SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997

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. 1-11596

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)

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

Title of each class	Name of each exchange on which registered
Common Stock, $.001 Par Value	Boston Stock Exchange
Redeemable Warrants	Boston Stock Exchange

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

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

The aggregate market value of the voting stock held by

nonaffiliates of the Registrant as of April 6, 1998, based on the closing sale price of such stock as reported by NASDAQ on such day, was $18,728,567. The Company is listed on the NASDAQ SmallCap Market and the Boston Stock Exchange.

As of April 6, 1998, there were 11,867,898 shares of the registrant's common stock, $.001 par value, outstanding, excluding 920,000 shares held as treasury stock.

Documents Incorporated by reference: Portions of the definitive Proxy Statement dated April 20, 1998, to be delivered to Shareholders in connection with the Annual Meeting of Shareholders to be held May 20, 1998, are incorporated by reference into Part III.

==

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

INDEX

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

		Page No.
PART I		
	Item 1. Business.	1
	Item 2. Properties.	10
	Item 3. Legal Proceedings	10
	Item 4. Submission of Matters to a Vote of Security Holders.	11
	Item 4A. Executive Officers of the Company.	12
PART II		
	Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.	14
	Item 6. Selected Financial Data	15
	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.	16
	Item 8. Financial Statements and Supplementary Data	27
	Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	57
PART III		
	Item 10. Directors and Executive Officers of the Registrant.	58
	Item 11. Executive Compensation	58
	Item 12. Security Ownership of Certain Beneficial Owners and Management	58
	Item 13. Certain Relationships and Related	

Transactions. 58

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K. 59
</TABLE>

PART I

ITEM 1. BUSINESS

Company Overview

Company Overview and Principal Products and Services

Perma-Fix Environmental Services, Inc. (the "Company") is a Delaware corporation, engaged through its subsidiaries, in the (i) treatment, storage, processing, and disposal of hazardous and non-hazardous waste, mixed waste which, through its subsidiaries, is both low-level radioactive and hazardous, the development of nuclear and mixed waste treatment technologies, industrial waste and wastewater management services; and (ii) environmental engineering and consulting services to industry and government for broad-scope environmental issues, including environmental management programs, regulatory permitting, compliance and auditing, landfill design, field testing and characterization. The Company services research institutions, commercial companies and governmental agencies nationwide. Distribution channels for services are through direct sales to customers or via intermediaries. The Company has grown through both acquisitions and internal development.

The Company was incorporated in December of 1990 as a Delaware corporation. Its executive offices are located at 1940 N.W. 67th Place, Gainesville, Florida 32653.

A more detailed summary of the Company's industrial waste management and consulting engineering services is provided below:

Waste Management Services: The Company provides, through subsidiaries, off-site waste storage, treatment, processing and disposal services through its five treatment, storage and disposal ("TSD") facility subsidiaries: Perma-Fix Treatment Services, Inc. ("PFTS") located in Tulsa, Oklahoma; Perma-Fix of Dayton, Inc. ("PFD"), located in Dayton, Ohio; Perma-Fix of Ft. Lauderdale, Inc. ("PFL"), located in Ft. Lauderdale, Florida; Perma-Fix of Florida, Inc. ("PFF"), located in Gainesville, Florida and Perma-Fix of Memphis, Inc. ("PFM"), located in Memphis, Tennessee. The Company has discontinued all fuel blending activities at its PFM facility, the principal business segment for this subsidiary prior to the January 1997 fire and explosion. PFM currently provides, on a limited basis, an off-site waste storage and transfer facility and continues to explore other new markets for utilization of this facility.

PFTS is a permitted facility that provides transportation, treatment and storage of liquid hazardous and non-hazardous wastes and stabilization of liquid and solid drum residues. In addition, PFTS is permitted to dispose of non-hazardous liquid waste, including characteristic hazardous liquid waste in which the hazardous characteristics are removed prior to injection into a deepwell located at PFTS' facility. Prior to disposal, all hazardous liquids are processed in a manner designed to remove or eliminate the hazardous characteristics of the liquids. PFTS is

permitted to dispose in the deepwell non-hazardous waste liquids (including, but not limited to, characteristic waste liquids for which the hazardous characteristics have been removed). The deepwell has been specifically designed and constructed for this purpose.

PFD operates a permitted hazardous waste treatment and storage facility to collect and treat oily wastewaters and used oil from both small and large quantity generators and provides hazardous waste treatment and blending services for collecting and processing organic solvents, sludges, and solids for use as substitute fuels in cement kilns, and management of various other hazardous and non-hazardous wastes.

PFL is a permitted facility that collects and treats hazardous wastewaters, oily wastewaters, used motor oils and other waste petroleum products. Recycled waste oil is sold as "on-specification" fuel. PFL also provides underground storage tank cleaning and removal support services, and other tank and pit cleaning activities that complement the facility's treatment capabilities.

PFF specializes in the processing and treatment of certain types of wastes containing both low-level mixed radioactive and hazardous wastes, which are known in the industry as mixed waste. Its four basic services include the treatment and processing of waste Liquid Scintillation Vials (LSVs), the processing and handling of other mixed and radioactive wastes, collection and processing of organic solvents and sludges for fuel blending, and management of various other hazardous and non-hazardous wastes. The LSVs are generated primarily by institutional research agencies and biotechnical companies. These wastes contain mixed (low-level) radioactive materials and hazardous waste (flammable) constituents. This business began in 1983 and to this date has processed over one million ft3 of LSV waste. Management believes that PFF controls approximately 80% of the available LSV business in the country. The business has expanded into receiving and handling other types of mixed wastes primarily from the nuclear utilities, the U.S. Department of Energy ("USDOE") and other government facilities. PFF manages the activities at the facility under a license from the State of Florida Office of Radiation Control and a RCRA Part B permit.

Through its wholly-owned subsidiary, Industrial Waste Management, Inc. ("IWM"), located in St. Louis, Missouri, the Company is engaged in supplying and managing non-hazardous and hazardous waste to be used by cement plants as a substitute fuel or as a source of raw materials used in the production of cement.

The Company, through two subsidiaries (Perma-Fix, Inc. ("PFI") and Reclamation Services, Inc. ("RSI")), also provides on-site (at the generator's site) waste treatment services to convert certain types of characteristic hazardous wastes into non-hazardous waste by removing those characteristics which categorize such waste as "hazardous" and treats non-hazardous waste as an alternative to off-site waste treatment and disposal methods. These services are provided by PFI and RSI through "Service Centers." Service Centers are located in Tulsa, Oklahoma, and Albuquerque, New Mexico. PFI does not treat on-site waste that is specifically listed as hazardous waste by the U.S. Environmental Protection Agency ("EPA") under the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), but treats only non-hazardous waste and

characteristic waste deemed hazardous under RCRA. PFF and PFI also provides on-site waste treatment services for certain low level radioactive and mixed wastes, for industrial firms, the USDOE and other governmental facilities.

PFM is a permitted facility that had previously provided transportation, storage, treatment and disposal services to hazardous and non-hazardous waste generators. On January 27, 1997, an explosion and resulting tank fire occurred at the PFM facility, which resulted in damage to certain hazardous waste storage tanks located on the facility and caused certain limited contamination at the facility. Such occurrence was caused by welding activity performed by employees of an independent contractor at or near the facility's hazardous waste tank farm contrary to instructions by PFM. The facility was non-operational from the date of this event until May 1997, at which time it began limited operations. PFM continued to accept waste for processing and disposal, but arranged for other facilities owned by the Company or subsidiaries of the Company or others not affiliated with the Company to process such waste. The utilization of other facilities to process such waste resulted in higher costs to PFM than if PFM were able to store and process such waste at its Memphis, Tennessee, TSD facility, along with the additional handling and transportation costs associated with these activities. As a result of the significant disruption and the cost to rebuild and operate this segment, the Company made a strategic decision in February 1998, to discontinue its fuel blending operations at PFM and to convert PFM into a storage and transfer facility. PFM entered into an agreement with the appropriate agency of the state of Tennessee to cease fuel blending at the facility. PFM intends to operate such facility only to store hazardous waste in which it is permitted to store and to operate such facility as a transfer facility. The fuel blending operations represented the principal line of business for PFM prior to this event, which included a separate class of customers, and its discontinuance has required PFM to attempt to develop new markets and customers, through the utilization of the facility as a storage facility under its RCRA permit and as a transfer facility.

PFM has received settlements from its insurance carrier of approximately $522,000, less $25,000 deductible, as to claims for loss of contents and $1,475,000, as to its claim for business interruption relating to the fire and explosion. See "Legal

Proceedings", "Management Discussion and Analysis of Financial Condition and Results of Operation", and Note 4 to Notes to Consolidated Financial Statements for a discussion of certain discontinued operations.

For 1997, the Company's waste management services business accounted for approximately 83.6% of the Company's total revenue, as compared to approximately 79.5% for 1996, which excludes discontinued operations.

Consulting Engineering Services: The Company provides environmental engineering and regulatory compliance consulting services through its subsidiaries, Schreiber, Yonley & Associates ("SYA") located in St. Louis, Missouri, and Mintech, Inc. ("Mintech") located in Tulsa, Oklahoma. SYA specializes in environmental management programs, permitting, compliance and auditing, in addition to landfill design, field investigation,

testing and monitoring. SYA clients are primarily industrial, and include extensive work in the cement manufacturing industry. Mintech specializes in environmental and geotechnical consulting, engineering, geology, hydrogeology and geophysics, including evaluating, selecting and implementing the appropriate environmental solutions to problems involving soil and water. In addition, Mintech personnel routinely provide training services required under RCRA and the Superfund Amendments and Reauthorization Act ("SARA") to private industry, governmental agencies and military installations. The engineering firms also provide the necessary support, compliance and training as required by the Company's waste management services segment. During 1997 environmental engineering and regulatory compliance consulting services accounted for approximately 16.4% of the Company's total revenue, as compared to 20.5% in 1996, which excludes discontinued operations.

Segment Information and Foreign and Domestic Operations and Export Sales

During 1997, the Company was engaged in two industry segments: (i) treatment, storage, processing and disposal of hazardous, non-hazardous and mixed wastes; and (ii) environmental engineering and consulting services. See Note 14 of Notes to Consolidated Financial Statements included in this report. Most of the Company's activities were conducted in the Southeast, Southwest and Midwest portions of the United States. The Company had no foreign operations or export sales during 1997.

Importance of Patents and Trademarks, or Concessions Held

The Company does not believe that it is dependent on any particular patent or trademark in order to operate its business or any significant segment thereof. The Company has received registration through the year 2000 for the service mark "Perma-Fix" by the U.S. Patent and Trademark office.

The Company owns patents covering various systems for the processing of waste materials in cement kilns. The Company has an agreement with Continental Cement Company which provides for the payment of royalties to Continental at such time as one or more of the above patents are licensed to other cement manufacturers for the processing of waste materials.

The Company does not believe the on-site waste treatment processes utilized by PFI are patentable. The Company does, however, believe that its level of expertise in utilizing such processes is substantial, and, therefore, maintains such processes as a trade secret of the Company. The Company maintains a policy whereby key employees of PFI who are involved with the implementation of the treatment processes utilized by the Company sign confidentiality agreements with respect to non-disclosure of such processes.

The Company has developed a new process ("New Process") designed to remove certain types of organic hazardous constituents from soils or other solids and sludges ("Solids"). This New Process will be used at PFF's facility and is designed to remove the organic hazardous constituents from the solids through a water based system. The Company has filed a patent application with the U.S. Patent and Trademark Office covering the New Process. As of the date of this report, the Company has not received a patent for the New Process, and there are no assurances that such a patent will be issued to the Company. Until development by the Company of this New Process, the Company was not aware of a relatively simple

and inexpensive process that would remove the organic hazardous constituents from solids without elaborate and expensive equipment or expensive treating agents. Due to the organic hazardous constituents involved, the disposal options for such materials are extremely limited, resulting in high disposal cost when there is a disposal option available. By removing the organic hazardous waste constituents from the solids to a level where the solids may be returned to the ground, the generator's disposal options for such waste are substantially increased, allowing the generator to dispose of such waste at substantially less costs. As of the date of this report, the Company has only used the New Process, in a limited basis, for commercial use. As a result, there are no assurances that the New Process will perform as presently expected. It is anticipated that the New Process will be ready for full commercial use on or before the end of 1998. Further, changes to current environmental laws and regulations could limit the use of the New Process or the disposal option available to the generator. See"--Permits and Licenses."

Permits and Licenses

The Company's business is subject to extensive, evolving and increasingly stringent federal, state and local environmental laws and regulations. Such federal, state and local environmental laws and regulations govern the Company's activities regarding the treatment, storage, processing, disposal and transportation of hazardous, non-hazardous and radioactive wastes, and require the Company and/or its subsidiaries to obtain and maintain permits, licenses and/or approvals in order to conduct certain of their waste activities. Failure to obtain and maintain such permits or approvals would have a material adverse effect on the Company, its operations and financial condition. Moreover, as the Company expands its operations it may be required to obtain additional approvals, licenses or permits, and there can be no assurance that the Company will be able to do so.

PFTS is presently operating its hazardous waste storage and treatment activities under a RCRA Part B permit. It operates its deepwell injection disposal facility under a non-hazardous waste permit issued by the state of Oklahoma.

PFF operates its hazardous and low-level radioactive waste activities under a RCRA Part B permit and a radioactive materials license issued by the state of Florida. PFF's current low-level radioactive license was renewed for five (5) years on August 18, 1995, and has subsequently been amended for expanded radioactive waste management activities. These include larger numbers of radioisotopes, increased radioactive chemical/physical forms, research and development, and holding times of up to three (3) years.

PFD operates a hazardous and non-hazardous waste treatment and storage facility under a RCRA Part B permit granted January 3, 1996.

PFM is operating its hazardous waste storage facility under a RCRA permit.

The Company believes that its TSD facilities presently have obtained all approvals, licenses and permits necessary to enable it to conduct its business as it is presently conducted. The failure of the Company's TSD facilities to renew any of their present approvals, licenses and permits, or the termination of any such

approvals, licenses or permits, could have a material adverse effect on the Company, its operations and financial condition.

The Company believes that its on-site waste treatment services conducted by PFI and RSI do not require federal environmental permits provided certain conditions are met, and the Company has received written verification from each state in which it is presently operating that no such permit is required provided certain conditions are met. There can be no assurance that states in which the Company's waste facilities presently do business, other states in which the Company's waste facilities may do business in the future, or the federal government will not change policies or regulations requiring the Company to obtain permits to carry on its on-site activities.

Seasonality

Management believes that the Company experiences a seasonal slowdown during the winter months extending from late November through early March. The seasonality factor is a combination of the inability to generate consistent billable hours in the consulting engineering segment, along with poor weather conditions in the central plains and midwestern geographical markets it serves for on-site and off-site services, resulting in a decrease in revenues and earnings during such period.

Dependence Upon a Single or Few Customers

The majority of the Company's revenues for fiscal 1997 have been derived from hazardous and non-hazardous waste management services provided to a variety of industrial and commercial customers. The Company's customers are principally engaged in research, biotechnical development, transportation, chemicals, metal processing, electronic, automotive, petrochemical, refining and other similar industries, in addition to government agencies that include the U.S. Department of Energy ("USDOE"), U.S. Department of Defense ("USDOD"), and other federal, state and local agencies. The Company is not dependent upon a single customer, or a few customers, the loss of any one or more of which would have a material adverse effect on the Company, and during 1997 the Company did not make sales to any single customer that in the aggregate amount represented more than ten percent (10%) of the Company's consolidated revenues.

Competitive Conditions

The Company competes with numerous companies that are able to provide one or more of the environmental services offered by the Company and many of which may have greater financial, human and other resources than the Company. However, the Company believes that the range of waste management and environmental consulting, treatment, processing and remediation services it provides affords it a competitive advantage with respect to certain of its more specialized competitors. The Company believes that the treatment processes it utilizes offer a cost savings alternative to more traditional remediation and disposal methods offered by the Company's competitors.

Many other companies presently provide services similar to those provided by the Company (except in the low-level radioactive and hazardous mixed waste area, which has only a few competitors), and there continues to be intense competition within certain segments of the waste management industry, which has resulted in reduced gross margin levels for those segments. Competition in the waste management industry is likely to increase as the industry continues to mature, as more companies enter the market and expand

the range of services which they offer and as the Company and its competitors move into new geographic markets. The Company believes that there are no formidable barriers to entry into certain of the on-site treatment business' within which it operates through its subsidiaries. The Company believes that the permitting requirements, and the cost to obtain such permits, are barriers to the entry of hazardous waste TSD facilities and radioactive activities as presently operated by the Company through its subsidiaries. Certain of the non-hazardous waste operations of the Company, however, do not require such permits and, as a result, entry into these non-hazardous waste businesses would be easier. In addition, at present there is only one other facility in the United States that provides low-level radioactive and hazardous waste processing of scintillation vials, which requires both a radioactive license and a hazardous waste permit. If the permit requirements for both hazardous waste storage, treatment and disposal activities and/or the licensing requirements for the handling of low level radioactive matters are eliminated or made easier to obtain, such would allow more companies to enter into these markets and provide greater competition to the Company.

In the on-site waste treatment service area, the Company believes that the major competition to its services is the continued utilization of traditional off-site disposal methods such as landfilling. As the viability of the Company's on-site treatment process is demonstrated in the market, the Company believes that the potential to reduce costs and the ability to limit potential liability will persuade waste generators to utilize the Company's services. In the future, the Company believes that it will face direct competition as processes such as those applied by the Company are utilized by competitors.

The Company believes that it is a significant participant in the delivery of off-site waste treatment services in the Southeast, Midwest and Southwest portions of the United States. The Company competes with TSD facilities operated by national, regional and independent environmental services firms located within a several hundred mile radius of the Company's facilities. The Company's subsidiary with permitted radiological activities solicits business on a nationwide basis, including the U.S. Territories and Antarctica.

The Company's competitors for remediation services include national and regional environmental services firms that may have larger environmental remediation staffs and greater resources than the Company. The Company recognizes its lack of financial resources necessary to compete for larger remediation contracts and therefore, presently concentrates on remediation services projects within its existing customer base or projects in its service area which are too small for companies without a presence in the market to perform competitively.

Environmental engineering and consulting services provided by the Company through Mintech and SYA involve competition with larger engineering and consulting firms. The Company believes that it is able to compete with these firms based on its established reputation in its market areas and its expertise in several specific elements of environmental engineering and consulting such as environmental applications in the cement industry.

Capital Spending, Certain Environmental Expenditures and Potential Environmental Liabilities

During 1997, the Company spent approximately $1,767,000 in capital expenditures, which was principally for the expansion and improvements to the continuing operations. This 1997 capital spending total includes $263,000 of which was financed, but excludes $45,000 related to the PFM discontinued operation. For 1998, the Company has budgeted approximately $1,950,000 for capital expenditures to improve operations, reduce the cost of waste processing and handling, expand the range of wastes that can be accepted for treatment and processing and to maintain permit compliance requirements, and approximately $1,045,000 to comply with federal, state and local regulations in connection with remediation activities at two locations Environmental Processing Services, Inc. ("EPS"), an affiliated location with PFD, at approximately $210,000 and the PFM discontinued operation at approximately $835,000, see Note 4 and Note 9 to Notes to Consolidated Financial Statements). The Company intends to utilize a portion of the $1,475,000 insurance claim proceeds, related to the PFM fire and explosion (see Note 4 to Notes to Consolidated Financial Statements), received in March 1998, to fund such expenditures. However, there is no assurance that the Company will have the funds available for such budgeted expenditures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources of the Company". The Company does not anticipate the ongoing environmental expenditures to be significant, with the exception of remedial activities at two locations. The two facilities where these expenditures will be made are EPS, a former RCRA storage and processing facility, and the remedial activity at the PFM facility. EPS operated its facility on property that it leased from an affiliate of EPS ("Leased Property").

In June 1994, the Company acquired from Quadrex Corporation and/or a subsidiary of Quadrex Corporation (collectively, "Quadrex") three TSD companies, including the Dayton, Ohio, PFD facility. The former owners of PFD had merged EPS with PFD, which was subsequently sold to Quadrex. The Company, through its acquisition of PFD in 1994 from Quadrex, was indemnified by Quadrex for costs associated with remediating the Leased Property, which entails remediation of soil and/or groundwater restoration. The Leased Property used by EPS to operate its facility is separate and apart from the property on which PFD's facility is located. During 1995, in conjunction with the bankruptcy filing by Quadrex, the Company was required to advance $250,000 into a trust fund to support remedial activities at the Leased Property used by EPS, which was subsequently increased to $365,000. As discussed in Note 9 to the Consolidated Financial Statements, the Company has accrued approximately $420,000 for the estimated costs of remediating the Leased Property used by EPS, which is in excess of the current estimate for completion and will extend for a period of three (3) to five (5) years.

The PFM facility is situated in an industrial setting in Memphis, Tennessee, with numerous industrial and commercial businesses proximate. Due to the acquisition of PFM, the Company assumed and recorded certain liabilities to remediate gasoline contaminated groundwater and investigate, under the hazardous and solid waste amendments, potential areas of soil contamination on PFM's property. Prior to the Company's ownership of PFM, the prior owners installed monitoring and treatment equipment to restore the groundwater to acceptable standards in accordance with federal, state and local authorities. The Company has accrued approximately $970,000 for the estimated cost of remediating the groundwater contamination.

The nature of the Company's business exposes it to significant risk of liability for damages. Such potential liability could involve, for example, claims for clean-up costs, personal injury or damage to the environment in cases where the Company is held responsible for the release of hazardous materials; claims of employees, customers or third parties for personal injury or property damage occurring in the course of the Company's operations; and claims alleging negligence or professional errors or omissions in the planning or performance of its services or in the providing of its products. In addition, the Company could be deemed a responsible party for the costs of required clean-up of any property which may be contaminated by hazardous substances generated by the Company or transported by the Company to a site selected by the Company, including properties owned or leased by the Company. The Company could also be subject to fines and civil penalties in connection with violations of regulatory requirements.

Prior to the time of acquisition of PFM by the Company, gasoline has been detected in the groundwater at the PFM facility, and remediation of such gasoline is currently underway. See "BUSINESS -- Certain Environmental Expenditures". The PFM facility is situated in the vicinity of the Memphis Military Defense Depot (the "Defense Facility"), which Defense Facility is listed as a Superfund Site and is adjacent to the Allen Well Field utilized by Memphis Light, Gas & Water, a public water supply utilized in Memphis, Tennessee. Chlorinated compounds have previously been detected in the groundwater beneath the Defense Facility, as well as in very limited amounts in certain production wells in the adjacent Allen Well Field. Very low concentrations of certain chlorinated compounds have also been detected in the groundwater beneath the PFM facility and the possible presence of these compounds at PFM is currently being investigated. Based upon a study performed by the Company's environmental engineering group, the Company does not believe the PFM facility is the source of the chlorinated compounds in a limited number of production wells in the Allen Well Field and, as a result, does not believe that the presence of the low concentrations of chlorinated compounds at the PFM facility will have a material adverse effect upon the Company. The Company was also notified in January 1998 by the EPA that it is believed that PFM is a potentially responsible party ("PRP") regarding the remediation of a drum reconditioning facility located in Memphis. See "Legal Proceedings" for further discussion of this potential environmental liability.

Number of Employees

As of December 31, 1997, the Company and its subsidiaries employed approximately 226 persons, of which approximately 52 were assigned to the Company's engineering and consulting segment and approximately 168 to the waste management segment. The Company is not a party to any collective bargaining agreement covering its employees. The Company believes its relationship with its employees is good.

Governmental Regulation

The Company and its customers are subject to extensive and evolving environmental laws and regulations administered by the EPA and various other federal, state and local environmental, safety and health agencies. These laws and regulations largely contribute to the demand for the Company's services. Although the Company's customers remain responsible by law for their environmental problems, the Company must also comply with the requirements of those laws applicable to its services. Because the field of

environmental protection is both relatively new and rapidly developing, the Company cannot predict the extent to which its operations may be affected by future enforcement policies as applied to existing laws or by the enactment of new environmental laws and regulations. Moreover, any predictions regarding possible liability are further complicated by the fact that under current environmental laws the Company could be jointly and severally

liable for certain activities of third parties over whom the Company has little or no control. Although management believes that the Company is currently in substantial compliance with all applicable laws and regulations, the Company could be subject to fines, penalties or other liabilities or could be adversely affected by existing or subsequently enacted laws or regulations. The principal environmental laws affecting the Company and its customers are briefly discussed below.

The Resource Conservation and Recovery Act of 1976, as amended ("RCRA"). RCRA and its associated regulations establish a strict and comprehensive regulatory program applicable to hazardous waste. The EPA has promulgated regulations under RCRA for new and existing treatment, storage and disposal facilities including incinerators, storage and treatment tanks, storage containers, storage and treatment surface impoundments, waste piles and landfills. Every facility that treats, stores or disposes of specified minimum amounts of hazardous waste must obtain a RCRA permit or must obtain interim status from the EPA, or a state agency which has been authorized by the EPA to administer its program, and must comply with certain operating, financial responsibility and closure requirements. RCRA provides for the granting of interim status to facilities that allows a facility to continue to operate by complying with certain minimum standards pending issuance or denial of a final RCRA permit.

Boiler and Industrial Furnace Regulations under RCRA ("BIF Regulations"). BIF Regulations require boilers and industrial furnaces, such as cement kilns, to obtain permits or to qualify for interim status under RCRA before they may use hazardous waste as fuel. If a boiler or industrial furnace does not qualify for interim status under RCRA, it may not burn hazardous waste as fuel or use such as raw materials without first having obtained a final RCRA permit. In addition, the BIF Regulations require 99.99% destruction of the hazardous organic compounds used as fuels in a boiler or industrial furnace and impose stringent restrictions on particulate, carbon monoxide, hydrocarbons, toxic metals and hydrogen chloride emissions.

The Safe Drinking Water Act, as amended (the "SDW Act"), regulates, among other items, the underground injection of liquid wastes in order to protect usable groundwater from contamination. The SDW Act established the Underground Injection Control Program ("UIC Program") that provides for the classification of injection wells into five classes. Class I wells are those which inject industrial, municipal, nuclear and hazardous wastes below all underground sources of drinking water in an area. Class I wells are divided into non-hazardous and hazardous categories with more stringent regulations imposed on Class I wells which inject hazardous wastes. Operators of Class I hazardous waste injection wells that can demonstrate to the satisfaction of the EPA that the wastes will not migrate from the injection zone for 10,000 years are able to receive significant exemptions from these regulations. PFTS does not have and is not expected to receive such an exemption and therefore only injects non-hazardous liquid waste and certain

types of hazardous liquid waste streams which have been treated prior to disposal in compliance with applicable regulations or for which no treatment has been prescribed by applicable law.

The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also referred to as the "Superfund Act"). CERCLA governs the clean-up of sites at which hazardous substances are located or at which hazardous substances have been released or are threatened to be released into the environment. CERCLA authorizes the EPA to compel responsible parties to clean up sites and provides for punitive damages for noncompliance. CERCLA imposes joint and several liability for the costs of clean-up and damages to natural resources.

Health and Safety Regulations. The operation of the Company's environmental activities is subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state laws. Regulations promulgated under OSHA by the Department of Labor require employers of persons in the transportation and environmental industries, including independent contractors, to implement hazard communications, work practices and personnel protection programs in order to protect employees from equipment safety hazards and exposure to hazardous chemicals.

Atomic Energy Act. The Atomic Energy Act of 1954 governs the safe handling and use of Source, Special Nuclear and Byproduct materials in the U.S. and its territories. This act authorized the Atomic Energy Commission (now the Nuclear Regulatory Commission) to enter into "Agreements with States to carry out those regulatory functions in those respective states except for Nuclear Power Plants and federal facilities like the VA hospitals and the USDOE operations." On July 1, 1964, the state of Florida signed this Agreement. Thus, the state of Florida (with the USNRC oversight), Office of Radiation Control, regulates the radiological program of the PFF facility.

Other Laws. The Company's activities are subject to other federal environmental protection and similar laws, including, without limitation, the Clean Water Act, the Clean Air Act, the Hazardous Materials Transportation Act and the Toxic Substances Control Act. Many states have also adopted laws for the protection of the environment which may affect the Company, including laws governing the generation, handling, transportation and disposition of hazardous substances and laws governing the investigation and clean-up of, and liability for, contaminated sites. Some of these state provisions are broader and more stringent than existing federal law and regulations. The failure of the Company to conform its services to the requirements of any of these other applicable federal or state laws could subject the Company to substantial liabilities which could have a material adverse affect on the Company, its operations and financial condition. In addition to various federal, state and local environmental regulations, the Company's hazardous waste transportation activities are regulated by the U.S. Department of Transportation, the Interstate Commerce Commission and transportation regulatory bodies in the states in which it operates. The Company cannot predict the extent to which it may be affected by any law or rule that may be enacted or enforced in the future, or any new or different interpretations of existing laws or rules.

Insurance

The Company currently has $1 million of general liability insurance coverage with $2 million in the aggregate plus $6 million excess umbrella coverage. In addition, the Company carries contractors' pollution and professional liability coverage of $2 million per occurrence and $4 million in the aggregate. The Company is 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 million per occurrence and $2 million per year in the aggregate. To meet the requirements of customers, the Company has doubled these coverage amounts to $2 million per occurrence and $4 million per year in the aggregate. In particular, the PFTS deepwell carries liability insurance of $4 million per occurrence and $8 million per year in the aggregate. The cost of the Company's insurance is substantial. Although the Company believes that its insurance coverage is presently adequate and similar to or greater than the coverage maintained by other companies of its size in the industry, there can be no assurance that liabilities that may be incurred by the Company will be covered by its insurance or that the dollar amount of such liabilities that are covered will not exceed the Company's policy limits. Furthermore, there can be no assurance that the Company will be able to continue to obtain adequate or required insurance coverage or, if obtainable, to be able to purchase it at affordable rates. If the Company has difficulty in obtaining such coverage, it could be at a competitive disadvantage with other companies and/or may be unable to continue certain of its operations.

Year 2000 Issues

The staff of the Commission has indicated that each public company should discuss its "Year 2000" issues. The Year 2000 problem arises because many computer systems were designed to identify a year using only two digits, instead of four digits, in order to conserve memory and other resources. For instance, "1997" would be held in the memory of a computer as "97."

When the year changes from 1999 to 2000, a two digit system would read the year as changing from "99" to "00." For a variety of reasons, many computer systems are not designed to make such a date change or are not designed to "understand" or react appropriately to such a date change. Therefore, as the date changes to the year 2000, many computer systems could completely stop working or could perform in an improper and unpredictable manner.

The Company has conducted a review of its computer systems to identify the systems which it anticipated could be effected by the Year 2000 issue and it believes that all such systems were already, or have been converted to be, Year 2000 compliant. Such conversion, where required, did not entail material expenditure by the Company. Pursuant to the Company's Year 2000 planning, the Company has requested information regarding the computer systems of its key suppliers, customers, creditors and financial service organizations and has been informed that they are substantially Year 2000 compliant. There can be no assurance, however, that such key organizations are actually Year 2000 compliant and that the Year 2000 issue will not adversely affect the Company's financial position or results of operations. The Company believes that its expenditures in addressing its Year 2000 issues along with any potential effect on the Company's earnings will not have a material adverse effect on the Company's financial position or results of operations.

ITEM 2. PROPERTIES

The Company's principal executive offices are located at 1940 N.W. 67th Place, Gainesville, Florida 32653. The Company's waste management operations are located in Gainesville and Ft. Lauderdale, Florida; Dayton, Ohio; Tulsa, Oklahoma; Albuquerque, New Mexico and Memphis, Tennessee. The Company's consulting engineering services are located in Tulsa, Oklahoma and St. Louis, Missouri. The Company also maintains a sales office in Tijuana, California, Kansas City, Missouri, and a satellite engineering office in Kailua, Hawaii.

The Company, through its subsidiaries, owns five facilities and has an option to purchase another facility at a nominal amount at the end of the lease term, all of which are in the United States. In addition, the Company leases four properties for office space, one of which also contains a warehouse and one additional property that is utilized strictly as warehouse space, all of which are located in the United States as described above.

The Company believes that the above facilities currently provide adequate capacity for the Company's operations and that additional facilities are readily available in the regions in which the Company operates.

ITEM 3. LEGAL PROCEEDINGS

In May 1995, PFM, a subsidiary of the Company, became aware that the U.S. District Attorney for the Western District of Tennessee and the Department of Justice were investigating certain prior activities of W. & R. Drum, Inc. ("W.R. Drum") its successor, First Southern Container Company, and any other facility owned or operated, in whole or in part, by Johnnie Williams. PFM used W. R. Drum to dispose of certain of its used drums. In May 1995, PFM received a Grand Jury Subpoena which demanded the production of any documents in the possession of PFM pertaining to W. R. Drum, First Southern Container Company, or any other facility owned or operated, and holder in part, by Johnnie Williams. PFM complied with the Grand Jury Subpoena. Thereafter, in September of 1995, PFM received another Grand Jury Subpoena for documents from the Grand Jury investigating W. R. Drum, First Southern Container Company and/or Johnnie Williams. PFM complied with the Grand Jury Subpoena. In December 1995, representatives of the Department of Justice advised PFM that it was also currently a subject of the investigation involving W. R. Drum, First Southern Container Company, and/or Johnnie Williams. In accordance with certain provisions of the Agreement and the Plan of Merger relating to the prior acquisition of PFM, on or about January 2, 1996, PFM notified Ms. Billie K. Dowdy of the foregoing, and advised Ms. Dowdy that the Company and PFM would look to Ms. Dowdy to indemnify, defend and hold the Company and PFM harmless from any liability, loss, damage or expense incurred or suffered as a result of, or in connection with, this matter.

During January 1998, PFM was notified by the EPA that the EPA had conducted remediation operations at a site owned and operated by W.R. Drum in Memphis, Tennessee (the "Drum site"). By correspondence dated January 15, 1998 ("PRP Letter"), the EPA has informed PFM that it believes that PFM is a PRP regarding the remediation of the Drum site, primarily as a result of acts by PFM

prior to the time PFM was acquired by the Company. The PRP Letter

states that the EPA is continuing to investigate other PRPs regarding the Drum site which may be liable for certain remediation costs of the Drum site. The PRP Letter estimated the remediation costs incurred by the EPA for the Drum site to be approximately $1,400,000 as of November 30, 1997, and the EPA has orally informed the Registrant that such remediation has been substantially complete as of such date. Because CERCLA provides that liability for PRPs for a particular site is joint and several, the PRP Letter includes a demand by the EPA from PFM for the full amount of the remediation of the Drum site, including interest on such amount, as provided for in CERCLA. The EPA has advised PFM that PFM was a PRP at the Drum site; and that the EPA believes that PFM supplied a substantial amount of the drums at the Drum Site, during a portion of the years in which W.R. Drum was in operation. In addition, the EPA has advised PFM that it has sent PRP Letters to approximately 50 other PRP's making demand upon such other PRPs regarding the Drum site. The Company is currently investigating the allegations set forth in the PRP Letter and intends to vigorously defend against such allegations and the associated demand regarding remediation costs of the Drum site. The Company has notified certain of the previous owners of PFM that the Company will seek recovery from them as PRPs in the event PFM is determined to be a PRP regarding the Drum site. However, no assurance can be made that PFM will be able to recover remediation costs from such previous owners. If PFM is determined to be liable for all or a substantial portion of the remediation cost incurred by the EPA at the Drum site, such could have a material adverse effect on the Company.

On January 27, 1997, an explosion and resulting tank fire occurred at PFM's facility in Memphis, Tennessee, a hazardous waste storage, processing and blending facility. See "Business Company Overview and Principal Products and Services" and Note 4 "Discontinued Operations" of the Notes to Consolidated Financial Statements. As a result of the fire and explosion, the Tennessee Department of Environmental and Conservation ("TDEC") issued an order in a matter styled In the Matter of Perma-Fix Incorporated, Division of Solid Waste Management, Case No. 97-0097, Tennessee Department of Environmental and Conservation (the "Order"), and in such Order alleged that PFM violated certain rules and regulations of the TDEC and assessed a penalty of $145,000 against PFM as a result of the above-referenced occurrence. The TDEC and the Company have settled the Order. Under the terms of the settlement between the TDEC and PFM, dated February 3, 1998, the TDEC and PFM agreed, among other things, (i) that as a result of the fire and explosion, which were caused by employees of an independent contractor, certain hazardous waste was released into the soil at PFM's facility; (ii) that PFM submitted to the TDEC a soil removal plan ("plan"), which plan is designed to remediate the soil at PFM's facility that was impacted by such release, the plan has been approved by the TDEC, and that PFM is currently implementing the plan, and (iii) PFM agreed to pay the TDEC a civil penalty of approximately $108,000, payable as follows: $25,000 within 60 days and the balance payable in quarterly installments of approximately $10,400 each beginning June 1, 1998, and on the first day of each quarter thereafter until paid in full (with all or a portion of the quarter installments payable by the Company accepting CERCLA waste from the TDEC on a dollar for dollar basis under certain conditions). In addition, under the settlement, PFM has agreed to cease fuel blending at its Memphis, Tennessee, facility and to implement an amended approved closure plan of its hazardous waste tank farm, at such facility, subject to certain exceptions.

In addition to the above matters and in the normal course of

conducting its business, the Company is involved in various other litigation. The Company is not a party to any litigation or governmental proceeding which its management believes could result in any judgments or fines against it that would have a material adverse affect on the Company's financial position, liquidity or results of operations.

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

The Company's annual meeting of stockholders ("Annual Meeting") was held on November 12, 1997. At the Annual Meeting, the following matters were voted on and approved by the shareholders:

1. The election of four (4) directors to serve until the next annual meeting of stockholders or until their respective successors are duly elected and qualified;

2. Approval and ratification of the appointment of BDO Seidman, LLP as the independent auditors of the Company for fiscal 1997.

At the Annual Meeting the four (4) nominated directors were elected to serve until the next annual meeting of stockholders. The directors elected at this annual meeting of stockholders and the votes cast for, against and abstentions for each director are as follows:

<TABLE>
<CAPTION>

	For	Withhold Authority	Abstentions and Broker Non-Votes
<S>	<C>	<C>	<C>
Dr. Louis F. Centofanti	7,791,962	22,200	-
Mark A. Zwecker	7,891,762	22,400	-
Steve Gorlin	7,876,962	37,200	-
Jon Colin	7,914,162	22,400	-

</TABLE>

Also, at the Annual Meeting the shareholders approved the appointment of BDO Seidman, LLP as the independent auditors of the Company for fiscal 1997.

The votes for, against and abstentions and broker non-votes are as follows:

<TABLE>
<CAPTION>

	For	Against	Abstentions and Broker Non-Votes
<S>	<C>	<C>	<C>
Approval and Ratification of the Appointment of BDO Seidman, LLP as the Independent Auditors	7,893,962	19,500	700

</TABLE>

ITEM 4A. EXECUTIVE OFFICERS OF THE COMPANY

<TABLE>
<CAPTION>

The following table sets forth, as of the date hereof, information concerning the executive officers of the Company:

Executive Officer(1)	Principal Occupation and Other Information
<S>	<C>
Dr. Louis F. Centofanti Chairman of the Board, President and Chief Executive Officer Age 54	Dr. Centofanti has served as Chairman of the Board since he jointed the Company in February, 1991. Dr. Centofanti also served as President and Chief Executive Officer of the Company from February, 1991 until September, 1995 and again in March, 1996 was elected to serve as President and Chief Executive Officer of the Company and continues as Chairman of the Board. From 1985 until joining the Company, Dr. Centofanti served as Senior Vice President of USPCI, Inc., a large hazardous waste management company, where he was responsible for managing the treatment, reclamation and technical groups within USPCI. In 1981, he founded PPM, Inc., a hazardous waste management company specializing in the treatment of PCB contaminated oils which was subsequently sold to USPCI. From 1978 to 1981, Dr. Centofanti served as Regional Administrator of the U.S. Department of Energy for the southeastern region of the United States. Dr. Centofanti has a Ph.D. and a M.S. in Chemistry from the University of Michigan, and a B.S. in Chemistry from Youngstown State University.

Executive Officer(1)	Principal Occupation and Other Information
Mr. Richard T. Kelecy Chief Financial Officer Age: 42	Mr. Kelecy was elected Chief Financial Officer in September 1995. He previously served as Chief Accounting Officer and Treasurer of the Company since July 1994. From 1992 until June 1994, Mr. Kelecy was Corporate Controller and Treasurer for Quadrex Corporation. From 1990 to 1992 Mr. Kelecy was Chief Financial Officer for Superior Rent-a-Car, and from 1983 to 1990 held various positions at Anchor Glass Container Corporation including Assistant Treasurer. Mr. Kelecy holds a B.A. in Accounting and Business Administration from Westminster College.
Mr. Roger Randall Vice President Industrial Services Age: 54	Mr. Randall has served as Vice-President/ General Manager of PFD since its acquisition by the Company in 1994 and was elected to the position of Vice President Industrial Services of the Company in December 1997. From 1982 to 1995, Mr. Randall has been associated with PFD under several ownerships. He has served a variety of management roles from Operations Manager to Chairman of the Board and Chief Executive Officer. Previous to his involvement with the waste management industry, Mr. Randall spent 17 years in public education

	serving a variety of administrative roles. He has a B.S. from Wittenburg University and an M.A. from Wright State University.
Mr. Bernhardt Warren Vice President Nuclear Services Age: 49	Mr. Warren has served as Vice President and General Manager of PFF since July 1996 and was elected to the position of Vice President Nuclear Services of the Company in December 1997. He has held various positions at PFF since 1982, including Radiation Safety Officer. He previously held the position of Manager of the Office of Radiation Control for the Florida State Department of Health and Rehabilitative Services from 1973 to 1982. He has a B.S. degree in Biology from Florida Southern College, an M.P.A., Public Administration from Florida State University, and graduated from numerous U.S. Nuclear Regulatory Commission training programs. Mr. Warren has authored more than a dozen technical papers and has achieved Master Level as a Certified Hazards Material Officer.
Mr. Timothy Kimball Vice President Technical Services Age: 52	Mr. Kimball has served as Vice President of two wholly-owned subsidiaries of the Company since January, 1991 and was elected to the position of Vice President Technical Services of the Company in December 1997. He previously served as the Hazardous Waste Coordinator and Technical Representative for Rinchem Company, Inc. from 1985 to 1991. He also served a variety of management roles ranging from Planning Director, Partner and President, as well as Technical and Research Assistant for the University of New Mexico. He has a B.A. in Political Science and Public Administration from the University of Louisville, and an M.A. in Anthropology from the University of New Mexico.

<FN>

(1) There is no family relationship between any of the executive officers.

</FN>
</TABLE>

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock, with a par value of $.001 per share, is traded on the NASDAQ SmallCap Market ("NASDAQ") and the Boston Stock Exchange ("BSE") under the symbol "PESI" on NASDAQ and "PES" on the BSE. Effective December 1996, the Company's Common Stock also began trading on the Berlin Stock Exchange under the symbol "PES.BE." The following table sets forth the high and low bid prices quoted for the Common Stock during the periods shown.

The source of such quotations and information is the NASDAQ Stock market statistical summary reports:

<TABLE>
<CAPTION>

		1997		1996	
		Low	High	Low	High
<S>	<C>	<C>	<C>	<C>	<C>
Common Stock:	1st Quarter	1 1/8	1 3/8	1	1 3/4
	2nd Quarter	2 3/16	2 15/16	29/32	2 7/16
	3rd Quarter	1 15/16	2	1 1/2	2 9/16
	4th Quarter	2 1/16	2 1/4	1 5/16	2 7/16

</TABLE>

Such over-the-counter market quotations reflect inter-dealer prices, without retail mark-ups or commissions and may not represent actual transactions.

As of December 31, 1997, there were approximately 166 shareholders of record of the Company's Common Stock, including brokerage firms and/or clearing houses holding shares of the Company's Common Stock for their clientele (with each brokerage house and/or clearing house being considered as one holder). However, the total number of beneficial shareholders was approximately 2,077 on this date.

Since its inception, the Company has not paid any cash dividends on its Common Stock and has no dividend policy. The Company does not intend, in the foreseeable future, to pay cash dividends on its Common Stock, and it intends to use all available cash for the Company's working capital. The Company's loan agreement prohibits paying any dividends on its Common Stock.

In addition to the securities sold by the Company during 1997 as reported in the Company's Forms 10-Q for the quarters ended June 30, 1997 and September 30, 1997, which were not registered under the Securities Act of 1933, as amended ("Securities Act"), the Company sold or issued during 1997 the following securities which were also not registered under the Act:

1. During 1997, the Company issued RBB Bank Aktiengesellschaft, located in Graz, Austria, 178,781 shares of the Company's Common Stock in payment of accrued and unpaid dividends in the Company's Series 3 Class C Convertible Preferred Stock ("Class 3 Preferred"), in accordance with the terms of the Series 3 Preferred. The following shares of Common Stock were issued to RBB Bank during 1997 in payment of the accrued and unpaid dividends in the Series 3 Preferred:

<TABLE>
<CAPTION>

	Amount of Dividend	Number of Shares of Common Stock	Date of Issuance
<S>	<C>	<C>	<C>
	$ 146,000	100,000	1/16/97
	1,000	442	5/28/97
	10,000	7,035	6/11/97
	152,000	66,336	7/14/97
	7,000	4,581	8/13/97

</TABLE>

The issuance of the above described shares of Common Stock in

payment of accrued and unpaid dividends in the Series 3 Preferred, were issued pursuant to an exemption from registration under Section 4 (2) and/or D of the Securities Act.

2. During 1997, the Company issued RBB Bank 1,027,974 shares of Common Stock upon the conversion of 1,500 shares of Series 3 Preferred pursuant to the terms of the Series 3 Preferred. The conversion of 1,500 shares of Series 3 Preferred during 1997 resulted in 4,000 shares of Series 3 Preferred remaining outstanding. The issuance of the above described shares of Common Stock as a result of conversion of 1,500 shares of Series 3 Preferred during 1997 were issued pursuant to an exemption from registration under Section 3 (a) (9) of the Securities Act.

ITEM 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

The financial data included in this table has been derived from the consolidated financial statements of the Company and its subsidiaries. Financial statements for the year ended December 31, 1997, 1996, 1995, and 1994 been audited by BDO Seidman, LLP and financial statements for the year ended December 31, 1993, have been audited by Coopers & Lybrand L.L.P.

Statement of Operations Data:
(Amounts in Thousands, Except for Share Amounts)

	December 31,				
	1997	1996	1995	1994(2)	1993
<S>	<C>	<C>	<C>	<C>	<C>
Revenues(4)	$28,413	$27,041	$31,477	$23,522	$10,123
Net income (loss) from continuing operations	192	27	(3,494)	(1,201)	(1,895)
Net loss from discontinued operations	(4,101)	(287)	(5,558)(3)	(315)	-
Preferred Stock dividends	(352)	(2,145)(5)	-	-	-
Net loss applicable to Common Stock from continuing operations	(160)	(2,118)(5)	(3,494)	(1,201)	(1,895)
Net loss per common share(1) from continuing operations	(.01)	(.24)(5)	(.44)	(.20)	(.44)
Weighted average number of common shares outstanding(1)	10,650	8,761	7,872	5,988	4,287

Balance Sheet Data:

	December 31,				
	1997	1996	1995	1994(2)	1993
Working capital (deficit)	$ 754	$ (773)	$(9,372)	$ (705)	$ 1,278
Total assets	28,570	29,036	28,873	35,067	17,711
Long-term debt	4,981	6,360	8,478	6,041	2,349

Total liabilities	16,376	16,451	20,935	18,105	6,997
Stockholders' equity	12,194	12,585	7,938	16,962	10,714

<FN>

(1) As adjusted to reflect the stock split approved by the Board of Directors in July 1992, and to reflect all stock options and warrants outstanding at December 31, 1993 as if such options and warrants had been outstanding for all periods presented prior to December 31, 1993. Net loss per share for the fiscal year ended December 31, 1994 has been restated, in accordance with Accounting Principles Board Opinion No. 15, "Earnings Per Share," to reflect the issuance of contingent shares to Quadrex during 1995. As of December 31, 1997, the Company applied SFAS 128, the new standard of computing and

presenting earnings per share. The adoption of SFAS 128 did not have a material effect on the Company's EPS presentation since the effects of potential common shares are antidilutive.

(2) Includes financial data of Perma-Fix of Florida, Inc., Perma-Fix of Dayton, Inc. and Perma-Fix of Ft. Lauderdale, Inc., as acquired from Quadrex Corporation and accounted for using the purchase method of accounting, from June 30, 1994.

(3) Includes write-down of impaired intangible permit related to an acquisition completed in December of 1993 and certain nonrecurring charges.

(4) Excludes revenues of Perma-Fix of Memphis, Inc., shown elsewhere as a discontinued operation.

(5) In March 1997, the Securities and Exchange Commission, ("Commission") announced its position in accounting for Preferred Stock which is convertible in Common Stock at a discount from the market rate on the date of issuance of such Preferred Stock. The Commission's position is that a Preferred Stock dividend should be recorded for the difference between the conversion price and quoted market price of Common Stock as determined on the date of issuance of such Preferred Stock. To comply with this position, the Company restated its prior year's financial statements to reflect a dividend of approximately $2 million related to the fiscal 1996 sales of convertible Preferred Stock. As a result, the amount noted in this table as the Company's net loss applicable to Common Stock for 1996 reflects the restated amount from the previously reported net loss applicable to Common Stock of $405,000 and the amount noted in this table as the Company's net loss per share of Common Stock for 1996 reflects the restated amount from the previously reported net loss per share of Common Stock of ($.05).

</FN>
</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained within this "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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"). See "Special Note regarding Forward-Looking Statements"

contained in this report.

Management's discussion and analysis is based, among other things, upon the audited consolidated financial statements of the Company and its subsidiaries, and includes the accounts of the Company and its wholly-owned subsidiaries, after elimination of all significant inter-company balances and transactions.

Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements of the Company and its subsidiaries and the notes thereto included in Item 8 of this report.

The Company is an active participant in the pollution control industry, which encompasses numerous segments ranging from residential solid waste collection and disposal to integrated remedial services for military and government installations, and the treatment and disposal of hazardous, mixed waste and wastewater. The industry was born out of the promulgation of federal, state and local environmental regulations. Over the last three to five years, waste minimization, in conjunction with maturing market conditions, has lead to acquisitions, consolidations and some firms exiting from certain segments in this industry. Today's business environment in the waste management industry is highly competitive, with customer cost containment, pricing pressures and market share consolidation prevalent. As a result of these industry conditions and under a new management team, the Company restructured its core businesses during 1995. In conjunction with these changes, the Company increased its emphasis on the research and development of innovative technologies for the

treatment of nuclear, mixed waste, industrial waste and wastewater. This restructuring program included the closure of several poorly-performing service centers, the establishment of regional profit centers and the reduced overall cost structure and overhead carried by the Company. Charges related to this program are reflected in the operating results for the year ended December 31, 1995.

On January 27, 1997, an explosion and resulting tank fire occurred at the PFM facility located in Memphis, Tennessee, which resulted in damage to certain hazardous waste storage tanks located on the facility, and caused certain limited contamination at the facility. Due to the nature of the loss, the significant disruption and limited operating activities at the facility, the Company made a strategic decision in February 1998, to discontinue its fuel blending operations at PFM. See "Business" and Note 4 to Notes to Consolidated Financial Statements and to "Discontinued Operations" in this section for further discussion on PFM. Hereafter, the PFM will be referred to as a discontinued operation, and excluded from the discussions on the operating results of the continuing operations.

The reporting of financial results and pertinent discussions are tailored to two segments of the pollution control industry: Waste Management Services and Consulting Engineering Services.

<TABLE>
<CAPTION>

Below are the results of operations for the Company for the years ended December 31, 1997, 1996 and 1995 (in thousands):

(Consolidated)	1997	%	1996	%	1995	%
Revenue	$28,413	100.0	$27,041	100.0	$31,477	100.0
Cost of goods sold	19,827	69.8	18,912	69.9	23,764	75.5
Gross Profit	8,586	30.2	8,129	30.1	7,713	24.5
Selling, general and administrative	5,682	20.0	5,942	22.0	7,168	22.8
Depreciation and amortization	1,980	7.0	2,083	7.0	2,051	6.5
Nonrecurring charges	-	-	-	-	987	3.1
Other income (expense):						
Interest income	41	.1	43	.2	58	.2
Interest expense	(431)	(1.5)	(643)	(2.4)	(814)	(2.6)
Other	(342)	(1.2)	523	1.9	(245)	(.8)
Net income (loss) from continuing operations	192	.7	27	-	(3,494)	11.1
Loss from discontinued operations	(4,101)	(14.4)	(287)	(1.1)	(5,558)	(17.7)
Preferred Stock dividends	(352)	(1.1)	(2,145)(1)	(7.9)	-	-
Net loss applicable to Common Stock	$ (4,261)	(14.9)	$(2,405)(1)	(8.9)	$(9,052)	(28.8)

<FN>
(1) In March 1997, the Securities and Exchange Commission ("Commission") announced its position on accounting for Preferred Stock which is convertible in Common Stock at a discount from the market rate on the date of issuance of such Preferred Stock. The Commission's position is that a Preferred Stock dividend should be recorded for the difference between the conversion price and the quoted market price of Common Stock as determined on the date of issuance of such Preferred Stock. To comply with this position, the Company restated its prior year's financial statements to reflect a dividend of approximately $2 million related to the fiscal 1996 sales of convertible Preferred Stock. As a result, the amount noted in this table as the Company's net loss applicable to Common Stock for 1996 reflects the restated amount from the previously reported net loss applicable to Common Stock of $405,000.
</FN>
</TABLE>

Discontinued Operations

On January 27, 1997, an explosion and resulting tank fire occurred at the PFM facility, a hazardous waste storage, processing and blending facility, which resulted in damage to certain hazardous waste storage tanks located on the facility and caused certain limited contamination at the facility. Such occurrence was caused by welding activity performed by employees of an independent

contractor at or near the facility's hazardous waste tank farm contrary to instructions by PFM. The facility was non-operational from the date of this event until May 1997, at which time it began limited operations. During the remainder of 1997, PFM continued to accept waste for processing and disposal, but arranged for other facilities owned by the Company or subsidiaries of the Company or others not affiliated with the Company to process such waste. The utilization of other facilities to process such waste resulted in higher costs to PFM than if PFM were able to store and process such waste at its Memphis, Tennessee, TSD facility, along with the additional handling and transportation costs associated with these activities. As a result of the significant disruption and the cost to rebuild and operate this segment, the Company made a strategic decision, in February 1998, to discontinue its fuel blending operations at PFM. The fuel blending operations represented the principal line of business for PFM prior to this event, which included a separate class of customers, and its discontinuance has required PFM to attempt to develop new markets and customers, through the utilization of the facility as a storage facility under its RCRA permit and as a transfer facility. Accordingly, during the fourth quarter of 1997, the Company recorded a loss on disposal of discontinued operations of $3,053,000, which included $1,272,000 for impairment of certain assets and $1,781,000 for the establishment of certain closure liabilities.

During December 1995, the Company recognized a permit impairment charge of $4,712,000, related to the December 1993 acquisition of PFM. The evaluation of this impairment included the review of prior operating results, the recent restructuring activities, including the reduction of all possible operating and overhead costs, margin and revenue enhancements, and the related estimate of future undiscontinued operating income. Based upon this review, the permit was deemed to be impaired and a charge recorded for the full carrying amount of this intangible permit, which is further discussed in Note 4 of the Notes to Consolidated Financial Statements.

The net loss from the discontinued PFM operations for the years ended December 31, 1997, 1996, and 1995 ($1,048,000, $287,000, and $5,558,000, respectively) are shown separately in the Consolidated Statements of Operations. The results of the discontinued PFM operations do not reflect management fees charged by the Company, but do include interest expense of $254,000, $169,000 and $138,000 during 1997, 1996 and 1995, respectively, specifically identified to such operations as a result of such operations actual incurred debt under the Corporation's revolving and term loan credit facility. During March of 1998, the Company received a settlement in the amount of $1,475,000 from its insurance carrier for the business interruption claim. This settlement was recognized as a gain in 1997 and thereby reducing the net loss recorded for the discontinued PFM operations in 1997. Earlier in 1997, PFM received approximately $522,000 (less its deductible of $25,000) in connection with its claim for loss of contents as a result of the fire and explosion which was utilized to replace certain assets and reimburse the Company for certain fire related expense.

Revenues of the discontinued PFM operations were $1,878,000 in 1997, $3,996,000 in 1996 and $3,414,000 in 1995. These revenues are not included in revenues as reported in the Consolidated Statements of Operation. See Note 4 to Notes to Consolidated Financial Statements for further discussion on PFM.

Summary -- Years Ended December 31, 1997 and 1996

Consolidated net revenues increased $1,372,000, or 5.1% for continuing operations for the year ended December 31, 1997, compared to the year ended December 31, 1996. This increase is attributable to the Waste Management segment, which experienced an increase in revenues of approximately $2,259,000 during 1997, as compared to 1996. The Company's four (4) TSD's all experienced increased revenues during 1997, which in the aggregate totaled approximately $3,042,000 and were principally attributable to growth in the wastewater and mixed waste markets. The most significant TSD increase occurred at the PFF facility, which recognized a $2,184,000 increase resulting from new mixed waste

contracts. Partially offsetting these increases within the waste management segment were two (2) sale transactions completed during 1996, whereby the Company sold its PermaCool Technology which had generated $689,000 in revenue during 1996 and sold its plastic recycling subsidiary (Re-Tech Systems, Inc.) which had generated $129,000 in revenue during 1996. This increase in the waste management segment was partially offset by a reduction in revenues of $887,000 in the Consulting Engineering segment. This consulting engineering reduction is partially a result of two one-time projects for 1996, which totaled $396,000 and were not duplicated in 1997, and a significant reduction in the Bartlesville, Oklahoma, three year project that reduced 1997 consulting engineering revenue by approximately $554,000 as compared to 1996.

Cost of goods sold for the Company increased $915,000 or 4.8% to a total of $5,682,000 for the year ended December 31, 1997, compared to the year ended December 31, 1996. This consolidated increase in cost of goods sold reflects principally the increased operating, disposal, and transportation costs, corresponding to the increased revenues as discussed above. The resulting gross profit for the year ended December 31, 1997, increased to $8,586,000, which as a percentage of revenue is 30.2%, reflecting a slight improvement over 1996.

Selling, general and administrative expenses decreased $260,000 or 4.4% for the year ended December 31, 1997, as compared to 1996. As a percentage of revenue, selling, general and administrative expense also decreased to 20.0% for the year ended December 31, 1997, compared to 22.0% for the same period in 1996. This decrease of $260,000 reflects a reduction in costs of $168,000 in the Consulting Engineering segment and a $153,000 reduction in costs in the Waste Management segment, which was partially offset by an increase of approximately $61,000 in corporate overhead, for certain outside services. The consolidated reduction in selling, general and administrative expenses reflects the Company's continued efforts towards reduced cost structure throughout the organization.

Depreciation and amortization expense for the year ended December 31, 1997, reflects a decrease of $103,000 or .7% of revenue as compared to the year ended December 31, 1996. This decrease is attributable to a depreciation expense reduction of 47,000 due to the sale of certain assets as a result of the Company's previous restructuring programs and various other assets becoming fully depreciated. Amortization expense reflects a total decrease of $67,000 for the year ended December 31, 1997, as compared to the year ended December 31, 1996, which is a direct result of the "Covenant Not to Compete" having become fully amortized during the first quarter of 1997.

Interest expense decreased $212,000 from year ended December 31, 1997, as compared to the corresponding period of 1996. The decrease in interest expense reflects the reduced borrowing levels on the Heller Financial, Inc. revolving and term note and the Ally Capital Equipment Lease Agreements. Offsetting this reduced interest expense, during the year ended December 31, 1997, was the Preferred Stock dividend totaling $352,000 incurred in conjunction with the Series 3 Class C, Series 6 Class F, and series 7 Class G Convertible Preferred Stock. As a result of the issuance of the Series 6 Class F, and Series 7 Class G Preferred Stock during 1997, dividends increased by $207,000 for the year ended 1997 as compared to the year ended 1996. In March 1997, the Securities and Exchange Commission Staff (the "Staff") announced its position on accounting for Preferred Stock which is convertible into Common Stock at a discount from the market rate at the date of issuance. The Staff's position is that a Preferred Stock dividend should be recorded for the difference between the conversion price and the quoted market price of Common Stock, as determined at the date of issuance. To comply with this position, the Company restated its 1996 financial statements and recorded a dividend of approximately $2,000,000 related to the fiscal 1996 sales of certain series of Preferred Stock issued by the Company in 1996. See Note 6 to Notes to Consolidated Financial Statements.

Summary -- Years Ended December 31, 1996 and 1995

Consolidated net revenues decreased $4,436,000, or 14% for the year ended December 31, 1996, compared to the year ended December 31, 1995. This decrease reflects the impact of various restructuring programs initiated during 1995, which resulted in the consolidation and closure of certain offices, the divestiture of a subsidiary and the elimination of select low margin activities, as the Company continued to focus its efforts on certain business

segments. During 1996, the Company experienced reduced revenues at PFL in Ft. Lauderdale, Florida, during the period that a capital expansion project at such facility was instituted. In addition, during such expansion, the PFL facility was vandalized in October 1996, resulting in a minimal reduction in revenues over a one month period. The combined reduction in revenues at PFL was approximately $718,000 during 1996, which was partially offset by increased revenues of $268,000 at certain other fixed-based facilities of the Company and receipt during 1996 of new contracts, such as the waste treatment project at the U.S. Department of Energy's Fernald, Ohio, facility.

Cost of goods sold for the Company decreased $4,852,000, or 20% for the year ended December 31, 1996, compared to the year ended December 31, 1995. This decrease is partially attributable to the overall reduction in revenue, as discussed above, and to the cost benefit associated with the various restructuring programs and a reduced cost structure throughout the organization. This reduced cost structure can be further reflected by the cost of goods sold as a percentage of revenue, which was 69.9%, an improvement over the 1995 results of 75.5%.

Selling, general and administrative expenses decreased 17% for the year ended December 31, 1996, as compared to 1995. As a percentage of revenue, selling, general and administrative expenses also decreased to 22.0% for the year ended December 31, 1996, compared to 22.8% for the same period in 1995. The decrease of $1,226,000 reflects the reduced administrative cost structure, resulting from the restructuring program, which reflected an

overall reduction in administrative expenses of $1,441,000 during 1996. This reduced administrative cost was partially offset by an increase in marketing expenses of approximately $231,000 from 1995 to 1996, reflecting increased sales and marketing efforts as the Company focuses on new business areas of the waste industry.

During 1995, the Company recorded several nonrecurring charges totaling $987,000, for certain unrelated events. Of this amount, $450,000 represents a divestiture reserve as related to the sale of a wholly owned subsidiary and $537,000 are one-time charges resulting from restructuring programs.

The Company decided in 1994 to divest its wholly owned subsidiary, Re-Tech Systems, Inc., which is engaged in post-consumer plastics processing. A reserve in the amount of $450,000 was recorded during the second quarter of 1995 for the estimated loss to be recognized through a sale transaction. During the first quarter of 1996, the Company completed the sale transaction for this business, resulting in total consideration of $970,000, which is further discussed in Note 15 of the Notes to Consolidated Financial Statements included in Item 8. The Company also executed restructuring programs during 1995 within the waste management services segment. A one-time charge of $237,000 was recorded to provide for costs, principally severance and lease termination fees, associated with the restructuring of the Perma-Fix, Inc. service center group. This program entailed primarily the consolidation of offices in conjunction with the implementation of a regional service center concept, and the related closing of seven (7) of the nine (9) offices. A one-time charge of $75,000 was also recorded during the second quarter of 1995 to provide for consolidation costs, principally severance, associated with the restructuring of the Southeast Region, which is comprised of PFF and PFL. These restructuring costs were principally incurred and funded during 1995.

In December of 1995, in conjunction with the above referenced restructuring program, the Company and Mr. Robert W. Foster, Jr. ("Foster") agreed to Foster's resignation as President, Chief Executive Officer and Director of the Company, thereby terminating his employment agreement with the Company effective March 15, 1996. The Company paid severance benefits of $30,000 in cash, continued certain employee benefits for a period of time, and issued $171,000 in the form of Common Stock of the Company (152,000 shares). Pursuant to the above, the Company recorded a nonrecurring charge at December 31, 1995, of $215,000. In addition, severance costs of approximately $10,000 were also incurred upon the termination of several corporate executives. These restructuring costs were principally incurred and funded during the first six (6) months of 1996.

Depreciation and amortization expense for the year ended December 31, 1996, reflects an increase of $32,000 or .1% of revenue as compared to the year ended December 31, 1995. The amortization expense increased $13,000 for the year ended December 31, 1996, as compared to the same period of 1995, principally a result of the acquisition of the Industrial Compliance and Safety waste management firm during the second quarter of 1995. Additionally, depreciation expense increased $19,000 for the year ended December 31, 1996, as compared to the same period of 1995, reflecting new capital assets acquired during the year, partially offset by asset dispositions and the divestiture of a subsidiary of the Company.

Interest income totaled $43,000, a reduction of $15,000 from the 1995 total of $58,000. This total reflects interest earned on the restricted cash balances maintained by the Company. These restricted cash balances and related interest income generally increase from year to year. However, the restricted cash balance was reduced in the fourth quarter of 1995 as the Company replaced existing letters of credit with an alternative financial assurance instrument, thereby eliminating the need for such restricted cash. This, in turn, resulted in reduced interest income in 1996. Interest expense also decreased during 1996 by $171,000 to a total of $643,000, as compared to $814,000 for 1995. The interest expense is primarily related to the senior debt facility with Heller Business Credit and the capital lease line with Ally Capital Corporation, both of which reflect reduced debt balances during 1996 due to repayments and correspondingly reduced interest expense. Interest expense was also impacted by a reduced revolving credit line balance during 1996 resulting from the proceeds generated from the private placements which were used to partially repay said balance. Offsetting this reduced interest expense, during 1996, was the Preferred Stock dividends totaling $145,000 incurred in conjunction with the Series 3 Class C Convertible Preferred Stock as issued in July 1996. The Preferred Stock dividend was paid in the form of 100,387 shares of Common Stock of the Company, which covered the period July 24 through December 31, 1996, and were issued in January 1997. Due to recent accounting pronouncements, a Preferred Stock Discount of $2,000,000 was expensed in 1996 in conjunction with the Series 1 Class A, Series 2 Class B, and Series 3 Class C issuance of Preferred Stock at a discount. See Note 2 of the Notes to Consolidated Financial Statements.

Other income (expense) for 1996 reflected an income total of $523,000, as compared to an expense of $245,000 for 1995. In conjunction with the above discussed restructuring programs and office closures, the Company renegotiated and settled certain accounts payable liabilities on favorable terms and adjusted other liabilities, resulting in approximately $334,000 net other income during 1996. The Company also recognized a gain of approximately $166,000 on the sale of non-productive assets, including the gain on the sale of Re-Tech. Effective December 31, 1996, the Company divested its arsenic removal technology for a net gain of approximately $122,000. Partially offsetting the above gains during 1996 were other expenses totaling $65,000, which principally represented costs associated with the October 1996 vandalism at PFL's facility as discussed above.

The Company reported a net loss applicable to Common Stock of $2,405,000 in 1996 after restating its 1996 net loss applicable to Common Stock to record as a dividend (approximately $2,000,000), representing the difference between the conversion price and the quoted market price of Common Stock as determined at the date of issuance of certain series of Preferred Stock, as compared to a net loss of $9,052,000 in 1995. The per share loss was $.27 for 1996 versus $1.15 in 1995. Net loss for 1995 included permit write-down and nonrecurring charges totaling $5,699,000, which, when deducted from the total loss, results in a comparable loss of $3,353,000. This significant improvement from 1995 to 1996 reflects again the impact of the various restructuring programs, cost reduction across all segments of the Company and the revenue focus on select areas of the waste industry.

Liquidity and Capital Resources of the Company

At December 31, 1997, the Company had cash and cash

equivalents of $326,000, including $12,000 from discontinued operations. This cash and cash equivalents total reflects a increase of $281,000 from December 31, 1996, as a result of net cash provided by continuing operations of $1,421,000, offset by cash used by discontinued operation of $1,398,000, cash used in

investing activities of $1,521,000 (principally purchases of equipment, net totaling $1,504,000, partially offset by the proceeds from the sale of property and equipment of $54,000) and cash provided by financing activities of $1,779,000. Accounts receivable, net of allowances for continuing operations , totaled $5,282,000, an increase of $638,000 over the December 31, 1996, balance of $4,644,000, which reflects the impact of increased revenues during the fourth quarter of 1997, over the same period of 1996.

On January 15, 1998, the Company, as parent and guarantor, and all direct and indirect subsidiaries of the Company, as co-borrowers and cross-guarantors, entered into a Loan and Security Agreement ("Agreement") with Congress Financial Corporation (Florida) as lender ("Congress"). The Agreement provides for a term loan in the amount of $2,500,000, which requires principal repayments based on a four-year level principal amortization over a term of 36 months, with monthly principal payments of $52,000. Payments commenced on February 1, 1998, with a final balloon payment in the amount of approximately $573,000 due on January 14, 2001. The Agreement also provides for a revolving loan facility in the amount of $4,500,000. At any point in time the aggregate available borrowings under the facility are subject to the maximum credit availability as determined through a monthly borrowing base calculation, as updated for certain information on a weekly basis, equal to 80% of eligible accounts receivable accounts of the Company as defined in the Agreement. The termination date on the revolving loan facility is also the third anniversary of the closing date. The Company incurred approximately $230,000 in financing fees relative to the solicitation and closing of this loan agreement (principally commitment, legal and closing fees) which are being amortized over the term of the Agreement.

Pursuant to the Agreement, the term loan and revolving loan both bear interest at a floating rate equal to the prime rate plus 1 3/4%. The Agreement also provides for a one time rate adjustment of 1/4%, subject to the company meeting certain 1998 performance objectives. The loans also contain certain closing, management and unused line fees payable throughout the term. The loans are subject to a 3.0% prepayment fee in the first year, 1.5% in the second and 1.0% in the third year of the Agreement.

As security for the payment and performance of the Agreement, the Company granted a first security interest in all accounts receivable, inventory, general intangibles, equipment and other assets of the Company and its subsidiaries, as well as the mortgage on two (2) facilities owned by subsidiaries of the Company. The Agreement contains affirmative covenants including, but not limited to, certain financial statement disclosures and certifications, management reports, maintenance of insurance and collateral. The Agreement also contains an Adjusted Net Worth financial covenant, as defined in the Agreement, of $3,000,000. Under the Agreement, the Company, and its subsidiaries are limited to granting liens on their equipment, including capitalized leases, (other than liens on the equipment to which Congress has a security interest) in an amount not to exceed $2,500,000 in the aggregate at any time outstanding.

The proceeds of the Agreement were utilized to repay in full on January 15, 1998, the outstanding balance of the Heller Financial, Inc. ("Heller") Loan and Security Agreement which was comprised of a revolving loan and term loan, and to repay and buyout all assets under the Ally Capital Corporation ("Ally") Equipment Financing Agreements. As of December 31, 1997, the borrowings under the Heller revolving loan facility totaled $2,652,000, a reduction of $227,000 from the December 31, 1996, balance of $2,879,000, with borrowing availability of approximately $762,000. The balance of the revolving loan on January 15, 1998, as repaid pursuant to the Congress agreement was $2,289,000. The balance under the Heller term loan at December 31, 1997, was $867,000, a reduction of $516,000 from the December 31, 1996, balance of $1,383,000. The Company subsequently made a term loan payment of $41,000 on January 2, 1998, resulting in a balance of $826,000, as repaid pursuant to the Congress Agreement. As of December 31, 1997, the outstanding balance on the Ally Equipment Financing Agreement was $624,000, a reduction of $633,000 from the December 31, 1996, balance of $1,257,000 and represents the principal balance repaid pursuant to the Congress Agreement. In conjunction with the above debt repayments, the Company also repaid a small mortgage, paid certain fees, taxes and expenses, resulting in an initial Congress term loan of $2,500,000 and revolving loan balance of $1,705,000 as of the date of closing. The Company had borrowing availability under the Congress Agreement of approximately $1,500,000 as of the date of closing, based on 80% of

eligible accounts receivable accounts. The Company recorded the December 31, 1997, Heller and Ally debt balances as though the Congress transaction had been closed as of December 31, 1997. As a result of this transaction, and the repayment of the Heller and Ally debt, the combined monthly debt payments were reduced from approximately $104,000 per month to $52,000 per month.

At December 31, 1997, the Company had $4,865,000 in aggregate principal amounts of outstanding debt, related to continuing operations, as compared to $6,281,000 at December 31, 1996. This decrease in outstanding debt of $1,416,000 during 1997 reflects the net repayment of the Heller Financial, Inc. revolving loan and term note facility of $742,000, the scheduled principal repayments on the Ally Capital Equipment Finance Agreements of $633,000 and the scheduled principal repayments on other long-term debt of $363,000, partially offset by the new debt and capital lease obligations secured during the year of $322,000. As of December 31, 1997, the Company had $116,000 in aggregate principal amounts of outstanding debt related to PFM discontinued operations, of which $99,000 is classified as current.

As of December 31, 1997, total consolidated accounts payable for continuing operations of the Company was $2,263,000, a reduction of $951,000 from the December 31, 1996, balance of $3,214,000. This December 1997 balance also reflects a reduction of $673,000 in the balance of payables in excess of sixty (60) days, to a total of $608,000. The Company utilized a portion of the net proceeds received in connection with the sale of Preferred Stock during 1997, as discussed below, to reduce accounts payable, in conjunction with cash provided by operations.

The Company's net purchases of new capital equipment for continuing operations for the twelve month period ended December 31, 1997, totaled approximately $1,767,000. These

expenditures were for expansion and improvements to the operations principally within the waste management segment. These capital expenditures were principally funded by the proceeds from the issuance of Preferred Stock, as discussed below, and $263,000 through various other lease financing sources. The Company has budgeted capital expenditures of $1,950,000 for 1998, which includes completion of certain current projects, as well as other identified capital and permit compliance purchases. The Company anticipates funding these capital expenditures by a combination of lease financing with lenders other than the equipment financing arrangement discussed above, and/or internally generated funds. The Company will also utilize a portion of the $1,475,000 insurance settlement, as received in March of 1998 relative to the PFM business interruption claim to fund such expenditures. See Note 4 to the Notes to Consolidated Financial Statements.

The working capital position at December 31, 1997, was $754,000, as compared to a deficit position of $773,000 at December 31, 1996, which reflects an improvement in this position of $1,527,000 during 1997. The improved working capital position principally reflects the impact of the equity raised in 1997 as discussed below, in addition to the improvement in cash provided by continuing operations and the increase revenues during the fourth quarter of 1997 which resulted in an increase in accounts receivable at year-end. Also impacting this working capital position was the recognition at December 31, 1997, of the $1,475,000 insurance settlement receivable, partially offset by accrued expenses associated with the PFM discontinued operations. See Note 4 to the Notes to Consolidated Financial Statements for further discussion of this discontinued operation.

During 1997, accrued dividends for the period July 17, 1996, through June 30, 1997, and dividends on converted shares, in the combined total of approximately $314,000 were paid in the form of 178,781 shares of Common Stock of the Company. The accrued dividends for the period July 1, 1997, through December 31, 1997, in the amount of approximately $121,000 were paid in January 1998, in the form of 54,528 shares of Common Stock of the Company.

Effective February 7, 1997, the Company amended five (5) warrants with an original issuance date of February 10, 1992, to purchase an aggregate of 487,814 shares of the Company's Common Stock ("Acquisition Warrants"). The Acquisition Warrants were

amended to (i) reduce the exercise price from $2.1475 per share of Common Stock to $1.00 per share of Common Stock, and (ii) extend the expiration date of the warrants from February 10, 1997 to March 3, 1997. All Acquisition Warrants were subsequently exercised prior to this March 3, 1997 date, which resulted in $487,814 of additional capital/equity.

During 1997, the Company issued to RBB Bank 2,500 shares of newly-created series of Preferred Stock at a price of $1,000 per share, for an aggregate sales price of $2,500,000. See "Market for Registrant's Common Equity and Related Stockholder Matters" and Note 6 to Notes to Consolidated Financial Statements.

The Company paid fees (excluding legal and accounting) of $200,000 in connection with the placement of Preferred Stock to RBB Bank during 1997 and issued to the investment banking firm that handled the placement two (2) Common Stock purchase warrants entitling the investment banking firm to purchase an aggregate of up to 300,000 shares of Common Stock, subject to certain anti-

dilution provisions, with one warrant for a five year term to purchase up to 200,000 shares at an exercise price of $2.00 per share and the second warrant for a three year term to purchase up to 100,000 shares of Common Stock at an exercise price of $1.50 per share, subject to certain anti-dilution provisions. Under the terms of each warrant, the investment banking firm is entitled to certain registration rights with respect to the shares of Common Stock issuable on the exercise of each warrant.

During 1997, the Company issued to the Infinity Fund, L.P. ("Infinity"), 350 shares of a newly-created series of Preferred Stock at a price of $1,000 per share, for an aggregate sales price of $350,000. The Company utilized the proceeds received on the sale of Preferred Stock to Infinity for the payment of debt and general working capital. See "Market for Registrant's Common Equity and Related Stockholder Matters" and Note 6 to Notes to Consolidated Financial Statements.

On June 30, 1997, the Company entered into a Stock Purchase Agreement ("Centofanti Agreement") with Dr. Louis F. Centofanti, whereby the Company agreed to sell, and Dr. Centofanti agreed to purchase 24,381 shares of the Company's Common Stock. The purchase price was $1.6406 per share representing 75% of the $2.1875 closing bid price of the Common Stock as quoted on the NASDAQ on the date that Dr. Centofanti notified the Company of his desire to purchase such shares. Pursuant to the terms of the Centofanti Agreement, Dr. Centofanti was to pay the Company the aggregate purchase price of $40,000 for the 24,381 shares of Common Stock. However Dr. Centofanti purchased 12,190 shares during July 1997, for $20,000, and during October, the Agreement was amended to reduce the number of shares of Common Stock that Dr. Centofanti is to acquire under the Centofanti Agreement to the 12,190 shares already acquired by Dr. Centofanti under the Centofanti Agreement, upon consideration of the certain recent accounting pronouncements related to stock based compensation. The sale of the shares pursuant to the Centofanti Agreement and its subsequent amendment dated October 7, 1997, for the sale of 12,190 shares were authorized by the Company's Board of Directors.

In consideration of certain investment banking services as performed for the Company, a warrant was issued to J.W. Charles Financial Services, Inc. ("Charles") during September 1996. This warrant was subsequently assigned by Charles to certain partners, officers or broker and, during July 1997, one of the assigned warrants was exercised which resulted in the issuance of 155,000 shares of the Company's Common Stock and raised $232,000 in equity or capital for the Company.

In summary, the Company has taken a number of steps to improve its operations and liquidity as discussed above, including the equity raised in 1997. If the Company is unable to continue to improve its operations and to become profitable in the foreseeable future, such would have a material adverse effect on the Company's liquidity position and on the Company.

Environmental Contingencies

The Company is 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, the Company is subject to rigorous federal, state and local regulations. These regulations mandate strict compliance and therefore are a cost and concern to the

Company. Because of the integral part of providing quality environmental services, the Company makes every reasonable attempt to maintain complete compliance with these regulations; however, even with a diligent commitment, the Company, as with many of its competitors, may be required to pay fines for violations or investigate and potentially remediate its waste management facilities.

The Company routinely uses third party disposal companies, who ultimately destroy or secure landfill residual materials generated at its facilities or at a client's site. The Company, compared to its competitors, disposes of significantly less hazardous or industrial by-products from its 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 and consequently require remedial action; consequently, any party utilizing these sites may be liable for some or all of the remedial costs. Despite the Company's aggressive compliance and auditing procedures for disposal of wastes, the Company could, in the future, be notified that it is a PRP at a remedial action site, which could have a material adverse effect on the Company.

In addition to budgeted capital expenditures of $1,950,000 for 1998 at the TSD facilities, which are necessary to maintain permit compliance and improve operations, as discussed above under "Business -- Capital Spending, Certain Environmental Expenditures" and "Liquidity and Capital Resources of the Company" of this Management's Discussion and Analysis, the Company has also budgeted for 1998 an additional $1,045,000 in environmental expenditures to comply with federal, state and local regulations in connection with remediation of certain contaminates at two locations. As previously discussed under "Business -- Capital Spending, Certain Environmental Expenditures and Potential Environmental Liabilities," the two locations where these expenditures will be made are the Affiliated Property in Dayton, Ohio (EPS), a former RCRA storage facility as operated by the former owners of PFD, and PFM's facility in Memphis, Tennessee. The Company has estimated the expenditures for 1998 to be approximately $210,000 at the EPS site and $835,000 at the PFM location. Additional funds will be required for the next five to ten years to properly investigate and remediate these sites. The Company expects to fund these expenses to remediate these two sites from funds generated internally. This is a forward looking statement and is subject to numerous conditions, including, but not limited to, the Company's ability to generate sufficient cash flow from operations to fund all costs of operations and remediation of these two sites, the discovery of additional contamination or expanded contamination which would result in a material increase in such expenditures, or changes in governmental laws or regulations.

Recent Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," ("FAS 130") and No. 131, "Disclosure about Segments of an Enterprise and Related Information," ("FAS 131"). FAS 130 establishes standards for reporting and displaying comprehensive income, its components and accumulated balances. FAS 131 establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. Both FAS 130 and FAS 131 are effective for periods beginning after

December 15, 1997. FAS 130 is not expected to have a material impact on the Company's financial statement. The Company has not determined the impact FAS 131 will have on its future financial statements and disclosures.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained with 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 an statements 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, (i) ability or inability to improve operations and become profitable on an annualized basis and continue its operations, (ii) the Company's ability to develop or adopt new and existing technologies in the conduct of its operations, (iii) anticipated financial performance, (iv) ability to comply with the Company's general working capital requirements, (v) ability to retain or receive certain permits or patents, (vi) ability to be able to continue to borrow under the Company's revolving line of credit, (vii) 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 facility in Memphis, Tennessee, (viii) ability to remediate certain contaminated sites for projected amounts, (ix) determination whether the Company is a potentially responsible party at the Drum site (as defined below), and, if determined to be a potentially responsible party, the potential cost to the Company in connection with remediating the Drum site, and all other statements which are not statements of historical fact. 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, (i) general economic conditions, (ii) material reduction in revenues, (iii) inability to collect in a timely manner a material amount of receivables, (iv) increase competitive pressures, (v) the ability to maintain and obtain required permits and approvals to conduct operations, (vi) the ability to develop new and existing technologies in the conduct of operations, (vii) overcapacity in the environmental industry, (viii) "Year 2000" compliance of the computer system of the Company, its key suppliers, customers, creditors, and financial service organizations, (ix) ability to receive or retain certain required permits, (x) discovery of additional contamination or expanded contamination at a certain Dayton, Ohio, property formerly leased by the Company or the Company's facility at Memphis, Tennessee, which would result in a material increase in remediation expenditures, (xi) determination that PFM is the source of chlorinated compounds at the Allen Well Field, (xii) changes in federal, state and local laws and regulations, especially environmental regulations, or in interpretation of such, (xiii) potential increases in equipment, maintenance, operating or labor costs, (xiv) management retention and development, (xv) the

requirement to use internally generated funds for purposes not presently anticipated, and (xvi) inability to become profitable, or if unable to become profitable, the inability to secure additional liquidity in the form of additional equity or debt. The Company undertakes no obligations to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

Consolidated Financial Statements:	Page No.
Report of Independent Certified Public Accountants BDO Seidman, LLP	28
Consolidated Balance Sheets as of December 31, 1997 and 1996	29
Consolidated Statements of Operations for the years ended December 31, 1997, 1996 and 1995	31
Consolidated Statements of Cash Flows for the years ended December 31, 1997, 1996 and 1995	32
Consolidated Statements of Stockholders' Equity for the years ended December 31, 1997, 1996 and 1995	33
Notes to Consolidated Financial Statements	34
Financial Statement Schedules:	
II Valuation and Qualifying Accounts for the years ended December 31, 1997, 1996 and 1995	61

Schedules Omitted

In accordance with the rules of Regulation S-X, other schedules are not submitted because (a) they are not applicable to or required by the Company, or (b) the information required to be set forth therein is included in the consolidated financial statements or notes thereto.

Report of Independent Certified Public Accountants

Board of Directors
Perma-Fix Environmental Services, Inc.

We have audited the accompanying consolidated balance sheets of Perma-Fix Environmental Services, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. We have also audited the schedule listed in the accompanying index. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Perma-Fix Environmental Services, Inc. and subsidiaries at December 31, 1997, and 1996, and the results of their operations and their cash flows for the three years then ended December 31, 1997, in conformity with generally accepted accounting principles.

Also, in our opinion, the schedule presents fairly, in all material respects, the information set forth therein.

BDO Seidman, LLP
Orlando, Florida
February 13, 1998

<TABLE>
<CAPTION>

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
As of December 31

(Amounts in Thousands, Except for Share Amounts)	1997	1996
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 314	$ 37
Restricted cash equivalents and investments	321	269
Accounts receivable, net of allowance for doubtful accounts of $374 and $340, respectively	5,282	4,644
Insurance claim receivable	1,475	-

Inventories	119	107
Prepaid expenses	567	528
Other receivables	70	540
Assets of discontinued operations	587	1,118
Total current assets	8,735	7,243
Property and equipment:		
Buildings and land	5,533	3,905
Equipment	7,689	5,911
Vehicles	1,202	1,384
Leasehold improvements	16	289
Office furniture and equipment	1,056	1,019
Construction in progress	1,052	2,995
	16,548	15,503
Less accumulated depreciation	(5,564)	(4,242)
Net property and equipment	10,984	11,261
Property and equipment of discontinued operations, net of accumulated depreciation of $0 and $351, respectively	-	1,343
Intangibles and other assets:		
Permits, net of accumulated amortization of $831 and $598, respectively	3,725	3,916
Goodwill, net of accumulated amortization of $580 and $435, respectively	4,701	4,846
Other assets	425	394
Other assets of discontinued operations	-	33
Total assets	$ 28,570	$ 29,036

</TABLE>

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

<TABLE>
<CAPTION>

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS, CONTINUED
As of December 31

(Amounts in Thousands, Except for Share Amounts)	1997	1996
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,263	$ 3,214
Accrued expenses	3,380	2,493
Revolving loan and term note facility	614	500
Current portion of long-term debt	254	919
Current liabilities of discontinued operations	1,470	890

Total current liabilities	7,981	8,016
Environmental accruals	525	1,246
Accrued closure costs	831	815
Long-term debt, less current portion	3,997	4,862
Long term liabilities of discontinued operations	3,042	1,512
Total long-term liabilities	8,395	8,435
Commitments and contingencies (see Notes 4, 7, 9 and 12)	-	-
Stockholders' equity:		
Preferred stock, $.001 par value; 2,000,000 shares authorized, 6,850 and 5,500 shares issued and outstanding, respectively	-	-
Common Stock, $.001 par value; 50,000,000 shares authorized, 12,540,487 and 10,399,947 shares issued, including 920,000 shares held as treasury stock,	12	10
Redeemable warrants	140	140
Additional paid-in capital	34,363	30,495
Accumulated deficit	(20,551)	(16,290)
	13,964	14,355
Less Common Stock in treasury at cost; 920,000 shares issued and outstanding	(1,770)	(1,770)
Total stockholders' equity	12,194	12,585
Total liabilities and stockholders' equity	$ 28,570	$ 29,036
	========	========

</TABLE>

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

<TABLE>
<CAPTION>

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31

(Amounts in Thousands, Except for Share Amounts)	1997	1996	1995
<S>	<C>	<C>	<C>
Net revenues	$ 28,413	$ 27,041	$ 31,477
Cost of goods sold	19,827	18,912	23,764
Gross profit	8,586	8,129	7,713
Selling, general and			

administrative expenses	5,682	5,942	7,168
Depreciation and amortization	1,980	2,083	2,051
Nonrecurring charges (see Note 14)	-	-	987
Income (loss) from operations	924	104	(2,493)
Other income (expense):			
Interest income	41	43	58
Interest expense	(431)	(643)	(814)
Other	(342)	(523)	(245)
Net income (loss) from continuing operations	192	27	(3,494)
Discontinued Operations:			
Loss from operations	(1,048)	(287)	(5,558)
Loss on disposal	(3,053)	-	-
Loss from discontinued operations	(4,101)	(287)	(5,558)
Net Loss	(3,909)	(260)	(9,052)
Preferred Stock dividends	352	2,145*	-
Net loss applicable to common stock	$ (4,261)	$ (2,405)*	$ (9,052)
Basic loss per common share:			
Continuing operations	$ (.01)	$ (.24)	$ (.44)
Discontinued operations	$ (.39)	$ (.03)	$ (.71)
Net loss per common share	$ (.40)	$ (.27)*	$ (1.15)
Weighted average number of common and common shares outstanding	10,650	8,761	7,872

<FN>
*Amounts have been restated from that previously reported to reflect a stock dividend on Preferred Stock which is convertible at a discount from market value at the date of issuance (see Note 3).
</TABLE>

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

<TABLE>
<CAPTION>

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31

(Amounts in Thousands)	1997	1996	1995
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss) from continuing operations	$ 192	$ 27	$ (3,494)
Adjustments to reconcile net loss to cash provided by (used in) operations:			
Depreciation and amortization	1,980	2,083	2,051
Loss on impairment of assets	371	-	450
Provision for bad debt and other reserves	133	17	517
(Gain) loss on sale of plant, property and equipment	21	(4)	8
Changes in assets and liabilities, net of effects from business acquisitions:			
Accounts receivable	(770)	(38)	939
Prepaid expenses, inventories and other assets	330	(513)	(38)
Accounts payable and accrued expenses	(809)	(1,798)	242
Net cash provided by (used in) operations	1,421	(226)	675
Net cash used by discontinued operations	(1,398)	(1,065)	(613)
Cash flows from investing activities:			
Purchases of property and equipment, net	(1,504)	(1,957)	(1,261)
Proceeds from sale of plant, property and equipment	54	1,214	10
Effect of acquisitions	-	-	9
Change in restricted cash, net	(30)	(58)	175
Net cash used by discontinued operations	(41)	(162)	(119)
Net cash used in investing activities	(1,521)	(963)	(1,186)
Cash flows from financing activities:			
Borrowings (repayments) from revolving loan			

and term note facility	(743)	(997)	2,162
Principal repayments on long-term debt	(938)	(1,502)	(995)
Proceeds from issuance of stock	3,480	6,367	-
Purchase of treasury stock	-	(1,770)	-
Net cash used by discontinued operations	(20)	-	(332)
Net cash provided by financing activities	1,779	2,098	835
(Decrease) increase in cash and cash equivalents	281	(156)	(289)
Cash and cash equivalents at beginning of period, including discontinued operations of $8, $28, and $25 respectively	45	201	490
Cash and cash equivalents at end of period, including discontinued operations of $12, $8, and $28, respectively	$ 326	$ 45	$ 201
Supplemental disclosure:			
Interest paid	$ 710	$ 844	$ 923
Non-cash investing and financing activities:			
Issuance of Common Stock for services	76	462	-
Long-term debt incurred for purchase of property and equipment, including discontinued operations of $31 in 1997	294	424	1,573
Issuance of stock for payment of dividends	314	-	-

</TABLE>

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

<TABLE>
<CAPTION>

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31

(Amounts in Thousands, Except for Share Amounts)	Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 1994	-	-	6,737,007	7
Net loss	-	-	-	-

Issuance of stock for acquisitions	-	-	1,135,377	1
Amortization of deferred compensation	-	-	-	-
Balance at December 31, 1995			7,872,384	8
Net loss	-	-	-	-
Preferred Stock dividend	-	-	-	-
Issuance of stock for cash and services	-	-	573,916	-
Issuance of Preferred Stock for cash	6,930	-	-	-
Conversion of Preferred Stock to common	(1,430)	-	1,953,647	2
Expiration of redeemable warrants	-	-	-	-
Preferred Stock discount	-	-	-	-
Redemption of common shares to treasury stock	-	-	-	-
Balance at December 31, 1996	5,500	$ -	10,399,947	$ 10
Net loss	-	-	-	-
Preferred Stock dividend	-	-	-	-
Issuance of Common Stock for preferred stock dividend	-	-	178,781	-
Issuance of stock for cash and services	-	-	128,271	-
Exercise of warrants	-	-	794,514	1
Conversion of Series 3 Preferred Stock to Common Stock	(1,500)	-	1,027,974	1
Option Exercise	-	-	11,000	-
Issuance of Preferred Stock for cash	2,850	-	-	-
Balance at December 31, 1997	6,850	$ -	12,540,487	$ 12

Redeemable Warrants	Additional Paid-In Capital	Accumulated Deficit	Common Stock Held in Treasury	Deferred Comp.
<C>	<C>	<C>	<C>	<C>
269	21,549	(4,833)	-	(30)
-	-	(9,052)	-	-
-	(3)	-	-	-
-	-	-	-	30
269	21,546	(13,885)	-	-
-	-	(260)	-	-
-	-	(145)	-	-
-	693	-	-	-

-	6,129	-	-	-
-	(2)	-	-	-
(129)	129	-	-	-
-	2,000	(2,000)	-	-
-	-	-	(1,770)	-
$ 140	$ 30,495	$(16,290)	$ (1,770)	$ -
-	-	(3,909)	-	-
-	-	(352)	-	-
-	314	-	-	-
-	96	-	-	-
-	932	-	-	-
-	(1)	-	-	-
-	11	-	-	-
-	2,516	-	-	-
$ 140	$ 34,363	$ (20,551)	$ (1,770)	$ -

</TABLE>

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Notes to Consolidated Financial Statements
December 31, 1997, 1996 and 1995

NOTE 1
DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Perma-Fix Environmental Services, Inc. (the "Company") is a Delaware corporation engaged in on-and-off-site treatment, storage, processing and disposal of hazardous and non-hazardous industrial and commercial wastes, mixed waste and wastewater, and provides consulting engineering services to industry and government for broad-scope environmental problems. The Company has grown through both acquisitions and internal development. The Company's present objective is to focus the operations, maximize the profitability of its existing businesses and to continue the research and development of innovative technologies for the treatment of nuclear, mixed waste and industrial waste.

The Company is subject to certain risks: (1) It is involved in the transportation, treatment, handling and storage of hazardous and non-hazardous, mixed and industrial wastes and wastewater. Such activities contain risks against which the Company believes it is adequately insured, and (2) in general, the industries in which the Company operates are characterized by intense competition among a number of larger, more established companies with significantly greater resources than the Company.

The consolidated financial statements of the Company for the years 1995 through 1997 include the accounts of Perma-Fix Environmental Services, Inc. ("PESI") and its wholly-owned

subsidiaries, Perma-Fix, Inc. ("PFI") and subsidiaries, Industrial Waste Management, Inc. ("IWM") and subsidiaries, Perma-Fix Treatment Services, Inc. ("PFTS"), Perma-Fix of Florida, Inc. ("PFF"), Perma-Fix of Dayton, Inc. ("PFD"), Perma-Fix of Ft. Lauderdale, Inc. ("PFL"), and Perma-Fix Processing, Inc. ("Re-Tech"). The Perma-Fix Processing, Inc. (Re-Tech) plastic processing subsidiary was, however, sold effective March 15, 1996. Due to a fire and resulting explosion during 1997, the fuel blending operations of Perma-Fix of Memphis, Inc. ("PFM") are, effective as of December 31, 1997, being accounted for as a discontinued operation. See Note 4.

NOTE 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries after elimination of all significant intercompany accounts and transactions.

Reclassifications

Certain prior year amounts have been reclassified to conform with the 1997 presentation.

Business Segments

The Company provides services and products through two business segments -- Waste Management Services and Consulting Engineering Services. See Note 14 for a further description of these segments and certain business information.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, 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. Actual results could differ from those estimates.

Cash Equivalents

The Company considers short-term investments with an initial maturity date of three months or less at the date of purchase to be cash equivalents.

Restricted Cash Equivalents and Investments

Restricted cash equivalents and investments classified as current assets, increased $52,000 from the year ended December 31, 1996, as compared to the same period of 1997. However, these figures do not include PFM, which is discussed further below. The 1996 restricted cash consisted of a trust fund of $178,000, a certificate of deposit of $89,000, and a money market account of $2,000. In comparison, the 1997 restricted cash consists of a trust fund of $212,000, certificates of deposit totaling $107,000, and a money market account of $2,000. As of December 31, 1997, $84,000 of the restricted cash balance was pledged as collateral for the Company's secured letters of credit. In addition to these current assets, a trust fund of $365,000 is classified as a long term asset as of December 31, 1997. These restricted instruments reflect secured collateral relative to the various financial assurance instruments guaranteeing the standard RCRA closure bonding requirements for the PFTS, PFD and PFL TSD facilities,

while the long-term portion reflects cash held for long-term commitments related to the RCRA closure action at a facility affiliated with PFD as further discussed in Note 9. The letters of credit secured by the restricted cash renew annually, and the Company plans to replace the letters of credit with other alternative financial assurance instruments.

PFM has restricted cash equivalents of $214,000 as of December 31, 1997. This restricted cash amount is reported in current assets (assets of discontinued operations), and includes a trust fund for $68,000 and certificates of deposit for $146,000. These restricted instruments reflect secured collateral relative to the various financial assurance instruments guaranteeing the standard RCRA closure requirements for the PFM facility. The letters of credit secured by this restricted cash also renew annually.

Inventories

Inventories consist of fly ash, cement kiln dust and treatment chemicals. Inventories are valued at the lower of cost or market with cost determined by the first-in, first-out method.

Property and Equipment

Property and equipment expenditures are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets for financial statement purposes, while accelerated depreciation methods are principally used for tax purposes. Generally, annual depreciation rates range from ten to forty years for buildings (including improvements) and three to seven years for office furniture and equipment, vehicles, and decontamination and processing equipment. Maintenance and repairs are charged directly to expense as incurred. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any gain or loss from sale or retirement is recognized in the accompanying consolidated statements of operations. Renewals and improvements which extend the useful lives of the assets are capitalized.

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. Goodwill is generally amortized over 40 years and permits are amortized over 20 years. Amortization expense approximated $388,000, $455,000 and $686,000 for the years ended 1997, 1996, and 1995, respectively. The Company continually reevaluates the propriety of the carrying amount of permits and goodwill as well as the amortization period to determine whether current events and circumstances warrant adjustments to the carrying value and estimates of useful lives. The Company uses an estimate of the related undiscontinued operating income over the remaining lives of goodwill and permit costs in measuring whether they are recoverable. At December 31, 1995, the Company recognized a permit impairment charge of approximately $4,712,000 related to the December 1993 acquisition of Perma-Fix of Memphis, Inc. See Note 4 for further discussion of this charge. At this time, the Company believes that no additional impairment of goodwill or permits has occurred and that no reduction of the estimated useful lives of the remaining assets is

warranted. This evaluation policy is in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

Accrued Closure Costs

Accrued closure costs represent the Company's estimated environmental liability to clean up their facilities in the event of closure.

Income Taxes

The Company accounts for income taxes under Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes", which requires use of the liability method. SFAS No. 109 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rates to apply to taxable income in the periods in which the deferred tax assets or liabilities are expected to be settled or realized.

Net Revenues

Revenues for services and reimbursable costs are recognized at the time services are rendered or, in the case of fixed price contracts, under the percentage-of-completion method of accounting. No customer accounted for more than ten percent (10%) of consolidated net revenues.

Self-Insurance

The Company has a self-insurance program for certain health benefits. The Company has stop-loss coverage of $60,000 per individual per occurrence with an annual aggregate claim limitation of approximately $995,000 for 1998. However, as the employment of the Company increases or decreases, the aggregate limitation rises or falls proportionally. The cost of such benefits is recognized as expense in the period in which the claim occurred, including estimates of claims incurred but not reported. The claims expense for 1997 was approximately $663,000, as compared to $748,000 for 1996. This decrease principally reflects the full implementation of this program, to include all employees of the corporation, and the occurrence of several larger claims during 1996.

Net Loss Per Share

Net loss per share has been presented using the weighted average number of common shares outstanding. The net loss per share for discontinued operations consists of $.10 loss per share from operations and $.29 loss per share from disposal. Potential common shares have not been included in the net loss per share calculations since their effects would be antidilutive. Potential common shares include 1,398,848 stock options, 10,035,896 warrants and 9,133,333 shares underlying the convertible Preferred Stock at the minimum conversion price.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS 128"). SFAS 128 establishes new standards for computing and presenting earnings per share ("EPS"). Specifically, SFAS 128 replaces the presentation of primary EPS with a presentation of basic EPS, requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. SFAS 128 is effective for financial statements issued

for periods ending after December 15, 1997. The adoption of SFAS 128 did not have a material effect on the Company's EPS presentation for 1997, 1996 and 1995, since the effects of potential common shares are antidilutive.

Fair Value of Financial Instruments

The book values of cash, trade accounts receivable, trade accounts payable, and financial instruments included in current assets and other assets approximate their fair values principally because of the short-term maturities of these instruments. The

fair value of the Company's long-term debt is estimated based on the current rates offered to the Company for debt of similar terms and maturities. Under this method, the Company's fair value of long-term debt was not significantly different from the stated value at December 31, 1997 and 1996.

Year 2000 Disclosure

The Company has conducted a review of its computer systems to identify the systems which it anticipated could be effected by the Year 2000 issue and it believes that all such systems were already, or have been converted to be, Year 2000 compliant. Such conversion, where required, did not entail material expenditure by the Company. Pursuant to the Company's Year 2000 planning, the Company has requested information regarding the computer systems of its key suppliers, customers, creditors and financial service organizations and has been informed that they are substantially Year 2000 compliant. There can be no assurance, however, that such key organizations are actually Year 2000 compliant and that the Year 2000 issue will not adversely affect the Company's financial position or results of operations. The Company believes that its expenditures in addressing its Year 2000 issues along with any potential effect on the Company's earnings will not have a material adverse effect on the Company's financial position or results of operations.

Recent Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," ("FAS 130") and No. 131, "Disclosure about Segments of an Enterprise and Related Information," ("FAS 131"). FAS 130 establishes standards for reporting and displaying comprehensive income, its components and accumulated balances. FAS 131 establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. Both FAS 130 and FAS 131 are effective for periods beginning after December 15, 1997. FAS 130 is not expected to have a material impact on the Company's financial statement. The Company has not determined the impact FAS 131 will have on its future financial statements and disclosures.

NOTE 3

RESTATEMENT OF 1996 STOCKHOLDER'S EQUITY

In March 1997, the Securities and Exchange Commission Staff (the "Staff") announced its position on accounting for Preferred Stock which is convertible into Common Stock at a discount from the market rate at the date of issuance. The Staff's position is that a Preferred Stock dividend should be recorded for the difference between the conversion price and the quoted market price of Common

Stock as determined at the date of issuance. To comply with this position, the Company restated its prior year's financial statements to reflect a dividend of approximately $2,000,000 related to the fiscal 1996 sales of convertible Preferred Stock discussed in Note 6 (Series 1 Class A, Series 2 Class B, and Series 3 Class C Preferred Stock). The Company also restated the reported net loss per share of Common Stock from the previously reported amount of ($.05).

NOTE 4
DISCONTINUED OPERATIONS

On January 27, 1997, an explosion and resulting tank fire occurred at the PFM facility, a hazardous waste storage, processing and blending facility, located in Memphis, Tennessee, which resulted in damage to certain hazardous waste storage tanks located on the facility and caused certain limited contamination at the facility. Such occurrence was caused by welding activity performed by employees of an independent contractor at or near the facility's hazardous waste tank farm contrary to instructions by PFM. The facility was non-operational from the date of this event until May 1997, at which time it began limited operations. During the remainder of 1997, PFM continued to accept waste for processing and disposal, but arranged for other facilities owned by the Company or subsidiaries of the Company or others not affiliated with the

Company to process such waste. The utilization of other facilities to process such waste resulted in higher costs to PFM than if PFM were able to store and process such waste at its Memphis, Tennessee, TSD facility, along with the additional handling and transportation costs associated with these activities. As a result of the significant disruption and the cost to rebuild and operate this segment, the Company made a strategic decision, in February 1998, to discontinue its fuel blending operations at PFM. The fuel blending operations represented the principal line of business for PFM prior to this event, which included a separate class of customers, and its discontinuance has required PFM to attempt to develop new markets and customers. PFM currently provides, on a limited basis, an off-site waste storage and transfer facility. Accordingly, during the fourth quarter of 1997, the Company recorded a loss on disposal of discontinued operations of $3,053,000, which included $1,272,000 for impairment of certain assets and $1,781,000 for the establishment of certain closure liabilities.

The net loss from the discontinued PFM operations for the years ended December 31, 1997, 1996, and 1995 ($1,048,000, $287,000, and $5,558,000, respectively) are shown separately in the Consolidated Statements of Operations. The results of the discontinued PFM operations do not reflect management fees charged by the Corporation, but does include interest expense of $254,000, $169,000 and $138,000 during 1997, 1996 and 1995, respectively, specifically identified to such operations as a result of such operations incurring debt under the Company's revolving and term loan credit facility. During March of 1998, the Company received a settlement in the amount of $1,475,000 from its insurance carrier for the business interruption claim which is recorded as an insurance claim receivable at December 31, 1997. This settlement was recognized as a gain in 1997 and thereby reduced the net loss recorded for the discontinued PFM operations in 1997. Earlier in 1997, PFM received approximately $522,000 (less its deductible of

$25,000) in connection with its claim for loss of contents as a result of the fire and explosion which was utilized to replace certain assets and reimburse the Company for certain fire related expense.

Revenues of the discontinued PFM operations were $1,878,000 in 1997, $3,996,000 in 1996 and $3,414,000 in 1995. These revenues are not included in revenues as reported in the Consolidated Statements of Operation.

<TABLE>
<CAPTION>

Net assets and liabilities of the discontinued PFM operations at the end of each year, in thousands of dollars, consisted of the following:

<S>	1997 <C>	1996 <C>
Assets of discontinued operations:		
Cash and cash equivalents	$ 12	$ 8
Restricted cash equivalents and investments	214	179
Accounts receivable, net of allowance for doubtful accounts $105 and $43, respectively	333	905
Prepaid expenses and other assets	28	26
	$ 587	$ 1,118
Property and equipment of discontinued operations:		
Net of accumulated depreciation of $0 and $351,respectively	$ -	$ 1,343
Current liabilities of discontinued operations:		
Accounts payable	$ 277	$ 463
Accrued expenses	259	175
Accrued environmental costs	835	192
Current portion of long-term debt	99	60
	$ 1,470	$ 890
Long-term liabilities of discontinued operations:		
Long-term debt, less current portion	$ 17	$ 19
Accrued environmental and closure costs	3,025	1,493
	$ 3,042	$ 1,512

</TABLE>

The accrued environmental and closure costs, as related to PFM, total $3,860,000, which includes the Company's current closure cost estimate of approximately $700,000 for the complete cessation of operations and closure of the facility based upon RCRA guidelines ("RCRA Closure"). A majority of this liability relates to the discontinued fuel blending and tank farm operations and will be recognized over the next three years. Also included in this accrual is the Company's estimate of the cost to complete groundwater remediation at the site of approximately $970,000 (see

Note 9), the future operating losses as the Company discontinues its fuel blending operations and certain other contingent liabilities, including the potential PRP liabilities as further discussed in Note 12.

During December 1995, the Company recognized a permit impairment charge of $4,712,000, related to the December 1993 acquisition of PFM. The acquisition was accounted for under the purchase method of accounting and the related intangible permit represents the excess of the purchase price over the fair value of the net assets of the acquired company and the intrinsic value related to the RCRA permits maintained by the facility. Subsequent to the acquisition, PFM, as reported under the waste management services segment of the Company, has consistently reflected operating losses. As a result, during late 1994 and the first six (6) months of 1995, PFM had undergone a series of restructuring programs aimed at the reduction of operating and overhead costs, and increased gross margin and revenues. However, PFM continued to experience intense competition for its services, and a decline in market share and operating losses. Therefore, as a result of the continued decline in operating results, the detailed strategic and operational review, and the application of the Company's objective measurement tests, an evaluation of the permit for possible impairment was completed in December 1995.

The evaluation of such impairment included the development of the Company's best estimate of the related undiscontinued operating income over the remaining life of the intangible permit. Consequently, the results of the Company's best estimate of forecasted future operations, given the consistent prior losses and uncertainty of the impact of the restructuring programs, was that they do not support the recoverability of this permit. As a result of these estimates and related uncertainties, the permit was deemed to be impaired and a charge was recorded to write-down the full value of the intangible permit of approximately $5,235,000, net of the accumulated amortization totaling approximately $523,000. This net charge of $4,712,000 was recorded through the consolidated statement of operations in December 1995 as "Permit write-down", now shown as a component of "Discontinued Operations - Loss From Operations".

NOTE 5
ACQUISITIONS

During the second quarter of 1995, the Company completed the acquisition of substantially all of the assets and certain liabilities of Industrial Compliance and Safety, Inc. ("ICS") of Kansas City, Missouri. ICS has provided environmental, remedial, emergency response and waste management services for clients across the U.S. since 1989, and has been consolidated with the Company's existing waste management operations in Kansas City. The assets of ICS were acquired through the forgiveness of indebtedness to the Company and assumption of certain liabilities. The acquisition was accounted for using the purchase method effective June 1, 1995 and, accordingly, the assets and liabilities as of this date and the statement of operations from the effective date were included in the accompanying consolidated financial statements. The Company performed a purchase price allocation as of June 30, 1995, which resulted in an unallocated excess purchase price over net assets acquired, or goodwill, of $177,000, to be amortized over 10 years. The forgiven debt by the Company totaled $376,000 and was recorded against the respective bad debt reserve, and not utilized in

determination of the purchase price. ICS assets of $233,000 were acquired through the assumption of accounts payable, debt and other liabilities of $358,000, and transaction costs of $52,000. The acquisition of ICS had an insignificant impact on historical financial data and, thus, pro forma financial information giving effect to the acquisition has not been provided.

NOTE 6
PREFERRED STOCK ISSUANCE AND CONVERSION

The Company issued, during February 1996, to RBB Bank Aktiengesellschaft, located in Graz, Austria ("RBB Bank"), 1,100 shares of newly created Series 1 Class A Preferred Stock ("Series 1 Preferred") at a price of $1,000 per share, for an aggregate sales price of $1,100,000, and paid placement and closing fees of $180,000. During February 1996, the Company also issued 330 shares of newly created Series 2 Class B Convertible Preferred Stock ("Series 2 Preferred") to RBB Bank at a price of $1,000 per share, for an aggregate sales price of $330,000, and paid placement and closing fees of $35,000. The Series 1 Preferred and Series 2 Preferred accrued dividends on a cumulative basis at a rate per share of five percent (5%) per annum, payable at the option of the Company in cash or Company Common Stock. All dividends on the Series 1 Preferred and Series 2 Preferred were paid in Common Stock. The Series 1 Preferred and Series 2 Preferred were convertible, at any time, commencing forty-five (45) days after issuance into shares of the Company's Common Stock at a conversion price equal to the aggregate value of the shares of the Preferred Stock being converted, together with all accrued but unpaid dividends thereon, divided by the "Average Stock Price" per share (the "Conversion Price"). The Average Stock Price means the lesser of (i) seventy percent (70%) of the average daily closing bid prices of the Common Stock for the period of five (5) consecutive trading days immediately preceding the date of subscription by the holder or (ii) seventy percent (70%) of the average daily closing bid prices of the Common Stock for a period of five (5) consecutive trading days immediately preceding the date of conversion of the Preferred Stock. During the second quarter of 1996, a total of 722 shares of the Series 1 Preferred were converted into approximately 1,034,000 shares of the Company's Common Stock and the associated accrued dividends were paid in the form of approximately 16,000 shares of the Company's Common Stock. Pursuant to a subscription and purchase agreement for the issuance of Series 3 Class C Convertible Preferred Stock, as discussed below, the remaining 378 shares of the Series 1 Preferred and the 330 shares of the Series 2 Preferred were converted during July 1996 into 920,000 shares of the Company's Common Stock. By terms of the subscription agreement, the 920,000 shares of Common Stock were purchased by the Company at a purchase price of $1,770,000 and are included in Treasury Stock as of December 31, 1996. As a result of such conversions, the Series 1 Preferred and the Series 2 Preferred are no longer outstanding.

On July 17, 1996, the Company issued to RBB Bank 5,500 shares of newly-created Series 3 Class C Convertible Preferred Stock ("Series 3 Preferred") at a price of $1,000 per share, for an aggregate sales price of $5,500,000, and paid placement and closing fees as a result of such transaction of approximately $586,000. As part of the sale of the Series 3 Preferred, the Company also issued to RBB Bank two (2) Common Stock purchase warrants entitling RBB Bank to purchase, after December 31, 1996, until July 18, 2001, an aggregate of up to 2,000,000 shares of Common Stock, with 1,000,000

shares exercisable at an exercise price equal to $2.00 per share and 1,000,000 shares exercisable at an exercise price equal to $3.50 per share. The sale to RBB Bank of the Series 3 Preferred was made in a private placement under Sections 4(2) and/or 3(b) and/or Rule 506 of Regulation D under the Securities Act of 1933, as amended. The Series 3 Preferred accrues dividends on a cumulative basis at a rate of six percent (6%) per annum, and is payable semi-annually when and as declared by the Board of Directors. Dividends shall be paid, at the option of the Company, in the form of cash or Common Stock of the Company. The holder of the Series 3 Preferred may convert into Common Stock of the Company up to (i) 1,833 shares of the Series 3 Preferred on and after October 1, 1996, (ii) 1,833 shares of the Series 3 Preferred on and after November 1, 1996, and (iii) the balance of the Series 3 Preferred on and after December 1, 1996. The conversion price shall be the product of (i) the average closing bid quotation for the five (5) trading days immediately preceding the conversion date multiplied by (ii) seventy-five percent (75%). The conversion price shall be a minimum of $.75 per share or a maximum of $1.50 per share, with the minimum conversion price to be reduced by $.25 per share each time, if any, after July 1, 1996, the Company sustains a net loss, on a consolidated basis, in each of two (2) consecutive quarters. At no time shall a quarter that has already been considered in such determination be considered in any subsequent determination. The Common Stock issuable on the conversion of the Series 3 Preferred is subject to certain registration rights pursuant to the subscription agreement. The subscription agreement also provides that the Company utilize $1,770,000 of the net proceeds to purchase from RBB Bank 920,000

shares of the Company's Common Stock owned by RBB Bank. As discussed above, RBB Bank had previously acquired from the Company 1,100 shares of Series 1 Preferred and 330 shares of Series 2 Preferred and, as of the date of the subscription agreement, was the owner of record and beneficially owned all of the issued and outstanding shares of Series 1 Preferred and Series 2 Preferred, which totaled 378 shares of Series 1 Preferred and 330 shares of Series 2 Preferred. Pursuant to the terms of the subscription agreement relating to the Series 3 Preferred, RBB Bank converted all of the remaining outstanding shares of Series 1 Preferred and Series 2 Preferred into Common Stock of the Company (920,000 shares) pursuant to the terms, provisions, restrictions and conditions of the Series 1 Preferred and Series 2 Preferred, which were in turn purchased by the Company pursuant to the terms of such subscription agreement. During 1997, the holder of the Series 3 Preferred converted 1,500 shares of the Series 3 Preferred into 1,027,974 shares of Common Stock of the Company. As of the date of this report, no further shares have been converted. During 1997, accrued dividends for the period July 17, 1996, through June 30, 1997, and dividends on converted shares, in the combined total of approximately $314,000 were paid in the form of 178,781 shares of Common Stock of the Company. The accrued dividends for the period July 1, 1997, through December 31, 1997, in the amount of approximately $121,000 were paid in January 1998, in the form of 54,528 shares of Common Stock of the Company.

As further discussed in Note 3, the Securities and Exchange Commission Staff (the "Staff") announced its position on accounting for Preferred Stock which is convertible into Common Stock at a discount from the market rate at the date of issuance, in March of 1997. The Staffs position is that a Preferred Stock dividend should be recorded for the difference between the conversion price

and the quoted market price of Common Stock as determined at the date of issuance. To comply with this position, the Company recognized a dividend in 1996 of approximately $2,000,000 as related to the above discussed Series 1 Class A, Series 2 Class B, and Series 3 Class C Preferred Stock.

On or about June 11, 1997, the Company issued to RBB Bank 2,500 shares of newly-created Series 4 Class D Convertible Preferred Stock, par value $.001 per share ("Series 4 Preferred"), at a price of $1,000 per share, for an aggregate sales price of $2,500,000. The sale to RBB Bank was made in a private placement under Sections 4(2) and/or 3(b) and/or Rule 506 of Regulation D under the Securities Acts of 1933, as amended, pursuant to the terms of a Subscription and Purchase Agreement, dated June 9, 1997, between the Company and RBB Bank ("Subscription Agreement"). The Series 4 Preferred has a liquidation preference over the Company's Common Stock, par value $.001 per share ("Common Stock"), equal to $1,000 consideration per outstanding share of Series 4 Preferred (the "Liquidation Value"), plus an amount equal to all unpaid dividends accrued thereon. The Series 4 Preferred accrues dividends on a cumulative basis at a rate of four percent (4%) per annum of the Liquidation Value ("Dividend Rate"), and is payable semi-annually when and as declared by the Board of Directors. No dividends or other distributions may be paid or declared or set aside for payment on the Company's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 4 Preferred have been paid or set aside for payment. Dividends shall be paid, at the option of the Company, in the form of cash or Common Stock of the Company. If the Company pays dividends in Common Stock, such is payable in the number of shares of Common Stock equal to the product of (a) the quotient of (i) four percent (4%) of $1,000 divided by (ii) the average of the closing bid quotation of the Common Stock as reported on the NASDAQ for the five trading days immediately prior to the applicable dividend declaration date, times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid and the denominator of which is 365.

The holder of the Series 4 Preferred may convert into Common Stock up to 1,250 shares of the Series 4 Preferred on and after October 5, 1997, and the remaining 1,250 shares of the Series 4 Preferred on and after November 5, 1997. The conversion price per share is the lesser of (a) the product of the average closing bid quotation for the five (5) trading days immediately preceding the conversion date multiplied by eighty percent (80%) or (b) $1.6875. The minimum conversion price is $.75, which minimum will be eliminated from and after September 6, 1998. The Company will have the option to redeem the shares of Series 4 Preferred (a) between June 11, 1998, and June 11, 2001, at a redemption price of $1,300 per share if at any time the average closing bid price of the Common Stock for ten consecutive trading days is in excess of

$4.00, and (b) after June 11, 2001, at a redemption price of $1,000 per share. The holder of the Series 4 Preferred will have the option to convert the Series 4 Preferred prior to redemption by the Company.

As part of the sale of the Series 4 Preferred, the Company also issued to RBB Bank two Common Stock purchase warrants (collectively, the "Warrants ") entitling RBB Bank to purchase, after December 31, 1997, and until June 9, 2000, an aggregate of up to 375,000 shares of Common Stock, subject to certain anti-dilution provisions, with 187,500 shares exercisable at a price equal to

$2.10 per share and 187,500 shares exercisable at a price equal to $2.50 per share. A certain number of shares of Common Stock issuable on the conversion of the Series 4 Preferred and on the exercise of the Warrants is subject to certain registration rights pursuant to the Subscription Agreement.

The Company paid fees (excluding legal and accounting) of $200,000 to an investment banker in connection with the placement of Series 4 Preferred to RBB Bank and issued to the investment banking firm that handled the placement two (2) Common Stock purchase warrants entitling the investment banking firm to purchase an aggregate of up to 300,000 shares of Common Stock, subject to certain anti-dilution provisions, with one warrant for a five year term to purchase up to 200,000 shares at an exercise price of $2.00 per share and the second warrant for a three year term to purchase up to 100,000 shares of Common Stock at an exercise price of $1.50 per share, subject to certain anti-dilution provisions. Under the terms of each warrant, the investment banking firm is entitled to certain registration rights with respect to the shares of Common Stock issuable on the exercise of each warrant.

The Company negotiated an Exchange Agreement with RBB Bank ("RBB Exchange Agreement") which provided that the 2,500 shares of Series 4 Preferred and the RBB Series 4 Warrants were tendered to the Company in exchange for (i) 2,500 shares of a newly created Series 6 Class F Preferred Stock, par value $.001 per share ("Series 6 Preferred"), (ii) two warrants each to purchase 187,500 shares of Common Stock exercisable at $1.8125 per share, and (iii) one warrant to purchase 281,250 shares of Common Stock exercisable at $2.125 per share (collectively, the "RBB Series 6 Warrants"). The RBB Series 6 Warrants will be for a term of three (3) years and may be exercised at any time after December 31, 1997, and until June 9, 2000.

The conversion price of the Series 6 Preferred shall be $1.8125 per share, unless the closing bid quotation of the Common Stock is lower than $2.50 in twenty (20) out of any thirty (30) consecutive trading days after March 1, 1998, in which case, the conversion price per share shall be the lesser of (A) the product of the average closing bid quotation for the five (5) trading days immediately preceding the conversion date multiplied by eighty percent (80%) or (B) $1.8125 with the minimum conversion price being $.75, which minimum will be eliminated from and after September 6, 1998. The remaining terms of the Series 6 Preferred will be substantially the same as the terms of the Series 4 Preferred. As of December 31, 1997, no shares of the Series 6 Preferred have been converted. The accrued dividends as of this date, for the Series 4 and Series 6 Preferred, total approximately $55,000, which were paid in January 1998, in the form of 27,377 shares of Common Stock of the Company.

On or about July 14, 1997, the Company issued to the Infinity Fund, L.P. ("Infinity"), 350 shares of newly-created Series 5 Class E Convertible Preferred Stock, par value $.001 per share ("Series 5 Preferred"), at a price of $1,000 per share, for an aggregate sales price of $350,000. The sale to Infinity was made in a private placement under Rule 506 of Regulation D under the Securities Acts of 1933, as amended, pursuant to the terms of a Subscription and Purchase Agreement, dated July 7, 1997, between the Company and Infinity ("Infinity Subscription Agreement"). The Company utilized the proceeds received on the sale of Series 5 Preferred for the payment of debt and general working capital.

The Series 5 Preferred has a liquidation preference over the Company's Common Stock, par value $.001 per share ("Common Stock"), equal to $1,000 consideration per outstanding share of Series 5 Preferred (the "Liquidation Value"), plus an amount equal to all unpaid dividends accrued thereon. The Series 5 Preferred accrues dividends on a cumulative basis at a rate of four percent (4%) per

annum of the Liquidation Value ("Dividend Rate"). Dividends are payable semi-annually when and as declared by the Board of Directors. No dividends or other distributions may be paid or declared or set aside for payment on the Company's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 5 Preferred have been paid or set aside for payment. Dividends may be paid, at the option of the Company, in the form of cash or Common Stock of the Company. If the Company pays dividends in Common Stock, such is payable in the number of shares of Common Stock equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Common Stock as reported on the NASDAQ for the five trading days immediately prior to the date the dividend is declared, multiplied by (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid and the denominator of which is 365.

The holder of the Series 5 Preferred may convert into Common Stock up to 175 shares of the Series 5 Preferred on and after November 3, 1997, and the remaining 175 shares of the Series 5 Preferred on and after December 3, 1997. The conversion price per share is the lesser of (a) the product of the average closing bid quotation for the five trading days immediately preceding the conversion date multiplied by 80% or (b) $1.6875. The minimum conversion price is $.75, which minimum will be eliminated from and after September 6, 1998. The Company will have the option to redeem the shares of Series 5 Preferred (a) between July 14, 1998, and July 13, 2001, at a redemption price of $1,300 per share if at any time the average closing bid price of the Common Stock for ten consecutive trading days is in excess of $4.00, and (b) after July 13, 2001, at a redemption price of $1,000 per share. The holder of the Series 5 Preferred will have the option to convert the Series 5 Preferred prior to redemption by the Company. A certain number of shares of Common Stock issuable upon conversion of the Series 5 Preferred is subject to certain registration rights pursuant to the Infinity Subscription Agreement.

The Company negotiated an Exchange Agreement with Infinity ("Infinity Fund Exchange Agreement") which provided that the 350 shares of Series 5 Preferred will be tendered to the Company in exchange for (i) 350 shares of a newly created Series 7 Class G Preferred Stock, par value $.001 per share ("Series 7 Preferred"), and (ii) one Warrant to purchase up to 35,000 shares of Common Stock exercisable at $1.8125 per share ("Series 7 Warrant"). The Series 7 Warrant will be for a term of three (3) years and may be exercised at any time after December 31, 1997, and until July 7, 2000.

The conversion price of the Series 7 Preferred shall be $1.8125 per share, unless the closing bid quotation of the Common Stock is lower than $2.50 per share in twenty (20) out of any thirty (30) consecutive trading days after March 1, 1998, in which case, the conversion price per share shall be the lesser of (i) the product of the average closing bid quotation for the five (5) trading days immediately preceding the conversion date multiplied by eighty percent (80%) or (ii) $1.8125, with the minimum

conversion price being $.75, which minimum will be eliminated from and after September 6, 1998. The remaining terms of the Series 7 Preferred will be substantially the same as the terms of the Series 5 Preferred. As of December 31, 1997, no shares of the Series 7 Preferred have been converted. The accrued dividends as of this date, for the Series 5 and Series 7 Preferred, total approximately $7,000, which were paid in January 1998, in the form of 3,311 shares of Common Stock of the Company.

In connection with the Preferred Stock issuances, the Company recorded $352,000 of Preferred Stock dividends ($.03 per share) during the year ended December 31, 1997, of which $314,000 was paid during 1997 in the form of Common Stock and $38,000 was accrued for at December 31, 1997. During the year ended December 31, 1996, the Company recorded $2,145,000 of Preferred Stock dividends ($.24 per share) of which $2,000,000 represented a convertible discount feature as discussed in Note 3 and $145,000 was accrued at year-end and subsequently paid in the form of Common Stock in January 1997.

NOTE 7
LONG-TERM DEBT

<TABLE>
<CAPTION>
Long-term debt at December 31 includes the following (in thousands):

	1997	1996
<S>	<C>	<C>
Revolving loan facility dated January 15, 1998, collateralized by eligible accounts receivables, subject to monthly borrowing base calculation, variable interest paid monthly at prime rate plus 1 3/4.	$ 1,664	$ -
Term loan agreement dated January 15, 1998, payable in monthly principal install- ments of $52, balance due in January 2001, variable interest paid monthly at prime rate plus 1 3/4.	2,500	-
Revolving loan facility dated January 27, 1995, repaid in January 1998, in conjunction with Congress Financing.	-	2,879
Term loan agreement dated January 27, 1995, repaid in January 1998 in conjunction with Congress Financing.	-	1,383
Equipment financing agreements with Ally Capital, repaid in January 1998 in conjunction with Congress Financing.	-	1,257
Mortgage note agreement payable in quarterly installments of $15, plus accrued interest at 10%. Balance due October 1998 secured by real property.	61	123
Various capital lease and promissory note obligations, payable 1998 to 2002,		

interest at rates ranging from 8.0% to 15.9%.	640	639
	4,865	6,281
Less current portion of revolving loan and term note facility	614	500
Less current portion of long-term debt	254	919
	$ 3,997	$ 4,862
	=======	=======

</TABLE>

On January 15, 1998, the Company, as parent and guarantor, and all direct and indirect subsidiaries of the Company, as co-borrowers and cross-guarantors, entered into a Loan and Security Agreement ("Agreement") with Congress Financial Corporation (Florida) as lender ("Congress"). The Agreement provides for a term loan in the amount of $2,500,000, which requires principal repayments based on a four-year level principal amortization over a term of 36 months, with monthly principal payments of $52,000. Payments commenced on February 1, 1998, with a final balloon payment in the amount of approximately $573,000 due on January 14, 2001. The Agreement also provides for a revolving loan facility in the amount of $4,500,000. At any point in time the aggregate available borrowings under the facility are subject to the maximum credit availability as determined through a monthly borrowing base calculation, as updated for certain information on a weekly basis, equal to 80% of eligible accounts receivable accounts of the Company as defined in the Agreement. The termination date on the revolving loan facility is also the third anniversary of the closing date. The Company incurred approximately $230,000 in financing fees relative to the solicitation and closing of this loan agreement (principally commitment, legal and closing fees) which are being amortized over the term of the Agreement.

Pursuant to the Agreement, the term loan and revolving loan both bear interest at a floating rate equal to the prime rate plus 1 3/4%. The Agreement also provides for a one time rate adjustment of 1/4%, subject to the company meeting certain 1998 performance objectives. The loans also contain certain closing, management and unused line fees payable throughout the term. The loans are subject to a 3.0% prepayment fee in the first year, 1.5% in the second and 1.0% in the third year of the Agreement.

As security for the payment and performance of the Agreement, the Company granted a first security interest in all accounts receivable, inventory, general intangibles, equipment and other assets of the Company and subsidiaries, as well as the mortgage on two (2) of the Company's facilities. The Agreement contains affirmative covenants including, but not limited to, certain financial statement disclosures and certifications, management reports, maintenance of insurance and collateral. The Agreement also contains an adjusted net worth financial covenant, as defined in the Agreement, of $3,000,000.

The proceeds of the Agreement were utilized to repay in full on January 15, 1998, the outstanding balance of the Heller Financial, Inc. ("Heller") which was comprised of a revolving loan and security agreement, loan and term loan, and to repay and buyout all assets under the Ally Capital Corporation ("Ally") equipment financing agreements. As of December 31, 1997, the borrowings under the Heller revolving loan facility totaled $2,652,000, a

reduction of $227,000 from the December 31, 1996, balance of $2,879,000, with borrowing availability of approximately $762,000. The balance of the revolving loan on January 15, 1998, as repaid pursuant to the Congress agreement was $2,289,000. The balance under the Heller term loan at December 31, 1997, was $867,000, a reduction of $516,000 from the December 31, 1996, balance of $1,383,000. The Company subsequently made a term loan payment of $41,000 on January 2, 1998, resulting in a balance of $826,000, as repaid pursuant to the Congress Agreement. As of December 31, 1997, the outstanding balance on the Ally Equipment Financing Agreement was $624,000, a reduction of $633,000 from the December 31, 1996, balance of $1,257,000 and represents the principal balance repaid pursuant to the Congress Agreement. In conjunction with the above debt repayments, the Company also repaid a small mortgage, paid certain fees, taxes and expenses, resulting in an initial Congress term loan of $2,500,000 and revolving loan balance of $1,705,000 as of the date of closing, the Company had borrowing availability under the Congress Agreement of approximately $1,500,000. The Company recorded the December 31, 1997, Heller and Ally debt balances as though the Congress transaction had been closed as of December 31, 1997.

As further discussed in Note 4, the long-term debt associated with the discontinued Memphis operation is excluded from the above and is recorded in the "Long-Term Liabilities of Discontinued Operations" total. The Memphis debt obligations total $116,000, of which $99,000 is current.

The aggregate amount of the maturities of long-term debt maturing in future years as of December 31, 1997, is $868,000 in 1998; $820,000 in 1999; $798,000 in 2000; $2,361,000 in 2001; and $18,000 in 2002.

NOTE 8
ACCRUED EXPENSES

<TABLE>
<CAPTION>
Accrued expenses at December 31 include the following (in thousands):

<S>	1997 <C>	1996 <C>
Salaries and employee benefits	$ 927	$ 768
Accrued sales, property and other tax	484	365
Waste disposal and other operating related expenses	1,240	712
Accrued environmental	305	334
Other	424	314
Total accrued expenses	$ 3,380	$ 2,493

</TABLE>

Excludes Perma-Fix of Memphis, Inc. accrued expenses for the years ended December 31, 1997, and 1996 of $1,094 and $367, respectively, which are reported as current liabilities of discontinued operations. See Note 4 for further discussion of this discontinued operation.

NOTE 9
ACCRUED CLOSURE COSTS AND ENVIRONMENTAL LIABILITIES

The Company accrues for the estimated closure costs of its fixed-based RCRA regulated facilities upon cessation of operations. During 1997, the accrued long-term closure cost for its continuing operations increased by $16,000 to a total of $831,000 over the 1996 total of $815,000, principally as a result of inflationary factors. The closure costs are based upon RCRA guidelines and will increase in the future, as indexed to an inflationary factor, and may also increase or decrease as the Company changes its current operations at these regulated facilities. Additionally, unlike solid waste facilities, the Company, consistent with EPA regulations, does not have post-closure liabilities that extend substantially beyond the effective life of the facility.

At December 31, 1997, the Company had accrued long-term environmental and acquisition related liabilities totaling $525,000, which reflects a decrease of $721,000 from the December 31, 1996, balance of $1,246,000. This amount principally represents management's best estimate of the costs to remove contaminated soil and to undergo groundwater remediation activities at one former RCRA facility that is under a closure action from 1989 that its wholly-owned subsidiary, PFD, leases. In June 1994, the Company acquired from Quadrex Corporation and/or a subsidiary of Quadrex Corporation (collectively, (Quadrex") three TSD companies, including the PFD facility. The former owners of PFD had merged EPS with PFD, which was subsequently sold to Quadrex. The Company, through its acquisition of PFD in 1994 from Quadrex, was indemnified by Quadrex for costs associated with remediating the Leased Property, which entails remediation of soil and/or groundwater restoration. The Leased Property used by EPS to operate its facility is separate and apart from the property on which PFD's facility is located. In conjunction with the subsequent bankruptcy filing by Quadrex, and the Company's recording of purchase accounting for the acquisition of PFD, the Company recognized an environmental liability of approximately $1,200,000 for the remediation of this leased facility. This facility has pursued remedial activities for the last five years with additional studies forthcoming, and potential groundwater restoration which could extend three (3) to five (5) years. The Company has estimated the potential liability related to the remaining remedial activity of the above property to be approximately $420,000, representing the remaining acquisition reserve balance, of which the Company anticipates spending approximately $210,000 during 1998 which is included in accrued expenses. No insurance or third party recovery was taken into account in determining the Company's cost estimates or reserve, nor do the Company's cost estimates or reserves reflect any discount for present value purposes.

Pursuant to the acquisition by the Company, effective December 31, 1993, of Perma-Fix of Memphis, Inc. (F/N/A American Resource Recovery, Inc.), the Company assumed certain liabilities relative to the removal of contaminated soil and to undergo groundwater remediation at the facility. Prior to the Company's ownership of PFM, the previous owners installed monitoring and treatment equipment to restore the groundwater to acceptable standards in accordance with federal, state and local authorities. Based upon technical information available to it, the Company estimated, and recorded through purchase accounting, the remaining cost of such remedial action. To-date, the Company has spent approximately $200,000 and has a reserve balance of approximately

$970,000 as of December 31, 1997. Neither the Company's cost estimates or reserve reflect any discount for present value purpose and such remediation is expected to extend for a period of five to ten years. The Company has recorded approximately $200,000 as a current liability under "Current Liabilities of Discontinued Operations" and the remainder under "Long-term Liabilities of Discontinued Operations." See Note 4 for additional discussion of discontinued operations.

NOTE 10
INCOME TAXES

The components of the provision for income taxes are as follows (in thousands):
<TABLE>
<CAPTION>
At December 31, 1997, the Company had temporary differences and net operating loss carry forwards which gave rise to deferred tax assets and liabilities at December 31, as follows (in thousands):

<S>	1997 <C>	1996 <C>	1995 <C>
Net operating losses	$ 3,393	$ 3,376	$ 2,770
Environmental reserves	1,498	980	1,131
Impairment of assets	560	-	-
Other	213	172	453
Valuation allowance	(5,139)	(4,034)	(3,849)
Deferred tax assets	525	494	505
Depreciation and amortization	525	466	493
Other	-	28	12
Deferred tax liability	525	494	505
Net deferred tax asset (liability)	$ -	$ -	$ -

</TABLE>
<TABLE>
<CAPTION>
A reconciliation between the expected tax benefit using the federal statutory rate of 34% and the provision for income taxes as reported in the accompanying consolidated statements of operations is as follows (in thousands):

<S>	1997 <C>	1996 <C>	1995 <C>
Tax benefit at statutory rate	$(1,329)	$ (88)	$(3,077)
Permit impairment charge and goodwill amortization	77	43	1,811
Other	147	(140)	97
Increase in valuation allowance	1,105	185	1,169
Provision for income taxes	$ -	$ -	$ -

======= ======= =======
</TABLE>

The Company's valuation allowance increased by approximately $1,105,000 and $185,000 for the years ended December 31, 1997, and 1996, respectively, which represents the effect of changes in the temporary differences and net operating losses (NOLs), as amended. The Company has recorded a valuation allowance to state its deferred tax assets at estimated net realizable value due to the uncertainty related to realization of these assets through future taxable income.

The Company had estimated net operating loss carry forwards for federal income tax purposes of approximately $9,980,000 at December 31, 1997. These net operating losses can be carried forward and applied against future taxable income, if any, and expire in the years 2006 through 2011. However, as a result of various stock offerings and certain acquisitions, the use of these NOLs will be limited under the provisions of Section 382 of the Internal Revenue Code of 1986, as amended. Additionally, NOLs may be further limited under the provisions of Treasury Regulation 1.1502-21 regarding Separate Return Limitation Years.

NOTE 11
CAPITAL STOCK, EMPLOYEE STOCK PLAN AND INCENTIVE COMPENSATION

In February 1996, the Company issued 1,100 shares of newly created Series 1 Preferred at a price of $1,000 per share, for net proceeds of $924,000. The Company also issued 330 shares of newly created Series 2 Preferred at a price of $1,000 per share, for net proceeds of $297,000. During 1996, of the Series 1 and Series 2 Preferred were fully converted into 1,953,467 shares of the Company's Common Stock. During July 1996, the Company issued 5,500 shares of newly created Series 3 Preferred at a price of $1,000 per share for an aggregate sales price of $5,500,000. During June 1997, the Company issued 2,500 shares of newly created Series 4 Preferred at a price of $1,000 per share for an aggregate sales price of $2,500,000. During July 1997, the Company issued 350 shares of newly created Series 5 Preferred at a price of $1,000 per share for an aggregate sales price of $350,000. During 1997, 1,500 shares of the Series 3 Preferred were converted into 1,027,974 shares of the Company's Common Stock. See Note 6 for further discussion.

In March 1996, the Company entered into a Stock Purchase Agreement with Dr. Centofanti, the President, Chief Executive Officer, Chairman of the Board of the Company, whereby the Company sold, and Dr. Centofanti purchased, 133,333 shares of the Company's Common Stock for 75% of the closing bid price of such Common Stock as quoted on the NASDAQ on the date that Dr. Centofanti notified the Company of his desire to purchase such stock, as authorized by the Board of Directors of the Company. During February 1996, Dr. Centofanti tendered to the Company $100,000 for such 133,333 shares by delivering to the Company $86,000 and forgiving $14,000 that was owing to Dr. Centofanti by the Company for expenses incurred by Dr. Centofanti on behalf of the Company. On the date that Dr. Centofanti notified the Company of his desire to purchase such shares, the closing bid price as quoted on the NASDAQ for the Company's Common Stock was $1.00 per share.

In June 1996, the Company entered into a second Stock Purchase Agreement with Dr. Centofanti, whereby the Company sold, and Dr.

Centofanti purchased, 76,190 shares of the Company's Common Stock for 75% of the closing bid price of such Common Stock as quoted on the NASDAQ on the date that Dr. Centofanti notified the Company of his desire to purchase such stock (closing bid of $1.75 on June 11, 1996), as previously authorized by the Board of Directors of the Company. Dr. Centofanti tendered to the Company $100,000 for such 76,190 shares of Common Stock. During 1997, Dr. Centofanti also purchased 12,190 shares of Common Stock for $20,000, representing 75% of the closing bid price. During 1996, the Company issued 347,912 shares of Common Stock to outside consultants and directors of the Company for past and future services, valued at approximately $462,000, and during 1997, the Company issued 116,081 shares of Common Stock to outside consultants and directors of the Company, valued at approximately $148,000.

At the Company's Annual Meeting of Stockholders ("Annual Meeting") as held on December 12, 1996, the stockholders approved the adoption of the Perma-Fix Environmental Services, Inc. 1996 Employee Stock Purchase Plan. This plan provides eligible employees of the Company and its subsidiaries, who wish to become stockholders, an opportunity to purchase Common Stock of the Company through payroll deductions. The maximum number of shares of Common Stock of the Company that may be issued under the plan will be 500,000 shares. The plan provides that shares will be purchased two (2) times per year and that the exercise price per share shall be eighty-five percent (85%) of the market value of each such share of Common Stock on the offering date on which such offer commences or on the exercise date on which the offer period expires, whichever is lowest. The first purchase period commenced July 1, 1997, and ended December 31, 1997. Proceeds totaled $16,000 for this purchase period which resulted in the purchase of 8,276 shares of Common Stock in January 1998, pursuant to the 1996 Employee Stock Purchase Plan. Also approved at the Annual Meeting was the amendment to the Company's Restated Certificate of Incorporation, as amended, to increase from 20,000,000 to 50,000,000 shares the Company's authorized Common Stock, par value $.001 per share.

During October 1997, Dr. Centofanti entered into a three (3) year Employment Agreement with the Company which provided for, among other things, an annual salary of $110,000 and the issuance

of Non-qualified Stock Options ("Non-qualified Stock Options"). The Non-qualified Stock Options provide Dr. Centofanti with the right to purchase an aggregate of 300,000 shares of Common Stock as follows: (i) after one year 100,000 shares of Common Stock at a price of $2.25 per share, (ii) after two years 100,000 shares of Common stock at a price of $2.50 per share, and (iii) after three years 100,000 shares of Common Stock at a price of $3.00 per share. The Non-qualified Stock Options expire ten years after the date of the Employment Agreement.

Stock Options

On December 16, 1991, the Company adopted a Performance Equity Plan (the "Plan"), under which 500,000 shares of the Company's Common Stock are reserved for issuance, pursuant to which officers, directors and key employees are eligible to receive incentive or Non-qualified stock options. Incentive awards consist of stock options, restricted stock awards, deferred stock awards, stock appreciation rights and other stock-based awards. Incentive stock options granted under the Plan are exercisable for a period of up to ten years from the date of grant at an exercise price which is

not less than the market price of the Common Stock on the date of grant, except that the term of an incentive stock option granted under the Plan to a stockholder owning more than 10% of the then-outstanding shares of Common Stock may not exceed five years and the exercise price may not be less than 110% of the market price of the Common Stock on the date of grant. To date, all grants of options under the Performance Equity Plan have been made at an exercise price not less than the market price of the Common Stock at the date of grant.

Effective September 13, 1993, the Company adopted a Non-qualified Stock Option Plan pursuant to which officers and key employees can receive long-term performance-based equity interests in the Company. The maximum number of shares of Common Stock as to which stock options may be granted in any year shall not exceed twelve percent (12%) of the number of common shares outstanding on December 31 of the preceding year, less the number of shares covered by the outstanding stock options issued under the Company's 1991 Performance Equity Plan as of December 31 of such preceding year. The option grants under the plan are exercisable for a period of up to ten years from the date of grant at an exercise price which is not less than the market price of the Common Stock at date of grant.

Effective December 12, 1993, the Company adopted the 1992 Outside Directors Stock Option Plan, pursuant to which options to purchase an aggregate of 100,000 shares of Common Stock had been authorized. This Plan provides for the grant of options on an annual basis to each outside director of the Company to purchase up to 5,000 shares of Common Stock. The options have an exercise price equal to the closing trading price, or, if not available, the fair market value of the Common Stock on the date of grant. The Plan also provides for the grant of additional options to purchase up to 10,000 shares of Common Stock on the foregoing terms to each outside director upon election to the Board. During the Company's annual meeting held on December 12, 1994, the stockholders approved the Second Amendment to the Company's 1992 Outside Directors Stock Option Plan which, among other things, (i) increased from 100,000 to 250,000 the number of shares reserved for issuance under the Plan, and (ii) provides for automatic issuance to each director of the Company, who is not an employee of the Company, a certain number of shares of Common Stock in lieu of sixty-five percent (65%) of the cash payment of the fee payable to each director for his services as director of the Company. The Third Amendment to the Outside Directors Plan, as approved at the December 1996 Annual Meeting, provided that each eligible director shall receive, at such eligible director's option, either sixty-five percent (65%) or one hundred percent (100%) of the fee payable to such director for services rendered to the Company as a member of the Board in Common Stock. In either case, the number of shares of Common Stock of the Company issuable to the eligible director shall be determined by valuing the Common Stock of the Company at seventy-five percent (75%) of its fair market value as defined by the Outside Directors Plan. The Fourth Amendment to the Outside Directors Plan, to be approved at the May 1998 Annual Meeting, proposes to increase the number of authorized shares from 250,000 to 500,000 reserved for issuance under the Plan.

The Company applies APB Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for options issued to employees. Accordingly, no compensation cost has been recognized for options granted to employees at exercise prices which equal or exceed the market price of the Company's Common

Stock at the date of grant. Options granted at exercise prices below market prices are recognized as compensation cost measured as the difference between market price and exercise price at the date of grant.

Statement of Financial Accounting Standards No. 123 ("FAS 123") "Accounting for Stock-Based Compensation," requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's employee stock options had been determined in accordance with the fair market value based method prescribed in FAS 123. The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1997, 1996 and 1995, respectively: no dividend yield for all years; an expected life of ten years for all years; expected volatility of 42.0%, 46.8% and 47.0%; and risk-free interest rates of 6.91%, 6.63% and 7.69%.

<TABLE>
<CAPTION>

Under the accounting provisions of FASB Statement 123, the Company's net loss and loss per share would have been reduced to the pro forma amounts indicated below:

<S>	<C> 1997	<C> 1996	<C> 1995
Net loss applicable to Common Stock from continuing operations			
As reported	$ (160,000)	$ (2,118,000)	$ (3,494,000)
Pro forma	(438,000)	(2,471,000)	(3,995,000)
Net loss per share applicable to Common Stock from continuing operations			
As reported	$ (.02)	$ (.24)	$ (.44)
Pro forma	(.04)	(.28)	(.51)
Net loss applicable to Common Stock			
As reported	$ (4,261,000)	$ (2,405,000)	$ (9,052,000)
Pro forma	(4,859,000)	(2,758,000)	$ (9,553,000)
Net loss per share			
As reported	$ (.40)	$ (.27)	$ (1.15)
Pro forma	(.46)	(.31)	(1.21)

</TABLE>

<TABLE>
<CAPTION>

A summary of the status of options under the plans as of December 31, 1997, 1996 and 1995 changes during the years ending on those dates are presented below:

1997		1996	
	Weighted Average		Weighted Average

	Shares	Exercise Price	Shares	Exercise Price
<S>	<C>	<C>	<C>	<C>
Performance Equity Plan:				
Balance at beginning of year	316,226	$2.43	263,282	$3.22
Granted	-	-	110,000	1.00
Exercised	-	-	-	-
Forfeited	(28,088)	1.34	(57,056)	3.32
Balance at end of year	288,138	2.54	316,226	2.43
Options exercisable at year end	217,238	2.98	183,609	3.14
Options granted during the year at exercise prices which equal market price of stock at date of grant:				
Weighted average exercise price	-	-	110,000	1.00
Weighted average fair value	-	-	110,000	.68
Non-qualified Stock Option Plan:				
Balance at beginning of year	475,395	$1.68	263,995	$3.17
Granted	290,000	1.375	345,000	1.00
Exercised	(11,000)	1.00	-	-
Forfeited	(103,685)	2.54	(133,600)	2.88
Balance at end of year	650,710	1.41	475,395	1.68
Options exercisable at year end	90,426	1.72	34,158	3.77
Options granted during the year at exercise prices which equal market price of stock at date of grant:				
Weighted average exercise price	290,000	1.375	345,000	1.00
Weighted average fair value	290,000	.90	345,000	.68
Outside Directors Stock Option Plan:				
Balance at beginning of year	145,000	$2.76	110,000	$3.08
Granted	15,000	2.13	35,000	1.75
Exercised	-	-	-	-
Forfeited	-	-	-	-
Balance at end of year	160,000	2.69	145,000	2.76

Options exercisable at year end	160,000	2.69	110,000	3.08
Options granted during the year at exercise prices which equal market price of stock at date of grant:				
Weighted average exercise price	15,000	2.13	35,000	1.75
Weighted average fair value	15,000	1.34	35,000	1.25

	1995	
	Shares	Weighted Average Exercise Price
	361,615	$ 3.31
	15,000	2.47
	-	-
	(113,333)	3.41
	263,282	3.22
	=========	
	158,874	3.17
	15,000	2.47
	15,000	1.69
	119,295	$ 3.72
	193,000	2.88
	-	-
	(48,300)	3.40
	263,995	3.17
	=========	
	8,079	4.75
	193,000	2.88
	193,000	2.23
	90,000	$ 3.05

	20,000	3.25
	-	-
	-	-
	110,000	3.08
	========	
	20,000	3.25
	20,000	2.27

</TABLE>

<TABLE>
<CAPTION>
The following table summarizes information about options under the plan outstanding at December 31, 1997:

	Options Outstanding		
Description and Range of Exercise Price	Number Outstanding at Dec. 31, 1997	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
<S>	<C>	<C>	<C>
Performance Equity Plan:			
1991/1992 Awards ($3.02)	188,638	4.1 years	$3.02
1993 Awards ($5.25)	14,500	5.8 years	5.25
1996 Awards ($1.00)	85,000	8.4 years	1.00
	288,138	5.5 years	2.54
	=========		
Non-qualified Stock Option Plan:			
1994 Awards ($4.75)	710	6.2 years	$4.75
1995 Awards ($2.88)	85,000	7.0 years	2.88
1996 Awards ($1.00)	280,000	8.4 years	1.00
1997 Awards ($1.375)	285,000	9.3 years	1.38
	650,710	8.6 years	1.41
	=========		
Outside Directors Stock Option Plan:			
1993 Awards ($3.02)	45,000	4.5 years	$3.02
1994 Awards ($3.00-$3.22)	45,000	6.5 years	3.07
1995 Awards ($3.25)	20,000	7.0 years	3.25
1996 Awards ($1.75)	35,000	8.9 years	1.75
1997 Awards ($2.125)	15,000	9.9 years	2.13
	160,000	6.9 years	2.69
	=========		

Options Exercisable	
Number	Weighted Average

Exercisable at Dec. 31, 1997	Exercise Price
<C>	<C>
188,638	$3.02
11,600	5.25
17,000	1.00
217,238	2.98
==========	
426	$4.75
34,000	2.88
56,000	1.00
-	-
90,426	1.72
==========	
45,000	$3.02
45,000	3.07
20,000	3.25
35,000	1.75
15,000	2.13
160,000	2.69

</TABLE>

Warrants

The Company has issued various warrants pursuant to acquisitions, private placements, debt and debt conversion and to facilitate certain financing arrangements. The warrants principally are for a term of three to five years and entitle the holder to purchase one share of Common Stock for each warrant at the stated exercise price. During 1996, pursuant to the issuance of the Series 3 Class C Convertible Preferred Stock, as further discussed in Note 6, the Company issued to RBB Bank two (2) Common Stock purchase warrants entitling RBB Bank to purchase, after December 31, 1996, until July 18, 2001, an aggregate of up to 2,000,000 shares of Common Stock, with 1,000,000 shares exercisable at an exercise price equal to $2.00 per share and 1,000,000 at $3.50 per share. In connection with the Preferred Stock issuances as discussed fully in Note 6, the Company issued additional warrants during 1997 and 1996 for the purchase of 1,531,250 and 1,420,000 shares, respectively, of Common Stock which are included in other financing warrants. Certain of the warrant agreements contain antidilution provisions which have been triggered by the various stock and warrant transactions as entered into by the Company since the issuance of such warrants by the Company. The impact of these antidilution provisions was the reduction of certain warrant exercise prices and in some cases the increase in the total number of underlying shares for certain warrants issued prior to 1996. During 1997, a total of 794,514 warrants were exercised for proceeds in the amount of $933,000 and 842,920 warrants expired.

<TABLE>
<CAPTION>

The following details the warrants currently outstanding as of December 31, 1997, after giving effect to antidilution provisions:

Number of

Warrant Series	Underlying Shares	Exercise Price	Expiration Date
Class B Warrants	4,273,445	$3.28	6/99
Class C Preferred Stock Warrants	3,113,300	$.73-$3.50	9/99-7/01
Class F Preferred Stock Warrants	1,421,250	$1.50-$2.125	6/00-7/02
Class G Preferred Stock Warrants	35,000	$1.8125	6/00
Other Financing Warrants	1,192,901	$1.936-$3.625	6/99-9/00
	10,035,896		

Shares Reserved

At December 31, 1997, the Company has reserved approximately 21,168,631 shares of Common Stock for future issuance under all of the above arrangements and the convertible Series 3, Series 6, and Series 7 Preferred Stock using the minimum conversion price (see Note 6).

NOTE 12
COMMITMENTS AND CONTINGENCIES

Hazardous Waste

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

Legal

In May 1995, PFM, a subsidiary of the Company, became aware that the U.S. District Attorney for the Western District of Tennessee and the Department of Justice were investigating certain prior activities of W. & R. Drum, Inc. ("W.R. Drum") its successor, First Southern Container Company, and any other facility owned or operated, in whole or in part, by Johnnie Williams. PFM used W. R. Drum to dispose of certain of its used drums. In May 1995, PFM received a Grand Jury Subpoena which demanded the production of any documents in the possession of PFM pertaining to W. R. Drum, First Southern Container Company, or any other facility owned or operated, and holder in part, by Johnnie Williams. PFM complied with the Grand Jury Subpoena. Thereafter, in September of 1995, PFM received another Grand Jury Subpoena for documents from the Grand Jury investigating W. R. Drum, First Southern Container Company and/or Johnnie Williams. PFM complied with the Grand Jury Subpoena. In December 1995, representatives of the Department of Justice advised PFM that it was also currently a subject of the investigation involving W. R. Drum, First Southern Container Company, and/or Johnnie Williams. In accordance with certain provisions of the Agreement and the Plan of Merger relating to the prior acquisition of PFM, on or about January 2, 1996, PFM notified Ms. Billie K. Dowdy of the foregoing, and advised Ms. Dowdy that the Company and PFM would look to Ms. Dowdy to indemnify, defend and hold the Company and PFM harmless from any liability, loss, damage or expense incurred or suffered as a result of, or in connection with, this matter.

During January 1998, PFM was notified by the EPA that the EPA had conducted remediation operations at a site owned and operated by W.R. Drum in Memphis, Tennessee (the "Drum site"). By correspondence dated January 15, 1998 ("PRP Letter"), the EPA has informed PFM that it believes that PFM is a PRP regarding the remediation of the Drum site, primarily as a result of acts by PFM prior to the time PFM was acquired by the Company. The PRP Letter states that the EPA is continuing to investigate other PRPs regarding the Drum site which may be liable for certain remediation costs of the Drum site. The PRP Letter estimated the remediation costs incurred by the EPA for the Drum site to be approximately $1,400,000 as of November 30, 1997, and the EPA has orally informed the Registrant that such remediation has been substantially complete as of such date. Because CERCLA provides that liability for PRPs for a particular site is joint and several, the PRP Letter includes a demand by the EPA from PFM for the full amount of the remediation of the Drum site, including interest on such amount, as provided for in CERCLA. The EPA has advised PFM that PFM was a PRP at the Drum site; and that the EPA believes that PFM supplied a substantial amount of the drums at the Drum Site, during a portion of the years in which W.R. Drum was in operation. In addition, the EPA has advised PFM that it has sent PRP Letters to approximately 50 other PRP's making demand upon such other PRPs regarding the

Drum site. The Company is currently investigating the allegations set forth in the PRP Letter and intends to vigorously defend against such allegations and the associated demand regarding remediation costs of the Drum site. The Company has notified certain of the previous owners of PFM that the Company will seek recovery from them as PRPs in the event PFM is determined to be a PRP regarding the Drum site. However, no assurance can be made that PFM will be able to recover remediation costs from such previous owners. If PFM is determined to be liable for all or a substantial portion of the remediation cost incurred by the EPA at the Drum site, such could have a material adverse effect on the Company.

On January 27, 1997, an explosion and resulting tank fire occurred at PFM's facility in Memphis, Tennessee, a hazardous waste storage, processing and blending facility. See "Business Company Overview and Principal Products and Services" and Note 4 "Discontinued Operations" of the Notes to Consolidated Financial Statements. As a result of the fire and explosion, the Tennessee Department of Environmental and Conservation ("TDEC") issued an order in a matter styled In the Matter of Perma-Fix Incorporated, Division of Solid Waste Management, Case No. 97-0097, Tennessee Department of Environmental and Conservation (the "Order"), and in such Order alleged that PFM violated certain rules and regulations of the TDEC and assessed a penalty of $145,000 against PFM as a result of the above-referenced occurrence. The TDEC and the Company have settled the Order. Under the terms of the settlement between the TDEC and PFM, dated February 3, 1998, the TDEC and PFM agreed, among other things, (i) that as a result of the fire and explosion, which were caused by welding activities of employees of an independent contractor, certain hazardous waste was released into the soil at PFM's facility; (ii) that PFM submitted to the TDEC a soil removal plan ("plan"), which plan is designed to remediate the soil at PFM's facility that was impacted by such release, the plan has been approved by the TDEC, and that PFM is currently implementing the plan, and (iii) PFM agreed to pay the TDEC a civil penalty of approximately $108,000, payable as follows:

$25,000 within 60 days and the balance payable in quarterly installments of approximately $10,400 each beginning June 1, 1998, and on the first day of each quarter thereafter until paid in full (with all or a portion of the quarter installments payable by the Company accepting CERCLA waste from the TDEC on a dollar for dollar basis under certain conditions). In addition, under the settlement, PFM has agreed to cease fuel blending at its Memphis, Tennessee facility and to implement an amended approved closure plan of its hazardous waste tank farm, at such facility, subject to certain exceptions.

In addition to the above matters and in the normal course of conducting its business, the Company is involved in various other litigation. The Company is not a party to any litigation or governmental proceeding which its management believes could result in any judgments or fines against it that would have a material adverse affect on the Company's financial position, liquidity or results of operations.

Permits

The Company is subject to various regulatory requirements, including the procurement of requisite licenses and permits at its facilities. These licenses and permits are subject to periodic renewal without which the Company's operations would be adversely affected. The Company anticipates that, once a license or permit is issued with respect to a facility, the license or permit will be renewed at the end of its term if the facility's operations are in compliance with the applicable regulatory requirements.

Accrued Closure Costs and Environmental Liabilities

The Company maintains closure cost funds to insure the proper decommissioning of its RCRA facilities upon cessation of operations. Additionally, in the course of owning and operating on-site treatment, storage and disposal facilities, the Company is subject to corrective action proceedings to restore soil and/or groundwater to its original state. These activities are governed by federal, state and local regulations and the Company maintains the appropriate accruals for restoration. As discussed in Note 9, the Company has recorded accrued liabilities for estimated closure costs and identified environmental remediation costs.

Discontinued Operations

As previously discussed, the Company made the strategic decision in February 1998 to discontinue its fuel blending operations at the PFM facility. The Company has, based upon the best estimates available, recognized accrued environmental and closure costs in the aggregate amount of $3,860,000. This liability includes principally, the RCRA closure liability, the groundwater remediation liability (see Note 9), the potential additional site investigation and remedial activity which may arise as PFM proceeds with its closure activities, the Company's best estimate of the future operating losses as the Company discontinues its fuel blending operations and other contingent liabilities, including the above discussed PRP liability. See Note 4 for further discussion of PFM.

Insurance

The business of the Company exposes it to various risks, including claims for causing damage to property or injuries to persons or claims alleging negligence or professional errors or omissions in the performance of its services, which claims could be substantial. The Company carries general liability insurance which provides coverage in the aggregate amount of $2 million and an

additional $6 million excess umbrella policy and carries $1 million per occurrence and $2 million annual aggregate of errors and omissions/professional liability insurance coverage, which includes pollution control coverage.

The Company also carries specific pollution liability insurance for operations involved in the Waste Management Services segment. The Company believes that this coverage, combined with its various other insurance policies, is adequate to insure the Company against the various types of risks encountered.

Facility Expansion

The Company is currently in the process of upgrading or expanding all of its TSD facilities, with the principal projects occurring at its PFD, PFTS and PFF subsidiaries. Certain of the projects were initiated during 1997 and all current activity is expected to be completed by the fourth quarter of 1998, at an estimated additional cost of approximately $1,850,000. The Company has estimated additional capital spending of approximately $100,000 to be incurred at the remainder of the Company's subsidiaries during 1998.

Operating Leases

The Company leases certain facilities and equipment under operating leases. Future minimum rental payments as of December 31, 1997 required under these leases are $1,035,000 in 1998, $692,000 in 1999, $501,000 in 2000, $247,000 in 2001 and $197,000 in 2002.

Net rent expense relating to the Company's operating leases was $1,533,000, $1,657,000 and $1,982,000 for 1997, 1996 and 1995, respectively.

NOTE 13
PROFIT SHARING PLAN

The Company adopted the Perma-Fix Environmental Services, Inc. 401(k) Plan (the "401(k) Plan") in 1992, which is intended to comply under Section 401 of the Internal Revenue Code and the provisions of the Employee Retirement Income Security Act of 1974. All full-time employees of the Company and its subsidiaries who have attained the age of 21 are eligible to participate in the 401(k) Plan. Participating employees may make annual pre-tax contributions to their accounts up to 15% of their compensation, up to a maximum amount as limited by law. The Company, at its discretion, may make matching contributions based on the employee's elective contributions. Company contributions vest over a period of six years. The Company elected not to provide any matching contributions for the years ended December 31, 1997, 1996, and 1995.

NOTE 14
BUSINESS SEGMENT INFORMATION

The Company provides services through two business segments. The Waste Management Services segment, which provides on-and-off-site treatment, storage, processing and disposal of hazardous and non-hazardous industrial and commercial, mixed waste, and wastewater through its five treatment, storage and disposal facilities (TSD facilities); Perma-Fix Treatment Services, Inc.,

Perma-Fix of Dayton, Inc., Perma-Fix of Ft. Lauderdale, Inc., Perma-Fix of Florida, Inc. and Perma-Fix of Memphis, Inc. The Company has discontinued all fuel blending activities at its PFM facility, the principal business segment for this subsidiary prior to the January 1997 fire and explosion. PFM currently provides, on a limited basis, an off-site waste storage and transfer facility and continues to explore other new markets for utilization of this facility. The Company also provides through this segment: (i) on-site waste treatment services to convert certain types of characteristic hazardous wastes into non-hazardous waste, through its Perma-Fix, Inc. subsidiary; and (ii) the supply and management of non-hazardous and hazardous waste to be used by cement plants as a substitute fuel or raw material source.

The Company also provides services through the Consulting Engineering Services segment. The Company provides environmental engineering and regulatory compliance consulting services through Schreiber, Yonley & Associates in St. Louis, Missouri, and Mintech, Inc. in Tulsa, Oklahoma. These engineering groups provide oversight management of environmental restoration projects, air and soil sampling and compliance reporting, surface and subsurface water treatment design for removal of pollutants, and various compliance and training activities.
<TABLE>
<CAPTION>
The table below shows certain financial information by business segment for 1997, 1996, and 1995 and excludes the results of operations of the discontinued operations. Income (loss) from operations includes revenues less operating costs and expenses. Marketing, general and administrative expenses of the corporate headquarters have not been allocated to the segments. Identifiable assets are those used in the operations of each business segment, including intangible assets and discontinued operations. Corporate assets are principally cash, cash equivalents and certain other assets.

Dollars in Thousands	Waste Management Services	Consulting Engineering Services	Corporate and Other	Consolidated
<S>	<C>	<C>	<C>	<C>
1997				
Net revenues	$ 23,756	$ 4,657	$ -	$ 28,413
Depreciation and amortization	1,850	110	20	1,980
Income (loss) from operations	2,212	70	(1,358)	924
Identifiable assets	25,806	2,593	171	28,570
Capital expenditures, net	1,777	21	-	1,798
1996				
Net revenues	$ 21,497	$ 5,544	$ -	$ 27,041
Depreciation and amortization	1,906	156	21	2,083
Income (loss) from operations	897	505	(1,298)	104
Identifiable assets	26,403	2,565	68	29,036
Capital expenditures, net	2,373	8	-	2,381
1995				
Net revenues	$ 25,429	$ 6,048	$ -	$ 31,477
Depreciation and amortization	1,862	169	20	2,051
Nonrecurring charges	762	-	225	987
Income (loss) from operations	(818)	350	(2,025)	(2,493)
Identifiable assets	25,524	2,884	465	28,873
Capital expenditures, net (exclusive of acquisitions)	2,648	82	104	2,834

</TABLE>

NOTE 15
NONRECURRING CHARGES

During 1995, the Company recorded several nonrecurring charges totaling $987,000, for certain unrelated events. Of this amount, $450,000 represents a divestiture reserve as related to the sale of a wholly-owned subsidiary and $537,000 are one-time charges resulting from restructuring programs.

As previously disclosed, the Company decided in 1994 to divest its wholly-owned subsidiary, Re-Tech Systems, Inc., which is engaged in post-consumer plastics recycling. Effective March 15, 1996, the Company completed the sale of Re-Tech Systems, Inc., its plastics processing subsidiary in Houston, Texas. The sale transaction included all real and personal property of the subsidiary, for a total consideration of $970,000. Net cash proceeds to the Company were approximately $320,000, after the repayment of a mortgage obligation of $595,000 and certain other closing and real estate costs. In conjunction with this transaction, the Company also made a prepayment of $50,000 to Heller Financial, Inc. for application to the term loan. The Company recorded during 1995 a nonrecurring charge of $450,000 (recorded as an asset reduction) for the estimated loss on the sale of this subsidiary, which, based upon the closing balances, the Company recognized a small gain on this sale after the asset write-down. The Company sold total assets of approximately $1,346,000, while retaining certain assets totaling approximately $94,000 and certain liabilities totaling approximately $48,000.

The Company also executed restructuring programs within the waste management services segment. A one-time charge of $237,000 was recorded to provide for costs, principally severance and lease termination fees, associated with the restructuring of the Perma-Fix, Inc. service center group. This program entailed primarily the consolidation of offices in conjunction with the implementation of a regional service center concept, and the related closing of seven (7) of the nine (9) offices. A one-time charge of $75,000 was also recorded during the second quarter of 1995 to provide for consolidation costs, principally severance, associated with the restructuring of the Southeast Region, which is comprised of Perma-Fix of Florida and Perma-Fix of Ft. Lauderdale. These restructuring costs were principally incurred and funded during 1995.

In December of 1995, in conjunction with the above referenced restructuring program, the Company and Mr. Robert W. Foster, Jr. ("Foster") agreed to Foster's resignation as President, Chief Executive Officer and Director of the Company, thereby terminating his employment agreement with the Company effective March 15, 1996. The Company agreed to severance benefits of $30,000 in cash, the continuation of certain employee benefits for a period of time and the issuance of $171,000 in the form of Common Stock, par value $.001, of the Company. Pursuant to the above, the Company recorded a nonrecurring charge at December 31, 1995, of $215,000. In addition, severance costs of approximately $10,000 were incurred upon the termination of several corporate executives. These restructuring costs were principally incurred and funded during the first six months of 1996.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Since information relating to changes in accountants and engagement of new accountants by the Company during the Company's two most recent fiscal years or any subsequent interim period have been previously reported (as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended) and there were no disagreements or reportable events required to be reported under paragraph (b) of Item 304 of Regulation S-K, the information called for under this Item 9 is not required to be provided pursuant to Item 304 of Regulation S-K.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to Directors may be found under the caption "Election of Directors" on page 2 of the Company's Proxy Statement that the Company may file with the Securities and Exchange Commission on or before April 30, 1998, in connection with the Company's 1998 annual meeting of stockholders. Such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information in the Proxy Statement set forth under the captions "Summary Compensation Table" on page 6 and "Executive Compensation" on page 6 is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the caption "Certain Beneficial Owners" on page 12 of the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the caption "Certain Relationships and Related Transactions" on page 15 of the Proxy Statement is incorporated herein by reference.

PART IV

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

The following documents are filed as a part of this report:

(a)(1) Consolidated Financial Statements

See Item 8 for the Index to Consolidated Financial

Statements.

(a)(2) Financial Statement Schedules

See Item 8 for the Index to Consolidated Financial Statements (which includes the Index to Financial Statement Schedules)

(a)(3) Exhibits

The Exhibits listed in the Exhibit Index are filed or incorporated by reference as a part of this report.

(b) Reports on Form 8-K

No report on Form 8-K was filed by the Company during the fourth quarter of 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Perma-Fix Environmental Services, Inc.

By /s/ Dr. Louis F. Centofanti Date April 10, 1998

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

By /s/ Richard T. Kelecy Date April 10, 1998

Richard T. Kelecy
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in capacities and on the dates indicated.

/s/ Steve Gorlin Date April 10, 1998

/s/ Mark A. Zwecker Date April 10, 1998

/s/ Jon Colin Date April 10, 1998

/s/ Dr. Louis F. Centofanti   Date   April 10, 1998

SCHEDULE II

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

VALUATION AND QUALIFYING ACCOUNTS
For the years ended December 31, 1997, 1996 and 1995
(Dollars in thousands)

Description	Balance at Beginning of Year	Additions Charged to Costs, Expenses and Other	Deductions	Balance At End of Year
[S]	[C]	[C]	[C]	[C]
Year ended December 31, 1997:				
Allowance for doubtful accounts(4)	$ 340	$ 133	$ 99	$ 374
Divestiture reserve	-	-	-	-
Restructuring reserve	-	-	-	-
Year ended December 31, 1996:				
Allowance for doubtful accounts(4)	$ 351	$ 17	$ 28	$ 340
Divestiture reserve	450	-	450	-
Restructuring reserve	257	-	257	-
Year ended December 31, 1995:				
Allowance for doubtful accounts(4)	$ 351	$ 257(1)	$ 257	$ 351
Divestiture reserve	-	450(2)	-	450
Restructuring reserve	-	537(3)	280	257

[FN]

(1) Includes $26 recorded in conjunction with the asset purchase of Industrial Compliance and Safety, Inc. on June 1, 1995.

(2) Reflects the divestiture reserve for the Company's wholly-owned subsidiary Re-Tech Systems, Inc., recorded as a reduction to the asset value in the second quarter of 1995. The sale transaction was completed in the first quarter of 1996.

(3) Includes one-time charges resulting from restructuring charges within the waste management services segment.

(4) Excludes Perma-Fix of Memphis, Inc. facility considered a discontinued operation. See Note 4 of Notes to Consolidated Financial Statements.

</FN>

[/TABLE]

<TABLE>

<CAPTION>

EXHIBIT INDEX

Exhibit No.	Description
<S>	<C>
3(i)	Restated Certificate of Incorporation, as amended, and all Certificates of Designations are incorporated by reference from Exhibit 3(i) to the Company's Form 10-Q for the quarter ended September 30, 1997
3(ii)	Bylaws are incorporated by reference from the Company's Registration Statement, No. 33-51874
4.1	Warrant Agreement, dated May 15, 1994, between the Company and Continental Stock Transfer & Trust Company, as Warrant Agent, is incorporated by reference from Exhibit 4.2 to the Company's Form 10-Q for the quarter ended June 30, 1994
4.2	Specimen Warrant Certificate relating to Class B Warrants, is incorporated by reference from Exhibit 4.9 to the Company's Registration Statement, No. 33-85118
4.3	Specimen Common Stock Certificate is incorporated by reference from Exhibit 4.3 to the Company's Registration Statement, No. 33-51874
4.4	Form of Subscription Agreement is incorporated by reference from Exhibit 4.1 to the Company's Form 10-Q for the quarter ended June 30, 1994
4.5	Subscription and Purchase Agreement dated July 17, 1996, between the Company and RBB Bank Aktiengesellschaft is incorporated by reference from Exhibit 4.4 to the Company's Form 10-Q for the quarter ended June 30, 1996
4.6	Form of Certificate for Series 3 Preferred is incorporated by reference from Exhibit 4.6 to the Company's Form 10-Q for the quarter ended June 30, 1996
4.7	Subscription and Purchase Agreement, dated June 9, 1997, between the Company and RBB Bank Aktiengesellschaft is incorporated by reference from Exhibit 4.1 to the Company's Form 8-K, dated June 11, 1997
4.8	Certificate of Designations of Series 4 Class D Convertible Preferred Stock, dated June 9, 1997, is incorporated by reference from Exhibit 4.2 to the Company's Form 8-K, dated June 11, 1997
4.9	Specimen copy of Certificate relating to the Series 4 Class D Convertible Preferred Stock is incorporated by reference from Exhibit 4.3 to the Company's Form 8-K, dated June 11, 1997
4.10	Subscription and Purchase Agreement, dated July 7, 1997, between the Company and The Infinity Fund, L.P. is incorporated by reference from Exhibit 4.1 to the Company's Form 8-K, dated July 7, 1997
4.11	Certificate of Designations of Series 5 Class E

Convertible Preferred Stock, dated July 14, 1997, is incorporated by reference from Exhibit 4.2 to the Company's Form 8-K, dated July 7, 1997

4.12 Specimen copy of Series 5 Class E Convertible Preferred Stock certificate is incorporated by reference from Exhibit 4.3 to the Company's Form 8-K, dated July 7, 1997

4.13 Certificate of Designations of Series 6 Class F Convertible Preferred Stock, dated November 6, 1997, is incorporated by reference from Exhibit 3(i) to the Company's Form 10-Q for the quarter ended September 30, 1997

4.14 Specimen copy of Series 6 Class F Convertible Preferred Stock Certificate is incorporated by reference from Exhibit 4.8 to the Company's Form 10-Q for the quarter ended September 30, 1997

4.15 Certificate of Designations of Series 7 Class G Convertible Preferred Stock, dated October 30, 1997, is incorporated by reference from Exhibit 3(i) to the Company's Form 10-Q for the quarter ended September 30, 1997

4.16 Specimen copy of Series 7 Class G Convertible Preferred Stock Certificate is incorporated by reference from Exhibit 4.10 to the Company's Form 10-Q for the quarter ended September 30, 1997

4.17 Exchange Agreement dated November 6, 1997, to be considered effective as of September 16, 1997, between the Company and RBB Bank is incorporated by reference from Exhibit 4.11 to the Company's Form 10-Q for the quarter ended September 30, 1997

4.18 Exchange Agreement dated as of October 31, 1997, to be considered effective as of September 16, 1997, between the Company and the Infinity Fund, L.P. is incorporated by reference from Exhibit 4.12 to the Company's Form 10-Q for the quarter ended September 30, 1997

4.19 Loan and Security Agreement, dated January 15, 1998, between the Company, subsidiaries of the Company and Congress Financial Corporation (Florida) is incorporated by reference from Exhibit 4.1 to the Company's Form 8-K dated January 15, 1998

10.1 Note and Warrant Purchase Agreement, dated February 10, 1992, between the Company and Al Warrington, Productivity Fund II, L.P. ("Productivity Fund"), Environmental Venture Fund, L.P. ("Environmental Venture Fund"), and Steve Gorlin is incorporated by reference from Exhibit 4.1 of the Company's Registration Statement, No. 33-85118

10.2 Amendments, dated February 7, 1997, to Common Stock Warrants for the Purchase of Shares of Common Stock, dated February 10, 1992, between the Company and each of Alfred C. Warrington, IV, Productivity Fund II, L.P., Environmental Venture Fund II, L.P., Steve Gorlin, and D.H. Blair Investment Banking Corporation is incorporated

by reference from, respectively, Exhibits 4.2, 4.3, 4.4, 4.5 and 4.6 to the Company's Form 8-K dated February 7, 1997

10.3 1991 Performance Equity Plan of the Company is incorporated herein by reference from Exhibit 10.3 to the Company's Registration Statement, No. 33-51874

10.4 Warrant, dated September 1, 1994, granted by the Company to Productivity Fund is incorporated herein by reference from Exhibit 4.12 to the Company's Registration Statement No. 33-85118

10.5 Warrant, dated September 1, 1994, for the Purchase of Common Stock granted by the Company to Environmental Venture Fund is incorporated by reference from Exhibit 4.14 to the Company's Registration Statement No. 33-85118

10.6 Warrant, dated September 1, 1994, for the Purchase of Common Stock granted by the Company to Warrington is incorporated by reference from Exhibit 4.16 to the Company's Registration Statement No. 33-85118

10.7 Warrant, dated September 1, 1994, for the Purchase of Common Stock granted by the Company to Joseph Stevens & Company, L.P. ("Stevens") is incorporated by reference from Exhibit 4.17 to the Company's Registration Statement No. 33-85118

10.8 Warrant, dated October 6, 1994, for the Purchase of Common Stock granted by the Company to Stevens is incorporated by reference from Exhibit 4.20 to the Company's Registration Statement No. 33-85118

10.9 Warrant, dated September 30, 1994, for the Purchase of Shares of Common Stock granted by the Company to Ally Capital Management, Inc. is incorporated by reference from Exhibit 4.27 to the Company's Registration Statement No. 33-85118

10.10 Warrant, dated June 17, 1994, for the purchase of Common Stock granted by the Company to Sun Bank, National Association is incorporated by reference from Exhibit 4.2 to the Company's Form 8-K dated June 17, 1994

10.11 Warrant, dated September 1, 1994, for the Purchase of Shares of Common Stock granted by the Company to D. H. Blair Investment Banking Corporation is incorporated by reference from Exhibit 10.24 to the Company's Form 10-K for the year ended December 31, 1994. Blair assigned a portion of its initial warrant to certain officers and directors of Blair. The warrants issued to such officers and directors are substantially similar to the warrant issued to Blair, except as to name of the warrant holder and the number of shares covered by each such warrant, as follows:

J. Morton Davis	9,775 shares
Martin A. Bell	8,000 shares
Alan Stahler	39,100 shares

Kalman Renov	39,100 shares
Richard Molinsky	25,125 shares
Jeff Berns	25,500 shares
Nick DiFalco	21,000 shares
Richard Molinsky	50,250 shares

and the Company agrees to file copies of the omitted documents to the Commission upon the Commission's request

10.12 1992 Outside Directors' Stock Option Plan of the Company is incorporated by reference from Exhibit 10.4 to the Company's Registration Statement, No. 33-51874

10.13 First Amendment to 1992 Outside Directors' Stock Option Plan is incorporated by reference from Exhibit 10.29 to the Company's Form 10-K for the year ended December 31, 1994

10.14 Second Amendment to the Company's 1992 Outside Directors' Stock Option Plan, is incorporated by reference from the Company's Proxy Statement, dated November 4, 1994

10.15 Third Amendment to the Company's 1992 Outside Directors' Stock Option Plan is incorporated by reference from the Company's Proxy Statement, dated November 8, 1996

10.16 Fourth Amendment to the Company's 1992 Outside Directors' Stock Option Plan is incorporated by reference from the Company's Proxy Statement, dated April 20, 1998

10.17 1993 Non-qualified Stock Option Plan is incorporated by reference from the Company's Proxy Statement, dated October 12, 1993

10.18 401(K) Profit Sharing Plan and Trust of the Company is incorporated by reference from Exhibit 10.5 to the Company's Registration Statement, No. 33-51874

10.19 Stock Purchase Agreement between the Company and Dr. Louis F. Centofanti, dated March 1, 1996, is incorporated by reference from Exhibit 10.30 to the Company's Form 10-K for the year ended December 31, 1995

10.20 Stock Purchase Agreement between the Company and Dr. Louis F. Centofanti, dated June 11, 1996, is incorporated by reference from Exhibit 10.29 to the Company's Form 10-K for the year ended December 31, 1996

10.21 Common Stock Purchase Warrant Certificate, dated July 19, 1996, granted to RBB Bank Aktiengesellschaft is incorporated by reference from Exhibit 10.1 to the Company's Form 10-Q for the quarter ended June 30, 1996

10.22 Common Stock Purchase Warrant Certificate, dated July 19, 1996, granted to RBB Bank Aktiengesellschaft is incorporated by reference from Exhibit 10.2 to the Company's Form 10-Q for the quarter ended June 30, 1996

10.23 Common Stock Purchase Warrant Certificate No. 1-9-96, dated September 16, 1996, between the Company and J. P. Carey Enterprises, Inc. is incorporated by reference from Exhibit 4.8 to the Company's Registration Statement,

No. 333-14513

10.24 Common Stock Purchase Warrant Certificate No. 2-9-96, dated September 16, 1996, between the Company and J. P. Carey Enterprises, Inc. is incorporated by reference from Exhibit 4.9 to the Company's Registration Statement, No. 333-14513

10.25 Common Stock Purchase Warrant Certificate No. 3-9-96, dated September 16, 1996, between the Company and J W Charles Financial Services, Inc. is incorporated by reference from Exhibit 4.10 to the Company's Registration Statement, No. 333-14513

10.26 Common Stock Purchase Warrant Certificate No. 4-9-96, dated September 16, 1996, between the Company and Search Group Capital, Inc. is incorporated by reference from Exhibit 4.11 to the Company's Registration Statement, No. 333-14513

10.27 Common Stock Purchase Warrant Certificate No. 5-9-96, dated September 16, 1996, between the Company and Search Group Capital, Inc. is incorporated by reference from Exhibit 4.12 to the Company's Registration Statement, No. 333-14513

10.28 Common Stock Purchase Warrant Certificate No. 6-9-96, dated September 16, 1996, between the Company and Search Group Capital, Inc. is incorporated by reference from Exhibit 4.13 to the Company's Registration Statement, No. 333-14513

10.29 Common Stock Purchase Warrant Certificate No. 7-9-96, dated September 16, 1996, between the Company and Marvin S. Rosen is incorporated by reference from Exhibit 4.14 to the Company's Registration Statement, No. 333-14513

10.30 Common Stock Purchase Warrant Certificate No. 8-9-96, dated September 16, 1996, between the Company and D. H. Blair Investment Banking Corporation is incorporated by reference from Exhibit 4.15 to the Company's Registration Statement, No. 333-14513

10.31 Common Stock Purchase Warrant Certificate No. 9-9-96, dated September 16, 1996, between the Company and Steve Gorlin is incorporated by reference from Exhibit 4.16 to the Company's Registration Statement, No. 333-14513

10.32 Consulting Agreement with C. Lee Daniel, Jr. is incorporated by reference from Exhibit 99.1 to the Company's Registration Statement No. 333-17899

10.33 Common Stock Purchase Warrant ($2.10) dated June 9, 1997, between the Company and RBB Bank Aktiengesellschaft is incorporated by reference from Exhibit 4.4 to the Company's Form 8-K, dated June 11, 1997

10.34 Common Stock Purchase Warrant ($2.50) dated June 9, 1997, between the Company and RBB Bank Aktiengesellschaft is incorporated by reference from Exhibit 4.5 to the Company's Form 8-K, dated June 11, 1997

10.35	Common Stock Purchase Warrant ($1.50) dated June 9, 1997, between the Company and J W Charles Securities, Inc. is incorporated by reference from Exhibit 4.6 to the Company's Form 8-K, dated June 11, 1997
10.36	Common Stock Purchase Warrant ($2.00) dated June 9, 1997, between the Company and J W Charles Securities, Inc. is incorporated by reference from Exhibit 4.7 to the Company's Form 8-K, dated June 11, 1997
10.37	Stock Purchase Agreement, dated June 30, 1997, between the Company and Dr. Louis F. Centofanti is incorporated by reference from Exhibit 4.4 to the Company's Form 8-K, dated July 7, 1997
10.38	Amended Stock Purchase Agreement, dated October 7, 1997, between the Company and Dr. Louis F. Centofanti is incorporated by reference from Exhibit 10.6 to the Company's Form 10-Q for the quarter ended September 30, 1997
10.39	Employment Agreement, dated October 1, 1997, between the Company and Dr. Louis F. Centofanti is incorporated by reference from Exhibit 10.9 to the Company's Form 10-Q for the quarter ended September 30, 1997
21.1	List of Subsidiaries
23.1	Consent of BDO Seidman, LLP
27.1	Financial Data Schedule 1997
27.2	Financial Data Schedule 1996

</TABLE>

EXHIBIT 22.1

LIST OF SUBSIDIARIES OF PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(THE "COMPANY")

Perma-Fix, Inc. ("PFI"), an Oklahoma corporation, is a 100% owned subsidiary of the Company.

Perma-Fix of New Mexico, Inc., a New Mexico corporation, is a 100% owned subsidiary of PFI.

Perma-Fix Treatment Services, Inc. ("PFTS"), an Oklahoma corporation, is a 100% owned subsidiary of the Company.

Perma-Fix of Memphis, Inc. ("PPM"), a Tennessee corporation, is a 100% owned subsidiary of the Company. Perma-Fix of Dayton, Inc. ("PFD"), an Ohio corporation, is a 100% owned subsidiary of the Company.

Perma-Fix of Florida, Inc. ("PFF"), a Florida corporation,. is a 100% owned subsidiary of the Company.

Perma-Fix of Fort Lauderdale, Inc. ("PFL"), a Florida corporation, is a 100% owned subsidiary of the Company.

Schreiber, Yonley & Associates ("SYA"), a Missouri corporation, is a 100% owned subsidiary of lWM.

Mintech, Inc., an Oklahoma corporation, is a 100% owned subsidiary of PFI.

Industrial Waste Management, Inc. ("IWM"), a Missouri corporation, is a 100% owned subsidiary of the Company.

Reclamation Systems, Inc. ("RSI"), an Oklahoma corporation, is a 100% owned subsidiary of PFI.

CONSENT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Perma-Fix Environmental Services, Inc.
Gainesville, Florida

We hereby consent to the incorporation by reference of our report dated February 13, 1998, relating to the consolidated financial statements and schedule of Perma-Fix Environmental Services, Inc. appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 1997, into the Company's previously filed Form S-3 and S-8 Registration Statements, File Nos. 33-85118 (S-3), 333-14513 (S-3), 33-80580 (S-8), 333-3664 (S-8), 333-17899 (S-8) and 333-25835 (S-8).

/s/ BDO Seidman, LLP

BDO Seidman, LLP

Orlando, Florida
April 10, 1998

<TABLE> <S> <C>

<ARTICLE>	5
<RESTATED>	
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	DEC-31-1996
<CASH>	$ 306,000
<SECURITIES>	0
<RECEIVABLES>	4,984,000
<ALLOWANCES>	340,000
<INVENTORY>	107,000
<CURRENT-ASSETS>	7,243,000
<PP&E>	15,503,000
<DEPRECIATION>	4,242,000
<TOTAL-ASSETS>	29,036,000
<CURRENT-LIABILITIES>	8,016,000
<BONDS>	4,862,000
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	10,000
<OTHER-SE>	12,575,000
<TOTAL-LIABILITY-AND-EQUITY>	29,036,000
<SALES>	0
<TOTAL-REVENUES>	27,041,000
<CGS>	0
<TOTAL-COSTS>	18,912,000
<OTHER-EXPENSES>	2,083,000
<LOSS-PROVISION>	17,000
<INTEREST-EXPENSE>	643,000
<INCOME-PRETAX>	(2,405,000)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(2,118,000)
<DISCONTINUED>	(287,000)
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(2,405,000)
<EPS-PRIMARY>	(.27)
<EPS-DILUTED>	(.27)

</TABLE>

<TABLE> <S> <C>

<ARTICLE>	5
<RESTATED>	
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	DEC-31-1996
<CASH>	$ 306,000
<SECURITIES>	0
<RECEIVABLES>	4,984,000
<ALLOWANCES>	340,000
<INVENTORY>	107,000
<CURRENT-ASSETS>	7,243,000
<PP&E>	15,503,000
<DEPRECIATION>	4,242,000
<TOTAL-ASSETS>	29,036,000
<CURRENT-LIABILITIES>	8,016,000
<BONDS>	4,862,000
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	10,000
<OTHER-SE>	12,575,000
<TOTAL-LIABILITY-AND-EQUITY>	29,036,000
<SALES>	0
<TOTAL-REVENUES>	27,041,000
<CGS>	0
<TOTAL-COSTS>	18,912,000
<OTHER-EXPENSES>	2,083,000
<LOSS-PROVISION>	17,000
<INTEREST-EXPENSE>	643,000
<INCOME-PRETAX>	(2,405,000)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(2,118,000)
<DISCONTINUED>	(287,000)
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(2,405,000)
<EPS-PRIMARY>	(.27)
<EPS-DILUTED>	(.27)

</TABLE>