

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, 1996 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.)

111 ELIZABETH STREET, SUITE 600, TORONTO, ONTARIO, CANADA MSG 1P7

(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.

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, 1996 - 7,061,828 shares

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
SEPTEMBER 30, 1996

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CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

	SEPTEMBER 30, 1996	DECEMBER 31, 1995
	-----	-----
ASSETS		
Current assets:		
Cash	\$ 261,343	\$1,043,011
Marketable securities	905,324	-
Accounts receivable	1,386,566	1,856,541
Advances to officers	34,000	-
Inventories	679,806	654,826
Prepaid expenses and other current assets	122,142	56,736
Deferred income taxes	20,889	20,889
	-----	-----
Total current assets	3,410,070	3,632,003
Property and equipment, net	1,820,648	2,019,631
Intangible assets, at cost, net	90,998	45,717
Goodwill	2,978,892	2,872,825
Deferred charges	-	75,000
	-----	-----
Total assets	\$8,300,608 =====	\$8,645,176 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	\$ 700,000	\$ 850,000
Current portion of long-term debt	85,241	173,393
Current portion of capital lease obligation	4,838	4,838
Accounts payable and accrued expenses	759,292	1,166,006
Income taxes payable	84,006	10,745
	-----	-----
Total current liabilities	1,633,377	2,204,982
Long-term debt, less current portion	1,156,528	1,238,795
Capital lease obligation, less current portion	10,319	14,955
Deferred income taxes	19,888	19,888
	-----	-----
Total liabilities	2,820,112	3,478,620
Minority interest	847,694	824,905
	-----	-----
Shareholders' equity:		
Preferred stock, \$.01 par value; 10,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value; 100,000,000 shares authorized, 7,199,748 and 6,956,348 shares issued, respectively	71,997	69,563
Capital in excess of par value	8,006,886	7,767,945
Accumulated deficit	(3,047,412)	(3,097,188)
	-----	-----
Less treasury stock, at cost	5,031,471 (398,669)	4,740,320 (398,669)
	-----	-----
Net shareholders' equity	4,632,802	4,341,651
	-----	-----
Total liabilities and shareholders' equity	\$8,300,608 =====	\$8,645,176 =====

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,	
	1996	1995	1996	1995
	-----	-----	-----	-----
Net sales	\$2,195,120	\$1,627,425	\$6,220,217	\$5,463,959
	-----	-----	-----	-----
Costs and expenses:				
Cost of sales	1,172,444	953,132	3,277,633	3,377,742
Selling and administrative	792,709	819,069	2,416,063	2,252,436
Depreciation and amortization	118,107	107,863	334,013	321,263
	-----	-----	-----	-----
	2,083,260	1,880,064	6,027,709	5,951,441
	-----	-----	-----	-----
Income (loss) from operations	111,860	(252,639)	192,508	(487,482)
Investment income	27,801	-	50,690	-
Interest expense	(34,390)	(48,809)	(118,440)	(135,478)
	-----	-----	-----	-----
Income (loss) before provision (credit) for income taxes	105,271	(301,448)	124,758	(622,960)
Provision (credit) for income taxes	44,192	(79,642)	52,192	(186,330)
	-----	-----	-----	-----
Income (loss) before minority interest	61,079	(221,806)	72,566	(436,630)
Minority interest	(19,969)	83,091	(22,789)	(166,756)
	-----	-----	-----	-----
Net income (loss)	\$ 41,110	(\$ 138,715)	\$ 49,777	(\$ 269,874)
	=====	=====	=====	=====
Net income (loss) per share, primary and fully diluted	\$.01	(\$.02)	\$.01	(\$.04)
	=====	=====	=====	=====
Weighted average number of common shares outstanding	7,037,128	6,579,095	6,950,861	6,249,206
	=====	=====	=====	=====

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,	
	1996	1995
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities:		
Net income (loss)	\$ 49,777	(\$269,874)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	278,318	267,075
Goodwill amortization	55,695	54,188
Amortization of deferred charges	75,000	50,000
Non-cash expenses - officer's compensation and interest	-	35,050
Accrued bond interest	(6,084)	-
Minority interest	22,789	(166,756)
(Increase) decrease in operating assets:		
Accounts receivable	469,975	392,611
Inventories	(24,980)	(48,580)
Prepaid expenses	(65,406)	(14,663)
Refundable income taxes	-	(184,750)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(406,714)	(374,243)
Income taxes payable	73,261	(89,368)
	521,631	(349,310)
Cash flows from investing activities:		
Purchases of marketable securities	(1,402,116)	-
Proceeds from sales of marketable securities	502,876	-
Additions to property and equipment and intangible assets	(72,503)	(138,220)
Advances to officers	(34,000)	-
	(1,005,743)	(138,220)
Cash flows from financing activities:		
Proceeds from issuance of stock	27,500	810,000
Proceeds from (reduction of) short-term obligations	(150,000)	650,000
Repayments of long-term debt and capital lease obligation	(175,056)	(129,704)
Net repayments of officer's loan	-	(366,641)
	(297,556)	963,655
Net increase (decrease) in cash	(781,668)	476,125
Cash at beginning of period	1,043,011	329,885
Cash at end of period	\$ 261,343	\$806,010

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION
CONTINUED ON FOLLOWING PAGE

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED
(unaudited)

NINE MONTHS ENDED
SEPTEMBER 30,
1996 1995
----- -----

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for:

Interest	\$ 118,441	\$126,695
	-----	-----
Income taxes	\$ 23,800	\$ 21,480
	-----	-----

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 September 30, 1996 and the results of operations for the three-month and nine-month periods ended September 30, 1996 and 1995 and cash flows for the nine-month periods ended September 30, 1996 and 1995. The results of operations for the three-month and nine-month periods ended September 30, 1996 are not necessarily indicative of the results to be expected for the full year.

2. Inventories consisted of the following:

	September 30, 1996	December 31, 1995
	-----	-----
Raw materials	\$548,262	\$514,489
Work-in-process	6,686	-
Finished goods	124,858	140,337
	-----	-----
	\$679,806	\$654,826
	=====	=====

3. Other Assets

Investment in CECO Filters, Inc.

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

During 1993 through 1995, the Company exchanged 2,582,764 additional shares of its common stock for 2,582,764 shares of CECO's common stock with unrelated third parties. Also, during 1993, the Company acquired, for cash, an additional 21,100 shares of CECO's common stock from unrelated third parties. During the nine months ended September 30, 1996, the Company exchanged 232,400 shares of its common stock for 232,400 shares of CECO's common stock with unrelated third parties. As of September 30, 1996, the Company owned 66% of CECO's common stock.

Summarized financial information of CECO as of and for the nine months ended September 30, 1996, is as follows:

Financial position:	
Working capital	\$ 784,162
	=====
Total assets	\$4,570,346
	=====
Total shareholders' equity	\$1,765,034
	=====
Results of operations:	
Net sales	\$6,220,217
	=====
Income before income taxes	\$ 116,910
	=====
Net income	\$ 64,718
	=====

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(unaudited)

4. Other Matters

The Company entered into an eighteen-month consulting agreement with an unrelated third party, effective April 1, 1995, to provide financial consulting services to the Company which will, among other things, help the Company to broaden its stock market appeal. As compensation, the consultant received an option to purchase 1,000,000 shares of the Company's common stock at \$2.50 per share, such option expiring April 30, 1996. The option price was reduced to \$2.25 per share if such options were exercised on or prior to December 31, 1995. (During the year ended December 31, 1995, the consultant exercised options to acquire 400,000 shares of the Company's common stock at an exercise price of \$2.25 per share. During the nine months ended September 30, 1996, the consultant exercised options to acquire an additional 11,000 shares of the Company's common stock at an exercise price of \$2.50). In addition, the Company issued 100,000 shares of its common stock to the consultant in April, 1995.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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

Financial Condition, Liquidity and Capital Resources - The Company

The Company's consolidated cash position decreased from \$1,043,011 at December 31, 1995 to \$261,343 at September 30, 1996. This decrease of \$781,668 is attributable principally to the use of cash in investing activities of \$1,005,743, principally for net purchases of marketable securities in the amount of \$899,240, use of cash in financing activities, principally to repay short-term and long-term debt of \$325,056, all of which was offset by cash provided from operations of \$521,631. The investments in marketable securities in 1996 are primarily in high yield bonds of major U.S. corporations. CECO Filters, Inc. ("CECO") maintains a \$1,250,000 line of credit with a commercial bank of which \$700,000 was outstanding as of September 30, 1996, compared to \$850,000 at December 31, 1995.

The Company's current ratio was 1.65 on December 31, 1995 and 2.1 on September 30, 1996.

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

The Company and CECO have entered into a five year management and consulting agreement, dated January 1, 1994, which became effective on July 1, 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 should provide sufficient revenue to meet its general and administrative, and interest expenses.

Results of Operations - The Company

The Company's consolidated statement of operations for the three-month and nine-month periods ended September 30, 1996 and 1995 reflect the operations of the Company consolidated with the operations of CECO. As a result of multiple stock acquisitions, the Company, effective April 7, 1993, owned a greater than 50% interest in CECO. Transactions not related to the operations of CECO were minimal, and included consulting, legal and accounting fees, as well as interest and stock issuance related expenses. As of September 30, 1996, the Company owned approximately 66% of the outstanding stock of CECO. Minority interest in the consolidated statement of operations has been presented as a reduction in net income or loss.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Nine Months ended September 30, 1996 to Nine Months ended September 30, 1995

Sales were approximately \$6.2 million and \$5.4 million for the nine-month periods ended September 30, 1996 and 1995, respectively, an increase of 13.8%. The increase in sales from 1995 to 1996 resulted primarily from an increase in sales orders, particularly new orders, which is a result of the implementation of a target marketing approach, focusing CECO's efforts on opportunities in markets that are ready for its specialized systems and services.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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

Results of Operations - CECO (Company's Subsidiary) - Continued

Comparison of Nine Months ended September 30, 1996 to Nine Months ended
September 30, 1995 - Continued

CECO's backlog of orders at September 30, 1996 was approximately \$5.8 million as compared to approximately \$4.6 million at September 30, 1995, an increase of \$1.2 million or 26.1%. There can be no assurance that order backlog will be replicated, or increased, or translate into higher revenue in the future. The success of CECO's business depends on a multitude of factors that are out of CECO's control. CECO's operating results can be significantly impacted by the introduction of new products, new manufacturing technologies, rapid change in the demand for its product, decrease in the average selling price over the life of a product as competition increases, and CECO's dependence on the efforts of middle men to sell a portion of its products.

CECO's overall cost of sales decreased as a percentage of sales for the nine months ended September 30, 1996 (52.7%) compared to the nine months ended September 30, 1995 (61.8%). The decrease can be attributed to lower material costs, as well as lower costs incurred to service CECO's products. CECO continues to use the latest technology available in an effort to reduce both cost of sales (and the maintenance of optimal inventory levels) and operating expenses, and ultimately increase overall company profits.

CECO's selling and administrative expenses amounted to \$2,248,916 for the nine-month period ended September 30, 1996 compared to \$2,125,361 for the nine-month period ended September 30, 1995, representing an increase of 5.8%. A substantial portion of the selling and administrative expenses are fixed in nature, as the largest variable expense in this category relates to sales commissions which amounted to approximately 3% of net sales in each period.

During 1994, CECO entered into a management and consulting agreement with the Company. The terms of the agreement require payment of monthly fees of \$20,000 from January, 1995 through December, 1998 in exchange for management and financial consulting services involving corporate policies, marketing, strategic and financial planning, mergers, acquisitions and related matters. CECO incurred management fees to the Company of \$180,000 during each of the nine-month periods ended September 30, 1996 and 1995.

Interest expense decreased by \$8,238 or 6.5% during the nine-month period ended September 30, 1996, when compared to the same period in 1995. The decrease in interest expense can be attributed to a reduced utilization of the bank line of credit during the nine months ended September 30, 1996 compared to the previous year.

CECO earned pre-tax income of \$116,910 for the nine-month period ended September 30, 1996, as compared to a pre-tax loss of \$612,897 for the nine-month period ended September 30, 1995. This change resulted primarily from the increase in sales, as well as the increase in gross margins for the nine-month period ended September 30, 1996 compared with the same period in 1995.

The provision for federal and state income taxes for the nine-month period ended September 30, 1996 amounted to \$52,192 compared to a credit for federal and state income taxes of \$186,330 for the nine-month period ended September 30, 1995.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

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

Comparison of Three Months ended September 30, 1996 to Three Months ended September 30, 1995

Sales were approximately \$2.2 million and \$1.6 million for the three-month periods ended September 30, 1996 and 1995, respectively, an increase of 34.9%. The increase in sales occurred primarily as a result of an increase in new sales orders attributable to CECO's specialized target marketing approach.

CECO's overall cost of sales decreased as a percentage of sales for the three months ended September 30, 1996 (53.4%) compared to the three months ended September 30, 1995 (58.5%). The decrease can be attributed to lower raw material costs, as well as lower costs incurred to service CECO's products. CECO continues to use the latest technology available in an effort to reduce both cost of sales (and the maintenance of optimal inventory levels) and operating expenses, and ultimately increase overall company profits.

CECO's selling and administrative expenses amounted to \$728,168 for the three-month period ended September 30, 1996 compared to \$772,523 for the three-month period ended September 30, 1995, representing a decrease of \$44,355 or 6%. CECO's selling and administrative expenses have declined for each of the last three quarterly periods as management continues to focus on its target marketing approach instituted during the latter part of 1995.

Interest expense decreased during the three-month period ended September 30, 1996, when compared to the same period in 1995, as a result of reduced utilization of the bank line of credit.

CECO earned pre-tax income of \$101,118 for the three-month period ended September 30, 1996 compared to a pre-tax loss of \$295,564 for the three-month period ended September 30, 1995. This change is attributed principally to the increase in sales and lower overall costs for the three-month period ended September 30, 1996 with the comparable period of 1995.

The provision for federal and state income taxes for the three-month period ended September 30, 1996 amounted to \$44,192 compared to a credit for federal and state income taxes of \$79,643 for the three-month period ended September 30, 1995.

NOT USING IN 1996 REPORT
CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

PART II - OTHER INFORMATION

- Item 1. Legal Proceedings
There have been no changes since the Company's last report in Item 3, "Legal Proceedings" of Form 10-KSB for the year ended December 31, 1994.
- Item 2. Changes in Securities
Not applicable
- Item 3. Defaults Upon Senior Securities
Not applicable
- Item 4. Submission of Matters to Vote of Security Holders
None
- Item 5. Other Information
None
- Item 6. Exhibits and Reports on Form 8-K
(a) Exhibits - None
(b) Reports on Form 8-K - None

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: October 31, 1996

9-MOS			
	DEC-31-1995		
	JAN-01-1996		
	SEP-30-1996		
		261,343	
		905,324	
		1,386,566	
		0	
		679,806	
		3,410,070	
		3,326,850	
		1,506,202	
		8,300,608	
1,633,377			
		1,241,769	
		0	
		0	
		71,997	
8,300,608		4,560,805	
		6,220,217	
		6,220,217	
		3,277,633	
		6,027,709	
		118,440	
		0	
		118,440	
		124,758	
		52,192	
49,777			
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		49,777	
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