

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 23, 1997

INTERNATIONAL ALLIANCE SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of other jurisdiction of
incorporation or organization)

22-2769024

(I.R.S. Employer
Identification No.)

0-25890

(Commission File Number)

10055 Sweet Valley Drive
Cleveland, Ohio 44125

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (216) 447-9000.

ITEM 2. Acquisition or Disposition of Assets

Disposition of the RESI Companies

(i) General

Pursuant to a Share Purchase Agreement dated as of June 13, 1997 (the "U.S. Agreement") among Philip Environmental (Delaware), Inc. (the "Purchaser") and Republic Environmental Systems, Inc. ("RESI"), RESI sold all issued and outstanding shares of Republic Environmental Recycling, Inc., Republic Environmental Systems (Technical Services Group), Inc., Republic Environmental Systems (Pennsylvania), Inc., Republic Environmental Systems (Transportation Group), Inc., and Chem-Freight, Inc. (collectively and in combination with the Canadian subsidiaries, the "RESI Companies").

Pursuant to an Asset Purchase Agreement dated as of July 7, 1997 (the "Canadian Agreement") among Philip Enterprises, Inc. and RESI, RESI sold certain assets of Republic Environmental Systems (Fort Erie) Ltd., Republic Environmental Systems (Brantford) Ltd., and Republic Environmental Systems (Pickering) Ltd.

At closing under the U.S. Agreement, RESI received \$8,000,000 in cash and two promissory notes in the amount of \$8,000,000 and \$1,000,000 due July 23, 1998 and July 23, 1999, respectively, as set forth in the Guaranty Agreement dated July 23, 1997. At closing under the Canadian Agreement, RESI received a promissory note in the amount of \$7,000,000 subject to adjustment due July 23, 1999, as set forth in the Guaranty Agreement dated July 23, 1997. The aforementioned notes bear interest of 5% per annum.

(ii) Description of the RESI Companies

The RESI Companies operate certain treatment, storage and disposal facilities ("TSD Facilities") and provide transportation, remediation and technical services and related engineering, consulting and analytical services pertaining to the management of hazardous and non-hazardous wastes. The assets of the RESI Companies include certain trade receivables, inventories, certain prepaid expenses and owned or leased real estate property, vehicles and machinery and equipment. Certain Canadian assets were excluded from the sale of the Canadian subsidiaries in accordance with the Asset Purchase Agreement.

ITEM 7. Financial Statements and Exhibits.

(a) Proforma Financial Information

Set forth below are the following unaudited proforma financial statements:

1. Proforma Condensed Consolidated Balance Sheet as of June 30, 1997
2. Proforma Condensed Consolidated Statement of Income for Six Months Ended June 30, 1997.
3. Proforma Condensed Consolidated Statement of Income for the Year Ended December 31, 1996.
4. Notes to Proforma Condensed Consolidated Financial Statements.

(b) Exhibits.

- 2.1 Asset Purchase Agreement, dated as of July 7, 1997, by and among Republic Environmental Systems (Fort Erie) Ltd., Republic Environmental Systems (Brantford) Ltd., Republic Environmental Systems (Pickering) Ltd., Philip Enterprises Inc. and Republic Environmental Systems, inc. (filed as Exhibit 2.1 to the company's Report on Form 8-K dated July 23, 1997 and incorporated herein by reference).
- 2.2 Share Purchase Agreement, dated as of July 13, 1997, by and among Philip Environmental (Delaware), Inc., Republic Environmental Systems, Inc., Republic Environmental Systems (Pennsylvania), Inc., Republic Environmental Systems (Transportation Group), Inc. and Chem-Freight, Inc. (filed as Exhibit 2.2 to the Company's Report on Form 8-K dated July 23, 1997 and incorporated herein by reference).

PROFORMA CONDENSED FINANCIAL STATEMENTS

The following unaudited Proforma Condensed Consolidated Statement of Income for the six months ended June 30, 1997 and the year ended December 31, 1996 and the unaudited Proforma Condensed Consolidated Balance Sheet at June 30, 1997 were prepared to illustrate the estimated effects on International Alliance Services, Inc. ("the Company") as of the disposition of the RESI Companies.

The Proforma Condensed Consolidated Financial Statements have been presented for informational purposes only and do not purport to indicate what the Company's results of operations or financial position would have been if the transaction had in fact occurred on the dates indicated or to project the Company's results of operations for any future period or any future date.

The unaudited proforma adjustments are based upon available information and upon certain assumptions stated in the notes thereto that the Company believes are reasonable. The Proforma Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements of the Company and the notes thereto included in the Company's 1996 Annual report on Form 10-K.

International Alliance Services, Inc.
 Unaudited Pro Forma Condensed Consolidated Balance Sheet

(In Thousands)

June 30, 1997

	Consolidated (a)	Pro Forma Adjustments	Pro Forma Consolidated
Investments			
Fixed maturities held to maturity, at amortized cost	\$ 15,013		\$ 15,013
Securities available for sale, at fair value:			
Fixed maturities	43,540		43,540
Equity securities	8,725		8,725
Mortgage loans	3,684		3,684
Short-term investments	1,015		1,015
Total investments	71,977		71,977
Cash and cash equivalents	27,994	\$ 8,000 (c) (6,733) (d)	29,261
Accounts receivable, net	18,238		18,238
Excess of cost over net assets of business acquired, net	41,443		41,443
Net assets held for disposal	22,286	(20,817) (b)	1,469
Other assets	30,207	16,000 (c)	46,207
	\$ 212,145	\$ (3,550)	\$ 208,595
TOTAL ASSETS			
Losses and loss expenses payable	\$ 43,987		\$ 43,987
Unearned premiums	19,796		19,796
Notes payable and capitalized leases	6,733	\$ (6,733) (d)	--
Income taxes	4,235	65 (f)	4,300
Accrued expenses	4,527	2,994 (e)	7,521
Other liabilities	15,272		15,272
	\$ 94,550	\$ (3,674)	\$ 90,876
TOTAL LIABILITIES			
Common stock	\$ 375		\$ 375
Additional paid-in capital	105,001		105,001
Retained earnings	10,460	\$ 124	10,584
Net unrealized appreciation of investments, net	1,759		1,759
TOTAL SHAREHOLDERS' EQUITY	117,595	124	117,719
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 212,145	\$ (3,550)	\$ 208,595

Notes to Pro Forma Condensed Consolidated Balance Sheet at June 30, 1997.
 (unaudited)

- (a) Derived from unaudited consolidated financial statements at June 30, 1997.
 (b) Represents the net effect of the sale transaction to Philip Environmental (Delaware), Inc. as derived from the unaudited financial statements of the RESI Companies.
 (c) Represents proceeds received from Philip Environmental (Delaware), Inc. in accordance with the U.S. Agreement and the Canadian Agreement.
 (d) Represents the utilization of sale proceeds to pay down current and long term debt including notes payable.
 (e) To record a reserve for severance and professional fees associated with the sale of the RESI Companies.
 (f) To record tax benefit related to interest on debt paid off.

International Alliance Services, Inc.
 Unaudited Pro Forma Condensed Consolidated Statement of Income
 For the Six Months Ended June 30, 1997

(In Thousands)

	Consolidated (a) -----	Pro Forma Adjustments -----	Pro Forma Consolidated -----
Revenues	\$ 37,384		\$ 37,384
Expenses:			
Operating expenses	16,524	\$ (189)(b)	16,335
Losses and loss adjustment expenses	9,423		9,423
Policy acquisition expenses	5,345		5,345
	-----	-----	-----
Total expenses	31,292	(189)	31,103
Income from continuing operations before Income tax expense	6,092	189	6,281
Income tax expense	1,750	\$ 65 (c)	1,815
	-----	-----	-----
Income from Continuing Operations	\$ 4,342 =====	\$ 124 =====	\$ 4,466 =====
Earnings per share			
Primary and Fully Diluted	\$.11		\$.13
Weighted Average Shares	51,329		51,329

Notes to Pro Forma Condensed Consolidated Statement of Operations for the Six Months ended June 30, 1997
 (unaudited)

- (a) Derived from unaudited consolidated financial statements for the six months ended June 30, 1997.
 (b) Represents the reduction in interest expense resulting from the utilization of proceeds received from the sale of the RESI Companies to pay down current and long term debt including notes payable.
 (c) To record tax expense related to interest savings (b).

International Alliance Services, Inc.
 Unaudited Pro Forma Condensed Consolidated Statement of Income
 For the Year Ended December 31, 1996

(In Thousands)

	Consolidated (a) -----	Pro Forma Adjustments -----	Pro Forma Consolidated -----
Revenues	\$ 35,769		\$ 35,769
Expenses:			
Operating expenses	4,384	\$ (45)(b)	4,339
Losses and loss adjustment expenses	17,624		17,624
Policy acquisition expenses	7,699		7,699
	-----	-----	-----
Total expenses	29,707	(45)	29,662
Income from continuing operations before Income tax expense	6,062	45	6,107
Income tax expense	1,640	15 (c)	1,655
	-----	-----	-----
Income from Continuing Operations	\$ 4,422 =====	\$ 30 =====	\$ 4,452 =====
Earnings per share			
Primary	\$.21		\$.21
Fully Diluted	.16		.16
Weighted Average Shares	32,213		32,213

Notes to Pro Forma Condensed Consolidated Statement of Operations for the Year ended December 31, 1996
 (unaudited)

- (a) Derived from unaudited consolidated financial statements for the twelve months ended December 31, 1996.
- (b) Represents the reduction in interest expense resulting from the utilization of proceeds received from the sale of the RESI Companies to pay down current and long term debt including notes payable.
- (c) To record tax expense related to interest savings (b).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTERNATIONAL ALLIANCE SERVICES, INC.

Date: October 3, 1997

By: /s/ Gregory J. Skoda

Gregory J. Skoda
Executive Vice President and
Chief Financial Officer

INDEX TO EXHIBIT

EXHIBIT NUMBER -----	EXHIBIT -----
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