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, 1997 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, 1997 7,969,128

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
SEPTEMBER 30, 1997

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CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
ASSETS		
Current assets:		
Cash	$ 877,710	$ 412,174
Marketable securities - trading	727,948	1,015,521
Accounts receivable	4,037,775	2,077,045
Inventories	678,793	565,371
Costs and estimated earnings in excess of billings on uncompleted contracts	234,394	--
Prepaid expenses and other current assets	129,118	45,464
Prepaid income taxes	103,348	--
Deferred income taxes	58,735	58,735
Total current assets	6,847,821	4,174,310
Property and equipment, at cost, net	1,989,198	1,806,126
Intangible assets, at cost, net	6,035,486	3,220,841
Total assets	$14,872,505	$ 9,201,277
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term obligations	$ 1,040,576	$ 400,000
Current portion of long-term debt	323,043	83,100
Current portion of capital lease obligation	5,554	6,043
Accounts payable and accrued expenses	2,257,926	1,220,595
Billings in excess of costs and estimated earnings on uncompleted contracts	1,873,918	--
Due to former owners of Busch Co.	331,196	--
Income taxes payable	--	276,976
Total current liabilities	5,832,213	1,986,714
Long-term debt, less current portion	1,825,587	1,132,869
Capital lease obligation, less current portion	5,298	9,882
Total liabilities	7,663,098	3,129,465
Minority interest	273,648	964,203
Shareholders' equity:		
Preferred stock, $.01 par value; 10,000,000 shares authorized, none issued	--	--
Common stock, $.01 par value; 100,000,000 shares authorized, 8,107,048 and 7,338,548 shares issued, respectively	81,070	73,385
Capital in excess of par value	9,860,063	8,178,998
Accumulated deficit	(2,656,705)	(2,796,105)
	7,284,428	5,456,278
Less treasury stock, at cost	(348,669)	(348,669)
Net shareholders' equity	6,935,759	5,107,609
Total liabilities and shareholders' equity	$14,872,505	$ 9,201,277

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30, 1997	THREE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1997	NINE MONTHS ENDED SEPTEMBER 30, 1996
Net sales	$ 4,971,942	$ 2,195,120	$10,439,429	$ 6,220,217
Costs and expenses:				
Cost of sales	2,826,672	1,172,444	5,623,699	3,277,633
Selling and administrative	2,300,143	792,709	4,275,904	2,416,063
Depreciation and amortization	127,845	118,107	367,634	334,013
	5,254,660	2,083,260	10,267,237	6,027,709
Income (loss) from operations	(282,718)	111,860	172,192	192,508
Investment income	37,350	27,801	107,926	50,690
Interest expense	(17,885)	(34,390)	(67,263)	(118,440)
Income (loss) before provision (credit) for income taxes	(263,253)	105,271	212,855	124,758
Provision (credit) for income taxes	(109,000)	44,192	52,000	52,192
Income (loss) before minority interest	(154,253)	61,079	160,855	72,566
Minority interest	52,793	(19,969)	(21,455)	(22,789)
Net income (loss)	($ 101,460)	$ 41,110	$ 139,400	$ 49,777
Net income (loss) per share, primary and fully diluted	($ .01)	$ .01	$ .02	$ .01
Weighted average number of common shares outstanding	7,774,961	7,037,128	7,412,739	6,950,861

See accompanying notes to condensed consolidated financial statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

INCREASE (DECREASE) IN CASH	NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
Cash flows from operating activities:		
Net income	$ 139,400	$ 49,777
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	367,634	334,013
Amortization of deferred charges	--	75,000
Minority interest	21,455	22,789
(Increase) decrease in operating assets, net of acquisition of Busch Co.:		
Purchases of marketable securities	(1,191,998)	(1,408,200)
Proceeds from sales of marketable securities	1,501,143	502,876
Accounts receivable	(1,960,730)	469,975
Inventories	31,957	(24,980)
Costs and estimated earnings in excess of billings on uncompleted contracts	(234,394)	--
Prepaid expenses and other current assets	(70,595)	(65,406)
Prepaid income taxes	(103,348)	--
Increase (decrease) in operating liabilities, net of acquisition of Busch Co.:		
Accounts payable and accrued expenses	1,037,331	(406,714)
Income taxes payable	(276,976)	73,261
Billings in excess of costs and estimated earnings on uncompleted contracts	1,873,918	--
Due to former owners of Busch Co.	331,196	--
Net cash provided by (used in) operating activities	1,465,993	(377,609)
Cash flows from investing activities:		
Acquisition of Busch Co. allocated to:		
Goodwill	(1,717,421)	--
Inventory	(145,379)	--
Equipment	(131,818)	--
Patents	(92,323)	--
Prepaid expenses	(13,059)	--
Additions to property and equipment and intangible assets	(468,624)	(72,503)
Advances to officers	--	(34,000)
Net cash (used in) investing activities	(2,568,624)	(106,503)

CONTINUED ON NEXT 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, 1997	1996
Cash flows from financing activities:		
Increase in long-term debt	$1,000,000	$ --
Proceeds from issuance of common stock	--	27,500
Proceeds from (reduction of) short-term obligations	640,576	(150,000)
Repayments of long-term debt and capital lease obligation	(72,409)	(175,056)
Net cash provided by (used in) financing activities	1,568,167	(297,556)
Net increase (decrease) in cash	465,536	(781,668)
Cash at beginning of period	412,174	1,043,011
Cash at end of period	$ 877,710	$ 261,343

SUPPLMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for:		
Interest	$ 67,263	$ 118,440
Income taxes	$ 432,324	$ 23,800

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Presentation of Financial Statements

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, 1997 and the results of operations for the three-month and nine-month periods ended September 30, 1997 and 1996 and cash flows for the nine-month periods ended September 30, 1997 and 1996. The condensed consolidated financial statements should be read in conjunction 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 1996 Annual Report to stockholders. The results of operations for the nine-month period ended September 30, 1997 are not necessarily indicative of the results to be expected for the full year, or any future interim period.

2. Acquisition of Business

On September 25, 1997, pursuant to an Asset Purchase Agreement, New Busch Co., Inc., a wholly-owned subsidiary of CECO Filters, Inc., acquired substantially all of the assets, and the business, of Busch Co. ("Busch") for $2,100,000 in cash. Busch, located in Pittsburgh, Pennsylvania, was engaged in the business of marketing, selling, designing and assembling ventilation, environmental and process-related products, and also provided manufacturer's representative services to certain companies or manufacturers in support or related businesses. The acquisition was accounted for as a purchase. The Asset Purchase Agreement provides that, notwithstanding the actual September 25, 1997 closing date, the closing was deemed to be effective as of July 1, 1997. The condensed consolidated statement of operations for the three-month and nine-month periods ended September 30, 1997, therefore, includes the operations of New Busch Co. since July 1, 1997.

On a pro forma basis, results of operations for the nine-month periods ended September 30, 1997 and 1996 would have been as follows, if the acquisition had been made as of January 1, 1996:

	NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
Net sales	$17,343,271	$15,033,989
Income before taxes on income	388,450	473,312
Net income	215,950	189,379
Net income per share	$.03	$.03

3. Inventories consisted of the following:

	September 30, 1997	December 31, 1996
Raw materials	$409,617	$410,949
Finished goods	269,176	154,422
	$678,793	$565,371

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 1996, the Company exchanged 2,953,964 additional shares of its common stock for 2,953,964 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, which were subsequently sold in September, 1997. In June, 1997, the Company exchanged 186,000 additional shares of its common stock for 186,000 shares of CECO's common stock with unrelated third parties. On August 13, 1997, the Company exchanged 582,500 shares of its common stock for 1,165,000 shares of CECO's common stock with an officer of CECO. As of September 30, 1997, the Company owned 87.5% of CECO's common stock.

Summarized financial information of CECO as of and for its nine months ended September 30, 1997, is as follows:

Financial position:	
Working capital	$ 300,744
Total assets	$ 10,302,507
Net shareholders' equity	$ 2,180,460
Results of operations:	
Net sales	$ 10,439,429
Income before income taxes	$ 131,118
Net income	$ 79,118

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 increased from $1,427,695 at December 31, 1996 to $1,605,658 at September 30, 1997. This increase of $177,963 is attributable principally to the source of cash from operating activities of $1,156,848 (excluding activities involving marketable securities) during the nine months ended September 30, 1997, offset by cash of approximately $160,000 used towards the acquisition of Busch Co., $368,000 used to acquire additional equipment and intangible assets, and $472,000 to repay existing debt.

Management believes that the expected revenues from operations of CECO Filters, Inc. ("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 have 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 investment income from its investment 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, 1997 and 1996 reflects 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. Minority interest in the consolidated statement of operations has been presented as a reduction in net income or loss.

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"), Compliance Systems International, Inc. ("CSI"), 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.

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

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. 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. CSI offers innovative patented technologies, Catenary Grid(R) and Narrow Gap Venturi(TM), designed for use with heat and mass transfer operations and particulate control. USFM provides facilities management and software, as well as outsourced plant-wide maintenance management to help customers achieve their performance goals. On September 25, 1997, CECO acquired substantially all of the assets of Busch Co. of Pittsburgh, PA, effective July 1, 1997. 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.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Nine Months Ended September 30, 1997 to Nine Months Ended September 30, 1996

Revenues were approximately $10.4 million and $6.2 million for the nine-month periods ended September 30, 1997 and 1996, respectively, representing an increase of 67.8%. The increase in revenues from 1996 to 1997 resulted primarily from an increase in sales orders, particularly new orders, which is a result of the implementation of a target marketing approach, focusing the CECO Group's efforts on opportunities in markets that are ready for its specialized systems and services. In addition, the acquisition of Busch Co., effective July 1, 1997, had the impact of increasing revenues by $2.7 million.

The CECO Group's backlog of orders at September 30, 1997 was approximately $10 million as compared to approximately $5.8 million at September 30, 1996, an increase of $4.2 million or 72%. There can be no assurance that order backlog will be replicated, or increased, or translate into higher revenue 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, 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 the CECO Group's dependence on the efforts of middle men to sell a significant portion of its product.

The CECO Group's overall cost of revenues increased as a percentage of sales for the nine months ended September 30, 1997 (53.9%) compared to the nine months ended September 30, 1996 (52.7%). The increase is attributed to the impact of Busch Co. where costs as a percentage of revenues amounted to 64% from July 1, 1997 through September 30, 1997. Without the impact of Busch Co., the cost of revenues as a percentage of revenues would have been 50.3%. The decrease, compared to the prior year and without the impact of Busch Co., 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.

Results of Operations - CECO (Company's Subsidiary)

Comparison of Nine Months Ended September 30, 1997 to Nine Months Ended September 30, 1996 - Continued

The CECO Group's selling and administrative expenses amounted to $4,137,533 for the nine-month period ended September 30, 1997 compared to $2,248,916 for the nine-month period ended September 30, 1996, representing an increase of $1,888,617, or 84%. A significant amount of this increase is attributable to selling and administrative expenses of Busch Co. since the effective date of the acquisition, as well as selling and administrative expenses associated with USFM which only recently commenced its operations. The selling and administrative expenses of Busch include a $500,000 charge for a sign-on bonus to a former officer of Busch Co. in connection with a three-year employment agreement. A substantial portion of the selling and administrative expenses are fixed in nature.

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 from January, 1995 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 $180,000 during each of the nine-month periods ended September 30, 1997 and 1996.

Interest expense decreased by $51,177, or 43.2%, during the nine-month period ended September 30, 1997, when compared to the same period in 1996. 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, 1997 compared to the previous year.

The CECO Group earned pre-tax income of $131,118 for the nine-month period ended September 30, 1997 compared to pre-tax income of $116,910 for the nine-month period ended September 30, 1996. This change is attributed principally to the increase in revenues for the nine-month period ended September 30, 1997 with the comparable period of 1996, offset by the increase in costs and expenses.

The provision for federal and state income taxes for the nine-month periods ended September 30, 1997 and September 30, 1996 were comparable.

Comparison of Three Months Ended September 30, 1997 to Three Months Ended September 30, 1996

Revenues were approximately $5 million and $2.2 million for the three-month periods ended September 30, 1997 and September 30, 1996, respectively, representing an increase of 126%. The increase in revenues is primarily attributable to the Busch Co. which accounted for approximately $2.7 million of the CECO Group's consolidated revenues.

Comparison of Three Months Ended September 30, 1997 to Three Months Ended September 30, 1996 - Continued

The CECO Group's overall cost of revenues increased as a percentage of sales for the three months ended September 30, 1997 (56.8%) compared to the three months ended September 30, 1996 (53.4%). The increase is attributed to the impact of Busch Co. where costs as a percentage of revenues amounted to 64% from July 1, 1997 through September 30, 1997. Without the impact of Busch Co., the cost of revenues as a percentage of revenues would have been 48.1%. The decrease, compared to the prior year and without the impact of Busch Co., is attributed to lower raw 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 $2,239,767 for the three-month period ended September 30, 1997 compared to $728,168 for the three-month period ended September 30, 1996, representing an increase of $1,511,599 or 207.6%. A significant amount of this increase is attributable to selling and administrative expenses of Busch Co. since the effective date of the acquisition, as well as selling and administrative expenses associated with USFM which only recently commenced its operations. The selling and administrative expenses of Busch include a $500,000 charge for a sign-on bonus to a former officer of Busch Co. in connection with a three-year employment agreement. Excluding the impact of Busch Co. and USFM, the Company'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, 1997, when compared to the same period in 1996, as a result of reduced utilization of the bank line of credit.

The CECO Group incurred a pre-tax loss of $272,938 for the three-month period ended September 30, 1997 compared to pre-tax income of $101,118 for the three-month period ended September 30, 1996. This change is attributed principally to the one-time charge incurred for the sign-on bonus described previously.

The credit for federal and state income taxes for the three-month period ended September 30, 1997 amounted to $109,000 compared to a provision for federal and state income taxes of $44,192 for the three-month period ended September 30, 1996.

The Company is very excited about the addition of Busch Co. to its group. One of our main strategies is to develop an organization that is equipped to satisfy customers' needs by building an organization with skill sets and core competencies that provide value added services to them. We plan to continue to build on this strategy.

Part II - Other Information

Item 5 - Other Information

On August 13, 1997, CECO Environmental Corp. (the "Company") exchanged 582,500 newly issued shares of common stock for 1,165,000 shares of common stock of CECO Filters, Inc. ("Filters") with an executive officer of Filters. The exchange ratio was one share of common stock of the Company for two shares of common stock of Filters. Immediately after the exchange transaction, the Company owned 87.5% of the outstanding common stock of Filters.

Item 6 - Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K - September 25, 1997 - Acquisition of substantially all assets and business of Busch Co.

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, 1997

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, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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DEC-31-1997
SEP-30-1997
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