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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2004

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________________ to _________________

Commission File No. 111596

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	58-1954497
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
1940 N.W. 67th Place, Gainesville, FL	32653
(Address of principal executive offices)	(Zip Code)

(352) 373-4200
(Registrant's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes |X| No |_|

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the close of the latest practical date.

Class	Outstanding at May 5, 2004
Common Stock, $.001 Par Value	41,427,725 (excluding 988,000 shares held as treasury stock)

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS

PART I, ITEM 1

The consolidated financial statements included herein have been prepared by the Company (which may be referred to as we, us or our), without an audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures which are made are adequate to make the information presented not misleading. Further, the consolidated financial statements reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position and results of operations as of and for the periods indicated.

It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

The results of operations for the three months ended March 31, 2004, are not necessarily indicative of results to be expected for the fiscal year ending December 31, 2004.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except for Share Amounts)	March 31, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current assets:		
Cash	$ 517	$ 411
Restricted cash	61	30
Accounts receivable, net of allowance for doubtful accounts of $863 and $703	23,526	24,622
Inventories	957	589
Prepaid expenses	2,332	2,332
Other receivables	467	397
Total current assets	27,860	28,381
Property and equipment:		
Buildings and land	22,349	21,391
Equipment	33,183	32,121
Vehicles	3,245	2,881
Leasehold improvements	11,235	11,082
Office furniture and equipment	2,139	2,153
Construction-in-progress	3,148	2,636
	75,299	72,264
Less accumulated depreciation and amortization	(20,328)	(19,195)
Net property and equipment	54,971	53,069
Intangibles and other assets:		
Permits	16,680	16,680
Goodwill	6,216	6,216
Finite Risk Sinking Fund	2,225	1,234
Other assets	4,377	4,635
Total assets	$ 112,329	$ 110,215

The accompanying notes are an integral part of these consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS, CONTINUED

(Amounts in Thousands, Except for Share Amounts)	March 31, 2004 (Unaudited)	December 31, 2003
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,553	$ 6,359
Current environmental accrual	1,107	1,143
Accrued expenses	11,912	11,553
Unearned revenue	1,694	2,271
Current portion of long-term debt	2,570	2,896
Total current liabilities	24,836	24,222
Environmental accruals	1,910	1,432
Accrued closure costs	4,999	4,965
Other long-term liabilities	1,777	1,677
Long-term debt, less current portion	18,281	26,192
Total long-term liabilities	26,967	34,266
Total liabilities	51,803	58,488
Commitments and Contingencies (see Note 4)	--	--
Preferred Stock of subsidiary, $1.00 par value; 1,467,396 shares authorized, 1,284,730 shares issued and outstanding, liquidation value $1.00 per share	1,285	1,285
Stockholders' equity:		
Preferred Stock, $.001 par value; 2,000,000 shares authorized, 2,500 shares issued and outstanding	--	--
Common Stock, $.001 par value; 75,000,000 shares authorized, 42,415,725 and 37,241,881 shares issued, including 988,000 shares held as treasury stock, respectively	42	37
Additional paid-in capital	80,467	69,640
Accumulated deficit	(19,288)	(17,243)
Interest rate swap	(118)	(130)
	61,103	52,304
Less Common Stock in treasury at cost; 988,000 shares	(1,862)	(1,862)
Total stockholders' equity	59,241	50,442
Total liabilities and stockholders' equity	$112,329	$110,215

The accompanying notes are an integral part of these consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended March 31, 2004	2003
Net revenues	$ 17,469	$ 19,518
Cost of goods sold	13,908	14,457
Gross profit	3,561	5,061
Selling, general and administrative expenses	4,390	4,380
Income (loss) from operations	(829)	681
Other income (expense):		
Interest income	1	2
Interest expense	(670)	(702)
Interest expense-financing fees	(256)	(301)
Other	(244)	(65)
Net loss	(1,998)	(385)
Preferred Stock dividends	(47)	(46)
Net loss applicable to Common Stock	$ (2,045)	$ (431)
Net loss per common share:		
Basic	$ (.06)	$ (.01)
Diluted	$ (.06)	$ (.01)

Number of shares and potential common shares used in net loss per common share:		
Basic	37,040	34,605
Diluted	37,040	34,605

The accompanying notes are an integral part of these consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

(Amounts in Thousands)	Three Months Ended March 31, 2004	2003
<S>	<C>	<C>
Cash flows from operating activities		
Net loss	$ (1,998)	$ (385)
Adjustments to reconcile net loss to cash provided by (used in) operations:		
Depreciation and amortization	1,236	1,140
Debt discount amortization	81	81
Provision for bad debt and other reserves	36	52
Gain on sale of plant, property and equipment	(17)	--
Changes in assets and liabilities:		
Accounts receivable	3,263	(376)
Prepaid expenses, inventories and other assets	(36)	(243)
Accounts payable and accrued expenses	47	668
Net cash provided by operations	2,612	937
Cash flows from investing activities:		
Purchases of property and equipment, net	(1,073)	(896)
Proceeds from sale of plant, property and equipment	19	--
Change in restricted cash, net	--	(1)
Change in finite risk sinking fund	(991)	--
Funds used for acquisitions (net of cash acquired)	(2,903)	--
Net cash used in investing activities	(4,948)	(897)
Cash flows from financing activities:		
Net repayments of revolving credit	(7,800)	(258)
Principal repayments of long-term debt	(517)	(492)
Proceeds from issuance of stock	10,759	591
Net cash provided by (used in) financing activities	2,442	(159)
Increase (decrease) in cash	106	(119)
Cash at beginning of period	411	212
Cash at end of period	$ 517	$ 93
Supplemental disclosure		
Interest paid	$ 509	$ 540
Non-cash investing and financing activities:		
Issuance of Common Stock for services	10	10
Issuance of Common Stock for payment of dividends	63	63
Gain on interest rate swap	12	14
Long-term debt incurred for purchase of property and equipment	--	308

</TABLE>

The accompanying notes are integral part of these consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, for the three months ended March 31, 2004)

<TABLE>
<CAPTION>

(Amounts in thousands, except for share amounts)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Interest Rate Swap	Common Stock Held In Treasury	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 2003	2,500	$ --	37,241,881	$ 37	$69,640	$(17,243)	$ (130)	$(1,862)	$ 50,442

Comprehensive loss:									
Net loss	--	--	--	--	--	(1,998)	--	--	(1,998)
Other Comprehensive income:									
Gain on interest rate swap	--	--	--	--	--	--	12	--	12
Comprehensive loss									(1,986)
Preferred Stock dividends	--	--	--	--	--	(47)	--	--	(47)
Issuance of Common Stock for Preferred Stock dividend	--	--	19,643	--	63	--	--	--	63
Issuance of stock for cash and services	--	--	538,088	--	898	--	--	--	898
Issuance of Common Stock in private placement	--	--	4,616,113	5	9,866	--	--	--	9,871
Balance at March 31, 2004	2,500	$ --	42,415,725	$ 42	$80,467	$ (19,288)	$(118)	$ (1,862)	$ 59,241

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2004
(Unaudited)

Reference is made herein to the notes to consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2003.

1. Summary of Significant Accounting Policies

Our accounting policies are as set forth in the notes to consolidated financial statements referred to above.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current period presentation.

Stock-Based Compensation

We account for our stock-based employee compensation plans under the accounting provisions of APB Opinion 25, Accounting for Stock Issued to Employees, and have furnished the pro forma disclosures required under Statement of Financial Accounting Standards ("SFAS") 123, Accounting for Stock-Based Compensation, and SFAS 148, Accounting for Stock-Based Compensation - Transition and Disclosure.

SFAS 123 requires pro forma information regarding net income and earnings per share as if compensation cost for our employee and director stock options had been determined in accordance with the fair market value-based method prescribed in SFAS 123. We estimate the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model with the following assumptions used for grants in 2003: no dividend yield; an expected life of ten years; expected volatility between 23.8% and 23.2%; and risk free interest rates between 2.75% and 3.27%. No stock options have been granted in 2004.

Under the accounting provisions of SFAS 123, our net loss and net loss per share would have been increased to the pro forma amounts indicated below (in thousands except for per share amounts):

	Three Months Ended March 31,	
(Unaudited)	2004	2003
Net loss applicable to Common Stock, as reported	$(2,045)	$ (431)
Deduct: Total Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(96)	(96)
Pro forma net loss applicable to Common Stock	$(2,141)	$ (527)
Loss per share:		
Basic - as reported	$ (.06)	$ (.01)
Basic - pro-forma	$ (.06)	$ (.02)
Diluted - as reported	$ (.06)	$ (.01)
Diluted - pro-forma	$ (.06)	$ (.02)

2. Earnings Per Share

Basic EPS is based on the weighted average number of shares of Common Stock outstanding during the period. Diluted EPS includes the dilutive effect of potential common shares. Diluted loss per share for the three months ended March

31, 2004 and 2003, does not include potential common shares as their effect would be anti-dilutive.

The following are potential shares excluded from weighted average share calculations due to their anti-dilutive effect for the three months ended March 31, 2004 and 2003:

(Unaudited)	Three Months Ended March 31, 2004	2003
Upon exercise of Options	3,139,950	3,675,000
Upon exercise of Warrants	12,980,493	13,749,827
Upon conversion of Preferred Stock	1,666,667	1,666,667

3. Long Term Debt

Long-term debt consists of the following at March 31, 2004, and December 31, 2003:

<TABLE>
<CAPTION>

(Amounts in Thousands)	March 31, 2004 (Unaudited)	December 31, 2003
<S>	<C>	<C>
Revolving Credit facility dated December 22, 2000, borrowings based upon eligible accounts receivable, subject to monthly borrowing base calculation, variable interest paid monthly at prime rate plus 1% (5.00% at March 31, 2004), balance due in December 2005.	$ 1,685	$ 9,235
Term Loan dated December 22, 2000, payable in equal monthly installments of principal of $83, balance due in December 2005, variable interest paid monthly at prime rate plus 1 1/2% (5.50% at March 31, 2004).	3,833	4,083
Three promissory notes dated May 27, 1999, payable in equal monthly installments of principal and interest of $90 over 60 months, due June 2004, interest at 7.0%.	268	531
Unsecured promissory note dated August 31, 2000, payable in lump sum in August 2005, interest paid annually at 7.0%.	3,500	3,500
Senior subordinated notes dated July 31, 2001, payable in lump sum on July 31, 2006, interest payable quarterly at an annual interest rate of 13.5%, net of unamortized debt discount of $757 at March 31, 2004 and $838 at December 31, 2003.	4,868	4,787
Promissory note dated June 25, 2001, payable in semiannual installments on June 30 and December 31 through December 31, 2008, variable interest accrues at the applicable law rate determined under the IRS Code Section (7.0% on March 31, 2004) and is payable in one lump sum at the end of installment period.	3,354	3,354
Installment agreement dated June 25, 2001, payable in semiannual installments on June 30 and December 31 through December 31, 2008, variable interest accrues at the applicable law rate determined under the IRS Code Section (7.0% on March 31, 2004) and is payable in one lump sum at the end of installment period.	833	833
Various capital lease and promissory note obligations, payable 2004 to 2008, interest at rates ranging from 5.2% to 17.9%.	2,510	2,765
	20,851	29,088
Less current portion of long-term debt	2,570	2,896
	$18,281	$26,192

</TABLE>

Revolving Credit and Term Loan

On December 22, 2000, we entered into a Revolving Credit, Term Loan and Security Agreement ("Agreement") with PNC Bank, National Association, a national banking association ("PNC") acting as agent ("Agent") for lenders, and as issuing bank. The Agreement provided, at inception, for a term loan ("Term Loan") in the amount of $7,000,000, which requires principal repayments based upon a seven-year amortization, payable over five years, with monthly installments of $83,000 and the remaining unpaid principal balance due on December 22, 2005. The Agreement also provided for a revolving line of credit ("Revolving Credit") with a maximum principal amount outstanding at any one time of $18,000,000, as amended. The Revolving Credit advances are subject to limitations of an amount up to the sum of (a) up to 85% of Commercial Receivables aged 90 days or less from invoice date, (b) up to 85% of Commercial Broker Receivables aged up to 120 days from invoice date, (c) up to 85% of acceptable Government Agency Receivables aged up to 150 days from invoice date, and (d) up to 50% of acceptable unbilled amounts aged up to 60 days, less (e) reserves Agent reasonably deems proper and necessary. The Revolving Credit advances are due and payable in full on December 22, 2005. As of March 31, 2004, the excess availability under our Revolving Credit was $11,437,000 based on our eligible receivables, and after reducing the outstanding balance of our Revolving Credit with approximately $6,966,000 of the net proceeds from our recently completed private placement.

Pursuant to the Agreement the Term Loan bears interest at a floating rate equal to the prime rate plus 1 1/2 %, and the Revolving Credit at a floating rate equal to the prime rate plus 1%. The loans are subject to a prepayment fee of 1 1/2 % in the first year, 1% in the second and third years and 3/4 % after the third anniversary until termination date.

Three Promissory Notes

Pursuant to the terms of the Stock Purchase Agreements in connection with the acquisition of Perma-Fix of Orlando, Inc. ("PFO"), Perma-Fix of South Georgia, Inc. ("PFSG") and Perma-Fix of Michigan, Inc. ("PFMI"), a portion of the consideration was paid in the form of the Promissory Notes, in the aggregate amount of $4,700,000 payable to the former owners of PFO, PFSG and PFMI. The Promissory Notes are paid in equal monthly installments of principal and interest of approximately $90,000 over five years and having an interest rate of 5.5% for the first three years and 7% for the remaining two years. The aggregate outstanding balance of the Promissory Notes total $268,000 at March 31, 2004, which is in the current portion. Payments of such Promissory Notes are guaranteed by PFMI under a non-recourse guaranty, which non-recourse guaranty is secured by certain real estate owned by PFMI. These Promissory Notes are subject to subordination agreements with our senior and subordinated lenders.

Unsecured Promissory Note

On August 31, 2000, as part of the consideration for the purchase of Diversified Scientific Services, Inc. ("DSSI"), we issued to Waste Management Holdings a long-term unsecured promissory note (the "Unsecured Promissory Note") in the aggregate principal amount of $3,500,000, bearing interest at a rate of 7% per annum and having a five-year term with interest to be paid annually and principal due in one lump sum at the end of the term of the Unsecured Promissory Note (August 2005).

Senior Subordinated Notes

On July 31, 2001, we issued approximately $5,625,000 of our 13.50% Senior Subordinated Notes due July 31, 2006 (the "Notes"). The Notes were issued pursuant to the terms of a Note and Warrant Purchase Agreement, dated July 31, 2001 (the "Purchase Agreement"), between the Company, Associated Mezzanine Investors - PESI, L.P. ("AMI"), and Bridge East Capital, L.P. ("BEC"). The Notes are unsecured and are unconditionally guaranteed by our subsidiaries. Our payment obligations under the Notes are subordinate to our payment obligations to our primary lender and to certain other of our debts up to an aggregate amount of $25,000,000.

Under the terms of the Purchase Agreement, we also issued to AMI and BEC Warrants to purchase up to 1,281,731 shares of our Common Stock ("Warrant Shares") at an initial exercise price of $1.50 per share (the "Warrants"), subject to adjustment under certain conditions which were valued at $1,622,000 and recorded as a debt discount and are being amortized over the term of the Notes. As of March 31, 2004, the unamortized portion of the debt discount was $757,000. The Warrants, as issued, also contain a cashless exercise provision. The Warrant Shares are registered under an S-3 Registration Statement that was declared effective on November 27, 2002.

Promissory Note

In conjunction with our acquisition of East Tennessee Materials and Energy Corporation ("M&EC"), M&EC issued a promissory note for a principal amount of $3,714,000 to PDC, dated June 25, 2001, for monies advanced to M&EC for certain services performed by PDC. The promissory note is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable law rate ("Applicable Rate") pursuant to the provisions of section 6621 of the Internal Revenue Code of 1986 as amended, (7.0% on March 31, 2004) and payable in lump sum at the end of the loan period. On March 31, 2004, the outstanding balance was $4,363,000 including accrued interest of approximately $1,009,000. PDC has directed M&EC to make all payments under the promissory note directly to the IRS to be applied to PDC's obligations under its installment agreement with the IRS.

Installment Agreement

Additionally, M&EC entered into an installment agreement with the Internal Revenue Service ("IRS") for a principal amount of $923,000 effective June 25, 2001, for certain withholding taxes owed by M&EC. The installment agreement is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the Applicable Rate and is adjusted on a quarterly basis and payable in lump sum at the end of the installment period. On March 31, 2004 the Applicable Rate was 7.0%. On March 31, 2004, the outstanding balance was $1,078,000 including accrued interest of approximately $245,000.

4. Commitments and Contingencies

Hazardous Waste

In connection with our waste management services, we handle both hazardous and non-hazardous waste, which we transport to our own, or other facilities for destruction or disposal. As a result of disposing of hazardous substances, in the event any cleanup is required, we could be a potentially responsible party for the costs of the cleanup notwithstanding any absence of fault on our part.

Legal

In the normal course of conducting our business, we are involved in various litigations. Except as stated below, there has been no material change in legal proceedings from those disclosed previously in the Company's Form 10-K for the year ended December 31, 2003.

In March 2004, we settled the lawsuit, Bryson Adams, et al. v. Environmental Purification Advancement Corporation, et al.; Civil Action No. 99-1998, United States District Court, Western District of Louisiana. We paid in settlement of this lawsuit the sum of $60,000 in April 2004, and accrued the expense during the three months ended March 31, 2004.

We recently discovered that our Tulsa, Oklahoma subsidiary, which has a permit to treat and store hazardous waste in certain areas of its facility, had been improperly accepting and storing a substantial amount of hazardous and non-hazardous waste in violation of certain environmental laws in areas not permitted to accept and/or to store hazardous and non-hazardous waste. We voluntarily reported this matter to the appropriate Oklahoma authorities and have removed this waste to permitted treated, storage and/or disposal facilities. We are working with the Oklahoma authorities to provide the information they requested as to this matter. As of the date of this report, we have not been notified by the Oklahoma

authorities as to what action or actions, if any, they will take against our subsidiary as a result of this improper acceptance and storage of waste. The Oklahoma authorities could assert monetary fines or penalties or take other action against our subsidiary (including, but not limited to, loss of permits), which may have a material adverse effect on us.

Insurance

We believe we maintain insurance coverage adequate for our needs and which is similar to, or greater than, the coverage maintained by other companies of our size in the industry. There can be no assurances, however, those liabilities, which may be incurred by us, will be covered by our insurance or that the dollar amount of such liabilities, which are covered, will not exceed our policy limits. Under our insurance contracts, we usually accept self-insured retentions, which we believe is appropriate for our specific business risks. We are required by EPA regulations to carry environmental impairment liability insurance providing coverage for damages on a claims-made basis in amounts of at least $1,000,000 per occurrence and $2,000,000 per year in the aggregate. To meet the requirements of customers, we have exceeded these coverage amounts.

In June 2003, we entered into a 25-year finite risk insurance policy, which provides financial assurance to the applicable states for our permitted facilities in the event of unforeseen closure. Prior to obtaining or renewing operating permits we are required to provide financial assurance that guarantee to the states that, in the event of closure, our permitted facilities will be closed in accordance with the regulations. The policy provides $35,000,000 of financial assurance coverage and has available capacity to allow for annual inflation and other performance and surety bond requirements. On the fourth and subsequent anniversaries of the contract inception, the Company may elect to terminate this contract. During the second quarter of 2003 we made an upfront payment of $4,000,000, of which $2,766,000 represents the full premium for the 25-year term of the policy, and the remaining $1,234,000, was deposited in a sinking fund account. Additionally, in February 2004 we paid the first of nine required annual installments of $1,004,000, of which $991,000 was deposited in the sinking fund account, the remaining $13,000 represents a terrorism premium. As of March 31, 2004, we have recorded $2,225,000 in our Finite Risk Sinking Fund on the balance sheet.

5. Acquisitions

On March 23, 2004, our subsidiary, Perma-Fix of Maryland, Inc. ("PFMD") completed it's acquisition of certain assets of USL Environmental Services, Inc. d/b/a A&A Environmental ("A&A"), primarily located in Baltimore, Md., and our subsidiary, Perma-Fix of Pittsburgh, Inc. ("PFP") completed its acquisition of certain assets of US Liquids of Pennsylvania, Inc. d/b/a EMAX ("EMAX"). Both A&A and EMAX are wholly owned subsidiaries of US Liquids Inc. ("USL"). PFMD is using the acquired assets of A&A to provide a full line of environmental, marine and industrial maintenance services. PFMD offers expert environmental services such as 24-hour emergency response, vacuum services, hazardous and non-hazardous waste disposal, marine environmental and other remediation services. PFP is utilizing the acquired assets of EMAX to provide a variety of environmental services such as transportation of drums and bulk loads, tank cleaning, industrial maintenance, dewatering, drum management and chemical packaging. PFP also has a wastewater treatment group, which provides for the treatment of non-hazardous wastewaters such as leachates, oily waters, industrial process waters and off-spec products.

We paid $2,915,000 in cash for the acquired assets and assumed certain liabilities of A&A and EMAX. The acquisitions were accounted for using the purchase method effective March 23, 2004, and accordingly, the estimated fair values of the assets acquired and liabilities assumed of A&A and EMAX as of this date, and the results of operations since this date, are included in the accompanying consolidated financial statements. As of March 23, 2004, we performed preliminary purchase price allocations based upon information available as of this date, and we are in the process of obtaining third party evaluations

of certain assets, thus, the allocation of the purchase prices are subject to refinement. Accordingly, the purchase prices were preliminarily allocated to the net assets and net liabilities so acquired and assumed based on their estimated fair values. Included in these preliminary allocations were current assets of

$2,481,000, property and equipment of $2,066,000, current liabilities of approximately $1,141,000 and long-term environmental liability of $491,000. Based on the preliminary purchase price allocations no goodwill was recorded.

6. Private Placement

On March 22, 2004, we completed a private placement for gross proceeds of approximately $10,386,000 through the sale of 4,616,113 shares of our Common Stock at $2.25 per share and Warrants to purchase an additional 1,615,638 shares of our Common Stock exercisable at $2.92 per share and a term of three years. The private placement was sold to fifteen accredited investors. The net cash proceeds received of $9,946,000, after paying placement agent fees, were used in connection with the acquisitions of certain acquired assets of A&A and EMAX discussed above, and to pay down the Revolving Credit. We have incurred an additional $75,000 for expenses related to the private placement. We intend to use our availability under our Revolving Credit to repay higher interest debt such as the Notes with an interest rate of 13.5%. We also issued Warrants to purchase an aggregate of 160,000 shares of our Common Stock, exercisable at $2.92 per share and with a three year term, for consulting services related to the private placement.

7. Operating Segments

Pursuant to FAS 131, we define an operating segment as:

- A business activity from which we may earn revenue and incur expenses;
- Whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

We have three operating segments, which are defined as each business line that we operate. This however, excludes corporate headquarters, which does not generate revenue.

Our operating segments are defined as follows:

The Industrial Waste Management Services segment, which provides on-and-off site treatment, storage, processing and disposal of hazardous and non-hazardous industrial waste, commercial waste and wastewater through our eight facilities; Perma-Fix Treatment Services, Inc., Perma-Fix of Dayton, Inc., Perma-Fix of Ft. Lauderdale, Inc., Perma-Fix of Orlando, Inc., Perma-Fix of South Georgia, Inc., Perma-Fix of Michigan, Inc., Perma-Fix of Maryland, Inc. (which acquired certain assets and assumed certain liabilities of A&A) and Perma-Fix of Pittsburgh, Inc. (which acquired certain assets of EMAX) We provide through Perma-Fix Field Services various waste management services to certain governmental agencies.

The Nuclear Waste Management Services segment, which provides treatment, storage, processing and disposal services for waste which is both hazardous and low-level radioactive ("Mixed Waste"). Included in such is research, development, on and off-site waste remediation of nuclear mixed and low-level radioactive waste through our three facilities; Perma-Fix of Florida, Inc., Diversified Scientific Services, Inc. and East Tennessee Materials and Energy Corporation.

The Consulting Engineering Services segment provides environmental engineering and regulatory compliance services through Schreiber, Yonley & Associates, Inc. which includes oversight management of environmental restoration projects, air and soil sampling and compliance and training activities, as well as, engineering support as needed by our other segments.

The table below presents certain financial information in thousands by business segment for the three months ended March 31, 2004 and 2003.

Segment Reporting for the Quarter Ended March 31, 2004

<TABLE>
<CAPTION>

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate(2)	Consolidated Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	$ 7,266	$ 9,475(3)	$ 728	$ 17,469	$ --	$17,469
Intercompany revenues	275	988	61	1,324	--	1,324
Interest income	1	--	--	1	--	1
Interest expense	166	454	--	620	50	670
Interest expense-financing fees	--	--	--	--	256	256
Depreciation and amortization	575	649	7	1,231	5	1,236
Segment profit (loss)	(2,533)	484	4	(2,045)	--	(2,045)
Segment assets(1)	44,572	56,749	2,076	103,397	8,932	112,329
Expenditures for segment assets	359	662	8	1,029	44	1,073

</TABLE>

Segment Reporting for the Quarter Ended March 31, 2003

<TABLE>

<CAPTION>

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate(2)	Consolidated Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	$10,243	$ 8,386(3)	$ 889	$ 19,518	$ --	$ 19,518
Intercompany revenues	1,143	407	133	1,683	--	1,683
Interest income	2	--	--	2	--	2
Interest expense	182	485	(3)	664	38	702
Interest expense-financing fees	--	2	--	2	299	301
Depreciation and amortization	534	577	10	1,121	19	1,140
Segment profit (loss)	(828)	316	81	(431)	--	(431)
Segment assets(1)	41,597	58,176	2,155	101,928	4,559	106,487
Expenditures for segment assets	446	669	2	1,117	87	1,204

</TABLE>

(1) Segment assets have been adjusted for intercompany accounts to reflect actual assets for each segment.

(2) Amounts reflect the activity for corporate headquarters not included in the segment information.

(3) The consolidated revenues within the Nuclear Waste Services segment include the Bechtel Jacobs revenues for the quarter ended March 31, 2004, which total $1,516,000 or (8.7%) of total revenue and $1,733,000 (or 8.9%) for the same quarter in 2003.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
PART I, ITEM 2

Forward-looking Statements

Certain statements contained within this report may be deemed "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (collectively, the "Private Securities Litigation Reform Act of 1995"). All statements in this report other than a statement of historical fact are forward-looking statements that are subject to known and unknown risks, uncertainties and other factors, which could cause actual results and performance of the Company to differ materially from such statements. The words "believe," "expect," "anticipate," "intend," "will," and similar expressions identify forward-looking statements. Forward-looking statements contained herein relate to, among other things,

o improve our operations and liquidity;

o anticipated improvement in the financial performance of the Company;

o ability to comply with the Company's general working capital requirements;

o ability to be able to continue to borrow under the Company's revolving line of credit;

o ability to generate sufficient cash flow from operations to fund all costs of operations and remediation of certain formerly leased property in Dayton, Ohio, and the Company's facilities in Memphis, Tennessee; Detroit, Michigan; and Valdosta, Georgia;

o ability to remediate certain contaminated sites for projected amounts;

o ability to fund up to $5,625,000 of budgeted capital expenditures during 2004;

o as the M&EC facility continues to enhance its processing capabilities and completes certain expansion projects, the Company could see higher total revenues under Oak Ridge Contracts;

o increasing other sources of revenue at M&EC;

o growth of our Nuclear segment;

o positive results in our Industrial segment from our strategy;

o improvement in the second and third quarters;

o Actions to be taken against our Oklahoma subsidiary;

o use of proceeds from the private placement to pay off higher interest debt; and

o ability under the joint ventures to win contract awards and perform remedial activities.

While the Company believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance such expectations will prove to have been correct. There are a variety of factors, which could cause future outcomes to differ materially from those described in this report, including, but not limited to:

- general economic conditions;
- material reduction in revenues;
- inability to collect in a timely manner a material amount of receivables;
- increased competitive pressures;
- the ability to maintain and obtain required permits and approvals to conduct operations;
- the ability to develop new and existing technologies in the conduct of operations;
- ability to retain or renew certain required permits;
- discovery of additional contamination or expanded contamination at a certain Dayton, Ohio, property formerly leased by the Company or the Company's facilities at Memphis, Tennessee; Valdosta, Georgia and Detroit, Michigan, which would result in a material increase in remediation expenditures;
- changes in federal, state and local laws and regulations, especially environmental laws and regulations, or in interpretation of such;

- potential increases in equipment, maintenance, operating or labor costs;
- management retention and development;
- financial valuation of intangible assets is substantially less than expected;
- termination of the Oak Ridge Contracts as a result of our lawsuit against Bechtel Jacobs or otherwise;
- the requirement to use internally generated funds for purposes not presently anticipated;
- inability to continue to be profitable on an annualized basis;
- the inability of the Company to maintain the listing of its Common Stock on the NASDAQ;
- Oklahoma authorities could assert monetary fines or penalties or other action against our Tulsa subsidiary (including, but not limited to, loss of permits);
- the determination that PFMI or PFO was responsible for a material amount of remediation at certain superfund sites; and
- Terminations of contracts with federal agencies or subcontracts involving federal agencies, or reduction in amount of waste delivered to the Company under these contracts or subcontracts.

The Company undertakes no obligations to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Overview

We provide services through three reportable operating segments. The Industrial Waste Management Services segment ("Industrial segment") is engaged in on-site and off-site treatment, storage, disposal and processing of a wide variety of by-products and industrial, hazardous and non-hazardous wastes, and with the recent acquisitions, added 24-hour emergency response, vacuum services and marine and industrial maintenance services. The segment operates and maintains facilities and businesses in the waste by-product brokerage, on-site treatment and stabilization, and off-site blending, treatment and disposal industries. The Nuclear Waste Management Services segment ("Nuclear segment") provides treatment, storage, processing and disposal services of mixed waste (waste containing both hazardous and low-level radioactive materials) and low-level radioactive wastes, including research, development and on-site and off-site waste remediation. The presence of nuclear and low-level radioactive constituents within the waste streams processed by this segment create different and unique operational, processing and permitting/licensing requirements from those contained within the Industrial segment. Our Consulting Engineering Services segment provides a wide variety of environmental related consulting and engineering services to both industry and government. These services include oversight management of environmental restoration projects, air and soil sampling, compliance reporting, surface and subsurface water treatment design for removal of pollutants, and various compliance and training activities.

The results, on a consolidated basis, for the first quarter of 2004 were disappointing. However, we were able to achieve a number of important developments during the quarter, including the acquisitions of certain assets by Perma-Fix of Maryland, Inc. ("PFMD") and Perma-Fix of Pittsburgh, Inc. ("PFP").

These acquisitions enable us to expand the Industrial segment's presence within one of its most consistent and profitable markets. Also, the Nuclear segment continues to grow the business, to reduce its processing costs and to demonstrate its capabilities. We are working on several strategic initiatives to not only treat, but also characterize and handle radioactive and mixed waste, which should ultimately improve the flow of waste into our Nuclear facilities. The Industrial segment's revenues and gross margin were down dramatically during the first quarter of 2004, due principally to the recent restructuring, which included the elimination of low-margin, high volume services, and the reduction in the segment's dependence on outside broker disposal services. The quarter was also affected by an exaggerated seasonal slowdown in this first quarter, coupled with the ongoing disruption of our Michigan facility resulting from a fire in the fourth quarter of 2003, and a reduction in our government revenue within the Industrial segment.

Results of Operations

The table below should be used when reviewing management's discussion and analysis for the three months ended March 31, 2004 and 2003:

	Three Months Ended March 31,			
Consolidated (amounts in thousands)	2004	%	2003	%
Net Revenues	$17,469	100.0	$19,518	100.0
Cost of good sold	13,908	79.6	14,457	74.1
Gross Profit	3,561	20.4	5,061	25.9
Selling, general and administrative	4,390	25.1	4,380	22.4
Income (loss) from operations	$ (829)	(4.7)	$ 681	3.5
Interest expense	(670)	(3.8)	(702)	(3.6)
Interest expense-financing fees	(256)	(1.5)	(301)	(1.5)
Preferred Stock dividends	(47)	(.3)	(46)	(.2)

Summary - Three Months Ended March 31, 2004 and 2003

Net Revenue

Consolidated net revenues decreased to $17,469,000 for the quarter ended March 31, 2004, as compared to $19,518,000 for the same quarter in 2003. Historically we experience reduced revenues during the first quarter of our fiscal year. See "Known Trends and Uncertainties - Seasonality" of this Management's Discussion and Analysis. During the first quarter 2004 this trend was more severe than we normally experienced during the first quarter in previous years. The decrease of $2,049,000 or 10.5% is primarily attributable to a decrease in the Industrial segment of approximately $2,977,000 resulting principally from the continued restructuring of the segment. The Industrial segment has made the strategic decision to eliminate low margin broker business and replace it with higher margin generator direct revenue, which resulted in reduced revenues in the first quarter of 2004. We have noticed revenues turning upward during the last month of the quarter as we believe that our strategy has begun to show positive results. Other reductions were due to the Industrial segment suffering a temporary disruption in their bulking services at our Michigan facility since November of last year due to a fire and from the first quarter seasonal slowdown. The remaining decrease for the segment is attributable to the decline in government revenues of approximately $993,000, partially a result of special event work that was performed in the first quarter of 2003, which was not available in 2004, and roughly $336,000 due to a contract that expired during the second quarter of 2003. Partially offsetting the decrease within the segment is $505,000 of revenue contributed from two facilities acquired as of March 23, 2004. See "Acquisitions" of this Management's Discussion and Analysis for further information on the acquired facilities. Positively impacting 2003, which was not duplicated in 2004, was the Newport Hydrolysate project, from which we recognized revenue of $560,000 during the first quarter of 2003. The Consulting Engineering Service segment also experienced a decrease of approximately $161,000. Offsetting these decreases, was an increase in the Nuclear segment of approximately $1,089,000, resulting from the continued expansion within the mixed waste market as our facilities demonstrate their ability to accept and process more complex waste streams, and we receive new contracts for additional services such as the characterization and handling of radioactive and mixed waste. Consolidated revenues with Bechtel Jacobs Company, which includes the Oak Ridge contracts, totaled $1,516,000 or 8.7% of total revenues for the three months ended March 31, 2004, compared to $1,733,000 or 8.9% for the three months ended March 31, 2003. See

"Known Trends and Uncertainties - Significant Contracts" of this Management's Discussion and Analysis. The backlog of stored waste within the Nuclear segment at March 31, 2004, was approximately $5,040,000, compared to $5,782,000 at December 31, 2003.

Cost of Goods Sold

Cost of goods sold decreased $549,000 or 3.8% for the quarter ended March 31, 2004, as compared to the quarter ended March 31, 2003. This decrease in cost of goods sold principally reflects a decrease in the Industrial segment of approximately $1,058,000, which primarily relates to the decrease in revenues. This decrease, included the reduction in costs from 2003 due to the Newport hydrolysate project, not duplicated in 2004. Partially offsetting the decrease was the additional costs to process and dispose of waste related to the loss of our Michigan facility's ability to perform bulking services in November 2003, as this facility is still unable to perform certain services, and the additional transportation and disposal costs incurred as the segment completes its restructuring and integration efforts. The first quarter of 2004 also reflected additional operating costs related to revenue from the two facilities acquired, as of March 23, 2004. Additionally, the Consulting Engineering Services segment experienced a decrease of $37,000, which corresponds with the reduction in revenue. Partially offsetting these decreases was an increase in cost of goods sold for the Nuclear segment of $546,000 due to the correlating increase in sales. Depreciation expense of $1,140,000 and $1,036,000 for the quarters ended March 31, 2004 and 2003, respectively, is included in cost of goods sold, which reflects an increase of $104,000.

Gross Profit

The resulting gross profit for the quarter ended March 31, 2004, decreased $1,500,000 to $3,561,000, which as a percentage of revenue is 20.4%, as compared to 25.9% for the quarter ended March 31, 2003. The decrease in gross profit percentage principally reflects a decrease in the Industrial segment from 19.0% in 2003 to 0.4% in 2004. The segment's decrease reflects the fixed costs of operating the facilities being spread over reduced revenues, relating in part to the restructuring, as well as the decrease in margin from the loss of the Michigan facility's ability to perform bulking services after the fire in November of last year. The effects of the March 23, 2004 acquisitions and the loss of the Newport hydrolysate project included in the first quarter of 2003, principally offset each other for the quarter ended March 31, 2004. Additionally, there was a decrease in the Consulting Engineering Services segment from 32.7% in 2003 to 22.9% in 2004, which reflects the impact of lower revenues during the quarter covering certain fixed costs. The decrease in gross profit percentage is partially offset by an increase in the Nuclear segment from 33.6% in 2003 to 35.5% in 2004, reflecting mainly the favorable product mix during the quarter, improvements within the waste processing lines and the benefit from the fixed cost nature of these facilities as revenues increase.

Selling, General and Administrative

Selling, general and administrative expenses increased $10,000 or 0.2% for the quarter ended March 31, 2004, as compared to the quarter ended March 31, 2003. This increase is partially due to the Nuclear segment expenses increasing $139,000, over the first quarter of 2003 as a result of increased payroll and related expense, as the segment builds stronger infrastructures. Additionally, the Company as a whole experienced increases of $232,000, from payroll related expenses, as well as additional legal, audit and public company expenses in the normal course of business for 2004, which included Sarbanes Oxley Compliance activities. The first quarter of 2003 was positively impacted by a one time insurance credit of $90,000. Offsetting the increase was a decrease in the Industrial and Consulting Engineering Services segments. The majority of the savings for these two segments relates to payroll and related expenses and outside services, with the decrease in the Industrial segment partially due to the restructuring of the segment. Depreciation and amortization expense of $97,000 and $104,000 was included within selling, general and administrative expenses for the first quarters of 2004 and 2003, respectively. As a percentage of revenue, selling, general and administrative expenses increased to 25.1% for the quarter ended March 31, 2004, compared to 22.4% for the same period in 2003.

Interest Expense

Interest expense decreased $32,000 for the quarter ended March 31, 2004, as compared to the corresponding period of 2003. This decrease reflects lower borrowing levels and interest rates on our PNC revolving credit and term loan, resulting in a decrease in interest expense of $40,000. Additionally, this decrease reflects the impact of the reduction in debt associated with past acquisitions resulting in a decrease in interest expense of $18,000. Offsetting these decreases was an increase in interest expense of $26,000 associated with debt entered into in 2003, principally related to facility and computer upgrades.

Interest Expense - Financing Fees

Interest expense-financing fees decreased $45,000 for the three months ended March 31, 2004, as compared to the corresponding period for 2003. These financing fees are principally associated with the credit facility and term loan with PNC and the senior subordinated notes, and are amortized to expense over the term of the loan agreements. This decrease was primarily due to a one-time write-off of fees in March 2003, associated with other short term financing.

Preferred Stock Dividends

Preferred Stock dividends remained relatively constant at $47,000 and $46,000 for the quarters ended March 31, 2004 and 2003, respectively. The Preferred Stock dividends are comprised of approximately $31,000 accrued dividends from our Series 17 Preferred Stock, and $16,000 from the accrual of preferred dividends on the Preferred Stock of our subsidiary, M&EC.

Liquidity and Capital Resources of the Company

Our capital requirements consist of general working capital needs, scheduled principal payments on our debt obligations and capital leases, remediation projects and planned capital expenditures. Our capital resources consist primarily of cash generated from operations, funds available under our revolving credit facility and proceeds from issuance of our Common Stock. Our capital resources are impacted by changes in accounts receivable as a result of revenue fluctuation, economic trends, collection activities, and the profitability of the segments.

At March 31, 2004, we had cash of $517,000. This cash total reflects an increase of $106,000 from December 31, 2003, as a result of net cash provided by operations of $2,612,000 and cash provided by financing activities of $2,442,000 (principally proceeds from the issuance of Common Stock in connection with Warrant and option exercises and issuances under our employee stock purchase plan of approximately $888,000 and net proceeds of $9,871,000 received in connection with the private placement discussed below under "Private Placement" of this Management's Discussion and Analysis, and partially offset by net repayments of our revolving credit facility and repayments of our long-term debt of approximately $8,317,000) offset by cash used in investing activities of $4,948,000 (principally funds used for acquisitions of $2,903,000, net purchases of equipment, totaling $1,073,000 and a deposit to the finite risk sinking fund of $991,000). We are in a net borrowing position and therefore attempt to move all excess cash balances immediately to the revolving credit facility, so as to reduce debt and interest expense. We utilize a centralized cash management system, which includes remittance lock boxes and is structured to accelerate collection activities and reduce cash balances, as idle cash is moved without delay to the revolving credit facility. The cash balance at March 31, 2004 represents payroll account fundings, which were not withdrawn until after quarter-end and from proceeds received from Warrant exercises.

Operating Activities

Accounts receivable, net of allowances for doubtful accounts, totaled $23,526,000, a decrease of $1,096,000 from the December 31, 2003 balance of $24,622,000. This decrease reflects the impact of decreased revenues within the Industrial segment, which resulted in a decrease of $819,000. This decrease was offset by an increase in accounts receivable of $2,095,000 as a result of the assets purchased

in the acquisitions discussed below in this Management's Discussion & Analysis. Additionally the Nuclear segment experienced a decrease of $2,310,000 primarily due to increased collections within this segment. The Consulting Engineering Services segment also experienced a decrease of $62,000 reflecting the impact of decreased revenues during the quarter for this segment.

As of March 31, 2004, total consolidated accounts payable was $7,553,000, an increase of $1,194,000 from the December 31, 2003, balance of $6,359,000. This increase in accounts payable reflects the impact of the acquisitions, which resulted in an increase of $992,000. Additionally, accounts payable increased due to unfinanced capital expenditures.

Working capital at March 31, 2004, was $3,024,000, as compared to working capital of $4,159,000 at December 31, 2003, reflecting a decrease of $1,135,000. This working capital decrease principally reflects the decreased accounts receivable balance net of the increased accounts payable balance at the end of the period.

Investing Activities

Our purchases of capital equipment for the three-month period ended March 31, 2004, totaled approximately $1,073,000. These expenditures were for expansion and improvements to the operations principally within both our Industrial and Nuclear segments. The capital expenditures were funded by cash provided by operations and from proceeds from the issuance of stock, upon exercise of Warrants and Options. We had budgeted capital expenditures of up to approximately $5,600,000 for 2004, which includes an estimated $1,675,000 for completion of certain 2003 projects in process, as well as other identified capital purchases for the expansion and improvement to the operations and for certain compliance related enhancements. Our purchases during 2004 include approximately $517,000 to complete certain of the 2003 projects in process. We anticipate funding capital expenditures by a combination of lease financing, internally generated funds, and/or the proceeds received from Option and Warrant exercises.

Financing Activities

We have a Revolving Credit, Term Loan and Security Agreement ("Agreement") with PNC Bank, National Association, a national banking association ("PNC"). The Agreement provided, at inception, for a term loan ("Term Loan") in the amount of $7,000,000, which requires principal repayments based upon a seven-year amortization, payable over five years, with monthly installments of $83,000 and the remaining unpaid principal balance due on December 22, 2005. The Agreement also provided for a revolving line of credit ("Revolving Credit") with a maximum principal amount outstanding at any one time of $18,000,000, as amended. The Revolving Credit advances are subject to limitations of an amount up to the sum of (a) up to 85% of Commercial Receivables aged 90 days or less from invoice date, (b) up to 85% of Commercial Broker Receivables aged up to 120 days from invoice date, (c) up to 85% of acceptable Government Agency Receivables aged up to 150 days from invoice date, and (d) up to 50% of acceptable unbilled amounts aged up to 60 days, less (e) reserves PNC reasonably deems proper and necessary. The Revolving Credit advances shall be due and payable in full on December 22, 2005. As of March 31, 2004, the excess availability under our Revolving Credit was $11,437,000 based on our eligible receivables, and after reducing the outstanding balance of our Revolving Credit with approximately $6,966,000 of the net proceeds from our recently completed private placement. We intend to use a portion of the unused excess availability to pay off higher interest debt, such as our 13.5 % Senior Subordinated Notes.

Pursuant to the Agreement the Term Loan bears interest at a floating rate equal to the prime rate plus 1 1/2 %, and the Revolving Credit at a floating rate equal to the prime rate plus 1%. The loans are subject to a prepayment fee of 1 1/2 % in the first year, 1% in the second and third years and 3/4 % after the third anniversary until termination date.

Pursuant to the terms of the Stock Purchase Agreements in connection with the acquisition of Perma-Fix of Orlando, Inc. ("PFO"), Perma-Fix of South Georgia, Inc. ("PFSG") and Perma-Fix of Michigan, Inc. ("PFMI"), a portion of the consideration was paid in the form of the Promissory Notes, in the aggregate amount of $4,700,000 payable to the former owners of PFO, PFSG and PFMI. The Promissory Notes are paid in equal monthly installments of principal and interest of approximately $90,000 over five years and having an interest rate of 5.5% for the first three years and 7% for the remaining two years. The aggregate outstanding balance of the Promissory Notes total $268,000 at March 31, 2004, which is in current liabilities. Payments of such Promissory Notes are guaranteed by PFMI under a non-recourse guaranty, which non-recourse guaranty is secured by certain real estate owned by PFMI. These Promissory Notes are subject to subordination agreements with our senior and subordinated lenders.

On August 31, 2000, as part of the consideration for the purchase of Diversified Scientific Services, Inc. ("DSSI"), we issued to Waste Management Holdings a long-term unsecured promissory note (the "Unsecured Promissory Note") in the aggregate principal amount of $3,500,000, bearing interest at a rate of 7% per annum and having a five-year term with interest to be paid annually and principal due in one lump sum at the end of the term of the Unsecured Promissory Note (August 2005).

On July 31, 2001, we issued approximately $5,625,000 of our 13.50% Senior Subordinated Notes due July 31, 2006 (the "Notes"). The Notes were issued pursuant to the terms of a Note and Warrant Purchase Agreement, dated July 31, 2001 (the "Purchase Agreement"), between the Company, Associated Mezzanine Investors - PESI, L.P. ("AMI"), and Bridge East Capital, L.P. ("BEC"). The Notes are unsecured and are unconditionally guaranteed by our subsidiaries. Our payment obligations under the Notes are subordinate to our payment obligations to our primary lender and to certain other of our debts up to an aggregate amount of $25,000,000. It is our intent to prepay the Notes as discussed above.

Under the terms of the Purchase Agreement, we also issued to AMI and BEC Warrants to purchase up to 1,281,731 shares of our Common Stock ("Warrant Shares") at an initial exercise price of $1.50 per share (the "Warrants"), subject to adjustment under certain conditions which were valued at $1,622,000 and recorded as a debt discount and are being amortized over the term of the Notes. As of March 31, 2004, the unamortized portion of the debt discount was $757,000. The Warrants, as issued, also contain a cashless exercise provision. The Warrant Shares are registered under an S-3 Registration Statement that was declared effective on November 27, 2002.

In conjunction with our acquisition of East Tennessee Materials and Energy Corporation ("M&EC"), M&EC issued a promissory note for a principal amount of $3,714,000 to PDC, dated June 25, 2001, for monies advanced to M&EC for certain services performed by PDC. The promissory note is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable law rate ("Applicable Rate") pursuant to the provisions of section 6621 of the Internal Revenue Code of 1986 as amended, (7.0% on March 31, 2004) and payable in lump sum at the end of the loan period. On March 31, 2004, the outstanding balance was $4,363,000 including accrued interest of approximately $1,009,000. PDC has directed M&EC to make all payments under the promissory note directly to the IRS to be applied to PDC's obligations under its installment agreement with the IRS.

Additionally, M&EC entered into an installment agreement with the Internal Revenue Service ("IRS") for a principal amount of $923,000 effective June 25, 2001, for certain withholding taxes owed by M&EC. The installment agreement is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the Applicable Rate and is adjusted on a quarterly basis and payable in lump sum at the end of the installment period. On March 31, 2004 the Applicable Rate was 7.0%. On March 31, 2004, the outstanding balance was $1,078,000 including accrued interest of approximately $245,000.

The accrued dividends on the outstanding Preferred Stock for the period July 1, 2003, through December 31, 2003, in the amount of approximately $63,000 were paid in February 2004 in the form of 19,643 shares of Common Stock of the Company. The dividends for the period January 1, 2004, through March 31, 2004, total $31,000, and will be paid in August 2004. Under our loan agreements, we are prohibited from paying cash dividends on our outstanding capital stock.

As previously discussed, a fire at our Michigan facility did considerable damage to the facility. The facility had also incurred minor disruption from off specification waste from a customer shipment received during the first quarter of 2003. We intend to replace and repair this facility using insurance proceeds. However, we have a $500,000 deductible under our policy, which we will be required to pay. We have brought litigation against the customer that we believe contributed to the disruption during the first quarter of 2003, and at this time, there are no assurances that we will be successful in our lawsuit.

In summary, we have continued to take steps to improve our operations and liquidity as discussed above. However, we continue to invest our working capital back into our facilities to fund capital additions for expansion within both the nuclear and industrial segments. The first quarter, which is traditionally our slowest period, experienced an exaggerated seasonal slowdown. This slowdown, combined with the continued weak performance from the economy, the disruption of our Michigan facility from a fire in the fourth quarter of 2003 and the elimination of low margin business and reduction in government revenues in the Industrial segment, has negatively impacted our liquidity. If we are unable to improve our operations and become profitable in the foreseeable future, such would have a material adverse effect on our liquidity position.

Acquisitions

On March 23, 2004, our subsidiary, PFMD completed it's acquisition of certain assets of A&A and our subsidiary, PFP completed its acquisition of certain assets of EMAX. We paid $2,915,000 in cash for the acquired assets and assumed liabilities of A&A and EMAX, using funds received in connection with the private placement discussed below. A&A and EMAX had unaudited combined revenues of approximately $15.0 million in 2003 and a combined loss of approximately $299,000.

Private Placement

On March 22, 2004, we completed a private placement for gross proceeds of approximately $10,386,000 through the sale of 4,616,113 shares of our Common Stock at $2.25 per share and Warrants to purchase an additional 1,615,638 shares of our Common Stock exercisable at $2.92 per share and a term of three years. The private placement was sold to fifteen accredited investors. The net cash proceeds received of $9,946,000, after paying placement agent fees, were used in connection with the acquisitions of certain acquired assets of A&A and EMAX discussed above, and to pay down the Revolving Credit. We have incurred an additional $75,000 for expenses related to the private placement. We intend to use our availability under our Revolving Credit to repay higher interest debt such as the Notes with an interest rate of 13.5%. We also issued Warrants to purchase an aggregate of 160,000 shares of our Common Stock, exercisable at $2.92 per share and with a three year term, for consulting services related to the private placement. See Item 2, Part II of this report for further discussion as to the private placement.

Contractual Obligation

The following table summarizes our contractual obligations at March 31, 2004, and the effect such obligations are expected to have on our liquidity and cash flow in future periods, (in thousands):

		Payments due by period			
Contractual Obligations	Total	2004	2005-2007	2008-2009	After 2009
Long-term debt	$20,851	$ 2,570	$17,480	$ 801	$ --
Interest on long-term debt	1,254	--	--	1,254	--
Operating leases	3,848	1,092	2,671	85	--
Finite risk policy	8,030	--	3,011	2,008	3,011
Purchase obligations (1)	--	--	--	--	--
Total contractual obligations	$33,983	$ 3,662	$23,162	$ 4,148	$ 3,011

(1) We are not a party to any significant long-term service or supply contracts with respect to our processes. We refrain from entering into any long-term purchase commitments in the ordinary course of business.

In June 2003, we entered into a 25-year finite risk insurance policy, which provides financial assurance to the applicable states for our permitted facilities in the event of unforeseen closure. Prior to obtaining or renewing operating permits we are required to provide financial assurance that guarantees to the states that in the event of closure our permitted facilities will be closed in accordance with the regulations. The policy provides $35,000,000 of financial assurance coverage and has available capacity to allow for annual inflation and other performance and surety bond requirements. This finite risk insurance policy required an upfront payment of $4,000,000, of which $2,766,000 represents the full premium for the 25-year term of the policy, and the remaining $1,234,000, was deposited in a sinking fund account. Additionally, in February 2004 we paid the first of nine required annual installments of $1,004,000, of which $991,000 was deposited in the sinking fund account, the remaining $13,000 represents a terrorism premium. As of March 31, 2004, we have recorded $2,225,000 in our sinking fund on the balance sheet. In comparison, we paid $1,121,000 of non-returnable insurance premiums for the year 2002 financial assurance program, along with an additional collateral requirement of $4,000,000 in the form of a letter of credit issued by PNC, at an annual fee of $160,000 per year. On the fourth and subsequent anniversaries of the contract inception, we may elect to terminate this contract. If we so elect, the Insurer will pay us an amount equal to 100% of the sinking fund account balance in return for complete releases of liability from both us and any applicable regulatory agency using this policy as an instrument to comply with financial assurance requirements.

Warrant and Option Exercises

During the first quarter of 2004, Capital Bank Grawe Gruppe, AG ("Capital Bank") exercised three of its outstanding warrants and a portion of two other warrants to purchase an aggregate of 329,262 shares of our Common Stock at a total exercise price of approximately $625,000. Additionally, various other investors exercised Warrants to purchase 86,787 shares of our Common Stock, of which 36,787 shares were issued on a cashless basis, and proceeds of $85,000 were received for the remaining shares. Holders of certain outstanding options exercised their options to purchase 77,240 shares of our Common Stock for an aggregate purchase price of approximately $107,000. The Warrants and options were exercised in accordance with the terms of their respective documents. The proceeds of the Warrant and options exercise were used to fund capital expenditures and current working capital needs.

Critical Accounting Policies

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as, the reported amounts of revenues and expenses during the reporting period. We believe the following critical accounting policies affect the more significant estimates used in preparation of the consolidated financial statements:

Revenue Recognition Estimates. Effective September 1, 2003 we refined our percentage of completion methodology for purposes of revenue recognition in our Nuclear Segment. As we accept more complex waste streams in this segment, the treatment of those waste streams becomes more complicated and more time consuming. We have continued to enhance our waste tracking capabilities and systems, which has enabled us to better match the revenue earned to the processing milestones achieved. The major milestones are receipt, treatment/processing, and shipment/final disposition. Upon receiving mixed waste we recognize 33% of revenue as we incur costs for transportation, analytical and labor associated with the receipt of mixed wastes. As the waste is processed, shipped and disposed of we recognize the remaining 67% of revenue and all associated costs.

Allowance for Doubtful Accounts. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts, which is a valuation allowance that reflects management's best estimate of the amounts that are uncollectable. We regularly review all accounts receivable balances and based on an assessment of current credit worthiness, estimate the portion, if any, of the balance that are uncollectable. This allowance was approximately 0.8%, of revenue for both 2003 and 2002, and approximately 3.6%, and 2.9% of accounts receivable for the three month periods ended March 31, 2004 and 2003, respectively.

Intangible Assets. Intangible assets relating to acquired businesses consist primarily of the cost of purchased businesses in excess of the estimated fair value of net assets acquired ("goodwill") and the recognized permit value of the business. We continually reevaluate the propriety of the carrying amount of permits and goodwill to determine whether current events and circumstances warrant adjustments to the carrying value. Effective January 1, 2002, we adopted SFAS 142. We utilized an independent appraisal firm to test goodwill and permits, separately, for impairment. The initial report provided by the appraiser indicated that no impairment existed as of January 1, 2002. Goodwill and permits were again tested as of October 1, 2002 and October 1, 2003, and each of these tests also indicated no impairment. Effective January 1, 2002, we discontinued amortizing indefinite life intangible assets (goodwill and permits) as required by SFAS 142. The appraisers estimated the fair value of our operating segments using a discounted cash flow valuation approach. This approach is dependent on estimates for future sales, operating income, depreciation and amortization, working capital changes, and capital expenditures, as well as, expected growth rates for cash flows and long-term interest rates, all of which are impacted by economic conditions related to our industry as well as conditions in the U.S. capital markets.

Accrued Closure Costs. Accrued closure costs represent a contingent environmental liability to clean up a facility in the event we cease operations in an existing facility. The accrued closure costs are estimates based on guidelines developed by federal and/or state regulatory authorities under RCRA. Such costs are evaluated annually and adjusted for inflationary factors and for approved changes or expansions to the facilities. Increases due to inflationary factors for 2004 and 2003, have been approximately 1.6% and 1.1% respectively, and based on the historical information, we do not expect future inflationary changes to differ materially. Increases or decreases in accrued closure costs resulting from changes or expansions at the facilities are determined based on specific RCRA guidelines applied to the requested change. This calculation includes certain estimates, such as disposal pricing, external labor, analytical costs and

processing costs, which are based on current market conditions. However, we have no intention, at this time, to close any of our facilities.

Accrued Environmental Liabilities. We have four remediation projects currently in progress. The current and long-term accrual amounts for the projects are our best estimates based on proposed or approved processes for clean-up. The circumstances that could affect the outcome range from new technologies that are being developed every day to reduce our overall costs, to increased contamination levels that could arise as we complete remediation which could increase our costs, neither of which we anticipate at this time. In addition, significant changes in regulations could adversely or favorably affect our costs to remediate existing sites or potential future sites, which cannot be reasonably quantified. We have also accrued long term environmental liabilities for our recently acquired facilities, however as these are not permitted facilities we are currently under no obligation to clean up the contamination.

Disposal Costs. We accrue for waste disposal based upon a physical count of the total waste at each facility at the end of each accounting period. Current market prices for transportation and disposal costs are applied to the end of period waste inventories to calculate the disposal accrual. Costs are calculated using current costs for disposal, but economic trends could materially affect our actual costs for disposal. As there are limited disposal sites available to us, a change in the number of available sites or an increase or decrease in demand for the existing disposal areas could significantly affect the actual disposal costs either positively or negatively.

Known Trends and Uncertainties

Seasonality. Historically we have experienced reduced revenues, operating losses or decreased operating profits during the first and fourth quarters of our fiscal years due to a seasonal slowdown in operations from poor weather conditions and overall reduced activities during the holiday season and through January and February of the first quarter. During our second and third fiscal quarters there has historically been an increase in revenues and operating profits. Management expects this trend to continue in future years. As discussed above, this trend continued in the first quarter 2004, but the reduction in revenues and the net loss for the first quarter 2004 was greater than we have historically experienced in prior first quarter periods as previously discussed. The DOE and DOD represent major customers for the Nuclear segment. In conjunction with the federal government's September 30 fiscal year-end, the Nuclear segment experiences seasonably large shipments during the third quarter, leading up to this government fiscal year-end, as a result of incentives and other quota requirements. Correspondingly for a period of approximately three months following September 30, the Nuclear segment is generally seasonably slow, as the governmental budgets are still being finalized, planning for the new year is occurring and we enter the holiday season.

Economic Conditions. Economic downturns or recessionary conditions can adversely affect the demand for our services, principally within the Industrial segment. Reductions in industrial production generally follow such economic conditions, resulting in reduced levels of waste being generated and/or sent off for treatment. We believe that our revenues and profits were negatively affected within this segment by the recessionary conditions in 2003, and that this trend continued into 2004.

Significant contracts. Our revenues are principally derived from numerous and varied customers. However, our Nuclear segment has a significant relationship with Bechtel Jacobs, who manages the Oak Ridge contracts under which our Oak Ridge Tennessee subsidiary ("M&EC") operates. Our revenues with Bechtel Jacobs contributed 8.7% of total consolidated revenues in the three months ended March 31, 2004 and 8.9% of total consolidated revenues during the same period in 2003. As the M&EC facility continues to enhance its processing capabilities and completes certain expansion projects and with the amended pricing structure under the Oak Ridge contracts, we could see higher total revenue with Bechtel Jacobs and under the Oak Ridge contracts. The Oak Ridge contracts have been extended for a period of

two years, through June 2005, with several pricing modifications. In February 2003, M&EC commenced legal proceedings against Bechtel Jacobs, the general contractor under the Oak Ridge contracts, seeking payment from Bechtel Jacobs of approximately $4.3 million in surcharges relating to certain wastes that were treated by M&EC in 2001 and 2002 under the Oak Ridge contracts. These surcharges have not yet been billed. Bechtel Jacobs continues to deliver waste to M&EC for treatment, and M&EC continues to accept such waste. In addition, subsequent to the filing of the lawsuit, M&EC has entered into a new contract with Bechtel Jacobs to treat DOE waste. There is no guarantee of future business under the Oak Ridge contracts, and either party may terminate the Oak Ridge contracts at any time. Termination of these contracts could have a material adverse effect on us. We are working towards increasing other sources of revenues at M&EC to reduce the risk of reliance on one major source of revenues.

During the first quarter of 2004, we finalized negotiations on two joint venture agreements with other remedial waste companies for the purposes of bidding on certain contracts and, if such contracts are awarded, to perform various remedial activities. If the joint ventures are awarded the contracts, we would be required to make an initial contribution of working capital to the newly formed joint venture companies. The potential initial working capital contribution for the two joint ventures in the aggregate would be approximately $500,000.

Insurance. We maintain insurance coverage similar to, or greater than, the coverage maintained by other companies of the same size and industry, which complies with the requirements under applicable environmental laws. We evaluate our insurance policies annually to determine adequacy, cost effectiveness and desired deductible levels. Due to the downturn in the economy and changes within the environmental insurance market, we have no guarantee that we will be able to obtain similar insurance in future years, or that the cost of such insurance will not increase materially.

Environmental Contingencies. We are engaged in the waste management services segment of the pollution control industry. As a participant in the on-site treatment, storage and disposal market and the off-site treatment and services market, we are subject to rigorous federal, state and local regulations. These regulations mandate strict compliance and therefore are a cost and concern to us. Because of their integral role in providing quality environmental services, we make every reasonable attempt to maintain complete compliance with these regulations. However, even with a diligent commitment, we, as with many of our competitors, may be required to pay fines for violations or investigate and potentially remediate our waste management facilities.

We routinely use third party disposal companies, who ultimately destroy or secure landfill residual materials generated at our facilities or at a client's site. Compared to certain of our competitors, we dispose of significantly less hazardous or industrial by-products from our operations due to rendering material non-hazardous, discharging treated wastewaters to publicly-owned treatment works and/or processing wastes into saleable products. In the past, numerous third party disposal sites have improperly managed wastes that subsequently required remedial action; consequently, any party utilizing these sites may be liable for some or all of the remedial costs. Despite our aggressive compliance and auditing procedures for disposal of wastes, we have in the past and may in the future, be notified that we are a PRP at a remedial action site, which could have a material adverse effect on us.

We have budgeted for 2004 approximately $1,143,000 in environmental expenditures to comply with federal, state and local regulations in connection with remediation of certain contaminates at four locations. The four locations where these expenditures will be made are the Leased Property in Dayton, Ohio (EPS), a former RCRA storage facility as operated by the former owners of PFD, PFM's facility in Memphis, Tennessee, PFSG's facility in Valdosta, Georgia and PFMI's facility in Detroit, Michigan. We have estimated the expenditures for 2004 to be approximately $592,000 at the EPS site, $216,000 at the PFM location, $246,000 at the PFSG site and $89,000 at the PFMI site of which $7,000; $17,000;

$13,000; and $12,000, respectively, were spent during the first three months of 2004. Additional funds will be required for the next seven years to properly remediate these sites. We expect to fund the 2004 expenses to remediate these four sites from funds generated internally, our revolving credit facility and from the exercise of Warrants and Options, however, no assurances can be made that we will be able to do so.

We recently discovered that our Tulsa, Oklahoma subsidiary, which has a permit to treat and store hazardous waste in certain areas of its facility, had been improperly accepting and storing a substantial amount of hazardous and non-hazardous waste in violation of certain environmental laws in areas not permitted to accept and/or to store hazardous and non-hazardous waste. We voluntarily reported this matter to the appropriate Oklahoma authorities and have removed this waste to permitted treated, storage and/or disposal facilities. We are working with the Oklahoma authorities to provide the information they requested as to this matter. As of the date of this report, we have not been notified by the Oklahoma authorities as to what action or actions, if any, they will take against our subsidiary as a result of this improper acceptance and storage of waste. The Oklahoma authorities could assert monetary fines or penalties or take other action against our subsidiary (including, but not limited to, loss of permits), which may have a material adverse effect on us.

In connection with our acquisitions discussed above, we have accrued long-term environmental liabilities of $391,000 and $100,000, respectively. As part of our acquisition due diligence process we completed environmental assessments of each facility and determined a best estimate of the cost to remediate the hazardous and/or non-hazardous contamination on certain of the properties owned by PFMD and a property leased by PFP. These facilities are currently under no obligation to clean up the contamination, and we do not intend in the immediate future to begin remediation. If environmental regulations change, we could be forced to clean up the contamination.

At March 31, 2004, we had accrued environmental liabilities totaling $3,017,000, which reflects an increase of $442,000 from the December 31, 2003, balance of $2,575,000. The increase represents the additional environmental liability accrued for PFMD and PFP, partially offset by payments made on remediation projects. The March 31, 2004, current and long-term accrued environmental balance is recorded as follows:

<TABLE>
<CAPTION>

	PFD	PFM	PFSG	PFMI	PFMD	PFP	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Current Accrual	$598,000	$199,000	$233,000	$77,000	$ --	$ --	$1,107,000
Long-term accrual	150,000	603,000	666,000	--	391,000	100,000	1,910,000
Total	$748,000	$802,000	$899,000	$77,000	$391,000	$100,000	$3,017,000

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Interest Rate Swap

We entered into an interest rate swap agreement effective December 22, 2000, to modify the interest characteristics of our outstanding debt from a floating basis to a fixed rate, thus reducing the impact of interest rate changes on future income. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The differential to be paid or received is accrued as interest rates change and recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from counter parties is included in other assets or liabilities. At March 31, 2004, the market value of the interest rate swap was in an unfavorable value position of $118,000 and was recorded as a liability. During the three months ended March 31, 2004, we recorded a gain on the interest rate swap of $12,000 that offset other comprehensive loss in the Statement of Stockholders' Equity.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

PART I, ITEM 3

We are exposed to certain market risks arising from adverse changes in interest rates, primarily due to the potential effect of such changes on our variable rate loan arrangements with PNC. We entered into an interest rate swap agreement to modify the interest characteristics of $3,500,000 of its $7,000,000 term loan with PNC Bank, from a floating rate basis to a fixed rate, thus reducing the impact of interest rate changes on this portion of the debt.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONTROLS AND PROCEDURES

PART 1, ITEM 4

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the periodic reports filed by us with the Securities and Exchange Commission (the "SEC") is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management. Based on the most recent evaluation, which was completed as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as amended) are effective. There were no significant changes in our internal controls or in other factors that could significantly affect these internal controls subsequent to the date of the most recent evaluation.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

PART II - Other Information

Item 1. Legal Proceedings

There are no additional material legal proceedings pending against us and/or our subsidiaries not previously reported by us in Item 3 of our Form 10-K for the year ended December 31, 2003, which is incorporated herein by reference, except as follows:

In March 2004, we settled the lawsuit, Bryson Adams, et al. v. Environmental Purification Advancement Corporation, et al.; Civil Action No. 99-1998, United States District Court, Western District of Louisiana. We paid in settlement of this lawsuit the sum of $60,000 in April 2004.

We recently discovered that our Tulsa, Oklahoma subsidiary, which has a permit to treat and store hazardous waste in certain areas of its facility, had been improperly accepting and storing a substantial amount of hazardous and non-hazardous waste in violation of certain environmental laws in areas not permitted to accept and/or to store hazardous and non-hazardous waste. We voluntarily reported this matter to the appropriate Oklahoma authorities and have removed this waste to permitted treated, storage and/or disposal facilities. We are working with the Oklahoma authorities to provide the information they requested as to this matter. As of the date of this report, we have not been notified by the Oklahoma authorities as to what action or actions, if any, they will take against our subsidiary as a result of this improper acceptance and storage of waste. The Oklahoma authorities could assert monetary fines or penalties or take other action against our subsidiary (including, but not limited to, loss of permits), which may have a material adverse effect on us.

Item 2. Changes in Securities and Use of Proceeds

(c) During the quarter ended March 31, 2004, we sold equity securities, as such term is defined under 12b-2 of the Exchange Act of 1934, as amended, that were not registered under the Securities Act of 1933, as amended, other than as previously reported, as follows:

On or about January 7, 2004, Capital Bank, exercised a portion of its outstanding Warrants to purchase an aggregate of 11,762 shares of our Common Stock at a total exercise price of approximately $21,000, or $1.75 per share, in accordance with the terms of the Warrants. The shares were issued under the exemption from registration provided by Section 4(2) and/or Rule 506 of Regulation D based on Capital Bank's representations contained in the Warrant and prior dealings with us.

On or about January 29, 2004, Capital Bank Grawe Gruppe, AG ("Capital Bank"), exercised one of its outstanding warrants to purchase 105,000 shares of our Common Stock at a total exercise price of approximately $207,000, or $1.9688 per share, in accordance with the terms of the warrant. The shares were issued under the exemption from registration provided by Section 4(2) and/or Rule 506 of Regulation D based on Capital Bank's representations contained in the Warrant and prior dealings with us.

On or about February 27, 2004, Capital Bank, exercised one of its outstanding Warrants to purchase 105,000 shares of our Common Stock at a total exercise price of approximately $203,000, or $1.9375 per share, in accordance with the terms of the Warrant. The shares were issued under the exemption from registration provided by Section 4(2) and/or Rule 506 of Regulation D based on Capital Bank's representations contained in the Warrant and prior capital needs.

On or about March 31, 2004, Capital Bank, exercised one of its outstanding Warrants to purchase 105,000 shares of our Common Stock at a total exercise price of approximately $190,000, or $1.8125 per share, in accordance with the terms of the Warrant. The shares were issued under the exemption from registration provided by Section 4(2) and/or Rule 506 of Regulation D based on Capital Bank's representations contained in the Warrant and prior dealings with us. The proceeds from all Warrant exercises were used to fund capital expenditures and current working capital needs.

During March 2004, we completed a private placement of our Common Stock and Warrants for the purchase of our Common Stock, and for gross proceeds of approximately $10,386,000 in connection with this offering. We sold to 15 accredited investors 4,616,113 shares of Common Stock at $2.25 per share and Warrants for the purchase of up to an additional 1,615,638 shares of Common Stock. The Warrants have an exercise price of $2.92 per share and a three year term. The Warrants may be exercised pursuant to a cashless exercise option if, at any time after one year from the date of issuance of the Warrants, there is no effective registration statement registering the resale of the shares issuable upon exercise of the Warrants and such shares are not eligible to be sold pursuant to Rule 144(k) of the Securities Act. Effective, May 7, 2004, we registered the shares of Common Stock issued in the private placement, the shares of Common Stock issuable upon exercise of the Warrants issued in the private placement and the shares of Common Stock issuable upon exercise of the Consultant Warrants discussed below.

We realized net proceeds from the private placement of approximately $9.9 million, after paying fees of $440,000 to the placement agent and certain expenses of the placement agent. The net proceeds were used as follows:

- $2.9 million in connection with certain acquisitions; and
- the remaining $7.0 million, as discussed elsewhere in this Form 10-Q.

As compensation for consulting services in connection with the private placement, we issued Warrants ("Consultant Warrants") to outside consultant to purchase an aggregate of 160,000 shares of our Common Stock, subject to adjustment. The Consultant Warrants have an exercise price of $2.92 per share and a three year term.

The exercise price of, and number of shares of Common Stock issuable upon exercise of, the Warrants and Consulting Warrants are each subject to adjustment upon certain events. These events include, among others, stock splits and reclassifications of our Common Stock, and certain reorganizations, mergers and consolidations.

The issuance of shares, Warrants and Consultant Warrants described above was made pursuant to a private placement under Section 4(2) and/or Rule 506 of Regulation D of the Act. The shares issued in the private placement and issuable upon exercise of the Warrants issued in the private placement (excluding the shares issuable under the Consultant Warrants) are subject to demand and piggyback registration rights.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

4.1 Securities Purchase Agreement dated March 16, 2004, between the Company and Alexandra Global Master Fund, Ltd., Alpha Capital AG, Baystar Capital II, L.P., Bristol Investment Fund, Ltd., Crescent International Ltd, Crestview Capital Master LLC, Geduld Capital Partners LP, Gruber & McBaine International, Irwin Geduld Revocable Trust, J Patterson McBaine, Jon D. Gruber and Linda W. Gruber, Lagunitas Partners LP, Omicron Master Trust, Palisades Master Fund, L.P., Stonestreet LP, is incorporated by reference from Exhibit 4.1 of our Registration Statement No. 333-115061. The Company will furnish supplementally a copy of all omitted schedules to the Commission upon request.

4.2 Registration Rights Agreement, dated March 16, 2004, between the Company and Alexandra Global Master Fund, Ltd., Alpha Capital AG, Baystar Capital II, L.P., Bristol Investment Fund, Ltd., Crescent International Ltd, Crestview Capital Master LLC, Geduld Capital Partners LP, Gruber & McBaine International, Irwin Geduld Revocable Trust, J Patterson McBaine, Jon D. Gruber and Linda W. Gruber, Lagunitas Partners LP, Omicron Master Trust, Palisades Master Fund, L.P., Stonestreet LP, is incorporated by reference from Exhibit 4.2 of our Registration Statement No. 333-115061.

4.3 Common Stock Purchase Warrant, dated March 16, 2004, issued by the company to Alexandra Global Master Fund, Ltd., for the purchase of 262,500 shares of the Company's common stock, is incorporated by reference from Exhibit 4.3 of our Registration Statement No. 333-115061. Substantially similar warrants were issued by the Company to the following: (1) Alpha Capital AG, for the purchase of up to 54,444 shares; (2)Baystar Capital II, L.P., for the purchase of up to 63,000 shares; (3) Bristol Investment Fund, Ltd., for the purchase of up to 62,222 shares; (4) Crescent International Ltd, for the purchase of up to 105,000 shares; (5) Crestview Capital Master LLC, for the purchase of up to 233,334 shares; (6) Geduld Capital Partners LP, for the purchase of up to 26,250 shares; (7) Gruber & McBaine International, for the purchase of up to 38,889 shares; (8) Irwin Geduld Revocable Trust, for the purchase of up to 17,500 shares; (9) J Patterson McBaine, for the purchase of up to 15,555 shares; (10) Jon D. Gruber and Linda W. Gruber, for the purchase of up to 38,889 shares; (11) Lagunitas Partners LP, for the purchase of up to 93,333 shares; (12) Omicron Master Trust, for the purchase of up to 77,778 shares; (13) Palisades Master Fund, L.P., for the purchase of up to 472,500 shares; and (14) Stonestreet LP, for the purchase of up to 54,444 shares. Copies will be provided to the Commission upon request.

10.1 Asset Purchase Agreement dated March 23, 2004, between the Company and USL Environmental Services, Inc., a Maryland corporation, d/b/a A & A Environmental, is incorporated by reference from Exhibit 5.1 of our Current Report on Form 8-K dated March 23, 2004, and filed on April 8, 2004. The Company will furnish supplementally a copy of all omitted schedules to the Commission upon request.

10.2 Asset Purchase Agreement dated March 23, 2004, between the Company and US Liquids of Pennsylvania, Inc., a Pennsylvania corporation, d/b/a EMAX of Pittsburgh, Pa., is incorporated by reference from Exhibit 5.2 of our Current Report on Form 8-K dated March 23, 2004, and filed on April 8, 2004. The Company will furnish supplementally a copy of all omitted schedules to the Commission upon request.

10.3 Common Stock Purchase Warrant, dated March 16, 2004, granted by the Company to R. Keith Fetter, is incorporated by reference from Exhibit 10.3 of our Form S-3 Regisration Statement dated April 30, 2004. Substantially similar warrants were granted to Joe Dilustro and Chet Dubov, each for the purchase of 30,000 shares of the Company's common stock. Copies will be provided to the Commission upon request.

31.1 Certification by Dr. Louis F. Centofanti, Chief Executive Officer of the Company pursuant to Rule 13a-14(a) or 15d-14(a).

31.2 Certification by Richard T. Kelecy, Chief Financial Officer of the Company pursuant to Rule 13a-14(a) or 15d-14(a).

32.1 Certification by Dr. Louis F. Centofanti, Chief Executive Officer of the Company furnished pursuant to 18 U.S.C. Section 1350.

32.2 Certification by Richard T. Kelecy, Chief Financial Officer of the Company furnished pursuant to 18 U.S.C. Section 1350.

Reports on Form 8-K

A current report on Form 8-K (Item 12 - Results of Operations and Financial Condition) was filed by the Company on March 2, 2004, regarding the financial results and conference call for the year ended December 31, 2003.

A current report on Form 8-K (Item 5 - Other Events) was filed by the Company on March 23, 2004, announcing the completion of a private placement of its Common Stock.

A current report on Form 8-K/A (Item 5 - Other Events) was filed by the Company on April 4, 2004, to correct the previous Form 8-K filed on March 23, 2004.

A current report on Form 8-K (Item 5 - Other Events) was filed by the Company on April 8, 2004, to report the completion of the acquisitions of two facilities.

A current report on Form 8-K (Item 5 - Other Events and Item 12 - Results of Operations and Financial Condition) was filed by the Company on April 30, 2004, to report improper acceptance and storage of waste at our Tulsa ,Oklahoma facility and to announce the financial results and conference call for the three months ended March 31, 2004.

SIGNATURES

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

PERMA-FIX ENVIRONMENTAL SERVICES

Date: May 10, 2004

By: /s/ Dr. Louis F. Centofanti

Dr. Louis F. Centofanti
Chairman of the Board
Chief Executive Officer

Date: May 10, 2004

By: /s/ Richard T. Kelecy

Richard T. Kelecy
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATIONS

I, Louis F. Centofanti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Perma-Fix Environmental Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) (Intentionally omitted);

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ Dr. Louis F. Centofanti
- ----------------------------
Dr. Louis F. Centofanti
Chairman of the Board
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Richard T. Kelecy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Perma-Fix Environmental Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) (Intentionally omitted);

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ Richard T. Kelecy
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Richard T. Kelecy
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report of Perma-Fix Environmental Services, Inc. ("PESI") on Form 10-Q for the period ended March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I Dr. Louis F. Centofanti, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. ss.78m or ss.78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 10, 2004

/s/ Dr. Louis F. Centofanti
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Dr. Louis F. Centofanti
President and
Chief Executive Officer

This certification is furnished to the Securities and Exchange Commission solely for purpose of 18 U.S.C. ss.1350 subject to the knowledge standard contained therein, and not for any other purpose.

EXHIBIT 32.2

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

In connection with the Quarterly Report of Perma-Fix Environmental Services, Inc. ("PESI") on Form 10-Q for the period ended March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I Richard T. Kelecy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. ss.78m or ss.78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 10, 2004

/s/ Richard T. Kelecy
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Richard T. Kelecy
Chief Financial Officer

This certification is furnished to the Securities and Exchange Commission solely for purpose of 18 U.S.C. ss.1350 subject to the knowledge standard contained therein, and not for any other purpose.