UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

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

For Quarter Ended September 30, 2001

Commission file number 0-7099

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

X Yes ____ No

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

Class: COMMON, PAR VALUE $.01 PER SHARE
OUTSTANDING at November 6, 2001 7,907,419

CECO ENVIRONMENTAL CORP.

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

SEPTEMBER 30, 2001

INDEX

CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED BALANCE SHEET

Dollars in thousands, except share data

	(unaudited) SEPTEMBER 30, 2001	DECEMBER 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 392	$ 664
Marketable securities - trading	8	1,002
Accounts receivable, net	14,452	17,372
Costs and estimated earnings in excess of billings on uncompleted contracts	5,455	5,099
Inventories	2,756	2,373
Other assets	2,555	1,881
Total current assets	25,618	28,391
Property and equipment, net	13,161	13,587
Goodwill, net	8,209	8,479
Other intangible assets, net	3,884	4,149
Deferred charges and other assets	1,535	1,290
	$ 52,407	$ 55,896
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ 2,776	$ 3,776
Accounts payable and accrued expenses	12,013	11,808
Billings in excess of costs and estimated earnings on uncompleted contracts	1,225	1,175
Total current liabilities	16,014	16,759
Other liabilities	1,169	704
Debt, less current portion	19,932	22,640
Deferred income tax	5,078	5,264
Minority interest	42	60
Subordinated notes (related party, $2,942 and $2,769, respectively)	3,677	3,461
Common stock, $0.01 par value; 100,000,000 shares authorized and 8,662,323 and 8,639,792 shares issued in 2001 and 2000, respectively	87	86
Capital in excess of par value	12,625	12,592
Accumulated deficit	(4,218)	(3,950)
Accumulated other comprehensive loss	(313)	(34)
	8,181	8,694
Less treasury stock, at cost, 763,920 shares	(1,686)	(1,686)
	6,495	7,008
	$ 52,407	$ 55,896

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

Dollars in thousands, except per share data

	THREE MONTHS ENDED SEPTEMBER 30, 2001	THREE MONTHS ENDED SEPTEMBER 30, 2000	NINE MONTHS ENDED SEPTEMBER 30, 2001	NINE MONTHS ENDED SEPTEMBER 30, 2000
Net sales	$ 24,316	$ 22,391	$ 67,159	$ 67,973
Costs and expenses:				
Cost of sales, exclusive of items shown separately below	19,005	17,923	53,937	54,147
Selling and administrative	3,460	3,473	9,823	10,834
Depreciation and amortization	548	554	1,684	1,610
	23,013	21,950	65,444	66,591
Income before investment income (loss) and interest expense	1,303	441	1,715	1,382
Investment income (loss)	(4)	179	397	921
Interest expense (including related party interest of $179 and $179, and $531 and $533, respectively)	(879)	(988)	(2,719)	(2,834)
Income (loss) before provision (benefit) for Income taxes and minority interest	420	(368)	(607)	(531)
Provision (benefit) for income taxes	222	(119)	(322)	(151)
Income (loss) before minority interest	198	(249)	(285)	(380)
Minority interest	(8)	25	17	47
Net income (loss)	$ 190	$ (224)	$ (268)	$ (333)
Per share data:				
Basic income (loss)	$ .02	$ (.03)	$ (.03)	$ (.04)
Diluted income (loss)	$ .02	$ (.03)	$ (.03)	$ (.04)
Weighted average number of common shares outstanding:				
Basic	7,898,403	7,930,008	7,891,058	8,298,981
Diluted	8,040,486	7,930,008	7,891,058	8,298,981

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

Dollars in thousands

	NINE MONTHS ENDED SEPTEMBER 30, 2001	2000
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities:		
Net loss	$ (268)	$ (333)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,684	1,610
Gain on sales of marketable securities, trading	(391)	(789)
Changes in operating assets and liabilities - net	2,919	1,183
Net cash provided by operating activities	3,944	1,671
Net cash used in investing activities	(542)	(433)
Net cash used in financing activities	(3,674)	(1,052)
Net (decrease) increase in cash	(272)	186
Cash and cash equivalents at beginning of the period	664	1,135
Cash and cash equivalents at end of the period	$ 392	$ 1,321

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for:		
Interest	$ 2,237	$ 2,414
Income taxes	$ 455	$ 286

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

---

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

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

   Recent accounting pronouncements - On January 1, 2001, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivative instruments, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair value. The accounting for changes in the fair value of derivatives depends on their intended use and designation.

   The Company has an interest rate swap agreement to manage its exposure to interest rate fluctuations. The interest rate swap agreement meets the criteria for hedge accounting under SFAS No. 133 and accordingly, the change in the after-tax fair value of the interest rate hedge is included in other comprehensive loss. During the first quarter ended March 31, 2001, the Company recognized a transition obligation of $350,000, related to this swap. The fair value of the swap at September 30, 2001 was an obligation of $466,000.

   Comprehensive income (loss) for the quarter and nine months ended September 30, 2001 was $123,000 and ($547,000), respectively, which included the change in the fair value of the interest rate swap.

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

   In June 2001, the FASB issued SFAS No. 143 Accounting for Asset Retirement Obligations requiring that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. In August 2001, the FASB issued SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets, which superceded SFAS No. 121 Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. The primary difference is that goodwill has been removed from the scope of SFAS No. 144. It also broadens the presentation of discontinued operations to include a component of an entity rather than a segment of a business. A component of an entity comprises operations and cash flows that can clearly be distinguished operationally and for financial accounting purposes from the rest of the entity. Implementation of SFAS No. 143 is required for Fiscal 2003 and SFAS No. 144 is required for fiscal 2002.

Management is currently assessing the impact that SFAS No. 141, SFAS No. 142, SFAS No. 143 and SFAS No. 144 will have on the results of operations and financial position.

2. Inventories consisted of the following:

	SEPTEMBER 30, 2001	DECEMBER 31, 2000
	(Dollars in thousands)	
Raw materials	$1,579	$1,450
Finished goods	1,026	734
Parts for resale	151	189
	$2,756	$2,373

3. Segments and Related Information

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

(Dollars in thousands)

	SYSTEMS	MEDIA	CORPORATE AND OTHER	ELIMINATION OF INTER-SEGMENT ACTIVITY	CONSOLIDATED
Three-months ended September 30, 2001:					
Revenues	$22,485	$ 1,882	$ --	$ (51)	$24,316
Operating income (loss)	1,464	394	(555)	--	1,303
Three-months ended September 30, 2000:					
Revenues	$21,079	$ 1,506	$ --	$ (194)	$22,391
Operating income (loss)	1,277	(446)	(390)	--	441
Nine-months ended September 30, 2001:					
Revenues	$63,168	$ 4,275	$ --	$ (284)	$67,159
Operating income (loss)	3,001	293	(1,591)	12	1,715
Nine-months ended September 30, 2000:					
Revenues	$64,279	$ 4,346	$ --	$ (652)	$67,973
Operating income (loss)	3,588	(916)	(1,290)	--	1,382

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

4. In August 2001, the bank credit facility was amended by (i) reducing minimum coverage requirements under several financial covenants as of June 30, 2001 and September 30, 2001, (ii) raising interest rates by 1%, (iii) reducing the total amount available under the revolving line of credit to $8 million from $9 million and (iv) changing the maturity of the revolving line of credit to April 2003 from December 2004. In consideration for this amendment, additional fees were paid to the lenders. The Company was in compliance with all financial covenants as of September 30, 2001.

5. In the second quarter, the Company expanded its design build capabilities into specialty piping for automotive finishing facilities. In connection with this expansion, the Company entered into a contract that resulted in a contract loss of $600,000 in the third quarter. Accordingly, a charge was recorded to cost of sales for that amount. The Company has abandoned its plans to continue its expansion in this area.

6. The following table reconciles basic weighted average shares outstanding to diluted weighted average shares outstanding for the three months ended September 30, 2001. There are no adjustments to net income for the basic or diluted earnings per share (EPS) computations.

Three-Months Ended September 30, 2001	Shares (Denominator)
Basic EPS	
Income available to common shareholders	7,898,403
Effect of Dilutive Securities	
Warrants	142,083
Diluted EPS	
Income available to common stockholders + assumed conversions	8,040,486

Warrants to purchase shares for the nine months ended September 30, 2001 and 2000 and for the three months ended September 30, 2000 were not included in the computation of diluted EPS because inclusion of the warrant's would be anti-diluted.

CECO ENVIRONMENTAL CORP.

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

Overview

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

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

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

Results of Operations

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

Revenues

Consolidated total revenues increased $1.9 million or 8.6% to $24.3 million during the three months ended September 30, 2001 as compared to the three months ended September 30, 2000 and decreased $0.8 million during the nine-month period ended September 30, 2001 as compared with the same period in 2000. The Company booked orders totaling $27.2 million during the third quarter of 2001 and $74.9 million for the first nine-months of 2001 as compared to $22.0 million during the third quarter of 2000 and $68.6 million in the first three quarters of 2000. Backlog at September 30, 2001 was $22.1 million. Consolidated total revenue for the nine months ended September 30, 2001, was $67.2 million versus comparable 2000 revenues of $68.0 million. Revenue is anticipated to continue to increase during the last quarter of 2001 relative to the previous three quarters as the Company continues to work down its current backlog.

Systems segment revenue increased $1.4 million to $22.4 million during the three months ended September 30, 2001 as compared to the same period of 2000. Systems segment revenue was $63.0 million during the first nine months of 2001 compared to $64.3 million during the same period of 2000. Kirk & Blum's decrease is partially attributable to a decline in sales to the automotive, communications and cement industries in the first half of 2001. Busch's bookings level were $5.0 million during the first nine months of 2001 versus $4.3 million during the first nine months of 2000.

Media segment revenue increased $0.4 million to $1.9 million during the three months ended September 30, 2001 as compared to the same period in 2000. Media segment revenue was $4.2 million for the first nine months of 2001 compared to $4.3 million and during the same period of 2000. Filters saw an increase in revenues for the first nine months of 2001 of $0.4 million while the Company's high performance filter media unit, Air Purator Corporation, revenues declined $0.5 million. Filters booked orders totaling $2.9 million during the third quarter of 2001, an increase of $1.8 million as compared to the same period in 2000. A new marketing initiative for this segment, focusing on nurturing relationships and increasing repeat orders from existing customers, was rolled out in the first quarter of 2001. As a result, the Company recorded $5.3 million in bookings for the nine-month period ended September 30, 2001, which was an increase of $1.8 million over the same period in 2000. The Company believes revenue will continue to increase through the fourth quarter of 2001 as a result of this initiative.

Gross Profit

Gross profit exclusive of depreciation and amortization was $5.3 million during the third quarter of 2001 as compared to $4.5 million during the third quarter of 2000. Gross margin during the third quarter of 2001 was 21.8% as compared to 20.0% during the third quarter of 2000. Gross profit exclusive of depreciation and amortization was $13.2 million during the first nine months of 2001 compared with $13.8 million in the same period of 2000. Gross margin was 19.7% in the first nine months of 2001 compared with 20.3% in the same period of 2000. The decline is partially attributable to decreased sales by the higher margin Media segment as well as lower margins realized in the Systems segment.

In the second quarter, the Company expanded its design build capabilities into specialty piping for automotive finishing facilities. In connection with this expansion, the Company entered into a contract that resulted in a contract loss of $600,000 in the third quarter. Accordingly, a charge was recorded to cost of sales for that amount. The Company has abandoned its plans to continue its expansion in this area. Gross Margin was negatively affected by 2.6 and 0.9 percentage points as a result of this charge for the three and nine-month periods ended September 30, 2001.

Expenses

Selling and administrative expenses decreased 0.3% during the three months ended September 30, 2001 as compared to the same period in 2000. Selling and administrative expenses decreased for the first nine months of 2001 by $1.0 million or 9.3% to $9.8 million as compared to the same period in 2000. Selling and administrative expenses as a percentage of revenues for the first nine months of 2001 were 14.6% versus 15.9% for the same period in 2000. The majority of the decrease for the first nine months of 2001 related to cost saving initiatives put into place in 2000, and a reversal of a contingency reserve held in connection with a customer bankruptcy.

Depreciation and amortization decreased slightly during the three months ended September 30, 2001 as compared to the same period in 2000 and increased $0.1 million to $1.7 million in the first nine months of 2001.

Investment Income

Investment income decreased $0.2 million during the three months ended September 30, 2001 as compared to the same period of 2000. Investment income was $0.4 million during the first nine months of 2001 compared with $0.9 million in the same period of 2000. The decrease in investment income during the quarter and throughout 2001 was primarily due to a significant sale of the Company's largest holding of marketable securities during 2000.

Interest Expense

Interest expense decreased $0.1 million during the three months ended September 30, 2001 as compared to the same period of 2000. Interest expense decreased $0.1 million for the first nine months of 2001 compared with the same period of 2000.

Income Taxes

Federal and state income tax benefits decreased $0.3 million during the three months ended September 30, 2001 as compared to the same period of 2000. Federal and state income tax benefits increased $0.2 million in the first nine months of 2001 as compared to the same period in 2000. The effective income tax rate was 53% during the first, second and third quarters of 2001. The Company's effective tax rate during 2001 is affected by non-deductible goodwill amortization and interest expense.

Net Income

Net income realized during the three months ended September 30, 2001 was $0.2 million as compared to a net loss of $0.2 million during the same period in 2000. Net loss for the nine months ended September 30, 2001 and 2000 was $0.3 million.

Backlog

The Company's backlog consists of purchase orders it has received from products and services it expects to deliver within the next 12 months. The Company's backlog, as of September 30, 2001, was approximately $22.1 million, an increase of $10.0 million over December 31, 2000. The Systems segment generated in excess of 74% of the backlog. There can be no assurance that backlog will be replicated, increased or translated into higher revenues in the future.

Financial Condition, Liquidity and Capital Resources

Cash provided by operating activities for the nine months ended September 30, 2001 was $3.9 million compared with cash provided by operations of $1.7 million for the same period in 2000. At September 30, 2001, the Company had total cash and cash equivalents and marketable securities of $0.4 million compared to $1.7 million at December 31, 2000.

Bank and related debt as of September 30, 2001 was $22.7 million, a decrease of $3.7 million from December 31, 2000, primarily due to principal reductions against the bank credit facilities. Unused credit availability at September 30, 2001, was $4.2 million under the bank line of credit.

As of September 30, 2001, the Company was in compliance with all financial covenants with the bank. The bank credit facility was amended in March 2001, as discussed in the Company's Form 10-KSB for the year ended December 31, 2000. In August 2001, the lenders amended the credit facility by (i) reducing minimum coverage requirements under several financial covenants as of June 30, 2001 and September 30, 2001, (ii) raising interest rates by 1%, (iii) reducing the total amount available under the revolving line of credit to $8 million from $9 million and (iv) changing the maturity of the revolving line of credit to April 2003 from December 2004. In consideration for this amendment, additional fees were paid to the lenders.

Investing activities used cash of $0.5 million during the first nine months of 2001 related to capital expenditures for property and equipment and intangibles. Capital expenditures for property and equipment are anticipated to be in the range of $0.7 million to $0.9 million for fiscal year 2001.

Financing activities used $3.7 million during the first nine months of 2001 compared with cash used of $1.1 million during the same period of 2000. Current year financing activities include primarily net payments under bank credit facilities.

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

Forward-Looking Statements

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

The Company wishes to caution investors that any forward-looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other risk factors include, but are not limited to: changing economic and political conditions in the United States and in other countries, changes in governmental spending and budgetary policies, governmental laws and regulations surrounding various matters such as environmental remediation, contract pricing, and international trading restrictions, customer product acceptance, continued access to capital markets, and foreign currency risks. The Company wishes to caution investors that other factors may, in the future, prove to be important in affecting the Company's results of operations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Investors are further cautioned not to place undue reliance on such forward-looking statements as they speak only to the Company's views as of the date the statement is made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OTHER INFORMATION
(unaudited)

Part II

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

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

CECO ENVIRONMENTAL CORP.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CECO ENVIRONMENTAL CORP.

/s/ M.J. Morris

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

Date: November 13, 2001