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 JUNE 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 June 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
JUNE 30, 1998

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CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

	JUNE 30, 1998	DECEMBER 31, 1997
ASSETS		
Current assets:		
Cash	$ 269,327	$ 847,827
Marketable securities - trading	626,222	634,150
Accounts receivable	4,077,788	2,979,414
Inventories	725,379	771,068
Costs and estimated earnings in excess of billings on uncompleted contracts	622,041	235,454
Prepaid expenses and other current assets	134,807	230,458
Prepaid and refundable income taxes	--	150,200
Due from former owners of Busch Co.	207,391	--
Deferred income taxes	33,477	33,477
Total current assets	6,696,432	5,882,048
Property and equipment, net	2,093,034	1,947,482
Goodwill, net	5,062,236	5,834,858
Other intangible assets, at cost, net	1,345,119	272,696
Deferred income taxes	23,896	23,896
Total assets	$ 15,220,717	$ 13,960,980
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	$ 800,000	$ --
Current portion of long-term debt	301,036	333,871
Current portion of capital lease obligation	5,554	5,554
Accounts payable and accrued expenses	3,231,689	1,873,965
Billings in excess of costs and estimated earnings on uncompleted contracts	1,645,036	2,517,310
Accrued income taxes	100,800	--
Due former owners of Busch Co.	--	502,592
Total current liabilities	6,084,115	5,233,292
Long-term debt, less current portion	1,603,822	1,732,993
Capital lease obligation, less current portion	794	3,821
Total liabilities	7,688,731	6,970,106
Minority interest	165,755	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	(2,508,001)	(2,849,879)
	7,714,900	7,091,254
Less treasury stock, at cost	(348,669)	(348,669)
Net shareholders' equity	7,366,231	6,742,585

Total liabilities and shareholders' equity	$ 15,220,717	$ 13,960,980
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See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	THREE MONTHS ENDED JUNE 30, 1998	THREE MONTHS ENDED JUNE 30, 1997	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1997
Revenues:				
Net sales - products	$ 1,775,781	$ 2,927,091	$ 4,190,770	$ 5,418,967
Contract revenues	4,648,445	--	8,888,291	48,520
Total revenues	6,424,226	2,927,091	13,079,061	5,467,487
Costs and expenses:				
Cost of revenues - products	818,199	1,482,156	2,103,209	2,770,027
Cost of revenues - contracts	3,514,497	--	6,543,452	27,000
Selling and administrative	1,598,006	1,059,297	3,476,426	1,975,761
Depreciation and amortization	81,866	120,423	223,575	239,789
	6,012,568	2,661,876	12,346,662	5,012,577
Income from operations	411,658	265,215	732,399	454,910
Investment income	18,513	48,581	35,445	70,576
Interest expense, net	(63,444)	(20,745)	(112,789)	(49,378)
Income before provision for income taxes	366,727	293,051	655,055	476,108
Provision for income taxes	147,000	97,400	276,000	161,000
Income before minority interest	219,727	195,651	379,055	315,108
Minority interest	(13,648)	(43,769)	(37,177)	(74,248)
Net income	$ 206,079	$ 151,882	$ 341,878	$ 240,860
Net income per share, basic and diluted	$ .02	$ .02	$ .04	$ .03
Weighted average number of common shares outstanding:				
Basic	8,250,896	7,262,628	8,203,935	7,231,628
Diluted	8,680,198	7,743,544	8,633,236	7,712,544

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	SIX MONTHS ENDED JUNE 30, 1998	1997
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Net income	$ 341,878	$ 240,860
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	166,841	199,260
Goodwill amortization - CECO Filters, Inc.	56,734	40,529
Minority interest	37,177	74,248
Noncash expenses, officer's compensation	-	17,500
(Increase) decrease in operating assets:		
Accounts receivable	(528,668)	1,270,200
Inventories	45,689	74,555
Costs and estimated earnings in excess of billings on uncompleted contracts	(362,701)	-
Prepaid expenses and other current assets	113,392	(1,661)
Prepaid and refundable income taxes	150,200	-
Purchases of marketable securities	(1,603,786)	(515,054)
Proceeds from sales of marketable securities	1,611,714	617,229
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	861,107	(521,331)
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,044,098)	-
Income taxes payable	100,800	(244,290)
Net cash provided by (used in) operating activities	(53,721)	1,252,045
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	(152,533)	-
Additions to property and equipment and intangible assets	(131,273)	(211,305)
Acquisition of additional shares of CECO Filters, Inc.	(97,932)	-
Net cash (used in) investing activities	(337,114)	(211,305)
Cash flows from financing activities:		
Net borrowings (repayments) of short-term obligations	800,000	(400,000)
Net (repayments) of long-term debt and capital lease obligation	(277,682)	(58,292)
Due from/to former owners of Busch Co.	(709,983)	-
Net cash (used in) financing activities	(187,665)	(458,294)
Net increase (decrease) in cash	(578,500)	582,446
Cash at beginning of period	847,827	412,174
Cash and cash equivalents at end of period	$ 269,327	$ 994,620

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the quarter for:		
Interest	$ 137,752	$ 49,308

Income taxes	$ 53,100	$ 34,800

See accompanying notes to condensed consolidated financial statements.

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 June 30, 1998, the results of operations for the three-month and six-month periods ended June 30, 1998 and 1997 and cash flows for the six-month periods ended June 30, 1998 and 1997. The results of operations for the six-month period ended June 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 six-month period ended June 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 six-month periods ended June 30, 1998 and 1997, would have been as follows, if the acquisitions had been made as of January 1, 1997.

	SIX MONTHS ENDED JUNE 30, 1998	1997
Total revenues	$13,079,061	$14,500,606
Income before provision for income taxes	655,055	733,133
Net income	341,878	341,773
Net income per share, basic and diluted	.04	.05

3. Inventories consisted of the following:

	JUNE 30, 1998	DECEMBER 31, 1997
Raw materials	$513,082	$409,639
Work-in-process	6,499	157,911
Finished goods	205,798	203,518
	$725,379	$771,068

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(unaudited)

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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 six months ended June 30, 1998, the Company acquired 93,610 more shares of CECO's common stock on the open market for cash. As of June 30, 1998, the Company owned 92.92% of CECO's common stock.

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

Financial position:	
Working capital	$ 1,759
Total assets	$10,545,158
Net shareholders' equity	$ 2,411,227
Results of operations:	
Total revenues	$13,079,061
Income before income taxes	$ 688,829
Net income	$ 412,829

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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 $895,549 at June 30, 1998. This decrease of $586,428 is attributable to the use of cash in operating activities of $61,649 (excluding purchases and sales of marketable securities), use of cash in investing activities of $337,114, and use of cash in financing activities of $187,665. 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 $2,000,000 line of credit with a commercial bank, of which $800,000 was outstanding as of June 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 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 six-month periods ended June 30, 1998 and 1997 reflects the operations of the Company consolidated with the operations of CECO. At June 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 $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 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 Six Months Ended June 30, 1998 to Six Months Ended June 30, 1997

Revenues were approximately $13.1 million and $5.5 million for the six months ended June 30, 1998 and 1997, respectively, an increase of 139%. The increase in revenues from 1997 to 1998 resulted from the acquisition of Busch Co. in September, 1997 and IFM in March, 1998, increasing revenues by $7.0 million and $1.7 million, respectively.

The CECO Group's backlog of orders and services at June 30, 1998 was approximately $10.0 million as compared to approximately $1.5 million at June 30, 1997, an increase of $8.5 million or 567%. 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.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Six Months Ended June 30, 1998 to Six Months Ended June 30, 1997 - Continued

The CECO Group's overall cost of revenues increased as a percentage of revenues for the six months ended June 30, 1998 (66%) compared to the six months ended June 30, 1997 (51%). The increase is attributed to the impact of Busch Co. where costs as a percentage of revenues amounted to 70%, and IFM, now called USFM (Service), where costs as a percentage of revenues amounted to 95% 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 48.5%. 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 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 $3,318,940 for the six-month period ended June 30, 1998 compared to $1,897,766 for the six-month period ended June 30, 1997, representing an increase of $1,421,174 or 75%. 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 $120,000 during each of the six-month periods ended June 30, 1998 and 1997.

Interest expense increased by $88,412, or 179% during the six-month period ended June 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 six months ended June 30, 1998 compared to the previous year, as well as additional borrowings in the second half of 1997 incurred to fund the acquisition of Busch Co.

The CECO Group earned pre-tax income of $688,829 for the six-month period ended June 30, 1998 compared to $404,056 for the six-month period ended June 30, 1997. This change is attributed principally to the increase in revenues for the six-month period ended June 30, 1998 over the comparable period in 1997.

The provision for federal and state income taxes for the six-month period ended June 30, 1998 amounted to $276,000 compared to $161,000 for the six-month period ended June 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 June 30, 1998 to Three Months Ended June 30, 1997

Sales were approximately $6.4 million and $2.9 million for the three-month periods ended June 30, 1998 and 1997, respectively. This represents an increase of 119.5% compared to the three months ended June 30, 1997.

CECO's overall cost of revenues increased as a percentage of revenues for the three months ended June 30, 1998 (67.4%) compared to the three months ended June 30, 1997 (50.6%). The increase is attributed to the impact of Busch Co. where cost as a percentage of revenues amounted to 72%, and IFM, now called USFM (Service), where cost as a percentage of revenues amounted to 98%, both from April 1, 1998 through June 30, 1998. Without the impact of Busch Co. and USFM (Service), the cost of revenues as a percentage of revenues would have been 48.4%. 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 effort to reduce both cost of revenue (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 $1,536,733 for the three-month period ended June 30, 1998 compared to $1,019,619 for the three-month period ended June 30, 1997, representing an increase of $517,114 or 50.7%. This increase is the direct result of selling and administrative expenses of Busch Co. and IFM.

Interest expense increased by $55,199, or 266% during the three-month period ended June 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 June 30, 1998 compared to the previous year, as well as additional borrowings incurred in the second half of 1997 to fund the acquisition of Busch Co.

The CECO Group earned pre-tax income of $365,761 for the three-month period ended June 30, 1998 as compared to $244,941 for the three-month ended June 30, 1997. This change is attributed principally to the increase in revenues for the three-month period ended June 30, 1998 over the comparable period in 1997.

The provision for federal and state income taxes for the three-month period ended June 30, 1998 amounted to $147,000 compared to $97,400 for the three-month period ended June 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.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

SIGNATURE

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

CECO ENVIRONMENTAL CORP.

Phillip DeZwirek
Chief Financial Officer
Chief Executive Officer

Date: August 3, 1998

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

APPENDIX A TO ITEM 601(c) OF REGULATION S-B

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

ITEM NUMBER	AMOUNT	ITEM DESCRIPTION
5-02(1)	$ 269,327	Cash and cash items
5-02(2)	626,222	Marketable securities
5-02(3)(a)(1)	4,077,788	Notes and accounts receivable, trade
5-02(4)	0	Allowances for doubtful accounts
5-02(6)	725,379	Inventories
5-02(9)	6,696,432	Total current assets
5-02(13)	3,962,994	Property, plant and equipment
5-02(14)	1,869,960	Accumulated depreciation
5-02(18)	15,220,717	Total assets
5-02(21)	6,084,115	Total current liabilities
5-02(22)	1,904,858	Bonds, mortgages and similar debt
5-02(28)	0	Preferred stock, mandatory redemption
5-02(29)	0	Preferred stock, no mandatory redemption
5-02(30)	83,888	Common stock
5-02(31)	7,282,343	Other stockholders' equity
5-02(32)	15,220,717	Total liabilities and stockholders' equity
5-03(b)1(a)	4,190,720	Net sales of tangible products
5-03(b)1	13,079,061	Total revenues
5-03(b)2(a)	2,103,209	Cost of tangible goods sold
5-03(b)2	12,346,662	Total costs and expenses applicable to sales and revenues
5-03(b)3	112,789	Other costs and expenses
5-03(b)5	0	Provision for doubtful accounts and notes
5-03(b)(8)	112,789	Interest and amortization of debt discount
5-03(b)(10)	655,055	Income (loss) before taxes and other items
5-03(b)(11)	276,000	Income tax expense (credit)
5-03(b)(14)	341,878	Income (loss) continuing operations
5-03(b)(15)	0	Discontinued operations
5-03(b)(17)	0	Extraordinary items
5-03(b)(18)	0	Cumulative effect, changes in accounting principles
5-03(b)(19)	341,878	Net income or loss
5-03(b)(20)	.04	Earnings (loss) per share, basic
5-03(b)(20)	.04	Earnings (loss) per share, diluted