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, 2011

Or

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

(770) 587-9898
(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 T No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).
Yes T No £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer £ Accelerated Filer T Non-accelerated Filer £ Smaller reporting company £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No T

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 1, 2011
Common Stock, $.001 Par	

Common Stock, $.001 Par Value	55,173,586 shares of registrant's Common Stock

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

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PART I - FINANCIAL INFORMATION
ITEM 1. – Financial Statements

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Consolidated Balance Sheets

(Amounts in Thousands, Except for Share and per Share Amounts)	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash	$ 27	$ 101
Restricted cash	35	35
Accounts receivable, net of allowance for doubtful accounts of $200 and $215, respectively	14,878	8,541
Unbilled receivables - current	10,558	9,436
Inventories	385	465
Prepaid and other assets	2,072	2,870
Deferred tax assets - current	562	1,734
Current assets related to discontinued operations	2,187	2,034
Total current assets	30,704	25,216
Property and equipment:		
Buildings and land	25,437	24,693
Equipment	33,357	33,279
Vehicles	235	235
Leasehold improvements	11,510	11,506
Office furniture and equipment	1,906	1,890
Construction-in-progress	1,440	593
	73,885	72,196
Less accumulated depreciation and amortization	(34,022)	(31,753)
Net property and equipment	39,863	40,443
Property and equipment related to discontinued operations	4,213	4,209
Intangibles and other long term assets:		
Permits	16,878	16,863
Goodwill	16,170	15,330
Unbilled receivables – non-current	1,756	2,556
Finite Risk Sinking Fund	19,329	17,424
Other assets	2,179	2,084
Intangible and other assets related to discontinued operations	1,190	1,190
Total assets	$ 132,282	$ 125,315

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Consolidated Balance Sheets, Continued

(Amounts in Thousands, Except for Share and per Share Amounts)	June 30, 2011 (Unaudited)	December 31, 2010
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,480	$ 4,891
Accrued expenses	6,569	5,996
Disposal/transportation accrual	2,699	2,188
Unearned revenue	6,410	3,527
Current liabilities related to discontinued operations	3,414	2,673
Current portion of long-term debt	2,328	3,612
Total current liabilities	27,900	22,887
Accrued closure costs	12,401	12,362
Other long-term liabilities	579	671
Deferred tax liability	1,235	1,180
Long-term liabilities related to discontinued operations	2,199	3,074
Long-term debt, less current portion	6,929	6,637
Total long-term liabilities	23,343	23,924
Total liabilities	51,243	46,811
Commitments and Contingencies		
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, no shares issued and outstanding	—	—
Common Stock, $.001 par value; 75,000,000 shares authorized, 55,175,897 and 55,106,180 shares issued, respectively; 55,137,687 and 55,067,970 shares outstanding, respectively	55	55
Additional paid-in capital	101,157	100,821
Accumulated deficit	(21,370)	(23,569)
Less Common Stock in treasury at cost; 38,210 shares, respectively	(88)	(88)
Total stockholders' equity	79,754	77,219
Total liabilities and stockholders' equity	$ 132,282	$ 125,315

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

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

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net revenues	$ 28,913	$ 25,847	$ 52,528	$ 49,413
Cost of goods sold	20,864	18,665	41,449	37,288
Gross profit	8,049	7,182	11,079	12,125
Selling, general and administrative expenses	3,436	3,376	6,808	6,818
Research and development	395	179	661	389
Loss on disposal of property and equipment	—	—	—	2
Income from operations	4,218	3,627	3,610	4,916
Other income (expense):				
Interest income	13	16	26	37
Interest expense	(183)	(206)	(359)	(424)
Interest expense-financing fees	(54)	(102)	(156)	(205)
Other	3	—	3	5
Income from continuing operations before taxes	3,997	3,335	3,124	4,329
Income tax expense	1,445	1,219	1,105	1,638
Income from continuing operations	2,552	2,116	2,019	2,691
(Loss) income from discontinued operations, net of taxes	(32)	(670)	180	(608)
Net income	$ 2,520	$ 1,446	$ 2,199	$ 2,083
Net income (loss) per common share – basic:				
Continuing operations	$ .05	$ .04	$ .04	$ .05
Discontinued operations	—	(.01)	—	(.01)
Net income per common share	$ .05	$ .03	$ .04	$ .04
Net income (loss) per common share – diluted:				
Continuing operations	$ .05	$ .04	$ .04	$ .05
Discontinued operations	—	(.01)	—	(.01)
Net income per common share	$ .05	$ .03	$ .04	$ .04
Number of common shares used in computing net income (loss) per share:				
Basic	55,136	54,991	55,118	54,843
Diluted	55,136	55,124	55,123	55,012

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

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

(Amounts in Thousands)	Six Months Ended June 30, 2011	2010
Cash flows from operating activities:		
Net income	$ 2,199	$ 2,083
Less: income (loss) on discontinued operations	180	(608)
Income from continuing operations	2,019	2,691
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	2,332	2,220
Amortization of debt discount	121	167
Deferred taxes	1,227	1,213
(Benefit) provision for bad debt and other reserves	(15)	27
Loss on disposal of plant, property and equipment	—	2
Issuance of common stock for services	108	120
Share based compensation	192	165
Changes in operating assets and liabilities of continuing operations, net of effect from business acquisitions:		
Accounts receivable	(6,322)	3,137
Unbilled receivables	(322)	1,531
Prepaid expenses, inventories and other assets	667	1,047
Accounts payable, accrued expenses and unearned revenue	4,126	(8,172)
Cash provided by continuing operations	4,133	4,148
Cash used in discontinued operations	(31)	(33)
Cash provided by operating activities	4,102	4,115
Cash flows from investing activities:		
Purchases of property and equipment	(1,689)	(1,085)
Payment to finite risk sinking fund	(1,905)	(1,916)
Cash used in investing activities of continuing operations	(3,594)	(3,001)
Cash used in investing activities of discontinued operations	(135)	(345)
Net cash used in investing activities	(3,729)	(3,346)
Cash flows from financing activities:		
Net borrowing of revolving credit	1,047	2
Principal repayments of long term debt	(2,124)	(1,928)
Proceeds from finite risk financing	685	653
Proceeds from issuance of stock	—	509
Cash used in financing activities of continuing operations	(392)	(764)
Principal repayments of long term debt for discontinued operations	(55)	(21)
Cash used in financing activities	(447)	(785)
Decrease in cash	(74)	(16)
Cash at beginning of period	101	66
Cash at end of period	$ 27	$ 50
Supplemental disclosure:		
Interest paid	$ 409	$ 544
Income taxes paid	70	400
Non-cash investing and financing activities:		
Warrants extension for debt modification	36	—

The accompanying notes are an 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, 2011)

(Amounts in thousands, except for share amounts)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Common Stock Held In Treasury	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2010	55,106,180	$ 55	$ 100,821	$ (88)	$ (23,569)	$ 77,219
Net income	—	—	—	—	2,199	2,199
Warrant extension for debt modification	—	—	36	—	—	36
Issuance of Common Stock for services	69,717	—	108	—	—	108
Stock-Based Compensation	—	—	192	—	—	192
Balance at June 30, 2011	55,175,897	$ 55	$ 101,157	$ (88)	$ (21,370)	$ 79,754

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

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

June 30, 2011
(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, 2010.

1. Basis of Presentation

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 ("SEC"). Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America 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. The results of operations for the six months ended June 30, 2011 are not necessarily indicative of results to be expected for the fiscal year ending December 31, 2011.

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, 2010.

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

As previously disclosed, on October 6, 2010, our Board of Directors authorized the divestiture of our three remaining operations within our Industrial Segment, Perma-Fix of Fort Lauderdale, Inc. ("PFFL"), Perma-Fix of South Georgia, Inc. ("PFSG"), and Perma-Fix of Orlando, Inc. ("PFO"). On October 6, 2010, PFFL, PFSG, and PFO met the held for sale criteria under Accounting Standards Codification ("ASC") 360 ("ASC 360"), "Property, Plant, and Equipment", and therefore, certain assets and liabilities of these facilities have been reclassified as discontinued operations in the Consolidated Balance Sheet, and we ceased depreciation of these facilities' long-lived assets classified as held for sale. The results of operations and cash flows of these three operations have been reported in the Consolidated Financial Statements as discontinued operations for all periods presented. See "Note 8 – Discontinued Operations" for definitive agreement and letter of intent ("LOI") entered into by the Company to sell PFFL and PFO, respectively.

2. Summary of Significant Accounting Policies

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

Recently Issued Accounting Standards
In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04 ("ASU 2011-04"), "Fair Value Measurement (Topic 820) - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs". ASU 2011-04 improves comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRSs"). ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. The amendments in this guidance are to be applied prospectively, and are effective for interim and annual periods beginning after December 15, 2011. We do not expect ASU 2011-04 to have a material effect on our financial position, results of operations, or cash flow.

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220) - Presentation of Comprehensive Income", which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. ASU 2011-05 is effective for interim and annual periods beginning after Dec. 15, 2011 with early adoption permitted. We do not expect ASU 2011-05 to have a material impact on our current presentation.

3. Stock Based Compensation

We follow FASB ASC 718, "Compensation – Stock Compensation" ("ASC 718") to account for stock-based compensation. ASC 718 requires all stock-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values.

The Company has certain stock option plans under which it awards incentive and non-qualified stock options to employees, officers, and outside directors. Stock options granted to employees have either a ten year contractual term with one-fifth yearly vesting over a five year period or a six year contractual term with one-third yearly vesting over a three year period. Stock options granted to outside directors have a ten year contractual term with a vesting period of six months.

No stock options were granted during the first six months of 2011 and 2010.

As of June 30, 2011, we had 1,730,833 employee stock options outstanding, of which 1,419,000 are vested. The weighted average exercise price of the 1,419,000 outstanding and fully vested employee stock options is $2.06 with a remaining weighted contractual life of 2.10 years. Additionally, we had 736,000 outstanding director stock options, all of which are vested. The weighted average exercise price of the 736,000 outstanding and fully vested director stock options is $2.24 with a remaining weighted contractual life of 5.16 years.

The Company estimates fair value of stock options using the Black-Scholes valuation model. Assumptions used to estimate the fair value of stock options granted include the exercise price of the award, the expected term, the expected volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's expected term, and the expected annual dividend yield.

The following table summarizes stock-based compensation recognized for the three and six months ended June 30, 2011 and 2010 for our employee and director stock options.

Stock Options	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Employee Stock Options	$ 76,000	$ 79,000	$ 152,000	$ 138,000
Director Stock Options	—	—	40,000	27,000
Total	$ 76,000	$ 79,000	$ 192,000	$ 165,000

We recognized stock-based compensation expense using a straight-line amortization method over the requisite period, which is the vesting period of the stock option grant. ASC 718 requires that stock based compensation expense be based on options that are ultimately expected to vest. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We have generally estimated forfeiture rate based on historical trends of actual forfeitures. When actual forfeitures vary from our estimates, we recognize the difference in compensation expense in the period the actual forfeitures occur or when options vest. As of June 30, 2011, we have approximately $51,000 of total unrecognized compensation cost related to unvested options, of which $48,000 is expected to be recognized in the remainder of 2011 and $3,000 in 2012.

4. Capital Stock, Stock Plans, and Warrants

During the six months ended June 30, 2011, we issued 69,717 shares of our Common Stock under our 2003 Outside Directors Stock Plan to our outside directors as compensation for serving on our Board of Directors. We pay each of our outside directors $2,167 monthly in fees for serving as a member of our Board of Directors. The Audit Committee Chairman receives an additional monthly fee of $1,833 due to the position's additional responsibility. In addition, each board member is paid $1,000 for each board meeting attendance as well as $500 for each telephonic conference call. As a member of the Board of Directors, each director elects to receive either 65% or 100% of the director's fee in shares of our Common Stock based on 75% of the fair market value of our Common Stock determined on the business day immediately preceding the date that the quarterly fee is due. The balance of each director's fee, if any, is payable in cash.

The summary of the Company's total Plans as of June 30, 2011 as compared to June 30, 2010, and changes during the periods then ended are presented as follows. The Company's Plans consist of the 1993 Non-Qualified Stock Option plan, the 2004 and 2010 Stock Option Plans, and the 1992 and 2003 Outside Director Plans:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding Janury 1, 2011	2,755,525	$ 2.09		
Granted	–	–		
Exercised	–	–		$ –
Forfeited	(288,692)	1.79		
Options outstanding End of Period [1]	2,466,833	2.12	3.2	$ –
Options Exercisable at June 30, 2011 [1]	2,155,000	$ 2.12	3.1	$ –
Options Vested and expected to be vested at June 30, 2011	2,450,801	$ 2.12	3.2	$ –

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding Janury 1, 2010	3,109,525	$ 2.05		
Granted	–	–		
Exercised	(350,000)	1.70		$ 223,000
Forfeited	(55,000)	2.17		
Options outstanding End of Period [1]	2,704,525	2.09	3.6	$ 28,450
Options Exercisable at June 30, 2010 [1]	2,080,858	$ 2.08	3.4	$ 13,250
Options Vested and expected to be vested at June 30, 2010	2,666,742	$ 2.09	3.6	$ 28,450

[1] Options with exercise prices ranging from $1.42 to $2.98

5. Earnings (Loss) Per Share

Basic earnings (loss) per share excludes any dilutive effects of stock options, warrants, and convertible preferred stock. In periods where they are anti-dilutive, such amounts are excluded from the calculations of dilutive earnings per share.

The following is a reconciliation of basic net income (loss) per share to diluted net income (loss) per share for the three and six months ended June 30, 2011 and 2010:

	Three Months Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
(Amounts in Thousands, Except for Per Share Amounts)	2011	2010	2011	2010
Income per share from continuing operations				
Income from continuing operations	$ 2,552	$ 2,116	2,019	$ 2,691
Basic income per share	$ .05	$ .04	.04	$ .05
Diluted income per share	$ .05	$ .04	.04	$ .05
(Loss) income per share from discontinued operations				
(Loss) income from discontinued operations	$ (32)	$ (670)	180	$ (608)
Basic loss per share	∃ —	$ (.01)	—	$ (.01)
Diluted loss per share	∃ —	$ (.01)	—	$ (.01)
Weighted average common shares outstanding – basic	55,136	54,991	55,118	54,843
Potential shares exercisable under stock option plans	—	99	5	131
Potential shares upon exercise of Warrants	—	34	—	38
Weighted average shares outstanding – diluted	55,136	55,124	55,123	55,012
Potential shares excluded from above weighted average share calculations due to their anti-dilutive effect include:				
Upon exercise of options	2,467	1,715	2,317	1,625
Upon exercise of Warrants	150	—	150	—

6. Long Term Debt

Long-term debt consists of the following at June 30, 2011 and December 31, 2010:

(Amounts in Thousands)	June 30, 2011	December 31, 2010
Revolving Credit facility dated December 22, 2000, borrowings based upon eligible accounts receivable, subject to monthly borrowing base calculation, variable interest paid monthly at option of prime rate (3.25% at June 30, 2011) plus 2.0% or minimum floor base London InterBank Offer Rate ("LIBOR") of 1.0% plus 3.0%, balance due in July 2012. Effective interest rate for the six months of 2011 was 4.0%. [1] [2]	$ 3,066	$ 2,019
Term Loan dated December 22, 2000, payable in equal monthly installments of principal of $83, balance due in July 2012, variable interest paid monthly at option of prime rate plus 2.5% or minimum floor base LIBOR of 1.0% plus 3.5%. Effective interest rate for six months of 2011 was 4.5%. [1] [2]	4,167	4,667
Installment Agreement in the Agreement and Plan of Merger with Nuvotec and PEcoS, dated April 27, 2007, payable in three equal yearly installments of principal of $833 beginning June, 2009. Interest accrues at annual rate of 8.25% on outstanding principal balance. Final principal and remaining accrued interest payment was due on June 30, 2011.	—	833
Promissory Note dated April 18, 2011, payable in monthly installments of principal of $83 starting May 8, 2011, balance due April 8, 2012, variable interest paid monthly at LIBOR plus 4.5%, with LIBOR at least 1.5%. [3] [4]	793	1,222
Promissory Note dated September 28, 2010, payable in 36 monthly equal installments of $40, which includes interest and principal, beginning October 15, 2010, interest accrues at annual rate of 6.0% [5]	1,011	1,218
Various capital lease and promissory note obligations, payable 2011 to 2015, interest at rates ranging from 5.0% to 9.1%.	572	697
	9,609	10,656
Less current portion of long-term debt	2,328	3,612
Less long-term debt related to assets held for sale	352	407
	$ 6,929	$ 6,637

[1] Our Revolving Credit is collateralized by our accounts receivable and our Term Loan is collateralized by our property, plant, and equipment.

[2] From March 5, 2009 to January 24, 2010, variable interest was determined based on the options as noted; however, minimum floor base under the LIBOR option was 2.5% for both our Revolving Credit and Term Loan. Effective January 25, 2010, minimum floor base under the LIBOR option was amended from 2.5% to 1.0%.

[3] Original promissory note dated May 8, 2009 of $3,000,000 was modified on April 18, 2011, with principal balance of approximately $990,000. See “Promissory Note and Installment Agreement” below for terms of original and amended promissory notes.

[4] Net of debt discount of ($32,000) and ($117,000) for June 30, 2011 and December 31, 2010, respectively. See “Promissory Note and Installment Agreement” below for additional information.

[5] Uncollateralized note.

Revolving Credit and Term Loan Agreement

On December 22, 2000, we entered into a Revolving Credit, Term Loan and Security Agreement ("Loan Agreement") with PNC Bank, National Association ("PNC"), a national banking association acting as agent ("Agent") for lenders, and as issuing bank, as amended. The Agreement provided for a term loan ("Term Loan") in the amount of $7,000,000, which requires monthly installments of $83,000. 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 the Agent reasonably deems proper and necessary. As of June 30, 2011, the excess availability under our Revolving Credit was $13,843,000 based on our eligible receivables.

Promissory Note and Installment Agreement

In conjunction with our acquisition of Perma-Fix Northwest, Inc. ("PFNW"), we agreed to pay shareholders of Nuvotec (n/k/a PFNW) that qualified as accredited investors, pursuant to Rule 501 of Regulation D promulgated under the Securities Act of 1933, $2,500,000, with principal payable in equal installments of $833,333 on June 30, 2009, June 30, 2010, and June 30, 2011. Interest is accrued on the outstanding principal balance at 8.25% starting in June 2007 and is payable on June 30, 2008, June 30, 2009, June 30, 2010, and June 30, 2011. On June 30, 2011, we made the final principal installment of $833,333 plus accrued interest of $69,000.

On September 28, 2010, the Company entered into a promissory note in the principal amount of $1,322,000, with the former shareholders of Nuvotec in connection with an earn-out amount that we are required to pay upon meeting certain conditions for each earn-out measurement year ending June 30, 2008 to June 30, 2011, as a result of our acquisition of PFNW and Perma-Fix Northwest Richland, Inc. ("PFNWR"). Interest is accrued at an annual interest rate of 6%. The promissory note provides for 36 equal monthly payments of approximately $40,000, consisting of interest and principal, starting October 15, 2010. The promissory note may be prepaid at any time without penalty. See further details of the earn-out amount in "Note 7 - Commitments and Contingencies - Earn-Out Amount – Perma-Fix Northwest, Inc. ("PFNW") and Perma-Fix Northwest Richland, Inc. ("PFNWR")".

On May 8, 2009, the Company entered into a promissory note with William N. Lampson and Diehl Rettig (collectively, the "Lenders") for $3,000,000. The Lenders were formerly shareholders of PFNW prior to our acquisition of PFNW and PFNWR and are also stockholders of the Company having received shares of our Common Stock in connection with our acquisition of PFNW and PFNWR. The promissory note provided for monthly principal repayment of approximately $87,000 plus accrued interest, starting June 8, 2009, with interest payable at LIBOR plus 4.5%, with LIBOR at least 1.5%. Any unpaid principal balance along with accrued interest was due May 8, 2011. We paid approximately $22,000 in closing costs on the promissory note which was being amortized over the term of the note. The promissory note may be prepaid at any time by the Company without penalty. As consideration of the Company receiving this loan, we issued a Warrant to Mr. Lampson and a Warrant to Mr. Diehl to purchase up to 135,000 and 15,000 shares, respectively, of the Company's Common Stock at an exercise price of $1.50 per share. The Warrants were exercisable six months from May 8, 2009 and were to expire on May 8, 2011. We also issued an aggregate of 200,000 shares of the Company's Common Stock, with Mr. Lampson receiving 180,000 shares and Mr. Rettig receiving 20,000 shares of the Company's Common Stock. The fair value of the Common Stock and Warrants on the date of issuance was estimated to be $476,000 and $190,000, respectively. The fair value of the Common Stock and Warrants was recorded as a debt discount and was being amortized over the term of the loan as interest expense – financing fees. On April 18, 2011, we entered into an amendment to the promissory note whereby the remaining principal balance on the promissory note of approximately $990,000 is to be repaid in twelve monthly principal payments of approximately $82,500 plus accrued interest, starting May 8, 2011, with interest payable at the same rate of the original loan. As consideration of the amended loan, the original Warrants issued to Mr. Lampson and to Mr. Rettig which were to expire on May 8, 2011, were extended to May 8, 2012 at the same exercise price (Mr. Rettig is now deceased; accordingly, the amended Warrant and the remaining portion of the note payable to Mr. Rettig is now held by and payable to his personal representative or estate). We accounted for the amended loan as a modification in accordance with ASC 470-50, "Debt – Modifications and Extinguishments". At the date of the loan modification, unamortized debt discount and fees on the original loan and the fair value of the modified Warrants were determined to be approximately $42,000, which is being amortized as debt discount over the term of the modified loan as interest expense-financing fees in accordance to ASC 470-50.

The promissory note also includes an embedded Put Option ("Put") that can be exercised upon default, whereby the lender has the option to receive a cash payment equal to the amount of the unpaid principal balance plus all accrued and unpaid interest, or the number of whole shares of our Common Stock equal to the outstanding principal balance. The maximum number of payoff shares is restricted to less than 19.9% of the outstanding equity. We concluded that the Put should have been bifurcated at inception; however, the Put had and continues to have nominal value as of June 30, 2011. We will continue to monitor the fair value of the Put until expiration.

7. 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 ("PRP") for the costs of the cleanup notwithstanding any absence of fault on our part.

Legal Matters

In the normal course of conducting our business, we are involved in various litigations. We are not a party to any litigation or governmental proceeding which our management believes could result in any judgments or fines against us that would have a material adverse effect on our financial position, liquidity or results of future operations.

Earn-Out Amount – Perma-Fix Northwest, Inc. ("PFNW") and Perma-Fix Northwest Richland, Inc. ("PFNWR")

In connection with the acquisition of PFNW and PFNWR in June 2007, we are required to pay to those former shareholders of Nuvotec (n/k/a "PFNW") immediately prior to our acquisition, an earn-out amount upon meeting certain conditions for each measurement year ended June 30, 2008, to June 30, 2011, with the aggregate of the full earn-out amount not to exceed $4,552,000, pursuant to the Merger Agreement, as amended ("Agreement"). Under the Agreement, the earn-out amount to be paid for any particular measurement year is to be an amount equal to 10% of the amount that the revenues for our nuclear business (as defined) for such measurement year exceeds the budgeted amount of revenues for our nuclear business for that particular period. No earn-out was required to be paid for measurement year 2008, and we paid $734,000 in earn out for measurement year 2009 in 2009. We were required to pay $2,978,000 in earn-out prior to the Offset Amounts as discussed below for measurement year ended June 30, 2010. Pursuant to the Agreement, any indemnification obligations payable to the Company by the former shareholders of Nuvotec will be deducted ("Offset Amount") from any earn-out amounts payable by the Company for the measurement year ended June 30, 2010, and June 30, 2011. Pursuant to the Agreement, the aggregate amount of any Offset Amount may total up to $1,000,000, except an Offset Amount is unlimited as to indemnification relating to liabilities for taxes, misrepresentation or inaccuracies with respect to the capitalization of Nuvotec or PEcoS or for willful or reckless misrepresentation of any representation, warranty or covenant. For the $2,978,000 in earn-out for measurement year ended June 30, 2010, we identified an Offset Amount of approximately $93,000 relating to an excise tax issue and a refund request from a PEcoS (n/k/a "PFNWR") customer in connection with services for waste treatment prior to our acquisition of PFNWR and PFNW. We also identified an anticipated Offset Amount of $563,000 in connection with the receipt of nonconforming waste at the PFNWR facility prior to our acquisition of PFNWR and PFNW. We are currently involved in litigation with the party that delivered the nonconforming waste to the facility prior to our acquisition of PFNWR and PFNW. After the total Offset Amount of $93,000 and the anticipated Offset Amount of $563,000, we were required to pay $2,322,000 in earn-out amount for measurement year ended June 30, 2010. In September 2010, we paid $1,000,000 of the $2,322,000 in earn-out amount, with the remaining $1,322,000 payable in a promissory note (see "Note 6 – Long Term Debt – Promissory Note and Installment Agreement" for details and terms of the promissory note). As of June 30, 2011, we have determined that the remaining $840,000 in earn-out amount has been earned for measurement year ended June 30, 2011; accordingly, this amount was recorded as an increase to goodwill for PFNWR, with an increase to accrued expense. We anticipate paying this earn-out amount in October 2011.

Insurance

The Company has a 25-year finite risk insurance policy entered into in June 2003 with Chartis, a subsidiary of American International Group, Inc. ("AIG"), 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, as amended in 2009, provides for a maximum allowable coverage of $39,000,000 and has available capacity to allow for annual inflation and other performance and surety bond requirements. This finite risk insurance policy requires the following payments:

- 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, is to be deposited in a sinking fund account representing a restricted cash account.
- seven annual installments of $1,004,000 starting February 2004, of which $991,000 is to be deposited in a sinking fund account, with the remaining $13,000 representing a terrorism premium.
- a payment of $2,000,000 due on March 6, 2009, of which approximately $1,655,000 is to be deposited into a sinking fund account, with the remaining representing a fee payable to Chartis.
- three yearly payments of approximately $1,073,000 payable starting December 31, 2009, of which $888,000 is be deposited into a sinking fund account, with the remaining representing a fee payable to Chartis. The second of the third payments was made in January 2011; and
- a payment of $2,008,000 (payable in February 2011), of which $1,982,000 is to be deposited in a sinking fund account, with the remaining $26,000 representing a terrorism premium.

During February 2011, the $2,008,000 and the $1,073,000 installment payments which had remained payable on the closure policy were amended, subject to finalization of the closure policy modification, as follows: $1,004,000 was to be paid by February 2011, of which $991,000 was to be deposited into a sinking fund, with the remaining $13,000 representing a terrorism premium; $1,073,000 is due December 2011, of which $888,000 is to be deposited into a sinking fund account, with the remaining representing a fee payable to Chartis; and a final payment of $1,054,000 due February 2012, of which $991,000 is to be deposited into a sinking fund, $13,000 representing a terrorism premium, and the remaining $50,000 representing a fee payable to Chartis. In February 2011, we paid the $1,004,000 under the amended terms. As a result of the revision to the payment terms, the maximum allowable coverage under this closure policy was revised to $36,431,000 as of February 2011, with such maximum allowable coverage increased to $37,300,000 in March 2011. The maximum allowable coverage will be increased to $39,000,000 upon final payment of the $1,054,000 in February 2012.

As of June 30, 2011, our total financial coverage amount under this policy totaled $36,696,000. We have recorded $13,456,000 in our sinking fund related to the policy noted above on the balance sheet, which includes interest earned of $864,000 on the sinking fund as of June 30, 2011. Interest income for the three and six months ended June 30, 2011, was approximately $8,000 and $17,000, respectively. On the fourth and subsequent anniversaries of the contract inception, we may elect to terminate this contract. If we so elect, Chartis is obligated to 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.

In August 2007, we entered into a second finite risk insurance policy for our PFNWR facility with Chartis. The policy provides an initial $7,800,000 of financial assurance coverage with an annual growth rate of 1.5%, which at the end of the four year term policy, will provide maximum coverage of $8,200,000. We will have the option to renew this policy at the end of the four year term (see "Note 11 – Subsequent Event – Finite Risk Insurance Policy" for renewal of this policy). The policy requires total payments of $7,158,000, consisting of an initial payment of $1,363,000 ($1,106,000 represented premium on the policy and the remaining was deposited into a sinking fund account), two annual payments of $1,520,000 (for each annual payment, $1,344,000 was deposited into a sinking fund and the remaining represented premium), and an additional $2,755,000 payment (paid quarterly and all deposited into a sinking fund). We have made all of the payments. As of June 30, 2011, we have recorded $5,873,000 in our sinking fund related to this policy on the balance sheet, which includes interest earned of $173,000 on the sinking fund as of June 30, 2011. Interest income for the three and six months ended June 30, 2011 totaled approximately $4,000 and $8,000, respectively.

8. Discontinued Operations

Our discontinued operations consist of our PFFL, PFSG, and PFO facilities which met the held for sale criteria under ASC 360, "Property, Plant, and Equipment" on October 6, 2010, as previously discussed. Our discontinued operations also encompass our Perma-Fix of Maryland, Inc. ("PFMD"), Perma-Fix of Dayton, Inc. ("PFD"), and Perma-Fix Treatment Services, Inc. ("PFTS") facilities within our Industrial Segment, which we completed the sale of substantially all of the assets on January 8, 2008, March 14, 2008, and May 30, 2008, respectively. Our discontinued operations also includes three previously shut down locations, Perma-Fix of Pittsburgh, Inc. ("PFP"), Perma-Fix of Michigan, Inc. ("PFMI"), and Perma-Fix of Memphis, Inc. ("PFM"), which were approved as discontinued operations by our Board of Directors effective November 8, 2005, October 4, 2004, and March 12, 1998, respectively.

On February 25, 2011, we entered into two separate LOIs with a hazardous waste management company to sell our PFFL and PFO operations. One of the LOIs covers the sale of assets of PFO for approximately $2,000,000, plus assumption by the purchaser of certain liabilities. The second LOI covers the acquisition of all outstanding stock of PFFL, for approximately $5,500,000.

On June 13, 2011, we entered into a definitive Stock Purchase Agreement ("Agreement") to sell 100% of the capital stock of PFFL, to the hazardous waste management company noted above for approximately $5,500,000 in cash, subject to certain working capital adjustments. The completion of this transaction is subject to the satisfaction of numerous conditions precedent. We expect to close this transaction during August 2011.

We continue to move forward in negotiation for a definitive agreement to sell our PFO operation. The purchase price of the LOI is subject to adjustment under certain conditions, including, but not limited to, completion of due diligence by the buyer, negotiation and execution of definitive agreements, and approval by the Board of Directors of both companies.

As required by ASC 360, we concluded that no tangible asset impairment existed as of June 30, 2011, for PFFL, PFO, and PFSG. We also performed internal financial valuations on the intangible assets of these three operations as required by ASC 350, "Intangibles-Goodwill and Other" and concluded that no goodwill or other intangible asset impairments existed for these three operations as of June 30, 2011.

The following table summarizes the results of discontinued operations for the three and six months ended June 30, 2011, and 2010. The operating results of discontinued operations are included in our Consolidated Statements of Operations as part of our "(Loss) income from discontinued operations, net of taxes".

(Amounts in Thousands)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net revenues	$ 2,538	$ 2,249	$ 5,167	4,542
Interest expense	$ (18)	$ (28)	$ (37)	$ (45)
Operating (loss) income from discontinued operations	(45)	(838)	278	(760)
Income tax (benefit) expense	$ (13)	(168)	$ 98	(152)
Income (loss) from discontinued operations	$ (32)	$ (670)	$ 180	$ (608)

Assets and liabilities related to discontinued operations total $7,590,000 and $5,613,000 as of June 30, 2011, respectively and $7,433,000 and $5,747,000 as of December 31, 2010, respectively.

The following table presents the Industrial Segment's major classes of assets and liabilities of discontinued operations that are classified as held for sale as of June 30, 2011 and December 31, 2010. The held for sale assets and liabilities may differ at the closing of a sale transaction from the reported balances as of June 30, 2011:

(Amounts in Thousands)	June 30, 2011	December 31, 2010
Accounts receivable, net [1]	$ 1,934	$ 1,760
Inventories	128	131
Other assets	1,274	1,295
Property, plant and equipment, net [2]	4,213	4,209
Total assets held for sale	$ 7,549	$ 7,395
Accounts payable	$ 558	$ 705
Accrued expenses and other liabilities	1,279	1,170
Note payable	352	407
Environmental liabilities	1,498	1,500
Total liabilities held for sale	$ 3,687	$ 3,782

[1] net of allowance for doubtful accounts of $226,000 and $97,000 as of June 30, 2011 and December 31, 2010, respectively.

[2] net of accumulated depreciation of $755,000 for each period presented.

The following table presents the Industrial Segment's major classes of assets and liabilities of discontinued operations that are not held for sale as of June 30, 2011 and December 31, 2010:

(Amounts in Thousands)	June 30, 2011	December 31, 2010
Other assets	$ 41	$ 38
Total assets of discontinued operations	$ 41	$ 38
Accrued expenses and other liabilities	$ 1,094	$ 1,209
Environmental liabilities	832	756
Total liabilities of discontinued operations	$ 1,926	$ 1,965

The environmental liabilities for our discontinued operations consist of remediation projects currently in progress at PFMI, PFM, PFD, and PFSG. These remediation projects principally entail the removal/remediation of contaminated soil, and in some cases, the remediation of surrounding ground water. All of the remedial clean-up projects were an issue for years prior to our acquisition of the facility and were recognized pursuant to a business combination and recorded as part of the purchase price allocation to assets acquired and liabilities assumed. The environmental liability for PFD was retained by the Company upon the sale of PFD in March 2008 and pertains to the remediation of a leased property which was separate and apart from the property on which PFD's facility was located. The net increase in environmental liabilities of approximately $74,000 from the December 31, 2010 balance of $2,256,000 represents an increase to the reserve of $50,000 and $163,000 at PFMI and PFM, respectively, due to reassessment of our remediation reserves, offset by payment on remediation projects of $139,000.

"Accrued expenses and other liabilities" (not held for sale) for our discontinued operations include a pension payable at PFMI of $618,000 as of June 30, 2011. The pension plan withdrawal liability is a result of the termination of the union employees of PFMI. The PFMI union employees participated in the Central States Teamsters Pension Fund ("CST"), which provides that a partial or full termination of union employees may result in a withdrawal liability, due from PFMI to CST. The recorded liability is based upon a demand letter received from CST in August 2005 that provided for the payment of $22,000 per month over an eight year period. This obligation is recorded as a long-term liability, with a current portion of $215,000 that we expect to pay over the next year.

9. Operating Segments

In accordance to ASC 280, "Segment Reporting", 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 Executive Officer to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

We currently have two operating segments, which are defined as each business line that we operate. This however, excludes corporate headquarters, which does not generate revenue, and our discontinued operations, which includes all facilities within our Industrial Segment (See Note 8 – "Discontinued Operations").

Our operating segments are defined as follows:

The Nuclear Segment provides treatment, storage, processing and disposal of nuclear, low-level radioactive, mixed (waste containing both hazardous and non-hazardous constituents), hazardous and non-hazardous waste and on-site waste management services through our four facilities: Perma-Fix of Florida, Inc. ("PFF"), Diversified Scientific Services, Inc. ("DSSI"), East Tennessee Materials and Energy Corporation ("M&EC"), and Perma-Fix of Northwest Richland, Inc. ("PFNWR").

The Engineering Segment provides environmental engineering and regulatory compliance services through Schreiber, Yonley & Associates, Inc. ("SYA") which includes oversight management of environmental restoration projects, air, soil, and water sampling, water and hazardous waste permitting, compliance reporting, emission reduction strategies, compliance auditing, and various compliance and training activities to industrial, education, healthcare, and service organizations, as well as, engineering and compliance support needed by our other facilities.

The table below presents certain financial information of our operating segment as of and for the three and six months ended June 30, 2011 and 2010 (in thousands).

Segment Reporting for the Quarter Ended June 30, 2011

	Nuclear	Engineering	Segments Total	Corporate [2]	Consolidated Total
Revenue from external customers	$ 28,276 [3]	$ 637	$ 28,913	$ —	$ 28,913
Intercompany revenues	376	87	463	—	—
Gross profit	7,887	162	8,049	—	8,049
Interest income	—	—	—	13	13
Interest expense	31	1	32	151	183
Interest expense-financing fees	—	—	—	54	54
Depreciation and amortization	1,140	7	1,147	29	1,176
Segment profit (loss)	4,427	11	4,438	(1,886)	2,552
Segment assets[1]	99,189	2,024	101,213	31,069 [4]	132,282
Expenditures for segment assets	947	5	952	20	972
Total long-term debt	205	15	220	9,037 [5]	9,257

Segment Reporting for the Quarter Ended June 30, 2010

	Nuclear	Engineering	Segments Total	Corporate [2]	Consolidated Total
Revenue from external customers	$ 25,181 [3]	$ 666	$ 25,847	$ —	$ 25,847
Intercompany revenues	778	132	910	—	—
Gross profit	7,127	55	7,182	—	7,182
Interest income	—	—	—	16	16
Interest expense	47	1	48	158	206
Interest expense-financing fees	—	—	—	102	102
Depreciation and amortization	1,143	7	1,150	5	1,155
Segment profit (loss)	4,052	(49)	4,003	(1,887)	2,116
Segment assets[1]	92,392	2,004	94,396	28,794 [4]	123,190
Expenditures for segment assets	706	1	707	2	709
Total long-term debt	1,092	21	1,113	9,408 [5]	10,521

Segment Reporting for the Six Months Ended June 30, 2011

	Nuclear	Engineering	Segments Total	Corporate [2]	Consolidated Total
Revenue from external customers	$ 51,305 [3]	$ 1,223	$ 52,528	$ —	$ 52,528
Intercompany revenues	794	156	950	—	—
Gross profit	10,951	128	11,079	—	11,079
Interest income	—	—	—	26	26
Interest expense	64	1	65	294	359
Interest expense-financing fees	—	—	—	156	156
Depreciation and amortization	2,284	14	2,298	34	2,332
Segment profit (loss)	5,742	(58)	5,684	(3,665)	2,019
Segment assets[1]	99,189	2,024	101,213	31,069 [4]	132,282
Expenditures for segment assets	1,659	6	1,665	24	1,689
Total long-term debt	205	15	220	9,037 [5]	9,257

Segment Reporting for the Six Months Ended June 30, 2010

	Nuclear	Engineering	Segments Total	Corporate [2]	Consolidated Total
Revenue from external customers	$ 48,073 [3]	$ 1,340	$ 49,413	$ —	$ 49,413
Intercompany revenues	1,568	347	1,915	—	—
Gross profit	11,910	215	12,125	—	12,125
Interest income	—	—	—	37	37
Interest expense	90	1	91	333	424
Interest expense-financing fees	—	—	—	205	205
Depreciation and amortization	2,195	15	2,210	10	2,220
Segment profit (loss)	6,443	(10)	6,433	(3,742)	2,691
Segment assets[1]	92,392	2,004	94,396	28,794 [4]	123,190
Expenditures for segment assets	1,063	2	1,065	20	1,085
Total long-term debt	1,092	21	1,113	9,408 [5]	10,521

[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 within the Nuclear Segment include the CH Plateau Remediation Company ("CHPRC") revenue of $17,171,000 or 59.4% and $30,833,000 or 58.7% for the three and six months ended June 30, 2011, respectively of our total consolidated revenue from continuing operations, as compared to $12,276,000 or 47.4% and $24,001,000 or 48.6% for the three and six months ended June 30, 2010, respectively, of our total consolidated revenue from continuing operations. Our M&EC facility was awarded a subcontract by CHPRC, a general contractor to the Department of Energy ("DOE"), in the second quarter of 2008. We also have three waste processing contracts with CHPRC.

(4) Amount includes assets from discontinued operations of $7,590,000 and $6,580,000 as of June 30, 2011 and 2010, respectively.

(5) Net of debt discount of ($32,000) and ($284,000) as of June 30, 2011 and June 30, 2010, respectively, in connection with Warrants and Common Stock issued on May 8, 2009 in connection with a $3,000,000 promissory note entered into by the Company and Mr. William Lampson and Mr. Diehl Rettig on May 8, 2009. The promissory note and the Warrants were modified on April 18, 2011. See Note 6 - "Promissory Note and Installment Agreement" for additional information.

10. Income Taxes

The Company uses an estimated annual effective tax rate, which is based on expected annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates, to determine its quarterly provision for income taxes.

Income tax expense for continuing operations was $1,445,000 for the three months ended June 30, 2011, as compared to $1,219,000 for the corresponding period of 2010 and $1,105,000 for the six months ended June 30, 2011, as compared to $1,638,000 for the corresponding period of 2010. The Company's effective tax rates were approximately 36.2% and 36.6% for the three months ended June 30, 2011 and 2010, respectively, and 35.4% and 37.8% for the six months ended June 30, 2011 and 2010, respectively.

The provision for income taxes is determined in accordance with ASC 740, "Income Taxes". Deferred income tax assets and liabilities are recognized for future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company regularly assesses the likelihood that the deferred tax asset will be recovered from future taxable income. The Company considers projected future taxable income and ongoing tax planning strategies, then records a valuation allowance to reduce the carrying value of the net deferred income tax assets to an amount that is more likely than not to be realized.

11. Subsequent Event

Potential Acquisition

On July 15, 2011, the Company, Homeland Security Capital Corporation ("Homeland"), and Safety and Ecology Holdings Corporation ("Safety") entered into a definitive Stock Purchase Agreement ("Purchase Agreement"), whereby the Company is to purchase at closing of the Purchase Agreement all of the issued and outstanding shares of capital stock of Safety and its subsidiaries (the "Acquisition"). Homeland is the owner of all of the issued and outstanding capital stock of Safety. The consummation of the Acquisition is subject to numerous conditions precedent, including, but not limited to, the Company entering into a definitive agreement with its lender, whereby the lender increases the amount of the Company's credit facilities and provides the financing to the Company to fund the cash portion of the purchase price, Homeland's stockholders approve the transaction and Homeland has complied with the Information Statement requirements under the Securities Exchange Act of 1934, as amended. If the Acquisition is consummated, the Company agrees to pay Homeland the following, subject to the terms of the Purchase Agreement and adjustments of the purchase price as set forth in the Agreement:

1. Cash Consideration. At the closing, the Company will pay:

   (a) $20,000,000 of the cash consideration, as may be adjusted by the estimated net working capital adjustment at the closing, less the aggregate amount of the purchase price due and owing the Company for the Company's Common Stock to be purchased by the Management Investors as described below, to Homeland, and

   (b) $2,000,000 of the cash consideration to SunTrust Bank, as escrow agent (the "Escrow Agent"), to be held and administered pursuant to the terms of the escrow agreement, to satisfy claims of the Company for indemnity pursuant to the terms of the Purchase Agreement and for any other purpose specifically set forth in the Escrow Agreement.

2. Promissory Note (the "Note"). The Note in the principal amount of $2,500,000 shall be issued by the Company to the order of Homeland. The Note:

- shall be unsecured;
- shall bear an annual interest rate equal to 6%;
- shall be non-negotiable;
- may not be sold, transferred or assigned by Homeland without the prior written consent of the Company;
- shall be subject to offset under certain conditions; and
- shall be payable over a three (3) year period in thirty-six (36) monthly installments of principal and interest, with each monthly installment to be as follows: the sum of $76,054.84 principal and interest, with the final installment to be in the sum of the remaining unpaid principal balance due under the Note plus accrued interest, due thereon.

The Note further provides that on the failure of the Company to pay any monthly installment of principal and interest within 30 days when due or in the event of bankruptcy of the Company or upon a change in control of the Company:

- the annual interest rate will automatically increase (without any action on the part of Homeland) as of such default date to 12% during the period of such default, and

- Homeland will have the option to declare the Note in default and to be immediately due and payable, and Homeland will thereafter during the period of such event of default, at its option and in its sole discretion, have the right to elect by written election delivered to the Company to receive in full and complete satisfaction of all of the Company's obligations under the Note either:

  (1) The cash amount equal to the sum of the unpaid principal balance owing under the Note and all accrued and unpaid interest thereon, plus the Expenses (as defined in the Note) (the "Payoff Amount");

  (2) Subject to certain conditions set forth in the Purchase Agreement, the number of fully paid and non-assessable shares of the Company's restricted Common Stock (the "Payoff Shares"), equal to the quotient determined by dividing the Payoff Amount by the average of the closing prices per share of the Company's Common Stock as reported by the primary national securities exchange or automatic quotation system on which the Company's Common Stock is traded during the 30 consecutive trading day period ending on the trading day immediately prior to receipt by the Company of the written demand notice and Homeland's written election to receive Payoff Shares in full and complete satisfaction of the Company's obligations under the Note; provided, however, that the number of Payoff Shares plus the number of shares of the Company's Common Stock to be issued to the Management Investors, as described below, shall not exceed 19.9% of the voting power of all of the Company's voting securities issued and outstanding as of the date of this Agreement. If issued, the Payoff Shares will be issued in a private placement and not be registered and Homeland will not be entitled to registration rights with respect to the Payoff Shares, except for certain piggyback rights.

(3) Subject to the terms of the Purchase Agreement, any combination of the Payoff Amount and the Payoff Shares, provided, however, that the aggregate amount of the Payoff Amount and the Payoff Shares shall not exceed the unpaid principal balance and accrued interest due under the Note as of receipt by PESI of the written demand notice, with the number of Payoff Shares to be determined by dividing the amount of the Payoff Amount which is to be paid in Payoff Shares by the average of the closing prices per share of the Company's Common Stock as reported by the primary national securities exchange or automatic quotation system on which the Company's Common Stock is traded during the thirty (30) consecutive trading day period ending on the trading day immediately prior to receipt by the Company of the written demand notice and Homeland's written election to receive a portion of the Payoff Amount in Payoff Shares, with such notice to specify the amount of the Payoff Amount to be paid in Payoff Shares.

The purchase price is also subject to certain working capital adjustments to be determined within 75 days following the closing as set forth in the Purchase Agreement and could be further subject to certain offsets as described in the Purchase Agreement.

Contemporaneously with the closing of the Acquisition, Homeland is to cause certain individuals (each a "Management Investor" and collectively, "Management Investors") to purchase in a private placement restricted shares of Common Stock of the Company, at a per share price determined by dividing $1,000,000 by the average of the closing prices of the Company's Common Stock as reported by the NASDAQ for the 30 consecutive trading day period ending on the trading day immediately prior to the earlier of (a) the Closing Date or (b) the public announcement of the Acquisition by the Company. The purchases by the Management Investors shall be unregistered, meeting the requirements of Rule 506 of Regulation D promulgated under the Securities Act. Homeland shall cause the Management Investors to purchase an aggregate number of restricted shares of the Company's Common Stock valued at not less than $900,000 nor more than $1,000,000. The Company shall reduce from the cash portion of the purchase price, and the Company shall retain, the amount owing by the Management Investors for the shares of the Company's Common Stock.

Safety, headquartered in Knoxville, Tennessee, specializes in the remediation of nuclear materials for the U.S. Department of Energy, U.S. Department of Defense, and other federal agencies. Safety employs more than 450 employees and, based on Homeland's 2010 Form 10-K, Safety generated approximately $86.0 million in revenue and $3.3 million in net income for the fiscal year ended June 30, 2010. We expect to complete the Acquisition during the third quarter of 2011.

In connection with the potential acquisition of Safety, we have entered into a commitment letter with our senior lender, PNC, to increase our revolving and term credit facilities with PNC to approximately $43,500,000, the proceeds of which would be used to:

- refinance existing senior bank debt;
- partially fund capital expenditures;
- provide for our ongoing working capital needs; and
- finance the cash portion of the acquisition of Safety.

Under the commitment, the following credit facilities would be made available to us;

- up to $25,000,000 secured revolving credit facility, subject to a borrowing based on a certain percentage of eligible receivables and certain reserves;
- term loan up to $16,000,000 limited to certain percentages of the liquidation value of eligible machinery and equipment, plus a certain percentage of the fair market value of eligible real estate; and
- up to $2,500,000 equipment line, subject to certain limitations.

The new credit facilities would be secured by substantially all of our assets and stock of our subsidiaries, be for a term of five (5) years and completion of the new credit facilities being subject to numerous conditions precedent, including, but not limited to, execution of definitive loan documentation, certain minimum excess revolving credit availability, completion of the sale of PFFL, and completion of the acquisition of Safety.

Finite Risk Insurance Policy

As previously disclosed, our PFNWR facility has a finite risk insurance policy dated August 2007 with Chartis. The policy provides an initial $7,800,000 of financial assurance coverage with an annual growth rate of 1.5%, which at the end of the four year term policy, will provide maximum coverage of $8,200,000. We have the option to renew this policy at the end of the four year term. On July 31, 2011, the policy was renewed for an additional year which required a $46,000 fee. We have the option to renew this policy annually going forward with a similar fee which will be determined at the time of renewal. All other terms of the policy remain substantially unchanged (See "Note 7 – Commitment and Contingencies – Insurance" for terms and payments made on the original policy).

Stock Option

On July 25, 2011, our Compensation and Stock Option Committee approved the grant of 300,000 Incentive Stock Options ("ISOs") from the 2010 Stock Option Plan to Mr. James Blankenhorn, our Chief Operating Officer, which allows for the purchase of up to 300,000 shares of the Company's Common Stock at $1.57 per share. Mr. Blankenhorn's employment with the Company was effective June 1, 2011. The options granted are for a term of six years from grant date with one-third yearly vesting over a three year period. The fair value of the options were determined to be approximately $266,000 in accordance with ASC 718, "Compensation – Stock Compensation", using the Black-Scholes valuation model and will be expensed over the vesting period of three years.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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,

- although there are no assurances, we believe that our cash flows from operations and our available liquidity from our line of credit are sufficient to service the Company's current obligations, excluding the liquidity needs to complete the potential acquisition discussed herein, which will require us to substantially increase our existing credit facilities;
- we expect to meet our financial covenants in 2011;
- demand for our services will continue to be subject to fluctuations due to a variety of factors beyond our control, including our national debt, the current economic conditions, and the manner in which the government will be required to spend funding to remediate federal sites;
- significant reductions in the level of governmental funding or specifically mandated levels for different programs that are important to our business could have a material adverse impact on our business, financial position, results of operations and cash flow;
- with much of our Nuclear Segment customer base being government or prime contractors treating government waste, we do not believe economic upturns or downturns have a significant impact on the demand for our services;
- no immediate plans or current commitments to issue shares under the registration statement;
- our ability to remediate certain contaminated sites for projected amounts;
- despite our aggressive compliance and auditing procedures for disposal of wastes, we could, in the future, be notified that we are a Partially Responsible Party ("PRP") at a remedial action site, which could have a material adverse effect;
- we make every reasonable attempt to maintain complete compliance with these regulations; however, even with a diligent commitment, we, along with many of our competitors, may be required to pay fines for violations or investigate and potentially remediate our waste management facilities;
- our ability to generate funds internally to remediate sites;
- our ability to fund budgeted capital expenditures of $2,600,000 during 2011 through our operations or lease financing or a combination of both;
- we believe full operations under the CHPRC subcontract will result in revenues for on-site and off-site work of approximately $200,000,000 to $250,000,000 over the five year base period unless funding is reduced for this project due to budget issues relating to the federal government;
- because government spending is contingent upon its annual budget allocation of funding, we cannot provide assurance that we will not have larger fluctuations in the quarters in the near future;
- our inability to continue under existing contracts that we have with the federal government (directly or indirectly as a subcontractor) could have a material adverse effect on our operations and financial condition;
- 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;
- due to the continued uncertainty in the economy, changes within the environmental insurance market, and the past financial difficulties of AIG, whose subsidiary Chartis, is the provider of our financial assurance policies, we have no guarantees as to continued coverage by Chartis, that we will be able to obtain similar insurance in future years, or that the cost of such insurance will not increase materially;
- 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;

- we anticipate paying the earn-out for measurement period ended June 30, 2011 in October 2011;
- consummation of acquisition is subject to certain closing conditions;
- we expect to complete the acquisition during the third quarter of 2011;
- we expect to close the sale of PFFL during August 2011;
- cash to be received from the sale of PFFL, PFO, and PFSG will be used to reduce our revolver, with the remaining used for our working capital needs;
- we are not a party to any litigation or governmental proceeding which our management believes could result in any judgments or fines against us that would have a material adverse effect on our financial position, liquidity or results of future operations;
- until the timing, scope and extent of any future regulation becomes known, we cannot predict the effect on our financial position, operating results and cash flow;
- pending legislative and regulatory proposals which address greenhouse gas emissions, if and when enacted, could increase costs associated with our operations; and
- the Company does not expect ASU 2011-04 to have a material effect on its financial position, results of operations or cash flows and ASU 2011-05 to have a material impact on our current presentation.

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;
- ability to meet PNC covenant requirements;
- 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;
- the ability to maintain and obtain closure and operating insurance requirements;
- ability to retain or renew certain required permits;
- discovery of additional contamination or expanded contamination at any of the sites or facilities leased or owned by us or our subsidiaries 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 more/less than expected;
- 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;
- terminations of contracts with federal agencies or subcontracts involving federal agencies, or reduction in amount of waste delivered to the Company under the contracts or subcontracts;
- renegotiation of contracts involving the federal government;
- disposal expense accrual could prove to be inadequate in the event the waste requires re-treatment;
- Risk Factors contained in Item 1A of our 2010 Form 10-K; and
- factors set forth in “Special Note Regarding Forward-Looking Statements” contained in our 2010 Form 10-K.

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 two reportable operating segments: Nuclear Waste Management Services Segment ("Nuclear Segment") and Consulting Engineering Services Segment ("Engineering Segment"). The 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 mixed and low-level radioactive waste remediation. Our Engineering Segment provides environmental engineering and regulatory compliance services which includes oversight management of environmental restoration projects, air, soil, and water sampling, water and hazardous waste permitting, compliance reporting, emission reduction strategies, compliance auditing, and various compliance and training activities to industrial, education, healthcare, and service organizations, as well as, engineering and compliance support needed by our facilities.

Revenue in the second quarter of 2011 increased approximately $3,066,000 or 11.9% to $28,913,000 from $25,847,000 in the second quarter of 2010. Within our Nuclear Segment, we generated revenue of $28,276,000, an increase of $3,095,000 or 12.3% from the corresponding period of 2010. Of the $3,095,000 increase in revenue, approximately $2,748,000 was primarily due to increased waste treatment volume. The remaining increase of $347,000 was from the CH Plateau Remediation Company ("CHPRC") subcontract. Our East Tennessee Materials and Energy Corporation ("M&EC") subsidiary was awarded this subcontract by CHPRC, a general contractor to the U.S. Department of Energy ("DOE"), in the second quarter of 2008, to perform a portion of facility operations and waste management activities for the DOE Hanford Site. This subcontract is a cost plus award fee subcontract. Revenue from our Engineering Segment decreased $29,000 or 4.4% to $637,000 from $666,000 from decreased billable hours, which was partially offset by higher average billing rate.

The second quarter 2011 gross profit increased $867,000 or 12.1% from the corresponding period of 2010 primarily due to increased treatment waste volume.

SG&A for the second quarter of 2011 increased $60,000 to $3,436,000 from $3,376,000 for the corresponding period of 2010.

Our working capital position at June 30, 2011 increased to $2,804,000 from a working capital of $2,329,000 as of December 31, 2010.

Outlook

The higher government funding made available to remediate DOE sites under the economic stimulus package (American Recovery and Reinvestment Act), enacted by the Congress in February 2009, will reduce after 2011 as the DOE has committed to spend most of its cleanup funds by the end of September 2011. The availability of additional general funding that will be available for DOE's cleanup projects will depend on future funding and its annual budgets. Therefore, we expect that demand for our services within our Nuclear Segment will be subject to fluctuations due to a variety of factors beyond our control, including our national debt, the current economic conditions, and the manner in which the government will be required to spend funding to remediate federal sites. Our operations depend, in large part, upon governmental funding, particularly funding levels at the DOE. In addition, our governmental contracts and subcontracts relating to activities at governmental sites are subject to termination or renegotiation on 30 days notice at the government's option. Significant reductions in the level of governmental funding or specifically mandated levels for different programs that are important to our business could have a material adverse impact on our business, financial position, results of operations and cash flows.

Results of Operations

The reporting of financial results and pertinent discussions are tailored to two reportable segments: Nuclear and Engineering.

Consolidated (amounts in thousands)	Three Months Ended June 30, 2011	%	2010	%	Six Months Ended June 30, 2011	%	2010	%
Net revenues	$ 28,913	100.0	$ 25,847	100.0	$ 52,528	100.0	$ 49,413	100.0
Cost of goods sold	20,864	72.2	18,665	72.2	41,449	78.9	37,288	75.5
Gross profit	8,049	27.8	7,182	27.8	11,079	21.1	12,125	24.5
Selling, general and administrative	3,436	11.9	3,376	13.1	6,808	13.0	6,818	13.8
Research and development	395	1.4	179	.7	661	1.3	389	.8
Loss on disposal of property and equipment	—	—	—	—	—	—	2	—
Income from operations	4,218	14.5	3,627	14.0	3,610	6.8	4,916	9.9
Interest income	13	—	16	.1	26	—	37	.1
Interest expense	(183)	(.6)	(206)	(.8)	(359)	(.7)	(424)	(.9)
Interest expense-financing fees	(54)	(.1)	(102)	(.4)	(156)	(.2)	(205)	(.4)
other	3	—	—	—	3	—	5	—
Income from continuing operations before taxes	3,997	13.8	3,335	12.9	3,124	5.9	4,329	8.7
Income tax expense	1,445	5.0	1,219	4.7	1,105	2.1	1,638	3.3
Income from continuing operations	$ 2,552	8.8	$ 2,116	8.2	$ 2,019	3.8	$ 2,691	5.4

Summary – Three and Six Months Ended June 30, 2011 and 2010

Consolidated revenues increased $3,066,000 for the three months ended June 30, 2011, compared to the three months ended June 30, 2010, as follows:

(In thousands)	2011	% Revenue	2010	% Revenue	Change	% Change
Nuclear						
Government waste	$ 6,853	23.7	$ 9,115	35.3	$ (2,262)	(24.8)
Hazardous/Non-hazardous	721	2.5	929	3.6	(208)	(22.4)
Other nuclear waste	3,531	12.2	2,861	11.1	670	23.4
CHPRC	17,171	59.4	12,276	47.4	4,895	39.9
Total	28,276	97.8	25,181	97.4	3,095	12.3
Engineering	637	2.2	666	2.6	(29)	(4.4)
Total	$ 28,913	100.0	$ 25,847	100.0	$ 3,066	11.9

Net Revenue

The Nuclear Segment realized revenue growth of $3,095,000 or 12.3% for the three months ended June 30, 2011 over the same period in 2010. Revenue from CHPRC totaled $17,171,000 or 59.4% and $12,276,000 or 47.4% of our total revenue from continuing operations for the three months ended June 30, 2011, and 2010, respectively. Revenue from CHPRC included approximately $10,645,000 and $10,298,000 generated for the three months ended June 30, 2011 and the corresponding period of 2010, respectively, from the CHPRC subcontract. The increase of $347,000 or 3.4% from this subcontract was primarily due to higher pass-through expenses. Remaining revenue generated from CHPRC of approximately $6,526,000 and $1,978,000 for the quarter ended June 30, 2011 and the corresponding period of 2010, respectively, was from three existing waste processing contracts we have with CHPRC. Revenue from government generators (which includes revenue generated from the three waste processing contracts from CHPRC noted above) increased by total of $2,286,000 or 20.6% primarily due to higher waste volume which was partially reduced by lower average priced waste. In the prior year, we generated revenue from processing/disposal of higher activity waste streams received in early 2010. Revenue from hazardous and non-hazardous waste was down by $208,000 or 22.4% primarily due to reduced waste volume of 6.8% and average pricing decrease of 28.1%. Other nuclear waste revenue

increased approximately $670,000 or 23.4% primarily due to increased waste volume. Revenue in our Engineering Segment decreased approximately $29,000 or 4.4% primarily due to decreased billable hours of 11.3%, which was mostly offset by higher average billing rate of approximately 11.3%.

Consolidated revenues increased $3,115,000 for the six months ended June 30, 2011, as compared to the six months ended June 30, 2010, as follows:

(In thousands)	2011	% Revenue	2010	% Revenue	Change	% Change
Nuclear						
Government waste	$ 12,742	24.3	$ 16,848	34.1	$ (4,106)	(24.4)
Hazardous/Non-hazardous	1,848	3.5	1,820	3.7	28	1.5
Other nuclear waste	5,882	11.2	5,404	10.9	478	8.8
CHPRC	30,833	58.7	24,001	48.6	6,832	28.5
Total	51,305	97.7	48,073	97.3	3,232	6.7
Engineering	1,223	2.3	1,340	2.7	(117)	(8.7)
Total	$ 52,528	100.0	$ 49,413	100.0	$ 3,115	6.3

The Nuclear Segment realized revenue growth of $3,232,000 or 6.7% for the six months ended June 30, 2011 over the same period in 2010. Revenue from CHPRC totaled $30,833,000 or 58.7% and $24,001,000 or 48.6% of our total revenue from continuing operations for the six months ended June 30, 2011, and 2010, respectively. Revenue from CHPRC included approximately $21,339,000 and $20,345,000 generated for the six months ended June 30, 2011 and the corresponding period of 2010, respectively, from the CHPRC subcontract. The increase of $994,000 or 4.9% from this subcontract was primarily due to increase in labor hours worked under this subcontract, higher average rate, and higher pass-through expenses. Remaining revenue generated from CHPRC of approximately $9,494,000 and $3,656,000 for the six months ended June 30, 2011 and the corresponding period of 2010, respectively, was from three existing waste processing contracts we have with CHPRC. Revenue from government generators (which includes revenue generated from the three waste processing contracts from CHPRC noted above) increased by total of $1,732,000 or 8.4% primarily due to higher waste volume, which was partially offset by lower averaged priced waste. In the prior year, we generated revenue from the receipt and processing/disposal of higher activity waste streams received in late 2009 and 2010. Revenue from hazardous and non-hazardous waste was up $28,000 or 1.5% primarily due to increased field service work, which was partially offset by lower waste volume of 7.4%. Other nuclear waste revenue increased approximately $478,000 or 8.8% primarily due to increased waste volume. Engineering Segment decreased approximately $117,000 or 8.7% primarily due to decreased billable hours of 13.1% which was partially offset by higher average billing rate of approximately 6.8%.

Cost of Goods Sold

Cost of goods sold increased $2,199,000 for the quarter ended June 30, 2011, as compared to the quarter ended June 30, 2010, as follows:

(In thousands)	2011	% Revenue	2010	% Revenue	Change
Nuclear	$ 20,389	72.1	$ 18,054	71.7	$ 2,335
Engineering	475	74.6	611	91.7	(136)
Total	$ 20,864	72.2	$ 18,665	72.2	$ 2,199

The Nuclear Segment's cost of goods sold for the three months ended June 30, 2011 were up $2,335,000 or 12.9% from the corresponding period of 2010. The cost of goods sold within our Nuclear Segment includes approximately $8,730,000 and $8,413,000 in cost of goods sold for the three months ended June 30, 2011, and 2010, respectively, related to the CHPRC subcontract. This increase of $317,000 or 3.8% was consistent with the increase in revenue for the CHPRC subcontract. Excluding the cost of goods sold of the CHPRC subcontract, the Nuclear Segment costs increased approximately $2,018,000 or 20.9% primarily due to increased revenue from higher waste volume. We saw increase in material and supplies, outside services, and disposal and transportation costs. Salaries, healthcare costs, and payroll related expenses were down due to the reduction in force which occurred in April but were partially offset by severance expense of $154,000 resulting from the reduction in force. Excluding the cost of the CHPRC subcontract, remaining cost as a percentage of revenue increased slightly by 1.3% due to revenue mix. Engineering Segment costs decreased approximately $136,000 primarily due to lower material and supply costs and lower salaries and payroll related expenses from lower headcount resulting from the reduction in force which occurred during March 2011. Included within cost of goods sold is depreciation and amortization expense of $1,129,000 and $1,147,000 for the three months ended June 30, 2011, and 2010, respectively.

Cost of goods sold increased $4,161,000 for the six months ended June 30, 2011, as compared to the six months ended June 30, 2010, as follows:

(In thousands)	2011	% Revenue	2010	% Revenue	Change
Nuclear	$ 40,354	78.7	$ 36,163	75.2	$ 4,191
Engineering	1,095	89.5	1,125	84.0	(30)
Total	$ 41,449	78.9	$ 37,288	75.5	$ 4,161

Cost of goods sold for the Nuclear Segment increased $4,191,000 or 11.6%, which included the cost of goods sold of approximately $17,320,000 related to the CHPRC subcontract. Cost of goods sold for the CHPRC subcontract was approximately $16,555,000 for the six months ended June 30, 2010. The increase in cost of goods sold for the CHPRC subcontract of $765,000 or 4.6% was consistent with the increase in revenue for the CHPRC subcontract. Excluding the CHPRC subcontract, the remaining Nuclear Segment cost of goods sold increased $3,426,000 or approximately 17.5% primarily due to increases in material and supplies, disposal costs, transportation costs, and outside service expense. Salaries, healthcare costs, and payroll related expenses were down but were partially reduced by the $154,000 in severance expense as mentioned previously. Cost as a percentage of revenue increased by 6.2% due to revenue mix and higher waste volume. The Engineering Segment's cost of goods sold decreased approximately $30,000 primarily due to reduced pass-through expenses related to lower revenue. In addition, we saw lower salaries and payroll related expenses from lower headcount resulting from the reduction in force which occurred in March 2011. The decrease in cost of goods sold was partially offset by reduced allocation of internal labor hours to the Company's internal facilities. During the first half of 2010, the Engineering Segment had three major projects for our subsidiary, Perma-Fix of Northwest Richland, Inc. ("PFNWR"), and our subsidiary, Perma-Fix of South Georgia, Inc. ("PFSG") (now in discontinued operations), which did not reoccur in the first half of 2011. We also incurred severance expense of approximately $35,000 resulting from the reduction in force. Included within cost of goods sold is depreciation and amortization expense of $2,261,000 and $2,177,000 for the six months ended June 30, 2011, and 2010, respectively.

Gross Profit

Gross profit for the quarter ended June 30, 2011, increased $867,000 over 2010, as follows:

(In thousands)	2011	% Revenue	2010	% Revenue	Change
Nuclear	$ 7,887	27.9	$ 7,127	28.3	$ 760
Engineering	162	25.4	55	8.3	107
Total	$ 8,049	27.8	$ 7,182	27.8	$ 867

The Nuclear Segment gross profit increased $760,000 or 10.7% for the three months ended June 30, 2011 from the corresponding period of 2010. The Nuclear gross profit included $1,915,000 and $1,885,000 in gross profit for the three months ended June 30, 2011 and 2010, respectively, for the CHPRC subcontract. Gross margin on the CHPRC subcontract of approximately 18.0% and 18.3% for the three months ended June 30, 2011 and 2010, respectively, was in accordance with the contract fee provisions. Excluding the gross profit of the CHPRC subcontract, remaining Nuclear gross profit increased $730,000 primarily due to increased revenue from increased waste volume and reduction in salaries, healthcare costs, and payroll related expenses from the reduction in force which occurred in April. Gross margin decreased slightly by 1.3% from 35.2% to 33.9% primarily due to lower average priced waste. In 2010, we processed/disposed of higher activity waste with higher average price. The increase in gross profit and gross margin in the Engineering Segment was primarily due to lower salaries and payroll related expenses from lower headcount resulting from the reduction in force which occurred during March 2011.

Gross profit for the six months ended June 30, 2011, decreased $1,046,000 over 2010, as follows:

(In thousands)	2011	% Revenue	2010	% Revenue	Change
Nuclear	$ 10,951	21.3	$ 11,910	24.8	$ (959)
Engineering	128	10.5	215	16.0	(87)
Total	$ 11,079	21.1	$ 12,125	24.5	$ (1,046)

The Nuclear Segment gross profit decreased $959,000 or 8.1%, which included gross profit of approximately $4,019,000 and $3,790,000 in gross profit for the six months ended June 30, 2011 and 2010, respectively, for the CHPRC subcontract. Gross margin on the CHPRC subcontract of approximately 18.8% and 18.6% for the six months ended June 30, 2011 and the corresponding period of 2010, respectively, was in accordance with the contract fee provisions. Excluding the CHPRC subcontract, Nuclear Segment gross profit decreased $1,188,000 or 14.6%. The decrease in gross margin of 6.2% from 29.3% to 23.1% was primarily due to lower margin waste. In 2010, we processed/disposed of higher activity waste with higher average price. The Engineering Segment gross profit and gross margin were lower primarily due to reduced allocation of internal labor hours as discussed above in addition to reduced external labor hours.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses increased $60,000 for the three months ended June 30, 2011, as compared to the corresponding period for 2010, as follows:

(In thousands)	2011	% Revenue	2010	% Revenue	Change
Administrative	$ 1,663	—	$ 1,570	—	$ 93
Nuclear	1,672	5.9	1,722	6.8	(50)
Engineering	101	15.9	84	12.6	17
Total	$ 3,436	11.9	$ 3,376	13.1	$ 60

The increase in administrative SG&A was primarily the result of higher legal expense incurred for the potential acquisition of Safety and Ecology Holdings Corporation ("Safety") (see "Potential Acquisition" in "Liquidity and Capital Resources of the Company" below for further information regarding this potential acquisition). The increase was partially offset by lower healthcare and general expenses. The decrease in Nuclear Segment SG&A was primarily due to lower outside service expense and lower general expense in various categories as we continue to streamline our costs. This decrease was partially offset by higher bonus/commission resulting from higher revenue. The increase in Engineering Segment's SG&A was primarily due to higher bad debt expense. Included in SG&A expenses is depreciation and amortization expense of $47,000 and $8,000 for the three months ended June 30, 2011, and 2010, respectively.

SG&A expenses decreased $10,000 for the six months ended June 30, 2011, as compared to the corresponding period for 2010, as follows:

(In thousands)	2011	% Revenue	2010	% Revenue	Change
Administrative	$ 3,175	—	$ 3,151	—	$ 24
Nuclear	3,456	6.7	3,463	7.2	(7)
Engineering	177	14.5	204	15.2	(27)
Total	$ 6,808	13.0	$ 6,818	13.8	$ (10)

The increase in administrative SG&A was primarily due to higher legal expense incurred for the potential acquisition as mentioned above and higher outside service expense for corporate business/consulting matters. The increase was partially offset by lower healthcare and travel costs. Nuclear Segment SG&A was lower primarily due to lower bad debt expense, lower outside service expense from fewer business/consulting matters, and lower healthcare and general costs. The decrease was partially offset by higher commission due to higher revenue. Engineering SG&A was lower primarily due to lower salaries and payroll related expenses and lower trade show/advertising expenses. The decrease was partially offset by higher bad debt expense. Included in SG&A expenses is depreciation and amortization expense of $71,000 and $43,000 for the six months ended June 30, 2011 and 2010, respectively.

Research and Development

Research and development costs increased $216,000 for the three months ended June 30, 2011, as compared to the corresponding period of 2010.

(In thousands)	2011	% Revenue	2010	% Revenue	Change
Research and Development	$ 395	1.4	$ 179	0.7	$ 216

The increase was primarily due to increased lab and payroll costs from more research and development projects.

Research and Development

Research and development costs increased $272,000 for the six months ended June 30, 2011, as compared to the corresponding period of 2010.

(In thousands)	2011	% Revenue	2010	% Revenue	Change
Research and Development	$ 661	1.3	$ 389	0.8	$ 272

The increase was primarily due to increased payroll and lab costs from more research and development projects.

Interest Expense
Interest expense decreased $23,000 and $65,000 for the three and six months ended June 30, 2011, respectively, as compared to the corresponding period of 2010.

	Three Months			Six Months		
(In thousands)	2011	2010	Change	2011	2010	Change
PNC interest	$ 111	$ 110	$ 1	$ 208	$ 237	$ (29)
Other	72	96	(24)	151	187	(36)
Total	$ 183	$ 206	$ (23)	$ 359	$ 424	$ (65)

The decrease in interest expense for the three months ended June 30, 2011, as compared to the corresponding period in 2010 was primarily due to reduced loan balance from continuing reductions to principal on the shareholder note in connection with the acquisition of Perma-Fix of Northwest, Inc. ("PFNW") and its wholly owned subsidiary, PFNWR, and the promissory note dated May 8, 2009 entered into with Mr. William Lampson and Mr. Diehl Rettig (which was modified on April 18, 2011). The reduction in interest expense mentioned above was partially offset by higher interest expense from a $1,322,000 promissory note entered into in September 2010 in connection with an earn-out amount we are required to pay from the acquisition of PFNW and PFNWR. The decrease in interest expense for the six months ended June 30, 2011, as compared to the corresponding period of 2010, was primarily due to reduced loan balance on the Term Loan from monthly principal payments and the explanation as discussed for the three months ended June 30, 2011.

Interest Expense - Financing Fees
Interest expense-financing fees decreased approximately $48,000 and $49,000 for the three and six months ended June 30, 2011, respectively, as compared to the corresponding period of 2010. The decrease for the three and six months ended June 30, 2011, was primarily due to debt discount which became fully amortized as financing fees on May 8, 2011 in connection with the issuance of 200,000 shares of the Company's Common Stock and two Warrants for purchase up to 150,000 shares of the Company's Common Stock as consideration for the Company receiving a $3,000,000 loan dated May 8, 2009. This decrease in interest expense-financing fee was partially offset by additional debt discount amortized related to the extension of the two Warrants as consideration for extending the due date of the loan from May 8, 2011 to April 8, 2012.

Interest Income
Interest income decreased approximately $3,000 and $11,000 for the three and six months ended June 30, 2011, as compared to the corresponding period of 2010, respectively. The decrease for the three and six months was primarily the result of lower interest earned on the finite risk sinking fund due to lower interest rates.

Income Tax Expense
Income tax expense for continuing operations was $1,445,000 for the three months ended June 30, 2011, as compared to $1,219,000 for the corresponding period of 2010 and $1,105,000 for the six months ended June 30, 2011, as compared to $1,638,000 for the corresponding period of 2010. The Company's effective tax rates were approximately 36.2% and 36.6% for the three months ended June 30, 2011 and 2010, respectively, and 35.4% and 37.8% for the six months ended June 30, 2011 and 2010, respectively. We estimate our tax liability based on our estimated annual effective tax rate, which is based on our expected annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which we operate.

Discontinued Operations and Divestitures
Our discontinued operations consist of our Perma-Fix of Fort Lauderdale, Inc. ("PFFL"), PFSG, and Perma-Fix of Orlando, Inc. ("PFO") facilities which our Board of Directors authorized the divestiture of these three facilities on October 6, 2010. Our discontinued operations also encompass our Perma-Fix of Maryland, Inc. ("PFMD"), Perma-Fix of Dayton, Inc. ("PFD"), and Perma-Fix Treatment Services, Inc. ("PFTS") facilities within our Industrial Segment, which we completed the sale of substantially all of the assets on January 8, 2008, March 14, 2008, and May 30, 2008, respectively. Our discontinued operations also include three previously shut down locations, Perma-Fix of Pittsburgh, Inc. ("PFP"), Perma-Fix of Michigan, Inc. ("PFMI"), and Perma-Fix of Memphis, Inc. ("PFM"), which were approved as discontinued operations by our Board of Directors effective November 8, 2005, October 4, 2004, and March 12, 1998, respectively.

On February 25, 2011, we entered into two separate LOIs with a hazardous waste management company to sell our PFFL and PFO operations. One of the LOIs covers the sale of assets of PFO for approximately $2,000,000, plus assumption by the purchaser of certain liabilities. The second LOI covers the acquisition of all outstanding stock of PFFL, for approximately $5,500,000.

On June 13, 2011, we entered into a definitive Stock Purchase Agreement ("Agreement") to sell 100% of the capital stock of PFFL, to the hazardous waste management company noted above for approximately $5,500,000 in cash, subject to certain working capital adjustments. The completion of this transaction is subject to the satisfaction of numerous conditions precedent. We expect to close this transaction during August 2011.

We continue to move forward in negotiation for a definitive agreement to sell our PFO operation. The purchase price of the LOI is subject to adjustment under certain conditions, including, but not limited to, completion of due diligence by the buyer, negotiation and execution of definitive agreements, and approval by the Board of Directors of both companies.

Our discontinued operations had net revenue of $2,538,000 and $5,167,000 for the three and six months ended June 30, 2011, as compared to $2,249,000 and $4,542,000 for the corresponding period of 2010. We had net loss of $32,000 and net income of $180,000 for our discontinued operations for the three and six months ended June 30, 2011, respectively, as compared to net loss of $670,000 and net loss of $608,000 for the three and six months ended June 30, 2010, respectively.

Assets and liabilities related to discontinued operations total $7,590,000 and $5,613,000 as of June 30, 2011, respectively and $7,433,000 and $5,747,000 as of December 31, 2010, respectively.

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, 2011, we had cash of $27,000. The following table reflects the cash flow activities during the six months of 2011.

(In thousands)	2011
Cash provided by operating activities of continuing operations	$ 4,133
Cash used in operating activities of discontinued operations	(31)
Cash used in investing activities of continuing operations	(3,594)
Cash used in investing activities of discontinued operations	(135)
Cash used in financing activities of continuing operations	(392)
Principal repayment of long-term debt for discontinued operations	(55)
Decrease in cash	$ (74)

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 a remittance lock box and is structured to accelerate collection activities and reduce cash balances, as idle cash is moved without delay to the revolving credit facility or the Money Market account, if applicable. The cash balance at June 30, 2011, primarily represents minor petty cash and local account balances used for miscellaneous services and supplies.

Operating Activities

Accounts Receivable, net of allowances for doubtful accounts, totaled $14,878,000 at June 30, 2011, an increase of $6,337,000 over the December 31, 2010 balance of $8,541,000. The increase was primarily within the Nuclear Segment, which experienced an increase of approximately $6,283,000 primarily due to increased invoicing from increase in revenue. The Engineering Segment experienced an increase of approximately $54,000 due mainly to increase in invoicing.

Unbilled receivables are generated by differences between invoicing timing and our performance based methodology used for revenue recognition purposes. As major processing phases are completed and the costs incurred, we recognize the corresponding percentage of revenue. We experience delays in processing invoices due to the complexity of the documentation that is required for invoicing, as well as the difference between completion of revenue recognition milestones and agreed upon invoicing terms, which results in unbilled receivables. The timing differences occur for several reasons: partially from delays in the final processing of all wastes associated with certain work orders and partially from delays for analytical testing that is required after we have processed waste but prior to our release of waste for disposal. The tasks relating to these delays usually take several months to complete. As of June 30, 2011, unbilled receivables totaled $12,314,000, an increase of $322,000 from the December 31, 2010 balance of $11,992,000. The delays in processing invoices, as mentioned above, usually take several months to complete and the related receivables are normally considered collectible within twelve months. However, as we have historical data to review the timing of these delays, we realize that certain issues, including, but not limited to delays at our third party disposal site, can extend collection of some of these receivables greater than twelve months. Therefore, we have segregated the unbilled receivables between current and long term. The current portion of the unbilled receivables as of June 30, 2011 is $10,558,000, an increase of $1,122,000 from the balance of $9,436,000 as of December 31, 2010. The long term portion as of June 30, 2011 is $1,756,000, a decrease of $800,000 from the balance of $2,556,000 as of December 31, 2010.

As of June 30, 2011, total consolidated accounts payable was $6,480,000, an increase of $1,589,000 from the December 31, 2010 balance of $4,891,000. The increase was the result of increased vendor invoices from increases in revenue. In addition, our accounts payable included certain capital expenditures which were pending payment. We continue to manage payment terms with our vendors to maximize our cash position throughout all segments.

Accrued expenses as of June 30, 2011, totaled $6,569,000, an increase of $573,000 over the December 31, 2010 balance of $5,996,000. Accrued expenses are made up of accrued compensation, interest payable, insurance payable, certain tax accruals, and other miscellaneous accruals. The increase was primarily due to approximately $840,000 recorded in earn-out amount payable for measurement period ended June 30, 2011 in connection with the acquisition of PFNWR facility in June 2007 (see "Liquidity and Capital Resources of the Company – Financing Activities" for further information regarding this earn-out amount).

Disposal/transportation accrual as of June 30, 2011, totaled $2,699,000, an increase of $511,000 over the December 31, 2010 balance of $2,188,000. Our disposal accrual can vary based on revenue mix and the timing of waste shipment for final disposal. During the first six months of 2011, we had less wastes shipped for disposal as compared to 2010 year end which increased the amount of waste on site or in-transit that needed to be accrued.

Our working capital was $2,804,000 (which includes working capital of our discontinued operations) as of June 30, 2011, as compared to a working capital of $2,329,000 as of December 31, 2010. The improvement in our working capital was primarily due to the increase in our trade receivables from increased revenue and the final principal installment payment of approximately $833,000 on the $2,500,000 note we entered into in connection with the acquisition of PFNWR and PFNW in June 2007. Our working capital was negatively impacted by the increase in our unearned revenue and increases in our accounts payable and accruals as discussed above.

Investing Activities

Our purchases of capital equipment for the six months ended June 30, 2011 totaled approximately $1,693,000, of which $1,689,000 and $4,000 was for our continuing and discontinued operations, respectively. These expenditures were for improvements to operations primarily within the Nuclear Segment. These capital expenditures were funded by the cash provided by operating activities. We have budgeted approximately $2,600,000 for 2011 capital expenditures for our segments to expand our operations into new markets, reduce the cost of waste processing and handling, expand the range of wastes that can be accepted for treatment and processing, and to maintain permit compliance requirements. Certain of these budgeted projects are discretionary and may either be delayed until later in the year or deferred altogether. We have traditionally incurred actual capital spending totals for a given year less than the initial budget amount. The initiation and timing of projects are also determined by financing alternatives or funds available for such capital projects.

The Company has a 25-year finite risk insurance policy entered into in June 2003 with Chartis, a subsidiary of American International Group, Inc. ("AIG"), 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, as amended in 2009, provides for a maximum allowable coverage of $39,000,000 and has available capacity to allow for annual inflation and other performance and surety bond requirements. This finite risk insurance policy requires the following payments:

- 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, is to be deposited in a sinking fund account representing a restricted cash account.
- seven annual installments of $1,004,000 starting February 2004, of which $991,000 is to be deposited in a sinking fund account, with the remaining $13,000 representing a terrorism premium.
- a payment of $2,000,000 due on March 6, 2009, of which approximately $1,655,000 is to be deposited into a sinking fund account, with the remaining representing a fee payable to Chartis.
- three yearly payments of approximately $1,073,000 payable starting December 31, 2009, of which $888,000 is be deposited into a sinking fund account, with the remaining representing a fee payable to Chartis. The second of the third payments was made in January 2011; and
- a payment of $2,008,000 (payable in February 2011), of which $1,982,000 is to be deposited in a sinking fund account, with the remaining $26,000 representing a terrorism premium.

During February 2011, the $2,008,000 and the $1,073,000 installment payments which had remained payable on the closure policy were amended, subject to finalization of the closure policy modification, as follows: $1,004,000 was to be paid by February 2011, of which $991,000 was to be deposited into a sinking fund, with the remaining $13,000 representing a terrorism premium; $1,073,000 is due December 2011, of which $888,000 is to be deposited into a sinking fund account, with the remaining representing a fee payable to Chartis; and a final payment of $1,054,000 due February 2012, of which $991,000 is to be deposited into a sinking fund, $13,000 representing a terrorism premium, and the remaining $50,000 representing a fee payable to Chartis. In February 2011, we paid the $1,004,000 under the amended terms. As a result of the revision to the payment terms, the maximum allowable coverage under this closure policy was revised to $36,431,000 as of February 2011, with such maximum allowable coverage increased to $37,300,000 in March 2011. The maximum allowable coverage will be increased to $39,000,000 upon final payment of the $1,054,000 in February 2012.

As of June 30, 2011, our total financial coverage amount under this policy totaled $36,696,000. We have recorded $13,456,000 in our sinking fund related to the policy noted above on the balance sheet, which includes interest earned of $864,000 on the sinking fund as of June 30, 2011. Interest income for the three and six months ended June 30, 2011, was approximately $8,000 and $17,000, respectively. On the fourth and subsequent anniversaries of the contract inception, we may elect to terminate this contract. If we so elect, Chartis is obligated to 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.

In August 2007, we entered into a second finite risk insurance policy for our PFNWR facility with Chartis. The policy provides an initial $7,800,000 of financial assurance coverage with an annual growth rate of 1.5%, which at the end of the four year term policy, will provide maximum coverage of $8,200,000. We have the option to renew this policy at the end of the four year term. The policy requires total payments of $7,158,000, consisting of an initial payment of $1,363,000 ($1,106,000 represented premium on the policy and the remaining was deposited into a sinking fund account), two annual payments of $1,520,000 (for each annual payment, $1,344,000 was deposited into a sinking fund and the remaining represented premium), and an additional $2,755,000 payment (paid quarterly and all deposited into a sinking fund). We have made all of the payments. As of June 30, 2011, we have recorded $5,873,000 in our sinking fund related to this policy on the balance sheet, which includes interest earned of $173,000 on the sinking fund as of June 30, 2011. Interest income for the three and six months ended June 30, 2011 totaled approximately $4,000 and $8,000, respectively. On July 31, 2011, the policy was renewed for an additional year which required a $46,000 fee. We have the option to renew this policy annually going forward with a similar fee which will be determined at the time of renewal. All other terms of the policy remain substantially unchanged.

Financing Activities

On December 22, 2000, we entered into a Revolving Credit, Term Loan and Security Agreement ("Loan Agreement") with PNC Bank, National Association (“PNC”), a national banking association acting as agent ("Agent") for lenders, and as issuing bank, as amended. The Agreement provided for a term loan ("Term Loan") in the amount of $7,000,000, which requires monthly installments of $83,000. 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 the Agent reasonably deems proper and necessary. As of June 30, 2011, the excess availability under our Revolving Credit was $13,843,000 based on our eligible receivables.

Our credit facility with PNC Bank contains certain financial covenants, along with customary representations and warranties. A breach of any of these financial covenants, unless waived by PNC, could result in a default under our credit facility triggering our lender to immediately require the repayment of all outstanding debt under our credit facility and terminate all commitments to extend further credit. We met our financial covenants in each of the quarters in 2010, and we expect to meet our financial covenants in 2011. The following table illustrates the most significant financial covenants under our credit facility and reflects the quarterly compliance required by the terms of our senior credit facility as of June 30, 2011:

(Dollars in thousands)	Quarterly Requirement	1st Quarter Actual	2nd Quarter Actual
PNC Credit Facility	(dollares in thousands)	(dollares in thousands)	(dollares in thousands)
Fixed charge coverage ratio	1:25:1	1:35:1	1:54:1
Minimum tangible adjusted net worth	$ 30,000	$ 61,707	$ 63,585

In conjunction with our acquisition of Perma-Fix Northwest, Inc. ("PFNW"), we agreed to pay shareholders of Nuvotec (n/k/a PFNW) that qualified as accredited investors, pursuant to Rule 501 of Regulation D promulgated under the Securities Act of 1933, $2,500,000, with principal payable in equal installments of $833,333 on June 30, 2009, June 30, 2010, and June 30, 2011. Interest is accrued on the outstanding principal balance at 8.25% starting in June 2007 and is payable on June 30, 2008, June 30, 2009, June 30, 2010, and June 30, 2011. On June 30, 2011, we made the final principal installment of $833,333 plus accrued interest of $69,000.

The Company has a promissory note dated May 8, 2009, with William N. Lampson and Diehl Rettig (collectively, the "Lenders") for $3,000,000. The Lenders were formerly shareholders of PFNW prior to our acquisition of PFNW and PFNWR and are also stockholders of the Company having received shares of our Common Stock in connection with our acquisition of PFNW and PFNWR. The promissory note provided for monthly principal repayment of approximately $87,000 plus accrued interest, starting June 8, 2009, with interest payable at LIBOR plus 4.5%, with LIBOR at least 1.5%. Any unpaid principal balance along with accrued interest was due May 8, 2011. We paid approximately $22,000 in closing costs on the promissory note which was being amortized over the term of the note. The promissory note may be prepaid at any time by the Company without penalty. As consideration of the Company receiving this loan, we issued a Warrant to Mr. Lampson and a Warrant to Mr. Diehl to purchase up to 135,000 and 15,000 shares, respectively, of the Company's Common Stock at an exercise price of $1.50 per share. The Warrants were exercisable six months from May 8, 2009 and were to expire on May 8, 2011. We also issued an aggregate of 200,000 shares of the Company's Common Stock, with Mr. Lampson receiving 180,000 shares and Mr. Rettig receiving 20,000 shares of the Company's Common Stock. The fair value of the Common Stock and Warrants on the date of issuance was estimated to be $476,000 and $190,000, respectively. The fair value of the Common Stock and Warrants was recorded as a debt discount and was being amortized over the term of the loan as interest expense – financing fees. On April 18, 2011, we entered into an amendment to the promissory note whereby the remaining principal balance on the promissory note of approximately $990,000 is to be repaid in twelve monthly principal payments of approximately $82,500 plus accrued interest, starting May 8, 2011, with interest payable at the same rate of the original loan. As consideration of the amended loan, the original Warrants issued to Mr. Lampson and to Mr. Rettig which were to expire on May 8, 2011, were extended to May 8, 2012 at the same exercise price (Mr. Rettig is now deceased; accordingly, the amended Warrant and the remaining portion of the note payable to Mr. Rettig is now held by and payable to his personal representative or estate). We accounted for the amended loan as a modification in accordance with ASC 470-50, "Debt – Modifications and Extinguishments". At the date of the loan modification, unamortized debt discount and fees on the original loan and the fair value of the modified Warrants were determined to be approximately $42,000, which is being amortized as debt discount over the term of the modified loan as interest expense-financing fees in accordance to ASC 470-50.

In connection with the acquisition of PFNW and PFNWR in June 2007, we are required to pay to those former shareholders of Nuvotec immediately prior to our acquisition, an earn-out amount upon meeting certain conditions for each measurement year ended June 30, 2008, to June 30, 2011, with the aggregate of the full earn-out amount not to exceed $4,552,000, pursuant to the Merger Agreement, as amended ("Agreement"). Under the Agreement, the earn-out amount to be paid for any particular measurement year is to be an amount equal to 10% of the amount that the revenues for our nuclear business (as defined) for such measurement year exceeds the budgeted amount of revenues for our nuclear business for that particular period. No earn-out was required to be paid for measurement year 2008, and we paid $734,000 in earn out for measurement year 2009 in 2009. We were required to pay $2,978,000 in earn-out prior to the Offset Amounts as discussed below for measurement year ended June 30, 2010. Pursuant to the Agreement, any indemnification obligations payable to the Company by the former shareholders of Nuvotec will be deducted ("Offset Amount") from any earn-out amounts payable by the Company for the measurement year ended June 30, 2010, and June 30, 2011. Pursuant to the Agreement, the aggregate amount of any Offset Amount may total up to $1,000,000, except an Offset Amount is unlimited as to indemnification relating to liabilities for taxes, misrepresentation or inaccuracies with respect to the capitalization of Nuvotec or PEcoS (n/k/a "PFNWR") or for willful or reckless misrepresentation of any representation, warranty or covenant. For the $2,978,000 in earn-out for measurement year ended June 30, 2010, we identified an Offset Amount of approximately $93,000 relating to an excise tax issue and a refund request from a PEcoS customer in connection with services for waste treatment prior to our acquisition of PFNWR and PFNW. We also identified an anticipated Offset Amount of $563,000 in connection with the receipt of nonconforming waste at the PFNWR facility prior to our acquisition of PFNWR and PFNW. We are currently involved in litigation with the party that delivered the nonconforming waste to the facility prior to our acquisition of PFNWR and PFNW. After the Offset Amount of $93,000 and the anticipated Offset Amount of $563,000, we were required to pay $2,322,000 in earn-out amount for measurement year ended June 30, 2010. In September 2010, we paid $1,000,000 of the $2,322,000 in earn-out amount, with the remaining $1,322,000 payable in a promissory note at an annual interest rate of 6.0%, as permitted under the Agreement, as amended. The promissory note provides for thirty six equal monthly payments of approximately $40,000, consisting of interest and principal, starting October 15, 2010. The promissory note may be prepaid at any time without penalty. As of June 30, 2011, we have determined that the remaining $840,000 in earn-out amount has been earned for measurement year ended June 30, 2011. We anticipate paying this earn-out amount in October 2011.

On April 8, 2009, the Company filed a shelf registration statement on Form S-3 with the U.S. Securities and Exchange Commission ("SEC"), which was declared effective by the SEC on June 26, 2009. The shelf registration statement gives the Company the ability to sell up to 5,000,000 shares of its Common Stock from time to time and through one or more methods of distribution, subject to market conditions and the Company's capital needs at that time. The terms of any offering under the registration statement will be established at the time of the offering. The Company does not have any immediate plans or current commitments to issue shares under the registration statement. **This disclosure shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such state.**

In order to complete the acquisition of Safety and Ecology Holdings Corporation which provides environmental and nuclear waste management similar to our business, as discussed below under "Potential Acquisition", we will be required to increase our credit facilities. In connection therewith, we have entered into a commitment letter with our senior lender, PNC, to increase our revolving and term credit facilities. See further discussion of this commitment letter below in "Potential Acquisition".

In summary, we continue to take steps to improve our operations and liquidity and to invest working capital into our facilities to fund capital additions in our Segments. Cash to be received from the sale of PFFL, PFO, and PFSG will be used to reduce our revolver, with the remaining used for working capital needs. Although there are no assurances, we believe that our cash flows from operations and our available liquidity from our line of credit are sufficient to service the Company's current obligations, excluding the liquidity needs to complete the potential acquisition discussed herein, which will require us to substantially increase our existing credit facilities.

Contractual Obligations

The following table summarizes our contractual obligations at June 30, 2011, and the effect such obligations are expected to have on our liquidity and cash flow in future periods, (in thousands):

		Payments due by period			
Contractual Obligations	Total	2011	2012-2014	2015 - 2016	After 2016
Long-term debt [1]	$ 9,289	$ 1,274	$ 8,015	$ —	$ —
Interest on fixed rate long-term debt [2]	74	28	46	—	—
Interest on variable rate debt [3]	201	109	92	—	—
Operating leases	2,107	310	1,142	532	123
Finite risk policy [4]	2,127	1,073	1,054	—	—
Pension withdrawal liability [5]	618	85	533	—	—
Environmental contingencies [6]	832	532	176	77	47
Earn Out Amount - PFNWR [7]	840	840	—	—	—
Total contractual obligations	$ 16,088	$ 4,251	$ 11,058	$ 609	$ 170

[1] Amount excludes debt discount of approximately $32,000 in connection with an amended loan dated April 18, 2011, between the Company and Mr. William Lampson and the estate of Mr. Diehl Rettig. See "Liquidity and Capital Resources of the Company – Financing Activities" earlier in this Management's Discussion and Analysis for further discussion on the debt discount.

[2] The Company entered into a promissory note dated September 28, 2010, in the principal amount of $1,322,000 at an annual interest rate of 6.0%, with the former shareholders of Nuvotec (n/k/a PFNW) in connection with an earn-out amount that we are required to pay upon meeting certain conditions for each measurement year between June 30, 2008 to June 30, 2011, as result of our acquisition of PFNW and PFNWR. The promissory note provides for thirty six equal monthly payments of approximately $40,000 consisting of interest and principal starting October 15, 2010.

[3] We have variable interest rates on our Term Loan and Revolving Credit of 2.5% and 2.0% over the prime rate of interest, respectively, or variable interest rates on our Term Loan and Revolving Credit of 3.5% and 3.0%, respectively, over the minimum floor base LIBOR of 1.0%, as amended. Our calculation of interest on our Term Loan and Revolving Credit was estimated using the more favorable LIBOR option of approximately 4.5% and 4.0%, respectively, in years 2011 through July 2012. Our interest calculation includes proceeds to be received from the anticipated sales of PFFL and PFO which will be used to pay down/payoff our Revolving Credit. In addition, we have a $990,000 promissory note dated April 18, 2011, as amended, with Mr. William Lampson and the estate of Mr. Diehl Rettig which pays interest at LIBOR plus 4.5%, with LIBOR of at least 1.5%. See "Liquidity and Capital Resources – Financing Activities" for further information on this note.

[4] Our finite risk insurance policy provides financial assurance guarantees to the states in the event of unforeseen closure of our permitted facilities. See Liquidity and Capital Resources – Investing activities earlier in this Management's Discussion and Analysis for further discussion on our finite risk policy.

[5] The pension withdrawal liability is the estimated liability to us upon termination of our union employees at our discontinued operation, PFMI and remains the financial obligations of the Company. See Discontinued Operations earlier in this section for discussion on our discontinued operations.

[6] The environmental contingencies and related assumptions are discussed further in the Environmental Contingencies section of this Management's Discussion and Analysis, and are based on estimated cash flow spending for these liabilities. The environmental contingencies noted here are for PFMI, PFM, and PFD which are the financial obligations of the Company. The environmental liability, as it relates to the remediation of the EPS site assumed by the Company as a result of the original acquisition of the PFD facility, was retained by the Company upon the sale of PFD in March 2008. The environmental liabilities of PFSG are excluded as they are classified as held for sale.

(7) In connection with the acquisition of PFNW and PFNWR in June 2007, we are required to pay to those former shareholders of PFNW immediately prior to our acquisition, if certain revenue targets are met, an earn-out amount for each measurement year ending June 30, 2008, to June 30, 2011, with the aggregate of the full earn-out amount not to exceed $4,552,000, pursuant to the Merger Agreement, as amended. As of June 30, 2011, $840,000 in final earn-out amount has been earned for measurement year ended June 30, 2011. We anticipate paying this amount in October 2011. See "Liquidity and Capital Resources of the Company - Financing Activities" in this "Management and Discussion and Analysis of Financial Condition and Results of Operations" for further information on the earn-out amount.

Critical Accounting Estimates

In preparing the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America, 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 the preparation of the consolidated financial statements:

Revenue Recognition Estimates. We utilize a performance based 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 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 phases achieved using a proportional performance method. The major processing phases are receipt, treatment/processing and shipment/final disposition. Upon receiving mixed waste we recognize a certain percentage (ranging from 14% to 33%) of revenue as we incur costs for transportation, analytical and labor associated with the receipt of mixed waste. As the waste is processed, shipped and disposed of we recognize the remaining revenue and the associated costs of transportation and burial. We review and evaluate our revenue recognition estimates and policies on a quarterly basis. Under our subcontract awarded by CHPRC in 2008, we are reimbursed for costs incurred plus a certain percentage markup for indirect costs, in accordance with contract provisions. Costs incurred on excess of contract funding may be renegotiated for reimbursement. We also earn a fee based on the approved costs to complete the contract. We recognize this fee using the proportion of costs incurred to total estimated contract costs.

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 uncollectible. We regularly review all accounts receivable balances that exceed 60 days from the invoice date and based on an assessment of current credit worthiness, estimate the portion, if any, of the balances that are uncollectible. Specific accounts that are deemed to be uncollectible are reserved at 100% of their outstanding balance. The remaining balances aged over 60 days have a percentage applied by aging category (5% for balances 61-90 days, 20% for balances 91-120 days and 40% for balances over 120 days aged), based on a historical valuation, that allows us to calculate the total reserve required. This allowance was approximately 0.2% of revenue for 2010 and 2.5%, of accounts receivable as of December 31, 2010. Additionally, this allowance was approximately 0.4% of revenue for the six months ended June 30, 2011, and 1.3% of accounts receivable as June 30, 2011.

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 identifiable assets acquired or goodwill and the recognized value of the permits required to operate 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. We test each Segment's (or Reporting Unit's) goodwill and permits, separately, for impairment, annually as of October 1. Our annual impairment test as of October 1, 2010 and 2009 resulted in no impairment of goodwill and permits. The methodology utilized in performing this test estimates the fair value of our operating segments using a discounted cash flow valuation approach. Those cash flow estimates incorporate assumptions that marketplace participants would use in their estimates of fair value. The most significant assumptions used in the discounted cash flow valuation regarding each of the Segment's fair value in connection with goodwill valuations are: (1) detailed five year cash flow projections, (2) the risk adjusted discount rate, and (3) the expected long-term growth rate. Intangible assets that have definite useful lives are amortized using the straight-line method over the estimated useful lives and are excluded from our annual intangible asset valuation review conducted as of October 1.

Property and Equipment
Property and equipment expenditures are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets for financial statement purposes, while accelerated depreciation methods are principally used for income tax purposes. Generally, annual depreciation rates range from ten to forty years for buildings (including improvements and asset retirement costs) and three to seven years for office furniture and equipment, vehicles, and decontamination and processing equipment. Leasehold improvements are capitalized and amortized over the lesser of the term of the lease or the life of the asset. Maintenance and repairs are charged directly to expense as incurred. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any gain or loss from sale or retirement is recognized in the accompanying consolidated statements of operations. Renewals and improvement, which extend the useful lives of the assets, are capitalized. We include within buildings, asset retirement obligations, which represents our best estimates of the cost to close, at some undetermined future date, our permitted and/or licensed facilities.

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 the Resource Conservation and Recovery Act ("RCRA"). Such costs are evaluated annually and adjusted for inflationary factors (for 2011, the average inflationary factor was approximately 1.01%) and for approved changes or expansions to the facilities. 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.

Accrued Environmental Liabilities. We have four remediation projects currently in progress, which are all within our discontinued operations. 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. In connection with the sale of our PFD facility in March 2008, the Company retained the environmental liability for the remediation of an independent site known as Environmental Processing Services ("EPS"). This liability was assumed by the Company as a result of the original acquisition of the PFD facility. The environmental liabilities of PFM, PFMI, and PFD remain the financial obligations of the Company. The environmental liabilities of PFSG are classified as held for sale within our discontinued operations.

Disposal/Transportation 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.

Stock-Based Compensation. We account for stock-based compensation in accordance with ASC 718, "Compensation – Stock Compensation". ASC 718 requires all stock-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The Company uses the Black-Scholes option-pricing model to determine the fair-value of stock-based awards which requires subjective assumptions. Assumptions used to estimate the fair value of stock options granted include the exercise price of the award, the expected term, the expected volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's expected term, and the expected annual dividend yield. The Company's expected term represents the period that stock-based awards are expected to be outstanding and is determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules, and post-vesting data. Our computation of expected volatility is based on the Company's historical volatility from our traded Common Stock over the expected term of the option grants. The interest rate for periods within the expected term of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

We recognize stock-based compensation expense using a straight-line amortization method over the requisite period, which is the vesting period of the stock option grant. ASC 718 requires that stock-based compensation expense be based on options that are ultimately expected to vest. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We have generally estimated forfeiture rates based on historical trends of actual forfeiture. When actual forfeitures vary from our estimates, we recognize the difference in compensation expense in the period the actual forfeitures occur or when options vest. Forfeiture rates are evaluated, and revised as necessary.

Income Taxes. The provision for income tax is determined in accordance with ASC 740, "Income Taxes", and ASC 270, "Interim Reporting". As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. We record this amount as a provision or benefit for income taxes. This process involves estimating our actual current income tax exposure, including assessing the risks associated with income tax audits, and assessing temporary differences resulting from different treatment of items for tax and accounting purposes. These differences result in deferred income tax assets and liabilities. We periodically assess the likelihood that our deferred income tax assets will be recovered from future taxable income and, provide a valuation allowance to the extent that we believe recovery is not likely.

Known Trends and Uncertainties

Seasonality. Historically, we have experienced reduced activities and related billable hours throughout the November and December holiday periods within our Engineering Segment. The DOE and the U.S. Department of Defense ("DOD") represent major customers for the Nuclear Segment. In conjunction with the federal government's September 30 fiscal year-end, the Nuclear Segment historically experienced 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 generally slows down, as the government budgets are still being finalized, planning for the new year is occurring, and we enter the holiday season. This trend generally continues into the first quarter of the new year as government entities evaluate their spending priorities. Because government spending is contingent upon its annual budget and allocation of funding, we cannot provide assurance that we will not have large fluctuations in the quarters in the near future. In addition, higher government (specifically DOE) funding made available through the economic stimulus package (American Recovery and Reinvestment Act) enacted by Congress in February 2009, could result in large fluctuations in the remainder of 2011.

Economic Conditions. With much of our Nuclear Segment customer base being government or prime contractors treating government waste, we do not believe that economic upturns or downturns have a significant impact on the demand for our services. Our Engineering Segment relies more on commercial customers though this segment makes up a very small percentage of our revenue.

The higher government funding made available to remediate DOE sites under the economic stimulus package (American Recovery and Reinvestment Act), enacted by the Congress in February 2009, will reduce after 2011 as the DOE has committed to spend most of its cleanup funds by the end of September 2011. The availability of additional general funding that will be available for DOE's cleanup projects will depend on future funding and its annual budgets. Therefore, we expect that demand for our services within our Nuclear Segment will be subject to fluctuations due to a variety of factors beyond our control, including our national debt, the current economic conditions, and the manner in which the government will be required to spend funding to remediate federal sites. Our operations depend, in large part, upon governmental funding, particularly funding levels at the DOE. In addition, our governmental contracts and subcontracts relating to activities at governmental sites are subject to termination or renegotiation on 30 days notice at the government's option. Significant reductions in the level of governmental funding or specifically mandated levels for different programs that are important to our business could have a material adverse impact on our business, financial position, results of operations and cash flows.

Legal Matter:
Perma-Fix of Northwest Richland, Inc. ("PFNWR")
PFNWR filed a complaint alleging breach of contract and seeking the Court to direct specific performance of the "return-of-waste clause" contained in the brokerage contract between a previous owner of the facility now owned by PFNWR and Philotechnics, Ltd. ("Philo"), with regard to a quantity of non-conforming waste Philo delivered to the PFNWR facility prior to the acquisition of the facility by PFNWR for treatment on behalf of Philo's customer El du Pont de Nemours and Company ("DuPont"). In the complaint, we asked the Court to either: (A) order Philo to specifically perform its obligations under the "return-of-waste" clause of the Contract by physically taking custody of and by removing the nonconforming waste, and order that Philo pay PFNWR the additional costs of maintaining and managing the waste or, (B) order Philo to pay PFNWR the cost to treat and dispose of the nonconforming waste so as to allow PFNWR to compliantly dispose of that waste offsite. See "Liquidity and Capital Resources of the Company – Financing Activities" of the "Management's Discussion and Analysis of Financial Condition and Results of Operations", for a discussion of an Offset Amount offsetting against the earn-out amount relating to the claims contained in this lawsuit.

Significant Customers. Our revenues are principally derived from numerous and varied customers. However, our Nuclear Segment has a significant relationship with the federal government and has continued to enter into contracts (directly or indirectly as a subcontractor) relating to federal government projects. The contracts that we are a party to with the federal government or with others as a subcontractor to the federal government generally provide that the government may terminate on 30 days notice or renegotiate the contracts, at the government's election. Our inability to continue under existing contracts that we have with the federal government (directly or indirectly as a subcontractor) could have a material adverse effect on our operations and financial condition.

We performed services relating to waste generated by the federal government, either directly or indirectly as a subcontractor (including CHPRC as discussed below) to the federal government, representing approximately $24,024,000 or 83.1% and $43,575,000 or 83.0% (within our Nuclear Segment) of our total revenue from continuing operations during the three and six months ended June 30, 2011, respectively, as compared to $21,391,000 or 82.8% and $40,849,000 or 82.7% of our total revenue from continuing operations during the corresponding period of 2010.

During the second quarter of 2008, our M&EC subsidiary was awarded a subcontract by CHPRC, a general contractor to the DOE, to participate in the cleanup of the central portion of the Hanford Site located in the state of Washington. On October 1, 2008, operations of this subcontract commenced at the DOE Hanford Site. We believe full operations under this subcontract will result in revenues for on-site and off-site work of approximately $200,000,000 to $250,000,000 over the five year base period unless funding is reduced for this project due to budget issues relating to the federal government. As provided above, M&EC's subcontract is terminable or subject to renegotiation, at the option of the government, on 30 days notice. Effective October 1, 2008, CHPRC also assumed responsibility for three existing Nuclear Segment waste processing contracts that were previously managed by DOE's general contractor prior to CHPRC. These three contracts were renegotiated and extended through September 30, 2013. Revenues from CHPRC totaled $17,171,000 or 59.4% and $30,833,000 or 58.7% of our total revenue from continuing operations for three and six months ended June 30, 2011, respectively, as compared to $12,276,000 or 47.4% and $24,001,000 or 48.6% for the corresponding period of 2010.

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 continued uncertainty in the economy, changes within the environmental insurance market, and the past financial difficulties of AIG, whose subsidiary Chartis, is the provider of our financial assurance policies, we have no guarantees as to continued coverage by Chartis, that we will be able to obtain similar insurance in future years, or that the cost of such insurance will not increase materially.

Climate Change. Climate change is receiving ever increasing attention from scientists and legislators alike. The debate is ongoing as to the extent to which our climate is changing, the potential causes of this change and its potential impacts. Some attribute global warming to increased levels of greenhouse gases, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions.

Presently there are no federally mandated greenhouse gas reduction requirements in the United States. However, there are a number of legislative and regulatory proposals to address greenhouse gas emissions, which are in various phases of discussion or implementation. The outcome of federal and state actions to address global climate change could result in a variety of regulatory programs including potential new regulations. Any adoption by federal or state governments mandating a substantial reduction in greenhouse gas emissions could increase costs associated with our operations. Until the timing, scope and extent of any future regulation becomes known, we cannot predict the effect on our financial position, operating results and cash flows.

Potential Acquisition

On July 15, 2011, the Company, Homeland Security Capital Corporation ("Homeland"), and Safety and Ecology Holdings Corporation ("Safety") entered into a definitive Stock Purchase Agreement ("Purchase Agreement"), whereby the Company is to purchase at closing of the Purchase Agreement all of the issued and outstanding shares of capital stock of Safety and its subsidiaries (the "Acquisition"). Homeland is the owner of all of the issued and outstanding capital stock of Safety. The consummation of the Acquisition is subject to numerous conditions precedent, including, but not limited to, the Company entering into a definitive agreement with its lender, whereby the lender increases the amount of the Company's credit facilities and provides the financing to the Company to fund the cash portion of the purchase price, Homeland's stockholders approve the transaction and Homeland has complied with the Information Statement requirements under the Securities Exchange Act of 1934, as amended. If the Acquisition is consummated, the Company agrees to pay Homeland the following, subject to the terms of the Purchase Agreement and adjustments of the purchase price as set forth in the Agreement:

3. Cash Consideration. At the closing, the Company will pay:

   (a) $20,000,000 of the cash consideration, as may be adjusted by the estimated net working capital adjustment at the closing, less the aggregate amount of the purchase price due and owing the Company for the Company's Common Stock to be purchased by the Management Investors as described below, to Homeland, and

   (b) $2,000,000 of the cash consideration to SunTrust Bank, as escrow agent (the "Escrow Agent"), to be held and administered pursuant to the terms of the escrow agreement, to satisfy claims of the Company for indemnity pursuant to the terms of the Purchase Agreement and for any other purpose specifically set forth in the Escrow Agreement.

4. Promissory Note (the "Note"). The Note in the principal amount of $2,500,000 shall be issued by the Company to the order of Homeland. The Note:

- shall be unsecured;
- shall bear an annual interest rate equal to 6%;
- shall be non-negotiable;
- may not be sold, transferred or assigned by Homeland without the prior written consent of the Company;
- shall be subject to offset under certain conditions; and
- shall be payable over a three (3) year period in thirty-six (36) monthly installments of principal and interest, with each monthly installment to be as follows: the sum of $76,054.84 principal and interest, with the final installment to be in the sum of the remaining unpaid principal balance due under the Note plus accrued interest, due thereon.

The Note further provides that on the failure of the Company to pay any monthly installment of principal and interest within 30 days when due or in the event of bankruptcy of the Company or upon a change in control of the Company:

- the annual interest rate will automatically increase (without any action on the part of Homeland) as of such default date to 12% during the period of such default, and

- Homeland will have the option to declare the Note in default and to be immediately due and payable, and Homeland will thereafter during the period of such event of default, at its option and in its sole discretion, have the right to elect by written election delivered to the Company to receive in full and complete satisfaction of all of the Company's obligations under the Note either:

  (1) The cash amount equal to the sum of the unpaid principal balance owing under the Note and all accrued and unpaid interest thereon, plus the Expenses (as defined in the Note) (the "Payoff Amount");

  (2) Subject to certain conditions set forth in the Purchase Agreement, the number of fully paid and non-assessable shares of the Company's restricted Common Stock (the "Payoff Shares"), equal to the quotient determined by dividing the Payoff Amount by the average of the closing prices per share of the Company's Common Stock as reported by the primary national securities exchange or automatic quotation system on which the Company's Common Stock is traded during the 30 consecutive trading day period ending on the trading day immediately prior to receipt by the Company of the written demand notice and Homeland's written election to receive Payoff Shares in full and complete satisfaction of the Company's obligations under the Note; provided, however, that the number of Payoff Shares plus the number of shares of the Company's Common Stock to be issued to the Management Investors, as described below, shall not exceed 19.9% of the voting power of all of the Company's voting securities issued and outstanding as of the date of this Agreement. If issued, the Payoff Shares will be issued in a private placement and not be registered and Homeland will not be entitled to registration rights with respect to the Payoff Shares, except for certain piggyback rights.

(3) Subject to the terms of the Purchase Agreement, any combination of the Payoff Amount and the Payoff Shares, provided, however, that the aggregate amount of the Payoff Amount and the Payoff Shares shall not exceed the unpaid principal balance and accrued interest due under the Note as of receipt by PESI of the written demand notice, with the number of Payoff Shares to be determined by dividing the amount of the Payoff Amount which is to be paid in Payoff Shares by the average of the closing prices per share of the Company's Common Stock as reported by the primary national securities exchange or automatic quotation system on which the Company's Common Stock is traded during the thirty (30) consecutive trading day period ending on the trading day immediately prior to receipt by the Company of the written demand notice and Homeland's written election to receive a portion of the Payoff Amount in Payoff Shares, with such notice to specify the amount of the Payoff Amount to be paid in Payoff Shares.

The purchase price is also subject to certain working capital adjustments to be determined within 75 days following the closing as set forth in the Purchase Agreement and could be further subject to certain offsets as described in the Purchase Agreement.

Contemporaneously with the closing of the Acquisition, Homeland is to cause certain individuals (each a "Management Investor" and collectively, "Management Investors") to purchase in a private placement restricted shares of Common Stock of the Company, at a per share price determined by dividing $1,000,000 by the average of the closing prices of the Company's Common Stock as reported by the NASDAQ for the 30 consecutive trading day period ending on the trading day immediately prior to the earlier of (a) the Closing Date or (b) the public announcement of the Acquisition by the Company. The purchases by the Management Investors shall be unregistered, meeting the requirements of Rule 506 of Regulation D promulgated under the Securities Act. Homeland shall cause the Management Investors to purchase an aggregate number of restricted shares of the Company's Common Stock valued at not less than $900,000 nor more than $1,000,000. The Company shall reduce from the cash portion of the purchase price, and the Company shall retain, the amount owing by the Management Investors for the shares of the Company's Common Stock.

Safety, headquartered in Knoxville, Tennessee, specializes in the remediation of nuclear materials for the U.S. Department of Energy, U.S. Department of Defense, and other federal agencies. Safety employs more than 450 employees and, based on Homeland's 2010 Form 10-K, Safety generated approximately $86.0 million in revenue and $3.3 million in net income for the fiscal year ended June 30, 2010. We expect to complete the Acquisition during the third quarter of 2011.

In connection with the potential acquisition of Safety, we have entered into a commitment letter with our senior lender, PNC, to increase our revolving and term credit facilities with PNC to approximately $43,500,000, the proceeds of which would be used to:

- refinance existing senior bank debt;
- partially fund capital expenditures;
- provide for our ongoing working capital needs; and
- finance the cash portion of the acquisition of Safety.

Under the commitment, the following credit facilities would be made available to us;

- up to $25,000,000 secured revolving credit facility, subject to a borrowing based on a certain percentage of eligible receivables and certain reserves;
- term loan up to $16,000,000 limited to certain percentages of the liquidation value of eligible machinery and equipment, plus a certain percentage of the fair market value of eligible real estate; and
- up to $2,500,000 equipment line, subject to certain limitations.

The new credit facilities would be secured by substantially all of our assets and stock of our subsidiaries, be for a term of five (5) years and completion of the new credit facilities being subject to numerous conditions precedent, including, but not limited to, execution of definitive loan documentation, certain minimum excess revolving credit availability, completion of the sale of PFFL, and completion of the acquisition of Safety.

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, along 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. We, compared to certain of our competitors, 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 waste and consequently require remedial action; consequently, any party utilizing these sites may be liable for some or all of the remedial costs. Despite our aggressive compliance and auditing procedures for disposal of wastes, we could further be notified, in the future, that we are a PRP at a remedial action site, which could have a material adverse effect.

We have budgeted for 2011, $615,000 in environmental remediation expenditures to comply with federal, state and local regulations in connection with remediation of certain contaminates at our facilities within our discontinued operations. Our facilities where the remediation 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. The environmental liability of PFD (as it relates to the remediation of the EPS site assumed by the Company as a result of the original acquisition of the PFD facility) was retained by the Company upon the sale of PFD in March 2008. All of the environmental reserves remain the obligations of the Company with the exception of PFSG, which is classified as held for sale. While no assurances can be made that we will be able to do so, we expect to fund the expenses to remediate these sites from funds generated internally.

At June 30, 2011, we had total accrued environmental remediation liabilities of $2,330,000 of which $1,380,000 is recorded as a current liability, which reflects an increase of $74,000 from the December 31, 2010, balance of $2,256,000. The net increase represents an increase to the reserve of $50,000 and $163,000 at PFMI and PFM, respectively, due to reassessment of our remediation reserves offset by payment on remediation projects of $139,000. The June 30, 2011, current and long-term accrued environmental balance is recorded as follows (in thousands):

	Current Accrual	Long-term Accrual	Total
PFD	$ 237	$ 146	$ 383
PFM	295	94	389
PFSG	788	710	1,498
PFMI	60	–	60
Total Liability	$ 1,380	$ 950	$ 2,330

Item 3. Quantitative and Qualitative Disclosures about Market Risks

The Company is exposed to certain market risks arising from adverse changes in interest rates, primarily due to the potential effect of such changes on our variable rate loan arrangements with PNC and with Mr. William Lampson and Mr. Diehl Rettig (who is now deceased and the loan is payable to his representative or estate). The interest rates payable to PNC are based on a spread over prime rate or a spread over a minimum floor base LIBOR of 1.0% and the interest rates payable on the promissory note to Mr. Lampson and Mr. Rettig is based on a spread over a minimum floor base LIBOR of 1.5%. As of June 30, 2011, the Company had approximately $8,058,000 in variable rate borrowing. Assuming a 1% change in the average interest rate as of June 30, 2011, our interest cost would change by approximately $81,000. As of June 30, 2011, we had no interest swap agreement outstanding.

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls, and procedures.*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports filed 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. As of the end of the period covered by this report, we carried out an evaluation with the participation of our Principal Executive Officer and Principal Financial Officer. Based on this recent assessment, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended) were effective, as of June 30, 2011.

(b) *Changes in internal control over financial reporting.*

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) in the six months ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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, 2010, and Item 1, Part II of our Form 10-Q for the period ended March 31, 2011, which are incorporated herein by reference. In addition, there has been no material developments with regards to the proceedings as previously disclosed in our Form 10-K for the year ended December 31, 2010.

Item 1A. Risk Factors

There has been no other material change from the risk factors previously disclosed in our Form 10-K for the year ended December 31, 2010.

Item 6. Exhibits

(a) **Exhibits**

2.1	Stock Purchase Agreement by and between Triumvirate Environmental, Inc. and Perma-Fix Environmental Services, Inc. dated June 13, 2011. The Registrant will furnish supplementally a copy of any omitted exhibit or schedule to the Commission upon request.
2.2	Stock Purchase Agreement, dated July 15, 2011, by and among Perma-Fix Environmental Services, Inc., Homeland Security Capital Corporation, and Safety and Ecology Holding Corporation, which is incorporated by reference from Exhibit 2.1 to the Company's Form 8-K filed on July 20, 2011.
4.1	Form of Promissory Note in the original principal sum of $2,500,000 to be issued to Homeland Security Capital Corporation at the closing of the Stock Purchase Agreement as Exhibit 2.2 above, which is incorporated by reference from Exhibit 4.1 to the Company's Form 8-K filed on July 20, 2011.
10.1	Incentive Stock Option Agreement between Perma-Fix Environmental Services, Inc. and Mr. Jim Blankenhorn.
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 Ben Naccarato, 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 Ben Naccarato, Chief Financial Officer of the Company furnished pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data File in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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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 5, 2011

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

Date: August 5, 2011

By: /s/ Ben Naccarato
Ben Naccarato
Chief Financial Officer and Chief Accounting Officer

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

BY AND BETWEEN
Triumvirate Environmental, Inc.
and
Perma-Fix Environmental Services, Inc.

June 13, 2011

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STOCK PURCHASE AGREEMENT

Stock Purchase Agreement (the "Agreement"), dated as of June 13, 2011, by and between Triumvirate Environmental, Inc., a Massachusetts corporation (the "Buyer"); and Perma-Fix Environmental Services, Inc., a Delaware corporation ("Parent").

Parent owns one hundred percent (100%) of the capital stock of Perma-Fix of Fort Lauderdale, Inc., a Florida corporation (the "Company"). This Agreement sets forth the terms and conditions upon which the Buyer will purchase from Parent one hundred percent (100%) of the issued and outstanding capital stock of the Company, for the consideration provided herein.

In consideration of the foregoing, the mutual representations, warranties and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. For the purposes of this Agreement, all capitalized words or expressions used in this Agreement (including the Schedules and Exhibits annexed hereto) shall have the meanings specified in this Article I, unless otherwise defined herein (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Affiliate" means (i) in the case of an individual, the members of the immediate family (including the individual's spouse and the parents, siblings and children of the individual and/or the individual's spouse) and any Business Entity that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, any of the foregoing individuals, or (ii) in the case of a Business Entity, another Business Entity or a person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Business Entity.

"Business" means the activities carried on by the Company including, without limitation, its commercial fuel operations and waste oil removal and remediation services.

"Business Day" means any day, excluding Saturday, Sunday and any other day on which commercial banks in New York City, New York, are authorized or required by law to close.

"Business Entity" means any corporation, partnership, limited liability company, trust or other domestic or foreign form of business association or organization.

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, and the regulations thereunder, and court decisions in respect thereof, all as the same shall be in effect at the time.

"Charter" means the Certificate of Incorporation, Articles of Incorporation or Organization or other organizational document of a corporation or limited liability company or other Business Entity, as amended and restated through the date hereof.

"Claim" means an action, suit, proceeding, hearing, investigation, litigation, charge, complaint, claim or demand.

"Code" means the Internal Revenue Code of 1986, and the regulations thereunder, published Internal Revenue Service rulings, and court decisions in respect thereof, all as the same shall be in effect at the time.

"Compliance" or words of similar meaning shall mean the adherence to any and all applicable Legal Requirements.

"Current Assets" means the sum, as of the Closing Date, of the value of the Company's cash and cash equivalents, prepaid expenses, inventory and other current assets as of the Closing Date (exclusive of restricted cash, prepaid insurance and Inter-Company Accounts), plus the amount of any outstanding trade or accounts receivable of the Company as of the Closing Date and for work performed as of the Closing Date but not yet billed as of the Closing Date collected by the Buyer or the Company during the one hundred twenty (120) day period following the Closing, provided that the amount of any outstanding accounts receivable of the Company as of the Closing for work performed as of the Closing Date but not yet billed as of the Closing Date collected by the Buyer or the Company after the expiration of the one hundred twenty (120) day period following the Closing will not be included for purposes of calculating the Current Assets.

"Current Liabilities" means, as of the Closing Date, the value of the Company's accounts and trade payables, accrued expenses (exclusive of accrued income Taxes, Inter-Company Accounts and accrued reserves for environmental liabilities and all amounts in the PNC ZBA account), accrued compensation, and current and long term obligations under all of the Company's equipment leases.

"Environmental Action" means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, investigation, proceeding, Lien, notice of Lien, consent order or consent agreement pursuant to any Environmental Law or any Environmental Permit, including, without limitation, (a) any claim by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any Environmental Law and (b) any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials, damage to the environment or alleged injury or threat of injury to human health or safety from pollution or other environmental degradation.

"Environmental Law" means any applicable federal, state and local laws, statutes, ordinances, rules and regulations relating to protection of human health or the environment, relating to Hazardous Substances, relating to liability for or costs of Remediation or prevention of Releases of Hazardous Substances or relating to liability for or costs of other actual or future danger to the environment. The term "Environmental Law" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: Title XXVIII, Chapter 376, Fla. Stat.; Title XXIX, Chapter 403 Fla. Stat.; Chapter 62-761, F.A.C., Underground Storage Tank Systems; Chapter 62-762, F.A.C., Aboveground Storage Tank Systems; Chapter 62-730, F.A.C., Hazardous Waste; Chapter 62-710, F.A.C., Used Oil Management; Chapter 62-621 F.A.C., Wastewater; Chapter 62-25 F.A.C., Stormwater; the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Substances Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground Storage Tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act and any similar state and local laws or by-laws, the rules, regulations and interpretations thereunder, all as the same shall be in effect from time to time.

"Environmental Permit" means any permit, approval, license or other authorization, regardless of form or terminology, required under any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, and any similar or successor federal statute, and the rules, regulations and interpretations thereunder, all as the same shall be in effect at the time.

"ERISA Affiliate" means, for purposes of Title IV of ERISA, any trade or business, whether or not incorporated, that together with the Company, would be deemed to be a "single employer" within the meaning of Section 4001 of ERISA, and, for purposes of the Code, any member of any group that, together with the Company, is treated as a "single employer" for purposes of Section 414 of the Code.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Governmental Authority" means any federal, state, regional or local government, or any political subdivision of any of the foregoing, or any court, agency or other entity, body, organization or group, exercising any executive, legislative, judicial, quasi-judicial, regulatory or administrative function of government.

"Hazardous Materials" includes but is not limited to any and all substances biological and etiologic agents or materials (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any present or future Environmental Laws, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, chlorinated solvents; polychlorinated biphenyls, lead, lead-based paints, radon, radioactive materials, flammables and explosives, any biological organism or portion thereof (living or dead), including molds or other fungi, bacteria or other microorganisms, or any etiologic agents or materials, and any other substance or exposure.

"Indebtedness" means all obligations, contingent or otherwise, whether current or long-term, which in accordance with GAAP would be classified upon the obligor's balance sheet as liabilities (other than deferred taxes) and shall also include capitalized leases, guaranties, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, including any agreement to purchase or otherwise acquire the obligations of others or any agreement, contingent or otherwise, to furnish funds for the purchase of goods, supplies or services for the purpose of payment of the obligations of others.

"Inter-Company Accounts" means certain inter-company balances between Parent and the Company, or between the Company and an Affiliate of Parent, including, without limitation, inter-company loans, accounts receivables and accounts payable as of the Closing Date.

"IRS" means the Internal Revenue Service and any similar or successor agency of the federal government administering the Code.

"Knowledge" or words of similar meaning shall mean when referring to Parent, the actual knowledge of any officer, director or member of management of Parent, after (1) discussions with John P. Lennon, Jr. and causing Mr. Lennon to review Sections 4.5 through and including 4.16, 4.18 through and including 4.22, 4.25, 4.27 and 4.28 of this Agreement, and (ii) due inquiry and examination of the books and records of the Company or Parent.

"Lien" means, with respect to any asset, any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien, charge, restriction, adverse claim by a third party, title defect or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, any assignment or other conveyance of any right to receive income and any assignment of receivables with recourse against assignor), any filing of any financing statement as debtor under the Uniform Commercial Code or comparable law of any jurisdiction and any agreement to give or make any of the foregoing.

"Material Adverse Effect" means a material adverse impact or effect on the business, operations, assets, liabilities or condition (financial or otherwise) of the Company, or the occurrence of an event, circumstance or other matter that would reasonably be expected to have such material adverse impact or effect, provided, however, that any such impact or effect less than $25,000 individually or less than $50,000 in the aggregate for all such events, circumstances or other matters shall not be considered a Material Adverse Effect.

"Net Working Capital" means the difference between the Company's Current Assets and Current Liabilities.

"Off-site Contamination" shall mean the following: any Release and/or threat of Release of Hazardous Materials occurring on or prior to the Closing (including, without limitation, any degradation byproducts) at, on, to, beneath, and/or under any property owned by a third-party, and any soil, groundwater, surface water, sediment, air on, under or above property owned by a third party which is impacted by any of the foregoing: a Release and/or threat of Release occurring on or prior to the Closing as a result of the Company's Business including the operations of its Predecessors on any premises owned or leased by the Company or its Predecessors in connection with conducting the Company's Business and/or as a result of the Company's actions occurring on or prior to the Closing, including the operations of its Predecessors as a treatment storage and disposal facility pursuant to the Resource Conservation and Recovery Act (RCRA) of 1976; 42 U.S.C. s/s 321 et seq. (P.L. 94-580) and/or as a result of the Company's disposing, arranging for disposal or transporting Hazardous Materials in the conduct of the Company's Business.

"Officer's Certificate" means a certificate signed in the name of a corporation, partnership, association, trust or limited liability company by its President, Chief Executive Officer, Treasurer, Chief Financial Officer, General Manager or, if so specified, the Clerk, Secretary or officer appointed to execute on behalf of the partnership, association, trust or limited liability company, acting in his or her official capacity.

"Person" means any individual, firm, partnership, association, trust, corporation, limited liability company, governmental body or other entity.

"PBGC" means the Pension Benefit Guaranty Corporation, and any successor thereto.

"Port Services Waste Oil Collection and Processing Business" means the collection, processing and sales in the State of Florida of on-specification and off-specification waste oils generated by commercial maritime customers, such as Royal Caribbean Cruise Lines, which waste oil is collected at the ports in the State of Florida, as those terms are defined in and as those materials are regulated by 40 CFR Part 279 Standards for the Management of Used Oil and Chapter 62-701 F.A.C. Used Oil Management.

"Predecessor" means any Person who operated the Company prior to Parent's ownership of the Company, if any.

"Purchase Documents" means this Agreement, the Stock Assignment and any other certificate, document, instrument, stock power, or agreement executed in connection therewith.

"Release" means any release, issuance, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, ground water, or property other than in Compliance with all Environmental Laws and Permits.

"Subsidiary" means, with respect to any Person (a) any corporation, association or other entity of which at least a majority in interest of the outstanding capital stock or other equity securities having by the terms thereof voting power under ordinary circumstances to elect a majority of the directors, managers or trustees thereof, irrespective of whether or not at the time capital stock or other equity securities of any other class or classes of such corporation, association or other entity shall have or might have voting power by reason of the happening of any contingency, is at the time, directly or indirectly, owned or controlled by such Person, or (b) any entity (other than a corporation) in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly at the date of determination thereof, has at least majority ownership interest. For purposes of this Agreement, a Subsidiary of the Company shall include the direct and indirect Subsidiaries of the Company.

"Tax" means any federal, state, or local income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including, without limitation, any consolidated tax returns of the Company and its Affiliates, including any schedule or attachment thereto, and including any amendment thereof.

"Waste Oil Collection and Processing Business" means the collection, processing and sales of on-specification and off-specification waste oils in the State of Florida not generated by commercial maritime customers, such as Royal Caribbean Cruise Lines as those terms are defined in and as those materials are regulated by 40 CFR Part 279 Standards for the Management of Used Oil and Chapter 62-701 F.A.C. Used Oil Management; except Waste Oil Collection and Processing Business shall not include the collection, processing, storage, or transportation and/or disposal of Hazardous Materials (except petroleum products and petroleum materials) or radioactive materials ("Waste Management Services"), or collection, processing, storage, sales or transportation and/or disposal of Used Oil collected by the Parent and its Affiliates while performing Waste Management Services.

1.2 Other Defined Terms. For purposes of this Agreement, the following terms have the respective meanings set forth in the section opposite each term:

Term	Section
338(h)(10) Election	6.3(b)
2010 Financial Statements	4.5
Agreed Amount	9.4(b)
Agreement	Preamble
Arbitrator	2.3(a)
Basket Amount	9.5(a)
Business Relationship	6.1(f)
Buyer	Preamble
Buyer Indemnitees	9.2
Buyer Losses	9.2
Cap Amounts	9.5(b)
Claim Notice	9.4(a)
Claimed Amount	9.4(a)
Closing	Article III

Closing Balance Sheet	2.3(a)
Closing Date	Article III
Closing Net Working Capital	2.3(a)
COBRA	6.1(l)
Company	Preamble
Company Intellectual Property	4.12
Company Stock	2.1
Contested Amount	9.4(c)
Default	4.14
Disclosure Schedules	Article IV (Preamble)
EPA	4.19
Estimated Net Working Capital	2.3(c)
Financial Statements	4.5
Indemnifying Party	9.4(a)
Indemnitees	9.3
Large Customers	4.15
Large Suppliers	4.15
Legal Requirement	4.16(b)
Losses	9.3
Most Recent Financial Statements	4.5
Necessary Permits	4.16
Non-Solicitation Period	6.1(e)
Notice of Disagreement	2.3(a)
Parent	Preamble
Parent Indemnitees	9.3
Parent Losses	9.3
PCBs	4.19
Plan	4.18(iv)
Port Everglades Franchises	4.2
Primary Business Address	6.1(e)
Pre-Closing Tax Period	10.1(a)
Purchase Price	2.2
Repair Vehicles	2.5
Response Notice	9.4(b)
Restricted Party	6.1(e)
Straddle Periods	10.1(b)
Stock Assignment	7.1
Superior Offer	6.1(h)(ii)
Tax Claim	10.3(b)
WARN Act	6.1(l)

ARTICLE II

PURCHASE AND SALE OF COMPANY STOCK

2.1 Purchase of Stock. Upon the terms and subject to the conditions set forth in this Agreement and on the basis of the representations, warranties, covenants, agreements, undertakings and obligations contained herein, at the Closing, Parent agrees to sell to the Buyer and the Buyer agrees to purchase from Parent all of the issued and outstanding shares of the capital stock of the Company (the "Company Stock"), free and clear of any and all Liens, for the consideration set forth in Section 2.2 hereof, such that subsequent to the Closing Date, the Buyer shall own one hundred percent (100%) of the Company Stock.

2.2 Purchase Price. Subject to adjustments that may be made in accordance with Section 2.3, the purchase price (the "Purchase Price") to be paid by the Buyer to the Parent at the Closing for the Company Stock shall be Five Million Five Hundred Thousand Dollars ($5,500,000.00). The Purchase Price shall be paid to the Company by wire transfer of immediately available federal funds.

2.3 Adjustment to Purchase Price.

(a) Working Capital. Within one hundred twenty (120) days following the Closing Date, the Buyer shall deliver to Parent a balance sheet of the Company (in its final and binding form, the "Closing Balance Sheet") setting forth the Net Working Capital of the Company as of the close of business on the Business Day immediately preceding the Closing Date (the "Closing Net Working Capital"). The Closing Balance Sheet shall include all Current Assets and Current Liabilities, together with all known adjustments required in a year-end closing of the books and, except as otherwise specified in this Agreement, shall be prepared in a manner consistent with past practices. The Closing Balance Sheet will exclude any of the Company's accounts receivable as of the Closing Date that are not collected within one hundred twenty (120) days after the Closing Date. Parent shall cooperate with Buyer as reasonably requested in connection with the preparation of the Closing Balance Sheet. The Closing Balance Sheet shall become final and binding upon the parties ten (10) days following the Parent's receipt thereof, unless Parent shall give written notice of its disagreement with the calculation of the Closing Net Working Capital set forth in the Closing Balance Sheet (a "Notice of Disagreement") to the Buyer on or prior to such date. Any Notice of Disagreement shall specify in reasonable detail the nature and dollar amount of any disagreement so asserted. If a timely Notice of Disagreement is received by Buyer, then the Closing Balance Sheet (as revised in accordance with clause (x) or (y) below) shall become final and binding upon the parties on the earliest of (x) the date the parties resolve in writing any differences they have with respect to the matters specified in the Notice of Disagreement or (y) the date all matters in dispute are finally resolved by the Arbitrator. During the thirty (30) days following delivery of a Notice of Disagreement, the parties shall seek in good faith to resolve in writing any differences that they may have with respect to the matters specified in the Notice of Disagreement. Following delivery of a Notice of Disagreement, Buyer and its agents and representatives shall review the Company's and its representatives' working papers relating to the Notice of Disagreement.

At the end of the thirty (30)-day period referred to above, the parties shall submit to binding arbitration before Grant Thornton in Boston, Massachusetts (the "Arbitrator"); provided Grant Thornton does not perform in any manner, and it has never performed in any manner, any auditing, accounting or other financial or consulting work on behalf of any of the parties hereto or their Affiliates, for review and resolution of all matters (but only such matters) which remain in dispute and which were properly included in the Notice of Disagreement, and the Arbitrator shall make a final determination of the Closing Net Working Capital in accordance with the guidelines and procedures set forth in this Agreement. If Grant Thornton does not meet the above requirements, the Parent and the Buyer shall select in good faith another independent national accounting firm that has never performed any work for, or on behalf of, any of the parties hereto or their Affiliates, to act as the Arbitrator pursuant to the terms hereof. In resolving any matters in dispute, the Arbitrator may not assign a value to any item in dispute greater than the greatest value for such item assigned by Buyer, on the one hand, or Parent, on the other hand, or less than the smallest value for such item assigned by Buyer, on the one hand, or Parent, on the other hand. The Arbitrator's determination will be based solely on presentations made by Buyer and Parent and in accordance with the guidelines and procedures set forth in this Agreement (i.e., not on the basis of an independent review). The Closing Balance Sheet and the determination of the Closing Net Working Capital shall become final and binding on the parties on the date the Arbitrator delivers his final resolution in writing to the parties (which final resolution shall be delivered not more than forty-five (45) days following submission of such disputed matters). The fees and expenses of the Arbitrator, in making the final determination of the Closing Net Working Capital, shall be shared equally by the Buyer and the Parent.

(b) Post-Closing Adjustment. If the Closing Net Working Capital is greater than Five Hundred Twenty-Five Thousand Dollars ($525,000), then the Purchase Price shall be increased by the difference between the Closing Net Working Capital and Five Hundred Twenty-Five Thousand Dollars ($525,000) on a dollar for dollar basis, which amount will be paid to Parent by Buyer. In the event the Closing Net Working Capital is less than Five Hundred Twenty-Five Thousand Dollars ($525,000), then the Purchase Price shall be decreased on a dollar for dollar basis by the difference between the Closing Net Working Capital and Five Hundred Twenty-Five Thousand Dollars ($525,000), which amount shall be paid by Parent to Buyer. Any adjustment to the Purchase Price shall be made within three (3) Business Days after the Closing Balance Sheet becomes final and binding on the parties, by wire transfer to the Buyer or the Parent, as the case may be, in immediately available funds of the amount of such difference.

(c) Estimated Net Working Capital. Not more than ten (10) days prior to the Closing Date, the Parent shall prepare and deliver Buyer an estimate of the Net Working Capital as of the Closing Date ("Estimated Net Working Capital"), together with a list of the Company's accounts receivable as of the date immediately prior to the date of delivery. In the event that the Estimated Net Working Capital, as verified by Buyer, is less than ninety-five percent (95%) of Five Hundred Twenty-Five Thousand Dollars ($525,000), then Parent shall cause a sufficient amount of the Company's account payables and accrued expenses to be paid in full prior to the Closing in such amount such that the Closing Net Working Capital will not be materially less than Five Hundred Twenty-Five Thousand Dollars ($525,000). At Closing, the Parent shall cause the Company to provide the Buyer with documented evidence of the payment of such accounts payable pursuant to the foregoing sentence upon the payment thereof.

2.4 Collection of Accounts Receivable. After the Closing Date, Buyer will exercise its commercially reasonable efforts to collect the accounts receivable existing as of the Closing Date and for work performed as of the Closing Date but not yet billed as of the Closing Date in order to minimize the amount of accounts receivable which remain uncollected one hundred twenty (120) days after the Closing Date without any requirement to incur third party expenses in collection efforts. In the event that, after the one hundred twenty (120) day period commencing on the Closing Date, any of the Company's accounts receivable existing as of the Closing Date and for work performed as of the Closing Date but not yet billed as of the Closing Date that remain outstanding, such accounts receivable and such receivables for work performed but not yet billed as of the Closing Date shall be assigned by the Buyer to Parent within one hundred twenty (120) days after the Closing and any proceeds from collection there from shall be retained by Parent. In the event that the Buyer collects any of such assigned accounts receivable, Buyer shall hold in trust for and promptly pay to Parent any such collected amounts. The Buyer hereby agrees that it shall not, and it shall cause the Company not to, take any action which would diminish or jeopardize the collectability of such assigned accounts receivable.

2.5 Vehicle Condition. Buyer has inspected the Company's vehicles and identified vehicles requiring certain repairs as of the date of this Agreement (the "Repair Vehicles"). The Repair Vehicles and the identified repairs are set forth on Schedule 2.5. Parent agrees that (i) prior to Closing it will complete the repairs to certain of Repair Vehicles that are identified on Schedule 2.5, attached hereto; and (ii) that if at Closing, any of the Repair Vehicles do not meet the minimum safety requirements set forth in 49 CFR 396 "Inspection Repair and Maintenance" of commercial motor vehicles (USDOT/ FMCSA) (the "Vehicle Condition Standards"), Parent will reimburse Buyer for any and all costs that Buyer may incur to remedy such condition so that each Repair Vehicle meets the Vehicle Condition Standards. Following Parent's completion of the repairs described on Schedule 2.5, Parent shall be under no obligation to reimburse Buyer for any cost to affect any additional repairs to any Repair Vehicle required due to normal wear and tear that may occur during the interim period between date of this Agreement and the Closing Date.

ARTICLE III

CLOSING

The closing of the transactions described herein (the "Closing") shall take place at the offices of Posternak Blankstein & Lund LLP, The Prudential Tower, 800 Boylston Street, Boston, Massachusetts, 02199 at 9:00 a.m. on the third Business Day after the satisfaction or waiver of the conditions set forth in Article VII hereof, in each case, other than conditions which by their nature are to be satisfied at Closing (but subject to fulfillment or waiver of each such condition), or at such other place or time as the parties hereto may mutually agree. The date and time at which the Closing actually occurs is herein referred to as the "Closing Date." For purposes of this Agreement, the effective time of the Closing means 12:01 a.m. est. on the Closing Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PARENT

Parent hereby represents and warrants to the Buyer as of the date hereof, that the statements contained in this Article IV with respect to the Company are true and correct, except as set forth in the Disclosure Schedules attached hereto (the "Disclosure Schedules"). The Disclosure Schedules shall be arranged by Schedules corresponding to the numbered and lettered section and paragraphs contained in this Article IV, and the disclosures in any Schedule of the Disclosure Schedules shall qualify only the corresponding section or paragraph in this Article IV; provided, however, that a disclosure in a Schedule of the Disclosure Schedules shall be deemed to have been set forth in another Schedule of the Disclosure Schedules where such disclosure set forth in such other Schedule is specifically cross-referenced.

4.1 Organization and Qualification. Each of the Company and Parent is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation. The Company has full power and authority to own, use and lease its properties and to conduct its business as such properties are owned, used or leased and as such business is currently conducted and as it is proposed to be conducted. The copies of the Company's Charter and By-Laws, as amended to date, certified by its Secretary and delivered to the Buyer's counsel prior to the Closing, are true, complete and correct. The Company is qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which it owns or leases property or maintains inventories or where the conduct of its business would require such qualification, except where such failure to qualify does not result in a Material Adverse Effect.

4.2 Authority; No Violation. Parent has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. Assuming the accuracy of the representations and warranties of the Buyer herein, the execution, delivery and performance of this Agreement by Parent has been duly and validly authorized and approved by all necessary corporate action. This Agreement constitutes the legal and binding obligation of Parent, enforceable against Parent in accordance with its terms, except that the enforceability hereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding may be brought. Assuming the accuracy of the representations and warranties of the Buyer, the entering into of this Agreement by Parent does not, and the consummation by each of Parent of the transactions contemplated hereby, including specifically the transfer of the Company Stock to the Buyer, will not violate the provisions of (a) any applicable federal, state or local laws, subject to the Buyer receiving any and all required consents and approvals under all Environmental Laws, the effect of which would have a Material Adverse Effect, (b) the Company's Charter or by-laws, or (c) except as set forth on Schedule 4.2 attached hereto, any provision of, or result in a default or acceleration of any obligation under, or result in any change in the rights or obligations of the Company or under, any Lien, contract, agreement, license, lease, instrument, indenture, order, arbitration award, judgment, or decree to which the Company is a party or by which it is bound, or to which any property of the Company is subject, the effect of which would have a Material Adverse Effect. Notwithstanding any provision of this Agreement to the contrary, Parent makes no representation or warranty that Buyer will or will not be required to obtain approvals, consents or new franchises under the Port Everglades Franchise Agreement, issued September 9, 2008, relating to vessel only oily waste removal services and/or the Port Everglades Franchise Agreement, issued May 29, 2011, relating to vessel sanitary waste removal (collectively, the "Port Everglades Franchises").

4.3 Authorized and Outstanding Stock. The authorized and issued capital stock of the Company is set forth on Schedule 4.3 attached hereto. The Company does not have any treasury stock. Parent is the sole record and beneficial owner of all of the Company Stock, and none of the shares of Company Stock are subject to, or were issued in violation of, any purchase option, call option, right of first refusal or preemptive right, subscription right or any similar right. All of the shares of Company Stock were duly authorized, and are fully paid and no assessable. There are no options, warrants or other agreements or rights to purchase any shares of capital stock or other securities of the Company authorized, issued or outstanding, nor is the Company obligated in any other manner to issue any shares of its capital stock or other securities, or any options, warrants or other rights to acquire such securities. There are no voting trusts, voting commitments, proxies or other agreements or understandings to which the Parent is a party with respect to the voting of capital stock of the Company or the disposition by Parent of the Company Stock.

4.4 Subsidiaries. The Company currently has no Subsidiaries.

4.5 Financial Statements. Attached hereto as Schedule 4.5 are the following (i) unaudited balance sheets and statements of income as of December 31, 2010, for the Company (collectively, the "2010 Financial Statements") and (ii) unaudited balance sheet and statement of income as of March 30, 2011, for the Company (the "Most Recent Financial Statements" and, together with the 2010 Financial Statements, the "Financial Statements"). The Financial Statements (including the notes thereto) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, present fairly the financial condition of the Company as of such dates and the results of operations of the Company for such periods, are correct and complete, and are consistent with the books and records of the Company, subject, in the case of the Most Recent Financial Statements, to normal year-end adjustments and the absence of footnotes and other usual presentation items.

4.6 Absence of Undisclosed Liabilities. Except as set forth in the Most Recent Financial Statements and in Schedule 4.6 attached hereto, there are no liabilities of the Company, whether accrued, absolute, contingent or otherwise (including, without limitation, liabilities as guarantor or otherwise with respect to obligations of any other Person, or liabilities for Taxes due or then accrued or to become due) the effect of which would result in a Material Adverse Effect, except for liabilities which have arisen in the ordinary course of business of the Company since the date of the Most Recent Financial Statements or are otherwise disclosed in Schedule 4.6 attached hereto.

4.7 Absence of Certain Changes. Except as otherwise disclosed in Schedule 4.7 attached hereto, since the date of the Most Recent Financial Statements there has not been:

(a) any obligation or liability incurred by the Company, other than obligations and liabilities incurred in the ordinary course of business for an amount not more than $25,000 in each case or $50,000 in the aggregate;

(b) any Lien placed on any of the Company's properties or assets which remains in existence on the date hereof;

(c) any contingent liabilities incurred by the Company with respect to the obligations of any other Person that would result in a Material Adverse Effect;

(d) any purchase, sale, lease, assignment, transfer or other disposition, or any agreement or other arrangement for the purchase, sale, lease, assignment, transfer or other disposition, of a material amount of the Company's properties or assets, other than purchases for and sales from inventory in the ordinary course of business, except for fixed assets purchased or other capital expenditures made in amounts not exceeding $25,000 for any single item and $50,000 in the aggregate for all such items or replacement of obsolete properties or assets;

(e) any damage, destruction or loss, whether or not covered by insurance having a Material Adverse Effect;

(f) any labor trouble or claim of unfair labor practices involving the Company having a Material Adverse Effect; any material change in the employment contracts of or compensation payable or to become payable by the Company to any of its officers, directors, employees, consultants or agents, or any bonus payment or arrangement made to or with any of such officers, directors, employees, consultants or agents; or any material change in coverage or benefits available under any Plan described in Section 4.18;

(g) any material change with respect to the Company's management or supervisory personnel;

(h) any material obligation or liability incurred by the Company with respect to any loan, advance or commitment to lend by any bank, financial institution or institutional lender to any of the officers, directors, employees, consultants, agents or stockholders of the Company or to any other Person; or any material loans or advances made by the Company to any officers, directors, employees, consultants, agents or stockholders of the Company, except for normal compensation, professional fees and expense allowances payable to officers, directors, employees, agents and stockholders;

(i) any material change in any contract, license, lease or agreement entered into by the Company which is outside the ordinary course of business or which obligates the Company for more than $25,000 in any one case or more than $50,000 in the aggregate;

(j) any recapitalization or reorganization;

(k) any amendment or other change (or any authorization to make such an amendment or change) to the Company's Charter or by-laws, except as required by law or in connection with the consummation of the transactions contemplated hereby;

(l) any postponement or delay in payment of any accounts payable or other liability of the Company involving more than $25,000 in any one case or more than $50,000 in the aggregate except in the ordinary course of business consistent with prior practices;

(m) any cancellation, waiver, compromise or release of any right or claim either involving more than $50,000 or outside the ordinary course of business consistent with prior practices; or

(n) any cancellation, termination, modification, or acceleration by any party to any contract, license, lease or agreement involving more than $60,000 to which the Company is a party or by which it is bound.

4.8 Title to Company Stock and Assets; Condition of Assets. Except as set forth in Schedule 4.8 hereto, Parent has good and marketable title to the Company Stock and all of the Company's properties and assets, free and clear of all Liens. The sale and delivery of the Company Stock to Buyer pursuant hereto shall vest in Buyer good and marketable title thereto and to all of the Company's properties and assets, free and clear of any and all Liens, other than as disclosed in Schedule 4.8 hereto or as may be created by the Buyer. The Company owns or leases all real, personal, tangible and intangible property and assets necessary for the conduct of the Business as presently conducted and as proposed to be conducted by it. Except as set forth in Schedule 4.8 hereto, all tangible properties and assets owned or leased by the Company are in good operating condition and repair, ordinary wear and tear excepted.

4.9 Real Estate.

(a) Schedule 4.9(a) attached hereto lists and describes briefly all real property owned by the Company. With respect to each such parcel of owned real property: (i) the Company has good and marketable title to the parcel of real property, free and clear of any Lien, easement, covenant, or other restriction, except for installments of special assessments not yet delinquent and recorded easements, covenants, and other restrictions which do not materially impair the current use, occupancy, or value, or the marketability of title, of the property subject thereto, except as disclosed on Schedule 4.9(a); (ii) there are no pending or, to the Knowledge of Parent, threatened condemnation proceedings, lawsuits, or administrative actions relating to the property; (iii) to the Knowledge of Parent the legal description for the parcel contained in the deed thereof describes such parcel fully and adequately; and (iv) except as disclosed on Schedule 4.9(a), the buildings and improvements thereon are located within the boundary lines of the described parcels of land are not in violation of applicable setback requirements, zoning and building laws, and ordinances the effect of which would have a Material Adverse Effect, and do not encroach on any easement which may burden the land; and (v) to the Knowledge of Parent, the land does not serve any adjoining property for any purpose inconsistent with the use of the land.

(b) Schedule 4.9(b) lists and describes all real property leased or subleased to the Company. With respect to each such lease and sublease: (i) correct and complete copies thereof have been delivered to the Buyer; (ii) to the Knowledge of Parent, the lease or sublease is legal, valid binding, enforceable, and in full force and effect and will continue to be so on identical terms immediately following the consummation of the transactions contemplated hereby; and (iii) to the Knowledge of Parent, no party to the lease or sublease is in breach or default thereunder. The Company has good and marketable leasehold interests in, and enjoys peaceful and quiet possession of, all of the real property described in each lease and sublease set forth on Schedule 4.9(b) there are no disputes thereunder, and, to the Knowledge of Parent, there have been no threatened cancellations thereof. All necessary government approvals with respect to such leased property have been obtained, all necessary filings or registrations therefore have been made, and there have been, to the Knowledge of Parent, no threatened cancellations thereof and there are no outstanding disputes thereunder. The Company has performed all obligations required to be performed by it under such leases and all of such leased or subleased real property, where the failure to do so would have a Material Adverse Effect and all equipment and fixtures on or serving such leased or subleased real property, are in good operating condition and repair, ordinary wear and tear excepted.

4.10 Accounts Receivable. All of the accounts receivable (except receivables for work performed, but not yet billed) of the Company are, subject to the allowance for doubtful accounts set forth therein, valid and enforceable claims, subject to no set-off or counterclaim, and, to the Knowledge of Parent, are fully collectible in such amount in the ordinary course of business, except as set forth in Schedule 4.10. The Company has no material accounts receivable or loans or notes receivable from any Affiliates or from any of its officers, directors, consultants, employees, agents or stockholders.

4.11 Inventories. All of the supplies inventory of the Company can be used or consumed in the ordinary course of business as now conducted. Since the date of the Most Recent Financial Statements, except as set forth on Schedule 4.11, there has been no material change in the amount of such inventory of the Company except for changes as a result of the material purchase and sale of, adjustment to, or consumption of inventory in the ordinary course of business consistent with prior practice, including, but not limited to, established seasonal patterns.

4.12 Intellectual Property. All patents, patent applications, proprietary designs, copyrights, software, trade names, servicemarks, trademarks and trademark applications which are owned by or licensed to the Company are listed in Schedule 4.12 attached hereto ("Company Intellectual Property") except the name "Perma-Fix" and the processes known as the "Perma-Fix Process" and "Perma-Fix Process II." To Parent's Knowledge, none of the Company Intellectual Property violates or will violate any license or infringes or will infringe any intellectual property rights of any other party. Other than with respect to commercially available software products under standard end-user object code license agreements, except as set forth on Schedule 4.12 attached hereto, there are no outstanding options, licenses, agreements, claims, encumbrances or shared ownership interests of any kind relating to the Company Intellectual Property, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other Person. To the Knowledge of Parent, the Company has not received any communications alleging that the Company has violated or, by conducting the Business, would violate any of the patents, trademarks, service marks, tradenames, copyrights, trade secrets, mask works or other proprietary rights or processes of any other Person. The Company has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the Business, where the failure to do so would have a Material Adverse Effect. The Company Intellectual Property constitutes all of the intellectual property that is material to the conduct of the Business as now conducted except the name "Perma-Fix" and the processes known as the "Perma-Fix Process" and "Perma-Fix Process II."

4.13 Trade Secrets and Customer Lists. Except as disclosed on Schedule 4.13, the Company has the right to use, free and clear of any Claims or rights of any other Person, all of the Company's trade secrets and customer lists required for or used in the development or marketing of all services and products being sold by it. Any material payments required to be made by the Company for the use of such trade secrets or customer lists are described in Schedule 4.13 attached hereto. To the Knowledge of Parent, the Company is not making an unlawful or wrongful use of any confidential information or trade secrets of any other Person, including without limitation any former employer of any present or past employee of the Company. Except as described on Schedule 4.13, to the Knowledge of Parent, no officer, director or employee of the Company is a party to any non-competition or confidentiality agreement with any Person other than the Company.

4.14 Contracts. Except for contracts, commitments, leases, licenses, plans and agreements described in Schedule 4.7, 4.14 or 4.18 attached hereto, the Company is not a party to or subject to:

(a) any plan or contract regarding or providing for bonuses, pensions, options, stock purchases, deferred compensation, severance benefits retirement payments, profit sharing, stock appreciation, collective bargaining or the like, or any contract or agreement with any labor union;

(b) any employment or consulting contract or contract for personal services not terminable at will by the Company without penalty to the Company;

(c) any contract or agreement for the purchase of any commodity, product, material, supplies, equipment or other personal property, or for the receipt of any service, other than purchase orders entered into in the ordinary course of business for less than $25,000 each and which in the aggregate do not exceed $50,000;

(d) any contract or agreement for the purchase or lease of any fixed asset, whether or not such purchase or lease is in the ordinary course of business, for a price in excess of $25,000;

(e) any contract or agreement with any sales agent, distributor of products of the Company involving more than $25,000;

(f) any contract or agreement concerning a partnership or joint venture with one or more Persons;

(g) any confidentiality agreement or any non-competition agreement or other contract or agreement containing covenants limiting the Company's freedom to compete in any line of business or in any location or with any Person;

(h) any license agreement (as licensor or licensee) (other than shrink wrap licenses) involving more than $25,000;

(i) any contract or agreement with either a stockholder or any present or former officer, director, consultant, agent or stockholder of the Company or with any Affiliate of any of them, except Parent's cash management policy or filing consolidated income Tax Returns or management fees payable to Parent consistent with past practices;

(j) any loan agreement, indenture, note, bond, debenture or any other document or agreement evidencing a capitalized lease obligation; or

(k) any agreement of guaranty, indemnification, or other similar commitment with respect to the obligations or liabilities of any other Person (other than lawful indemnification provisions contained in the Charters and by-laws of the Company in excess of $25,000.

Copies of all such contracts, commitments, plans, leases, licenses and agreements have been provided or made available to the Buyer prior to the execution of this Agreement, and all such copies are true, correct and complete and have been subject to no amendment, extension or other modification as of the date hereof, except such as are described in any of Schedules 4.7, 4.14 or 4.18. Except as listed and described in Schedule 4.14, the Company, or, to the Knowledge of Parent, any other Person, is in Default under any such contract, commitment, plan, lease, license or agreement described in Schedule 4.14 (a "Default" being defined for purposes hereof as an actual material default or event of default or the existence of any fact or circumstance which would, upon receipt of notice or passage of time, constitute a material default).

4.15 Customers. Schedule 4.15 attached hereto sets forth (i) the thirty (30) largest customers of the Company in each of (i) calendar year 2010 and (ii) the three (3) month period ending March 31, 2011 (the "Large Customers") and (ii) the ten (10) largest suppliers of the Company in each of (i) calendar year 2010 and (ii) the three (3) month period ending March 31, 2011 (the "Large Suppliers"). Except as set forth on Schedule 4.15, none of the Large Customers or Large Suppliers have canceled or otherwise terminated or, to the Knowledge of Parent, threatened to cancel or otherwise terminate, their relationship with the Company or has during the last twelve (12) months decreased materially or, to the Knowledge of Parent, threatened to decrease or limit materially, their usage or purchase of the services or products of the Company. To the Knowledge of Parent, none of the Large Customers or Large Suppliers intends to cancel or otherwise adversely modify its relationship with the Company or to decrease materially or limit its usage or purchase of the services or products of the Company, and the acquisition of the Company Stock by the Buyer will not, to the Knowledge of Parent, adversely affect the relationship of the Company with any of the Large Customers or Large Suppliers. Since January 1, 2010, the Company has not transferred or assigned all or any material portion of the services provided to any Large Customer to any of its Affiliates or any third party, except as set forth on Schedule 4.15 attached hereto.

4.16 Compliance with Laws.

(a) Except as set forth in Schedule 4.16(a), the Company has all licenses, permits, Environmental Permits, franchises, orders, approvals, accreditations, written waivers and other authorizations as are necessary in order to enable it to own and conduct its business as currently conducted by the Company and to occupy and use its real and personal properties without incurring any material liability ("Necessary Permits"), and is in material Compliance with any and all recordkeeping, sampling, assessment, monitoring and document filing requirements of the same. With respect to each Necessary Permit, (i) the name of the holder of such Necessary Permit; (ii) the date of registration; (iii) the expiration date; and (iv) the registration number as applicable is set forth on Schedule 4.16(a) attached hereto. The Company is properly identified on each manifest, report and any other document that may be required to be on file with any federal, state or local governmental, regulatory or administrative agency or authority with respect to any Necessary Permit, the failure of which would have a Material Adverse Effect. No registration, filing, application, notice, transfer, consent, approval, order, qualification, waiver or other action of any kind is required by virtue of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby to effect the transfer to the Buyer of such Necessary Permits that are transferable under applicable law, except as otherwise required under any Environmental Law, the Port Everglades Franchises, or as set forth on Schedule 4.16(a). The Company is in Compliance with the terms and conditions of all Necessary Permits, the failure of which would have a Material Adverse Effect.

(b) Except as set forth in Schedule 4.16(b), the Company has conducted and is conducting the Business in Compliance with applicable federal, state and local laws, statutes, ordinances, regulations, rules or orders or other requirements of any governmental, regulatory or administrative agency or authority or court or other tribunal relating to it (including, but not limited to, any law, statute, ordinance, regulation, rule, order or requirement relating to securities, properties, business, products, advertising, zoning, sales or employment practices, immigration, terms and conditions of employment, wages and hours, safety, occupational safety, health or welfare conditions relating to premises occupied, product safety and liability or civil rights) ("Legal Requirement"), the failure of which would have a Material Adverse Effect. The Company is not now charged with, and, to the Knowledge of Parent, is not now under investigation with respect to, any possible material violation of any applicable Legal Requirement by any Governmental Authority relating to any of the foregoing in connection with the Business, and the Company has filed all reports required to be filed with any federal, state or local governmental, regulatory or administrative agency or authority, the failure of which would have a Material Adverse Effect.

4.17 Taxes. The Company has filed all Tax Returns that it was required to file; however, the Company acknowledges that it currently is a party to the consolidated income Tax filing group that is the beneficiary of an extension of time within which to file a Federal and Florida income Tax Return for the tax year ended December 31, 2010. All filed Tax Returns were correct and complete in all material respects. All Taxes owed by the Company have been paid (whether or not shown on any Tax Return) except as set forth on Schedule 4.17 attached hereto. No Tax Claim has been made by an authority in a jurisdiction where the Company does not file Tax Returns that is or may be subject to the imposition of any Tax by that jurisdiction, the amount of which would have a Material Adverse Effect. The Company has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee. Parent is not aware of any dispute or Claim concerning any liability for Taxes of the Company except as set forth on Schedule 4.17 attached hereto. The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency. The unpaid Taxes of the Company (i) did not, as of the date of the 2010 Financial Statements, exceed the reserve for Tax liabilities (other than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the 2010 Financial Statements (rather than in any notes thereto) and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company in filing their Tax Returns.

4.18 Employee Benefit Plans. Schedule 4.18 attached hereto lists and identifies each:

(i) "Employee Pension Benefit Plan" (as such term is defined in Section 3(2) of ERISA), which is maintained or contributed to by the Company or under which the Company has any material liability or material contingent liability; which is not a Multiemployer Plan;

(ii) "Multiemployer Plan" (as such term is defined in Section 3(37) of 4001(a)(3) of ERISA), which is maintained or contributed to by the Company or under which the Company has any material liability or material contingent liability;

(iii) "Employee Welfare Benefit Plan" (as such term is defined in Section 3(3) of ERISA), which is maintained or contributed to by the Company or under which the Company has any material liability or material contingent liability; and

(iv) Stock purchase, option, or bonus plan, deferred compensation, severance pay, incentive, merit or performance bonus, vacation, sick pay or leave, fringe benefit plan, policy, or arrangement, or payroll practice, which is maintained or contributed to by the Company, or under which the Company has any material liability or material contingent liability (individually a "Plan" and collectively, the "Plans").

Each Plan which is intended to be "qualified" under Section 401(a) of the Code is and, to Parent's Knowledge, has been at all times so qualified or, in the case of a terminated plan, was so qualified throughout its existence, the failure of which would have a Material Adverse Effect; and each trust maintained thereunder is and has been at all times exempt from taxation under Section 501(a) of the Code, or in the case of a terminated trust, was so exempt throughout its existence, the failure of which would have a Material Adverse Effect. There have been no amendments to any such Plans which are not the subject of a determination letter issued with respect thereto by the Internal Revenue Service, except as set forth on Schedule 4.18 attached hereto. No event has occurred that will or could give rise to disqualification of any such Plan under the Code, except as set forth on Schedule 4.18 attached hereto. No event has occurred that will or could subject any such Plan to tax under Section 511 of the Code, except as set forth on Schedule 4.18 attached hereto, the effect of which would have a Material Adverse Effect. No Plan has incurred any "accumulated funding deficiency" (as described in Section 302 of ERISA or Section 412 of the Code), whether or not waived, nor has there been any failure to make by its due date a required installment under Section 302(e) of ERISA or Section 412(m) of the Code with respect to any Plan, the effect of which would have a Material Adverse Effect.

No Plan listed in Schedule 4.18 is subject to Title IV of ERISA, except as set forth on Schedule 4.18 attached hereto. No Plan listed in Schedule 4.18 is a Multiemployer Plan, except as set forth on Schedule 4.18 attached hereto. Except as listed in Schedule 4.18, each Welfare Benefit Plan has been funded through the purchase of insurance contracts (other than deductibles) under which there are no retroactive rate adjustments or loss sharing arrangements. To the Knowledge of Parent, each Plan complies and has been administered in form and operation with all requirements of law and regulation applicable thereto, the failure of which would have a Material Adverse Effect. The Company has performed all of their obligations under all such Plans, the failure of which would have a Material Adverse Effect. To the Knowledge of the Parent, there have been no acts or omissions which have given rise to, or which could give rise to, any penalty, tax, or fine under Sections 409, 502(c), or 502(i) of ERISA, or Sections 4975 or 4976 of the Code, for which the Company may be liable, except as listed on Schedule 4.18. None of the assets of any Plan are invested in any employer securities, employer real property, or any annuity contracts, except as set forth on Schedule 4.18 attached hereto. All contributions required with respect to any Plan for all periods ending prior to the Closing (including periods from the first day of the current plan year to the Closing) will be timely made prior to the Closing by the Company. To the Knowledge of the Parent, the Company does not have any material liability arising directly or indirectly in connection with any failure of the Company to comply with Section 4980B of the Code or Part 6 of Title I of ERISA or any applicable state law ("COBRA"). All required reports and descriptions of each Plan (including IRS Form 5500 Annual Reports, Summary Annual Reports, and Summary Plan Descriptions) have been timely filed and distributed, except as set forth on Schedule 4.18 attached hereto. No Plan provides benefits relating to death, medical, or severance benefits, with respect to current or former employees, officers, or directors (or their beneficiaries) beyond their retirement or other termination of service other than (i) coverage for benefits mandated by applicable law, (ii) death benefits or retirement benefits under an Employee Pension Benefit Plan, (iii) deferred compensation benefits properly accrued as liabilities on the Financial Statements, or (iv) benefits the full cost of which is borne by the current or former employee, officer, or director or his beneficiaries, except as set forth on Schedule 4.18 attached hereto. There are no actions, suits, or claims (other than routine claims for benefits made in the ordinary course of plan administration for which plan administrative review procedures have not been exhausted) pending or, to the Knowledge of Parent, threatened involving any Plans or the assets of such Plans, and, to the Knowledge of the Parent, no facts exist which could give rise to any such action, suit, or claim. For each Plan, a true and complete copy of each of the following documents have been delivered to the Buyer: (i) Plan document and all amendments thereto; (ii) most recent Summary Plan Description (together with each Summary of Material Modifications required under ERISA); (iii) IRS Form 5500 Annual Report, if required under ERISA, for the two most recent plan years, together with all schedules, financial statements, and opinions of independent accountants; (iv) the actuarial report, if required under ERISA, for the two most recent plan years; (v) Form PBGC-1, if required under ERISA, for the two most recent plan years; (vi) if the Plan is funded through a trust or any third-party funding vehicle (including a voluntary employee benefit association under Section 501(c)(9) of the Code, or a "multiple employer welfare arrangement" described in Section 3(40) of ERISA), the trust or other funding agreement, all amendments thereto, and the latest financial statements thereof for the two most recent plan years; and (vii) the most recent determination letter received from the Internal Revenue Service with respect to each Plan that is intended to be qualified under Section 401 of the Code. No event has occurred on or prior to the date of this Agreement that has caused the Company to have any type of liability or obligation, or has resulted in the Company incurring any fine. Tax or penalty arising from, or with respect to, any Plan administered by or contributed to by Parent or any ERISA Affiliate of the Parent and, to the Knowledge of Parent, no fact exists as of the date of this Agreement, that would give rise to a claim against the Company or the Buyer arising from, or with respect to, any Plan administered by or contributed to by Parent or any ERISA Affiliate of the Parent.

4.19 Environmental Matters. Except as disclosed on Schedule 4.19 attached hereto or on Schedule 4.16(b), the use and operation by the Company of all facilities and properties used in its business has been, and will be on the Closing Date, in compliance in all material respects with all applicable Environmental Laws, the failure of which would result in a Material Adverse Effect and no Environmental Action has been filed, commenced, or, to the Knowledge of Parent, threatened with or against the Company alleging any failure or potential failure so to comply, which would have a Material Adverse Effect. The Company has received all Environmental Permits required to allow it to conduct its operations and business, such Environmental Permits are valid and in effect, and the Company is in compliance with such Environmental Permits, the failure of which would have a Material Averse Effect. Except as disclosed on Schedule 4.19 attached hereto, the Company sent or arranged for the transportation of Hazardous Materials to a site, or owned or operated a site, which, pursuant to CERCLA or any similar state law, has been placed or is proposed (by the United States Environmental Protection Agency ("EPA") or similar state authority) to be placed, on the "National Priorities List," as in effect as of the Closing Date, of hazardous waste sites or any similar state list. Except as set forth on Schedule 4.19, the Company has not received written notice from any Person, (i) that it has been identified by the EPA or similar state authority as a potentially responsible party under CERCLA or any comparable State law with respect to a site listed or proposed to be listed on the "National Priorities List," as in effect as of the Closing Date, of hazardous waste sites or any similar state list; (ii) that any Hazardous Materials which the Company has generated, transported, or disposed of has been found at any site at which a Person has conducted, is in the process of conducting or has ordered that the Company conduct a remedial investigation, removal, or other response action pursuant to any Environmental Law, the effect of which would have a Material Adverse Effect; or (iii) that the Company is or shall be a named party to any Environmental Action arising out of any Person's incurrence of costs, expenses, losses, or damages of any kind whatsoever in connection with the release of Hazardous Materials, the effect of which would have a Material Adverse Effect. Except as disclosed in Schedule 4.19, there are no underground fuel or other storage tanks located at any of the facilities of the Company. To the Knowledge of Parent, all such tanks disclosed in Schedule 4.19, together with all appurtenant piping, valve, and related facilities, are, except as disclosed in Schedule 4.19, structurally sound, are not currently and have not in the past been leaking or releasing their contents into the soil or groundwater, and are in compliance with all applicable registration, testing, monitoring, containment, and corrosion protection requirements, the failure of which would result in a Material Adverse Effect. Except as disclosed on Schedule 4.19 attached hereto, there have been no unpermitted Releases or threatened Releases by the Company on, upon, into, under or from the real estate or other assets of the Company; and, to the Knowledge of Parent, there have been no Releases on, upon, from, under, or into any real property in the vicinity of the real estate owned, leased, occupied or operated by the Company or other assets of the Company which, through the soil, groundwater, or surface water, may have come to be located on, upon, or under such real estate or other assets. Without in any way limiting the generality of the foregoing, there is, to the Knowledge of Parent, no asbestos contained in or forming part of any building, building component, structure, or office space owned or leased by the Company; and, to the Knowledge of Parent, no polychlorinated biphenyls ("PCBs") are used or stored at any property owned or leased by the Company, in each case, the effect of which would have a Material Adverse Effect, except as disclosed in Schedule 4.19. Except as disclosed on Schedule 4.19 attached hereto, (a) the Company owes no deductibles, fees, fines, levies or assessments associated with the existence or validity of its Environmental Permits; (b) is in compliance with any and all deadlines for the filing of any reports, notices, summaries, assessments or forms required by its Environmental Permits or any Environmental Laws; and (c) is in compliance with any and all recordkeeping, monitoring, assessing, reporting and document filing requirements of its Environmental Permits or any Environmental Laws, the effect of the failure to comply with any of the provisions under (a), (b) or (c) would have a Material Adverse Effect. None of the real property or other assets of the Company is or shall be subject to any applicable environmental clean-up responsibility law or environmental restrictive transfer law or regulation, solely by virtue of the transactions set forth herein and contemplated hereby. There are no Environmental notices of violation, certifications, assessments, and/or underground storage tank documentation, plans and permitting pertaining to the environmental compliance or conditions of any facility owned, occupied or leased by the Company or any Predecessor known to Parent, other than those set forth on Schedule 4.19, the failure of which would have a Material Adverse Effect.

4.20 Employees. Schedule 4.20 attached hereto sets forth a true and complete list of all employees of the Company including each such employee's job title, remuneration and duration of employment period. The Company is not a party to, and none of its employees is subject to, any collective bargaining agreement or other union contract, other than as disclosed in Schedule 4.20. Except as disclosed on Schedule 4.20, the Company is in Compliance with applicable federal, state and local laws affecting labor, employment and employment practices, including terms and conditions of employment and wages and hours, the failure of which would have a Material Adverse Effect and there are, and have been no outstanding complaints against the Company pending or, to the Knowledge of Parent, threatened before the National Labor Relations Board or any similar state or local agency, except as set forth on Schedule 4.20. Except as disclosed on Schedule 4.20, the Company enjoys good relations with its employees and there is no pending or, to the Knowledge of Parent, threatened labor trouble with or effort to organize any of its employees, and there has been no such labor trouble. Except as disclosed on Schedule 4.20, the Company is not obligated to pay any employees any severance, restriction, change of control or similar payments on or as a result of Closing of the transactions contemplated by this Agreement, or upon termination of their employment at any time on or after the Closing.

4.21 Litigation. Except as disclosed on Schedule 4.21 attached hereto, (a) there is no Claim pending or, to the Knowledge of Parent, threatened by, against, affecting or regarding the Business, the Company or Parent at law or in equity, before any federal, state, local or foreign court or any other governmental or administrative agency or tribunal or any arbitrator or arbitration panel, and (b) there are no judgments, orders, rulings, charges, decrees, injunctions, notices of violation or other mandates against or affecting the Business, the Company or Parent with respect to the businesses, properties or assets of the Company.

4.22 Insurance. Schedule 4.22 attached hereto sets forth a summary of all insurance policies (including policies providing property, casualty, liability, and workers' compensation coverage, benefits or coverage for any Plan described in Section 4.18, and bond and surety arrangements) to which any of the Company is a party, a named insured, or otherwise the beneficiary of coverage as of the date hereof and specifies the insurer, the amount of coverage, type of insurance, expiration date, and any retroactive premium adjustments or other loss sharing arrangements. Each insurance policy to which the Company is a party or a named insured is valid, binding, enforceable, and in full force and effect and, to the Knowledge of Parent, will continue to be valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby. The Company has not received any written notice, and, to the Knowledge of Parent, is not aware, of any threatened termination of, any insurance policy set forth on Schedule 4.22.

4.23 Brokers. Except as disclosed in Schedule 4.23 attached hereto, none of the Company, Parent, or anyone acting on their behalf, has engaged, retained, or incurred any liability to any broker, investment banker, finder or agent or has agreed to pay any brokerage fees, commissions, finder's fees or other fees with respect to the sale of the Company Stock, this Agreement or the transactions contemplated hereby.

4.24 Intentionally Omitted.

4.25 Records and Books. The minute books of the Company have previously been made available to the Buyer and accurately record all corporate action taken by the stockholders and boards of directors and committees thereof from the date of organization through the date hereof.

4.26 Transactions with Interested Persons. Except as set forth on Schedule 4.26 attached hereto, no officer, supervisory employee or director of the Company owns directly or indirectly, either individually or jointly, any material interest in, or serves as an officer or director of any Person which has a material contract or arrangement with the Company, except that Parent owns all of the issued and outstanding stock of the Company and certain executive officers and directors of Parent are officers and directors of the Company. Any and all material transactions, agreements or arrangements (oral or in writing) between the Company and Parent or any Affiliate of the Company, including without limitation, any transaction, agreement or arrangement (oral or in writing) relating to any past or present employees, customers, vendors, service providers or suppliers of the Company, are set forth on Schedule 4.26 attached hereto.

4.27 No Corrupt Practices. Neither the Company nor to the Parent's Knowledge, any director, officer, agent, employee of the Company or any other Person, in each case when acting on behalf of the Company or the Business, has used any corporate or other funds for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity, to government officials or others or established or maintained any unlawful or unrecorded funds with respect to the Business. Neither the Company nor any director, officer, agent, employee of the Company, any stockholder or any other Person, in each case when acting on behalf of the Company, has accepted or received any unlawful contributions, payments, gifts or expenditures with respect to the Business.

4.28 Disclosure of Material Information. Neither this Agreement (including the Schedules and Exhibits hereto) nor any document, certificate or instrument furnished in connection therewith contains, with respect to the Company, any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading, the effect of which would have a Material Adverse Effect. There is no fact known to Parent which would result in a Material Adverse Effect and which has not been set forth in this Agreement or in any other document delivered in connection herewith.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to Parent as of the date hereof as follows:

5.1 Organization and Qualification. Buyer is a Massachusetts corporation duly organized, validly existing and in good standing under the laws of The Commonwealth of Massachusetts, with full power and authority to own, use or lease its properties and to conduct its business as such properties are owned, used or leased and as such business is currently conducted.

5.2 Authority; No Violation. Buyer has the requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The execution, delivery and performance of this Agreement of the Buyer has been duly and validly authorized and approved by all necessary corporate action on the part of the Buyer and this Agreement constitutes the legal and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, except that the enforceability hereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding may be brought. Assuming the accuracy of the representations and warranties of the Company and the Parent hereunder, the entering into of this Agreement by the Buyer does not, and the consummation by the Buyer of the transactions contemplated hereby will not, violate the provisions of (a) any applicable federal, state or local laws or any other state or jurisdiction in which the Buyer does business; (b) its Charter or by-laws, (c) any provision of, or result in a default or acceleration of any obligation under, or result in any change in the rights or obligations of the Buyer, any Lien, contract, agreement, license, lease, instrument, indenture, order, arbitration award, judgment, or decree to which the Buyer is a party or by which it is bound, or to which any property of the Buyer is subject, other than the Buyer's current credit agreement with Webster Bank; or (d) give to any third party any interest or rights, including rights of termination of cancellation, in or with respect to any of the material properties, assets, agreements, contracts or business of the Buyer, which would have a Material Adverse Effect.

5.3 Required Filings and Consents. The execution and delivery of this Agreement by the Buyer does not, and the performance of their respective obligations hereunder will not, require any consent, approval, authorization or permit of, or filing with or notification to, any federal, state or local governmental agency or authority.

5.4 Litigation. There are no claims, suits, actions or proceedings pending or to the Buyer's knowledge, threatened against the Buyer, or any of its Affiliates, before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that seeks to restrain or enjoin the consummation of the transactions contemplated by this Agreement.

5.5 Brokers. Except for Equities Securities Partners, for which the Buyer is solely responsible, Buyer has not retained the services of any broker or finder in connection with this Agreement or the transactions contemplated by this Agreement.

ARTICLE VI

COVENANTS

6.1 Covenants of Parent. Parent shall, and shall cause the Company to, keep, perform and fully discharge the following covenants and agreements:

(a) Interim Conduct of Business. From the date hereof until the Closing, the Company shall operate the Business as a going concern consistent with prior practice and in the ordinary course of business (except as may be authorized pursuant to this Agreement or as set forth on Schedule 6.1(a) hereto). Without limiting the generality of the foregoing, from the date hereof until the Closing, except for transactions contemplated by this Agreement or expressly approved in writing by the Buyer, the Company, shall not:

(i) enter into or amend any employment, bonus, severance, or retirement contract or arrangement (including any Plan as described in Section 5.18), or materially increase any salary or other form of compensation payable or to become payable to any current employee of the Company, other than in the ordinary course of business consistent with prior practice;

(ii) purchase any assets or real estate or any interest therein other than in the ordinary course of business or to replace any damaged or obsolete assets;

(iii) merge or consolidate with or agree to merge or consolidate with, or purchase or agree to purchase all or substantially all of the assets of, acquire securities of or otherwise acquire any Person;

(iv) sell, lease, transfer or otherwise dispose of or agree to sell, transfer, lease or otherwise dispose of any of its assets, properties, rights or claims, whether tangible or intangible having an aggregate book value in excess of $75,000, except in the ordinary course of business consistent with prior practice;

(v) incur any liability, guaranty or obligation (fixed or contingent) other than in the ordinary course of business consistent with prior practice;

(vi) place or permit to be placed any Lien on any of the Company Stock or any other Company property, other than statutory Liens arising in the ordinary course of business;

(vii) change its accounting practices and/or procedures;

(viii) accelerate receivables or delay or postpone payment of any accounts payable or other liability, except in the ordinary course of business consistent with prior practice;

(ix) transfer any assets having a total cumulative book value in excess of $50,000 to Parent or any Affiliate or Subsidiary of Parent other than cash transferred to Affiliates in the normal and ordinary course of business consistent with past practices, or inventory of waste transferred to Affiliates for treatment, storage or disposal or activity in the ordinary course of business consistent with past practices or transfer cash to Parent consistent with Parent's cash management policy or to pay Taxes as a result of filing consolidated income tax returns or payment of management fees to Parent consistent with past practices; or

(x) agree to a material change or materially add to the terms and conditions of any Necessary Permit without the prior written approval of the Buyer, which will not be unreasonably withheld;

(xi) materially increase the Company's disposal inventory by an amount not to exceed $25,000, except in the ordinary course of business;

(xii) transfer any customer account to any of its Affiliate or any third party; or

(xiii abandon any part of the Business that would result in a Material Adverse Effect.

(b) Access. Parent shall, upon reasonable notice, give the Buyer and its representatives full and free access to all relevant properties, assets, books, contracts, commitments and records of the Company during reasonable business hours and shall promptly furnish the Buyer with all financial and operating data and other information as to the history, ownership, Affiliates, business, operations, properties, assets, liabilities, or condition (financial or otherwise) of the Company as the Buyer may from time to time reasonably request; provided that, in connection with such review and inspection, neither the Buyer nor any of its agents shall unreasonably interfere with the operation of the Company prior to the Closing.

(c) Satisfaction of Conditions. Parent shall use its best efforts to accomplish the satisfaction of the conditions precedent to Closing contained in Section 7.1 herein on or prior to the Closing Date.

(d) Non-Solicitation of Employees. For the period beginning on the Closing Date and ending on the date two (2) years after the Closing Date (the "Non-Solicitation Period"), Parent shall not, and shall not permit any of its Affiliates (collectively, the "Restricted Parties" and individually, a "Restricted Party") to, for its own benefit or for the benefit of any Person other than Buyer: (i) solicit, or assist any Person other than the Buyer to solicit, any employees of Company listed on Schedule 4.20 to leave his employment; or (ii) hire or cause to be hired, any employee of Company listed on Schedule 4.20, except nothing contained herein shall prohibit the Parent or any of its Affiliates from hiring an employee listed on Schedule 4.20 who is no longer employed by the Company and such employee solicits the Parent or its Affiliates for employment after the termination of any such individual's employment.

(e) Non-Solicitation of Customers. During the Non-Solicitation Period, each Restricted Party shall not solicit or encourage any of the Large Customers to divert, terminate, curtail or otherwise limit its business relationship with the Company or the Buyer or otherwise direct or divert or attempt to direct or divert any Large Customer to any other entity or interfere with any business relationship between the Company and/or the Buyer and such Large Customer. Notwithstanding the foregoing, nothing herein shall limit or restrict any Restricted Party from soliciting any of the Large Customers to treat, store or dispose of waste containing radioactive constituents or mixed waste (i.e., waste that contains radioactive constituents and Hazardous Materials). For purposes of this Section 6.1(e), the business relationship by and between the Company and/or the Buyer and each such Large Customer shall be the business relationship that (i) is occurring or has occurred between the Company and such Large Customer at the address of such Large Customer noted on Schedule 6.1(e) during the calendar years 2010 and/or 2011 prior to the Closing (the "Primary Business Address"), or, if such address on Schedule 6.1(e) is listed as a P.O. Box address, billing address or one of multiple addresses serviced by the Company, then such other address of that Large Customer in the State of Florida where the Company has performed such Primary Business Relationship during 2010 and 2011 prior to Closing; or (ii) shall occur at any address located in the State of Florida to which a Large Customer shall relocate at any time during the Non-Solicitation Period.

(f) Non-Competition. During the Non-Solicitation Period, each Restricted Party shall not, directly or indirectly, for its own account engage, or attempt to engage, (i) in the Port Services Waste Oil Collection and Processing Business in the State of Florida; or (ii) in the Waste Oil Collection and Processing Business in the State of Florida, provided however, a Restricted Party may continue to remove waste oil (as defined in and as those materials are regulated by 40 CFR Part 279 Standards for the Management of Used Oil and Chapter 62-701 F.A.C. Used Oil Management) as long as the removal of such waste oil is not being conducted at a commercial oil change or automotive oil service business customer (such as Jiffy Lube, Pep Boys, etc.) and is solely and directly in conjunction with the removal of mixed waste, radioactive waste, or materials derived from or otherwise contaminated with used oil (as defined in and as those materials are regulated by 40 CFR 279.10 (c)(2)).

(g) Acknowledgements. Parent acknowledges that: the above covenants are manifestly reasonable on their face. The parties expressly agree that the restrictions set forth in Sections 6.1(d), (e) and (f) have been designed to be reasonable and no greater than is required for the protection of Buyer and are a significant element of the consideration hereunder. If the final judgment of a court of competent jurisdiction declares that any term or provision of Section 6.1(d), (e) and (f) is invalid or unenforceable, the parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope or duration of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

(h) No Solicitation, Confidentiality, Etc. Prior to the termination of this Agreement pursuant to Article VIII hereof, neither the Parent nor any of its agents, representatives, employees, officers and/or directors will (i) solicit or negotiate with respect to any inquiries or proposals relating to (x) the possible direct or indirect acquisition of any equity security of the Company or of all or substantially all of the assets of the Business or (y) any merger, consolidation, joint venture or business combination with Parent or the Company, or (ii) discuss or disclose either this Agreement or other confidential information pertaining to the Company with any Person (except as may be required by law or except as may be required in connection with the transactions contemplated by this Agreement to Affiliates, officers, directors, stockholders, employees and agents of Parent and the Company) without the prior written approval of the Buyer. The Buyer acknowledges that the prior distribution of material regarding the Company to interested parties shall not be deemed to violate this Section 6.1(h). Parent shall advise such parties of the existence of this Agreement and shall refrain from entering into further discussions with such parties concerning the sale of the Company to the extent otherwise prohibited by this Section 6(h).

(i) Accuracy of Representations and Warranties. From the date of this Agreement until the Closing, Parent shall promptly deliver to the Buyer supplemental information concerning events or circumstances occurring subsequent to the date hereof which would render any representation, warranty or statement in this Agreement or the Disclosure Schedule inaccurate or incomplete at any time after the date of this Agreement until the Closing and if the Buyer would have the right to terminate this Agreement pursuant to Section 8.1(c) as a result of the information so disclosed and it does not exercise such right prior to the Closing, then such supplemental information shall constitute an amendment of the representation, warranty or statement to which it relates for purposes of Article IX of this Agreement and shall not serve as a basis for an indemnification claim under Article IX of this Agreement.

(j) Books and Records. For a period of six (6) years commencing on the Closing Date, or for such longer period as may be required by applicable law, the Parent shall make all of its books and records relating to the Company available for inspection and copying by the Buyer and its representatives during regular business hours upon seven (7) Business Days' prior notice.

(k) WARN Act. The Parent shall be responsible for any notice required under or liability associated with the Worker Adjustment and Retraining Notification Act (29 U.S.C. §§2101-2109), (the "WARN Act") COBRA group health plan continuation coverage (29 U.S.C. §§ 601-608 and 26 U.S.C. §4980B) ("COBRA") and any applicable state or local plant closing, mass layoff, relocation, or severance, or continuation coverage laws associated with the employees of the Company which takes place or arises on or before the Closing Date.

(l) Lien Searches. Prior to the Closing, Parent shall conduct, or cause to be conducted by a nationally recognized service company, as of a date or dates as late as reasonably practicable prior to the Closing Date, a lien search, including without limitation security interests and other notice filings under the Uniform Commercial Code, Tax liens, and judgment liens, of record in each jurisdiction where assets of the Company are located or in which the Company conducts the Business. The results of such lien search shall be delivered to the Buyer within ten (10) days prior to the Closing.

(m) Change of Name. Immediately prior to the Closing, Parent shall cause the Company to change its name in order to eliminate from the Company's name any and all references to "Perma-Fix" and to a name selected by Buyer. On or before December 31, 2011, Buyer shall cause the Company to remove and cease using all signage, logos, and branding at the Company or on the Company vehicles that include the name "Perma-Fix," the Perma-Fix logo, or any derivatives thereof.

(n) Further Assurances. Parent shall, from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by the Buyer to confirm and assure the rights and obligations provided for in this Agreement and render effective the consummation of the transactions contemplated hereby.

(o) 338(h)(10) Election. At the Buyer's option, Parent shall join with the Buyer in making an election under Code §338(h)(10) (and any corresponding election under state, local, and foreign tax law) with respect to the purchase and sale of the Company Stock contemplated by this Agreement (collectively, a "§338(h)(10) Election"). Parent shall include any income, gain, loss, deduction, or other tax item resulting from the §338(h)(10) Election on its Tax Return to the extent required by applicable law. Parent shall pay any Tax imposed on Parent or the Company attributable to the making of the §338(h)(10) Election, including (i) any Tax imposed under Code §1374, (ii) any Tax imposed under Reg. §1.338(h)(10)-1(e)(5), or (iii) any state, local or foreign Tax imposed on Parent's gain. Parent shall indemnify the Buyer and the Company against any adverse consequences arising out of any failure to pay such Taxes in accordance with the procedures set forth in Article IX. Upon the request of the Buyer, Parent shall execute and deliver to the Buyer, within twenty (20) days of the Buyer's written request, any and all forms necessary to effectuate the §338(h)(10) Election (including, without limitation, IRS Form 8023 and any similar forms under applicable state and local income tax laws).

(p) Accrued Vacation Time. Within thirty (30) days of the Closing Date, Parent shall pay each individual named on Schedule 6.1(q) attached hereto the amount of vacation time accrued through December 31, 2010 ("Accrued Vacation Time"), as set forth opposite such individual's name on such schedule. Parent shall provide the Buyer written notice evidencing that all payments have been made simultaneously with the actual payment thereof.

(q) ISP/Internet Systems. Commencing on the Closing Date and continuing for a period of up to sixty (60) days thereafter, Parent shall provide access to the Company and the Buyer of its ISP/Internet systems for use in connection with the operation of the Business at no cost to the Company or the Buyer; provided, however, that upon the Company or the Buyer establishing its own ISP/internet system at the Company, the Company and the Buyer shall no longer have any right to use the Parent's ISP/Internet systems.

(r) Termination of Participation in Plans. Parent and the Company will terminate Company's and each of its employee's participation in the Plans set forth on Schedule 4.18 hereto and provide Buyer with written evidence of such termination in form and substance reasonably acceptable to Buyer.

6.2 Covenants of the Buyer. The Buyer hereby agrees to keep, perform and fully discharge the following covenants and agreements:

(a) Satisfactory Conditions. The Buyer shall comply with all of the conditions of Section 7.2 and accomplish to the satisfaction of Parent all of the conditions precedent to Closing contained in Section 7.2 below on or prior to the Closing Date.

(b) Further Assurances. The Buyer shall, from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by Parent to confirm and assure the rights and obligations provided for in this Agreement and render effective the consummation of the transactions contemplated hereby.

(c) WARN Act. The Buyer shall be responsible for any such notice or liability associated with the WARN Act, COBRA and any applicable state or local plant closing, mass layoff, relocation or severance or continuation coverage laws associated with any employee or employees of the Company, the Buyer which takes place or arises after the Closing Date.

(d) Employee Benefits. As of the Closing Date, Buyer will provide each of the Company employees that remain employees of the Company, on or after the Closing, the opportunity to participate in all of the Buyer's insurance or other standard company benefits presently in full force and effect, based on each employee's length of service with the Company.

6.3 Confidentiality. Each party agrees to maintain in confidence any information that has been identified as non-public information and received from the other party, and to use such non-public information only for purposes of consummating the transactions contemplated by this Agreement. Such confidentiality obligations will not apply to (a) information which was known to the one party or their respective agents prior to receipt from the other party; (b) information which is or becomes generally known; (c) information acquired by a party or their respective agents from a third party who was not bound to an obligation of confidentiality; and (d) disclosure required by law. In the event this Agreement is terminated in accordance with the terms of this Agreement, each party (x) will return, destroy or cause to be returned or destroyed to the other all documents and other material obtained from the other in connection with the transactions contemplated by this Agreement, and (y) will use commercially reasonable efforts to delete from its computer systems all documents and other material obtained from the other in connection with the transactions contemplated by this Agreement.

6.4 Regulatory Approvals. Buyer shall use all reasonable efforts to file, as soon as practicable after the date of this Agreement, all notices, reports and other documents required to be filed with any federal, state or local governmental regulatory or administrative agency or authority with respect to the transaction contemplated by this Agreement (if any), except for such filings that are required to be filed by Parent under any federal, state or local Environmental Laws, rules, or regulations and to submit promptly any information requested by any such governmental agency or authority to the extent that Buyer and Parent jointly determine it is reasonable and prudent to do so. Without limiting the generality of the foregoing, Parent and the Buyer shall, promptly after the date of this Agreement, prepare and file any and all notifications and certifications required under the applicable federal and state law. From and after the date hereof through to the Closing Date, Parent will use its commercially reasonable efforts to assist the Buyer in effecting the transfer to the Buyer of all of the Necessary Permits and all other permits, licenses, and leases which are associated with the Business as presently conducted, to the extent the same are by their terms transferable. Parent and Buyer shall consult and cooperate with one another, and consider in good faith the views of one another, in connection with any analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal made or submitted in connection with any governmental filing. In addition, except as may be prohibited by any federal. state or local governmental agency or authority or by any Legal Requirement, each party agrees to permit authorized representatives of each other party to be present at each meeting or conference relating to any such legal proceeding and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any federal, state or local governmental agency or authority in connection with any such legal proceeding.

6.5 Payment of Company's Debts, Liabilities and Obligations. The Buyer shall pay, or cause the Company to pay, when due, all of the Company's debts, obligations and liabilities existing as of the Closing Date and set forth on the Most Recent Financial Statements, provided, however, in no event shall Buyer be responsible for, nor has Buyer agreed to assume or agree to perform, pay or discharge, and Parent shall remain unconditionally liable for, each of the following: (i) any Taxes with respect to the Business of the Company for periods ending on or before the Closing, (ii) all Accrued Vacation Time; (iii) any and all liability due to acts or actions occurring on or prior to the Closing under any Plan administered or contributed to by Parent or any ERISA Affiliate of Parent; (iv) any Inter-Company Accounts; (v) any liabilities for Off-site Contamination resulting from acts or actions occurring on or prior to Closing; and (vi) all of the repairs to the Repair Vehicles in accordance with Section 2.5 herein; provided, however, in no event shall this Section 6.5 in any way limit or otherwise reduce Parent's indemnification obligations under Article IX herein.

ARTICLE VII

CLOSING CONDITIONS

7.1 Conditions to Obligations of Buyer. The obligations of the Buyer to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of Parent contained in this Agreement shall remain true and correct at the Closing Date as fully as if made on the Closing Date; Parent shall have performed, on or before the Closing Date, all of its obligations under this Agreement and the other Purchase Documents which by the terms thereof are to be performed on or before the Closing Date; and Parent shall have delivered to the Buyer an Officer's Certificate dated the Closing Date of Parent to such effect.

(b) No Pending Action. No legislation, order, rule, ruling or regulation shall have been proposed, enacted or made by or on behalf of any governmental body, department or agency, and no legislation shall have been introduced in either House of Congress or in the legislature of any state, and no investigation by any Governmental Authority shall have been commenced or threatened, and no action, suit, investigation or proceeding shall have been commenced before, and no decision shall have been rendered by, any court or other Governmental Authority or arbitrator, which, in any such case, in the reasonable judgment of the Buyer could prevent or rescind the transactions contemplated by this Agreement (including, without limitation, the purchase and sale of the Company Stock) or result in a Material Adverse Effect.

(c) Purchase Permitted by Applicable Laws; Legal Investment. The Buyer's purchase of and payment for the Company Stock (i) shall not be prohibited by any applicable law or governmental order, rule, ruling, regulation, release or regulatory agency interpretation, and (ii) shall not constitute a fraudulent or voidable conveyance under any applicable law.

(d) Proceedings Satisfactory. All proceedings taken in connection with the purchase and sale of the Company Stock, all of the other Purchase Documents and all documents and papers relating thereto, shall be in form and substance reasonably satisfactory to the Buyer. The Buyer and its counsel shall have received copies of such documents and papers required by the terms of this Agreement, all in form and substance reasonably satisfactory to the Buyer. Any Purchase Document, any Schedule or Exhibit to this Agreement and any other document, agreement or certificate contemplated by this Agreement, not approved by the Buyer in writing as to form and substance on the date this Agreement is executed, shall be reasonably satisfactory in form and substance to the Buyer.

(e) Consents - Permits. Buyer and Parent, as applicable, shall have received (and there shall be in full force and effect) all material consents, approvals, licenses, permits, orders and other authorizations of, and shall have made (and there shall be in full force and effect) all such filings, registrations, qualifications and declarations with, any Person pursuant to any applicable law, statute, ordinance regulation or rule or pursuant to any agreement, order or decree to which Buyer or Parent is a party or to which it is subject, in connection with the transactions contemplated by this Agreement set forth on Schedule 4.2 attached hereto.

(f) Corporate Documents. Parent shall have delivered to the Buyer:

(i) an Officer's Certificate of the Secretary of Parent certifying (x) the incumbency and genuineness of signatures of all officers of Parent executing this Agreement, any document delivered by Parent at the Closing and any other document, instrument or agreement executed in connection herewith, (y) the truth and correctness of resolutions of Parent authorizing the entry by Parent into this Agreement and the transactions contemplated hereby and (z) the truth, correctness and completeness of its by-laws;

(ii) the Charter of each of Parent and the Company certified as of a recent date by the state of its incorporation; and

(iii) certificates of corporate and tax good standing and legal existence of Parent and the Company as of a recent date from the state of its incorporation and the state(s) in which it is qualified to do business.

(g) Transfer of Necessary Permits. All of the Necessary Permits (including, without limitation, any Environmental Permit) shall have been transferred to or obtained by the Buyer on or before the Closing Date.

(h) Opinion of Counsel. The Buyer shall have received a favorable opinion, dated the Closing Date and satisfactory in form to the Buyer and its counsel, of Conner & Winters, LLP, counsel to Parent.

(i) No Material Adverse Effect. Prior to the Closing Date, there shall have been no Material Adverse Effect and there shall not have been any events, circumstances or developments which, with the passage of time, might reasonably be expected to be a Material Adverse Effect, all as determined in the sole discretion of the Buyer.

(j) Intentionally Omitted.

(k) Shares of Company Stock. Parent shall have delivered to Buyer the certificate(s) representing all the shares of Company Stock, duly endorsed and assigned for transfer by Parent, or accompanied by stock powers duly executed by Parent ("Stock Assignment"), and such transfer shall have been accepted by the Company for transfer on its books.

(l) Closing Net Working Capital. Parent shall agree in writing to the calculation of the Closing Net Working Capital.

(m) Inter-Company Accounts. Prior to Closing, all Inter-Company Accounts owing by the Company to Parent or any of Parent's Affiliates, and all Inter-Company Accounts due to the Company from Parent or any of Parent's Affiliates, shall either be paid or satisfied in full, or released, discharged or terminated pursuant to written agreements satisfactory in form and substance to Buyer.

(n) Royal Caribbean Lines. Parent shall have entered into an Assignment and First Amendment to Waste Services Agreement with Royal Caribbean Cruises, Ltd on terms and conditions acceptable to Buyer.

(o) Due Diligence. The Buyer shall have successfully completed and been satisfied in its sole discretion with its due diligence investigation of the Company and the Business.

(p) Financing. Buyer shall have secured financing to consummate the transactions contemplated hereunder in form and substance reasonably acceptable to Buyer and, in connection therewith, received any requisite approval from its lender to the Buyer entering into this Agreement and the transactions contemplated hereunder.

(q) Resignations. Parent shall have delivered the resignations of each of officers and directors of the Company.

(r) Kathryn Thibert. Parent, Buyer and Kathryn Thibert shall enter into a transition services agreement on terms and conditions mutually acceptable to all parties.

(s) Orlando Acquisition Agreement. Buyer or Buyer's designee, Parent and Perma-Fix Orlando, Inc. ("PFO") shall have entered into a definitive agreement for Buyer to purchase substantially all of the assets of PFO on terms and conditions satisfactory to each of Buyer and Parent (the "Orlando Acquisition Agreement").

(t) John P. Lennon, Jr. Buyer shall have entered into an employment agreement with John P. Lennon, Jr. on terms and conditions acceptable to Buyer.

(u) Collateral Assignment. Parent shall execute and deliver a Collateral Assignment of Buyer's rights under this Agreement in form and substance acceptable to Buyer and Webster Bank.

(v) No Liens. Parent shall provide a written consent of Parent's and the Company's lender and any other Lien holder listed on the results of the lien search conducted by Parent in accordance with Section 6.1(l) to this Agreement and the transactions contemplated herein, including releases and discharges of all mortgages, Liens, claims and other encumbrances on the Company's assets and the Company Stock such that the Company Stock and the Company's assets shall be sold, transferred and assigned to the Buyer and/or the Company (as the case may be) free and clear of all Liens, except for the equipment lien described on Schedule 4.8 hereto in favor of BB&T Equipment Financial Corp.

(w) Facilities Services Agreement. Buyer or Buyer's designee, Parent and PFO shall have entered into a Facilities Services Agreement in form and substance mutually acceptable to Buyer and Parent.

7.2 Conditions to Obligations of Parent. The obligations of Parent to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of the Buyer in this Agreement shall remain true and correct at the Closing Date, and the Buyer shall, on or before the Closing Date, have performed all of their obligations under this Agreement and the other Purchase Documents which by the terms thereof are to be performed by it on or before the Closing Date; and the Buyer shall have delivered an Officer's Certificate to Parent dated the Closing Date to such effect.

(b) No Pending Action. No legislation, order, rule, ruling or regulation shall have been proposed, enacted or made by or on behalf of any governmental body, department or agency, and no legislation shall have been introduced in either House of Congress or in the legislature of any state, and no investigation by any Governmental Authority shall have been commenced or threatened, and no action, suit, investigation or proceeding shall have been commenced before, and no decision shall have been rendered by, any court or other Governmental Authority or arbitrator, which, in any such case, was not known by Parent on the date hereof or which could adversely affect, restrain, prevent or rescind the transactions contemplated by this Agreement (including, without limitation, the purchase and sale of the Company Stock) or result in a Material Adverse Effect.

(c) Payment of Purchase Price. The Buyer shall have delivered, via wire transfer, the Purchase Price to Parent.

(d) Opinion of Counsel. Parent shall have received a favorable opinion dated the Closing Date and satisfactory in form to Parent and its counsel, of Posternak Blankstein & Lund LLP, counsel to the Buyer.

(e) Closing Net Working Capital. Parent shall agree in writing to the calculation of the Closing Net Working Capital.

(f) Corporate Documents. Buyer shall have delivered to the Parent:

(i) an Officer's Certificate of the Secretary of Buyer certifying (a) the incumbency and genuineness of signatures of all officers of Buyer executing this Agreement, any document delivered by Buyer at the Closing and any other document, instrument or agreement executed in connection herewith, (b) the truth and correctness of resolutions of Buyer authorizing the entry by Buyer into this Agreement and the transaction contemplated hereby and (c) the truth, correctness and completeness of its by-laws;

(ii) a certificate of corporate good standing and legal existence of Buyer as of a recent date from the state of its incorporation.

(g) Orlando Acquisition Agreement. Buyer or Buyer's designee, Parent and PFO shall have entered into the Orlando Acquisition Agreement.

ARTICLE VIII

TERMINATION

8.1 Termination of Agreement. This Agreement and the transactions contemplated hereby may (at the option of the party having the right to do so) be terminated at any time prior to the Closing:

(a) Mutual Consent. By mutual written consent of Buyer and Parent;

(b) Court Order. By the Buyer or Parent if any court of competent jurisdiction shall have issued an order pursuant to the request of a third party restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;

(c) Termination by Buyer. By the Buyer by notice to Parent if (i) a condition to the obligations of Buyer set forth in Section 7.1 hereof has not been fulfilled within thirty (30) days of the date of this Agreement, (ii) a default under or a breach of this Agreement shall be made by Parent that is not cured to the satisfaction of the Buyer within ten (10) days of notification thereof, or (iii) any representation or warranty set forth in this Agreement or in any other Purchase Document delivered by Parent pursuant hereto shall be false or misleading; or

(d) Termination by Parent. By Parent by notice to the Buyer if (i) a condition (other than Section 7.2(c) if Buyer's failure to satisfy such condition is as a result of a failure of Parent to satisfy the conditions of Section 7.1 herein) to the obligations of Parent set forth in Section 7.2 hereof has not been fulfilled within thirty (30) days of the date of this Agreement, (ii) a default under or a breach of this Agreement shall be made by the Buyer that is not cured to the satisfaction of Parent within ten (10) days of notification thereof, or (iii) any representation or warranty set forth in this Agreement or in any other Purchase Document delivered by the Buyer pursuant hereto shall be false or misleading.

8.2 Effect of Termination. If this Agreement is terminated pursuant to Section 8.1, all further obligations of the parties under this Agreement shall terminate; provided, however, that (a) the breaching party shall not be relieved of any obligation or liability arising from any inaccuracy in, or breach by such party of, any representation, warranty, covenant or other provision of this Agreement, and (b) the parties shall, in all events, remain bound by and continue to be subject to the provisions set forth in Sections 6.1(h), 6.3, 8.2, 11.1, 11.3, 11.4, 11.6, 11.8, 11.9 and 11.10.

ARTICLE IX

INDEMNIFICATION

9.1 Survival of Representations and Warranties. Each and every representation and warranty set forth in this Agreement shall survive until the second anniversary of the Closing Date, except with respect to the representations and warranties set forth in Sections 4.1, 4.2, 4.4 and 4.8, 4.16, 4.17, 4.18, 4.19 and 4.23, which shall survive the Closing until thirty (30) days after the expiration of the applicable statute of limitations. Each and every covenant set forth herein shall survive the Closing until the earlier of (i) the date the applicable covenant has been fully performed or discharged or (ii) the expiration of the covenant pursuant to its terms. From and after the applicable period of survival with respect to such respective representations and warranties and covenants of the Buyer and Parent, neither of Buyer nor Parent, or any Affiliate of the Buyer or Parent shall have any liability whatsoever with respect to any such representation or warranty, except for claims for fraud or intentional misrepresentation. If, at any time prior to the expiration of the survival period set forth above with respect to any particular representation, warranty or covenant of a party, an Indemnitee delivers to an Indemnifying Party a written notice alleging the existence of an inaccuracy in or a breach of such representation or warranty (and setting forth in reasonable detail the basis for such Indemnitee's belief that such an inaccuracy or breach may exist) and asserting a claim for Losses based on such alleged inaccuracy or breach, then the representation, warranty or covenant underlying the claim asserted in such notice and all related indemnity obligations under this Article IX related thereto shall survive until final resolution of such claim. The representations, warranties, covenants and obligations of each party, and the rights and remedies that may be exercised by an Indemnitee shall not be limited or otherwise affected by or as a result of any information furnished to, or any investigation made by or knowledge of, any of such party or any of its Affiliates, agents and/or representatives. This Section 9.1 shall have no effect upon any other obligation of the parties hereto, whether to be performed before or after the Closing Date.

9.2 Indemnification by Parent. Subject to the terms, conditions and limitations set forth in this Article IX, Parent shall indemnify, defend and hold the Buyer and its officers, directors, consultants, employees, owners, agents, subsidiaries, representatives and Affiliates (collectively the "Buyer Indemnitees"), harmless from and against any and all damages, actions, suits, investigations, proceedings, demands, assessments, audits, judgments, claims, losses, obligations, deficiencies, liabilities, encumbrances, penalties, costs, and expenses, including reasonable attorneys' fees and costs ("Buyer Losses"), in connection with any Buyer Losses which any Buyer Indemnitee may suffer or incur, resulting from, related to or arising out of any of the following: (i) any breach of a representation or warranty by Parent set forth in the Agreement or in any other Purchase Document, (ii) nonfulfillment of any of the covenants of Parent in this Agreement or in any Purchase Document to which it is a party, (iii) any matter disclosed on Schedule 4.21; (iv) fraud or intentional misrepresentation on the part of Parent in connection with the representations and warranties of Parent contained in this Agreement; (v) any Taxes required to be paid by the Company or Parent with respect to the Business for any period ending on or before the Closing Date; (vi) any federal or state fraudulent transfer statute; (vii) the failure to comply with the terms or conditions of any Environmental Permits and/or the failure to obtain any Environmental Permit as may be necessary or required by any Environmental Law; (viii) any Off-site Contamination; (ix) any and all of the repairs required to be made to any Repair Vehicle in accordance with Section 2.5 herein; or (x) any acts or actions occurring at or prior to the Closing under any Plan administered or contributed to by Parent or any ERISA Affiliate of Parent.

9.3 Indemnification by the Buyer. Subject to the terms, conditions and limitations set forth in this Article IX, the Buyer shall indemnify, defend and hold Parent, and its officers, directors, consultants, employees, owners, agents and Affiliates (collectively, the "Parent Indemnitees," and at times together with the Buyer Indemnitees, "Indemnitees"), harmless from and against any and all actions, suits, investigations, proceedings, demands, assessments, audits, judgments, damages, losses, obligations, deficiencies, liabilities, claims, encumbrances, penalties, costs, and expenses, including reasonable attorneys' fees and costs ("Parent Losses," and at times together with Buyer Losses, "Losses"), in connection with any Parent Losses which the Parent Indemnitee may suffer or incur, resulting from, related to or arising out of any of the following: (i) any breach of a representation or warranty or nonfulfillment of any of the covenants of the Buyer in this Agreement or in any other Purchase Document; (ii) fraud or intentional misrepresentation on the part of the Buyer; or (iii) Buyer's operation of the Business after the Closing Date.

9.4 Notice and Opportunity to Defend.

(a) If an Indemnitee has incurred or suffered Losses for which it may be entitled to indemnification under this Article IX, such Indemnitee shall, prior to the expiration of the representation, warranty, covenant or agreement to which such claim relates, give written notice of such claim (a "Claim Notice") to Parent or the Buyer (as the case may be) (the "Indemnifying Party"). Each Claim Notice shall state the amount of claimed Losses (the "Claimed Amount"), if known, and the factual background and basis for such claim in reasonably sufficient detail so as to enable the Indemnifying Party to understand and respond to the Claim Notice as provided in Section 9.4(b) below.

(b) Except as set forth in clause (iv) herein, within twenty (20) Business Days after delivery of a Claim Notice, the Indemnifying Party shall provide to the Indemnitee a written response (the "Response Notice") in which the Indemnifying Party shall: (i) agree that all of the Claimed Amount is owed to the Indemnitee, (ii) agree that part, but not all, of the Claimed Amount (the "Agreed Amount") is owed to the Indemnitee, (iii) contest that any of the Claimed Amount is owed to the Indemnitee, or (iv) request additional information that the Indemnifying Party believes in good faith it needs to respond to the Claim Notice, which request must be made within ten (10) Business Days after the Indemnifying Party's receipt of the Claim Notice. In the event the Indemnifying Party requests further information pursuant to the foregoing clause (iv), the Indemnitee shall provide the additional information, if any, within ten (10) Business Days, and the Indemnifying Party shall then respond as provided in the foregoing clauses (i), (ii) or (iii) within ten (10) Business Days after receipt of such additional information or notice from the Indemnitee that no further information exists. The Indemnifying Party may contest the payment of all or a portion of the Claimed Amount only based upon a good faith belief that all or such portion of the Claimed Amount does not constitute Losses for which the Indemnitee is entitled to indemnification under this Article IX. If no Response Notice is delivered by the Indemnifying Party within such twenty (20) Business Day period, the Indemnifying Party shall be deemed to have agreed that all of the Claimed Amount is owed to the Indemnitee; provided, however, that the failure to adhere strictly to the timing provided herein shall not be a waiver of any indemnification claim or defense, except to the extent such failure causes prejudice to the other party.

(c) If the Indemnifying Party in the Response Notice agrees (or is deemed to have agreed) that all of the Claimed Amount is owed to the Indemnitee, the Indemnifying Party shall, subject to the terms and limitations contained in this Article IX, promptly (and in any event within five (5) Business Days) pay the Claimed Amount to the Indemnitee. If the Indemnifying Party in the Response Notice agrees that part, but not all, of the Claimed Amount is owed to the Indemnitee, the Indemnifying Party shall, subject to the terms and limitations contained in this Article IX, promptly (and in any event within five (5) Business Days) pay to the Indemnitee, directly, an amount equal to the Agreed Amount set forth in such Response Notice. Acceptance by the Indemnitee of part payment of any Claimed Amount shall be without waiver to that Indemnitee's right to claim and the Indemnifying Party's obligation to pay the balance of any such Claimed Amount that is due the Indemnitee. If the Indemnifying Party in the Response Notice contests all or part of the Claimed Amount (the "Contested Amount"), the Indemnifying Party and the Indemnitee shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations within twenty (20) days, either may commence a lawsuit or other appropriate proceeding in a court of competent jurisdiction.

(d) The Indemnitee shall give prompt written notification to the Indemnifying Party of the commencement of any action, suit or proceeding relating to a third party claim for which indemnification pursuant to this Article IX may be sought; provided, however, that no delay on the part of the Indemnitee in notifying the Indemnifying Party shall relieve the Indemnifying Party of any liability for Losses hereunder except to the extent of any Loss or material prejudice caused by or arising out of such delay. Within five (5) Business Days after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnitee, assume control of the defense of such action, suit or proceeding with counsel reasonably satisfactory to the Indemnitee. If the Indemnifying Party does not so assume control of such defense, the Indemnitee shall control such defense. If the Indemnifying Party assumes the defense notwithstanding the satisfaction of the foregoing conditions, the Indemnitee may object in writing within three (3) Business Days, and in the event of such objection the parties shall negotiate in good faith which party will control the defense. In the absence of agreement as to which party controls the defense within three (3) Business Days from the Indemnifying Party's receipt of an objection, the Indemnifying Party shall assume control of the defense. The party not controlling such defense may participate therein at its own expense; provided that if the Indemnifying Party assumes control of such defense and counsel selected by the Indemnifying Party to defend such action reasonably concludes that the Indemnifying Party and the Indemnitee have conflicting interests or different defenses available with respect to such action, suit or proceeding, the reasonable fees and expenses of one counsel for all of the Indemnitees shall be considered "Losses" for purposes of this Agreement, whether or not the Indemnitee prevails in such action, suit or proceeding. The party controlling such defense shall keep the other party advised of the status of such action, suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the other party with respect thereto. Except as provided in Section 9.4(e) below, the Indemnitee shall not agree to any settlement of such action, suit or proceeding without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, conditioned or delayed. The Indemnifying Party shall not agree to any settlement of or the entry of a judgment in any action, suit or proceeding without the prior written consent of the Indemnitee, which shall not be unreasonably withheld, conditioned or delayed (it being understood that it is reasonable to withhold, condition or delay such consent if, among other things, the settlement or the entry of a judgment (A) lacks a complete release of the Indemnitee for all liability with respect thereto or (B) imposes any liability or obligation on the Indemnitee).

9.5 Limitations on Certain Indemnification Obligations.

(a) Basket. The Buyer Indemnitees shall not assert any indemnification claim under Sections 9.2(i), 9.2(ii), 9.2(iv), 9.2(vi), 9.2(vii) and/or 9.2(x) and Parent shall have no obligation to indemnify therefor, until the aggregate amount of all claims for Buyer Losses by the Buyer Indemnitees exceeds $35,000 (the "Basket Amount"), in which event Parent will be responsible for all amounts and the liabilities, including, without limitation, the Basket Amount, subject to the Cap (as such term is defined herein).

(b) Cap. The liability for any Buyer Losses arising pursuant to Sections 9.2(i), 9.2(vii), 9.2(ix) or 9.2(x) above shall not exceed $2,000,000 in the aggregate except that if a court of competent jurisdiction determines in a non-appealable order that the Buyer Losses arose pursuant to (i) Sections 9.2(iv) or 9.2(vi) above, then the Parent's liability for such Buyer Losses shall not exceed $5,500,000 in the aggregate; or (ii) Section 9.2(ii) above, then the Parent's liability for such Buyer Losses shall not exceed $3,000,000 in the aggregate (collectively, the "Cap Amounts").

(c) Other Remedies. Notwithstanding anything to the contrary contained in this Agreement, nothing in this Agreement shall preclude an Indemnitee from seeking injunctive relief or specific performance with respect to any covenant, agreement or obligation of an Indemnifying Party contained in this Agreement.

(d) Determination of Losses. If an Indemnitee proceeds with the defense of any claim all fees and expenses, including attorney's fees, relating to the defense of such Claim and/or the enforcement of its rights hereunder shall be deemed to be Losses for which such Indemnitee is entitled to indemnification hereunder whether or not the Indemnitee prevails in any such action, suit or proceeding, subject to the limitations contained in this Article IX. For purposes of this Article IX, "breach" shall be deemed to include any action, demand or claim by a third party against an Indemnitee which, if true, would constitute a breach of a covenant, agreement, representation or warranty by an Indemnifying Party.

(e) Exceptions to Basket and Cap Amounts. Notwithstanding the provision of Section 9.5(a) and (b), the Buyer Indemnitees will not be subject to, and the Buyer Losses will not be limited by, the Basket Amount or any of the Cap Amounts with respect to Buyer Losses, which are the direct result of Sections 9.2(iii), 9.2(v) and/or 9.2(viii).

ARTICLE X

TAX MATTERS

10.1 Tax Indemnity.

(a) Subject to the limitations contained in Section 9.5, Parent shall pay and indemnify and hold harmless the Buyer, and each Affiliate of Buyer, from and against: (i) all income Taxes (or the nonpayment thereof) of the Company for any period ending on or before the Closing Date (a "Pre-Closing Tax Period") and any pre-Closing Straddle Period; (ii) any and all Taxes of Parent or any Affiliate of Parent or any other Business Entity or other Person imposed on the Company or on Buyer, as a transferee or successor, by contract or pursuant to any law, rule or regulation, which Taxes relate to their conduct of business or any other event or transaction occurring on or before the Closing Date or as a result of the closing of the transactions contemplated by this Agreement; and (iii) all Claims arising out of or incident to the imposition, assessment or assertion of any Tax described in clauses (i) and (ii) above. Notwithstanding anything in this Agreement to the contrary, all matters relating to Taxes will be governed by this Article X and no provision of Article X will limit, modify or offset the rights or obligations of the parties hereunder.

(b) For purposes of this Agreement, the portion of any income Tax, with respect to the income, property or operations of the Company that is attributable to any Tax period that begins on or before the Closing Date and ends after the Closing Date (a "Straddle Period") will be apportioned between the period of the Straddle Period that extends before the Closing Date through the Closing Date and the period of the Straddle Period that extends from the day after the Closing Date to the end of the Straddle Period in accordance with this Section 10.1(b). The portion of such Tax attributable to the pre-Closing Straddle Period will be deemed equal to the amount that would be payable if the Straddle Period ended on and included the Closing Date. The portion of Tax attributable to a Post-Closing Straddle Period will be calculated in a corresponding manner.

(c) Any amount paid pursuant to this Section 10.1 will be treated as an adjustment to the Purchase Price, unless otherwise required by law.

(d) Any indemnity payment to be made pursuant to this Section 10.1 must be paid by wire transfer of immediately available funds no later than ten (10) days after the Buyer makes written demand upon Parent therefore, except as otherwise provided in Article IX.

(e) The indemnification provisions in this Section 10.1 will survive the Closing until the expiration of the applicable statute of limitations.

10.2 Tax Returns.

(a) Parent shall prepare, or caused to be prepared, and timely file, all original Tax Returns of the Company and Parent that are due with respect to any Pre-Closing Tax Period that have not yet been filed, on a basis consistent with past practice, except to the extent required by applicable law, and shall timely pay, or cause to be timely paid, all Taxes shown as due and owing on such Tax Returns. Parent shall make available to Buyer any Tax Return that could reasonably be likely to affect the Company's Pre-Closing Tax liability with respect to any Pre-Closing Tax Period. Such Tax Return will be made available to Buyer no less than thirty (30) days prior to the extended due date for filing of such tax Return. Parent shall allow the Buyer at least twenty (20) days in which to review any portion relating to the Company in such Pre-Closing Tax Period Tax Returns, prior to their filing and shall provide to the Buyer such information that is reasonably requested by the Buyer to confirm Parent's adherence to past practice. If the Buyer, within twenty (20) days after delivery of such Tax Return, notifies Parent in writing that it objects to any items relating to the Company in such Tax Return, the disputed items shall be resolved pursuant to Section 10.2(c). If the Buyer does not respond within twenty (20) days, the Buyer shall not be entitled to object to any item in such Tax Return, and Parent shall file such Tax Return. The cost of preparing such Tax Returns shall be borne by Parent.

(b) If Parent on the one hand, and the Buyer, on the other, disagree as to the treatment of any item on any Tax Return described in Section 10.2(a) hereof, Parent and the Buyer shall promptly consult each other in an effort to resolve such dispute in good faith. If any such point of disagreement cannot be resolved in ten (10) days of the date of consultation, the Arbitrator shall resolve any remaining disagreements. The determination of the Arbitrator shall be final, conclusive and binding on the parties. The costs, fees and expenses of the Arbitrator shall be borne equally by the Buyer, on the one hand, and Parent, on the other. Nothing in this Agreement shall prevent the timely filing of a Tax Return by the preparing party. However, the preparing party shall file an amended Tax Return to reflect resolution of the items in dispute by the parties or the Independent Accountant, as the case may be.

(c) All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) imposed in connection with this Agreement will be borne equally by Parent and Buyer.

10.3 Cooperation; Audits; Tax Claims.

(a) In connection with the preparation of Tax Returns, audit examinations, and any administrative or judicial proceedings relating to the Tax liabilities imposed on the Company, the Buyer, on the one hand, and Parent, on the other hand, shall cooperate fully with each other, including, without limitation, the furnishing or making available during normal business hours of records, personnel (as reasonably required), books of account, powers of attorney or other materials necessary or helpful for the preparation of such Tax Returns, the conduct of audit examinations or the defense of claims by any Governmental Authority as to the imposition of Taxes.

(b) Notification. If a claim shall be made by any Taxing authority, which, if successful, might result in an indemnity payment to the indemnified parties pursuant to this Article X, subject to the limitations contained in Article IX, the indemnified parties shall notify any Indemnifying Parties reasonably promptly of such claim (a "Tax Claim"); provided, however, that the failure to give such notice shall not affect the Indemnifying Parties' obligations hereunder, except to the extent the Indemnifying Parties have actually been prejudiced as a result of such failure.

(c) Control of Proceedings. The Indemnifying Party shall control all proceedings taken in connection with any Tax Claim for which such Indemnifying Party is liable under this Article X and may make all decisions in connection with such Tax Claim; provided, however, that the Indemnified Parties and their counsel or tax accountant shall have the right, solely at the Indemnified Parties' own expense, to participate in the prosecution or defense of such Tax Claim.

10.4 Tax Sharing Agreements. All Tax sharing agreements or similar agreements with respect to or involving the Company shall be terminated as of the Closing Date and, after the Closing Date, the Company shall not be bound thereby nor have any liability thereunder.

ARTICLE XI

MISCELLANEOUS

11.1 Fees and Expenses. Each of the parties hereto will pay and discharge its own expenses and fees in connection with the negotiation of and entry into this Agreement and the consummation of the transactions contemplated hereby.

11.2 Publicity and Disclosures. Prior to the Closing, no press release or any public disclosure, either written or oral, of the transactions contemplated by this Agreement shall be made by any party without the prior knowledge and written consent of Parent and the Buyer, except as otherwise required by law.

11.3 Notices. All notices, requests, demands, consents and communications necessary or required under this Agreement or any other Purchase Document shall be made in the manner specified, or, if not specified, shall be delivered by hand or sent by registered or certified mail, return receipt requested, or by telecopy (receipt confirmed) to:

if to the Buyer:

Triumvirate Environmental, Inc.
61 Inner Belt Road
Somerville, MA 02143
Attention: John F. McQuillan, President
Facsimile Transmission Number: (617) 628-8099

with a copy to:

Posternak Blankstein & Lund LLP
The Prudential Tower
800 Boylston Street, 33rd Floor
Boston, MA 02199
Attention: Donald H. Siegel, P.C./David M. Barbash, Esq.
Facsimile Transmission Number: (617) 367-2315

if to Parent and the Company:

Perma-Fix Environmental Services, Inc.
8302 Dunwoody Place, Suite 250
Atlanta, Georgia 30350
Attention: Dr. Louis F. Centofanti, Chairman,
President, and Chief Executive Officer
Facsimile Transmission Number: (770) 587-9937

with a copy to:

Conner & Winters, LLP
1700 One Leadership Square
211 North Robinson Avenue
Oklahoma City, Oklahoma 73102
Attention: Irwin H. Steinhorn, Esq.
Facsimile Transmission Number: 405-232-2695

All such notices, requests, demands, consents and other communications shall be deemed to have been duly given or sent two (2) days following the date on which mailed, or on the date on which delivered by hand or by facsimile transmission (receipt confirmed), as the case may be, and addressed as aforesaid.

11.4 Successors and Assigns. All covenants and agreements set forth in this Agreement and made by or on behalf of any of the parties hereto shall bind and inure to the benefit of the successors and assigns of such party, whether or not so expressed, except that the Company and Parent may not assign or transfer any of their respective rights or obligations under this Agreement without the consent in writing of the Buyer. The Buyer may assign its rights and obligations hereunder to one or more Affiliates of the Buyer.

11.5 Counterparts; Descriptive Headings; Variations in Pronouns. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. The headings of the sections and paragraphs of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require.

11.6 Severability; Entire Agreement. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason in any jurisdiction, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that each of the parties' rights and privileges shall be enforceable to the fullest extent permitted by law, and any such invalidity, illegality and unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the fullest extent permitted by law, the parties hereby waive any provision of any law, statute, ordinance, rule or regulation which might render any provision hereof invalid, illegal or unenforceable. This Agreement, including the Schedules and Exhibits referred to herein, is complete, and all promises, representations, understandings, warranties and agreements with reference to the subject matter hereof, and all inducements to the making of this Agreement relied upon by any of the parties hereto, have been expressed herein or in said Schedules or Exhibits. This Agreement may not be amended except by an instrument in writing signed on behalf of the Company, the Buyer and Parent.

11.7 Intentionally Omitted.

11.8 Course of Dealing. No course of dealing and no delay on the part of any party hereto in exercising any right, power, or remedy conferred by this Agreement shall operate as a waiver thereof or otherwise prejudice such party's rights, powers and remedies. The failure of any of the parties to this Agreement to require the performance of a term or obligation under this Agreement or the waiver by any of the parties to this Agreement of any breach hereunder shall not prevent subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach hereunder. No single or partial exercise of any rights, powers or remedies conferred by this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

11.9 GOVERNING LAW. THIS AGREEMENT, INCLUDING THE VALIDITY HEREOF AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (EXCLUDING THE CHOICE OF LAW RULES THEREOF).

11.10 WAIVER OF JURY TRIAL. EACH OF THE BUYER, THE COMPANY AND PARENT HEREBY EXPRESSLY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OTHER PURCHASE DOCUMENT, THE COMPANY STOCK, OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. EACH OF THE COMPANY, PARENT AND BUYER ALSO WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF ANY PARTY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF THE COMPANY, PARENT AND BUYER FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS OR HIS LEGAL COUNSEL; AND THAT EACH VOLUNTARILY WAIVES ITS OR HIS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE AND MAY ONLY BE MODIFIED IN AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY OTHER PURCHASE DOCUMENT OR THE SHARES. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL (WITHOUT A JURY) BY THE COURT.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under seal as of the date first set forth above.

ATTEST:

BUYER:

TRIUMVIRATE ENVIRONMENTAL, INC.

/s/David Barbash

By: /s/ Douglas Youngen
Chief Operating Officer

ATTEST:

PARENT:

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

/s/ Helen Binosa
Helen C. Binosa
Corporate Controller

By: /s/ Ben Naccarato
Name: Chief Operating Officer
Title: Chief Financial Officer

ISO No. _____

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

2010 STOCK OPTION PLAN

INCENTIVE STOCK OPTION AGREEMENT

Participant Name: Jim Blankenhorn

Grant Date: 7/25/2011

		Vesting Schedule	
		Exercise Dates	Percent Exercisable
Shares Subject to Option:	300,000	7/25	33.3% per year
Expiration Date:	7/25/2017		
Exercise Price:	$1.57		

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
2010 STOCK OPTION PLAN

INCENTIVE STOCK OPTION AGREEMENT

THIS AGREEMENT is made as of the Grant Date set forth on the cover page of this Agreement (the "Cover Page") between PERMA-FIX ENVIRONMENTAL SERVICES, INC., an Delaware corporation (the "Company"), and the participant named on the Cover Page (the "Participant"). In consideration of the mutual covenants and conditions herein set forth and for good and valuable consideration, the Company and the Participant agree as follows:

1. Recitations. The Participant is an employee of the Company or a Subsidiary, and the Company believes that the Participant should be provided an inducement to continue the Participant's employment with the Company and to advance the interests of the Company. Accordingly, the Company desires to provide the Participant with the opportunity to purchase certain shares of the Company's common stock, par value $.001 per share (the "Common Stock"), pursuant to the Company's 2010 Stock Option Plan, adopted by the Board of Directors, and approved by the Company's shareholders on September 29, 2010 (the "Plan"). A copy of the Plan has been delivered to the Participant, and the capitalized terms in this Agreement have the same meaning as set forth in the Plan, unless otherwise indicated.

2. Grant of Option. The Company hereby grants to Participant the option to purchase the shares of Common Stock set forth on the Cover Page (the "Option"). The purchase price for each share to be purchased under the Option will be the exercise price set forth on the Cover Page (the "Exercise Price"), subject to adjustment as provided in the Plan, which Exercise Price is the Fair Market Value of the shares of Common Stock as of the Grant Date. The Option is intended to qualify as an "incentive stock option" as such term is defined under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

3. Vesting of Option. The Participant may exercise this Option for the shares of Common Stock, which become vested pursuant to this paragraph 3. The Option will vest 33.3% per year, beginning on the first anniversary date of the Grant Date as stated on the Cover Page. If Participant's employment with the Company or any Subsidiary remains full-time and continuous at all times prior to any Exercise Date set forth on the Cover Page, then the Option will be deemed vested and may be exercised for the purchase of all or part of the cumulative number of shares of Common Stock determined by multiplying the Shares Subject to Option set forth on the Cover Page by the designated percentage set forth on the Cover Page.

4. Exercise and Payment. The Option may not be exercised unless the Participant is a full-time employee of the Company or any Subsidiary at all times during the period commencing with the Grant Date and ending on the earlier of (a) the Expiration Date set forth on the Cover Page; (b) 12 months following the Participant's termination of employment as a result of a Disability; (c) six months following the Participant's termination of employment as a result of Retirement; and (d) three months following the Participant's termination of employment as a result of Voluntary Termination or Layoff. If the Participant dies prior to the Expiration Date, the Option may be exercised by the personal representative or executor of the Participant's estate or by a person who acquired the right to exercise by bequest, inheritance or by reason of the Participant's death, as provided in the Plan.

4.1 Notice and Payment. The Option will be exercised by the Participant giving the Company written notice at the Company's principal place of business setting forth the exact number of shares that the Participant is purchasing under the Option. This written notice will be accompanied by the payment to the Company of the full Exercise Price for the number of shares Participant desires to purchase. The form of written notice is attached as Exhibit "A" to this Agreement. The Participant agrees to comply with such other reasonable requirements as the Committee may establish.

4.2 Method of Payment. Payment of the Exercise Price may be made by the following:

(a) cash or wire transfer;

(b) certified check or bank check;

(c) other shares of Common Stock owned by the Participant for at least six months prior to the date of exercise, provided such shares have a Fair Market Value on the date of exercise of the Stock Option equal to the aggregate exercise price for the Common Stock being purchased;

(d) by requesting the Company to withhold such number of Shares then issuable upon exercise of the Option that have an aggregate Fair Market Value equal to the exercise price for the Option being exercised; or

(e) by a combination of the methods described above.

No loan or advance will be made by the Company for the purpose of financing the purchase of shares under the Option.

4.3 Issuance of Shares. As soon as practicable after the Company receives notice and payment pursuant to this paragraph 4, the Company will cause one or more certificates for the shares purchased under the Option to be delivered to the Participant or the personal representative of a deceased Participant's estate. If any law or regulation requires the Company to take any action with respect to the shares specified in such written notice before the issuance thereof, then the date of issuance of such shares will be extended for a period necessary to take such action.

5. Term of Option. The Option will terminate and become null and void at the close of business on the Expiration Date. Notwithstanding anything contained herein to the contrary, the Option may not be exercised after such Expiration Date.

6. Disqualifying Disposition of Stock. If the Participant makes a disposition of any shares of Common Stock covered by the Option within one year after the date of exercise of the Option or within two years after the date of grant of the Option, then the Participant will promptly deliver written notice to the President or Chief Financial Officer of the Company specifying (a) the date of such disposition, (b) the number of shares of Common Stock subject to the disposition, and (c) the amount of any consideration received on such disposition. The Company may make such provision as it deems appropriate for the withholding of any applicable federal, state or local taxes arising as a result of such disposition. For purposes of this paragraph 6, the term "disposition" has the meaning set forth in Section 424(c) of the Code and the related regulations.

7. Nontransferability. The Option may not be transferred except by will or the laws of descent and distribution. Only the Participant may exercise the Option during the Participant's lifetime. For purposes of this paragraph 7, the term "transfer" includes without limitation, any disposition, assignment, pledge, or hypothecation, whether by operation of law or otherwise. The Option will not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition of the Option contrary to the provisions of this Agreement, and the levy of any execution, attachment or similar process upon the Option, will be null and void and without effect.

8. Investment Representations. The Participant hereby represents, warrants, covenants, agrees and acknowledges the following: The Option will be exercised and shares of Common Stock issued only upon compliance with the Securities Act of 1933, as amended (the "Act"), and any other applicable securities law, or pursuant to an exemption therefrom; the Participant will acquire shares of Common Stock under the Option for investment purposes only and with no present intention to resell or distribute the same; and upon request by the Company, the Participant will execute and deliver to the Company an agreement to the foregoing effect.

9. Annual Limitation. To the extent that the aggregate Fair Market Value of the shares of Common Stock with respect to which Incentive Stock Option are exercisable for the first time by Participant during any calendar year under all of the Company's plans exceeds $100,000, such excess Options will be treated as Nonqualified Stock Options under the terms of the Plan.

10. Rights as a Shareholder. Participant will have no rights as a shareholder with respect to any shares covered by this Agreement or the Option until the date of issuance of a stock certificate to Participant for such shares. No adjustment will be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

11. Employment. As long as the Participant continues to be a full-time and continuous employee of the Company or any Subsidiary, the Option will not be effected by any change of duties or position. The Committee will determine whether a leave of absence or part-time employment will be considered a termination of employment with the Company or any Subsidiary within the meaning of the Plan. Nothing in the Plan or in this Agreement will confer upon the Participant any right to continue in the employ of the Company or any Subsidiary or will interfere in any way with the right of the Company or any Subsidiary to terminate the Participant's employment at any time.

12. Governing Law; Binding Effect. This Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware without regard to choice of law provisions. This Agreement will be binding upon the heirs, executors, administrators, and successors of the parties hereto.

13. Amendments. Subject to the terms of the Plan, the Board may amend any of the provisions of the Plan, and may at any time terminate the Plan. However, no amendment may be made to the Plan, which in any material respect impairs the rights of the Participant under this Agreement without the Participant's consent.

14. Incorporation by Reference; Interpretation. The Option is granted pursuant to the Plan, the terms of which are incorporated herein by reference, and the Option and this Agreement will be interpreted in accordance with the Plan. The Committee will (a) construe and interpret the terms and provisions of the Plan and this Agreement, and (b) in its discretion make general and special rules and regulations for administering the Plan. The Committee's construction, interpretation, rules, and regulations will be binding and conclusive upon all persons granted an Option.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

PERMA-FIX ENVIRONMENTAL SERVICES, INC, a Delaware corporation

By: /s/ Louis Centofanti
Dr. Louis F. Centofanti
CEO & Chairman of the Board

("Participant")

/s/ Jim Blankenhorn
(Signature)

/s/ Jim Blankenhorn
(Please Print Name)

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
2010 STOCK OPTION PLAN

NOTICE OF EXERCISE
OF INCENTIVE STOCK OPTION

Date: _____

Perma-Fix Environmental Services, Inc.
8302 Dunwoody Place #250
Atlanta, GA 30350

Re: *ISO No. _____, dated, _____, 20__*

Dear Sir:

Pursuant to paragraph 4 of the referenced Incentive Stock Option Agreement, the undersigned hereby exercises the related Incentive Stock Option for the purchase of _____ shares of common stock of Perma-Fix Environmental Services, Inc.

Enclosed is a check in the amount of $_____, which represents the Exercise Price for the number of shares to be purchased. Please issue in my name one certificate for the shares being purchased and deliver the certificate to me at the address set forth below.

Very truly yours,

_____
(Please Sign)

Deliver to:

_____

_____
(Address)

Enclosure

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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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   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 5, 2011

/s/ Louis F. Centofanti

Louis F. Centofanti
Chairman of the Board
Chief Executive Officer

EXHIBIT 31.2

-

CERTIFICATIONS

I, Ben Naccarato, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   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 5, 2011

/s/ Ben Naccarato

Ben Naccarato
Vice President and
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 quarter ended June 30, 2011, 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. §1350, as adopted pursuant to §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. §78m or §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 5, 2011

/s/ 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. §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 Annual Report of Perma-Fix Environmental Services, Inc. ("PESI") on Form 10-Q for the quarter ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Ben Naccarato, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §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. §78m or §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 5, 2011

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

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