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 SEPTEMBER 30, 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 September 30, 1998 8,250,896

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
SEPTEMBER 30, 1998

INDEX

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

	SEPTEMBER 30, 1998 (unaudited)	DECEMBER 31, 1997
ASSETS		
Current assets:		
Cash	$ 223,051	$ 847,827
Marketable securities - trading	682,395	634,150
Accounts receivable	5,660,275	2,979,414
Inventories	554,776	771,068
Costs and estimated earnings in excess of billings on uncompleted contracts	273,459	235,454
Prepaid expenses and other current assets	287,097	230,458
Prepaid and refundable income taxes	--	150,200
Due from former owners of Busch Co.	156,269	--
Deferred income taxes	33,477	33,477
Total current assets	7,870,799	5,882,048
Property and equipment, net	2,042,599	1,947,482
Goodwill, net	5,019,585	5,834,858
Other intangible assets, at cost, net	1,348,268	272,696
Deferred income taxes	23,896	23,896
Total assets	$16,305,147	$13,960,980
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	$ 1,200,000	$ --
Current portion of long-term debt	299,934	333,871
Current portion of capital lease obligation	4,797	5,554
Accounts payable and accrued expenses	4,002,482	1,873,965
Billings in excess of costs and estimated earnings on uncompleted contracts	1,512,350	2,517,310
Due former owners of Busch Co.	--	502,592
Accrued income taxes	145,000	--
Total current liabilities	7,164,563	5,233,292
Long-term debt, less current portion	1,520,770	1,732,993
Capital lease obligation, less current portion	--	3,821
Total liabilities	8,685,333	6,970,106
Minority interest	159,387	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	(2,413,805)	(2,849,879)
	7,809,096	7,091,254
Less treasury stock, at cost	(348,669)	(348,669)
Net shareholders' equity	7,460,427	6,742,585
Total liabilities and shareholders' equity	$16,305,147	$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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1998	1997	1998	1997
Revenues:				
Net sales - products	$1,940,593	$2,016,388	$ 6,131,363	$ 7,435,355
Contract revenues	5,349,202	2,955,554	14,237,493	3,004,074
Total revenues	7,289,795	4,971,942	20,368,856	10,439,429
Costs and expenses:				
Cost of revenues - products	803,882	979,556	2,907,091	3,749,583
Cost of revenues - contracts	4,306,582	1,847,116	10,850,034	1,874,116
Selling and administrative	1,743,192	2,300,143	5,219,618	4,275,904
Depreciation and amortization	140,820	127,845	364,395	367,634
	6,994,476	5,254,660	19,341,138	10,267,237
Income (loss) from operations	295,319	(282,718)	1,027,718	172,192
Investment income (loss)	(46,802)	37,350	(11,357)	107,926
Interest expense, net	(68,059)	(17,885)	(180,848)	(67,263)
Income (loss) before provision for (recovery of) income taxes	180,458	(263,253)	835,513	212,855
Provision for (recovery of) income taxes	79,000	(109,000)	355,000	52,000
Income (loss) before minority interest	101,458	(154,253)	480,513	160,855
Minority interest	(7,262)	52,793	(44,439)	(21,455)
Net income (loss)	$ 94,196	($ 101,460)	$ 436,074	$ 139,400
Net income per share, basic and diluted	$ .01	($ .01)	$ .05	$ .02
Weighted average number of common shares outstanding:				
Basic	8,250,896	7,774,961	8,219,588	7,412,739
Diluted	8,725,175	8,192,180	8,650,990	7,899,886

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	NINE MONTHS ENDED SEPTEMBER 30, 1998	1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Net income	$ 436,074	$ 139,400
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	278,673	367,634
Goodwill amortization - CECO Filters, Inc.	85,722	-
Minority interest	44,439	21,455
(Increase) decrease in operating assets:		
Marketable securities trading	(48,245)	309,145
Accounts receivable	(2,111,154)	(1,960,730)
Inventories	216,292	31,957
Costs and estimated earnings in excess of billings on uncompleted contracts	(14,119)	(234,394)
Prepaid expenses and other current assets	(38,898)	(70,595)
Prepaid and refundable income taxes	150,200	(103,348)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,631,896	1,037,331
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,176,784)	1,873,918
Accrued income taxes	145,000	(276,976)
Net cash provided by (used in) operating activities	(400,904)	1,134,797
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	(171,235)	-
Acquisition of Busch Co. allocated to:		
Goodwill	-	(670,421)
Inventory	-	(145,379)
Equipment	-	(131,818)
Patents	-	(1,139,323)
Prepaid expenses	-	(13,059)
Additions to property and equipment and intangible assets	(171,678)	(468,624)
Acquisition of additional shares of CECO Filters, Inc.	(103,335)	-
Net cash (used in) investing activities	(401,624)	(2,568,624)
Cash flows from financing activities:		
Net borrowings of short-term obligations	1,200,000	640,576
Net (repayments) of long-term debt and capital lease obligation	(363,387)	(72,409)
Due to former owners of Busch Co.	(502,592)	331,196
Due from former owners of Busch Co.	(156,269)	-
Increase in long-term debt	-	1,000,000
Net cash (used in) financing activities	177,752	1,899,363
Net increase (decrease) in cash	(624,776)	465,536
Cash at beginning of period	847,827	412,174
Cash and cash equivalents at end of period	$ 223,051	$ 877,710

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the quarter for:		
Interest	$ 218,348	$ 67,263
Income taxes	$ 118,000	$ 432,324

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

---

1. The condensed consolidated financial statements are unaudited (except for the balance sheet information as of December 31, 1997, which is derived from the Company's audited financial statements) and, in the opinion of management, reflect all adjustments necessary to present fairly the financial position as of September 30, 1998, the results of operations for the three-month and nine-month periods ended September 30, 1998 and 1997 and cash flows for the nine-month periods ended September 30, 1998 and 1997. The condensed consolidated financial statements should be read in conjuntion with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's 1997 Annual Report to Stockholders. The results of operations for the nine-month period ended September 30, 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 nine-month period ended September 30, 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.

On a pro forma basis, results of operations for the nine-month periods ended September 30, 1998 and 1997, would have been as follows, if the acquisitions had been made as of January 1, 1997.

	NINE MONTHS ENDED SEPTEMBER 30, 1998	NINE MONTHS ENDED SEPTEMBER 30, 1997
Total revenues	$20,368,856	$17,343,271
Income before provision for income taxes	835,513	388,450
Net income	436,074	215,950
Net income per share, basic and diluted	.05	.03

3. Inventories consisted of the following:

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
Raw materials	$375,042	$409,639
Work-in-process	2,646	157,911
Finished goods	177,088	203,518
	$554,776	$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 the nine months ended September 30, 1998, the Company acquired 98,610 more shares of CECO's common stock on the open market for cash. As of September 30, 1998, the Company owned 92.99% of CECO's common stock.

Summarized financial information of CECO as of and for its nine months ended September 30, 1998, is as follows:

Financial position:	
Working capital	$90,181
Total assets	$11,641,302
Net shareholders' equity	$2,530,770
Results of operations:	
Total revenues	$20,368,856
Income before income taxes	$887,372
Net income	$532,372

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 $905,446 at September 30, 1998. This decrease of $576,531 is attributable to the use of cash in operating activities of $352,659 and use of cash in investing activities of $401,624, offset by cash provided by financing activities of $177,752. CECO Filters, Inc. ("CECO") maintains a $2,000,000 line of credit with a commercial bank, of which $1,200,000 was outstanding as of September 30, 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 through July, 1998 and $35,000 from August, 1998 until the agreement expires in December 1998. The Company believes its consulting agreement with CECO and investment 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 nine-month periods ended September 30, 1998 and 1997 reflects the operations of the Company consolidated with the operations of CECO. At September 30, 1998, the Company owned approximately 93% of CECO. Minority interest in the consolidated statement of operations has been presented as a reduction in net income.

The Company received $90,000 during this 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 management services.

Results of Operations - The Company - Continued

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 has been 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 Nine Months Ended September 30, 1998
to Nine Months Ended September 30, 1997

Revenues were approximately $20.4 million and $10.4 million for the nine months ended September 30, 1998 and 1997, respectively, an increase of 95.1%. The increase in revenues from 1997 to 1998 resulted from the acquisition of Busch Co. in September, 1997 and IFM in March, 1998, adding revenues of $10.3 million and $3.3 million, respectively.

The CECO Group's backlog of orders and services at September 30, 1998 was approximately $9.8 million as compared to approximately $10 million at September 30, 1997, a decrease of $.2 million or 2.0%. There can be no assurance that order 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.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Nine Months Ended September 30, 1998
to Nine Months Ended September 30, 1997 - Continued

The CECO Group's overall cost of revenues increased as a percentage of revenues for the nine months ended September 30, 1998 (67.5%) compared to the nine months ended September 30, 1997 (53.9%). The increase is attributed to the impact of Busch Co. where costs as a percentage of revenues amounted to 70.5%, and IFM, now called USFM (Service), where costs as a percentage of revenues amounted to 96.2% both from January 1, 1998 through September 30, 1998. Without the impact of Busch Co. and USFM (Service), the cost of revenues as a percentage of revenues would have been 48.9%. The CECO Group continues to use the latest technology available in an effort 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 $5,017,338 for the nine-month period ended September 30, 1998 compared to $4,137,533 for the nine-month period ended September 30, 1997, representing an increase of $879,805 or 21.3%. 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 July, 1998 and $35,000 through December, 1998 in exchange for management and financial consulting services involving corporate policies; marketing; strategic and financial planning; mergers, acquisitions and related matters. The CECO Group incurred management fees to the Company of $210,000 during the nine-month period ended September 30, 1998 and $180,000 during the nine-month period ended September 30, 1997.

Interest expense increased by $151,085, or 224.6% during the nine-month period ended September 30, 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 nine months ended September 30, 1998 compared to the previous year, as well as additional borrowings in the first half of 1998 incurred to fund the acquisition of IFM.

The CECO Group generated pre-tax income of $887,372 for the nine-month period ended September 30, 1998 compared to pre-tax income of $131,118 for the nine-month period ended September 30, 1997. This change is attributed principally to the increase in revenues for the nine-month period ended September 30, 1998 over the comparable period in 1997.

The provision for federal and state income taxes for the nine-month period ended September 30, 1998 amounted to $355,000 compared to $52,000 for the nine-month period ended September 30, 1997 and reflects an effective income tax rate of approximately 40% for each period.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Three Months Ended September 30, 1998
to Three Months Ended September 30, 1997

Sales were approximately $7.3 million and $5.0 million for the three-month periods ended September 30, 1998 and 1997, respectively. This represents an increase of 47% compared to the three months ended September 30, 1997.

CECO's overall cost of revenues increased as a percentage of revenues for the three months ended September 30, 1998 (70.1%) compared to the three months ended September 30, 1997 (56.9%). The increase is attributed to the impact of Busch Co. where cost as a percentage of revenues amounted to 71.8%, and IFM, now called USFM (Service), where cost as a percentage of revenues amounted to 97.6%, both from July 1, 1998 through September 30, 1998. Without the impact of Busch Co. and USFM (Service), the cost of revenues as a percentage of revenues would have been 49.6%. The CECO Group continues to use the latest technology available in an effort 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 $1,698,398 for the three-month period ended September 30, 1998 compared to $2,239,767 for the three-month period ended September 30, 1997, representing a decrease of $541,369 or 24.2%. This decrease is the result of the $500,000 sign on bonus to a former officer of Busch Co. incurred in 1997 and the additional expenses of newly acquired IFM.

Interest expense increased by $62,673 or 350.4% during the three-month period ended September 30, 1998 when 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 September 30, 1998 compared to the previous year, as well as additional borrowings incurred related to the acquisition of IFM.

The CECO Group earned pre-tax income of $198,543 for the three-month period ended September 30, 1998 as compared to a loss of $272,938 for the three-month ended September 30, 1997. This change is attributed principally to the increase in revenues for the three-month period ended September 30, 1998 over the comparable period in 1997.

The provision for federal and state income taxes for the three-month period ended September 30, 1998 amounted to $79,000 compared to a credit of $109,000 for the three-month period ended September 30, 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: October 23, 1998

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS
DEC-31-1998
SEP-30-1998
223,051
682,395
5,660,275
0
554,776
7,870,799
3,966,052
1,923,453
16,305,147
7,164,563
1,820,704
0
0
83,888
7,376,539
16,305,147
6,131,363
20,368,856
2,907,091
19,341,138
180,848
0
180,848
835,513
355,000
436,074
0
0
0
436,074
.05
.05