

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES
QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
MARCH 31, 1997

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CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

	MARCH 31, 1997	DECEMBER 31, 1996
	-----	-----
ASSETS		
Current assets:		
Cash	\$ 380,445	\$ 412,174
Marketable securities - trading	1,072,304	1,015,521
Accounts receivable	1,271,335	2,077,045
Inventories	597,696	565,371
Prepaid expenses and other current assets	61,452	45,464
Deferred income taxes	58,735	58,735
	-----	-----
Total current assets	3,441,967	4,174,310
Property and equipment, net	1,723,748	1,806,126
Intangible assets, at cost, net	51,583	36,031
Goodwill	3,165,074	3,184,810
	-----	-----
Total assets	\$8,382,372	\$9,201,277
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	\$ -	\$ 400,000
Current portion of long-term debt	80,422	83,100
Current portion of capital lease obligation	6,043	6,043
Accounts payable and accrued expenses	895,918	1,220,595
Income taxes payable	87,136	276,976
	-----	-----
Total current liabilities	1,069,519	1,986,714
Long-term debt, less current portion	1,113,220	1,132,869
Capital lease obligation, less current portion	8,364	9,882
	-----	-----
Total liabilities	2,191,103	3,129,465
	-----	-----
Minority interest	994,682	964,203
	-----	-----
Shareholders' equity:		
Preferred stock, \$.01 par value; 10,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value; 100,000,000 shares authorized, 7,338,548 shares issued at both dates	73,385	73,385
Capital in excess of par value	8,178,998	8,178,998
Accumulated deficit	(2,707,127)	(2,796,105)
	-----	-----
Less treasury stock, at cost	(348,669)	(348,669)
	-----	-----
Net shareholders' equity	5,196,587	5,107,609
	-----	-----
Total liabilities and shareholders' equity	\$8,382,372	\$9,201,277
	=====	=====

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	THREE MONTHS ENDED	
	MARCH 31,	
	1997	1996
	----	----
Net sales	\$2,540,396	\$2,150,657
	-----	-----
Costs and expenses:		
Cost of sales	1,314,871	1,140,322
Selling and administrative	916,464	803,072
Depreciation and amortization	119,366	137,344
	-----	-----
	2,350,701	2,080,738
	-----	-----
Income from operations	189,695	69,919
Investment income	21,995	-
Interest expense	(28,633)	(43,459)
	-----	-----
Income before provision for income taxes	183,057	26,460
Provision for income taxes	63,600	10,000
	-----	-----
Income before minority interest	119,457	16,460
Minority interest	(30,479)	(5,628)
	-----	-----
Net income	\$ 88,978	\$ 10,832
	=====	=====
Net income per share, primary and fully diluted	\$.01	\$ 0.00
	=====	=====
Weighted average number of common shares outstanding	7,200,628	6,902,228
	=====	=====

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	THREE MONTHS ENDED MARCH 31,	
	1997	1996
	----	----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Net income	\$ 88,978	\$ 10,832
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	99,630	94,050
Goodwill amortization	19,736	18,294
Amortization of deferred charges	-	25,000
Minority interest	30,479	5,628
(Increase) decrease in operating assets:		
Accounts receivable	805,710	244,210
Inventories	(32,325)	83,468
Prepaid expenses and other current assets	(15,988)	(17,329)
Purchases of marketable securities	(237,783)	(348,366)
Proceeds from sales of marketable securities	181,000	-
(Decrease) in operating liabilities:		
Accounts payable and accrued expenses	(324,677)	(340,461)
Income taxes payable	(189,840)	(2,890)
	-----	-----
Net cash provided by (used in) operating activities	424,920	(227,564)
	-----	-----
Cash flows from investing activities:		
Additions to property and equipment and intangible assets	(32,804)	(32,296)
Advance to officer	-	(20,000)
	-----	-----
Net cash (used in) investing activities	(32,804)	(52,296)
	-----	-----
Cash flows from financing activities:		
(Repayments of) short-term obligations	(400,000)	-
Net (repayments) of long-term debt and capital leases	(23,845)	(128,930)
	-----	-----
Net cash (used in) financing activities	(423,845)	(128,930)
	-----	-----
Net (decrease) in cash	(31,729)	(408,790)
Cash and cash equivalents at beginning of period	412,174	1,043,011
	-----	-----
Cash and cash equivalents at end of period	\$380,445	\$ 634,221
	=====	=====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the quarter for:		
Interest	\$ 28,633	\$ 43,459
	-----	-----
Income taxes	\$ 270,040	\$ 12,310
	-----	-----

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position as of March 31, 1997 and the results of operations and cash flows for the three-month periods ended March 31, 1997 and 1996. The results of operations for the three-month period ended March 31, 1997 are not necessarily indicative of the results to be expected for the full year.

2. Inventories consisted of the following:

	March 31, 1997	December 31, 1996
Raw materials	\$380,253	\$410,949
Work-in-process	33,200	-
Finished goods	184,243	154,422
	\$597,696	\$565,371

3. Other Assets

Investment in CECO Filters, Inc.

Pursuant to a Stock Exchange Agreement dated May 30, 1992, between the Company and IntroTech Investments, Inc. ("IntroTech"), a privately-held Ontario corporation, the Company exchanged 1,666,666 newly issued shares of its common stock for 1,666,666 shares of CECO Filters, Inc. ("CECO") owned by IntroTech. CECO is a Delaware corporation engaged in the pollution controls industry. It is a manufacturer of industrial air filters, with its corporate headquarters located in Conshohocken, Pennsylvania. The 1,666,666 shares of CECO common stock acquired by the Company are restricted. Those shares represented 24.51% of the outstanding shares of common stock of CECO.

During 1993 through 1996, the Company exchanged 2,953,964 additional shares of its common stock for 2,953,964 shares of CECO's common stock with unrelated third parties. Also, during 1993, the Company acquired, for cash, an additional 21,100 shares of CECO's common stock from unrelated third parties. As of March 31, 1997, the Company owned 68% of CECO's common stock.

Summarized financial information of CECO as of and for its three months ended March 31, 1997, is as follows:

Financial position:	
Working capital	\$1,285,036
	=====
Total assets	\$4,364,410
	=====
Net shareholders' equity	\$2,196,857
	=====
Results of operations:	
Net sales	\$2,540,396
	=====
Income before income taxes	\$ 159,115
	=====
Net income	\$ 95,515
	=====

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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

Financial Condition, Liquidity and Capital Resources - The Company

The Company's consolidated cash position decreased slightly from \$412,174 at December 31, 1996 to \$380,445 at March 31, 1997. This decrease of \$31,729 is net of cash provided by operating activities of \$424,920 during the three-month period ended March 31, 1997 as compared to the period in 1996 when the Company used cash of \$227,564 in its consolidated operating activities. The Company also used \$32,804 of cash in investing activities for the acquisitions of equipment and intangible assets and used \$423,845 of cash in financing activities to repay all of the balance outstanding on the line of credit (\$400,000) and to reduce other debt (\$23,845). CECO maintains a \$1,250,000 line of credit with a commercial bank, of which no amounts were outstanding as of March 31, 1997.

The Company's current ratio increased from 2.1 on December 31, 1996 to 3.2 on March 31, 1997.

Management believes that CECO's expected revenues from operations, supplemented by the available line of credit, will be sufficient to provide adequate cash to fund anticipated working capital and other cash needs during the remainder of the year.

The Company and CECO have entered into a five-year management and consulting agreement during 1994 pursuant to which the Company provides management and financial consulting services to CECO for a monthly fee of \$20,000 until the agreement expires in December 1998. The Company believes its consulting agreement with CECO and interest income from its investments in marketable securities, should provide sufficient revenue to meet its general and administrative expenses.

Results of Operations - The Company

The Company's consolidated statement of operations for the three-month periods ended March 31, 1997 and 1996 reflects the operations of the Company consolidated with the operations of CECO. As a result of multiple stock acquisitions, the Company, effective April 17, 1993, owned a greater than 50% interest in CECO. Minority interest in the consolidated statement of operations has been presented as a reduction in net income.

The Company received \$60,000 during each quarter for management and financial consulting services provided to CECO. This amount is not reflected in the consolidated results of operations since it is eliminated in consolidation.

Except as set forth above, the Company has no other income, revenues or expenses other than as a result of its investment in CECO and its investment in marketable securities and except for its investment activities the Company does not engage in operations other than through its operating subsidiary CECO.

CECO is comprised of the CECO Group of companies - CECO Filters, Inc., Air Purator Corporation, Compliance Systems International, Inc., and U.S. Facilities Management Company, Inc. - which provide innovative solutions to air quality problems through particle and chemical control technologies and services.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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

CECO 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. Air Purator Corporation ("APC") designs and manufactures high performance filter media and bags for use in high temperature pluse-jet baghouses, the most effective type of baghouse for capturing submicron particulate from gas streams. Compliance Systems International ("CSI") offers new technologies, Catenary Grid (R) and Narrow Gap Venturi(TM), designed for use with heat and mass transfer operations and particulate control. CSI also offers a complete range of air quality consulting services using a proprietary network of industry experts with years of air quality and purification system knowledge. U.S. Facilities Management Company, Inc. ("USFM") provides facilities management and emission control systems, software and outsourced monitoring and/or maintenance services to help customers achieve air quality and operational goals.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Three Months Ended March 31, 1997 to Three Months Ended
March 31, 1996

Sales were approximately \$2.5 million and \$2.1 million for the three months ended March 31, 1997 and 1996, respectively, an increase of 18%. The increase in sales from 1996 to 1997 resulted primarily from more sales orders and higher backlog at the end of 1996. APC's sales more than doubled compared to the same quarter in the previous year. Sales of our core CECO filter media benefited from contractual supply agreements in the private sector. These increases were offset by a reduction of new systems sales of CSI scrubbers and CECO mist eliminators caused by capital spending constraints in our targeted market segments.

CECO's backlog of orders at March 31, 1997 was approximately \$3.9 million as compared to approximately \$3.5 million at March 31, 1996. There can be no assurance that order backlog will be replicated, or increase from quarter to quarter, or that it will translate into higher revenues in the future. CECO's operating results can be significantly impacted by the introduction of new products and/or new manufacturing technologies by competitors, rapid change in the demand for its products, decrease in the average selling price over the life of a product as competition increases, and CECO's implementation of its target marketing approach.

CECO's overall cost of sales decreased as a percentage of sales for the three months ended March 31, 1997 (51.8%) compared to the three months ended March 31, 1996 (53.0%). The decrease can be attributed to decreases in raw material costs as well as reduced costs incurred to service CECO's products.

CECO's selling and administrative expenses amounted to \$878,147 for the three-month period ended March 31, 1997 compared to \$787,580 for the three-month period ended March 31, 1996, representing an increase of \$90,567 or 11.5%. A substantial portion of the selling and administrative expenses are fixed in nature. However, sales and customer service positions were increased as part of CECO's overall restructuring to strengthen marketing approach and accommodate anticipated growth. In addition, a portion of this increase in selling and administrative expenses resulted from the newly formed subsidiary (USFM) which is still in the start-up stage. It is expected that USFM will begin to generate significant revenues in the second half of the year.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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

CECO incurred management fees to the Company of \$60,000 during each of the three-month periods ended March 31, 1997 and 1996.

Interest expense decreased during the three-month period ended March 31, 1997 when compared to the same period in 1996. The decrease in interest expense can be attributed to lower utilization of the line of credit.

CECO generated pre-tax income of \$159,115 for the three-month period ended March 31, 1997 compared to \$25,246 for the three-month period ended March 31, 1996. This change is attributed primarily to the increase in sales for the three-month period ended March 31, 1997 over the comparable period in 1996.

The provision for federal and state income taxes for the three-month period ended March 31, 1997 amounted to \$63,600 compared to \$10,000 for the three-month period ended March 31, 1996.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES
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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.

Phillip DeZwirek
Chief Financial Officer
Chief Executive Officer

Date: April 29, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS		
	DEC-31-1997	
	MAR-31-1997	
		380,445
		1,072,304
		1,271,335
		0
		597,696
		3,441,967
		3,373,277
		1,649,529
		8,382,372
1,069,519		
		1,193,642
		0
		0
		73,385
8,382,372		5,123,202
		2,540,396
		2,540,396
		1,314,871
		2,350,701
		28,633
		0
		28,633
		183,057
		63,600
119,457		
		0
		0
		0
		88,978
		.01
		.01