SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1998

or

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

Commission File No. 1-11596

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

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

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

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the latest practical date.

Class	Outstanding at May 11, 1998
Common Stock, $.001 Par Value	12,001,746 (excluding 920,000 shares held as treasury stock)

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS

PART I, ITEM 1

The consolidated financial statements included herein have been prepared by the Company, without 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, 1997.

The results of operations for the three months ended March 31, 1998, are not necessarily indicative of results to be expected for the fiscal year ending December 31, 1998.

<TABLE>
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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except for Share Amounts)	March 31, 1998 (Unaudited)	December 31, 1997
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13	$ 314
Restricted cash equivalents and investments	325	321
Accounts receivable, net of allowance for doubtful accounts of $310 and $374, respectively	4,757	5,282
Insurance claim receivable	-	1,475
Inventories	106	119
Prepaid expenses	1,194	567
Other receivables	56	70
Assets of discontinued operations	483	587
Total current assets	6,934	8,735
Property and equipment:		
Buildings and land	5,550	5,533
Equipment	8,245	7,689
Vehicles	1,208	1,202
Leasehold improvements	16	16
Office furniture and equipment	1,069	1,056
Construction in progress	1,412	1,052
	17,500	16,548
Less accumulated depreciation	(5,975)	(5,564)
Net property and equipment	11,525	10,984
Intangibles and other assets:		
Permits, net of accumulated amortization of $891 and $831, respectively	3,702	3,725
Goodwill, net of accumulated amortization of $616 and $580, respectively	4,665	4,701
Other assets	479	425
Total assets	$ 27,305 ========	$ 28,570 ========

</TABLE>

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

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

(Amounts in Thousands, Except for Share Amounts)	March 31, 1998 (Unaudited)	December 31, 1997
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,223	$ 2,263
Accrued expenses	3,408	3,380
Revolving loan and term note facility	625	614
Current portion of long-term debt	238	254
Current liabilities of discontinued operations	1,178	1,470
Total current liabilities	7,672	7,981
Environmental accruals	482	525
Accrued closure costs	839	831
Long-term debt, less current portion	3,324	3,997
Long-term liabilities of discontinued operations	3,037	3,042
Total long-term liabilities	7,682	8,395
Commitments and contingencies (see Note 4)	-	-
Stockholders' equity:		
Preferred stock, $.001 par value; 2,000,000 shares authorized, 6,850 and 6,850 shares issued and outstanding, respectively	-	-
Common stock, $.001 par value; 50,000,000 shares authorized, 12,679,691 and 12,540,487 shares issued, including 920,000 shares held as treasury stock	13	12
Redeemable warrants	140	140
Additional paid-in capital	34,610	34,363
Accumulated deficit	(21,042)	(20,551)
	13,721	13,964
Less Common Stock in treasury at cost; 920,000 shares issued and outstanding	(1,770)	(1,770)
Total stockholders' equity	11,951	12,194
Total liabilities and stockholders' equity	$ 27,305	$ 28,570

</TABLE>

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

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

(Amounts in Thousands, Except for Share Amounts)	Three Months Ended March 31, 1998	Three Months Ended March 31, 1997*
<S>	<C>	<C>
Net revenues	$ 6,548	$ 5,750
Cost of goods sold	4,787	4,308
Gross profit	1,761	1,442
Selling, general and administrative expenses	1,555	1,291
Depreciation and amortization	508	500
Loss from operations	(302)	(349)
Other income (expense):		
Interest income	8	9
Interest expense	(127)	(131)
Other	17	(9)
Net loss from continuing operations	(404)	(480)
Discontinued Operations:		
Loss from operations	-	(436)
Net Loss	(404)	(916)
Preferred Stock dividends	87	81
Net loss applicable to Common Stock	$ (491) ========	$ (997) =========
Basic loss per common share:		
Continuing operations	$ (0.4)	$ (.05)
Discontinued operations	-	(.05)
Net loss per common share	$ (.04) ========	$ (.10) ========
Weighted average number of common shares outstanding	11,707 ========	9,719 ========

<FN>
*Amounts have been restated from that previously reported to reflect the discontinued operations at Perma-Fix of Memphis, Inc. (see Note 2).
</TABLE>

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

<TABLE>
<CAPTION>
PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Amounts in Thousands, Except for Share Amounts)	Three Months Ended March 31, 1998	 1997*
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss from continuing operations	$ (491)	$ (561)
Adjustments to reconcile net loss to cash provided by operations:		
Depreciation and amortization	508	500
Provision for bad debt and other reserves	5	3
Gain on sale of plant, property and equipment	-	(15)
Changes in assets and liabilities, net of effects from business acquisitions:		
Accounts receivable	520	(166)
Prepaid expenses, inventories and other assets	1,485	299
Accounts payable and accrued expenses	(557)	(221)
Net cash provided by continuing operations	1,470	171
Net cash used by discontinued operations	(194)	(428)
Cash flows from investing activities:		
Purchases of property and equipment, net	(952)	(239)
Proceeds from sale of plant, property and equipment	-	39
Change in restricted cash, net	(4)	(23)
Net cash used in investing activities	(956)	241
Cash flows from financing activities:		
Borrowings (repayments) from revolving loan & term note facility	(628)	241
Principal repayments on long-term debt	(50)	(213)
Proceeds from issuance of stock	56	488
Net cash used by discontinued operations	(9)	(2)
Net cash provided by (used in) financing activities	(631)	514
(Decrease) increase in cash and cash equivalents	(311)	34
Cash and cash equivalents at beginning of period, including discontinued operations of $12, and $8, respectively	326	45
Cash and cash equivalents at end of period, including discontinued operations of $2, and $12, respectively	$ 15	$ 79
	========	========

Supplemental disclosure:		
Interest paid	$ 129	$ 186
Non-cash investing and financing activities:		
Issuance of Common Stock for services	8	-
Long-term debt incurred for purchase of property and equipment	-	48
Issuance of stock for payment of dividends	184	145

<FN>
*Amounts have been restated from that previously reported to reflect the discontinued operations at Perma-Fix of Memphis, Inc. (see Note 2).
</TABLE>

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

<TABLE>
<CAPTION>
PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(For the three months ended March 31, 1998)

Amounts in Thousands, Except for Share Amounts	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Redeemable Warrants	Additional Paid-In Capital	Accumulated Deficit	Common Stock Held in Treasury
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1997	6,850	$ -	12,540,487	$ 12	$ 140	$ 34,363	$ (20,551)	$ (1,770)
Net Loss	-	-	-	-	-	-	(491)	-
Issuance of Common Stock for preferred stock dividend	-	-	85,216	1	-	183	-	-
Issuance of stock for cash and services	-	-	12,988	-	-	24	-	-
Exercise of warrants	-	-	40,000	-	-	39	-	-
Option Exercise	-	-	1,000	-	-	1	-	-
Balance at March 31, 1998	6,850	$ -	12,679,691	$ 13	$ 140	$ 34,610	$ (21,042)	$ (1,770)

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1998
(Unaudited)

Reference is made herein to the notes to consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

1. Summary of Significant Accounting Policies

The Company's accounting policies are as set forth in the notes to consolidated financial statements referred to above.

Certain amounts in prior years' consolidated financial statements have been reclassified to conform to current period financial statement presentations.

Net loss per share has been presented using the weighted average number of common shares outstanding. Potential common shares have not been included in the net loss per share calculations since their effects would be antidilutive.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS 128"). SFAS 128 establishes new standards for computing and presenting earnings per share ("EPS"). Specifically, SFAS 128 replaces the presentation of primary EPS with a presentation of basic EPS, requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. SFAS 128 was adopted effective December 31, 1997, and did not have a material effect on the Company's EPS presentation for the three months ended March 31, 1998 and 1997.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," ("FAS 130") and No. 131, "Disclosure about Segments of an Enterprise and Related Information," ("FAS 131"). FAS 130 establishes standards for reporting and displaying comprehensive income, its components and accumulated balances. FAS 131 establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. Both FAS 130 and FAS 131 are effective for periods beginning after December 15, 1997. FAS 130 has no effect on the Company's financial statements. FAS 131 is effective for the Company's financial statements and is discussed in Note 5.

2. Discontinued Operations

On January 27, 1997, an explosion and resulting tank fire occurred at the Company's subsidiary, Perma-Fix of Memphis, Inc. ("PFM") facility, a hazardous waste storage, processing and blending facility, located in Memphis, Tennessee, which resulted in damage to certain hazardous waste storage tanks located on the facility and caused certain limited contamination at the facility. Such occurrence was caused by welding activity performed by employees of an independent contractor at or near the facility's hazardous waste tank farm contrary to instructions by PFM. The facility was non-operational from the date of this event until May 1997, at which time it began limited operations. During the remainder of 1997, PFM continued to accept waste for processing and disposal, but arranged for other facilities owned by the Company or subsidiaries of the Company or others not affiliated with the Company to process such waste. The utilization of other facilities to process such waste resulted in higher costs to PFM than if PFM were able to store and process such waste at its Memphis, Tennessee, TSD facility, along with the additional handling and transportation costs associated with these activities. As a result of the significant disruption and the cost to rebuild and operate this segment, the Company made a strategic decision, in February 1998, to discontinue its fuel blending operations at PFM. The fuel blending operations represented the principal line of business for PFM prior to this event, which included a separate class of

customers, and its discontinuance has required PFM to attempt to develop new markets and customers. PFM currently provides, on a limited basis, an off-site waste storage and transfer facility. Accordingly, during the fourth quarter of 1997, the Company recorded a loss on disposal of discontinued operations of $3,053,000, which included $1,272,000 for impairment of certain assets and $1,781,000 for the establishment of certain closure liabilities.

The net loss from discontinued PFM operations for the quarter ended March 31, 1998, was $112,000 and was recorded against the accrued closure cost estimate on the balance sheet. The net loss for the quarter ended March 31, 1997, was $436,000 and is shown separately in the Consolidated Statements of Operations. The Company has restated the 1997 operating results to reflect this discontinued operations. The results of the discontinued PFM operations do not reflect management fees charged by the Company, but do include interest expense of $29,000 and $52,000 during the quarter ended March 31, 1998 and 1997, respectively, specifically identified to such operations as a result of such operations incurring debt under the Company's revolving and term loan credit facility. During March of 1998, the Company received a settlement in the amount of $1,475,000 from its insurance carrier for the business interruption claim which was recorded as an insurance claim receivable at December 31, 1997. This settlement was recognized as a gain in 1997 and thereby reduced the net loss recorded for the discontinued PFM operations in 1997.

Revenues of the discontinued PFM operations were $294,000 for the quarter ended March 31, 1998 and $752,000 for the quarter ended March 31, 1997. These revenues are not included in revenues as reported in the Consolidated Statements of Operation.

<TABLE>
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Net assets and liabilities of the discontinued PFM operations at the quarter ended March 31, 1998, and December 31, 1997, in thousands of dollars, consisted of the following:

	March 31, 1998	December 31, 1997
<S>	<C>	<C>
Assets of discontinued operations:		
Cash and cash equivalents	$ 2	$ 12
Restricted cash equivalents and investments	214	214

Accounts receivable, net of allowance for doubtful accounts $103 and $105, respectively	219	333
Prepaid expenses and other assets	48	28
	$ 483	$ 587
Current liabilities of discontinued operations:		
Accounts payable	$ 226	$ 277
Accrued expenses	222	259
Accrued environmental costs	635	835
Current portion of long-term debt	95	99
	$ 1,178	$ 1,470
Long-term liabilities of discontinued operations:		
Long-term debt, less current portion	$ 12	$ 17
Accrued environmental and closure costs	3,025	3,025
	$ 3,037	$ 3,042

</TABLE>

The accrued environmental and closure costs, as related to PFM, total $3,660,000 at March 31, 1998, which includes the Company's current closure cost estimate of approximately $700,000 for the complete cessation of operations and closure of the facility ("RCRA Closure") based upon guidelines of the Resource Conservation and Recording Act of 1976, as amended ("RCRA"). A majority of this liability relates to the discontinued fuel blending and tank farm operations and will be recognized over the next three years. Also included in this accrual is the Company's estimate of the cost to complete groundwater remediation at the site of approximately $970,000, the future operating losses as the Company discontinues its fuel blending operations and certain other contingent liabilities.

<TABLE>
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3. Long-Term Debt

Long-term debt consists of the following at March 31, 1998, and December 31, 1997 (in thousands):

	March 31, 1998	December 31, 1997
<S>	<C>	<C>
Revolving loan facility dated January 15, 1998, collateralized by eligible accounts receivables, subject to monthly borrowing base calculation, variable interest paid monthly at prime rate plus 1 3/4.	$ 1, 140	$ 1,664
Term loan agreement dated January 15, 1998, payable in monthly principal installments of $52, balance due in January 2001, variable interest paid monthly at prime rate plus 1 3/4.	2,396	2,500

Mortgage note agreement payable in quarterly installments of $15, plus accrued interest at 10%. Balance due October 1998 secured by real property.	46	61
Various capital lease and promissory note obligations, payable 1998 to 2002, interest at rates ranging from 8.0% to 15.9%.	605	640
	4,187	4,865
Less current portion of revolving loan and term note facility	625	614
Less current portion of long-term debt	238	254
	$ 3,324	$ 3,997

</TABLE>

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

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

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

The proceeds of the Agreement were utilized to repay in full on January 15, 1998, the outstanding balance of the Heller Financial, Inc. ("Heller") which was comprised of a revolving loan and security agreement, loan and term loan, and to repay and buyout all assets under the Ally Capital Corporation ("Ally") equipment financing agreements. As of December 31, 1997, the borrowings under the Heller revolving loan facility totaled $2,652,000 with borrowing availability of approximately $762,000. The balance of the revolving loan on January 15, 1998, as repaid pursuant to the Congress agreement was $2,289,000. The balance under the Heller term loan at December 31, 1997, was $867,000. The Company subsequently made a term loan payment of $41,000 on January 2, 1998, resulting in a balance of $826,000, as repaid pursuant to the Congress Agreement. As of December 31, 1997, the outstanding balance on the Ally Equipment Financing Agreement was $624,000 and represents the principal balance repaid pursuant to the Congress Agreement. In conjunction with the above debt repayments, the Company also repaid a small mortgage, paid certain fees, taxes and expenses, resulting in an initial Congress term loan of $2,500,000 and revolving loan balance of $1,705,000 as of the date of closing, the Company had borrowing availability under the Congress Agreement of approximately $1,500,000. The Company recorded the December 31, 1997, Heller and Ally debt balances as though the Congress transaction had been closed as of December 31, 1997. As of March 31, 1998, the borrowings under the Congress revolving loan facility totaled $1,140,000 with borrowing availability of approximately $1,467,000. The balance under the Congress term loan at March 31, 1998, was $2,396,000.

As further discussed in Note 2, the long-term debt associated with the discontinued PFM operation is excluded from the above and is recorded in the Liabilities of Discontinued Operations total. The PFM debt obligations total $107,000, of which $95,000 is current.

4. Commitments and Contingencies

Hazardous Waste

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

Legal

In the normal course of conducting its business, the Company is involved in various litigation. There has been no material changes in legal proceedings from those disclosed previously in the Company's Form 10-K for year ended December 31, 1997. The Company is not a party to any litigation or governmental proceeding which its management believes could result in any judgements or fines against it that would have a material adverse affect on the Company's financial position, liquidity or results of operations.

Permits

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

Accrued Closure Costs and Environmental Liabilities

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

Discontinued Operations

As previously discussed, the Company made the strategic decision in February 1998 to discontinue its fuel blending operations at the PFM facility. The Company has, based upon the best estimates available, recognized accrued environmental and closure costs in the aggregate amount of $3,660,000. This liability includes principally, the RCRA closure liability, the groundwater remediation liability, the potential additional site investigation and remedial activity which may arise as PFM proceeds with its closure activities and the Company's best estimate of the future operating losses as the Company discontinues its fuel blending operations and other contingent liabilities.

Insurance

The business of the Company exposes it to various risks, including claims for causing damage to property or injuries to persons or claims alleging negligence or professional errors or omissions in the performance of its services, which claims could be substantial. The Company carries general liability insurance which provides coverage in the aggregate amount of $2 million and an additional $6 million excess umbrella policy and carries $2 million per occurrence and $4 million annual aggregate of errors and omissions/professional liability insurance coverage, which includes pollution control coverage.

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

5. Business Segment Information

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

The Company also provides services through the Consulting Engineering Services segment. The Company provides environmental engineering and regulatory compliance consulting services through Schreiber, Yonley & Associates in St. Louis, Missouri, and Mintech, Inc. in Tulsa, Oklahoma. These engineering groups provide oversight management of environmental restoration projects, air and soil sampling and compliance reporting, surface and subsurface water treatment design for removal of pollutants, and various compliance and training activities.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on profit or loss from continuing operations.

The Company accounts for inter-company sales as a reduction of "cost of goods sold" and therefore such inter-company sales are not included in the consolidated revenue total.

The Company's segments are not dependent upon a single customer, or a few customers, and the loss of any one or more of which would not have a material adverse effect on the Company's segment. During the quarter ended March 31, 1998 and 1997, the Company did not make sales to any single customer that in the aggregate amount represented more than ten percent (10%) of the Company's segment revenues.

<TABLE>
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The table below shows certain financial information by the Company's segments for quarters ended March 31, 1998 and 1997 and excludes the results of operations of the discontinued operations. Loss from operations includes revenues less operating costs and expenses. Marketing, general and administrative expenses of the corporate headquarters have not been allocated to the segments. Identifiable assets are those used in the operations of each business segment, including intangible assets and discontinued operations. Corporate assets are principally cash, cash equivalents and certain other assets.

(Dollars in thousand)	Waste Management Services	Consulting Engineering Services	Corporate and Other	Consolidated
<S>	<C>	<C>	<C>	<C>
1998				
Net revenues from external customers	$ 5,497	$ 1,051	$ -	$ 6,548
Inter-company revenues	73	125	-	198
Interest revenues	8	-	-	8
Interest expense	58	41	28	127
Depreciation and amortization	482	21	5	508
Loss from continuing operations	(127)	(20)	(344)	(491)
Identifiable assets	11,372	1,936	13,997	27,305
Capital expenditures, net	951	1	-	952
1997				
Net revenues from external customers	$ 4,508	$ 1,242	$ -	$ 5,750

Inter-company revenues	394	115	-	509
Interest income	8	-	1	9
Interest expense	130	(12)	13	131
Depreciation and amortization	471	29	-	500
Loss from continuing operations	(214)	(11)	(336)	(561)
Identifiable assets	16,371	2,577	11,828	30,776
Capital expenditures, net	230	9	-	239

</TABLE>

6. Stock Issuance

Effective January 22, 1998, the Company paid accrued dividends on the Series 3 Class C, Series 4 Class D, Series 5 Class E, Series 6 Class F and Series 7 Class G Convertible Preferred Stock for the period July 1, 1997, through December 31, 1997, in the amount of approximately $121,000 in the form of 54,528 shares of the Company's Common Stock.

7. Subsequent Events

Effective April 1, 1998, the Company entered into an asset purchase agreement to acquire substantially all of the assets and certain liabilities of Action Environmental Corp. ("Action") of Miami, Florida. Action has provided oil filter collection and processing services to approximately 700 customers in south Florida. The assets of Action were acquired through a combination of stock issuance and the assumption of certain liabilities. The acquisition will be accounted for using the purchase method effective April 1, 1998, and, accordingly, the assets and liabilities as of this date and the statement of operations from the effective date were not included in the accompanying consolidated financial statements. The acquisition of Action will result in an issuance of 108,000 shares of the Company's Common Stock reflecting a total purchase price of $207,000.

Effective April 21, 1998, the Company issued Bernhardt C. Warren, the Company's Vice President of Nuclear Services and executive officer, 94,697 shares of the Company's Common Stock in payment of accrued bonus and commission pursuant to an employment agreement dated April 7, 1998. Under the employment agreement, the Company also agreed to pay Mr. Warren an annual salary of $87,000 and $167,500 in cash in twenty four monthly installments in payment of an additional amount due for accrued bonus. The employment agreement is for a term of two years.

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 with this report may be deemed "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (collectively, the "Private Securities Litigation Reform Act of 1995"). All statements in this report other than statements of historical fact are forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which could cause actual results and performance of the Company to differ materially from such statements. The words "believe," "expect," "anticipate," "intend," "will," and similar expressions identify forward-looking statements. Forward-looking statements contained herein relate to, among other things, (i) anticipated financial performance, (ii) ability to comply with the Company's general working capital requirements, (iii) ability to generate sufficient cash flow from operations to fund all costs of operations and remediation of certain formerly leased property in Dayton, Ohio, and the Company's facility in Memphis, Tennessee, (iv) ability to remediate certain contaminated sites for projected amounts, and all other statements which are not statements of historical fact. While the Company believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance such expectations will prove to have been correct. There are a variety of factors which could cause future outcomes to differ materially from those described in this report, including, but not limited to, (i) general economic conditions, (ii) material reduction in revenues, (iii) inability to collect in a timely manner a material amount of receivables, (iv) increased competitive pressures, (v) the inability to maintain and obtain required permits and approvals to conduct operations, (vi) the inability to develop new and existing technologies in the conduct of operations, (vii) overcapacity in the environmental industry,(viii) inability to receive or retain certain required permits, (ix) discovery of additional contamination or expanded contamination at a certain Dayton, Ohio, property formerly leased by the Company or the Company's facility at Memphis, Tennessee, which would result in a material increase in remediation expenditures,(x) changes in federal, state and local laws and regulations, especially environmental regulations, or in interpretation of such, (xi) potential increases in equipment, maintenance, operating or labor costs, (xii) management retention and development, (xiii) the requirement to use internally generated funds for purposes not presently anticipated, and (xiv) inability to become profitable, or if unable to become profitable, the inability to secure additional liquidity in the form of additional equity or debt. The Company undertakes no obligations to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

<TABLE>
<CAPTION>
Results of Operations

The table below should be used when reviewing management's discussion and analysis for the three months ended March 31, 1998 and 1997:

Consolidated (amounts in thousands)	1998	%	1997*	%
<S>	<C>	<C>	<C>	<C>
Net Revenues	$ 6,548	100.0	$ 5,750	100.0
Cost of Goods Sold	4,787	73.1	4,308	74.9
Gross Profit	1,761	26.9	1,442	25.1
Selling, General & Administrative	1,555	23.7	1,291	22.5
Depreciation/Amortization	508	7.8	500	8.7
Loss from operations	$ (302)	(4.6)	$ (349)	(6.1)
Loss from discontinued operations	$ -	-	$ (436)	(7.6)
Interest Expense	(127)	(1.9)	(131)	(2.3)
Preferred Stock Dividend	(87)	(1.3)	(81)	(1.4)

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<FN>
*Amounts have been restated from that previously reported to
 reflect discontinued operations at PFM (see Note 2).
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Summary -- Quarter Ended March 31, 1998 and 1997

The Company provides services through two business segments. The Waste Management Services segment is engaged in on-and off-site treatment, storage, disposal and processing of a wide variety of by-products and industrial and hazardous wastes. This segment competes for materials and services with numerous regional and national competitors to provide comprehensive and cost-effective Waste Management Services to a wide variety of customers in the Midwest, Southeast and Southwest regions of the country. The Company operates and maintains facilities and businesses in the waste by-product brokerage, on-site treatment and stabilization, and off-site blending, treatment and disposal industries. The Company's Consulting Engineering segment of the pollution control industry provides a wide variety of environmental related consulting and engineering services to industry and government. Through the Company's wholly-owned subsidiaries in Tulsa, Oklahoma and St. Louis, Missouri, this segment provides oversight management of environmental restoration projects, air and soil sampling, compliance reporting, surface and subsurface water treatment design for removal of pollutants, and various compliance and training activities.

Consolidated net revenues increased to $6,548,000 from $5,750,000 for the quarter ended March 31, 1998, as compared to the same quarter in 1997. This increase of $798,000 or 13.9% is attributable to the Waste Management Services segment which experienced an increase in revenues of $990,000, partially offset by a decrease in revenues from the Consulting Engineering segment. This increase within the Waste Management Services segment is attributable to the increased marketing efforts throughout the segments and the growth in the wastewater and mixed waste markets. The most significant increases occurred at the PFF facility, which recognized a $334,000 increase resulting principally from the award and completion of various mixed waste contracts, and the PFTS facility, which recognized a $279,000 increase resulting principally from the increased wastewater demand and processing capabilities at this facility. This increase in the Waste Management Services segment was partially offset by a reduction of $192,000 in the Consulting Engineering segment. This Consulting Engineering reduction is principally a result of a seasonal decrease in market demand, which typically occurs during the first quarter of each year, and appeared more dramatic in 1998, along with the completion of several larger contracts in 1997, which were not duplicated in 1998.

Cost of goods sold for the Company increased $479,000 or 11.2% for the quarter ended March 31, 1998, as compared to the quarter ended March 31, 1997. This consolidated increase in cost of goods sold reflects principally the increased operating, disposal and transportation costs, corresponding to the increased revenues as discussed above, as well as additional costs associated with research and development which have not begun to generate revenue at this time. The resulting gross profit for the quarter ended March 31, 1998, increased $319,000 to $1,761,000, which as a percentage of revenue is 26.9%, reflecting an increase over the 1997 percentage of revenue of 25.1%.

Selling, general and administrative expenses increased $264,000 or 20.4% for the quarter ended March 31, 1998, as compared to the quarter ended March 31, 1997. As a percentage of revenue, selling, general and administrative expense also increased to 23.7% for the quarter ended March 31, 1998, compared to 22.5% for the same period in 1997. The increase reflects the increased expenses associated with the Company's additional sales and marketing efforts as it continues to refocus its business segments into new environmental markets, such as nuclear and mixed waste, and the additional administrative overhead associated with the Company's research and development efforts. The Company has expensed in the current period all research and development costs associated with the development of various technologies which the Company aggressively pursued during the first quarter of 1998.

Depreciation and amortization expense for the quarter ended March 31, 1998, reflects an increase of $8,000 as compared to the quarter ended March 31, 1997. This increase is attributable to a depreciation expense increase of $10,000 due to the capital improvements being introduced at the Company's transportation, storage and disposal ("TSD") facilities to improve efficiencies. Amortization expense reflects a total decrease of $2,000 for the quarter ended March 31, 1998, as compared to the quarter ended March 31, 1997.

Interest expense decreased $4,000 from the quarter ended March 31, 1998, as compared to the corresponding period of 1997. The decrease in interest expense reflects the reduced borrowing levels on the Congress Financial Corporation revolving and term note and the payoff of the Ally Capital Equipment Lease Agreements by Congress Financial Corporation, at a reduced interest rate. Offsetting this reduced interest expense during the quarter ended March 31, 1998, was the Preferred Stock dividends totaling $87,000 incurred in conjunction with the Series 3 Class C, Series 6 Class F and Series 7 Class G Convertible Preferred Stock. As a result of the issuance of the Series 6 Class F and Series 7 Class G Convertible Preferred Stock during 1997, partially offset by various conversions of the Series 3 Class C Convertible Preferred Stock during the second quarter of 1997, dividends increased by $6,000 for the quarter ended March 31, 1998, as compared to the quarter ended March 31, 1997.

Discontinued Operations

On January 27, 1997, an explosion and resulting tank fire occurred at the PFM facility, a hazardous waste storage, processing and blending facility, which resulted in damage to certain hazardous waste storage tanks located on the facility and caused certain limited contamination at the facility. Such occurrence was caused by welding activity performed by employees of an independent contractor at or near the facility's hazardous waste tank farm contrary to instructions by PFM. The facility was non-operational from the date of this event until May 1997, at which time it began limited operations. During the remainder of 1997, PFM continued to accept waste for processing and disposal, but arranged for other facilities owned by the Company or subsidiaries of the Company or others not affiliated with the Company to process such waste. The utilization of other facilities to process such waste resulted in higher costs to PFM than if PFM were able to store and process such waste at its Memphis, Tennessee, TSD facility, along with the additional handling and transportation costs associated with these activities. As a result of the significant disruption and the cost to rebuild and operate this segment, the Company made a strategic decision, in February 1998, to discontinue its fuel blending operations at PFM. The fuel blending operations represented the principal line of business for PFM prior to this event, which included a separate class of customers, and its discontinuance has required PFM to attempt to develop new markets and customers, through the utilization of the facility as a storage facility under its RCRA permit and as a transfer facility. Accordingly, during the fourth quarter of 1997, the Company recorded a loss on disposal of discontinued operations of $3,053,000, which included $1,272,000 for impairment of certain assets and $1,781,000 for the establishment of certain closure liabilities.

The net loss from discontinued PFM operations for the quarter ended March 31, 1998, was $112,000 and was recorded against the accrued closure cost estimate on the balance sheet. The net loss for the quarter ended March 31, 1997, was $436,000 and is shown separately in the Consolidated Statements of Operations. The Company has restated the 1997 operating results to reflect this discontinued operations. The results of the discontinued PFM operations do not reflect management fees charged by the Company, but do include interest expense of $29,000 and $52,000 during the quarter ended March 31, 1998 and 1997, respectively, specifically identified to such operations as a result of such operations actual incurred debt under the Corporation's revolving and term loan credit facility. During March of 1998, the Company received a settlement in the amount of $1,475,000 from its insurance carrier for the business interruption claim. This settlement was recognized as a gain in 1997 and thereby reducing the net loss recorded for the discontinued PFM operations in 1997. Revenues of the discontinued PFM operations were $294,000 for the quarter ended March 31, 1998, and $752,000 for the quarter ended March 31, 1997. These revenues are not included in revenues as reported in the Consolidated Statements of Operation.

Liquidity and Capital Resources of the Company

At March 31, 1998, the Company had cash and cash equivalents of $15,000, including $2,000 from discontinued operations. This cash and cash equivalents total reflects a decrease of $311,000 from December 31, 1997, as a result of net cash provided by continuing operations of $1,470,000 (principally from the PFM insurance settlement of $1,475,000), offset by cash used by discontinued operation of $194,000, cash used in investing activities of $956,000 (principally purchases of equipment, net totaling $952,000) and cash used in financing activities of $631,000 (principally repayment of the revolving loan and term note

facility). Accounts receivable, net of allowances for continuing operations, totaled $4,757,000, a decrease of $525,000 over the December 31, 1997, balance of $5,282,000, which principally reflects the impact of increased collections during the first quarter of 1998.

On January 15, 1998, the Company, as parent and guarantor, and all direct and indirect subsidiaries of the Company, as co-borrowers and cross-guarantors, entered into a Loan and Security Agreement ("Agreement") with Congress Financial Corporation (Florida) as lender ("Congress"). The Agreement provides for a term loan in the amount of $2,500,000, which requires principal repayments based on a four-year level principal amortization over a term of 36 months, with monthly principal payments of $52,000.

Payments commenced on February 1, 1998, with a final balloon payment in the amount of approximately $573,000 due on January 14, 2001. The Agreement also provides for a revolving loan facility in the amount of $4,500,000. At any point in time the aggregate available borrowings under the facility are subject to the maximum credit availability as determined through a monthly borrowing base calculation, as updated for certain information on a weekly basis, equal to 80% of eligible accounts receivable accounts of the Company as defined in the Agreement. The termination date on the revolving loan facility is also the third anniversary of the closing date. The Company incurred approximately $230,000 in financing fees relative to the solicitation and closing of this loan agreement (principally commitment, legal and closing fees) which are being amortized over the term of the Agreement.

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

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

The proceeds of the Agreement were utilized to repay in full on January 15, 1998, the outstanding balance of $3,115,000 under the Heller Financial, Inc. ("Heller") Loan and Security Agreement which was comprised of a revolving loan and term loan, and to repay the outstanding balance of $624,000 under the Ally Capital Corporation ("Ally") Equipment Financing Agreements. The Company had borrowing availability under the Congress Agreement of approximately $1,500,000 as of the date of closing, based on 80% of eligible accounts receivable accounts. The Company recorded the December 31, 1997, Heller and Ally debt balances as though the Congress transaction had been closed as of December 31, 1997. As a result of this transaction, and the repayment of the Heller and Ally debt, the combined monthly debt payments were reduced from approximately $104,000 per month to $52,000 per month. As of March 31, 1998, the borrowings under the Congress revolving loan facility totaled $1,140,000 with borrowing availability of approximately $1,467,000. The balance under the Congress term loan at March 31, 1998, was $2,396,000.

At March 31, 1998, the Company had $4,187,000 in aggregate principal amounts of outstanding debt, related to continuing operations, as compared to $4,865,000 at December 31, 1997. This decrease in outstanding debt of $678,000 reflects the net repayment of the Congress Financial Corporation revolving loan and term note facility (including $42,000 repayment of the Heller term loan) of $628,000 and the scheduled principal repayments on other long-term debt of $50,000 (excluding $9,000 relative to discontinued operations). As of March 31, 1998, the Company had $107,000 in

aggregate principal amounts of outstanding debt related to PFM discontinued operations, of which $95,000 is classified as current.

As of March 31, 1998, total consolidated accounts payable for continuing operations of the Company was $2,223,000, a reduction of $40,000 from the December 31, 1997, balance of $2,263,000. This December 1997 balance also reflects a reduction of $673,000 in the balance of payables in excess of sixty (60) days, to a total of $608,000. The Company utilized a portion of the $1,475,000 PFM insurance settlement to reduce accounts payable, accrued expenses and outstanding debt in conjunction with cash provided by operations.

The Company's net purchases of new capital equipment for continuing operations for the three month period ended March 31, 1998, totaled approximately $952,000. These expenditures were for expansion and improvements to the operations principally within the Waste Management segment. These capital expenditures were principally funded by the $1,475,000 PFM insurance settlement. The Company has budgeted capital expenditures of $1,950,000 for 1998, which includes completion of certain current projects, as well as other identified capital and permit compliance purchases. The Company anticipates funding the remainder of these capital expenditures by a combination of lease financing with lenders other than the equipment financing arrangement discussed above, and/or internally generated funds.

The working capital deficit position of the Company at March 31, 1998, was $738,000, as compared to a positive position of $754,000 at December 31, 1997, which reflects a decrease in this position of $1,492,000 during this first quarter of 1998. This reduced working capital position is principally a result of the first quarter seasonal slowdown which reflects lower revenues and corresponding accounts receivable balances. Also impacting the first quarter of 1998 was the collection of the $1,475,000 PFM insurance settlement, a portion of which was utilized to fund capital expenditures. In contrast to the above, the Company was still able to reduce its current liabilities during the first quarter of 1998 by approximately $309,000.

The accrued dividends for the period July 1, 1997, through December 31, 1997, in the amount of approximately $121,000 were paid in January 1998, in the form of 54,528 shares of Common Stock of the Company.

Environmental Contingencies

The Company is engaged in the Waste Management Services segment of the pollution control industry. As a participant in the on-site treatment, storage and disposal market and the off-site treatment and services market, the Company is subject to rigorous federal, state and local regulations. These regulations mandate strict compliance and therefore are a cost and concern to the Company. The Company makes every reasonable attempt to maintain complete compliance with these regulations; however, even with a diligent commitment, the Company, as with many of its competitors, may be required to pay fines for violations or investigate and potentially remediate its waste management facilities.

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

The Company's subsidiary, PFM, has been notified by the United States Environmental Protection Agency ("EPA") that it believes that PFM is a potentially responsible party ("PRP") regarding the

remediation of a drum reconditioning facility in Memphis, Tennessee, owned by others ("Drum Site"), primarily as a result of activities by PFM, prior to the date that the Company acquired PFM in December 1993. The EPA has advised PFM that it has spent approximately $1.4 million to remediate the Drum Site, and that the EPA has sent PRP letters to approximately 50 other PRPs regarding the Drum Site in addition to PFM. The EPA has further advised that it believes that PFM supplied a substantial amount of drums to the Drum Site. The Company is currently investigating the allegations made by the EPA regarding the Drum Site and intends to vigorously defend against such allegations. If PFM is determined to be liable for all or a substantial portion of the remediation costs incurred by the EPA at the Drum Site, such could have a material adverse effect on the Company.

In addition to budgeted capital expenditures of $1,950,000 for 1998 at the TSD facilities of the Company, which are necessary to maintain permit compliance and improve operations, the Company has also budgeted for 1998 an additional $1,045,000 in environmental expenditures to comply with federal, state and local regulations in connection with remediation of two locations. One location owned by PFM and the other location leased by a predecessor of another subsidiary of the Company. The Company has estimated the expenditures for 1998 to be approximately $210,000 at the site leased by a predecessor of the Company and $835,000 at the PFM location. Additional funds will be required for the next five to ten years to properly investigate and remediate these sites. The Company expects to fund these expenses to remediate these two sites from funds generated internally.

PART II - Other Information

Item 1. Legal Proceedings

There are no additional material legal proceedings pending against the Company and/or its subsidiaries not previously reported by the Company in Item 3 of its Form 10-K for the year ended December 31, 1997, which Item 3 is incorporated herein by reference.

Item 2. Changes in Securities and Use of Proceeds

(a) & (b) On January 15, 1998, the Company entered into a definitive loan agreement with Congress Financial Corporation (Florida) ("Congress") in which Congress provided to the Company and certain subsidiaries of the Company a $7,000,000 credit facility ("Congress Facility"). Pursuant to the loan agreement with Congress (the "Congress Agreement"), the Congress Facility consists of (i) a revolving line of credit of up to $4,500,000, with the exact amount that can be borrowed under the revolving line of credit at any one time not to exceed eighty percent (80%) of the Net Amount of Eligible Accounts (as defined in the Congress Agreement) less certain reserves, and (ii) a term loan of $2,500,000, with the term loan payable in monthly installments of approximately $52,000 plus interest. The Congress Agreement is for a term of three years, subject to earlier termination pursuant to the terms of the Congress Agreement. Using proceeds from the initial loan under Congress Facility, the Company repaid the outstanding and unpaid amounts due to Heller Financial, Inc. ("Heller") and Ally Capital Corporation ("Ally") under their loan agreements with the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources of the Company" and Note 3 to Notes to Consolidated Financial Statements.

Under the terms of the Congress Agreement, the Company has agreed to maintain an Adjusted Net Worth (as defined in the Congress Agreement) of not less than $3,000,000 throughout the term of the Congress Agreement. The Company has also agreed that it will not pay any dividends on any shares of capital stock of the Company (including the Company's Common Stock), except that dividends may be paid on the Company's shares of Preferred Stock outstanding as of the date of the Congress Agreement (collectively, "Excepted Preferred Stock") pursuant to the terms of the applicable Excepted Preferred Stock.

(c) During the first quarter of 1998, the Company sold or issued the following equity securities which were not registered under the Securities Act of 1933, as amended (the "Act"):

(i) During January 1998, the Company issued to RBB Bank Aktiengesellschaft ("RBB Bank"), located in Graz, Austria, 27,377 shares of the Company's Common Stock in payment of $55,000 in accrued and unpaid dividends relating to certain outstanding series of the Company's Preferred Stock in accordance with the terms of such Preferred Stock, with 14,165 shares being issued in payment of accrued dividends from June 13, 1997, to September 15, 1997, and 13,212 shares issued in payment of accrued dividends from September 16, 1997, to December 31, 1997. The issuance of the above described shares of Common Stock in payment of accrued and unpaid dividends in connection with the Company's Preferred Stock were issued pursuant to an exemption from registration under Section 4(2) and/or Regulation D of the Act.

(ii) During January 1998, the Company issued to the Infinity Fund, L.P. ("Infinity"), 3,311 shares of the Company's Common Stock in payment of the $7,000 in accrued and unpaid dividends relating to the Company's outstanding series of Preferred Stock held by Infinity pursuant to the terms of such Preferred Stock, with 1,461 shares being issued for accrued dividends from July 8, 1997, to September 15, 1997, and 1,850 shares being issued for accrued dividends from September 16, 1997, to December 31, 1997. The issuance of the above shares of

Common Stock in payment of accrued and unpaid dividends relating to the Company's Preferred Stock held by Infinity were issued pursuant to an exemption from registration under Section 4(2) and/or Regulation D of the Act.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 4.1	Loan and Security Agreement with Congress Financial Corporation (Florida), dated January 15, 1998, a copy of which is attached as an exhibit to the Company's Form 8-K, dated January 15, 1998, and is incorporated by reference.
Exhibit 10.1	Employment Agreement, dated April 7, 1998, and effective as of January 1, 1998, with Bernhardt Warren
Exhibit 27	Financial Data Schedule

(b) Reports on Form 8-K

A current report on Form 8-K (Item 5 Other Events), dated January 15, 1998, reporting a new term and revolving credit facility with Congress Financial Corporation (Florida). It further discussed the update on the legal proceedings relative to the W&R Drum Company and the United States Environmental Protection Agencies notification of potential liability of Perma-Fix of Memphis, Inc.

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, thereunto duly authorized.

PERMA-FIX ENVIRONMENTAL

SERVICES, INC.

Date: May 14, 1998

By: /s/ Louis F. Centofanti

Chairman of the Board
Chief Executive Officer

By: /s/ Richard T. Kelecy

Richard T. Kelecy
Chief Financial Officer

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*incorporated by reference

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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 7th day of April, 1998, by and between PERMA-FIX ENVIRONMENTAL SERVICES, INC., a Delaware corporation (the "Company"), and BERNHARDT C. WARREN (the "Executive").

WITNESSETH:

WHEREAS, the Company believes that the services, knowledge, and contributions of the Executive to the Company are important to the Company; and

WHEREAS, the Company wishes to ensure that the Executive will continue to provide his services, knowledge, and contributions to the Company.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, and warranties set forth in this Agreement, the Company and the Executive agree as follows:

1. Term. Unless sooner terminated pursuant to the terms hereof, the term of this Agreement shall commence on the date hereof and terminate two (2) years from the date hereof, subject to extension by the mutual agreement of the parties (the "Term") except that Sections 5 and 6 of this Agreement shall survive termination of this Agreement.

2. Position and Duties.

2.1 Position. The Company agrees to employ the Executive, and the Executive agrees to such employment, as Vice President of Nuclear Services of the Company and Vice President and General Manager of Perma-Fix of Florida, Inc., a wholly-owned subsidiary of the Company ("PFF"), or such other position as the Chief Executive Officer ("CEO") or the Board of Directors of the Company shall direct or determine to be appropriate from time to time. The duties of the Executive include, but are not limited to, those duties more particularly described in Exhibit "A" as attached hereto and incorporated herein.

2.2 Location. The Executive's office shall be located in Gainesville, Florida or any other location as mutually satisfactory to the Company and the Executive.

2.3 Required Attention to Duties. Excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to faithfully perform the duties of his office, and shall devote his full time and attention to the business and affairs of the Company, to the extent necessary to be consistent with Section 2.1 above and shall not have any other business activities, except as otherwise provided in Section 2.4 hereof.

2.4 Other Activities. It shall not be a violation of this Agreement for the Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach at educational institutes, or (iii) manage personal investments, so long as such activities do not interfere with the performance of the Executive's responsibilities as an officer or employee of the Company and/or any subsidiary of the Company in accordance with this Agreement.

3. Compensation and Benefits.

3.1 Annual Base Salary. The Company shall pay to the Executive an annual base salary of Eighty- Seven Thousand Dollars ($87,000.00) per year ("Base Salary"), payable to the Executive in equal semi-monthly installments, less appropriate withholdings and deductions in accordance with the Company's customary payroll practices, subject to the adjustments listed below.

3.1.1 Board Adjustment. Notwithstanding the language of Section 3.1 above, the Base Salary may be increased from time to time as determined by and in the sole discretion of the Board of Directors of the Company (the "Board"), or the Compensation Committee of the Board.

3.2 Stock Bonus. In addition to payment of the Base Salary and the bonus described in Section 3.3, the Company shall pay to the Executive a bonus ("Stock Bonus") of One Hundred Sixty-Seven Thousand Five Hundred and No/100 Dollars ($167,500.00) to be paid in the form of shares of the Company's common stock, par value $.001 ("Common Stock"), with the number of shares of Common Stock to be issued under this Section 3.2 determined by dividing $167,500.00 by the average of the closing bid prices of the Common Stock on the NASDAQ Small Cap on the five trading days prior to the date of execution of this Agreement. Such shares of Common Stock to be issued under this Section 3.2 shall be delivered to Executive within thirty (30) days of execution of this Agreement.

3.3 Cash Bonus. In addition to payment of the Base Salary and the Stock Bonus described above, the Company shall pay to the Executive a bonus ("Cash Bonus") of One Hundred Sixty-Seven Thousand Five Hundred and No/100 Dollars ($167,500.00) to be paid in cash as follows: (i) Fifty-Six Thousand Nine Hundred Fifty and No/100 Dollars ($56,950.00) shall be paid no later than December 1, 1998 (and is intended to pay for the approximate taxes on the value of the Stock Bonus described in Section 3.2); and (ii) One Hundred Ten Thousand Five Hundred Fifty and No/100 Dollars ($110,550.00) payable in twenty-four monthly installments, without interest, with each monthly installment to be Four Thousand Six Hundred Six and Twenty-Five/100 Dollars ($4,606.25) less appropriate withholdings and deductions in accordance with the Company's customary payroll practice, with the first installment commencing with the month during which this Agreement is executed. Each monthly installment to be made under this section shall be payable to the Executive in equal semi-monthly installments.

3.4 Benefits. The Executive shall be entitled to participate in all employee benefit plans as are generally made available to other employees of the Company, subject to the terms and conditions of such benefits and plans and as such benefits and plans may be changed by the Company from time to time. Such benefits in existence as of the date hereof are as follows: (i) group medical insurance coverage, (ii) group life insurance coverage and (iii) certain stock option plans.

3.5 Expenses. The Company shall reimburse the Executive for any reasonable and necessary out-of-pocket expenses and costs incurred by the Executive in connection with, or arising out of, the performance of the Executive's duties hereunder, provided that such expenses and costs shall be paid or reimbursed subject to such rules, regulations, and policies of the Company as established from time to time by the Company.

3.6 Fringe Benefits. During the term of this Agreement, the Executive shall be entitled to fringe benefits, including, but not limited to, vacation in accordance with the plans, practices, programs and policies of the Company.

4. Other Restrictions and Legends.

4.1 Acquisition for Own Account; No Registration. The Executive represents and warrants that the shares of Common Stock acquired as a Stock Bonus under Section 3.2 hereof are being acquired for his own account and for the purpose of investment and not with a view to the sale or distribution thereof, except for sales pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Act") and any applicable state securities laws, or a transaction exempt from registration thereunder, and shall not make any sale, transfer or other disposition of the Common Stock in violation of any applicable state securities laws, including in each instance any applicable rules and regulations promulgated thereunder, or in violation of the Act or the rules and regulations promulgated thereunder by the Securities and Exchange Commission (the "SEC"). The Executive understands that these shares of Common Stock have not been registered under the Act or any state securities laws (the Company being under no obligation to effect such registration) and that such shares must be held indefinitely unless a subsequent disposition thereof is registered under the Act and applicable state securities law or is exempt from registration thereunder. The Executive further understands that the exemption from registration afforded by Rule 144 under the Act depends upon the satisfaction of various conditions and that, if applicable, Rule 144 affords the basis for sale of such shares only in limited amounts.

4.2 Florida Blue Sky Laws. The shares of Common Stock acquired as a Stock Bonus under Section 3.2 hereof have not been registered with the State of Florida, but will be sold in reliance on an exemption from such registration set forth in Section 517.061 of the Florida Statutes.

4.3 Disposition of Shares. The Executive represents, covenants, and agrees that he will not sell or otherwise dispose of the shares of Common Stock acquired under this

Agreement in the absence of (a) an effective registration statement under the Act and the Florida Statutes, or (b) an opinion acceptable in form and substance to the Company from Executive's counsel satisfactory to the Company, or an opinion of counsel to the Company, to the effect that no registration is required for such disposition.

4.4 Restrictive Legend. The certificates representing shares covered by this Agreement shall upon issuance thereof have stamped or imprinted thereon or affixed thereto a legend to the following effect:

> THE REGISTERED HOLDER HEREOF HAS ACQUIRED THE SHARES REPRESENTED BY THIS CERTIFICATE FOR INVESTMENT AND NOT FOR RESALE IN CONNECTION WITH A DISTRIBUTION THEREOF. ACCORDINGLY, SUCH SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO A CURRENTLY EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT OR OTHERWISE IN A TRANSACTION EXEMPT FROM THE PROVISIONS OF SECTION 5 OF SAID ACT.

4.5 Receipt of Company SEC Filings and Press Releases. The Executive has received and had an opportunity to review true and complete copies of the following documents which have been filed by the Company with the Securities and Exchange Commission ("SEC") (such documents are hereinafter collectively referred to as the "SEC Filings"): (i) Annual Report on Form 10-K for the year ended December 31, 1996 (the "Form 10-K"); (ii) the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1997; (iii) the Company's quarterly report on Form 10-Q for the quarter ended June 30, 1997; (iv) the Company's quarterly report on Form 10-Q for the quarter ended September 30, 1997; (v) the Company's current report on Form 8-K dated February 7, 1997; (vi) the Company's current report on Form 8-K/A dated June 11, 1997; (vii) the Company's current report on Form 8-K dated July 7, 1997; (viii) the Company's current report on Form 8-K dated January 7, 1998 and, (ix) any and all other documents which have been filed by the Company pur-

suant to Sections 13(a), 14(a), 14(c), and 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") since January 1, 1997. In addition, the Executive has received and has had an opportunity to review (i) all information required pursuant to Rule 502(b)(2) of Regulation D under the Act and (ii) all press releases of the Company which have been issued since January 1, 1997.

4.6 Availability of SEC Filings Exhibits. The Executive hereby acknowledges that the Company has provided to the Executive, at a reasonable time prior to execution of this Agreement, the following: (i) a list of the material exhibits to the Company SEC Filings identifying the contents of each material exhibit; (ii) such material exhibits upon the written request of the Executive, and (iii) the opportunity to ask questions and to receive answers concerning the terms and conditions of this Agreement and to obtain any additional information which the Company possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished in Section 4.5 and this Section 4.6 hereof.

4.7 Investment Expertise. The Executive has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the acquisition of the Common Stock under this Agreement.

5. Confidential Information.

5.1 Confidentiality. During the term of this Agreement and for 36 months following termination of this Agreement for any reason whatsoever, whether voluntarily or involuntarily, the Executive agrees to hold in confidence and not disclose, directly or indirectly any and all secret or confidential information, knowledge or data ("Confidential Information") relating to the Company, PFF or any of their affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company, PFF or any of their affiliated companies. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company, communicate or divulge any such Confidential Information to anyone other than the Company and those designated by it in writing. This Section 5 shall survive the termination of the Agreement.

5.2 Exceptions. Notwithstanding the provisions of Sections 5.1 hereof, the Executive shall not be held liable for disclosure of information which (i) was in the public domain or is generally available to the public at the time of its disclosure by the Executive through means unrelated to the Executive's disclosure; or (ii) is disclosed by the Executive in connection with the Executive performing his duties for the Company under this Agreement; or (iii) is disclosed with the written

approval of the Company; or (iv) is required to be disclosed by law or by any governmental authority or entity.

5.3 Equitable Relief. The Executive acknowledges that the provisions of this Section 5 are reasonable and necessary for the protection of the Company and that the Company will be irrevocably damaged if such covenants and provisions are not specifically enforced. The Executive agrees that the remedy at law for any breach or threatened breach of any covenant contained in this Section 5 will be inadequate, and that the Company, in addition to such other remedies as may be available to it in law or in equity, shall be entitled to injunctive relief without bond or other security. If it becomes necessary for the Company to bring legal action against the Executive as a result of his breach of any of the covenants contained in this Section 5, the Executive agrees to pay all of the Company's costs and expenses in connection therewith (including, but not limited to, reasonable attorney's fees).

6. Intellectual Property.

6.1 Patents. The Executive shall promptly advise the Company of any invention or discovery, whether or not patentable, made or conceived by the Executive, under the Executive's direction during the Executive's employment with the Company, PFF or any of their subsidiaries or affiliates (collectively, "Inventions"). The Executive hereby assigns to the Company, without additional consideration to the Executive, the entire right, title and interest in and to the Inventions and in and to all patents, trade secrets, and other proprietary rights therein or based thereon. The Executive shall execute all such assignments, oaths, declarations and other documents as may be prepared by the Company to effect the foregoing. The Executive shall provide the Company with all information, documentation, and assistance the Company may request to perfect, enforce, or defend the proprietary rights in or based on the Inventions. This Section 6 shall survive the termination of this Agreement.

6.2 Copyrights. The Executive agrees that the entire right, title and interest in and to any and all materials created by the Executive during the Executive's employment with the Company, PFF or any of their subsidiaries or affiliates which are subject to copyright protection under United States copyright laws and any copyrights thereto (collectively, "Works") are hereby assigned to the Company, without additional consideration to the Executive. The Executive shall execute all such assignments, oaths, declarations and other documents as may be prepared by the Company to effect the foregoing. The Executive shall provide the Company with all information, documentation, and assistance the Company may request to perfect, enforce, or defend the protectable rights in or based on the Works.

6.3 Records. The Executive acknowledges that all Works, data, memoranda, designs, reports or other representations of information, including, but not limited to, any representations in machine-readable form, which are created by the Executive under this Agreement (collectively, "Records") are the sole and exclusive property of the Company and the Executive shall have no right or interest in them. The Employee shall surrender possession of all Records to the Company upon any suspension or termination of the Executive's employment with the Company. If after the suspension or termination of the Executive's employment, the Executive becomes aware of any Records in his possession, Employee shall immediately surrender possession thereof to the Company.

7. Termination.

During the Term of this Agreement, the Executive's employment and the Agreement may be terminated only for one of the following reasons:

7.1 Death. This Agreement and the Term shall terminate automatically upon the Executive's death.

7.2 Disability.

7.2.1 Definition. "Disability" of the Executive is defined, for the purposes of this Agreement, as physical or mental disability of the Executive which after a continuous period of at least 90 days is determined to be such as to impair the Executive's ability to perform all of his duties under this Agreement by a physician selected by the Company.

7.2.2 Application. The Company may terminate the Agreement and the Term after establishing the Executive's Disability as set forth in Section 7.2.1, and by giving written notice to the Executive of its intention to terminate the Executive's employment with the Company ("Disability Termination Notice"). In such a case, the Executive's employment with the Company and the Term shall terminate effective on the earlier of the otherwise scheduled expiration of the Term pursuant to Section 1 or on the tenth (10th) day after receipt of the Disability Termination Notice, provided that the Executive has not resumed full-time performance of his duties under this Agreement.

7.3 Cause. The Company may terminate the Agreement and the Term for "Cause," which for the purposes of this Agreement is defined as (i) the conviction of the Executive of a misdemeanor involving moral turpitude or of a felony by a federal or state court of competent jurisdiction; or (ii) failure to perform the Executive's duties in breach of this Agreement; or (iii) the breach

of any of the Executive's obligations under this Agreement, provided however, that; failure of the Executive to perform his duties hereunder due to a Disability shall not be considered as a breach of the Executive's duties under this Section 7.3.

7.4 Notice of Termination.

7.4.1 By Company. The Company shall not be deemed to have terminated this Agreement pursuant to the terms of Section 7 hereof, unless and until there shall have been delivered to the Executive a copy of a Notice of Termination for Cause stating that the Executive is terminated pursuant to Section 7 and the reason for such termination.

7.5 Company Obligations Upon Termination. If, prior to the expiration of the Term of this Agreement, the Company shall terminate this Agreement (other than for Cause or Disability or Death), the Company shall continue to pay to the Executive on a bi-monthly basis as though this Agreement had remained in effect through the Term. If the Agreement is terminated for Cause or due to Death or Disability of the Executive, the Company has no further liability or obligations under this Agreement from the date of such termination.

8. Miscellaneous.

8.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

8.2 Successors. This Agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators, and successors of the parties hereto.

8.3 Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Bernhardt C. Warren
4137 N.W. 33rd Place
Gainesville, Florida 32606

If to the Company:

Perma-Fix Environmental Services, Inc.
1940 Northwest 67th Place
Gainesville, Florida 32653
Attn: Chief Financial Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

8.4 Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

8.5 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral and prior written agreements and understandings. There are no oral promises, conditions, representations, understandings, interpretations or terms of any kind as conditions or inducements to the execution hereof or in effect among the parties. This Agreement may not be amended, and no provision hereof shall be waived, except by a writing signed by all the parties to this Agreement, or, in the case of a waiver, by the party waiving compliance therewith, which states that it is intended to amend or waive a provision of this Agreement. Any waiver of any rights or failure to act in a specific instance shall relate only to such instance and shall not be construed as an agreement to waive any rights or failure to act in any other instance, whether or not similar.

8.6 Modification. Should any provision of this Agreement be unenforceable or prohibited by an applicable law, this Agreement shall be considered divisible as to such provision which shall be inoperative, and the remainder of this Agreement shall be valid and binding as though such provision were not included herein.

8.7 Counterparts. This Agreement may be executed in two or more counterparts with the same effect as if the signatures to all such counterparts were upon the same instrument, and all such counterparts shall constitute but one instrument.

8.8 Headings. All headings in this Agreement are for convenience only and are not intended to affect the meaning of any provision hereof.

8.9 Termination of Previous Agreements. The Executive and the Company agree and acknowledge that all previous employment agreements, understandings and arrangements (oral or in writing) between the Executive and the

Company or any subsidiary of the Company, including, but not limited to, that certain Employee Services Contract by and between the Company and the Executive, dated July 16, 1996, are hereby terminated in all respects, effective as of the date of this Agreement, with no further duties or obligations to be performed by either party thereunder.

IN WITNESS WHEREOF, the Executive has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

"EXECUTIVE"

/s/ Bernhardt C. Warren

Bernhardt C. Warren

"COMPANY"

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By: /s/ Louis Centofanti

Title: CEO

EXHIBIT A

The following are duties that are expected by the Company to be performed by the Executive:

1. Function as General Manager of PFF, located in Gainesville, Florida, and be responsible for the activities of the plant including worker supervision, profit and loss, oversight of the development and compliance regarding regulatory licenses and permits and any other activities as required by the Chief Executive Officer ("CEO") of the company to perform as typical General Manager of a facility. Executive shall report to the CEO of the Company for direction in the performance of these duties.

2. Function as Corporate Radiation Safety Officer. Besides providing Radiation Safety Officer functions for the company activities at Gainesville (discussed later), the Executive shall provide assistance in the support of activities of the Company. This includes, but is not limited to, being the liaison between the Company and regulatory agencies, writing Health & Safety Plans as they pertain to radiation issues, preparing licensing and other regulatory documents in order to satisfy regulatory requirements, perform associated travel as required.

3. Function as Company Radiation Safety Officer. Executive shall oversee the Radiation Safety Program for compliance with its low level radioactive license; review the exposures of authorizes users and occupational workers quarterly to determine that the exposures are as low as reasonably achievable; investigate unusual incidents; review the radiation levels in restricted and unrestricted areas; schedule and conduct briefings and educational sessions to inform workers of the principles of radiation protection; prepare radioactive materials license documents for the facility; and be the liaison between the Company and PFF and the appropriate regulatory agencies as it applies to radiation protection and all radioactive materials licenses in effect at the facility.

4. Function as the Account Manager for the Liquid Scintillation Vial ("LSV") business segment of PFF. This includes being the liaison between the LSV brokers/generators and the Company; meet with brokers and generators, as needed; negotiate and execute sales contracts; respond to the inquiries of LSV generators; represent the Company at trade shows and conventions; and distribute information to requestors.

5. Function as the Mixed Waste Development Coordinator. Work with the Company and PFF staff in developing mixed waste opportunities for PFF's facility and other locations owned by the Company, PFF and subsidiaries of the Company. Be responsible in obtaining, as well as can be expected, the necessary permitting authorization to allow for the performance of opportunities as agreed upon by the Executive and the CEO. Be responsible for developing prospects, negotiating as agreed upon by the Executive and the CEO. Be responsible for developing prospects, negotiating contracts with generators and brokers; and, negotiate disposal and treatment options with respective disposal vendors.

6. Other duties reasonably requested by CEO or the Board of Directors of the Company.

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