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 June 30, 2004

Or

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

Commission File No. 111596

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

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

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

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

N/A

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

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

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

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

Class	Outstanding at August 5, 2004
Common Stock, $.001 Par Value	41,657,568 (excluding 988,000 shares held as treasury stock)

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

INDEX

<TABLE>
<CAPTION>

PART I FINANCIAL INFORMATION	Page No.
<S>	<C>
Item 1. Financial Statements	
Consolidated Balance Sheets - June 30, 2004 and December 31, 2003	2
Consolidated Statements of Operations - Three and Six Months Ended June 30, 2004 and 2003	4
Consolidated Statements of Cash Flows - Six Months Ended June 30, 2004 and 2003	5
Consolidated Statement of Stockholders' Equity - Six Months Ended June 30, 2004	6
Notes to Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures About Market Risk	31
Item 4. Controls and Procedures	32
PART II OTHER INFORMATION	
Item 1. Legal Proceedings	33
Item 5. Other Information	33

Item 6. Exhibits and Reports on Form 8-K.................................34
</TABLE>

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS

PART I, ITEM 1

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

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

The results of operations for the six months ended June 30, 2004, are not necessarily indicative of results to be expected for the fiscal year ending December 31, 2004.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

<TABLE>
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(Amounts in Thousands, Except for Share Amounts)	June 30, 2004 (Unaudited)	December 31, 2003
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash	$ 190	$ 411
Restricted cash	61	30
Accounts receivable, net of allowance for doubtful accounts of $711 and $703	27,347	24,622
Inventories	1,009	589
Prepaid expenses	1,660	2,332
Other receivables	416	397
Total current assets	30,683	28,381
Property and equipment:		
Buildings and land	22,372	21,391
Equipment	33,565	32,121
Vehicles	3,236	2,881
Leasehold improvements	11,235	11,082
Office furniture and equipment	2,205	2,153
Construction-in-progress	3,600	2,636
	76,213	72,264
Less accumulated depreciation and amortization	(21,668)	(19,195)
Net property and equipment	54,545	53,069
Intangibles and other assets:		
Permits	16,680	16,680
Goodwill	6,216	6,216
Finite Risk Sinking Fund	2,225	1,234
Other assets	4,128	4,635
Total assets	$ 114,477	$ 110,215

</TABLE>

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

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

<TABLE>
<CAPTION>

(Amounts in Thousands, Except for Share Amounts)	June 30, 2004 (Unaudited)	December 31, 2003

<S> <C> <C>

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,245	$ 6,359
Current environmental accrual	986	1,143
Accrued expenses	9,940	11,553
Unearned revenue	2,978	2,271
Current portion of long-term debt	2,296	2,896
Total current liabilities	23,445	24,222
Environmental accruals	1,910	1,432
Accrued closure costs	5,037	4,965
Other long-term liabilities	1,862	1,677
Long-term debt, less current portion	21,478	26,192
Total long-term liabilities	30,287	34,266
Total liabilities	53,732	58,488
Commitments and Contingencies (see Note 4)	--	--
Preferred Stock of subsidiary, $1.00 par value; 1,467,396 shares authorized, 1,284,730 shares issued and outstanding, liquidation value $1.00 per share	1,285	1,285
Stockholders' equity:		
Preferred Stock, $.001 par value; 2,000,000 shares authorized, 2,500 shares issued and outstanding	--	--
Common Stock, $.001 par value; 75,000,000 shares authorized, 42,545,331 and 37,241,881 shares issued, including 988,000 shares held as treasury stock, respectively	43	37
Additional paid-in capital	80,573	69,640
Accumulated deficit	(19,218)	(17,243)
Interest rate swap	(76)	(130)
	61,322	52,304
Less Common Stock in treasury at cost; 988,000 shares	(1,862)	(1,862)
Total stockholders' equity	59,460	50,442
Total liabilities and stockholders' equity	$ 114,477	$ 110,215

</TABLE>

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

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

<TABLE>
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	Three Months Ended June 30,		Six Months Ended June 30,	
(Amounts in Thousands, Except for Per Share Amounts)	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Net revenues	$ 19,868	$ 19,909	$ 37,337	$ 39,427
Cost of goods sold	14,438	15,391	28,346	29,848
Gross profit	5,430	4,518	8,991	9,579
Selling, general and administrative expenses	4,417	4,786	8,807	9,166
Income (loss) from operations	1,013	(268)	184	413
Other income (expense):				
Interest income	1	3	2	5
Interest expense	(579)	(691)	(1,249)	(1,393)
Interest expense-financing fees	(257)	(257)	(513)	(558)
Other	(61)	10	(305)	(55)
Net income (loss)	117	(1,203)	(1,881)	(1,588)
Preferred Stock dividends	(47)	(48)	(94)	(94)
Net income (loss) applicable to Common Stock	$ 70	$ (1,251)	$ (1,975)	$ (1,682)
Net income (loss) per common share:				
Basic	$ --	$ (.04)	$ (.05)	$ (.05)
Diluted	$ --	$ (.04)	$ (.05)	$ (.05)
Number of shares and potential common shares used in net income (loss) per common share:				
Basic	41,448	34,798	39,244	34,702

Diluted	45,210	34,798	39,244	34,702

</TABLE>

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

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

<TABLE>
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(Amounts in Thousands)	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
<S>	<C>	<C>
Cash flows from operating activities		
Net loss	$ (1,881)	$ (1,588)
Adjustments to reconcile net loss to cash provided by (used in) operations:		
Depreciation and amortization	2,643	2,379
Debt discount amortization	162	162
Provision for bad debt and other reserves	119	82
Gain on sale of plant, property and equipment	(18)	(1)
Changes in assets and liabilities:		
Accounts receivable	(641)	774
Prepaid expenses, inventories and other assets	19	(1,932)
Accounts payable and accrued expenses	(78)	1,596
Net cash provided by operations	325	1,472
Cash flows from investing activities:		
Purchases of property and equipment, net	(1,886)	(1,337)
Proceeds from sale of plant, property and equipment	19	1
Change in restricted cash, net	--	(2)
Change in finite risk sinking fund	(991)	(1,234)
Funds used for acquisitions (net of cash acquired)	(2,903)	--
Net cash used in investing activities	(5,761)	(2,572)
Cash flows from financing activities:		
Net borrowings (repayments) of revolving credit	(3,899)	2,178
Principal repayments of long-term debt	(1,744)	(1,831)
Proceeds from issuance of stock	10,858	591
Net cash provided by financing activities	5,215	938
Decrease in cash	(221)	(162)
Cash at beginning of period	411	212
Cash at end of period	$ 190	$ 50
Supplemental disclosure:		
Interest paid	$ 1,061	$ 1,051
Non-cash investing and financing activities:		
Issuance of Common Stock for services	18	17
Issuance of Common Stock for payment of dividends	63	63
Gain on interest rate swap	54	23
Long-term debt incurred for purchase of property and equipment	167	726

</TABLE>

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited, for the six months ended June 30, 2004)

<TABLE>
<CAPTION>

(Amounts in thousands, except for share amounts)	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Interest Rate Swap	Common Stock Held In Treasury	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 2003	2,500	$ --	37,241,881	$ 37	$69,640	$(17,243)	$ (130)	$ (1,862)	$ 50,442
Comprehensive loss:									
Net loss	--	--	--	--	--	(1,881)	--	--	(1,881)
Other Comprehensive income:									
Gain on interest rate swap	--	--	--	--	--	--	54	--	54
Comprehensive loss									(1,827)

Preferred Stock dividends	--	--	--	--	--	(94)	--	--	(94)
Issuance of Common Stock for Preferred Stock dividend	--	--	19,643	--	63	--	--	--	63
Issuance of stock for cash and services	--	--	667,694	1	1,005	--	--	--	1,006
Issuance of Common Stock in private placement	--	--	4,616,113	5	9,865	--	--	--	9,870
Balance at June 30, 2004	2,500	$ --	42,545,331	$ 43	$80,573	$(19,218)	$ (76)	$ (1,862)	$ 59,460

</TABLE>

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

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

June 30, 2004
(Unaudited)

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

1. Summary of Significant Accounting Policies

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

Reclassifications

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

Stock-Based Compensation

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

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

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

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Net income (loss) applicable to Common Stock, as reported	$ 70	$ (1,251)	$ (1,975)	$ (1,682)
Deduct: Total Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(90)	(103)	(186)	(199)
Pro forma net loss applicable to Common Stock	$ (20)	$ (1,354)	$ (2,161)	$ (1,881)
Loss per share:				
Basic - as reported	$ --	$ (.04)	$ (.05)	$ (.05)
Basic - pro-forma	$ --	$ (.04)	$ (.06)	$ (.05)
Diluted - as reported	$ --	$ (.04)	$ (.05)	$ (.05)
Diluted - pro-forma	$ --	$ (.04)	$ (.06)	$ (.05)

</TABLE>

2. Earnings Per Share

Basic EPS is based on the weighted average number of shares of Common Stock outstanding during the period. Diluted EPS includes the dilutive effect of potential common shares. Diluted loss per share for the three months ended June 30, 2003, and the six months ended June 30, 2004 and 2003, do not include potential common shares as their effect would be anti-dilutive.

The following is a reconciliation of basic net income (loss) per share and diluted net income (loss) per share for the three and six months ended June 30, 2004, and 2003.

(Amounts in thousands except per share amounts)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Net income (loss) applicable to Common Stock-basic	$ 70	$ (1,251)	$ (1,975)	$ (1,682)
Effect of dilutive securities - Preferred Stock dividends	47	--	--	--
Net income (loss) applicable to Common Stock - diluted	$ 117	$ (1,251)	$ (1,975)	$ (1,682)
Basic net income (loss) per share	$ --	$ (.04)	$ (.05)	$ (.05)
Diluted net income (loss) per share	$ --	$ (.04)	$ (.05)	$ (.05)
Weighted average shares outstanding - basic	41,448	34,798	39,244	34,702
Potential shares exercisable under stock option plans	351	--	--	--
Potential shares upon exercise of Warrants	1,744	--	--	--
Potential shares upon conversion of Preferred Stock	1,667	--	--	--
Weighted average shares outstanding - diluted	45,210	34,798	39,244	34,702
Potential shares excluded from above weighted average share calculations due to their anti-dilutive effect include:				
Upon exercise of Options	1,583	3,682	3,140	3,682
Upon exercise of Warrants	1,776	12,893	12,791	12,893
Upon conversion of Preferred Stock	--	1,667	1,667	1,667

3. Long Term Debt

Long-term debt consists of the following at June 30, 2004, and December 31, 2003:

(Amounts in Thousands)	June 30, 2004 (Unaudited)	December 31, 2003
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% (5.25% at June 30, 2004), balance due in December 2005.	$ 5,336	$ 9,235
Term Loan dated December 22, 2000, payable in equal monthly installments of principal of $83, balance due in December 2005, variable interest paid monthly at prime rate plus 1 1/2% (5.75% at June 30, 2004).	3,583	4,083
Three promissory notes dated May 27, 1999, payable in equal monthly installments of principal and interest of $90 over 60 months, interest at 7.0%, paid in full in June 2004.	--	531
Unsecured promissory note dated August 31, 2000, payable in lump sum in August 2005, interest paid annually at 7.0%.	3,500	3,500
Senior subordinated notes dated July 31, 2001, payable in lump sum on July 31, 2006, interest payable quarterly at an annual interest rate of 13.5%, net of unamortized debt discount of $676 at June 30, 2004 and $838 at December 31, 2003.	4,949	4,787
Promissory note dated June 25, 2001, payable in semiannual installments on June 30 and December 31 through December 31, 2008, variable interest accrues at the applicable law rate determined under the IRS Code Section (7.0% on June 30, 2004) and is payable in one lump sum at the end of installment period.	3,194	3,354
Installment agreement dated June 25, 2001, payable in semiannual installments on June 30 and December 31 through December 31, 2008, variable interest accrues at the applicable law rate determined under the IRS Code Section (7.0% on June 30, 2004) and is payable in one lump sum at the end of installment period.	793	833
Various capital lease and promissory note obligations, payable 2004 to 2009, interest at rates ranging from 5.2% to 17.9%.	2,419	2,765
	23,774	29,088
Less current portion of long-term debt	2,296	2,896
	$ 21,478	$ 26,192

Revolving Credit and Term Loan

On December 22, 2000, we entered into a Revolving Credit, Term Loan and Security Agreement ("Agreement") with PNC Bank, National Association, a national banking association ("PNC") acting as agent ("Agent") for lenders, and as issuing bank. The Agreement provided, at inception, for a term loan ("Term Loan") in the amount of $7,000,000, which requires principal repayments based upon a seven-year amortization, payable over five years, with monthly installments of $83,000 and the remaining unpaid principal balance due on December 22, 2005. The Agreement also provided for a revolving line of credit ("Revolving Credit") with a maximum principal amount outstanding at any one time of $18,000,000, as amended. The Revolving Credit advances are subject to limitations of an amount up to the sum of (a) up to 85% of Commercial Receivables aged 90 days or less from invoice date, (b) up to 85% of Commercial Broker Receivables aged up to 120 days from invoice date, (c) up to 85% of acceptable Government Agency Receivables aged up to 150 days from invoice date, and (d) up to 50% of acceptable unbilled amounts aged up to 60 days, less (e) reserves Agent reasonably deems proper and necessary. The Revolving Credit advances are due and payable in full on December 22, 2005. As of June 30, 2004, the excess availability under our Revolving Credit was $13,314,000 based on our eligible receivables, and after reducing the outstanding balance of our Revolving Credit with approximately $6,966,000 of the net proceeds from our recently completed private placement. We intend to use a

portion of the unused excess availability to pay off higher interest debt, such as our 13.5% Senior Subordinated Notes, during the third quarter of 2004.

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

Three Promissory Notes

Pursuant to the terms of the Stock Purchase Agreements in connection with the acquisition of Perma-Fix of Orlando, Inc. ("PFO"), Perma-Fix of South Georgia, Inc. ("PFSG") and Perma-Fix of Michigan, Inc. ("PFMI"), a portion of the consideration was paid in the form of the Promissory Notes, in the aggregate amount of $4,700,000 payable to the former owners of PFO, PFSG and PFMI. The Promissory Notes were paid in full in June 2004.

Unsecured Promissory Note

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

Senior Subordinated Notes

On July 31, 2001, we issued approximately $5,625,000 of our 13.50% Senior Subordinated Notes due July 31, 2006 (the "Notes"). The Notes were issued pursuant to the terms of a Note and Warrant Purchase Agreement, dated July 31, 2001 (the "Purchase Agreement"), between the Company, Associated Mezzanine Investors - PESI, L.P. ("AMI"), and Bridge East Capital, L.P. ("BEC"). The Notes are unsecured and are unconditionally guaranteed by our subsidiaries. Our payment obligations under the Notes are subordinate to our payment obligations to our primary lender and to certain other of our debts up to an aggregate amount of $25,000,000. We currently have approximately $540,000 in unamortized prepaid financing fees that are being amortized over the remaining life of the Notes. It is our intent to prepay the Notes as discussed above. If we prepay the Notes in August 2004, we will be required to expense approximately $1,357,000, which includes the unamortized prepaid financing fees, the unamortized debt discount (discussed below), and payment of a prepayment premium of approximately $190,000.

Under the terms of the Purchase Agreement, we also issued to AMI and BEC Warrants to purchase up to 1,281,731 shares of our Common Stock ("Warrant Shares") at an initial exercise price of $1.50 per share (the "Warrants"), subject to adjustment under certain conditions which were valued at $1,622,000 and recorded as a debt discount and are being amortized over the term of the Notes. As of June 30, 2004, the unamortized portion of the debt discount was $676,000. 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). We account for the changes in redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of each reporting period. On June 30, 2004, the Put Option had no value and no liability was recorded.

Promissory Note

In conjunction with our acquisition of East Tennessee Materials and Energy Corporation ("M&EC"), M&EC issued a promissory note for a principal amount of $3,714,000 to PDC, dated June 25, 2001, for monies advanced to M&EC for certain services performed by PDC. The promissory note is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable law rate ("Applicable Rate") pursuant to the provisions of section 6621 of the Internal Revenue Code of 1986 as amended, (7.0% on June 30, 2004) and payable in lump sum at the end of the loan period. On June 30, 2004, the outstanding balance was $4,301,000 including accrued interest of approximately $1,107,000. PDC has directed M&EC to make all payments under the promissory note directly to the IRS to be applied to PDC's obligations under its installment agreement with the IRS.

Installment Agreement

Additionally, M&EC entered into an installment agreement with the Internal Revenue Service ("IRS") for a principal amount of $923,000 effective June 25, 2001, for certain withholding taxes owed by M&EC. The installment agreement is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the Applicable Rate and is adjusted on a quarterly basis and payable in lump sum at the end of the installment period. On June 30, 2004 the Applicable Rate was 7.0%. On June 30, 2004, the outstanding balance was $1,063,000 including accrued interest of approximately $270,000.

4. Commitments and Contingencies

Hazardous Waste

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

Legal

In the normal course of conducting our business, we are involved in various litigations. Except as stated below, there has been no material change in legal proceedings from those disclosed previously in the Company's Form 10-K for the year ended December 31, 2003 and the Company's Form 10-Q for the quarter ended March 31, 2004.

Our Tulsa, Oklahoma subsidiary, which has a permit to treat and store hazardous waste in certain areas of its facility, had been improperly accepting and storing a substantial amount of hazardous and non-hazardous waste in violation of certain environmental laws in areas not permitted to accept and/or to store hazardous and non-hazardous waste. We voluntarily reported this matter to the appropriate Oklahoma authorities and have removed this waste to permitted treated, storage and/or disposal facilities. We have received a notice of violation ("NOV") and are currently working with the Oklahoma authorities to provide the information they requested and resolve this matter. Although no fines or penalties were assessed under the NOV, our Oklahoma subsidiary was required to make modifications to the existing facility.

Insurance

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

In June 2003, we entered into a 25-year finite risk insurance policy, which provides financial assurance to the applicable states for our permitted facilities in the event of unforeseen closure. Prior to obtaining or renewing operating permits we are required to provide financial assurance that guarantee to the states that, in the event of closure, our permitted facilities will be closed in accordance with the regulations. The policy provides $35,000,000 of financial assurance coverage and has available capacity to allow for annual inflation and other performance and surety bond requirements. On the fourth and subsequent anniversaries of the contract inception, the Company may elect to terminate this contract. During the second quarter of 2003 we made an upfront payment of $4,000,000, of which $2,766,000 represents the full premium for the 25-year term of the policy, and the remaining $1,234,000, was deposited in a sinking fund account. Additionally, in February 2004 we paid the first of nine required annual installments of $1,004,000, of which $991,000 was deposited in the sinking fund account, the remaining $13,000 represents a terrorism premium. As of June 30, 2004, we have recorded $2,225,000 in our Finite Risk Sinking Fund on the balance sheet.

5. Acquisitions

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

We paid $2,915,000 in cash for the acquired assets and assumed certain liabilities of A&A and EMAX. The acquisitions were accounted for using the purchase method effective March 23, 2004, and accordingly, the estimated fair values of the assets acquired and liabilities assumed of A&A and EMAX as of this date, and the results of operations since this date, are included in the accompanying consolidated financial statements. As of March 23, 2004, we performed preliminary purchase price allocations based upon information available as of this date, and we are in the process of obtaining third party evaluations of certain assets, thus, the allocation of the purchase prices are subject to refinement. Accordingly, the purchase prices were preliminarily allocated to the net assets and net liabilities so acquired and assumed based on their estimated fair values. Included in these preliminary allocations were current assets of $2,481,000, property and equipment of $2,066,000, current liabilities of approximately $1,141,000 and

long-term environmental liability of $491,000. Based on the preliminary purchase price allocations no goodwill was recorded.

6. Private Placement

On March 22, 2004, we completed a private placement for gross proceeds of approximately $10,386,000 through the sale of 4,616,113 shares of our Common Stock at $2.25 per share and Warrants to purchase an additional 1,615,638 shares of our Common Stock exercisable at $2.92 per share and a term of three years. The private placement was sold to fifteen accredited investors. The net cash proceeds received of $9,946,000, after paying placement agent fees, were used in connection with the acquisitions of certain acquired assets of A&A and EMAX discussed above, and to pay down the Revolving Credit. We have incurred an additional $76,000 for expenses related to the private placement. We intend to use a portion of our availability under our Revolving Credit, after paying such down with a portion of the net proceeds from the private placement, to repay higher interest debt such as the Notes with an interest rate of 13.5%. We also issued Warrants to purchase an aggregate of 160,000 shares of our Common Stock, exercisable at $2.92 per share and with a three year term, for consulting services related to the private placement.

7. Operating Segments

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

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

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

Our operating segments are defined as follows:

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

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

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

engineering support as needed by our other segments.

The table below presents certain financial information in thousands by business segment for the three and six months ended June 30, 2004 and 2003.

Segment Reporting for the Quarter Ended June 30, 2004

<TABLE>
<CAPTION>

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	$ 10,531	$ 8,509	$ 828	$ 19,868	$ --	$ 19,868
Intercompany revenues	754	861	158	1,773	--	1,773
Interest income	1	--	--	1	--	1
Interest expense	187	415	--	602	(23)	579
Interest expense-financing fees	--	1	--	1	256	257
Depreciation and amortization	731	659	7	1,397	10	1,407
Segment profit (loss)	(583)	630	23	70	--	70
Segment assets(1)	46,557	58,736	2,192	107,485	6,992	114,477
Expenditures for segment assets	96	867	9	972	8	980

</TABLE>

Segment Reporting for the Quarter Ended June 30, 2003

<TABLE>
<CAPTION>

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	$ 11,265	$ 7,880	$ 764	$ 19,909	$ --	$ 19,909
Intercompany revenues	1,132	900	141	2,173	--	2,173
Interest income	1	--	--	1	2	3
Interest expense	192	458	(3)	647	44	691
Interest expense-financing fees	--	1	--	1	256	257
Depreciation and amortization	578	634	8	1,220	19	1,239
Segment profit (loss)	(579)	(747)	75	(1,251)	--	(1,251)
Segment assets(1)	42,318	55,583	2,179	100,080	7,143	107,223
Expenditures for segment assets	390	399	6	795	65	860

</TABLE>

Segment Reporting for the Six Months Ended June 30, 2004

<TABLE>
<CAPTION>

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	$ 17,797	$ 17,984	$ 1,556	$ 37,337	$ --	$ 37,337
Intercompany revenues	1,029	1,849	219	3,097	--	3,097
Interest income	2	--	--	2	--	2
Interest expense	353	869	--	1,222	27	1,249
Interest expense-financing fees	--	1	--	1	512	513
Depreciation and amortization	1,306	1,308	14	2,628	15	2,643
Segment profit (loss)	(3,116)	1,114	27	(1,975)	--	(1,975)
Segment assets(1)	46,557	58,736	2,192	107,485	6,992	114,477
Expenditures for segment assets	455	1,529	17	2,001	52	2,053

</TABLE>

Segment Reporting for the Six Months Ended June 30, 2003

<TABLE>
<CAPTION>

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers	$ 21,508	$ 16,266	$ 1,653	$ 39,427	$ --	$ 39,427
Intercompany revenues	2,275	1,307	274	3,856	--	3,856
Interest income	3	--	--	3	2	5
Interest expense	374	943	(6)	1,311	82	1,393
Interest expense-financing fees	--	3	--	3	555	558
Depreciation and amortization	1,112	1,211	18	2,341	38	2,379
Segment profit (loss)	(1,407)	(431)	156	(1,682)	--	(1,682)
Segment assets(1)	42,318	55,583	2,179	100,080	7,143	107,223
Expenditures for segment assets	836	1,068	8	1,912	151	2,063

</TABLE>

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

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

(3) The consolidated revenues include revenues within the Nuclear Waste Services segment from Bechtel Jacobs for the quarter and six months ended June 30, 2004, which total $2,609,000 or 13.1% and 4,125,000 or 11.1% of consolidated revenues and $4,170,000 or 20.9% and 5,903,000 or 15.0% of consolidated revenues for the same periods in 2003.

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

Forward-looking Statements

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

- improve our operations and liquidity;
- anticipated improvement in our financial performance;
- ability to comply with the general working capital requirements;
- ability to be able to continue to borrow under the 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 our facilities in Memphis, Tennessee; Detroit, Michigan; and Valdosta, Georgia;
- ability to remediate certain contaminated sites for projected amounts;
- ability to fund up to the additional $1,600,000 of the $3,600,000 revised capital expenditure estimate during 2004;
- as the M&EC facility continues to enhance its processing capabilities and completes certain expansion projects, we could see higher total revenues with Bechtel Jacobs;
- increasing other sources of revenue at M&EC;
- growth of our Nuclear segment;
- positive results in our Industrial segment from our strategy;
- improvement in the third quarter;
- use of proceeds from the private placement to pay off higher interest debt;
- ability under the joint ventures to win contract awards and perform remedial activities; and
- completion of the contract with the Fortune 500 company during the first quarter of next year.

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;

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

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

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

Overview

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

The results, on a consolidated basis, for the second quarter of 2004 reflect a significant improvement over the losses incurred in the first quarter of the year, as we achieved profitability for the quarter. We continue to see revenue growth and contract opportunities within the Nuclear segment, while at the same time enhancing our processing capabilities and efficiencies, improving our gross margins and reducing our overhead costs within the segment. Our recent restructuring efforts within the Industrial segment are beginning to have a positive effect. Even though our revenues have declined within this segment over the past two quarters, we are now seeing improvements as our new sales efforts take effect. The Industrial segment improved its gross margins, reduced its overhead and reduced its overall loss position, from that reported in the first quarter. A major contributor however to its loss was the operating losses sustained at the Michigan facility as a result of its ongoing disruption. We are reviewing in detail all activities and options as to the Michigan facility. We continue to strengthen our balance sheet and cash position, and reduce our debt, which should have a positive effect as we move into our strongest quarter.

Results of Operations

The table below should be used when reviewing management's discussion and analysis for the three and six months ended June 30, 2004 and 2003:

<TABLE>
<CAPTION>

	Three Months Ended	Six Months Ended

Consolidated (amounts in thousands)	June 30,				June 30,			
	2004	%	2003	%	2004	%	2003	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net revenues	$19,868	100.0	$19,909	100.0	$ 37,337	100.0	$39,427	100.0
Cost of goods sold	14,438	72.7	15,391	77.3	28,346	75.9	29,848	75.7
Gross profit	5,430	27.3	4,518	22.7	8,991	24.1	9,579	24.3
Selling, general and administrative	4,417	22.2	4,786	24.0	8,807	23.6	9,166	23.2
Income (loss) from operations	$1,013	5.1	$ (268)	(1.3)	$ 184	0.5	$ 413	1.1
Interest expense	$ (579)	(2.9)	$ (691)	(3.4)	$(1,249)	(3.3)	$(1,393)	(3.5)
Interest expense-financing fees	(257)	(1.3)	(257)	(1.3)	(513)	(1.4)	(558)	(1.4)
Preferred Stock dividends	(47)	(0.2)	(48)	(0.2)	(94)	(0.3)	(94)	(0.2)

</TABLE>

Summary - Three and Six Months Ended June 30, 2004 and 2003

Net Revenue

Consolidated net revenues decreased to $19,868,000 for the quarter ended June 30, 2004, as compared to $19,909,000 for the same quarter in 2003. The decrease of $41,000 or 0.2% is primarily attributable to a decrease in the Industrial segment of approximately $734,000 or 6.5% resulting principally from the continued restructuring of the segment. The Industrial segment had made the strategic decision to eliminate low margin broker business and replace it with higher margin generator direct revenue, which resulted in reduced revenues in the first and second quarters of 2004. Other reductions within the Industrial segment include a disruption in our bulking services due to a fire at our Michigan facility in November of 2003. The remaining decrease for the Industrial segment is attributable to the decline in government revenues of approximately $283,000, principally a result of a $252,000 reduction from a contract that expired during the second quarter of 2003. Partially offsetting the decrease within the segment is $2,691,000 of revenue contributed from two facilities acquired as of March 23, 2004. See "Acquisitions" in this Management's Discussion and Analysis for further information on the acquired facilities. Positively impacting 2003, which was not duplicated in 2004, was the Army's Newport Hydrolysate project, from which we recognized revenue of $625,000 during the second quarter of 2003. Offsetting this decrease, was an increase in the Nuclear segment of approximately $629,000 or 8.0%, resulting from the continued expansion within the mixed waste market as our facilities demonstrate their ability to accept and process more complex waste streams, and we receive new contracts for additional services. We recently were awarded a contract by a Fortune 500 company to treat and dispose of mixed waste from research and development activities. During the second quarter of 2004 we performed a demonstration project for the U.S. Environmental Protection Agency on a new PCB treatment process for contaminated soils. This demonstration utilized a portion of our processing capacities over approximately a five-week period, which negatively impacted our revenue generating processing capacity during the quarter. Additionally, the second quarter of 2003 was negatively impacted by the government's inability to ship waste to our facilities due to the war in Iraq and prolonged terrorism alerts. Revenues from Bechtel Jacobs Company, which includes the Oak Ridge contracts, totaled $2,609,000 or 13.1% of total consolidated revenues for the three months ended June 30, 2004, compared to $4,170,000 or 20.9% for

the three months ended June 30, 2003. See "Known Trends and Uncertainties - Significant Contracts" of this Management's Discussion and Analysis. Additionally, the Consulting Engineering Service segment also experienced an increase of approximately $64,000.

Consolidated net revenues decreased to $37,337,000 from $39,427,000 for the six-month period ended June 30, 2004. This decrease of $2,090,000 or 5.3% is principally attributable to a decrease in the Industrial segment of approximately $3,711,000 resulting primarily from the continued restructuring of the segment as discussed above. Other reductions within the Industrial segment include a disruption in our bulking services due to a fire at our Michigan facility in November of 2003. The remaining decrease for the segment is attributable to the reduction in government revenues of approximately $1,276,000, partially a result of special event work that was performed in the first six months of 2003, which was not available in 2004, and roughly $588,000 due to a contract that expired during the second quarter of 2003. Partially offsetting the decrease within the segment is $3,197,000 of revenue contributed from two facilities acquired as of March 23, 2004. See "Acquisitions" in this Management's Discussion and Analysis for further information on the acquired facilities. Positively impacting 2003, was the Army's Newport Hydrolysate project, from which we recognized revenue of $1,185,000 during the first six months of 2003, and was not duplicated in 2004. The Consulting Engineering Service segment also experienced a decrease of approximately $97,000, which was primarily due to new contract work for a major cement manufacturer in the first six months of 2003. Offsetting these decreases, was an increase in the Nuclear segment of approximately $1,718,000, resulting from the continued expansion within the mixed waste market as our facilities demonstrate their ability to accept and process more complex waste streams and we receive new contracts for additional services. Additionally, 2003 was negatively effected by the government's inability to ship waste to our facilities due to the war in Iraq and prolonged terrorism alerts, which has not been an obstacle for the first six months of 2004. Consolidated revenues with Bechtel Jacobs Company, which includes the Oak Ridge contracts, totaled $4,125,000 or 11.1% of total revenues for the six months ended June 30, 2004, compared to $5,903,000 or 15.0% for the

six months ended June 30, 2003. See "Known Trends and Uncertainties - Significant Contracts" of this Management's Discussion and Analysis. The backlog of stored waste within the Nuclear segment at June 30, 2004, was approximately $8,646,000, compared to $5,782,000 at December 31, 2003.

Cost of Goods Sold

Cost of goods sold decreased $953,000 or 6.2% for the quarter ended June 30, 2004, as compared to the quarter ended June 30, 2003. This decrease in cost of goods sold predominantly reflects a decrease in the Nuclear segment of $639,000 due to a decrease in disposal and treatment costs associated with the continued refinement of our treatment processes along with the reduction of our insurance costs as a result of the finite risk insurance program. Additionally, the Industrial segment experienced a decrease of approximately $407,000, which primarily relates to the decrease in revenues. This decrease includes the reduction in costs from 2003 due to the Army's Newport Hydrolysate project, not repeated in 2004. Partially offsetting the decrease was the additional costs to process and dispose of waste related to the loss of our Michigan facility's ability to perform bulking services since November 2003 and the additional operating costs incurred as the segment completes its restructuring and integration efforts. The second quarter of 2004 also reflected additional costs related to revenue generated from the two facilities acquired, as of March 23, 2004. Partially offsetting these decreases was an increase in cost of goods sold for the Consulting Engineering Services segment of $93,000, which corresponds with the increase in revenue. Depreciation expense of $1,304,000 and $1,131,000 for the quarters ended June 30, 2004 and 2003, respectively, is included in cost of goods sold, which reflects an increase of $173,000.

Cost of goods sold decreased $1,502,000 or 5.0% for the six-month period ended June 30, 2004, as compared to the six-month period ended June 30, 2003. This decrease in cost of goods sold principally reflects a decrease in the Industrial segment of approximately $1,466,000, which primarily relates to the decrease in revenues. This decrease includes the reduction in costs from 2003 due to the Army's Newport

Hydrolysate project, not repeated in 2004. Partially offsetting this decrease was the additional costs to process and dispose of waste at our Michigan facility and the additional operating costs incurred as the segment completes its restructuring and integration efforts. The first six months of 2004 also reflected additional costs related to revenue generated from the two facilities acquired, as of March 23, 2004. Additionally, the Nuclear segment experienced a decrease of $93,000 due to a decrease in disposal and treatment costs associated with the continued refinement of our treatment processes, along with the reduction of our insurance costs related to our finite risk insurance program. Partially offsetting these decreases was an increase in cost of goods sold for the Consulting Engineering Services segment of $57,000, which relates to the higher costs of the consulting projects completed this year. Included within cost of goods sold is depreciation expense of $2,444,000 and $2,167,000 for the six months ended June 30, 2004 and 2003, respectively, reflecting an increase of $277,000 over 2003.

Gross Profit

The resulting gross profit for the quarter ended June 30, 2004, increased $912,000 to $5,430,000, which as a percentage of revenue is 27.3%, as compared to 22.7% for the quarter ended June 30, 2003. The increase in gross profit percentage principally reflects an increase in the Nuclear segment from 24.0% in 2003 to 37.1% in 2004, reflecting mainly the favorable product mix during the quarter, improvements within the waste processing lines and the benefit from the fixed cost nature of these facilities as revenues increase. The increase in gross profit percentage is primarily offset by a decrease in the Industrial segment from 20.7% in 2003 to 19.0% in 2004. This segment's decrease reflects the fixed costs of operating the facilities being spread over reduced revenues, relating in part to the restructuring, as well as the decrease in gross profit from the loss of the Michigan facility's ability to perform bulking services after the fire in November of 2003. The positive effects of the March 23, 2004 acquisitions more than offset the elimination of the Army's Newport Hydrolysate project included in the second quarter of 2003. Additionally, there was a decrease in the Consulting Engineering Services segment from 39.1% in 2003 to 32.5% in 2004, which reflects the impact of lower margin projects being performed in the second quarter of 2004.

The resulting gross profit for the six months ended June 30, 2004, decreased $588,000 to $8,991,000, which as a percentage of revenue is 24.1%, reflecting a decrease from the 2003 corresponding six months percentage of revenue of 24.3%. This decrease in gross profit percentage principally reflects a decrease in the Industrial segment from 19.9% in 2003 to 11.4% in 2004. This segment's decrease reflects the fixed costs of operating the facilities being spread over reduced revenues, relating in part to the restructuring, as well as the decrease in gross profit from the loss of the Michigan facility's ability to perform bulking services after the fire in November of 2003. The positive effects of the March 23, 2004 acquisitions more than offset the elimination of the Army's Newport Hydrolysate project included in the first six months of 2003. Additionally, there was a decrease in the Consulting Engineering Services segment from 35.7% in 2003 to 28% in 2004, which reflects the impact of lower margin projects being performed in the first six months of 2004. The decrease in gross profit percentage was partially offset by an increase in the Nuclear segment from 29.0% in 2003 to 36.3% in 2004, reflecting mainly the favorable product mix during the first six months, improvements within the waste processing lines and the benefit from the fixed cost nature of these facilities as revenues increase.

Selling, General and Administrative

Selling, general and administrative expenses decreased $369,000 or 7.7% for the quarter ended June 30, 2004, as compared to the quarter ended June 30, 2003.

This decrease was achieved throughout all of our segments, and included reductions in payroll related expenses and outside services, the most significant of which came from the Industrial segment, as a result of the restructuring of the segment. Partially offsetting these decreases within the segment are the additional expenses related to the two facilities acquired effective March 23, 2004. Depreciation and amortization expense of $102,000 and $108,000 was included within selling, general and administrative expenses for the second quarters of 2004 and

2003, respectively. As a percentage of revenue, selling, general and administrative expenses decreased to 22.2% for the quarter ended June 30, 2004, compared to 24.0% for the same period in 2003.

Selling, general and administrative expenses decreased $359,000 or 3.9% for the six months ended June 30, 2004, as compared to the same period in 2003. This decrease primarily relates to the Consulting Engineering Services and Industrial segments reductions in payroll and related expenses, with the decrease in the Industrial segment primarily due to the restructuring of the segment. Partially offsetting the decrease within the Industrial segment are the additional expenses related to the two facilities acquired, effective March 23, 2004. Offsetting these decreases was an increase in corporate administrative expenses and Nuclear segment payroll related expenses, as stronger infrastructures are built. Included in selling, general and administrative expenses is depreciation and amortization expense of $199,000 and $212,000 for the six months ended June 30, 2004 and 2003, respectively. As a percentage of revenue, selling, general and administrative expenses increased to 23.6% for the six months ended June 30, 2004, compared to 23.2% for the same period in 2003.

Interest Expense

Interest expense decreased $112,000 for the quarter ended June 30, 2004, as compared to the corresponding period of 2003. This decrease reflects lower borrowing levels and interest rates on our PNC revolving credit and term loan, resulting in a decrease in interest expense of $86,000. In March 2004, we received proceeds from the private placement, that were used to temporarily reduce the revolver, resulting in this decrease in interest expense. Additionally, this decrease reflects the impact of the final repayment of debt associated with past acquisitions resulting in a decrease in interest expense of $19,000, and a decrease in interest expense of $7,000 associated with scheduled payments of other debt.

Interest expense also decreased by $144,000 for the six-month period ended June 30, 2004, as compared to the corresponding period of 2003. This decrease reflects the impact of lower interest rates and decreased borrowing levels on the revolving credit and term loans with PNC, which resulted in a decrease in interest expense of $116,000 when compared to prior year, principally a result of the private placement funds raised in 2004. Additionally, the final repayment of debt associated with past acquisitions resulted in a decrease in interest expense of $37,000. In March 2004, we received proceeds related to the private placement that was used to temporarily reduce the revolver, which resulted in a decrease in interest expense. Offsetting these decreases was an increase in interest expense of $9,000 due to an increase in debt associated with facility and computer upgrades.

Interest Expense - Financing Fees

Interest expense-financing fees remained constant at $257,000 during the three months ended June 30, 2004, and 2003. These financing fees are principally associated with the credit facility and term loan with PNC and the senior subordinated notes, and are amortized to expense over the term of the loan agreements.

Interest expense-financing fees decreased by $45,000 for the six months ended June 30, 2004, as compared to the corresponding period of 2003. This decrease was primarily due to a one-time write-off of fees in March 2003, associated with other short term financing.

Preferred Stock Dividends

Preferred Stock dividends remained relatively constant at $47,000 and $48,000 for the quarters ended June 30, 2004 and 2003, respectively. The Preferred Stock dividends are comprised of approximately $31,000 accrued dividends from our Series 17 Preferred Stock, and $16,000 from the accrual of preferred dividends on the Preferred Stock of our subsidiary, M&EC. Preferred dividends for the six months remained constant at $94,000 for 2004 and 2003.

Liquidity and Capital Resources of the Company

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

At June 30, 2004, we had cash of $190,000. This cash total reflects a decrease of $221,000 from December 31, 2003, as a result of net cash provided by operations of $325,000 and cash provided by financing activities of $5,215,000 (principally proceeds from the issuance of Common Stock in connection with Warrant and option exercises, issuances under our employee stock purchase plan

and the private placement completed in the first quarter partially offset by net repayments of our revolving credit facility and long-term debt) offset by cash used in investing activities of $5,761,000 (principally funds used for acquisitions, net purchases of equipment, and a deposit to the finite risk sinking fund). We are in a net borrowing position and therefore attempt to move all excess cash balances immediately to the revolving credit facility, so as to reduce debt and interest expense. We utilize a centralized cash management system, which includes remittance lock boxes and is structured to accelerate collection activities and reduce cash balances, as idle cash is moved without delay to the revolving credit facility. The cash balance at June 30, 2004 represents payroll account fundings, which were not withdrawn until after quarter-end.

Operating Activities

Accounts receivable, net of allowance for doubtful accounts, totaled $27,347,000, an increase of $2,725,000 from the December 31, 2003 balance of $24,622,000. This increase reflects the impact of additional accounts receivable of $2,540,000 as a result of the assets purchased in the acquisitions discussed below in this Management's Discussion and Analysis. Additionally, the Industrial segment experienced an increase in accounts receivable of $1,600,000 as a result of the final billing of the Army's Newport Hydrolysate project, which was principally offset by enhanced collection efforts within the segment. The Nuclear segment experienced an increase of $141,000, partially as a result of a $1,900,000 billing in June related to a major contract, offset almost entirely by collections made primarily on Government invoices. The Consulting Engineering segment experienced an increase of $61,000.

As of June 30, 2004, total consolidated accounts payable was $7,245,000, an increase of $886,000 from the December 31, 2003, balance of $6,359,000. This increase in accounts payable reflects the impact of the acquisitions, which resulted in an increase of $890,000. Additionally, accounts payable increased due to unfinanced capital expenditures, offset by decreases in accounts payable which was achieved by improved cash flow during the second quarter and the positive impact of the first quarter acquisitions.

Working capital at June 30, 2004, was $7,238,000, as compared to working capital of $4,159,000 at December 31, 2003, reflecting an increase of $3,079,000. This working capital increase principally reflects the increased accounts receivable balance primarily due to the acquisitions, which contributed $1,740,000 of this increase, net of the increased accounts payable balance at the end of the period, and improved cash flow during the second quarter.

Investing Activities

Our purchases of capital equipment for the six-month period ended June 30, 2004, totaled approximately $2,053,000, including financed purchases of $167,000. These expenditures were for expansion and improvements to the operations principally within our Industrial and Nuclear segments. The capital expenditures were funded by cash provided by operations and from proceeds from the issuance of stock, upon exercise of Warrants and options. We had budgeted capital expenditures of up to approximately

$5,600,000 for 2004, which includes an estimated $1,675,000 for completion of certain 2003 projects in process, as well as other identified capital purchases for the expansion and improvement to the operations and for certain compliance related enhancements. We have revised our capital expenditures estimate for 2004, down to approximately $3,600,000. Our purchases during 2004 include approximately $884,000 to complete certain of the 2003 projects in process. We anticipate funding capital expenditures by a combination of lease financing, internally generated funds, and/or the proceeds received from Option and Warrant exercises.

Financing Activities

We have a revolving credit, term loan and security agreement ("Agreement") with PNC Bank, National Association, a national banking association ("PNC"). The Agreement provided, at inception, for a term loan ("Term Loan") in the amount of $7,000,000, which requires principal repayments based upon a seven-year amortization, payable over five years, with monthly installments of $83,000 and the remaining unpaid principal balance due on December 22, 2005. The Agreement also provided for a revolving line of credit ("Revolving Credit") with a maximum principal amount outstanding at any one time of $18,000,000, as amended. The Revolving Credit advances are subject to limitations of an amount up to the sum of (a) up to 85% of Commercial Receivables aged 90 days or less from invoice date, (b) up to 85% of Commercial Broker Receivables aged up to 120 days from invoice date, (c) up to 85% of acceptable Government Agency Receivables aged up to 150 days from invoice date, and (d) up to 50% of acceptable unbilled amounts aged up to 60 days, less (e) reserves PNC reasonably deems proper and necessary. The Revolving Credit advances shall be due and payable in full on December 22, 2005. As of June 30, 2004, the excess availability under our Revolving Credit was $13,314,000 based on our eligible receivables, and after reducing the outstanding balance of our Revolving Credit with approximately $6,966,000 of the net proceeds from our recently completed private placement. We intend to use a portion of the unused excess availability to pay off higher interest debt, such as our 13.5 % Senior Subordinated Notes, during the third quarter of 2004.

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

Pursuant to the terms of the Stock Purchase Agreements in connection with the acquisition of Perma-Fix of Orlando, Inc. ("PFO"), Perma-Fix of South Georgia,

Inc. ("PFSG") and Perma-Fix of Michigan, Inc. ("PFMI"), a portion of the consideration was paid in the form of Promissory Notes, in the aggregate amount of $4,700,000 payable to the former owners of PFO, PFSG and PFMI. The Promissory Notes were paid in full in June 2004.

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

On July 31, 2001, we issued approximately $5,625,000 of our 13.50% Senior Subordinated Notes due July 31, 2006 (the "Notes"). The Notes were issued pursuant to the terms of a Note and Warrant Purchase Agreement, dated July 31, 2001 (the "Purchase Agreement"), between the Company, Associated Mezzanine Investors - PESI, L.P. ("AMI"), and Bridge East Capital, L.P. ("BEC"). The Notes are unsecured and are unconditionally guaranteed by our subsidiaries. Our payment obligations under the Notes are subordinate to our payment obligations to our primary lender and to certain other of our debts up to an aggregate amount of $25,000,000. We currently have approximately $540,000 in unamortized

prepaid financing fees that are being expenses over the life of the Notes. It is our intent to prepay the Notes as discussed above. If we prepay the Notes in August 2004, we will be required to expense approximately $1,357,000, which includes the unamortized prepaid financing fees, the unamortized debt discount (discussed below), and payment of a prepayment premium of approximately $190,000.

Under the terms of the Purchase Agreement, we also issued to AMI and BEC Warrants to purchase up to 1,281,731 shares of our Common Stock ("Warrant Shares") at an initial exercise price of $1.50 per share (the "Warrants"), subject to adjustment under certain conditions which were valued at $1,622,000 and recorded as a debt discount and are being amortized over the term of the Notes. As of June 30, 2004, the unamortized portion of the debt discount was $676,000. 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). We account for the changes in redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of each reporting period. On June 30, 2004, the Put Option had no value and no liability was recorded.

In conjunction with our acquisition of East Tennessee Materials and Energy Corporation ("M&EC"), M&EC issued a promissory note for a principal amount of $3,714,000 to PDC, dated June 25, 2001, for monies advanced to M&EC for certain services performed by PDC. The promissory note is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable law rate ("Applicable Rate") pursuant to the provisions of section 6621 of the Internal Revenue Code of 1986 as amended, (7.0% on June 30, 2004) and payable in lump sum at the end of the loan period. On June 30, 2004, the outstanding balance was $4,301,000 including accrued interest of approximately $1,107,000. PDC has directed M&EC to make all payments under the promissory note directly to the IRS to be applied to PDC's obligations under its installment agreement with the IRS.

Additionally, M&EC entered into an installment agreement with the Internal Revenue Service ("IRS") for a principal amount of $923,000 effective June 25, 2001, for certain withholding taxes owed by M&EC. The installment agreement is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the Applicable Rate and is adjusted on a quarterly basis and payable in lump sum at the end of the installment period. On June 30, 2004 the Applicable Rate was 7.0%. On June 30, 2004, the outstanding balance was $1,063,000 including accrued interest of approximately $270,000.

The accrued dividends on the outstanding Preferred Stock for the period July 1, 2003, through December 31, 2003, in the amount of approximately $63,000 were paid in February 2004 in the form of 19,643 shares of our Common Stock. The dividends for the period January 1, 2004, through June 30, 2004, total $62,000, and will be paid in August 2004, through the issuance of 34, 938 shares of our Common Stock. Under our loan agreements, we are prohibited from paying cash dividends on our outstanding capital stock.

During the first quarter of 2003, our Michigan facility incurred minor disruption from off specification waste shipped to the facility from a customer. We have filed, and are negotiating, an insurance settlement, in addition to

bringing litigation against both the customer and broker who shipped the waste. There are no assurances that we will be successful in our lawsuit. During the fourth quarter of 2003, the Michigan facility had a second incident occur which resulted in a fire that did considerable damage to the facility and significant disruption to its bulk processing area. We are finalizing this second insurance claim submittal and are currently reviewing the cost estimates to rebuild the facility. Under our insurance policy we have a $500,000 per claim deductible, which will be deducted from each of the gross claim amounts. As a result of the above noted disruptions, the Michigan facility continues to incur operating losses and we are evaluating all possible options, including a full or partial rebuild, sale of the facility or complete shutdown. We have recently completed another series of layoffs at the facility in an attempt to mitigate the losses.

In summary, we have continued to take steps to improve our operations and liquidity as discussed above. However, we continue to invest our working capital back into our facilities to fund capital additions for expansion within both the Nuclear and Industrial segments. The first quarter, which is traditionally our slowest period, experienced an exaggerated seasonal slowdown. This slowdown, combined with the disruption of our Michigan facility resulting from a fire in the fourth quarter of 2003, the elimination of low margin business and reduction in government revenues in the Industrial segment, has negatively impacted our liquidity. However, the second quarter of this year has shown improvement with a return to profitability and improved cashflow. The restructuring process for the Industrial segment is showing positive results, as are the acquisitions. If we are unable to improve our operations and become profitable in the foreseeable future, such would have a material adverse effect on our liquidity position.

Acquisitions

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

Private Placement

On March 22, 2004, we completed a private placement for gross proceeds of approximately $10,386,000 through the sale of 4,616,113 shares of our Common Stock at $2.25 per share and Warrants to purchase an additional 1,615,638 shares of our Common Stock exercisable at $2.92 per share and a term of three years. The private placement was sold to fifteen accredited investors. The net cash proceeds received of $9,946,000, after paying placement agent fees, were used in connection with the acquisitions of certain acquired assets of A&A and EMAX discussed above, and to pay down the Revolving Credit. We have incurred an additional $76,000 for expenses related to the private placement. We intend to use our availability under our Revolving Credit to repay higher interest debt such as the Notes with an interest rate of 13.5%. We also issued Warrants to purchase an aggregate of 160,000 shares of our Common Stock, exercisable at $2.92 per share and with a three year term, for consulting services related to the private placement.

Contractual Obligations

The following table summarizes our contractual obligations at June 30, 2004, and the effect such obligations are expected to have on our liquidity and cash flow in future periods, (in thousands):

<TABLE>
<CAPTION>

Contractual Obligations	Total	2004	2005-2007	2008-2009	After 2009
Long-term debt	$ 23,774	$ 1,687	$ 21,049	$ 1,038	$ --
Interest on long-term debt	1,377	--	--	1,377	--
Operating leases	3,862	786	2,987	89	--
Finite risk policy	8,030	--	3,011	2,008	3,011
Purchase obligations (1)	--	--	--	--	--
Total contractual obligations	$ 37,043	$ 2,473	$ 27,047	$ 4,512	$ 3,011

Payments due by period: 2004 through After 2009.

</TABLE>

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

In June 2003, we entered into a 25-year finite risk insurance policy, which provides financial assurance to the applicable states for our permitted facilities in the event of unforeseen closure. Prior to obtaining or renewing operating permits we are required to provide financial assurance that guarantees to the states that in the event of closure our permitted facilities will be closed in accordance with the regulations. The policy provides $35,000,000 of financial assurance coverage and has available capacity to allow for annual inflation and other performance and surety bond requirements. This finite risk insurance policy required an upfront payment of $4,000,000, of which $2,766,000 represents the full premium for the 25-year term of the policy, and the remaining $1,234,000, was deposited in a sinking fund account. Additionally, in February 2004 we paid the first of nine required annual installments of $1,004,000, of which $991,000 was deposited in the sinking fund account, the

remaining $13,000 represents a terrorism premium. As of June 30, 2004, we have recorded $2,225,000 in our sinking fund on the balance sheet. On the fourth and subsequent anniversaries of the contract inception, we may elect to terminate this contract. If we so elect, the insurer will pay us an amount equal to 100% of the sinking fund account balance in return for complete releases of liability from both us and any applicable regulatory agency using this policy as an instrument to comply with financial assurance requirements.

Option Exercises

During the second quarter of 2004, holders of certain outstanding options exercised their options to purchase 78,700 shares of our Common Stock for an aggregate purchase price of approximately $99,000. The options were exercised in accordance with the terms of their documents. The proceeds of the options exercised were used to fund capital expenditures and current working capital needs.

Critical Accounting Policies

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

Revenue Recognition Estimates. Effective September 1, 2003 we refined our percentage of completion methodology for purposes of revenue recognition in our Nuclear segment. As we accept more complex

waste streams in this segment, the treatment of those waste streams becomes more complicated and more time consuming. We have continued to enhance our waste tracking capabilities and systems, which has enabled us to better match the revenue earned to the processing milestones achieved. The major milestones are receipt, treatment/processing, and shipment/final disposition. Upon receiving mixed waste we generally recognize 33% of revenue as we incur costs for transportation, analytical and labor associated with the receipt of mixed wastes. As the waste is processed, shipped and disposed of we generally recognize the remaining 67% of revenue and all associated costs. We continually review these revenue recognition percentages by evaluating the processing milestones and specific contracts, to insure the most accurate percentage of completion. We are also reviewing the Industrial segment revenue recognition methodology to determine if any refinement is necessary.

Allowance for Doubtful Accounts. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts, which is a valuation allowance that reflects management's best estimate of the amounts that are uncollectable. We regularly review all accounts receivable balances and based on an assessment of current credit worthiness, estimate the portion, if any, of the balance that are uncollectable. This allowance was approximately 0.8%, of revenue for both 2003 and 2002, and approximately 3.4%, and 2.9% of accounts receivable for the six month periods ended June 30, 2004 and 2003, respectively.

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

Accrued Closure Costs. Accrued closure costs represent a contingent environmental liability to clean up a facility in the event we cease operations in an existing facility. The accrued closure costs are estimates based on guidelines developed by federal and/or state regulatory authorities under RCRA. Such costs are evaluated annually and adjusted for inflationary factors and for approved changes or expansions to the facilities. Increases due to inflationary factors for 2004 and 2003, have been approximately 1.6% and 1.1% respectively, and based on the historical information, we do not expect future inflationary changes to differ materially. Increases or decreases in accrued closure costs resulting from changes or expansions at the facilities are determined based on specific RCRA guidelines applied to the requested change. This calculation includes certain estimates, such as disposal pricing, external labor, analytical costs and processing costs, which are based on current market conditions. We have no intention, at this time, to close any of our facilities, however as discussed above, we are currently evaluating our options regarding the continued operations of the Michigan facility.

Accrued Environmental Liabilities. We have four remediation projects currently in progress. The current and long-term accrual amounts for the projects are our best estimates based on proposed or approved processes for clean-up. The

circumstances that could affect the outcome range from new technologies that are being developed every day to reduce our overall costs, to increased contamination levels that could

arise as we complete remediation which could increase our costs, neither of which we anticipate at this time. In addition, significant changes in regulations could adversely or favorably affect our costs to remediate existing sites or potential future sites, which cannot be reasonably quantified. We have also accrued long term environmental liabilities for our recently acquired facilities, however as these are not permitted facilities we are currently under no obligation to clean up the contamination.

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

Known Trends and Uncertainties

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

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

Significant contracts. Our revenues are principally derived from numerous and varied customers. However, our Nuclear segment has a significant relationship with Bechtel Jacobs. Bechtel Jacobs is the government appointed manager of the environmental program to perform certain treatment and disposal services in Oak Ridge, Tennessee. In this capacity Bechtel Jacobs entered into certain subcontracts with our Oak Ridge, Tennessee subsidiary ("M&EC"). Our revenues from Bechtel Jacobs contributed 11.1% of total consolidated revenues in the six months ended June 30, 2004 and 15.0% of total consolidated revenues during the same period in 2003. As the M&EC facility continues to enhance its processing capabilities and completes certain expansion projects and with the amended pricing structure under the Oak Ridge contracts, we could see higher total revenue with Bechtel Jacobs and under the Oak Ridge contracts. The Oak Ridge contracts have been extended for a period of two years, through June 2005, with several pricing modifications, but, as with most contracts with the federal government, may be terminated or renegotiated at any time at the government's election. In February 2003, M&EC commenced legal proceedings against Bechtel Jacobs, the general contractor under the Oak Ridge contracts, seeking payment from Bechtel Jacobs of approximately $4.3 million in surcharges relating to certain wastes that were treated by M&EC in 2001 and 2002 under the Oak Ridge contracts. We have recognized

approximately $381,000 in revenue for these surcharges which represented an initial offer for settlement by Bechtel Jacobs. Bechtel Jacobs continues to deliver waste to M&EC for treatment, and M&EC continues to accept such waste. In addition, subsequent to the filing of the lawsuit, M&EC has entered into a new contract with Bechtel Jacobs to treat DOE waste. There is no guarantee of future business under the Oak Ridge contracts, and either party may terminate the Oak Ridge contracts at any time. Termination of these contracts could have a material adverse effect on us. We are working towards increasing other sources of revenues at M&EC to reduce the risk of reliance on one major source of revenues.

We were recently awarded a contract from a Fortune 500 company valued at approximately $6,218,000 to treat and dispose of mixed waste generated from research and development activities. This contract will require innovative treatment processing technologies we developed to accommodate the complex nature of these wastes. The contract should be completed during the first quarter of next year.

During the first quarter of 2004, we finalized negotiations on two joint venture agreements with other remedial waste companies for the purposes of bidding on

certain contracts and, if such contracts are awarded, to perform various remedial activities. If the joint ventures are awarded the contracts, we would be required to make an initial contribution of working capital to the newly formed joint venture companies. The potential initial working capital contribution for the two joint ventures in the aggregate would be approximately $500,000.

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

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

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

We have budgeted for 2004 approximately $1,143,000 in environmental expenditures to comply with federal, state and local regulations in connection with remediation of certain contaminates at four locations. The four locations where these expenditures will be made are the Leased Property in Dayton, Ohio (EPS), a former RCRA storage facility as operated by the former owners of PFD, PFM's facility in

Memphis, Tennessee, PFSG's facility in Valdosta, Georgia and PFMI's facility in Detroit, Michigan. We have estimated the expenditures for 2004 to be approximately $592,000 at the EPS site, $216,000 at the PFM location, $246,000 at the PFSG site and $89,000 at the PFMI site of which $16,000; $26,000; $61,000; and $67,000, respectively, were spent during the first six months of 2004. Additional funds will be required for the next seven years to properly remediate these sites. We expect to fund the 2004 expenses to remediate these four sites from funds generated internally, our revolving credit facility and from the exercise of Warrants and Options, however, no assurances can be made that we will be able to do so.

Our Tulsa, Oklahoma subsidiary, which has a permit to treat and store hazardous waste in certain areas of its facility, had been improperly accepting and storing a substantial amount of hazardous and non-hazardous waste in violation of certain environmental laws in areas not permitted to accept and/or to store hazardous and non-hazardous waste. We voluntarily reported this matter to the appropriate Oklahoma authorities and have removed this waste to permitted treated, storage and/or disposal facilities. We have received a notice of violation ("NOV") and are currently working with the Oklahoma authorities to provide the information they requested and resolve this matter. Although no fines or penalties were assessed under the NOV, our Oklahoma subsidiary will be required to make modifications to the existing facility.

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

At June 30, 2004, we had accrued environmental liabilities totaling $2,896,000, which reflects an increase of $321,000 from the December 31, 2003, balance of $2,575,000. The increase represents the additional environmental liability accrued for PFMD and PFP, partially offset by payments made on remediation projects. The June 30, 2004, current and long-term accrued environmental balance is recorded as follows:

<TABLE>
<CAPTION>

	PFD	PFM	PFSG	PFMI	PFMD	PFP	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Current Accrual	$ 589,000	$ 190,000	$ 185,000	$ 22,000	$ --	$ --	$ 986,000
Long-term accrual	150,000	603,000	666,000	--	391,000	100,000	1,910,000

Total	$ 739,000	$ 793,000	$ 851,000	$ 22,000	$ 391,000	$ 100,000	$2,896,000

</TABLE>

Interest Rate Swap

We entered into an interest rate swap agreement effective December 22, 2000, to modify the interest characteristics of our outstanding debt from a floating basis to a fixed rate, thus reducing the impact of interest rate changes on future income. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The differential to be paid or received is accrued as interest rates change and recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from counter parties is included in other assets or liabilities. At June 30, 2004, the market value of the interest rate swap was in an unfavorable value position of $76,000 and was recorded as a liability. During the six months ended June 30, 2004, we recorded a gain on the interest rate swap of $54,000 that offset other comprehensive loss in the Statement of Stockholders' Equity.

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

PART I, ITEM 3

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONTROLS AND PROCEDURES

PART 1, ITEM 4

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

PART II - Other Information

Item 1. Legal Proceedings

There are no additional material legal proceedings pending against us and/or our subsidiaries not previously reported by us in Item 3 of our Form 10-K for the year ended December 31, 2003 and the Form 10-Q for the quarter ended March 31, 2004, which are incorporated herein by reference, except as follows:

Our Tulsa, Oklahoma subsidiary, which has a permit to treat and store hazardous waste in certain areas of its facility, had been improperly accepting and storing a substantial amount of hazardous and non-hazardous waste in violation of certain environmental laws in areas not permitted to accept and/or to store hazardous and non-hazardous waste. We voluntarily reported this matter to the appropriate Oklahoma authorities and have removed this waste to permitted treated, storage and/or disposal facilities. We have received a notice of violation ("NOV") and are currently working with the Oklahoma authorities to provide the information they requested and resolve this matter. Although no fines or penalties were assessed under the NOV, we will be required to make modifications to the existing facility.

Item 5. Other Information

On July 28, 2004, the Company held its annual meeting of stockholders. At the meeting the following items were approved:

- All nominees were elected to serve as directors until the the next annual meeting of stockholders;
- Approved the 2004 Stock Option Plan; and
- Ratified the appointment of BDO Seidman, LLP, as the

independent auditors of the Company for the fiscal year 2004.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 Agreement between the Company and a Fortune 500 company, dated June 21, 2004. List of exhibits are included in the contract and will be provided to the Commission upon request.

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

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

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

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

Reports on Form 8-K

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

SIGNATURES

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

PERMA-FIX ENVIRONMENTAL SERVICES

Date: August 9, 2004 By: /s/ Dr. Louis F. Centofanti

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

Date: August 9, 2004 By: /s/ Richard T. Kelecy

Richard T. Kelecy
Chief Financial Officer

Exhibit 10.1

CONTRACT ORDER

June 21, 2004

Perma-Fix Environmental Services, Inc.

663 Emory Valley Road
Oak Ridge, TN 37830
Tammy Monday
865-813-1309/865-813-1301 (fax)
email address: tmonday@perma-fix.com

LBIO-65121
Contract Order No.
Page 1 of 6*
*(last page for --------- use only)

Issuing Point

Issued By

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This document, when properly executed by both parties, shall constitute an agreement (Agreement) between -------- (hereinafter referred to as --------), a Delaware corporation having its principal place of business at --------, and Perma-Fix Environmental Services, Inc. (a Tennessee corporation), having its principal place of business at 663 Emory Valley Road, Oak Ridge, TN 37830 (hereinafter referred to as CONTRACTOR); also collectively referred to as the Parties.

1. SERVICES

CONTRACTOR shall, except to the extent otherwise expressly stated herein, furnish all labor, supervision, materials, tools, equipment, facilities, permits and services and do all things necessary, as -------- elects, to provide Mixed Waste Treatment and Disposal for the Billerica site located in Billerica, MA, in accordance with the following documents which are attached and made a part hereof by this reference:

1. Exhibit "A," Scope of Work, dated October 31, 2003

2. Exhibit "B", -------- Material Removal Services General Conditions, DUPA-GC6 (rev. 06/21/04)

3. CONTRACTOR Proposal No. 2003-12-001, "Billerica Waste Treatment Specification"

4. Exhibits "C", CONTRACTOR pricing dated May 12, 2004

This Scope of Work may be modified, from time to time, by mutual written agreement of the Parties.

2. SCHEDULE OF WORK

This Agreement will become effective as of June 10, 2004, and will continue in full force and effect through June 30, 2005, unless earlier terminated by --------, without cause, at any time, upon thirty (30) days prior written notice to CONTRACTOR. Such termination, which shall be accomplished without penalty unless otherwise specifically stated herein, shall not relieve or release either -------- or CONTRACTOR from any

rights, liabilities or obligations they may have accrued under the law or terms of this Agreement prior to the date of such termination.

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ACCOUNTS PAYABLE
CONTRACT ADMINISTRATOR

CONTRACT ORDER

June 21, 2004

Perma-Fix Environmental Services, Inc.

663 Emory Valley Road
Oak Ridge, TN 37830
Tammy Monday
865-813-1309/865-813-1301 (fax)
email address: tmonday@perma-fix.com

LBIO-65121
Contract Order No.

*(last page for --------- use only)

Issuing Point

Issued By

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The term "obligations" in the context of this article includes Services which have been authorized by -------- Contract Order release(s) but not yet delivered. Said release(s) shall be completed even if delivery must occur after the termination date hereof.

3. COMPENSATION

As consideration for Services properly provided hereunder, -------- agrees to pay and CONTRACTOR agrees to accept as compensation the lump sum amount of six million two hundred seventeen thousand eight hundred sixty-one dollars and 75/100 ($6,217,681.75) per Article 35 of DUPA-GC-6 (rev. 06/21/04), Terms of Payment page 18;

```
Treatment  = $5,313,982.28
Disposal   = $  903,879.47
             -------------
             $6,217,861.75
```

CONTRACTOR shall invoice -------- for services provided meeting the Scope of Work hereunder. The -------- Contract Administrator will approve invoices for payment.

4. TERMS OF PAYMENT

CONTRACTOR shall invoice -------- monthly for all Services properly provided under this Agreement during the preceding month. Terms of payment will be net thirty (30) days after -------- receives a properly prepared and correct CONTRACTOR invoice. A properly prepared and correct invoice is an original document received at the proper -------- address, as defined in the Notices article herein, that clearly and legibly includes, as a minimum:

- the--------contract order number and release number (if applicable);
- CONTRACTOR'S complete name and remit to address; o "bill to" stating--------;
- a detailed description of the Service;
- price, consistent with the compensation schedule of this Agreement;
- quantity, consistent with the compensation schedule of this Agreement;
- unit of measure, consistent with the compensation schedule of this Agreement;
- CONTRACTOR'S invoice number;
- invoice date;
- total monetary amount;

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CONTRACT ADMINISTRATOR

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- terms of payment, including any applicable discount calculations;
- freight terms, if applicable;
- tax amount/rate information; and
- bill of lading number or packing list number as appropriate.

Incomplete invoices will be returned to CONTRACTOR unpaid and unprocessed.

If CONTRACTOR'S invoice does not indicate that CONTRACTOR is an incorporated entity, by use of the words (or abbreviations)

"Incorporated", "Corporation", or "P.C." as a part of CONTRACTOR'S company name, then CONTRACTOR shall display its tax identification number (TIN) on the invoice in lieu of such designations. Failure to furnish such information may result in withholding thirty-one percent (31%) of Agreement payments in accordance with IRS regulations.

Payment shall be considered made when payment checks are mailed by -------- or when Electronic Funds Transfer through the Automated Clearing House (EFT/ACH) is initiated by --------. CONTRACTOR'S invoice will be accompanied by such records or other written proof as -------- deems adequate to verify the billings appearing therein.

5. CONTRACT ADMINISTRATOR

The -------- Contract Administrator for this Agreement is --------.

6. NOTICES

All notices required under this Agreement shall be in writing, or if oral must be confirmed in writing by electronic mail or facsimile (with proof of transmission capability) the next business day. Written notices shall be deemed received if delivered to the Party entitled to receive the same by hand or if deposited in the United States Mail (First Class, Registered Mail or Certified Mail, Return Receipt Requested) or by confirmed courier addressed to such Party at the address set forth below:

All notices required or contemplated under this Agreement shall be addressed as follows:

a. Proposed price changes, correspondence or notices involving the contractual relationship should be sent to:

Attention: --------

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CONTRACT ADMINISTRATOR

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b. Insurance Certificates, Accountability Reports, Safety Reports, and routine performance summaries are to be sent to:

Attention: --------

c. Invoices are to be sent to:

Attention: Accounts Payable

d. CONTRACTOR will contact the -------- Accounts Payable Department at -------- or by telephone at -------- for questions regarding payment status. CONTRACTOR must provide -------- Purchase Order number, your invoice number, invoice date, and your name/phone number.

e. -------- correspondence, information, documents, notices or payments to CONTRACTOR shall be sent personally or by first-class mail to:

Perma-Fix Environmental Services, Inc.
Attention: Tammy Monday
663 Emory Valley Road
Oak Brook, TN 37830

Either Party may change its address for notice hereunder upon no less than thirty (30) days prior written notice thereof to the other Party.

7. GENERAL CONDITIONS

CONTRACTOR will perform all Services in accordance with the -------- Material Removal

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Services General Conditions, DUPA-GC6 (rev. 06/02/04), attached hereto as Exhibit "B" and made a part hereof. Any inconsistent terms or conditions submitted by CONTRACTOR shall not apply unless they are: (1) reduced to writing and signed by both Parties hereto; and (2) expressly referred to as being modifications of the General Conditions.

8. ENTIRETY

This Agreement, together with the attachments and exhibits specifically referenced and attached hereto, embodies the entire understanding between

-------- and CONTRACTOR and, except as otherwise specifically stated herein, there are no contracts, understandings, conditions, or representations, oral or written, with reference to the subject matter hereof which are not merged herein. Except as otherwise specifically stated, no modification hereto shall be of any force or effect unless (1) reduced to writing and signed by both Parties hereto, and (2) expressly referred to as being modifications of this Agreement.

Please have your authorized representative execute in the space provided below, indicating acceptance of this Agreement. CONTRACTOR will keep one original and return one executed copy of this Agreement to --------, --------. The -------- copy must be returned, before work can begin or payment can be made against this Agreement.

Perma-Fix Environmental Services, Inc.	--------
BY: /s/ Jim Morrison	BY: ----------
--------------------------------	------------------------------
Business Manager	Strategic Sourcing Manager - Environmental Services
--------------------------------	------------------------------
Title	Title

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CONTRACT ADMINISTRATOR

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: August 9, 2004

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

EXHIBIT 31.2

CERTIFICATIONS

I, Richard T. Kelecy, certify that:

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

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

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

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

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

   b) (Intentionally omitted);

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

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

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

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

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

Date: August 9, 2004

/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 June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I Dr. Louis F. Centofanti, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: August 9, 2004

/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 June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I Richard T. Kelecy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: August 9, 2004

/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.