SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
(Amendment No.1)

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

Date of Report (Date of earliest event reported) October 31, 2011

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	1-11596	58-1954497
(State or other jurisdiction of incorporation)	(Commission FileNumber)	(IRS Employer Identification No.)

8302 Dunwoody Place, Suite 250, Atlanta, Georgia	30350
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (770) 587-9898

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 8 – Other Events

Item 8.01 – Other Events

As previously reported, in connection with the closing of the Company's acquisition of Safety & Ecology Holdings Corporation ("SEHC") and its subsidiaries from Homeland Capital Security Corporation ("Homeland"), Homeland and SEHC agreed that they were in material breach of certain representations and warranties contained in the Purchase Agreement relating to a contract that a subsidiary of SEHC was a party ("Sub Contract"). At the closing, the Company deposited $2 million, which represented a portion of the purchase price, in an escrow account to satisfy certain claims that the Company has or may have against Homeland for indemnification pursuant to the Purchase Agreement. Homeland and SEHC further agreed that if certain conditions were not met by December 31, 2011, relating to the Sub Contract, then the Company could withdraw $1.5 million from the amount deposited by the Company in escrow. On January 10, 2012, the Company received from the escrow the $1.5 million.

Section 9 – Financial Statements and Exhibits.

Item 9.01 Financial Statements and Exhibits

Pursuant to Item 9.01 of Form 8-K filed on November 4, 2011, the Company indicated it would file certain financial information no later than the date required by Item 9.01 of Form 8-K. This Amendment No. 1 is being filed to provide such financial information.

(a) Financial Statements of Business Acquired.

The following audited financial statements of Safety and Ecology Holdings Corporation ("SEHC") are filed as required by Rule 3.05(b) of Regulation S-X, as promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are attached hereto as Exhibit 99.6.

Report of Independent Certified Public Accountants: Coulter and Justus, P.C.

Audited Financial Statements:

A. Consolidated Balance Sheets as of June 26, 2011 and June 27, 2010.
B. Consolidated Statements of Operations for the Years Ended June 26, 2011 and June 27, 2010.
C. Consolidated Statements of Shareholders' Equity for the Years Ended June 26, 2011 and June 27, 2010.
D. Consolidated Statements of Cash Flows for the Years Ended June 26, 2011 and June 27, 2010.
E. Notes to Consolidated Financial Statements.

(b) Unaudited Pro Forma Financial Information

The following unaudited pro forma financial information is filed as required by Article 11 of Regulation S-X, as promulgated pursuant to the Securities Act and the Exchange Act, and is attached hereto as Exhibit 99.7.

Unaudited Pro Forma Condensed Combined Financial Statements of the Company and Safety & Ecology Holdings Corporation ("SEHC") and its subsidiaries.

A. Unaudited Pro Forma Condensed Combined Financial Information.
B. Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2011.
C. Unaudited Pro Forma Condensed Combined Statement of Operations for the Six Months ended June 30, 2011.
D. Unaudited Pro Forma Condensed Combined Statement of Operations for the Year Ended December 31, 2010.
E. Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

(c) Exhibits

2.1	Stock Purchase Agreement dated July 15, 2011, by and among Perma-Fix Environmental Services, Inc. ("PESI"), Homeland Security Capital Corporation ("Homeland") and Safety and Ecology Holdings Corporation. The Registrant will furnish a copy of any omitted exhibit or schedule to the Commission upon request. *
2.2	Promissory Note, dated October 31, 2011, issued by PESI in favor of Homeland.**
2.3	Escrow Agreement, dated October 31, 2011, between the Company, Homeland Security Capital Corporation, and Suntrust Bank.**
2.4	Letter Agreement (Net Working Capital Adjustments), dated October 31, 2011, between the Company, Safety & Ecology Holdings Corporation and Homeland Security Capital Corporation.**
2.5	Letter Agreement (Escrow), dated October 31, 2011, between the Company, Safety & Ecology Holdings Corporation and Homeland Security Capital Corporation.**
2.6	Letter Agreement (Note Prepayment), dated October 31, 2011, between the Company, Safety & Ecology Holdings Corporation and Homeland Security Capital Corporation.**
23.1	Consent of Coulter & Justus, P.C.
99.1	Employment Agreement, dated October 31, 2011, between the Company and Christopher Leichtweis.**
99.2	Nonqualified Stock Option Agreement, dated October 31, 2011, between the Company and Christopher Leichtweis.**
99.3	Management Incentive Plan for Christopher Leichtweis, effective November 1, 2011.**
99.4	Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated October 31, 2011, between the Company and PNC Bank, National Association, as lender and as agent.**
99.5	Indemnification Agreement, dated February 21, 2011, between Safety and Ecology Holdings Corporation, Safety and Ecology Corporation, Inc. and Christopher P. Leichtweis and Myra Leichtweis.**
99.6	Audited financial statements of Safety and Ecology Holdings Corporation.
99.7	Unaudited pro forma financial information.

*Incorporated by reference to the same-named exhibit to the Company's Form 8-K (date of event July 15, 2011), originally filed with the Securities and Exchange Commission on July 20, 2011.

**Incorporated by reference to the same-named exhibit to the Company's Form 8-K (date of event October 31, 2011), originally filed with the Securities and Exchange Commission on November 4, 2011.

SIGNATURES

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Dated: January 17, 2012

By: /s/ Ben Naccarato
Ben Naccarato
Vice President and
Chief Financial Officer

Exhibit 23.1

Consent of Independent Accountants

We hereby consent to the inclusion in this Amendment #1 on Form 8-K/A dated October 31, 2011 of our report dated September 30, 2011, except Note 13, as to which the date is October 31, 2011, and except Note 14, as to which the date is January 17, 2012, relating to the consolidated financial statements of Safety and Ecology Holdings Corporation and subsidiaries (the "Company") as of June 26, 2011, and the related statements of operations, shareholder's equity, and cash flows for the year ended June 26, 2011.

/s/Coulter & Justus, P.C.

Knoxville, Tennessee
January 17, 2012

EXHIBIT 99.6

Consolidated Financial Statements

Safety and Ecology
Holdings Corporation

June 26, 2011 and June 27, 2010
with Report of Independent Auditors

Safety and Ecology Holdings Corporation

Consolidated Financial Statements

June 26, 2011 and June 27, 2010

Contents

Consolidated Financial Statements

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Report of Independent Auditors

Board of Directors
Safety and Ecology Holdings Corporation

We have audited the accompanying consolidated balance sheets of Safety and Ecology Holdings Corporation (the "Company"), a wholly-owned subsidiary of Homeland Security Capital Corporation as of June 26, 2011 and June 27, 2010, and the statements of operations, shareholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting on a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as of June 26, 2011 and June 27, 2010, of Safety and Ecology Holdings Corporation, a wholly-owned subsidiary of Homeland Security Capital Corporation, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, all of the Company's issued and outstanding stock has been sold subsequent to June 26, 2011.

Coulter & Justus, P.C.

September 30, 2011 except Note 13,
as to which the date is October 31, 2011 and
except Note 14, as to which the date
is January 17, 2012

Safety and Ecology Holdings Corporation

Consolidated Balance Sheets

	June 26 2011	June 27 2010
Assets		
Current assets:		
Cash and cash equivalents	**$ 933,611**	$ -
Trade accounts receivable (less allowance for bad debts of $108,332 in 2011 and $76,419 in 2010)	**16,177,646**	12,853,251
Trade accounts receivable from related party	**60,908**	406,018
Costs and estimated earnings in excess of billings	**3,106,646**	7,023,835
Retainages receivable	**1,212,763**	2,521,414
Prepaid expenses and other current assets	**179,328**	376,045
Income taxes refundable	**321,760**	-
Deferred income taxes	**-**	234,484
Total current assets	**21,992,662**	23,415,047
Property and equipment:		
Furniture and fixtures	**325,410**	274,863
Machinery and equipment	**3,782,766**	3,160,819
Automobiles and trucks	**630,409**	608,374
	4,738,585	4,044,056
Less accumulated depreciation	**4,151,165**	3,192,124
Net property and equipment	**587,420**	851,932
Other assets:		
Assets held for sale	**-**	1,455,141
Deposits and other assets	**22,569**	291,496
Intangible assets (less accumulated amortization o $241,232 in 2011 and $196,674 in 2010)	**302,256**	346,814
Goodwill	**7,164,501**	7,164,501
Loan issue costs, net	**-**	8,000
Total other assets	**7,489,326**	9,265,952
Total assets	**$30,069,408**	$33,532,931

Safety and Ecology Holdings Corporation

Consolidated Balance Sheets (continued)

	June 26 2011	June 27 2010
Liabilities and shareholder's equity		
Current liabilities:		
Outstanding checks in excess of bank balance	$ **866,599**	$ 44,085
Trade accounts payable	**8,134,999**	7,007,544
Accounts payable to related party	**-**	1,399,298
Accrued compensation	**2,733,597**	2,568,857
Other accrued liabilities	**60,359**	219,633
Billings in excess of costs and estimated earnings	**1,508,531**	661,115
Income taxes payable	**-**	449,170
Current portion of long-term debt	**-**	449,612
Deferred income taxes	**16,116**	-
Total current liabilities	**13,320,201**	12,799,314
Long-term liabilities:		
Deferred income taxes	**365,094**	559,156
Long-term debt, less current portion	**-**	609,248
Note payable	**-**	2,162,000
Total long-term liabilities	**365,094**	3,330,404
Total liabilities	**13,685,295**	16,129,718
Shareholder's equity:		
Common stock; $0.001 par value: Authorized shares - 50,000,000 Issued and outstanding shares - 20	**1**	1
Series A Preferred stock; $0.001 par value: Authorized shares - 25,000,000 Issued and outstanding shares - 10,550,000	**10,550**	10,550
Additional paid-in capital	**15,231,704**	15,423,455
Retained earnings	**2,211,952**	1,952,595
Accumulated other comprehensive income-foreign currency translation adjustments	**(118,113)**	(148,768)
	17,336,094	17,237,833
Less payments to parent company	**1,288,219**	-
	16,047,875	17,237,833
Noncontrolling interest	**336,238**	165,380
Total shareholder's equity	**16,384,113**	17,403,213
Total liabilities and shareholder's equity	$**30,069,408**	$33,532,931

See accompanying Notes to Consolidated Financial Statements.

Safety and Ecology Holdings Corporation

Consolidated Statements of Operations

	Year ended June 26 2011	Year ended June 27 2010
Net contract revenues	**$98,326,785**	$85,921,532
Contract costs and expenses	**84,532,892**	68,698,494
Gross margin on contracts	**13,793,893**	17,223,038
General and administrative expenses	**12,918,532**	11,682,795
Operating income	**875,361**	5,540,243
Other expense:		
Interest expense	**87,823**	227,486
Impairment loss on equipment held for sale	**-**	425,267
Total other expense	**87,823**	652,753
Income before income taxes	**787,538**	4,887,490
Provision for income taxes (benefit):		
Current	**152,906**	2,642,928
Deferred	**56,537**	(458,827)
Net provision for income tax expense	**209,443**	2,184,101
Net income	**578,095**	2,703,389
Less net income attributable to noncontrolling interest in subsidiary	**318,738**	137,380
Net income attributable to Safety and Ecology Holdings Corporation shareholders	**$ 259,357**	$ 2,566,009

See accompanying Notes to Consolidated Financial Statements.

Safety and Ecology Holdings Corporation

Consolidated Statements of Shareholders' Equity

	Series A Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Payments to Parent Company	Noncontrolling Interest	Total
Balance at July 1, 2010	$ 10,550	$ 1	$15,350,904	$ (613,414)	$ (72,324)	$ -	$ -	$14,675,717
Net income	-	-	-	2,566,009	-	-	137,380	2,703,389
Noncontrolling interest investment in subsidiary	-	-	-	-	-	-	28,000	28,000
Stock compensation	-	-	72,551	-	-	-	-	72,551
Cumulative translation adjustments	-	-	-	-	(76,444)	-	-	(76,444)
Balance at June 27, 2010	$ 10,550	$ 1	$15,423,455	$ 1,952,595	$ (148,768)	$ -	$ 165,380	$17,403,213
Net income	**-**	**-**	**-**	**259,357**	**-**	**-**	**318,738**	**578,095**
Noncontrolling interest investment in subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**(10,500)**	**(10,500)**
Member distribution	**-**	**-**	**-**	**-**	**-**	**-**	**(137,380)**	**(137,380)**
Stock buyout	**-**	**-**	**(191,751)**	**-**	**-**	**-**	**-**	**(191,751)**
Payments to parent company	**-**	**-**	**-**	**-**	**-**	**(1,288,219)**	**-**	**(1,288,219)**
Cumulative translation adjustments	**-**	**-**	**-**	**-**	**30,655**	**-**	**-**	**30,655**
Balance at June 26, 2011	**$ 10,550**	**$ 1**	**$15,231,704**	**$ 2,211,952**	**$ (118,113)**	**$ (1,288,219)**	**$ 336,238**	**$16,384,113**

See accompanying Notes to Consolidated Financial Statements.

Safety and Ecology Holdings Corporation

Consolidated Statements of Cash Flows

	Year ended June 26 2011	Year ended June 27 2010
Operating activities		
Net income	$ **578,095**	$ 2,703,389
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Impairment loss on equipment held for sale	**-**	425,267
Depreciation and amortization	**1,308,016**	1,995,185
Deferred income taxes	**56,538**	(458,827)
Share-based compensation expense	658,249	72,551
Gain on sale of assets	**(90,584)**	-
Changes in operating assets and liabilities:		
Receivables	**(2,015,744)**	(3,788,311)
Trade accounts receivable from related party	**345,110**	166,799
Costs and estimated earnings in excess of billings	**3,917,189**	(3,651,946)
Prepaid expenses and other current assets	**168,504**	(196,325)
Accounts payable, accrued expenses and other liabilities	**1,132,921**	(819,591)
Accounts payable to related party	**(1,399,298)**	1,179,100
Income taxes payable	**(770,930)**	432,595
Billings in excess of costs and estimated earnings	**847,416**	(37,647)
Net cash provided by (used in) operating activities	**4,735,482**	(1,977,761)
Investing activities		
Purchases of property and equipment	**(693,806)**	(353,981)
Proceeds from assets held for sale	**1,545,725**	-
Net cash provided by (used in) financing activities	**851,919**	(353,981)
Financing activities		
Net (payments) borrowings on line of credit	**(2,162,000)**	1,650,000
Principal payments on long-term debt	**(1,058,860)**	(970,175)
Net change in outstanding checks in excess of bank balances	**822,514**	44,085
Investment (paid) received for interest in subsidiary	**(10,500)**	28,000
Payments to parent company	**(1,288,219)**	-
Distribution to noncontrolling interest in subsidiary	**(137,380)**	-
Buyout of employee stock options	**(850,000)**	-
Net cash (used in) provided by financing activities	**(4,684,445)**	751,910
Effect of exchange rate changes on cash and cash equivalents	**30,655**	(76,444)

Safety and Ecology Holdings Corporation

Consolidated Statements of Cash Flows

	Year ended June 26 2011	June 27 2010
Net increase (decrease) in cash and cash equivalents	**$ 933,611**	$ (1,656,276)
Cash and cash equivalents at beginning of year	-	1,656,276
Cash and cash equivalents at end of year	**$ 933,611**	$ -
Supplemental disclosures of cash flow information		
Cash paid for interest	**$ 97,903**	$ 202,089
Net cash paid for income taxes	**923,836**	49,514

See accompanying Notes to Consolidated Financial Statements.

Safety and Ecology Holdings Corporation

Notes to Consolidated Financial Statements

June 26, 2011

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

The Company is a wholly owned subsidiary of Homeland Security Capital Corporation. The Company is primarily engaged in the business of providing project management and consulting services in the environmental and waste management field and has customers throughout the United States. Safety and Ecology Corporation Limited ("SECL"), a wholly owned subsidiary, provides a comprehensive range of specialist environmental engineering consulting services in the United Kingdom.

The Company's fiscal year is the last Sunday in June, or June 26, 2011 and June 27, 2010, respectively. All references in these financial statements are to the fiscal year-end unless otherwise specified.

Principles of Consolidation

The consolidated financial statements include the accounts of Safety and Ecology Holdings Corporation and its majority-owned subsidiaries, Safety and Ecology Corporation ("SECL"), a United Kingdom corporation, and SEC Radcon Alliance, LLC ("SECRA") which began operations in February 2010. During 2010, the Company owed 60% of SECRA. During 2011, the Company purchased an additional 15% of SECRA for $10,500 and owns 75% of SECRA as of December 31, 2011. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amount of items included in working capital approximates fair value because of the short maturity of those instruments. The carrying value of the Company's debt approximates fair value because it bears interest at rates that are similar to current borrowing rates for loans of comparable terms, maturity and credit risk that are available to the Company.

Revenues and Cost Recognition

Revenues are derived primarily from services performed under fixed fee and time and materials contracts. Revenues and costs derived from fixed price contracts are recognized using the percentage of completion (efforts expended) method.

1. Description of Business and Summary of Significant Accounting Policies (continued)

Revenues and Cost Recognition (continued)

Contract costs include all direct labor, materials, and other non-labor costs and those indirect costs related to contract support, such as fringe benefits, overhead labor, depreciation, supplies, tools, repairs and equipment rental. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Because of inherent uncertainties in estimating costs, it is at least reasonably possible the estimates used will change within the near term.

The asset, "costs and estimated earnings in excess of billings", represents revenues recognized in excess of billed amounts and approximately $2,391,000 in unbilled claims for costs incurred in excess of contracted amounts for which the Company believes they have a legal right to recover. However, the ultimate realization is subject to the change in the near term. The liability, "billings in excess of costs and estimated earnings", represents billings in excess of revenues recognized and accrued costs to jobs.

Cash and Cash Equivalents

The Company considers all investments with a maturity of three months or less when purchased to be cash equivalents. Cash consists of cash on hand and deposits in banks.

Recognition of Losses on Receivables

Trade accounts receivable are recorded at their estimated net realizable values using the allowance method. The Company generally does not require collateral from customers. Management periodically reviews accounts for collectability, including accounts determined to be delinquent based on contractual terms. An allowance for doubtful accounts is maintained at the level management deems necessary to reflect anticipated credit losses. When accounts are determined to be uncollectible, they are charged off against the allowance for bad debts.

Property and Equipment

Property and equipment is stated at cost. Major renewals and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

1. Description of Business and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

During 2010, the Company completed a contract and began to seek buyers for certain equipment used for the completed contract. The equipment was classified as held for sale on the accompanying consolidated balance sheet at fair value and an impairment loss of $425,267 was recognized on the accompanying consolidated statement of operations in 2010. During 2011, the equipment was sold for approximately $1,510,000 and the related equipment note of $1,058,860 was satisfied with the proceeds from the sale.

Goodwill and Other Intangible Assets

Intangible assets consist of goodwill, non-compete agreements, contracts and trademarks. Goodwill is the excess of the acquisition cost of a business over the fair value of the identifiable net assets acquired. Goodwill is an indefinite lived asset and is not amortized. Other intangibles, excluding trademarks, are amortized on a straight-line basis over their estimated useful lives. Trademarks were determined to have indefinite useful lives and accordingly are not subject to amortization.

The Company reviews the carrying amounts of goodwill and intangible assets at least annually and impairment losses are recognized if the carrying value of the intangible exceeds its fair value. The Company did not incur any charges for impairment in 2011 or 2010.

Loan Issue Costs

Loan issue costs are amortized on a straight line basis over the term of the related debt. These unamortized costs amounted to $8,000 as of June 27, 2010, and were fully amortized as of June 26, 2011. Amortization expense totaled $8,000 in 2011 and $74,526 in 2010.

Income Taxes

The amount provided for income taxes is based upon the amounts of current and deferred taxes payable or refundable at the date of the financial statements as a result of all events recognized in the financial statements as measured by the provisions of enacted tax laws.

1. Description of Business and Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Company evaluates its uncertain tax positions and a loss would be recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount that would be recognized is subject to estimate and management's assessment of relevant risks, facts and circumstances for each uncertain tax position. To the extent the Company's assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. The Company reports any tax-related interest and penalties as a component of income tax expense. The Company is subject to federal and state income taxes in which the Company operates. Tax years subject to examination by federal and state jurisdictions include 2007 and after.

Foreign Operations

SECL, a United Kingdom Corporation, which is wholly owned by the Company had total assets of $128,353 and $214,136, and total liabilities of $11,720 and $752,711 as of June 26, 2011 and June 27, 2010, respectively. SECL incurred a net loss of $112,630 in 2011 and $442,788 in 2010. The results of SECL are included in the accompanying consolidated financial statements. The financial statements of SECL are translated using exchange rates in effect at year-end for assets and liabilities and average exchange rates during the year for results of operations. The related translation adjustments are reported as a separate component of shareholder's equity.

Stock Based Compensation

Share based payment awards that result in a cost are measured at fair value on the awards' grant date, based on the estimated number of awards that are expected to vest and are reflected as compensation cost in the financial statements.

Reclassifications

Certain balances in the prior year have been reclassified to conform with 2011 classifications.

2. Intangible Assets

Intangible assets consist of the following as of June 26, 2011:

	Amount	Amortization Period
Depreciable intangibles:		
Non-compete agreements	$ 92,665	1 Year
Contracts	445,823	10 Years
	538,488	
Less accumulated amortization	(241,232)	
	297,256	
Non-depreciable intangibles:		
Trademarks	5,000	
Intangible assets, net	$ 302,256	

Amortization expense for intangibles was approximately $45,000 during 2011 and 2010. Amortization costs for the next five years are expected to be approximately $45,000 per year.

3. Note Payable and Long-Term Debt Long-term debt consists of the following:

	2011	2010
Note payable due in monthly installments of $36,296 including interest at 5.22%, collateralized by equipment with original cost of $1,993,212. Repaid in 2011.	$ -	$ 1,058,860
Less current portion	-	449,612
Long-term portion	$ -	$ 609,248

As of June 26, 2011, the company does not have any future maturities of long-term debt.

3. Note Payable and Long-Term Debt (continued)

The Company has a bank line of credit (the "Line of Credit"), however no amount was outstanding at June 26, 2011. The Line of Credit is secured by substantially all of the Company's assets and provides the Company an $8,000,000 revolving line of credit available for working capital needs of the Company and its current and future subsidiaries, including an inter-company facility for credit to foreign operations. Borrowings under the Line of Credit are limited by collateral formulas, based principally upon the Company's domestic accounts receivable ($8,000,000 available at June 26, 2011). The agreement requires the Company to maintain a minimum working capital (as defined) and restricts payments of dividends or distributions to shareholders and affiliates. The interest rate is determined at LIBOR plus a margin determined on a quarterly basis based on certain funded debt to EBITDA ratios and was 3.00% as of June 26, 2011. The Line of Credit also provides for the issuance of up to $4,000,000 in letters of credit subject to certain provisions. The Company had no letters of credit outstanding as of June 26, 2011.

4. Employee Benefit Plans

The Company has a 401(k) profit sharing plan covering substantially all its employees. Employees are allowed to make before-tax contributions to the plan, through salary reduction, up to the legal limits as described under the Internal Revenue Code. The Company's contributions to the plan totaled $432,532 in 2011 and $332,481 in 2010.

SECL has a group stakeholder pension scheme for the benefit of its employees. The plan covers substantially all SECL employees and provides for SECL to contribute at least three percent of the eligible employee's compensation to the plan. SECL did not make any contributions in 2011 and contributed $610 in 2010.

5. Equity Incentive Plan

The Company has a 2008 Equity Incentive Plan (the "2008 Plan") which provides for up to 964,669 options to be granted to executive and non-executive employees to purchase shares of Common Stock of the Company.

A total of 964,669 options were available under this plan with a weighted average fair market value of $1.24 per share as determined by the Company, based on a pricing model approved by the Company. During the year, all options outstanding and exercisable were purchased by the company for $850,000. Compensation expense totaled $658,249 in 2011 and $72,551 in 2010 related to the 2008 Plan.

6. Leases

The Company has a lease agreement for office space with an entity owned by the Company's CEO. The Company recognized rent expense under this agreement of $344,028 in 2011 and 2010.

The Company also leases office space, equipment and warehouse space under noncancelable operating leases expiring on various dates through 2011. Total rental expense for all noncancelable operating leases, excluding the office lease above, totaled $304,893 in 2011 and $278,177 in 2010.

Future minimum lease payments for all noncancellable leases, by year and in the aggregate, consist of the following as of June 26, 2011:

	Related Party	Other	Total
2012	$ 344,028	$ 225,144	$ 569,172
2013	344,028	29,330	373,358
2014	344,028	-	344,028
2015	344,028	-	344,028
2016	344,028	-	344,028
Thereafter	659,381	-	659,381
	$ 2,379,521	$ 254,474	$ 2,633,995

7. Series A Convertible Preferred Stock

All of the issued and outstanding shares of the Company's Series A Preferred Stock is held by HSCC and is pledged as collateral on certain hScC debt. Each Preferred Share accrues dividends cumulatively at the rate of eight percent (8%) per annum. Preferred dividends are approximately $2,778,167 in arrears as of June 26, 2011. Each preferred share is convertible into one share of the Company's common stock at any time by HSCC, subject to adjustment for stock dividends, stock splits, and similar events. Each Preferred Share is entitled to one vote as if converted into Company common stock. The holders of the outstanding Preferred Shares vote as a class on certain matters and will have the right to designate a majority of the board of directors of the Company. Each Preferred Share has a liquidation preference of $1.00 per share plus any accrued and unpaid dividends.

8. Concentration of Credit Risk

During the year ended June 26, 2011, the Company had three customers which accounted for 22%, 20%, and 11%, respectively of contract revenues. As of June 26, 2011, there were two customers who accounted for 27% and 23% of customer receivables. As of June 27, 2010, there were three customers which accounted for 21%, 18%, and 15%, respectively of contract revenues and five customers who comprised 45% of customer receivables.

9. Income Taxes

The Company is included in the consolidated federal income tax return of HSCC. The Company has a tax sharing arrangement which requires it to make tax payments to HSCC equal to the Company's liability as if it filed a separate return. The Company paid HSCC approximately $1,300,000 in 2011 and $364,000 in 2010 related to the tax sharing arrangement.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities at June 26, 2011, are as follows:

	Non-United States	United States	Total
Deferred tax assets:			
Accrued vacation	$ -	$ 51,476	$ 51,476
Allowance for bad debts	-	41,480	41,480
Other	-	17,577	17,577
Net operating loss carryforwards	502,846	-	502,846
Deferred tax asset	-	110,533	613,379
Valuation allowance for deferred tax assets	(502,846)	-	(502,846)
Net deferred tax asset	-	110,533	110,533
Deferred tax liabilities:			
Prepaid expenses	-	(40,567)	(40,567)
Tax over book depreciation	-	(251,290)	(251,290)
Amortization of intangibles	-	(113,804)	(113,804)
Other	-	(86,082)	(86,082)
Total deferred tax liabilities	-	(491,743)	(491,743)
Net deferred tax liabilities	-	(381,210)	(381,210)
Less portion classified as current liability	-	(16,116)	(16,116)
Portion classified as long-term liability	$ -	$ (365,094)	$ (365,094)

9. Income Taxes (continued)

For financial statement purposes, a valuation allowance has been established to offset the benefit of non-United States net operating loss carryforwards due to uncertainties surrounding their ultimate realization. This valuation allowance increased by $22,526 in 2011 and $78,884 in 2010.

Significant components of the Company's deferred tax assets and liabilities at June 27, 2010, are as follows:

	Non-United States	United States	Total
Deferred tax assets:			
Accrued vacation	$ -	$ 41,622	$ 41,622
Allowance for bad debts	-	28,973	28,973
Other	-	196,185	196,185
Net operating loss carryforwards	480,320	-	480,320
Deferred tax asset	480,320	266,780	747,100
Valuation allowance for deferred tax assets	(480,320)	-	(480,320)
Net deferred tax asset	-	266,780	266,780
Deferred tax liabilities:			
Prepaid expenses	-	(32,296)	(32,296)
Tax over book depreciation	-	(428,282)	(428,282)
Amortization of intangibles	-	(130,874)	(130,874)
Total deferred tax liabilities	-	(591,452)	(591,452)
Net deferred tax liabilities	-	(324,672)	(324,672)
Less portion classified as current asset	-	234,484	234,484
Portion classified as long-term liability	$ -	$ 559,156	$ 559,156

9. Income Taxes (continued)

Significant components of the provision for income tax (benefit) expense are as follows:

	2011	2010
Current United States-Federal	$ 152,906	$ 2,642,928
Non-United States	-	-
Deferred:		
United States:		
Federal	37,314	(406,933)
State	19,223	(51,894)
Total deferred United States	56,537	(458,827)
Net provision for income tax expense	$ 209,443	$ 2,184,101

The Company's income tax provision (benefit) differs from that obtained by using the federal statutory rate of 34% as a result of the following:

	2011	2010
Federal income taxes at 34%	$ 306,057	$ 1,661,748
Non-United States loss	-	150,548
Effect of permanent differences	(37,995)	-
Other	(125,144)	91,185
State income taxes	66,525	280,620
Net income tax expenses	$ 209,443	$ 2,184,101

10. Changes in Estimates

Revisions in contract profits are made in the period in which circumstances requiring the revision become known. The effect of changes in estimates of contract profits was to decrease net income by approximately $1,900,000 in 2011 from that which would have been reported had the revised estimates been used as the basis of recognition of contract profits in the proceeding period.

11. Contingencies

During the ordinary course of business, the Company is subject to various other disputes and claims pertaining to contracts, and there are uncertainties surrounding the ultimate resolution of these matters. Because of these uncertainties, it is at least reasonably possible the amounts recorded will change within the near term.

12. Related Party Transactions

The Company paid HSCC management fees of $240,000 in 2011 and 2010. During 2010, the Company also paid HSCC accounting fees totaling $400,000. The Company also provided certain management and public relations support to HSCC totaling approximately $165,000 in 2011 and $223,000 in 2010.

At December 31, 2011, the Company had outstanding advances to HSCC totaling $1,288,219. As the advances are not expected to be repaid by HSCC, the advances have been classified as a reduction in shareholder's equity.

13. Subsequent Events

Subsequent to June 26, 2011, HSCC entered into an agreement to sell the Company. On October 31, 2011 all the issued and outstanding shares of the Company's stock have been sold.

14. Subsequent Contract Losses

Subsequent to September 30, 2011, management determined the Company has incurred additional estimated losses on two contracts. On one contract, certain requests for equitable adjustment (REA) totaling approximately $1,800,000 were rejected. These REA’s were included in costs and estimated earnings in excess of billings on the accompanying financial statements as of June 26, 2011. Also, the Company anticipates additional losses on another contract in progress as of June 26, 2011; however, the amount of loss has not been determined.

EXHIBIT 99.7

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On October 31, 2011, Perma-Fix Environmental Services, Inc. ("Perma-Fix", "we", "our" or the "Company") completed the acquisition of all of the issued and outstanding shares of capital stock of Safety & Ecology Holdings Corporation ("SEHC") and its subsidiaries, Safety & Ecology Corporation, SEC Federal Services Corporation, Safety & Ecology Corporation Limited and SEC Radcon Alliance, LLC, pursuant to that certain Stock Purchase Agreement, dated July 15, 2011 ("Purchase Agreement"), between the Company, Homeland Capital Security Corporation ("Homeland") and SEHC. SEHC is an international provider of environmental, hazardous and radiological remediation infrastructure upgrades and nuclear energy services. SEHC provides remediation of nuclear materials for the U.S. government and other commercial customers. We acquired SEHC and its subsidiaries for a total consideration of approximately $17.9 million determined as follows:

(i) cash consideration of approximately $14.9 million, after certain working capital closing adjustments. This cash consideration was reduced by approximately $1 million total consideration for the Company's Common Stock purchased from the Company by certain security holders of Homeland as discussed below;

(ii) the sum of $2.0 million deposited in an escrow account to satisfy any claims that the Company may have against Homeland for indemnification pursuant to the Purchase Agreement and the Escrow Agreement, dated October 31, 2011 ("Escrow Agreement");

(iii) $2.5 million unsecured, non-negotiable promissory note (the "Note"), bearing an annual rate of interest of 6%, payable in 36 monthly installments, which Note provides that the Company has the right to prepay such at any time without interest or penalty. The Company prepaid $500,000 of the principal amount of the Note within 10 days of closing of the acquisition. The Note may be subject to offset of amounts Homeland owes the Company for indemnification for breach of, or failure to perform, certain terms and provisions of the Purchase Agreement if the Escrow Agreement has terminated pursuant to its terms or the amount held in escrow has been exhausted pursuant to the terms of the Purchase Agreement. Under the terms of the Note, in the event of a continuing event of default under the Note, Homeland has the option to convert the unpaid portion of the Note into the Company's restricted shares of Common Stock equal to the quotient determined by dividing the principal amount owing under the Note and all accrued and unpaid interest thereon, plus certain expenses, by the average of the closing prices per share of the Company Common Stock as reported by the primary national securities exchange or automatic quotation system on which the Company's Common Stock is traded during the 30 consecutive trading day period ending on the trading day immediately prior to receipt by the Company of Homeland's written notice of its election to receive the Company's Common Stock as a result of the event of default that is continuing; provided that the number of shares of Company Common Stock to be issued to Homeland under the Note in the event of a continuing event of default plus the number of shares of the Company Common Stock issued to the Management Investors, as discussed below, shall not exceed 19.9% of the voting power of all of the Company's voting securities issued and outstanding as of the date of the Purchase Agreement; and

(iv) in connection with the closing of the acquisition, Homeland and SEHC agreed that they were in material breach of certain of their representations and warranties contained in the Purchase Agreement relating to a contract that a subsidiary of SEHC is a party to ("Sub's Contract"). Homeland and SEHC have agreed that if, for any reason, the Sub's Contract has not been renewed by the other party to the contract on or before December 31, 2011, for an additional term of not less than three years and, based upon our determination, would not generate revenues of not less than $6.0 million each year during the renewal term, or if the Sub's Contract has not been renewed by the other party to the contract on or before December 31, 2011, on terms set forth above, and the other party to the Sub's Contract has not awarded the SEHC subsidiary in question, for any reason, by December 31, 2011, a new subcontract for the project covered by the Sub's Contract having a term of not less than three years that would not, based upon our determination, generate revenues to the SEHC subsidiary in question of not less than $6.0 million each year during the term of such new subcontract, then the Escrow Agent under the Escrow Agreement shall distribute to the Company the sum of $1.5 million of the amount held in escrow ("$1.5 million Distribution") on January 3, 2012, or such later date as instructed in writing by the Company. The above terms were not met by December 31, 2011, and, as a result, on January 10, 2012, the Company received from the escrow the $1.5 million Distribution.

Pursuant to the terms of the Purchase Agreement, upon closing of the Purchase Agreement, certain security holders of Homeland ("Management Investors") purchased 813,007 restricted shares of the Company's Common Stock for a total consideration of approximately $1 million, or $1.23 a share, which is the average of the closing prices of the Company's Common Stock as quoted on the Nasdaq during the 30 trading days ending on the trading day immediately prior to the closing of the acquisition. The purchase of the Company's Common Stock was pursuant to a private placement under Section 4(2) of the Securities Act of 1933, as amended (the "Act") or Rule 506 of Regulation D promulgated under the Act.

Upon the closing of the acquisition of SEHC and its subsidiaries on October 31, 2011, Mr. Christopher Leichtweis ("Leichtweis"), a former officer and director of Homeland, was appointed a Senior Vice President of the Company and President of Safety and Ecology Corporation pursuant to the terms of a four year employment agreement. In connection with Leichtweis' employment on October 31, 2011, we granted Leichtweis a non-qualified stock option (the "Option") to purchase up to 250,000 shares of our Common Stock as reported on the Nasdaq on the grant date, which was $1.35. The Option has a term of 10 years from grant date, with 25% yearly vesting over a four-year period. The Option was granted in accordance with, and is subject to, a Non-Qualified Stock Option Agreement, dated October 31, 2011.

In connection with the acquisition of SEHC and its subsidiaries, the Company entered into an Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated October 31, 2011 ("Amended Loan Agreement"), with its lender, PNC Bank, National Association ("PNC"), amending and restating its previous Loan Agreement with PNC. The Amended Loan Agreement provides the Company with the following credit facilities:

- up to $25 million revolving credit facility, subject to the amount of borrowings based on a percentage of eligible receivables and subject to certain reserves;
- a term loan of $16 million, which requires monthly installments of approximately $190,000; and
- equipment line of credit up to $2.5 million, subject to certain limitations.

The Company has the option of paying an annual rate of interest due on the revolving credit facility at prime plus 2% or London Inter Bank Offer Rate ("LIBOR") plus 3% and the term and equipment credit facilities at prime plus 2.5% or LIBOR plus 3.5%.

The following unaudited pro forma condensed combined balance sheet as of June 30, 2011 and unaudited pro forma condensed combined statements of operations for the year ended December 31, 2010 and six months ended June 30, 2011 (collectively, the "Pro Forma Statements") are based on the historical consolidated financial statements of Perma-Fix and SEHC and its subsidiaries. The Company's historical financial statements referred to above as of and for the year ended December 31, 2010 are included in our Annual Report on Form 10-K for the year ended December 31, 2010 and the historical financial statements as of and for the six months ended June 30, 2011 are included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011. The audited Consolidated Balance Sheets of SEHC and its subsidiaries as of June 26, 2011 and June 27, 2010 and the related Consolidated Statements of Operations, Consolidated Statements of Cash Flows, and Consolidated Statements of Stockholders' Equity are included in this Current Report on Form 8-K/A as exhibit 99.6. The historical statement of operations results for the twelve months ended December 31, 2010 for SEHC and its subsidiaries are derived from the audited Consolidated Statements of Operations for the year ended June 26, 2011 for SEHC and its subsidiaries adjusted by deducting third and fourth quarter financial results and adding the comparable preceding year interim results of the audited Consolidated Statements of Operations for the year ended June 27, 2010. The historical statement of operations results for the six months ended June 30, 2011 for SEHC and its subsidiaries are derived from the third and fourth quarter financial results of the audited Consolidated Statements of Operations for the year ended June 26, 2011 for SEHC and its subsidiaries. The Pro Forma Statements were adjusted to give effect to the acquisition of SEHC and its subsidiaries pursuant to the Stock Purchase Agreement, dated July 15, 2011 between the Company, Homeland Capital Security Corporation ("Homeland") and SEHC. The acquisition was accounted for in the Pro Forma Statements using the purchase method of accounting based on the assumptions and adjustments in the accompanying Notes to Unaudited Pro Forma Combined Financial Statements. The estimated purchase price allocation is preliminary and is subject to further revision. The unaudited pro forma condensed combined balance sheet gives effect to the transaction as if it occurred on June 30, 2011 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2010 and for the six months ended June 30, 2011 give effect to the transaction as if it occurred on January 1, 2010.

The pro forma adjustments are based upon available information and certain assumptions that the Company believes are (1) directly attributable to the transaction and (2) factually supportable. The Pro Forma Statements are provided for informational purposes only and do not purport to represent what our financial position and results of operations would actually have been had the SEHC acquisition occurred on such dates or to project our financial position or results of operations for any future period.

The Pro Forma Statements and the Notes thereto should be read in conjunction with the historical Consolidated Financial Statements of Perma-Fix and the Notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010, Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, and the historical Financial Statements of SEHC and its subsidiaries and the Notes thereto included in this Form 8-K/A.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2011

(Amounts in Thousands)	Historical Perma-Fix	Historical SEHC & Subsidiaries	Pro Forma Adjustments	Pro Forma
ASSETS				
Current assets:				
Cash	$ 27	$ 934	$ (867)(a)	$ 94
Restricted cash	35	-	1,500 (a)	1,535
Net receivables	25,436	20,558	(3,107)(u)	42,887
Inventories	385	-	-	385
Prepaid and other assets	2,072	501	-	2,573
Deferred tax asset - current	562	-	-	562
Current assets related to discontinued operations, net of allowance for doubtful accounts	2,187	-	-	2,187
Total current assets	30,704	21,993	(2,474)	50,223
Property and equipment:				
Property and equipment, net of accumulated depreciation	39,863	587	1,796 (b)	42,246
Property and equipment related to discontinued operations, net of accumulated depreciation	4,213	-	-	4,213
Intangibles and other assets:				
Goodwill	16,170	7,165	2,558 (c)	25,893
Permits	16,878	-	-	16,878
Other Intangibles	-	302	3,078 (d)	3,380
Unbilled receivables - non-current	1,756	-	-	1,756
Finite Risk Sinking Fund	19,329	-	-	19,329
Other assets	2,179	22	-	2,201
Intangible and other assets related to discontinued operations	1,190	-	-	1,190
Total assets	$ 132,282	$ 30,069	$ 4,958	$ 167,309

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET (CONTINUED)
AS OF JUNE 30, 2011

(Amounts in Thousands)	Historical Perma-Fix	Historical SEHC & Subsidiaries	Pro Forma Adjustments		Pro Forma
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 6,480	$ 9,002	-		$ 15,482
Accrued expenses	9,268	2,794	199	(s)	12,261
Unearned revenue	6,410	1,509	(1,509)	(u)	6,410
Deferred tax liability - current	-	16	(16)	(q)	-
Current liabilities related to discontinued operations	3,414	-	-		3,414
Customer contracts	-	-	3,502	(u)	3,502
Current portion of long-term debt	2,328	-	2,605	(e)	4,933
Total current liabilities	27,900	13,321	4,781		46,002
Accrued closure costs	12,401	-	-		12,401
Other long-term liabilities	579	-	-		579
Deferred tax liability	1,235	365	(365)	(q)	1,235
Long-term liabilities related to discontinued operations	2,199	-	-		2,199
Long-term debt, less current portion	6,929	-	14,929	(a),(e)	21,858
Total long-term liabilities	23,343	365	14,564		38,272
Total liabilities	51,243	13,686	19,345		84,274
Preferred Stock of subsidiary	1,285	-	-		1,285
Equity:					
Common Stock	55	-	1	(g)	56
Preferred Stock	-	10	(10)	(f)	-
Additional paid-in capital	101,157	15,232	(15,232)	(f)	102,156
			999	(g)	-
Accumulated deficit	(21,370)	2,211	(2,211)	(f)	(20,710)
	-	-	859	(t)	-
	-	-	(199)	(s)	-
Accumulated other comprehensive (loss) - foreign currency translation adjustments	-	(118)	118	(f)	-
Common Stock in treasury at cost	(88)	-	-		(88)
Payment to parent company	-	(1,288)	1,288	(f)	-
Total stockholders' equity	79,754	16,047	(14,387)		81,414
Noncontrolling interest	-	336	-		336
Total liabilities and equity	$ 132,282	$ 30,069	$ 4,958		$ 167,309

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2011

(Amounts in Thousands, Except for Per Share Amounts)	Historical Perma-Fix Six Months Ended June 30, 2011	Historical SEHC & Subsidiaries Six Months Ended June 30, 2011	Pro Forma Adjustments	ProForma
Net revenues	$ 52,528	$ 49,069	$ (1) (h)	$ 101,596
Cost of goods sold	41,449	44,818	(1) (h)	89,550
	-	-	3,257 (i)	-
	-	-	27 (j)	-
Gross profit	11,079	4,251	(3,284)	12,046
Selling, general and administrative expenses	6,808	7,236	(3,257) (i)	10,390
	-	-	23 (k)	-
	-	-	(151) (j)	-
	-	-	(269) (r)	-
Research and development	661	-	-	661
Income (loss) from operations	3,610	(2,985)	370	995
Other income (expense):				
Interest income	26	-	-	26
Interest expense	(359)	(12)	(217) (l),(m)	(588)
Interest expense-financing fees	(156)	-	(23) (n)	(179)
Other	3	-	-	3
Income (loss) from continuing operations before taxes	3,124	(2,997)	130	257
Income tax expense (benefit)	1,105	(1,263)	49 (o)	(109)
Income (loss) from continuing operations	2,019	(1,734)	81	366
Less income attributable to noncontrolling interest	-	195	-	195
Net income (loss) attributable to common shareholders	$ 2,019	$ (1,929)	$ 81	$ 171
Net income (loss) per common share – basic				
Continuing operations	$ .04			$ -
Net income (loss) per common share – diluted				
Continuing operations	$ .04			$ -
Number of common shares used in computing net income (loss) per share:				
Basic	55,118		813 (f)	55,931
Diluted	55,123		813 (f)	55,936

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2010

(Amounts in Thousands, Except for Per Share Amounts)	Historical Perma-Fix Year Ended December 31, 2010	Historical SEHC & Subsidiaries Year Ended December 31, 2010	Pro Forma Adjustments	ProForma
Net revenues	$ 97,790	$ 94,624	$ (435) (h)	$ 191,979
Cost of goods sold	77,175	75,379	(435) (h)	155,523
	-	-	7,200 (i)	-
	-	-	(294) (j)	-
	-	-	(3,502) (u)	-
Gross profit	20,615	19,245	(3,404)	36,456
Selling, general and administrative expenses	13,361	11,439	(7,200) (i)	17,161
	-	-	46 (k)	-
	-	-	(467) (j)	-
	-	-	(18) (r)	-
Research and development	921	-	-	921
Asset Impairment loss	-	425	-	425
Loss on disposal of property and equipment	138	-	-	138
Income from operations	6,195	7,381	4,235	17,811
Other income (expense):				
Interest income	65	-	-	65
Interest expense	(755)	(201)	(479) (l),(m)	(1,435)
Interest expense-financing fees	(412)	-	(46) (n)	(458)
Loss on extinguishment of debt	-	-	(117) (p)	(117)
Other	24	(55)	-	(31)
Income from continuing operations before taxes	5,117	7,125	3,593	15,835
Income tax expense (benefit)	1,846	2,892	1,365 (o)	5,244
	-	-	(859) (t)	-
Income from continuing operations	3,271	4,233	3,087	10,591
Less income attributable to noncontrolling interest	-	262	-	262
Net income attributable to common shareholders	$ 3,271	$ 3,971	$ 3,087	$ 10,329
Net income (loss) per common share – basic				
Continuing operations	$ .06			$ 0.19
Net income (loss) per common share – diluted				
Continuing operations	$ .06			$ 0.18
Number of common shares used in computing net income (loss) per share:				
Basic	54,947		813 (f)	55,760
Diluted	55,030		813 (f)	55,843

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

On October 31, 2011, Perma-Fix Environmental Services, Inc. ("Perma-Fix", "we", "our" or the "Company") completed the acquisition of all of the issued and outstanding shares of capital stock of Safety & Ecology Holdings Corporation ("SEHC") and its subsidiaries, Safety & Ecology Corporation, SEC Federal Services Corporation, Safety & Ecology Corporation Limited and SEC Radcon Alliance, LLC, pursuant to that certain Stock Purchase Agreement, dated July 15, 2011 ("Purchase Agreement"), between the Company, Homeland Capital Security Corporation ("Homeland") and SEHC. SEHC is an international provider of environmental, hazardous and radiological remediation infrastructure upgrades and nuclear energy services. SEHC provides remediation of nuclear materials for the U.S. government and other commercial customers. We acquired SEHC and its subsidiaries for a total consideration of approximately $17.9 million determined as follows:

(i) cash consideration of approximately $14.9 million, after certain working capital closing adjustments. This cash consideration was reduced by approximately $1 million total consideration for the Company's Common Stock purchased from the Company by certain security holders of Homeland as discussed below;

(ii) the sum of $2.0 million deposited in an escrow account to satisfy any claims that the Company may have against Homeland for indemnification pursuant to the Purchase Agreement and the Escrow Agreement, dated October 31, 2011 ("Escrow Agreement");

(iii) $2.5 million unsecured, non-negotiable promissory note (the "Note"), bearing an annual rate of interest of 6%, payable in 36 monthly installments, which Note provides that the Company has the right to prepay such at any time without interest or penalty. The Company prepaid $500,000 of the principal amount of the Note within 10 days of closing of the acquisition. The Note may be subject to offset of amounts Homeland owes the Company for indemnification for breach of, or failure to perform, certain terms and provisions of the Purchase Agreement if the Escrow Agreement has terminated pursuant to its terms or the amount held in escrow has been exhausted pursuant to the terms of the Purchase Agreement. Under the terms of the Note, in the event of a continuing event of default under the Note, Homeland has the option to convert the unpaid portion of the Note into the Company's restricted shares of Common Stock equal to the quotient determined by dividing the principal amount owing under the Note and all accrued and unpaid interest thereon, plus certain expenses, by the average of the closing prices per share of the Company Common Stock as reported by the primary national securities exchange or automatic quotation system on which the Company's Common Stock is traded during the 30 consecutive trading day period ending on the trading day immediately prior to receipt by the Company of Homeland's written notice of its election to receive the Company's Common Stock as a result of the event of default that is continuing; provided that the number of shares of Company Common Stock to be issued to Homeland under the Note in the event of a continuing event of default plus the number of shares of the Company Common Stock issued to the Management Investors, as discussed below, shall not exceed 19.9% of the voting power of all of the Company's voting securities issued and outstanding as of the date of the Purchase Agreement; and

(iv) in connection with the closing of the acquisition, Homeland and SEHC agreed that they were in material breach of certain of their representations and warranties contained in the Purchase Agreement relating to a contract that a subsidiary of SEHC is a party to ("Sub's Contract"). Homeland and SEHC have agreed that if, for any reason, the Sub's Contract has not been renewed by the other party to the contract on or before December 31, 2011, for an additional term of not less than three years and, based upon our determination, would not generate revenues of not less than $6.0 million each year during the renewal term, or if the Sub's Contract has not been renewed by the other party to the contract on or before December 31, 2011, on terms set forth above, and the other party to the Sub's Contract has not awarded the SEHC subsidiary in question, for any reason, by December 31, 2011, a new subcontract for the project covered by the Sub's Contract having a term of not less than three years that would not, based upon our determination, generate revenues to the SEHC subsidiary in question of not less than $6.0 million each year during the term of such new subcontract, then the Escrow Agent under the Escrow Agreement shall distribute to the Company the sum of $1.5 million of the amount held in escrow ("$1.5 million Distribution") on January 3, 2012, or such later date as instructed in writing by the Company. The above terms were not met by December 31, 2011, and, as a result, on January 10, 2012, the Company received from the escrow the $1.5 million Distribution.

Pursuant to the terms of the Purchase Agreement, upon closing of the Purchase Agreement, certain security holders of Homeland ("Management Investors") purchased 813,007 restricted shares of the Company's Common Stock for a total consideration of approximately $1 million, or $1.23 a share, which is the average of the closing prices of the Company's Common Stock as quoted on the Nasdaq during the 30 trading days ending on the trading day immediately prior to the closing of the acquisition. The purchase of the Company's Common Stock was pursuant to a private placement under Section 4(2) of the Securities Act of 1933, as amended (the "Act") or Rule 506 of Regulation D promulgated under the Act.

Upon the closing of the acquisition of SEHC and its subsidiaries on October 31, 2011, Mr. Christopher Leichtweis ("Leichtweis"), a former officer and director of Homeland, was appointed a Senior Vice President of the Company and President of Safety and Ecology Corporation pursuant to the terms of a four year employment agreement. In connection with Leichtweis' employment on October 31, 2011, we granted Leichtweis a non-qualified stock option (the "Option") to purchase up to 250,000 shares of our Common Stock as reported on the Nasdaq on the grant date, which was $1.35. The Option has a term of 10 years from grant date, with 25% yearly vesting over a four-year period. The Option was granted in accordance with, and is subject to, a Non-Qualified Stock Option Agreement, dated October 31, 2011.

In connection with the acquisition of SEHC and its subsidiaries, the Company entered into an Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated October 31, 2011 ("Amended Loan Agreement"), with its lender, PNC Bank, National Association ("PNC"), amending and restating its previous Loan Agreement with PNC. The Amended Loan Agreement provides the Company with the following credit facilities:

- up to $25 million revolving credit facility, subject to the amount of borrowings based on a percentage of eligible receivables and subject to certain reserves;

- a term loan of $16 million, which requires monthly installments of approximately $190,000; and

- equipment line of credit up to $2.5 million, subject to certain limitations.

The Company has the option of paying an annual rate of interest due on the revolving credit facility at prime plus 2% or London Inter Bank Offer Rate ("LIBOR") plus 3% and the term and equipment credit facilities at prime plus 2.5% or LIBOR plus 3.5%.

The Company has made assumptions and estimates in determining the preliminary estimated purchase price and the preliminary allocation of the estimated purchase price (See "PRELIMINARY PURCHASE PRICE ALLOCATION" below) in the unaudited pro forma condensed combined financial statements. These preliminary estimates and assumptions are subject to change during the measurement period (up to one year from the acquisition date) as the Company finalizes the valuations of identifiable intangible assets, net tangible assets, contracts, non-controlling interest and resulting goodwill. In particular, the final valuations of these items may change from the Company's preliminary estimates. These changes could result in material variances between the Company's future financial results and the amounts presented in these unaudited pro forma condensed combined financial statements, including variances in fair values recorded, as well as expenses associated with these items. Our preliminary estimated purchase price and preliminary allocation of the estimated purchase price in the unaudited pro forma condensed combined financial statements do not include the $1.5 million Distribution as mentioned above.

2. PRELIMINARY PURCHASE PRICE ALLOCATION

This acquisition will be recorded in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, "Business Combinations", which includes an evaluation of the existence of any identifiable intangible assets at the date of acquisition, such as permits and customer relationships. Due to the strategic nature of the acquisition, goodwill of approximately $9.7 million is expected to be recorded in connection with the acquisition. However, final allocation of purchase price has not been finalized. The following table summarizes the preliminary purchase price allocation of the fair values of the assets acquired and liabilities assumed, as though the acquisition had occurred on June 30, 2011:

(Amounts in thousands)	
Current assets	$ 18,886
Property, plant and equipment	2,383
Intangibles	3,380
Goodwill	9,723
Other assets	22
Total assets acquired	34,394
Current liabilities	(11,797)
Customer Contracts	(3,502)
Non-current liabilities	(859)
Total liabilities acquired	(16,158)
Non Controlling Interest	(336)
Total consideration	$ 17,900

The following table summarizes the preliminary components of intangible assets acquired:

(Amounts in thousands)	Preliminary Fair Value	Weighted Average Estimated Useful Life
Customer Relationships	$ 3,120	12.0 years
Non-Competition Agreement	260	5.0 years
Total Intangible Assets	$ 3,380	
Customer Contracts	$ (3,502)	0.5 years

The intangible asset of Customer Relationships will be amortized using an accelerated method which will result in an impact to our operations in the amount of approximately $1.8 million over a five year period as follows:

Year	Amount (In thousands)	
1	$	435
2		391
3		352
4		317
5		285
	$	1,780

The following table summarizes the preliminary components of tangible assets acquired:

(Amounts in thousands)	Preliminary Fair Value		Weighted Average Estimated Useful Life
Vehicles	$	517	5.0 years
Lab Equipment		1,382	7.0 years
Other		484	4.0 years
Total Tangible Assets	$	2,383	

3. PRO FORMA ADJUSTMENTS

(a) Reflects cash outlay at closing of $15.9 million, consisting of $14.9 million cash portion of the purchase price reduced by approximately $1 million total consideration for the Company’s Common Stock purchased from the Company by certain security holders of Homeland (See 3.(g) below), and $2.0 million placed in an escrow account. The restricted cash represents the expected distribution of $1.5 million to the Company from the escrow account in connection with certain contract of a subsidiary of SEHC as discussed in “Basis of Presentation”. The cash outlay was funded primarily from incremental borrowing of $11.8 million from the Term Loan and $3.2 million from the Revolving Credit under the Amended Loan Agreement (See 3.(e) below).

(b) Reflects increase to record property and equipment to estimated fair value of $2.4 million.

(c) Reflects the estimated goodwill of $9.7 million resulting from the business combination. See Note 2. The Company has not yet finalized the allocation of purchase price; thus this is subject to revision.

(d) Reflects increase to record definite-lived intangible assets to estimated fair value of $3.4 million resulting from the business combination.

(e) Reflects current and long-term portion of borrowings by the Company as follows: $3.2 million borrowed on the Revolving Credit, $11.8 million net proceeds from the Term Loan, and $2.5 million note payable related to the acquisition.

(f) Reflects the elimination of equity accounts of SEHC and its subsidiaries.

(g) Reflects the issuance of 813,007 shares of the Company's restricted Common Stock resulting from the purchase by certain security holders of Homeland ("Management Investors") upon closing of the Purchase Agreement, pursuant to the terms of the Purchase Agreement. The 813,007 shares were valued at $1.0 million or $1.23 a share, which is the average of the closing prices of the Company's Common Stock as quoted on the Nasdaq during the 30 trading days ending on the trading day immediately prior to the closing of the acquisition.

(h) Reflects intercompany revenue between Perma-Fix and SEHC and its subsidiaries.

(i) Reflects reclassification of certain selling, general, and administrative expenses to cost of goods sold to be consistent with Perma-Fix's historical presentation.

(j) Reflects the difference between depreciation on fixed assets and amortization on definite-lived intangible assets based on their preliminary estimated fair value and estimated useful lives compared to historical amounts.

(k) Reflects option expense recorded resulting from issuance of 250,000 non-qualified stock options (the "Option") issued to Mr. Christopher Leichtweis, a former officer and director of Homeland, who was appointed a Senior Vice President of the Company and President of Safety and Ecology Corporation pursuant to the terms of a four year employment agreement, upon the closing of the acquisition. The option has a term of ten years with 25% yearly vesting over a four-year period. The Option was valued in accordance with FASB ASC 718, "Compensation – Stock Compensation" using the Black-Scholes valuation model.

(l) Reflects interest expense of $32,000 for the six months ended June 30, 2011 and $87,000 for the twelve months ended December 31, 2010, on the $2.5 million Note in connection with the acquisition at a rate of 6.0% per year, which includes the impact of a prepayment of $500,000 of the principal amount of the Note paid within 10 days of closing of the acquisition.

(m) Reflects interest expense on the incremental borrowing under the Amended Loan Agreement of $11.8 million for the Term Loan and $3.2 million for the Revolving Credit at a committed rate of London InterBank Offer Rate ("LIBOR") plus 3.5% and LIBOR plus 3.0%, respectively, with assumed LIBOR rate of .5%. A 1/8 percent variance in the LIBOR rate would result in an increase/decrease in interest expense of approximately $14,000 for the six months ended June 30, 2011, and $28,000 for the twelve months ended December 31, 2010.

(n) Reflects incremental financing fees related to the Amended Loan Agreement, net of write-off of unamortized financing fees related to the Company's previous Loan Agreement with PNC.

(o) Reflects current income tax expense calculated at the Company's statutory tax rate net of income tax deferred related to non-deductible depreciation and amortization of acquired tangible and definite-lived intangible assets and release of the valuation allowance on the Company's deferred tax assets.

(p) Reflects loss on extinguishment of debt resulting from the Amended Loan Agreement.

(q) Reflects the net effect of the increase of the deferred tax liability resulting from the write-up in value of tangible assets and the excess purchase price assigned to definite lived intangible assets and the release of the valuation allowance on the Company's deferred tax assets.

(r) Reflects costs directly related to the acquisition which do not have a continuing impact on the combined entity's results of operations.

(s) Reflects estimated transaction costs of $199,000 (primarily legal costs) which have been excluded from the pro forma purchase price allocation and the unaudited pro forma condensed combined statement of operations as they are non-recurring one-time charges. However, these costs have been accrued and charged to accumulated deficit net of the related tax effect and are included in the unaudited pro forma condensed combined balance sheet.

(t) Reflects the release of the valuation allowance on the Company's deferred tax assets as a result of the increase in the deferred tax liabilities from the acquisition.

(u) Reflects adjustment to bring the acquired in-progress long-term contracts to their estimated fair value at the date of acquisition.