SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 2003

or

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

Commission File No. 111596

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

Delaware	58-1954497
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

1940 N.W. 67th Place, Gainesville, FL	32653
(Address of principal executive offices)	(Zip Code)

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

N/A

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes |X| No |_|

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

Class	Outstanding at November 6, 2003
Common Stock, $.001 Par Value	35,436,209 (excluding 988,000 shares held as treasury stock)

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS

PART I, ITEM 1

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

It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

The results of operations for the nine months ended September 30, 2003, are not necessarily indicative of results to be expected for the fiscal year ending December 31, 2003.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except for Share Amounts)	September 30, 2003 (Unaudited)	December 31, 2002
ASSETS		
Current assets:		
Cash	$ 194	$ 212
Restricted cash	20	20
Accounts receivable, net of allowance for doubtful accounts of $1,200 and $1,212	27,236	21,820
Inventories	523	682
Prepaid expenses	3,340	2,722
Other receivables	367	113
Total current assets	31,680	25,569
Property and equipment:		
Buildings and land	21,048	16,161
Equipment	32,693	29,125
Vehicles	2,885	2,616
Leasehold improvements	11,082	10,963
Office furniture and equipment	2,130	1,954
Construction-in-progress	2,721	4,325
	72,559	65,144
Less accumulated depreciation and amortization	(18,781)	(15,219)
Net property and equipment	53,778	49,925
Intangibles and other assets:		
Permits, net	16,666	20,759
Goodwill, net	6,216	6,525
Finite Risk Sinking Fund	1,234	--
Other assets	4,875	3,047
Total assets	$114,449	$105,825

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

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

(Amounts in Thousands, Except for Share Amounts)	September 30, 2003 (Unaudited)	December 31, 2002
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,604	$ 9,759
Current environmental accrual	551	982

Accrued expenses	13,186	10,528
Unearned revenue	1,816	196
Current portion of long-term debt	3,118	3,373
Total current liabilities	27,275	24,838
Environmental accruals	1,669	1,714
Accrued closure costs	4,931	4,929
Other long-term liabilities	1,470	1,332
Long-term debt, less current portion	29,492	27,142
Total long-term liabilities	37,562	35,117
Total liabilities	64,837	59,955
Commitments and Contingencies (see Note 5)	--	--
Preferred Stock of subsidiary, $1.00 par value; 1,467,396 shares authorized, 1,284,730 shares issued and outstanding, liquidation value $1.00 per share	1,285	1,285
Stockholders' equity:		
Preferred Stock, $.001 par value; 2,000,000 shares authorized, 2,500 shares issued and outstanding	--	--
Common Stock, $.001 par value; 75,000,000 shares authorized, 36,274,209 and 35,326,734 shares issued, including 988,000 shares held as treasury stock, respectively	36	35
Additional paid-in capital	68,142	66,799
Accumulated deficit	(17,829)	(20,172)
Interest rate swap	(160)	(215)
	50,189	46,447
Less Common Stock in treasury at cost; 988,000 shares	(1,862)	(1,862)
Total stockholders' equity	48,327	44,585
Total liabilities and stockholders' equity	$ 114,449	$ 105,825

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

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

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in Thousands, Except for Per Share Amounts)	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Net revenues	$ 25,463	$ 24,232	$ 64,890	$ 63,168
Cost of goods sold	15,223	16,988	45,071	44,835
			10,240	19,819
Gross profit	7,244	18,333		
Selling, general and administrative expenses	4,971	4,422	14,137	12,697
Income from operations	5,269	2,822	5,682	5,636
Other income (expense):				
Interest income	2	4	7	13
Interest expense	(744)	(723)	(2,137)	(2,150)
Interest expense-financing fees	(256)	(262)	(814)	(779)
Other	(198)	(285)	(253)	(366)
Net income	4,073	1,556	2,485	2,354
Preferred Stock dividends	(48)	(48)	(142)	(111)
Net income applicable to Common Stock	$ 4,025	$ 1,508	$ 2,343	$ 2,243
Net income per common share:				
Basic	$ .12	$ .04	$ .07	$ .07
Diluted	$ .11	$ .04	$ .06	$ .06
Number of shares and potential common shares used in net income per common share:				
Basic	34,885	34,275	34,764	34,181

Diluted	38,247	42,617	39,089	42,992
	========	========	========	========

</TABLE>

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

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

(Amounts in Thousands)	Nine Months Ended September 30, 2003	2002
Cash flows from operating activities:		
Net income	$ 2,485	$ 2,354
Adjustments to reconcile net income to cash provided by (used in) operations:		
Depreciation and amortization		
Debt discount amortization	3,619	3,143
Provision for bad debt and other reserves	243	243
(Gain) loss on sale of plant,	216	263
property and equipment	(15)	11
Changes in assets and liabilities:		
Accounts receivable	(5,632)	(4,405)
Prepaid expenses, inventories and other assets	(1,827)	388
Accounts payable and accrued expenses	1,982	3,300
	-------	-------
Net cash provided by operations	1,071	5,297
Cash flows from investing activities:		
Purchases of property and equipment, net	(1,663)	(3,705)
Proceeds from sale of plant, property and equipment	15	9
Change in restricted cash, net	(2)	(4)
Change in finite risk sinking fund	(1,234)	--
	-------	-------
Net cash used in investing activities	(2,884)	(3,700)
Cash flows from financing activities:		
Net borrowings (repayments) of revolving credit	3,221	(607)
Principal repayments of long-term debt	(2,620)	(2,279)
Proceeds from issuance of stock	1,194	512
	-------	-------
Net cash provided by (used in) financing activities	1,795	(2,374)
	-------	-------
Decrease in cash	(18)	(777)
Cash at beginning of period	212	860
	-------	-------
Cash at end of period	$ 194	$ 83
	=======	=======
Supplemental disclosure:		
Interest paid	$ 1,855	$ 2,022
Non-cash investing and financing activities:		
Issuance of Common Stock for services	25	32
Issuance of Common Stock for payment of dividends	125	125
Gain (loss) on interest rate swap Gain (loss) on interest rate swap	55	(68)
Long-term debt incurred for purchase of property and equipment	1,250	644

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, for the nine months ended September 30, 2003)

<TABLE>
<CAPTION>

(Amounts in thousands, except for share amounts)	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Interest Rate Swap	Common Stock Held In Treasury	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 2002	2,500	$ --	35,326,734	$ 35	$66,799	$(20,172)	$ (215)	$ (1,862)	$44,585
Comprehensive income:									
Net income	--	--	--	--	--	2,485	--	--	2,485
Other Comprehensive income:									
Gain on interest rate swap	--	--	--	--	--	--	55	--	55

Comprehensive income									2,540
Preferred Stock dividends	--	--	--	--	--	(142)	--	--	(142)

Issuance of Common Stock for Preferred Stock dividend	--	--	59,000	--	125	--	--	--	125
Issuance of stock for cash and services	--	--	888,475	1	1,218	--	--	--	1,219
Balance at September 30, 2003	2,500	$ --	36,274,209	$ 36	$68,142	$(17,829)	$ (160)	$ (1,862)	$48,327

</TABLE>

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

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

September 30, 2003
(Unaudited)

Reference is made herein to the notes to consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2002.

1. Summary of Significant Accounting Policies

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

Recent Accounting Pronouncements
In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS 150 establishes standards on the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The provisions of SFAS 150 are effective for financial instruments entered into or modified after May 31, 2003 and to all other instruments that exist as of the beginning of the first interim financial reporting period beginning after June 15, 2003. The adoption of SFAS did not have an impact on the Company's consolidated financial statements.

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

SFAS 123 requires pro forma information regarding net income and earnings per share as if compensation cost for our employee and director stock options had been determined in accordance with the fair market value-based method prescribed in SFAS 123. We estimate the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model with the following assumptions used for grants in 2003 and 2002: no dividend yield; an expected life of ten years; expected volatility between 30.5% and 23.2%; and risk free interest rates between 2.75% and 3.33%.

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

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Net income applicable to Common Stock, as reported	$ 4,025	$ 1,508	$ 2,343	$ 2,243
Deduct: Total Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(131)	(78)	(331)	(252)
Pro forma net income applicable to Common Stock	$ 3,894	$ 1,430	$ 2,012	$ 1,991
Earnings per share:				
Basic - as reported	$ .12	$ .04	$ .07	$ .07
Basic - pro-forma	$ .11	$ .04	$ .06	$ .06
Diluted - as reported	$ .11	$ .04	$ .06	$ .06
Diluted - pro-forma	$ .10	$ .03	$ .06	$ .05

</TABLE>

Change in Accounting Estimate
Effective September 1, 2003 we refined our percentage of completion methodology for purposes of revenue recognition in the Nuclear Waste Management Services segment. As we accept more complex waste streams in this segment, the treatment of those waste streams becomes more complicated and more time consuming. The Company has continued to enhance its waste tracking capabilities and systems, which has enabled the Company to better match the revenue earned to the processing milestones achieved. The refined methodology more closely represents

the timing of the treatment process. We treated the change in methodology as a change in accounting estimate, according to APB Opinion 20 Accounting Changes and accounted for such changes prospectively. The impact of the change was a reduction in net income by approximately $1,038,000 or $.03 per share for the three and nine months ended September 30, 2003.

2. Recently Adopted Accounting Standards

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS 143, Accounting for Asset Retirement Obligations, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and normal use of the asset.

SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made, and that the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. In conjunction with the state mandated permit and licensing requirements, the Company is obligated to determine its best estimate of the cost to close, at some undetermined future date, it's permitted and/or licensed facilities. The Company recorded this liability at the date of acquisition, with its offsetting entry being to goodwill and/or permits and has subsequently increased this liability as a result of changes to the facility and/or for inflation. The Company's current accrued closure costs reflect the current fair value of the cost of asset retirement. The Company adopted SFAS 143 as of January 1, 2003, and pursuant to the adoption the Company reclassified from goodwill and permits approximately $4,559,000, which represents the fair value of the Company's closing costs as recorded to goodwill or permits at the time each facility was acquired, into an asset retirement obligations account. The asset retirement obligation account is recorded as property and equipment (buildings). The Company will depreciate the asset retirement obligation on a straight-line basis over a period of 50 years. The new standard did not have a material impact on net income in the first nine months of 2003, nor would it have had a material impact in the first nine months of 2002 assuming an adoption of this accounting standard on January 1, 2002.

3. Earnings Per Share

Basic EPS is based on the weighted average number of shares of Common Stock outstanding during the period. Diluted EPS includes the dilutive effect of potential common shares.

The following is a reconciliation of basic net income per share and diluted net income per share for the three and nine months ended September 30, 2003 and 2002.

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands except per share amounts)	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Net income applicable to Common Stock - basic	$ 4,025	$ 1,508	$ 2,343	$ 2,243
Effect of dilutive securities - Preferred Stock dividends	48	48	142	111
Net income applicable to Common Stock - diluted	$ 4,073	$ 1,556	$ 2,485	$ 2,354
Basic net income per share	$ .12	$ .04	$ .07	$ .07
Diluted net income per share	$ .11	$ .04	$ .06	$ .06
Weighted average shares outstanding - basic	34,885	34,275	34,764	34,181
Potential shares exercisable under stock option plans	344	1,055	450	1,119
Potential shares upon exercise of Warrants	1,351	5,620	2,208	6,025
Potential shares upon conversion of Preferred Stock	1,667	1,667	1,667	1,667
Weighted average shares outstanding - diluted	38,247	42,617	39,089	42,992
Potential shares excluded from above weighted average share calculations due to their anti-dilutive effect include:				
Upon exercise of Options	1,641	287	1,551	257
Upon exercise of Warrants	625	175	95	175

</TABLE>

4. Long Term Debt

Long-term debt consists of the following at September 30, 2003, and December 31, 2002:

<TABLE>
<CAPTION>

(Amounts in Thousands)	September 30, 2003 (Unaudited)	December 31, 2003
<S>	<C>	<C>
Revolving Credit facility dated December 22, 2000, borrowings based upon eligible accounts receivable, subject to monthly borrowing base calculation, variable interest paid monthly at prime rate plus 1% (5.00% at September 30, 2003), balance due in December 2005.	$ 11,963	$ 8,742
Term Loan dated December 22, 2000, payable in equal monthly installments of principal of $83, balance due in December 2005, variable interest paid monthly at prime rate plus 1 1/2 % (5.50% at September 30, 2003).	4,333	5,083
Three promissory notes dated May 27, 1999, payable in equal monthly installments of principal and interest of $90 over 60 months, due June 2004, interest at 7.0%.	789	1,538
Unsecured promissory note dated August 31, 2000, payable in lump sum in August 2005, interest paid annually at 7.0%.	3,500	3,500
Senior subordinated notes dated July 31, 2001, payable in lump sum on July 31, 2006, interest payable quarterly at an annual interest rate of 13.5%, net of unamortized debt discount of $919 at September 30, 2003 and $1,163 at December 31, 2002.	4,706	4,462
Promissory note dated June 25, 2001, payable in semiannual installments on June 30 and December 31 through December 31, 2008, variable interest accrues at the applicable law rate determined under the IRS Code Section (8.0% on September 30, 2003) and is payable in one lump sum at the end of installment period.	3,474	3,594
Installment agreement dated June 25, 2001, payable in semiannual installments on June 30 and December 31 through December 31, 2008, variable interest accrues at the applicable law rate determined under the IRS Code Section (8.0% on September 30, 2003) and is payable in one lump sum at the end of installment period.	863	893
Various capital lease and promissory note obligations, payable 2003 to 2008, interest at rates ranging from 5.2% to 17.9%.	2,982	2,703
	32,610	30,515
Less current portion of long-term debt	3,118	3,373
	$ 29,492	$ 27,142

</TABLE>

Revolving Credit and Term Loan
On December 22, 2000, the Company entered into a Revolving Credit, Term Loan and Security Agreement ("Agreement") with PNC Bank, National Association, a national banking association ("PNC") acting as agent ("Agent") for lenders, and as issuing bank. The Agreement provides for a term loan ("Term Loan") in the amount of $7,000,000, which requires principal repayments based upon a seven-year amortization, payable over five years, with monthly installments of $83,000 and the remaining unpaid principal balance due on December 22, 2005. The Agreement also provided for a revolving line of credit ("Revolving Credit") with a maximum principal amount outstanding at any one time of $15,000,000. The Revolving Credit advances are subject to limitations of an amount up to the sum of (a) up to 85% of Commercial Receivables aged 90 days or less from invoice date, (b) up to 85% of Commercial Broker Receivables aged up to 120 days from invoice date, (c) up to 85% of acceptable Government Agency Receivables aged up to 150 days from invoice date,

and (d) up to 50% of acceptable unbilled amounts aged up to 60 days, less (e) reserves Agent reasonably deems proper and necessary. The Revolving Credit advances shall be due and payable in full on December 22, 2005. As of September 30, 2003, the excess availability under our Revolving Credit was $8,547,000 based on our eligible receivables. However, during the third quarter of 2003, the Company's borrowings approached the maximum line capacity under the Revolving Credit, thereby reducing the line availability from which the Company could borrow to $2,848,000 as of September 30, 2003. (See Amendment No. 3 below, which explains the increase in the Revolving Credit).

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

In December 2000, the Company entered into an interest rate swap agreement related to its Term Loan. This hedge, has effectively fixed the interest rate on the notional amount of $3,500,000 of the floating rate $7,000,000 PNC Term Loan. The Company will pay the counterparty interest at a fixed rate equal to the base rate of 6.25%, for a period from December 22, 2000, through December 22, 2005, in exchange for the counterparty paying the Company one-month LIBOR rate for the same term (1.12% at September 30, 2003). At September 30, 2003, the market value of the interest rate swap was in an unfavorable value position of $160,000 and was recorded as a liability. During the nine months ended September 30, 2003, the Company recorded a gain on the interest rate swap of $55,000, which was included in other comprehensive income on the Statement of Stockholders' Equity.

Effective as of June 10, 2002, the Company and PNC entered into Amendment No. 1 to the Agreement, which, among other things, increased the letter of credit

commitment from $500,000 to $4,500,000 and provided for a $4.0 million standby letter of credit. The standby Letter of Credit was issued to secure certain surety bond obligations. As a condition precedent to this Amendment No. 1, the Company paid a $50,000 amendment fee to PNC.

On May 23, 2003, the Company and PNC entered into Amendment No. 2 to the Agreement, which among other things reduced the letter of credit commitment from $4,500,000 to $500,000 and terminated the $4.0 million standby letter of credit. The standby letter of credit was previously issued to secure certain surety bond obligations, which provided financial assurance closure guarantees to the applicable states pursuant to the Company's permits and licenses. The financial assurance has been satisfied with a newly established 25-year finite risk insurance policy (see Note 5). This finite risk insurance policy required an upfront payment of $4.0 million, which was funded through the Revolving Credit with PNC, utilizing the collateral that previously supported the $4.0 million letter of credit. As a condition precedent to this Amendment No. 2, the Company paid a $25,000 amendment fee to PNC.

Effective October 31, 2003, the Company and PNC entered into Amendment No. 3 to the Agreement, which, among other things, increased the maximum principal amount outstanding at any one time under the Revolving Credit from $15,000,000 to $18,000,000. As a condition precedent to this Amendment No. 3, the Company paid a $30,000 amendment fee to PNC.

Three Promissory Notes
Pursuant to the terms of the Stock Purchase Agreements in connection with the acquisition of Perma-Fix of Orlando, Inc. ("PFO"), Perma-Fix of South Georgia, Inc. ("PFSG") and Perma-Fix of Michigan, Inc. ("PFMI"), a portion of the consideration was paid in the form of Promissory Notes, in the aggregate amount of $4,700,000 payable to the former owners of PFO, PFSG and PFMI. The Promissory Notes are paid in equal monthly installments of principal and interest of approximately $90,000 over five years and having an interest rate of 5.5% for the first three years and 7% for the remaining two years. The aggregate outstanding balance of the Promissory Notes total $789,000 at September 30, 2003. Such amount is included in current portion of long term debt. Payments of such Promissory Notes are guaranteed by PFMI under a non-recourse guaranty, which non-recourse guaranty is secured by certain real estate owned by PFMI. These Promissory Notes are subject to subordination agreements with the Company's senior and subordinated lenders.

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

Senior Subordinated Notes
On July 31, 2001, the Company issued approximately $5.6 million of its 13.50% Senior Subordinated Notes due July 31, 2006 (the "Notes"). The Notes were issued pursuant to the terms of a Note and Warrant Purchase Agreement dated July 31, 2001 (the "Purchase Agreement"), between the Company, Associated Mezzanine Investors - PESI, L.P. ("AMI"), and Bridge East Capital, L.P. ("BEC"). The Notes are unsecured and are unconditionally guaranteed by the subsidiaries of the Company. The Company's payment obligations under the Notes are subordinate to the Company's payment obligations to its primary lender and to certain other debts of the Company up to an aggregate amount of $25 million. The net proceeds from the sale of the Notes were used to repay the Company's previous short-term loan.

Under the terms of the Purchase Agreement, the Company also issued to AMI and BEC Warrants to purchase up to 1,281,731 shares of the Company's Common Stock ("Warrant Shares") at an initial exercise price of $1.50 per share (the "Warrants"), subject to adjustment under certain conditions which were valued at $1,622,000 and recorded as a debt discount and are being amortized over the term of the Notes. As of September 30, 2003, the unamortized portion of the debt discount was $919,000. The Warrants, as issued, also contain a cashless exercise provision. The Warrant Shares are registered under an S-3 Registration Statement that was declared effective on November 27, 2002.

In connection with the sale of the Notes, the Company, AMI, and BEC entered into an Option Agreement, dated July 31, 2001 (the "Option Agreement"). Pursuant to the Option Agreement, the Company granted each purchaser an irrevocable option requiring the Company to purchase any of the Warrants or Warrant Shares then held by the purchaser (the "Put Option"). The Put Option may be exercised at any time commencing July 31, 2004, and ending July 31, 2008. In addition, each purchaser granted to the Company an irrevocable option to purchase all the Warrants or the Warrant Shares then held by the purchaser (the "Call Option"). The Call Option may be exercised at any time commencing July 31, 2005, and ending July 31, 2008. The purchase price under the Put Option and the Call Option is based on the quotient obtained by dividing (a) the sum of six times the Company's consolidated EBITDA for the period of the 12 most recent consecutive months minus Net Debt plus the Warrant Proceeds by (b) the Company's Diluted Shares (as the terms EBITDA, Net Debt, Warrant Proceeds, and Diluted Shares are defined in the Option Agreement). Pursuant to the guidance under EITF 00-19 on accounting for and financial presentation of securities that could potentially be settled in a Company's own stock, the put warrants would be classified outside of equity based on the ability of the holder to require cash settlement. Also, EITF Topic D-98 discusses the accounting for a security that will become redeemable at a future determinable date and its redemption is variable. This is the case with the Warrants as the date is fixed, but the put or call price varies. The EITF gives two possible methodologies for valuing the securities. The Company accounts for the changes in redemption value as they

occur and the Company adjusts the carrying value of the security to equal the redemption value at the end of each reporting period. On September 30, 2003, the Put Option had no value and no liability was recorded.

Promissory Note
East Tennessee Materials and Energy Corporation ("M&EC") issued a promissory note for a principal amount of $3.7 million to PDC, dated June 7, 2001, for monies advanced to M&EC for certain services performed by PDC. The promissory note is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable rate (8.00% on September 30, 2003) and payable in one lump sum at the end of the loan period. On September 30, 2003, the outstanding balance was $4,282,000 including accrued interest of approximately $808,000. PDC has directed M&EC to make all payments under the promissory note directly to the IRS to be applied to PDC's obligations under its installment agreement with the IRS.

Installment Agreement
In conjunction with the Company's acquisition of M&EC, M&EC entered into an installment agreement with the Internal Revenue Service ("IRS") for a principal amount of $923,000 dated June 7, 2001, for certain withholding taxes owed by M&EC. The installment agreement is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable law rate ("Applicable Rate") pursuant to the provisions of section 6621 of the Internal Revenue Code of 1986 as amended. Such rate is adjusted on a quarterly basis and payable in lump sum at the end of the installment period. On September 30, 2003, the rate was 8.00%. On September 30, 2003, the outstanding balance was $1,060,000 including accrued interest of approximately $197,000.

5. Commitments and Contingencies

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

Legal
In the normal course of conducting our business, we are involved in various litigations. Except as stated below, there has been no material change in legal proceedings from those disclosed previously in the Company's Form 10-K for the year ended December 31, 2002, and the Company's Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003. We are not a party to any litigation or governmental proceeding which our management believes could result in any judgments or fines against us that would have a material adverse affect on the Company's financial position, liquidity or results of operations.

PFD and the defendants have finalized the settlement of the lawsuit that was filed by the Company in the United States District Court, for the Southern District of Ohio, styled Perma-Fix of Dayton, Inc. v. R.D. Baker Enterprises, Inc., case no. C-3-99-469. In October 2003, the defendants paid PFD $400,000, and PFD will use the funds to remediate a parcel of leased property ("Leased Property"), which was formerly used as a Resource Conservation and Recovery Act of 1976 storage facility that was operated as a storage and solvent recycling facility by a company that was merged with PFD prior to the Company's acquisition of PFD.

We have entered into an oral agreement with Patrick Sullivan, a former employee of our subsidiary Perma-Fix of Orlando, Inc., to settle a lawsuit we filed against Mr. Sullivan in the circuit court of the Ninth Judicial Circuit in Orange County, Florida, for injunction relief and damages related to his alleged violation of his employment agreement and other duties to the Company. Under the oral agreement, we are to receive $30,000 and an agreement from Mr. Sullivan not to solicit our customers. The settlement is subject to the parties entering into a definitive settlement agreement.

Permits
We are subject to various regulatory requirements, including the procurement of requisite licenses and permits at our facilities. These licenses and permits are subject to periodic renewal without which our operations would be adversely affected. We anticipate 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
We maintain various closure cost financial assurance instruments to guarantee the proper decommissioning of our RCRA facilities upon cessation of operations. Additionally, in the course of owning and operating on-site treatment, storage and disposal facilities, we are 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 we maintain the appropriate accruals for restoration. We have recorded accrued liabilities for estimated closure costs and identified environmental remediation costs.

Insurance
We believe we maintain insurance coverage adequate for our needs and which is similar to, or greater than, the coverage maintained by other companies of our size in the industry. There can be no assurances, however, those liabilities, which may be incurred by us, will be covered by our insurance or that the dollar amount of such liabilities, which are covered, will not exceed our policy limits. Under our insurance contracts, we usually accept self-insured

retentions, which we believe is appropriate for our specific business risks. We are required by EPA regulations to carry environmental impairment liability insurance providing coverage for damages on a claims-made basis in amounts of at least $1 million per occurrence and $2 million per year in the aggregate. To meet the requirements of customers, we have exceeded these coverage amounts.

In June 2003, the Company entered into a 25-year finite risk insurance policy, which provides financial assurance to the applicable states for our permitted facilities in the event of unforeseen closure. Prior to obtaining or renewing operating permits we are required to provide financial assurance that guarantee to the states that, in the event of closure, our permitted facilities will be closed in accordance with the regulations. The policy provides $35 million of financial assurance coverage and has available capacity to allow for annual inflation and other performance and surety bond requirements. On the fourth and subsequent anniversaries of the contract inception, the Company may elect to terminate this contract.

6. Operating Segments

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

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

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

Our operating segments are defined as follows:

The Industrial Waste Management Services segment, which provides on-and-off site treatment, storage, processing and disposal of hazardous and nonhazardous industrial waste, commercial waste and wastewater through our six treatment, storage and disposal ("TSD") facilities; Perma-Fix Treatment Services, Inc., Perma-Fix of Dayton, Inc., Perma-Fix of Ft. Lauderdale, Inc., Perma-Fix of Orlando, Inc., Perma-Fix of South Georgia, Inc., and Perma-Fix of Michigan, Inc. We provide through Perma-Fix Government Services various waste management services to certain governmental agencies.

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

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

The table below presents certain financial information in thousands by business segment for the three and nine months ended September 30, 2003 and 2002.

Segment Reporting for the Quarter Ended September 30, 2003

<TABLE>
<CAPTION>

<S>	Industrial Waste Services <C>	Nuclear Waste Services <C>	Engineering <C>	Segments Total <C>	Corporate <C>	Consolidated Total <C>
Revenue from external customers	$ 12,211	$ 12,487	$ 765	$ 25,463	$ --	$ 25,463
Intercompany revenues	936	702	143	1,781	--	1,781
Interest income	1	--	--	1	1	2
Interest expense	191	505	(2)	694	50	744
Interest expense-financing fees	--	--	--	--	256	256
Depreciation and amortization	576	637	9	1,222	18	1,240
Segment profit	100	3,831	94	4,025	--	4,025
Segment assets(1)	42,665	60,841	2,130	105,636	8,813	114,449
Expenditures for segment assets	245	425	44	714	135	849

Segment Reporting for the Quarter Ended September 30, 2002

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
Revenue from external customers	$ 9,902	$ 13,552	$ 778	$ 24,232	$ --	$ 24,232
Intercompany revenues	984	521	45	1,550	--	1,550
Interest income	4	--	--	4	--	4
Interest expense	175	546	(2)	719	4	723
Interest expense-financing fees	--	3	--	3	259	262
Depreciation and amortization	487	549	10	1,046	21	1,067
Segment profit (loss)	(1,149)	2,607	50	1,508	--	1,508
Segment assets(1)	40,237	57,612	2,123	99,972	4,944	104,916

Expenditures for segment assets	793	451	3	1,247	72	1,319

Segment Reporting for the Nine Months Ended September 30, 2003

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
Revenue from external customers	$ 33,719	$ 28,753	$ 2,418	$ 64,890	$ --	$ 64,890
Intercompany revenues	3,211	2,009	417	5,637	--	5,637
Interest income	4	--	--	4	3	7
Interest expense	565	1,448	(8)	2,005	132	2,137
Interest expense-financing fees	--	3	--	3	811	814
Depreciation and amortization	1,688	1,848	27	3,563	56	3,619
Segment profit (loss)	(1,307)	3,400	250	2,343	--	2,343
Segment assets(1)	42,665	60,841	2,130	105,636	8,813	114,449
Expenditures for segment assets	1,081	1,493	52	2,626	287	2,913

Segment Reporting for the Nine Months Ended September 30, 2002

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
Revenue from external customers	$ 27,961	$ 32,589	$ 2,618	$ 63,168	$ --	$ 63,168
Intercompany revenues	4,547	3,428	89	8,064	--	8,064
Interest income	12	--	--	12	1	13
Interest expense	507	1,641	2	2,150	--	2,150
Interest expense-financing fees	--	7	--	7	772	779
Depreciation and amortization	1,464	1,586	30	3,080	63	3,143
Segment profit (loss)	(3,067)	5,033	277	2,243	--	2,243
Segment assets(1)	40,237	57,612	2,123	99,972	4,944	104,916
Expenditures for segment assets	2,133	2,133	7	4,273	76	4,349

</TABLE>

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

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

Forward-looking Statements

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

- improve our operations and liquidity;
- anticipated improvement in the financial performance of the Company;
- ability to comply with the Company's general working capital requirements;
- ability to be able to continue to borrow under the Company's revolving line of credit;
- ability to generate sufficient cash flow from operations to fund all costs of operations and remediation of certain formerly leased property in Dayton, Ohio, and the Company's facilities in Memphis, Tennessee; and Valdosta, Georgia;
- ability to remediate certain contaminated sites for projected amounts;
- ability to fund up to $1 million of budgeted capital expenditures during the fourth quarter of 2003;
- as the M&EC facility continues to enhance its processing capabilities and completes certain expansion projects, the Company could see higher total revenues under Oak Ridge Contracts;
- finalize surcharge issues relating to Oak Ridge Contracts; and
- increasing other sources of revenue at M&EC.

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

- general economic conditions;
- material reduction in revenues;

- inability to collect in a timely manner a material amount of receivables;

- increased competitive pressures;

- the ability to maintain and obtain required permits and approvals to conduct operations;

- the ability to develop new and existing technologies in the conduct of operations;

- ability to retain or renew certain required permits;

- discovery of additional contamination or expanded contamination at a certain Dayton, Ohio, property formerly leased by the Company or the Company's facilities at Memphis, Tennessee; Valdosta, Georgia and Detroit Michigan, which would result in a material increase in remediation expenditures;

- changes in federal, state and local laws and regulations, especially environmental laws and regulations, or in interpretation of such;

- potential increases in equipment, maintenance, operating or labor costs;

- management retention and development;

- financial valuation of intangible assets is substantially less than expected;

- termination of the Oak Ridge Contracts as a result of our lawsuit against Bechtel Jacobs or otherwise;

- the requirement to use internally generated funds for purposes not presently anticipated;

- inability to continue to be profitable on an annualized basis;

- the inability of the Company to maintain the listing of its Common Stock on the NASDAQ;

- PFD being required to have a Title V air permit;

- the determination that PFMI or PFO was responsible for a material amount of remediation at certain superfund sites; and

- terminations of contracts with federal agencies or subcontracts involving federal agencies, or reduction in amount of waste delivered to the Company under these contracts or subcontracts.

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

Critical Accounting Policies

In preparing the consolidated 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. The Company believes the following critical accounting policies affect the more significant estimates used in preparation of the consolidated financial statements:

Allowance for Doubtful Accounts. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts, which is a valuation allowance that reflects management's best estimate of the amounts that will not be collected. During the nine months ended September 30, 2003 and 2002 the allowance for doubtful accounts was increased, through a charge to bad debt expense, by $216,000 and $263,000, respectively. Management regularly reviews all accounts receivable balances that exceed 60 days from the invoice date and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected, and writes off any uncollectible portion. These write-offs were approximately 0.9% and 0.8% of revenue and approximately 4.2% and 3.9% of accounts receivable for the years ended December 31, 2002 and 2001, respectively.

Intangible Assets. Intangible assets relating to acquired businesses consist primarily of the cost of purchased businesses in excess of the estimated fair value of net assets acquired ("goodwill") and the recognized permit value of the business. The Company continually reevaluates the propriety of the carrying amount of permits and goodwill to determine whether current events and circumstances warrant adjustments to the carrying value. Effective January 1, 2002, the Company adopted SFAS 142. The Company hired an independent appraisal firm to separately test goodwill and permits for impairment. The report provided by the appraiser indicated that no impairment existed as of January 1, 2002. Goodwill and permits were again tested as of October 1, 2002, which also indicated no impairment. Effective January 1, 2002, the Company discontinued amortizing indefinite life intangible assets (permits) and goodwill as required by SFAS 142.

Accrued Closure Costs. Accrued closure costs represent a contingent environmental liability to clean up a facility in the event the Company ceases operations in an existing facility. The accrued closure costs are estimates based on guidelines developed by federal and/or state regulatory authorities under RCRA. Such costs are evaluated annually and adjusted for inflationary

factors and for approved changes or expansions to the facilities. Increases due to annual inflationary factors for 2003, 2002, and 2001 are approximately 1.1%, 2.2% and 2.1%, respectively, and based on the historical information, the Company does not expect future inflationary changes to differ materially from the previous years. Increases or decreases in accrued closure costs resulting from changes or expansions at the facilities are determined based on specific RCRA guidelines applied to the requested change. This calculation includes certain estimates, such as disposal pricing, external labor, analytical costs and processing costs, which are based on current market conditions. However, the Company has no intention, at this time, to close any of its facilities.

Accrued Environmental Liabilities. The Company has three remediation projects currently in progress. The current and long-term accrual amounts for the projects are our best estimates based on proposed or approved processes for clean up. The circumstances that could affect the outcome range from new technologies that are being developed every day to reduce the Company's overall costs, to increased contamination levels that could arise as the Company completes remediation which could increase the Company's costs, neither of which the Company anticipates at this time. In addition, significant changes in regulations could adversely or favorably affect our costs to remediate existing sites or potential future sites, which cannot be reasonably quantified.

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

Self Insurance. We have a self-insurance program for certain health benefits. The cost of such benefits is recognized as expense in the period in which the claim occurred and includes an estimate of claims incurred but not reported ("IBNR"), with such estimates based upon historical trends. Actual health insurance claims may differ materially from the estimates, as a result of the nature and extent of the actual IBNR claims paid. The Company maintains separate insurance to cover the excess liability over an established specific single claim amount and also an aggregate annual claim total.

Results of Operations
The table below should be used when reviewing management's discussion and analysis for the three and nine months ended September 30, 2003 and 2002:

<TABLE>
<CAPTION>

	Three Months Ended September 30,				Nine Months Ended September 30,			
Consolidated (amounts in thousands)	2003	%	2002	%	2003	%	2002	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net revenues	$ 25,463	100.0	$ 24,232	100.0	$ 64,890	100.0	$ 63,168	100.0
Cost of goods sold	15,223	59.8	16,988	70.1	45,071	69.5	44,835	71.0
	10,240	40.2	7,244	29.9	19,819	30.5	18,333	29.0
Selling, general and administrative	4,971	19.5	4,422	18.3	14,137	21.8	12,697	20.1
Income from operations	$ 5,269	20.7	$ 2,822	11.6	5,682	8.7	$ 5,636	8.9
Interest expense	(744)	(2.9)	(723)	(3.0)	(2,137)	(3.3)	(2,150)	(3.4)
Interest expense-financing fees	(256)	(1.0)	(262)	(1.1)	(814)	(1.3)	(779)	(1.2)
Preferred Stock dividends	(48)	(.2)	(48)	(.2)	(142)	(.2)	(111)	(.2)

</TABLE>

Summary - Three and Nine Months Ended September 30, 2003 and 2002
The Company provides services through three reportable operating segments. The Industrial Waste Management Services segment is engaged in on-site and off-site treatment, storage, disposal and processing of a wide variety of by-products and industrial, hazardous and non-hazardous wastes. This segment competes for materials and services with numerous regional and national competitors to provide comprehensive and cost-effective waste management services to a wide variety of customers nationwide. The Company operates and maintains facilities and businesses in the waste by-product brokerage, on-site treatment and stabilization, and off-site blending, treatment and disposal industries. The Nuclear Waste Management Services segment provides treatment, storage, processing and disposal services of mixed waste (waste containing both hazardous and low-level radioactive materials) and low-level radioactive wastes, including research, development and on-site and off-site waste remediation. The presence of nuclear and low-level radioactive constituents within the waste streams processed by this segment create different and unique operational, processing and permitting/licensing requirements from those contained within the Industrial Waste Management Services segment. The Company's Consulting Engineering Services segment provides a wide variety of environmental

related consulting and engineering services to both industry and government.

This segment provides oversight management of environmental restoration projects, air and soil sampling, compliance reporting, surface and subsurface water treatment design for removal of pollutants, and various compliance and training activities.

Net Revenue

Consolidated net revenues increased to $25,463,000 for the quarter ended September 30, 2003, as compared to $24,232,000 for the same quarter in 2002. The increase of $1,231,000 or 5.1% is attributable to an increase in the Industrial Waste Management Services segment of approximately $2,309,000 resulting from certain new or expanded product lines, such as lab packing, overall improved waste volumes and approximately $1.8 million in revenues recognized for public outreach and treatability studies related to the Army's Newport hydrolysate project. See "Known Trends and Uncertainties and Significant Contracts" of this Management's Discussion and Analysis for further discussion on the hydrolysate project. Offsetting the increase, was a decrease in the Nuclear Waste Management Services segment of approximately $1,065,000, resulting from a change in accounting estimate for revenue recognition. (See Note 1 of Notes to Consolidated Financial Statements.) The impact of this change on the quarter is a deferral of revenues of approximately $3,790,000. However, this change in estimate was partially offset by continued expansion within the mixed waste market as our facilities demonstrate the ability to accept and process more complex waste streams, thus increasing sales volumes. Additionally, certain government shipments were delayed early in the quarter, which were largely offset by a very strong September. Under the Oak Ridge Contracts, Bechtel Jacobs continued to move waste without delay, within the K-25 DOE complex, throughout the third quarter. Consolidated revenues under the Oak Ridge Contracts totaled $4,921,000 or 19.3% of total revenues for the three months ended September 30, 2003, compared to $4,902,000 or 20.2% for the three months ended September 30, 2002. The backlog of stored waste within the nuclear segment at September 30, 2003, was approximately $8,228,000, compared to $9,000,000 at December 31, 2002. The Consulting Engineering Service segment experienced a decrease of approximately $13,000.

Consolidated net revenues increased to $64,890,000 from $63,168,000 for the nine-month period ended September 30, 2003. The increase of $1,722,000 or 2.7% is attributable to an increase in the Industrial Waste Management Services segment of approximately $5,758,000 resulting from certain new product lines, such as lab packing, improved waste volumes at all locations and approximately $3.0 million in revenues recognized for public outreach and treatability studies related to the Army's Newport hydrolysate project. Offsetting this increase was a decrease in the Nuclear Waste Management Services segment of approximately $3,836,000 resulting principally from a change in accounting estimate for revenue recognition. The impact of the change for the year is a deferral of revenues of approximately $3,790,000. The decrease is further explained by the government's partial inability to ship waste to our facilities due to the war and ongoing campaign in Iraq, prolonged terrorism alerts, the impact of increased revenues during 2002 which included an event project of approximately $2.4 million and a surcharge of approximately $2.2 million. These decreases were partially offset by continued expansion within the mixed waste market as our facilities demonstrate the ability to accept and process more complex waste streams, thus increasing sales volumes. Consolidated revenues under the Oak Ridge Contracts totaled $13,912,000 or 21.4% of total revenues for the nine months ending September 30, 2003, compared to $9,227,000 or 14.6% for the nine months ended September 30, 2002, which reflects increased revenues under the Oak Ridge Contracts due in part to the benefit of our facility being located within the DOE K-25 site. See "Known Trends and Uncertainties-Significant Contracts" of this Management's Discussion and Analysis as to a lawsuit involving the Oak Ridge Contracts. Additionally, the Consulting Engineering Services segment experienced a decrease of approximately $200,000, which reflects the impact a weaker economy has on our client's expansion projects and certain one-time projects completed in 2002.

Cost of Goods Sold

Cost of goods sold for the Company decreased $1,765,000 or 10.4% for the quarter ended September 30, 2003, as compared to the quarter ended September 30, 2002. This decrease in cost of goods sold principally reflects a decrease in the Nuclear Waste Management Services segment of $2,451,000 indicative of a reduction in disposal and processing costs associated with the continued refinement of our treatment processes. The remaining decrease in this segment was due to the correlating decline in sales as a result of our change in accounting estimate. Additionally, the Consulting Engineering Services segment experienced a

decrease of $77,000, as a result of cost reductions, which were achieved in excess of the corresponding revenue reduction. Partially offsetting these decreases was an increase in the Industrial Waste Management Services segment of approximately $763,000, primarily associated with increased labor and material costs, which relates to the increase in revenues, including the expenses associated with the Army's Newport hydrolysate project. Depreciation expense of $1,134,000 and $995,000 for the quarters ended September 30, 2003 and 2002, respectively, is included in cost of goods sold, which reflects an increase of $139,000 over 2002.

Cost of goods sold increased $236,000 or 0.5% for the nine-month period ended September 30, 2003, as compared to the nine-month period ended September 30, 2002. This increase in cost of goods sold reflects an increase in the Industrial Waste Management Services segment of $3,342,000, primarily associated with increased labor, materials, disposal and transportation costs, which correlates to the increase in revenues for this segment. Also reflected in this increase are additional operating and off-specification waste costs, along with costs related to the Army's Newport hydrolysate project. Offsetting this increase, was a decrease in the Nuclear Waste Management Services segment of $2,919,000 exhibiting a decrease in disposal costs and the impact from the change in estimate. Additionally, the Consulting Engineering Services segment experienced

a decrease of $187,000, which in part correlates with the decrease in revenues and a result of cost reductions within the segment. Included within cost of goods sold is depreciation expense of $3,301,000 and $2,916,000 for the nine months ended September 30, 2003 and 2002, respectively, reflecting an increase of $385,000 over 2002.

Gross Profit
The resulting gross profit for the quarter ended September 30, 2003, increased $2,996,000 to $10,240,000, which as a percentage of revenue is 40.2%, as compared to 29.9% for the quarter ended September 30, 2002. This increase in gross profit percentage reflects an increase in the Nuclear Waste Management Services segment from 37.9% in 2002 to 52.2% in 2003, reflecting mainly the favorable product mix and surcharges during the quarter, improvements within the waste processing lines and the benefit from the fixed cost nature of these facilities once revenues have exceeded breakeven. The Industrial Waste Management Services segment experienced an increase in gross profit percentage from 19.0% in 2002 to 28.1% in 2003. This increase reflects the fixed costs of operating the facilities being spread over higher revenues as well as better margins on the waste steams processed and approximately $1.3 million in margin for the event work with the Army's Newport Project. Lastly, there was an increase in the Consulting Engineering Services segment from 29.4% in 2002 to 38.3% in 2003. This increase reflects the impact of higher margin projects that were subcontracted out during the quarter.

The resulting gross profit for the nine months ended September 30, 2003, increased $1,486,000 to $19,819,000, which as a percentage of revenue is 30.5%, as compared to 29.0% for the nine months ended September 30, 2002. This increase in gross profit percentage principally reflects an increase in the Industrial Waste Management Services segment from 18.9% in 2002 to 22.9% in 2003. This increase reflects the impact of improved waste volumes and pricing structure, the positive impact of cost savings and operational changes within the segment and the favorable margins of approximately $1.6 million recognized on the Army's Newport hydrolysate project. Additionally, the Consulting Engineering Services segment experienced an increase from 34.2% in 2002 to 36.5% in 2003, reflecting the impact of higher margin projects performed in the two most recent quarters of 2003. The remaining increase in gross profit percentage was attributable to the Nuclear Waste Management Services segment, which rose from 37.3% in 2002 to 39.1% in 2003, reflecting the improved margins during the third quarter of 2003. The 2002 margins were positively impacted by the effect of the $2.2 million surcharge in 2002. Without the surcharge, the gross profit percentage for this segment for 2002 would have been 32.7%.

Selling, General and Administrative
Selling, general and administrative expenses increased $549,000 or 12.4% for the quarter ended September 30, 2003, as compared to the quarter ended September 30, 2002. This increase reflects the intensified sales and marketing efforts within the Industrial Waste Management Services segment, somewhat offset by a decline in payroll and related marketing expenses for the Nuclear Waste Management Services segment, which combined accounted for $27,000 of this increase.

Administrative payroll and related expenses accounted for $261,000 of this increase mainly due to the added management infrastructure, relocation and severance costs, within the industrial segment as the Company completes its restructuring of the segment, along with increased administrative support and severance costs within the nuclear segment. The Company also experienced increased legal fees associated with ongoing actions, as well as additional costs pursuant to internal control evaluation requirements of Section 404 of the Sarbanes-Oxley Act and other general expenses, which combined totaled $237,000. Depreciation and amortization expense was included within selling, general and administrative expenses of $106,000 and $72,000 for the third quarters of 2003 and 2002, respectively. As a percentage of revenue, selling, general and administrative expenses increased to 19.5% for the quarter ended September 30, 2003, compared to 18.3% for the same period in 2002.

Selling, general and administrative expenses increased $1,440,000 or 11.3% for the nine months ended September 30, 2003, as compared to the same period in 2002. This increase reflects the above-discussed impact of increased sales and marketing efforts within the Industrial Waste Management Services segment along with certain other organizational changes made within the Company, which accounted for approximately $560,000 of the increase. Administrative payroll and related expenses for the Company accounted for $170,000 of the increase. Additionally, this increase reflects the impact of a one-time write-off of acquisition costs totaling $167,000 associated with a mixed waste facility, which the Company is no longer negotiating to acquire. Depreciation and amortization expense was included within selling, general and administrative expenses of $318,000 and $227,000 for the nine months ended September 30, 2003 and 2002, respectively. As a percentage of revenue, selling, general and administrative expenses increased to 21.8% for the nine months ended September 30, 2003, compared to 20.1% for the same period in 2002.

Interest Expense
Interest expense increased $21,000 for the quarter ended September 30, 2003, as compared to the corresponding period of 2002. This increase reflects the impact of increased borrowing levels on the revolving credit loan with PNC Bank, National Association ("PNC"), which resulted in an increase in interest expense of $9,000 when compared to prior year. This increase in PNC interest reflects the impact of additional borrowings of $4.0 million to finance the finite risk insurance policy. Additionally, an increase in debt associated with facility and computer upgrades resulted in an increase in interest expense of $29,000. Offsetting these increases, was a decrease in interest expense of $17,000 due to a reduction in debt associated with past acquisitions.

Interest expense decreased by $13,000 for the nine-month period ended September 30, 2003, as compared to the corresponding period of 2002. This decrease reflects the impact of the reduction in debt associated with past acquisitions

resulting in a decrease in interest expense of $37,000 when compared to prior year. Additionally, this decrease reflects the impact of lower interest rates on the revolving credit and term loans with PNC and decreased borrowing levels on the term loan with PNC resulting in a decrease of $24,000. Offsetting these decreases was an increase in interest expense of $48,000 associated with an increase in debt related to facility and computer upgrades.

Interest Expense - Financing Fees

Interest expense-financing fees decreased $6,000 for the three months ended September 30, 2003, as compared to the corresponding period for 2002. These financing fees are principally associated with the credit facility and term loan with PNC and the senior subordinated notes, and are amortized to expense over the term of the loan agreements.

Interest expense-financing fees increased by $35,000 for the nine months ended September 30, 2003, as compared to the corresponding period of 2002. This increase was primarily due to a one-time write-off of fees associated with other short term financing.

Preferred Stock Dividends

Preferred Stock dividends remained constant at $48,000 for the quarters ended September 30, 2003 and 2002. Preferred Stock dividends increased $31,000 during the nine months ended September 30, 2003, as compared to the same period of 2002. This increase was due to the accrual of preferred dividends on the preferred stock of our subsidiary, M&EC ("Series B Preferred"). The Series B Preferred was issued in

conjunction with the acquisition of M&EC in June 2001, and began accumulating dividends in June 2002 at an annual interest rate of 5%.

Liquidity and Capital Resources of the Company

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

At September 30, 2003, the Company had cash of $194,000. This cash total reflects a decrease of $18,000 from December 31, 2002, as a result of net cash provided by operations of $1,071,000 and cash provided by financing activities of $1,795,000 (principally net borrowings under the revolving credit facility, partially offset by repayments of long-term debt and proceeds from the issuance of Common Stock) offset by cash used in investing activities of $2,884,000 (principally net purchases of equipment, totaling $1,663,000 and a deposit to the finite risk sinking fund of $1,234,000). The Company is in a net borrowing position and therefore attempts to move all excess cash balances immediately to the revolving credit facility, so as to reduce debt and interest expense. During 2002 the Company implemented a centralized cash management system, which included new remittance lock boxes and resulted in accelerated collection activities and reduced cash balances, as idle cash is moved without delay to the revolving credit facility.

Operating Activities

Accounts receivable, net of allowances for doubtful accounts, totaled $27,236,000, an increase of $5,416,000 from the December 31, 2002 balance of $21,820,000. This increase reflects the impact of increased revenues within the Industrial Waste Management Services segment, which resulted in an increase of $2,732,000. Additionally, the Nuclear Waste Management Services segment experienced an increase of $2,780,000, which was also due to increased billings within the segment. Both segments experienced large billings at the end of the quarter. Offsetting these increases, was a decrease in accounts receivable in the Consulting Engineering Services segment of $96,000 reflecting the impact of decreased revenues in this segment. Our days sales outstanding (DSO) ratio calculated for the third quarter of 2003 was 98.4. The DSO ratios for our segments for the third quarter in 2003 are: 69.6 for the industrial segment, 127.9 for the nuclear segment and 76.7 for the consulting engineering segment.

As of September 30, 2003, total consolidated accounts payable was $8,604,000, a decrease of $1,155,000 from the December 31, 2002, balance of $9,759,000. This decrease in accounts payable reflects the impact of increased billings during the later part of the quarter, from which the Company was able to borrow against, under its revolving line of credit, and from the improved margins and profitability, all of which enabled the Company to reduce such accounts payable.

Working capital at September 30, 2003, was $4,405,000, as compared to working capital of $731,000 at December 31, 2002, reflecting an increase of $3,674,000. This working capital increase principally reflects the increased accounts receivable balance net of the decreased accounts payable balance at the end of the period.

Investing Activities

Our purchases of capital equipment for the nine-month period ended September 30, 2003, totaled approximately $2,913,000, including financed purchases of $1,250,000. These expenditures were for expansion and improvements to the operations principally within both our industrial and nuclear waste management segments. The unfinanced capital expenditures were funded by cash provided by operations and from proceeds from the issuance of stock. We had budgeted capital expenditures of up to approximately $6,500,000 for 2003, which included an estimated $1,393,000 for completion of certain 2002 projects in process, as well as other identified capital purchases for the expansion and improvement to the operations and for certain compliance related enhancements. Our purchases during 2003 include approximately $1,317,000 to complete certain of the 2002 projects in process. However, based upon the current status of the planning and

evaluation of proposed projects, we believe that we will be spending an additional $1,000,000 for capital

expenditures during the fourth quarter of 2003. We anticipate funding capital expenditures by a combination of lease financing, internally generated funds, and/or the proceeds received from Option and Warrant exercises.

Financing Activities

On December 22, 2000, the company entered into a Revolving Credit, Term Loan and Security Agreement ("Agreement") with PNC Bank, National Association, a national banking association ("PNC") acting as agent ("Agent") for lenders, and as issuing bank. The Agreement provides for a term loan ("Term Loan") in the amount of $7,000,000, which requires principal repayments based upon a seven-year amortization, payable over five years, with monthly installments of $83,000 and the remaining unpaid principal balance due on December 22, 2005. The Agreement also provided for a revolving line of credit ("Revolving Credit") with a maximum principal amount outstanding at any one time of $15,000,000. The Revolving Credit advances are subject to limitations of an amount up to the sum of (a) up to 85% of Commercial Receivables aged 90 days or less from invoice date, (b) up to 85% of Commercial Broker Receivables aged up to 120 days from invoice date, (c) up to 85% of acceptable Government Agency Receivables aged up to 150 days from invoice date, and (d) up to 50% of acceptable unbilled amounts aged up to 60 days, less (e) reserves Agent reasonably deems proper and necessary. The Revolving Credit advances shall be due and payable in full on December 22, 2005. As of September 30, 2003, the excess availability under our Revolving Credit was $8,547,000 based on our eligible receivables. However, during the third quarter of 2003, the Company's borrowings approached the maximum line capacity under the Revolving Credit, thereby reducing the line availability from which the Company could borrow to $2,848,000 as of September 30, 2003. (See Amendment No. 3 below, explaining the increase in the Revolving Credit).

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

In December 2000, the Company entered into an interest rate swap agreement related to its Term Loan. This hedge, has effectively fixed the interest rate on the notional amount of $3,500,000 of the floating rate $7,000,000 PNC Term Loan. The Company will pay the counterparty interest at a fixed rate equal to the base rate of 6.25%, for a period from December 22, 2000, through December 22, 2005, in exchange for the counterparty paying the Company one month LIBOR rate for the same term (1.12% at September 30, 2003). At September 30, 2003, the market value of the interest rate swap was in an unfavorable value position of $160,000 and was recorded as a liability. During the nine months ended September 30, 2003, the Company recorded a gain on the interest rate swap of $55,000, which was included in other comprehensive income on the Statement of Stockholders' Equity.

Effective as of June 10, 2002, the Company and PNC entered into Amendment No. 1 to the Agreement, which, among other things, increased the letter of credit commitment from $500,000 to $4,500,000 and provided for a $4.0 million standby letter of credit. The standby Letter of Credit was issued to secure certain surety bond obligations. As a condition precedent to this Amendment No. 1, the Company paid a $50,000 amendment fee to PNC.

On May 23, 2003, the Company and PNC entered into Amendment No. 2 to the Agreement, which among other things reduced the letter of credit commitment from $4,500,000 to $500,000 and terminated the $4.0 million standby letter of credit. The standby letter of credit was previously issued to secure certain surety bond obligations, which provided financial assurance closure guarantees to the applicable states pursuant to the Company's permits and licenses. The financial assurance has been satisfied with a newly established 25-year finite risk insurance policy (see Contractual Obligations in this section). This finite risk insurance policy required an upfront payment of $4.0 million, to be funded through the Revolving Credit with PNC, utilizing the collateral that previously supported the $4.0 million letter of credit. During the second quarter of 2003, $3,300,000 was funded, and the remaining $700,000 was funded in July 2003. As a condition precedent to this Amendment No. 2, the Company paid a $25,000 amendment fee to PNC.

Effective October 31, 2003, the Company and PNC entered into Amendment No. 3 to the Agreement, which, among other things, increased the maximum principal amount outstanding at any one time under the Revolving Credit from $15,000,000 to $18,000,000. As a condition precedent to this Amendment No. 3, the Company paid a $30,000 amendment fee to PNC.

Pursuant to the terms of the Stock Purchase Agreements in connection with the acquisition of Perma-Fix of Orlando, Inc. ("PFO"), Perma-Fix of South Georgia, Inc. ("PFSG") and Perma-Fix of Michigan, Inc. ("PFMI"), a portion of the consideration was paid in the form of the Promissory Notes, in the aggregate amount of $4,700,000 payable to the former owners of PFO, PFSG and PFMI. The Promissory Notes are paid in equal monthly installments of principal and interest of approximately $90,000 over five years and having an interest rate of 5.5% for the first three years and 7% for the remaining two years. The aggregate outstanding balance of the Promissory Notes total $789,000 at September 30, 2003, which is in the current portion. Payments of such Promissory Notes are guaranteed by PFMI under a non-recourse guaranty, which non-recourse guaranty is secured by certain real estate owned by PFMI. These Promissory Notes are subject to subordination agreements with the Company's senior and subordinated lenders.

On August 31, 2000, as part of the consideration for the purchase of Diversified

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

On July 31, 2001, the Company issued approximately $5.6 million of its 13.50% Senior Subordinated Notes due July 31, 2006 (the "Notes"). The Notes were issued pursuant to the terms of a Note and Warrant Purchase Agreement, dated July 31, 2001 (the "Purchase Agreement"), between the Company, Associated Mezzanine Investors - PESI, L.P. ("AMI"), and Bridge East Capital, L.P. ("BEC"). The Notes are unsecured and are unconditionally guaranteed by the subsidiaries of the Company. The Company's payment obligations under the Notes are subordinate to the Company's payment obligations to its primary lender and to certain other debts of the Company up to an aggregate amount of $25 million. The net proceeds from the sale of the Notes were used to repay the Company's previous short-term loan.

Under the terms of the Purchase Agreement, the Company also issued to AMI and BEC Warrants to purchase up to 1,281,731 shares of the Company's Common Stock ("Warrant Shares") at an initial exercise price of $1.50 per share (the "Warrants"), subject to adjustment under certain conditions which were valued at $1,622,000 and recorded as a debt discount and are being amortized over the term of the Notes. As of September 30, 2003, the unamortized portion of the debt discount was $919,000. The Warrants, as issued, also contain a cashless exercise provision. The Warrant Shares are registered under an S-3 Registration Statement that was declared effective on November 27, 2002.

In connection with the sale of the Notes, the Company, AMI, and BEC entered into an Option Agreement, dated July 31, 2001 (the "Option Agreement"). Pursuant to the Option Agreement, the Company granted each purchaser an irrevocable option requiring the Company to purchase any of the Warrants or Warrant Shares then held by the purchaser (the "Put Option"). The Put Option may be exercised at any time commencing July 31, 2004, and ending July 31, 2008. In addition, each purchaser granted to the Company an irrevocable option to purchase all the Warrants or the Warrant Shares then held by the purchaser (the "Call Option"). The Call Option may be exercised at any time commencing July 31, 2005, and ending July 31, 2008. The purchase price under the Put Option and the Call Option is based on the quotient obtained by dividing (a) the sum of six times the Company's consolidated EBITDA for the period of the 12 most recent consecutive months minus Net Debt plus the Warrant Proceeds by (b) the Company's Diluted Shares (as the terms EBITDA, Net Debt, Warrant Proceeds, and Diluted Shares are defined in the Option Agreement). Pursuant to the guidance under EITF 00-19 on accounting for and financial presentation of securities that could potentially be settled in a Company's own stock, the put warrants would be classified outside of equity based on the ability of the holder to require cash settlement. Also, EITF Topic D-98 discusses the accounting for a security that will become redeemable at a future determinable date and its redemption is variable. This is the case with the Warrants as the date is fixed, but the put or call price varies. The EITF gives two possible

methodologies for valuing the securities. The Company accounts for the changes in redemption value as they occur and the Company adjusts the carrying value of the security to equal the redemption value at the end of each reporting period. On September 30, 2003, the Put Option had no value and no liability was recorded.

East Tennessee Materials and Energy Corporation ("M&EC") issued a promissory note for a principal amount of $3.7 million to PDC, dated June 7, 2001, for monies advanced to M&EC for certain services performed by PDC. The promissory note is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable rate (8.00% on September 30, 2003) and payable in one lump sum at the end of the loan period. On September 30, 2003, the outstanding balance was $4,282,000 including accrued interest of approximately $808,000. PDC has directed M&EC to make all payments under the promissory note directly to the IRS to be applied to PDC's obligations under its installment agreement with the IRS.

In conjunction with the Company's acquisition of M&EC, M&EC entered into an installment agreement with the Internal Revenue Service ("IRS") for a principal amount of $923,000 dated June 7, 2001, for certain withholding taxes owed by M&EC. The installment agreement is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable law rate ("Applicable Rate") pursuant to the provisions of section 6621 of the Internal Revenue Code of 1986 as amended. Such rate is adjusted on a quarterly basis and payable in lump sum at the end of the installment period. On September 30, 2003, the rate was 8%. On September 30, 2003, the outstanding balance was $1,060,000 including accrued interest of approximately $197,000.

The following table summarizes the Company's contractual obligations at September 30, 2003, and the effect such obligations are expected to have on its liquidity and cash flow in future periods, (in thousands):

<TABLE>
<CAPTION>

		Payments due by period			
Contractual Obligations	Total	2003	2004-2006	2007-2008	After 2008
<S>	<C>	<C>	<C>	<C>	<C>
Long-term debt	$32,610	$ 933	$29,377	$2,300	$ --
Operating leases	4,546	487	3,525	529	5
Finite risk policy	9,034	--	3,011	2,008	4,015

Total contractual obligations	$46,190	$ 1,420	$35,913	$ 4,837	$ 4,020

</TABLE>

In June 2003, the Company entered into a 25-year finite risk insurance policy, which provides financial assurance to the applicable states for our permitted facilities in the event of unforeseen closure. Prior to obtaining or renewing operating permits we are required to provide financial assurance that guarantees to the states that in the event of closure our permitted facilities will be closed in accordance with the regulations. The policy provides $35 million of financial assurance coverage and has available capacity to allow for annual inflation and other performance and surety bond requirements. This finite risk insurance policy required an upfront payment of $4.0 million, of which $2,766,000 represents the full premium for the 25-year term of the policy, and the remaining $1,234,000, to be deposited in a sinking fund account. During the second quarter of 2003, the Company made an initial payment of $3,300,000 and the final payment of $700,000 was recorded and paid in July 2003. Additionally, the policy requires nine annual installments of $1,004,000 that are due on the anniversary date of the policy. These annual installments will also be deposited in the sinking fund account. In comparison, the Company paid $1,121,000 of non-returnable insurance premiums for the year 2002 financial assurance program, along with an additional collateral requirement of $4.0 million in the form of a letter of credit issued by PNC, at an annual fee of $160,000 per year. On the fourth and subsequent anniversaries of the contract inception, the Company may elect to terminate this contract. If the Company so elects, the Insurer will pay the Company an amount equal to 100% of the sinking fund account balance in return for complete releases of liability from both the Company and any applicable regulatory agency using this policy as an instrument to comply with financial assurance requirements.

During the third quarter of 2003, Capital Bank Grawe Gruppe, AG ("Capital Bank") exercised one of its outstanding warrants to purchase 150,000 shares of our Common Stock at a total exercise price of $225,000,

or $1.50 per share, in accordance with the terms of the warrant. Additionally, holders of certain outstanding options exercised their options to purchase 245,500 shares of our Common Stock for an aggregate purchase price of $286,000. The proceeds of the warrant and options exercise were used to fund capital expenditures and current remediation projects. We have also received notification that Capital Bank has exercised one of its outstanding warrants during the fourth quarter to purchase 150,000 shares of our Common Stock at a total exercise price of $243,750, or $1.625 per share, in accordance with the terms of the warrant. If completed, we also intend to use the proceeds to fund capital expenditures and current remediation projects.

The accrued dividends on the outstanding Preferred Stock for the period July 1, 2002, through December 31, 2002, in the amount of approximately $63,000 were paid in January 2003 in the form of 25,165 shares of Common Stock of the Company. The dividends for the period January 1, 2003, through June 30, 2003, total $62,000, which were paid in August 2003, in the form of 33,835 share of Common Stock. The accrued dividends for the period July 1, 2003 through September 30, 2003 total $32,000 and will be paid in January 2004. Under the Company's loan agreements, the Company is prohibited from paying cash dividends on its outstanding capital stock.

In summary, we have continued to take steps to improve our operations and liquidity as discussed above. However, we continue to invest our working capital back into our facilities to fund capital additions for expansion within both the nuclear and industrial segments. The first half of the year was negatively impacted by the downturn in the economy and the impact of the war and prolonged terrorist alerts. However, our working capital position has improved during the third quarter, as a result of the improved operating performance and revenues.

Known Trends and Uncertainties

Seasonality. Historically the Company has experienced reduced revenues, operating losses or decreased operating profits during the first and fourth quarters of the Company's fiscal years due to a seasonal slowdown in operations from poor weather conditions and overall reduced activities during the holiday season. During the Company's second and third fiscal quarters there has historically been an increase in revenues and operating profits. Management expects this trend to continue in future years. However, the second quarter of 2003 was adversely affected by the war in Iraq, prolonged terrorism alerts and the downturn in the economy, while the third quarter returned to trend.

Economic conditions. Economic downturns or recessionary conditions can adversely affect the demand for the Company's services, principally within the Industrial Waste Management Services segment. Reductions in industrial production generally follow such economic conditions, resulting in reduced levels of waste being generated and/or sent off for treatment. The Company believes that its revenues and profits were negatively affected within this segment by the recessionary conditions in 2002, and that this trend has continued into 2003. However, recent months have shown that the economy is improving.

Significant contracts. The Company's nuclear revenues are principally derived from the Department of Defense, the Department of Energy (DOE), either directly from each DOE site individually or through the broad-spectrum contracts, nuclear utilities, pharmaceutical companies and other commercial generators. M&EC operates under three broad-spectrum contracts ("Oak Ridge Contracts"), which accounted for 19.3% and 21.4% of total consolidated revenues during the three and nine months ended September 30, 2003, respectively. As the M&EC facility continues to enhance its processing capabilities and completes certain expansion projects, the Company could see higher total revenue under the Oak Ridge Contracts. In February 2003, M&EC commenced legal proceedings against the general contractor under the Oak Ridge Contracts, seeking payment from Bechtel

Jacobs of approximately $4.3 million in surcharges relating to certain wastes that were treated by M&EC in 2001 and 2002 under the Oak Ridge Contracts. Bechtel Jacobs continues to deliver waste to M&EC for treatment, and M&EC continues to accept such waste. There is no guarantee of future business under the Oak Ridge Contracts, and either party may terminate the Oak Ridge Contracts at any time. Termination of these contracts could have a material adverse effect on the Company. The Company is working towards increasing other sources of revenues at M&EC to reduce the risk of reliance on one major source of revenues.

Our subsidiary, PFD, had entered into a subcontract to perform treatability studies to determine if its process can successfully and safely treat a neutralized VX gas by-product called hydrolysate generated and/or handled by the U.S. Army and, if these studies were successful, to treat the hydrolysate at PFD's Dayton facility. During the third quarter, PFD successfully completed the treatability studies, demonstrating the ability to treat and destroy the materials. However, as a result of complaints by certain public groups, in October 2003, the subcontract for the treatment of the hydrolysate was cancelled, which eliminated PFD as an alternative treatment and disposal site for the hydrolysate.

Insurance. The Company maintains insurance coverage similar to, or greater than, the coverage maintained by other companies of the same size and industry, which complies with the requirements under applicable environmental laws. The Company evaluates its insurance policies annually to determine adequacy, cost effectiveness and desired deductible levels. Due to downturns in the economy and changes within the environmental insurance market, the Company has no guarantee that it will be able to obtain similar insurance in future years, or that the cost of such insurance will not increase materially.

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 their integral role in 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.

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

We have budgeted for 2003 approximately $982,000 in environmental expenditures to comply with federal, state and local regulations in connection with remediation of certain contaminates at four locations. The four locations where these expenditures will be made are the Leased Property in Dayton, Ohio (EPS), a former RCRA storage facility as operated by the former owners of PFD, PFM's facility in Memphis, Tennessee, PFSG's facility in Valdosta, Georgia and PFMI's facility in Detroit, Michigan. We have estimated the expenditures for 2003 to be approximately $211,000 at the EPS site, $338,000 at the PFM location, $126,000 at the PFSG site and $307,000 at the PFMI site of which $29,000; $45,000; $95,000; and $307,000, respectively, were spent during the first nine months of 2003. Additional funds will be required for the next one to seven years to properly remediate these sites. We expect to fund the 2003 expenses to remediate these four sites from funds generated internally, our revolving credit facility and from the exercise of warrants and options. In connection with the remediation of the EPS site, we recently finalized settlement of a lawsuit that we brought against the owners and former operators of the EPS site. As a result of the settlement, in October we were paid $400,000 to be used in connection with the remediation of the EPS site. We have completed remediation at the PFMI facility and are awaiting verification of closure from the state that all contaminated materials have been removed.

At September 30, 2003, the Company had accrued environmental liabilities totaling $2,220,000, which reflects a decrease of $476,000 from the December 31, 2002, balance of $2,696,000. The decrease represents payments on remediation projects and the completion of the PFMI remediation project. The September 30, 2003, current and long-term accrued environmental balance is recorded as follows:

	PFD	PFM	PFSG	Total
Current accrual	$ 182,000	$ 338,000	$ 31,000	$ 551,000
Long-term accrual	--	535,000	1,134,000	1,669,000
Total	$ 182,000	$ 873,000	$1,165,000	$2,220,000

Interest Rate Swap

The Company entered into an interest rate swap agreement effective December 22,

2000, to modify the interest characteristics of its outstanding debt from a floating basis to a fixed rate, thus reducing the impact of interest rate changes on future income. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The differential to be paid or received is accrued as interest rates change and recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from counter parties is included in other assets or liabilities. At September 30, 2003, the market value of the interest rate swap was in an unfavorable value position of $160,000 and was recorded as a liability. During the nine months ended September 30, 2003, the Company recorded a gain on the interest rate swap of $55,000 that was included in other comprehensive income in the stockholders' equity section of the balance sheet (see Note 4 to Notes to Consolidated Financial Statements).

Recent Accounting Pronouncements

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS 150 establishes standards on the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The provisions of SFAS 150 are effective for financial instruments entered into or modified after May 31, 2003 and to all other instruments that exist as of the beginning of the first interim financial reporting period beginning after June 15, 2003. The adoption of SFAS did not have an impact on the Company's consolidated financial statements.

Recently Adopted Accounting Policies

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 143, Accounting for Asset Retirement Obligations, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and normal use of the asset.

SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made, and that the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. In conjunction with the state mandated permit and licensing requirements, the Company is obligated to determine its best estimate of the cost to close, at some undetermined future date, its permitted and/or licensed facilities. The Company recorded this liability at the date of acquisition, with its offsetting entry being to goodwill and/or permits and has subsequently increased this liability as a result of changes to the facility and/or for inflation. The Company's current accrued closure costs reflect the current fair value of the cost of asset retirement. The Company adopted SFAS 143 as of January 1, 2003, and pursuant to the adoption the Company reclassified from goodwill and permits approximately $4,559,000, which represents the fair value of the Company's closing cost as recorded to goodwill or permits at the time each facility was acquired, into an asset retirement obligations account. The asset retirement obligation account is recorded as property and equipment (buildings). The Company will depreciate the asset retirement obligation on a straight-line basis over a period of 50 years. The new standard did not have a material impact on net income in the first six months of 2003, nor would it have had a material impact in the first six months of 2002 assuming an adoption of this accounting standard on January 1, 2002.

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

PART I, ITEM 3

The Company is exposed to certain market risks arising from adverse changes in interest rates, primarily due to the potential effect of such changes on the Company's variable rate loan arrangements with PNC, as described under Note 4 to Notes to Consolidated Financial Statements. As discussed therein, the Company entered into an interest rate swap agreement to modify the interest characteristics of $3.5 million of its $7.0 million term loan with PNC Bank, from a floating rate basis to a fixed rate, thus reducing the impact of interest rate changes on this portion of the debt.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONTROLS AND PROCEDURES

PART 1, ITEM 4

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

PART II - Other Information

1. Item Legal Proceedings

There are no additional material legal proceedings pending against the Company and/or its subsidiaries not previously reported by the Company in Item 3 of its Form 10-K for the year ended December 31, 2002, or in Part II, Item 1 of its Form 10-Q for the quarters ended March 31, 2003, and June 30, 2003 which Item 3, of its Form 10-K and Part II, Item 1 of its Form 10-Q are incorporated herein by reference, except as follows:

PFD and the defendants have finalized the settlement of the lawsuit that was filed by the Company in the United States District Court, for the Southern District of Ohio, styled Perma-Fix of Dayton, Inc. v. R.D. Baker Enterprises, Inc., case no. C-3-99-469. In October 2003, the defendants paid PFD $400,000, and PFD will use the funds to remediate a parcel of leased property ("Leased Property"), which was formerly used as a Resource Conservation and Recovery Act of 1976 storage facility that was operated as a storage and solvent recycling facility by a company that was merged with PFD prior to the Company's acquisition of PFD.

We have entered into an oral agreement with Patrick Sullivan, a former employee of our subsidiary Perma-Fix of Orlando, Inc., to settle a lawsuit we filed against Mr. Sullivan in the circuit court of the Ninth Judicial Circuit in Orange County, Florida, for injunction relief and damages related to his alleged violation of his employment agreement and other duties to the Company. Under the oral agreement, we are to receive $30,000 and an agreement from Mr. Sullivan not to solicit our customers. The settlement is subject to the parties entering into a definitive settlement agreement.

Item 2. Changes in Securities and Use of Proceeds

(c) During the quarter ended September 30, 2003, we sold equity securities, as such term is defined under 12b-2 of the Exchange Act of 1934, as amended, that were not registered under the Securities Act of 1933, as amended, other than as previously reported, as follows:

On or about August 29, 2003, Capital Bank Grawe Gruppe, AG ("Capital Bank"), exercised one of its outstanding warrants to purchase 150,000 shares of our Common Stock at a total exercise price of $225,000, or $1.50 per share, in accordance with the terms of the warrant. The shares were issued under the exemption from registration provided by Section 4(2) and/or Rule 506 of Regulation D based on Capital Bank's representations contained in the warrant and prior dealings with the Company. The proceeds were used to fund capital expenditures and current remediation projects.

Item 4. Submission of Matters to a Vote of Security Holders

The Company's annual meeting of stockholders ("Annual Meeting") was held on July 29, 2003. At the Annual Meeting, the following matters were voted on and approved by the stockholders.

1. The election of seven directors to serve until the next annual meeting of stockholders or until their respective successors are duly elected and qualified.

2. Approval of the Company's 2003 Outside Directors Stock Plan.

3. Approval of the Company's 2003 Employee Stock Purchase Plan.

4. Ratification of the appointment of BDO Seidman, LLP as the independent auditors of the Company for fiscal 2003.

The Directors elected at the Annual Meeting and the votes cast for and withheld authority for each director are as follows:

Directors	For	Withhold Authority
Dr. Louis F. Centofanti	25,987,581	50,006
Jon Colin	25,976,551	61,036
Jack Lahav	25,984,151	53,436
Joe R. Reeder	25,987,915	49,672
Alfred C. Warrington, IV	25,985,815	51,772
Dr. Charles E. Young	25,979,465	58,122
Mark A Zwecker	25,975,405	62,182

Also, at the Annual Meeting the stockholders approved the 2003 Outside Directors Stock Plan, the 2003 Employee Stock Purchase Plan and ratified the appointment of BDO Seidman, LLP as the independent auditors of the Company for fiscal 2003. The votes for, against, abstentions and broker non-votes are as follows:

	For	Against	Abstentions and Broker Non-votes
Approval of 2003 Outside Director Stock Plan	17,216,255	685,187	8,136,145

Approval of 2003 Employee Stock Purchase Plan	17,347,552	555,172	8,134,863
Ratification of the Appointment of BDO Seidman, LLP as the Independent Auditors	25,963,822	47,659	26,106

Item 5. Other Information

Our subsidiary, PFD, had entered into a subcontract to perform treatability studies to determine if its process can successfully and safely treat a neutralized VX gas by-product called hydrolysate generated and/or handled by the U.S. Army and, if these studies were successful, to treat the hydrolysate at PFD's Dayton facility. During the third quarter, PFD successfully completed the treatability studies, demonstrating the ability to treat and destroy the materials. However, as a result of complaints by certain public groups, in October 2003, the subcontract for the treatment of the hydrolysate was cancelled, which eliminated PFD as an alternative treatment and disposal site for the hydrolysate.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

4.1 Loan and Security Agreement between the Company, subsidiaries of the Company and PNC Bank, incorporated by reference from Exhibit 99.1 to the Company's Form 8-K dated, January 31, 2001.

4.2 First Amendment to Loan Agreement and Consent, dated January 30, 2001, between the Company and PNC Bank, as incorporated by reference from Exhibit 99.7 to the Company's Form 8-K, dated January 31, 2001.

4.3 Amendment No. 1 to Revolving Credit, Term Loan and Security Agreement, dated as of June 10, 2002, between the Company and PNC Bank, as incorporated by reference from Exhibit 4.3 to the Company's Form 10-Q for the quarter ended June 30, 2002, and filed on August 14, 2002.

4.4 Amendment No. 2 to Revolving Credit, Term Loan and Security Agreement, dated as of May 23, 2003, between the Company and PNC Bank, as incorporated by reference from Exhibit 4.4 to the Company's Form 10-Q for the quarter ended June 30, 2002, and filed on August 14, 2002.

4.5 Amendment No. 3 to Revolving Credit, Term Loan, and Security Agreement, dated as of October 31, 2003, between the Company and PNC Bank.

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

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

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

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

Reports on Form 8-K

A current report on Form 8-K (Item 9 - Regulation FD Disclosure) was filed by the Company on August 4, 2003, regarding the financial results and conference call for the second quarter of 2003.

SIGNATURES

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Date: November 10, 2003 By: /s/ Dr. Louis F. Centofanti

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

Date: November 10, 2003 By: /s/ Richard T. Kelecy

Richard T. Kelecy
Chief Financial Officer

EXHIBIT 4.5

AMENDMENT NO. 3

TO

REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 3 ("Amendment") is entered into as of October 31, 2003 by and among PERMA-FIX ENVIRONMENTAL SERVICES, INC., a corporation organized under the laws of the State of Delaware ("Borrower"), PNC BANK, NATIONAL ASSOCIATION ("PNC"), the various other financial institutions (together with PNC, collectively the "Lenders") named in or which hereafter become a party to the Loan Agreement (as hereafter defined) and PNC as agent for Lenders (in such capacity, "Agent") and as Issuing Bank.

BACKGROUND

Borrower, Agent and Lenders are parties to a Revolving Credit, Term Loan and Security Agreement dated as of December 22, 2000 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") pursuant to which Lenders provides Borrower with certain financial accommodations.

Borrower has requested that Lenders amend certain provisions of the Loan Agreement and Agent, on behalf of Lenders is willing to do so on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of any loan or advance or grant of credit heretofore or hereafter made to or for the account of Borrower by Lenders, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

2. Amendment to Loan Agreement. Subject to satisfaction of the conditions precedent set forth in Section 3 below, the Loan Agreement is hereby amended as follows:

(a) Section 1.2 of the Loan Agreement is hereby amended by inserting the following defined terms in their appropriate alphabetical order:

"Amendment No. 3" shall mean Amendment No. 3 to Revolving Credit, Term Loan and Security Agreement dated as of October 31, 2003.

(b) Section 2.1 of the Loan Agreement is hereby amended in its entirety to provide as follows.

"2.1 Revolving Credit Facility. Subject to the terms and conditions set forth in this Agreement, each Lender, severally and not jointly, agrees to make available

to Borrower a sum equal to such Lender's Commitment Percentage of a revolving line of credit (the "Revolving Credit Facility") in the maximum principal amount outstanding at any one time of EIGHTEEN MILLION AND NO/100 DOLLARS ($18,000,000) (the "Revolving Credit Limit"), which revolving line of credit shall be evidenced by one or more secured promissory notes (collectively, the "Revolving Credit Facility Note") substantially in the form attached hereto as Exhibit G."

3. Conditions of Effectiveness. This Amendment shall become effective upon satisfaction of the following conditions precedent: Agent shall have received (i) four (4) copies of this Amendment executed by Borrower and consented and agreed to by Guarantors, (ii) an amendment fee of $30,000 (which fee shall be charged to Borrower's Account), (iii) a copy of the resolutions, in form and substance reasonably satisfactory to Agent, of the Board of Directors of Borrower authorizing the execution, delivery and performance of this Amendment and (iv) such other certificates, instruments, documents, agreements and opinions of counsel as may be required by Agent or its counsel, each of which shall be in form and substance satisfactory to Agent and its counsel.

4. Representations and Warranties. Borrower hereby represents and warrants as follows:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms.

(b) Upon the effectiveness of this Amendment, Borrower hereby reaffirms all covenants, representations and warranties made in the Loan Agreement to the extent the same are not amended hereby and agrees that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment.

(c) No Event of Default or Default has occurred and is continuing or would exist after giving effect to this Amendment.

(d) Borrower has no defense, counterclaim or offset with respect to the Loan Agreement.

(e) Borrower is incorporated in the State of Delaware.

5. Effect on the Loan Agreement.

(a) Upon the effectiveness of Section 2 hereof, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan Agreement, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall

remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Agent or any Lender, nor constitute a waiver of any provision of the Loan Agreement, or any other documents, instruments or agreements executed and/or delivered under or in connection therewith.

6. Governing Law. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of New York.

7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. Counterparts. This Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PNC BANK, NATIONAL ASSOCIATION, as Agent and Lender

By: /s/ Alex M. Council, IV

Name: Alex M. Council, IV
Title: Vice President

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

CONSENTED AND AGREED TO:

SCHREIBER, YONLEY AND ASSOCIATES, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX TREATMENT SERVICES, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX OF NEW MEXICO, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX OF FLORIDA, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX OF MEMPHIS, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX OF DAYTON, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX OF FT. LAUDERDALE, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX OF ORLANDO, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX OF SOUTH GEORGIA, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

PERMA-FIX OF MICHIGAN, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

DIVERSIFIED SCIENTIFIC SERVICES, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

INDUSTRIAL WASTE MANAGEMENT, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

MINTECH, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

RECLAMATION SYSTEMS, INC.

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

EAST TENNESSEE MATERIALS & ENERGY
CORPORATION

By: /s/ Richard T. Kelecy

Name: Richard T. Kelecy
Title: V.P.

EXHIBIT 31.1

CERTIFICATIONS

I, Louis F. Centofanti, certify that:

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

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

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

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

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

   b) (Intentionally omitted);

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

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

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

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

   b) Any fraud, whether or not material, that involves management

or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2003

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

EXHIBIT 31.2

CERTIFICATIONS

I, Richard T. Kelecy, certify that:

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

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

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

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

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

   b) (Intentionally omitted);

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

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

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

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

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the

registrant's internal control over financial reporting.

Date: November 10, 2003

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

EXHIBIT 32.1

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

In connection with the Quarterly Report of Perma-Fix Environmental Services, Inc. ("PESI") on Form 10-Q for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I Dr. Louis F. Centofanti, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: November 10, 2003

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

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

EXHIBIT 32.2

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

In connection with the Quarterly Report of Perma-Fix Environmental Services, Inc. ("PESI") on Form 10-Q for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I Richard T. Kelecy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: November 10, 2003

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

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