Amendment to Credit Agreement, paragraph 2(h) of the Fourth Amendment to Credit Agreement, paragraph 2(a) of the Fifth Amendment to Credit Agreement, paragraph 2(a) of the Sixth Amendment to Credit Agreement, paragraph 2(b) of the Seventh Amendment to Credit Agreement and paragraph 2(b) of the Eighth Amendment to Credit Agreement, as of the last day of September, 2004. The Banks hereby waive the requirement that the Borrowers comply with the Interest Coverage Ratio as provided in Section 6.1(c) of the Credit Agreement, as modified in paragraph 2(o) of the Third Amendment to Credit Agreement, paragraph 2(j) of the Fourth Amendment to Credit Agreement, paragraph 2(b) of the Fifth Amendment to Credit Agreement, paragraph 2(c) of the Sixth Amendment to Credit Agreement, paragraph 2(d) of the Seventh Amendment to Credit Agreement and paragraph 2(f) of the Eight Amendment to Credit Agreement, as of the last day of September, 2004. The foregoing waivers shall not waive the Borrowers obligations to comply with such Leverage Ratio and such Interest Coverage Ratio on any other date or any other obligation of Borrowers under the Amended Credit Agreement.

3. Amendments to Credit Agreement.

(a) The definition of "Revolving Credit Commitment" as set forth in Section 1.1 of the Credit Agreement and revised in paragraph 2(c) of the Third Amendment to Credit Agreement and paragraph 2(a) of the Fourth Amendment to Credit Agreement shall be deleted and shall be replaced with the following:

"Revolving Credit Commitment": means $10,000,000, as reduced from time to time pursuant to Section 2.9.

(b) The definition of "Revolving Credit Note" as set forth in Section 1.1 of the Credit Agreement shall be deleted and shall be replaced with the following:

"Revolving Credit Note": means the Amended and Restated Revolving Credit Note in the form attached to the Tenth Amendment to Credit Agreement, as executed by the Borrowers, to replace the prior three Revolving Credit Notes, one each to each of the Banks in the maximum amount of $3,333,333.00 each.

(c) The definition of "Termination Date" as set forth in Section1.1 of the Credit Agreement as revised in paragraph 2(b) of the Fourth Amendment to Credit Agreement, paragraph 2(a) of the Seventh Amendment to Credit Agreement and paragraph 2(b) of the Eight Amendment to Credit Agreement shall be deleted and shall be replaced with the following:

"Termination Date": January 1, 2006.

4. Amended and Restated Revolving Credit Note. On even date herewith, Borrowers shall execute and deliver to Fifth Third, the Amended and Restated Revolving Credit Note in the form attached hereto (the "Replacement Note"). The parties hereto agree that the Replacement Note replaces and restates the original three Revolving Credit Notes, dated on or about December 7, 1999, each in the maximum amount of $3,333,333.00, given by Borrowers (except CECO Abatement Systems, Inc. who became a Borrower under such Notes pursuant to the terms of the Fourth Amendment to Credit Agreement, dated as of August 20, 2001) to each of the Banks to evidence the Revolving Credit Loan pursuant to the Amended Credit Agreement and that the prior Revolving Credit Notes from Borrowers to PNC and Bank One were assigned by PNC and Bank One to Fifth Third pursuant to the Intercreditor Agreement, dated as of November 13, 2003. The parties hereto further agree that the Replacement Note shall be treated as the Revolving Credit Note(s) and shall evidence the Revolving Credit Loan(s) for all purposes of the Amended Credit Agreement and shall be entitled to all collateral and security afforded the prior Revolving Credit Notes for all purposes.

5. Consent of Banks. Bank One and PNC consent to the modifications in the Amended Credit Agreement set forth in paragraph 3 above. Fifth Third continues to be solely responsible for the Revolving Credit Commitment as provided in the Intercreditor Agreement.

6. Extension Fees. Upon execution of this Amendment, Borrowers shall pay to: (i) Fifth Third, a Waiver and Extension Fee in the amount of $10,000; (ii) PNC, a Waiver Fee in the amount of $2,500; and (iii) Bank One, a Wavier Fee in the amount of $2,500.

7. Amendment to the Loan Documents. All references to the Credit Agreement in the Loan Documents and in any documents executed in connection therewith shall be deemed to refer to the Credit Agreement as amended by this Amendment and all prior amendments to the Credit Agreement.

8. Ratification of the Loan Documents. Notwithstanding anything to the contrary herein contained or any claims of the parties to the contrary, the Agent, the Banks and the Borrowers agree that the Loan Documents and each of the documents executed in connection therewith are in full force and effect and each such document shall remain in full force and effect, as further amended by this Amendment, and each of the Borrowers hereby ratifies and confirms its obligations thereunder.

9. Representations and Warranties.

(a) Each Borrower hereby certifies that (i) the representations and warranties of such Borrower in the Credit Agreement as previously amended and as amended herein, are true and correct in all material respects as of the date hereof, as if made on the date hereof, provided that, for purposes of this Amendment, only: (x) the representations and warranties made in Section 3.1(a) and (b) and 3.21 of the Amended Credit Agreement shall relate to the most recent financial statements of the type referred to therein which have been given by the Borrowers to the Banks (but the foregoing shall not be a waiver of any Default or Event of Default based on any representation or warranty made by the Borrowers in the Credit Agreement or any amendment thereof, prior to this Amendment, being untrue at the time made, or for any breach of any covenant contained in the Credit Agreement, as amended prior to the date of this Amendment); (y) the representations and

warranties made in Section 3.1(c) of the Amended Credit Agreement shall be made as of the date of this Amendment and not as of the Closing Date; and (z) the representations and warranties made in Section 3.2 of the Amended Credit Agreement shall refer to Material Adverse Effect since the last audited consolidated financial statements of the Borrowers provided to the Banks by the Borrowers, instead of since September 30, 1999 (but the foregoing shall not be a waiver of any Default or Event of Default based on any representation or warranty made by the Borrowers in the Credit Agreement or any amendment thereof, prior to this Amendment, being untrue at the time made, or for any breach of any covenant contained in the Credit Agreement, as amended prior to the date of this Amendment); and (ii) no Event of Default and no event which could become an Event of Default with the passage of time or the giving of notice, or both, under the Credit Agreement or the other Loan Documents exists on the date hereof.

(b) Each Borrower further represents that it has all the requisite power and authority to enter into and to perform its obligations under this Amendment, and that the execution, delivery and performance of this Amendment have been duly authorized by all requisite action and will not violate or constitute a default under any provision of any applicable law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect or of the Articles of Incorporation or by-laws of such Borrower, or of any indenture, note, loan or credit agreement, license or any other agreement, lease or instrument to which such Borrower is a party or by which such Borrower or any of its properties are bound.

(c) Each Borrower also further represents that its obligation to repay the Loans, together with all interest accrued thereon, is absolute and unconditional, and there exists no right of set off or recoupment, counterclaim or defense of any nature whatsoever to payment of the Loans, and each Borrower further represents that the Agents and Banks have fully performed all of their respective obligations under the Loan Documents through the date of this Amendment.

(d) Each Borrower also further represents that there have been no changes to the Articles of Incorporation, by-laws or other organizational documents of each such Borrower since the most recent date true and correct copies thereof were delivered to the Agent.

10. Conditions Precedent. The effectiveness of the amendments and waivers set forth herein are subject to the fulfillment, to the satisfaction of the Banks and their counsel, of the following conditions precedent:

(a) The Borrowers shall have delivered to the Banks the following, all of which shall be in form and substance satisfactory to the Banks and shall be duly completed and executed:

(i) This Amendment and the consents of the Guarantor and the Subordinated Creditors as attached hereto;

(ii) The Amended and Restated Revolving Credit Note in the form attached hereto; and

(iii) Such additional documents, certificates and information as the Banks may require pursuant to the terms hereof or otherwise reasonably request.

(b) After giving effect to the amendments and waivers contained herein, the representations and warranties set forth in the Amended Credit Agreement shall be true and correct on and as of the date hereof.

(c) After giving effect to the amendments and waivers contained herein, no Event of Default hereunder, and no event which, with the passage of time or the giving of notice, or both, would become such an Event of Default shall have occurred and be continuing as of the date hereof.

(d) The Borrowers shall have paid the Waiver and Extension Fees which are due upon execution of this Amendment as provided in paragraph 5 above and the reasonable fees and disbursements of the Banks' counsel incurred in connection with this Amendment.

11. No Waiver. Except as expressly provided herein, this Amendment and anything contained herein or provided for herein does not and shall not be deemed to constitute a waiver by the Agent or the Banks of any Event of Default, or of any event which with the passage of time or the giving of notice or both would constitute an Event of Default, nor does it obligate the Agent or the Banks to agree to any further modifications to the Amended Credit Agreement or any other Loan Document or constitute a waiver of any of the Agent's or the Banks' other rights or remedies.

12. Waiver and Release. The Borrowers each on behalf of themselves, their agents, employees, officers, directors, successors and assigns, do hereby waive and release Agent and Banks, their agents, employees, officers, directors, affiliates, parents, successors and assigns, from any claims arising from or related to administration of the Amended Credit Agreement and the Loan Documents and any course of dealing among the parties not in compliance with those agreements from the inception of the Credit Agreement whether known or unknown through the date of execution and delivery of this Amendment.

13. Effective Date. The parties hereto agree that this Amendment shall for all purposes be deemed to be effective as of the date set forth in the first paragraph of this Amendment (the "effective date") and for all purposes the Amended Credit Agreement shall be deemed to have been amended as of such date to reflect the amendments to the Credit Agreement set forth in herein, even though this Amendment is executed after such date.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

CECO GROUP, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: CFO

CECO FILTERS, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

AIR PURATOR CORPORATION

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: President

NEW BUSCH CO., INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

THE KIRK & BLUM MANUFACTURING COMPANY

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

KBD/TECHNIC, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

CECO ABATEMENT SYSTEMS, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION, as a Bank

By: /s/ William C. Miles

Name: William C. Miles
Title: Vice President

FIFTH THIRD BANK, as Agent and as a Bank

By: /s/ David G. Fuller

Name: David G. Fuller
Title: Vice President

BANK ONE, NA, as a Bank

By: /s/ Jeffrey C. Nicholson

Name: Jeffrey C. Nicholson
Title: First Vice President

EXHIBIT 10.49

AMENDED AND RESTATED REVOLVING CREDIT NOTE

$10,000,000.00 Cincinnati, Ohio
November 10, 2004

FOR VALUE RECEIVED, the undersigned (collectively, the "Borrowers"), hereby promise, jointly and severally, to pay to the order of Fifth Third Bank (the "Bank"), at its office at Fifth Third Center, MD 109052, Cincinnati, Ohio 45263, on the Termination Date (as defined in the Agreement referred to below), the lesser of the principal sum of Ten Million Dollars ($10,000,000.00) and the aggregate unpaid principal amount of the Revolving Credit Loan made by the Bank to the Borrowers pursuant to Section 2.1 of the Credit Agreement dated as of December 7, 1999, as subsequently amended, among the Borrowers and the banks party thereto (as amended, supplemented or otherwise modified form time to time (including hereafter modified), the "Agreement"), in lawful money of the United States of America in immediately available funds, and to pay interest from the date of disbursement thereof on such principal amount from time to time outstanding, in like funds, at said office, at a rate or rates per annum and payable ion the dates determined pursuant to the Agreement.

The holder of this Note is authorized to endorse on a schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof all borrowings evidenced by this Note, the length of each interest period with respect thereto and all payments and repayments of the principal hereof and interest hereon and the respective dates thereof, or to otherwise record such information in its internal records, and any such endorsement or recordation shall constitute *prima facie* evidence of the accuracy of the information so recorded; provided, however, that the failure of the holder hereof to make any such endorsement or recordation or any error in such endorsement or recordation shall not in any manner affect the obligations of the Borrowers to make payment of principal and interest in accordance with the terms of this Note and the Agreement.

This Amended and Restated Revolving Credit Note amends, consolidates, replaces and restates the three Revolving Credit Notes, each dated on or about December 7, 1999, and each in the original maximum amount of $3,333,333.00 from Borrowers (except CECO Abatement Systems, Inc., who became one of Borrowers pursuant to the Fourth Amendment to Credit Agreement, dated as of August 20, 2001) to Bank, PNC Bank, National Association ("PNC") and Bank One, N.A. ("Bank One"). The Revolving Credit Notes from Borrowers to PNC and Bank One were previously assigned by PNC and Bank One to Bank pursuant to that certain Intercreditor Agreement dated as of November 13, 2003. For all purposes of the Agreement, this Note is the Revolving Credit Note(s) and the loan evidence by this Note is the Revolving Credit Loan(s). This Note replaces the prior three Revolving Credit Notes and is entitled to all of the benefits of the prior three Revolving Credit Notes, all of the collateral therefore and all rights and benefits of the prior three Revolving Credit Notes under the Agreement (as previously amended and as hereinafter amended).

This Note is the Revolving Credit Note referred to in, evidences indebtedness incurred under, and is entitled to the benefits of the Agreement. The Agreement, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for a higher rate of interest on past due amounts and for the amendment or waiver of certain provisions of the Agreement, all upon the terms and conditions therein specified.

The Borrowers hereby waive diligence, presentment, demand, protest, and notice of any kind whatsoever. The nonexercise by the holder of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

This Note shall be construed and interpretated in accordance with and governed by the laws of the State of Ohio. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

CECO GROUP, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: CFO

CECO FILTERS, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

AIR PURATOR CORPORATIOIN

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: President

NEW BUSH CO. INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

THE KIRK & BLUM MANUFACTURING COMPANY

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

KBD/TECHNIC, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

CECO ABATEMENT SYSTEMS, INC.

By: /s/ Marshall J. Morris

Name: Marshall J. Morris
Title: Treasurer

EXHIBIT 10.50

INCENTIVE STOCK OPTION AGREEMENT

CECO ENVIRONMENTAL CORP.
1997 STOCK OPTION PLAN

THIS AGREEMENT is dated and made effective as of December 13, 2004 ("Effective Date") by and between CECO ENVIRONMENTAL CORP., a Delaware corporation (the "Company"), and DENNIS W. BLAZER ("Optionee").

WITNESSETH:

WHEREAS, Optionee on the date hereof is an officer of the Company or one of its Subsidiaries; and

WHEREAS, the Company desires to grant an incentive stock option to Optionee to purchase shares of the Company's Common Stock pursuant to the Company's 1997 Stock Option Plan, as amended (the "Plan"); and

WHEREAS, the Board of Directors of the Company has authorized the grant of an incentive stock option to Optionee and has determined that, on the Effective Date, the Fair Market Value of Option Stock of the Company is $3.35 per share.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Option**. The Company hereby grants to Optionee as of the Effective Date the right and option (the "Option") to purchase as many as fifty thousand (50,000) shares of Option Stock ("Shares") at an exercise price of $3.35 per share on the terms and conditions set forth herein and subject to the terms and conditions of the Plan. This Option is intended to qualify as an "incentive stock option" within the meaning of Section 422, or any successor provision, of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder.

All capitalized terms not defined in this Agreement shall have the meaning set forth in the Plan.

2. **Duration and Exercisability.**

a. Vesting/Exercise Period. The Option shall become exercisable as to portions of the Shares as follows: (i) the Option shall not be exercisable with respect to any of the Shares until December 13, 2005 (the "First Vesting Date"); (ii) if Optionee has continuously provided services to the Company or any Subsidiary or Parent of the Company from the Effective Date through the First Vesting Date and has not been Terminated (as hereafter defined) on or before the First Vesting Date, then on the First Vesting Date the Option shall become exercisable as to twenty-five percent (25%) of the Shares (12,500 Shares); and (iii) thereafter, provided that Optionee continuously provides services to the Company or any Subsidiary of the Company and is not

Terminated, upon each of the three successive anniversaries of the First Vesting Date, the Option shall become exercisable as to an additional twenty-five percent (25%) of the Shares (12,500 Shares); provided, that the Option shall in no event ever become exercisable with respect to more than 100% of the Shares. The Shares vesting under the Option have been limited to the number of Shares allowed to conform to the $100,000 limit set forth at Section 9(c) of the Plan.

b. Expiration. The Option shall expire on December 13, 2014 ("Expiration Date") and must be exercised, if at all, on or before the earlier of the Expiration Date and any date on which the Option terminated in accordance with the provisions of Section 3.

c. Lapse Upon Expiration. To the extent that this Option is not exercised prior to the applicable expiration date set forth in Section 2(b) or Section 3 of this Agreement, all rights of Optionee under this Option shall thereupon be forfeited.

3. **Termination.**

a. Termination for Any Reason Other than Death, Disability or a Change of Control. If Optionee is Terminated for any reason other than his death, Disability or a Change of Control (both terms as hereafter defined), this Option shall be exercisable only to the extent the Option was exercisable on the date of Termination, but had not previously been exercised, and shall expire on the earlier of (i) the close of business three months after the Termination Date (as hereafter defined) and (ii) the Expiration Date. Notwithstanding the foregoing, if the Optionee is terminated for Cause, then the Option shall terminate immediately on the Optionee's Termination Date.

b. Termination Because of Death or Disability. If Optionee is Terminated because of his death or his Disability (or Optionee dies within three (3) months after a Termination other than because of his Disability or for Cause), then this Option shall be exercisable by Optionee, or the person or persons to whom Optionee's rights under this Option shall have passed by Optionee's will or by the laws of descent and distribution, only to the extent the Option was exercisable on the date of Optionee's Termination, but had not previously been exercised, and shall expire on the earlier of: (i) the close of business six months after Optionee's Termination Date and (ii) the Expiration Date.

c. Definitions.

"Termination" or "Terminated" means that Optionee has for any reason ceased to provide services as an employee of the Company or Subsidiary of the Company, except in the case of sick leave, military leave, or any other leave of absence approved by the Administrator, provided that such leave is for a period of not more than ninety (90) days, or reinstatement upon the expiration of such leave is guaranteed by contract or statute. The Administrator shall have sole discretion to determine whether Optionee has ceased to provide services and the effective date on which Optionee ceased to provide services (the "Termination Date").

"Disability" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code (as provided under Section 422(c)(6), or such applicable successor provision, of the Code), as determined by the Administrator.

"Cause" means that Optionee:

(a) shall have been convicted of any felony or a crime involving fraud, theft, misappropriation, dishonesty or embezzlement;

(b) shall have committed intentional acts that materially impair the goodwill or business of the Company or cause material damage to its property, goodwill or business; or

(c) shall have failed to perform his material duties to the Company (other than as a result of a short-term disability (i.e., a disability that does not fall within the previously defined parameters of a Disability)), or a short term disability or medical emergency involving a member of the Optionee's immediate family, or as a result of any Company approved leave).

4. **Manner of Exercise.**

a. General. The Option may be exercised only by Optionee (or other proper party in the event of death or Disability), subject to the conditions of the Plan and this Agreement, and subject to such other administrative rules as the Administrator deems advisable, by delivering written notice of exercise to the Company at its principal office. The notice shall state the number of Shares exercised and shall be accompanied by payment in full of the Option price for all Shares exercised pursuant to the notice. Any exercise of the Option shall be effective upon receipt of such notice by the Company together with payment that complies with the terms of the Plan and this Agreement. The Option may be exercised with respect to any number or all of the shares as to which it can then be exercised and, if partially exercised, may be so exercised as to the unexercised shares at any time and from time to time prior to expiration of the Option as provided in this Agreement.

b. Form of Payment. Subject to approval by the Administrator, payment of the Option price by Optionee shall be in the form of cash, personal check, certified check, or where permitted by law and provided that a public market for the Company's stock exists: (i) through a "same day sale" commitment from Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby Optionee irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the exercise price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; or (ii) through a "margin" commitment from Optionee and a NASD Dealer whereby Optionee irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the exercise price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company. Optionee shall be solely responsible for any income or other tax consequences from any payment for Shares with Optionee's Common Stock of the Company.

c. Stock Transfer Records. Provided that the notice of exercise and payment are in form and substance satisfactory to counsel for the Company, as soon as practicable after the effective exercise of all or any part of the Option, Optionee shall be recorded on the stock transfer books of the Company as the owner of the Shares purchased, and the Company shall deliver to Optionee, or to the NASD Dealer, as the case may be, one or more duly issued stock certificates evidencing such ownership. All requisite original issue or transfer documentary stamp taxes shall be paid by the Company. Optionee shall pay all other costs of the Company incurred to issue such Shares to such NASD Dealer.

Shares purchased pursuant to exercise hereunder: (i) may be deposited with a NASD Dealer designated by Optionee, in street name, if so provided in such exercise notice accompanied by all applications and forms reasonably required by the Administrator to effect such deposit, or (ii) may be issued to Optionee and such other person, as joint owners with the right of survivorship, as is specifically described in such exercise notice. Optionee shall be solely responsible for any income or other tax consequences of such a designation of ownership hereunder (or the severance thereof).

5. **Miscellaneous.**

a. Employment Rights as Shareholder. This Agreement shall not confer on Optionee any right with respect to continuance of employment by the Company or any Subsidiary, nor shall it affect the right of the Company to Terminate such employment. Optionee shall have no rights as a shareholder with respect to Shares subject to this Option until such Shares are issued to Optionee upon the exercise of this Option. No adjustment shall be made for dividends (ordinary or extra-ordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 12 of the Plan.

b. Securities Law Compliance. The exercise of the Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Optionee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Common Stock may be listed at the time of such issuance or transfer.

c. Mergers, Recapitalization, Stock Splits, Etc. The provisions of Section 11 of the Plan, as amended effective the Effective Date, shall govern all Options in the event of any reorganization, merger, consolidation, recapitalization, reclassification, change in par value, stock split-up, combination of shares or dividend payable in capital stock, or other such transaction described under Section 11 of the Plan, and the Company reserves all discretion provided therein.

d. Withholding Taxes on Disqualifying Disposition. In the event of a disqualifying disposition of the Shares acquired through the exercise of this Option, Optionee hereby agrees to promptly provide the Company written notice of such disposition, which notice shall be deemed delivered when received by the Company. Upon notice of a disqualifying

disposition, the Company may take such action as it deems appropriate to insure that, if necessary to comply with all applicable federal or state income tax laws or regulations, all applicable federal and state payroll, income or other taxes are withheld from any amounts payable by the Company to Optionee. If the Company is unable to withhold such federal and state taxes, for whatever reason, Optionee hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law. Optionee may, subject to the approval and discretion of the Administrator or such administrative rules it may deem advisable, elect to have all or a portion of such tax withholding obligations satisfied by delivering shares of the Company's Common Stock having a fair market value equal to such obligations. For the purpose of this Section 5(d), a "disqualifying disposition" means a sale or other transfer of any Shares on or before the later of (i) the date two (2) years after the Effective Date and (ii) the date one (1) year after transfer of such Shares to Optionee upon exercise of the Option, as more particularly set forth at Section 422(a)(1) of the Code

e. Nontransferability. The Option may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of Participant only by Participant. The terms of the Option shall be binding upon the executors, administrators, successors and assigns of Participant.

f. 1997 Stock Option Plan. The Option evidenced by this Agreement is granted pursuant to the Plan, as amended the Effective Date, a copy of which Plan has been made available to Optionee and is hereby incorporated into this Agreement. This Agreement shall be subject to and in all respects limited and conditioned as provided in the Plan. The Plan governs this Option and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

g. Stock Legend. The Administrator may require that the certificates for any Shares purchased by Optionee (or, in the case of death, Optionee's successors) bear an appropriate legend to reflect the restrictions of Section 5(g) of this Agreement.

h. Scope of Agreement. This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Optionee and any successor or successors of Optionee permitted by Section 3 or Section 5(e) of this Agreement.

i. Interpretation. The Administrator shall have the sole discretion to interpret and administer the Plan. Any determination made by the Administrator with respect to any Option shall be final and binding on the Company and on all persons having an interest in the Option granted under this Agreement and the Plan.

j. Entire Option. The Plan, as amended, is incorporated herein by reference. This Agreement and the Plan constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

k. Successors and Assigns. The Company may assign any of its rights under the Option. The Option shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, the Option shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

l. Governing Law. The Option shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to that body of law pertaining to choice of law or conflict of law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

CECO ENVIRONMENTAL CORP.	OPTIONEE
By: /s/ Jason DeZwirek	/s/ Dennis W. Blazer
Its: Secretary	Dennis W. Blazer

The Grant set forth in this Agreement has been approved by a Committee of Non-Employee Directors of CECO Environmental Corp.

EXHIBIT 10.51

STOCK OPTION AGREEMENT

CECO ENVIRONMENTAL CORP.
1997 STOCK OPTION PLAN

THIS AGREEMENT is dated and made effective as of January 5, 2005 ("Effective Date") by and between CECO ENVIRONMENTAL CORP. a Delaware corporation (the "Company"), and MELVIN F. LAZAR ("Optionee").

WITNESSETH:

WHEREAS, Optionee on the date hereof is a Director of the Company or one of its Subsidiaries; and

WHEREAS, the Company desires to grant a non-qualified stock option to Optionee to purchase shares of the Company's Common Stock pursuant to the Company's 1997 Stock Option Plan, as amended (the "Plan"); and

WHEREAS, the Board of Directors of the Company has authorized the grant of a non-qualified stock option to Optionee and has determined that, on the Effective Date, the Fair Market Value of Option Stock of the Company is $3.45 per share.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Option.** The Company hereby grants to Optionee as of the Effective Date the right and option (the "Option") to purchase up to fifteen thousand (15,000) shares of Option Stock ("Shares") at an exercise price of $3.45 per share on the terms and conditions set forth herein and subject to the terms and conditions of the Plan.

All capitalized terms not defined in this Agreement shall have the meaning set forth in the Plan.

2. **Duration and Exercisability.**

a. Vesting and Exercise Period. The Options granted hereunder shall vest and become exercisable as follows:

(i) 5,000 options shall vest and become exercisable on January 5, 2006, provided that the Optionee is a member of the Board of Directors of the Company as of such date;

(ii) 5,000 options shall vest and become exercisable on January 5, 2007, provided that the Optionee is a member of the Board of Directors of the Company as of such date; and

(iii) 5,000 options shall vest and become exercisable on January 5, 2008, provided that the Optionee is a member of the Board of Directors of the Company as of such date.

Unvested options may not be exercised.

b. Expiration. The Option shall expire on the date sixty (60) days from the date that Optionee no longer is a director of the Company or one of its Subsidiaries for any reason, including without limitation due to death or disability ("Expiration Date") and vested options must be exercised, if at all, on or before the Expiration Date.

c. Lapse Upon Expiration. To the extent that this Option is not exercised prior to the Expiration Date, all rights of Optionee under this Option shall thereupon be forfeited.

3. **Manner of Exercise.**

a. General. The vested portions of this Option may be exercised only by Optionee (or other proper party in the event of death or incapacity), subject to the conditions of the Plan and this Agreement, and subject to such other administrative rules as the Administrator deems advisable, by delivering written notice of exercise to the Company at its principal office, in the form attached hereto as Exhibit A. The notice shall state the number of Shares exercised and shall be accompanied by payment in full of the Option price for all Shares exercised pursuant to the notice. Any exercise of the Option shall be effective upon receipt of such notice by the Company together with payment that complies with the terms of the Plan and this Agreement. The Option may be exercised with respect to any number or all of the shares as to which it can then be exercised and, if partially exercised, may be so exercised as to the unexercised shares at any time and from time to time prior to expiration of the Option as provided in this Agreement.

b. Form of Payment. Subject to approval by the Administrator, payment of the Option price by Optionee shall be in the form of cash, personal check, certified check, or where permitted by law and provided that a public market for the Company's stock exists: (i) through a "same day sale" commitment from Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby Optionee irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the exercise price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; (ii) through a "margin" commitment from Optionee and a NASD Dealer whereby Optionee irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the exercise price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; or (iii) by tender of shares of Common Stock of the Company already owned by Optionee for a period of at least six (6) months prior to payment having a Fair Market Value on the date received by the Company equal to the exercise price for the Shares exercised. Optionee shall be solely responsible for any income or other tax consequences from any payment for Shares with Optionee's Common Stock of the Company.

c. Stock Transfer Records. Provided that the notice of exercise and payment are in form and substance satisfactory to counsel for the Company, as soon as practicable after the effective exercise of all or any part of the Option, Optionee shall be recorded on the stock transfer books of the Company as the owner of the Shares purchased, and the Company shall deliver to Optionee, or to the NASD Dealer, as the case may be, one or more duly issued stock certificates evidencing such ownership. All requisite original issue or transfer documentary stamp taxes shall be paid by the Company. Optionee shall pay all other costs of the Company incurred to issue such Shares to such NASD Dealer.

Shares purchased pursuant to exercise hereunder: (i) may be deposited with a NASD Dealer designated by Optionee, in street name, if so provided in such exercise notice accompanied by all applications and forms reasonably required by the Administrator to effect such deposit, or (ii) may be issued to Optionee and such other person, as joint owners with the right of survivorship, as is specifically described in such exercise notice. Optionee shall be solely responsible for any income or other tax consequences of such a designation of ownership hereunder (or the severance thereof).

4. **Miscellaneous.**

a. Rights to Employment and Rights as Shareholder. This Agreement shall not confer on Optionee any right with respect to employment by the Company or any Subsidiary. Optionee shall have no rights as a shareholder with respect to Shares subject to this Option until such Shares are issued to Optionee upon the exercise of this Option. No adjustment shall be made for dividends (ordinary or extra-ordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 11 of the Plan.

b. Securities Law Compliance. The exercise of the Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Optionee with all applicable requirements of federal and state securities laws and with all applicable requirements of any securities exchange on which the Company's Common Stock may be listed at the time of such issuance or transfer.

c. Mergers, Recapitalization, Stock Splits, Etc. The provisions of Section 11 of the Plan, as amended effective the Effective Date, shall govern all Options in the event of any reorganization, merger, consolidation, recapitalization, reclassification, change in par value, stock split-up, combination of shares or dividend payable in capital stock, or other such transaction described under Section 11 of the Plan, and the Company reserves all discretion provided therein.

d. Nontransferability. The Option may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Option shall be binding upon the executors, administrators, successors and assigns of Optionee.

e. 1997 Stock Option Plan. The Option evidenced by this Agreement is granted pursuant to the Plan, as amended the Effective Date, a copy of which Plan has been made available to Optionee and is hereby incorporated into this Agreement. This Agreement shall be subject to and in all respects limited and conditioned as provided in the Plan. The Plan governs this Option and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

f. Withholding. Optionee acknowledges that, upon exercise of all or any portion of this Option, the Company shall have the right to require Optionee to pay to the Company an amount equal to the amount the Company is required to withhold as a result of such exercise federal and state income tax purposes.

g. Scope of Agreement. This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Optionee and any successor or successors of Optionee permitted under Section 4(d) of this Agreement.

h. Interpretation. The Administrator shall have the sole discretion to interpret and administer the Plan. Any determination made by the Administrator with respect to any Option shall be final and binding on the Company and on all persons having an interest in the Option granted under this Agreement and the Plan.

i. Entire Option. The Plan, as amended, is incorporated herein by reference. This Agreement and the Plan constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

j. Successors and Assigns. The Company may assign any of its rights under the Option. The Option shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, the Option shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

k. Market Standoff Agreement. Optionee, if requested by the Company and an underwriter of Common Stock (or other securities) of the Company, agrees not to sell or otherwise transfer or dispose of any Common Stock (or other securities) of the Company held by Optionee during the period requested by the managing underwriter following the effective date of a registration statement of the Company filed under the Securities Act, provided that all officers and directors of the Company are required to enter into similar agreements. Such agreement shall be in writing in a form satisfactory to the Company and such underwriter. The Company may impose stop-transfer instructions with respect to the shares (or other securities) subject to the foregoing restriction until the end of such period.

l. Governing Law. The Option shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to that body of law pertaining to choice of law or conflict of law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

CECO ENVIRONMENTAL CORP.	**OPTIONEE**
By: /s/ Phillip DeZwirek	/s/ Melvin F. Lazar
Its: CEO	Melvin F. Lazar

The Grant set forth in this Agreement has been approved by Administrators of CECO Environmental Corp. 1997 Stock Option Plan

EXHIBIT A

CECO ENVIRONMENTAL CORP.
1997 STOCK OPTION PLAN (the "Plan")
STOCK OPTION EXERCISE AGREEMENT

I hereby elect to purchase the number of shares of Common Stock of CECO ENVIRONMENTAL CORP. (the "Company") as set forth below:

Optionee _____
Social Security Number: _____
Address: _____
_____
Type of Option: [ ] Incentive Stock Option
[ ] Nonqualified Stock Option

Number of Shares Purchased: _____
Purchase Price per Share: _____
Aggregate Purchase Price: _____
Date of Option Agreement: _____
Exact Name of Title to Shares: _____
_____

1. Delivery of Purchase Price. Optionee hereby delivers to the Company the Aggregate Purchase Price, to the extent permitted in the Option Agreement (the "Option Agreement") as follows (check as applicable and complete):

[ ] in cash (by check) in the amount of $_____, receipt of which is acknowledged by the Company;

If the Committee allowed payment by other means in the Stock Option Agreement, add one or more of the following, as applicable:

[ ] by delivery of _____ fully-paid, nonassessable and vested shares of the Common Stock of the Company owned by Optionee for at least six (6) months prior to the date hereof (and which have been paid for within the meaning of SEC Rule 144), or obtained by Optionee in the open public market, and owned free and clear of all liens, claims, encumbrances or security interests, valued at the current Fair Market Value of $_____ per share;

[ ] through a "same-day-sale" commitment, delivered herewith, from Optionee and the NASD Dealer named therein, in the amount of $_____; or

[ ] through a "margin" commitment, delivered herewith from Optionee and the NASD Dealer named therein, in the amount of $_____.

2. Tax Consequences. OPTIONEE UNDERSTANDS THAT OPTIONEE MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF OPTIONEE'S PURCHASE OR DISPOSITION OF THE SHARES. OPTIONEE REPRESENTS THAT OPTIONEE HAS CONSULTED WITH ANY TAX CONSULTANT(S) OPTIONEE DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND THAT OPTIONEE IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE.

3. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Agreement, the Plan and the Option Agreement constitute the entire agreement and understanding of the parties and supersede in their entirety all prior understandings and agreements of the Company and Optionee with respect to the subject matter hereof, and are governed by Delaware law except for that body of law pertaining to choice of law or conflict of law.

Date: _____

_____

Signature of Optionee

EXHIBIT 10.52

STOCK OPTION AGREEMENT

CECO ENVIRONMENTAL CORP.
1997 STOCK OPTION PLAN

THIS AGREEMENT is dated and made effective as of January 5, 2005 ("Effective Date") by and between CECO ENVIRONMENTAL CORP. a Delaware corporation (the "Company"), and THOMAS J. FLAHERTY ("Optionee").

WITNESSETH:

WHEREAS, Optionee on the date hereof is a Director of the Company or one of its Subsidiaries; and

WHEREAS, the Company desires to grant a non-qualified stock option to Optionee to purchase shares of the Company's Common Stock pursuant to the Company's 1997 Stock Option Plan, as amended (the "Plan"); and

WHEREAS, the Board of Directors of the Company has authorized the grant of a non-qualified stock option to Optionee and has determined that, on the Effective Date, the Fair Market Value of Option Stock of the Company is $3.45 per share.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Option**. The Company hereby grants to Optionee as of the Effective Date the right and option (the "Option") to purchase up to five thousand (5,000) shares of Option Stock ("Shares") at an exercise price of $3.45 per share on the terms and conditions set forth herein and subject to the terms and conditions of the Plan.

All capitalized terms not defined in this Agreement shall have the meaning set forth in the Plan.

2. **Duration and Exercisability.**

a. Vesting and Exercise Period. The Options granted hereunder shall vest and become exercisable January 5, 2006. Unvested options may not be exercised.

b. Expiration. The Option shall expire on the date sixty (60) days from the date that Optionee no longer is a director of the Company or one of its Subsidiaries for any reason, including without limitation due to death or disability ("Expiration Date") and vested options must be exercised, if at all, on or before the Expiration Date.

c. Lapse Upon Expiration. To the extent that this Option is not exercised prior to the Expiration Date, all rights of Optionee under this Option shall thereupon be forfeited.

3. **Manner of Exercise.**

a. General. The vested portions of this Option may be exercised only by Optionee (or other proper party in the event of death or incapacity), subject to the conditions of the Plan and this Agreement, and subject to such other administrative rules as the Administrator deems advisable, by delivering written notice of exercise to the Company at its principal office, in the form attached hereto as Exhibit A. The notice shall state the number of Shares exercised and shall be accompanied by payment in full of the Option price for all Shares exercised pursuant to the notice. Any exercise of the Option shall be effective upon receipt of such notice by the Company together with payment that complies with the terms of the Plan and this Agreement. The Option may be exercised with respect to any number or all of the shares as to which it can then be exercised and, if partially exercised, may be so exercised as to the unexercised shares at any time and from time to time prior to expiration of the Option as provided in this Agreement.

b. Form of Payment. Subject to approval by the Administrator, payment of the Option price by Optionee shall be in the form of cash, personal check, certified check, or where permitted by law and provided that a public market for the Company's stock exists: (i) through a "same day sale" commitment from Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby Optionee irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the exercise price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; (ii) through a "margin" commitment from Optionee and a NASD Dealer whereby Optionee irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the exercise price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; or (iii) by tender of shares of Common Stock of the Company already owned by Optionee for a period of at least six (6) months prior to payment having a Fair Market Value on the date received by the Company equal to the exercise price for the Shares exercised. Optionee shall be solely responsible for any income or other tax consequences from any payment for Shares with Optionee's Common Stock of the Company.

c. Stock Transfer Records. Provided that the notice of exercise and payment are in form and substance satisfactory to counsel for the Company, as soon as practicable after the effective exercise of all or any part of the Option, Optionee shall be recorded on the stock transfer books of the Company as the owner of the Shares purchased, and the Company shall deliver to Optionee, or to the NASD Dealer, as the case may be, one or more duly issued stock certificates evidencing such ownership. All requisite original issue or transfer documentary stamp taxes shall be paid by the Company. Optionee shall pay all other costs of the Company incurred to issue such Shares to such NASD Dealer.

Shares purchased pursuant to exercise hereunder: (i) may be deposited with a NASD Dealer designated by Optionee, in street name, if so provided in such exercise notice accompanied by all applications and forms reasonably required by the Administrator to effect such deposit, or (ii) may

be issued to Optionee and such other person, as joint owners with the right of survivorship, as is specifically described in such exercise notice. Optionee shall be solely responsible for any income or other tax consequences of such a designation of ownership hereunder (or the severance thereof).

4. **Miscellaneous.**

a. Rights to Employment and Rights as Shareholder. This Agreement shall not confer on Optionee any right with respect to employment by the Company or any Subsidiary. Optionee shall have no rights as a shareholder with respect to Shares subject to this Option until such Shares are issued to Optionee upon the exercise of this Option. No adjustment shall be made for dividends (ordinary or extra-ordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 11 of the Plan.

b. Securities Law Compliance. The exercise of the Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Optionee with all applicable requirements of federal and state securities laws and with all applicable requirements of any securities exchange on which the Company's Common Stock may be listed at the time of such issuance or transfer.

c. Mergers, Recapitalization, Stock Splits, Etc. The provisions of Section 11 of the Plan, as amended effective the Effective Date, shall govern all Options in the event of any reorganization, merger, consolidation, recapitalization, reclassification, change in par value, stock split-up, combination of shares or dividend payable in capital stock, or other such transaction described under Section 11 of the Plan, and the Company reserves all discretion provided therein.

d. Nontransferability. The Option may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Option shall be binding upon the executors, administrators, successors and assigns of Optionee.

e. 1997 Stock Option Plan. The Option evidenced by this Agreement is granted pursuant to the Plan, as amended the Effective Date, a copy of which Plan has been made available to Optionee and is hereby incorporated into this Agreement. This Agreement shall be subject to and in all respects limited and conditioned as provided in the Plan. The Plan governs this Option and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

f. Withholding. Optionee acknowledges that, upon exercise of all or any portion of this Option, the Company shall have the right to require Optionee to pay to the Company an amount equal to the amount the Company is required to withhold as a result of such exercise federal and state income tax purposes.

g. Scope of Agreement. This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Optionee and any successor or successors of Optionee permitted under Section 4(d) of this Agreement.

h. Interpretation. The Administrator shall have the sole discretion to interpret and administer the Plan. Any determination made by the Administrator with respect to any Option shall be final and binding on the Company and on all persons having an interest in the Option granted under this Agreement and the Plan.

i. Entire Option. The Plan, as amended, is incorporated herein by reference. This Agreement and the Plan constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

j. Successors and Assigns. The Company may assign any of its rights under the Option. The Option shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, the Option shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

k. Market Standoff Agreement. Optionee, if requested by the Company and an underwriter of Common Stock (or other securities) of the Company, agrees not to sell or otherwise transfer or dispose of any Common Stock (or other securities) of the Company held by Optionee during the period requested by the managing underwriter following the effective date of a registration statement of the Company filed under the Securities Act, provided that all officers and directors of the Company are required to enter into similar agreements. Such agreement shall be in writing in a form satisfactory to the Company and such underwriter. The Company may impose stop-transfer instructions with respect to the shares (or other securities) subject to the foregoing restriction until the end of such period.

l. Governing Law. The Option shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to that body of law pertaining to choice of law or conflict of law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

CECO ENVIRONMENTAL CORP.	**OPTIONEE**
By: /s/ Phillip DeZwirek	/s/ Thomas J. Flaherty
Its: CEO	Thomas J. Flaherty

The Grant set forth in this Agreement has been approved by Administrators of CECO Environmental Corp. 1997 Stock Option Plan

EXHIBIT A

CECO ENVIRONMENTAL CORP.
1997 STOCK OPTION PLAN (the "Plan")
STOCK OPTION EXERCISE AGREEMENT

I hereby elect to purchase the number of shares of Common Stock of CECO ENVIRONMENTAL CORP. (the "Company") as set forth below:

Optionee _____
Social Security Number: _____
Address: _____
_____
Type of Option: [ ] Incentive Stock Option
[ ] Nonqualified Stock Option

Number of Shares Purchased: _____
Purchase Price per Share: _____
Aggregate Purchase Price: _____
Date of Option Agreement: _____
Exact Name of Title to Shares: _____
_____

1. Delivery of Purchase Price. Optionee hereby delivers to the Company the Aggregate Purchase Price, to the extent permitted in the Option Agreement (the "Option Agreement") as follows (check as applicable and complete):

[ ] in cash (by check) in the amount of $_____, receipt of which is acknowledged by the Company;

If the Committee allowed payment by other means in the Stock Option Agreement, add one or more of the following, as applicable:

[ ] by delivery of _____ fully-paid, nonassessable and vested shares of the Common Stock of the Company owned by Optionee for at least six (6) months prior to the date hereof (and which have been paid for within the meaning of SEC Rule 144), or obtained by Optionee in the open public market, and owned free and clear of all liens, claims, encumbrances or security interests, valued at the current Fair Market Value of $_____ per share;

[ ] through a "same-day-sale" commitment, delivered herewith, from Optionee and the NASD Dealer named therein, in the amount of $_____; or

[ ] through a "margin" commitment, delivered herewith from Optionee and the NASD Dealer named therein, in the amount of $_____.

2. Tax Consequences. OPTIONEE UNDERSTANDS THAT OPTIONEE MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF OPTIONEE'S PURCHASE OR DISPOSITION OF THE SHARES. OPTIONEE REPRESENTS THAT OPTIONEE HAS CONSULTED WITH ANY TAX CONSULTANT(S) OPTIONEE DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND THAT OPTIONEE IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE.

3. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Agreement, the Plan and the Option Agreement constitute the entire agreement and understanding of the parties and supersede in their entirety all prior understandings and agreements of the Company and Optionee with respect to the subject matter hereof, and are governed by Delaware law except for that body of law pertaining to choice of law or conflict of law.

Date: _____

_____

Signature of Optionee

EXHIBIT 10.53

STOCK OPTION AGREEMENT

CECO ENVIRONMENTAL CORP.
1997 STOCK OPTION PLAN

THIS AGREEMENT is dated and made effective as of January 5, 2005 ("Effective Date") by and between CECO ENVIRONMENTAL CORP. a Delaware corporation (the "Company"), and DONALD A. WRIGHT ("Optionee").

WITNESSETH:

WHEREAS, Optionee on the date hereof is a Director of the Company or one of its Subsidiaries; and

WHEREAS, the Company desires to grant a non-qualified stock option to Optionee to purchase shares of the Company's Common Stock pursuant to the Company's 1997 Stock Option Plan, as amended (the "Plan"); and

WHEREAS, the Board of Directors of the Company has authorized the grant of a non-qualified stock option to Optionee and has determined that, on the Effective Date, the Fair Market Value of Option Stock of the Company is $3.45 per share.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Option**. The Company hereby grants to Optionee as of the Effective Date the right and option (the "Option") to purchase up to fifteen thousand (15,000) shares of Option Stock ("Shares") at an exercise price of $3.45 per share on the terms and conditions set forth herein and subject to the terms and conditions of the Plan.

All capitalized terms not defined in this Agreement shall have the meaning set forth in the Plan.

2. **Duration and Exercisability.**

a. Vesting and Exercise Period. The Options granted hereunder shall vest and become exercisable as follows:

(i) 5,000 options shall vest and become exercisable on January 5, 2006, provided that the Optionee is a member of the Board of Directors of the Company as of such date;

(ii) 5,000 options shall vest and become exercisable on January 5, 2007, provided that the Optionee is a member of the Board of Directors of the Company as of such date; and

(iii) 5,000 options shall vest and become exercisable on January 5, 2008, provided that the Optionee is a member of the Board of Directors of the Company as of such date.

Unvested options may not be exercised.

b. Expiration. The Option shall expire on the date sixty (60) days from the date that Optionee no longer is a director of the Company or one of its Subsidiaries for any reason, including without limitation due to death or disability ("Expiration Date") and vested options must be exercised, if at all, on or before the Expiration Date.

c. Lapse Upon Expiration. To the extent that this Option is not exercised prior to the Expiration Date, all rights of Optionee under this Option shall thereupon be forfeited.

3. **Manner of Exercise.**

a. General. The vested portions of this Option may be exercised only by Optionee (or other proper party in the event of death or incapacity), subject to the conditions of the Plan and this Agreement, and subject to such other administrative rules as the Administrator deems advisable, by delivering written notice of exercise to the Company at its principal office, in the form attached hereto as Exhibit A. The notice shall state the number of Shares exercised and shall be accompanied by payment in full of the Option price for all Shares exercised pursuant to the notice. Any exercise of the Option shall be effective upon receipt of such notice by the Company together with payment that complies with the terms of the Plan and this Agreement. The Option may be exercised with respect to any number or all of the shares as to which it can then be exercised and, if partially exercised, may be so exercised as to the unexercised shares at any time and from time to time prior to expiration of the Option as provided in this Agreement.

b. Form of Payment. Subject to approval by the Administrator, payment of the Option price by Optionee shall be in the form of cash, personal check, certified check, or where permitted by law and provided that a public market for the Company's stock exists: (i) through a "same day sale" commitment from Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby Optionee irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the exercise price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; (ii) through a "margin" commitment from Optionee and a NASD Dealer whereby Optionee irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the exercise price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; or (iii) by tender of shares of Common Stock of the Company already owned by Optionee for a period of at least six (6) months prior to payment having a Fair Market Value on the date received by the Company equal to the exercise price for the Shares exercised. Optionee shall be solely responsible for any income or other tax consequences from any payment for Shares with Optionee's Common Stock of the Company.

c. Stock Transfer Records. Provided that the notice of exercise and payment are in form and substance satisfactory to counsel for the Company, as soon as practicable after the effective exercise of all or any part of the Option, Optionee shall be recorded on the stock transfer books of the Company as the owner of the Shares purchased, and the Company shall deliver to Optionee, or to the NASD Dealer, as the case may be, one or more duly issued stock certificates evidencing such ownership. All requisite original issue or transfer documentary stamp taxes shall be paid by the Company. Optionee shall pay all other costs of the Company incurred to issue such Shares to such NASD Dealer.

Shares purchased pursuant to exercise hereunder: (i) may be deposited with a NASD Dealer designated by Optionee, in street name, if so provided in such exercise notice accompanied by all applications and forms reasonably required by the Administrator to effect such deposit, or (ii) may be issued to Optionee and such other person, as joint owners with the right of survivorship, as is specifically described in such exercise notice. Optionee shall be solely responsible for any income or other tax consequences of such a designation of ownership hereunder (or the severance thereof).

4. **Miscellaneous.**

a. Rights to Employment and Rights as Shareholder. This Agreement shall not confer on Optionee any right with respect to employment by the Company or any Subsidiary. Optionee shall have no rights as a shareholder with respect to Shares subject to this Option until such Shares are issued to Optionee upon the exercise of this Option. No adjustment shall be made for dividends (ordinary or extra-ordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 11 of the Plan.

b. Securities Law Compliance. The exercise of the Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Optionee with all applicable requirements of federal and state securities laws and with all applicable requirements of any securities exchange on which the Company's Common Stock may be listed at the time of such issuance or transfer.

c. Mergers, Recapitalization, Stock Splits, Etc. The provisions of Section 11 of the Plan, as amended effective the Effective Date, shall govern all Options in the event of any reorganization, merger, consolidation, recapitalization, reclassification, change in par value, stock split-up, combination of shares or dividend payable in capital stock, or other such transaction described under Section 11 of the Plan, and the Company reserves all discretion provided therein.

d. Nontransferability. The Option may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Option shall be binding upon the executors, administrators, successors and assigns of Optionee.

e. 1997 Stock Option Plan. The Option evidenced by this Agreement is granted pursuant to the Plan, as amended the Effective Date, a copy of which Plan has been made available to Optionee and is hereby incorporated into this Agreement. This Agreement shall be subject to and in all respects limited and conditioned as provided in the Plan. The Plan governs this Option and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

f. Withholding. Optionee acknowledges that, upon exercise of all or any portion of this Option, the Company shall have the right to require Optionee to pay to the Company an amount equal to the amount the Company is required to withhold as a result of such exercise federal and state income tax purposes.

g. Scope of Agreement. This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Optionee and any successor or successors of Optionee permitted under Section 4(d) of this Agreement.

h. Interpretation. The Administrator shall have the sole discretion to interpret and administer the Plan. Any determination made by the Administrator with respect to any Option shall be final and binding on the Company and on all persons having an interest in the Option granted under this Agreement and the Plan.

i. Entire Option. The Plan, as amended, is incorporated herein by reference. This Agreement and the Plan constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

j. Successors and Assigns. The Company may assign any of its rights under the Option. The Option shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, the Option shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

k. Market Standoff Agreement. Optionee, if requested by the Company and an underwriter of Common Stock (or other securities) of the Company, agrees not to sell or otherwise transfer or dispose of any Common Stock (or other securities) of the Company held by Optionee during the period requested by the managing underwriter following the effective date of a registration statement of the Company filed under the Securities Act, provided that all officers and directors of the Company are required to enter into similar agreements. Such agreement shall be in writing in a form satisfactory to the Company and such underwriter. The Company may impose stop-transfer instructions with respect to the shares (or other securities) subject to the foregoing restriction until the end of such period.

l. Governing Law. The Option shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to that body of law pertaining to choice of law or conflict of law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

CECO ENVIRONMENTAL CORP.	**OPTIONEE**
By: /s/ Phillip DeZwirek	/s/ Donald A. Wright
Its: CEO	Donald A. Wright

The Grant set forth in this Agreement has been approved by Administrators of CECO Environmental Corp. 1997 Stock Option Plan

EXHIBIT A

CECO ENVIRONMENTAL CORP.
1997 STOCK OPTION PLAN (the "Plan")
STOCK OPTION EXERCISE AGREEMENT

I hereby elect to purchase the number of shares of Common Stock of CECO ENVIRONMENTAL CORP. (the "Company") as set forth below:

Optionee _____
Social Security Number: _____
Address: _____
_____
Type of Option: [ ] Incentive Stock Option
[ ] Nonqualified Stock Option

Number of Shares Purchased: _____
Purchase Price per Share: _____
Aggregate Purchase Price: _____
Date of Option Agreement: _____
Exact Name of Title to Shares: _____
_____

1. Delivery of Purchase Price. Optionee hereby delivers to the Company the Aggregate Purchase Price, to the extent permitted in the Option Agreement (the "Option Agreement") as follows (check as applicable and complete):

[ ] in cash (by check) in the amount of $_____, receipt of which is acknowledged by the Company;

If the Committee allowed payment by other means in the Stock Option Agreement, add one or more of the following, as applicable:

[ ] by delivery of _____ fully-paid, nonassessable and vested shares of the Common Stock of the Company owned by Optionee for at least six (6) months prior to the date hereof (and which have been paid for within the meaning of SEC Rule 144), or obtained by Optionee in the open public market, and owned free and clear of all liens, claims, encumbrances or security interests, valued at the current Fair Market Value of $_____ per share;

[ ] through a "same-day-sale" commitment, delivered herewith, from Optionee and the NASD Dealer named therein, in the amount of $_____; or

[ ] through a "margin" commitment, delivered herewith from Optionee and the NASD Dealer named therein, in the amount of $_____.

2. Tax Consequences. OPTIONEE UNDERSTANDS THAT OPTIONEE MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF OPTIONEE'S PURCHASE OR DISPOSITION OF THE SHARES. OPTIONEE REPRESENTS THAT OPTIONEE HAS CONSULTED WITH ANY TAX CONSULTANT(S) OPTIONEE DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND THAT OPTIONEE IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE.

3. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Agreement, the Plan and the Option Agreement constitute the entire agreement and understanding of the parties and supersede in their entirety all prior understandings and agreements of the Company and Optionee with respect to the subject matter hereof, and are governed by Delaware law except for that body of law pertaining to choice of law or conflict of law.

Date: _____

_____

Signature of Optionee

EXHIBIT 10.54

FIRST AMENDMENT TO INCENTIVE STOCK OPTION AGREEMENT

THIS FIRST AMENDMENT TO INCENTIVE STOCK OPTION AGREEMENT (the "Amendment") is made as of November 30, 2004 between CECO Environmental Corp., a Delaware corporation (the "Company"), and Marshall J. Morris ("Optionee").

RECITALS:

WHEREAS, Company and Optionee are parties to that certain Incentive Stock Option Agreement ("Option Agreement"), dated as of January 20, 2000;

WHEREAS, the Company has agreed to accelerate the vesting of certain of the options in consideration for the agreement of Mr. Morris to not exercise the Option for any portion of the Shares prior to January 1, 2005;

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Amendment and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto have agreed, and do hereby agree, as follows:

1. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Option Agreement.

2. Vesting/Exercise Period. Notwithstanding anything contained in the Option Agreement to the contrary, Optionee shall not exercise the Option with respect to any of the Shares, prior to January 1, 2005 (the "Last Vesting Date"). Notwithstanding that Optionee shall not be an employee of the Corporation commencing after the date hereof and notwithstanding anything contained in the Option Agreement to the contrary, the Option shall become exercisable as to the final 20% of the Shares (10,000 Shares) on January 1, 2005, provided that Optionee has not breached the Option Agreement, as amended hereby. The expiration period of the Option shall be as set forth in the Option Agreement.

3. Ratification of Option Agreement. Except as amended and modified hereby, the Option Agreement shall be and remain unchanged and in full force and effect in accordance with their respective terms and the Option Agreement is hereby ratified and confirmed hereunder.

6. Counterparts. This Amendment may be executed in counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

7. Governing Law. This Amendment shall be construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

CECO Environmental Corp.

By: /s/ Phillip DeZwirek

Phillip DeZwirek, Chairman
and Chief Executive Officer

/s/ Marshall J. Morris

Marshall J. Morris

EXHIBIT 10.55

INDEMNIFICATION AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of November 30, 2004 between CECO Environmental Corp., a Delaware corporation ("the Company"), and Marshall J. Morris ("Indemnitee").

WITNESSETH THAT:

WHEREAS, Indemnitee has served as an officer of the Company and has tendered his resignation, effective as of the date hereof;

WHEREAS, Indemnitee has agreed to cooperate in the Company's transition to a new Chief Financial Officer upon the reasonable request of the Company, as deemed reasonable by Employee;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in today's environment;

WHEREAS, the Certificate of Incorporation of the Company (the "Charter") and the by-laws of the Company (the "By-laws") require the Company to indemnify its directors and officers to the fullest extent permitted by law, and Indemnitee had agreed to serve as an officer of the Company in part in reliance on such Charter and By-Laws;

WHEREAS, in recognition of Indemnitee's need for protection against personal liability and Indemnitee's reliance on the provisions of the Charter and By-laws requiring indemnification under certain circumstances, and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Charter and the By-laws will be available, the Company wishes to provide in this Agreement for the indemnification of, and the advancement of, expenses to Indemnitee to the fullest extent permitted by law;

NOW THEREFORE, in consideration of Indemnitee's cooperation with the Company in its transition to a new Chief Financial Officer as described above, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the full extent authorized or permitted by the provisions of Section 145 of the Delaware General Corporation Law, as amended, as such may be amended from time to time, and Article XIV of the Bylaws, as such may be amended. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a)

if, by reason of his Corporate Status (as hereinafter defined), he is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice (provided that a claim dismissed without prejudice is not refiled prior to the expiration of the statute of limitations with respect to such claim), shall be deemed to be a successful result as to such claim, issue or matter.

2. Contribution in the Event of Joint Liability.

(a) Whether or not the indemnification provided in Section 1 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which the Law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

3. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within ten (10) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 3 shall be unsecured and interest free. Notwithstanding the foregoing, the obligation of the Company to advance Expenses pursuant to this Section 3 shall be subject to the condition that, if, when and to the extent that the Company determines that Indemnitee would not be permitted to be indemnified under applicable law, the Company shall be entitled to be reimbursed, within thirty (30) days of such determination, by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any

determination made by the Company that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any advance of Expenses until a final judicial determination is made with respect thereto (and as to which all rights of appeal therefrom have been exhausted or lapsed) or such legal proceedings are dismissed and are not refiled prior to the expiration of the statute of limitations with respect to such claim.

4. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the Law and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification (including, but not limited to, the advancement of Expenses and contribution by the Company) under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 4(a) hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following three methods, which shall be at the election of Indemnitee: (1) by a majority vote of the Disinterested Directors, even though less than a quorum, (2) by Independent Counsel in a written opinion or (3) by the stockholders.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 4(b) hereof, the Independent Counsel shall be selected as provided in this Section 4(c). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee requests that such selection be made by the Board of Directors). Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 11 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 4(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as

Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 4(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 4(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 4(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise (as hereinafter defined) in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 4(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 4 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within ninety (90) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 90 day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 4(g) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 4(b) of this Agreement and if (A) within thirty (30) days after receipt by the Company of the request for such determination, the Board of Directors or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within thirty (30)

days after such receipt for the purpose of making such determination, such meeting is held for such purpose within forty-five (45) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board of Directors or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

5. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 4 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 3 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 4(b) of this Agreement within 105 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 5(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 4(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial

proceeding commenced pursuant to this Section 5 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 4(b).

(c) If a determination shall have been made pursuant to Section 4(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 5, absent a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 5, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 11 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 5 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

6. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the certificate of incorporation of the Company, the Bylaws, any agreement, a vote of stockholders, a resolution of directors or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the Law, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

7. Exception to Right of Indemnification. Notwithstanding any other provision of this Agreement, Indemnitee shall not be entitled to indemnification under this Agreement with respect to any Proceeding brought by Indemnitee, or any claim therein, unless (a) the bringing of such Proceeding or making of such claim shall have been approved by the Board of Directors of the Company or (b) such Proceeding is being brought by Indemnitee to assert, interpret or enforce his rights under this Agreement.

8. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 5 hereof) by reason of his Corporate Status, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

9. Security. To the extent requested by Indemnitee and approved by the Board of Directors of the Company, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

10. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

11. Definitions. For purposes of this Agreement:

(a) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(b) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "Enterprise" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding.

(e) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "Proceeding" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee

is or was an officer or director of the Company, by reason of any action taken by him or of any inaction on his part while acting as an officer or director of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other Enterprise; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

12. Severability. If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

13. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

14. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

15. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth below Indemnitee signature hereto.

(b) If to the Company, to:

Phillip DeZwirek
CECO Environmental Corp.
505 University Avenue
Suite 1400
Toronto, Ontario, Canada M5G 1X3

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

16. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

17. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

18. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware without application of the conflict of laws principles thereof.

19. Gender. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

COMPANY:

CECO ENVIRONMENTAL CORP.

By: /s/ Richard J. Blum

Title: President

INDEMNITEE

/s/ Marshall J. Morris

Marshall J. Morris

Mailing Address:
1406 Apple Farm Lane
Cincinnati, OH 45230
(513) 232-4510
FAX: ( )_____-_____

EXHIBIT 10.56

ELEVENTH AMENDMENT TO CREDIT AGREEMENT

This ELEVENTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of the 31ST day of December, 2004 by and among CECO GROUP, INC., CECO FILTERS, INC., AIR PURATOR CORPORATION, NEW BUSCH CO., INC., THE KIRK & BLUM MANUFACTURING COMPANY, KBD/TECHNIC, INC. and CECO ABATEMENT SYSTEMS, INC. (the "Borrowers"), and FIFTH THIRD BANK ("Fifth Third"), individually and as agent (in such capacity, the "Agent") and PNC BANK, NATIONAL ASSOCIATION ("PNC") individually, and JPMORGAN CHASE BANK, N.A. ("JPMC"), individually, successor by merger to Bank One, NA, Main Office Columbus ("Bank One") (PNC, Fifth Third and Bank One or JPMC, and their respective predecessors, successors and assigns, collectively, the "Banks").

BACKGROUND

A. PNC (then as Agent) the Banks and the Borrowers are parties to a Credit Agreement dated as of December 7, 1999 ("Credit Agreement") as amended by Amendment to Credit Agreement, dated as of March 28, 2000, by Second Amendment to Credit Agreement dated as of November 10, 2000, by Third Amendment to Credit Agreement dated as of March 30, 2001, by Fourth Amendment to Credit Agreement dated as of August 20, 2001, by Fifth Amendment to Credit Agreement dated as of March 27, 2002, by Sixth Amendment to Credit Agreement dated as of May 14, 2002, by Seventh Amendment to Credit Agreement dated as of November 13, 2002 and by Eighth Amendment to Credit Agreement dated as of November 13, 2003.

B. The Banks by separate Intercreditor Agreement, dated as of November 13, 2003 ("Intercreditor Agreement"), agreed to modify their positions so that from and after that date Fifth Third was solely responsible for the Revolving Credit Commitment and had no interest in the Term Loans (then and now, only Term Loan A) and PNC and Bank One, NA owned, on an equal basis, the Term Loan and Fifth Third Bank became Agent for all purposes under the Credit Agreement, except for being the mortgagee, pledgee or secured party under existing mortgages, pledges or security agreements, given to secure the Loans made pursuant to the Amended Credit Agreement, for which purpose PNC remains agent for the Banks.

C. Fifth Third (as Agent), the Banks and Borrowers further amended the Credit Agreement by Ninth Amendment to Credit Agreement dated as of June 29, 2004 and by Tenth Amendment to Credit Agreement dated as of November __, 2004 (the Credit Agreement as amended as set forth in Recital A and this Recital C, the "Amended Credit Agreement").

D. JPMC has become successor by merger to Bank One, NA.

E. Borrowers and Guarantors wish to amend the Amended Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the legality and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Amended Credit Agreement.

2. Amendments to Credit Agreement.

(a) Beginning at the end of the fiscal quarter ending December 31, 2004, Section 6.1(a) Leverage Ratio of the Credit Agreement, as previously modified in paragraph 2(m) of the Third Amendment to Credit Agreement, paragraph 2(h) of the Fourth Amendment to Credit Agreement, paragraph 2(a) of the Fifth Amendment to Credit Agreement, paragraph 2(a) of the Sixth Amendment to Credit Agreement, paragraph 2(b) of the Seventh Amendment to Credit Agreement and paragraph 2(d) of the Eighth Amendment to Credit Agreement, shall be modified as follows:

(a) Leverage Ratio. Permit the Leverage Ratio, as of the end of the fiscal quarter ending on the dates specified below, for the prior four consecutive fiscal quarters, to equal or exceed the amount set forth opposite such period:

Last Day of Fiscal Quarter	**Leverage Ratio Must Not Be Greater Than**
December 31, 2004	3.50 to 1
March 31, 2005 through Termination	3.20 to 1

(b) Beginning with the fiscal quarter ending December 31, 2004, Section 6.1(b) of the Credit Agreement, as previously modified in paragraph 2(n) of the Third Amendment to Credit Agreement, paragraph 2(i) of the Fourth Amendment to Credit Agreement, paragraph 2(b) of the Sixth Amendment to Credit Agreement, paragraph 2(c) of the Seventh Amendment to Credit Agreement and paragraph 2(e) of the Eighth Amendment to Credit Agreement, shall be as follows:

(b) Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio (i) for the four consecutive fiscal quarter period ending December 31, 2004, to be less than 0.65 to 1; and (ii) for each four consecutive calendar quarter period ending on each March 31, June 30, September 30 and December 31 thereafter through the Termination Date to be less than 1 to 1;

(c) Beginning with the four consecutive fiscal quarter period ending March 31, 2004, Section 6.1(c) of the Credit Agreement, as previously modified in paragraph 2(o) of the Third Amendment to Credit Agreement, paragraph 2(j) of the Fourth Amendment to Credit Agreement, paragraph 2(b) of the Fifth Amendment to Credit Agreement, paragraph 2(c) of the Sixth Amendment to Credit Agreement, paragraph 2(d) of the Seventh Amendment to Credit Agreement and paragraph 2(f) of the Eight Amendment to Credit Agreement, shall be modified as follows:

(c) Interest Coverage Ratio. Permit the Interest Coverage Ratio, as of the end of each four consecutive fiscal quarter period ending on the dates specified below, to be less than the amount set forth opposite such period:

Last Day of Fiscal Quarter	Interest Coverage Ratio Must Not Be Less Than
December 31, 2004	1.70 to 1
March 31, 2005 through Termination	2.10 to 1

3. Fee for Failure to Pay Term Loans. If Borrowers have failed to pay the entire principal balance of the Term Loans (now only Term Loan A) and all interest and other charges thereon on or before July 1, 2005, Borrowers shall pay on July 1, 2005, to (i) PNC, a fee in the amount of amount of $30,000, and (ii) JPMC, a fee in the amount of $30,000.

4. Amendment Fees. Upon execution of this Amendment, Borrowers shall pay to: (i) Fifth Third, an Amendment Fee in the amount of $10,000; (ii) PNC, an Amendment Fee in the amount of $2,500; and (iii) JPMC, an Amendment Fee in the amount of $2,500.

5. Amendment to the Loan Documents. All references to the Credit Agreement in the Loan Documents and in any documents executed in connection therewith shall be deemed to refer to the Credit Agreement as amended by this Amendment and all prior amendments to the Credit Agreement.

6. Ratification of the Loan Documents. Notwithstanding anything to the contrary herein contained or any claims of the parties to the contrary, the Agent, the Banks and the Borrowers agree that the Loan Documents and each of the documents executed in connection therewith are in full force and effect and each such document shall remain in full force and effect, as further amended by this Amendment, and each of the Borrowers hereby ratifies and confirms its obligations thereunder.

7. Representations and Warranties.

(a) Each Borrower hereby certifies that (i) the representations and warranties of such Borrower in the Credit Agreement as previously amended and as amended herein, are true and correct in all material respects as of the date hereof, as if made on the date hereof, provided that, for purposes of this Amendment, only: (x) the representations and warranties made in Section 3.1(a) and (b) and 3.21 of the Amended Credit Agreement shall relate to the most recent financial statements of the type referred to therein which have been given by the Borrowers to the Banks (but the foregoing shall not be a waiver of any Default or Event of Default based on any representation or warranty made by the Borrowers in the Credit Agreement or any amendment thereof, prior to this Amendment, being untrue at the time made, or for any breach of any covenant contained in the Credit Agreement, as amended prior to the date of this Amendment); (y) the representations and warranties made in Section 3.1(c) of the Amended Credit Agreement shall be made as of the date of this Amendment and not as of the Closing Date; and (z) the representations and warranties made in Section 3.2 of the Amended Credit Agreement shall refer to Material Adverse Effect since the last audited consolidated financial statements of the Borrowers provided to the Banks by the Borrowers,

instead of since September 30, 1999 (but the foregoing shall not be a waiver of any Default or Event of Default based on any representation or warranty made by the Borrowers in the Credit Agreement or any amendment thereof, prior to this Amendment, being untrue at the time made, or for any breach of any covenant contained in the Credit Agreement, as amended prior to the date of this Amendment); and (ii) no Event of Default and no event which could become an Event of Default with the passage of time or the giving of notice, or both, under the Credit Agreement or the other Loan Documents exists on the date hereof.

(b) Each Borrower further represents that it has all the requisite power and authority to enter into and to perform its obligations under this Amendment, and that the execution, delivery and performance of this Amendment have been duly authorized by all requisite action and will not violate or constitute a default under any provision of any applicable law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect or of the Articles of Incorporation or by-laws of such Borrower, or of any indenture, note, loan or credit agreement, license or any other agreement, lease or instrument to which such Borrower is a party or by which such Borrower or any of its properties are bound.

(c) Each Borrower also further represents that its obligation to repay the Loans, together with all interest accrued thereon, is absolute and unconditional, and there exists no right of set off or recoupment, counterclaim or defense of any nature whatsoever to payment of the Loans, and each Borrower further represents that the Agents and Banks have fully performed all of their respective obligations under the Loan Documents through the date of this Amendment.

(d) Each Borrower also further represents that there have been no changes to the Articles of Incorporation, by-laws or other organizational documents of each such Borrower since the most recent date true and correct copies thereof were delivered to the Agent.

8. Conditions Precedent. The effectiveness of the amendments and waivers set forth herein are subject to the fulfillment, to the satisfaction of the Banks and their counsel, of the following conditions precedent:

(a) The Borrowers shall have delivered to the Banks the following, all of which shall be in form and substance satisfactory to the Banks and shall be duly completed and executed:

(i) This Amendment and the consents of the Guarantor and the Subordinated Creditors as attached hereto; and

(ii) Such additional documents, certificates and information as the Banks may require pursuant to the terms hereof or otherwise reasonably request.

(b) After giving effect to the amendments and waivers contained herein, the representations and warranties set forth in the Amended Credit Agreement shall be true and correct on and as of the date hereof.

(c) After giving effect to the amendments and waivers contained herein, no Event of Default hereunder, and no event which, with the passage of time or the giving of notice, or

both, would become such an Event of Default shall have occurred and be continuing as of the date hereof.

(d) The Borrowers shall have paid the Amendment Fees which are due upon execution of this Amendment as provided in paragraph 4 above and the reasonable fees and disbursements of the Banks' counsel incurred in connection with this Amendment.

9. No Waiver. Except as expressly provided herein, this Amendment and anything contained herein or provided for herein does not and shall not be deemed to constitute a waiver by the Agent or the Banks of any Event of Default, or of any event which with the passage of time or the giving of notice or both would constitute an Event of Default, nor does it obligate the Agent or the Banks to agree to any further modifications to the Amended Credit Agreement or any other Loan Document or constitute a waiver of any of the Agent's or the Banks' other rights or remedies.

10. Waiver and Release. The Borrowers each on behalf of themselves, their agents, employees, officers, directors, successors and assigns, do hereby waive and release Agent and Banks, their agents, employees, officers, directors, affiliates, parents, successors and assigns, from any claims arising from or related to administration of the Amended Credit Agreement and the Loan Documents and any course of dealing among the parties not in compliance with those agreements from the inception of the Credit Agreement whether known or unknown through the date of execution and delivery of this Amendment.

11. Effective Date. The parties hereto agree that this Amendment shall for all purposes be deemed to be effective as of the date set forth in the first paragraph of this Amendment (the "effective date") and for all purposes the Amended Credit Agreement shall be deemed to have been amended as of such date to reflect the amendments to the Credit Agreement set forth in herein, even though this Amendment is executed after such date.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

CECO GROUP, INC.

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Title: Chief Financial Officer

CECO FILTERS, INC.

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Title: Treasurer

AIR PURATOR CORPORATION

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Title: President

NEW BUSCH CO., INC.

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Title: Treasurer

THE KIRK & BLUM MANUFACTURING COMPANY

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Title: Treasurer

KBD/TECHNIC, INC.

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Title: Treasurer

CECO ABATEMENT SYSTEMS, INC.

By: /s/ Dennis W. Blazer
Name: Dennis W. Blazer
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION, as a Bank

By: /s/ William C. Miles
Name: William C. Miles
Title: Vice President

FIFTH THIRD BANK, as Agent and as a Bank

By: /s/ Donald K. Mitchell
Name: Donald K. Mitchell
Title: Vice President

JPMORGAN CHASE BANK, N. A., as a Bank

By: /s/ Jeffrey C. Nicholson
Name: Jeffrey C. Nicholson
Title: First Vice President

GUARANTOR'S CONSENT

By Corporate Guaranty, dated December 7, 1999 (the "Guaranty"), the undersigned (the "Guarantor") guaranteed to the Agent and the Banks, subject to the terms and conditions set forth therein, the prompt payment and performance of all of the Obligations (as defined therein). The Guarantor consents to the Borrowers' execution of the foregoing Ninth Amendment to Credit Agreement and to all documents referred to therein. The Guarantor hereby acknowledges and agrees that the Guaranty remains unaltered and in full force and effect and is hereby ratified and confirmed in all respects.

CECO ENVIRONMENTAL CORP.

By: /s/ Phillip DeZwirek
Name: Phillip DeZwirek
Title: Chairman and Chief Executive Officer

SUBORDINATED CREDITOR'S CONSENT

The undersigned (the "Subordinated Creditor") is a party to the Subordination Agreement with the Agent and the Banks and other subordinated creditors, dated December 7, 1999 (the "Subordination Agreement"). The Subordinated Creditor consents to the Borrowers' execution of the foregoing Ninth Amendment to Credit Agreement and to all documents referred to therein. The Subordinated Creditor hereby acknowledges and agrees that the Subordination Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed in all respects.

GREEN DIAMOND OIL CORP.

By: /s/ Phillip DeZwirek
Name: Phillip DeZwirek
Title

SUBORDINATED CREDITOR'S CONSENT

The undersigned (the "Subordinated Creditor") is a party to the Subordination Agreement with the Agent and the Banks and other subordinated creditors, dated December 7, 1999 (the "Subordination Agreement"). The Subordinated Creditor consents to the Borrowers' execution of the foregoing Ninth Amendment to Credit Agreement and to all documents referred to therein. The Subordinated Creditor hereby acknowledges and agrees that the Subordination Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed in all respects.

ICS TRUSTEE SERVICES, LTD.

By: _____
Name:
Title

SUBORDINATED CREDITOR'S CONSENT

The undersigned (the "Subordinated Creditor") is a party to the Subordination Agreement with the Agent and the Banks and other subordinated creditors, dated December 7, 1999 (the "Subordination Agreement"). The Subordinated Creditor consents to the Borrowers' execution of the foregoing Ninth Amendment to Credit Agreement and to all documents referred to therein. The Subordinated Creditor hereby acknowledges and agrees that the Subordination Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed in all respects.

HARVEY SANDLER

EXHIBIT 10.57

THIS NOTE IS SUBJECT TO THE TERMS OF THE SUBORDINATION AGREEMENT (AS DEFINED HEREIN IN SECTION 6) IN FAVOR OF FIFTH THIRD BANK, AS AGENT FOR CERTAIN BANKS. NOTWITHSTANDING ANY CONTRARY STATEMENT CONTAINED IN THE WITHIN INSTRUMENT, NO PAYMENT ON ACCOUNT OF ANY OBLIGATION ARISING FROM OR IN CONNECTION WITH THIS INSTRUMENT OR ANY RELATED AGREEMENT (WHETHER OF PRINCIPAL, INTEREST OR OTHERWISE) SHALL BE MADE, PAID, RECEIVED OR ACCEPTED EXCEPT IN ACCORDANCE WITH THE TERMS OF THE SUBORDINATION AGREEMENT.

CECO Environmental Corp.

AMENDED AND RESTATED REPLACEMENT
PROMISSORY NOTE

$1,290,477 December 30, 2004

FOR VALUE RECEIVED, the undersigned, CECO Environmental Corp. (the "Company"), a Delaware corporation, hereby promises to pay to the order of Green Diamond Oil Corp. or registered assigns ("Holder"), the principal sum of ONE MILLION TWO NINETY HUNDRED THOUSAND FOUR HUNDRED SEVENTY-SEVEN DOLLARS ($1,290,477.00) on the Maturity Date, as defined in Section 1 below. This Note is subordinate to certain bank financing of the Company further described herein and to a series of promissory notes in the original principal amount of $5,000,000 originally issued on December 2, 1999 and subsequently amended and restated (the "December 1999 Notes"). The principal amount of the December 1999 Notes has been increased in connection with an amendment and restatement.

1. Maturity. This Note shall be due and payable upon the earlier to occur of the following events (the "Maturity Date"): (i) January 1, 2007 or (ii) the closing (any such closing referred to as the "Closing") of a Sale Transaction. For purposes of this Note, a Sale Transaction shall mean (i) a merger, consolidation, corporate reorganization, or sale of shares of stock of the Company as a result of which there is a change in control and/or the shareholders of the Company on the date hereof ("Current Shareholders") own 50% or less of the outstanding shares of the Company on a fully-diluted basis immediately after the transaction and, including as outstanding for purposes of such calculation, any warrants, options or other instruments convertible or exchangeable into equity securities of the Company issued to persons other than the Current Shareholders in connection with the transaction or (ii) the sale of (A) fifty percent or more of the assets of the Company or (B) any subsidiary, division or line of business of the Company for total consideration in excess of $5 million.

2. Interest. Interest shall accrue on the unpaid principal balance hereof and on any interest payment that is not made when due at the simple compounded rate of six percent (6%) per annum from the date hereof. Accrued interest shall be due and payable on March 31 and September

30 of each year commencing March 31, 2004 and on the Maturity Date. It shall not be a default hereunder and interest will not accrue on any portion of such interest payments deferred pursuant to the Subordination Agreement ("Deferred Interest") so long as the Deferred Interest is paid at the time and in the manner allowed by the Subordination Agreement (as defined herein). In the Event of Default (as defined herein), interest shall accrue on all unpaid amounts due hereunder including without limitation, interest, at the rate of fifteen percent (15%) per annum. If a judgment is entered against the Company on this Note, the amount of the judgment so entered shall bear interest at the highest rate authorized by law as of the date of the entry of the judgment.

3. Payments. Payments of both principal and interest shall be made at the Company's office in Toronto, Ontario, or such other place as the Holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

So long as no Event of Default has occurred in this Note, all payments hereunder shall first be applied to interest, then to principal. Upon the occurrence of an Event of Default in this Note, all payments hereunder shall first be applied to costs pursuant to Section 10.5, then to interest and the remainder to principal.

4. Registered Owner. Prior to due presentation for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, and interest on, this Note and for all other purposes.

5. Prepayment.

5.1 Optional Prepayment. The Company, at its option and without any premium, may prepay in whole or in part the principal amount of this Note at any time. The Company shall, at the time of any such prepayment, pay to the holder of this Note all interest accrued and unpaid to the Prepayment Date (defined below). Notwithstanding the foregoing, once a notice of the Closing of a Sale Transaction pursuant to Section 10.4 has been sent to the Holder, the Company may not prepay this Note prior to the Closing of a Sale Transaction, or until the Sale Transaction has been formally abandoned.

5.2 Notice of Prepayment. At least five (5) but not more than fifteen (15) days prior to the date fixed for any prepayment, written notice shall be given to the holder of this Note of the election of the Company to prepay all or a specified portion of the principal amount of the Note (the "Prepayment Notice."). The Prepayment Notice shall specify the date upon ("Prepayment Date") and the place at which, payment may be obtained and shall call upon the Holder to surrender this Note to the Company in the manner and at the place designated. On the Prepayment Date, the Holder shall surrender this Note to the Company in the manner and at the place designated in the Prepayment Notice, and thereupon prepayment shall be made to Holder and this Note shall be cancelled. In the event that less than all the principal amount of this Note is prepaid, upon surrender of this Note to the Company, the Company shall execute and deliver to Holder a new Note or Notes in principal amount equal to the unpaid principal amount of this Note.

5.3 Cessation of Rights. From and after the Prepayment Date, unless there has been a default under the Prepayment Notice, all interest on the redeemed principal amount shall cease to accrue and all rights of Holder as a Holder of this Note shall cease with respect to the principal amount prepaid and, with respect to such amount, this Note thereafter shall not be deemed to be outstanding for any purpose whatsoever. By acceptance of this Note, Holder agrees to execute and deliver such documents as may be reasonably requested from time to time by the Company in order to implement the foregoing provisions of this Section.

6. Subordination. The indebtedness evidenced by this Note shall at all times be wholly subordinate and junior in right of payment to all obligations of the Company under or in connection with the Credit Agreement dated December 7, 1999, and all amendments thereto ("Superior Debt") among the Company as guarantor, the borrowers CECO Group Inc., CECO Filters, Inc., Air Purator Corporation, New Bush Co., Inc., The Kirk & Blum Manufacturing Company, kbd/Technic, Inc., and CECO Abatement Systems and Fifth Third Bank, as agent for the lenders, which are various other financial institutions, upon the terms and conditions contained in the Subordination Agreement between Green Diamond Oil Corp., Harvey Sandler, ICS Trustee Services, Ltd., and Fifth Third Bank and various other financial institutions dated December 7, 1999 (the "Subordination Agreement"). This Note also is subordinate to the December 1999 Notes, and no payments of principal or interest shall be made under this Note, if an Event of Default (as defined in the December 1999 Notes) is existing under any of the December 1999 Notes.

7. Covenants of the Company. The Company covenants and agrees that it shall not, without the prior written approval of the Holder:

7.1 Obtain or incur any indebtedness or other monetary obligations that are senior to or on parity with this Note, other than the Superior Debt and the December 1999 Notes.

7.2 Allow, suffer or cause to exist any lien, claim, security interest or encumbrance on the Company's property or assets, other than with respect to the Superior Debt and purchase money indebtedness incurred in the ordinary course of business.

7.3 Enter into any arrangement or agreement involving the merger or consolidation of the Company.

7.4 Use the proceeds from this Note other than in the ordinary course of its business for general corporate purposes including lending monies to any of its subsidiaries. The Company also covenants and agrees that it shall operate its business in the ordinary course.

8. Events of Default.

8.1 Occurrences of Events of Default. Each of the following events shall constitute an "Event of Default" for purposes of this Note:

(a) if the Company fails to pay any amount payable, under this Note when due;

(b) if the Company breaches any of its representations, warranties or covenants set forth in this Note;

(c) the commencement of an involuntary case against the Company or its subsidiary or any of its subsidiaries under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointing of a receiver, liquidator, assignee, custodian, trustee or similar official of the Company or for any substantial part of the Company or one of its subsidiary's property, or ordering the winding-up or liquidation of the Company or one of its subsidiary's affairs;

(d) if the Company or any of its subsidiaries shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or similar official of the Company or its subsidiary or for any substantial part of the Company or one of its subsidiary's property, or shall make any general assignment for the benefit of creditors, or shall take any corporate action in furtherance of any of the foregoing; or

(e) if the Company's business shall fail, as determined in good faith by the Holder and evidenced by the Company's inability to pay its ongoing debts as such debts become due.

8.2 Acceleration Upon Event of Default. If any Event of Default shall have occurred and be continuing, for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise), the unpaid principal amount of, and the accrued interest on, this Note shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Company.

9. Investment Representations of the Holder. With respect to the purchase of this Note, the Holder hereby represents and warrants to the Company as follows:

9.1 Experience. The Holder has substantial experience in evaluating and investing in private transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests.

9.2 Status. The Holder is an "accredited investor" within the meaning of Regulation D, Section 501(a), promulgated by the Securities and Exchange Commission, and is acquiring this Note for investment for its own account, not as a nominee or agent, and not with a view to, or for resale or transfer.

9.3 Access to Data. The Holder has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management and has also had an opportunity to ask questions of the Company's officers, which questions were answered to its satisfaction.

10. Miscellaneous.

10.1 Invalidity of Any Provision. If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Note and this Note shall be construed as if such invalid, illegal or unenforceable provisions or part hereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability.

10.2 Governing Law. The Note shall be governed in all respects by the laws of the State of Delaware, excluding its conflict of laws.

10.3 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) on the date of delivery if delivered personally, (ii) one (1) business day after transmission by facsimile transmission with a written confirmation copy sent by first class mail, or (iii) five (5) days after mailing if mailed by first class mail, to the following addresses:

If to the Holder: Green Diamond Corp.
505 University Avenue, Suite 1400
Toronto, Ontario M5G 1X3
Canada
Attention: Phillip DeZwirek

If to the Company: CECO Environmental Corp.
3120 Forrer Street
Cincinnati, Ohio 45209
Attention: Dennis W. Blazer

10.4 Notice of a Sale Transaction. The Company shall give the Holder of this Note notice of the Closing of a Sale Transaction at least thirty (30) days prior to such Closing.

10.5 Collection. If the indebtedness represented by this Note or any part thereof is collected at law or in equity or in bankruptcy, receivership or other judicial proceedings or if this Note is placed in the hands of attorneys for collection after the occurrence of an Event of Default, the Company agrees to pay, in addition to the outstanding principal and accrued interest payable hereon, reasonable attorneys' fees and costs incurred by the Holder, or on behalf of the Holder by a representative of the Holder.

10.6 Successors and Assigns. The rights and obligations of the Company and the Holder shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

10.7 Waivers. The Company and any endorsers, sureties, guarantors, and all others who are, or may become liable for the payment hereof severally: (a) waive presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Note, (b) consent to all extensions of time, renewals, postponements of time of payment of this Note or other modifications hereof from time to time prior to or after the maturity date hereof, whether by acceleration or in due course, without notice, consent or consideration to any of the foregoing, (c) agree to any substitution, exchange, addition, or release of any of the security for the indebtedness evidenced by this Note or the addition or release of any party or person primarily or secondarily liable hereon, (d) agree that Holder shall not be required first to institute any suit, or to exhaust its remedies against the Company or any other person or party to become liable hereunder or against the security in order to enforce the payment of this Note and (e) agree that, notwithstanding the occurrence of any of the foregoing (except by the express written release by Holder of any such person), the Company shall be and remain, directly and primarily liable for all sums due under this Note.

10.8 Time. Time is of the essence in this Note.

10.9 Captions. The captions of sections of this Note are for convenient reference only, and shall not affect the construction or interpretation of any of the terms and provisions set forth in this Note.

10.10 Number and Gender. Whenever used in this Note, the singular number shall include the plural, and the masculine shall include the feminine and the neuter, and *vice versa*.

10.11 Remedies. All remedies of the Holder shall be cumulative and concurrent and may be pursued singly, successively, or together at the sole discretion of the Holder and may be exercised as often as occasion therefor shall arise. No act of omission or commission of the Holder, including specifically any failure to exercise any right, remedy or recourse shall be effective unless it is set forth in a written document executed by the Holder and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing as a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

10.12 No Waiver by Holder. The acceptance by Holder of any payment under this Note which is less than the amount then due or the acceptance of any amount after the due date thereof, shall not be deemed a waiver of any right or remedy available to Holder nor nullify the prior exercise of any such right or remedy by Holder. None of the terms or provisions of this Note may be waived, altered, modified or amended except by a written document executed by Holder and then only to the extent specifically recited therein. No

course of dealing or conduct shall be effective waive, alter, modify or amend any of the terms or provisions hereof. The failure or delay to exercise any right or remedy available to Holder shall not constitute a waiver of the right of the Holder to exercise the same or any other right or remedy available to Holder at that time or at any subsequent time.

10.13 Waiver of Trial by Jury. HOLDER AND BORROWER HEREBY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS NOTE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER TO MAKE THE LOAN EVIDENCED BY THIS NOTE.

CECO ENVIRONMENTAL CORP.

By: /s/ Dennis W. Blazer
Dennis W. Blazer
Title: Vice President-Finance and Administration
and Chief Financial Officer

NEITHER THIS NOTE NOR ANY SECURITIES WHICH MAY BE ISSUED UPON THE EXERCISE OF THE WARRANTS HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR OTHERWISE QUALIFIED UNDER ANY STATE SECURITIES LAW. NEITHER THIS NOTE NOR ANY SUCH SECURITIES MAY BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND REGISTRATION OR OTHER QUALIFICATION UNDER ANY APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION OR OTHER QUALIFICATION IS NOT REQUIRED.

THIS NOTE IS SUBJECT TO THE TERMS OF THE SUBORDINATION AGREEMENT (AS DEFINED HEREIN IN SECTION 7) IN FAVOR OF FIFTH THIRD BANK, AS AGENT FOR CERTAIN BANKS. NOTWITHSTANDING ANY CONTRARY STATEMENT CONTAINED IN THE WITHIN INSTRUMENT, NO PAYMENT ON ACCOUNT OF ANY OBLIGATION ARISING FROM OR IN CONNECTION WITH THE WITHIN INSTRUMENT OR ANY RELATED AGREEMENT (WHETHER OF PRINCIPAL, INTEREST OR OTHERWISE) SHALL BE MADE, PAID, RECEIVED OR ACCEPTED EXCEPT IN ACCORDANCE WITH THE TERMS OF THE SUBORDINATION AGREEMENT.

CECO Environmental Corp.
THIRD AMENDED AND RESTATED REPLACEMENT
PROMISSORY NOTE

$5,441,315 December 30, 2004

WHEREAS, Green Diamond Oil Corp., an Ontario corporation ("Green Diamond") has prior to this date advanced $4,000,000 (the "Advance") to CECO Environmental Corp. (the "Company").

WHEREAS, the terms of the Advance are set forth in a Second Amended and Restated Replacement Promissory Note dated May 28, 2002 (the "Prior Note"), which Prior Note shall be cancelled and replaced by this Third Amended and Restated Replacement Promissory Note (the "Note").

WHEREAS, CECO Environmental Corp. owes Green Diamond $1,441,315 of accrued and unpaid interest under the terms of the Prior Note.

WHEREAS, Green Diamond has agreed to convert the accrued and unpaid interest outstanding under the Prior Note into additional principal (to be added to the Advance amount) due under this Note.

WHEREAS, CECO Environmental Corp. has agreed to amend and restate the Prior Note and replace the Prior Note with this Note to reflect the increase in the unpaid principal balance due to Green Diamond by the Company.

FOR VALUE RECEIVED, the undersigned, CECO Environmental Corp. (the "Company"), a Delaware corporation, hereby promises to pay to the order of Green Diamond Oil Corp. or registered assigns ("Holder"), the principal sum of FIVE MILLION FOUR HUNDRED FORTY-ONE THOUSAND THREE HUNDRED AND FIFTEEN DOLLARS ($5,441,315) on the Maturity Date, as defined in Section 1 below. This Note is part of a series of Notes of like tenor and effect to this Note in the aggregate original principal amount of $5,000,000, which aggregate principal amount is being increased by this Note to $6,441,315, that were originally issued in connection with a mezzanine financing by the Company (the "1999 Subordinated Notes").

1. Maturity. This Note shall be due and payable upon the earlier to occur of the following events (the "Maturity Date"): (i) six and one-half (6 1/2) years from December 7, 1999; (ii) six (6) months after repayment of the Superior Debt (as defined in Section 8 below); or (iii) the closing (any such closing referred to as the "Closing") of a Sale Transaction. For purposes of this Note, a Sale Transaction shall mean (i) a merger, consolidation, corporate reorganization, or sale of shares of stock of the Company as a result of which there is a change in control and/or the shareholders of the Company on the date hereof ("Current Shareholders") own 50% or less of the outstanding shares of the Company on a fully-diluted basis immediately after the transaction and, including as outstanding for purposes of such calculation, any warrants, options or other instruments convertible or exchangeable into equity securities of the Company issued to persons other than the Current Shareholders in connection with the transaction or (ii) the sale of (A) fifty percent or more of the assets of the Company or (B) any subsidiary, division or line of business of the Company for total consideration in excess of $5 million.

2. Interest. Interest shall accrue on the unpaid principal balance hereof and on any interest payment that is not made when due at the simple compounded rate of twelve percent (12%) per annum from the date hereof. Accrued Interest shall be due and payable on June 30 and December 31 of each year commencing June 30, 2000 and on the Maturity Date. Notwithstanding the foregoing, interest due under this Note on June 30, 2000 and December 31, 2000, will be paid in accordance with the terms of the Subordination Agreement. It shall not be a default hereunder and interest will not accrue on any portion of such interest payments deferred pursuant to the Subordination Agreement ("Deferred Interest") so long as the Deferred Interest is paid at the time and in the manner allowed by the Subordination Agreement. In the Event of Default (as defined herein), interest shall accrue on all unpaid amounts due hereunder, including without limitation, interest, at the rate of fifteen percent (15%) per annum. If a judgment is entered against the Company on this Note, the amount of the judgment so entered shall bear interest at the highest rate authorized by law as of the date of the entry of the judgment.

3. Payments. Payments of both principal and interest shall be made at the principal executive office of the Company, or such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

So long as no Event of Default has occurred in this Note, all payments hereunder shall first be applied to interest, then to principal. Upon the occurrence of an Event of Default in this Note, all payments hereunder shall first be applied to costs pursuant to Section 12.5, then to interest and the remainder to principal.

4. Registration, Transfer and Exchange of Notes. The Company will keep at its principal office a register in which it will provide for the registration of and transfer of this Note, at its own expense (excluding transfer taxes). If this Note is surrendered at said office or at the place of payment named in this Note for registration of transfer or exchange (accompanied in the case of registration of transfer or exchange by a written instrument of transfer in form satisfactory to the Company duly executed by or on behalf of the holder), the Company, at its expense, will deliver in exchange one or more new notes in denominations of $10,000 or larger multiples of $1,000, as requested by the holder for the aggregate unpaid principal amount. Any note or notes issued in a transfer or exchange shall carry the same rights to increase notes surrendered. The Holder agrees that prior to making any sale, transfer, pledge, assignment, hypothecation, or other disposition (each, a "Transfer") of this Note, the Holder shall give written notice to the Company describing the manner in which any such proposed Transfer is to be made and providing such additional information and documentation regarding the Transfer as the Company reasonably requests. If the Company so requests, the Holder shall at his expense provide the Company with an opinion of counsel (which counsel must be reasonably satisfactory to the Company), in form and substance satisfactory to the Company, that the proposed Transfer complies with applicable federal and state securities laws. The Company shall have no obligation to Transfer this Note unless the Holder thereof has complied with the foregoing provisions, and any such attempted Transfer shall be null and void.

5. Registered Owner. Prior to due presentation for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, and interest on, such Note and for all other purposes.

6. Prepayment.

6.1 Optional Prepayment. The Company, at its option and without any premium, may prepay in whole or in part the principal amount of this Note at 100% of the face value of this Note at any time; provided, however, that if the Company intends to prepay any one or more of the 1999 Subordinated Notes in part, it shall prepay the same percentage of each outstanding 1999 Subordinated Note. The Company shall, at the time of any such prepayment, pay to the holder of this Note all interest accrued and unpaid to the Prepayment Date (defined below). Notwithstanding the foregoing, once a notice of the Closing of a Sale Transaction pursuant to Section 12.4 has been sent to the Holder, the Company may not prepay this Note prior to the Closing of a Sale Transaction, or until the Sale Transaction has been formally abandoned.

6.2 Notice of Prepayment. At least five (5) but not more than fifteen (15) days prior to the date fixed for any prepayment, written notice shall be given to the Holder of this Note of the election of the Company to prepay all or a specified portion of the principal

amount of this Note (the "Prepayment Notice"). The Prepayment Notice shall specify the date upon ("Prepayment Date") and the place at which, payment may be obtained and shall call upon the Holder to surrender this Note to the Company in the manner and at the place designated. On the Prepayment Date, the Holder shall surrender this Note to the Company in the manner and at the place designated in the Prepayment Notice, and thereupon prepayment shall be made to Holder and this Note shall be cancelled. In the event that less than all the principal amount of this Note is prepaid, upon surrender of this Note to the Company, the Company shall execute and deliver to Holder a new note or notes in principal amount equal to the unpaid principal amount of this Note.

6.3 Cessation of Rights. From and after the Prepayment Date, unless there has been a default under the Prepayment Notice, all interest on the redeemed principal amount shall cease to accrue and all rights of Holder as a Holder of this Note shall cease with respect to the principal amount prepaid and, with respect to such amount, this Note thereafter shall not be deemed to be outstanding for any purpose whatsoever. By acceptance of this Note, Holder agrees to execute and deliver such documents as may be reasonably requested from time to time by the Company in order to implement the foregoing provisions of this Section.

7. Subordination. The indebtedness evidenced by this Note shall at all times be wholly subordinate and junior in right of payment to all obligations of the Company under or in connection with the Credit Agreement dated December 7, 1999 ("Superior Debt") among the Company as guarantor, the borrowers CECO Group Inc., CECO Filters, Inc., Air Purator Corporation, New Bush Co., Inc., U.S. Facilities Management, Inc., The Kirk & Blum Manufacturing Company, and kbd/Technic, Inc., and Fifth Third Bank, as agent for the lenders, which are various other financial institutions, upon the terms and conditions contained in the Subordination Agreement between Green Diamond Oil Corp., Harvey Sandler, ICS Trustee Services Ltd., and Fifth Third Bank, National Association and various other financial institutions dated December 7, 1999 (the "Subordination Agreement").

8. Repayment of Notes. In the event the Company completes an equity financing or offering or a series of equity financing or offerings for a total consideration in excess of $10,000,000, then twenty-five percent (25%) of all such consideration in excess of $10,000,000 shall be used immediately, upon receipt by the Company, to pre-pay the 1999 Subordinated Notes, provided such prepayment shall be made proportionately among the 1999 Subordinated Notes until the 1999 Subordinated Notes are paid in full.

9. Covenants of the Company. The Company covenants and agrees that it shall not, without the prior written approval of the Holders of a majority of the aggregate principal amount outstanding of the 1999 Subordinated Notes ("Majority Holders"):

9.1 Obtain or incur any indebtedness or other monetary obligations that are senior to or on parity with the Notes, other than the Superior Debt.

9.2 Allow, suffer or cause to exist any lien, claim, security interest or encumbrance on the Company's property or assets, other than with respect to the Superior Debt and purchase money indebtedness incurred in the ordinary course of business.

9.3 Enter into any arrangement or agreement involving the merger or consolidation of the Company.

9.4 Use the proceeds from the sale of the 1999 Subordinated Notes other than in the ordinary course of its business for general corporate purposes including lending monies to any of its subsidiaries. The Company also covenants and agrees that it shall operate its business in the ordinary course.

10. Events of Default.

10.1 Occurrences of Events of Default. Each of the following events shall constitute an "Event of Default" for purposes of this Note:

(a) if the Company fails to pay any amount payable, under this Note when due;

(b) if the Company breaches any of its representations, warranties or covenants set forth in this Note or the agreement issued to Green Diamond setting forth the terms of the warrants issued in connection with the original issuance of the note representing the debt evidenced by this Note;

(c) the commencement of an involuntary case against the Company or its subsidiary or any of its subsidiaries under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointing of a receiver, liquidator, assignee, custodian, trustee or similar official of the Company or for any substantial part of the Company or one of its subsidiary's property, or ordering the winding-up or liquidation of the Company or one of its subsidiary's affairs;

(d) if the Company or any of its subsidiaries shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or similar official of the Company or its subsidiary or for any substantial part of the Company or one of its subsidiary's property, or shall make any general assignment for the benefit of creditors, or shall take any corporate action in furtherance of any of the foregoing; or

(e) if the Company's business shall fail, as determined in good faith by the Majority Holders and evidenced by the Company's inability to pay its ongoing debts as such debts become due.

10.2 Acceleration Upon Event of Default. If any Event of Default shall have occurred and be continuing, for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise), the unpaid principal amount of, and the accrued interest on, this Note shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Company.

11. Investment Representations of the Holder. With respect to the purchase of this Note, the Holder hereby represents and warrants to the Company as follows:

11.1 Experience. The Holder has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests.

11.2 Investment. The Holder is acquiring the Securities for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. The Holder is an “accredited investor” within the meaning of Regulation D, Section 501(a), promulgated by the Securities and Exchange Commission.

11.3 Access to Data. The Holder has had an opportunity to discuss the Company’s business, management and financial affairs with the Company’s management and has also had an opportunity to ask questions of the Company’s officers, which questions were answered to its satisfaction.

12. Miscellaneous.

12.1 Invalidity of Any Provision. If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Note and this Note shall be construed as if such invalid, illegal or unenforceable provisions or part hereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability.

12.2 Governing Law. The Note shall be governed in all respects by the laws of the State of Delaware, excluding its conflict of laws.

12.3 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) on the date of delivery if delivered personally, (ii) one (1) business day after transmission by facsimile transmission with a written confirmation copy sent by first class mail, or (iii) five (5) days after mailing if mailed by first class mail, to the following addresses:

If to the Company: CECO Environmental Corp.
3120 Forrer Street
Cincinnati, Ohio 45209
Attention: Dennis W. Blazer

And if to the Holder, to the address or facsimile number of Holder as set forth on the Company's records, or such other address as the Holder has provided to the Company by notice duly given.

12.4 Notice of a Sale Transaction. The Company shall give the Holder of this Note notice of the Closing of a Sale Transaction at least thirty (30) days prior to such Closing.

12.5 Collection. If the indebtedness represented by this Note or any part thereof is collected at law or in equity or in bankruptcy, receivership or other judicial proceedings or if this Note is placed in the hands of attorneys for collection after the occurrence of an Event of Default, the Company agrees to pay, in addition to the outstanding principal and accrued interest payable hereon, reasonable attorneys' fees and costs incurred by the Holder, or on behalf of the Holder by a representative of the Holder.

12.6 Successors and Assigns. The rights and obligations of the Company and the Holder shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

12.7 Waivers. The Company and any endorsers, sureties, guarantors, and all others who are, or may become liable for the payment hereof severally: (a) waive presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Note, (b) consent to all extensions of time, renewals, postponements of time of payment of this Note or other modifications hereof from time to time prior to or after the maturity date hereof, whether by acceleration or in due course, without notice, consent or consideration to any of the foregoing, (c) agree to any substitution, exchange, addition, or release of any of the security for the indebtedness evidenced by this Note or the addition or release of any party or person primarily or secondarily liable hereon, (d) agree that Holder shall not be required first to institute any suit, or to exhaust its remedies against the Company or any other person or party to become liable hereunder or against the security in order to enforce the payment of this Note and (e) agree that, notwithstanding the occurrence of any of the foregoing (except by the express written release by Holder of any such person), the Company shall be and remain, directly and primarily liable for all sums due under this Note.

12.8 Time. Time is of the essence in this Note.

12.9 Captions. The captions of sections of this Note are for convenient reference only, and shall not affect the construction or interpretation of any of the terms and provisions set forth in this Note.

12.10 Number and Gender. Whenever used in this Note, the singular number shall include the plural, and the masculine shall include the feminine and the neuter, and *vice versa*.

12.11 Remedies. All remedies of the Holder shall be cumulative and concurrent and may be pursued singly, successively, or together at the sole discretion of the Holder and may be exercised as often as occasion therefor shall arise. No act of omission or commission of the Holder, including specifically any failure to exercise any right, remedy or recourse shall be effective unless it is set forth in a written document executed by the Holder and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing as a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

12.12 No Waiver by Holder. The acceptance by Holder of any payment under this Note which is less than the amount then due or the acceptance of any amount after the due date thereof, shall not be deemed a waiver of any right or remedy available to Holder nor nullify the prior exercise of any such right or remedy by Holder. None of the terms or provisions of this Note may be waived, altered, modified or amended except by a written document executed by Holder and then only to the extent specifically recited therein. No course of dealing or conduct shall be effective waive, alter, modify or amend any of the terms or provisions hereof. The failure or delay to exercise any right or remedy available to Holder shall not constitute a waiver of the right of the Holder to exercise the same or any other right or remedy available to Holder at that time or at any subsequent time.

12.13 Submission to Jurisdiction. BORROWER, AND ANY ENDORSERS, SURETIES, GUARANTORS AND ALL OTHERS WHO ARE, OR WHO MAY BECOME, LIABLE FOR THE PAYMENT HEREOF SEVERALLY, IRREVOCABLY AND UNCONDITIONALLY (A) AGREE THAT ANY SUIT, ACTION, OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY OTHER AGREEMENT, DOCUMENT OR INSTRUMENT DELIVERED PURSUANT TO, OR IN CONNECTION WITH THIS NOTE SHALL BE BROUGHT AND MAINTAINED IN THE COURTS IN AND FOR HAMILTON COUNTY, OHIO, OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF OHIO; (B) CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING; AND (C) WAIVE ANY OBJECTION WHICH IT OR THEY MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING IN ANY OF SUCH COURTS.

12.14 Waiver of Trial by Jury. HOLDER AND BORROWER HEREBY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS NOTE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER

VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER TO MAKE THE LOAN EVIDENCED BY THIS NOTE.

12.15 This Note is issued, in part, in replacement of the Prior Note and to reflect additional principal advanced to the Company by Holder. The indebtedness evidenced by the Prior Note has not been paid; instead this Note is issued in substitution for the Prior Note and the unpaid indebtedness evidenced thereby continues to be outstanding and is intended to be evidenced hereby.

CECO ENVIRONMENTAL CORP.

By: /s/ Dennis W. Blazer
Dennis W. Blazer
Vice President – Finance and Administration
and Chief Financial Officer

EXHIBIT 18

March 31, 2005

CECO Environmental Corporation
3120 Forrer Street
Cincinnati, Ohio 45209

Dear Sirs/Madams:

We have audited the consolidated financial statements of CECO Environmental Corporation as of December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004, included in your Annual Report on Form 10-K to the Securities and Exchange Commission and have issued our report thereon dated March 31, 2005, which expresses an unqualified opinion. Note 1 to such consolidated financial statements contains a description of the change in the method of accounting for certain inventory from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. In our judgment, such change is to an alternative accounting principle that is preferable under the circumstances.

Yours truly,

/s/ Deloitte & Touche LLP
Cincinnati, Ohio

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

CECO Group, Inc.	(Delaware)
CECO Filters, Inc.	(Delaware, subsidiary of CECO Group, Inc.)
CECO Filters India Pvt. Ltd.	(India, subsidiary of CECO Filters, Inc.)
Kirk & Blum Manufacturing Company	(Ohio, subsidiary of CECO Group, Inc.)
kbd/Technic, Inc.	(Indiana, subsidiary of CECO Group, Inc.)
CECO Abatement Systems, Inc.	(Delaware, subsidiary of CECO Group, Inc.)
CECO Energy	(Delaware, subsidiary of CECO Abatement Systems, Inc.; currently not active)
Air Purator Corporation	(Delaware, subsidiary of CECO Filters, Inc.)
New Busch Co., Inc.	(Delaware, subsidiary of CECO Filters, Inc.)
CECOaire, Inc.	(Delaware, subsidiary of CECO Group, Inc.)

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION
BY CHIEF EXECUTIVE OFFICER

I, Phillip DeZwirek, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2004, of CECO Environmental Corp.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Phillip DeZwirek

Phillip DeZwirek
Chairman of the Board and
Chief Executive Officer
April 14, 2005

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION
BY CHIEF FINANCIAL OFFICER

I, Dennis W. Blazer, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2004, of CECO Environmental Corp.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Dennis W. Blazer

Dennis W. Blazer
Vice President - Finance and Administration and
Chief Financial Officer
April 14, 2005

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CECO Environmental Corp. (the "Company") on Form 10-K for the period ending December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Phillip DeZwirek, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Phillip DeZwirek

Phillip DeZwirek
Chairman of the Board and
Chief Executive Officer
April 14, 2005

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CECO Environmental Corp. (the "Company") on Form 10-K for the period ending December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dennis W. Blazer, Vice President-Finance and Administration and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dennis W. Blazer

Dennis W. Blazer
Vice President-Finance and Administration and
Chief Financial Officer
April 14, 2005