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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 10-Q**

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

For Quarterly period ended June 30, 2007

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-7099

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**CECO ENVIRONMENTAL CORP.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**3120 Forrer Street, Cincinnati, Ohio**  
(Address of principal executive offices)

**13-2566064**  
(I.R.S. Employer  
Identification No.)

**45209**  
(Zip Code)

**513-458-2600**  
(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.):  Yes  No

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

Class: Common, par value \$.01 per share outstanding at Aug. 6, 2007 - 14,769,372

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CECO ENVIRONMENTAL CORP.

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
JUNE 30, 2007

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CECO ENVIRONMENTAL CORP.  
CONSOLIDATED BALANCE SHEETS

Dollars in thousands, except per share data

	<u>JUNE 30,</u> <u>2007</u> <u>(unaudited)</u>	<u>DECEMBER 31,</u> <u>2006</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 586	\$ 445
Accounts receivable, net	33,052	26,925
Costs and estimated earnings in excess of billings on uncompleted contracts	15,137	10,766
Inventories	5,748	2,755
Prepaid expenses and other current assets	1,646	1,762
Total current assets	56,169	42,653
Property and equipment, net	8,766	8,530
Goodwill, net	13,593	9,527
Intangibles – finite life, net	784	576
Intangibles – indefinite life	1,395	1,395
Deferred charges and other assets	1,172	507
	<u>\$ 81,879</u>	<u>\$ 63,188</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of debt	\$ —	\$ 620
Accounts payable and accrued expenses	30,976	17,879
Billings in excess of costs and estimated earnings on uncompleted contracts	8,736	9,559
Accrued income taxes	—	284
Total current liabilities	39,712	28,342
Other liabilities	2,777	2,524
Debt, less current portion	1,624	9,971
Deferred income tax liability	2,865	2,527
Related party subordinated notes	—	4,901
Total liabilities	46,978	48,265
Shareholders' equity:		
Common stock, \$0.01 par value; 100,000,000 shares authorized, 14,762,084 and 11,622,729 shares issued in 2007 and 2006, respectively	148	116
Capital in excess of par value	38,732	20,421
Accumulated deficit	(2,340)	(3,978)
Accumulated other comprehensive loss	(1,283)	(1,280)
	35,257	15,279
Less treasury stock, at cost, 137,920 shares in 2007 and 2006	(356)	(356)
Total shareholders' equity	34,901	14,923
	<u>\$ 81,879</u>	<u>\$ 63,188</u>

The notes to consolidated financial statements are  
an integral part of the above statements.

## CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

Dollars in thousands, except per share data

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2007	2006	2007	2006
Net sales	\$ 59,247	\$ 31,745	\$ 102,710	\$ 56,127
Costs and expenses:				
Cost of sales, exclusive of items shown separately below	49,336	26,142	84,962	46,391
Selling and administrative	6,204	4,070	11,221	7,215
Depreciation and amortization	400	293	726	585
	<u>55,940</u>	<u>30,505</u>	<u>96,909</u>	<u>54,191</u>
Income from operations	3,307	1,240	5,801	1,936
Other income	6	1,374	9	294
Interest expense (including related party interest of \$864 and \$189, and \$1,101 and \$421, respectively)	<u>(1,160)</u>	<u>(526)</u>	<u>(1,718)</u>	<u>(1,097)</u>
Income from continuing operations before income taxes	2,153	2,088	4,092	1,133
Income tax provision	1,006	526	1,801	307
Net income	<u>\$ 1,147</u>	<u>\$ 1,562</u>	<u>\$ 2,291</u>	<u>\$ 826</u>
Per share data:				
Basic net income	<u>\$ 0.09</u>	<u>\$ 0.14</u>	<u>\$ 0.19</u>	<u>\$ 0.07</u>
Diluted net income	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.18</u>	<u>\$ 0.07</u>
Weighted average number of common shares outstanding:				
Basic	<u>13,000,124</u>	<u>11,225,038</u>	<u>12,251,694</u>	<u>11,070,131</u>
Diluted	<u>13,577,836</u>	<u>12,881,584</u>	<u>12,848,505</u>	<u>12,659,750</u>

The notes to condensed consolidated financial statements are  
an integral part of the above statements.

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

Dollars in thousands

	SIX MONTHS ENDED	
	JUNE 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 2,291	\$ 826
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	726	585
Non cash interest expense included in net income	865	182
Non cash warrant valuation gain included in net income .	—	(307)
Non cash gains included in net loss	—	(29)
Compensation expense – stock options	144	29
Deferred income taxes	337	—
Changes in operating assets and liabilities, net of effects of acquisition:		
Accounts receivable	(1,618)	(7,796)
Inventories	(1,724)	(90)
Costs and estimated earnings in excess of billings on uncompleted contracts	(3,625)	(4,169)
Prepaid expenses and other current assets	278	(300)
Deferred charges and other assets	72	—
Accounts payable and accrued expenses	8,622	1,762
Billings in excess of costs and estimated earnings on uncompleted contracts	(2,672)	4,875
Accrued income taxes	(284)	—
Other	52	130
Net cash provided by (used in) operating activities	<u>3,464</u>	<u>(4,302)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(583)	(447)
Net cash paid for acquisition	<u>(6,955)</u>	<u>—</u>
Net cash used in investing activities	<u>(7,538)</u>	<u>(447)</u>
Cash flows from financing activities:		
Proceeds from secondary stock offering	14,168	—
Proceeds from exercise of warrants & options not under plan	4,687	2,705
Proceeds from exercise of stock options	70	207
Subordinated debt repayments	(5,743)	(1,988)
Short term debt (repayments) borrowings	<u>(8,967)</u>	<u>3,895</u>
Net cash provided by financing activities	<u>4,215</u>	<u>4,819</u>
Net increase in cash and cash equivalents	141	70
Cash and cash equivalents at beginning of the period	445	310
Cash and cash equivalents at end of the period	<u>\$ 586</u>	<u>\$ 380</u>

## SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for:		
Interest	<u>\$ 1,035</u>	<u>\$ 2,186</u>
Income taxes	<u>\$ 2,850</u>	<u>\$ 166</u>

The notes to condensed consolidated financial statements are an integral part of the above statements.

CECO ENVIRONMENTAL CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

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**1. Basis of reporting for condensed consolidated financial statements and significant accounting policies.**

The accompanying unaudited condensed consolidated financial statements of CECO Environmental Corp. and subsidiaries (the “Company”, “we”, “us”, or “our”) have been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, the accompanying unaudited condensed consolidated financial statements of the Company contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of June 30, 2007 and December 31, 2006 and the results of operations for the three-month and six-month periods ended June 30, 2007 and 2006 and of cash flows for the six-month periods ended June 30, 2007 and 2006. The results of operations for the three-month period and six-month period ended June 30, 2007 are not necessarily indicative of the results to be expected for the full year. The balance sheet as of December 31, 2006 has been derived from the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006.

These financial statements and accompanying notes should be read in conjunction with the audited financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K filed for the fiscal year ended December 31, 2006 with the Securities and Exchange Commission.

The Company adopted Financial Interpretation (FIN) 48 as of January 1, 2007, and has identified accounting for uncertain tax positions under this guidance as a critical accounting policy. Considering tax laws of the multiple jurisdictions in which we operate, we assess whether it is more likely than not that a tax position will be sustained upon examination and through any litigation and measure the largest amount of the benefit that is likely to be realized upon ultimate settlement. Consistent with our practice prior to adoption of FIN 48, we record related interest expense and penalties, if any, as a tax provision expense. Actual results may differ substantially from our estimates.

**2. New Accounting Standards**

*FIN 48*—In June 2006, the Financial Accounting Standards Board (FASB) issued FIN 48, Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. FIN 48 became effective for the Company on January 1, 2007. The adoption of FIN 48 included recognition of a liability for unrecognized tax obligations of \$653,000, which was accounted for as an increase to the January 1, 2007 balance of accumulated deficit. The Company recognizes penalties and interest, if any, related to unrecognized tax obligations as a tax provision expense. Actual results may differ substantially from our estimates. Additional details about the adoption of FIN 48 are provided in Note 11.

*SFAS 157*—In September 2006 the FASB issued Statement of Financial Accounting Standard (SFAS) No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value

**CECO ENVIRONMENTAL CORP.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

measurements would be separately disclosed by level within the fair value hierarchy. SFAS 157 is effective for the Company's fiscal year beginning January 1, 2008, with early adoption permitted. The Company is in the process of evaluating SFAS No. 157.

*SFAS 159*—In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". This Statement provides companies with an option to report selected financial assets and liabilities at fair value in an effort to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 requires entities to display the fair value of those assets and liabilities for which the entity has chosen to use fair value on the face of the balance sheet. The standard, which will be effective for the Company as of January 1, 2008, is currently under evaluation by the Company's management. At this time, we do not expect to elect the fair value option for any eligible items and did not early adopt the standard in the first quarter of 2007 as permitted.

**3. Inventories**

\$ in thousands

	June 30, 2007	December 31, 2006
Raw materials and subassemblies	\$4,506	\$ 1,743
Finished goods	378	285
Parts for resale	914	727
Obsolescence allowance	(50)	—
	<u>\$5,748</u>	<u>\$ 2,755</u>

**4. Costs and Estimated Earnings on Uncompleted Contracts**

\$ in thousands

	June 30, 2007	December 31, 2006
Costs incurred on uncompleted contracts	\$ 114,744	\$ 76,655
Estimated earnings	13,916	7,637
	128,660	84,292
Less billings to date	(122,259)	(83,085)
	<u>\$ 6,401</u>	<u>\$ 1,207</u>
Included in the accompanying condensed consolidated balance sheets under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 15,137	\$ 10,766
Billings in excess of costs and estimated earnings on uncompleted contracts	(8,736)	(9,559)
	<u>\$ 6,401</u>	<u>\$ 1,207</u>

CECO ENVIRONMENTAL CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

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**5. Business Segment Information**

Our structure and operational integration results in one segment that focuses on engineering, designing, building and installing systems that remove airborne contaminants from industrial facilities, as well as equipment that controls emissions from such facilities. Accordingly, the condensed consolidated financial statements herein reflect the operating results of the segment.

**6. Earnings Per Share**

For the three months ended June 30, 2007 and 2006, basic weighted average common shares outstanding were 13,000,124 and 11,225,038, respectively, while diluted average common shares outstanding were 13,577,836 and 12,881,584, respectively. For the six months ended June 30, 2007 and 2006, basic weighted average common shares outstanding were 12,251,694 and 11,070,131, respectively while diluted average common shares outstanding were 12,848,505 and 12,659,750, respectively. We consider outstanding options and warrants in computing diluted net income per share only when they are dilutive. Options to purchase 45,000 shares for the three months and six months ended June 30, 2007 were not included in the computation of diluted earnings per share due to their exercise price being greater than the market price of the stock.

**7. Debt**

Total bank debt at June 30, 2007 was \$1.6 million and \$10.6 million at December 31, 2006. The bank debt at June 30, 2007 consists of \$1.6 million due on the revolving line of credit. Unused credit availability under our \$20.0 million revolving line of credit at June 30, 2007 was \$16.4 million. Availability is limited as determined by a borrowing base formula contained in the credit agreement.

We obtained a new credit facility (the "Bank Facility") on December 29, 2005. The credit agreement was entered into by CECO Environmental Corp., its subsidiaries and Fifth Third Bank, an Ohio banking corporation ("Fifth Third Bank"). On June 8, 2006 we amended the Bank Facility pursuant to a First Amendment to Credit Agreement ("Amendment"). H.M. White, Inc., a wholly owned subsidiary of CECO Group, Inc., was added as a borrower. The Amendment amended the Bank Facility by, among other things 1) extending the maturity date of the Credit Agreement from January 31, 2007 to January 31, 2009, 2) lowering the interest rate on the revolving loan and term loan from the prime rate plus 2.25% and the prime rate plus 2.0%, respectively, to either prime plus 0.5% or LIBOR plus 2.75%, at our option, and 3) establishing an incentive pricing grid pegged to performance.

We further amended the Bank Facility pursuant to a Second Amendment to the Credit Agreement ("Second Amendment") dated February 28, 2007. Effox, Inc., a wholly owned subsidiary of CECO Group, Inc., ("Effox") was added as a borrower. The Second Amendment amended the Bank Facility by, among other things 1) extending the maturity date of the Credit Agreement from January 31, 2009 to January 31, 2010, 2) increasing the maximum revolving loan commitment from \$13.0 million to \$20.0 million, and 3) adding a second term loan in the aggregate amount of \$5.0 million.

In May 2007, all the outstanding subordinated debt of \$5.7 million and all the outstanding term notes of \$7.2 million were retired using the proceeds from a secondary offering as described in note 8. The remaining \$6.0 million was applied to the revolving credit line and accrued interest.

**CECO ENVIRONMENTAL CORP.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)**8. Shareholders' equity**

In May 2007, we completed a secondary offering and sale of CECO common stock which consisted of 1.4 million shares of newly issued stock and 2.3 million shares sold by related party selling stockholders. The initial closing was on May 17, 2007 and the overallotment closing was on May 29, 2007. The Company received net proceeds of \$14.2 million from this offering for the newly issued shares and \$4.7 million from the exercise of 1.7 million related party selling shareholder warrants for a total of \$18.9 million. The proceeds were used to pay off all the outstanding subordinated debt of \$5.7 million and all of the outstanding term notes of \$7.2 million with the remaining \$6.0 million being applied to the revolving credit line and accrued interest.

**9. Employee Benefit Plans**

We sponsor a non-contributory defined benefit pension plan for certain union employees. The plan is funded in accordance with the funding requirements of the Employee Retirement Income Security Act of 1974.

We also sponsor a post-retirement health care plan for office employees retiring before January 1, 1990. The plan allows retirees who have attained the age of 65 to elect the type of coverage desired.

Retirement and health care plan expense is based on valuations performed by plan actuaries as of the beginning of each fiscal year. The components of the expense consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Retirement plan:				
Service cost	\$ 37	\$ 32	\$ 74	\$ 64
Interest cost	81	71	162	142
Expected return on plan assets	(99)	(84)	(198)	(168)
Amortization of prior service cost	2	2	4	4
Amortization of net actuarial loss	35	23	70	46
Net periodic benefit cost	<u>\$ 56</u>	<u>\$ 44</u>	<u>\$ 112</u>	<u>\$ 88</u>
Health care plan:				
Interest cost	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 10</u>	<u>\$ 12</u>

We previously disclosed in our financial statements for the year ended December 31, 2006 that we expected to make \$570,000 in contributions to the Pension Plan during the year ending December 31, 2007. As of June 30, 2007, \$225,000 has been contributed to the Pension Plan and we plan on making the balance of \$345,000 during the remainder of Fiscal Year 2007.

**10. Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with SFAS No. 123(R), "Share-Based Payment". SFAS No. 123(R) requires the Company to recognize compensation expense for stock-based awards, measured at the fair value of the awards at

**CECO ENVIRONMENTAL CORP.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

the grant date. The Company recognized expense of approximately \$94,000 and \$15,000 during the quarters ended June 30, 2007 and 2006, respectively and \$144,000 and \$29,000 for the six months ended June 30, 2007 and 2006, respectively.

**11. Income Taxes**

The Company files income tax returns in the various federal, state and local jurisdictions. The Company is no longer subject to federal, state and local income tax examinations by tax authorities for years before 2003. The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), on January 1, 2007. As a result of the implementation of FIN 48, the Company recognized a liability for unrecognized tax obligations of \$653,000, which was accounted for as an increase to the January 1, 2007 balance of accumulated deficit. The Company recognizes penalties and interest related to unrecognized tax obligations in income tax expense.

**12. Acquisition**

On February 28, 2007, the Company, through its wholly owned subsidiary CECO Acquisition Corp., purchased substantially all of the assets of Effox, Inc. ("Effox"). The purchase price was approximately \$12.2 million, consisting of net cash paid of approximately \$6.9 million and liabilities assumed of approximately \$5.3 million. Additionally, the former owners of Effox are entitled to earn-out payments of up to \$1.0 million upon the attainment of specified gross profit amounts through December 31, 2009. The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of closing adjusted for the final determination of the net asset values (dollars in thousands):

Current Assets	\$ 6,524
Property and equipment	278
Intangible assets – finite life	304
Goodwill	4,066
Other assets	1,049
Total assets acquired	12,221
Current liabilities assumed	(4,228)
Other liabilities assumed	(1,038)
Net assets acquired	<u>\$ 6,955</u>

The following unaudited pro forma information represents the Company's results of operations as if the acquisition had occurred on the first day of each of the respective periods:

	Six Months Ended	
	June 30,	
	2007	2006
Net sales	\$ 106,806	\$ 67,760
Net income	\$ 2,395	\$ 612
Earnings per share:		
Basic	\$ 0.20	\$ 0.06
Diluted	\$ 0.19	\$ 0.05

The pro forma results have been prepared for informational purposes only and include adjustments to convert Effox from the completed contract method of accounting to the percentage of completion

CECO ENVIRONMENTAL CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

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method of accounting for contracts for which costs can reasonably be estimated, to amortize an acquired intangible asset with finite life, to reflect additional interest expense for debt incurred to finance the acquisition, and to adjust income tax expense based on the Company's effective income tax rate during the period presented. These pro forma results do not purport to be indicative of the results of operations that would have occurred had the purchase been made as of the beginning of the periods presented or of the results of operations that may occur in the future.

CECO ENVIRONMENTAL CORP.

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

**ITEM 2. Results of Operations**

Our condensed consolidated statements of operations for the three-month and six-month periods ended June 30, 2007 and 2006 reflect our operations consolidated with the operations of our subsidiaries.

(\$'s in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net sales	\$ 59.2	\$ 31.7	\$102.7	\$56.1
Cost of sales	49.3	26.1	85.0	46.4
Gross profit (excluding depreciation)	\$ 9.9	\$ 5.6	\$ 17.7	\$ 9.7
Percent of sales	16.7%	17.7%	17.3%	17.3%
Selling and administrative expenses	\$ 6.2	\$ 4.1	\$ 11.2	\$ 7.2
Percent of sales	10.5%	12.8%	10.9	12.9%
Operating income	\$ 3.3	\$ 1.2	\$ 5.8	\$ 1.9
Percent of sales	5.6%	3.9%	5.6%	3.4%

Consolidated net sales for the second quarter increased 86.6% or \$27.5 million to \$59.2 million in 2007 compared to \$31.7 million in 2006. Consolidated net sales for the first six months of 2007 were \$102.7 million, an increase of \$46.6 million or 83.0% compared to \$56.1 million in 2006. These increases in revenues were due primarily to an ongoing increase in contracting revenues generated by our H.M. White subsidiary, which was integrated in 2006 and additional equipment revenues generated by Effox which was acquired on March 1, 2007.

Orders booked were \$63.3 million during the second quarter of 2007 and \$129.5 million for the first six months of 2007, as compared to \$34.9 million during the second quarter of 2006 and \$70.9 million in the first half of 2006.

Second quarter 2007 gross profit was \$9.9 million. This compares to gross profit of \$5.6 million during the same period in 2006. Gross profit as a percentage of revenues for the three-month period ended June 30, 2007 decreased 1.0% to 16.7% compared with 17.7% for the comparable period in 2006. This anticipated decrease was primarily the result of changes in product mix.

Gross profit was \$17.7 million for the first six months of 2007, an increase of \$8.0 million compared to \$9.7 million for the same period in 2006. Gross profit as a percentage of revenues for the first six months of 2007 remained constant at 17.3% compared to the same period in 2006.

Selling and administrative expenses increased by \$2.1 million, or 52.4% from \$4.1 million to \$6.2 million during the second quarter and increased by \$4.0 million, or 55.5% from \$7.2 million to \$11.2 million during the first six months of 2007 compared to 2006. This increase is due primarily to the addition of administrative costs from our new Effox division coupled with increases in selling and administrative wages and incentive compensation. Selling and administrative expense as a percentage of sales decreased from 12.8% to 10.5% for the quarter ended June 30, 2007 and decreased from 12.9% to 10.9% for the six months ended June 30, 2007.

Depreciation and amortization increased by \$107,000 to \$400,000 during the second quarter of 2007 from \$293,000 in the same period of 2006 and increased by \$141,000 to \$726,000 in the first six months of 2007 from \$585,000 in the same period of 2006.

CECO ENVIRONMENTAL CORP.

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

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Operating income was \$3.3 million in the second quarter of 2007, an increase of \$2.1 million compared to operating income of \$1.2 million during the same quarter of 2006. Operating income as a percent of sales in the second quarter of 2007 was 5.6% compared to 3.9% for the same period in 2006.

Operating income for the first six months of 2007 was \$5.8 million, an increase of \$3.9 million compared to operating income of \$1.9 million during the same period of 2006. Operating income as a percent of sales for the six months ended June 30, 2007 was 5.6% compared to 3.4% for the same period in 2006.

Higher sales volume, partially offset by lower gross profit margin percentages from product mix changes and decreased selling and administrative costs as a percentage of sales were the primary factors for the increases in operating income and operating margin percentages.

Other income was \$6,000 in the second quarter of 2007 compared to \$1.4 million in the second quarter of 2006. \$1.3 million of this second quarter 2006 income was the result of the exercise of 248,000 warrants issued in December 2001, plus \$96,000 of income created by a slight decrease in the company's stock price, which reduced the carrying value of the remaining 119,000 warrants issued in December 2001.

Other income for the first six months of 2007 was \$9,000 compared to \$294,000 during the same period in 2006. The other income during the first six months of 2006 reflects the net of the first quarter expense for the revaluation of warrants of \$1.1 million and the second quarter income of \$1.3 million created by the exercise of warrants and the revaluation of the remaining warrants in the second quarter as previously mentioned.

Interest expense increased by \$634,000 from \$526,000 in the second quarter of 2006 to \$1.2 million during the second quarter of 2007. Interest expense increased by \$621,000 to \$1.7 million during the first six months of 2007 compared to \$1.1 million during the first six months of 2006. The increase for the quarter and six months ended June 30, 2007 was due primarily to the non-cash charge of \$740,000 to expense the remaining discount on the subordinated notes that were retired using the proceeds from our secondary stock offering in May 2007.

Federal and state income tax provision was \$1.0 million during the second quarter of 2007 compared to \$526,000 during the second quarter of 2006. Federal and state income tax expense was \$1.8 million for the first six months of 2007 compared to a tax expense of \$307,000 in 2006. The federal and state income tax provision for the first six months of 2007 was 44%, which reflects the estimated effective tax rate for 2007. Our statutory income tax rate is affected by certain permanent differences including income or expense for market valuation of warrants and non-deductible interest expense related to the subordinated debt.

Net Income for the quarter ended June 30, 2007 was \$1.1 million compared with net income of \$1.6 million for the same period in 2006. Net income for the six months ended June 30, 2007 was \$2.3 million compared with a net income of \$826,000 for the same period in 2006.

#### Backlog

Our backlog consists of the amount of revenues we expect from full performance of open, signed, firm fixed price contracts that have not been completed for products and services we expect to substantially deliver within the next 12 months. Our backlog, as of June 30, 2007 was \$123.9 million compared to \$97.1 million as of December 31, 2006. There can be no assurances

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that backlog will be replicated, increased or translated into higher revenues in the future. The success of our business depends on a multitude of factors related to our backlog and the orders secured during the subsequent period(s). Certain contracts are highly dependent on the work of contractors and other subcontractors participating in a project, over which we have no or limited control, and their performance on such project could have an adverse effect on the profitability of our contracts. Delays resulting from these contractors and subcontractors, changes in the scope of the project, weather, and labor availability also can have an effect on a contract's profitability.

#### Financial Condition, Liquidity and Capital Resources

The Company's principal sources of liquidity are cash flow from operations and available borrowings under our revolving credit facility. The Company's principal uses of cash are operating costs, debt service, payment of interest on our outstanding senior debt, working capital and other general corporate requirements.

At June 30, 2007 and December 31, 2006, cash and cash equivalents totaled \$586,000 and \$445,000 respectively. Generally, we do not carry significant cash and cash equivalent balances because excess amounts are used to pay down our revolving line of credit.

Total bank debt at June 30, 2007 was \$1.6 million and \$10.6 million at December 31, 2006. The bank debt at June 30, 2007 consists of \$1.6 million due on the revolving line of credit. Unused credit availability under our \$20.0 million revolving line of credit at June 30, 2007 was \$16.4 million. Availability is limited as determined by a borrowing base formula contained in the credit agreement.

We obtained a new credit facility (the "Bank Facility") on December 29, 2005. The credit agreement was entered into by CECO Environmental Corp., its subsidiaries and Fifth Third Bank, an Ohio banking corporation ("Fifth Third Bank"). On June 8, 2006 we amended the Bank Facility pursuant to a First Amendment to Credit Agreement ("Amendment"). H.M. White, Inc., a wholly owned subsidiary of CECO Group, Inc., was added as a borrower. The Amendment amended the Bank Facility by, among other things 1) extending the maturity date of the Credit Agreement from January 31, 2007 to January 31, 2009, 2) lowering the interest rate on the revolving loan and term loan from the prime rate plus 2.25% and the prime rate plus 2.0%, respectively, to either prime plus 0.5% or LIBOR plus 2.75%, at our option, and 3) establishing an incentive pricing grid pegged to performance.

We further amended the Bank Facility pursuant to a Second Amendment to the Credit Agreement ("Second Amendment") dated February 28, 2007. Effox, Inc., a wholly owned subsidiary of CECO Group, Inc., ("Effox") was added as a borrower. The Second Amendment amended the Bank Facility by, among other things 1) extending the maturity date of the Credit Agreement from January 31, 2009 to January 31, 2010, 2) increasing the maximum revolving loan commitment from \$13.0 million to \$20.0 million, and 3) adding a second term loan in the aggregate amount of \$5.0 million.

In May 2007, we completed a secondary offering and sale of CECO common stock which consisted of 1.4 million shares of newly issued stock and 2.3 million shares sold by related party selling stockholders. The initial closing was on May 17, 2007 and the overallotment closing was on May 29, 2007. The Company received net proceeds of \$14.2 million from this offering for the newly issued shares and \$4.7 million from the exercise of 1.7 million related party selling shareholder warrants for a total of \$18.9 million. The proceeds were used to pay off all the outstanding subordinated debt of \$5.7 million and all of the outstanding term notes of \$7.2 million with the remaining \$6.0 million being applied to the revolving credit line and accrued interest.

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On July 02, 2007, the agreement between Millworks Town Center (Purchaser), LLC and Kirk and Blum, an indirect wholly owned subsidiary of the Company, for the sale of the Cincinnati manufacturing and corporate office facilities expired.

Overview of Cash Flows and Liquidity

(\$'s in thousands)	For the six months ended June 30,	
	2007	2006
Total operating cash flow provided by (used in)	\$ 3,464	\$ (4,302)
Net cash used in investing activities	(7,538)	(447)
Net cash provided by financing activities	4,215	4,819
Net increase	<u>\$ 141</u>	<u>\$ 70</u>

Cash provided by operating activities was \$ 3.5 million in 2007 compared to cash used in operating activities in 2006 of \$4.3 million. Cash provided by operating activities for the first six months of 2007 was primarily the result of net income of \$2.3 million, non cash interest expense of \$865,000, non cash depreciation and amortization expense of \$726,000, non cash compensations expense for options of \$144,000 and an increase of \$8.6 million in accounts payable offset by an increase in costs and earnings in excess of billings of \$3.6 million, a decrease in billings in excess of costs and estimated earnings of \$2.7 million, an increase in inventories of \$1.7 million, an increase in accounts receivable of \$1.6 million and a decrease in accrued income taxes of \$284,000. Other changes in working capital items provided cash of \$739,000. Our net investment in working capital (excluding cash and cash equivalents and current portion of debt) at June 30, 2007 and December 31, 2006 was \$15.9 million and \$14.5 million, respectively.

Net cash used in investing activities related to the acquisition of property and equipment was \$583,000 for the first six months of 2007 compared with \$447,000 for the same period in 2006. Net cash used for the acquisition of Effox, which was financed by additional borrowings on the Company's credit facility, amounted to \$7.0 million. We are managing our capital expenditure spending in light of the current level of sales. As sales continue to increase in 2007, we anticipate increased capital spending which will be funded with cash provided by operating activities and additional borrowings on our revolving credit facility. Additionally, capital expenditures may be incurred depending on the ultimate disposition of our Cincinnati property.

Financing activities provided cash of \$4.2 million during the first six months of 2007 compared with cash provided by financing activities of \$4.8 million during the same period of 2006. Cash was also provided by additional borrowing on the credit facility of \$4.2 million. In addition, approximately \$14.2 million was provided by a secondary stock offering and an additional \$4.7 million was provided by warrant proceeds received from selling stockholders. These proceeds were used to retire subordinated debt of \$5.7 million and to reduce borrowings on our credit facility by \$13.2 million.

Forward-Looking Statements

This Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding industry prospects or future results of operations or financial position made in this Form 10-Q are forward-looking. We use words such as "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should," and similar expressions to identify forward-looking statements. Forward-looking statements are based on management's current expectations of our near-term results, based on current information available pertaining to us and are inherently

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uncertain. We caution investors that any forward-looking statements made by or on our behalf are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other risk factors include, but are not limited to: our dependence on fixed price contracts and the risks associated therewith, including actual costs exceeding our estimates and our method of accounting for contract revenue; our history of losses and possibility of further losses; the effect of our poor operating results on our company; fluctuations in operating results from period to period due to seasonality of our business; the effect of growth on our infrastructure, resources, and existing sales; our ability to expand our operations in both new and existing markets; the potential for contract delay or cancellation; the potential for fluctuations in prices for manufactured components and raw materials; our ability to raise capital and the availability of capital resources; our ability to fully utilize and retain executives; the impact of federal, state, or local government regulations; labor shortages or increases in labor costs; economic and political conditions generally; and the effect of competition in the air pollution control and industrial ventilation industry.

We caution investors that other factors might, in the future, prove to be important in affecting our results of operations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Investors are further cautioned not to place undue reliance on such forward-looking statements as they speak only to our views as of the date the statement is made. We undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

CECO ENVIRONMENTAL CORP.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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Risk Management Activities

In the normal course of business, we are exposed to market risk including changes in interest and raw material commodity prices. We may use derivative instruments to manage our interest rate exposures. We do not use derivative instruments for speculative or trading purposes. Generally, we enter into hedging relationships such that changes in the fair values of cash flows of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives.

Interest Rate Management

We may use interest rate swap contracts to adjust the proportion of our total debt that is subject to variable interest rates.

The remaining amount of loans outstanding under the Credit Agreement bear interest at the floating rates as described in Note 9 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission.

Raw Materials

The profitability of our manufactured products is affected by changing purchase prices of steel and other materials. If higher steel or other material prices cannot be passed on to our customers, operating income will be adversely affected.

CECO ENVIRONMENTAL CORP.

ITEM 4T. CONTROLS AND PROCEDURES

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Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of June 30, 2007. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

During the second quarter of fiscal 2007, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CECO ENVIRONMENTAL CORP.

PART II -OTHER INFORMATION

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At its Annual Meeting on May 23, 2007, the shareholders of CECO Environmental Corp. took the following actions:

1. Elected the following seven directors, constituting the entire Board of Directors, for terms to expire at the 2008 Annual Meeting of Shareholders, with votes as indicated opposite each director's name:

	<u>Votes For</u>	<u>Votes Withheld</u>
Richard J. Blum	9,812,427	1,123,219
Arthur Cape	10,783,804	151,852
Jason DeZwirek	9,794,064	1,141,582
Phillip DeZwirek	9,808,749	1,126,897
Thomas J. Flaherty	10,783,124	152,522
Ronald E. Krieg	10,784,004	151,642
Donald A. Wright	10,771,119	164,527

2. Approved the CECO Environmental Corp. 2007 Equity Incentive Plan.

Votes for: 4,532,231

Votes against: 1,191,438

Abstain: 14,312

Broker non-votes: 5,197,665

3. Ratified the appointment of Battelle and Battelle, LLP as the Company's independent registered accounting firm for the fiscal year ending December 31, 2007 as follows:

Votes for: 10,870,611

Votes against: 40,211

Abstain: 24,823

ITEM 6. EXHIBITS

10.1 CECO Environmental Corp. 2007 Equity Incentive Plan (incorporated by reference to Exhibit B to CECO Environmental Corp.'s definitive proxy statement on Schedule 14A filed with the Security Exchange Commission on April 20, 2007)

10.2 Restricted Stock Award Agreement of Dennis W. Blazer dated June 5, 2007

10.3 Restricted Stock Award Agreement of Richard J. Blum dated June 5, 2007

10.4 Restricted Stock Award Agreement of David D. Blum dated June 5, 2007

31.1 Rule 13(a)/15d-14(a) Certification by Chief Executive Officer

31.2 Rule 13(a)/15d-14(a) Certification by Chief Financial Officer

32.1 Certification of Chief Executive Officer (18 U.S. Section 1350)

32.2 Certification of Chief Financial Officer (18 U.S. Section 1350)

CECO ENVIRONMENTAL CORP.

SIGNATURE

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

CECO ENVIRONMENTAL CORP.

/s/ Dennis W. Blazer

Dennis W. Blazer

V.P. - Finance and Administration and Chief Financial Officer

Date: August 10, 2007

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (the "**Agreement**") is made and entered into as of June 5, 2007, by and between CECO Environmental Corp., a Delaware corporation (the "**Company**"), and Dennis W. Blazer (the "**Participant**") relating to the grant and issuance of shares of Common Stock of the Company under the CECO Environmental Corp. 2007 Equity Incentive Plan (the "**Plan**").

Statement of Purpose

WHEREAS, the Company desires to grant to the Participant, and the Participant accepts the grant of, 9,333 shares of Common Stock (the "Shares");

WHEREAS, the Company has duly made all determinations necessary or appropriate in connection with the grant of the Shares hereunder.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

**1. Definitions**

(a) Generally. Unless otherwise defined herein, capitalized terms in this Agreement shall have the same meaning as defined in the Plan.

(b) Defined Terms. For purposes of this Agreement, the following terms are defined as set forth below:

"2007 Fiscal Year Plan" means the CECO Environmental Approved Fiscal Year Business Plan dated March 5, 2007.

**2. Grant, Vesting and Settlement of Restricted Shares**

(a) Grant. As of June 5, 2007, the Company hereby grants and issues to the Participant, and the Participant hereby accepts the grant of the Shares in such number as is specified in attached Exhibit A. Concurrent with the execution and delivery of the Agreement, the Company will cause the stock certificates representing the Shares to be issued in Participant's name. To the extent the Participant hereby acquires the Shares and the Shares are not fully vested as of the date hereof, such Shares shall constitute "Restricted Shares" and shall be subject to all of the restrictions described herein. Stock certificates representing Restricted Shares shall be held by the Company until such time as the Shares vest.

(b) **Vesting and Settlement.** The Restricted Shares shall cease to constitute Restricted Shares, and shall become unrestricted Shares, pursuant to the vesting schedule attached as Exhibit A.

**3. Restriction on Transfer; Legend.** Restricted Shares or any interest therein may not be directly or indirectly sold, transferred, pledged, hypothecated, or otherwise disposed of. The Restricted Share certificates shall bear the following legend:

The shares represented by this certificate are subject to restrictions on transfer and may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with and subject to all of the terms and conditions of a Restricted Stock Award Agreement dated as of June 5, 2007, a copy of which the Company shall furnish to the holder of this certificate upon request and without charge.

When the restrictions on any Shares lapse, the Corporation shall cause a replacement stock certificate for those Shares, without the legend referred to above, to be issued and delivered to Participant as soon as practicable.

**4. Tax Consequences.** The Company shall not be liable or responsible in any way for any and all tax (including any withholding tax) consequences relating to the Shares, and the Participant agrees to undertake to determine, and be responsible for, any and all tax (including any withholding tax) consequences to himself or herself with respect to the Shares. Notwithstanding any other provision of this Agreement, the Shares, shall not be released to the Participant unless, the Participant shall have paid to the Company, or made arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld with respect to the grant of the Shares or the lapse of restrictions otherwise imposed by this Agreement.

**5. Section 83(b) Election.** The Participant understands that Section 83 of the Code may tax as compensation income the difference between the amount paid for the Restricted Shares, if any, and the fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares lapse in the absence of an election under Section 83(b) of the Code. In this context, "restriction" means the forfeitability of the Restricted Shares pursuant to the terms of this Agreement. In the event the Common Shares are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), "restriction" with respect to the officers, directors, and 10% stockholders may also mean the six-month period after the acquisition of the Restricted Shares during which sales of certain securities by such officers, directors, and ten percent (10%) stockholders would give rise to liability under Section 16(b) of the Exchange Act. The Participant understands that he may elect to be taxed at the time the Participant receives the Restricted Shares and while the Restricted Shares are subjected to restrictions rather than waiting to be taxed on the Restricted Shares when and as the restrictions lapse. The Participant realizes that he may choose this tax treatment by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the date hereof and by filing a copy of such election with his tax return for the tax year in which the Restricted Shares were subjected to the restrictions. The participant acknowledges that it is the participant's sole responsibility and not the Company's to timely file the election under Section 83(b) of the code. The participant acknowledges that he shall consult his own tax advisers regarding the advisability or non-advisability of making the election under Section 83(b) of the code and acknowledges that he shall not rely on the company or its advisers for such advice.

**6. Voting.** Participant shall have the rights and privileges of a stockholder of the Company as to the Shares, including the right to receive dividends and the right to vote such Shares.

**7. No Employment Rights.** No provision of this Agreement shall give the Participant any right to continue in the employ of the Company, create any inference as to the length or term of Participant's employment, affect the right of the Company to terminate Participant's employment, with or without cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program of the Company.

**8. Termination.** This Agreement shall only be terminated, modified or amended upon written mutual agreement of the Company and the Participant.

**9. Notices.** Any notice given hereunder must be in writing and shall be deemed given when either personally delivered or placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid, addressed to the parties to whom such notice is being given at the following addresses:

As to the Company:           CECO Environmental Corp.  
                                  3120 Forrer Street  
                                  Cincinnati, OH 45209  
                                  Attn: Chief Financial Officer

As to Participant:           last address shown on the books of the Company

**10. Remedies.** Each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages by reason of any breach of any provisions of this Agreement and to exercise all other rights existing in its favor. Participant agrees and acknowledges that money damages will not be an adequate remedy for any breach of the provisions of this Agreement and the Company shall be entitled to specific performance and/or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

**11. Gifts.** Nothing contained in this Agreement shall be construed or interpreted so as to authorize or permit Participant to transfer the Restricted Shares by gift to any person or entity.

**12. Entire Agreement.** The Plan and this Agreement contains the entire understanding and agreement by and between the parties hereto relating to the subject matter hereof and all prior or contemporaneous oral or written agreements or instruments are superseded hereby. No amendment to or modification of this Agreement shall be effective unless the same is in writing and signed by all parties hereto. No waiver by any party of any breach by the other of any provision of this Agreement shall be deemed to be a waiver of any other breaches thereof or the waiver of any such or other provision of this Agreement. Subject to

the restrictions on assignment and transfer set forth hereinabove, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their estates, personal representatives, successors and assigns.

**13. Severability.** If any provision of this Agreement is declared invalid or unenforceable as a matter of law, such invalidity or unenforceability shall not affect or impair the validity or enforceability of any other provisions of this Agreement or the remainder of this Agreement as a whole.

**14. Applicable Law.** If any question arises at any time as to the validity, construction, interpretation or performance of this Agreement the laws of the State of Delaware shall govern and control. The parties hereto hereby acknowledge that venue is proper in Hamilton County, Ohio.

**15. Construction.** Paragraph headings and subheadings have been inserted herein for convenience only and shall not be deemed to have any legal effect whatever in the interpretation of this Agreement. As used herein, the singular shall include the plural and the plural and singular. The word "any" means one or more or all, and the conjunction "or" includes both the conjunctive and disjunctive.

**16. Execution.** This Agreement may be executed in multiple originals, each of which shall be deemed to be an original hereof.

IN WITNESS WHEREOF, the Company and Participant have caused the execution of this Agreement under seal as of the date hereof, each intending to be legally bound hereby

CECO ENVIRONMENTAL CORP.

By: Phillip DeZwirek

Its: CEO

/s/ Dennis W. Blazer

Dennis W. Blazer

CECO Environmental Corporation Restricted Stock Award Agreement  
**Dennis W. Blazer**

Vesting of Restricted Stock

**1. Number of Restricted Shares**

The number of Shares granted under the Agreement shall be a total of 9,333, of which 8,333 are Restricted Shares.

**2. Vesting of Restricted Shares**

(a) Immediate Vesting. 1,000 Shares shall be immediately vested upon execution of this Agreement.

(b) 2007 Fiscal Year Plan Financial Goal 1. Subject to Subsection (e) below, on March 31, 2008, 3,333 Restricted Shares shall become earned and vested if income from operations before executive bonuses, calculated on the basis as set forth in the 2007 Fiscal Year Plan under the title "original plan," for fiscal year 2007 exceeds \$6,000,000, as determined by the Compensation Committee.

(c) 2007 Fiscal Year Plan Financial Goal 2. Subject to Subsection (e) below, 3,333 Restricted Shares shall become earned and vested according to the following schedule if income from operations before executive bonuses, calculated on the basis as set forth in the 2007 Fiscal Year Plan under the title "grand total," which includes the financial results of all operating entities for fiscal year 2007, exceeds \$10,500,000, as determined by the Compensation Committee.

Portion of 5,000 Restricted Shares that Become Vested and Earned	Vesting Date
1/3	March 31, 2008
1/3	March 31, 2009
1/3	March 31, 2010

(d) Personal Goal Attainment. Subject to Subsection (e) below, up to 1,667 Restricted Shares shall vest according to the following schedule if the Compensation Committee of the Company determines in its sole discretion by March 31, 2008 that the Participant has met his Personal Goals as defined in the attached Exhibit B. If the Compensation Committee determines in its sole discretion that a portion of the Participant's Personal Goals have been met then the Compensation Committee may vest a portion or none of the 1,667 Restricted Shares according to the schedule below. Any such determination by the Compensation Committee must be made by March 31, 2008.

Portion of Restricted Shares Approved by the Board (up to 1,667) that Become Vested and Earned	Vesting Date
1/3	March 31, 2008
1/3	March 31, 2009
1/3	March 31, 2010

(e) Termination from Employment. Notwithstanding anything to the contrary in this Section 2, if Participant's employment with the Company terminates prior to any of the above vesting date(s), then Participant shall have no further rights with respect to such unvested Restricted Shares, except that (i) if Participant's termination of employment is due to death or Disability, then the Compensation Committee may in its sole discretion cause any unvested Restricted Shares to vest. In addition, upon the occurrence of Change in Control, the Board may in its sole discretion cause any unvested Restricted Shares to vest.

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (the "**Agreement**") is made and entered into as of June 5, 2007, by and between CECO Environmental Corp., a Delaware corporation (the "**Company**"), and Richard J. Blum (the "**Participant**") relating to the grant and issuance of shares of Common Stock of the Company under the CECO Environmental Corp. 2007 Equity Incentive Plan (the "**Plan**").

Statement of Purpose

WHEREAS, the Company desires to grant to the Participant, and the Participant accepts the grant of, 13,500 shares of Common Stock (the "Shares");

WHEREAS, the Company has duly made all determinations necessary or appropriate in connection with the grant of the Shares hereunder.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

**1. Definitions**

(a) Generally. Unless otherwise defined herein, capitalized terms in this Agreement shall have the same meaning as defined in the Plan.

(b) Defined Terms. For purposes of this Agreement, the following terms are defined as set forth below:

"2007 Fiscal Year Plan" means the CECO Environmental Approved Fiscal Year Business Plan dated March 5, 2007.

**2. Grant, Vesting and Settlement of Restricted Shares**

(a) Grant. As of June 5, 2007, the Company hereby grants and issues to the Participant, and the Participant hereby accepts the grant of the Shares in such number as is specified in attached Exhibit A. Concurrent with the execution and delivery of the Agreement, the Company will cause the stock certificates representing the Shares to be issued in Participant's name. To the extent the Participant hereby acquires the Shares and the Shares are not fully vested as of the date hereof, such Shares shall constitute "Restricted Shares" and shall be subject to all of the restrictions described herein. Stock certificates representing Restricted Shares shall be held by the Company until such time as the Shares vest.

(b) Vesting and Settlement. The Restricted Shares shall cease to constitute Restricted Shares, and shall become unrestricted Shares, pursuant to the vesting schedule attached as Exhibit A.

**3. Restriction on Transfer; Legend.** Restricted Shares or any interest therein may not be directly or indirectly sold, transferred, pledged, hypothecated, or otherwise disposed of. The Restricted Share certificates shall bear the following legend:

The shares represented by this certificate are subject to restrictions on transfer and may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with and subject to all of the terms and conditions of a Restricted Stock Award Agreement dated as of June 5, 2007, a copy of which the Company shall furnish to the holder of this certificate upon request and without charge.

When the restrictions on any Shares lapse, the Corporation shall cause a replacement stock certificate for those Shares, without the legend referred to above, to be issued and delivered to Participant as soon as practicable.

**4. Tax Consequences.** The Company shall not be liable or responsible in any way for any and all tax (including any withholding tax) consequences relating to the Shares, and the Participant agrees to undertake to determine, and be responsible for, any and all tax (including any withholding tax) consequences to himself or herself with respect to the Shares. Notwithstanding any other provision of this Agreement, the Shares, shall not be released to the Participant unless, the Participant shall have paid to the Company, or made arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld with respect to the grant of the Shares or the lapse of restrictions otherwise imposed by this Agreement.

**5. Section 83(b) Election.** The Participant understands that Section 83 of the Code may tax as compensation income the difference between the amount paid for the Restricted Shares, if any, and the fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares lapse in the absence of an election under Section 83(b) of the Code. In this context, "restriction" means the forfeitability of the Restricted Shares pursuant to the terms of this Agreement. In the event the Common Shares are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), "restriction" with respect to the officers, directors, and 10% stockholders may also mean the six-month period after the acquisition of the Restricted Shares during which sales of certain securities by such officers, directors, and ten percent (10%) stockholders would give rise to liability under Section 16(b) of the Exchange Act. The Participant understands that he may elect to be taxed at the time the Participant receives the Restricted Shares and while the Restricted Shares are subjected to restrictions rather than waiting to be taxed on the Restricted Shares when and as the restrictions lapse. The Participant realizes that he may choose this tax treatment by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the date hereof and by filing a copy of such election with his tax return for the tax year in which the Restricted Shares were subjected to the restrictions. The participant acknowledges that it is the participant's sole responsibility and not the Company's to timely file the election under Section 83(b) of the code. The participant acknowledges that he shall consult his own tax advisers regarding the advisability or non-advisability of making the election under Section 83(b) of the code and acknowledges that he shall not rely on the company or its advisers for such advice.

**6. Voting.** Participant shall have the rights and privileges of a stockholder of the Company as to the Shares, including the right to receive dividends and the right to vote such Shares.

**7. No Employment Rights.** No provision of this Agreement shall give the Participant any right to continue in the employ of the Company, create any inference as to the length or term of Participant's employment, affect the right of the Company to terminate Participant's employment, with or without cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program of the Company.

**8. Termination.** This Agreement shall only be terminated, modified or amended upon written mutual agreement of the Company and the Participant.

**9. Notices.** Any notice given hereunder must be in writing and shall be deemed given when either personally delivered or placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid, addressed to the parties to whom such notice is being given at the following addresses:

As to the Company:           CECO Environmental Corp.  
  3120 Forrer Street  
  Cincinnati, OH 45209  
  Attn: Chief Financial Officer

As to Participant:           last address shown on the books of the Company

**10. Remedies.** Each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages by reason of any breach of any provisions of this Agreement and to exercise all other rights existing in its favor. Participant agrees and acknowledges that money damages will not be an adequate remedy for any breach of the provisions of this Agreement and the Company shall be entitled to specific performance and/or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

**11. Gifts.** Nothing contained in this Agreement shall be construed or interpreted so as to authorize or permit Participant to transfer the Restricted Shares by gift to any person or entity.

**12. Entire Agreement.** The Plan and this Agreement contains the entire understanding and agreement by and between the parties hereto relating to the subject matter hereof and all prior or contemporaneous oral or written agreements or instruments are superseded hereby. No amendment to or modification of this Agreement shall be effective unless the same is in writing and signed by all parties hereto. No waiver by any party of any breach by the other of any provision of this Agreement shall be deemed to be a waiver of any other breaches thereof or the waiver of any such or other provision of this Agreement. Subject to

the restrictions on assignment and transfer set forth hereinabove, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their estates, personal representatives, successors and assigns.

**13. Severability.** If any provision of this Agreement is declared invalid or unenforceable as a matter of law, such invalidity or unenforceability shall not affect or impair the validity or enforceability of any other provisions of this Agreement or the remainder of this Agreement as a whole.

**14. Applicable Law.** If any question arises at any time as to the validity, construction, interpretation or performance of this Agreement the laws of the State of Delaware shall govern and control. The parties hereto hereby acknowledge that venue is proper in Hamilton County, Ohio.

**15. Construction.** Paragraph headings and subheadings have been inserted herein for convenience only and shall not be deemed to have any legal effect whatever in the interpretation of this Agreement. As used herein, the singular shall include the plural and the plural and singular. The word "any" means one or more or all, and the conjunction "or" includes both the conjunctive and disjunctive.

**16. Execution.** This Agreement may be executed in multiple originals, each of which shall be deemed to be an original hereof.

IN WITNESS WHEREOF, the Company and Participant have caused the execution of this Agreement under seal as of the date hereof, each intending to be legally bound hereby

CECO ENVIRONMENTAL CORP.

By: /s/ Dennis W. Blazer

Its: CFO

/s/ Richard J. Blum

Richard J. Blum

CECO Environmental Corporation Restricted Stock Award Agreement  
**Richard J. Blum**

Vesting of Restricted Stock

**1. Number of Restricted Shares**

The number of Shares granted under the Agreement shall be a total of 12,500 Restricted Shares.

**2. Vesting of Restricted Shares**

(a) 2007 Fiscal Year Plan Financial Goal 1. Subject to Subsection (d) below, on March 31, 2008, 5,000 Restricted Shares shall become earned and vested if income from operations before executive bonuses, calculated on the basis as set forth in the 2007 Fiscal Year Plan under the title “original plan,” for fiscal year 2007 exceeds \$6,000,000, as determined by the Compensation Committee.

(b) 2007 Fiscal Year Plan Financial Goal 2. Subject to Subsection (d) below, 5,000 Restricted Shares shall become earned and vested according to the following schedule if income from operations before executive bonuses, calculated on the basis as set forth in the 2007 Fiscal Year Plan under the title “grand total,” which includes the financial results of all operating entities for fiscal year 2007, exceeds \$10,500,000, as determined by the Compensation Committee.

<u>Portion of 5,000 Restricted Shares that Become Vested and Earned</u>	<u>Vesting Date</u>
1/3	March 31, 2008
1/3	March 31, 2009
1/3	March 31, 2010

(c) Personal Goal Attainment. Subject to Subsection (d) below, up to 2,500 Restricted Shares shall vest according to the following schedule if the Compensation Committee of the Company determines in its sole discretion by March 31, 2008 that the Participant has met his Personal Goals as defined in the attached Exhibit B. If the Compensation Committee determines in its sole discretion that a portion of the Participant’s Personal Goals have been met then the Compensation Committee may vest a portion or none of the 2,500 Restricted Shares according to the schedule below. Any such determination by the Compensation Committee must be made by March 31, 2008.

Portion of Restricted Shares Approved by the Board (up to 2,500) that Become Vested and Earned	Vesting Date
1/3	March 31, 2008
1/3	March 31, 2009
1/3	March 31, 2010

(d) Termination from Employment. Notwithstanding anything to the contrary in this Section 2, if Participant's employment with the Company terminates prior to any of the above vesting date(s), then Participant shall have no further rights with respect to such unvested Restricted Shares, except that (i) if Participant's termination of employment is due to death or Disability, then the Compensation Committee may in its sole discretion cause any unvested Restricted Shares to vest. In addition, upon the occurrence of Change in Control, the Board may in its sole discretion cause any unvested Restricted Shares to vest.

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (the "**Agreement**") is made and entered into as of June 5, 2007, by and between CECO Environmental Corp., a Delaware corporation (the "**Company**"), and David D. Blum (the "**Participant**") relating to the grant and issuance of shares of Common Stock of the Company under the CECO Environmental Corp. 2007 Equity Incentive Plan (the "**Plan**").

Statement of Purpose

WHEREAS, the Company desires to grant to the Participant, and the Participant accepts the grant of, 10,375 shares of Common Stock (the "Shares");

WHEREAS, the Company has duly made all determinations necessary or appropriate in connection with the grant of the Shares hereunder.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

**1. Definitions**

(a) Generally. Unless otherwise defined herein, capitalized terms in this Agreement shall have the same meaning as defined in the Plan.

(b) Defined Terms. For purposes of this Agreement, the following terms are defined as set forth below:

"2007 Fiscal Year Plan" means the CECO Environmental Approved Fiscal Year Business Plan dated March 5, 2007.

**2. Grant, Vesting and Settlement of Restricted Shares**

(a) Grant. As of June 5, 2007, the Company hereby grants and issues to the Participant, and the Participant hereby accepts the grant of the Shares in such number as is specified in attached Exhibit A. Concurrent with the execution and delivery of the Agreement, the Company will cause the stock certificates representing the Shares to be issued in Participant's name. To the extent the Participant hereby acquires the Shares and the Shares are not fully vested as of the date hereof, such Shares shall constitute "Restricted Shares" and shall be subject to all of the restrictions described herein. Stock certificates representing Restricted Shares shall be held by the Company until such time as the Shares vest.

(b) Vesting and Settlement. The Restricted Shares shall cease to constitute Restricted Shares, and shall become unrestricted Shares, pursuant to the vesting schedule attached as Exhibit A.

**3. Restriction on Transfer; Legend.** Restricted Shares or any interest therein may not be directly or indirectly sold, transferred, pledged, hypothecated, or otherwise disposed of. The Restricted Share certificates shall bear the following legend:

The shares represented by this certificate are subject to restrictions on transfer and may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with and subject to all of the terms and conditions of a Restricted Stock Award Agreement dated as of June 5, 2007, a copy of which the Company shall furnish to the holder of this certificate upon request and without charge.

When the restrictions on any Shares lapse, the Corporation shall cause a replacement stock certificate for those Shares, without the legend referred to above, to be issued and delivered to Participant as soon as practicable.

**4. Tax Consequences.** The Company shall not be liable or responsible in any way for any and all tax (including any withholding tax) consequences relating to the Shares, and the Participant agrees to undertake to determine, and be responsible for, any and all tax (including any withholding tax) consequences to himself or herself with respect to the Shares. Notwithstanding any other provision of this Agreement, the Shares, shall not be released to the Participant unless, the Participant shall have paid to the Company, or made arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld with respect to the grant of the Shares or the lapse of restrictions otherwise imposed by this Agreement.

**5. Section 83(b) Election.** The Participant understands that Section 83 of the Code may tax as compensation income the difference between the amount paid for the Restricted Shares, if any, and the fair market value of the Restricted Shares as of the date any restrictions on the Restricted Shares lapse in the absence of an election under Section 83(b) of the Code. In this context, "restriction" means the forfeitability of the Restricted Shares pursuant to the terms of this Agreement. In the event the Common Shares are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), "restriction" with respect to the officers, directors, and 10% stockholders may also mean the six-month period after the acquisition of the Restricted Shares during which sales of certain securities by such officers, directors, and ten percent (10%) stockholders would give rise to liability under Section 16(b) of the Exchange Act. The Participant understands that he may elect to be taxed at the time the Participant receives the Restricted Shares and while the Restricted Shares are subjected to restrictions rather than waiting to be taxed on the Restricted Shares when and as the restrictions lapse. The Participant realizes that he may choose this tax treatment by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days from the date hereof and by filing a copy of such election with his tax return for the tax year in which the Restricted Shares were subjected to the restrictions. The participant acknowledges that it is the participant's sole responsibility and not the Company's to timely file the election under Section 83(b) of the code. The participant acknowledges that he shall consult his own tax advisers regarding the advisability or non-advisability of making the election under Section 83(b) of the code and acknowledges that he shall not rely on the company or its advisers for such advice.

**6. Voting.** Participant shall have the rights and privileges of a stockholder of the Company as to the Shares, including the right to receive dividends and the right to vote such Shares.

**7. No Employment Rights.** No provision of this Agreement shall give the Participant any right to continue in the employ of the Company, create any inference as to the length or term of Participant's employment, affect the right of the Company to terminate Participant's employment, with or without cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program of the Company.

**8. Termination.** This Agreement shall only be terminated, modified or amended upon written mutual agreement of the Company and the Participant.

**9. Notices.** Any notice given hereunder must be in writing and shall be deemed given when either personally delivered or placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid, addressed to the parties to whom such notice is being given at the following addresses:

As to the Company:           CECO Environmental Corp.  
3120 Forrer Street  
Cincinnati, OH 45209  
Attn: Chief Financial Officer

As to Participant:           last address shown on the books of the Company

**10. Remedies.** Each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages by reason of any breach of any provisions of this Agreement and to exercise all other rights existing in its favor. Participant agrees and acknowledges that money damages will not be an adequate remedy for any breach of the provisions of this Agreement and the Company shall be entitled to specific performance and/or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

**11. Gifts.** Nothing contained in this Agreement shall be construed or interpreted so as to authorize or permit Participant to transfer the Restricted Shares by gift to any person or entity.

**12. Entire Agreement.** The Plan and this Agreement contains the entire understanding and agreement by and between the parties hereto relating to the subject matter hereof and all prior or contemporaneous oral or written agreements or instruments are superseded hereby. No amendment to or modification of this Agreement shall be effective unless the same is in writing and signed by all parties hereto. No waiver by any party of any breach by the other of any provision of this Agreement shall be deemed to be a waiver of any other breaches thereof or the waiver of any such or other provision of this Agreement. Subject to

the restrictions on assignment and transfer set forth hereinabove, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their estates, personal representatives, successors and assigns.

**13. Severability.** If any provision of this Agreement is declared invalid or unenforceable as a matter of law, such invalidity or unenforceability shall not affect or impair the validity or enforceability of any other provisions of this Agreement or the remainder of this Agreement as a whole.

**14. Applicable Law.** If any question arises at any time as to the validity, construction, interpretation or performance of this Agreement the laws of the State of Delaware shall govern and control. The parties hereto hereby acknowledge that venue is proper in Hamilton County, Ohio.

**15. Construction.** Paragraph headings and subheadings have been inserted herein for convenience only and shall not be deemed to have any legal effect whatever in the interpretation of this Agreement. As used herein, the singular shall include the plural and the plural and singular. The word “any” means one or more or all, and the conjunction “or” includes both the conjunctive and disjunctive.

**16. Execution.** This Agreement may be executed in multiple originals, each of which shall be deemed to be an original hereof.

IN WITNESS WHEREOF, the Company and Participant have caused the execution of this Agreement under seal as of the date hereof, each intending to be legally bound hereby

CECO ENVIRONMENTAL CORP.

By: /s/ Dennis W. Blazer

Its: CFO

/s/ David D. Blum

David D. Blum

CECO Environmental Corporation Restricted Stock Award Agreement  
**David D. Blum**

Vesting of Restricted Stock

**1. Number of Restricted Shares**

The number of Shares granted under the Agreement shall be a total of 9,375 Restricted Shares.

**2. Vesting of Restricted Shares**

(a) 2007 Fiscal Year Plan Financial Goal 1. Subject to Subsection (d) below, on March 31, 2008, 3,750 Restricted Shares shall become earned and vested if income from operations before executive bonuses, calculated on the basis as set forth in the 2007 Fiscal Year Plan under the title "original plan," for fiscal year 2007 exceeds \$6,000,000, as determined by the Compensation Committee.

(b) 2007 Fiscal Year Plan Financial Goal 2. Subject to Subsection (d) below, 3,750 Restricted Shares shall become earned and vested according to the following schedule if income from operations before executive bonuses, calculated on the basis as set forth in the 2007 Fiscal Year Plan under the title "grand total," which includes the financial results of all operating entities for fiscal year 2007, exceeds \$10,500,000, as determined by the Compensation Committee.

Portion of 5,000 Restricted Shares that Become Vested and Earned	Vesting Date
1/3	March 31, 2008
1/3	March 31, 2009
1/3	March 31, 2010

(c) Personal Goal Attainment. Subject to Subsection (d) below, up to 1,875 Restricted Shares shall vest according to the following schedule if the Compensation Committee of the Company determines in its sole discretion by March 31, 2008 that the Participant has met his Personal Goals as defined in the attached Exhibit B. If the Compensation Committee determines in its sole discretion that a portion of the Participant's Personal Goals have been met then the Compensation Committee may vest a portion or none of the 1,875 Restricted Shares according to the schedule below. Any such determination by the Compensation Committee must be made by March 31, 2008.

Portion of Restricted Shares Approved by the Board (up to 1,875) that Become Vested and Earned	Vesting Date
1/3	March 31, 2008
1/3	March 31, 2009
1/3	March 31, 2010

(d) Termination from Employment. Notwithstanding anything to the contrary in this Section 2, if Participant's employment with the Company terminates prior to any of the above vesting date(s), then Participant shall have no further rights with respect to such unvested Restricted Shares, except that (i) if Participant's termination of employment is due to death or Disability, then the Compensation Committee may in its sole discretion cause any unvested Restricted Shares to vest. In addition, upon the occurrence of Change in Control, the Board may in its sole discretion cause any unvested Restricted Shares to vest.

## Certification

I, Phillip DeZwirek, certify that:

1. I have reviewed this report on Form 10-Q of CECO Environmental Corp. (the "Company")
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any changes to the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Phillip DeZwirek

Phillip DeZwirek

Chairman of the Board and Chief Executive Officer

August 10, 2007

## Certification

I, Dennis W. Blazer, certify that:

1. I have reviewed this report on Form 10-Q of CECO Environmental Corp. (the "Company")
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any changes to the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on the Company's most recent evaluation of internal controls over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Dennis W. Blazer

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Dennis W. Blazer

V.P. – Finance and Administration and Chief Financial Officer

August 10, 2007

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of CECO Environmental Corp. (the "Company") on Form 10-Q for the period ending June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Phillip DeZwirek, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Phillip DeZwirek

Phillip DeZwirek  
Chairman of the Board and Chief Executive Officer  
August 10, 2007

A signed original of this written statement required by Section 906 has been provided to CECO Environmental Corp. and will be retained by CECO Environmental Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of CECO Environmental Corp. (the "Company") on Form 10-Q for the period ending June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dennis W. Blazer, V.P. – Finance and Administration and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dennis W. Blazer

Dennis W. Blazer

V.P. – Finance and Administration and  
Chief Financial Officer

August 10, 2007

A signed original of this written statement required by Section 906 has been provided to CECO Environmental Corp. and will be retained by CECO Environmental Corp. and furnished to the Securities and Exchange Commission or its staff upon request.