UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended February 28, 2001

or

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

For the transition period from ________ to __________

Commission File number 0-18716

MATRIX SERVICE COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	73-1352174
(State of incorporation)	(I.R.S. Employer Identification No.)

10701 E. Ute St., Tulsa, Oklahoma 74116-1517
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (918) 838-8822

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No
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As of April 9, 2001 there were 9,642,638 shares of the Company's common stock, $.01 par value per share, issued and 7,962,166 shares outstanding.

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PART I

FINANCIAL INFORMATION

ITEM 1. Financial Statements

Matrix Service Company
Consolidated Statements of Income
(in thousands, except share and per share data)

	Three Months Ended (unaudited)		Nine Months Ended (unaudited)	
	February 28, 2001	February 29, 2000	February 28, 2001	February 29, 2000
Revenues	$ 49,135	$ 48,033	$ 132,049	$ 146,277
Cost of revenues	43,373	43,552	117,699	130,798
Gross profit	5,762	4,481	14,350	15,479
Selling, general and administrative expenses	3,617	3,064	10,462	9,425
Goodwill and non-compete amortization	91	132	267	351
Operating income	2,054	1,285	3,621	5,703
Other income (expense):				
Interest expense	(119)	(28)	(248)	(271)
Interest income	32	9	113	63
Other	230	98	278	521
Income before income tax expense	2,197	1,364	3,764	6,016
Provision for federal, state and foreign income tax expense	747	180	1,317	350
Net income	$ 1,450	$ 1,184	$ 2,447	$ 5,666
Earnings per share of common stock:				
Basic	$ 0.17	$ 0.13	$ 0.28	$ 0.64
Diluted	$ 0.17	$ 0.13	$ 0.28	$ 0.63
Weighted average number of common shares:				
Basic	8,326,372	8,884,456	8,522,326	8,920,222
Diluted	8,591,324	9,079,420	8,686,031	9,026,844

See Notes to Consolidated Financial Statements

Matrix Service Company
Consolidated Balance Sheets
(in thousands)

	February 28, 2001	May 31, 2000
ASSETS:	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 1,414	$ 1,806
Accounts receivable, less allowances (February 28 - $30, May 31 - $150)	26,795	24,188
Costs and estimated earnings in excess of billings on uncompleted contracts	11,951	11,029
Inventories	2,330	3,049
Income tax receivable	17	146
Deferred income taxes	988	--
Prepaid expenses	2,969	2,559
Total current assets	46,464	42,777
Investment in joint venture	366	279
Property, plant and equipment at cost:		
Land and buildings	9,441	9,992
Construction equipment	19,187	17,892
Transportation equipment	7,416	7,220
Furniture and fixtures	4,773	4,399
Construction in progress	2,298	1,995
	43,115	41,498
Less accumulated depreciation	22,053	20,211
Net property, plant and equipment	21,062	21,287
Goodwill, net of accumulated amortization (February 28 - $2,345, May 31 - $2,092)	11,348	11,660
Other assets	1,858	2,303
Total assets	$ 81,098	$ 78,306

See Notes to Consolidated Financial Statements

Matrix Service Company
Consolidated Balance Sheets
(in thousands)

	February 28, 2001 (unaudited)	May 31, 2000
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 6,630	$ 8,759
Billings on uncompleted contracts in excess of costs and estimated earnings	8,148	5,138
Accrued insurance	2,546	3,112
Accrued environmental reserves	203	432
Earnout payable	-	968
Income taxes payable	553	412
Other accrued expenses	3,881	4,560
Current portion of long-term debt	-	22
Total current liabilities	21,961	23,403
Long-term debt	4,195	-
Deferred income taxes	1,657	-
Stockholders' equity:		
Common stock	96	96
Additional paid-in capital	51,596	51,596
Retained earnings	10,144	7,785
Accumulated other comprehensive income	(789)	(693)
	61,047	58,784
Less: Treasury stock, at cost	(7,762)	(3,881)
Total stockholders' equity	53,285	54,903
Total liabilities and stockholders' equity	$ 81,098	$ 78,306

See Notes to Consolidated Financial Statements

Matrix Service Company
Consolidated Statements of Cash Flow
(in thousands)

	Nine Months Ended (unaudited)	
	February 28, 2001	February 29, 2000
Cash flow from operating activities:		
Net income	$ 2,447	$ 5,666
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,379	2,984
Deferred income taxes	669	-
Gain on sale of equipment	(158)	(20)
Changes in current assets and liabilities increasing (decreasing) cash:		
Accounts receivable	(2,607)	12,620
Costs and estimated earnings in excess of billings on uncompleted contracts	(922)	(8,459)
Inventories	719	911
Prepaid expenses	(410)	(1,802)
Accounts payable	(2,129)	(3,279)
Billings on uncompleted contracts in excess of costs and estimated earnings	3,010	(1,653)
Accrued expenses	(2,442)	(3,509)
Income taxes receivable/payable	270	(65)
Other	(35)	6
Net cash provided by operating activities	1,791	3,400
Cash flow from investing activities:		
Capital expenditures	(3,386)	(4,758)
Proceeds from sale of exited operations	480	6,408
Investment in joint venture	(87)	-
Proceeds from sale of assets	638	46
Net cash provided by (used in) investing activities	$ (2,355)	$ 1,696

See Notes to Consolidated Financial Statements

Matrix Service Company
Consolidated Statements of Cash Flow
(in thousands)

	Nine Months Ended (unaudited)	
	February 28, 2001	February 29, 2000
Cash flows from financing activities:		
Repayment of acquisition payables	$ (17)	$ (63)
Repayment of equipment notes	(5)	(7)
Issuance of long-term debt	40,260	30,710
Repayments of long-term debt	(36,065)	(37,035)
Purchase of treasury stock	(4,212)	(366)
Issuance of stock	243	27
Net cash provided by (used in) financing activities	204	(6,734)
Effect of exchange rate changes on cash	(32)	(38)
Decrease in cash and cash equivalents	(392)	(1,676)
Cash and cash equivalents at beginning of period	1,806	2,972
Cash and cash equivalents at end of period	$ 1,414	$ 1,296

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE A - BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Matrix Service Company ("Matrix") and its subsidiaries, all of which are wholly owned. All significant inter-company balances and transactions have been eliminated in consolidation.

In March 2000, Matrix entered into a joint venture partnership agreement for the construction of a pulp and paper project. The joint venture is accounted for under the equity method.

In June 1998, the FASB issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, as amended in June 2000 by Statement of Financial Accounting Standards No. 138 ("SFAS 138"), "Accounting for Certain Derivative Instruments and Certain Hedging Activities," will be adopted effective June 1, 2001, but is not expected to materially impact the Company's financial statements.

The accompanying unaudited consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission and do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, the information furnished reflects all adjustments, consisting only of normal recurring adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods.

The accompanying financial statements should be read in conjunction with the audited financial statements for the year ended May 3l, 2000, included in Matrix's Annual Report on Form 10-K for the year then ended. Matrix's business is seasonal; therefore, results for any interim period may not necessarily be indicative of future operating results.

NOTE B - SEGMENT INFORMATION

Matrix operates primarily in the United States and has operations in Canada. Matrix's industry segments are Aboveground Storage Tank (AST) Services, Construction Services, Plant Services, and Other Services.

Matrix Service Company
3rd Quarter Results of Operations
($ Amounts in millions)

	AST Services	Construction Services	Plant Services	Other Services	Combined Total
Three Months Ended February 28, 2001					
Gross revenues	36.2	4.7	8.5	0.0	49.4
Less: Inter-segment revenues	(0.2)	(0.1)	0.0	0.0	(0.3)
Consolidated revenues	36.0	4.6	8.5	0.0	49.1
Gross profit	5.0	0.0	0.7	0.0	5.7
Operating income (loss)	2.2	(0.3)	0.2	(0.1)	2.0
Income (loss) before income tax expense	2.4	(0.4)	0.2	0.0	2.2
Net income (loss)	1.4	(0.2)	0.2	0.0	1.4
Identifiable assets	60.3	5.6	11.5	2.8	80.2
Capital expenditures	0.9	0.0	0.1	0.0	1.0
Depreciation expense	0.8	0.1	0.1	0.0	1.0
Three Months Ended February 29, 2000					
Gross revenues	33.8	1.3	11.7	1.5	48.3
Less: Inter-segment revenues	0.0	0.0	0.0	(0.2)	(0.2)
Consolidated revenues	33.8	1.3	11.7	1.3	48.1
Gross profit	3.3	(0.5)	1.6	0.1	4.5
Operating income (loss)	1.0	(0.8)	1.1	0.0	1.3
Income (loss) before income tax expense	1.0	(0.8)	1.1	0.0	1.3
Net income (loss)	0.9	(0.8)	1.1	0.0	1.2
Identifiable assets	56.1	1.4	13.8	6.9	78.2
Capital expenditures	1.5	0.1	0.2	0.0	1.8
Depreciation expense	0.7	0.0	0.1	0.0	0.8
Nine Months Ended February 28, 2001					
Gross revenues	101.1	13.5	18.6	0.0	133.2
Less: Inter-segment revenues	(1.0)	(0.2)	0.0	0.0	(1.2)
Consolidated revenues	100.1	13.3	18.6	0.0	132.0
Gross profit	13.5	0.1	1.2	(0.5)	14.3
Operating income (loss)	5.3	(0.9)	(0.2)	(0.6)	3.6
Income (loss) before income tax expense	5.5	(1.1)	(0.2)	(0.4)	3.8
Net income (loss)	3.5	(0.7)	(0.1)	(0.3)	2.4
Identifiable assets	60.3	5.6	11.5	2.8	80.2
Capital expenditures	2.9	0.1	0.4	0.0	3.4
Depreciation expense	2.7	0.1	0.3	0.0	3.1
Nine Months Ended February 29, 2000					
Gross revenues	93.2	5.8	29.0	19.1	147.1
Less: Inter-segment revenues	(0.1)	0.0	0.0	(0.7)	(0.8)
Consolidated revenues	93.1	5.8	29.0	18.4	146.3
Gross profit	12.4	(0.5)	3.2	0.4	15.5
Operating income (loss)	5.6	(1.5)	1.7	(0.1)	5.7
Income (loss) before income tax expense	5.6	(1.1)	1.6	(0.1)	6.0
Net income (loss)	5.3	(1.1)	1.6	(0.1)	5.7
Identifiable assets	56.1	1.4	13.8	6.9	78.2
Capital expenditures	4.0	0.3	0.5	0.0	4.8
Depreciation expense	1.9	0.2	0.2	0.3	2.6

NOTE C - REPORTING ACCUMULATED OTHER COMPREHENSIVE LOSS

For the quarter ended February 28, 2001, total other comprehensive loss was $2 thousand as compared to $19 thousand for the same three-month period ended February 29, 2000. For the nine months ended February 28, 2001, total other comprehensive loss was $96 thousand as compared to $9 thousand for the same nine-month period ended February 29, 2000. Other comprehensive loss and accumulated other comprehensive loss consisted of foreign currency translation adjustments.

NOTE D - INCOME TAXES

For the quarter ended February 29, 2000, a provision for state income taxes of $180 thousand was recorded. The federal income tax provision was offset $0.3 million and $1.9 million for the quarter and nine months ended February 29, 2000, respectively, by the benefit of operating loss carryforwards for which a valuation allowance was provided at May 31, 1999. At February 28, 2001, the valuation allowance had been fully consumed and Matrix began recording deferred tax assets and liabilities to reflect the impact of temporary differences as required under Statement of Financial Accounting Standards No. 109.

NOTE E - SUBSEQUENT EVENTS

On March 1, 2001, Matrix purchased an additional 55,000 shares of treasury stock for $0.3 million.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward Looking Statements

Certain matters discussed in this report include forward-looking statements. Matrix is making these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

Such statements are subject to a number of uncertainties that could cause actual results to differ materially from any results projected, forecasted, estimated, or budgeted, including the following:

- The timing and planning of maintenance projects at customer facilities in the refinery industry which could cause adjustments for seasonal shifts in product and service demands.
- Changes in general economic conditions in the United States.
- Changes in laws and regulations to which Matrix is subject, including tax, environmental, and employment laws and regulations.
- The cost and effects of legal and administrative claims and proceedings against Matrix or its subsidiaries.
- Conditions of the capital markets Matrix utilizes to access capital to finance operations.
- The ability to raise capital in a cost-effective way.
- The effect of changes in accounting policies.
- The ability to manage growth and to assimilate personnel and operations of acquired businesses.
- The ability to control costs.
- Severe weather which could cause project delays and/or a decline in labor productivity.
- Changes in foreign economies, currencies, laws, and regulations, especially in Canada where Matrix has made direct investments.
- Political developments in foreign countries, especially in Canada where Matrix has made direct investments.
- The ability of Matrix to develop expanded markets and product or service offerings as well as its ability to maintain existing markets.
- The need to develop a learning curve in bidding and managing projects in a new industry.
- Technological developments, high levels of competition, lack of customer diversification, and general uncertainties of governmental regulation in the energy industry.
- The ability to recruit, train, and retain project supervisors with substantial experience.
- A downturn in the petroleum storage operations or hydrocarbon processing operations of the petroleum and refining industries.
- Changes in the labor market conditions that could restrict the availability of workers or increase the cost of such labor.
- The negative effects of a strike or work stoppage.
- Exposure to construction hazards related to the use of heavy equipment with attendant significant risks of liability for personal injury and property damage.
- The use of significant production estimates for determining percent complete on construction contracts could produce different results upon final determination of project scope.
- The inherent inaccuracy of estimates used to project the timing and cost of exiting operations of non-core businesses.
- Fluctuations in quarterly results.

Results of Operations

Three Months Ended February 28, 2001 Compared to Three Months Ended February 29, 2000

AST Services 2001 vs. 2000

Revenues for AST Services in the quarter ended February 28, 2001 were $36.2 million, compared to $33.8 million in the comparable quarter of the prior year, an increase of $2.4 million or 7.1%. Gross margin for the quarter ended February 28, 2001 of 13.8% was significantly better than the 9.8% produced for the quarter ended February 29, 2000 partially as a result of a good business environment and the effective utilization of fixed costs. In addition, gross margins were negatively impacted in fiscal year 2000 as a result of a $0.3 million gross profit loss on a project in Venezuela.

The increased sales volumes and the gross margin increases resulted in gross profit for the quarter ended February 28, 2001 of $5.0 million exceeding the $3.3 million for the quarter ended February 29, 2000 by $1.7 million, or 51.5%.

Selling, general and administrative costs as a percent of revenues increased to 7.7% in the quarter ended February 28, 2001 vs. 6.7% in the quarter ended February 29, 2000 primarily as a result of increased salary and wages, increased professional services costs and increased information technology costs associated with the enterprise-wide management information system. Prior year selling, general and administrative costs were negatively impacted by $0.2 million in one-time charges related to the shut down of the International Division.

Operating income and income before income tax expense for the quarter ended February 28, 2001 of $2.2 million and $2.4 million respectively, were significantly better than the $1.0 million and $1.0 million respectively produced in the quarter ended February 29, 2000, primarily as the result of the improvements in gross profit offset by the increase in selling, general and administrative expenses discussed above.

Construction Services 2001 vs. 2000

Revenues for Construction Services in the quarter ended February 28, 2001 were $4.7 million, compared to $1.3 million in the comparable quarter of the prior year, an increase of $3.4 million or 261.5%. Gross margin for the quarter ended February 28, 2001 of 0.0% was also better than the (38.5)% produced for the quarter ended February 29, 2000 as a direct result of higher volumes relative to the Division's fixed cost structure and higher margin jobs in fiscal 2001 versus fiscal 2000. These margin increases along with the higher sales volumes resulted in gross profit for the quarter ended February 28, 2001 of $0.0 million being $0.5 million better than the $(0.5) million for the quarter ended February 29, 2000.

Operating loss and loss before income tax expense for the quarter ended February 28, 2001 of $0.3 million and $0.4 million respectively, were better than the operating loss and loss before income taxes of $0.8 million and $0.8 million respectively produced in the quarter ended February 29, 2000, primarily as the result of higher gross profits discussed above.

Plant Services 2001 vs. 2000

Revenues for Plant Services in the quarter ended February 28, 2001 were $8.5 million compared to $11.7 million in the comparable quarter of the prior year, a decrease of $3.2 million or 27.4%. The decrease was the result of more scheduled turnarounds in the third fiscal quarter of last year compared to this year.

Gross margin for the quarter ended February 28, 2001 of 8.2% was significantly worse than the 13.7% produced for the quarter ended February 29, 2000 as a result of higher unabsorbed fixed costs and one large low-margin project.

These margin declines along with the decreased sales volume resulted in gross profit for the quarter ended February 28, 2001 of $0.7 million being $0.9 million, or 56.3% less than the $1.6 million in the quarter ended February 29, 2000.

Operating income and income before income tax expense for the quarter ended February 28, 2001 of $0.2 million and $0.2 million respectively, were worse than the $1.1 million and $1.1 million respectively produced in the quarter ended February 29, 2000, primarily as the result of lower gross margins discussed above.

Nine Months Ended February 29, 2000 Compared to Nine Months Ended February 28, 1999

AST Services 2001 vs. 2000
- --------------------------

Revenues for AST Services for the nine months ended February 28, 2001 were $101.1 million, compared to $93.2 million in the comparable nine months of the prior year, an increase of $7.9 million or 8.5%. Gross margin for the nine months ended February 28, 2001 of 13.4% was slightly better than the 13.3% produced for the nine months ended February 29, 2000 as higher third-quarter fiscal year 2001 margins were offset by lower margins in the first two quarters of fiscal 2001 due to less than satisfactory execution on a number of large maintenance jobs and lower margins in the Gulf Coast and from the Tank Capital Construction group. Margin comparisons were also impacted by a $0.6 million gross profit loss on a project in Venezuela for the nine months ended February 28, 2000.

These margin improvements along with the increased sales volumes resulted in gross profit for the nine months ended February 28, 2001 of $13.5 million exceeding the $12.4 million for the nine months ended February 29, 2000 by $1.1 million, or 8.9%.

Selling, general and administrative costs as a percent of revenues increased to 7.9% in the nine months ended February 28, 2001 versus 7.0% in the nine months ended February 29, 2000 primarily as a result of increased salary and wages, increased professional services costs and increased information technology costs associated with the enterprise-wide management information system. Prior year selling, general and administrative costs were negatively impacted by $0.2 million in one time charges related to the shut down of the International Division.

Operating income and income before income tax expense for the nine months ended February 28, 2001 of $5.3 million and $5.5 million respectively, were slightly worse than the $5.6 million and $5.6 million respectively produced for the nine months ended February 29, 2000, primarily as the result of higher gross profits offset by an increase in selling, general and administrative expenses discussed above.

Construction Services 2001 vs. 2000
- -----------------------------------

Revenues for Construction Services for the nine months ended February 28, 2001 were $13.5 million, compared to $5.8 million for the comparable nine months of the prior year, an increase of $7.7 million or 132.8%. This increase was due to entering fiscal year 2001 with a higher backlog than the previous year. Gross margin for the nine months ended February 28, 2001 of 0.7% was significantly better than the (8.6)% produced for the nine months ended February 29, 2000 as a direct result of better absorption of fixed costs associated with higher volume of business. These margin increases along with the higher sales volumes resulted in gross profit for the nine months ended February 28, 2001 of $0.1 million being $0.6 million more than the $(0.5) million in the nine months ended February 29, 2000.

Operating loss and loss before income tax expense for the nine months ended February 28, 2001 of $0.9 million and $1.1 million respectively, were significantly better than the $1.5 million and $1.1 million respectively, produced in the nine months ended February 29, 2000, primarily as the result of a higher volume of work. Other income includes a one-time benefit of $0.4 million for the nine months ended February 29, 2000 as a result of a customer invoice previously reserved as a bad debt being fully collected.

Plant Services 2001 vs. 2000
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Revenues for Plant Services in the nine months ended February 28, 2001 were $18.6 million compared to $29.0 million in the comparable nine months of the prior year, a decrease of $10.4 million or 35.9%. Gross margin for the nine months ended February 28, 2001 of 6.5% was worse than the 11.0% produced for the nine months ended February 29, 2000. This decrease was due to significantly less turnaround work this fiscal year compared to last fiscal year slightly offset by a one-time $0.3 million charge in fiscal 2000 related to training expenses. These margin declines along with decreased sales volume resulted in gross profit for the nine months ended February 28, 2001 of $1.2 million falling short of the $3.2 million for the nine months ended February 29, 2000 by $2.0 million, or 62.5%.

Operating loss and loss before income tax expense for the nine months ended February 28, 2001 of $0.2 million and $0.2 million respectively, were worse than the operating income and income before income tax expense of $1.7 million and $1.6 million respectively produced in the nine months ended February 29, 2000, primarily as the result of the gross margin declines discussed above.

Other Services

Other services consist of Brown Steel Contractors, Inc. ("Brown") (which was sold in August 1999) and San Luis Tank Piping Construction Company, Inc. ("SLT") (which was shut down in April 2000). Activity for the quarter and nine months ended February 28, 2001 consists mainly of increased worker's compensation claims activity of these exited activities. The only activity for the quarter and nine months ended February 29, 2000 consisted of completing open contracts, which had been appropriately recorded in prior periods.

Financial Condition & Liquidity

Matrix's cash and cash equivalent totaled approximately $1.4 million at February 28, 2001 and $1.8 million at May 31, 2000.

Matrix has financed its operations recently with cash from operations and from advances under a credit agreement. On October 31, 2000, Matrix amended its credit agreement with a commercial bank under which a total of $20.0 million may be borrowed on a revolving basis based on the level of Matrix's eligible receivables which would have provided approximately $17.8 million of total availability at February 28, 2001. Revolving loans bear interest at a Prime Rate or a LIBOR based option and mature on October 31, 2003. At February 28, 2001, $4.2 million was outstanding under the revolver at an interest rate of 7.4%. The agreement requires maintenance of certain financial ratios, limits the amount of additional borrowings and prohibits the payment of dividends. The credit facility is secured by all accounts receivable, inventory, intangibles, and proceeds related thereto.

Operations of Matrix provided $1.8 million of cash for the nine months ended February 28, 2001 as compared with providing $3.4 million of cash for the nine months ended February 29, 2000, representing a decrease of approximately $1.6 million. The decrease was due primarily to decreased profitability and changes in net working capital.

Capital expenditures during the nine months ended February 28, 2001 totaled approximately $3.4 million. Of this amount, approximately $0.9 million was used to purchase transportation equipment for field operations, and approximately $1.0 million was used to purchase welding, construction, and fabrication equipment. Matrix has invested approximately $0.7 million in an office expansion in Houston during the period. Matrix has budgeted approximately $6.5 million for capital expenditures for fiscal 2001. Of this amount, approximately $2.2 million would be used to purchase transportation equipment for field operations, and approximately $3.3 million would be used to purchase welding, construction, and fabrication equipment. A 20,000 square foot, 50-acre facility is under construction in Tulsa, Oklahoma in order to consolidate Matrix's four facilities in the Tulsa market now containing fabrication, operations and administration. Matrix signed a 40-year lease for a 50-acre tract of land at the Port of Catoosa, Oklahoma in March, 2001. Additionally, on December 19, 2000, the Tulsa operations facility was sold for $0.6 million, with an option to lease back until March 2002. This consolidation should take 18 to 24 months at an estimated cost of approximately $11.0 million. The cost is expected to be offset by the sale of the remaining three facilities for approximately $5.4 million.

Matrix purchased $0.5 million in treasury shares in the quarter ended August 31, 2000, which fully exhausted the authorized amounts available under the Share Buyback Plan approved in March 1999. In October 2000, the Board of Directors authorized a new Share Buyback Plan for up to 20% of the outstanding shares or 1,723,753 shares. Matrix purchased $3.7 million in Treasury shares for the nine months ended February 28, 2001 under this new plan.

Matrix believes that its existing funds, amounts available from borrowing under its existing credit agreement and cash generated by operations will be sufficient to meet the working capital needs through fiscal 2001 and for the foreseeable time thereafter unless significant expansions of operations not now planned are undertaken, in which case Matrix would need to arrange additional financing as a part of any such expansion.

The preceding discussion contains forward-looking statements including, without limitation, statements relating to Matrix's plans, strategies, objectives, expectations, intentions, and adequate resources, that are made pursuant to the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward-looking statements contained in the financial condition and liquidity section are based on certain assumptions which may vary from actual results. Specifically, the capital expenditure projections are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the successful remediation of environmental issues relating to the Brown sale and other factors. However, there can be no guarantee that these estimates will be achieved, or that there will not be a delay in, or increased costs associated with, the successful remediation of the remaining Brown property.

Outlook

Our business climate continues to be positive and we anticipate that the balance of the year's performance will be significantly above last year's fourth quarter results. Although the Construction Services Division showed a substantial improvement over last year's performance it continues to operate below an acceptable level of performance and management will continue to evaluate alternatives to enhance this Division's profitability.

Environmental

Matrix is a participant in certain environmental activities in various stages involving assessment studies, cleanup operations and/or remedial processes.

In connection with the Company's sale of Brown and affiliated entities in 1999, an environmental assessment was conducted at Brown's Newnan, Georgia facilities. The assessment turned up a number of deficiencies relating to storm water permitting, air permitting and waste handling and disposal. An inspection of the facilities also showed friable asbestos that needed to be removed. In addition, Phase II soil testing indicated a number of VOC's, SVOC's and metals above the State of Georgia notification limits. Ground water testing also indicated a number of contaminants above the State of Georgia notification limits.

In February 2001, the first of two properties in Newnan, Georgia was certified remediated by the State of Georgia. Final transfer of title to this property was completed in a transaction that resulted in Matrix receiving $0.5 million, the carrying value of property.

Appropriate State of Georgia agencies have been notified of the findings and corrective and remedial actions have been completed, are currently underway, or plans for such actions have been submitted to the State of Georgia for approval on the remaining property. The current estimated total cost for cleanup and remediation is $1.7 million, $0.2 million of which remains accrued at February 28, 2001. Additional testing, however, could result in greater costs for cleanup and remediation than is currently accrued.

Matrix closed or sold the business operations of its San Luis Tank Piping Construction Company, Inc. and West Coast Industrial Coatings, Inc. subsidiaries, which are located in California. Although Matrix does not own the land or building, it would be liable for any environmental exposure while operating at the facility, a period from June 1, 1991 to the present. At the present time, the environmental liability that could result from the testing is unknown, however, Matrix has purchased a pollution liability insurance policy with $5.0 million of coverage.

Matrix has other fabrication operations in Tulsa, Oklahoma; Bristol, Pennsylvania; and Anaheim, California which could subject the Company to environmental liability. It is unknown at this time if any such liability exists but based on the types of fabrication and other manufacturing activities performed at these facilities and the environmental monitoring that the Company undertakes, Matrix does not believe it has any material environmental liabilities at these locations.

Matrix builds aboveground storage tanks and performs maintenance and repairs on existing aboveground storage tanks. A defect in the manufacturing of new tanks or faulty repair and maintenance on an existing tank could result in an environmental liability if the product stored in the tank leaked and contaminated the environment. Matrix currently has liability insurance with pollution coverage of $1 million, but the amount could be insufficient to cover a major claim. Matrix is currently involved in one claim which occurred before pollution coverage was obtained. The Company does not believe that its repair work was defective and is not liable for any subsequent environmental damage.

PART II

OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K:

(A) Exhibits:

Exhibit 11 - Computation of Earnings Per Share

(B) Reports on Form 8-K: None

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.

MATRIX SERVICE COMPANY

Date: April 11, 2001 By: /s/ Michael J. Hall

Michael J. Hall, Vice President-Finance,
signing on behalf of the registrant and as the
registrant's chief accounting officer.

EXHIBIT 11

Statements Re Computation of Earnings Per Share

[ARTICLE]	5
[MULTIPLIER]	1,000
[PERIOD-TYPE]	3-MOS
[FISCAL-YEAR-END]	MAY-31-2001
[PERIOD-START]	DEC-1-2000
[PERIOD-END]	FEB-28-2001
[COMMON]	8,326
[NET-INCOME]	1,450
[EPS-BASIC]	0.17
[COMMON]	8,591
[NET-INCOME]	1,450
[EPS-DILUTED]	0.17
[FISCAL-YEAR-END]	MAY-31-2000
[PERIOD-START]	DEC-1-1999
[PERIOD-END]	FEB-29-2000
[COMMON]	8,884
[NET-INCOME]	1,184
[EPS-BASIC]	0.13
[COMMON]	9,079
[NET-INCOME]	1,184
[EPS-DILUTED]	0.13
[PERIOD-TYPE]	9-MOS
[FISCAL-YEAR-END]	MAY-31-2001
[PERIOD-START]	JUN-01-2000
[PERIOD-END]	FEB-28-2001
[COMMON]	8,522
[NET-INCOME]	2,447
[EPS-BASIC]	0.28
[COMMON]	8,686
[NET-INCOME]	2,447
[EPS-DILUTED]	0.28
[FISCAL-YEAR-END]	MAY-31-2000
[PERIOD-START]	JUN-01-1999
[PERIOD-END]	FEB-29-2000
[COMMON]	8,920
[NET-INCOME]	5,666
[EPS-BASIC]	0.64
[COMMON]	9,027
[NET-INCOME]	5,666
[EPS-DILUTED]	0.63