

November 1, 2006



## **Perma-Fix Reports Third Quarter 2006 Financial Results; 6th Consecutive Quarter of Profitability**

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

Dr. Louis F. Centofanti, Chairman and Chief Executive Officer, stated, "Revenue within the Nuclear segment was relatively flat compared to last year, as Department of Energy spending was spread out more evenly during the year, and less waste was received during the third quarter due to redirected government spending. However, we do expect growth within the segment to resume on a year-over-year basis, as we begin the government's new fiscal year. In addition, we have begun treating higher-level mixed wastes and are near completion building a new bay at our Oak Ridge facility, which will allow us to treat new special and classified wastes. We also received a new permit for our Gainesville facility, which will allow us to treat a broader level of specialty pharmaceutical, mixed and hazardous waste."

Dr. Centofanti continued, "Within the Industrial segment we remain focused on improving margins, by moving away from lower margin waste streams and reducing operating expenses; however, we continue to be impacted by several unprofitable contracts, one of which we expect to expire before year-end, as well as ongoing legal expenses at our Dayton facility. We also recorded unusual expenses during the third quarter related to the relocation of our corporate headquarters."

Dr. Centofanti concluded, "Going forward, we remain encouraged by the progress of our Industrial segment and the continued strong cash flow in our Nuclear segment. In addition, the recently announced letter-of-intent to acquire PEcoS presents a tremendous opportunity, should the acquisition be completed, to be more involved in treatment of the large quantities of radioactive waste at Hanford. We expect the Hanford site will be the most expensive of all the DOE's nuclear weapons facilities to remediate, and it represents a significant growth opportunity treating both low-level mixed waste as well as higher level radioactive wastes."

### **Financial Results**

Revenues for the third quarter of 2006 were \$21.2 million versus \$22.8 million for the same period last year. Revenue for the Nuclear segment was \$11.0 million versus \$11.3 million for the third quarter of 2005. Revenue for the Industrial segment was \$9.2 million versus \$10.9 million in the same period last year, reflecting the Company's efforts to replace lower margin contracts.

Income from operations for the third quarter was \$711,000 versus \$2.1 million for the same period last year. The increase in selling, general and administrative expenses reflected increased legal expenses related to the Company's Dayton facility, as well as severance and relocation expenses related to the new corporate headquarters. Net income applicable to common stock for the third quarter of 2006 was \$330,000, or \$0.01 per share, versus \$1,976,000 or \$0.05 per share, for the same period last year. Net income for the 2005 period included a gain of \$860,000 from discontinued operations at the Detroit facility, which was closed in the third quarter of 2004.

Revenues for the nine months ended September 30, 2006, were \$65.9 million versus \$69.4 million for the same period last year. Revenue for the Nuclear segment was \$36.3 million versus \$36.0 million for the nine months ended September 30, 2005. Revenue for the Industrial segment was \$26.9 million versus \$31.3 million for the same period last year.

Income from operations for the nine months ended September 30, 2006, was \$3.7 million versus \$5.0 million for the same period last year. Net income applicable to common stock for the nine months ended September 30, 2006, was \$2.8 million, or \$0.06 per share, versus net income applicable to common stock of \$3.0 million or \$0.08 per share, for the same period last year. Net income applicable to common stock for the nine months ended September 30, 2005, included a gain of \$322,000 from discontinued operations.

The Company's EBITDA was \$1.8 million during the quarter ended September 30, 2006, as compared to \$3.7 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 nine months ended September 30, 2006 and 2005.

| (In thousands)              | Quarter Ended |         | Nine Months Ended |         |
|-----------------------------|---------------|---------|-------------------|---------|
|                             | Sept. 30,     |         | Sept. 30,         |         |
|                             | 2006          | 2005    | 2006              | 2005    |
| Net Income, as reported     | \$330         | \$1,976 | \$2,834           | \$3,042 |
| Adjustments:                |               |         |                   |         |
| Depreciation & Amortization | 1,231         | 1,201   | 3,644             | 3,604   |
| Interest Income             | (100)         | (5)     | (195)             | (7)     |
| Interest Expense            | 349           | 431     | 1,126             | 1,321   |
| Interest Expense            |               |         |                   |         |
| - Financing Fees            | 48            | 48      | 145               | 269     |
| Income Tax Expense          | (26)          | 41      | 152               | 324     |
| EBITDA                      | \$1,832       | \$3,692 | \$7,706           | \$8,553 |

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

|                | Quarter Ended<br>September 30, 2006 |          |         | Quarter Ended<br>September 30, 2005 |          |       |
|----------------|-------------------------------------|----------|---------|-------------------------------------|----------|-------|
|                | Industrial Nuclear Engineering      |          |         | Industrial Nuclear Engineering      |          |       |
| (In thousands) |                                     |          |         |                                     |          |       |
| Net            |                                     |          |         |                                     |          |       |
| revenues       | \$9,178                             | \$11,023 | \$1,065 | \$10,884                            | \$11,259 | \$684 |
| Gross          |                                     |          |         |                                     |          |       |
| profit         | 1,960                               | 4,127    | 241     | 2,373                               | 4,162    | 185   |
| Segment        |                                     |          |         |                                     |          |       |
| profit(loss)   | (355)                               | 2,213    | 95      | 470                                 | 2,045    | 61    |

|                | Nine Months Ended<br>September 30, 2006 |          |         | Nine Months Ended<br>September 30, 2005 |          |         |
|----------------|-----------------------------------------|----------|---------|-----------------------------------------|----------|---------|
|                | Industrial Nuclear Engineering          |          |         | Industrial Nuclear Engineering          |          |         |
| (In thousands) |                                         |          |         |                                         |          |         |
| Net            |                                         |          |         |                                         |          |         |
| revenues       | \$26,874                                | \$36,287 | \$2,737 | \$31,293                                | \$35,963 | \$2,145 |
| Gross          |                                         |          |         |                                         |          |         |
| profit         | 5,956                                   | 14,663   | 692     | 5,178                                   | 13,951   | 483     |
| Segment        |                                         |          |         |                                         |          |         |
| profit(loss)   | (1,562)                                 | 8,451    | 246     | (638)                                   | 7,663    | 134     |

#### 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 on a yearly basis; completion building a new bay to treat special waste; improving margins within our Industrial segment; and completion of the proposed acquisition of PEcoS which, if completed, will allow us to be involved in the remediation of the DOE's Hanford site and represent a significant growth opportunity for us. 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; the completion of the proposed acquisition of PEcoS, which completion is subject to numerous conditions precedents; 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)

|                                                            | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |          |
|------------------------------------------------------------|-------------------------------------|----------|------------------------------------|----------|
|                                                            | 2006                                | 2005     | 2006                               | 2005     |
| (Amounts in Thousands,<br>Except for Per Share<br>Amounts) |                                     |          |                                    |          |
| Net revenues                                               | \$21,266                            | \$22,826 | \$65,899                           | \$69,400 |
| Cost of goods sold                                         | 14,938                              | 16,106   | 44,589                             | 49,791   |
| Gross profit                                               | 6,328                               | 6,720    | 21,310                             | 19,611   |
| Selling, general and<br>administrative expenses            | 5,621                               | 4,643    | 17,654                             | 14,984   |
| Loss (gain) on disposal<br>of property and equipment       | (4)                                 | 4        | (3)                                | (333)    |
| Income from operations                                     | 711                                 | 2,073    | 3,659                              | 4,958    |
| Other income (expense):                                    |                                     |          |                                    |          |
| Interest income                                            | 100                                 | 4        | 195                                | 6        |
| Interest expense                                           | (331)                               | (382)    | (1074)                             | (1176)   |
| Interest expense<br>-financing fees                        | (48)                                | (48)     | (145)                              | (269)    |
| Other                                                      | 3                                   | (68)     | (114)                              | (102)    |
| Income from continuing<br>operations before taxes          | 435                                 | 1,579    | 2,521                              | 3,417    |
| Income tax expense                                         | (26)                                | 324      | 152                                | 606      |
| Income from continuing<br>operations                       | 461                                 | 1,255    | 2,369                              | 2,811    |
| Income (loss) from<br>discontinued operations              | (131)                               | 751      | 465                                | 322      |
| Net income                                                 | 330                                 | 2,006    | 2,834                              | 3,133    |
| Preferred Stock dividends                                  | -                                   | 30       | -                                  | 91       |
| Net income applicable to<br>Common Stock                   | \$330                               | \$1,976  | \$2,834                            | \$3,042  |
| Net income per common<br>share - basic                     |                                     |          |                                    |          |
| Continuing operations                                      | \$.01                               | \$.03    | \$.05                              | \$.07    |
| Discontinued operations                                    | -                                   | .02      | .01                                | .01      |
| Net income per common                                      |                                     |          |                                    |          |

|                                                                                            |        |        |        |        |
|--------------------------------------------------------------------------------------------|--------|--------|--------|--------|
| share                                                                                      | \$ .01 | \$ .05 | \$ .06 | \$ .08 |
| Net income per common<br>share - diluted                                                   |        |        |        |        |
| Continuing operations                                                                      | \$ .01 | \$ .03 | \$ .05 | \$ .07 |
| Discontinued operations                                                                    | -      | .02    | .01    | .01    |
| Net income per common<br>share                                                             | \$ .01 | \$ .05 | \$ .06 | \$ .08 |
| Number of shares and<br>potential common shares<br>used in net income per<br>common share: |        |        |        |        |
| Basic                                                                                      | 50,541 | 42,055 | 46,851 | 41,881 |
| Diluted                                                                                    | 51,426 | 44,152 | 47,414 | 43,138 |

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

|                                                                                                         |                                      |                      |
|---------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------|
| (Amounts in Thousands,<br>Except for Share Amounts)                                                     | September 30,<br>2006<br>(Unaudited) | December 31,<br>2005 |
| ASSETS                                                                                                  |                                      |                      |
| Current assets                                                                                          |                                      |                      |
| Cash                                                                                                    | \$2,549                              | \$94                 |
| Restricted cash                                                                                         | 65                                   | 511                  |
| Accounts receivable, net of allowance for<br>doubtful accounts of \$520 and \$512                       | 13,591                               | 16,609               |
| Unbilled receivables                                                                                    | 17,226                               | 11,948               |
| Prepaid expenses and other                                                                              | 4,720                                | 3,656                |
| Current assets of discontinued operations,<br>net of allowance for doubtful accounts<br>of \$0 and \$90 | -                                    | 60                   |
| Total current assets                                                                                    | 38,151                               | 32,878               |
| Net property and equipment                                                                              | 44,913                               | 44,480               |
| Net Property and equipment of<br>discontinued operations                                                | 706                                  | 806                  |
| Permits                                                                                                 | 13,498                               | 13,188               |
| Goodwill                                                                                                | 1,330                                | 1,330                |
| Finite Risk Sinking Fund                                                                                | 4,471                                | 3,339                |
| Other assets                                                                                            | 1,923                                | 2,504                |
| Total assets                                                                                            | \$104,992                            | \$98,525             |
| LIABILITIES AND STOCKHOLDERS' EQUITY                                                                    |                                      |                      |
| Current liabilities:                                                                                    |                                      |                      |
| Accounts payable                                                                                        | \$4,674                              | \$6,053              |
| Accrued expenses and other                                                                              | 15,177                               | 17,603               |
| Current liabilities of discontinued operations                                                          | 758                                  | 628                  |
| Current portion of long-term debt                                                                       | 2,445                                | 2,678                |
| Total current liabilities                                                                               | 23,054                               | 26,962               |
| Other long-term liabilities                                                                             | 10,146                               | 9,279                |
| Long-term liabilities of discontinued operations                                                        | 1,422                                | 3,149                |
| Long-term debt, less current portion                                                                    | 6,759                                | 10,697               |
| Total long-term liabilities                                                                             | 18,327                               | 23,125               |
| Total liabilities                                                                                       | 41,381                               | 50,087               |
| Commitments and Contingencies                                                                           | -                                    | -                    |

|                                                                                                                                                                                                                                        |           |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| Preferred Stock of subsidiary, \$1.00 par value;<br>1,467,396 shares authorized, 1,284,730 shares<br>issued and outstanding, liquidation value<br>\$1.00 per share                                                                     | 1,285     | 1,285    |
| Stockholders' equity:                                                                                                                                                                                                                  |           |          |
| Common Stock, \$.001 par value; 75,000,000 shares<br>authorized, 52,019,617 and 45,813,916 shares issued,<br>including 988,000 shares retired in September 2006<br>and held as treasury stock as of December 31, 2005,<br>respectively | 53        | 46       |
| Additional paid-in capital                                                                                                                                                                                                             | 92,746    | 82,180   |
| Stock Subscription Receivable                                                                                                                                                                                                          | (97)      |          |
| Accumulated deficit                                                                                                                                                                                                                    | (30,376)  | (33,211) |
|                                                                                                                                                                                                                                        | 62,326    | 49,015   |
| Less Common Stock in treasury at cost;<br>988,000 shares                                                                                                                                                                               | 0         | (1,862)  |
| Total stockholders' equity                                                                                                                                                                                                             | 62,326    | 47,153   |
| Total liabilities and stockholders' equity                                                                                                                                                                                             | \$104,992 | \$98,525 |

SOURCE Perma-Fix Environmental Services, Inc.

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