SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

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

For Quarter Ended MARCH 31, 1998 Commission file number 0-7099

CECO ENVIRONMENTAL CORP.

NEW YORK	13-2566064
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

505 UNIVERSITY AVENUE, SUITE 1400, TORONTO, ONTARIO, CANADA	M5G 1X3
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 416-593-6543

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

X Yes ___ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report.

Class: COMMON, PAR VALUE $.01 PER SHARE

OUTSTANDING at March 31, 1998 8,250,896

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
MARCH 31, 1998

INDEX

Part I - Financial Information:	
Condensed consolidated balance sheet as of March 31, 1998 and December 31, 1997	2
Condensed consolidated statement of operations for the three-month periods ended March 31, 1998 and 1997	3
Condensed consolidated statement of cash flows for the three-month periods ended March 31, 1998 and 1997	4
Notes to condensed consolidated financial statements	5 & 6
Management's discussion and analysis of the financial condition and results of operations	7 to 9
Signature	10

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

	MARCH 31, 1998	DECEMBER 31, 1997
ASSETS		
Current assets:		
Cash	$ 387,983	$ 847,827
Marketable securities - trading	650,498	634,150
Accounts receivable	3,643,438	2,979,414
Inventories	646,185	771,068
Costs and estimated earnings in excess of billings on uncompleted contracts	533,614	235,454
Prepaid expenses and other current assets	283,427	230,458
Prepaid and refundable income taxes	56,000	150,200
Deferred income taxes	33,477	33,477
Total current assets	6,234,622	5,882,048
Property and equipment, net	2,057,093	1,947,482
Goodwill, net	5,043,660	5,834,858
Other intangible assets, at cost, net	1,354,563	272,696
Deferred income taxes	23,896	23,896
Total assets	$14,713,834	$13,960,980
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	$ 900,000	$ -
Current portion of long-term debt	307,078	333,871
Current portion of capital lease obligation	5,554	5,554
Accounts payable and accrued expenses	3,366,401	1,873,965
Billings in excess of costs and estimated earnings on uncompleted contracts	1,091,779	2,517,310
Due former owners of Busch Co.	7,076	502,592
Total current liabilities	5,677,888	5,233,292
Long-term debt, less current portion	1,686,551	1,732,993
Capital lease obligation, less current portion	2,320	3,821
Total liabilities	7,366,759	6,970,106
Minority interest	186,886	248,289
Shareholders' equity:		
Preferred stock, $.01 par value; 10,000,000 shares authorized, none issued	-	-
Common stock, $.01 par value; 100,000,000 shares authorized, 8,388,816 and 8,107,048 shares issued, respectively	83,888	81,070
Capital in excess of par value	10,139,013	9,860,063
Accumulated deficit	(2,714,043)	(2,849,879)
	7,508,858	7,091,254
Less treasury stock, at cost	(348,669)	(348,669)
Net shareholders' equity	7,160,189	6,742,585
Total liabilities and shareholders' equity	$14,713,834	$13,960,980

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	THREE MONTHS ENDED MARCH 31, 1998	1997
Revenues:		
Net sales - products	$2,414,989	$2,491,876
Contract revenues	4,239,846	48,520
Total revenues	6,654,835	2,540,396
Costs and expenses:		
Cost of revenues - products	1,285,010	1,287,871
Cost of revenues - contracts	3,028,955	27,000
Selling and administrative	1,878,420	916,464
Depreciation and amortization	141,709	119,366
	6,334,094	2,350,701
Income from operations	320,741	189,695
Investment income	16,932	21,995
Interest expense	(49,308)	(28,633)
Income before provision for income taxes	288,365	183,057
Provision for income taxes	129,000	63,600
Income before minority interest	159,365	119,457
Minority interest	(23,529)	(30,479)
Net income	$ 135,836	$ 88,978
Net income per share, basic and diluted	$ .02	$ .01
Weighted average number of common shares outstanding:		
Basic	8,156,973	7,200,628
Diluted	8,547,598	7,763,933

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	THREE MONTHS ENDED MARCH 31, 1998	1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Net income	$ 135,836	$ 88,978
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	113,749	99,630
Goodwill amortization - CECO Filters, Inc.	27,960	19,736
Minority interest	23,529	30,479
(Increase) decrease in operating assets:		
Accounts receivable	(94,317)	805,710
Inventories	124,883	(32,325)
Costs and estimated earnings in excess of billings on uncompleted contracts	(274,274)	-
Prepaid expenses and other current assets	(35,228)	(15,988)
Prepaid and refundable income taxes	94,200	-
Purchases of marketable securities	(876,155)	(237,783)
Proceeds from sales of marketable securities	859,806	181,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	995,432	(324,677)
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,596,968)	-
Income taxes payable	-	(189,840)
Net cash provided by (used in) operating activities	(501,547)	424,920
Cash flows from investing activities:		
Acquisition of IFM, net of cash acquired, comprised of the following:		
Excess of current liabilities over current assets, net of cash acquired	169,756	-
Equipment	(125,132)	-
Goodwill	(144,493)	-
Additions to property and equipment and intangible assets	(65,164)	(32,804)
Acquisition of additional shares of CECO Filters, Inc.	(10,363)	-
Net cash (used in) investing activities	(175,396)	(32,804)
Cash flows from financing activities:		
Net borrowings (repayments) of short-term obligations	798,524	(400,000)
Net (repayments) of long-term debt and capital lease obligation	(85,909)	(23,845)
Due to former owners of Busch Co.	(495,516)	-
Net cash provided by (used in) financing activities	217,099	(423,845)
Net (decrease) in cash	(459,844)	(31,729)
Cash at beginning of period	847,827	412,174
Cash and cash equivalents at end of period	$ 387,983	$380,445

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	1998	1997
Cash paid during the quarter for:		
Interest	$ 49,308	$ 28,633
Income taxes	$ 34,800	$270,040

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See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position as of March 31, 1998 and the results of operations and cash flows for the three-month periods ended March 31, 1998 and 1997. The results of operations for the three-month period ended March 31, 1998 are not necessarily indicative of the results to be expected for the full year.

2. Acquisition of Businesses

During March 1998, pursuant to an Asset Purchase Agreement, the Company acquired substantially all of the assets, and the business, of Integrated Facilities Management, Inc. ("IFM") for $150,000 in cash. IFM, located in Mesa, Arizona, provides a full range of services for inter-facility general repair, preventive maintenance and inter-facility construction needs exclusively for owners and users of industrial, commercial, educational, healthcare and manufacturing facilities. The acquisition was accounted for as a purchase. The Asset Purchase Agreement provides that, notwithstanding the actual closing date, the closing was deemed to be effective as of January 1, 1998. The condensed consolidated statement of operations for the three-month period ended March 31, 1998, therefore, includes the operations of IFM since January 1, 1998.

On September 25, 1997, the Company acquired substantially all of the assets, and the business, of Busch Co. During April 1998, the Company completed a valuation of certain patents acquired as part of this acquisition, utilizing the services of an independent consultant. The valuation resulted in the reclassification of $1,047,000 from goodwill to other intangible assets. An additional amortization charge of approximately $43,000 for the three months ended March 31, 1998 resulted from this reclassification.

On a pro forma basis, results of operations for the three-month periods ended March 31, 1998 and 1997, would have been as follows, if the acquisitions had been made as of January 1, 1997.

	THREE MONTHS ENDED MARCH 31, 1998	THREE MONTHS ENDED MARCH 31, 1997
Total revenues	$6,654,835	$6,598,317
Income before provision for income taxes	288,365	410,202
Net income	135,836	181,536
Net income per share, basic and diluted	.02	.03

3. Inventories consisted of the following:

	MARCH 31, 1998	DECEMBER 31, 1997
Raw materials	$388,489	$409,639
Work-in-process	13,373	157,911
Finished goods	244,323	203,518
	$646,185	$771,068

4. Investment in CECO Filters, Inc.

In February 1998, the Company exchanged 281,768 additional shares of its common stock for 281,768 shares of CECO common stock with an unrelated third party. Also, during March 1998, the Company acquired 10,360 more shares of CECO's common stock on the open market for cash. As of March 31, 1998, the Company owned 91.7% of CECO's common stock.

Summarized financial information of CECO as of and for its three months ended March 31, 1998, is as follows:

Financial position:	
Working capital (deficiency)	($ 111,652)
Total assets	$10,024,463
Net shareholders' equity	$ 2,192,504
Results of operations:	
Total revenues	$ 6,654,835
Income before income taxes	$ 323,106
Net income	$ 194,106

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

Financial Condition, Liquidity and Capital Resources - The Company

The Company's consolidated cash and marketable securities position decreased from $1,481,977 at December 31, 1997 to $1,038,481 at March 31, 1998. This decrease of $443,496 is attributable to the use of cash in operating activities of $501,547, use of cash in investing activities of $175,396, which were offset by cash provided by financing activities of $217,099. The investments in marketable securities are primarily in high yield bonds of major U.S. corporations, as well as U.S. Treasury Bills. CECO Filters, Inc. ("CECO") maintains a $1,500,000 line of credit with a commercial bank of which $900,000 was outstanding as of March 31, 1998.

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

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

Results of Operations - The Company

The Company's consolidated statement of operations for the three-month periods ended March 31, 1998 and 1997 reflects the operations of the Company consolidated with the operations of CECO. At March 31, 1998, the Company owned approximately 92% of CECO. Minority interest in the consolidated statement of operations has been presented as a reduction in net income.

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

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

CECO is comprised of CECO Filters, Inc., Air Purator Corporation ("APC"), U.S. Facilities Management Company, Inc. ("USFM") and New Busch Co., Inc. (collectively referred to as "the CECO Group"), which provide innovative solutions to air quality problems through particle and chemical control technologies and services.

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

CECO manufactures and markets filters known as fiber bed mist eliminators, designed to trap, collect and remove solid soluble and liquid particulate matter suspended in an air or other gas stream whether generated from a point source emission or otherwise. CECO offers innovative patented technologies, Catenary Grid(R) and Narrow Gap Venturi(TM), designed for use with heat and mass transfer operations and particulate control. APC designs and manufactures high performance filter media and bags for use in high temperature pulse-jet baghouses, the most effective type of baghouse for capturing submicron particulate from gas streams. USFM provides facilities management and software, as well as outsourced plant-wide maintenance management to help customers achieve their performance goals. Busch is engaged in designing, manufacturing and supplying equipment used to control the environment in and around industrial plants with a variety of proprietary and patented technologies.

On March 16, 1998, CECO acquired substantially all of the assets of Integrated Facilities Management ("IFM") of Mesa, Arizona in an all cash transaction, effective January 1, 1998. IFM provides facility audits, preventative maintenance, labor force augmentation, as-built warranty reconciliation, pre-scheduled facility maintenance inspection, inter-facility construction services and other trade services. IFM will be integrated into USFM. USFM will continue to provide its unique environmental maintenance services. USFM also includes a technology arm through its strategic alliance with Western VAR Alliance. USFM can now offer complete facilities management and computerized facility and maintenance management and co-sourced resources through a single organization.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Three Months Ended March 31, 1998 to Three Months Ended March 31, 1997

Revenues were approximately $6.7 million and $2.5 million for the three months ended March 31, 1998 and 1997, respectively, an increase of 162%. The increase in revenues from 1997 to 1998 resulted principally from the acquisition of Busch Co. in September, 1997 and IFM in March, 1998, increasing revenues by $3.8 million and $.8 million, respectively.

The CECO Group's backlog of orders and services at March 31, 1998 was approximately $10.6 million as compared to approximately $3.9 million at March 31, 1997, an increase of $6.7 million or 171.7%. The increase is principally attributable to the impact of the Busch Co. and IFM acquisitions. There can be no assurance that order and service backlog will be replicated, or increased, or translate into higher revenues in the future. The success of the CECO Group's business depends on a multitude of factors that are out of the CECO Group's control. The CECO Group's operating results can be significantly impacted by the introduction of new products and services, new manufacturing technologies, rapid change in the demand for its product and services, decrease in the average selling price over the life of a product as competition increases, and the CECO Group's dependence on the efforts of middle men to sell a significant portion of its products and services.

CECO's overall cost of revenues increased as a percentage of revenues for the three months ended March 31, 1998 (64.8%) compared to the three months ended March 31, 1997 (51.8%). The increase is attributed to the impact of Busch Co. where costs as a percentage of revenues amounted to 68.2%, and IFM, now called USFM (Service), where costs as a percentage of revenues amounted to 90%, both from January 1, 1998 through March 31, 1998. Without the impact of Busch Co. and USFM (Service), the cost of revenues as a percentage of revenues would have been 48.7%. The decrease, compared to the prior year and without the impact of Busch Co. and USFM (Service), is attributed to lower material costs, as well as lower costs incurred to service the CECO Group's products. The CECO Group continues to use the latest technology available in an effect to reduce both cost of revenues (and the maintenance of optimal inventory levels) and operating expenses, and ultimately increase overall company profits.

The CECO Group's selling and administrative expenses amounted to $1,782,207 for the three-month period ended March 31, 1998 compared to $878,147 for the three-month period ended March 31, 1997, representing an increase of $904,060 or 103%. This increase is the direct result of selling and administrative expenses of Busch Co and IFM.

During 1994, The CECO Group entered into a management and consulting agreement with the Company. The terms of the agreement require payment of monthly fees of $20,000 through December, 1998 in exchange for management and financial consulting services involving corporate policies; marketing; strategic and financial planning; and mergers, acquisitions and related matters. The CECO Group incurred management fees to the Company of $60,000 during each of the three-month periods ended March 31, 1998 and 1997.

Interest expense increased by $33,175, or 115.9% during the three-month period ended March 31, 1998 as compared to the same period in 1997. The increase in interest expense can be attributed to an increased utilization of the bank line of credit during the three months ended March 31, 1998 compared to the previous year, as well as additional borrowings incurred to fund the acquisition of Busch Co.

The CECO Group earned pre-tax income of $323,106 for the three-month period ended March 31, 1998 compared to $159,115 for the three-month period ended March 31, 1997. This change is attributed principally to the increase in revenues for the three-month period ended March 31, 1998 over the comparable period in 1997.

The provision for federal and state income taxes for the three-month period ended March 31, 1998 amounted to $129,000 compared to $63,600 for the three-month period ended March 31, 1997 and reflects an effective income tax rate of approximately 40% for each period.

Other Matters

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this document and other materials filed or to be filed with the Securities and Exchange Commission, as well as information included in oral or other written statements made or to be made by the Company, contains statements that are forward-looking. Such statements may relate to plans for future expansion, business development activities, other capital spending, financing, or other effects of regulation and competition. Such information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of the Company. These risks and uncertainties include, but are not limited to, those relating to product and service development activities, dependence on existing management, global economic and market conditions, and changes in federal or state laws.

SIGNATURE

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

CECO ENVIRONMENTAL CORP.

/s/ Phillip DeZwirek

Phillip DeZwirek
Chief Financial Officer
Chief Executive Officer

Date: May 8, 1998

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
DEC-31-1998
JAN-01-1998
MAR-31-1998
387,983
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