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, 1999 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, 1999 8,388,816

CECO ENVIRONMENTAL CORP.

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
MARCH 31, 1999

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CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

	MARCH 31, 1999	DECEMBER 31, 1998
ASSETS		
Current assets:		
Cash	$ 361,795	$ 364,648
Marketable securities - trading	894,155	695,944
Accounts receivable	2,941,859	4,068,640
Inventories	628,814	541,315
Costs and estimated earnings in excess of billings on uncompleted contracts	958,797	226,504
Due from former owners of Busch	244,146	147,939
Investment in sales-type lease	95,400	95,400
Prepaid expenses and other current assets	482,021	344,961
Deferred income taxes	84,500	84,500
Total current assets	6,691,487	6,569,851
Property and equipment, net	2,043,943	2,062,452
Goodwill, net	4,989,262	5,169,353
Other intangible assets, at cost, net	1,223,588	1,270,780
Investment in sales-type lease	310,050	333,900
Other assets	402,426	--
Deferred income taxes	68,500	68,500
	$15,729,256	$15,474,836
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	$ 2,000,000	$ 1,200,000
Current portion of long-term debt	345,074	385,149
Accounts payable and accrued expenses	3,153,217	3,107,227
Billings in excess of costs and estimated earnings on uncompleted contracts	1,114,136	1,174,427
Unearned income	73,650	78,000
Income taxes payable	20,555	253,100
Total current liabilities	6,706,632	6,197,903
Long-term debt, less current portion	1,306,153	1,569,713
Total liabilities	8,012,785	7,767,616
Minority interest	130,836	149,941
Shareholders' equity:		
Preferred stock, $.01 par value; 10,000,000 shares authorized and none issued	--	--
Common stock, $.01 par value; 100,000,000 shares authorized and 8,388,816 shares issued	83,888	83,888
Capital in excess of par value	10,139,013	10,139,013
Accumulated deficit	(2,288,597)	(2,316,953)
	7,934,304	7,905,948
Less treasury stock, at cost	(348,669)	(348,669)
Net shareholders' equity	7,585,635	7,557,279
	$15,729,256	$15,474,836

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	THREE MONTHS ENDED MARCH 31,	
	1999	1998
Revenues:		
Net sales - products	$2,529,846	$2,414,989
Contract revenues	2,242,811	3,331,743
	4,772,657	5,746,732
Costs and expenses:		
Cost of revenues - products	1,284,646	1,285,010
Cost of revenues - contracts	1,496,715	2,209,429
Selling and administrative	1,493,780	1,710,800
Depreciation and amortization	143,024	133,224
	4,418,165	5,338,463
Income from continuing operations before investment income and interest expense	354,492	408,269
Investment income	38,179	16,932
Interest expense	(75,498)	(46,698)
Income from continuing operations before provision for income taxes	317,173	378,503
Provision for income taxes	143,560	165,000
Income from continuing operations before minority interest	173,613	213,503
Minority interest	(8,330)	(30,091)
Income from continuing operations	165,283	183,412
Discontinued operations:		
Loss from operations of discontinued division, net of income tax benefit and minority interest	(124,445)	(47,576)
Loss from disposal of discontinued division	(12,482)	--
	(136,927)	(47,576)
Net income	$ 28,356	$ 135,836
Net income per share, basic and diluted:		
Income from continuing operations	$ .02	$ .02
Loss from discontinued operations	(.02)	--
Net income per share, basic and diluted	$ --	$ .02
Weighted average number of common shares outstanding:		
Basic	8,250,896	8,156,973
Diluted	9,039,987	8,547,598

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	THREE MONTHS ENDED MARCH 31, 1999	1998
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Net income	$ 28,356	$ 135,836
Adjustments to reconcile net income to net cash (used in) operating activities:		
Loss from discontinued operations	136,927	47,576
Depreciation and amortization	113,860	105,264
Unearned income	(4,350)	-
Goodwill amortization - CECO Filters, Inc.	29,164	27,960
Minority interest	8,330	30,091
Gain on sale of marketable securities, trading	(43,868)	-
(Increase) decrease in operating assets:		
Accounts receivable	591,099	184,357
Inventories	(87,499)	139,166
Costs and estimated earnings in excess of billings on uncompleted contracts	(765,681)	(255,742)
Due from former owners of Busch Co.	(96,207)	-
Investment in sales-type lease	23,850	-
Prepaid expenses and other current assets	(136,230)	(95,029)
Prepaid and refundable income taxes	-	94,200
Other assets	(232,433)	-
Purchases of marketable securities	(353,630)	(876,155)
Proceeds from sales of marketable securities	199,287	859,806
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	133,312	1,017,592
Billings in excess of costs and estimated earnings on uncompleted contracts	85,072	(1,506,923)
Accrued income taxes	(232,545)	-
Net cash (used in) continuing operations	(603,186)	(92,001)
Net cash provided by (used in) discontinued operations	195,774	(409,546)
Net cash (used in) operating activities	(407,412)	(501,547)
Cash flows from investing activities:		
Additions to property and equipment and intangible assets	(45,836)	(43,809)
Capital expenditures of discontinued operations	(2,356)	(21,355)
Acquisition of additional shares of CECO Filters, Inc.	(42,015)	(10,363)
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)
Net cash (used in) investing activities	(90,207)	(175,396)

CONTINUED ON NEXT PAGE

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED
(unaudited)

	THREE MONTHS ENDED MARCH 31, 1999	THREE MONTHS ENDED MARCH 31, 1998
Cash flows from financing activities:		
Proceeds from short-term obligations	$2,286,014	$ -
Net borrowings (repayments) of short-term obligations	(1,486,014)	798,524
Proceeds from long-term debt	1,412,155	-
Repayments of long-term debt and capital lease obligation	(1,717,389)	(85,909)
Due to former owners of Busch Co.	-	(495,516)
Net cash provided by financing activities	494,766	217,099
Net increase (decrease) in cash	(2,853)	(459,844)
Cash at beginning of period	364,648	847,827
Cash at end of period	$ 361,795	$ 387,983

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	1999	1998
Cash paid during the period for:		
Interest	$ 75,498	$ 46,698
Income taxes	$ 349,960	$ 34,800

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

On March 31, 1999, the Company sold the contracts and customer list of a division in exchange for a non-interest bearing promissory note with a present value of $174,493.

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, 1999 and the results of operations and cash flows for the three-month periods ended March 31, 1999 and 1998. The results of operations for the three-month period ended March 31, 1999 are not necessarily indicative of the results to be expected for the full year.

2. Discontinued Operations

On March 31, 1999, the Company's subsidiary, CECO Filters, Inc. ("CECO"), sold the contracts and customer list of U.S. Facilities Management Arizona division for $250,000. The sales price was paid through a non-interest bearing promissory note from the purchaser. Monthly principal payments of $1,500 commence October 1, 1999 with a balloon payment for the balance due on April 1, 2007.

The following is a summary of operating activity for this discontinued division:

	THREE MONTHS ENDED MARCH 31, 1999	THREE MONTHS ENDED MARCH 31, 1998
Revenues	$387,656	$908,103
Cost of revenues	(493,439)	(819,526)
Selling and administrative	(117,554)	(170,230)
Depreciation and amortization	(7,998)	(8,485)
Operating loss	(231,335)	(90,138)
Income tax benefit	97,500	36,000
Minority interest	9,390	6,562
Loss from operations of discontinued division	($124,445)	($ 47,576)

The following is a summary of the loss recorded from the disposal of this division:

Net present value note receivable	$174,493
Impairment of goodwill	(166,932)
Disposition costs	(20,043)
Loss from disposal of discontinued division	($ 12,482)

The following is a summary of the balance sheet for this discontinued division:

	MARCH 31, 1999	DECEMBER 31, 1998
Current assets	$375,056	$1,332,463
Property and equipment, net	207,797	233,740
Other assets	169,993	166,932
Current liabilities	(504,238)	(992,384)
Net assets of discontinued operations	$248,608	$ 740,751

3. Inventories consisted of the following:

	MARCH 31, 1999	DECEMBER 31, 1998
Raw materials	$464,050	$380,477
Finished goods	54,606	46,742
Parts for resale	110,158	114,096
	$628,814	$541,315

4. Investment in CECO Filters, Inc.

The Company acquired 51,000 shares of CECO's common stock on the open market for the amount of $42,014 during January, 1999. As of March 31, 1999, the Company owned 93.6% of CECO's common stock.

Summarized financial information of CECO as of and for its three months ended March 31, 1999, is as follows:

Financial position:	
Working capital (deficiency)	($ 839,539)
Total assets	$ 10,904,816
Net shareholders' equity	$ 2,438,531
Results of operations:	
Continuing:	
Total revenues	$ 4,772,657
Income before income taxes	$ 222,999
Income from continuing operations	$ 129,799
Discontinued:	
Loss from discontinued operations	($ 146,317)
Net loss	($ 16,518)

5. Debt

On March 16, 1999, CECO entered into a formal financing arrangement with PNC Bank which provides for a $5,000,000 line of credit, a $625,000 term loan, a $787,155 mortgage note payable and a $2,000,000 acquisition line of credit. A portion of the proceeds was used to repay the previous line of credit, term loan and mortgage note payable.

The $5,000,000 line of credit expires March 16, 2000. The term loan is payable in monthly installments of $20,833 plus interest through September 1, 2001. The mortgage note payable is due in monthly installments of $8,032 including interest with a balloon payment on March 1, 2006. Interest is charged at prime less .25% or LIBOR plus 2.25%.

The bank financing is secured by CECO's receivables, intangibles, property and equipment. The bank debt is also subject to certain financial covenants.

6. Segment and Related Information

The Company has two reportable segments: Air Quality Improvement and Ventilation and Environmental Products. The Company provides standard and engineered systems and filter media for air quality improvement through its Air Quality Improvement segment. The Ventilation and Environmental Products segment assembles and manufactures ventilation, environmental and process-related products. The Interfacility Maintenance segment, which provided interfacility repair, preventative maintenance and inter-facility construction, was discontinued on March 31, 1999.

	AIR QUALITY IMPROVEMENT	VENTILATION AND ENVIRONMENTAL PRODUCTS	OTHER	ELIMINATION OF INTER-SEGMENT ACTIVITY	TOTAL CONSOLIDATED
Three Months ended March 31, 1999					
Revenues	$2,179,720	$2,781,413	$13,570	($202,046)	$4,772,657
Operating income	182,850	145,323	26,319		354,492
Three Months ended March 31, 1998					
Revenues	$2,001,359	$3,827,775	$ 8,798	($91,200)	$5,746,732
Operating income (loss)	318,913	231,284	(141,928)		408,269

CECO ENVIRONMENTAL CORP.

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 increased from $1,060,592 at December 31, 1998 to $1,255,950 at March 31, 1999. This increase of $195,358 is attributable to net cash provided by financing activities of $494,766, offset by cash used in operating activities of $209,201 (excluding activities relating to marketable securities), additions to property and equipment and intangible assets of $48,192, and the acquisition of additional shares of CECO of $42,015. The investment in marketable securities is primarily in high yield bonds of major U.S. corporations. CECO Filters, Inc. ("CECO") maintains a $5,000,000 line of credit with a commercial bank of which $2,000,000 was outstanding as of March 31, 1999.

Management believes that the expected revenues from 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.

Since January 1, 1994, the Company and CECO have been parties to a management and consulting agreement pursuant to which the Company has provided management and financial consulting services to CECO for a monthly fee of $20,000 through July 1998 and $35,000 per month thereafter. This agreement was originally due to expire in December 31, 1998, but was extended by the parties and will automatically renew for one-year terms unless cancelled by the Company.

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, 1999 and 1998 reflects the operations of the Company consolidated with the operations of CECO. At March 31, 1999, the Company owned 93.6% of CECO. Minority interest in the consolidated statement of operations has been presented as a reduction in net income.

The Company received $105,000 and $60,000 during the three month periods ended March 31, 1999 and 1998, respectively, 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.

The Company has no income, revenues or expenses other than as a result of its investment in CECO, its consulting agreement with CECO, and its investment in marketable securities. 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-Indiana") 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-Indiana provides facilities management, 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 31, 1999, CECO sold the contracts and customer list of U.S. Facilities Management's Arizona division for $250,000. The sales price was paid through a non-interest bearing promissory note from the purchaser. Monthly principal payments of $1,500 commence October 1, 1999 with a balloon payment for the balance due on April 1, 2007.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Three Months Ended March 31, 1999 to Three Months Ended March 31, 1998

Revenues from continuing operations were approximately $4.8 million and $5.7 million for the three months ended March 31, 1999 and 1998, respectively, a decrease of 17%. The decrease in revenues from 1998 to 1999 resulted primarily from a decrease in sales orders, particularly new orders. While sales in CECO's Air Quality Improvement segment were approximately 9% higher ($2.18 million for the three months ended March 31, 1999 compared to $2.0 million for the three months ended March 31, 1998), revenues in CECO's Ventilation and Environmental Product segment were approximately 27% lower ($2.8 million for the three months ended March 31, 1999 compared to $3.8 million for the three months ended March 31, 1998).

CECO's backlog of orders at March 31, 1999 was approximately $7.2 million as compared to approximately $10.6 million at March 31, 1998, a decrease of $3.4 million or 32%. There can be no assurance that order backlog will be replicated, or increased, or translate into higher revenues 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 significant portion of its product.

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

CECO's overall cost of revenues from continuing operations decreased as a percentage of sales for the three months ended March 31, 1999 (58.3%) compared to the three months ended March 31, 1998 (60.8%). The decrease is attributed to lower material costs, as well as lower costs incurred to service CECO products. CECO 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.

CECO's selling and administrative expenses from continuing operations amounted to $1,461,439 for the three-month period ended March 31, 1999 compared to $1,614,587 for the three-month period ended March 31, 1998, representing a decrease of $153,148 or 9.5%.

CECO incurred management fees to the Company of $105,000 and $60,000 during the three-month periods ended March 31, 1999 and 1998, respectively.

Interest expense increased by $28,800 or 48.7% during the three-month period ended March 31, 1999 when compared to the same period in 1998. The increase in interest expense can be attributed to an increased utilization of the bank line of credit from a new credit facility with an increased line of credit, during the three months ended March 31, 1999, compared to the previous year.

CECO earned income from continuing operations, after taxes, of $129,799 for the three-month period ended March 31, 1999 as compared to $248,244 for the three-month period ended March 31, 1998. This change is attributed principally to the decrease in revenues for the three-month period ended March 30, 1999 over the comparable period in 1998.

The provision for federal and state income taxes for the three-month period ended March 31, 1999 amounted to $93,200 compared to $165,000 for the three-month period ended March 31, 1998 and reflects an effective income tax rate of approximately 42% and 40% for each respective 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.

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, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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MAR-31-1999
MAR-31-1999
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