FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
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FILER

DETREX CORPORATION

CIK:**28372**| IRS No.: **380480840** | State of Incorp.:**MI** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **000-00784** | Film No.: **99574459**
SIC: **2800** Chemicals & allied products

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

or

[ ] TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

Commission file number 0-784

DETREX CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	38-0480840
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

24901 Northwestern Hwy, Suite 500, Southfield, Michigan	48075
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (248) 358-5800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Capital Stock, $2 Par Value

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X NO ____________

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value (based upon the NASDAQ Closing Price) of Common Capital Stock on March 15, 1999 of Detrex Corporation held by nonaffiliates was approximately $ 9.9 million.

The number of shares of Common Capital Stock, $2 Par Value, outstanding on March 15, 1999 was 1,583,414.

Documents incorporated by reference:

<TABLE>
<CAPTION>

<S>	Document <C>	Part and Item Number of Form 10-K into which Incorporated <C>
1.	Detrex Corporation Annual Report to Shareholders for the year ended December 31, 1998	Part II Items 5 through 8 Part IV, Item 14
2.	Detrex Corporation Notice of Annual Meeting of Shareholders and Proxy Statement for the Annual Meeting of Shareholders to be held April 22, 1999	Part III, Items 10, 11, 12 and 13

</TABLE>

PART I

ITEM 1. BUSINESS

Detrex Corporation was incorporated in Michigan in 1925. Detrex Corporation and its subsidiaries (the Company) operate predominantly in a single industry: chemicals and allied products, services, and supply processes for use by manufacturing and service industries and is comprised of the following operations:

Detrex Corporation - a specialty chemicals company

- Solvents and Equipment Divisions - provide solutions for production parts cleaning needs, including equipment, solvents, recycling of waste, contract parts cleaning

- Automation Division - engineering, selling, and servicing automation and material handling equipment

- RTI Laboratories - provides full-service analytical and environmental laboratory services

Subsidiaries of Detrex Corporation

- Harvel Plastics, Inc. - manufacturer of high quality PVC and CPVC pipe and custom extrusions

- The Elco Corporation - manufacturer of high performance specialty chemicals including lubricant additives, fine chemicals, and semi-conductor grade hydrochloric acid

- Seibert-Oxidermo, Inc. - supplier of primers and functional coatings for the automotive industry

The products are primarily sold by sales-service engineers and most sales are direct to industrial users. Net sales by product line for each of the last five years are set forth below:

<TABLE>
<CAPTION>

	Product Line		
	Chemical Products and Services	Chemical Equipment	Total
<S> <C>	<C>	<C>	<C>
1998	$77,914,813	$ 8,124,464	$ 86,039,277
1997	83,466,537	12,290,264	95,756,801
1996	78,017,582	18,807,854	96,825,436
1995	77,698,771	16,603,228	94,301,999
1994	79,975,998	20,120,445	100,096,443

</TABLE>

Of the $78 million included in 1998 Chemical Products and Services sales, approximately $14.5 million (19%) represent sales by the Company's solvents division, $12.2 million (16%) represent sales by its paint subsidiary, $19.9 million (25%) represent sales by its lubricants subsidiary, $29.7 million (38%) represent sales by its plastic pipe subsidiary and $1.7 million (2%) represent sales of other related chemical products and services. For additional information regarding the operating segments of the Company, see Note 16 to the Consolidated Financial Statements.

PART I (CONTINUED)

ITEM 1. BUSINESS (Continued)

The backlog of orders at any one time is generally not significant to the Company's business. At December 31, 1998, the Company's backlog of Equipment orders was approximately $500,000 and the Company expects to complete all of these orders in the first half of 1999.

Raw materials essential to the Company's various products are generally commodity materials and are readily available from competitive sources. The Company's solvents division is continuing to go through a major transition in the marketplace, primarily because of the phasing out of certain ozone depleting solvents and other regulatory actions. As a result, the division is increasingly marketing substitutes for such solvents, including aqueous based cleaners, is expanding its permits to enable it to handle more waste codes, and is becoming involved in the parts cleaning business.

The Company owns various patents and trademarks which aid in maintaining the Company's competitive position; these expire at various times within the next seventeen years. The expiration of such patents and trademarks should not have a material adverse effect on the Company's operations. No material portion of the Company's business is seasonal or subject to renegotiation of profits or termination of contracts or subcontracts at the election of the government.

The approximate dollar amounts spent during 1998, 1997, and 1996 on research sponsored by the Company were $1,243,000, $1,365,000 and $1,114,000, respectively. The number of professional employees engaged in such activities were 14 for 1998, 16 for 1997, and 15 for 1996.

There are no customers to which sales were made in an amount which equals ten percent or more of consolidated revenues.

The Company does not expect to incur significant capital expenditures for environmental compliance in 1999. However, the Company does expect to continue to incur significant professional fees and expenses in connection with its environmental compliance efforts. The Company maintains an environmental reserve which at December 31, 1998 totaled $8.0 million, of which $1.2 million is estimated to be spent in 1999. A more detailed discussion of environmental matters is included under Item 3 - Legal Proceedings and in Management's Discussion and Analysis in the Annual Report.

The Company employed 366 persons as of December 31, 1998.

The Company is not engaged in manufacturing operations in foreign countries. For information regarding sales by customer location, see Note 16 to the Consolidated Financial Statements.

PART I (CONTINUED)

ITEM 1. BUSINESS (Concluded)

The Company utilized a combination of internally generated funds, the proceeds from the sale of a closed plant, an insurance refund, and industrial development bond proceeds to finance its activities during 1998. As of December 31, 1998, working capital was $5.9 million compared to $9.3 million at December 31, 1997. For a discussion of the Company's Credit Agreement, see Note 5 to the Consolidated Financial Statements and Management's Discussion and Analysis in the Annual Report.

The Company has market risks which could arise from fluctuations in interest rates under both its Credit Agreement and the Industrial Development Bonds issued by the California Economic Development Financial Authority. (see Notes 5 and 6 to the Consolidated Financial Statements). A 1% increase in the prime interest rate could impact the Company's pretax earnings by approximately $75,000 and a 1/2% increase in tax-exempt bond interest rates could affect pretax earnings by a maximum of $20,000.

ITEM 2. PROPERTIES

The Company's administrative offices are located in approximately 7,500 square feet of leased space at 24901 Northwestern Hwy., Suite 500, Southfield, Michigan.

Detrex and its subsidiaries conduct manufacturing and research operations in numerous locations of which ten are owned as follows:

1) Facilities located on 57 acres in Ashtabula, Ohio are used in connection with the manufacture of hydrochloric acid, reagent grade chemicals, fine chemicals including pharmaceutical intermediates, N-methyl pyrrole, and zinc-based lubricant additives.

2) The Company's lubricants subsidiary, The Elco Corporation, manufactures gear and oil additives in a plant located in Cleveland, Ohio on 5 acres of land and 59,000 square feet of office, research and plant space. This plant is equipped with mixing and blending equipment and storage facilities. Additional manufacturing of additives is done in a plant consisting of 12,800 square feet at Hooven (Cincinnati), Ohio located on 3.6 acres of leased land. The Company has been operating on six month leases for the last two years.

3) The Company's plastic pipe subsidiary, Harvel Plastics, Inc. ("Harvel"), manufactures plastic pipe in a plant located on 20 acres of land and 228,500 square feet of office and plant space located in Easton, Pennsylvania. Extruders and special dies are used to manufacture the plastic PVC pipe from resin. Production and warehouse facilities have been expanded several times since this subsidiary was acquired in 1968.

Harvel expanded its manufacturing capacity in 1998 by leasing a new 100,000 square feet facility in California, which was built to suit Harvel's warehouse and manufacturing needs. The lease term is for an initial period of fifteen years expiring in the year 2013, with provision for three five-year extensions.

4) Seibert-Oxidermo, Inc. manufactures primers and functional coatings for the automotive industry in a plant located in Romulus, Michigan containing 45,000 square feet of office, research and plant space on 40 acres of land. In addition, Seibert maintains a warehouse facility in Detroit, Michigan.

PART I (CONTINUED)

ITEM 2. PROPERTIES (Concluded)

5) The Company owns a building used as a research laboratory and office in Bowling Green, Kentucky. The plant formerly used for manufacturing in Bowling Green is expected to be sold in the first half of 1999.

6) The Company owns a warehouse and sales office facility located in Detroit, Michigan. The building area is approximately 20,000 square feet and is located on approximately one-half acre of land.

7) The Company owns a warehouse and sales office facility located in Los Angeles, California. The building area is approximately 10,000 square feet and is located on one acre of land in the industrial section of the city.

8) The Company owns a warehouse and sales office facility located in Charlotte, North Carolina. The building area is approximately 11,000 square feet and is located on one acre of land.

9) The Company owns a warehouse and sales office facility located in Indianapolis, Indiana. The building area is approximately 8,600 square feet and is located on one acre of land.

10) The company owns a warehouse and sales office facility located in Chicago, Illinois. The building area is approximately 10,000 square feet and is located on one acre of land.

ITEM 3. LEGAL PROCEEDINGS

The Company and at least seventeen other companies are potentially responsible for sharing the costs in a proceeding to clean up contaminated sediments in the Fields Brook watershed in Ashtabula, Ohio. The Environmental Protection Agency (`EPA') issued a Record of Decision in 1986 concerning the methods it recommends using to accomplish this task. The Company and the other potentially responsible parties negotiated with the EPA as to how best to effect the clean up operation. After negotiation, an agreement was reached with the EPA on clean-up methodology. The Company's share of clean-up costs is anticipated to be in the range of approximately $3.0 to $3.5 million.

The Company maintains a reserve for anticipated expenditures over the next several years in connection with remedial investigations, feasibility studies, remedial design, and remediation relating to the clean up of environmental contamination at several sites, including properties owned by the Company. The amounts of the reserve at December 31, 1998 and 1997 were $8.0 million and $9.6 million, respectively. The reserve includes a provision for the Company's anticipated share of remediation in the Fields Brook watershed referred to above, as well as a provision for costs that are expected to be incurred in connection with remediation of other sites. Some of these studies have been completed; others are ongoing. In some cases, the methods of remediation remain to be agreed upon.

ITEM 3. LEGAL PROCEEDINGS (Concluded)

The Company expects to continue to incur professional fees, expenses and capital expenditures in connection with its environmental compliance efforts. In addition, there are several claims and lawsuits pending against the Company and its subsidiaries.

The amount of liability to the Company with respect to costs of remediation of contamination of the Fields Brook watershed and of other sites, and the amount of liability with respect to the other claims and lawsuits against the Company, was based on available data. The Company has established its reserves in accordance with its interpretation of the principles outlined in Statement of Financial Accounting Standards No. 5 and Securities and Exchange Commission Staff Accounting Bulletin No. 92. In the event that any additional accruals should be required in the future with respect to such matters, the amounts of such additional accruals could have a material impact on the results of operations to be reported for a specific accounting period but should not have a material impact on the Company's consolidated financial position.

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

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names and ages of all executive officers of the registrant at March 25, 1999 and their positions and offices with the registrant are as follows:

<TABLE>
<CAPTION>

Name and Age		Positions and Offices
<S>	<C>	<C>
W. C. King	(54)	Chairman and Chief Executive Officer (a)
T. E. Mark	(46)	President and Chief Operating Officer (b)
G. J. Israel	(58)	Vice President - Finance, Treasurer and Chief Financial Officer (c)
R. M. Currie	(45)	Secretary and General Counsel (d)
S. J. Quinlan	(35)	Controller (e)

</TABLE>

(a) Mr. King joined the Company as President and Chief Executive Officer in April 1995. He was elected Chairman of the Board in January 1996. Prior to joining the Company, Mr. King was President and Chief Operating Officer of Masland Industries from 1992 to 1994 and prior to that, Vice President and Group

Executive of Allied Signal.

(b) Mr. Mark joined the Company as President and Chief Operating Officer in January 1996. Prior to that he was President and General Manager of ABB Paint Finishing from 1990 to 1996.

(c) Mr. Israel was elected Vice President - Finance and Chief Financial Officer on February 25, 1993 and Treasurer in 1994. Mr. Israel came to the Company from Chrysler Corporation where he served for 26 years in numerous financial positions. His most recent position was Vice President and Controller-Treasurer of Chrysler Canada Ltd.

(d) Mr. Currie joined the Company as General Counsel on July 16, 1993. He was named Secretary and General Counsel on November 1, 1994. Prior to joining the Company, Mr. Currie was engaged in private law practice.

(e) Mr. Quinlan served as a Division Controller for the Company for more than five years before being elected Controller on April 23, 1998.

All officers of the Company are elected annually and hold office until their successors are chosen and qualify in their stead.

FORM 10-K

PART II
CROSS REFERENCE SHEET

<TABLE>
<CAPTION>

<S>	10-K Item <C>	Page (and caption) in 1998 Detrex Corporation Annual Report to Shareholders* <C>
5.	Market for Registrant's Common Stock and Related Shareholder Matters:	
	(a) Market and market prices of the common stock	16- Selected Quarterly Data
	(b) Approximate number of holders of common stock	- Highlights
	(c) Dividend history	14- Management's Discussion and Analysis of Financial Condition and Results of Operations
6.	Selected Financial Data	16- Selected Financial Data
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13-15 - Management's Discussion and Analysis of Financial Condition and Results of Operations
8.	Financial Statements and Supplementary Data:	
	- Detrex Corporation Consolidated Balance Sheets, December 31, 1998 and 1997	4,5
	- Consolidated Statements of Operations and Retained Earnings for the Years Ended December 31, 1998, 1997, and 1996	3
	- Consolidated Statements of Cash Flows for the Years Ended December 31, 1998, 1997, and 1996	6
	- Notes to Consolidated Financial Statements	7-12
	- Independent Auditors' Report	2

With the exception of the aforementioned information and the information incorporated by reference in Items 5, 6 and 7, the Annual Report to Shareholders is not to be deemed filed as part of this Form 10-K Annual Report.

9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	Not Applicable

</TABLE>

* Detrex Corporation's Annual Report to Shareholders for the year ended December 31, 1998 is incorporated herein as Exhibit 13 under Item 14(a) 3 of Part IV.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 is incorporated by reference from the information set forth under the caption "Election of Directors" in the Detrex Corporation Proxy Statement (the "Proxy Statement") for the Annual Meeting of Shareholders to be held April 22, 1999. The information required for Executive Officers of the Company is included in Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the information set forth under the caption "Executive Compensation and Other Transactions" in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated by reference from the information set forth under the caption "Election of Directors" in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated by reference from the information set forth under the captions "Election of Directors" and "Executive Compensation and Other Transactions" in the Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

<TABLE>
<CAPTION>
<S> <C> <C>

(a) 1. All Financial Statements

Detrex Corporation and Subsidiaries (incorporated by reference to the Company's Annual Report to Shareholders for the year ended December 31, 1998-see Part II)

(a) 2.	Financial Statement Schedules	Page
	Independent Auditors' Report	15
	Schedule II - Valuation and Qualifying Accounts for the Years Ended December 31, 1998, 1997, and 1996.	16

</TABLE>

PART IV (CONTINUED)

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (Continued)

<TABLE>
<CAPTION>
(a) 3. Exhibits

<S>	<C>	<C>
3(i)	Articles of Incorporation, as amended, are hereby incorporated by reference to Commission file #0-784, Annual Report on Form 10-K for the year ended December 31, 1997, as Exhibit 3(a)	--
3(ii)	Bylaws, as amended, are hereby incorporated by reference to Commission file #0-784, Annual Report Form 10-K for the year ended December 31, 1998, as Exhibit 3(ii)	--
4	Shareholders Rights Plan is hereby incorporated by reference to Commission file #0-784 8-K Report dated May 4, 1990, as Exhibit 4	--
	Executive Compensation Plans and Arrangements	
10(a)	1993 Stock Option Plan is hereby incorporated by reference to Commission file # 0-784 1993 Proxy Statement dated March 26, 1993, as Exhibit 10(a)	--
10(b)	1993 Stock Option Plan for outside directors is hereby incorporated by reference to Commission file #0-784 1993 Proxy Statement dated March 2, 1993, as Exhibit 10(b)	--
10(d)	Employment Agreement - Gerald J. Israel, is hereby incorporated by reference to Commission file # 0-784 Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(h)	--

</TABLE>

PART IV (CONTINUED)

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (Continued)

<TABLE>
<CAPTION>
(a) 3. Exhibits (Continued)

<S>	<C>	<C>
10(e)	Employment Agreement - Robert M. Currie, is hereby incorporated by reference to Commission file #0-784 Annual Report on Form 10-K for the year ended December 31, 1994, as Exhibit 10(g)	--
10(f)	Temporary Employment Agreement - William C. King, is hereby incorporated by reference to Commission file #0-784 Annual Report on Form 10-K for the year ended December 31, 1995, as Exhibit 10(i)	--
10(g)	Employment Agreement - William C. King , is hereby incorporated by reference to Commission file #0-784 Annual Report on Form 10-K for the year ended December 31, 1995, as Exhibit 10(j)	--
10(h)	Employment Agreement - Thomas E. Mark, is hereby incorporated by reference to Commission file #0-784 Annual Report on Form 10-K for the year ended December 31, 1995, as Exhibit 10(k)	--
		--
	Other Material Contracts	
10(i)	Credit Agreement with Comerica Bank dated as of June 13, 1996, (the "Credit Agreement"), is hereby incorporated by reference to Commission file #0-784 Quarterly Report on Form 10-Q for the quarter ended June 30, 1996, as Exhibit 10(p)	--
10(j)	First Amendment to Credit Agreement, dated December 5, 1996, is hereby incorporated by reference to Commission file #0-784 Annual Report on Form 10-K for the year ended December 31, 1996 as Exhibit 10(o)	--

</TABLE>

PART IV (CONCLUDED)

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (Concluded)

<TABLE>
<CAPTION>
(a) 3. Exhibits (Concluded)

<S>	<C>	<C>
10(k)	Second Amendment to the Credit Agreement, dated as of March 31, 1997 (is hereby incorporated by reference to Commission file #0-784 Quarterly Report on Form 10-Q for the quarter ended March 31, 1997, as Exhibit 10(q)	--
10(l)	Third Amendment to the Credit Agreement, dated April 22, 1998 is hereby incorporated by reference to Commission file #0-784 Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 as Exhibit 10(o)	--
10(m)	Fourth Amendment to the Credit Agreement, dated March 15, 1999	Attached as an Exhibit
13	Annual Report to Shareholders for the year ended December 31, 1998	Attached as

			an Exhibit
	21	Subsidiaries of the Registrant	Attached as an Exhibit
		Consents of Experts and Counsel	
	23	Consent of Auditors	Attached as an Exhibit
	27	Financial Data Schedule	Attached as an Exhibit
(b)	No Form 8-K was filed in the fourth quarter of 1998		

</TABLE>

[DELOITTE & TOUCHE LLP LETTERHEAD]

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Detrex Corporation:

We have audited the consolidated financial statements of Detrex Corporation and its subsidiaries (the "Company") as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, and have issued our report thereon dated February 25, 1999; such consolidated financial statements and report are included in your Annual Report to Shareholders for the year ended December 31, 1998 and are incorporated herein by reference. Our audits also included the financial statement schedule of the Company, listed in Item 14(a)(2). This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touch LLP

Detroit, Michigan
February 25, 1999

DETREX CORPORATION AND SUBSIDIARIES

FINANCIAL STATEMENT SCHEDULES

FORM 10-K

SCHEDULE II

DETREX CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

Description	Balance Beginning of Year	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Year
Year Ended December 31, 1998					
<S>	<C>	<C>	<C>	<C>	<C>
Inventory Valuation Reserves	$264,190	182,363		225,115	$221,438
Finished Machines Valuation Reserves	$247,007		14,586	10,176	$251,418
Allowance for Uncollectible Accounts	$371,569	158,000		280,201	$249,368
Year Ended December 31, 1997					
Inventory Valuation Reserves	$176,909	272,713		185,432	$264,190
Finished Machines Valuation Reserves	$343,307		63,470	159,770	$247,007
Allowance for Uncollectible Accounts	$394,599	145,721		168,751	$371,569
Year Ended December 31, 1996					
Inventory Valuation Reserves	$330,251	67,446		220,788	$176,909
Finished Machines Valuation Reserves	$398,950		7,927	63,570	$343,307
Allowance for Uncollectible Accounts	$458,693	226,905		290,999	$394,599

</TABLE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Detrex Corporation
(Registrant)

Date March 25, 1999

By W. C. King
W. C. King
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this twenty-fifth day of March 1999 by the following persons on behalf of the Registrant and in the capacities indicated.

<TABLE>
<CAPTION>

Signature	Title

<S> <C>

W. C. King ---------------------------- W. C. King	Chairman and Chief Executive Officer
T. E. Mark ---------------------------- T. E. Mark	President and Chief Operating Officer
G. J. Israel ---------------------------- G. J. Israel	Vice President, Treasurer and Chief Financial Officer
S. J. Quinlan ---------------------------- S. J. Quinlan	Controller and Chief Accounting Officer
B. W. Cox ---------------------------- B. W. Cox	Director
R. A. Emmett, III ---------------------------- R. A. Emmett, III	Director
J. F. Mangold ---------------------------- J. F. Mangold	Director
B. W. McCleary ---------------------------- B. W. McCleary	Director
A. R. Thalacker ---------------------------- A. R. Thalacker	Director
J. D. Withrow ---------------------------- J. D. Withrow	Director

</TABLE>

DETREX CORPORATION AND SUBSIDIARIES

EXHIBITS

EXHIBIT 10(m)
Execution Copy

FOURTH AMENDMENT TO
CREDIT AGREEMENT

THIS FOURTH AMENDMENT ("Amendment") dated as of March 15, 1999, by and among the borrowers listed on Schedule 1 (collectively "Companies") and Comerica Bank, a Michigan banking corporation ("Bank").

RECITALS:

A. Companies and Bank entered into a Credit Agreement dated as of June 13, 1996, which was amended by a First Amendment dated December 5, 1996, a Second Amendment dated March 31, 1997, and a Third Amendment dated April 22, 1998 (as amended, "Agreement").

B. Companies and Bank desire to amend the Agreement and the Revolving Credit Note (as defined in the Agreement) as hereinafter set forth.

NOW, THEREFORE, the parties agree as follows:

1. The definition of Revolving Credit Maturity Date set forth in Section 1 of the Agreement is amended to read in its entirety as follows:

"Revolving Credit Maturity Date' shall mean May 1, 2001."

2. Section 2.A is amended to read in its entirety as follows:

"2.A.1 THE INDEBTEDNESS: Equipment Line of Credit"

2.A.1 Bank may lend to Companies at any time and from time to time from the date hereof until the Equipment Line Maturity Date, sums not to exceed Two Million Dollars ($2,000,000) in aggregate principal amount. Each of the borrowings hereunder shall be evidenced by an Equipment Note. Bank shall not be obligated to make any advance under this Section 2.A.

2.A.2 The indebtedness represented by each Equipment Note shall be payable in equal monthly principal installments equal to the amount necessary to amortize the original amount of the Equipment Note over a five year term commencing on the first day of the first month after such loan is made and on the first day of each month thereafter until the maturity date thereof, when the entire unpaid balance of principal and interest thereon shall be due and payable. The maturity date for each Equipment Note shall be the date which is five (5) years after the date thereof. In addition to the above required payments on principal, Company

agrees to pay interest on the unpaid principal balance of each

Equipment Note from time to time outstanding at a per annum rate equal to three quarters of one percent (3/4%) above the Prime Rate, provided, however, upon the occurrence of any Event of Default hereunder, interest shall be payable at a per annum rate of three and three quarters percent (3 3/4%) above the Prime Rate. Interest payments shall be made monthly, commencing on the first day of the first month following the advance under the applicable Equipment Note and on the first day of each month thereafter. Interest shall be computed on a daily basis using a year of 360 days for the actual number of days elapsed, and in such computation effect shall be given to any change in the interest rate resulting from a change in the Prime Rate on the date of such change in the Prime Rate.

2.A.3 Bank shall not make advances under this Section 2.A unless Companies shall have first filed with Bank a request for draw in form acceptable to Bank executed by an authorized officer of Companies. Each such request for an advance shall be submitted to Bank not less than ten (10) days prior to the requested date of disbursement of the advance.

2.A.4 Bank will approve requests for draws upon presentation by Company of such documents, instruments or opinions, in form and substance satisfactory to the Bank, as the Bank may require.

2.A.5 Companies may prepay such Equipment Note in whole or in part without penalty. Any prepayments shall be applied to principal payments due under an Equipment Note in the inverse order of their maturities.

2.A.6 Proceeds of each Equipment Note shall be used solely to finance the acquisition of machinery and equipment which is acceptable to Bank.

2.A.7 The Companies shall pay to the Bank an equipment facility commitment fee quarterly in arrears commencing July 1, 1999, and within three Business Days after the last day of each calendar quarter thereafter. The fee shall be an amount equal to the average daily balance of the unborrowed portion of the equipment facility for the quarterly period then ending, multiplied by one half of one percent (1/2%). The fee shall be computed on the basis of a year of three hundred sixty (360) days and assessed for the actual number of days elapsed. Upon request of Companies, Bank shall provide to Companies the detail of Bank's computation of the fee. Whenever any payment of the fee shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next Business Day.

2.A.8 The aggregate amount of advances available under this Section 2.A shall not exceed $2,000,000. Each advance shall be in an amount not less than $600,000."

3. The first three sentences of Section 4.1 of the Agreement are amended to read in their entirety as follows:

"The Revolving Credit Notes and the Advances under Section 2 hereof shall bear interest from the date thereof on the unpaid principal balance thereof from time to time outstanding, at a rate per annum equal to one quarter of one percent (1/4%) plus the Prime Rate. Interest shall be payable monthly on the first Business Day of each calendar month, commencing on the first Business Day of the calendar month during which such Advance is made, and at maturity. Notwithstanding the foregoing, from and after the occurrence of any Event of Default and during the continuation thereof, the Advances shall bear interest, payable on demand, at a rate per annum equal to three and one quarter percent (3 1/4%) above the Prime Rate."

4. Sections 9.1, 9.2, 9.3 and 9.4 are amended to read in their entireties as follows:

"9.1 Leverage Ratio. Beginning December 31, 1998, permit the Consolidated Leverage Ratio at any time to be more than 2.5 to 1.0."

9.2 Cash Flow Coverage Ratio. Permit the Consolidated Cash Flow Coverage Ratio at any time to be less than the amounts specified below for the determination date specified below:

December 31, 1998	.25 to 1.0
March 31, 1999	.30 to 1.0
June 30, 1999	.30 to 1.0
September 30, 1999	.30 to 1.0
December 31, 1999 and as of the last day of each fiscal quarter thereafter	.50 to 1.0

9.3 Current Ratio. Beginning December 31, 1998, permit the ratio of Consolidated Current Assets to Consolidated Current Liabilities at any time to be less than 1.1 to 1.0.

9.4 Consolidated Tangible Net Worth. Permit Consolidated Tangible Net Worth at any time to be less than the following amounts during the periods specified below:

December 31, 1998	$16,500,000
January 1, 1999 through September 30, 1999	$17,000,000
October 1, 1999 through December 30, 2000	$17,500,000
December 31, 2000 and thereafter	$18,000,000"

5. The definition of "Measuring Period" is amended to read in its entirety as follows:

"Measuring Period' shall mean for the determination date referred to below the applicable period shown opposite such determination date:

<TABLE>
<CAPTION>

Determination Date	Measuring Period
<S>	<C>

March 31, 1999	January 1, 1999 through March 31, 1999
June 30, 1999	January 1, 1999 through June 30, 1999
September 30, 1999	January 1, 1999 through September 30, 1999
December 31, 1999 and the last day of each fiscal quarter thereafter"	The four preceding fiscal quarters ending on such determination date

</TABLE>

6. Companies hereby represent and warrant that, after giving effect to the amendments contained herein, (a) execution, delivery and performance of this Amendment and any other documents and instruments required under this Amendment or the Agreement are within each Company's corporate powers, have been duly authorized, are not in contravention of law or the terms of any Company's Articles of Incorporation or Bylaws, and do not require the consent or approval of any governmental body, agency, or authority; and this Amendment and any other documents and instruments required under this Amendment or the Agreement, will be valid and binding in accordance with their terms; (b) the continuing representations and warranties of each Company set forth in Sections 7.1 through 7.15 of the Agreement are true and correct on and as of the date hereof with the same force and effect as made on and as of the date hereof; (c) the continuing representations and warranties of each Company set forth in Section 7.16 of the Agreement are true and correct as of the date hereof with respect to the most recent financial statements furnished to the Bank by Companies in accordance with Section 10.1 of the Agreement; and (d) no Event of Default (as defined in the Agreement) or condition or event which, with the giving of notice or the running of time, or both, would constitute an Event of Default under the Agreement, has occurred and is continuing as of the date hereof.

7. Except as expressly provided herein, all of the terms and conditions of the Agreement remain unchanged and in full force and effect.

8. This Amendment shall be effective as of the date first above written and the payment by Companies to Bank of a non-refundable amendment fee in the amount of $10,000.

IN WITNESS the due execution hereof as of the day and year first above written.

COMERICA BANK	DETREX CORPORATION
By: [SIG]	By: GERALD J. ISRAEL
------------------------------	------------------------------
	Gerald J. Israel
Its: Assistant Vice President	Its: Vice President-Finance and Chief Financial Officer
	THE ELCO CORPORATION
	By: GERALD J. ISRAEL

	Gerald J. Israel

Its: Treasurer

HARVEL PLASTICS, INC.

By: GERALD J. ISRAEL

Gerald J. Israel

Its: Director

SEIBERT-OXIDERMO, INC.

By: GERALD J. ISRAEL

Gerald J. Israel

Its: Treasurer

SCHEDULE 1

Detrex Corporation

The Elco Corporation

Harvel Plastics, Inc.

Seibert-Oxidermo, Inc.

1

EXHIBIT 13

DETREX CORPORATION AND SUBSIDIARIES

1998 ANNUAL REPORT TO SHAREHOLDERS

2

EXHIBIT 13

DETREX
CORPORATION

1998 ANNUAL REPORT

3

HIGHLIGHTS(1)

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net sales....................................	$86,039,000	$95,757,000	$96,825,000
Net income (loss)............................	(797,000)	1,513,000	415,000
Income (loss) per common share -- basic.......	(.50)	.96	.26
Stockholders' equity per common share.........	11.38	11.89	10.93
Additions to land, buildings and equipment (including capital leases)..................	7,500,000	5,360,000	2,770,000
Current ratio................................	1.3 to 1	1.4 to 1	1.4 to 1
Number of stockholders........................	443	441	387
Number of employees...........................	366	353	345

</TABLE>

(1) This information should be considered in conjunction with the Consolidated Financial Statements and Management's Discussion and Analysis.

DETREX GROUP OF COMPANIES

-- Detrex Corporation -- a specialty chemicals company

- Solvents and Equipment Divisions -- provide solutions for production parts cleaning needs, including equipment, solvents, recycling of waste, and contract parts cleaning

- Automation Division -- engineering, selling, and servicing automation and material handling equipment

- RTI Laboratories -- provides full-service analytical and environmental laboratory services

-- Subsidiaries of Detrex Corporation

- Harvel Plastics, Inc. -- manufacturer of high quality PVC and CPVC pipe and custom extrusions

- The Elco Corporation -- manufacturer of high performance specialty chemicals including lubricant additives, fine chemicals, and semi-conductor grade hydrochloric acid

- Seibert-Oxidermo, Inc. -- supplier of primers and functional coatings for the automotive industry

4

TO OUR SHAREHOLDERS:

After two profitable years, Detrex incurred a loss of $797,000 in 1998. Our turnaround stalled on several fronts as we and the chemical industry were buffeted by the turbulent economic situation in Asia, the slow-down in computer chip manufacturing and the strong U. S. dollar. These conditions contributed to a $9.7 million reduction in sales for Detrex. The largest declines were in cleaning equipment sales and export sales of lubricant additives. This volume reduction had a big impact on the profitability of our business units and action was taken to reduce costs by approximately $2.5 million on an annualized basis. At the same time, we focused the organization on improving sales performance and generating growth opportunities. As we enter 1999, we have lower costs and are executing several initiatives to grow the revenue base.

All of the business units responded to the economic conditions by improving their operations. Harvel Plastics, Inc. succeeded in maintaining year-ago sales levels in spite of very difficult market conditions; however earnings were down due to pricing pressure and start-up costs associated with the new California manufacturing facility. The Elco Corporation was hard hit by the economic conditions referred to above which resulted in volume and profit declines; the cost structure was realigned in light of lower volumes. Seibert-Oxidermo, Inc. struggled with low volume through the first three quarters; sales of new and existing products improved in the fourth quarter, and this, combined with the consolidation of manufacturing facilities, should allow it to be profitable in 1999. The Solvents and Environmental Services Division improved year-over-year earnings in spite of shrinking markets and highly competitive conditions. The two capital equipment divisions, Automation and Equipment, were hard hit by the slow-down in industrial spending on plant equipment resulting in losses for the year. The operations of the Equipment Division have been revised to improve profitability and the resulting termination pay adversely affected the fourth quarter. RTI Laboratories has weathered the shake-out in the analytical testing field and enjoyed improved sales and earnings for the year.

A number of initiatives are underway which will benefit us in the years to come. We are making progress in controlling environmental liabilities as well as disposing of non-utilized assets. Numerous growth opportunities are being pursued in the operating units, including:

- Harvel's new California manufacturing facility is operating and producing plastic pipe.

- The Solvents Division has successfully started a contract parts cleaning business; we will build on this success by opening additional parts cleaning centers in 1999.

- Seibert has developed a paint formulation which helps our customers solve difficult quality problems on SMC parts.

- We are expanding production capacity for pyrroles in Elco to meet growing demand for these chemicals.

In spite of the disappointing earnings, cash flow from operations was positive by $1.4 million. These internally generated funds and $4.0 million in industrial revenue bonds were used to help fund capital expenditures of $7.1 million. These investments were for the expansion of Harvel's operations in California, various growth initiatives and continuing improvements in plant and equipment.

We are committed to supporting growth opportunities in all of the operating units and will focus on achieving improved sales performance in 1999. While we expect that business conditions in the chemical industry will remain at the current level for several months, we should be well positioned for improvement when economic conditions in the industry improve. We thank you and the entire Detrex family for your continued backing and support.

Thomas E. Mark	William C. King
President and Chief Operating Officer	Chairman and Chief Executive Officer

--------------- INDEPENDENT AUDITORS' REPORT ---------------

[DELOITTE & TOUCHE LLP LETTERHEAD]

To the Board of Directors and Stockholders of
Detrex Corporation

We have audited the accompanying consolidated balance sheets of Detrex Corporation and its subsidiaries (the Company) as of December 31, 1998 and 1997 and the related consolidated statements of operations and retained earnings and of cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Detrex Corporation and its subsidiaries at December 31, 1998 and 1997 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

February 25, 1999

DETREX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
NET SALES	$86,039,277	$95,756,801	$96,825,436
Cost of sales (exclusive of depreciation)	64,754,272	71,356,262	74,147,179
Selling, general and administrative expenses	18,062,684	17,816,042	18,923,660
Provision for depreciation and amortization	3,311,984	3,242,789	3,188,758
Net environmental (income)	--	--	(100,000)
Other (income) expense -- net	(149,210)	293,961	(571,118)
Minority interest	246,352	314,912	280,014
Interest expense	781,002	723,893	919,947
Gain on sale of Pacific Industrial Furnace Division	--	--	(368,985)
INCOME (LOSS) BEFORE INCOME TAXES	(967,807)	2,008,942	405,981
Provision (Credit) for income taxes	(171,280)	495,839	(9,387)
NET INCOME (LOSS)	(796,527)	1,513,103	415,368
RETAINED EARNINGS AT BEGINNING OF YEAR	15,632,925	14,119,822	13,704,454
RETAINED EARNINGS AT END OF YEAR	$14,836,398	$15,632,925	$14,119,822
NET INCOME (LOSS) PER COMMON SHARE:			
Basic	$(.50)	$.96	$.26
Diluted	$(.50)	$.94	$.26
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	1,583,414	1,583,414	1,583,414
Effects of Dilutive Stock Options	--	28,056	11,222
Diluted	1,583,414	1,611,470	1,594,636

</TABLE>

See Notes to Consolidated Financial Statements.

DETREX CORPORATION

CONSOLIDATED BALANCE SHEETS
DECEMBER 31

<TABLE>
<CAPTION>
ASSETS

	1998	1997
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents.................................	$ 192,689	$ 398,093
Accounts receivable (net of allowance for uncollectible accounts of $249,000 in 1998 and $372,000 in 1997)........	12,222,210	16,296,172
Inventories...	10,925,801	9,742,109
Land and building held for sale...........................	--	1,425,000
Prepaid expenses and other................................	966,651	692,543
Deferred income taxes.....................................	1,924,027	1,349,842
TOTAL CURRENT ASSETS................................	26,231,378	29,903,759
LAND, BUILDINGS AND EQUIPMENT:		
Land..	993,602	993,602
Buildings and improvements................................	17,051,589	16,555,248
Machinery and equipment...................................	37,259,191	31,298,526
Construction in progress..................................	2,702,657	2,541,084
	58,007,039	51,388,460
Less allowance for depreciation and amortization...........	32,743,694	30,040,031
LAND, BUILDINGS AND EQUIPMENT -- NET.................	25,263,345	21,348,429
LAND, BUILDING AND EQUIPMENT HELD FOR SALE..................	21,232	1,350,239
INDUSTRIAL DEVELOPMENT BOND PROCEEDS -- RESTRICTED FOR CAPITAL EXPENDITURES....................................	1,247,902	--
PREPAID PENSIONS...	1,383,246	1,338,951
DEFERRED INCOME TAXES......................................	689,504	693,406
OTHER ASSETS...	1,154,148	935,978
	$55,990,755	$55,570,762

</TABLE>

See Notes to Consolidated Financial Statements.

<TABLE>
<CAPTION>
LIABILITIES AND STOCKHOLDERS' EQUITY

	1998	1997
<S>	<C>	<C>
CURRENT LIABILITIES:		
Loans payable..	$ 6,289,774	$ 5,699,836
Current portion of long-term debt..........................	500,000	--
Current maturities of capital lease obligations............	256,724	303,464
Accounts payable...	9,682,835	9,843,411
Environmental reserve......................................	1,235,000	1,485,000
Accrued compensation.......................................	263,872	1,184,740
Other accruals...	2,078,391	2,113,776
TOTAL CURRENT LIABILITIES...........................	20,306,596	20,630,227
LONG-TERM PORTION OF CAPITAL LEASE OBLIGATIONS.............	468,142	569,396
INDUSTRIAL DEVELOPMENT BONDS...............................	3,500,000	--
ACCRUED POSTRETIREMENT BENEFITS............................	4,671,375	4,488,982
ENVIRONMENTAL RESERVE......................................	6,803,817	8,090,952
ACCRUED PENSION AND OTHER..................................	148,079	1,028,285
MINORITY INTEREST..	2,067,500	1,941,147
STOCKHOLDERS' EQUITY:		
Common capital stock, $2 par value, authorized 4,000,000 shares, outstanding 1,583,414 shares............................	3,166,828	3,166,828
Additional paid-in capital.................................	22,020	22,020
Retained earnings..	14,836,398	15,632,925
TOTAL STOCKHOLDERS' EQUITY..........................	18,025,246	18,821,773

	-----------	-----------
	$55,990,755	$55,570,762
	===========	===========

</TABLE>

See Notes to Consolidated Financial Statements.

DETREX CORPORATION
CONSOLIDATED STATEMENTS
OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (796,527)	$ 1,513,103	$ 415,368
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,311,984	3,242,789	3,188,758
Loss on disposal of assets	92,857	42,255	107,488
Deferred income taxes	(570,283)	83,080	1,277,731
Minority interest	126,353	194,111	160,015
Changes to operating assets and liabilities that provided (used) cash:			
Accounts receivable	4,073,962	(1,092,988)	(1,247,167)
Note receivable	--	1,562,665	(1,562,665)
Refundable U.S. income taxes	--	1,003,827	2,036,945
Inventories	(1,183,692)	(683,942)	(620,662)
Prepaid expenses and other	(318,403)	185,720	46,018
Other assets	52,597	(34,177)	20,761
Accounts payable	(160,576)	(1,279,930)	2,115,738
Environmental reserve	(1,537,135)	(695,345)	63,098
Accrued compensation	(920,868)	485,220	56,431
Accrued postretirement benefits	182,393	195,398	307,699
Other accruals	(919,380)	(600,271)	(1,966,249)
TOTAL ADJUSTMENTS	2,229,809	2,608,412	3,983,939
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,433,282	4,121,515	4,399,307
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(7,073,049)	(4,710,327)	(2,324,663)
Proceeds from disposal of property	1,395,549	2,125	1,615
Unused proceeds from bond issue-restricted for capital expenditures	(1,247,902)	--	--
Proceeds from insurance settlement	1,250,000	--	--
NET CASH USED IN INVESTING ACTIVITIES	(5,675,402)	(4,708,202)	(2,323,048)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt issued	4,000,000	--	--
Debt issuance costs	(222,985)	--	--
Borrowing (repayment) under revolving credit facility	589,938	72,383	(2,872,547)
Principal payments under capital lease obligations	(330,237)	(398,648)	(657,027)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	4,036,716	(326,265)	(3,529,574)
Net decrease in cash and cash equivalents	(205,404)	(912,952)	(1,453,315)
Cash and cash equivalents at beginning of year	398,093	1,311,045	2,764,360
Cash and cash equivalents at end of year	$ 192,689	$ 398,093	$ 1,311,045
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 809,809	$ 797,756	$ 1,023,564
Income taxes	$ 282,413	$ 205,472	$ 223,044
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Capital lease obligations incurred in connection with the acquisition of equipment	$ 425,322	$ 649,665	$ 445,649
Capital lease terminations	$ 243,080	$ 440,149	$ 152,931

Sale of PIFCO	$ --	$ --	$ 1,562,665

</TABLE>

See Notes to Consolidated Financial Statements.

DETREX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND CUSTOMER CONCENTRATION

Detrex Corporation and its subsidiaries (the Company) operate predominantly in a single industry: chemicals and allied products, services, and processes for use by manufacturing and service industries. The principal products include specialty chemicals, lubricant additives, fine chemicals, cleaning solvents, hydrochloric acid, PVC and CPVC plastic pipe, industrial finishing materials and paints, automation equipment, degreasing equipment, and environmental and analytical laboratory services. The products are primarily sold by sales-service engineers and most sales are direct to industrial users.

All of the Company's business units operate in highly competitive markets which are mainly national in scope, although approximately 11% of the Company's business in 1997 and 14% in 1998 was done outside the United States, principally by its lubricants subsidiary and its plastic pipe subsidiary. Generally, for all products there are numerous competitors with no one company or a small number of companies being dominant. The Company operates in niche markets and its principal methods of competition in various markets include service, price and quality. No material part of the business is dependent upon a single customer or a few customers and therefore vulnerability from this aspect is not a factor. However, certain of the Company's business units sell primarily to automotive or petro-chemical companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The consolidated financial statements comprise those of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated. Certain amounts for 1996 and 1997 have been reclassified to conform with 1998 classifications.

Inventories and Accounts Receivable

Inventories are stated at lower of cost or market. Approximately 95% of raw materials, including raw materials in work in process and finished goods inventories, is valued by using the last-in, first-out method. Labor and burden in inventory are determined by using the average cost method. Inventories relating to equipment contracts are stated at the accumulated cost of material, labor and burden less related progress billings.

Revenue from the Company's equipment contracts is recognized using the percentage-of-completion method except when use of the completed contract method does not have a material impact on the results of operations.

For sales reported under the percentage of completion method, the percent of revenues is recognized based on the ratio of costs incurred to date to total costs expected for each project. Revenue recognized for jobs in process at December 31, 1998 totals $786,453 and costs incurred on these contracts amounts to $652,211. Included in accounts receivable is $400,089 that has not been billed to customers due to contractual arrangements.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. Depreciation and amortization are provided over the estimated useful lives of the assets using the straight-line method for financial reporting purposes. Leased equipment is amortized over the lease term or estimated useful life of the asset.

Annual depreciation rates are as follows:

<TABLE>

<S>	<C>
Buildings	2.5-20%
Leasehold improvements	2.5-20%

Yard facilities..........................	5-6 2/3%
Machinery and equipment..................	6 2/3-33 1/3%
Office furniture and fixtures............	10-25%

</TABLE>

Interest incurred during construction periods is capitalized. $18,955 was capitalized in 1998 and $86,540 was capitalized in 1997.

Research and Development

Research and development costs are charged to operations as incurred. Research and development costs for 1998, 1997 and 1996 were approximately $1,243,000, $1,365,000, and $1,114,000, respectively.

Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is based upon the average number of common shares outstanding during the year. Shares subject to in-the-money stock options are the only items impacting diluted earnings per share.

Cash Flows

For purposes of the consolidated statements of cash flows, cash equivalents are defined as short-term highly-liquid investments with a maturity of three months or less at date of purchase.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, notes receivable, accounts payable, debt under the Revolving Credit Agreement, and the Industrial Development Bonds issue approximated fair values.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVENTORIES

Inventories at December 31 consist of the following:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
Raw materials..................	$ 3,435,271	$3,390,407
Work in progress...............	358,079	359,819
Finished goods.................	7,157,247	5,996,243
Less: Progress billings on work in progress..................	(24,796)	(4,360)
	$10,925,801	$9,742,109

</TABLE>

The excess of current cost over the stated last-in, first-out value is approximately $450,000 and $1,345,000 at December 31, 1998 and 1997.

4. CAPITAL AND OPERATING LEASES

Capitalized lease assets included in machinery and equipment at December 31 are as follows:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>

Machinery and equipment	$1,367,961	$1,420,319
Accumulated amortization	700,201	611,394
Leased assets -- net	$ 667,760	$ 808,925

</TABLE>

Rent expense applicable to operating leases for 1998, 1997 and 1996 was $598,000, $591,000 and $565,000, respectively.

Minimum annual lease payments for leases in effect at December 31, 1998 are as follows:

<TABLE>

<S> Minimum Lease Payments:	<C> Capital	<C> Operating
1999	$328,685	$ 699,215
2000	261,834	540,284
2001	162,661	484,662
2002	94,695	497,319
2003	18,325	490,520
2004 and thereafter	--	4,431,024
Total minimum lease payments	$866,200	$7,143,024
Less amount representing interest	141,334	
Present value of net minimum lease payments	724,866	
Less current portion	256,724	
Non-current portion	$468,142	

</TABLE>

5. REVOLVING CREDIT AGREEMENT AND TERM LOAN

During 1998 the Company amended its Credit Agreement (the Agreement) with Comerica Bank including an extension of the expiration date to May 1, 2000. The Agreement provides for a credit facility of up to $12.0 million, collateralized by the Company's inventory, accounts receivable, certain fixed assets, and stock of subsidiaries. The Agreement contains, among other provisions, requirements for maintaining defined levels of tangible net worth and various financial statement ratios. Interest under the Agreement equaled the prime interest rate. The Agreement also provides for a $2.0 million Term Loan facility.

The weighted average interest rate for short term borrowings under the Agreement for the year ended December 31, 1998 was 8.77%, compared to 9.92% for the year ended December 31, 1997 and 10.07% for the year ended December 31, 1996.

At December 31, 1998, the Company was not in compliance with certain financial covenants contained in the Agreement. The terms of the facility were subsequently amended retroactive to December 31, 1998, and the Company is in compliance with the amended covenants. The Company expects to be in compliance with the amended Agreement throughout 1999. Additional changes to the Agreement include extending the credit facility to May 1, 2001 and changing the interest rate to prime plus 1/4%.

6. INDUSTRIAL DEVELOPMENT BONDS

In connection with the expansion of Harvel Plastics, Inc.'s manufacturing capacity, $4.0 million of industrial development bonds were issued by the California Economic Development Financial Authority on March 24, 1998. Interest rates for these bonds are established weekly based on tax-exempt bond interest rates. The rate at the end of 1998 was 4.0%. The obligation is backed by a Letter of Credit issued by Comerica Bank for the total amount of the bonds. The Letter of Credit is in effect until January 2006 and affords protection against failed remarketing efforts if any were to occur. The amount and timing of redemption of the bonds is as follows:

<TABLE>
<CAPTION>

December 31	Amount
<S>	<C>
1999	$500,000

2000	600,000
2001	500,000
2002	600,000
2003	500,000
2004	600,000
2005	700,000

</TABLE>

At December 31, 1998, $1,247,902 of the proceeds of the bonds were held in a restricted trust for remaining capital expenditures in connection with the expansion project.

7. OTHER INCOME -- NET

Other income includes interest income of approximately $2,100, $7,000, and $182,000 for 1998, 1997 and 1996, respectively.

8. INCOME TAXES

Income taxes include the following components:

<TABLE>
<CAPTION>

	1998	1997	1996
Current for tax purposes:			
Federal	$ 56,951	$ 42,032	$(1,146,060)
State and local	178,306	194,559	74,381
Total current	235,257	236,591	(1,071,679)
Deferred income taxes:			
Federal	(406,537)	723,261	948,152
Valuation allowance	--	(467,000)	--
State and local	--	2,987	114,140
Total deferred	(406,537)	259,248	1,062,292
Provision (credit) for income taxes	$(171,280)	$ 495,839	$ (9,387)

</TABLE>

Deferred tax assets (liabilities) at December 31, 1998 and 1997 relate to the following temporary differences and carryforwards:

<TABLE>
<CAPTION>

	1998	1997
Net operating loss carryforward	$ 613,747	$ 244,815
Alternative minimum tax credit carryforward	482,027	425,176
Accruals for:		
Postretirement benefits	1,788,669	1,718,831
Environmental	3,078,063	3,666,633
Restructuring	8,421	41,463
Self insurance reserve	121,738	150,097
Inventory related	599,510	429,790
Insurance refund	478,625	--
Other	268,639	184,367
Gross deferred tax assets	7,439,439	6,861,172
Depreciation	(2,998,988)	(3,021,329)
Undistributed earnings of the Company's DISC	(1,334,812)	(1,484,017)
Other	(492,108)	(312,578)
Gross deferred tax liabilities	(4,825,908)	(4,817,924)

	1998	1997
Net deferred tax assets	$ 2,613,531	$ 2,043,248

The Company has net operating loss carryforwards of $1,805,139 that expire in 2010 and 2018.

The reasons for the difference between the income tax provision and income taxes computed at the statuatory rate of 34% for 1998, 1997 and 1996 are summarized below:

	1998	1997	1996
Computed "expected" tax provision	$(329,065)	$ 683,040	$ 138,034
State and local income taxes, net of federal tax benefit	117,682	130,380	124,424
Nondeductible meal and entertainment expense	69,509	68,655	63,504
Tax refund carryback tax rate differential	--	--	(364,319)
Deferred tax asset valuation allowance	--	(467,000)	--
Other -- net	(29,406)	80,764	28,970
	$(171,280)	$ 495,839	$ (9,387)

In 1995, the Company established a valuation allowance of $467,000 against its deferred tax assets. The Company returned this reserve to income in 1997.

9. LAND, BUILDINGS AND EQUIPMENT HELD FOR SALE

In 1993, the Company sold one division and outsourced manufacturing at another location. As a result, the Company had two facilities available for sale. One facility was sold in 1998 and the second is under contract to sell and it is anticipated that the transaction will be finalized during the first half of 1999. Insurance proceeds of $1,250,000 were received as a result of storm damage to the second facility and the book value of the property was adjusted accordingly.

10. PENSION AND POSTRETIREMENT COSTS

The Company and its subsidiaries have several non-contributory, defined benefit pension plans which cover substantially all employees. Benefits for salaried employees are based on years of service and the employee's average monthly compensation using the highest five consecutive years preceding retirement. Benefits for hourly employees are generally based on a specified payment per month for each year of service. The Company's funding policy is to contribute amounts sufficient to provide for benefits earned to date and those expected to be earned in the future.

The discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations were 6.75% and 4.0%, at December 31, 1998, 7.0% and 4.0% at December 31, 1997 and 7.5% and 4.0% at December 31, 1996. The expected long-term rate of return on assets was 8.5% in 1996 and 1997 and 9.25% in 1998. The following tables set forth the information required under Statement of Financial Accounting Standards No. 132:

	1998	1997
A. CHANGE IN PROJECTED BENEFIT OBLIGATION		
Benefit Obligation at January 1	$29,056,309	$26,515,238
Service Cost	684,709	570,823
Interest Cost	1,992,556	1,942,248
Actuarial (Gain)/Loss	1,224,166	1,826,456
Benefits Paid in Measurement Year	(1,849,575)	(1,798,456)

Benefit Obligation at December 31	$31,108,165	$29,056,309
B. CHANGE IN PLAN ASSETS		
Market Value of Assets at January 1	$32,834,181	$29,678,283
Actual Return on Assets	2,722,420	4,872,550
Contributions Made in Measurement Year	5,899	81,804
Benefits Paid in Measurement Year	(1,849,575)	(1,798,456)
Market Value of Assets at December 31	$33,712,925	$32,834,181

</TABLE>

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
C. RECONCILIATION OF FUNDED STATUS		
Funded Status as of December 31	$ 2,604,760	$ 3,777,872
Unrecognized Transition (Asset)/Obligation	(554,975)	(752,700)
Unrecognized Prior Service Cost	437,617	480,252
Unrecognized Net (Gain)/Loss	(1,221,563)	(2,844,684)
Net Pension Asset	$ 1,265,839	$ 660,740

</TABLE>

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
D. NET PERIODIC PENSION CREDIT			
Service Cost	$ 684,709	$ 570,823	$ 584,825
Interest Cost	1,992,556	1,942,248	1,869,757
Expected Return on Assets	(2,952,562)	(2,451,343)	(2,304,433)
Net Amortization	(323,903)	(316,716)	(222,304)
Net Periodic Pension Cost	$ (599,200)	$ (254,988)	$ (72,155)

</TABLE>

The Company has a 401(k) plan covering its salaried employees. Employees can contribute up to 15% of their salaries. The Company makes no contribution to this plan.

Certain divisions and subsidiaries of the Company provide contributory defined benefit health care plans for retirees, subject to various conditions and limitations.

Net periodic postretirement benefit costs included the following components:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Service cost-benefits attributed to service during the period	$107,647	$100,341	$171,286
Interest cost on accumulated postretirement benefit obligation	249,066	246,921	284,266

Net amortization	(42,301)	(48,580)	--
Net periodic postretirement benefit cost	$314,412	$298,682	$455,552

</TABLE>

The Company's postretirement benefit plans are not funded. The status of the plans at December 31, 1998 and 1997 follows:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
Accumulated postretirement benefit obligation:		
Retirees	$2,242,022	$2,121,546
Fully eligible active plan participants	304,208	248,040
Other active plan participants	1,275,976	1,113,065
Subtotal	3,822,206	3,482,651
Unrecognized net gain and prior service cost	849,169	1,006,331
Total accrued postretirement benefits	$4,671,375	$4,488,982

</TABLE>

The change in accumulated benefit obligation is as follows:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
Accumulated Postretirement Benefit Obligation - January 1	3,482,651	$4,086,412
Service Cost	107,647	100,341
Interest Cost	249,066	246,921
Amendments	--	(213,491)
Actuarial (Gain)/Loss	114,861	(634,248)
Benefits Paid in Measurement Year	(132,019)	(103,284)
Accumulated Postretirement Benefit Obligation - December 31	$3,822,206	$3,482,651

</TABLE>

For measurement purposes, a 8% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1998. The rate is assumed to decrease gradually over the next 4 years to 5.0% in 2002 and thereafter. The assumption for the health care cost trend rate has a significant effect on the amount of the obligation and periodic cost reported. An increase in the assumed health care cost trend rates by 1.0% in each year would increase the accumulated postretirement benefit obligation as of December 31, 1998 by approximately 14.8% and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by approximately 16.2%.

The assumed discount rate used in determining the accumulated postretirement benefit obligation was 6.75% at December 31, 1998, 7.0% at December 31, 1997 and 7.5% at December 31, 1996.

11. SALE OF PACIFIC INDUSTRIAL FURNACE DIVISION

On October 21, 1996, the Company completed the sale of the net assets of its Pacific Industrial Furnace Company (PIFCO) division. A portion of the consideration was received as a $1,562,665 note which was paid in 1997. Also, the Company entered into a consulting agreement which provides that it will receive compensation for providing certain services to the buyer over a four year period. The 1996 pre-tax gain on the sale of this division was $369,000. Included in 1996 results are sales of $4.6 million and a before tax loss of $573,000 applicable to PIFCO.

12. CONTINGENCIES

The Company and at least seventeen other companies are potentially responsible for sharing the costs in a proceeding to clean up contaminated sediments in the Fields Brook watershed in Ashtabula, Ohio. The Environmental

Protection Agency ('EPA") issued a Record of Decision in 1986 concerning the methods it recommends using to accomplish this task. The Company and the other potentially responsible parties negotiated with the EPA as to how best to effect the clean up operation. After negotiation, an agreement was reached with EPA on clean-up methodology. The Company's share of clean-up costs is anticipated to be in the range of approximately $3.0 to $3.5 million.

The Company maintains a reserve for anticipated expenditures over the next several years in connection with

remedial investigations, feasibility studies, remedial design, and remediation relating to the clean up of environmental contamination at several sites, including properties owned by the Company. The amounts of the reserve at December 31, 1998 and 1997 were $8.0 million and $9.6 million respectively. The reserve includes a provision for the Company's anticipated share of remediation in the Fields Brook watershed referred to above, as well as a provision for costs that are expected to be incurred in connection with remediation of other sites. Some of these studies have been completed; others are ongoing. In some cases, the methods of remediation remain to be agreed upon.

The Company expects to continue to incur professional fees, expenses and capital expenditures in connection with its environmental compliance efforts.

In addition to the above, there are several other claims and lawsuits pending against the Company and its subsidiaries.

The amount of liability to the Company with respect to costs of remediation of contamination of the Fields Brook watershed and of other sites, and the amount of liability with respect to several other claims and lawsuits against the Company, was based on available data. The Company has established its reserves in accordance with its interpretation of the principles outlined in Statement of Financial Accounting Standards No. 5 and Securities and Exchange Commission Staff Accounting Bulletin No. 92. In the event that any additional accruals should be required in the future with respect to such matters, the amounts of such additional accruals could have a material impact on the results of operations to be reported for a specific accounting period but should not have a material impact on the Company's consolidated financial position.

13. PREFERRED STOCK

The Company has authorized 1,000,000 shares of $2 par value preferred stock, issuable in series. No shares were issued or outstanding as of December 31, 1998, 1997 and 1996.

14. STOCK PURCHASE RIGHTS

The Company has in place a Shareholder Rights Plan, under which preferred stock purchase rights were distributed to shareholders as a dividend of one Right for each outstanding share of Common Stock. Each Right will entitle shareholders to buy one one-hundredth of a newly issued share of Series A Preferred Stock of the Company at an exercise price of $80, subject to adjustment. The Rights will be exercisable only if a person or group acquires beneficial ownership of 15% or more of the Company's outstanding Common Stock or commences a tender or exchange offer upon consummation of which a person or group would beneficially own 30% or more of the Company's outstanding Common Stock. Until they become exercisable, the Rights will be evidenced by the Common Stock certificates and will be transferred only with such certificates.

If any person or group becomes the beneficial owner of 15% or more of the Company's outstanding Common Stock, or if a holder of 15% or more of the Company's Common Stock engages in certain self-dealing transactions or a merger transaction in which the Company is the surviving corporation and its Common Stock remains outstanding, then each Right not owned by such person or certain related parties will entitle its holder to purchase, at the Right's then-current exercise price, shares of the Company's Common Stock (or, in certain circumstances, units of the Company's Series A Preferred Stock, cash, property or other securities of the Company) having a market value equal to twice the then-current exercise price. In addition, if after a person or group becomes the beneficial owner of 15% or more of the Company's outstanding Common Stock the Company is involved in a merger or other business combination transaction with another person after which its Common Stock does not remain outstanding, or sells 50% or more of its assets or earning power to another person, each Right will entitle its holder to purchase, at the Right's then-current exercise price, shares of common stock of such other person having a market value equal to twice the then-current exercise price. The Company will generally be entitled to redeem the Rights at $.01 per Right at any time until the tenth business day following public announcement that a person or group has acquired 15% or more of the Company's Common Stock. The Plan will expire on May 4, 2000 unless the Rights are earlier redeemed by the Company.

15. STOCK OPTIONS

On April 22, 1993, the shareholders of the Company approved the Corporation's 1993 Stock Option Plan (the Management Plan) and the Corporation's 1993 Stock Option Plan for Outside Directors (the Directors Plan). A summary of the fixed stock option grants under Detrex's Management Plan and Directors Plan as of December 31, 1998, 1997 and 1996, and changes during the years is presented below.

The total number of shares reserved for issuance upon exercise of options under the Management Plan is 150,000 shares and under the Directors Plan is 50,000 shares. Of the 200,000 options reserved, 7,000 remain available for future grants under the Management Plan; the time for granting options under the Directors Plan has expired.

	Management Plan		Directors Plan	
	Shares Under Option	Weighted Ave. Exercise Price	Shares Under Option	Weighted Ave. Exercise Price
1996				
Outstanding at beginning of year	23,000	$8.90	30,000	$9.89
Granted	101,000	6.27	6,000	7.31
Forfeited	5,000	8.625	--	--
Outstanding at end of year	119,000	6.68	36,000	9.46
1997				
Granted	2,000	9.00	6,000	8.13
Outstanding at end of year	121,000	6.72	42,000	9.27
1998				
Granted	22,000	13.38	--	--
Outstanding at end of year	143,000	7.74	42,000	9.27

Of the 185,000 options outstanding at December 31, 1998, the weighted average remaining life is 6.25 years; 131,316 of such options are exercisable at December 31, 1998. Also, of the 185,000 options outstanding, 83,000 are in-the-money and 102,000 are out-of-the-money. The range of exercise prices is from $5.00 to $13.38. The following table summarizes information about stock options outstanding at December 31, 1998:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Shares Under Option	Weighted Average Remaining Life	Weighted Average Exercise Price	Shares Under Option	Weighted Average Exercise Price
$ 5.00-$ 8.00	92,000	7.00	$ 5.86	71,250	$ 5.91
$ 8.01-$11.00	62,000	5.67	8.97	51,066	8.96
$11.01-$13.38	31,000	5.18	12.95	9,000	11.90
$ 5.00-$13.38	185,000	6.25	$ 8.09	131,316	$ 7.51

In accordance with the Statement of Financial Accounting Standard No. 123, Accounting for Stock-Based Compensation, the Company has elected to continue to report compensation by applying the requirements of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and therefore has recorded no charge to income for stock options. The pro-forma effect of applying the Black-Scholes option valuation model to options granted in 1996, 1997 and 1998 as well as the underlying weighted average Black-Scholes assumptions are as follows:

	1998	1997	1996
Net income (loss) as reported (in thousands)	$ (797)	$1,513	$415
Pro-forma net income (loss) (in thousands)	(888)	1,434	347
Earnings (loss) per share as reported -- basic	(0.50)	0.96	0.26
Pro-forma earnings (loss) per share	(.56)	0.91	0.22
Expected Volatility	0.50	0.37	0.36
Risk-Free Rate of Return	5.62	6.54	5.99
Expected Life	6 Years	6-10 Years	10 Years

Using the assumptions underlying the Black-Scholes model, the per share weighted average fair value of options granted in 1998, 1997 and 1996 is $7.31, $4.60 and $3.51.

16. SEGMENT REPORTING

Effective December 31, 1998, the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company has five operating segments that meet the quantitative thresholds of Statement No. 131:

- Harvel Plastics -- manufactures PVC and CPVC pipe and custom extrusions

- Elco Corporation -- produces lubricant additives, hydrochloric acid and fine chemicals

- Seibert-Oxidermo -- supplies paint, primers and specialty coatings for the automotive industry

- Equipment Division -- designs, engineers and sells industrial cleaning equipment

- Solvents Division -- distributes virgin or reclaimed solvents and aqueous or semi-aqueous cleaning chemistries.

Information regarding the Company's Automation Division and its RTI Laboratories Division are combined with Corporate data since they do not meet the quantitative thresholds. In addition, Corporate data includes interest expense, corporate administrative expense, discontinued operations and provisions for certain employee benefit items. Data (in thousands) for 1998, 1997 and 1996 is as follows:

	1998	1997	1996
Net sales:			
Harvel Plastics	$29,656	$29,638	$26,323
Elco Corporation	19,873	22,759	22,278
Seibert-Oxidermo	12,237	13,783	13,486
Equipment Division	7,291	10,594	13,383
Solvents Division	14,502	15,782	15,181
Other	2,480	3,201	6,174
Total	$86,039	$95,757	$96,825
Earnings (loss) before income taxes:			
Harvel Plastics	$ 2,710	$ 3,267	$ 2,661
Elco Corporation	1,237	2,811	2,751
Seibert-Oxidermo	(366)	296	672
Equipment Division	(823)	756	679

Solvents Division	361	291	(818)
Sub-total	$ 3,119	$ 7,421	$ 5,945
Corporate administrative expense	(3,912)	(3,790)	(3,627)
Corporate interest expense	(655)	(576)	(808)
Other	480	(1,046)	(1,104)
Total	$ (968)	$ 2,009	$ 406
Depreciation and amortization:			
Harvel Plastics	$ 1,204	$ 1,148	$ 1,012
Elco Corporation	924	835	787
Seibert-Oxidermo	330	360	316
Equipment Division	78	87	88
Solvents Division	288	289	332
Other	488	524	654
Total	$ 3,312	$ 3,243	$ 3,189
Total assets:			
Harvel Plastics	$21,630	$15,904	$13,908
Elco Corporation	15,139	13,284	11,754
Seibert-Oxidermo	6,949	7,626	7,739
Equipment Division	3,618	5,900	5,626
Solvents Division	5,473	5,869	5,446
Other	3,245	6,988	11,119
Total	$56,054	$55,571	$55,592
Sales by customer location:			
United States	$75,730	$85,063	$84,744
Outside United States	10,309	10,694	12,081
Total	$86,039	$95,757	$96,825

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

After two profitable years, Detrex Corporation and its consolidated subsidiaries (the "Company") incurred a loss of $797,000 in 1998. With the exception of the company's Solvents Division, each of the Company's reporting segments incurred a decline in earnings in 1998.

Harvel Plastics, Inc. ("Harvel") maintained the same revenue as in 1997 but earnings were adversely affected by start-up costs associated with its new California manufacturing facility and margin pressure resulting from world-wide overcapacity of PVC and CPVC pipe. The Elco Corporation ("Elco") reported declines in revenue in both its lubricant additives and its hydrochloric acid product lines. The majority of the decline in lubricant additives was in the international markets where the strong U.S. dollar had a negative impact; the decline in hydrochloric acid was attributable to the slowdown in computer chip manufacturing, an industry which is normally a major purchaser of high-grade hydrochloric acid. Seibert-Oxidermo, Inc. ("Seibert") recorded a loss in 1998, compared to profits in both 1996 and 1997. Seibert suffered a loss in volume which was partially caused by the effects of the General Motors strike in the second and third quarters. Seibert's business is almost entirely dependent on the automotive industry, and pricing pressures for suppliers in that industry continue. The Company's Equipment Division also incurred a loss in 1998 after two years of earnings. The Equipment Division had a $3.3 million reduction in revenue as capital spending was reduced in the markets served by this Division. The Division's 1998 revenues and earnings were negatively impacted by a very strong 1997 fourth quarter as customers accelerated purchases of new or upgraded cleaning equipment to meet new government standards required as of December 31, 1997. The Company's Solvents Division reported an increase in earnings even though revenue declined on a year-to-year basis. The increase in earnings was primarily attributable to the Division successfully implementing a new contract parts cleaning business during 1998.

As a result of the losses incurred during the last three quarters of the year, action was taken to reduce costs both at the Corporate level and at three of the Company's business units. Manpower, insurance costs and legal expenses were reduced at the Corporate level. Manpower reductions also took place at the Equipment Division, Elco and Seibert. Manufacturing expenses were reduced at both Elco and Seibert. The effect of these actions was to reduce costs by approximately $2.5 million on an annualized basis.

COMPARATIVE OPERATING DATA (IN THOUSANDS)

	1998		1997		1996	
	$	%	$	%	$	%
Net sales	86,039	100.0	95,757	100.0	96,825	100.0
Gross margin	21,285	24.7	24,401	25.5	22,678	23.4
Selling, general and administrative expenses	18,063	21.0	17,816	18.6	18,924	19.5
Depreciation and amortization	3,312	3.8	3,243	3.4	3,189	3.3
Gain on sale of PIFCO	--	--	--	--	369	.4
Net income (loss)	(797)	(.9)	1,513	1.6	415	.4

1998 COMPARED TO 1997 -- Net sales in 1998 reflect a $9.7 million decrease from the previous year. The largest decrease was in the Company's Equipment Division as a result of reduced capital spending by customers in the markets we serve. Decreases also occurred at Elco, Seibert, and the Company's Solvents Division. During 1998, these business units were adversely affected by the economic situation in Asia, the slowdown in computer chip manufacturing, and the General Motors strike. Sales at Harvel were approximately the same as the previous year.

Gross margin in 1998 was 24.7%, compared to 25.5% in 1997. Margins were adversely affected by the drop in volume and pricing pressure. Margins at Harvel were also affected by launch costs at its new California manufacturing facility. As a result of launching the California operations, Harvel's inventory and manpower were both higher than December 31, 1997 levels.

The year-to-year increase in selling, general and administrative expenses is due to economic increases in all of the Company's operating units, termination and severance costs, and additional marketing and technical support personnel in some of the Company's business units. These increases more than offset the increase in pension credits.

The provision for depreciation and amortization is higher than a year ago as a result of depreciation of plant additions in Ashtabula, Ohio and partial year depreciation of equipment at Harvel's new facility in California.

Interest expense on bank borrowings is approximately $31,000 lower than last year due to lower rates being negotiated at the time the Company's Credit Agreement was extended. However, interest expense in 1998 also includes interest attributable to the tax deferral of income from certain export sales and two months of interest on Harvel's industrial development bonds. Also, more interest was capitalized in 1997 than in 1998. The total year-to-year change in interest expense is an increase of $57,000.

The income tax credit in 1998 reflects a credit for federal income tax, partially offset by state and local income tax expense. Income tax expense in 1997 reflects state, local and federal income taxes, partially offset by returning to income the deferred tax valuation allowance that was established in 1995.

1997 COMPARED TO 1996 -- Net sales in 1997 reflect a $3.5 million revenue increase which replaced nearly all of the $4.6 million sales revenue associated with the industrial furnace division (PIFCO) which was sold in 1996. Harvel was the main contributor to the revenue growth.

Gross margin in 1997 was 25.5%, compared to 23.4% in 1996. Improved cost control at the Company's Equipment and Solvents Divisions accounted for most of the margin improvement.

The $1.1 million decrease in selling, general and administrative expenses is primarily attributable to a division being sold in the fourth quarter of 1996, the cost cutting activities that took place at the Company's Solvents Division and reduction in outside commissions at Elco.

The provision for depreciation and amortization is approximately the same as the prior year for all of the Company's business units.

In 1996, the "Other income" category reflects royalty income received by Seibert that ended in early 1997, whereas in 1997 the expense is primarily a write-down of a plant facility in anticipation of its sale.

During 1997, the Company kept its borrowings under its Credit Agreement at a lower level than during 1996; consequently interest expense was lower in 1997 than in 1996.

Income tax expense in 1997 reflects state, local and federal income taxes, partially offset by returning to income the deferred tax valuation allowance that was established in 1995. Income tax expense in 1996 reflects the normal provisions, completely offset by a credit to reflect the recognition of a rate differential resulting from the carryback of certain components of prior year net operating losses to tax years in which the statutory rate was 46%.

LIQUIDITY, FINANCIAL CONDITION, AND CAPITAL RESOURCES

The Company utilized internally generated funds, and the proceeds from the sale of a closed plant to finance its operations during 1998. In addition, in late September, insurance proceeds were received in conjunction with storm damage to a plant being held for sale. It is anticipated that the plant will be sold in the first half of 1999. Also, financing for Harvel's expansion in California was accomplished by obtaining $4.0 million of industrial development bonds.

The Company's capital expenditures in 1999 are estimated to be $5.5 million. It is anticipated that these expenditures will principally be financed through internally generated funds and borrowings under existing financing arrangements.

On February 23, 1999, the Company received reaffirmation of its $12.0 million credit facility. The financial covenants were amended and the interest rate was increased by 1/4%. The term of the credit facility was extended to May 1, 2001. (See Note 5 to the Consolidated Financial Statements).

Working capital was $5.9 million at December 31, 1998 compared to $9.3 million at December 31, 1997. The Company believes the 1998 working capital level is adequate. The Company has paid no dividends since the second quarter of 1991 and cannot forecast when the dividend will be restored.

YEAR 2000 COMPLIANCE

The Company currently is working to resolve the potential impact of the Year 2000 on the processing of information by its computerized information systems. Year 2000 ("Y2K") issues may arise if computer programs have been written using two digits,

instead of four, to define the applicable year. In such case, a program that utilizes time-sensitive logic may recognize a date using "00" as the Year 1900 rather than the Year 2000, which could result in miscalculations or system failures.

In 1997, the Company undertook a study to determine its future computer hardware and software requirements for its management information systems, including Y2K compliance considerations. Since then the Company has implemented a program, consisting of two phases, for achieving upgraded systems and Y2K compliance. The first phase of the program consisted of replacing the Company's computerized information systems and programs with new systems and programs that are Y2K compliant. As of November, 1998, the Company has completed the first phase. As a result, the Company's accounts payable, accounts receivable and general ledger were upgraded to new, Y2K compliant systems and programs. The Company expects to convert its fixed asset records to new, Y2K compliant programs in the second quarter of 1999.

The second phase of becoming Y2K compliant in its management information systems is the replacement of computerized information systems and programs that perform job costing for the Company's Equipment Division and sales invoicing for the Company's Solvents and Equipment Divisions with Y2K compliant systems and programs. The Company has started this phase and expects to complete it by mid-year 1999.

All of the parent Company's operations systems have been reviewed and work plans have been established to develop Y2K compliance by mid-year 1999. Two of the Company's subsidiaries, Harvel and Seibert, are substantially compliant at the present time. Elco has developed a work plan and has an approved capital expenditure of approximately $75,000 for its Y2K compliance program which is scheduled to be completed by mid-year 1999.

Since the Company relies on electronic data from certain of its vendors, financial institutions and customers, the Company has conducted surveys to determine if these entities are Y2K compliant or are on schedule to become Y2K compliant before the end of 1999. The Company has sent detailed questionnaires to approximately 500 vendors, financial institutions and customers to determine if they are on schedule to become Y2K compliant. Approximately 335 entities have responded to the questionnaires in varying degrees of detail. All of these entities have indicated that they are or will become Y2K compliant. However, the Company has not yet conducted any testing with third parties and therefore has no assurance that these entities, or others that have not responded, will become Y2K compliant on a timely basis. If the Company's most significant vendors, financial institutions and customers fail to become Y2K compliant on a timely basis, such failure could have a material adverse effect on the Company's business and operations.

To become Y2K compliant, the Company has appointed an officer as project coordinator for its Y2K program and has engaged the services of information systems consultants. As of December 31, 1998, the Company had spent approximately $500,000 to upgrade its information systems and programs, most for which were capital expenditures. Although the Company cannot predict with certainty the remaining expenditures that it will make during 1999 for such upgrades, the Company's current estimates are in the range of $400,000, most of which will also be capital expenditures. The Company cannot accurately allocate the portion of such expenditures for information systems and programs that relate solely to Y2K compliance.

In the last two years, the Company has dedicated significant management attention to the Y2K issue. Management updates the Board of Directors on a regular basis concerning the Company's progress in achieving Y2K compliance. Because it expects to become Y2K compliant, the Company has not developed a contingency plan in the event that it should fail to become Y2K compliant. The Company will continue to monitor its progress in becoming Y2K compliant and will develop contingency plans as needed if it determines that there will be a shortfall in its Y2K efforts or those of its vendors, financial institutions and customers. The Company currently cannot determine the cost of contingency plans, should they be necessary.

The cost of the Company's Y2K program and the dates by which the Company believes it will become Y2K compliant are based upon management's best estimates. The Company cannot assure that it will achieve Y2K compliance according to this program and actual results could differ from those outlined. Various factors, including numerous assumptions as to future events, the timely availability of experienced personnel, the complexity of the transition from its old systems to the new systems and the compliance efforts of third parties, which the Company does not control, may adversely affect its Y2K compliance progress. Any failure to become Y2K compliant on a timely basis could have a material adverse affect on the Company, including the inability to properly bill and collect payments from customers, as well as errors and omissions in accounting and financial data.

SELECTED FINANCIAL DATA
(Dollars in thousands except per share amounts)

<TABLE>
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	1998	1997	1996	1995	1994

<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$86,039	$95,757	$96,825	$94,302	$100,096
Net income (loss)	(797)	1,513	415	(1,869)	(5,639)
Earnings (loss) per common share -- basic	(.50)	.96	.26	(1.18)	(3.56)
Earnings (loss) per common share -- diluted	(.50)	.94	.26	(1.18)	(3.56)
Total assets	55,991	55,571	55,592	57,659	61,775
Net working capital	5,925	9,274	8,515	6,317	6,968
Capital expenditures	7,073	4,710	2,325	2,095	2,201
Long term portion of capital lease obligations	468	569	394	518	702
Total bank debt	6,290	5,700	5,627	8,500	5,500
Industrial development bonds	4,000	--	--	--	--
Stockholders' equity	18,025	18,822	17,309	16,893	18,763
Stockholders' equity per common share	11.38	11.89	10.93	10.67	11.85
Number of employees	366	353	345	347	367
Percentages to net sales:					
Gross margin	24.7	25.5	23.4	22.5	22.9
Net income (loss)	(.9)	1.6	.4	(2.0)	(5.6)
Net income (loss) as a percent of:					
Average total assets	(1.4)	2.7	.7	(3.1)	(9.3)
January 1st stockholders' equity	(4.2)	8.7	2.5	(10.0)	(23.1)
Current ratio	1.3	1.4	1.4	1.3	1.3

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SUPPLEMENTARY INFORMATION (Unaudited)
Selected Quarterly Data (Thousands of dollars except per share amounts)

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	1998 Quarters				1997 Quarters			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
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Net sales	$21,198	$22,113	$21,292	$21,436	$25,972	$22,908	$23,716	$23,161
Gross margin on sales	5,385	5,573	4,905	5,422	7,224	5,791	5,793	5,586
Net income	(428)	(266)	(248)	146	868	173	336	136
Per common share -- basic	(.27)	(.17)	(.15)	.09	.55	.11	.21	.09
Per common share -- diluted	(.27)	(.17)	(.15)	.09	.53	.11	.21	.09
Stock price range(1)								
High	7 1/4	13 1/2	17 3/4	18	11 1/4	9 7/8	9 1/4	8 1/4
Low	5 13/16	6 1/4	12	9 3/8	8 3/4	7 1/4	7 1/4	5 3/4

</TABLE>

(1) Stock price range was obtained from NASDAQ quotations.

DIRECTORS

BRUCE W. COX
President, B. W. Cox Company,
Manufacturers Representative

ROBERT A. EMMETT, III
Partner, Reed Smith Shaw & McClay,
Attorneys, Washington, D.C.

WILLIAM C. KING
Chairman and Chief Executive Officer

JOHN F. MANGOLD
Manufacturing Consultant

THOMAS E. MARK
President and Chief Operating Officer

BENJAMIN W. McCLEARY
Member, McFarland Dewey & Co., LLC
Investment Bankers, New York City

ARBIE R. THALACKER
Partner, Shearman & Sterling,
Attorneys, New York City

JOHN D. WITHROW
Retired President and Chief Operating Officer,

Lectron Products Inc.

AUDIT COMMITTEE
JOHN F. MANGOLD, Chairman
ARBIE R. THALACKER
ROBERT A. EMMETT, III

TRANSFER AGENT AND REGISTRAR
STATE STREET BANK AND TRUST COMPANY

AUDITORS
DELOITTE & TOUCHE LLP

OFFICERS

W. C. KING
Chairman and Chief Executive Officer

T. E. MARK
President and Chief Operating Officer

G. J. ISRAEL
Vice President-Finance, Treasurer and Chief Financial Officer

R. M. CURRIE
Secretary and General Counsel

S. J. QUINLAN
Controller

BUSINESS UNIT EXECUTIVES

D. A. CHURCH
President, Seibert-Oxidermo, Inc.

D. R. CRANDELL
President, Solvents and Equipment Divisions

J. G. SINGH
General Manager, RTI Laboratories

C. K. UTZ
General Manager, Automation Division

E. E. WISMER
President, Harvel Plastics, Inc.

R. D. WYVILL
President, The Elco Corporation and General Manager, Chemicals Division

A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR THE YEAR 1998 WILL BE FURNISHED WITHOUT CHARGE TO SHAREHOLDERS UPON WRITTEN REQUEST. REQUESTS ARE TO BE SENT TO VICE PRESIDENT-FINANCE, DETREX CORPORATION, 24901 NORTHWESTERN HWY., SUITE 500, SOUTHFIELD, MICHIGAN 48075.

DETREX CORPORATION

GENERAL OFFICES -- 24901 NORTHWESTERN HWY., SUITE 500, SOUTHFIELD, MICHIGAN 48075

Telephone: (248) 358-5800
INTERNET ADDRESS -- http://www.detrex.com

FORM 10-K

EXHIBIT 21. SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	State or Other Jurisdiction of Incorporation or Organization	
The Elco Corporation	Ohio	(1)
ELDISC Export Co. (100% owned by The Elco Corporation)	Delaware	(1)
Harvel Plastics, Inc. (85% owned by The Elco Corporation)	Pennsylvania	(1)
Seibert-Oxidermo, Inc.	Michigan	(1)

(1) Financial statements of subsidiary companies are included in the Consolidated financial statements.

EXHIBIT 23

[DELOITTE & TOUCHE LLP LETTERHEAD]

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-80818 and No. 33-80820 of Detrex Corporation on Form S-8 of our reports dated February 25, 1999 appearing in and incorporated by reference in this Annual Report on Form 10-K of Detrex Corporation for the year ended December 31, 1998.

Deloitte & Touche LLP

Detroit, Michigan
March 25, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
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