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 November 30, 2000

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-l87l6

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

DELAWARE	73-1352l74
(State of incorporation)	(I.R.S. Employer Identification No.)

l070l E. Ute St., Tulsa, Oklahoma 74ll6-l5l7
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (9l8) 838-8822

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section l3 or l5(d) of the Securities Exchange Act of l934 during the preceding l2 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

As of January 9, 2001 there were 9,642,638 shares of the Company's common stock, $.0l par value per share, issued and 8,415,766 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 November 30, (unaudited)		Six Months Ended November 30, (unaudited)	
	2000	1999	2000	1999
Revenues	$ 45,052	$ 50,737	$ 82,914	$ 98,244
Cost of revenues	40,284	45,505	74,326	87,246
Gross profit	4,768	5,232	8,588	10,998
Selling, general and administrative expenses	3,189	2,817	6,845	6,361
Goodwill and non-compete amortization	86	131	176	219
Operating income	1,493	2,284	1,567	4,418
Other income (expense):				
Interest expense	(65)	(132)	(129)	(243)
Interest income	27	33	81	54
Other	100	462	48	423
Income before income tax expense	1,555	2,647	1,567	4,652
Provision for federal, state and foreign income tax expense	566	170	570	170
Net income	$ 989	$ 2,477	$ 997	$ 4,482
Earnings per share of common stock:				
Basic	$0.12	$0.28	$0.12	$0.50
Diluted	$0.11	$0.28	$0.11	$0.50
Weighted average number of common shares:				
Basic	8,566,366	8,930,235	8,618,220	8,938,063
Diluted	8,691,460	9,005,095	8,734,145	9,015,324

See Notes to Consolidated Financial Statements

Matrix Service Company
Consolidated Balance Sheets
(in thousands)

	November 30, 2000	May 31, 2000
	(unaudited)	
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 212	$ 1,806
Accounts receivable, less allowances (November 30 - $30, May 31 - $150)	23,462	24,188
Costs and estimated earnings in excess of billings on uncompleted contracts	15,209	11,029
Inventories	2,743	3,049
Income tax receivable	129	146
Prepaid expenses	3,360	2,559
Total current assets	45,115	42,777
Investment in Joint Venture	366	279
Property, plant and equipment at cost:		
Land and buildings	10,020	9,992
Construction equipment	18,419	17,892
Transportation equipment	7,256	7,220
Furniture and fixtures	4,529	4,399
Construction in progress	2,800	1,995
	43,024	41,498
Less accumulated depreciation	21,458	20,211
Net property, plant and equipment	21,566	21,287
Goodwill, net of accumulated amortization (November 30 - $2,255, May 31 - $2,092)	11,439	11,660
Other assets	2,313	2,303
Total assets	$ 80,799	$ 78,306

See Notes to Consolidated Financial Statements

Matrix Service Company
Consolidated Balance Sheets
(in thousands)

	November 30, 2000	May 31, 2000
	(unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 4,657	$ 8,759
Billings on uncompleted contracts in excess of costs and estimated earnings	9,808	5,138
Accrued insurance	2,641	3,112
Accrued environmental reserves	252	432
Earnout payable	-	968
Income taxes payable	672	412
Other accrued expenses	3,267	4,560
Current portion of long-term debt	-	22
Total current liabilities	21,297	23,403
Long-term debt	5,325	-
Stockholders' equity:		
Common stock	96	96
Additional paid-in capital	51,596	51,596
Retained earnings	8,761	7,785
Accumulated other comprehensive income	(787)	(693)
	59,666	58,784
Less: Treasury stock, at cost	(5,489)	(3,881)
Total stockholders' equity	54,177	54,903
Total liabilities and stockholders' equity	$ 80,799	$ 78,306

See Notes to Consolidated Financial Statements

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

	Six Months Ended November 30, (unaudited)	
	2000	1999
Cash flow from operating activities:		
Net income	$ 997	$ 4,482
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,278	1,932
(Gain) loss on sale of equipment	(30)	(46)
Changes in current assets and liabilities increasing (decreasing) cash:		
Accounts receivable	726	10,224
Costs and estimated earnings in excess of billings on uncompleted contracts	(4,180)	(4,959)
Inventories	306	1,198
Prepaid expenses	(801)	(2,407)
Accounts payable	(4,114)	(4,860)
Billings on uncompleted contracts in excess of costs and estimated earnings	4,670	(639)
Accrued expenses	(2,900)	(2,808)
Income taxes receivable/payable	277	(75)
Other	(10)	6
Net cash provided by (used in) operating activities	(2,781)	2,048
Cash flow from investing activities:		
Capital expenditures	(2,420)	(3,018)
Proceeds from sale of exited operations	-	6,244
Investment in joint venture	(87)	-
Proceeds from other investing activities	53	46
Net cash provided by (used in) investing activities	$ (2,454)	$ 3,272

See Notes to Consolidated Financial Statements

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

	Six Months Ended November 30, (unaudited)	
	2000	1999
Cash flows from financing activities:		
Repayment of acquisition payables	$ (17)	$ (42)
Repayment of equipment notes	(5)	(5)
Issuance of long-term debt	25,650	20,535
Repayments of long-term debt	(20,325)	(27,135)
Purchase of treasury stock	(1,660)	(366)
Issuance of stock	31	12
Net cash provided (used) in financing activities	3,674	(7,001)
Effect of exchange rate changes on cash	(33)	17
Increase (Decrease) in cash and cash equivalents	(1,594)	(1,664)
Cash and cash equivalents at beginning of period	1,806	2,972
Cash and cash equivalents at end of period	$ 212	$ 1,308

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.

The accompanying unaudited consolidated financial statements have been prepared in accordance with Rule 10-0l 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
2nd Quarter Results of Operations
($ Amounts in millions)

	AST Services	Construction Services	Plant Services	Other Services	Combined Total
Three Months Ended November 30, 2000					
Gross revenues	33.5	5.1	6.6	0.0	45.2
Less: Inter-segment revenues	(0.1)	(0.1)	0.0	0.0	(0.2)
Consolidated revenues	33.4	5.0	6.6	0.0	45.0
Gross profit	4.6	0.0	0.5	(0.3)	4.8
Operating income (loss)	2.1	(0.3)	0.1	(0.4)	1.5
Income (loss) before income tax expense	2.1	(0.3)	0.1	(0.3)	1.6
Net income (loss)	1.4	(0.2)	0.0	(0.2)	1.0
Identifiable assets	62.7	4.4	10.0	3.7	80.8
Capital expenditures	1.3	0.1	0.2	0.0	1.6
Depreciation expense	1.0	0.0	0.1	0.0	1.1
Three Months Ended November 30, 1999					
Gross revenues	32.9	3.0	8.4	6.7	51.0
Less: Inter-segment revenues	0.0	0.0	0.0	(0.3)	(0.3)
Consolidated revenues	32.9	3.0	8.4	6.4	50.7
Gross profit	4.6	0.1	0.7	(0.2)	5.2
Operating income (loss)	2.3	(0.2)	0.2	0.0	2.3
Income (loss) before income tax expense	2.4	0.2	0.1	0.0	2.7
Net income (loss)	2.2	0.2	0.1	0.0	2.5
Identifiable assets	56.3	2.8	8.6	9.2	76.9
Capital expenditures	1.4	0.0	0.0	0.0	1.4
Depreciation expense	0.5	0.1	0.0	0.2	0.8
Six Months Ended November 30, 2000					
Gross revenues	64.9	8.8	10.1	0.0	83.8
Less: Inter-segment revenues	(0.8)	(0.1)	0.0	0.0	(0.9)
Consolidated revenues	64.1	8.7	10.1	0.0	82.9
Gross profit	8.5	0.1	0.5	(0.5)	8.6
Operating income (loss)	3.1	(0.6)	(0.4)	(0.5)	1.6
Income (loss) before income tax expense	3.1	(0.7)	(0.4)	(0.4)	1.6
Net income (loss)	2.1	(0.5)	(0.3)	(0.3)	1.0
Identifiable assets	62.7	4.4	10.0	3.7	80.8
Capital expenditures	2.0	0.1	0.3	0.0	2.4
Depreciation expense	1.9	0.0	0.2	0.0	2.1
Six Months Ended November 30, 1999					
Gross revenues	59.4	4.5	17.3	17.6	98.8
Less: Inter-segment revenues	(0.1)	0.0	0.0	(0.5)	(0.6)
Consolidated revenues	59.3	4.5	17.3	17.1	98.2
Gross profit	9.1	0.0	1.6	0.3	11.0
Operating income (loss)	4.6	(0.7)	0.6	(0.1)	4.4
Income (loss) before income tax expense	4.6	(0.3)	0.5	(0.1)	4.7
Net income (loss)	4.4	(0.3)	0.5	(0.1)	4.5
Identifiable assets	56.3	2.8	8.6	9.2	76.9
Capital expenditures	2.5	0.2	0.3	0.0	3.0
Depreciation expense	1.2	0.2	0.1	0.3	1.8

NOTE C - REPORTING ACCUMULATED OTHER COMPREHENSIVE LOSS

For the quarter ended November 30, 2000, total other comprehensive loss was $152 thousand as compared to other comprehensive income of $54 thousand for the same three month period ended November 30, 1999. For the six months ended November 30, 2000, total other comprehensive loss was $94 thousand as compared to other comprehensive income of $10 thousand for the same six month period ended November 30, 1999. Other comprehensive income or loss and accumulated other comprehensive loss consisted of foreign currency translation adjustments.

NOTE D - INCOME TAXES

For the quarter ended November 30, 1999, a provision for state income taxes of $170 thousand was recorded. The federal income tax provision was offset $0.8 million and $1.6 million for the quarter and six months ended November 30, 1999, respectively, by the benefit of operating loss carryforwards for which a valuation allowance was provided at May 31, 1999 as required under Statement of Financial Accounting Standards No 109.

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 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 and Venezuela where Matrix has made direct investments.
- Political developments in foreign countries, especially in Canada and Venezuela 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.
- 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 November 30, 2000 Compared to Three Months Ended November 30, 1999

AST Services 2000 vs. 1999

Revenues for AST Services in the quarter ended November 30, 2000 were $33.5 million, compared to $32.9 million in the comparable quarter of the prior year, an increase of $0.6 million or 1.8% due to a strong business environment in most tank repair and maintenance regions partially offset by a revenue decline in the tank construction business. Gross margin for the quarter ended November 30, 2000 of 13.7% was slightly worse than the 14.0% produced for the quarter ended November 30, 1999 as a direct result of margin declines in the Gulf Coast and from the Tank Construction group. These net margin declines offset by the increased sales volumes resulted in gross profit for the quarter ended November 30, 2000 of $4.6 million being identical to the amount produced for the quarter ended November 30, 1999.

Selling, general and administrative costs as a percent of revenues increased to 7.0% in the quarter ended November 30, 2000 vs. 6.9% in the quarter ended November 30, 1999 primarily as a result of increased depreciation for the information technology costs associated with the new enterprise-wide management information system purchased in fiscal 2000.

Operating income and income before income tax expense for the quarter ended November 30, 2000 of $2.1 million and $2.1 million respectively, were slightly worse than the $2.3 million and $2.4 million respectively produced in the quarter ended November 30, 1999, primarily the result of the increase in selling, general and administrative expenses discussed above.

Construction Services 2000 vs. 1999

Revenues for Construction Services in the quarter ended November 30, 2000 were $5.1 million, compared to $3.0 million in the comparable quarter of the prior year, an increase of $2.1 million or 70.0% resulting from increased business development efforts last year. Gross margin for the quarter ended November 30, 2000 of 0.0% was less than the 3.3% produced for the quarter ended November 30, 1999 as a direct result of increased volume on lower margin subcontracting work. These margin declines offset by the increased sales volumes resulted in gross profit for the quarter ended November 30, 2000 of $0.0 million being $0.1 million less than the $0.1 million for the quarter ended November 30, 1999.

Operating loss for the quarter ended November 30, 2000 of ($0.3) million was worse than the ($0.2) million produced in the quarter ended November 30, 1999, primarily as the result of the gross profit decline discussed above. Other income includes a one-time benefit of $0.4 million for the quarter ended November 30, 1999 as a result of a customer invoice previously reserved as a bad debt being fully collected.

Plant Services 2000 vs. 1999

Revenues for Plant Services in the quarter ended November 30, 2000 were $6.6 million compared to $8.4 million in the comparable quarter of the prior year, a decrease of $1.8 million or 21.4%. The decrease was the result of a shift in turnaround activity between the second fiscal quarter of last year and the third and fourth fiscal quarters of this year. Gross margin for the quarter ended November 30, 2000 of 7.6% was worse than the 8.3% produced for the quarter ended November 30, 1999 as a result of a lower volume of turnaround work. These margin declines along with the decreased sales volume resulted in gross profit for the quarter ended November 30, 2000 of $0.5 million being $0.2 million less than the $0.7 million in the quarter ended November 30, 1999.

Operating income and income before income tax expense for the quarter ended November 30, 2000 of $0.1 million and $0.1 million respectively, were slightly worse than the $0.2 million and $0.1 million respectively produced in the quarter ended November 30, 1999, primarily as the result of lower gross margins discussed above.

Six Months Ended November 30, 2000 Compared to Six Months Ended November 30, 1999

AST Services 2000 vs. 1999

Revenues for AST Services in the six months ended November 30, 2000 were $64.9 million, compared to $59.4 million in the comparable six months of the prior year, an increase of $5.5 million or 9.3%. The increase was due primarily to a strong business environment. Gross margin for the six months ended November 30, 2000 of 13.1% was slightly worse than the 15.3% produced for the six months ended November 30, 1999 as a direct result of less than satisfactory execution on a number of large maintenance jobs in the first quarter of fiscal 2001. These margin declines offset by the increased sales volumes resulted in gross profit for the six months ended November 30, 2000 of $8.5 million being $0.6 million less than the $9.1 million for the six months ended November 30, 1999.

Selling, general and administrative costs as a percent of revenues increased to 8.1% in the six months ended November 30, 2000 versus 7.2% in the six months ended November 30, 1999 primarily as a result of increased depreciation for the information technology costs associated with the new enterprise-wide management information system purchased in fiscal 2000.

Operating income and income before income tax expense for the six months ended November 30, 2000 of $3.1 million and $3.1 million respectively, were worse than the $4.6 million and $4.6 million respectively produced in the six months ended November 30, 1999, primarily as the result of the gross profit declines and selling, general and administrative cost increases discussed above.

Construction Services 2000 vs. 1999

Revenues for Construction Services for the six months ended November 30, 2000 were $8.8 million, compared to $4.5 million for the comparable six months of the prior year, an increase of $4.3 million or 95.6%. This increase was due to a greater backlog of projects in the current year than in the prior year. Gross margin for the six months ended November 30, 2000 of 1.1% was also better than the 0.0% produced for the six months ended November 30, 1999 as a direct result of better absorption of fixed costs associated with the higher revenue volumes. These margin increases along with the increased sales volumes resulted in gross profit for the six months ended November 30, 2000 of $0.1 million being $0.1 million more than the break even level in the six months ended November 30, 1999.

Operating loss for the six months ended November 30, 2000 of $(0.6) million was slightly better than the operating loss of $(0.7) million produced in the six months ended November 30, 1999, primarily as the result of the improved fixed cost absorption discussed above. Other income includes a one-time benefit of $0.4 million for the six months ended November 30, 1999 as a result of a customer invoice previously reserved as a bad debt being fully collected.

Plant Services 2000 vs. 1999

Revenues for Plant Services in the six months ended November 30, 2000 were $10.1 million compared to $17.3 million in the comparable six months of the prior year, a decrease of $7.2 million or 41.6%. The revenue decline in Plant Services was due to a shift in turnaround work from the first and second quarters of last year to the third and fourth quarters of this year and lower maintenance contract revenues this year versus last year. Gross margin for the six months ended November 30, 2000 of 5.0% was worse than the 9.2% produced for the six months ended November 30, 1999 as a direct result of lower margin work coupled with worse fixed cost absorption due to the revenue volume declines. These margin declines, along with the decreased sales volume, resulted in gross profit for the six months ended November 30, 2000 of $0.5 million being $1.1 million less than the $1.6 million for the six months ended November 30, 1999.

Operating loss and loss before income tax expense for the six months ended November 30, 2000 of $(0.4) million and $(0.4) million respectively, were worse than the operating income and income before income taxes of $0.6 million and $0.5 million respectively produced in the six months ended November 30, 1999, primarily as the result of the gross profit 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 six months ended November 30, 2000 consists mainly of increased worker's compensation claims activity of these exited activities. The only activity for the quarter and six months ended November 30, 1999 consisted of completing open contracts, which had been appropriately recorded in prior periods.

Financial Condition & Liquidity

Matrix's cash and cash equivalents totaled approximately $0.2 million at November 30, 2000 and $1.8 million at May 31, 2000.

Matrix has financed its operations recently with cash 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 $15.0 million of availability at November 30, 2000. Revolving loans bear interest at a Prime Rate or a LIBOR based option, and mature on October 31, 2003. At November 30, 2000, $5.3 million was outstanding under the revolver at an interest rate of 8.4%. 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 used $2.8 million of cash for the six months ended November 30, 2000 as compared with providing $2.0 million of cash for the six months ended November 30, 1999, representing a decrease of approximately $4.8 million. The decrease was due primarily to changes in net working capital and decreased profitability.

Capital expenditures during the six months ended November 30, 2000 totaled approximately $2.4 million. Of this amount, approximately $0.6 million was used to purchase transportation equipment for field operations, and approximately $0.8 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 planned in Tulsa, Oklahoma in order to consolidate Matrix's four facilities in the Tulsa market now containing fabrication, operations and administration. Matrix expects to sign a 30-year lease for a 50-acre tract of land at the Port of Catoosa, Oklahoma in January, 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 existing four facilities for approximately $6.0 million.

Matrix purchased $0.5 million 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 $1.1 million in Treasury shares for the quarter ended November 30, 2000 under this new plan.

Matrix believes that its existing funds, amounts available from borrowings 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 provisions 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

For the balance of the year, management will continue to evaluate those businesses that are negatively impacting Matrix's operating performance. The current backlog in the Construction Services Division is $18.8 million but it is still lower than needed to profitably sustain this Division.

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 third and fourth quarters although the recent severe weather throughout the country has had a significant impact on productivity over the last three to four weeks. Our client base is currently in the process of finalizing budgets for calendar year 2001 and it is too early to make any specific observations but we are not currently aware of any major negative aspects of this process.

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.

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. The current estimated total cost for cleanup and remediation is $1.7 million, $0.3 million of which remains accrued at November 30, 2000. 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 4. Submission of Matters to a Vote of Security Holders:

The Company's annual meeting of stockholders was held in Tulsa, Oklahoma at 10:00 a.m. local time, on Wednesday, October 18, 2000. Proxies for the meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934, as amended. There was no solicitation in opposition to the nominees for election as directors as listed in the proxy statement, and all nominees were elected.

Out of a total of 8,618,766 shares of the Company's common stock outstanding and entitled to vote, 8,341,643 shares were present at the meeting in person or by proxy, representing approximately 96.79 percent. Matters voted upon at the meeting were as follows:

a. Election of six directors to serve on the Company's board of directors. Messrs. Bradley, Hall, Lackey, Peterson, Vetal and Zink were elected to serve until the 2001 Annual Meeting. The vote tabulation with respect to each nominee was as follows:

Nominee	For	Authority Withheld
Hugh E. Bradley	8,186,058	155,585
Michael J. Hall	8,307,358	34,285
Paul K. Lackey	8,289,358	52,285
Robert A. Peterson	8,290,258	51,385
Bradley S. Vetal	7,446,858	894,785
John S. Zink	8,204,358	137,285

b. The stockholders approved a proposal to amend the Company's Certificates of Incorporation to increase the Company's shares authorized from 15,000,000 to 30,000,000.

Number of Votes Cast			
For	Against	Abstain	Broker Non-Votes
8,144,960	185,833	10,850	-0-

c. The stockholders approved the ratification of the appointment of Ernst & Young LLP as the Company's independent public accountants.

Number of Votes Cast			
For	Against	Abstain	Broker Non-Votes
8,328,512	12,526	605	-0-

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

A. Exhibit 3.1 - Certificate of Amendment of Restated Certificate of Incorporation of Matrix Service Company

B. Exhibit 10.1 - First Amendment to the Seconded Amended and Restated Credit Agreement, dated October 31, 2000, by and among the Company and its subsidiaries and Bank One, Oklahoma, N.A.

C. Exhibit 11 - Computation of Earnings Per Share

D. Exhibit 27 - Financial Data Schedule

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: January 10, 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 3.1

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 10/31/2000
001550753 - 2210457

CERTIFICATE.OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
MATRIX SERVICE COMPANY

Matrix Service Company, a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Company"), does hereby certify that:

I. At a meeting of the Board of Directors of the Company resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Company, declaring said amendment to be advisable and directing that said amendment be considered at the next annual meeting of the stockholders of the Company. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of the Company be amended by changing the first sentence of Article Fourth thereof to read in its entirety as follows:

"The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 35 million, consisting of 5 million shares of Preferred Stock, par value $.01 per share (hereinafter called "Preferred Stock"), and 30 million shares of Common Stock, par value of $.01 per share (hereinafter called "Common Stock")."

II. Thereafter, pursuant to a resolution of its Board of Directors, an annual meeting of the stockholders of the Company was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute voted in favor of the amendment.

III. The amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Matrix Service Company has caused this Certificate to be executed by Michael J. Hall, its authorized officer, on this 26th day of October, 2000.

/s/ Michael J. Hall

Title: Vice President
Michael J. Hall

Exhibit 10.1

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT ("Amendment") is made and entered into effective as of the 31st day of October, 2000 (the "Effective Date"), by and among MATRIX SERVICE COMPANY, a Delaware corporation (hereinafter referred to as "Matrix"), MATRIX SERVICE, INC., an Oklahoma corporation (hereinafter to as "MSI"), MIDWEST INDUSTRIAL CONTRACTORS, INC., a Delaware corporation (hereinafter referred to as "MIC"), MATRIX SERVICE MID-CONTINENT, INC., an Oklahoma corporation (hereinafter referred to as "MSM"), SAN LUIS TANK PIPING CONSTRUCTION CO., INC., a Delaware corporation (hereinafter referred to as "SLT"), WEST COAST INDUSTRIAL COATINGS, INC., a California corporation (hereinafter referred to as "WCI"), MATRIX SERVICE, INC. (CANADA), an Ontario corporation (hereinafter referred to as "MSIC"), and BANK ONE, OKLAHOMA, N.A. (hereinafter referred to as the "Bank"). Matrix, MSI, MIC, MSM, SLT, WCI and MSIC are hereinafter collectively referred to as the "Borrowers" and individually as a "Borrower."

RECITALS

A. The Bank and certain of the Borrowers are parties to that certain Second Amended and Restated Credit Agreement dated as of November 30, 1999 (the "Existing Credit Agreement"), pursuant to which the Bank has established a Revolving Credit Facility in the maximum principal amount of $20,000,000.

B. The Borrowers have requested that the Bank: (i) extend the maturity date of the Revolving Note from October 31, 2002 to October 31, 2003, and (ii) modify the procedure for requesting Advances under the Revolving Credit Facility.

C. The Bank has agreed to the foregoing, subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and subject to the terms and conditions set forth herein, the parties hereby amend the Existing Credit Agreement as follows:

1. <u>EXTENSION OF MATURITY DATE</u>. In accordance with Section 2.11 of the Existing Credit Agreement, the Borrowers have requested the Bank to extend the termination date of the Revolving Credit Facility for an additional one (1) year period beyond the currently stated maturity. The Bank hereby agrees, as of the Effective Date, to extend the maturity date of the Revolving Note from October 31, 2002 to October 31, 2003. In order to implement the foregoing, the Existing Credit Agreement is amended, as of the Effective Date, as follows:

A. <u>Definition Used Only in This Amendment</u>. For purposes of this Amendment only, the term "Replacement Note" shall mean the promissory note to be executed and delivered by the Borrowers pursuant to this Amendment, in substantially the form attached hereto as Exhibit "A-1." The parties agree that, from and after the date of this Amendment, unless the context otherwise requires: (i) all references to the "Revolving Note" appearing in the Existing Credit Agreement or any other Loan Documents shall mean and refer to the Replacement Note, together with any and all renewals, extensions or replacements thereof, amendments or modifications thereto or substitutions therefor, and (ii) the term "Loan Documents" shall include the Replacement Note.

B. Modification of Date Reference. All references in the Existing Credit Agreement to the date "October 31, 2002" are hereby deleted and replaced with the date "October 31, 2003."

2. MODIFICATION TO ADVANCE REQUEST PROCEDURE. The Bank and the Borrowers hereby agree, as of the Effective Date, to modify the procedure for requesting Advances under the Revolving Credit Facility. In order to implement the foregoing, the Existing Credit Agreement is amended as of the Effective Date by deleting in its entirety Section 2.3.1 of the Existing Credit Agreement and replacing it with the following:

> 2.3.1 Requests for Advances. The Borrowers shall make each request for an Advance either orally or in writing no later than 11:00 a.m., Tulsa time, on the requested date of disbursement; provided, however, that the Bank in its sole discretion may request that the Borrowers confirm oral requests for Advances by delivering to the Bank a properly completed and executed Disbursement Request. Each request for an Advance shall specify (i) the requested date of disbursement (which shall be a Business Day), (ii) the amount of the requested Advance, (iii) whether the requested Advance will be included within the Prime Tranche or a LIBOR Tranche, and (iv) in the case of an Advance to be included within a LIBOR Tranche, the requested Interest Period. Each request for an Advance under the Prime Tranche shall be in a minimum amount of $50,000.00 (unless the remaining availability under the Revolving Credit Facility is less than $50,000.00) and in integral multiples of $50,000.00 in excess of that amount, and each request for an Advance under a LIBOR Tranche shall be in a minimum amount of $500,000.00 and in integral multiples of $50,000.00 in excess of that amount.

3. CONDITIONS PRECEDENT. The amendment to the Existing Credit Agreement set forth in this Amendment shall be effective from and after the Effective Date, but subject to the satisfaction by the Borrowers of each of the following conditions precedent:

A. Execution of Documents. The following documents shall have been duly and validly authorized, executed and delivered by the respective parties thereto, all in a form and substance satisfactory to the Bank:

(i) This Amendment; and

(ii) The Replacement Revolving Note.

B. No Defaults. No Default or Event of Default shall have occurred or be continuing.

4. REPRESENTATIONS AND WARRANTIES. All representations and warranties of the Borrowers contained in the Existing Credit Agreement are hereby restated and reaffirmed as of the date hereof (except to the extent any such representation or warranty as to the financial condition of the Borrowers relates solely to an earlier date) and shall survive the execution and delivery of this Amendment. The Borrowers further represent and warrant to the Bank as follows:

A. Binding Obligations. This Amendment, the Existing Credit Agreement (as amended by this Amendment), and the Replacement Note constitute valid and legally binding obligations of the Borrowers, enforceable in accordance with their respective terms.

B. Conflicting Agreements and Restrictions. The Borrowers' execution, delivery and performance of this Amendment, the Existing Credit Agreement (as amended by this Amendment), and the Replacement Note do not and will not (i) conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of any agreement, instrument, undertaking, judgment, decree, order, writ, injunction, statute, law, rule or regulation to which any of the Borrowers is subject or by which any of their Properties are bound, or (ii) result in the creation or imposition of any Lien on any Property pursuant to the provisions of any mortgage, indenture, security agreement, contract, undertaking or other agreement, except for security interests created in favor of the Bank.

C. No Consent. The Borrowers' execution, delivery and performance of this Amendment, the Existing Credit Agreement (as amended by this Amendment), and the Replacement Note, do not and will not require any authorization, consent, license, approval or authorization of or other action by, or notice or declaration to, or registration with, any Governmental Authority, or, to the extent that any such consent or other action may be required, either (i) such consent or other action has been validly procured or duly taken, or (ii) the Borrowers' failure to procure such consent or take such other action would not subject the Borrowers to a penalty, or otherwise have a Material Adverse Effect.

5. MISCELLANEOUS.

A. Effect of Amendment. The Existing Credit Agreement, as amended, modified and supplemented by this Amendment, shall continue in full force and effect in accordance with its terms and is hereby reaffirmed in every respect as of the date hereof. To the extent that the terms of this Amendment are inconsistent with the terms of the Existing Credit Agreement, this Amendment shall control and the Existing Credit Agreement shall be amended, modified or supplemented so as to give full effect to the transactions contemplated by this Amendment.

B. Exhibits. All exhibits attached hereto are incorporated herein by reference and constitute a part of this Amendment.

C. Descriptive Headings. The descriptive headings of the several paragraphs of this Amendment are inserted for convenience only and shall not be used in the construction of the content of this Amendment.

D. Reimbursement of Expenses. The Borrowers agree to pay all reasonable out-of-pocket expenses, including, without limitation, filing fees, recording costs and attorney's fees and expenses, incurred by the Bank in connection with preparation of this Amendment and the consummation of the transactions contemplated hereby.

IN WITNESS WHEREOF, the Borrowers and the Bank have caused this Amendment to be duly executed in multiple counterparts, each of which shall be considered an original, effective as of the Effective Date.

MATRIX SERVICE COMPANY,
a Delaware corporation

By: /s/ Michael J. Hall
Name: Michael J. Hall
Title: Vice President

MATRIX SERVICE, INC.,
an Oklahoma corporation

By: /s/ Michael J. Hall
Name: Michael J. Hall
Title: Vice President

MIDWEST INDUSTRIAL CONTRACTORS, INC., a Delaware corporation

By: /s/ Michael J. Hall
Name: Michael J. Hall
Title: Vice President

MATRIX SERVICE MID-CONTINENT, INC.,
an Oklahoma corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

SAN LUIS TANK PIPING CONSTRUCTION CO., INC., a
Delaware corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

WEST COAST INDUSTRIAL COATINGS, INC., a California
corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

MATRIX SERVICE, INC. (CANADA),
an Ontario corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

BANK ONE, OKLAHOMA, N.A.

By: /s/ David G. Page

Name: David G. Page
Title: First Vice President

EXHIBITS

EXHIBIT "A-1"

PROMISSORY NOTE
(Revolving Note)

Due: October 31, 2003

$20,000,000.00

Tulsa, Oklahoma
October __, 2000

FOR VALUE RECEIVED, the undersigned ("Makers") jointly and severally promise to pay to the order of BANK ONE, OKLAHOMA, N.A. ("Bank"), on or before October 31, 2003, the principal sum of Twenty Million and No/100 Dollars ($20,000,000.00), or so much thereof as shall be advanced and remain outstanding hereunder.

Makers also promise to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether at the stated maturity date, by acceleration or otherwise) and after maturity until paid in full at the rates per annum specified in the Credit Agreement (as hereinafter defined).

All payments of principal and interest hereunder shall be made on the dates and in the amounts specified in the Credit Agreement to Bank at its principal office in Tulsa, Oklahoma, on or before 2:00 p.m. (Tulsa time), on the date due, in immediately available funds. Whenever a payment is due on a day other than a Business Day, the due date shall be extended to the next succeeding Business Day and interest (if any) shall accrue during such extension.

This Note is executed and delivered by Makers pursuant to, and is entitled to the benefits of, that certain Second Amended and Restated Credit Agreement, dated effective as of November 30, 1999, as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated as of the date hereof (the same as further amended, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement"), between Makers and Bank. Reference is hereby made to the Credit Agreement for a complete statement of the repayment terms of this Note, including the prepayment rights and obligations of Makers and the right of the holder of this Note to accelerate the maturity hereof on the occurrence of certain Events of Default (as defined therein), and for all other pertinent purposes. Capitalized terms used herein and not otherwise defined have the respective meanings assigned to them in the Credit Agreement. This Note is the "Revolving Note" referred to in the Credit Agreement.

This Note is made, executed and delivered by Makers and accepted by Bank in renewal and extension of and substitution for, but not in payment or satisfaction of (or as a novation of), that certain Promissory Note (Revolving Note) of Makers dated as of November 30, 1999, payable to the order of Bank in the principal amount of $20,000,000.00 (the "Prior Revolving Note"). All Security Agreements and other Loan Documents securing payment of the Prior Revolving Note shall continue in full force and effect as security for payment of the indebtedness evidenced hereby.

Upon the occurrence and during the continuation of any Event of Default, the holder of this Note may apply payments received on any amount due hereunder or under the terms of any instrument now or hereafter evidencing or securing any said indebtedness as said holder may determine.

It is the intent of Bank and Makers to conform strictly to all applicable usury laws, and any interest on the principal balance hereof in excess of that allowed by said usury laws shall be subject to reduction to the maximum amount of interest allowed under said laws. If any interest in excess of the maximum amount of interest allowable by said usury laws is inadvertently paid to the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest.

The records of the holder of this Note shall be prima facie evidence of the amount owing on this Note.

If, and as often as, this Note is placed in the hands of an attorney for collection or to defend or enforce any of the holder's rights hereunder, Makers will pay to the holder hereof its reasonable attorneys' fees, together with all court costs and other expenses paid by such holder.

Makers, endorsers, sureties, guarantors and all other parties who may become liable for all or any part of this Note severally waive demand, presentment, notice of dishonor, protest, notice of protest, and notice of non-payment, and consent to: (a) any and all extensions of time for any term or terms regarding any payment due under this Note, including partial payments or renewals before or after maturity; (b) changes in interest rates; (c) any substitutions or release of collateral; and (d) the addition, substitution or release of any party liable for payment of this Note.

No waiver of any payment or other right under this Note or any related agreement shall operate as a waiver of any other payment or right. All of the holder's rights hereunder are cumulative and not alternative. This Note shall inure to the benefit of the successors and assigns of Bank or other holder and shall be binding upon the successors and assigns of Makers.

This Note has been delivered to and accepted by the Bank in the State of Oklahoma, is to be performed in the State of Oklahoma, shall be deemed a contract made under the laws of the State of Oklahoma, and shall be governed by, and construed and enforced in accordance with, the laws of the State of Oklahoma. All actions or proceedings with respect to this Note may be instituted in any state or federal court sitting in Tulsa County, Oklahoma, as Bank may elect, and by execution and delivery of this Note, Makers irrevocably and unconditionally (i) submit to the non-exclusive jurisdiction (both subject matter and person) of each such court, and (ii) waive (a) any objection that Makers might now or hereafter have to the laying of venue in any of such courts, and (b) any claim that any action or proceeding brought in any of such courts has been brought in an inconvenient forum.

IN WITNESS WHEREOF, the undersigned have executed this instrument effective as of the date first above written.

MATRIX SERVICE COMPANY,
a Delaware corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

MATRIX SERVICE, INC.,
an Oklahoma corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

MIDWEST INDUSTRIAL CONTRACTORS, INC.,
a Delaware corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

MATRIX SERVICE MID-CONTINENT, INC.,
an Oklahoma corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

SAN LUIS TANK PIPING CONSTRUCTION CO., INC.,
a Delaware corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

WEST COAST INDUSTRIAL COATINGS, INC.,
a California corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

MATRIX SERVICE, INC. (CANADA),
an Ontario corporation

By: /s/ Michael J. Hall

Name: Michael J. Hall
Title: Vice President

EXHIBIT 11

Statement Re Computation of Earnings Per Share

[ARTICLE]	5
[MULTIPLIER]	1,000
[PERIOD-TYPE]	3-MOS
[FISCAL-YEAR-END]	MAY-31-2001
[PERIOD-START]	JUN-01-2000
[PERIOD-END]	NOV-30-2000
[COMMON]	8,566
[NET-INCOME]	989
[EPS-BASIC]	0.12
[COMMON]	8,691
[NET-INCOME]	989
[EPS-DILUTED]	0.11
[FISCAL-YEAR-END]	MAY-31-2000
[PERIOD-START]	JUN-01-1999
[PERIOD-END]	NOV-30-1999
[COMMON]	8,930
[NET-INCOME]	2,477
[EPS-BASIC]	0.28
[COMMON]	9,005
[NET-INCOME]	2,477
[EPS-DILUTED]	0.28
[PERIOD-TYPE]	6-MOS
[FISCAL-YEAR-END]	MAY-31-2001
[PERIOD-START]	JUN-01-2000
[PERIOD-END]	NOV-30-2000
[COMMON]	8,618
[NET-INCOME]	997
[EPS-BASIC]	0.12
[COMMON]	8,734
[NET-INCOME]	997
[EPS-DILUTED]	0.11
[FISCAL-YEAR-END]	MAY-31-2000
[PERIOD-START]	JUN-01-1999
[PERIOD-END]	NOV-30-1999
[COMMON]	8,938
[NET-INCOME]	4,482
[EPS-BASIC]	0.50
[COMMON]	9,015
[NET-INCOME]	4,482
[EPS-DILUTED]	0.50

5
1,000
6-MOS
MAY-31-2001
NOV-30-2000
212
0
23,492
(30)
2,743
45,115
43,024
21,458
80,799
21,297
0
0
0
96
54,081
80,799
82,914
82,914
74,326
74,326
7,021
0
(129)
1,567
570
997
0
0
0
997
0.12
0.11