August 1, 2006

Perma-Fix Reports 5th Consecutive Quarter of Profitability; Gross Margin Increases Over 500 Basis Points to 35%

ATLANTA, Aug. 1 /PRNewswire-FirstCall/ -- Perma-Fix Environmental Services, Inc. (Nasdaq: PESI; BSE: PESI; Germany: PES.BE) today announced financial results for the second quarter and six months ended June 30, 2006.

Highlights for the second quarter include (year-over-year):

- Gross profit increased 10.9% to $8.2 million
- Gross margin increased 542 basis points to 34.7%
- Net income increased 44.3% to $1.8 million

Dr. Louis F. Centofanti, Chairman and Chief Executive Officer, stated, "Our ongoing initiatives to improve profitability over the past year have had a positive impact, as illustrated by the continued margin improvement and our fifth consecutive quarter of profitability. Although our Nuclear segment declined slightly, reflecting an unusually strong second quarter in 2005 and our efforts to receive shipments more evenly throughout 2006, we anticipate this segment will continue its annual growth during the remainder of 2006, while generating strong cash flow. At the same time, we are moving away from lower margin waste streams within our Industrial segment, which is having a favorable impact on our profitability. During the second quarter, SG&A was unusually high, due to an adjustment to accruals for environmental liabilities and other items, which were offset by a gain from discontinued operations resulting from an adjustment to the environmental reserve for the closed facility in Detroit. Nevertheless, I am pleased to report we posted strong increases in net income available to common shareholders."

Dr. Centofanti continued, "Going forward, we will be rolling out new treatment capabilities in our Nuclear segment, as well as treating higher- level and classified radioactive mixed wastes, which we believe will have a positive impact on our revenue and gross margins during the balance of 2006. Although our Industrial segment revenue may remain relatively flat for the balance of 2006, as we replace unprofitable contracts, we expect our Industrial segment will continue to improve during the balance of 2006. Longer-term, we believe the new sales initiatives we are currently implementing to focus on higher margin oily water and fuel recycling waste streams should also have a positive impact on our Industrial segment."

Financial Results

Revenues for the second quarter of 2006 were $23.5 million versus $25.1 million for the same period last year. Revenue for the Nuclear segment was $13.1 million versus $13.8

million for the second quarter of 2005, reflecting a change in revenue mix. Revenue for the Industrial segment was $9.5 million versus $10.6 million in the same period last year, reflecting the Company's efforts to replace lower margin contracts.

Income from operations for the second quarter was $1.4 million versus $2.0 million for the same period last year. Income from operations for the second quarter of 2006 included approximately $1.0 million of increases for environmental liabilities and other items.

Net income applicable to common stock for the second quarter of 2006 was $1.8 million, or $0.04 per share, versus $1.2 million or $0.03 per share, for the same period last year. Net income applicable to common stock for the 2006 fiscal second quarter included an increase from discontinued operations of $1.0 million due to a reevaluation of the costs to close the facility in Detroit, which was partially offset by expenses incurred at the Company's discontinued operations in Detroit and Pittsburgh.

Revenues for the six months ended June 30, 2006, were $44.6 million versus $46.6 million for the same period last year. Revenue for the Nuclear segment was $25.3 million versus $24.7 million for the six months ended June 30, 2005. Revenue for the Industrial segment was $17.7 million versus $20.4 million for the same period last year.

Income from operations for the six months ended June 30, 2006, remained constant at $2.9 million from the same period last year.

Net income applicable to common stock for the six months ended June 30, 2006, was $2.5 million, or $0.05 per share, versus net income applicable to common stock of $1.1 million or $0.03 per share, for the same period last year. Net income applicable to common stock for the six months ended June 30, 2006, included a gain from discontinued operations of $1.0 million due to a reevaluation of the costs to close the facility in Detroit, which was partially offset by expenses incurred at the Company's discontinued operations in Detroit and Pittsburgh.

The Company's EBITDA increased to $3.5 million during the quarter ended June 30, 2006, as compared to $3.0 million for the same period of 2005. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization. EBITDA is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States ("GAAP"), and should not be considered in isolation of, or as a substitute for, earnings as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. The Company believes the presentation of EBITDA is relevant and useful because it helps improve the investors' ability to understand the Company's operating performance. The Company's management utilizes EBITDA as a means to measure performance. The Company's measurements of EBITDA may not be comparable to similar titled measures reported by other companies. The table below reconciles EBITDA, a non-GAAP measure, to net income for the three and six months ended June 30, 2006 and 2005.

	Quarter Ended June 30,		Six Months Ended June 30,	
(In thousands)	2006	2005	2006	2005
Net Income, as reported	$1,825	$1,265	$2,503	$1,128
Adjustments:				
Depreciation & Amortization	1,220	1,176	2,414	2,363

Interest Income	(62)	(1)	(95)	(2)
Interest Expense	386	381	743	793
Interest Expense - Financing Fees	48	110	97	221
Income Tax Expense	107	70	179	283
EBITDA	$3,524	$3,001	$5,841	$4,786

The tables below present certain financial information for the business segments, excluding allocation of corporate expenses:

	Quarter Ended June 30, 2006			Quarter Ended June 30, 2005		
(In thousands)	Industrial	Nuclear	Engineering	Industrial	Nuclear	Engineering
Net revenues	$9,474	$13,106	$934	$10,638	$13,807	$699
Gross profit	2,219	5,714	219	970	6,242	142
Segment profit (loss)	(1,118)	3,581	60	(942)	4,056	42

	Six Months Ended June 30, 2006			Six Months Ended June 30, 2005		
(In thousands)	Industrial	Nuclear	Engineering	Industrial	Nuclear	Engineering
Net revenues	$17,696	$25,264	$1,672	$20,409	$24,703	$1,462
Gross profit	3,996	10,535	451	2,806	9,787	298
Segment profit (loss)	(1,207)	6,321	151	(1,108)	5,900	73

Warrants

Year to date as of July 28, 2006, the Company received approximately $9.9 million from the exercise of warrants, which includes $5.9 million announced on July 11, 2006. The $9.9 million of proceeds reflects approximately 5.8 million shares of common stock at exercise prices between $1.44 and $1.75 per share. The warrants priced at $1.75 per share were issued as part of a private placement and a debt to equity exchange agreement both entered into by the Company and completed during July 2001. The company expects to use the proceeds from the warrants to pay down its revolving credit facility with PNC Bank and increase its cash reserves.

About Perma-Fix Environmental Services

Perma-Fix Environmental Services, Inc. is a national environmental services company, providing unique mixed waste and industrial waste management services. The Company has increased its focus on the nuclear services segment, which provides radioactive and mixed waste treatment services to hospitals, research laboratories and institutions, numerous federal agencies including DOE and the U.S. Department of Defense and nuclear utilities. The industrial services segment provides hazardous and non-hazardous waste treatment services for a diverse group of customers including Fortune 500 companies, numerous federal, state and local agencies and thousands of smaller clients. The Company operates nine major waste treatment facilities across the country.

This press release contains "forward-looking statements" which are based largely on the Company's expectations and are subject to various business risks and uncertainties, certain of which are beyond the Company's control. Forward-looking statements include, but are not

limited to, the Nuclear segment's expectation to continue its annual growth during 2006 and will generate strong cash flow; rolling out new treatment capabilities in our Nuclear segment, as well as treating higher-level and classified radioactive mixed waste and the belief that it will have a positive impact on our revenue and gross margins during the balance of 2006; Industrial segment will continue to improve during the balance of 2006; new sales initiatives should also have a positive impact on our Industrial segment, and the proceeds from the warrants will be used to pay down its revolving credit facility with PNC Bank and increase its cash reserves. These forward-looking statements are intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. While the Company believes the expectations reflected in this news release are reasonable, it can give no assurance such expectations will prove to be correct. There are a variety of factors which could cause future outcomes to differ materially from those described in this release, including, without limitation, future economic conditions; industry conditions; competitive pressures; and our ability to apply and market our technologies; that neither the federal government nor any other party to a subcontract involving the federal government terminates or renegotiates any material contract granted to us prior to expiration of the term of the contract, as such contracts are generally terminable or renegotiable on 30 day notice, at the government's option; or the government or such other party to a contract granted to us fails to abide by or comply with the contract or to deliver waste as anticipated under the contract; that pending or future litigation or administrative proceeding (including, but not limited to, the pending proceedings brought by the U.S. Environmental Protection Agency against Perma-Fix of Dayton, Inc. ("PFD") and a citizens' suit against PFD) is resolved unfavorably to us; and the additional factors referred to under "Special Note Regarding Forward-Looking Statements" of our 2005 Form 10-K and the Forward-Looking Statements discussed in our Form 10-Q for the first quarter of 2006. The Company makes no commitment to disclose any revisions to forward-looking statements, or any facts, events or circumstances after the date hereof that bear upon forward-looking statements.

Please visit us on the World Wide Web at http://www.perma-fix.com.

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

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Net revenues	$23,514	$25,144	$44,632	$46,574
Cost of goods sold	15,362	17,790	29,650	33,683
Gross profit	8,152	7,354	14,982	12,891
Selling, general and administrative expenses	6,792	5,677	12,033	10,342
Loss (gain) on disposal of property and equipment	(2)	(337)	1	(337)
Income from operations	1,362	2,014	2,948	2,886
Other income (expense):				
Interest income	62	1	95	2
Interest expense	(386)	(381)	(743)	(793)
Interest expense-financing fees	(48)	(110)	(97)	(221)

Other	(104)	(6)	(117)	(34)
Income from continuing operations before taxes	886	1,518	2,086	1,840
Income tax expense	107	70	179	283
Income from continuing operations	779	1,448	1,907	1,557
Income (loss) from discontinued operations	1,046	(183)	596	(429)
Net income	1,825	1,265	2,503	1,128
Preferred Stock dividends	-	30	-	61
Net income applicable to Common Stock	$1,825	$1,235	$2,503	$1,067
Net income per common share - basic				
Continuing operations	$.02	$.03	$.04	$.03
Discontinued operations	.02	-	.01	-
Net income per common share	$.04	$.03	$.05	$.03
Net income per common share - diluted				
Continuing operations	$.02	$.03	$.04	$.03
Discontinued operations	.02	-	.01	-
Net income per common share	$.04	$.03	$.05	$.03
Number of shares and potential common shares used in net income per common share:				
Basic	45,117	41,805	44,975	41,792
Diluted	46,380	44,476	45,805	44,508

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

(Amounts in Thousands, Except for Share Amounts)	June 30, 2006 (Unaudited)	December 31, 2005
ASSETS		
Current assets		
Cash	$713	$94
Restricted cash	40	511
Accounts receivable, net of allowance for doubtful accounts of $467 and $512	14,695	16,609
Unbilled receivables	15,554	11,948
Prepaid expenses and other	2,743	3,656
Current assets of discontinued operations, net of allowance for doubtful accounts of $0 and $90	-	60
Total current assets	33,745	32,878
Net property and equipment	43,894	44,480
Net Property and equipment of discontinued operations	716	806
Permits	13,255	13,188
Goodwill	1,330	1,330
Finite Risk Sinking Fund	4,419	3,339
Other assets	2,185	2,504

Total assets	$99,544	$98,525
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$5,703	$6,053
Accrued expenses and other	15,755	17,603
Current liabilities of discontinued operations	534	628
Current portion of long-term debt	2,497	2,678
Total current liabilities	24,489	26,962
Other long-term liabilities	9,985	9,279
Long-term liabilities of discontinued operations	1,705	3,149
Long-term debt, less current portion	10,816	10,697
Total long-term liabilities	22,506	23,125
Total liabilities	46,995	50,087
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:		
Common Stock, $.001 par value; 75,000,000 shares authorized, 46,770,500 and 45,813,916 shares issued, including 988,000 shares held as treasury stock, respectively	47	46
Additional paid-in capital	83,787	82,180
Accumulated deficit	(30,708)	(33,211)
	53,126	49,015
Less Common Stock in treasury at cost; 988,000 shares	(1,862)	(1,862)
Total stockholders' equity	51,264	47,153
Total liabilities and stockholders' equity	$99,544	$98,525

SOURCE Perma-Fix Environmental Services, Inc.

/CONTACT: Dr. Louis F. Centofanti, Chairman and CEO of Perma-Fix Environmental Services, Inc., +1-770-587-5155; or David K. Waldman - US Investor Relations, Crescendo Communications, LLC, +1-212-671-1020 x101; or Herbert Strauss - European Investor Relations, +43-316-296-316, herbert@eu-ir.com; or Stephanie Stern - Media, Stern & Co., +1-212-888-0044/
/Web site: http://www.perma-fix.com /
(PESI)