

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
CURRENT REPORT
(Amendment No. 1)

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) June 1, 1999

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

1-11596

58-1954497

(State or other
jurisdiction of
incorporation)

(Commission File
Number)

(IRS Employer
Identification No.)

1940 N.W. 67th Place, Suite A, Gainesville, Florida

32653

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(352) 373-4200

Not applicable

(Former name or former address, if changed since last report)

Item 7. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

On June 16, 1999, Perma-Fix Environmental Services, Inc. (the "Company") filed a Form 8-K to report its acquisition of all of the outstanding capital stock of (i) Chemical Conservation Corporation, a Florida corporation ("Chemical Florida") and Chemical Conservation of Georgia, Inc., a Georgia corporation ("Chemical Georgia") pursuant to the terms of a Stock Purchase Agreement executed on May 27, 1999, among the Company; Chemical Florida;

Chemical Georgia; The Thomas P. Sullivan Living Trust, dated September 6, 1978 ("TPS Trust"); The Ann L. Sullivan Living Trust, dated September 6, 1978 ("ALS Trust"); Thomas P. Sullivan, an individual ("TPS"); and Ann L. Sullivan, an individual ("ALS"), and (ii) Chem-Met Services, Inc., a Michigan corporation ("Chem-Met"), pursuant to the terms of a Stock Purchase Agreement executed on May 27, 1999, among the Company, Chem-Met, the TPS Trust, the ALS Trust, TPS, and ALS. Pursuant to Item 7 of Form 8-K, the Company indicated it would file certain financial information no later than the date required by Item 7 of Form 8-K. This Amendment No. 1 is being filed to provide such financial information.

(I) Audited Financials

The following audited combined financial statements of Chemical Florida, Chemical Georgia and Chem-Met are filed as required by Rule 3.05(b) of Regulation S-X, as promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are attached hereto as Exhibit 99.2.

Report of Independent Certified Public Accountants Bovitz & Co.,
CPA, P.C.

Audited Combined Financial Statements:

- A. Combined Balance Sheets as of September 30, 1998 and 1997
- B. Combined Statements of Income and Retained Earnings for the Years Ended September 30, 1998, 1997 and 1996
- C. Combined Statements of Cash Flows for the Years Ended September 30, 1998, 1997 and 1996
- D. Notes to Financial Statements

II Unaudited Interim Financials

The following unaudited interim combined financial statements of Chemical Florida, Chemical Georgia and Chem-Met are filed as required by Rule 3.05(b) of Regulation S-X, as promulgated pursuant to the Securities Act and the Exchange Act are attached hereto as Exhibit 99.3.

- A. Unaudited Combined Balance Sheets for the three-month period ended March 31, 1999
- B. Consolidated Statements of Operations for the three-month period ended March 31, 1999 and 1998, and six-month period ended March 31, 1999 and 1998
- C. Combined Statement of Cash Flows for the six-month period ended March 31, 1999 and 1998

(b) Pro forma financial information.

The following unaudited pro forma financial information is filed as required by Article 11 of Regulation S-X, as promulgated pursuant to the Securities Act and the Exchange Act, and is attached hereto as Exhibit 99.4. The following information should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 1998 and Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999.

Unaudited Pro Forma Combined Condensed
Financial Statements of the Company, Chem-Con and Chem-Met

- A. Unaudited Pro Forma Condensed Combined Balance Sheet as of December 31, 1998
- B. Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 1998
- C. Unaudited Pro Forma Condensed Combined Balance Sheet as of March 31, 1999
- D. Unaudited Pro Forma Condensed Combined Statement of Operations for the quarter ended March 31, 1999
- E. Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

(c) Exhibits.

- 2.1* Stock Purchase Agreement dated as of May 27, 1999, among Perma-Fix Environmental Services, Inc., Chemical Conservation Corporation, Chemical Conservation of Georgia, Inc., the Thomas P. Sullivan Living Trust, dated September 6, 1978, the Ann L. Sullivan Living Trust, dated September 6, 1978, Thomas P. Sullivan, and Ann L. Sullivan.

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- 2.2* Stock Purchase Agreement dated as of May 27, 1999, among Perma-Fix Environmental Services, Inc., Chem-Met Services, Inc., the Thomas P. Sullivan Living Trust, dated September 6, 1978, the Ann L. Sullivan Living Trust, dated September 6, 1978, Thomas P. Sullivan, and Ann L. Sullivan.
- 4.1* Amendment and Joinder to Loan and Security Agreement (the "Loan Amendment") dated May 27, 1999, among Congress Financial Corporation (Florida), Perma-Fix Environmental Services, Inc. and the subsidiaries of Perma-Fix Environmental Services, Inc.
- 4.2* Subordination Agreement dated May 27, 1999 among Congress Financial Corporation (Florida), Perma-Fix Environmental Services, Inc., the subsidiaries of Perma-Fix Environmental Services, Inc., the Thomas P. Sullivan Living Trust dated September 6, 1978 and the Ann L. Sullivan Living Trust dated September 6, 1978
- 10.1* Promissory Note for \$1,230,000 issued to the Ann L. Sullivan Living Trust dated September 6, 1978
- 10.2* Promissory Note for \$1,970,000 issued to the Ann L. Sullivan Living Trust dated September 6, 1978
- 10.3* Promissory Note for \$1,500,000 issued to the Thomas P. Sullivan Living Trust dated September 6, 1978
- 10.4* Non-recourse Guaranty dated May 28, 1999, by and among Chem-Met Services, Inc., the Thomas P. Sullivan Living Trust dated September 6, 1978, and the Ann L. Sullivan Living Trust dated September 6, 1978.
- 10.5* Mortgage dated May 28, 1999, by Chem-Met Services, Inc. to the

Thomas P. Sullivan Living Trust dated September 6, 1978 and the
Ann L. Sullivan Living Trust dated September 6, 1978.

23.1 Consent of Bovitz & Co., P.C.

99.1* Press release, dated June 2, 1999

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99.2 Audited combined financial statements of Chemical
Conservation Corporation, Chemical Conservation of
Georgia, Inc. and Chem-Met Services, Inc.

99.3 Unaudited combined interim financial statements of
Chemical Conservation Corporation, Chemical
Conservation of Georgia, Inc. and Chem-Met
Services, Inc.

99.4 Pro Forma Financial Information

* Filed as an exhibit to the Company's Current Report on Form 8-K dated
June 1, 1999.

SIGNATURES

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 hereunto duly authorized.

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By: /s/ Richard T. Kelecy

Richard T. Kelecy
Chief Financial Officer

Date: August 16, 1999

B O V I T Z

 & CO, CPA, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

CONSENT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Perma-Fix Environmental Services, Inc.
Gainesville, Florida

We hereby consent to the incorporation by reference of our report dated January 26, 1999, relating to the combined financial statements and schedule of Chemical Conservation Corporation, Chemical Conservation of Georgia, Inc. and Chem-Met Services, Inc. and subsidiaries appearing in the Report on Form 8-K/A, earliest event June 2, 1999 of Perma-Fix Environmental Services, Inc. (the "Company") into the Company's previously filed Forms S-3 and S-8 Registration Statement, File Nos. 33-85118 (S-3), 333-14513 (S-3), 333-43149 (S-3), 33-80580 (S-8), 333-3664 (S-8), 333-17899 (S-8) and 333-25835 (S-8).

/s/ Robert L. Bovitz
Robert L. Bovitz
Bovitz & Co., CPA, P.C.

Trenton, Michigan
August 12, 1999

1651 Kingsway Court * P. O. Box 445/Trenton, Michigan 48183-0445
Phone: (734) 671-5300 / Fax: (734) 671-6504 /
Website: bovitzcpa.com /E-Mail: bovitz@bovitzcpa.com

CHEM-MET SERVICES COMBINED ENTITIES
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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B O V I T Z

 & C O . C P A , P . C .

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of

Chem-Met Services Combined Entities

We have audited the accompanying combined balance sheets of Chem-Met Services Combined Entities as of September 30, 1998 and 1997, and the related combined statements of income and retained earnings and cash flows for each of the three years in the period ended September 30, 1998. We have also audited the schedules listed in the accompanying index. These combined financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Chem Met Services Combined Entities at September 30, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1998, in conformity with generally accepted accounting principles.

Also, in our opinion, the schedules present fairly, in all material respects, the information set forth therein.

/s/ Bovitz & Co., CPA, PC

Bovitz & Co., CPA, P.C.
Trenton, Michigan 48183

January 26, 1999

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CHEM-MET SERVICES COMBINED ENTITIES
COMBINED BALANCE SHEETS
SEPTEMBER 30, 1998 AND 1997

	ASSETS	9/30/98	9/30/97
CURRENT ASSETS			
<S>		<C>	<C>
Cash	\$	334,242	\$ 599,980
Restricted Cash		494,449	539,367
Accounts Receivable		5,043,064	4,551,552

Prepaid Federal Income Tax	27,610	-0-
Notes Receivable - Other	26,042	9,606
TOTAL CURRENT ASSETS	5,925,407	5,700,505
PROPERTY AND EQUIPMENT		
Property and Equipment, Net of Accumulated Depreciation	6,636,079	7,205,665
OTHER ASSETS		
Note Receivable - Officer	1,064,939	869,032
Other Assets	36,153	46,036
TOTAL OTHER ASSETS	1,101,092	915,068
TOTAL ASSETS	\$13,662,578	\$13,821,238
	=====	=====
LIABILITIES AND STOCKHOLDER EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,603,020	\$ 1,821,378
Payroll Taxes Payable	34,121	22,753
Federal Income Tax Payable	-0-	140,797
Accrued Expenses	1,078,390	801,843
Current Portion of Long-Term Debt	2,481,828	2,667,452
Current Portion of Settlements Payable	1,044,000	1,084,000
TOTAL CURRENT LIABILITIES	6,241,359	6,538,223
LONG-TERM LIABILITIES		
Accrued Environmental Cost	4,430,421	4,430,421
Accrued Closing Cost	449,783	440,277
Long-Term Debt, Less Current Maturities	1,553,606	1,772,472
Settlements Payable, Less Current Portion	264,000	396,000
NET LONG-TERM LIABILITIES	6,697,810	7,039,170
STOCKHOLDER EQUITY		
Common Stock	77,160	77,160
Retained Earning	646,249	166,685
TOTAL STOCKHOLDER EQUITY	723,409	243,845
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	\$13,662,578	\$13,821,238
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Bovitz & Co., CPA, P.C.
Trenton, Michigan 48183
(The Accompanying Notes Are An Integral Part
Of These Combined Financial Statements)

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CHEM-MET SERVICES COMBINED ENTITIES
COMBINED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 1998, 1997, AND 1996

	9/30/98	9/30/97	9/30/96
<S>	<C>	<C>	<C>
NET REVENUES	\$21,801,179	\$21,917,416	\$28,030,820
COST OF GOODS SOLD	14,133,618	14,348,058	19,582,877
GROSS PROFIT	7,667,561	7,569,358	8,447,943
SELLING GENERAL AND ADMINISTRATIVE EXPENSES	6,055,329	6,742,485	7,562,912
DEPRECIATION AND AMORTIZATION	798,788	755,071	920,137
INCOME (LOSS) FROM OPERATIONS	813,444	71,802	(35,106)
OTHER INCOME (EXPENSES)			
Interest and Other Income	26,511	286,782	63,823
Interest Expense	(360,391)	(391,353)	(405,401)
Other Expense			(200,000)
TOTAL OTHER INCOME (EXPENSES)	(333,880)	(104,571)	(541,578)
NET INCOME (LOSS) Before Federal Income Tax	479,564	(32,769)	(576,684)
FEDERAL INCOME TAX	-0-	(27,490)	(61,312)
NET INCOME (LOSS)	479,564	(60,259)	(637,996)
RETAINED EARNINGS - Beginning	166,685	226,944	864,940
RETAINED EARNINGS - Ending	\$ 646,249	\$ 166,685	\$ 226,944
	=====	=====	=====

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Bovitz & Co., CPA, P.C.
Trenton, Michigan 48183
(The Accompanying Notes Are An Integral Part
Of These Combined Financial Statements)

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CHEM-MET SERVICES COMBINED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	9/30/98	9/30/97	9/30/96
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net Income (Loss) from continuing			

operations	\$ 479,564	\$ (60,259)	\$ (637,996)
Adjustments to reconcile net income(loss) to cash provided by operations:			
Depreciation and amortization	798,788	755,071	920,137
Provision for bad debt reserves	606,006	(290,352)	(238,319)
Changes in assets and liabilities:			
Accounts receivable	(1,097,518)	700,684	(33,530)
Prepaid federal income tax	(168,407)	27,490	2,302
Accounts payable and accrued expenses	79,063	(1,180,716)	284,771
Net cash provided by continuing operations	697,496	(48,082)	297,365
Cash flows from investing activities:			
Purchases of property and equipment, net	(304,829)	(379,835)	(325,604)
Proceeds from sale of property and equipment	85,510	91,712	5,657
Change in restricted cash	44,918	451,138	-0-
Net cash used in investing activities	(174,401)	163,015	(319,947)
Cash flows from financing activities:			
Long-term financing new equipment	257,557	314,872	1,014,607
Principal repayments on long-term debt	(850,483)	(661,800)	(1,302,215)
Change in officer note receivable	(195,907)	205,785	(436,446)
Net cash used by financing activities	(788,833)	(141,143)	(724,054)
Increase(Decrease) in cash	(265,738)	(26,210)	(746,636)
Cash - Beginning	599,980	626,190	1,372,826
Cash - Ending	\$ 334,242	\$ 599,980	\$ 626,190
	=====	=====	=====

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Bovitz & Co., CPA, P.C.
Trenton, Michigan 48138
(The Accompanying Notes Are An Integral Part Of
These Financial Statements)

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CHEM-MET SERVICES COMBINED ENTITIES
NOTES TO FINANCIAL STATEMENTS

NOTE A - COMPANY OVERVIEW

Company Overview

Chem-Met Services, Inc. ("Chem-Met") operates a facility near Detroit, Michigan that processes acids, alkalis, adhesives, oils, paints, phosphates, plastisols, resins, sludges and other hazardous waste into inert solids that are economically compatible with the environment for placement in approved third-party non-hazardous landfills.

Chemical Conservation Corporation ("Chem-Con") runs a fully Part B-permitted T.S.D.F. and transfer station in Orlando, Florida, that processes acids, inorganic and organic waste, as well as depacking of lab packs. The company is fully licensed and equipped to transport hazardous waste.

Chemical Conservation of Georgia, Inc. ("Chem-Con Georgia") has a facility just north of the Florida border in Valdosta, Georgia, that recycles solvents and blends organic wastes to make virgin-fuel substitutes for cement kilns.

Chem-Met, Chem-Con, Chem-Con Georgia (collectively "Environmental Companies") have provided safe industrial waste management services for more than 25 years. The Enviromental Companies provide long-term, proven remedies for many types of waste streams--remedies that insure the longevity of the companies served and allow those companies to coexist with a healthy environment. Hazardous waste is a natural byproduct of our vast technological and industrial output. The assumption of responsibility for the safe, cost-effective, long-term management of industrial wastes is crucial not only to the health of the environment, but to the health of the businesses and industries that create the waste. The present objectives of the Enviromental Companies are to maximize the profitability of their existing business and to continue to search for new waste opportunities.

T.A.S. Leasing, Inc. ("TAS") operates an equipment leasing company serving only Chem-Met Services, Inc.

Quanta Corporation ("Quanta") operates an industrial maintenance company adjacent to the Chem-Met facility located in Brownstown, Michigan.

Principal Products and Services

The Environmental Companies provide off-site services for the transportation, treatment, storage, recycling and disposal of hazardous and non-hazardous waste. The Environmental Companies service commercial companies and governmental agencies nationwide.

Chem-Met is a permitted facility that provides transportation, stabilization of liquid and solid drum residues and disposal of non-hazardous liquid and solid waste, including characteristic hazardous liquid and solid waste in which prior to disposal the hazardous waste is processed in a manner designed to remove or eliminate the hazardous characteristics.

Chem-Con is a permitted transfer station that provides transportation of hazardous and non-hazardous waste.

Bovitz & Co., CPA, P.C.
Trenton, Michigan 48183

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CHEM-MET SERVICES COMBINED ENTITIES NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - COMPANY OVERVIEW (Continued)

Chem-Con Georgia is a permitted facility that provides transportation, storage, treatment and disposal services to

hazardous and non-hazardous waste generators throughout the United States. Chem-Con Georgia operates a hazardous waste storage facility that primarily blends and processes hazardous and non-hazardous waste liquids, solids and sludges into substitute fuel or as a raw material substitute in cement kilns that have been specially permitted for the processing of hazardous and non-hazardous wastes.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

- -----

The combined financial statements include the accounts of Chem-Met, Chem-Con, Chem-Con Georgia, TAS, and Quanta (collectively the "Company") after elimination of all significant intercompany accounts and transactions.

Use of Estimates

- -----

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Revenues

- -----

Revenues for services and reimbursable costs are recognized at the time services are rendered or, in the case of fixed price contracts, under the percentage-of-completion method of accounting. The Department of Defense with multiple locations serviced by Chem-Met generates revenues which amount to approximately 19.7% of combined net revenues.

Income Taxes

The Company accounts for income taxes under Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," which requires use of the liability method. SFAS No. 109 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rates to apply to taxable income in the periods in which the deferred tax assets or liabilities are expected to be settled or realized.

Accrued Closure Costs

Accrued closure costs represent the Company's estimated environmental liability to clean up their facilities in the event of closure.

CHEM-MET SERVICES COMBINED ENTITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Self-Insurance

The Company has adopted a self-insurance program effective August 1, 1998, for certain health benefits. The claims for September, 1998, for \$80,496 have been accrued and are being recognized as an expense in the period ended 9/30/98.

Operating Leases

The Company leases certain equipment under operating leases. Future minimum rental payments as of September 30, 1998, required under these leases are \$40,004 in 1999 and \$16,843 in 2000.

Restricted Cash

Restricted cash represented various certificates of deposit held by the State, which equaled the estimated amount of long-term site cleanup costs and monies held in trust to satisfy the current debt retirement payment for the Small Business Administration note.

	9/30/98	9/30/97
Restricted Cash - SBA Note	\$494,449	\$467,478
Restricted Cash - Land Reclamation	-0-	71,889
	<u>\$494,449</u>	<u>\$539,367</u>
	=====	=====

The company has satisfied State land reserve requirements by purchasing insurance policies. A reserve is no longer necessary.

Accounts Receivable - Trade

For the September 30, 1998 and 1997 balance sheets, the company utilized an allowance for doubtful accounts. The current year financial statements are net of the allowance for doubtful accounts.

Accounts Receivable		
-Chem-Met Services, Inc.	\$3,485,646	\$2,651,704
-Chemical Conservation Corp.	2,547,416	2,310,875
-Quanta Corporation	158,947	131,912
	<u>6,192,009</u>	<u>5,094,491</u>
Allowance for Doubtful Accounts		
-Chem-Met Services, Inc.	438,396	112,501
-Chemical Conservation Corp.	685,367	430,438
-Quanta Corporation	25,182	-0-
	<u>1,148,945</u>	<u>542,939</u>

NET ACCOUNTS RECEIVABLE	\$5,043,064	\$4,551,552
	=====	=====

Bovtiz & Co., CPA, P.C.
Trenton, Michigan 48183
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CHEM-MET COMBINED ENTITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment expenditures are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets for financial statement purposes, while accelerated depreciation methods are principally used for tax purposes. Generally, annual depreciation rates range from ten to forty years for buildings (including improvements) and three to seven years for office furniture and equipment, vehicles, and decontamination and processing equipment. Maintenance and repairs are charged directly to expense as incurred. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any gain or loss from sale or retirement is recognized in the accompanying combined statements of operations. Renewals and improvements which extend the useful lives of the assets are capitalized.

	9/30/98	9/30/97
Tank Project	\$ 759,751	\$ 759,751
Shredding System	434,280	434,280
Office Renovation	535,719	535,719
Office Equipment	403,085	353,749
Buildings	7,391,902	7,391,902
Machinery and Equipment	5,654,839	5,626,630
Transporation Equipment	2,881,074	2,850,236
	18,060,650	17,952,267
Accumulated Depreciation	(11,885,971)	(11,208,002)
	6,174,679	6,744,265
Land	461,400	461,400
NET PROPERTY AND EQUIPMENT	\$6,636,079	\$7,205,665
	=====	=====

NOTE D - ACCRUED EXPENSES

	9/30/98	9/30/97
Accrued - Disposal Expense	\$ 465,808	\$ 400,035
- Interest	53,550	64,350
- Payroll Deductions	13,964	17,704
- Property Taxes	52,792	49,786

- State Surcharges	80,532	26,999
- Wages	331,249	242,969
- Medical Insurance Claims	80,495	-0-
	<u>1,078,390</u>	<u>801,843</u>
	=====	=====

Bovitz & Co., CPA. P.C.
Trenton, Michigan 48183
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CHEM-MET SERVICES COMBINED ENTITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E - NOTES PAYABLE

Notes payable consists of the following:

	9/30/98	9/30/97
	<u> </u>	<u> </u>
Note payable to Charter Bank with interest @ 1% above bank prime, secured by trade accounts receivable.	\$1,990,000	\$2,000,000
Note payable to Comerica Bank, payable in monthly installments of \$7,500, including interest at 9.25%, secured by corporate assets and personally guaranteed by shareholder Thomas P. Sullivan.	52,500	142,500
Note payable to Michigan Strategic Fund, payable in monthly installments of \$30,607, plus interest at 9%, secured by corporate assets and personally guaranteed by shareholder Thomas P. Sullivan.	1,190,000	1,430,000
Note payable to Associates Commercial Credit, payable in monthly installments of \$7,496, including interest at 10%, secured by three tractors.	43,755	133,707
Notes payable to Ford Motor Credit (total of nine), payable in monthly installments of \$4,467, including interest from 2% to 9%, secured by nine Ford automobiles.	59,645	108,708
Note payable to Cargill Leasing Corp., dated 4/4/97, payable in monthly installments of \$2,631, including interest at 2.047%, secured by two Kenworth tractors with a cost of \$149,918.	99,182	128,396
Note payable to Associates Commercial Corp., dated 7/9/98, payable in monthly installments of \$1,836, including interest at 11%, secured by a Kenworth tractor with a cost of \$99,120.	89,323	-0-
Note payable to Associates Commercial Corp.,		

dated 6/4/98, payable in monthly installments of \$2,015, including interest at 11%, secured by a Kenworth tractor with a cost of \$84,591.

72,492 -0-

Note payable to Allen Sibley, LLC, without interest, unsecured.

365,000 304,179

Other Notes Payable

73,537 192,434

Total Debt

4,035,434 4,439,924

Less Current Maturities

(2,481,828) (2,667,452)

Net Long-Term Debt

\$1,553,606 \$1,772,472
=====

Bovitz & Co., CPA, P.C.
Trenton, Michigan 48183

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CHEM-MET SERVICES COMBINED ENTITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F - SETTLEMENTS PAYABLE

9/30/98 9/30/97

Note payable to Chemfix Technologies, Inc., dated 2/9/93, payable in monthly installments of \$12,000, non-interest bearing, total principal of \$1,352,000 with \$200,000 paid prior to commencement of monthly payments 8/1/93.

\$ 408,000 \$ 540,000

Settlement payable to Indiana Department of Environmental Management (Four County Landfill Site).

900,000 900,000

Consent judgement payable to Michigan Department of Environmental Quality, dated June, 1996, satisfied January, 1998.

-0- 40,000

1,308,000 1,480,000

Less Current Portion

(1,044,000) (1,084,000)

Long-Term Settlements Payable

\$ 264,000 \$ 396,000
=====

The approximate aggregate maturities of long-term debt and settlements payable for the five years ending September 30 are as follows:

	LONG-TERM DEBT	SETTLEMENT PAYABLE
1999	\$2,481,828	\$1,044,000
2000	418,872	144,000
2001	387,784	120,000
2002	381,950	-0-
2003	365,000	-0-

\$4,035,434

\$1,308,000

=====

=====

NOTE G - LEGAL

Legal counsel has advised that there are potential lawsuits pending at balance sheet date. Formal legal action on the State of Indiana litigation was commenced in November, 1996. During the period since the filing of the suit, settlement negotiations have been ongoing. As of this date a settlement appears imminent in the amount of \$900,000 and has been accrued as a settlement payable under Note F. Said settlement, however, is dependent upon successful completion of pending merger negotiations. If the merger negotiations are unsuccessful and if litigation ensues, the estimated cost could be in the range of \$1,000,000 to \$5,000,000.

In addition to the above matters and in the normal course of conducting its business, the Company is involved in various other litigation. The Company is not a party to any litigation or governmental proceeding which its management believes could result in any judgments or fines against it that would have a material adverse affect on the Company's financial position, liquidity or results of operations.

Bovitz & Co., CPA, P.C.
Trenton, Michigan 48183
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CHEM-MET SERVICES COMBINED ENTITIES NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE H - EMPLOYEE BENEFIT PLANS

The company provides a defined contribution profit sharing plan and trust for its employees. The plan is a section 401(k) deferred compensation plan. The company is required to contribute annually an amount equal to 25% of each plan participant's elective deferral, up to \$250 per participant.

For the years ended September 30, 1998, 1997, and 1996 company contributions to the trust totaled \$4,683, \$3,927 and \$7,356 respectively.

NOTE I - NOTE RECEIVABLE OFFICER

The officer note is a demand note receivable with interest based on the prime rate.

NOTE J - FEDERAL AND STATE INCOME TAXATION

Each entity files a corporate tax return indicating it is a member of a controlled group. There is no federal income tax liabilities due to current year net losses and available net operating loss deductions. Current year estimated payments of \$27,610 along with net operating losses are available to offset

future years' liabilities. State income taxes are dealt with on an individual reporting basis with a liability being charged to the following year's expense.

	Federal N.O.L.	Projected State Liabilities
Chem-Met Services	\$ 31,449	\$ 251
Chemical Conservation Corporation	58,206	2,090
Chemical Conservation of Georgia, Inc.	190,089	10
T.A.S. Leasing, Inc.	304	-0-
Quanta Corporation	-0-	-0-
	<u>\$280,048</u>	<u>\$2,351</u>
	=====	=====

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COMBINING BALANCE SHEETS
9/30/98

SCHEDULE I

	Chem-Met 09/30/98	ChemCon FL 09/30/98	ChemCon GA 09/30/98
ASSETS:			
Current Assets:			
Cash	123,442	201,317	14
Restricted Cash	494,449		
Accounts Receivable, net of allowance for doubtful accounts of \$438,396, \$685,367 \$25,182, respectively	3,047,250	1,862,049	
Prepaid Expenses	27,610		
Other Receivables	10,788	15,254	
Note Receivable - Chem-Met			
Note Receivable - Chem-Con FL	1,575,910		1,939,503
Note Receivable - Chem-Con GA	1,540,068		
Note Receivable - Quanta Corp.	920,336	260,000	
Total Current Assets	<u>7,739,852</u>	<u>2,338,620</u>	<u>1,939,517</u>
Property and equipment:			
Land	413,400		48,000
Fixed Assets	10,099,510	2,759,094	3,301,754
	<u>10,512,910</u>	<u>2,759,094</u>	<u>3,301,754</u>
Less accumulated depreciation	(6,570,151)	(2,079,645)	(1,876,908)
Net Property and equipment	<u>3,942,759</u>	<u>679,449</u>	<u>1,424,846</u>
Other Assets:			

Deposits			1,050
Note Receivable - Officer	399,814		
Goodwill			34,603
	<hr/>	<hr/>	<hr/>
Total other assets	399,814	0	35,653
	<hr/>	<hr/>	<hr/>
Total Assets	12,082,426	3,018,069	3,400,016
	<hr/>	<hr/>	<hr/>

TAS 09/30/98	Quanta 12/31/98	Elimination	Total
<hr/>	<hr/>	<hr/>	<hr/>
3,378	6,901		334,242
494,449			
133,765		5,043,064	
81,561		(81,561)	0
(3,515,413)	0		
(1,540,068)	0		
(1,180,336)	0		
<hr/>	<hr/>	<hr/>	<hr/>
84,939	139,856	(6,317,378)	5,925,407
<hr/>	<hr/>	<hr/>	<hr/>
			461,400
812,853	1,135,439		18,060,650
<hr/>	<hr/>	<hr/>	<hr/>
812,853	1,135,439		18,522,050
(728,035)	(631,232)		(11,885,971)
<hr/>	<hr/>	<hr/>	<hr/>
84,818	504,207		6,636,079
<hr/>	<hr/>	<hr/>	<hr/>
1,050			
726,105	(60,980)	1,064,939	
500		35,103	
<hr/>	<hr/>	<hr/>	<hr/>
0	726,605	(60,980)	1,101,092
<hr/>	<hr/>	<hr/>	<hr/>
169,757	1,370,668	(6,378,358)	13,662,578
<hr/>	<hr/>	<hr/>	<hr/>

COMBINING BALANCE SHEETS
9/30/98

SCHEDULE I

	Chem-Met 09/30/98	ChemCon FL 09/30/98	ChemCon GA 09/30/98
LIABILITIES AND STOCKHOLDER'S EQUITY:			
Current liabilities:			
Accounts Payable	663,899	418,162	373,017
Accounts Payable - Intercompany	1,067,099	325,164	549,823
Net Payable - Officer		60,980	
Net Payable - Chem-Met		1,575,910	1,540,068
Accrued Expenses	363,550	281,000	439,811
Current portion of settlements payable	1,044,000		
Current portion of long-term debt	2,307,167	86,405	
Total current liabilities	5,445,715	2,747,621	2,902,719
Long-term debt, less current portion	931,100	25,645	
Long-term portion of settlements payable	264,000		
Accrued environmental costs	2,292,000		2,138,421
Accrued closure costs	233,981	28,947	186,855
Total long-term debt	3,721,081	54,592	2,325,276
Stockholder's Equity			
Common Stock	860	1,000	75,000
Retained Earnings	2,914,770	214,856	(1,902,979)
Total Stockholder's equity	2,915,630	215,856	(1,827,979)
Total liabilities and Stockholder's Equity	12,082,426 =====	3,018,069 =====	3,400,016 =====

TAS 09/30/98	Quanta 12/31/98	Elimination	Total
	117,678		1,572,755
109,242	(2,021,064)	30,264	
		(60,980)	0
	1,180,336	(4,296,314)	0
	28,150		1,112,511
			1,044,000
15,315	72,941		2,481,828
15,315	1,508,347	(6,378,358)	6,241,359

9,262	587,599		1,553,606
			264,000
			4,430,421
			449,783
9,262	587,599		6,697,810
200	100		77,160
144,980	(725,378)		646,249
145,180	(725,278)		723,409
169,757	1,370,668	(6,378,358)	13,662,578
=====	=====	=====	=====

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COMBINING BALANCE SHEETS
9/30/97

SCHEDULE II

	Chem-Met 09/30/97	ChemCon FL 09/30/97	ChemCon GA 09/30/97
ASSETS:			
Current Assets:			
Cash	465,677	127,219	734
Restricted Cash	467,478		71,889
Accounts Receivable, net of allowance for doubtful accounts of \$112,501, \$430,438, \$0, respectively	2,539,203	1,880,437	
Other Receivables	5,599	4,007	
Accounts Receivable - Intercompany	33,737		1,309,561
Note Receivable - Chem-Con FL	1,575,910		
Note Receivable - Chem-Con GA	1,540,068		
Note Receivable - Quanta Corp.	727,398	225,000	
Total Current Assets	7,355,070	2,236,663	1,382,184

Property and equipment:

Land	413,400		48,000
Fixed Assets	10,019,125	2,838,504	3,253,754
	<u>10,432,525</u>	<u>2,838,504</u>	<u>3,301,754</u>
Less accumulated depreciation	(6,209,603)	(1,909,400)	(1,818,406)
	<u>4,222,922</u>	<u>929,104</u>	<u>1,483,348</u>
Net Property and equipment			
Other Assets:			
Deposits			1,050
Note Receivable - Officer	399,814		
Goodwill			44,486
	<u>399,814</u>	<u>0</u>	<u>45,536</u>
Total other assets			
	<u>399,814</u>	<u>0</u>	<u>45,536</u>
Total Assets	11,977,806	3,165,767	2,911,068
	=====	=====	=====

TAS 09/30/97	Quanta 12/31/97	Elimination	Total
<u>593</u>	<u>5,757</u>		<u>599,980</u>
539,367			
131,912		4,551,552	
			9,606
57,924		(1,401,222)	0
		(1,575,901)	0
		(1,540,068)	0
		(952,398)	0
<u>58,517</u>	<u>137,669</u>	<u>(5,469,598)</u>	<u>5,700,505</u>
			461,400
889,155	951,729		17,952,267
<u>889,155</u>	<u>951,729</u>	<u>0</u>	<u>18,413,667</u>
(757,389)	(513,204)		(11,208,002)
<u>131,766</u>	<u>438,525</u>	<u>0</u>	<u>7,205,665</u>
			1,050
	565,665	(96,447)	869,012
	500		44,986
<u></u>	<u></u>	<u></u>	<u></u>

0	565,165	(96,447)	915,068
190,283	1,142,359	(5,566,045)	13,821,238
=====	=====	=====	=====

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COMBINING BALANCE SHEETS
9/30/97

SCHEDULE II

Chem-Met 09/30/97	ChemCon FL 09/30/97	ChemCon GA 09/30/97
----------------------	------------------------	------------------------

LIABILITIES AND STOCKHOLDER'S EQUITY:

Current liabilities:

Accounts Payable	781,212	359,442	601,346
Accounts Payable - Intercompany	432,952	350,378	554,250
Note Payable - Officer		60,980	
Note Payable - Chem-Met		1,575,910	1,540,068
Note Payable - Quanta Corp.			
Accrued Expenses	375,565	147,081	421,093
Current portion of settlements payable	1,084,000		
Current portion of long-term debt	2,337,408	251,073	

Total current liabilities	5,011,137	2,744,864	3,116,757
---------------------------	-----------	-----------	-----------

Long-term debt, less current portion	1,248,502	96,384	
Long-term portion of settlements payable	396,000		
Accrued environmental costs	2,292,000		2,138,421
Accrued closure costs	228,707	28,379	183,191

Total long-term debt	4,165,209	124,763	2,321,612
----------------------	-----------	---------	-----------

Stockholder's Equity

Common Stock	860	1,000	75,000
Retained Earnings	2,800,600	295,140	(2,602,301)

Total Stockholder's equity	2,801,460	296,140	(2,527,301)
----------------------------	-----------	---------	-------------

Total liabilities and Stockholder's Equity	11,977,806	3,165,767	2,911,068
	=====	=====	=====

TAS 09/30/97	Quanta 12/31/97	Elimination	Total
-----------------	--------------------	-------------	-------

	79,378		1,821,378
	99,109	(1,436,689)	0
		(60,980)	0
		(3,115,978)	0
	952,398	(952,398)	0
	21,654		965,393
			1,084,000
26,487	52,484		2,667,452
<hr/>	<hr/>	<hr/>	<hr/>
26,487	1,205,022	(5,566,045)	6,538,223
<hr/>	<hr/>	<hr/>	<hr/>
1,542	426,044		1,772,472
			396,000
			4,430,421
			440,277
<hr/>	<hr/>	<hr/>	<hr/>
1,542	426,044	0	7,039,170
<hr/>	<hr/>	<hr/>	<hr/>
200	100		77,160
162,054	(488,808)		166,685
<hr/>	<hr/>	<hr/>	<hr/>
162,254	(488,708)		243,845
<hr/>	<hr/>	<hr/>	<hr/>
190,283	1,142,359	(5,566,045)	13,821,238
=====	=====	=====	=====

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COMBINING INCOME STATEMENTS
FOR YEAR END 9/30/98

SCHEDULE III

	Chem-Met 09/30/98	ChemCon FL 09/30/98	ChemCon GA 09/30/98
	<hr/>	<hr/>	<hr/>
NET REVENUES	11,542,619	12,929,369	4,302,718
COST OF GOODS SOLD	7,562,546	10,827,456	3,009,681
GROSS PROFIT	3,980,073	2,101,913	1,293,037
SELLING, GENERAL AND ADMINISTRATIVE	3,226,831	1,948,408	525,330
DEPRECIATION AND AMORTIZATION	360,548	212,515	68,385
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) FROM OPERATIONS	392,694	(59,010)	669,322

OTHER INCOME (EXPENSE) :

INTEREST INCOME	26,160		
INTEREST EXPENSE	(304,684)	(21,274)	
	<u>114,170</u>	<u>(80,284)</u>	<u>669,322</u>
NET INCOME (LOSS) FROM CONTINUING OPERATIONS			
	<u>114,170</u>	<u>(80,284)</u>	<u>699,322</u>
	=====	=====	=====

TAS 09/30/98	Quanta 12/31/98	Elimination	Total
<u>44,075</u>	<u>1,324,513</u>	<u>(8,342,115)</u>	<u>21,801,179</u>
17,959	1,058,091	(8,342,115)	14,133,618
26,116	266,422	0	7,667,561
150	354,610		6,055,329
39,312	118,028		798,788
<u>(13,346)</u>	<u>(206,216)</u>	<u>0</u>	<u>813,444</u>
(3,728)	351 (30,705)		26,511 (360,391)
<u>(17,074)</u>	<u>(236,570)</u>	<u>0</u>	<u>479,564</u>
(17,074)	(236,570)	0	479,564
=====	=====	=====	=====

COMBINING INCOME STATEMENTS
FOR YEAR END 9/30/97

SCHEDULE IV

	Chem-Met 09/30/97	ChemCon FL 09/30/97	ChemCon GA 09/30/97
NET REVENUES	12,257,286	12,469,875	4,195,098
COST OF GOODS SOLD	8,315,481	9,746,335	3,597,820
GROSS PROFIT	3,941,805	2,723,540	597,278
SELLING, GENERAL AND ADMINISTRATIVE DEPRECIATION AND AMORTIZATION	3,322,431 258,975	2,358,660 180,724	531,703 129,932
INCOME (LOSS) FROM OPERATIONS	333,399	184,156	(64,357)
OTHER INCOME (EXPENSE):			
INTEREST INCOME	37,758		
INTEREST EXPENSE	(320,930)	(43,253)	
OTHER	230,475		
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	280,702	140,903	(64,357)
FEDERAL INCOME TAX	(27,490)		
NET INCOME (LOSS)	253,212	140,903	(64,357)
	=====	=====	=====

TAS 09/30/97	Quanta 12/31/97	Elimination	Total
58,894	1,301,343	(8,365,080)	21,917,416
21,352	1,026,648	(8,359,578)	14,348,058
37,542	274,695	(5,502)	7,569,358
159	535,034	(5,502)	6,742,485
66,553	91,887		755,071
(29,170)	(352,226)	0	71,802
(6,246)	18,549 (20,924)		56,307 (391,353) 230,475
(35,416)	(354,601)	0	(32,769)
			(27,490)
(35,416)	(354,601)	0	(60,259)
=====	=====	=====	=====

COMBINING INCOME STATEMENTS
FOR YEAR END 9/30/96

SCHEDULE V

	Chem-Met 09/30/96	ChemCon FL 09/30/96	ChemCon GA 09/30/96
NET REVENUES	12,337,655	15,479,803	5,926,326
COST OF GOODS SOLD	8,316,029	12,787,956	5,410,541
GROSS PROFIT	4,021,626	2,691,874	515,785
SELLING, GENERAL AND ADMINISTRATIVE DEPRECIATION AND AMORTIZATION	3,253,292 368,236	2,475,797 247,844	565,638 139,845
INCOME (LOSS) FROM OPERATIONS	400,098	(31,767)	(189,698)
OTHER INCOME (EXPENSE) :			
INTEREST INCOME	52,046		
INTEREST EXPENSE	(314,325)	(60,788)	
OTHER			(200,000)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	137,819	(92,555)	(389,698)
FEDERAL INCOME TAX	(61,312)		
NET INCOME (LOSS)	76,507	(92,555)	(389,698)
	=====	=====	=====

TAS 09/30/96	Quanta 12/31/96	Elimination	Total
76,089	3,232,667	(9,021,747)	28,030,820
16,549	2,050,867	(8,999,065)	19,582,877
59,540	1,181,800	(22,682)	8,447,943
21	1,290,846	(22,682)	7,562,912

88,910	75,302		920,137
<hr/>	<hr/>	<hr/>	<hr/>
(29,391)	(184,348)	0	(35,106)
	11,777		63,823
(6,689)	(23,599)		(405,401)
			200,000
<hr/>	<hr/>	<hr/>	<hr/>
(36,080)	(196,170)	0	(576,684)
			(61,312)
(36,080)	(196,170)	0	(637,996)
=====	=====	=====	=====

<TABLE>
<CAPTION>

CHEM MET SERVICES COMBINED ENTITIES
UNAUDITED COMBINED BALANCE SHEET
March 31, 1999
(Amounts In Thousands)

	March 31, 1999	Sept. 30, 1998
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$184	\$334
Restricted Cash equivalents and investments	471	495
Accounts Receivable, net of allowance for doubtful accounts	4,937	5,043
Inventories		
Prepaid Expenses	28	28
Other Receivables	20	26
Total Current Assets	5,640	5,926
Property and equipment, Net of accumulated depreciation	6,508	6,636
Intangibles and other assets:		
Permits, net of accumulated amortization		
Note Receivable - Officer	1,065	1,065
Goodwill, net of accumulated amortization	30	30
Other assets	1	6
Total other assets	1,096	1,101
Total Assets	\$13,244 =====	\$13,663 =====

</TABLE>

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<CAPTION>

CHEM MET SERVICES COMBINED ENTITIES
UNAUDITED COMBINED BALANCE SHEET
March 31, 1999
(Amounts In Thousands)

	March 31, 1999	Sept. 30, 1998
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts Payable	\$1,515	\$1,638
Accounts Payable-Intercompany	0	0
Accrued Expenses	1,203	1,078
Current portion of settlements payable	1,044	1,044
Current portion of long-term debt	2,355	2,482

Total current liability	6,117	6,242
Long-term Liabilities:		
Environmental accruals	4,430	4,430
Accrued closure costs	450	450
Long-term debt, less current portion	1,425	1,554
Long-term portion of settlements payable	192	264
Total long-term liabilities	6,497	6,698
Stockholder's Equity		
Preferred Stock		
Common Stock	77	77
Redeemable warrants		
Additional paid-in capital		
Accumulated Deficit	553	646
Total stockholder's equity	630	723
Total liabilities and stockholder's equity	\$13,244	\$13,663
	=====	=====

</TABLE>

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<CAPTION>

CHEM MET SERVICES COMBINED ENTITIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31		Six Months Ended March 31	
(Amounts in Thousands, Except for Share Amounts)	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net Revenues	\$5,079	\$5,503	\$10,966	\$10,755
Cost of Goods Sold	3,607	3,359	7,124	6,501
Gross Profit	1,472	2,144	3,842	4,254
Selling, General and Administration	1,756	1,653	3,481	3,124
Depreciation and Amortization	138	150	288	285
Income (Loss) from Operations	(422)	341	73	845
Other Income (Expense):				
Interest Income	50	(6)	54	21
Interest Expense	(63)	(86)	(167)	(163)
Other	(21)	0	(4)	0
Net Income	(456)	249	(44)	703
	=====	=====	=====	=====

</TABLE>

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<CAPTION>

CHEM MET SERVICES COMBINED ENTITIES
STATEMENT OF CASH FLOWS

(Amounts in Thousands, Except for Share Amounts)	Six Months Ended March 31,	
	1999	1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net income (loss) from continuing operations	(44)	703
Adjustments to reconcile net income (loss) to cash provided by continuing operations:		
Depreciation and amortization	288	285
Provision for bad debt and other re	--	--
Gain on sale of plant, property and	--	--
Changes in assets and liabilities		
Accounts receivable	106	(1,084)
Prepaid expenses, inventories and o	6	30
Accounts payable and accrued expenses	2	(487)
Net cash provided by continuing operations	358	(553)
Cash flows from investing activities:		
Purchases of property and equipment, net	(160)	--
Proceeds from sale of property and equipment	--	--
Change in restricted cash, net	(24)	(63)
Net cash used in investing activities	(184)	(63)
Cash flow as from financing activities:		
Long-term financing new equipment	160	--
Principal repayments on long-term debt	(3)	--
Proceeds from issuance of stock	--	--
Net cash used in financing activities	157	0
Increase (Decrease) in cash	331	(616)
Cash Beginning	334	600
Cash Ending	\$665	(\$16)
	====	====

</TABLE>

<TABLE>

<CAPTION>

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

December 31, 1998

(Amounts In Thousands)

	Perma-Fix Environment 12/31/98	Chem-Con Combined 9/30/98	Adjustment	Pro Forma
<S>	<C>	<C>	<C>	<C>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$776	\$334	(\$1,000) (c)	\$110
Restricted Cash equivalents and investment	111	494		605
Accounts Receivable, net of allowance for doubtful accounts	5,950	5,043		10,993
Inventories	145			145
Prepaid Expenses	471	28		499
Other Receivables	11	26		37
Assets of discontinued operations	489			489
Total Current Assets	7,953	5,925	(1,000)	12,878
Property and equipment:	17,741	18,522	2,533 (a) , (b) , (c)	38,796
Less accumulated depreciation	(5,836)	(11,886)		(17,722)
Net property and equipment	11,905	6,636	2,533	21,074
Intangibles and other assets:				
Permits, net of accumulated amortization	3,661			3,661
Note Receivable - Officer		1,065	(1,065) (b)	0
Goodwill, net of accumulated amortization	4,698	35	9,204 (a) , (c)	13,937
Other assets	531	1		532
Total other assets	8,890	1,101	8,139	18,130
Total Assets	\$28,748 =====	\$13,662 =====	\$9,672 =====	\$52,082 =====

</TABLE>

<TABLE>

<CAPTION>

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

December 31, 1998

(Amounts In Thousands)

	Perma-Fix Environment 12/31/98	Chem-Con Combined 9/30/98	Adjustment	Pro Forma

<S>	<C>	<C>	<C>	<C>
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Accounts Payable	\$2,422	\$1,573		\$3,995
Accounts Payable-Intercompany		30	(\$30) (c)	0
Accrued Expenses	3,369	1,113	433 (c)	4,915
Revolving loan and term note facility	625		500 (d)	1,125
Current portion of settlements payable		1,044		1,044
Current portion of long-term debt	302	2,482	(1,298) (c), (d)	1,486
Current liabilities of discontinued operations	863			863
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	7,581	6,242	(395)	13,428
Long-term Liabilities:				
Environmental accruals	520	4,430		4,950
Accrued closure costs	715	450		1,165
Long-term debt, less current portion	2,087	1,554	7,789 (a), (b),	11,430
Long-term portion of settlements payable		264	(c), (d)	264
Long-term liabilities of discontinued operations	1,892			1,892
	<hr/>	<hr/>	<hr/>	<hr/>
Total long-term liabilities	5,214	6,698	7,789	19,701
Stockholder's Equity				
Preferred Stock				
Common Stock	13	77	(76) (c)	14
Redeemable warrants	140			140
Additional paid-in capital	39,769		2,999 (c)	42,768
Accumulated Deficit	(22,157)	645	(645) (c)	(22,157)
	<hr/>	<hr/>	<hr/>	<hr/>
	17,765	722	2,278	20,765
Less Common Stock in treasury at cost; 943,000 shares issued and outstanding	(1,812)			(1,812)
	<hr/>	<hr/>	<hr/>	<hr/>
Total stockholder's equity	15,953	722	2,278	18,953
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and stockholder's equity	\$28,748	\$13,662	\$9,672	\$52,082
	=====	=====	=====	=====

</TABLE>

<TABLE>

<CAPTION>

UNAUDITED PRO FORMA CONDENSED COMBINED
STATEMENT OF OPERATIONS
For the year ended December 31, 1998

(Amounts in Thousands, Except for Per Share Data)	Perma-Fix Environmental 12/31/98	Chem-Con Combined 9/30/98	Adjustment	Pro Forma
--	--	---------------------------------	------------	--------------

<S>	<C>	<C>	<C>	<C>
REVENUES	\$30,551	\$21,801		\$52,352
COST OF GOODS SOLD	21,064	14,134		35,198
GROSS PROFIT	9,487	7,667		17,154
SELLING, GENERAL AND ADMINI- STRATIVE	6,847	6,055		12,902
DEPRECIATION AND AMORTIZATION	2,109	799	\$462 (1)	3,370
INCOME (LOSS) FROM OPERATIONS	531	813	(462)	882
OTHER INCOME (EXPENSE):				
INTEREST INCOME	35	27		62
INTEREST EXPENSE	(294)	(360)	(366) (2)	(1,020)
OTHER INCOME (EXPENSE)	190			190
NET INCOME (LOSS)	462	480	(828)	114
PREFERRED STOCK DIVIDENDS	(1,160)			(1,160)
NET INCOME (LOSS) APPLIC- ABLE TO COMMON STOCK	(\$698)	\$480	(\$828)	(\$1,046)
	=====	=====	=====	=====
Basic and diluted loss per common share:	(\$0.06)			(\$0.08)
	=====	=====	=====	=====
Weighted average number of common shares outstanding	12,028		1,500 *	13,528
	=====	=====	=====	=====

<FN>

*Assumes \$2.00 share price

(1) Adjusted for amortization of Goodwill for one year due to acquisition.

(2) Adjusted for Interest Expense on additional Note Payable for acquisition.

</FN>

</TABLE>

See accompanying notes to unaudited
pro forma condensed combined financial statements.

<TABLE>

<CAPTION>

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

March 31, 1999

(Amounts In Thousands)

	Perma-Fix Environmental 03/31/99	ChemCon Combined 03/31/99	Adjustment	Pro Forma
<S>	<C>	<C>	<C>	<C>
ASSETS				

Current Assets:				
Cash and cash equivalents	\$84	\$184	(\$1,000) (c)	(\$732)
Restricted Cash equivalents and investment	112	471		583
Accounts Receivable, net of allowance for doubtful accounts	6,047	4,937		10,984
Inventories	163			163
Prepaid Expenses	1,262	28		1,290
Other Receivables	26	20		46
Assets of discontinued operations	456			456
Total Current Assets	8,150	5,640	(1,000)	12,790
Property and equipment:				
	18,138	17,911	2,644 (a), (b), (c)	38,693
Less accumulated depreciation	(6,180)	(11,403)		(17,583)
Net property and equipment	11,958	6,508	2,644	21,110
Intangibles and other assets:				
Permits, net of accumulated amortization	3,611			3,611
Note Receivable - Officer		1,065	(1,065) (b)	0
Goodwill, net of accumulated amortization	4,653	30	9,204 (a), (c)	13,887
Other assets	551	1		552
Total other assets	8,815	1,096	8,139	18,050
Total Assets	\$28,923	\$13,244	\$9,783	\$51,950
	=====	=====	=====	=====

</TABLE>

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<CAPTION>

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

March 31, 1999

(Amounts In Thousands)

	Perma-Fix Environmental 03/31/99	ChemCon Combined 03/31/99	Adjustment	Pro Forma
<S>	<C>	<C>	<C>	<C>
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Accounts Payable	\$2,909	\$1,515		\$4,424
Accounts Payable-Intercompany		11	(11) (c)	0
Accrued Expenses	3,521	1,192	433 (c)	5,146
Current portion of settlements payable	1,044			1,044
Current portion of long-term debt	931	2,355	(798) (c), (d)	2,488
Current liabilities of discontinued operations	496			496
Total current liabilities	7,857	6,117	(376)	13,598

Long-term Liabilities:

Environmental accruals	484	4,430		4,914
Accrued closure costs	722	450		1,172
Long-term debt, less current portion	1,839	1,425	7,789 (a) , (b) ,	11,053
Long-term portion of settlements payable	192		(c) , (d)	192
Long-term liabilities of discontinued operations	1,884			1,884
Total long-term liabilities	<u>4,929</u>	<u>6,497</u>	<u>7,789</u>	<u>19,215</u>
Stockholder's Equity				
Preferred Stock				
Common Stock	14	77	(76) (c)	15
Redeemable warrants	140			140
Additional paid-in capital	39,938		2,999 (c)	42,937
Accumulated Deficit	(22,143)	553	(553) (c)	(22,143)
	<u>17,949</u>	<u>630</u>	<u>2,370</u>	<u>20,949</u>
Less Common Stock in treasury at cost; 943 shares issued and outstanding	(1,812)			(1,812)
Total stockholder's equity	<u>16,137</u>	<u>630</u>	<u>2,370</u>	<u>19,137</u>
Total liabilities and stockholder's equity	<u>\$28,923</u> =====	<u>\$13,244</u> =====	<u>\$9,783</u> =====	<u>\$51,950</u> =====

</TABLE>

<TABLE>

<CAPTION>

UNAUDITED PRO FORMA CONDENSED COMBINED
STATEMENT OF OPERATIONS
For the quarter ended March 31, 1999

(Amounts in Thousands, Except for Per Share Data)	Perma-Fix Environmental 03/31/99	ChemCon Combined 03/31/99	Adjustment	Pro Forma
<S>	<C>	<C>	<C>	<C>
REVENUES	7,812	5,079		12,891
COST OF GOODS SOLD	<u>5,290</u>	<u>3,607</u>	<u></u>	<u>8,897</u>
GROSS PROFIT	2,522	1,472	0	3,994
SELLING, GENERAL AND ADMINISTRATIVE	1,838	1,756		3,594
DEPRECIATION AND AMORTIZATION	<u>519</u>	<u>138</u>	<u>115 (1)</u>	<u>772</u>
INCOME (LOSS) FROM OPERATIONS	165	(422)	(115)	(372)
OTHER INCOME (EXPENSE):				
INTEREST INCOME	7	50		57
INTEREST EXPENSE	(27)	(63)	(92) (2)	(182)
OTHER INCOME (EXPENSE)	<u>(14)</u>	<u>(21)</u>	<u></u>	<u>(35)</u>

NET INCOME (LOSS)	131	(456)	(207)	(532)
PREFERRED STOCK DIVIDENDS	(117)			(117)
	<hr/>	<hr/>	<hr/>	<hr/>
NET INCOME (LOSS) APPLICABLE TO COMMON STOCK	14	(456)	(207)	(649)
	=====	=====	=====	=====
Basic and diluted loss per common share:	0.00			(0.05)

Weighted average number of
common shares out 12,372 1,500 * 13,872

<FN>

*Assumes \$2.00 share price

(1) Adjusted for amortization of Goodwill for one quarter due to acquisition.

(2) Adjusted for Interest Expense on additional Note Payable for acquisition.

</FN>

</TABLE>

See accompanying notes to unaudited
pro forma condensed combined financial statements.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Note I - Basis of Presentation

The unaudited pro forma balance sheet combines the historical consolidated balance sheet of Perma-Fix Environmental Services, Inc. at March 31, 1999, with the historical combined balance sheet of Chem-Con at March 31, 1999. The unaudited pro forma statements of income combine the historical consolidated statements of operations of Perma-Fix Environmental Services, Inc. for the quarter ended March 31, 1999, with the historical combined statements of income for Chem-Con for the quarter ended March 31, 1999. Certain amounts reflected in the historical financial statement presentations of both companies have been reclassified to conform to the unaudited pro forma condensed combined presentation.

The unaudited pro forma financial statements exclude the effect of any operating income improvements which may be achieved upon combining the resources of the companies and exclude costs associated with the integration and consolidation of the companies which are not presently estimable.

Note 2 - Significant Accounting Policies

Beginning January 1, 1999, Chem-Con's income, which had previously been reported with a fiscal year end September 30, are now included based on fiscal year end December 31. December 1998 results from these operations are included in retained earnings.

The unaudited pro forma income statements for the quarter ended March 31, 1999 does not reflect the three months ended December 31, 1998, for Chem-Con. For the quarter ended December 31, 1998, Chem-Con reported unaudited revenues of \$5,887,000 and unaudited net income of \$412,000.

Note 3 - Pro Forma Adjustments

Perma-Fix Environmental Services, Inc. anticipates the acquisition of Chem-Con during the second quarter of 1999, in a transaction accounted for as a purchase. The pro forma adjustments are comprised of the following:

- (a) Land located in Orlando, Florida with a fair market value of \$1,230,000 and related mortgages of \$222,000 were contributed by the Chem-Con stockholder in connection with the acquisition.
- (b) The officer note receivable was forgiven in exchange for certain land and buildings of \$700,000 and payoff of certain debt related to the land of \$365,000.
- (c) This transaction is accounted for as a purchase transaction and therefore, goodwill is recorded for the difference between assets acquired and liabilities assumed according to the terms and conditions of the purchase contract.
 - * All prior goodwill was written off Chem-Con's books
 - * Goodwill was recorded at \$9,239,000 with a life of 20 years
 - * Debt was recorded in the amount of \$4,700,000 pursuant to the merger agreement, the additional draw on the revolving line of credit of \$2,231,000 was recognized, and unrecorded debt in the amount of \$172,000 was booked.
 - * All stockholder's equity accounts of Chem-Con were eliminated
 - * Stockholder's equity was recorded for the \$3,000,000 of common stock to be issued in the purchase at a guaranteed stock price of \$2.00 per share
 - * Closing costs are estimated at \$500,000
 - * Chem-Met land and building was written up by \$1,505,000 to fair market value of \$1,918,000.
- (d) It is assumed that the current Charter National Bank and the SBA debt of Chem-Con will be replaced by Congress Financial and reclassified between current and long-term.

Note 4 - Federal Income Tax Consequences of the Merger

The unaudited pro forma financial statements assume that the merger qualifies as a taxable transaction for federal income tax purposes.