UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended JUNE 30, 2001

Commission file number 0-7099

CECO ENVIRONMENTAL CORP.
(Exact name of registrant as specified in its charter)

NEW YORK	13-2566064
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

505 UNIVERSITY AVENUE, SUITE 1400, TORONTO, ONTARIO, CANADA M5G 1X3
(Address of principal executive officers) (Zip Code)

416-593-6543
(Registrant's telephone number, including area code)

NOT APPLICABLE
Former name, former address and former fiscal year, if changed since last report.

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 of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. X Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of latest practical date.

Class: COMMON, PAR VALUE $.01 PER SHARE
OUTSTANDING at August 9, 2001 7,898,403

CECO ENVIRONMENTAL CORP.

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

JUNE 30, 2001

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CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

Dollars in thousands, except per share data

	JUNE 30, 2001	DECEMBER 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 157	$ 664
Marketable securities - trading	13	1,002
Accounts receivable, net	15,437	17,372
Costs and estimated earnings in excess of billings on uncompleted contracts	5,817	5,099
Inventories	2,466	2,373
Other assets	2,581	1,881
Total current assets	26,471	28,391
Property and equipment, net	13,313	13,587
Goodwill, net	8,326	8,479
Other intangible assets, net	3,912	4,149
Deferred charges and other assets	1,755	1,290
	$53,777	$55,896
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ 2,776	$ 3,776
Accounts payable and accrued expenses	11,038	11,808
Billings in excess of costs and estimated earnings on uncompleted contracts	1,330	1,175
Total current liabilities	15,144	16,759
Other liabilities	1,047	704
Debt, less current portion	22,451	22,640
Deferred income tax	5,123	5,264
Minority interest	35	60
Subordinated notes (related party, $2,883 and $2,769, respectively)	3,604	3,461
Common stock, $0.01 par value; 100,000,000 shares authorized and 8,662,323 and 8,639,792 shares issued in 2001 and 2000, respectively	87	86
Capital in excess of par value	12,625	12,592
Accumulated deficit	(4,408)	(3,950)
Accumulated other comprehensive loss	(245)	(34)
	8,059	8,694
Less treasury stock, at cost, 763,920 shares	(1,686)	(1,686)
	6,373	7,008
	$53,777	$55,896

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

Dollars in thousands, except per share data

	THREE MONTHS ENDED JUNE 30, 2001	THREE MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2000
Net sales	$ 23,074	$ 22,028	$ 42,843	45,582
Costs and expenses:				
Cost of sales, exclusive of items shown separately below	18,728	17,445	34,932	36,225
Selling and administrative	3,634	3,840	6,363	7,362
Depreciation and amortization	584	559	1,136	1,054
	22,946	21,844	42,431	44,641
Income before investment income and interest expense	128	184	412	941
Investment income	462	448	401	743
Interest expense (including related party interest of $177 and $177, and $352 and $354, respectively)	(893)	(970)	(1,840)	(1,846)
Loss before benefit for income taxes and minority interest	(303)	(338)	(1,027)	(162)
Benefit for income taxes	(161)	(138)	(544)	(31)
Loss before minority interest	(142)	(200)	(483)	(131)
Minority interest	25	17	25	23
Net loss	$ (117)	$ (183)	$ (458)	$ (108)
Per share data:				
Basic loss	$ (.01)	$ (.02)	$ (.06)	$ (.01)
Diluted loss	$ (.01)	$ (.02)	$ (.06)	$ (.01)
Weighted average number of common shares outstanding:				
Basic	7,898,403	8,485,520	7,887,324	8,485,496
Diluted	7,898,403	8,825,520	7,887,324	8,825,496

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

Dollars in thousands

	SIX MONTHS ENDED JUNE 30, 2001	2000
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities:		
Net loss	$ (458)	$ (108)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,136	1,054
Gain on sales of marketable securities, trading	(396)	(622)
Changes in operating assets and liabilities - net	724	(1,081)
Net cash provided by (used in) operating activities	1,006	(757)
Net cash (used in) provided by investing activities	(357)	172
Net cash (used in) financing activities	(1,156)	(298)
Net decrease in cash	(507)	(883)
Cash and cash equivalents at beginning of the period	664	1,135
Cash and cash equivalents at end of the period	$ 157	$ 252
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 1,467	$ 1,564
Income taxes	$ 394	$ 261

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. The accompanying unaudited condensed consolidated financial statements of CECO Environmental Corp. (the "Company") and subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, the accompanying unaudited condensed consolidated financial statements of the Company contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of June 30, 2001 and the results of operations for the three-month and six-month periods ended June 30, 2001 and 2000 and its cash flows for the six-month periods ended June 30, 2001 and 2000. The results of operations for the interim periods ended June 30, 2001 are not necessarily indicative of the results to be expected for the full year.

These financial statements should be read in conjunction with the audited financial statements and notes thereto in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission.

Recent accounting pronouncements - On January 1, 2001, the Company adopted Statement of Financial Accounting Standard ("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". SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivative instruments, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair value. The accounting for changes in the fair value of derivatives depends on their intended use and designation.

The Company has an interest rate swap agreement to manage its exposure to interest rate fluctuations. The interest rate swap agreement meets the criteria for hedge accounting under SFAS No. 133 and accordingly, the cumulative after-tax fair value of the interest rate hedges is included in other comprehensive loss in the second quarter of 2001. During the first quarter ended March 31, 2001, the Company recognized a transition obligation of $350,000 related to this swap.

Other comprehensive loss for the quarter ended June 30, 2001 was $120,000, which included the change in the fair value of the interest rate swap.

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141 Business Combinations and SFAS No. 142 Goodwill and Other Intangible Assets. SFAS No. 141 requires that all business combinations be accounted for under the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. SFAS No. 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill should be amortized over their useful lives. Implementation of SFAS No. 141 and SFAS No. 142 is required for fiscal 2002. Management is currently assessing the impact SFAS No. 141 and SFAS No. 142 will have on the results of operations.

2. Inventories consisted of the following:

	JUNE 30, 2001	DECEMBER 31, 2000
	(Dollars in thousands)	
Raw materials	$ 1,440	$ 1,450
Finished goods	871	734
Parts for resale	155	189
	$ 2,466	$ 2,373

3. Segments and Related Information

The Company has two reportable segments: Systems and Media. The Systems segment assembles and manufactures ventilation, environmental and process-related products. The Company provides standard and engineered systems and filter media for air quality improvement through its Media segment.

(Dollars in thousands)

	SYSTEMS	MEDIA	CORPORATE AND OTHER	ELIMINATION OF INTER-SEGMENT ACTIVITY	CONSOLIDATED
Six-months ended June 30, 2001:					
Revenues	$ 40,682	$ 2,393	$ --	$ (232)	$ 42,843
Operating income (loss)	1,549	(101)	(1,036)	--	412
Six-months ended June 30, 2000:					
Revenues	$ 43,200	$ 2,840	$ --	$ (458)	$ 45,582
Operating income (loss)	2,311	(470)	(900)	--	941
Three-months ended June 30, 2001:					
Revenues	$ 21,913	$ 1,324	$ --	$ (163)	$ 23,074
Operating income (loss)	897	(228)	(541)	--	128
Three-months ended June 30, 2000:					
Revenues	$ 20,805	$ 1,608	$ --	$ (385)	$ 22,028
Operating income (loss)	1,092	(369)	(539)	--	184

4. In August 2001, the bank credit facility was amended by (i) reducing minimum coverage requirements under several financial covenants as of June 30, 2001 and September 30, 2001, (ii) raising interest rates by 1%, (iii) reducing the total amount available under the revolving line of credit to $8 million from $9 million and (iv) changing the maturity of the revolving line of credit to April 2003 from December 2004. The Company would not have been in compliance with the June 30, 2001 financial covenants had the amendment not been made. In consideration for this amendment, additional fees were paid to the lenders.

CECO ENVIRONMENTAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(unaudited)

Overview

The principal operating units of CECO Environmental Corp. (the "Company") are The Kirk & Blum Manufacturing Company ("Kirk & Blum"), kbd/Technic, Inc. ("kbd/Technic"), CECO Filters, Inc. ("Filters"), Air Purator Corporation and New Busch Co., Inc. ("Busch"). These units provide innovative solutions to industrial ventilation and air quality problems through dust, mist, and fume control systems, and particle and chemical control technologies.

The Company's Systems segment consists of Kirk & Blum, kbd/Technic, and Busch. Kirk & Blum, a leading provider of turnkey engineering, design, manufacturing and installation services in the air pollution control industry, focuses on designing, building and installing systems which remove airborne contaminants from industrial facilities as well as equipment that control emissions from such facilities. Busch provides system-based solutions for industrial ventilation and air pollution control problems through its design, fabrication, supplying and installation of equipment used to control the environment in and around industrial plants with a variety of standard, proprietary and patented technologies including its JET*STAR(TM) cooling system. kbd/Technic, a specialty-engineering firm, concentrates in industrial ventilation as well as providing air systems testing and balancing, source emissions testing, industrial ventilation engineering, turnkey project engineering (civil, structural and electrical), and sound and vibration systems engineering. These companies have extensive knowledge and experience in providing complete turnkey systems in new installations and renovating existing systems.

The Company's Media segment consists of Filters and Air Purator Corporation. Filters manufactures and markets filters known as fiber bed mist eliminators designed to trap, collect and remove solid soluble and liquid particulate matter suspended in an air or other gas stream whether generated from a point source emission or otherwise. Filters offers innovative patented technologies, such as the Catenary Grid(R) and Narrow Gap Venturi(R) Scrubbers, designed for use with heat and mass transfer operations and particulate control. Air Purator Corporation designs and manufactures high performance filter media for use in high temperature pulse jet baghouses, an extremely effective type of baghouse for capturing submicron particulate from gas streams.

Results of Operations

The Company's consolidated statement of operations for the three-month and six-month periods ended June 30, 2001 and 2000 reflect the operations of the Company consolidated with the operations of its subsidiaries. At June 30, 2001, the Company owned approximately 94% of Filters. Minority interest has been separately presented in the statements of operations.

Revenues

Consolidated total revenues increased $1.0 million or 4.7% to $23.1 million during the three months ended June 30, 2001 as compared to the three months ended June 30, 2000 and decreased $2.7 million during the six-month period ended June 30, 2001 as compared with the same period in 2000. The Company booked orders totaling $19.5 million during the second quarter of 2001 and $48.2 million for the first six-months of 2001 as compared to $21.6 million during the second quarter of 2000 and $45.3 million in the first half of 2000. Backlog at June 30, 2001 was $17.3 million. Consolidated total revenue for the six months ended June 30, 2001, was $42.8 million versus comparable 2000 revenues of $45.6 million. Revenue is anticipated to continue to increase during the second half of 2001 compared with the first half 2001 as the Company works down its current backlog.

Systems segment revenue increased $1.1 million to $21.9 million during the three months ended June 30, 2001 as compared to the same period of 2000. Systems segment revenue was $40.7 million during the first six months of 2001 compared to $43.2 million during the same period of 2000. This decrease was partly due to the slower revenue recognition under percentage completion accounting as a result of the current mix of projects where a greater percentage of costs are incurred toward the end of the project. Kirk & Blum's decrease is partially attributable to a decline in sales to the automotive, communications and cement industries. Busch's bookings level continued strong throughout the first half of 2001 totaling $4.4 million versus $2.2 million in the first six months of 2000. Busch's backlog for the year increased $2.2 million to $3.4 million at June 30, 2001 from the previous year end.

Media segment revenue decreased $0.3 million during the three months ended June 30, 2001 as compared to the same period in 2000. Media segment revenue was $2.4 million for the first six months of 2001 compared to $2.8 million during the same period of 2000. Filters saw an increase in revenues for the first six months of 2001 of $0.1 million while the Company's high performance filter media unit, Air Purator Corporation, revenues declined $0.5 million. Filters booked orders totaling $1.6 million during the second quarter of 2001, an increase of $0.7 million as compared to the same period in 2000. A new marketing initiative for this segment, focusing on nurturing relationships and increasing repeat orders from existing customers, was rolled out in the first quarter of 2001. As a result, the Company recorded $2.4 million in bookings for the six-month period ended June 30, 2001, which was an increase of $0.8 million over the same period in 2000. The Company believes that an increase in revenue from this initiative may be realized in the second half of 2001.

Gross Profit

Gross profit exclusive of depreciation and amortization was $4.3 million during the second quarter of 2001 as compared to $4.6 million during the second quarter of 2000. Gross margin during the second quarter of 2001 was 18.9% as compared to 20.8% during the second quarter of 2000. Gross profit exclusive of depreciation and amortization was $7.9 million during the first six months of 2001 compared with $9.4 million in the same period of 2000. Gross margin was 18.4% in the first six months of 2001 compared with 20.5% in the same period of 2000. The decline is attributable to decreased sales by the higher margin Media segment as well as lower margins realized in the Systems segment.

Expenses

Selling and administrative expenses decreased $0.2 million during the three months ended June 30, 2001 as compared to the same period in 2000. Selling and administrative expenses decreased for the first six months of 2001 by $1.0 million to $6.4 million as compared to the same period in 2000. Selling and administrative expenses as a percentage of revenues for the first six months of 2001 were 14.8% versus 16.1% for the same period in 2000. The majority of the decrease for the first six months of 2001 related to cost saving initiatives put into place in 2000, and a reversal of a contingency reserve held in connection with a customer bankruptcy.

Depreciation and amortization increased slightly during the three months ended June 30, 2001 as compared to the same period in 2000. Depreciation and amortization increased $0.1 million to $1.1 million in the first six months of 2001 primarily due to the larger base of depreciable assets.

Investment Income

Investment income increased slightly during the three months ended June 30, 2001 as compared to the same period of 2000. Investment income was $0.4 million during the first half of 2001 compared with $0.7 million in the same period of 2000. The decrease in investment income was primarily due to sales of the Company's largest holding of marketable securities in the first half of 2001.

Interest Expense

Interest expense decreased slightly during the three months ended June 30, 2001 as compared to the same period of 2000. Interest expense decreased slightly for the first half of 2001 compared with the same period of 2000.

Income Taxes

Federal and state income tax benefits increased slightly during the three months ended June 30, 2001 as compared to the same period of 2000. Federal and state income tax benefits increased $0.5 million in the first six months of 2001 as compared to the same period in 2000. The effective income tax rate was 53% during the first and second quarters of 2001. The Company's effective tax rate during 2001 is affected by non-deductible goodwill amortization and interest expense.

Net Loss

Net loss decreased slightly during the three months ended June 30, 2001 as compared to the same period in 2000. Net loss for the six months ended June 30, 2001 was $0.5 million compared with net loss of $0.1 million in the same period in 2000.

Backlog

The Company's backlog consists of purchase orders it has received from products and services it expects to deliver within the next 12 months. The Company's backlog, as of June 30, 2001, was approximately $17 million, an increase of $5 million over December 31, 2000. The Systems segment generated in excess of 90% of the backlog. There can be no assurance that backlog will be replicated, increased or translated into higher revenues in the future.

Financial Condition, Liquidity and Capital Resources

Cash provided by operating activities for the six months ended June 30, 2001 was $1.0 million compared with cash used in operations of $0.8 million for the same period in 2000. At June 30, 2001, the Company had total cash and cash equivalents and marketable securities of $0.2 million compared to $1.7 million at December 31, 2000.

Bank and related debt as of June 30, 2001 was $25.2 million, a decrease of $1.2 million, primarily due to principal reductions against the bank credit facilities. Unused credit availability at June 30, 2001, was $3.3 million under the bank line of credit. An amendment to the subordinated note agreements was executed during the second quarter which eliminated the Company's right to convert the notes to equity. The bank credit facility was amended in March 2001, as discussed in the Company's Form 10-KSB for the year ended December 31, 2000. In August 2001, the lenders amended the credit facility by (i) reducing minimum coverage requirements under several financial covenants as of June 30, 2001 and September 30, 2001, (ii) raising interest rates by 1%, (iii) reducing the total amount available under the revolving line of credit to $8 million from $9 million and (iv) changing the maturity of the revolving line of credit to April 2003 from December 2004. The Company would not have been in compliance with the June 30, 2001 financial covenants had the amendment not been made. In consideration for this amendment, additional fees were paid to the lenders.

Investing activities used cash of $0.4 million during the first six months of 2001 related to capital expenditures for property and equipment and intangibles. Capital expenditures for property and equipment are anticipated to be in the range of $0.7 million to $0.9 million for fiscal year 2001.

Financing activities used $1.2 million during the first six months of 2001 compared with cash used of $0.3 million during the same period of 2000. Current year financing activities included net borrowings under bank credit facilities and proceeds from common stock issued under the Company's Employee Stock Purchase Plan.

The Company believes that its cash and cash equivalents, its cash flows from operating activities, and its existing credit facilities are adequate to meet the Company's cash requirements over the next twelve months.

Forward-Looking Statements

The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is making this cautionary statement in connection with such safe harbor legislation. This Form 10-QSB, the Annual Report to Shareholders, Form 10-KSB or Form 8-K of the Company or any other written or oral statements made by or on behalf of the Company may include forward-looking statements which reflect the Company's 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-QSB are "forward-looking statements," and are based on management's current expectations of the Company's near-term results, based on current information available pertaining to the Company, including the risk factors noted below.

The Company wishes to caution investors that any forward-looking statements made by or on behalf of the Company 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, continued access to capital markets, and foreign currency risks. The Company wishes to caution investors that other factors may, in the future, prove to be important in affecting the Company's 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 the Company's views as of the date the statement is made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CECO ENVIRONMENTAL CORP.

OTHER INFORMATION
(unaudited)

Part II

Item 6 (e) EXHIBITS AND REPORTS ON FORM 8-K

The Company did not file any reports on Form 8-K during the three months ended June 30, 2001.

CECO ENVIRONMENTAL CORP.
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SIGNATURE

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Pursuant to the requirements 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.

/s/ M. J. Morris

M. J. Morris
V.P., Finance and Administration
Chief Financial Officer

Date: August 20, 2001