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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 10-QSB**

**QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2007

Commission file number 0-21832

**TURBOSONIC TECHNOLOGIES, INC.**

(Exact Name of Small Business Issuer as Specified in its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**13-1949528**  
(I.R.S. Employer  
Identification No.)

**550 Parkside Drive, Suite A-14,  
Waterloo, Ontario, Canada  
N2L 5V4**  
(Address of principal executive offices)

**(519) 885-5513**  
(Issuer's telephone number)

Check whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the Issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the Issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares outstanding of the Issuer's common stock as of December 31, 2007: 15,130,054

Transitional Small Business Disclosure Format (check one): Yes  No

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**PART I: FINANCIAL INFORMATION****ITEM 1****CONSOLIDATED CONDENSED STATEMENT OF INCOME (LOSS)  
AND COMPREHENSIVE INCOME (LOSS)**

United States dollars (unaudited)

	For the Three Months Ended December 31, 2007 \$	For the Three Months Ended December 31, 2006 \$	For the Six Months Ended December 31, 2007 \$	For the Six Months Ended December 31, 2006 \$
<b>CONTRACT REVENUE AND SALES</b>				
OEM systems revenue	2,167,998	8,656,545	4,396,119	10,873,969
Aftermarket revenue	927,779	933,221	1,961,234	1,853,527
	<b>3,095,777</b>	<b>9,589,766</b>	<b>6,357,353</b>	<b>12,727,496</b>
<b>CONTRACT COSTS AND COST OF SALES</b>				
OEM systems contract costs and costs of sales	1,725,382	7,227,337	3,730,869	9,134,733
Aftermarket contract costs and costs of sales	526,902	623,361	1,196,895	1,209,863
	<b>2,252,284</b>	<b>7,850,698</b>	<b>4,927,764</b>	<b>10,344,596</b>
<b>Gross profit</b>	<b>843,493</b>	<b>1,739,068</b>	<b>1,429,589</b>	<b>2,382,900</b>
<b>EXPENSES</b>				
Selling, general and administrative	1,147,435	810,816	2,075,993	1,575,170
Research and development	48,140	82,123	63,872	157,779
Depreciation and amortization	47,939	53,392	91,662	87,089
	<b>1,243,514</b>	<b>946,331</b>	<b>2,231,527</b>	<b>1,820,038</b>
(Loss) income from operations	(400,021)	792,737	(801,938)	562,862
Interest income	11,390	46,812	30,935	88,516
(Loss) income before provision for income taxes	(388,631)	839,549	(771,003)	651,378
(Recovery of) provision for income taxes	(110,702)	39,265	(255,862)	39,265
<b>Net (loss) income</b>	<b>(277,929)</b>	<b>800,284</b>	<b>(515,141)</b>	<b>612,113</b>
Other comprehensive income (loss):				
Foreign currency translation adjustment	16,354	(90,171)	128,776	(85,511)
<b>Comprehensive (loss) income</b>	<b>(261,575)</b>	<b>710,113</b>	<b>(386,365)</b>	<b>526,602</b>
Weighted average number of shares	15,130,054	14,635,247	15,130,054	14,605,208
Diluted weighted average number of shares [note 8]	--	14,973,479	--	14,824,945
Basic (loss) income per share	(0.02)	0.05	(0.03)	0.04
Diluted earnings per share [Note 8]	--	0.05	--	0.04

See accompanying notes

**CONSOLIDATED CONDENSED BALANCE SHEET**

United States dollars (unaudited)

	December 31, 2007 \$	June 30, 2007 \$
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	1,529,987	2,452,710
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$27,212	3,430,232	1,605,489
Retentions receivable	630,913	67,120
Deferred contract costs and unbilled revenue [note 4]	1,826,775	1,367,777
Inventories	122,562	127,135
Other current assets	79,989	118,926
<b>Total current assets</b>	<b>7,620,458</b>	<b>5,739,157</b>
Property and equipment, less accumulated depreciation and amortization	427,825	479,120
Goodwill [note 6]	398,897	398,897
Deferred income taxes	810,214	461,729
Other assets	14,131	13,897
	<b>1,651,067</b>	<b>1,353,643</b>
<b>Total assets</b>	<b>9,271,525</b>	<b>7,092,800</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	1,820,663	1,105,013
Accrued charges [note 3]	567,665	459,565
Unearned revenue and contract advances [note 4]	2,283,828	688,535
Income taxes payable	64,704	21,123
Long-term debt, current portion	10,469	9,741
<b>Total current liabilities</b>	<b>4,747,329</b>	<b>2,283,977</b>
Long-term debt	16,334	20,045
	<b>4,763,663</b>	<b>2,304,022</b>
<b>Stockholders' equity</b>		
Authorized share capital		
30,000,000 common shares, par value \$0.10 per share		
1,500 preferred shares, no par value		
Issued share capital		
14,289,950 common shares [12,601,950 at June 30, 2007]	2,549,446	2,549,446
840,104 common shares reserved for the conversion of the subsidiary's Class B exchangeable shares		
Additional paid – in capital [notes 5 and 7]	3,498,750	3,396,301
	<b>6,048,196</b>	<b>5,945,747</b>
Accumulated other comprehensive income	618,754	489,978
Accumulated deficit	(2,159,088)	(1,646,947)
<b>Total stockholders' equity</b>	<b>4,507,862</b>	<b>4,788,778</b>
<b>Total liabilities and stockholders' equity</b>	<b>9,271,525</b>	<b>7,092,800</b>

See accompanying notes

**CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS**

United States dollars (unaudited)

	For the Six Months Ended December 31, 2007 \$	For the Six Months Ended December 31, 2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income	(515,141)	612,113
Add charges to operations not requiring a current cash payment:		
Stock-based compensation	102,448	--
Depreciation and amortization	91,662	87,089
Deferred income tax	(335,123)	--
Changes in non-cash assets and liabilities related to operations:		
(Increase) in contracts and accounts receivable:	(1,722,837)	(1,582,259)
(Increase) in retentions receivable	(550,986)	(113,526)
Decrease (increase) decrease in inventories	14,260	(5,300)
(Increase) in deferred contract costs and unbilled revenue	(408,094)	(264,806)
Decrease in other current assets	45,375	38,919
Increase in accounts payable and accrued charges	705,721	1,314,664
Increase (decrease) in unearned revenue and contract advances	1,553,290	(1,634,870)
Increase in income taxes payable	43,982	30,702
<b>Cash (applied to) operating activities</b>	<b>(975,443)</b>	<b>(1,517,274)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(6,385)	(174,621)
<b>Cash (applied to) investing activities</b>	<b>(6,385)</b>	<b>(174,621)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	--	234,375
(Repayment) of obligations under capital leases	(5,118)	(3,939)
<b>Cash (applied to) provided by financing activities</b>	<b>(5,118)</b>	<b>230,436</b>
Effect of exchange rate changes on cash	64,223	(106,235)
<b>Cash provided (applied) during the period</b>	<b>(922,723)</b>	<b>(1,567,694)</b>
Cash and cash equivalents – beginning of period	2,452,710	5,506,643
<b>Cash and cash equivalents – end of period</b>	<b>1,529,987</b>	<b>3,938,949</b>
<b>Supplemental cash flow information:</b>		
Interest paid	--	(442)
Interest received	30,935	88,297
Income taxes paid	(24,887)	(20,418)

*See accompanying notes*

**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS****NOTE 1: GENERAL**

TurboSonic Technologies, Inc., directly and through subsidiaries, designs and markets integrated air pollution control and industrial gas cooling/conditioning systems including liquid atomization technology and dust suppression systems to ameliorate or abate industrial environmental problems.

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B. Accordingly, these financial statements do not include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended December 31, 2007 are not necessarily indicative of the results that may be expected for the full year ending June 30, 2008. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-KSB for the year ended June 30, 2007.

**NOTE 2: STOCK-BASED COMPENSATION**

We adopted Statement of Financial Accounting Standards (SFAS) No. 123(R), "Share-Based Payment", which replaces SFAS No. 123, "Accounting for Stock-Based Compensation", and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25) in the third quarter of fiscal 2006. We are using the modified prospective method, under which the Statement applies to new awards and to awards modified, repurchased or cancelled after the effective date. Additionally, compensation cost for the unvested portion of awards as of the effective date is required to be recognized as the awards vest after the effective date.

**NOTE 3: WARRANTY**

In accordance with FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others", we are required to make the following disclosure regarding product warranties.

As part of the normal sale of OEM systems, we have provided our customers with product warranties. The warranties generally extend for twelve months from the date of start-up or eighteen months after shipment to the customer. The following summarizes the accrual of product warranties that is recorded as part of other accrued charges in the accompanying consolidated condensed balance sheets:

	For the Three Months Ended December 31, 2007 \$	For the Three Months Ended December 31, 2006 \$	For the Six Months Ended December 31, 2007	For the Six Months Ended December 31, 2006
Opening balance	100,814	89,738	94,143	89,858
Payments made during the period	--	(4,803)	--	(8,740)
Warranty provision made during the period	(1,387)	1,670	5,284	5,487
<b>Closing balance</b>	<b>99,427</b>	<b>86,605</b>	<b>99,427</b>	<b>86,605</b>

**NOTE 4: COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS**

	December 31, 2007 \$	June 30, 2007 \$
Costs incurred on uncompleted contracts	36,555,159	31,909,286
Estimated earnings	6,492,780	6,502,626
	<b>43,047,939</b>	<b>38,411,912</b>
Less: Billings to date	(43,504,992)	(37,732,670)
	<b>(457,053)</b>	<b>679,242</b>
Included in accompanying consolidated condensed balance sheets under the following captions:		
Deferred contract costs and unbilled revenues	1,826,775	1,367,777
Unearned revenue and contract advances	(2,283,828)	(688,535)
	<b>(457,053)</b>	<b>679,242</b>

**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)****NOTE 5: WARRANTS**

In July 2005, we issued warrants to purchase 125,000 shares of our common stock at an exercise price of \$0.584 per share to Capstone Investments as part of the investment banking agreement signed by the two parties. The warrants will expire in July 2008. Based upon the Black-Scholes calculation, stock-based compensation expense was recorded in the first quarter of fiscal 2006 for \$31,250. All of these warrants were exercised in the second quarter of fiscal 2007.

**NOTE 6: GOODWILL**

We had adopted SFAS No. 142 effective July 1, 2001, under which goodwill is no longer amortized but is subject to an annual impairment review or more frequently if deemed appropriate. We completed the goodwill impairment test as at April 1, 2007 for the Aftermarket business segment, as required by SFAS No. 142. We have concluded that there has not been an impairment of goodwill associated with the Aftermarket segment for the year ended June 30, 2007. The next impairment test will be conducted as at April 1, 2008.

**NOTE 7: SHARE CAPITAL**

During the first, second and fourth quarters of fiscal 2007, options to purchase 96,875, 345,001 and 25,000 shares of our common stock, respectively, were exercised. No options to purchase shares of our common stock were exercised in the first two quarters of fiscal 2008.

At the January 5, 2007 board meeting, options to purchase 140,000 shares of our common stock were awarded to the current directors from the 2003 Stock Plan and options to purchase 175,000 shares of our common stock were awarded to current employees (including executive officers) from the 2003 Stock Plan. Stock options to purchase 20,000 shares of our common stock were awarded to a new director from the 2003 Stock Plan at the February 8, 2007 board meeting. The options awarded to directors have exercise prices of \$1.10 per share and \$1.35 per share respectively [Black-Scholes fair value \$0.62 and \$0.76], which were the market values at the close of business on January 5, 2007 and February 8, 2007, vest immediately and are exercisable for five years from the date of grant. The options awarded to employees have an exercise price of \$1.10 per share [Black-Scholes fair value \$0.70], which was the market value at the close of business on January 5, 2007, vest after three years and have an expiry date of five years from the date of grant. With this grant, there remain options to purchase 37,500 shares of our common stock in the 2003 Stock Plan and options to purchase 3,875 shares of our common stock in the 2000 Stock Plan available for future issuance. The stock-based compensation expense for the options granted to directors has been recognized in the third quarter of fiscal 2007 [\$102,000]. The stock-based compensation expense for the options granted to employees is being recognized over the vesting period [\$9,624 in the second quarter and in subsequent quarters to January 2010].

At the December 11, 2007 annual meeting, the 2008 Stock Plan was approved by a vote of shareholders. This new plan, which will expire in 2017, allows for 800,000 shares of common stock to be available for issuance pursuant to option grants under this Plan. As a provision of the 2008 Stock Plan, 20,000 options to purchase shares of common stock were granted to each of the eight directors of our company who were elected to serve at the December 11<sup>th</sup> annual meeting. The options awarded to directors have an exercise price of \$0.84 per share [Black-Scholes fair value \$0.52], which was the market value at the close of business on December 11, 2007, vest immediately and are exercisable for eight years from the date of grant.

**NOTE 8: EARNINGS PER SHARE**

Basic earnings per share is calculated based on the weighted average shares of common stock outstanding during the period. Diluted earnings per share is calculated based on the weighted average shares of common stock outstanding, plus the dilutive effect of stock options and warrants outstanding, calculated using the treasury stock method. Diluted loss per share is not calculated when the effect of calculation is anti-dilutive.

**NOTE 9: SEGMENT INFORMATION**

We commenced reporting to shareholders in 2003 on the two business segments into which management now classifies the business – OEM systems and Aftermarket. The comparative segment information has been reclassified to be consistent with this presentation.

	For the Three Months Ended December 31, 2007	For the Three Months Ended December 31, 2006	For the Six Months Ended December 31, 2007	For the Six Months Ended December 31, 2006
	\$	\$	\$	\$
(Loss) income before provision for income taxes:				
- OEM systems	(372,816)	836,266	(781,307)	592,873
- Aftermarket	(15,815)	3,283	10,304	58,505
<b>Total</b>	<b>(388,631)</b>	<b>839,549</b>	<b>(771,003)</b>	<b>651,378</b>

**NOTE 10: CONTINGENT LIABILITY**

On October 6, 2005 a statement of claim was filed against our company in the Ontario Superior Court of Justice (Canada) by Abuma Manufacturing Limited, one of our vendors, in which they claimed additional charges for work performed and refute our claim for back charges on a specific project. The claim is for CAD 95,647 in respect of unpaid accounts, CAD 50,000 for aggravated, punitive and/or

exemplary damages, interest on the past due accounts and costs of the action. It is our position that the claims are without merit and we have filed a statement of defense and counter-claim. Each company has filed an affidavit of documents and discovery of TurboSonic has been conducted.

## ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward-looking statements in this Report, including without limitation, statements relating to our plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward-looking statements involve risks and uncertainties, such as our dependence on environmental regulation and the concentration of our revenues among a small group of customers, which could cause actual results to differ materially from those expressed therein. In evaluating these statements, you should specifically consider the risks discussed in our Annual Report on Form 10-KSB for the year ended June 30, 2007 and other reports or documents that we have filed from time to time with the SEC.

We have focused sales and marketing and research and development activities on markets considered by us most likely to require our products, based on government regulations and related compliance timeframes. Our investment in research and development has resulted in designs that are the subject of patents recently awarded to TurboSonic. Several recent contracts feature these designs, which are now routinely incorporated in our offerings and further differentiate us from our competitors.

During the latter part of fiscal 2007 and the first quarter of fiscal 2008, significant bookings in the OEM systems business segment have been delayed by customers primarily as a consequence of regulatory confusion attributable to recent court decisions and challenges regarding implementation of new National Emission Standards for Hazardous Air Pollutants ('NESHAP') for Plywood and Composite Wood and Boiler MACT ('maximum achievable control technology') in the US. Courts vacated the Boiler MACT rule that now needs to be rewritten by the EPA and re-submitted for publication in the Federal Register for comment. Booking activity is expected first with regard to those projects subject to the Composite Wood MACT rules and later for those projects under the Boiler MACT rules. A number of projects booked in the past fiscal year from the ethanol, wood, minerals processing and petrochemical industries have continued into the first two quarters of fiscal 2008, with start-up currently commencing for a number of these projects.

In late December, we announced the award of a \$3.25 million order for a SonicKleen WESP from one of our wood products customers, which we expect will have a significant impact on our fiscal 2008 revenues. We anticipate additional orders to follow in the coming quarters. In order to speed our recovery to profitability, at the end of January we had instituted a 10% reduction in our workforce, together with other cost-cutting measures.

### Three Months ended December 31, 2007 Compared with Three Months ended December 31, 2006

OEM systems revenue decreased by \$6,488,547 (75.0%) to \$2,167,998 for the three-month period ended December 31, 2007 from \$8,656,545 for the same period in fiscal 2007. The decrease is the result of decreased bookings of OEM systems as discussed above.

Aftermarket revenue decreased by \$5,442 (0.6%) to \$927,779 for the three month period ended December 31, 2007 from \$933,221 for the same period one year earlier. The decreased revenue is the result of a slight decrease in shipments of spare parts in the second quarter.

OEM systems costs decreased by \$5,501,955 (76.1%) to \$1,725,382 for the three months ended December 31, 2007 from \$7,227,337 for the same period in fiscal 2007. The decreased costs are the result of decreased revenue volume as the result of the bookings shortfall of OEM systems as discussed above. As a percentage of OEM systems revenue, the OEM systems cost decreased to 79.6% for the three-month period ended December 31, 2007 from 83.5% for the same period in fiscal 2007 due to favorable fabrication variances experienced in the execution of gas absorption systems in the second quarter of fiscal 2008.

Aftermarket costs decreased by \$96,459 (15.5%) to \$526,902 for the three month period ended December 31, 2007 from \$623,361 for the same period one year earlier, largely as the result of more favorable gross margins achieved across most of the spare parts product lines. As a percentage of Aftermarket revenue, the Aftermarket costs decreased to 56.8% for the three-month period ended December 31, 2007 from 66.8% for the same period in fiscal 2007. The lower ratio of costs recorded was due to more favorable product pricing achieved across most product lines for spare parts processed in the second quarter of fiscal 2008.

Selling, general and administrative expenses increased \$336,619 (41.5%) to \$1,147,435 for the three month period ended December 31, 2007 from \$810,816 for the same period in fiscal 2007. The variance was the result of increased sales expenses (establishing European office - \$56,000 and salary increases - \$35,000), together with increased insurance premiums - \$12,000, new personnel - \$60,000, stock-based compensation expense (\$93,000) and the adverse exchange rate fluctuations on Canadian dollar-denominated expenses (\$65,000) incurred in the second quarter. The increased personnel expenses are the result of our decision to expand our spare parts capability, our presence in western North American markets and our sales and marketing capability. As a percentage of total revenue, selling, general and administrative expenses were 37.1% for the quarter ended December 31, 2007 and 8.5% for the same period one year earlier. Research and development costs were down \$33,983 to \$48,140 in the quarter ended December 31, 2007 from \$82,123 in the same period in fiscal 2007. This sizeable decrease in research and development costs is due to the substantial completion of the development of our WESP technology.

Loss before tax for the quarter was \$388,631 compared to income before taxes of \$839,549 for the same period in fiscal 2007. There was a recovery of income taxes of \$110,702 in the three month period ended December 31, 2007 compared to income tax expense of \$39,265 in the same period one year ago.

An "other comprehensive income" of \$16,354 was recorded for the three months ended December 31, 2007, as compared to "other comprehensive loss" of \$90,171 for the same period in fiscal 2007. The change in "other comprehensive income" between the comparative quarters was the result of the fluctuation in the value of the Canadian dollar relative to the US dollar in the fiscal period, and the resulting changes in our balance sheet relative to Canadian dollar-denominated accounts.

## Six Months ended December 31, 2007 Compared with Six Months ended December 31, 2006

OEM systems revenue decreased by \$6,477,850 (59.6%) to \$4,396,119 for the six-month period ended December 31, 2007 from \$10,873,969 for the same period in fiscal 2007. The decrease is the result of a decreased level of OEM system bookings, as discussed above.

Aftermarket revenue increased by \$107,707 (5.8%) to \$1,961,234 for the six month period ended December 31, 2007 from \$1,853,527 for the same period one year earlier. The increased revenue is the result of increased shipments of spare parts in the first six months of fiscal 2008 as the direct result of our greater focus on aftermarket orders in the current fiscal year.

OEM systems costs decreased by \$5,403,864 (59.2%) to \$3,730,869 for the six months ended December 31, 2007 from \$9,134,733 for the same period in fiscal 2007. The decreased costs are the result of decreased revenue volume as the result of the bookings shortfall of OEM systems as discussed above. As a percentage of OEM systems revenue, the OEM systems cost increased to 84.9% for the six-month period ended December 31, 2007 from 84.0% for the same period in fiscal 2007 due to WESP project overruns experienced in the last six months.

Aftermarket costs decreased by \$12,968 (1.1%) to \$1,196,895 for the six month period ended December 31, 2007 from \$1,209,863 for the same period one year earlier, largely as the result of more favorable gross margins achieved across most of the spare parts product lines. As a percentage of Aftermarket revenue, the Aftermarket costs decreased to 61.0% for the six-month period ended December 31, 2007 from 65.3% for the same period in fiscal 2007. The lower ratio of costs recorded was due to more favorable product pricing achieved across most product lines of spare parts orders processed in the first six months.

Selling, general and administrative expenses increased \$500,823 (31.8%) to \$2,075,993 for the six month period ended December 31, 2007 from \$1,575,170 for the same period in fiscal 2007. The variance was the result of increased sales expenses (establishing European office - \$66,000 and salary increases - \$68,000), together with increased insurance premiums - \$24,000 and new personnel - \$115,000, stock-based compensation expense (\$102,000) and the adverse exchange rate fluctuations on Canadian dollar-denominated expenses (\$125,000) incurred in the first half of the current fiscal year. The increased personnel expenses are the result of our decision to expand our spare parts capability, our presence in western North American market and our sales and marketing capability. As a percentage of total revenue, selling, general and administrative expenses were 32.7% for the quarter ended December 31, 2007 and 12.4% for the same period one year earlier. Research and development costs were down \$93,907 to \$63,872 in the quarter ended December 31, 2007 from \$157,779 in the same period in fiscal 2007. This sizeable decrease in research and development costs is due to the substantial completion of the development of our WESP technology.

Loss before tax was \$771,003 compared to income before taxes of \$651,378 for the same period in fiscal 2007. There was a recovery of income taxes of \$255,862 in the six month period ended December 31, 2007 compared to income tax expense of \$39,265 in the same period one year ago.

An "other comprehensive income" of \$128,776 was recorded for the six months ended December 31, 2007, as compared to "other comprehensive loss" of \$85,511 for the same period in fiscal 2007. The change in "other comprehensive income" between the comparative quarters was the result of the fluctuation in the value of the Canadian dollar relative to the US dollar in the two fiscal periods, and the resulting changes in our balance sheet relative to Canadian dollar-denominated accounts.

## Liquidity and Capital Resources

Net cash applied to operating activities was \$975,443 for the six-month period ended December 31, 2007 as compared to net cash applied to operating activities of \$1,517,274 for the same period in fiscal 2007. The improvement in net cash applied to operating activities in fiscal 2008 is primarily the result of more favorable progress terms of payment on certain contracts than in fiscal 2007.

At December 31, 2007, we had working capital of \$2,873,129, as compared to working capital at June 30, 2007 of \$3,455,180, a decrease of \$582,051. Our current ratio (current assets divided by current liabilities) was 1.61 and 2.51 at December 31, 2007 and June 30, 2007, respectively.

Our contracts typically provide for progress payments based upon the achievement of performance milestones or the passage of time. Our contracts often provide for our customers to retain a portion of the contract price until the achievement of performance guarantees has been demonstrated. We endeavor to have our progress billings exceed our costs and estimated earnings on uncompleted contracts; however, it is possible that, at any point in time, costs and estimated earnings can exceed progress billings on uncompleted contracts, which would negatively impact cash flow and working capital. At December 31, 2007, "Unearned revenue and contract advances" exceeded "Deferred contract costs and unbilled revenue" by \$457,053, thereby positively impacting cash flow. At June 30, 2007, "Deferred contract costs and unbilled revenue" exceeded "Unearned revenue and contract advances" by \$679,242. The variance at December 31, 2007 is the result of favorable terms of payment with our current contracts in progress.

Our backlog at December 31, 2007 was approximately \$4.8 million, of which we believe approximately 86% will be shipped prior to the end of the current fiscal year.

At December 31, 2007, the cash and cash equivalents balance was \$1,529,987, which is a decrease of \$922,723 compared to June 30, 2007. We have no outstanding debt. Based upon the current cash position, expected revenue for fiscal 2008, anticipated new OEM orders and an anticipated steady stream of Aftermarket orders, we believe that projected cash generated from operations will be sufficient to meet our cash needs through December 31, 2008.

## Quantitative and Qualitative Information About Market Risk

We do not engage in trading market risk sensitive instruments and do not purchase hedging instruments or “other than trading” instruments that are likely to expose us to market risks, either interest rate, foreign currency exchange, commodity price or equity prices risk. We have not entered into forward or future contracts, purchased options and entered into swaps. We have no outstanding debt, which could subject us to the risk of interest rate fluctuations.

### ITEM 3: CONTROLS AND PROCEDURES

Our management carried out an evaluation, with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2007. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

There has not been any change in our internal control over financial reporting that occurred during the quarter ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II: OTHER INFORMATION

### ITEM 1: LEGAL PROCEEDINGS

Not applicable.

### ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable

### ITEM 3: DEFAULTS UPON SENIOR SECURITIES

Not applicable

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders was held December 11, 2007.  
The voting results of the meeting were as follows:

1) Election of Directors:

Name	For	Against
Edward F. Spink	10,177,906	2,031,345
Egbert Q. van Everdingen	11,421,561	787,690
Richard H. Hurd	10,177,514	2,031,737
Dr. Donald R. Spink	10,152,872	2,056,379
Julien J. Hradecky	11,996,092	213,159
Glen O. Wright	11,996,174	213,077
Andrew T. Meikle	11,985,837	223,414
Ken Kivenko	11,996,174	213,077

2) Approval of the TurboSonic Technologies, Inc. 2008 Stock Plan:

For	Against	Abstention
8,112,438	1,313,759	7,938

3) Ratification of the Appointment of Mintz & Partners LLP (which recently merged with Deloitte & Touche LLP) as Independent Auditors:

For	Against	Abstention
11,612,468	587,193	84,957

**ITEM 5: OTHER INFORMATION**

Not applicable

**ITEM 6: EXHIBITS**

Exhibit 31.1                    Rule 13a-14(a)/15d-14(a) Certifications  
Exhibit 32.1                    Section 1350 Certifications

**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.

Dated: February 14, 2008

**TURBOSONIC TECHNOLOGIES, INC.**

By: /s/ Carl A. Young

\_\_\_\_\_  
**Carl A. Young**

**Chief Financial Officer**

## 302 Certification

I, Edward F. Spink, certify that:

1. I have reviewed this Form 10-QSB of TurboSonic Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2008

/s/ EDWARD F. SPINK  
Edward F. Spink  
Chief Executive Officer

302 Certification

I, Carl A. Young, certify that:

1. I have reviewed this Form 10-QSB of TurboSonic Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2008

/s/ CARL A. YOUNG  
Carl A. Young  
Chief Financial Officer

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of TurboSonic Technologies Inc., (the "Company"), on Form 10-QSB for the period ending December 31, 2007, as filed with the Securities and Exchange Commission, (the "Report"), I, Edward F. Spink, Chief Executive Officer of the Company, certify, pursuant to 18U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ EDWARD F. SPINK  
Edward F. Spink  
Chief Executive Officer  
February 14, 2008

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of TurboSonic Technologies Inc., (the "Company"), on Form 10-QSB for the period ending December 31, 2007, as filed with the Securities and Exchange Commission, (the "Report"), I, Carl A. Young, Chief Financial Officer of the Company, certify, pursuant to 18U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ CARL A. YOUNG  
Carl A. Young  
Chief Financial Officer  
February 14, 2008