

PDG ENVIRONMENTAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended April 30,	
	2009	2008
Contract Revenues	\$ 12,630,000	\$ 17,715,000
Direct Job Costs	<u>8,947,000</u>	<u>13,002,000</u>
Field Margin	3,683,000	4,713,000
Other Direct Costs	<u>1,830,000</u>	<u>2,480,000</u>
Gross Margin	1,853,000	2,233,000
(Loss) on Sale of Fixed Assets	(18,000)	(3,000)
Selling, General and Administrative Expenses	<u>2,825,000</u>	<u>3,461,000</u>
(Loss) from Operations	(990,000)	(1,231,000)
Other Income (Expense):		
Interest Expense	(194,000)	(203,000)
Non-Cash Interest Expense for Preferred Dividends and Accretion of Discount	(297,000)	(248,000)
Interest and Other Income	<u>20,000</u>	<u>21,000</u>
	<u>(471,000)</u>	<u>(430,000)</u>
(Loss) Before Income Taxes	<u>(1,461,000)</u>	<u>(1,661,000)</u>
Income Tax (Benefit)	<u>-</u>	<u>(517,000)</u>
Net (Loss)	<u>\$ (1,461,000)</u>	<u>\$ (1,144,000)</u>
(Loss) Per Common Share - Basic:	<u>\$ (0.07)</u>	<u>\$ (0.05)</u>
(Loss) Per Common Share - Diluted:	<u>\$ (0.07)</u>	<u>\$ (0.05)</u>
Average Common Shares Outstanding	20,875,000	20,814,000
Average Dilutive Common Stock Equivalents Outstanding	<u>-</u>	<u>-</u>
Average Common Shares and Dilutive Common Stock Equivalents Outstanding	<u>20,875,000</u>	<u>20,814,000</u>

PDG ENVIRONMENTAL, INC. AND SUBSIDIARIES
RECONCILIATION OF EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION
("EBITDA")
(UNAUDITED)

	For the Three Months Ended April 30,	
	2009	2008
Net (Loss)	(1,461,000)	(1,144,000)
Interest Expense	194,000	203,000
Non-Cash Interest Expense for Preferred Dividends and Accretion of Discount	297,000	248,000
Income Tax (Benefit)	-	(517,000)
Depreciation and Amortization	<u>417,000</u>	<u>450,000</u>
EBITDA	<u>\$ (553,000)</u>	<u>\$ (760,000)</u>

PDG ENVIRONMENTAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	April 30, 2009	January 31, 2009
ASSETS	(unaudited)	
Current Assets		
Cash and Cash Equivalents	\$ 30,000	\$ 314,000
Contracts Receivable, Net	14,892,000	20,677,000
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	2,209,000	3,180,000
Inventories	634,000	616,000
Income Taxes Receivable	3,000	355,000
Deferred Income Tax Asset	983,000	983,000
Other Current Assets	2,119,000	344,000
Total Current Assets	20,870,000	26,469,000
Property, Plant and Equipment		
Less: Accumulated Depreciation	12,420,000	12,431,000
	(10,990,000)	(10,786,000)
	1,430,000	1,645,000
Intangible Assets, Net		
Goodwill	3,824,000	4,026,000
Deferred Income Tax Asset	2,489,000	2,489,000
Contracts Receivable, Non Current	2,948,000	2,948,000
Costs in Excess of Billings on Uncompleted Contracts, Non Current	1,820,000	1,820,000
Other Assets	1,630,000	1,630,000
	326,000	345,000
Total Assets	\$ 35,337,000	\$ 41,372,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 8,232,000	\$ 9,411,000
Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts	982,000	1,125,000
Accrued Income Taxes	-	44,000
Accrued Liabilities	4,530,000	2,742,000
Current Portion of Long-Term Debt	250,000	303,000
Mandatorily Redeemable Cumulative Convertible Series C Preferred Stock	190,000	137,000
Total Current Liabilities	14,184,000	13,762,000
Long-Term Debt	9,748,000	15,045,000
Mandatorily Redeemable Cumulative Convertible Series C Preferred Stock	4,616,000	4,372,000
Total Liabilities	28,548,000	33,179,000
Stockholders' Equity		
Common Stock	418,000	418,000
Common Stock Warrants	1,628,000	1,628,000
Paid-In Capital	20,168,000	20,111,000
Accumulated Deficit	(15,387,000)	(13,926,000)
Less Treasury Stock, at Cost	(38,000)	(38,000)
Total Stockholders' Equity	6,789,000	8,193,000
Total Liabilities and Stockholders' Equity	\$ 35,337,000	\$ 41,372,000

PDG ENVIRONMENTAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended April 30,	
	2009	2008
Cash Flows From Operating Activities:		
Net (Loss)	\$ (1,461,000)	\$ (1,144,000)
Adjustments to Reconcile Net Income (Loss) to Cash Provided by (Used in)		
Operating Activities:		
Depreciation and Amortization	417,000	450,000
Deferred Income Taxes	-	(517,000)
Interest Expense for Series C Preferred Stock Dividends and Accretion of Discount	297,000	248,000
Stock Based Compensation	57,000	129,000
Loss on Sale of Fixed Assets	18,000	3,000
Provision for Receivable Allowance	(8,000)	-
	<u>(680,000)</u>	<u>(831,000)</u>
Changes in Operating Assets and Liabilities:		
Contracts Receivable	5,793,000	2,806,000
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	971,000	59,000
Inventories	(18,000)	88,000
Accrued Income Taxes	(44,000)	(68,000)
Other Current Assets	1,307,000	370,000
Accounts Payable	(1,179,000)	(1,793,000)
Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts	(143,000)	27,000
Accrued Liabilities	44,000	(81,000)
Total Changes	<u>6,731,000</u>	<u>1,408,000</u>
Net Cash Provided by Operating Activities	<u>6,051,000</u>	<u>577,000</u>
Cash Flows From Investing Activities:		
Purchase of Property, Plant and Equipment	(18,000)	(86,000)
Proceeds from Sale of Fixed Assets	-	1,000
Changes in Other Assets	19,000	3,000
Net Cash Provided by (Used in) Investing Activities	<u>1,000</u>	<u>(82,000)</u>
Cash Flows From Financing Activities:		
Payment of Premium Financing Liability	(986,000)	(326,000)
Principal Payments on Debt	(5,350,000)	(172,000)
Net Cash Used in Financing Activities	<u>(6,336,000)</u>	<u>(498,000)</u>
Net Decrease in Cash and Cash Equivalents	(284,000)	(3,000)
Cash and Cash Equivalents, Beginning of Year	314,000	90,000
Cash and Cash Equivalents, End of Period	<u>\$ 30,000</u>	<u>\$ 87,000</u>
Supplementary Disclosure of Non-Cash Investing and Financing Activity:		
Financing of Annual Insurance Premium	\$ 2,730,000	\$ 1,313,000
Non-Cash Purchase of Fixed Assets Financed Through Capital Leases	\$ -	\$ 27,000