

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB/A

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

For Quarter Ended SEPTEMBER 30, 2000

Commission file number 0-7099

CECO ENVIRONMENTAL CORP.

(Exact name of registrant as specified in its charter)

NEW YORK

(State or other jurisdiction of
incorporation or organization)

13-2566064

(I.R.S. Employer
Identification No.)

505 UNIVERSITY AVENUE, SUITE 1400, TORONTO, ONTARIO, CANADA

M5G 1X3

(Address of principal executive offices)

(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

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

Class: COMMON, PAR VALUE \$.01 PER SHARE

OUTSTANDING at November 8, 2000 7,875,872

This amendment of Form 10-QSB is being filed to give effect to the restatement
of the Company's condensed consolidated financial statements, included in Item 1
as discussed in Note 7.

CECO ENVIRONMENTAL CORP.

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
SEPTEMBER 30, 2000

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CECO ENVIRONMENTAL CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	SEPTEMBER 30, 2000	DECEMBER 31, 1999
ASSETS	(as restated) see note 7	-----
Current assets:		
Cash and cash equivalents	\$ 1,320,558	\$ 1,134,792
Marketable securities - trading	1,316,257	2,690,919
Accounts receivable, net	16,319,962	17,204,539
Costs and estimated earnings in excess of billings on uncompleted contracts	5,705,286	2,951,773
Inventories	2,280,697	2,173,010
Prepaid expenses and other current assets	949,109	635,423
Deferred income taxes	647,600	647,600
	-----	-----
Total current assets	28,539,469	27,438,056
Property and equipment, net	13,763,920	14,244,457
Goodwill, net	8,433,394	8,917,290
Other intangible assets, net	4,266,143	4,375,070
Deferred charges and other assets	1,093,157	1,473,054
Deferred income taxes	--	--
	-----	-----
Total assets	\$ 56,096,083	\$ 56,447,927
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Debt	\$ 1,775,662	\$ 2,788,054
Accounts payable and accrued expenses	9,167,405	9,569,882
Billings in excess of costs and estimated earnings on uncompleted contracts	1,765,369	460,092
Other current liabilities	22,762	116,056
	-----	-----
Total current liabilities	12,731,198	12,934,084
Debt, less current portion	29,773,012	28,289,680
Deferred income taxes	5,342,251	5,374,501
Other liabilities	799,841	713,003
	-----	-----
Total liabilities	48,646,302	47,311,268
	-----	-----
Minority interest	51,589	98,541
	-----	-----
Shareholders' equity:		
Preferred stock, \$.01 par value; 10,000,000 shares authorized and none issued	-	-
Common stock, \$.01 par value; 100,000,000 shares authorized, 8,627,853 and 8,623,391 shares issued in 2000 and 1999	86,279	86,234
Capital in excess of par value	12,570,126	12,560,667
Accumulated deficit	(3,593,093)	(3,260,114)
	-----	-----
	9,063,312	9,386,787
Less treasury stock, at cost, 753,920 and 137,920 shares, respectively	(1,665,120)	(348,669)
	-----	-----
Net shareholders' equity	7,398,192	9,038,118
	-----	-----
Total liabilities and shareholders' equity	\$ 56,096,083	\$ 56,447,927
	=====	=====

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	THREE-MONTHS ENDED SEPTEMBER 30,		NINE-MONTHS ENDED SEPTEMBER 30,	
	2000	1999	2000	1999
	----- as restated see note 7	----- as restated see note 7	----- as restated see note 7	----- as restated see note 7
Revenues:				
Contract revenues	\$ 18,945,289	\$ 2,125,528	\$ 56,824,702	\$ 6,268,807
Net sales - products	3,445,304	1,846,168	11,148,030	6,440,403
	-----	-----	-----	-----
Total revenues	22,390,593	3,971,696	67,972,732	12,709,210
	-----	-----	-----	-----
Costs and expenses:				
Cost of contract revenues, exclusive of depreciation shown separately below	15,269,963	1,481,754	47,065,394	4,017,047
Cost of sales - products, exclusive of depreciation shown separately below	2,652,672	1,100,469	7,081,792	3,450,196
Selling and administrative	3,472,583	1,374,733	10,834,138	4,520,151
Depreciation and amortization	554,160	155,044	1,609,561	453,732
	-----	-----	-----	-----
	21,949,378	4,112,000	66,590,885	12,441,126
	-----	-----	-----	-----
Income (loss) from continuing operations before investment income and interest expense	441,215	(140,304)	1,381,847	268,084
Investment income (loss)	178,565	(91,815)	921,309	66,653
Interest expense	(987,921)	(628,768)	(2,834,161)	(768,279)
	-----	-----	-----	-----
Loss from continuing operations before income tax benefit and minority interest	(368,141)	(860,887)	(531,005)	(433,542)
Income tax provision (benefit)	(119,484)	(133,400)	(151,074)	46,000
	-----	-----	-----	-----
Loss from continuing operations before minority interest	(248,657)	(727,487)	(379,931)	(479,542)
Minority interest	24,219	9,907	46,952	4,286
	-----	-----	-----	-----
Loss from continuing operations	(224,438)	(717,580)	(332,979)	(475,256)
	-----	-----	-----	-----
Discontinued operations:				
Profit (loss) from operations of discontinued division, net of income taxes and minority interest	-	7,489	-	(113,756)
Loss from disposal of discontinued division	-	-	-	(12,482)
	-----	-----	-----	-----
	-	7,489	-	(126,238)
	-----	-----	-----	-----
Net loss	(\$ 224,438)	(\$ 710,091)	(\$ 332,979)	(\$ 601,494)
	=====	=====	=====	=====
Net loss per share, basic:				
Loss from continuing operations	(\$.03)	(\$.08)	(\$.04)	(\$.06)
Loss from discontinued operations	-	-	-	(.01)
	-----	-----	-----	-----
Net loss per share	(\$.03)	(\$.08)	(\$.04)	(\$.07)
	=====	=====	=====	=====
Net loss per share, diluted:				
Loss from continuing operations	(\$.03)	(\$.08)	(\$.04)	(\$.06)
Loss from discontinued operations	-	-	-	(.01)
	-----	-----	-----	-----
Net loss per share	(\$.03)	(\$.08)	(\$.04)	(\$.07)
	=====	=====	=====	=====
Weighted average number of common shares outstanding:				
Basic	7,930,008	8,485,471	8,298,981	8,485,471
	=====	=====	=====	=====
Diluted	7,930,008	8,485,471	8,298,981	8,485,471
	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

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

	NINE-MONTHS ENDED SEPTEMBER 30,	
	2000	1999
	----- as restated see note 7	----- as restated see note 7
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities:		
Net loss	(\$ 332,979)	(\$ 601,494)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Loss from discontinued operations	-	126,238
Depreciation and amortization	1,609,561	453,732
Deferred income tax	(32,250)	-
Minority interest	(46,952)	(4,286)
Gain on sales of marketable securities, trading	(789,108)	-
Changes in operating assets and liabilities, net of acquired businesses:		
Marketable securities	2,163,770	(1,757,449)
Accounts receivable	1,075,377	64,104
Inventories	(107,687)	(377,783)
Costs and estimated earnings in excess of billings on uncompleted contracts	(2,753,513)	(35,763)
Prepaid expenses and other current assets	(313,686)	(76,399)
Deferred charges and other assets	86,348	(348,849)
Accounts payable and accrued expenses	(352,477)	296,285
Billings in excess of costs and estimated earnings on uncompleted contracts	1,305,277	(320,428)
Other	159,403	310,850
	-----	-----
Net cash provided by (used in) continuing operations	1,671,084	(2,271,242)
Net cash used in discontinued operations	-	(9,289)
	-----	-----
Net cash provided by (used in) operating activities	1,671,084	(2,280,531)
	-----	-----
Cash flows from investing activities:		
Acquisitions of property and equipment and intangible assets	(687,006)	(340,621)
Cash received from purchase price adjustment	253,550	-
Acquisition of additional shares of CECO Filters, Inc.	-	(55,459)
	-----	-----
Net cash used in continuing operations	(433,456)	(396,080)
Net cash used in discontinued operations	-	(1,856)
	-----	-----
Net cash used in investing activities	(433,456)	(397,936)
	-----	-----
Cash flows from financing activities:		
Net change in short-term debt	(1,012,391)	2,725,000
Proceeds from issuance of stock	9,504	-
Purchases of treasury stock	(1,316,451)	-
Net increase (decrease) in long-term debt	1,267,476	(340,504)
	-----	-----
Net cash provided by (used in) financing activities	(1,051,862)	2,384,496
	-----	-----

CONTINUED ON NEXT PAGE

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(unaudited)

	NINE-MONTHS ENDED SEPTEMBER 30,	
	2000	1999
	-----	-----
	as restated	as restated
	see note 7	see note 7
Net increase (decrease) in cash	185,766	(293,971)
Cash and cash equivalents at beginning of the period	1,134,792	364,648
	-----	-----
Cash and cash equivalents at end of the period	\$ 1,320,558	\$ 70,677
	=====	=====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for:

Interest	\$ 2,413,680	\$ 191,279
	-----	-----
Income taxes	\$ 285,600	\$ 527,758
	-----	-----

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. In the opinion of management, the accompanying unaudited condensed consolidated financial statements of CECO Environmental Corp. (the "Company") contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of September 30, 2000 and the results of operations for the three-month and nine-month periods ended September 30, 2000 and 1999 and cash flows for the nine-month periods ended September 30, 2000 and 1999. The results of operations for the three-month and nine-month periods ended September 30, 2000 are not necessarily indicative of the results to be expected for the full year.

2. Discontinued Operations

On March 31, 1999, the Company's subsidiary, CECO Filters, Inc., sold the contracts and customer list of U.S. Facilities Management Arizona operation for \$250,000. The sales price was paid through a non-interest bearing promissory note from the purchaser.

The following is a summary of operating activity for this discontinued operation for the nine-months ended September 30, 1999:

Revenues	\$387,656
Cost of revenues, exclusive of depreciation shown separately below	(493,439)
Selling and administrative	(114,224)
Depreciation and amortization	(7,998)

Operating loss	(228,005)
Income tax benefit	105,800
Minority interest	8,449

Loss from operations of discontinued operation	(\$113,756)
	=====

The following is a summary of the loss recorded from the disposal of this operation for the nine-months ended September 30, 1999:

Net present value of note receivable from sale	\$174,493
Impairment of goodwill	(166,932)
Disposition costs	(20,043)

Loss from disposal of discontinued operation	(\$ 12,482)
	=====

CECO ENVIRONMENTAL CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(unaudited)

3. Inventories consisted of the following:

	SEPTEMBER 30, 2000	DECEMBER 31, 1999
	-----	-----
Raw materials	\$1,398,598	\$1,328,175
Finished goods	729,795	626,033
Parts for resale	152,304	218,802
	-----	-----
	\$2,280,697	\$2,173,010
	=====	=====

4. Acquisition of Business

On December 7, 1999, the Company purchased all of the issued stock of The Kirk & Blum Manufacturing Company ("K & B") and kbd Technic, Inc., two companies with related ownership. The purchase price was approximately \$25 million plus the assumption of \$5 million of existing indebtedness of the companies, in addition to acquisition costs the Company incurred. The transaction was accounted for as a purchase. K & B, headquartered in Cincinnati, Ohio, is a 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 systems which remove airborne contaminants from industrial facilities, as well as equipment that control emissions from such facilities. K & B serves its customers from offices and plants in Cincinnati, Ohio; Indianapolis, Indiana; Louisville and Lexington, Kentucky; Columbia, Tennessee; and Greensboro, North Carolina. kbd Technic, Inc. 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 and electrical), sound and vibration system engineering and other special projects. The excess of the aggregate purchase price over the fair value of the net assets acquired, based upon estimates of fair value, resulted in goodwill of \$4,019,450. During the second quarter of 2000, the Company received \$253,550 as a post-closing price adjustment related to this acquisition. On a pro forma basis, unaudited results of operations for the three-month and nine-month periods ended September 30, 1999 would have been as follows, if the acquisition had been made as of January 1, 1999:

	THREE-MONTHS ENDED SEPTEMBER 30, 1999	NINE-MONTHS ENDED SEPTEMBER 30, 1999
	-----	-----
Total revenues	\$25,055,034	\$ 65,185,583
Net loss	(39,169)	(398,533)
Net loss per share:		
Basic	\$ --	\$ (.05)
Diluted	\$ --	\$ (.05)

CECO ENVIRONMENTAL CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(unaudited)

5. 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.

Included in the "Corporate and Other" category are the corporate functional departments plus discontinued operations disposed in 1999.

	SYSTEMS -----	MEDIA -----	CORPORATE AND OTHER -----	ELIMINATION OF INTER- SEGMENT ACTIVITY -----	CONSOLIDATED -----
Three-months ended September 30, 2000:					
Revenues	\$21,078,771	\$1,506,081	\$ -	(\$ 194,259)	\$22,390,593
Operating income (loss)	1,277,226	(446,286)	(389,725)	-	441,215
Three-months ended September 30, 1999:					
Revenues	\$ 2,503,109	\$1,577,359	\$ 12,513	(\$ 121,285)	\$ 3,971,696
Operating income (loss)	(111,525)	(110,342)	81,563	-	(140,304)
Nine-months ended September 30, 2000:					
Revenues	\$64,278,713	\$4,346,132	\$ -	(\$ 652,113)	\$67,972,732
Operating income (loss)	3,588,200	(916,460)	(1,289,893)	-	1,381,847
Nine-months ended September 30, 1999:					
Revenues	\$ 7,629,298	\$5,393,953	\$ 36,050	(\$ 350,091)	\$12,709,210
Operating income (loss)	172,663	(40,510)	135,931	-	268,084

6. Related Parties

Debt includes loans from related parties to the Company in the amounts of \$3,066,000 and \$3,607,000 at September 30, 2000 and December 31, 1999, respectively. The change in debt from December 31, 1999 to September 30, 2000 includes \$800,000 that was repaid to a related party. In August 1999, the Company issued a demand note and warrants to purchase 1 million shares of common stock to a related party. The inherent discount associated with the value for the warrants was immediately amortized, and \$.6 million of interest expense was recognized in the quarter ending September 30, 1999. Management of the Company and the holder of the warrants believed that the inherent interest rate resulting from the valuation was higher than originally contemplated when the transaction was structured and, therefore, in September 2000 the holder cancelled the warrants after repayment of the debt.

CECO ENVIRONMENTAL CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(unaudited)

7. Restatement

Subsequent to the issuance of the Company's condensed consolidated financial statements as of and for the three and nine months ended September 30, 2000, the Company's management determined that in connection with the December 7, 1999 acquisition of K & B and kbd/Technic, Inc., deferred tax liabilities had not been established for the fair value adjustments to property, equipment, and inventory or for accrued workers compensation and accrued post-retirement benefits. The Company's management also determined that a portion of the purchase price of K & B was not allocated to the identifiable intangible assets acquired in the purchase based on the estimated fair values. In addition, the Company's management determined that warrants issued to a related party in August 1999 in conjunction with a demand loan should have been valued based on a proper valuation of their relative fair values and that the resulting debt discount should have been immediately amortized to interest expense. Management of the Company and the holder of the warrants believed that the inherent interest rate resulting from the valuation was higher than originally contemplated when the transaction was structured and, therefore, in September 2000 the holder cancelled the warrants after repayment of the debt. Additionally, the Company's management identified an error in the percentage of contract completion calculation that resulted in overstatements of contract revenue and cost of contract revenue of \$6,246,206 and \$6,914,546 for the three and nine month periods ended September 30, 2000, respectively. As a result, the condensed consolidated financial statements as of and for the three and nine month periods ended September 30, 2000 and 1999 have been restated from amounts previously reported to correct the accounting for the above described items. A summary of the significant effects of the restatements is as follows:

	As Previously Reported -----	As Restated -----
At September 30, 2000:		
Current deferred income tax asset	\$ 485,800	\$ 647,600
Goodwill, net	6,152,690	8,433,394
Other intangibles assets, net	1,230,518	4,266,143
Deferred income tax asset	309,200	--
Deferred income tax liability	--	5,342,251
Capital in excess of par	11,993,126	12,570,126
Accumulated deficit	(2,842,771)	(3,593,093)
For the three months ended September 30, 2000:		
Contract revenues	25,191,495	18,945,289
Cost of contract revenues	21,516,169	15,269,963
Depreciation and amortization	486,536	554,160
Income tax benefit	(108,734)	(119,484)
Net loss	(167,564)	(224,438)
Net loss per share - basic	(.02)	(.03)
Net loss per share - diluted	(.02)	(.03)
For the nine months ended September 30, 2000:		
Contract revenues	63,739,248	56,824,702
Cost of contract revenues	53,979,940	47,065,394
Depreciation and amortization	1,403,989	1,609,561
Income tax benefit	(118,824)	(151,074)
Net loss	(159,657)	(332,979)
Net loss per share - basic	(.02)	(.04)
Net loss per share - diluted	(.02)	(.04)
For the three months ended September 30, 1999:		
Interest expense	(51,768)	(628,768)
Loss from continuing operations	(140,580)	(717,580)
Net loss	(133,091)	(710,091)
Loss from continuing operations	(0.02)	(0.08)
Net loss per share basic and diluted	(0.02)	(0.08)
For the nine months ended September 30, 1999:		
Interest expense	(191,279)	(768,279)
Income (loss) from continuing operations	101,744	(475,256)
Net loss	(24,494)	(601,494)
Income (loss) from continuing operations per share basic and diluted	0.01	(0.06)
Net loss per share basic and diluted	--	(0.07)

CECO ENVIRONMENTAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF 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") which 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 is a leading provider of turnkey engineering, design, manufacturing and installation services in the air pollution control industry. Kirk & Blum's business is focused on designing, building and installing systems, which remove airborne contaminants from industrial facilities as well as equipment that control emissions from such facilities. Busch is engaged in providing 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 is a specialty-engineering firm concentrating in industrial ventilation. kbd Technic provides 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, Catenary Grid(R) and Narrow Gap Venturi 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, a highly effective type of baghouse for capturing submicron particulate from gas streams.

The results of operations reflect the Company's acquisition of all the issued stock of Kirk & Blum and kbd Technic as of December 7, 1999.

Results of Operations

The Company's consolidated statements of operations for the three-month and nine-month periods ended September 30, 2000 and 1999 reflect the operations of the Company consolidated with the operations of its subsidiaries. At September 30, 2000, the Company owned approximately 94% of Filters. Minority interest has been separately presented in the statements of operations.

The Company's condensed consolidated balance sheet as of September 30, 2000 and 1999 and the condensed consolidated statements of operations for the three and nine month periods ended September 30, 2000 and 1999 have been restated. Refer to Note 7 in the accompanying condensed consolidated financial statements for further discussion. The information included in the following discussion reflects the effects of these restatements.

CECO ENVIRONMENTAL CORP.

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

Revenues

Consolidated net revenues increased 464% for the third quarter of 2000 to \$22.4 million, up \$18.4 million over the third quarter of 1999. For the first nine months, consolidated net revenues of \$68.0 million were \$55.3 million or 435% higher than the same period in 1999. The increases in both the third quarter and first nine months of 2000 were due to the combination of increased revenues from the Systems segment (principally due to the positive impact from the acquisition of Kirk & Blum and kbd Technic in December 1999) offset by decreases in the Media segment.

Systems segment revenues increased by \$18.6 million and \$56.6 million in the third quarter and first nine months of 2000 compared to the same periods in 1999. The primary factors contributing to this increase were the inclusion of Kirk & Blum and kbd Technic offset by lower revenue generated from Busch. The Company's newly acquired Kirk & Blum operating unit is generating increased revenues over its 1999 levels. The Busch unit has booked an increased level of orders over the second quarter of 2000 for fume exhaust systems at aluminum rolling mills. Revenue from these orders is expected to be recognized within the next twelve months. Demand at steel rolling mills for fume exhaust systems and demand for Busch's proprietary JET*STAR(TM) cooling technology continued to be soft into the third quarter of 2000.

Media segment sales reflect declines of \$0.1 million and \$1.0 million in the third quarter and first nine months of 2000 compared with the same periods in 1999. Decreased sales from the Company's high performance filter media unit, Air Purator Corporation, and a decline in sales from Filters were the principal reasons for these decreased media segment sales.

Gross Profit

Gross profit increased by \$3.1 million and \$8.6 million to \$4.5 million and \$13.8 million for the third quarter and first nine months of 2000, respectively, compared with the same periods in 1999. Gross profit as a percentage of revenues was 20.0% and 20.3% in the third quarter and first nine months of 2000 compared with 35.0% and 41.2% in the same periods for the prior year. The declines are attributable to increased sales by the lower margin Systems segment and decreased sales by the higher margin Media segment. Overall, margins as a percentage of revenues will be impacted by the addition of Kirk & Blum to the Systems segment as this operating unit will continue to represent a larger factor in the Company's total revenues during calendar year 2000.

Expenses

Selling and administrative expenses increased from the third quarter and first nine months of 1999 by \$2.1 million and \$6.3 million to \$3.5 million and \$10.8 million during the third quarter and first nine months of 2000 primarily due to the acquisition of Kirk & Blum and kbd Technic. Selling and administrative expenses as a percentage of revenues for the third quarter and first nine months of 2000 were 15.5% and 15.9%, respectively. A significant portion of these expenses, which are considered fixed, have been under review by the Company for cost savings opportunities resulting from administrative efficiencies that could be realized from consolidating the Company's operating headquarters in Cincinnati, Ohio. Additionally, selling expenses have been under review to better align performance with compensation. Management has identified in the first nine months of 2000 overhead reductions at an annualized rate of approximately \$1 million. Savings that should be realized from this realignment and cost reduction efforts have favorably impacted results in the third quarter by approximately \$0.1 million and should, management believes, result in an additional \$0.3 million in savings in the fourth quarter of 2000 and the balance of overhead reductions in 2001.

CECO ENVIRONMENTAL CORP.

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

Depreciation and amortization increased by \$0.4 million and \$1.2 million to \$0.6 million and \$1.6 million in the third quarter and first nine months of 2000 primarily due to the larger base of depreciable assets and the goodwill resulting from the acquisition of Kirk & Blum and kbd Technic.

Investment Income

Investment income increased by \$0.3 million and \$0.9 million to \$0.2 million and \$0.9 million during the third quarter and first nine months of 2000. The increase in investment income resulted from interest income, dividend income, realized gains and unrealized appreciation in investments. At September 30, 2000, the Company's most significant investment is 59,000 shares of Peerless Manufacturing Company common stock which is listed on the Nasdaq Stock Market(R) traded under the symbol PMFG. At September 30, 2000, the fair market value of the Company's Peerless common stock was \$18.56 per share.

Interest Expense

Interest expense increased by \$0.4 million and \$2.1 million to \$1.0 million and \$2.8 million during the third quarter and first nine months of 2000 compared with the same periods in 1999, principally due to higher borrowing levels and increased rates under the newly established bank credit facilities, and subordinated and related party debt. The bulk of such debt was incurred in connection with the acquisition of Kirk & Blum and kbd Technic. In August 1999, the Company issued a demand note and warrants to purchase 1 million shares of common stock to a related party. The inherent discount associated with the value for the warrants, was immediately amortized and \$.6 million of interest expense was recognized in the quarter ending September 30, 1999. Management of the Company and the holder of the warrants believed that the inherent interest rate resulting from the valuation was higher than originally contemplated when the transaction was structured and, therefore, in September 2000 the holder cancelled the warrants after repayment of the debt.

Income Taxes

Federal and state income tax benefits were \$119,484 and \$151,074 in the third quarter and first nine months of 2000. The effective income tax rates were 32.5% and 28.5% during the third quarter and first nine months of 2000. The Company's effective tax rate during 2000 has been impacted by increased amounts of non-deductible goodwill amortization relating to investments in Filters, Kirk & Blum and kbd Technic.

Discontinued Operations

Discontinued operations reflect the closure of the Company's operations in Arizona during the first quarter of 1999. Operating losses and disposal costs, net of income tax benefit and minority interest from this discontinued division, amounted to \$7,489 (income) and \$126,238 (loss) in the third quarter and first nine months of 1999.

Net Loss

Net loss for the three and nine months ended September 30, 2000 was \$224,438 and \$332,979 compared with net loss of \$479,291 and \$370,694 in the same periods in 1999.

CECO ENVIRONMENTAL CORP.

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

Backlog

The Company's backlog consists of purchase orders it has received for products and services it expects to deliver within the next 12 months. The Company's backlog, as of September 30, 2000, was approximately \$23.4 million, an increase of \$7.8 million over December 31, 1999. The Systems segment generated approximately 90% of the backlog. There can be no assurance that backlog will be replicated, increased or translated into higher revenues in the future. The success of the Company's business depends on a multitude of factors that are out of the Company's control.

Financial Condition, Liquidity and Capital Resources

At September 30, 2000, the Company had total cash and cash equivalents and marketable securities of \$2.6 million compared to \$3.8 million at December 31, 1999. Cash provided by operating activities for the nine months ended September 30, 2000 was \$1.7 million compared with cash used of \$2.3 million for the same period in 1999. In December 1999, the Company consummated new credit facilities totaling \$38.0 million under a senior secured syndicated banking facility of \$33.0 million maturing in 2004 - 2006, and \$5.0 million of subordinated debt maturing in 2006.

The Company's investment in marketable securities, consisted principally of its investment in Peerless Manufacturing Company and other investments with a fair market value of \$1.3 million on September 30, 2000.

Total bank and related debt as of September 30, 2000 was \$31.5 million an increase of \$0.5 million, primarily due to net borrowings under bank credit facilities and offset by payments made with respect to other notes payable. The senior secured credit facility was amended by reducing minimum coverage under two financial covenants as of September 30, 2000. Unused credit availability at September 30, 2000, was \$3.7 million under the Company's bank line of credit.

Investing activities used cash of \$0.4 million during both the first nine months of 2000 and the same period in 1999. During the second quarter of 2000, the Company received \$0.3 million as a post-closing price adjustment related to its December 1999 acquisition of Kirk & Blum and kbd Technic. Capital expenditures for property and equipment and intangibles were \$0.7 million and \$0.3 million for the nine months ended September 30, 2000 and 1999, respectively. Capital expenditures for property and equipment are anticipated to be in the range of \$0.7 million to \$0.9 million for fiscal year 2000.

Financing activities used \$1.1 million during the first nine months of 2000 compared with cash provided of \$2.4 million during the same period of 1999. In the third quarter of 2000, the Company purchased 566,000 shares of common stock as treasury shares at a total cost of \$1.2 million from the former president of CECO Filters, Inc. and his family in connection with his resignation that was effective June 30, 2000. Additionally, current year financing activities included net borrowings under senior credit facilities and payments to Green Diamond Oil Corp. offset by proceeds from common stock issued under the Company's Employee Stock Purchase Plan.

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

The Company believes that its cash and cash equivalents and marketable securities, 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/A, 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/A 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, and continued access to capital markets, and foreign currency risks. The Company wishes to caution investors that other factors may, in the future, prove to be important in affecting the Company's results of operations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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

CECO ENVIRONMENTAL CORP.

OTHER INFORMATION

Part II

Item 6(b)

EXHIBITS AND REPORTS ON FORM 8-K

A report on Form 8-K, dated September 29, 2000, was filed under Item 4, changes in Registrant's Certifying Accountant, in connection with the dismissal of Margolis & Company P.C. and the appointment of Deloitte & Touche LLP as the Company's independent accountants.

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: April 2, 2001

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS	
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	SEP-30-2000
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	31,548,674
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	86,279
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	7,081,792
	66,590,885
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	0
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(151,074)	
(332,979)	
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	(332,979)
	(.04)
	(.04)