UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934

Date of Report: December 7, 1999

CECO ENVIRONMENTAL CORP.

(Exact name of registrant as specified in charter)

New York	0-7099	13-2566064
(State or other jurisdiction of incorporation)	Commission File No.)	(IRS Employer Identification No.)

505 University Avenue, Suite 1400 Toronto, Canada	M5G 1X3
(Address of principal executive offices)	(Zip Code)

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

Item 2. Acquisition or Disposition of Assets

Stock Purchase Agreement
- ------------------------

On December 7, 1999, CECO Environmental Corp. purchased all the issued stock of The Kirk & Blum Manufacturing Company and kbd/Technic, Inc., two companies with related ownership located in Cincinnati, Ohio (collectively, the "Companies"). The stock of the Companies were purchased from the Blum family and various trusts for their benefit. The Blum family members are the descendents of one of the founders of The Kirk & Blum Manufacturing Company. No member of the Blum family was affiliated with CECO Environmental Corp. prior to the acquisition of the Companies by CECO Environmental Corp.

The consideration for each of the acquisitions was determined through arms-length negotiations between CECO Environmental Corp. and the former owners of the Companies. The purchase price was approximately $25 million dollars plus the assumption of $5 million of existing indebtedness of the Companies.

Employment Agreements, Bonuses and Stock Purchase Warrants
- ---

In connection with such acquisition, CECO Group, Inc. entered into a five year employment agreement with Richard J. Blum. Lawrence J. Blum and David D. Blum entered into five year employment agreements with The Kirk and Blum Manufacturing Company. These employment agreements provide for annual salaries of $206,000, $100,000 and $154,000, respectively, for the three Blums. These agreements granted Richard, Lawrence and David Blum warrants to purchase 448,000, 217,000 and 335,000 shares of common stock of CECO Environmental Corp., respectively, at $2.9375, the closing price of CECO Environmental Corp.'s common stock on December 7, 1999. These warrants become exercisable at the rate of 25% per year over the four years following December 7, 1999.
The warrants have a term of ten years.

In addition, these employment agreements provide that each of the Blums will be paid a bonus with respect to each of the fiscal years ended as December 31, of 2000, 2001, 2002, 2003 and 2004 equal to, in the aggregate, (i) 25% of the net income before interest and taxes in excess of $4,000,000 of CECO Environmental Corp. as reported on its audited financial statements filed with the Securities and Exchange Commission with respect to such year, less (ii) the contribution made on behalf of such employees to any profit sharing or 401(k) plan by CECO Environmental Corp., CECO Group, Inc., The Kirk & Blum Manufacturing Company or any affiliate (other than contributions made by the employees) with respect to such fiscal year. Of such aggregate bonus, Richard J. Blum will receive 44.8%, Lawrence J. Blum will receive 21.7% and David D. Blum will receive 33.5%.

No such bonus will be paid if CECO Environmental Corp. or CECO Group, Inc. is in default under any financing agreement with any bank or other financial institution or any other material agreement to which CECO

Environmental Corp. or CECO Group, Inc. is a party, or the payment of such bonus would cause CECO Environmental Corp. or CECO Group, Inc. to be in default under any such agreement. If no bonuses are paid as a result of the operation of the foregoing sentence, the unpaid bonuses will accrue interest at the rate of 8% per annum. Any accrued and unpaid bonuses and interest will be paid as soon as CECO Environmental Corp. or CECO Filters, Inc. ceases to be in default under such agreements and such payment would not cause a default under any such agreement. The payment of these bonuses is also subject to a subordination agreement between the employees and the banks providing financing for the acquisition of the Companies.

Bank Financing

The financing for the transaction was provided by a bank loan facility in the amount of $25 million in term loans and a $10 million revolving credit facility. The $14.5 term loan has a maturity of November 30, 2004; the $8.5 million term loan has a maturity of May 31, 2006; and the $2 million term loan has a maturity of 90 days of December 7, 1999. Interim payments of principal are required with respect to the $14.5 million and the $8.5 million term loans. CECO Environmental Corp. intends to borrow against the cash value of life insurance owned by The Kirk & Blum Manufacturing Company in order to repay the $2 million term loan due 90 days after December 7, 1999. The bank loan facility was provided by PNC Bank, National Association, The Fifth Third Bank and Bank One, N.A.

In addition, as a condition to obtaining the bank financing, CECO Environmental Corp. 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 the Companies, to pay expenses incurred in connection with the acquisitions, to refinance existing indebtedness and for working capital purposes. In connection with these loans, the banks providing the loan facility received a lien on substantially all the assets of CECO Environmental Corp. and its subsidiaries.

Subordinated Debt

The subordinated debt was provided to CECO Environmental Corp. in the amount of $4,000,000 by Green Diamond Oil Corp., $500,000 by ICS Trustee Services, Inc. and $500,000 by Harvey Sandler. ICS Trustee Services, Inc. and Harvey Sandler are not affiliated with the Company. Green Diamond Oil Corp. is owned 50% by Phillip DeZwirek, the Chairman of the Board of Directors, Chief Executive Officer and Chief Financial Officer of CECO Environmental Corp. and a major stockholder and 50% by Jason DeZwirek, Phillip DeZwirek's son and a director and secretary of CECO Environmental Corp. and a major stockholder of CECO Environmental Corp. 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 subject to the subordination agreement with the banks providing the financing referred to above.

In consideration for the subordinated lenders making CECO Environmental Corp. the subordinated loans, CECO Environmental Corp. issued to the subordinated lenders warrants to purchase up to 1,000,000 shares of CECO Environmental Corporation common stock for $2.25 per share, the closing price of CECO Environmental Corp. common stock on the day that the subordinated lenders entered into an agreement with CECO Environmental Corp. to provide the subordinated loans. The warrants are exercisable from June 6, 2000 until 5:30 p.m. New York time on December 7, 2009. In connection with such warrants, the subordinated lenders were granted certain registration rights with respect to their warrants and shares of common stock of CECO Environmental Corp. into which the warrants are convertible.

The KBD/Technic, Inc. Voting Trust

One of the Companies being acquired, kbd/Technic, Inc., may engage in engineering services in the State of Ohio and in other states. In order to be corporation licensed to perform engineering services in the state of Ohio, Ohio law requires that a majority of the stock of kbd/Technic, Inc. be owned by a licensed engineer. CECO Group, Inc. has therefore arranged that the stock of kbd/Technic, Inc. be owned by a voting trust of which Richard J. Blum, the president of CECO Group, Inc., is the trustee. CECO Group, Inc. remains the beneficial owner of 100% of the stock of kbd/Technic, Inc.

The Business of The Kirk & Blum Manufacturing Company and kbd/Technic, Inc.

The newly acquired Kirk & Blum Manufacturing Company ("K&B"), with headquarters in Cincinnati, Ohio, is a leading provider of turnkey engineering, design, manufacturing and installation services in the air pollution control industry. K&B's business is focused on designing, building, and installing clean air systems inside manufacturing plants, as well as systems that purify emissions from manufacturing facilities. K&B serves its customers from offices and plants in Cincinnati, OH, Indianapolis, IN, Louisville and Lexington, KY, Columbia, TN, and Greensboro, NC. In October 1998, Engineering News Record ranked K&B as the largest specialty sheet metal contractor in the country. With a diversified base of more than 1,500 active customers, K&B provides services to a number of industries including aerospace, ceramics, metalworking, printing, paper, food, foundries, metal plating, woodworking, chemicals, tobacco, glass, automotive, and pharmaceuticals. No customer accounted for more than 8% of total 1998 revenue, while the top 50 customers accounted for approximately 54% of K&B's revenues.

K&B has four lines of business, all evolving from the original air pollution systems business. The largest division, located in six strategic locations and accounting for 76% of net sales in 1998, is the Air Pollution Control Systems Division. This division fabricates and installs industrial ventilation, dust, fume, and mist control systems, as well as automotive spray booth systems, industrial and process piping, and other industrial sheet metal work. Well known customers include General Motors, Procter & Gamble, Ingersoll Milling Machine, Toyota, Saturn, Matsushita, and Alcoa.

The Custom Metal Fabrication Division accounted for 11% of net sales in 1998. This division fabricates parts, subassemblies, and customized products for air pollution and non-air pollution applications from sheet, plate, and structurals. The Air Pollution Control Systems Division purchases products and services from this division and accounted for 12% of its total sales in 1998. This relationship gives K&B the ability 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 in the tri-state region surrounding Cincinnati. External customers include Siemens Energy & Automation, Duriron and Eastman Chemical. At the end of 1998 in an effort to reduce overhead, the Custom Metal Fabrication Division was merged into the Cincinnati Air Pollution Control Systems Division operation.

The Component Parts Division accounted for 11% of net sales in 1998. This division provides standard and custom components for contractors and companies that design and/or install their own air systems. Products include angle rings, elbows, cut-offs, and other components used in ventilation systems. Major distributors of this division's products include N.B. Handy, Three States Supply, Albina Pipe Bending, and Indiana Supply.

Kbd/Technic, Inc., a sister company of K&B, is a specialty engineering firm concentrating in industrial ventilation. Services offered include air system testing and balancing, source emission testing, industrial ventilation engineering, turnkey project engineering (civil/structural, electrical), sound and vibration system engineering, and other special projects. In addition to generating service revenue, kbd/Technic, Inc. often serves as a referral source for other K&B divisions. Customers include General Motors, Ford, Baldwin Graphic Products, Emtec, and Heidelberg & Harris.

K&B has approximately 550 full-time employees, including approximately 425 shop and field personnel represented by unions. The level of field personnel fluctuates with the level of work. Union contracts with shop and field personnel expire on various dates at various locations.

Change in Corporate Structure

As part of the acquisition of The Kirk & Blum Manufacturing Company, CECO Environmental Corp. created CECO Group, Inc. as a wholly-owned subsidiary for the purpose of holding all the stock of its operating companies. Immediately following the acquisition of The Kirk & Blum Manufacturing Company, CECO Group, Inc. beneficially owned The Kirk & Blum Manufacturing Company, kbd/Technic, Inc. (through the voting trust referred to above) and the approximately 94% of CECO Filters, Inc. formerly held by CECO Environmental Corp. The other operating companies controlled by CECO Environmental Corp. are wholly-owned subsidiaries of CECO Filters, Inc.

On December 10, 1999, pursuant to his employment contract with CECO Group, Inc., Richard J. Blum, the president of The Kirk & Blum Manufacturing Company, was appointed President and Chief Executive Officer of CECO Group, Inc.

CECO Environmental Corp. has no plans to change the business of these two companies and will integrate these companies with the existing businesses of CECO Environmental Corp.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits:

(a) Financial Statements of Business Acquired.

No financial statements are included for kbd/Technic, Inc., the second company acquired, because kbd/Technic, Inc. constitutes a financially insignificant portion of the businesses acquired.

The financial statements of The Kirk & Blum Manufacturing Company for the fiscal years ended December 31, 1996, 1997 and 1998 and the nine-month period ended September 30, 1999 and other data are presented on the following pages:

THE KIRK & BLUM MANUFACTURING COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1996
with

INDEPENDENT AUDITORS' REPORT

RIPPE & KINGSTON CO PSC
Certified Public Accountants
& Consultants
Rookwood Building o 1077 Celestial Street
Cincinnati, Ohio 45202-1696
(513) 241-1375
Fax: (513) 241-7843

The Shareholders
The Kirk & Blum Manufacturing Company

Independent Auditors' Report

We have audited the accompanying balance sheet of The Kirk & Blum Manufacturing Company as of December 31, 1996, and the related statements of income, shareholders' equity and cash flows for the year then ended. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of The Kirk & Blum Manufacturing Company as of December 31, 1996 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Rippe & Kingston Co.PSC

April 16, 1997, except for Note 14, as to
Which the date is December 2, 1999.

THE KIRK & BLUM MANUFACTURING COMPANY

BALANCE SHEET

December 31, 1996

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 441,578
Available-for-sale securities	2,290,448
Current portion of debt securities to be held-to-maturity	56,399
Accounts receivable:	
Trade	14,483,774
Employee advances and other	58,770
Related party	103,339
	14,645,883
Less allowance for doubtful accounts	(87,000)
	14,558,883
Inventories:	
Raw materials and supplies	810,657
Work in process and finished products	490,671
	1,301,328
Costs and estimated earnings in excess of billings on uncompleted contracts	3,131,953
Prepaid expenses and deposits	65,072
Total current assets	21,845,661
PROPERTY, PLANT AND EQUIPMENT	2,962,390
INVESTMENTS AND OTHER ASSETS:	
Capital stock of The Factory Power Company, at cost	24,300
Intangible pension asset	188,333
Debt securities to be held-to-maturity, net of current portion	696,464
Cash surrender value of life insurance, net of policy loans of $338,509 at December 31, 1996	2,484,956
Total investments and other assets	3,394,054
	$28,202,104

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable	$ 3,563,547
Accrued liabilities:	
Salaries and wages	1,790,202
Taxes	195,017
Workers compensation	85,500
Profit sharing contribution	540,906
Other	225,051
	2,836,676
Billings in excess of costs and estimated earnings on uncompleted contracts	933,408
Current portion of long-term debt	10,000
Current portion of capital lease obligations	127,448
Current portion of post retirement health care liability	40,000
Note payable - related party	320,000
Total current liabilities	7,831,079
LONG-TERM DEBT, less current portion	723,670
CAPITAL LEASE OBLIGATIONS, less current portion	389,854
WORKERS COMPENSATION LIABILITY, net of current portion	354,763
POST RETIREMENT HEALTH CARE LIABILITY, net of current portion	646,349
PENSION LIABILITY	91,659
SHAREHOLDERS' EQUITY:	
Class A common stock, no par value, authorized 250,000 shares, Issued 104,420 shares	64,420
Excess of additional pension liability over unrecognized prior service cost	(142,533)
Retained earnings	18,242,843
Total shareholders' equity	18,164,730
	$28,202,104

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF INCOME

For The Year Ended December 31, 1996

NET SALES	$66,575,044
COST OF SALES:	
Materials purchased (less discounts and scrap sales)	24,246,975
Direct labor	14,996,013
Direct costs	8,366,860
Manufacturing expenses	5,281,449
Change in ending inventories and percentage of completion costs	631,707
	53,523,004
Gross profit	13,052,040
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:	
Selling	3,510,625
General and administrative	4,785,614
	8,296,239
Income from operations	4,755,801
OTHER INCOME (EXPENSE):	
Interest income	146,812
Interest expense	(112,634)
Rental income	18,000
Pension	(123,200)
Other	1,600
	(69,422)
Income before taxes	4,686,379
PROVISION FOR INCOME TAXES	101,635
Net income	$ 4,584,744

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF SHAREHOLDERS' EQUITY

For the Year Ended December 31, 1996

	Common Stock - Class A (Note 8)			Common Stock Class B (Note 8)		Excess of Additional Pension Liability Over Unrecognized Prior Service Cost
	Held in Treasury	Out-Standing	Amount	Out-Standing	Amount	
BALANCE, December 31, 1995, as previously reported	42,750	64,420	$64,420			$ -
Prior period adjustment - minimum pension liability adjustment (Note 14)	-	-	-			(342,359)
Prior period adjustment - retiree health care	-	-	-			-
Prior period adjustment - self insured workers compensation	-	-	-			-
BALANCE, December 31, 1995, Restated	42,750	64,420	64,420			(342,359)
Retirement of common stock held in treasury	(2,750)	-	-			-
Minimum pension liability adjustment	-	-	-			199,826
Net income	-	-	-			-
Earnings distributions	-	-	-			-
BALANCE, December 31, 1996	40,000	64,420	$64,420	-	$ -	($142,533)

	Retained Earnings	Total Shareholders' Equity
BALANCE, December 31, 1995, as previously reported	$16,550,313	$16,614,733
Prior period adjustment - minimum pension liability adjustment (Note 14)	-	(342,359)
Prior period adjustment - retiree health care	(667,452)	(667,452)
Prior period adjustment - self insured workers compensation	(337,262)	(337,262)
BALANCE, December 31, 1995, Restated	15,545,599	15,267,660
Retirement of common stock held in treasury	-	-
Minimum pension liability adjustment	-	199,826
Net income	4,584,744	4,584,744
Earnings distributions	(1,887,500)	(1,887,500)
BALANCE, December 31, 1996	$18,242,843	$18,164,730

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$4,584,744
Adjustments to reconcile net income to net cash provided by operating activities:	
Loss on sale of equipment	14,471
Depreciation and amortization	786,640
Amortization of bond discount	(50,056)
Change in assets and liabilities:	
Increase in accounts receivable	(2,930,744)
Decrease in inventories	249,505
Decrease in prepaid expenses and deposits	8,798
Increase in cash surrender value of life insurance	(148,310)
Increase in accounts payable	340,271
Increase in accrued liabilities	278,117
Net decrease in billings in excess of costs and estimated earnings and costs and estimated earnings in excess of billings on uncompleted contracts	(548,486)
Post retiree health care liability	18,897
Net cash provided by operating activities	2,603,847
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of equipment	22,876
Capital expenditures	(703,028)
Collections on note receivable	126,400
Proceeds from maturities of debt securities	55,000
Purchases of available-for-sale securities	(5,040,448)
Proceeds from sale of available-for-sale securities	2,750,000
Net cash used in investing activities	(2,789,200)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from note payable - related party	320,000
Principal payments on long-term debt	(10,000)
Principal payments on capital lease obligation	(117,532)
Distributions paid to shareholders	(2,700,000)
Net cash used in financing activities	(2,507,532)
Net decrease in cash and cash equivalents	(2,692,885)
CASH AND CASH EQUIVALENTS:	
Beginning of year	3,134,463
End of year	$ 441,578

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	$111,307
Income taxes	$ 76,854

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Company manufactures and fabricates custom sheet metal products which include dust and fume control systems, automotive paint booths, tanks and sheet metal component parts. Sales are made on an unsecured basis to customers located throughout the United States.

Revenue Recognition - For financial reporting purposes, the Company records revenue on all significant contracts using the percentage-of-completion method of accounting. The percentage-of-completion is determined by experienced company personnel on a contract-by-contract basis based on labor and/or material costs incurred relative to total estimated contract costs. The specific method chosen is the most applicable based on the nature of each contract. The contract price is recognized as revenue based upon the percentage of completion. If the contract extends beyond one year and revisions are necessary in cost and profit estimates during the course of the work, they are reflected in the accounting period in which the facts giving rise to the revision become known. General and administrative expenses are charged to expense when incurred.

The Company uses the completed-contract method of accounting for all contracts where nominal costs have been incurred prior to year-end or the total contract value is relatively insignificant.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Inventories - The labor content of work-in-process and finished products and all inventories of steel of the Company are valued at the lower of cost or market using the last-in, first-out (LIFO) method. All other inventories of the Company are accounted for at the lower of average cost or market. If the first-in, first-out (FIFO) method of inventory valuation had been used by the Company for all classes of inventory, the carrying value of inventories would have been approximately $1,817,000 higher than that reported at December 31, 1996.

Depreciation - Depreciation and amortization are computed generally on accelerated methods over the estimated useful lives of the related assets.

Credit Risk - As of December 31, 1996, the Company's cash on deposit with its bank exceeded the federally insured amount.

Income Taxes - The Company's shareholders have elected to be treated as an S-Corporation for income tax reporting purposes and, thereby, have the Company's taxable income pass

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

through to its shareholders to be taxed on their individual returns. Certain state and local taxing authorities do not recognize S-Corporation status as allowed under the Internal Revenue Code. In these situations, the Company has provided for income taxes at appropriate rates on applicable taxable income.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates 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 reporting period. Actual results could differ from those estimates.

2. COSTS AND ESTIMATED EARNINGS ON CONTRACTS

At year end, the Company has several uncompleted construction projects at stages of completion ranging from 5% to 99%. Costs and estimated earnings on these contracts consist of the following at December 31:

Costs incurred on uncompleted contracts	$7,079,266
Estimated earnings on uncompleted contracts	1,133,506
	8,212,772
Less billings to date	(6,014,227)
	$2,198,545

The above amounts are reflected in the financial statements as follows:

Costs and estimated earnings in excess of billings on uncompleted contracts	$3,131,953
Billings in excess of costs and estimated earnings on uncompleted contracts	(933,408)
	$2,198,545

3. INVESTMENTS

Available-For-Sale Securities - Available-for-sale securities consist of investments in a mutual fund at December 31, 1996. The carrying value of the shares approximate the fair market value at December 31, 1996. The mutual fund paid $38,732 in dividends during 1996.

Debt Securities to be Held-to-Maturity - Debt securities to be held-to-maturity at December 31 consist of the following:

Zero coupon municipal bonds, carried at amortized cost maturing through March, 1998.	$745,363
Notes receivable	7,500
	$752,863

The face amount and fair value of the municipal bonds were $800,000 and $729,487 at December 31, 1996, respectively.

4. REVOLVING LINE OF CREDIT

The Company has available through July 11, 1997, a $6,000,000 line-of-credit which bears interest at the bank's prime rate (8.25% at December 31, 1996). The Company has the option at any time to adjust the interest rate to the London Inter-Bank offered rate (LIBOR) plus 200 basis points. The line-of-credit is unsecured and, at December 31, 1996, had no outstanding borrowings.

5. LONG-TERM DEBT

Long-term debt at December 31 consists of the following:

Notes payable to the beneficiaries of an estate of a former shareholder in annual installments of $10,000 plus interest at 6% with payment of the remaining principal and interest due in 1998, secured by 40,000 shares of treasury common stock.	$733,670
Less current portion	(10,000)
	$723,670

Future maturities of long-term debt are as follows:

Year Ending December 31,	
1997	$ 10,000
1998	723,670
	$733,670

6. CAPITAL LEASE OBLIGATIONS

The Company leases equipment under capital lease obligations expiring through 2001. The assets are being amortized over the related lease terms. The cost included in machinery and equipment and accumulated amortization is $890,982 and $585,059 at December 31, 1996, respectively.

Future minimum lease payments under the capital lease agreements as of December 31, 1996 for each of the next five years and in the aggregate are:

Year Ending December 31,	
1997	$156,552
1998	156,552
1999	156,552
2000	87,845
2001	23,961
	581,462
Less amount representing interest	(64,160)
	517,302
Less current portion	(127,448)
	$389,854

7. RELATED PARTY TRANSACTIONS

Accounts Receivable - The Company has a non-interest bearing receivable due from an entity which is related through common ownership. The receivable results from expenses paid by the Company on behalf of the related entity, including 401(k) contributions, utility expenses and insurance expenses. The Company also leases space on a month-to-month basis to the related entity for $1,500 per month. Rental income for this related entity was $18,000 for the year ended December 31, 1996.

Note Payable - The Company has an unsecured $320,000 demand note payable to The Factory Power Company, an entity in which the Company has stock ownership. Interest is due monthly at the London Inter-Bank offered rate (LIBOR) (5.5% at December 31, 1996) plus .75%.

8. COMMON STOCK AND SUBSEQUENT EVENT

Under agreements with certain employee/shareholders, the Company is required to redeem their holdings of common stock in the event of the employee's death, desire to sell, termination of employment, or retirement. Shares purchased by the employee/shareholders prior to December 14, 1969 (1,750 shares) are redeemable at 75% of the book value per share of the Company for the fiscal year end preceding the date of the transaction.

8. COMMON STOCK AND SUBSEQUENT EVENT (Continued)

Under agreements with certain other shareholders, the Company has the right of first refusal regarding the sale or other transfer of the Company's common stock.

On March 19, 1997, the Company amended its Articles of Incorporation and authorized 300,000 shares of no par value common stock, of which 75,000 shares are Class A voting and 225,000 shares of Class B non-voting common stock. Each shareholder has the same rights and privileges except that the Class B non-voting shareholders cannot vote. The Company issued 188,010 shares of Class B non-voting common stock.

9. LEASE COMMITMENTS

The Company is committed under noncancelable operating lease agreements to lease certain plant facilities, computer equipment and other equipment through January, 1998.

Future minimum annual operating lease payments are approximately as follows:

Year Ending December 31,	
1997	$ 96,000
1998	4,000

	$100,000
	========

Total rental expense was approximately $1,107,000 for 1996.

10. PENSION AND PROFIT SHARING PLANS

The Company sponsors a noncontributory 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.

Net periodic pension cost for the fiscal period ended December 31, 1996 is as follows:

Service cost	$155,400
Interest cost	183,700
Return on plan assets	(168,300)
Net amortization and deferral	(47,600)

Net periodic pension cost	$123,200
	========

10. PENSION AND PROFIT SHARING PLANS (Continued)

The following reconciles the funded status of the defined benefit plan with amounts recognized in the accompanying balance sheet at December 31:

Actuarial present value of benefit obligations:

Vested benefits	$2,641,360
Nonvested benefits	44,712
Accumulated benefit obligation	2,686,072
Effect of anticipated future events	393,515
Projected benefit obligation	3,079,587
Plan assets at fair value	(2,594,413)
Unfunded excess of projected benefit obligation over plan assets	$ 485,174

The unfunded excess consists of the following:

Unamortized prior service costs	$188,333
Unrecognized net asset at transition	(158,800)
Unrecognized net loss	694,848
Prepaid pension asset	(239,207)
	$485,174

Unamortized prior service cost	$188,333
Unrecognized net asset at transition	(158,800)
Unrecognized net loss	694,848
Prepaid pension asset	(239,207)
	$485,174

The Company has recognized the excess of the accumulated benefit obligation in excess of the plan assets, the minimum liability, of $91,659, in the balance sheet at December 31, 1996.

The weighted average discount rate used in determining the net periodic pension income and the projected benefit obligation was 7% for the year ended December 31, 1996. The expected rate of return on plan assets utilized was 8.5% for the year ended December 31, 1996. Benefits under the plan are not based on wages and, therefore, future wage adjustments have no effect on the projected benefit obligation.

The Company also sponsors a post retirement health care plan for office employees. Effective January 1, 1990, the plan was amended and retirees after that date are not eligible to receive benefits under the plan. The plan allows retirees who have attained the age of 65 to elect the type of coverage desired. The following amounts relate to the Company's defined benefit post retirement health care plan at December 31, 1996.

10. PENSION AND PROFIT SHARING PLANS (Continued)

Benefit obligation	$686,349
Fair value of plan assets	-
Funded status	($686,349)
Accrued benefit cost recognized in the statement of financial position	$686,349
Weighted average assumption - discount rate	7%

Benefits under the plan are not based on wages and, therefore, future wage adjustments have no effect on the projected benefit obligation. For measurement purposes, a 7% annual rate of increase in the cost of health care benefits was assumed for 1996. The rate was assumed to increase through 2004 at 4% to 6%.

Benefit cost	$113,150
Company distributions	121,225
Benefits paid	121,225

In addition to the above, the Company contributes to several multi-employer defined benefit plans. These plans cover substantially all of its contracted union employees not covered in the aforementioned plan. If the Company were to withdraw from its participation in these multi-employer plans at that time, the Company will be required to contribute its share of the Plan's unfunded benefit obligation. Management has no intention of withdrawing from any plan and, therefore, no liability has been provided for in the accompanying financial statements.

The Company also sponsors a profit sharing and 401(k) savings retirement plan for non-union employees. The plan covers substantially all employees who have completed one year of service, completed 1,000 hours of service and who have attained 21 years of age. The plan allows the Company to make discretionary contributions and provides for employee salary reductions of up to 15%. The Company provides matching contributions of 25% of the first 5% of employee contributions. Matching contributions during 1996 were $57,185. Discretionary contributions for the year ended December 31, 1996 were $542,815.

Amounts charged to pension expense under the above plans totaled approximately $1,224,000 for the year ended December 31, 1996.

11. SELF-INSURANCE COVERAGES

The Company is self-insured for workers compensation coverage in the state of Ohio, in accordance with the requirements of the state. In Ohio, the Company will pay all eligible workers

11. SELF-INSURANCE COVERAGES (Continued)

compensation claims up to $350,000 per individual and the statutory limit in the aggregate for the state. All eligible claims in excess of these amounts are covered under a policy with an insurance company. The balance sheet includes a liability of $440,263 at December 31, 1996 for claims incurred.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 1996 consist of the following:

Land	$ 247,773
Buildings and improvements	4,749,771
Machinery and equipment	8,204,993
Automotive	733,332
Office furniture and fixtures	1,223,776
	15,159,645
Less accumulated depreciation and amortization	(12,197,255)
Net property, plant and equipment	$ 2,962,390

13. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 1996 includes unbilled amounts of $2,477,066. Unbilled amounts at year end represent work performed during the year which are not billed until January of the following year.

14. PRIOR PERIOD ADJUSTMENT

Shareholders' equity at December 31, 1995 has been adjusted to correct an error for not previously recording a minimum pension liability relating to a defined benefit plan for union employees. The accumulated benefit obligation exceeded the plan assets at December 31, 1995. The error had no effect on net income for 1996.

The accompanying 1996 financial statements have been restated to correct for errors associated with the underrecording of liabilities related to self insured workers compensation for the State of Ohio and benefits due under a retiree health care plan. The net effect was to decrease net income for 1996 by $121,898. Retained earnings at the beginning of 1996 has been decreased by $1,004,714 for the effects of not recording the liabilities at December 31, 1995.

THE KIRK & BLUM MANUFACTURING COMPANY

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997
with

INDEPENDENT AUDITORS' REPORT

RIPPE & KINGSTON CO PSC
Certified Public Accountants
& Consultants
Rookwood Building o 1077 Celestial Street
Cincinnati, Ohio 45202-1696
(513) 241-1375
Fax: (513) 241-7843

The Shareholders
The Kirk & Blum Manufacturing Company

Independent Auditors' Report

We have audited the accompanying balance sheet of The Kirk & Blum Manufacturing Company as of December 31, 1998 and 1997, and the related statements of income, shareholders' equity and cash flows for the years then ended. 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 generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial statements referred to above present fairly, in all material respects, the financial position of The Kirk & Blum Manufacturing Company as of December 31, 1998 and 1997 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Rippe & Kingston Co.PSC

March 11, 1999

THE KIRK & BLUM MANUFACTURING COMPANY

BALANCE SHEET

December 31, 1998 and 1997

ASSETS	1998	1997
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,359,776	$ 1,129,544
Available-for-sale securities	-	1,025,808
Securities to be held-to-maturity	-	745,740
Accounts receivable:		
Trade	14,681,985	14,328,645
Employee advances and other	46,880	83,453
Related party	44,118	44,232
	14,772,983	14,456,330
Less allowance for doubtful accounts	(125,000)	(87,000)
	14,647,983	14,369,330
Inventories:		
Raw materials and supplies	626,920	752,693
Work in process and finished products	460,505	399,781
	1,087,425	1,152,474
Costs and estimated earnings in excess of billings on uncompleted contracts	2,029,373	2,207,121
Prepaid expenses and deposits	211,305	191,303
Total current assets	19,335,862	20,821,320
PROPERTY, PLANT AND EQUIPMENT	2,762,749	2,782,558
INVESTMENTS AND OTHER ASSETS:		
Capital stock of The Factory Power Company, at cost	24,300	24,300
Intangible pension asset	186,467	173,934
Cash surrender value of life insurance, net of policy loans of $117,731 at December 31, 1998 and 1997	2,741,442	2,578,544
Total investments and other assets	2,952,209	2,776,778
	$25,050,820	$26,380,656

LIABILITIES AND SHAREHOLDERS' EQUITY	1998	1997
CURRENT LIABILITIES:		
Accounts payable	$ 2,817,657	$ 2,218,846
Accrued liabilities:		
Salaries and wages	1,842,472	1,652,361
Taxes	165,857	164,026
Workers compensation	98,000	109,000
Profit sharing contribution	432,557	390,538
Other	784,463	402,718
	3,323,349	2,718,643
Billings in excess of costs and estimated earnings on uncompleted contracts	364,446	1,536,410
Current portion of long-term debt	-	723,670
Current portion of capital lease obligations	144,470	135,691
Current portion of post retirement healthcare liability	40,000	40,000
Total current liabilities	6,689,922	7,373,260
LINE OF CREDIT	4,000,000	-
CAPITAL LEASE OBLIGATIONS, less current portion	107,521	254,164
WORKERS COMPENSATION LIABILITY less current portion	147,529	245,708
POST RETIREMENT HEALTHCARE LIABILITY, less current portion	627,699	656,244
PENSION LIABILITY	-	161,710
SHAREHOLDERS' EQUITY:		
Class A common stock, no par value, 105,000 shares, authorized, 102,670 issued	62,670	62,670
Class B nonvoting common stock, no par value, 225,000 shares authorized, 188,010 shares issued and outstanding	188,010	188,010
Accumulated other comprehensive income	-	(214,226)
Retained earnings	13,227,469	17,653,116
Total shareholders' equity	13,478,149	17,689,570
	$25,050,820	$26,380,656

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF INCOME

For The Years Ended December 31, 1998 and 1997

	1998	1997
NET SALES	$69,443,929	$63,420,741
COST OF SALES:		
Materials purchased (less discounts and scrap sales)	23,474,968	23,236,675
Direct labor	18,261,258	15,222,995
Direct costs	9,647,061	8,149,281
Manufacturing expenses	5,143,569	5,025,975
Change in ending inventories and percentage of completion costs	265,462	316,941
	56,792,318	51,951,867
Gross profit	12,651,611	11,468,874
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:		
Selling	3,719,505	3,410,621
General and administrative	5,134,988	4,953,749
	8,854,493	8,364,370
Income from operations	3,797,118	3,104,504
OTHER INCOME (EXPENSE):		
Interest income	90,096	193,414
Interest expense	(263,584)	(90,345)
Rental income	21,600	21,700
Other	26,694	185,808
	(125,194)	310,577
Income before taxes	3,671,924	3,415,081
PROVISION FOR INCOME TAXES	62,571	60,110
Net income	$ 3,609,353	$ 3,354,971

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF SHAREHOLDERS' EQUITY

For the Years Ended December 31, 1998 and 1997

	Common Stock - Class A			Common Stock Class B		Accumulated Other Comprehensive Income - Minimum Pension Liability Adjustment
	Held in Treasury	Out-Standing	Amount	Out-Standing	Amount	
BALANCE, December 31, 1996, as previously reported	40,000	64,420	$64,420			($142,533)
Prior period adjustment - retiree health care	-	-	-			-
Prior period adjustment - self insured workers compensation	-	-	-			-
BALANCE, December 31, 1996, as restated	40,000	64,420	64,420			(142,533)
Comprehensive income:						
Net income (Note 14)	-	-	-			-
Other comprehensive income:						
Minimum pension liability adjustment	-	-	-			(71,693)
Comprehensive income						
Purchase and retirement of common stock	-	(1,750)	(1,750)			-
Issuance of common stock	-	-	-	188,010	$188,010	-
Distributions	-	-	-	-	-	-
BALANCE, December 31, 1997	40,000	62,670	62,670	188,010	188,010	(214,226)
Comprehensive income:						
Net income	-	-	-	-	-	-
Other comprehensive income:						
Minimum pension liability adjustment	-	-	-	-	-	214,226
Comprehensive income						
Distributions	-	-	-	-	-	-
BALANCE, December 31, 1998	40,000	62,670	$62,670	188,010	$188,010	$ -

[RESTUBBED TABLE]

	Retained Earnings	Total Shareholders' Equity
BALANCE, December 31, 1996, as previously reported	$19,369,455	$19,291,342
Prior period adjustment - retiree health care	(686,349)	(686,349)
Prior period adjustment - self insured workers compensation	(440,263)	(440,263)
BALANCE, December 31, 1996, as restated	18,242,843	18,164,730
Comprehensive income:		
Net income (Note 14)	3,354,971	3,354,971
Other comprehensive income:		
Minimum pension liability adjustment	-	(71,693)
Comprehensive income		3,283,278
Purchase and retirement of common stock	(116,360)	(118,110)
Issuance of common stock	(188,010)	-
Distributions	(3,640,328)	(3,640,328)
BALANCE, December 31, 1997	17,653,116	17,689,570
Comprehensive income:		
Net income	3,609,353	3,609,353
Other comprehensive income:		
Minimum pension liability adjustment	-	214,226
Comprehensive income		3,823,579
Distributions	(8,035,000)	(8,035,000)
BALANCE, December 31, 1998	$13,227,469	$13,478,149

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF CASH FLOWS

For The Years Ended December 31, 1998 and 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$3,609,353	$3,354,971
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain (loss) on sale of equipment	(17,763)	(4,004)
Depreciation and amortization	740,303	751,574
Allowance for doubtful accounts	38,000	-
Amortization of bond discount	(4,260)	(50,377)
Changes in assets - (increase) decrease:		
Accounts receivable	(316,653)	195,153
Inventories	65,049	148,854
Prepaid expenses and deposits	19,981	(113,474)
Cash surrender value of life insurance	(162,898)	(93,588)
Changes in liabilities - increase (decrease):		
Accounts payable	598,811	(1,344,701)
Accrued liabilities	506,527	(227,088)
Billings in excess of costs and estimated earnings and costs and estimated earnings in excess of billings	(994,216)	1,527,834
Post retirement healthcare liability	(28,545)	9,895
Net cash provided by operating activities	4,053,689	4,155,049
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of equipment	17,763	13,165
Capital expenditures	(720,494)	(580,903)
Collections on note receivable	-	1,900
Proceeds from redemption of securities held to maturity	750,000	50,000
Purchases of available-for-sale securities	-	(1,335,360)
Proceeds from sale of available-for-sale securities	1,025,808	2,600,000
Net cash provided by investing activities	1,073,077	748,802
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on line of credit	4,000,000	-
Principal payments on long-term debt	(723,670)	(330,000)
Principal payments on capital lease obligation	(137,864)	(127,447)
Distributions paid to shareholders	(8,035,000)	(3,640,328)
Payments to purchase common stock	-	(118,110)
Net cash used in financing activities	(4,896,534)	(4,215,885)
Net increase in cash and cash equivalents	230,232	687,966

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF CASH FLOWS (CONTINUED)

For The Years Ended December 31, 1998 and 1997

	1998	1997
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,129,544	441,578
End of year	$1,359,776	$1,129,544
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 91,795	$ 99,600
Income taxes	$ 56,573	$ 109,564

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 1998 and 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Company manufactures and fabricates custom sheet metal products which include dust and fume control systems, automotive paint booths, tanks and sheet metal component parts. Sales are made on an unsecured basis to customers located throughout the United States.

Revenue Recognition - For financial reporting purposes, the Company records revenue on all significant contracts using the percentage-of-completion method of accounting. The percentage-of-completion is determined by experienced company personnel on a contract-by-contract basis based in part on costs incurred, efforts expended and results achieved. The specific method chosen is the most applicable based on the nature of each contract. Because of inherent uncertainties in estimating, it is at least reasonably possible that the estimates used will change within the near term. The contract price is recognized as revenue based upon the percentage of completion. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. General and administrative expenses are charged to expense when incurred.

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.

The Company uses the completed-contract method of accounting for all contracts where nominal costs have been incurred prior to year-end or the total contract value is relatively insignificant.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Inventories - The labor content of work-in-process and finished products and all inventories of steel of the Company are valued at the lower of cost or market using the last-in, first-out (LIFO) method. All other inventories of the Company are accounted for at the lower of average cost or market. If the first-in, first-out (FIFO) method of inventory valuation had been used by the Company for all classes of inventory, the carrying value of inventories would have been

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

approximately $2,026,000 and $1,978,000 higher than that reported at December 31, 1998 and 1997, respectively.

Depreciation - Depreciation and amortization are computed generally on accelerated methods over the estimated useful lives of the related assets.

Credit Risk - As of December 31, 1998 and 1997, the Company's cash on deposit with its bank exceeded the federally insured amount.

Income Taxes - The Company's shareholders have elected to be treated as an S-Corporation for income tax reporting purposes and, thereby, have the Company's taxable income pass through to its shareholders to be taxed on their individual returns. Certain state and local taxing authorities do not recognize S-Corporation status as allowed under the Internal Revenue Code. In these situations, the Company has provided for income taxes at appropriate rates on applicable taxable income.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates 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 reporting period. Actual results could differ from those estimates.

Advertising - The Company expenses all advertising costs as incurred. Advertising expense was approximately $150,000 and $100,000 for 1998 and 1997, respectively.

2. COSTS AND ESTIMATED EARNINGS ON CONTRACTS

At year end, the Company has several uncompleted construction projects at stages of completion ranging from 5% to 99%. Costs and estimated earnings on these contracts consist of the following at December 31:

	1998	1997
Costs incurred on uncompleted contracts	$6,645,680	$6,492,702
Estimated earnings on uncompleted contracts	1,214,520	871,535
	7,860,200	7,364,237
Less billings to date	(6,195,273)	(6,693,526)
	$1,664,927	$ 670,711

2. COSTS AND ESTIMATED EARNINGS ON CONTRACTS (Continued)

The above amounts are reflected in the financial statements as follows:

	1998	1997
Costs and estimated earnings in excess of billings on uncompleted contracts	$2,029,373	$2,207,121
Billings in excess of costs and estimated earnings on uncompleted contracts	(364,446)	(1,536,410)
	$1,664,927	$ 670,711

3. INVESTMENTS

Available-For-Sale Securities - Available-for-sale securities consist of investments in a mutual fund at December 31, 1997. The carrying value of the shares approximate the fair market value at December 31, 1997. The account was closed during 1998. The mutual fund paid $18,847 and $85,360 in dividends during 1998 and 1997, respectively.

Debt Securities to be Held-to-Maturity - Debt securities to be held-to-maturity at December 31 consist of the following:

	1998	1997
Zero coupon municipal bonds, carried at amortized cost maturing through March, 1998.	$ -	$745,740

The face amount and fair value of the municipal bonds were $750,000 and $745,193 at December 31, 1997.

4. REVOLVING LINE OF CREDIT

The Company has available through April 30, 2001, a $12,000,000 line-of-credit ($6,000,000 at December 31, 1997) which bears interest at either the bank's prime rate minus 125 basis points or the London Inter-Bank offered rate (LIBOR) plus 100 basis points. The Company may elect the LIBOR rate on all or any portion of the outstanding line of credit balance, in minimum amounts of $250,000. If elected, the Company must select a LIBOR interest period between 30 and 360 days. Interest is due at the end of the selected period at the applicable LIBOR rate. The Company has elected the LIBOR rate and a 30 day interest period at December 31, 1998. The 30 day LIBOR rate at December 31, 1998 was 5.06%. The line-of-credit is unsecured. The Company is required to meet certain financial covenants regarding minimum net worth and debt to equity under this agreement.

5. LONG-TERM DEBT

Long-term debt at December 31 consists of the following:

	1998	1997
Notes payable to the beneficiaries of an estate of a former shareholder in annual installments of $10,000 plus interest at 6% with payment of the remaining principal and interest due in 1998, secured by 40,000 shares of treasury common stock.	$ -	$723,670
Less current portion	-	(723,670)
	$ -	$ -

6. CAPITAL LEASE OBLIGATIONS

The Company leases equipment under capital lease obligations expiring through 2001. The assets are being amortized over the related lease terms. The cost included in machinery and equipment and accumulated amortization is $890,982 and $751,962 at December 31, 1998, respectively and $890,982 and $672,464 at December 31, 1997, respectively.

Future minimum lease payments under the capital lease agreements as of December 31, 1998 for each of the next five years and in the aggregate are:

Year Ending December 31,	
1999	$156,552
2000	87,845
2001	21,788
	266,185
Less amount representing interest	(14,194)
	251,991
Less current portion	(144,470)
	$107,521

7. RELATED PARTY TRANSACTIONS

Accounts Receivable - The Company has a non-interest bearing receivable due from an entity which is related through common ownership. The receivable results from expenses paid by the Company on behalf of the related entity, including 401(k) contributions, utility expenses and insurance expenses. The Company also leases space on a month-to-month basis to the related entity for approximately $1,800 per month. Rental income from this related entity was $21,600 and $21,700 for the years ended December 31, 1998 and 1997, respectively.

8. COMMON STOCK

Under agreements with certain employee/shareholders, the Company is required to redeem their holdings of common stock in the event of the employee's death, desire to sell, termination of employment, or retirement. Shares purchased by the employee/shareholders prior to December 14, 1969 (1,750 shares) are redeemable at 75% of the book value per share of the Company for the fiscal year end preceding the date of the transaction.

Under agreements with certain other shareholders, the Company has the right of first refusal regarding the sale or other transfer of the Company's common stock.

On March 19, 1997, the Company amended its Articles of Incorporation and authorized 300,000 shares of no par value common stock, of which 75,000 shares are Class A voting and 225,000 shares of Class B non-voting common stock. Each shareholder has the same rights and privileges except that the Class B non-voting shareholders cannot vote. The Company issued 188,010 shares of Class B non-voting common stock.

On March, 16, 1998, the Company amended the Articles of Incorporation and increased the number of authorized Class A voting common stock to 105,000 shares.

9. LEASE COMMITMENTS

The Company is committed under noncancelable operating lease agreements to lease certain plant facilities and office equipment through June, 2001.

Future minimum annual operating lease payments are approximately as follows:

Year Ending December 31,	
1999	$142,000
2000	96,000
2001	10,000
	$248,000

Total rental expense was approximately $1,238,000 and $1,144,000 for 1998 and 1997, respectively.

10. PENSION AND PROFIT SHARING PLANS

The Company sponsors a noncontributory defined benefit pension plan for certain union employees. The plan is funded in accordance with the funding requirements of the Employee

10. PENSION AND PROFIT SHARING PLANS (Continued)

Retirement Income Security Act of 1974.

The Company also sponsors a postretirement health care plan for office employees. Effective January 1, 1990, the Plan was amended and retirees after that date are not eligible to receive benefits under the plan. The Plan allows retirees who have attained the age of 65 to elect the type of coverage desired.

The following amounts relate to the Company's defined benefit pension and postretirement health care plans:

	Pension Benefits		Postretirement Benefits	
	1998	1997	1998	1997
Benefit obligation at December 31	$3,255,529	$3,297,069	$667,699	$696,244
Fair value of plan assets at December 31	2,959,800	2,756,614	-	-
Funded status	($ 295,729)	($ 540,455)	($667,699)	($696,244)
Unamortized prior service costs	$ 186,467	$ 173,934		
Unrecognized net asset at transition	(78,200)	(118,500)		
Unrecognized net loss	423,252	711,471		
Prepaid pension asset	(235,790)	(226,450)		
	($ 295,729)	($ 540,455)		

The Company has recognized the excess of the accumulated benefit obligation in excess of the plan assets, the minimum liability, of $161,710 in the balance sheet at December 31, 1997.

	Pension Benefits		Postretirement Benefits	
	1998	1997	1998	1997
Accrued benefit cost recognized in the statement of financial position			$667,699	$696,244
Weighted average assumptions as of December 31:				
Discount rate	7%	7%	7%	7%
Expected return on plan assets	8.5%	8.5%	-	-
Rate of compensation increase	-	-	-	-

Benefits under the plans are not based on wages and, therefore, future wage adjustments have no effect on the projected benefit obligations. For measurement purposes, a 7% annual rate of increase in the cost of health care benefits was assumed for 1999. The rate was assumed to increase through 2004 at 4% to 6%.

	Pension Benefits		Postretirement Benefits	
	1998	1997	1998	1997
Benefit cost	$ 91,300	$105,800	$118,602	$117,498
Company contributions	100,000	93,966	99,996	88,723
Benefits paid	163,494	143,721	99,996	88,723

In connection with collective bargaining agreements, the Company participates with other companies in defined benefit pension plans. These plans cover substantially all of its contracted union employees not covered in the aforementioned plan. If the Company were to withdraw from its participation in these multi-employer plans at that time, the Company will be required to contribute its share of the Plan's unfunded benefit obligation. Management has no intention of withdrawing from any Plan and, therefore, no liability has been provided for in the accompany-ing financial statements.

The Company also sponsors a profit sharing and 401(k) savings retirement plan for non-union employees. The plan covers substantially all employees who have completed one year of service, completed 1,000 hours of service and who have attained 21 years of age. The plan allows the Company to make discretionary contributions and provides for employee salary reductions of up to 15%. The Company provides matching contributions of 25% of the first 5% of employee contributions. Matching contributions during 1998 and 1997 were $56,178 and $59,462, respectively. Discretionary contributions for the years ended December 31, 1998 and 1997 were $434,806 and $390,538, respectively.

Amounts charged to pension expense under the above plans totaled approximately $2,038,177 and $1,495,700 for the years ended December 31, 1998 and 1997, respectively.

11. SELF-INSURANCE COVERAGES

The Company is self-insured for workers compensation coverage in the state of Ohio, in accordance with the requirements of the state. In Ohio, the Company will pay all eligible workers compensation claims up to $225,000 per individual and the statutory limit in the aggregate for the state. All eligible claims in excess of these amounts are covered under a policy with an insurance company. The balance sheet includes a liability of $245,529 and $354,708 at December 31, 1998 and 1997, respectively, for claims incurred.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31:

	1998	1997
Land	$ 247,772	$ 247,773
Buildings and improvements	4,841,033	4,841,033
Machinery and equipment	8,850,776	8,449,371
Automotive	918,377	786,345
Office furniture and fixtures	1,216,227	1,249,832
	16,074,185	15,574,354
Less accumulated depreciation and amortization	(13,311,436)	(12,791,796)
Net property, plant and equipment	$ 2,762,749	$ 2,782,558

13. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 1998 and 1997 includes unbilled amounts of $1,785,411 and $2,314,550, respectively. Unbilled amounts at year end represent work performed during the year which are not billed until January of the following year.

14. PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for 1997 have been restated to correct for errors associated with the underrecording of liabilities related to self insured workers compensation for the State of Ohio, additional insurance premiums and benefits due under a retiree health care plan. The net effect of the restatements was to decrease net income for 1997 by $72,709. Retained earnings at the beginning of 1997 has been decreased by $1,126,612 for the effects not recording the liabilities at December 31, 1996.

THE KIRK & BLUM MANUFACTURING COMPANY

FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD

ENDED SEPTEMBER 30, 1999

THE KIRK & BLUM MANUFACTURING COMPANY

BALANCE SHEET

September 30, 1999

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 668,980
Accounts receivable:	
Trade	9,786,839
Employee advances and other	20,814
Related party	43,468
	9,851,121
Less allowance for doubtful accounts	(125,000)
	9,726,121
Inventories:	
Raw materials and supplies	902,067
Work in process and finished products	490,448
	1,392,515
Costs and estimated earnings in excess of billings on uncompleted contracts	5,950,927
Prepaid expenses and deposits	129,562
Total current assets	17,868,105
PROPERTY, PLANT AND EQUIPMENT	2,594,941
INVESTMENTS AND OTHER ASSETS:	
Capital stock of The Factory Power Company, at cost	24,300
Intangible pension asset	270,488
Cash surrender value of life insurance, net of policy loans of $117,306	2,812,926
Total investments and other assets	3,107,714
	$23,570,760

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Line of credit	$ 5,000,000
Accounts payable	1,796,358
Accrued liabilities:	
Salaries and wages	1,320,135
Taxes	174,999
Workers compensation	98,000
Profit sharing contribution	282,000
Other	543,205
	2,418,339
Billings in excess of costs and estimated earnings on uncompleted contracts	164,815
Current portion of capital lease obligations	66,431
Current portion of post retirement healthcare liability	40,000
Total current liabilities	9,485,943
CAPITAL LEASE OBLIGATIONS, less current portion	32,625
WORKERS COMPENSATION LIABILITY less current portion	75,316
POST RETIREMENT HEALTHCARE LIABILITY, less current portion	674,085
PENSION LIABILITY	100,685
SHAREHOLDERS' EQUITY:	
Class A common stock, no par value, 105,000 shares, authorized, 102,670 issued and outstanding	62,670
Class B nonvoting common stock, no par value, 225,000 shares authorized, 188,010 shares issued and outstanding	188,010
Accumulated other comprehensive loss	(57,297)
Retained earnings	13,008,723
Total shareholders' equity	13,202,106
	$23,570,760

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF INCOME

For The Nine Months Ended September 30, 1999

NET SALES	$48,867,865
COST OF SALES:	
Materials purchased (less discounts and scrap sales)	16,907,069
Direct labor	13,700,833
Direct costs	7,928,316
Manufacturing expenses	4,019,964
Change in ending inventories and percentage of completion costs	(2,891,735)
	39,664,447
Gross profit	9,203,418
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:	
Selling	2,670,739
General and administrative	3,471,525
	6,142,264
Income from operations	3,061,154
OTHER INCOME (EXPENSE):	
Interest income	31,494
Interest expense	(198,142)
Rental income	16,200
Other income	72,345
	(78,103)
Income before taxes	2,983,051
PROVISION FOR INCOME TAXES	86,797
Net income	$ 2,896,254

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF SHAREHOLDERS' EQUITY

For the Nine Months Ended September 30, 1999

	Common Stock - Class A			Common Stock Class B		Accumulated Other Comprehensive Income - Minimum Pension Liability Adjustment	Retained Earnings	Total Shareholders' Equity
	Held in Treasury	Out-Standing	Amount	Out-Standing	Amount			
BALANCE, December 31, 1998	40,000	62,670	$62,670	188,010	$188,010	$ -	$13,227,469	$13,478,149
Comprehensive income:								
Net income	-	-	-	-	-	-	2,896,254	2,896,254
Other comprehensive income:								
Minimum pension liability adjustment	-	-	-	-	-	(57,297)	-	(57,297)
Comprehensive income								2,838,957
Distributions	-	-	-	-	-	-	(3,115,000)	(3,115,000)
BALANCE, September 30, 1999	40,000	62,670	$62,670	188,010	$188,010	($57,297)	$13,008,723	$13,202,106

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

STATEMENT OF CASH FLOWS

For The Nine Months Ended September 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 2,896,254
Adjustments to reconcile net income to net cash provided by operating activities:	
Gain on sale of equipment	(70,942)
Depreciation and amortization	590,250
Changes in assets - (increase) decrease:	
Accounts receivable	4,921,862
Inventories	(305,090)
Prepaid expenses and deposits	41,110
Cash surrender value of life insurance	(71,484)
Changes in liabilities - increase (decrease):	
Accounts payable	(1,021,299)
Accrued liabilities	(977,223)
Billings in excess of costs and estimated earnings and costs and estimated earnings in excess of billings	(4,121,185)
Post retirement healthcare liability	46,386
Net cash provided by operating activities	1,928,639
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of equipment	143,150
Capital expenditures	(494,650)
Net cash used in investing activities	(351,500)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net borrowings on line of credit	1,000,000
Principal payments on capital lease obligation	(152,935)
Distributions paid to shareholders	(3,115,000)
Net cash used in financing activities	(2,267,935)
Net decrease in cash and cash equivalents	(690,796)
CASH AND CASH EQUIVALENTS:	
Beginning of period	1,359,776
End of period	$ 668,980
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the period for:	
Interest	$ 389,193
Income taxes	$ 68,684

The accompanying notes are an integral part of these financial statements.

THE KIRK & BLUM MANUFACTURING COMPANY

NOTES TO FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Company manufactures and fabricates custom sheet metal products which include dust and fume control systems, automotive paint booths, tanks and sheet metal component parts. Sales are made on an unsecured basis to customers located throughout the United States.

Revenue Recognition - For financial reporting purposes, the Company records revenue on all significant contracts using the percentage-of-completion method of accounting. The percentage-of-completion is determined by experienced company personnel on a contract-by-contract basis based in part on costs incurred, efforts expended and results achieved. The specific method chosen is the most applicable based on the nature of each contract. Because of inherent uncertainties in estimating, it is at least reasonably possible that the estimates used will change within the near term. The contract price is recognized as revenue based upon the percentage of completion. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. General and administrative expenses are charged to expense when incurred.

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.

The Company uses the completed-contract method of accounting for all contracts where nominal costs have been incurred prior to the end of the nine months or the total contract value is relatively insignificant.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Inventories - The labor content of work-in-process and finished products and all inventories of steel of the Company are valued at the lower of cost or market using the last-in, first-out (LIFO) method. All other inventories of the Company are accounted for at the lower of average cost or market. If the first-in, first-out (FIFO) method of inventory valuation had been used by the Company for all classes of inventory, the carrying value of inventories would have been

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

approximately $2,212,000 higher than that reported at September 30, 1999.

Depreciation - Depreciation and amortization are computed generally on accelerated methods over the estimated useful lives of the related assets.

Credit Risk - As of September 30, 1999, the Company's cash on deposit with its bank exceeded the federally insured amount.

Income Taxes - The Company's shareholders have elected to be treated as an S-Corporation for income tax reporting purposes and, thereby, have the Company's taxable income pass through to its shareholders to be taxed on their individual returns. Certain state and local taxing authorities do not recognize S-Corporation status as allowed under the Internal Revenue Code. In these situations, the Company has provided for income taxes at appropriate rates on applicable taxable income.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates 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 reporting period. Actual results could differ from those estimates.

Advertising - The Company expenses all advertising costs as incurred. Advertising expense was approximately $52,000 for the nine months ended September 30, 1999.

2. COSTS AND ESTIMATED EARNINGS ON CONTRACTS

At September 30, 1999, the Company had several uncompleted construction projects at stages of completion ranging from 5% to 99%. Costs and estimated earnings on these contracts consisted of the following at September 30:

Costs incurred on uncompleted contracts	$16,866,671
Estimated earnings on uncompleted contracts	1,284,540
	18,151,211
Less billings to date	(12,365,099)
	$ 5,786,112

The above amounts are reflected in the financial statements as follows:

Costs and estimated earnings in excess of billings on uncompleted contracts	$5,950,927
Billings in excess of costs and estimated earnings on uncompleted contracts	(164,815)
	$5,786,112

3. REVOLVING LINE OF CREDIT

The Company has available through April 30, 2001, a $12,000,000 line-of-credit which bears interest at either the bank's prime rate minus 125 basis points or the London Inter-Bank offered rate (LIBOR) plus 100 basis points. The Company may elect the LIBOR rate on all or any portion of the outstanding line of credit balance, in minimum amounts of $250,000. If elected, the Company must select a LIBOR interest period between 30 and 360 days. Interest is due at the end of the selected period at the applicable LIBOR rate. The Company has elected the LIBOR rate and a 30 day interest period at September 30, 1999. The 30 day LIBOR rate at September 30, 1999 was 5.38%. The line-of-credit is unsecured. The Company is required to meet certain financial covenants regarding minimum net worth and debt to equity under this agreement. As part of the acquisition discussed Note 11, the revolving line of credit was refinanced in full by CECO Environmental Corp.

4. CAPITAL LEASE OBLIGATIONS

The Company leases equipment under capital lease obligations expiring through April, 2001. The assets are being amortized over the related lease terms. The cost included in machinery and equipment and accumulated amortization is $890,982 and $811,636, respectively, at September 30, 1999.

Future minimum lease payments under the capital lease agreements as of September 30, 1999 are as follows:

Twelve Months Ending September 30,	
2000	$ 70,817
2001	33,654
	104,471
Less amount representing interest	(5,415)
	99,056
Less current portion	(66,431)
	$ 32,625

5. RELATED PARTY TRANSACTIONS

Accounts Receivable - The Company has a non-interest bearing receivable due from an entity which is related through common ownership. The receivable results from expenses paid

5. RELATED PARTY TRANSACTIONS (Continued)

by the Company on behalf of the related entity, including 401(k) contributions, utility expenses and insurance expenses. The Company also leases space on a month-to-month basis to the related entity for approximately $1,800 per month. Rental income from this related entity was $16,200 for the nine months ended September 30, 1999.

6. COMMON STOCK

Under agreements with certain employee/shareholders, the Company is required to redeem their holdings of common stock in the event of the employee's death, desire to sell, termination of employment, or retirement. Shares purchased by the employee/shareholders prior to December 14, 1969 (1,750 shares) are redeemable at 75% of the book value per share of the Company for the fiscal year end preceding the date of the transaction.

Under agreements with certain other shareholders, the Company has the right of first refusal regarding the sale or other transfer of the Company's common stock.

On March 19, 1997, the Company amended its Articles of Incorporation and authorized 300,000 shares of no par value common stock, of which 75,000 shares are Class A voting and 225,000 shares of Class B non-voting common stock. Each shareholder has the same rights and privileges except that the Class B non-voting shareholders cannot vote. The Company issued 188,010 shares of Class B non-voting common stock.

On March, 16, 1998, the Company amended the Articles of Incorporation and increased the number of authorized Class A voting common stock to 105,000 shares.

7. LEASE COMMITMENTS

The Company is committed under noncancelable operating lease agreements to lease certain plant facilities and office equipment through September, 2002.

Future minimum annual operating lease payments are approximately as follows:

Twelve Months Ending September 30,	
2000	$151,000
2001	59,000
2002	11,000
	$221,000

7. LEASE COMMITMENTS (Continued)

Total rental expense was approximately $1,243,000 for the nine months ended September 30, 1999.

8. BENEFIT PLANS

The Company sponsors a noncontributory 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.

The Company also sponsors a postretirement health care plan for office employees. Effective January 1, 1990, the plan was amended and retirees after that date are not eligible to receive benefits under the plan. The plan allows retirees who have attained the age of 65 to elect the type of coverage desired.

The following amounts relate to the Company's defined benefit pension and postretirement health care plans:

	Pension Benefits	Postretirement Benefits
Estimated Benefit obligation at September 30	$3,661,113	$714,085
Fair value of plan assets at September 30	3,062,855	-
Funded status	($ 598,258)	($714,085)
Unamortized prior service costs	$270,886	
Unrecognized net asset at transition	(37,900)	
Unrecognized net loss	606,014	
Prepaid pension asset	(240,742)	
	($598,258)	

The Company has recognized the excess of the accumulated benefit obligation in excess of the plan assets, the minimum liability, of $100,685 in the balance sheet at September 30, 1999.

	Pension Benefits	Postretirement Benefits
Accrued benefit cost recognized in the statement of financial position	$ -	$714,085

8. BENEFIT PLANS (Continued)

	Pension Benefits	Postretirement Benefits
Weighted average assumptions as of December 31:		
Discount rate	7%	7%
Expected return on plan assets	8.5%	-
Rate of compensation increase	-	-

Benefits under the plans are not based on wages and, therefore, future wage adjustments have no effect on the projected benefit obligations. For measurement purposes, no annual increase in the cost of health care benefits is assumed for 1999, and future years as the Company elected to pass along any future increases to the retirees.

	Pension Benefits	Postretirement Benefits
Benefit cost	$61,210	$100,687
Company contributions	-	78,867
Benefits paid	99,502	78,867

In connection with collective bargaining agreements, the Company participates with other companies in defined benefit pension plans. These plans cover substantially all of its contracted union employees not covered in the aforementioned plan. If the Company were to withdraw from its participation in these multi-employer plans at that time, the Company will be required to contribute its share of the plans' unfunded benefit obligation. Management has no intention of withdrawing from any plan and, therefore, no liability has been provided for in the accompanying financial statements.

The Company also sponsors a profit sharing and 401(k) savings retirement plan for non-union employees. The plan covers substantially all employees who have completed one year of service, completed 1,000 hours of service and who have attained 21 years of age. The plan allows the Company to make discretionary contributions and provides for employee salary reductions of up to 15%. The Company provides matching contributions of 25% of the first 5% of employee contributions. Matching contributions for the nine months ended September 30, 1999 were $39,581. Discretionary contributions for the nine months ended September 30, 1999 were $282,000.

Amounts charged to pension expense under the above plans totaled approximately $1,881,534 for the nine months ended September 30, 1999.

9. SELF-INSURANCE COVERAGES

The Company is self-insured for workers compensation coverage in the state of Ohio, in accordance with the requirements of the state. In Ohio, the Company will pay all eligible workers compensation claims up to $225,000 per individual and the statutory limit in the aggregate for the state. All eligible claims in excess of these amounts are covered under a policy with an insurance company. The balance sheet includes a liability of $173,316 at September 30, 1999 for claims incurred.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at September 30, 1999:

Land	$ 247,772
Buildings and improvements	4,841,033
Machinery and equipment	8,883,440
Automotive	911,840
Office furniture and fixtures	1,237,549
	16,121,634
Less accumulated depreciation and amortization	(13,526,693)
Net property, plant and equipment	$ 2,594,941

11. SUBSEQUENT EVENT

On December 7, 1999, the shareholders of the Company sold all of the outstanding stock in the Company to CECO Environmental Corp. The purchase price was approximately $25 million plus the assumption of $5 million of existing indebtedness.

(b) Pro Forma Financial Information

The following unaudited pro forma consolidated financial information presents the pro forma consolidated balance sheet at December 31, 1998 and September 30, 1999, giving effect to the acquisition of 100% of the common stock of The Kirk & Blum Manufacturing Company and kbd/Technic, Inc. (collectively referred to as "K & B") as if it had been consummated on those dates. Also presented are the pro forma consolidated statements of operations for the year ended December 31, 1998 and the nine months ended September 30, 1999, giving effect as if the acquisition had been consummated as of the beginning of the respective periods presented.

The pro forma data is based on the historical combined statements of CECO Environmental Corp., The Kirk & Blum Manufacturing Company, and kbd/Technic, Inc. giving effect to the purchase method of accounting and to the assumptions and adjustments (which the Company believes to be reasonable) described in the accompanying notes to the unaudited pro forma consolidated condensed financial information.

Under the purchase method of accounting, assets acquired and liabilities assumed will be recorded at their estimated fair value at the date of the acquisition. The pro forma adjustments set forth in the following unaudited pro forma consolidated condensed information are estimated and may differ from the actual adjustments when they become known. However, no material differences are anticipated by the Company.

The following unaudited pro forma consolidated condensed financial information does not reflect certain cost savings that the Company believes will be realized following the K & B acquisition. Such cost savings are expected to be realized primarily by significantly eliminating the use of subcontractors by the Company's subsidiary, New Busch Co., Inc., which it relies upon heavily in the fabrication of products for its customers. In addition, the Company believes that a significant amount of overhead expenses will be eliminated as the result of efficiencies to be achieved from the combination of the Company with K & B.

The pro forma data is provided for comparative purposes only. It does not purport to be indicative of the results that actually would have occurred if such acquisition had been consummated on the dates indicated or that may be obtained in the future. The unaudited pro forma combined financial information should be read in conjunction with the notes thereto, the audited financial statements of The Kirk & Blum Manufacturing Company for the year ended December 31, 1998 and its unaudited financial statements for the nine months ended September 30, 1999, and the Company's consolidated financial statements, incorporated herein by reference.

CECO ENVIRONMENTAL CORP.

PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

DECEMBER 31, 1998
(NOTE 1)

	HISTORICAL			
	CECO ENVIRONMENTAL CORP.	KIRK & BLUM MANUFACTURING COMPANY	kbd/TECHNIC, INC.	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalents	$364,648	$1,359,776	$55,989	$1,780,413
Marketable securities	695,944			695,944
Accounts receivable	4,068,640	14,556,985	481,638	19,107,263
Inventories	541,315	1,087,425	1,492	1,630,232
Costs and estimated earnings in excess of billings on uncompleted contracts	226,504	2,029,373		2,255,877
Due from former owners of Busch Co.	147,939			147,939
Investment in sales-type lease	95,400			95,400
Prepaid expenses and other current assets	344,961	302,303		647,264
Deferred income taxes	84,500			84,500
Total current assets	6,569,851	19,335,862	539,119	26,444,832
Property and equipment, net	2,062,452	2,762,749	64,991	4,890,192
Cash surrender value of life insurance, net of policy loans		2,741,442		2,741,442
Goodwill, net	5,169,353			5,169,353
Other intangible assets, at cost, net	1,270,780	186,467		1,457,247
Investment in sales-type lease	333,900			333,900
Deferred income taxes	68,500			68,500
Investment		24,300		24,300
	$15,474,836	$25,050,820	$604,110	$41,129,766
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term obligations	$1,200,000		$100,000	$1,300,000
Current portion of long-term debt	388,372			388,372
Current portion of capital lease obligations		$144,470		144,470
Accounts payable and accrued expenses	3,104,004	6,181,006	111,473	9,396,483
Billings in excess of costs and estimated earnings on uncompleted contracts	1,174,427	364,446		1,538,873
Unearned income	78,000			78,000
Income taxes payable	253,100			253,100
Total current liabilities	6,197,903	6,689,922	211,473	13,099,298
Long-term debt, less current portion	1,569,713	4,000,000		5,569,713
Capital lease obligations		107,521		107,521
Workers compensation liability		147,529		147,529
Post retirement healthcare liability		627,699		627,699
	1,569,713	4,882,749		6,452,462
Minority interest	149,941			149,941
Shareholders' equity:				
Common stock, CECO Environmental Corp.	83,888			83,888
Common stock, Kirk & Blum/kbd		250,680	930	251,610
Capital in excess of par value	10,139,013			10,139,013
Retained earnings (accumulated deficit)	(2,316,953)	13,227,469	391,707	11,302,223
Less treasury stock, at cost	(348,669)			(348,669)
Net shareholders' equity	7,557,279	13,478,149	392,637	21,428,065
	$15,474,836	$25,050,820	$604,110	$41,129,766

[RESTUBBED TABLE]

	PRO FORMA ADJUSTMENTS	PRO FORMA CONSOLIDATED
ASSETS		
Current assets:		
Cash and cash equivalents		$1,780,413
Marketable securities		695,944
Accounts receivable		19,107,263
Inventories	$2,026,000 B	3,656,232
Costs and estimated earnings in excess of billings on uncompleted contracts		2,255,877
Due from former owners of Busch Co.		147,939
Investment in sales-type lease		95,400
Prepaid expenses and other current assets		647,264
Deferred income taxes		84,500
Total current assets	2,026,000	28,470,832
Property and equipment, net	8,614,476 B	13,504,668
Cash surrender value of life insurance, net of policy loans		2,741,442
Goodwill, net	1,638,738 C	6,808,091
Other intangible assets, at cost, net		1,457,247
Investment in sales-type lease		333,900
Deferred income taxes		68,500
Investment		24,300
	$12,279,214	$53,408,980
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	$2,197,085 A	$3,497,085
Current portion of long-term debt	3,396,628 A	3,785,000
Current portion of capital lease obligations		144,470
Accounts payable and accrued expenses		9,396,483
Billings in excess of costs and estimated earnings on uncompleted contracts		1,538,873
Unearned income		78,000
Income taxes payable		253,100
Total current liabilities	5,593,713	18,693,011
Long-term debt, less current portion	20,556,287 A	26,126,000
Capital lease obligations		107,521
Workers compensation liability		147,529
Post retirement healthcare liability		627,699
	20,556,287	27,008,749
Minority interest		149,941
Shareholders' equity:		
Common stock, CECO Environmental Corp.		83,888
Common stock, Kirk & Blum/kbd	(251,610) C	
Capital in excess of par value		10,139,013
Retained earnings (accumulated deficit)	(13,619,176) C	(2,316,953)
Less treasury stock, at cost		(348,669)
Net shareholders' equity	(13,870,786)	7,557,279
	$12,279,214	$53,408,980

See accompanying notes to pro forma consolidated condensed financial information.

CECO ENVIRONMENTAL CORP.

PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1998
(NOTE 2)

	HISTORICAL			
	CECO ENVIRONMENTAL CORP.	KIRK & BLUM MANUFACTURING COMPANY	kbd/TECHNIC, INC.	TOTAL
Revenues	$26,381,622	$69,443,929	$1,744,313	$97,569,864
Cost of revenues	17,952,112	56,792,318	887,683	75,632,113
Gross profit	8,429,510	12,651,611	856,630	21,937,751
Selling and administrative expenses	6,674,739	8,114,190	755,926	15,544,855
Income from operations before depreciation and amortization, interest expense, and other credits	1,754,771	4,537,421	100,704	6,392,896
Depreciation and amortization	617,964	740,303	32,634	1,390,901
Interest expense, net	192,752	173,488		366,240
Other credits		48,294		48,294
Income before income taxes and minority interest	944,055	3,671,924	68,070	4,684,049
Income taxes	373,322	62,571		435,893
Income before minority interest	570,733	3,609,353	68,070	4,248,156
Minority interest in net income of CECO Filters, Inc.	(37,807)			(37,807)
Net income	$532,926	$3,609,353	$68,070	$4,210,349
Earnings per share:				
Basic	$0.06			
Diluted	$0.06			
Outstanding shares:				
Basic	8,250,896			
Diluted	8,845,626			

[RESTUBBED TABLE]

	PRO FORMA	
	ADJUSTMENTS	CONSOLIDATED
Revenues		$97,569,864
Cost of revenues		75,632,113
Gross profit		21,937,751
Selling and administrative expenses		15,544,855
Income from operations before depreciation and amortization, interest expense, and other credits		6,392,896
Depreciation and amortization	$602,000 D	1,992,901
Interest expense, net	2,401,000 E	2,767,240
Other credits	162,000 F	210,294
Income before income taxes and minority interest	(2,841,000)	1,843,049
Income taxes	449,497 G	885,390
Income before minority interest	(3,290,497)	957,659
Minority interest in net income of CECO Filters, Inc.		(37,807)
Net income	($3,290,497)	$919,852
Earnings per share:		
Basic		$0.11
Diluted		$0.10
Outstanding shares:		
Basic		8,250,896
Diluted		8,845,626

See accompanying notes to pro forma consolidated condensed financial information.

CECO ENVIRONMENTAL CORP.

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

SEPTEMBER 30, 1999
(NOTE 1)

	HISTORICAL			
	CECO ENVIRONMENTAL CORP.	KIRK & BLUM MANUFACTURING COMPANY	kbd/TECHNIC, INC.	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalents	$70,677	$668,980	$151,779	$891,436
Marketable securities	2,453,393			2,453,393
Accounts receivable	3,192,966	9,726,121	426,636	13,345,723
Inventories	919,098	1,392,515	13,638	2,325,251
Costs and estimated earnings in excess of billings on uncompleted contracts	228,879	5,950,927		6,179,806
Due from former owners of Busch Co.	243,212			243,212
Investment in sales-type lease	103,350			103,350
Prepaid expenses and other current assets	315,260	129,562		444,822
Deferred income taxes	84,500			84,500
Total current assets	7,611,335	17,868,105	592,053	26,071,493
Property and equipment, net	2,028,099	2,594,941	41,312	4,664,352
Cash surrender value of life insurance, net of policy loans		2,812,926		2,812,926
Goodwill, net	4,929,612			4,929,612
Other intangible assets, at cost, net	1,290,003	270,488		1,560,491
Investment in sales-type lease	262,350			262,350
Deferred income taxes	296,900			296,900
Investment and other assets	356,567	24,300		380,867
	$16,774,866	$23,570,760	$633,365	$40,978,991
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term obligations	$2,800,000	$5,000,000		$7,800,000
Current portion of long-term debt	494,628			494,628
Current portion of capital lease obligations		66,431		66,431
Accounts payable and accrued expenses	2,813,551	4,254,697	$60,697	7,128,945
Billings in excess of costs and estimated earnings on uncompleted contracts	708,636	164,815		873,451
Unearned income	64,950			64,950
Total current liabilities	6,881,765	9,485,943	60,697	16,428,405
Long-term debt, less current portion	1,119,730		150,000	1,269,730
Due to officer	1,125,000			1,125,000
Capital lease obligations		32,625		32,625
Post retirement healthcare, pension and workers compensation liability		850,086		850,086
Total liabilities	2,244,730	882,711	150,000	3,277,441
Minority interest	115,586			115,586
Shareholders' equity:				
Common stock, CECO Environmental Corp.	83,888			83,888
Common stock, Kirk & Blum/kbd		250,680	930	251,610
Capital in excess of par value	10,139,013			10,139,013
Accumulated other comprehensive loss		(57,297)		(57,297)
Retained earnings (accumulated deficit)	(2,341,447)	13,008,723	421,738	11,089,014
Less treasury stock, at cost	(348,669)			(348,669)
Net shareholders' equity	7,532,785	13,202,106	422,668	21,157,559
	$16,774,866	$23,570,760	$633,365	$40,978,991

[RESTUBBED TABLE]

	PRO FORMA	
	ADJUSTMENTS	CONSOLIDATED
ASSETS		
Current assets:		
Cash and cash equivalents		$891,436
Marketable securities		2,453,393
Accounts receivable		13,345,723
Inventories	$2,212,000 B	4,537,251
Costs and estimated earnings in excess of billings on uncompleted contracts		6,179,806
Due from former owners of Busch Co.		243,212
Investment in sales-type lease		103,350
Prepaid expenses and other current assets		444,822
Deferred income taxes		84,500
Total current assets	2,212,000	28,283,493
Property and equipment, net	8,782,284 B	13,446,636
Cash surrender value of life insurance, net of policy loans		2,812,926
Goodwill, net	1,530,942 C	6,460,554
Other intangible assets, at cost, net		1,560,491
Investment in sales-type lease		262,350
Deferred income taxes		296,900
Investment and other assets		380,867
	$12,525,226	$53,504,217
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	($2,031,642)A	$5,768,358
Current portion of long-term debt	3,290,372 A	3,785,000
Current portion of capital lease obligations		66,431
Accounts payable and accrued expenses		7,128,945
Billings in excess of costs and estimated earnings on uncompleted contracts		873,451
Unearned income		64,950
Total current liabilities	1,258,730	17,687,135
Long-term debt, less current portion	24,891,270 A	26,161,000
Due to officer		1,125,000
Capital lease obligations		32,625
Post retirement healthcare, pension and workers compensation liability		850,086
Total liabilities	24,891,270	28,168,711
Minority interest		115,586
Shareholders' equity:		
Common stock, CECO Environmental Corp.		83,888
Common stock, Kirk & Blum/kbd	(251,610)C	
Capital in excess of par value		10,139,013
Accumulated other comprehensive loss	57,297	
Retained earnings (accumulated deficit)	(13,430,461)C	(2,341,447)
Less treasury stock, at cost		(348,669)
Net shareholders' equity	(13,624,774)	7,532,785
	$12,525,226	$53,504,217

See accompanying notes to pro forma consolidated condensed financial information.

CECO ENVIRONMENTAL CORP.

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999
(NOTE 2)

	HISTORICAL			
	CECO ENVIRONMENTAL CORP.	KIRK & BLUM MANUFACTURING COMPANY	kbd/TECHNIC, INC.	TOTAL
Revenues	$12,709,210	$48,867,865	$1,234,008	$62,811,083
Cost of revenues	7,467,243	39,664,447	602,772	47,734,462
Gross profit	5,241,967	9,203,418	631,236	15,076,621
Selling and administrative expenses	4,520,151	5,552,014	566,602	10,638,767
Income from continuing operations before depreciation and amortization, interest expense, and other income (expense)	721,816	3,651,404	64,634	4,437,854
Depreciation and amortization	453,732	590,250	29,250	1,073,232
Interest expense, net	124,626	198,142	5,353	328,121
Other income (expense)		120,039		120,039
Income from continuing operations before income taxes and minority interest	143,458	2,983,051	30,031	3,156,540
Income taxes	46,000	86,797		132,797
Income from continuing operations before minority interest	97,458	2,896,254	30,031	3,023,743
Minority interest in net loss of CECO Filters, Inc.	4,286			4,286
Income from continuing operations	$101,744	$2,896,254	$30,031	$3,028,029
Earnings per share:				
Basic	$0.01			
Diluted	$0.01			
Outstanding shares				
Basic	8,250,896			
Diluted	9,321,113			

[RESTUBBED TABLE]

	PRO FORMA	
	ADJUSTMENTS	CONSOLIDATED
Revenues		$62,811,083
Cost of revenues		47,734,462
Gross profit		15,076,621
Selling and administrative expenses		10,638,767
Income from continuing operations before depreciation and amortization, interest expense, and other income (expense)		4,437,854
Depreciation and amortization	$447,000 D	1,520,232
Interest expense, net	1,359,000 E	1,687,121
Other income (expense)	(9,000)F	111,039
Income from continuing operations before income taxes and minority interest	(1,815,000)	1,341,540
Income taxes	599,041 G	731,838
Income from continuing operations before minority interest	(2,414,041)	609,702
Minority interest in net loss of CECO Filters, Inc.		4,286
Income from continuing operations	($2,414,041)	$613,988
Earnings per share:		
Basic		$0.07
Diluted		$0.07
Outstanding shares		
Basic		8,250,896
Diluted		9,321,113

See accompanying notes to pro forma consolidated condensed financial information.

CECO ENVIRONMENTAL CORP.

PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

DECEMBER 31, 1998
(NOTE 1)

	HISTORICAL			
	CECO ENVIRONMENTAL CORP.	KIRK & BLUM MANUFACTURING COMPANY	kbd/TECHNIC, INC.	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalents	$ 364,648	$ 1,359,776	$ 55,989	$ 1,780,413
Marketable securities	695,944			695,944
Accounts receivable	4,068,640	14,556,985	481,638	19,107,263
Inventories	541,315	1,087,425	1,492	1,630,232
Costs and estimated earnings in excess of billings on uncompleted contracts	226,504	2,029,373		2,255,877
Due from former owners of Busch Co.	147,939			147,939
Investment in sales-type lease	95,400			95,400
Prepaid expenses and other current assets	344,961	302,303		647,264
Deferred income taxes	84,500			84,500
Total current assets	6,569,851	19,335,862	539,119	26,444,832
Property and equipment, net	2,062,452	2,762,749	64,991	4,890,192
Cash surrender value of life insurance, net of policy loans		2,741,442		2,741,442
Goodwill, net	5,169,353			5,169,353
Other intangible assets, at cost, net	1,270,780	186,467		1,457,247
Investment in sales-type lease	333,900			333,900
Deferred income taxes	68,500			68,500
Investment		24,300		24,300
	$15,474,836	$25,050,820	$604,110	$41,129,766
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term obligations	$ 1,200,000		$100,000	$ 1,300,000
Current portion of long-term debt	388,372			388,372
Current portion of capital lease obligations		$ 144,470		144,470
Accounts payable and accrued expenses	3,104,004	6,181,006	111,473	9,396,483
Billings in excess of costs and estimated earnings on uncompleted contracts	1,174,427	364,446		1,538,873
Unearned income	78,000			78,000
Income taxes payable	253,100			253,100
Total current liabilities	6,197,903	6,689,922	211,473	13,099,298
Long-term debt, less current portion	1,569,713	4,000,000		5,569,713
Capital lease obligations		107,521		107,521
Workers compensation liability		147,529		147,529
Post retirement healthcare liability		627,699		627,699
	1,569,713	4,882,749		6,452,462
Minority interest	149,941			149,941
Shareholders' equity:				
Common stock, CECO Environmental Corp.	83,888			83,888
Common stock, Kirk & Blum/kbd		250,680	930	251,610
Capital in excess of par value	10,139,013			10,139,013
Retained earnings (accumulated deficit)	(2,316,953)	13,227,469	391,707	11,302,223
Less treasury stock, at cost	(348,669)			(348,669)
Net shareholders' equity	7,557,279	13,478,149	392,637	21,428,065
	$15,474,836	$25,050,820	$604,110	$41,129,766

[RESTUB]

	PRO FORMA ADJUSTMENTS	PRO FORMA CONSOLIDATED
ASSETS		
Current assets:		
Cash and cash equivalents		$ 1,780,413
Marketable securities		695,944
Accounts receivable		19,107,263
Inventories	$ 2,026,000 B	3,656,232
Costs and estimated earnings in excess of billings on uncompleted contracts		2,255,877
Due from former owners of Busch Co.		147,939
Investment in sales-type lease		95,400
Prepaid expenses and other current assets		647,264
Deferred income taxes		84,500
Total current assets	2,026,000	28,470,832
Property and equipment, net	8,614,476 B	13,504,668
Cash surrender value of life insurance, net of policy loans		2,741,442
Goodwill, net	1,638,738 C	6,808,091
Other intangible assets, at cost, net		1,457,247
Investment in sales-type lease		333,900
Deferred income taxes		68,500
Investment		24,300
	$12,279,214	$53,408,980
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	$ 2,197,085 A	$ 3,497,085
Current portion of long-term debt	3,396,628 A	3,785,000
Current portion of capital lease obligations		144,470
Accounts payable and accrued expenses		9,396,483
Billings in excess of costs and estimated earnings on uncompleted contracts		1,538,873
Unearned income		78,000
Income taxes payable		253,100
Total current liabilities	5,593,713	18,693,011
Long-term debt, less current portion	20,556,287 A	26,126,000
Capital lease obligations		107,521
Workers compensation liability		147,529
Post retirement healthcare liability		627,699
	20,556,287	27,008,749
Minority interest		149,941
Shareholders' equity:		
Common stock, CECO Environmental Corp.		83,888
Common stock, Kirk & Blum/kbd	(251,610)C	
Capital in excess of par value		10,139,013
Retained earnings (accumulated deficit)	(13,619,176)C	(2,316,953)
Less treasury stock, at cost		(348,669)
Net shareholders' equity	(13,870,786)	7,557,279
	$12,279,214	$53,408,980

See accompanying notes to pro forma consolidated condensed financial information.

CECO ENVIRONMENTAL CORP.

PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1998
(NOTE 2)

	HISTORICAL				PRO FORMA	
	CECO ENVIRONMENTAL CORP.	KIRK & BLUM MANUFACTURING COMPANY	kbd/TECHNIC, INC.	TOTAL	ADJUSTMENTS	CONSOLIDATED
Revenues	$26,381,622	$69,443,929	$1,744,313	$97,569,864		$97,569,864
Cost of revenues	17,952,112	56,792,318	887,683	75,632,113		75,632,113
Gross profit	8,429,510	12,651,611	856,630	21,937,751		21,937,751
Selling and administrative expenses	6,674,739	8,114,190	755,926	15,544,855		15,544,855
Income from operations before depreciation and amortization, interest expense, and other credits	1,754,771	4,537,421	100,704	6,392,896		6,392,896
Depreciation and amortization	617,964	740,303	32,634	1,390,901	$ 602,000 D	1,992,901
Interest expense, net	192,752	173,488		366,240	2,401,000 E	2,767,240
Other credits		48,294		48,294	162,000 F	210,294
Income before income taxes and minority interest	944,055	3,671,924	68,070	4,684,049	(2,841,000)	1,843,049
Income taxes	373,322	62,571		435,893	449,497 G	885,390
Income before minority interest	570,733	3,609,353	68,070	4,248,156	(3,290,497)	957,659
Minority interest in net income of CECO Filters, Inc.	(37,807)			(37,807)		(37,807)
Net income	$ 532,926	$ 3,609,353	$ 68,070	$ 4,210,349	($3,290,497)	$ 919,852
Earnings per share:						
Basic	$ 0.06					$ 0.11
Diluted	$ 0.06					$ 0.10
Outstanding shares:						
Basic	8,250,896					8,250,896
Diluted	8,845,626					8,845,626

See accompanying notes to pro forma consolidated condensed financial information.

CECO ENVIRONMENTAL CORP.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED CONDENSED FINANCIAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 1: The unaudited pro forma consolidated condensed balance sheet is based on the individual balance sheets of CECO Environmental Corp. and its consolidated subsidiaries (CECO Filters, Inc., Air Purator Corporation, New Busch Co., Inc. and U.S. Facilities Management Company) (collectively referred to as "CEC") and The Kirk & Blum Manufacturing Company, and its sister company, kbd/Technic, Inc. (collectively referred to as "K & B") as of December 31, 1998 to reflect the acquisition of 100% of the common stock of K & B by CEC, which occurred on December 7, 1999, as if it occurred on December 31, 1998 after giving effect to pro forma adjustments to reflect the following:

CEC paid approximately $25,000,000 for the common stock of K & B, in the form of cash.

Total cash required at settlement amounted to approximately $26,150,000, which included approximately $1,150,000 of costs incurred in connection with the acquisition. Financing for the transaction was provided by a bank loan facility in the amount of $25,000,000 in term loans and a $10,000,000 revolving credit facility. The term loans require that $2,000,000 matures on March 6, 2000. Additional principal payments required on the term loans during the year ending December 31, 2000 are $437,500 each on February 28, May 31, August 31, and November 30. As a condition to obtaining the bank financing, CEC placed $5,000,000 of subordinated debt (of which $4,700,000 was borrowed at the time of the acquisition). The proceeds of the bank loans and the subordinated debt were used to pay the purchase price for K & B, to pay expenses incurred in connection with the acquisition, to refinance existing indebtedness and for working capital purposes.

(A) The amounts reflected in the pro forma adjustments column for short-term obligations; current portion of long term-debt; and long-term debt, less current obligations represent the net adjustments to reflect the transactions described in the previous paragraph.

K & B's inventories and property and equipment were written up by $2,026,000 and $8,614,476, respectively, to reflect estimated fair value (B).

As a result of this acquisition, CEC has increased the amount of goodwill by $1,638,738 (C), including the related closing costs, based upon K & B's book basis of net assets as of December 31, 1998.

NOTE 2: The unaudited pro forma consolidated condensed statement of operations is based on the individual statement of operations of CEC and K & B for the year ended December 31, 1998, after giving effect to the pro forma adjustments necessary to reflect the acquisition described in Note 1, as if it had taken place on January 1, 1998.

The pro forma adjustments are as follows:

(D) Amortization of goodwill over 20 years ($82,000) and additional depreciation resulting from write-up of property and equipment to estimated fair value ($520,000).

(E) Interest expense increase of $2,401,000 as a result of acquisition financing.

(F) Annual bonuses for Blum brothers will be replaced by new bonus arrangement (25% of consolidated EBIT in excess of $4,000,000).

(G) Tax effect of above adjustments and to provide for taxes on K & B's 1998 historical income using an assumed effective income tax rate of 50%.

CECO ENVIRONMENTAL CORP.

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

SEPTEMBER 30, 1999
(NOTE 1)

	HISTORICAL			
	CECO ENVIRONMENTAL CORP.	KIRK & BLUM MANUFACTURING COMPANY	kbd/TECHNIC, INC.	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalents	$ 70,677	$ 668,980	$151,779	$ 891,436
Marketable securities	2,453,393			2,453,393
Accounts receivable	3,192,966	9,726,121	426,636	13,345,723
Inventories	919,098	1,392,515	13,638	2,325,251
Costs and estimated earnings in excess of billings on uncompleted contracts	228,879	5,950,927		6,179,806
Due from former owners of Busch Co.	243,212			243,212
Investment in sales-type lease	103,350			103,350
Prepaid expenses and other current assets	315,260	129,562		444,822
Deferred income taxes	84,500			84,500
Total current assets	7,611,335	17,868,105	592,053	26,071,493
Property and equipment, net	2,028,099	2,594,941	41,312	4,664,352
Cash surrender value of life insurance, net of policy loans		2,812,926		2,812,926
Goodwill, net	4,929,612			4,929,612
Other intangible assets, at cost, net	1,290,003	270,488		1,560,491
Investment in sales-type lease	262,350			262,350
Deferred income taxes	296,900			296,900
Investment and other assets	356,567	24,300		380,867
	$16,774,866	$23,570,760	$633,365	$40,978,991
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term obligations	$ 2,800,000	$ 5,000,000		$ 7,800,000
Current portion of long-term debt	494,628			494,628
Current portion of capital lease obligations		66,431		66,431
Accounts payable and accrued expenses	2,813,551	4,254,697	$ 60,697	7,128,945
Billings in excess of costs and estimated earnings on uncompleted contracts	708,636	164,815		873,451
Unearned income	64,950			64,950
Total current liabilities	6,881,765	9,485,943	60,697	16,428,405
Long-term debt, less current portion	1,119,730		150,000	1,269,730
Due to officer	1,125,000			1,125,000
Capital lease obligations		32,625		32,625
Post retirement healthcare, pension and workers compensation liability		850,086		850,086
Total liabilities	2,244,730	882,711	150,000	3,277,441
Minority interest	115,586			115,586
Shareholders' equity:				
Common stock, CECO Environmental Corp.	83,888			83,888
Common stock, Kirk & Blum/kbd		250,680	930	251,610
Capital in excess of par value	10,139,013			10,139,013
Accumulated other comprehensive loss		(57,297)		(57,297)
Retained earnings (accumulated deficit)	(2,341,447)	13,008,723	421,738	11,089,014
Less treasury stock, at cost	(348,669)			(348,669)
Net shareholders' equity	7,532,785	13,202,106	422,668	21,157,559
	$16,774,866	$23,570,760	$633,365	$40,978,991

[RESTUB]

	PRO FORMA ADJUSTMENTS	PRO FORMA CONSOLIDATED
ASSETS		
Current assets:		
Cash and cash equivalents		$ 891,436
Marketable securities		2,453,393
Accounts receivable		13,345,723
Inventories	$ 2,212,000 B	4,537,251
Costs and estimated earnings in excess of billings on uncompleted contracts		6,179,806
Due from former owners of Busch Co.		243,212
Investment in sales-type lease		103,350
Prepaid expenses and other current assets		444,822
Deferred income taxes		84,500
Total current assets	2,212,000	28,283,493
Property and equipment, net	8,782,284 B	13,446,636
Cash surrender value of life insurance, net of policy loans		2,812,926
Goodwill, net	1,530,942 C	6,460,554
Other intangible assets, at cost, net		1,560,491
Investment in sales-type lease		262,350
Deferred income taxes		296,900
Investment and other assets		380,867
	$12,525,226	$53,504,217
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	($2,031,642)A	$ 5,768,358
Current portion of long-term debt	3,290,372 A	3,785,000
Current portion of capital lease obligations		66,431
Accounts payable and accrued expenses		7,128,945
Billings in excess of costs and estimated earnings on uncompleted contracts		873,451
Unearned income		64,950
Total current liabilities	1,258,730	17,687,135
Long-term debt, less current portion	24,891,270 A	26,161,000
Due to officer		1,125,000
Capital lease obligations		32,625
Post retirement healthcare, pension and workers compensation liability		850,086
Total liabilities	24,891,270	28,168,711
Minority interest		115,586
Shareholders' equity:		
Common stock, CECO Environmental Corp.		83,888
Common stock, Kirk & Blum/kbd	(251,610)C	
Capital in excess of par value		10,139,013
Accumulated other comprehensive loss	57,297	
Retained earnings (accumulated deficit)	(13,430,461)C	(2,341,447)
Less treasury stock, at cost		(348,669)
Net shareholders' equity	(13,624,774)	7,532,785
	$12,525,226	$53,504,217

See accompanying notes to pro forma consolidated condensed financial information.

CECO ENVIRONMENTAL CORP.

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999
(NOTE 2)

	HISTORICAL				PRO FORMA	
	CECO ENVIRONMENTAL CORP.	KIRK & BLUM MANUFACTURING COMPANY	kbd/TECHNIC, INC.	TOTAL	ADJUSTMENTS	CONSOLIDATED
Revenues	$12,709,210	$48,867,865	$1,234,008	$62,811,083		$62,811,083
Cost of revenues	7,467,243	39,664,447	602,772	47,734,462		47,734,462
Gross profit	5,241,967	9,203,418	631,236	15,076,621		15,076,621
Selling and administrative expenses	4,520,151	5,552,014	566,602	10,638,767		10,638,767
Income from continuing operations before depreciation and amortization, interest expense, and other (expense)	721,816	3,651,404	64,634	4,437,854		4,437,854
Depreciation and amortization	453,732	590,250	29,250	1,073,232	$ 447,000 D	1,520,232
Interest expense, net	124,626	198,142	5,353	328,121	1,359,000 E	1,687,121
Other income (expense)		120,039		120,039	(9,000)F	111,039
Income from continuing operations before income taxes and minority interest	143,458	2,983,051	30,031	3,156,540	(1,815,000)	1,341,540
Income taxes	46,000	86,797		132,797	599,041 G	731,838
Income from continuing operations before minority interest	97,458	2,896,254	30,031	3,023,743	(2,414,041)	609,702
Minority interest in net loss of CECO Filters, Inc.	4,286			4,286		4,286
Income from continuing operations	$ 101,744	$ 2,896,254	$ 30,031	$ 3,028,029	($2,414,041)	$ 613,988
Earnings per share:						
Basic	$ 0.01					$ 0.07
Diluted	$ 0.01					$ 0.07
Outstanding shares						
Basic	8,250,896					8,250,896
Diluted	9,321,113					9,321,113

See accompanying notes to pro forma consolidated condensed financial information.

CECO ENVIRONMENTAL CORP.

NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999

NOTE 1: The unaudited pro forma consolidated condensed balance sheet is based on the individual balance sheets of CECO Environmental Corp. and its consolidated subsidiaries (CECO Filters, Inc., Air Purator Corporation, New Busch Co., Inc. and U.S. Facilities Management Company) (collectively referred to as "CEC") and The Kirk & Blum Manufacturing Company, and its sister company, kbd/Technic, Inc. (collectively referred to as "K & B") as of September 30, 1999 to reflect the acquisition of 100% of the common stock of K & B by CEC, which occurred on December 7, 1999, as if it occurred on September 30, 1999 after giving effect to pro forma adjustments to reflect the following:

CEC paid approximately $25,000,000 for the common stock of K & B, in the form of cash.

Total cash required at settlement amounted to approximately $26,150,000, which included approximately $1,150,000 of costs incurred in connection with the acquisition. Financing for the transaction was provided by a bank loan facility in the amount of $25,000,000 in term loans and a $10,000,000 revolving credit facility. The term loans require that $2,000,000 matures on March 6, 2000. Additional principal payments required on the term loans during the year ending December 31, 2000 are $437,500 on February 28, May 31, August 31, and November 30. As a condition to obtaining the bank financing, CEC placed $5,000,000 of subordinated debt (of which $4,700,000 was borrowed at the time of the acquisition). The proceeds of the bank loans and the subordinated debt were used to pay the purchase price for K & B, to pay expenses incurred in connection with the acquisition, to refinance existing indebtedness and for working capital purposes.

(A) The amounts reflected in the pro forma adjustments column for short-term obligations; current portion of long term-debt; and long-term debt, less current obligations represent the net adjustments to reflect the transactions described in the previous paragraph.

K & B's inventories and property and equipment were written up by $2,212,000 and $8,782,284, respectively, to reflect estimated fair value (B).

As a result of this acquisition, CEC has increased the amount of goodwill by $1,530,942 (C), including the related closing costs, based upon K & B's book basis of net assets as of September 30, 1999.

CECO ENVIRONMENTAL CORP.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION - (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999

NOTE 2: The unaudited pro forma consolidated condensed statement of operations is based on the individual statement of operations of CEC and K & B for the nine months ended September 30, 1999, after giving effect to the pro forma adjustments necessary to reflect the acquisition described in Note 1, as if it had taken place on January 1, 1999.

The pro forma adjustments are as follows:

(D) Amortization of goodwill over 20 years ($57,000) and additional depreciation resulting from write-up of property and equipment to estimated fair value ($390,000).

(E) Interest expense increase of $1,359,000 as a result of acquisition financing.

(F) Bonus arrangement for Blum brothers (25% of annual consolidated EBIT in excess of $4,000,000). (Note that the historical statement of operations of K & B for the nine months ended September 30, 1999 does not include a provision for bonuses for the Blum brothers.)

(G) Tax effect of above adjustments and to provide for taxes on K & B's 1999 historical income using an assumed effective income tax rate of 50%.

(c) Exhibits.

The following Exhibits were filed with the Form 8-K filed December 22, 1999 and numbered as set forth below.

10.1 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.

10.2 Employment Agreement, dated as of December 7, 1999, between Richard J. Blum and CECO Group, Inc.

10.3 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to Richard J. Blum

10.4 Employment Agreement, dated as of December 7, 1999, between Lawrence J. Blum and The Kirk & Blum Manufacturing Company.

10.5 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to Lawrence J. Blum

10.6 Employment Agreement, dated as of December 7, 1999, between David D. Blum and The Kirk & Blum Manufacturing Company.

10.7 Stock Purchase Warrant, dated as of December 7, 1999, granted by CECO Environmental Corp. to David D. Blum

10.8 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.

10.9 Promissory Note in the amount of $4,000,000, dated as of December 7, 1999, made by CECO Environmental Corp. and payable to Green Diamond Oil Corp.

10.10 Promissory Note in the amount of $500,000, dated as of December 7, 1999, made by CECO Environmental Corp. and payable to Harvey Sandler

10.11 Promissory Note in the amount of $500,000, dated as of December 7, 1999, made by CECO Environmental Corp. and payable to ICS Trustee Services, Ltd.

10.12 Warrant Agreement, dated as of December 7, 1999, among CECO Environmental Corp. and Green Diamond Oil Corp., Harvey Sandler and ICS Trustee Services, Ltd.

10.13 KDB\Technic, Inc. Voting Trust Agreement, dated as of December 7, 1999, Richard J. Blum, trustee

10.14 Consulting Agreement, dated as of June 1, 1999, between CECO Environmental Corp. and CECO Filters, Inc.

23.1 Consent of Independent Public Accountants, dated as of December 14, 1999

SIGNATURES

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 hereunto duly authorized.

CECO Environmental Corp.

CECO ENVIRONMENTAL CORP.

Dated: February 16, 2000

/s/ Marshall J. Morris

Marshall J. Morris
Chief Financial Officer