

PERMA FIX ENVIRONMENTAL SERVICES INC

Form 10-K

April 02, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE
ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NO. 1-11596

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

| | |
|---|---|
| Delaware | 58-1954497 |
| ----- | ----- |
| State or other jurisdiction of incorporation or organization | (IRS Employer Identification Number) |
| 8302 Dunwoody Place, #250, Atlanta, GA | 30350 |
| ----- | ----- |
| (Address of principal executive offices) | (Zip Code) |

(770) 587-9898

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|--------------------------------|--|
| ----- | ----- |
| Common Stock, \$.001 Par Value | Boston Stock Exchange |
| Common Stock, \$.001 Par Value | NASDAQ Capital Markets |

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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

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the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large accelerated filer [] Accelerated filer [X] Non-accelerated filer []

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes [] No [X]

The aggregate market value of the Registrant's voting and non-voting common equity held by nonaffiliates of the Registrant computed by reference to the closing sale price of such stock as reported by NASDAQ as of the last business day of the most recently completed second fiscal quarter (June 30, 2006), was approximately \$92,323,000. For the purposes of this calculation, all executive officers and directors of the Registrant (as indicated in Item 12) are deemed to be affiliates. Such determination should not be deemed an admission that such directors or officers, are, in fact, affiliates of the Registrant. The Company's Common Stock is listed on the NASDAQ Capital Markets and the Boston Stock Exchange.

As of March 26, 2007, there were 52,017,244 shares of the registrant's Common Stock, \$.001 par value, outstanding.

Documents incorporated by reference: none

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.

INDEX

PART I

| | | |
|----------|--------------------------------|-------|
| Item 1. | Business..... | |
| Item 1A. | Risk Factors..... | |
| Item 1B. | Unresolved Staff Comments..... | |
| Item 2. | Properties..... | |
| Item 3. | Legal Proceedings..... | |

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Item 4. Submission of Matters to a Vote of Security Holders.....

Item 4A. Executive Officers of the Registrant

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Item 6. Selected Financial Data

Item 7. Management's Discussion and Analysis of Financial Condition
And Results of Operations.....

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.....
Special Note Regarding Forward-Looking Statements.....

Item 8. Financial Statements and Supplementary Data.....

Item 9. Changes in and Disagreements with Accountants on
Accounting and Financial Disclosure.....

Item 9A. Controls and Procedures.....

Item 9B. Other Information.....

PART III

Item 10. Directors, Executive Officers and Corporate Governance.....

Item 11. Executive Compensation.....

Item 12. Security Ownership of Certain Beneficial Owners and Management.....

Item 13. Certain Relationships and Related Transactions, and Director Independence.....

Item 14. Principal Accountant Fees and Services.....

PART IV

Item 15. Exhibits and Financial Statement Schedules.....

PART I

ITEM 1. BUSINESS

COMPANY OVERVIEW AND PRINCIPAL PRODUCTS AND SERVICES

Perma-Fix Environmental Services, Inc. (the Company, which may be referred to as we, us, or our), an environmental and technology know-how company, is a Delaware corporation organized in 1990, and is engaged through its subsidiaries, in:

- o Industrial Waste Management Services ("Industrial"), which includes:
 - o Treatment, storage, processing, and disposal of hazardous and non-hazardous waste;
 - o Wastewater management services, including the collection, treatment,

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- processing and disposal of hazardous and non-hazardous wastewater; and
- o Environmental Services, including emergency response, vacuum services, marine environmental and other remediation services.
- o Nuclear Waste Management Services ("Nuclear"), which includes:
 - o Treatment, storage, processing and disposal of mixed waste (which is waste that contains both low-level radioactive and hazardous waste) including on and off-site waste remediation and processing;
 - o Nuclear, low-level radioactive, and mixed waste treatment, processing and disposal; and
 - o Research and development of innovative ways to process low-level radioactive and mixed waste.
- o Consulting Engineering Services, which includes:
 - o Consulting services regarding broad-scope environmental issues, including environmental management programs, regulatory permitting, compliance and auditing, landfill design, field testing and characterization.

We have grown through both acquisitions and internal growth. Our present objective is to focus on the efficient operation of our existing facilities, evaluate strategic acquisitions within both the Nuclear and Industrial segments, and to continue the research and development of innovative technologies for the treatment of nuclear waste, mixed waste and industrial waste.

We service research institutions, commercial companies, public utilities and governmental agencies nationwide. The distribution channels for our services are through direct sales to customers or via intermediaries.

We were incorporated in December of 1990. Our executive offices are located at 8302 Dunwoody Place, Suite 250, Atlanta, Georgia 30350.

WEBSITE ACCESS TO COMPANY'S REPORTS

Our internet website address is www.perma-fix.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission ("Commission"). Additionally, we make available free of charge on our internet website:

- o our Code of Ethics;
- o the charter of our Corporate Governance and Nominating Committee;
- o our Anti-Fraud Policy;
- o the charter of our Audit Committee.

1

SEGMENT INFORMATION AND FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

During 2006, we were engaged in three operating segments. Pursuant to FAS 131, we define an operating segment as:

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- o a business activity from which we may earn revenue and incur expenses;
- o whose operating results are regularly reviewed by the president and chief operating officer to make decisions about resources to be allocated and assess its performance; and
- o for which discrete financial information is available.

We therefore define our operating segments as each business line that we operate. These segments, however, exclude the corporate headquarters, which does not generate revenue, Perma-Fix of Michigan Inc. ("PFMI") and Perma-Fix of Pittsburgh, Inc. ("PFP"), two discontinued operations.

Most of our activities are conducted nationwide; however, our Industrial segment maintains a significant focus on the Eastern and Midwest portions of the United States. We had no foreign operations or export sales during 2006.

OPERATING SEGMENTS

We have three operating segments, which represent each business line that we operate. The Industrial segment, which operates six facilities, the Nuclear segment, which operates three facilities, and the Consulting Engineering Services segment as described below:

INDUSTRIAL WASTE MANAGEMENT SERVICES, which includes, off-site waste storage, treatment, processing and disposal services of hazardous and non-hazardous waste (solids and liquids) through six permitted treatment and/or disposal facilities and numerous related operations provided by our other field office locations, as discussed below.

Perma-Fix Treatment Services, Inc. ("PFTS") is a permitted treatment, storage and disposal ("TSD") facility located in Tulsa, Oklahoma. PFTS stores and treats hazardous and non-hazardous waste liquids, provides waste transportation and disposal of non-hazardous liquid waste via its on-site Class I Injection Well located at the facility. The injection well is permitted for the disposal of non-hazardous liquids and characteristic hazardous wastes that have been treated to remove the hazardous characteristic. PFTS operates a non-hazardous wastewater treatment system for oil and solids removal, a corrosive treatment system for neutralization and metals precipitation, and a container stabilization system. The injection well is controlled by a computer system to assist in achieving compliance with all applicable state and federal regulations. PFTS is in the process of applying for a Title V air permit as a synthetic minor pursuant to the terms of a consent order recently entered into with the Oklahoma Department of Environmental Quality. See "Permits and Licenses" under this Item 1 and "Legal Proceedings"- Item 3.

Perma-Fix of Dayton, Inc. ("PFD") is a permitted treatment and storage facility located in Dayton, Ohio. PFD has four main processing areas. The four production areas are a RCRA permitted treatment and storage, a centralized wastewater treatment area, a used oil recycling area, and a non-hazardous solids solidification area. Hazardous waste accepted under the permit is typically drum waste, which is bulked and sent off as a fuel, for incineration or stabilization. Wastewaters accepted at the facility include hazardous and non-hazardous wastewaters, which are treated by ultra filtration, metals precipitation and bio-degradation, including a biological wastewater process. Waste industrial oils and used motor oils are processed through high-speed centrifuges to produce a high quality fuel that is sold to and burned by industrial burners. See discussion under "Permits and Licenses" under this Item 1, Item 1A "Risk Factors", and Item 3 "Legal Proceedings" for a discussion as to certain actions brought by a citizens group and the federal government alleging that PFD does not have the proper air permits under federal and certain state

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Clean Air Acts.

2

Perma-Fix of Ft. Lauderdale, Inc. ("PFFL") is a permitted facility located in Ft. Lauderdale, Florida. PFFL collects and treats wastewaters, oily wastewaters, used oil and other off-specification petroleum-based products, some of which may potentially be recycled into usable products. Key activities at PFFL include process cleaning and material recovery, production and sales of on-specification fuel oil, custom tailored waste management programs and hazardous material disposal and recycling materials from generators such as the cruise line and marine industries.

Perma-Fix of Orlando, Inc. ("PFO") is a permitted treatment and storage facility located in Orlando, Florida. PFO collects, stores and treats hazardous and non-hazardous wastes out of two processing buildings, under one of our most inclusive permits. PFO is also a transporter of hazardous waste and operates a transfer facility at the site.

Perma-Fix of South Georgia, Inc. ("PFSG") is a permitted treatment and storage facility located in Valdosta, Georgia. PFSG provides storage, treatment and disposal services to hazardous and non-hazardous waste generators throughout the United States, in conjunction with the utilization of the PFO facility and transportation services. PFSG operates a hazardous waste storage facility that primarily blends and processes hazardous and non-hazardous waste liquids, solids and sludges into substitute fuel or as a raw material substitute in cement kilns that have been specially permitted for the processing of hazardous and non-hazardous waste.

Perma-Fix of Maryland, Inc. ("PFMD") is located in Baltimore, Maryland, and operates two nearby sales and service offices. PFMD was established in March 2004 and we acquired and assumed certain assets and liabilities of USL Environmental Services, Inc. d/b/a A&A Environmental. PFMD offers environmental services such as 24-hour emergency response, vacuum services, hazardous and non-hazardous waste disposal, marine environmental and other remediation services.

For 2006, the Industrial segment accounted for approximately \$35,148,000 (or 40.0%) of our total revenue, as compared to approximately \$40,768,000 (or 44.9%) for 2005. See "Financial Statements and Supplementary Data" for further details.

NUCLEAR WASTE MANAGEMENT SERVICES, which includes nuclear, low-level radioactive, mixed (waste containing both hazardous and low-level radioactive constituents) hazardous and non-hazardous waste treatment, processing and disposal services through three uniquely licensed (Nuclear Regulatory Commission or state equivalent) and permitted (Environmental Protection Agency or state equivalent) treatment and storage facilities. The presence of nuclear and low-level radioactive constituents within the waste streams processed by this segment create different and unique operational, processing and permitting/licensing requirements, from those contained within the Industrial segment, as discussed below.

Perma-Fix of Florida, Inc. ("PFF"), located in Gainesville, Florida, specializes in the storage, processing, and treatment of certain types of wastes containing both low-level radioactive and hazardous wastes, which are known in the industry as mixed waste ("mixed waste"). PFF is one of the first facilities nationally to operate under both a hazardous waste permit and a radioactive materials license, from which it has built its reputation based on its ability to treat difficult waste streams using its unique processing technologies and its ability to provide related research and development services. PFF has substantially increased the amount and type of mixed waste and low level radioactive waste

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that it can store and treat. Its mixed waste services have included the treatment and processing of waste Liquid Scintillation Vials (LSVs) since the mid 1980's. The LSVs are generated primarily by institutional research agencies and biotechnical companies. The business has expanded into receiving and handling other types of mixed waste, primarily from the nuclear utilities, commercial generators, prominent pharmaceutical companies, the Department of Energy ("DOE") and other government facilities as well as select mixed waste field remediation projects. PFF also continues to receive and process certain hazardous and non-hazardous waste streams as a compliment to its expanded nuclear and mixed waste processing activities.

Diversified Scientific Services, Inc. ("DSSI") located in Kingston, Tennessee, and specializes in the storage, processing, and destruction of certain types of mixed waste. DSSI, like PFF, is one of only a few facilities nationally to operate under both a hazardous waste permit and a radioactive materials license. Additionally, DSSI is the only commercial facility of its kind in the U.S. that is currently operating and licensed to destroy liquid organic mixed waste, through such a treatment unit. DSSI provides mixed waste disposal services for nuclear utilities, commercial generators, prominent pharmaceutical companies, and agencies and contractors of the U.S. government, including the DOE and the Department of Defense ("DOD").

3

East Tennessee Materials & Energy Corporation ("M&EC"), located in Oak Ridge, Tennessee, is our third mixed waste facility. As with PFF and DSSI, M&EC also operates under both a hazardous waste permit and radioactive materials license. M&EC represents the largest of our three mixed waste facilities, covering 150,000 sq. ft., and is located in leased facilities on the DOE East Tennessee Technology Park. In addition to providing mixed waste treatment services to commercial generators, nuclear utilities and various agencies and contractors of the U.S. Government, including the DOD, M&EC was awarded three contracts to treat DOE mixed waste by Bechtel-Jacobs Company, LLC, and DOE's Environmental Program Manager, which covers the treatment of mixed waste throughout all DOE facilities.

For 2006, the Nuclear business accounted for \$49,423,000 (or 56.2%) of total revenue, as compared to \$47,245,000 (or 52.0%) of total revenue for 2005. See " - Dependence Upon a Single or Few Customers" and "Financial Statements and Supplementary Data" for further details and a discussion as to our Nuclear segment's contracts with the federal government or with others as a subcontractor to the federal government.

CONSULTING ENGINEERING SERVICES, which provides environmental engineering and regulatory compliance consulting services through one subsidiary, as discussed below.

Schreiber, Yonley & Associates ("SYA") is located in Ellisville, Missouri. SYA specializes in environmental management programs, permitting, compliance and auditing, in addition to landfill design, field investigation, testing and monitoring. SYA clients are primarily industrial, including many within the cement manufacturing industry. SYA also provides the necessary support, compliance and training as required by our operating facilities.

During 2006, environmental engineering and regulatory compliance consulting services accounted for approximately \$3,358,000 (or 3.8%) of our total revenue, as compared to approximately \$2,853,000 (or 3.1%) in 2005. See "Financial Statements and Supplementary Data" for further details.

ACQUISITION - LETTER OF INTENT

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We entered into a letter of intent in the third quarter of 2006 to acquire Nuvotec USA, Inc. ("Nuvotec") and its wholly owned subsidiary, Pacific EcoSolutions, Inc. ("PEcoS"). PEcoS is a hazardous waste, low level radioactive waste and mixed waste (containing both hazardous waste and low level radioactive waste) management company based in Richard, Washington, adjacent to the DOE's Hanford facility. This acquisition, if completed, would provide us with a number of strategic benefits. Foremost, this acquisition will secure PEcoS' radioactive and hazardous waste permits and licenses, which further solidifies our position within the mixed waste industry. Additionally, the PEcoS facility is located adjacent to the Hanford site, which represents one of the largest environmental clean-up projects in the nation and is expected to be one of the most expensive of DOE's nuclear weapons to remediate. In addition, the acquisition would expand our west coast presence and increase our treatment capacity for radioactive only waste. Overall, this acquisition, if completed, would represent a significant growth opportunity treating both low-level mixed waste as well as higher level radioactive wastes. See "Acquisition - Letter of Intent" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the terms of this proposed transaction.

IMPORTANCE OF PATENTS, TRADEMARKS AND PROPRIETARY TECHNOLOGY

We do not believe we are dependent on any particular trademark in order to operate our business or any significant segment thereof. We have received registration to the year 2010 and 2012 for the service marks "Perma-Fix" and "Perma-Fix Environmental Services," respectively, by the U.S. Patent and Trademark Office.

4

We are active in the research and development of technologies that allow us to address certain of our customers' environmental needs. To date, our R&D efforts have resulted in the granting of six active patents and the filing of an additional two pending patent applications. Our flagship technology, the Perma-Fix Process, is a proprietary, cost effective, treatment technology that converts hazardous waste into non-hazardous material. Subsequently, we developed the Perma-Fix II process, a multi-step treatment process that converts hazardous organic components into non-hazardous material. The Perma-Fix II process is particularly important to our mixed waste strategy. We believe that at least one third of DOE mixed waste contains organic components.

The Perma-Fix II process is designed to remove certain types of organic hazardous constituents from soils or other solids and sludges ("Solids") through a water-based system. Until development of this Perma-Fix II process, we were not aware of a relatively simple and inexpensive process that would remove the organic hazardous constituents from Solids without elaborate and expensive equipment or expensive treating agents. Due to the organic hazardous constituents involved, the disposal options for such materials are limited, resulting in high disposal cost when there is a disposal option available. By reducing the organic hazardous waste constituents in the Solids to a level where the Solids meet Land Disposal Requirements, the generator's disposal options for such waste are substantially increased, allowing the generator to dispose of such waste at substantially less cost. We began commercial use of the Perma-Fix II process in 2000. However, changes to current environmental laws and regulations could limit the use of the Perma-Fix II process or the disposal options available to the generator. See "--Permits and Licenses" and "---Research and Development."

PFD's facility utilizes a biological wastewater process and accepts commercial wastewater for treatment through this process. The biological wastewater process is a technology which we developed utilizing our variable depth biological treatment process and several proprietary water treatment processes. The

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biological wastewater process is designed to remove certain organic constituents from highly organic, contaminated wastewaters. The biological wastewater process enables us to treat heavily contaminated wastewater streams, such as waste oils, phenols, and "lean" waters, at more competitive prices than traditional methods. The biological wastewater process meets the EPA's new centralized treatment standards that became effective in December of 2003.

PERMITS AND LICENSES

Waste management companies are subject to extensive, evolving and increasingly stringent federal, state and local environmental laws and regulations. Such federal, state and local environmental laws and regulations govern our activities regarding the treatment, storage, processing, disposal and transportation of hazardous, non-hazardous and radioactive wastes, and require us to obtain and maintain permits, licenses and/or approvals in order to conduct certain of our waste activities. Failure to obtain and maintain our permits or approvals would have a material adverse effect on us, our operations and financial condition. The permits and licenses have a term ranging from one to ten years and, provided that we maintain a reasonable level of compliance, renew with minimal effort and cost. Historically, there have been no compelling challenges to the permit and license renewals. Such permits and licenses, however, represent a potential barrier to entry for possible competitors.

Subject to PFTS obtaining a Title V air permit pursuant to the terms of a Consent Order recently entered into between PFTS and the ODEQ and PFD successfully resolving allegations that it is required to obtain certain air permits in order to operate its facility (see "Risk Factors" and "Legal Proceedings"), we believe that our facilities presently have all licenses and permits necessary to enable them to continue operations as presently conducted. Termination of any required permits or licenses by the regulatory authorities or failure of our facilities to be able to renew any required permits or licenses or a determination that PFD is operating without all of its required permits or licenses, may have a material adverse effect on us.

5

PFTS is a permitted solid and hazardous waste treatment, storage, and disposal facility. The Part B permit to treat and store certain types of hazardous waste was issued by the Oklahoma Department of Environmental Quality ("ODEQ"). Additionally, PFTS maintains an Injection Well Facility Operations Permit issued by the ODEQ Underground Injection Control Section for our waste disposal injection well, and a pre-treatment permit in order to discharge industrial wastewaters to the local Publicly Owned Treatment Works ("POTW"). PFTS is also registered with the ODEQ and the Department of Transportation as a hazardous waste transporter. During January 2007, PFTS entered into a consent order with the ODEQ requiring PFTS to comply with certain air related regulatory matters in connection with its operations, including filing for and obtaining a Title V air permit as a synthetic minor. See "Legal Proceedings".

PFFL operates under a used oil processors license and a solid waste processing permit issued by the Florida Department of Environmental Protection ("FDEP"), a transporter license issued by the FDEP and a transfer facility license issued by Broward County, Florida.

PFD operates a hazardous and non-hazardous waste treatment and storage facility under various permits, including a RCRA Part B permit. PFD provides wastewater pretreatment under a discharge permit with the local POTW and is a specification and off-specification used oil processor under the guidelines of the Ohio EPA. The EPA has advised PFD that it is required to operate under a Title V air permit. During December 2004, a citizen's suit was filed against PFD in federal court located in Dayton, Ohio, alleging, among other things, that PFD was and is

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operating in violation of the federal and Ohio state clean air laws as a result of operating without proper air permits. In May 2006, the U.S. Department of Justice ("DOJ"), on behalf of the EPA, intervened in the case seeking injunctive relief and civil penalties against PFD for alleged violations which parallel certain claims asserted in the citizen's suit, including claims PFD's failure to have obtained, and to have operated its facility without, a Title V air permit, failure to install appropriate air pollution control equipment and conduct appropriate recordkeeping, monitoring and reporting was in violation of the Clean Air Act and applicable regulations. The federal complaint also alleges that PFD failed to respond to a formal request for information from the EPA in a timely manner and requesting civil penalties. Potential civil penalties may be up to \$32,500 per day per violation until full compliance. We have retained environmental consultants who have advised us, based on the tests that they have performed, that they do not believe that PFD is a major source of hazardous air pollutants. We have been further advised by counsel that if PFD is not a major source of hazardous air pollutants, PFD would not be required to obtain a Title V air permit and would not have violated the provisions of the Clean Air Act. We intend to vigorously defend ourselves in connection with this matter. Nevertheless, if it is determined that PFD is and was required to operate under a Title V air permit, this determination could result in substantial fines and penalties being asserted against PFD and could have a material adverse effect on PFD's operations and on us. See "Risk Factors" and "Legal Proceedings" for further discussion as to legal proceedings relating to actions against PFD under the Clean Air Act.

PFO operates a hazardous and non-hazardous waste treatment and storage facility under various permits, including a RCRA Part B permit, and a used oil processors permit issued by the State of Florida.

PFSG operates a hazardous waste treatment and storage facility under a RCRA Part B permit, issued by the State of Georgia.

PFMD operates under an oil operations permit issued by the Maryland Department of Environment and has permits/licenses to transport hazardous waste in over 13 states. PFMD also has a wastewater discharge permit through the city of Baltimore POTW.

PFF operates its hazardous and low-level radioactive waste activities under a RCRA Part B permit and a radioactive materials license issued by the State of Florida.

DSSI operates hazardous and low-level radioactive waste activities under a RCRA Part B permit and a radioactive materials license issued by the State of Tennessee.

6

M&EC operates hazardous and low-level radioactive waste activities under a RCRA Part B permit and a radioactive materials license issued by the State of Tennessee.

The combination of a RCRA Part B hazardous waste permit and a radioactive materials license, as held by PFF, DSSI and M&EC, are very difficult to obtain for a single facility and make these facilities very unique.

Subject to PFTS obtaining a Title V air permit pursuant to a consent order we recently entered into with the ODEQ and PFD resolving allegations that it has not obtained, or has not demonstrated that it is not required to obtain, certain air permits as discussed above in order to operate its facility (see "Risk Factors" and "Legal Proceedings"), we believe that all of our other facilities presently have all approvals, licenses and permits necessary to enable them to

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continue operations as presently conducted. The failure of our facilities to renew required approvals, licenses and permits; the termination of any such approvals, licenses or permits; and/or a determination that PFTS or PFD is operating without required approvals, licenses and permits may have a material adverse effect on us, our operations and financial condition.

SEASONALITY

We experience a seasonal slowdown within our industrial segment operations and revenues during the winter months extending from late November through early March. The seasonality factor is a combination of poor weather conditions in the central plains and Midwestern geographical markets we serve for on-site and off-site waste management services, and the impact of reduced activities during holiday periods resulting in a decrease in revenues and earnings during such periods. Our engineering segment also experiences reduced activities and related billable hours throughout the November and December holiday periods. The DOE and DOD represent major customers for the Nuclear segment. In conjunction with the federal government's September 30 fiscal year-end, the Nuclear segment 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 is generally seasonably slow, as the governmental budgets are still being finalized, planning for the new year is occurring and we enter the holiday season. More recently, due to our efforts to work with the various government customers to smooth these shipment more evenly throughout the year, we have seen much less fluctuation in the quarters, with receipts in the fourth quarter 2006 actually higher than the third quarter. In addition, our revenue recognition policy further reduces this impact on our revenue. "See "Revenue Recognition Estimates" in this "Management Discussion and Analysis of Financial Condition and Results of Operations".

BACKLOG

The Nuclear segment of our Company maintains a backlog of stored waste, which represents waste that has not been processed. The backlog is principally a result of the timing and complexity of the waste being brought into the facilities and the selling price per container. As of December 31, 2006, our Nuclear segment had a backlog of approximately \$12.5 million, as compared to approximately \$16.4 million, as of December 31, 2005. Additionally the time it takes to process mixed waste from the time it arrives may increase due to the types and complexities of the waste we are currently receiving. The first quarter of our fiscal year is typically our slow period and the time in which we process more of our backlog.

DEPENDENCE UPON A SINGLE OR FEW CUSTOMERS

The majority of our revenues for fiscal 2006 have been derived from hazardous, non-hazardous and mixed waste management services provided to a variety of industrial, commercial customers, retail services, and government agencies and contractors. Our customers are principally engaged in research, biotechnical development, transportation, chemicals, metal processing, electronic, automotive, petrochemical, refining and other similar industries, in addition to government agencies that include the DOE, DOD, and other federal, state and local agencies. We are not dependent upon a single customer, or a few customers. However, we have and continue to enter into, contracts with (directly or indirectly as a subcontractor) the federal government. 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.

Our Nuclear segment has a significant relationship with Bechtel Jacobs Company, LLC. ("Bechtel Jacobs"). Bechtel Jacobs is the government-appointed manager of the environmental program for Oak Ridge, Tennessee to perform certain treatment and disposal services relating to Oak Ridge. Our initial relationship with Bechtel Jacobs began when we acquired M&EC in 2001. Prior to our acquisition of M&EC, Bechtel Jacobs had awarded M&EC three subcontracts for treatment services ("Oak Ridge contracts"). These Oak Ridge contracts have been amended for pricing modifications and have been extended through September 2007. Based on preliminary discussion between management of our Nuclear segment and Bechtel Jacobs, we expect these contracts will be extended beyond September 2007; however, there is no assurance these extensions will occur. As with most such blanket processing agreements, the Oak Ridge contracts contain no minimum or maximum processing guarantees, and may be terminated at any time pursuant to federal contracting terms and conditions. As the DOE site in Oak Ridge continues to complete certain of its clean-up milestones and moves toward completing its closure efforts, the revenue from these contracts may decline. Since being awarded the Oak Ridge contracts, our relationship with Bechtel Jacobs has expanded to include other services outside of these contracts. Additionally, the Nuclear segment continues to pursue other similar or related services for environmental programs at other DOE and government sites.

During the first quarter of 2003, M&EC filed a lawsuit against Bechtel Jacobs seeking approximately \$4.3 million in surcharges under the Oak Ridge Contracts. Since the filing of the lawsuit, Bechtel Jacobs has continued to deliver waste to M&EC under the Oak Ridge Contracts and M&EC has entered into an additional contract with Bechtel Jacobs relating to DOE waste at Oak Ridge. On January 24, 2007, M&EC and Bechtel Jacobs entered into a settlement agreement to resolve this dispute, whereby Bechtel Jacobs has paid M&EC \$1.5 million in full settlement of the litigation. Although we do not believe this lawsuit or settlement of this lawsuit will have a material adverse effect on our operations, Bechtel Jacobs could terminate the subcontracts with M&EC for convenience at any time.

During 2006, LATA/Parallax assumed certain projects and contracts relating to work for the federal government previously managed by Bechtel Jacobs under which our Nuclear segment received various work releases to process mixed waste and granted to our Nuclear segment certain contracts to manage mixed waste streams at a DOE site.

Consolidated revenues from Bechtel Jacobs for 2006, total \$6,705,000 or 7.6% of total revenues, as compared to \$14,940,000 or 16.5% for the year ended December 31, 2005, and \$9,405,000 or 11.4% for the year ended December 31, 2004. Consolidated revenues from LATA/Parallax for 2006 total \$10,341,000 or 11.8% of total revenues. Further, waste related services we performed either directly or indirectly as a subcontractor to federal government agencies (including Bechtel Jacobs and LATA/Parallax discussed above), represented \$37,564,000 or 42.7% of our consolidated revenues during 2006, as compared to \$33,899,000, or 37.3% of our consolidated revenues, during 2005, and \$31,791,000 or 38.5% of our consolidated revenues during 2004. However, this government revenue is managed by numerous subcontractors to the government, who operate and make decisions independent of each other. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations" -- "Significant Customers" for discussion on our relationship with Bechtel Jacobs, LATA/Parallax, and our government contract or subcontracts involving the federal government.

COMPETITIVE CONDITIONS

Competition is intense within certain product lines within the Industrial

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segment of our business. We compete with numerous companies, both large and small, that are able to provide one or more of the environmental services offered by us, certain of which may have greater financial, human and other resources than we have. However, we believe that the range of waste management and environmental consulting, treatment, processing and remediation services we provide affords us a competitive advantage with respect to certain of our more specialized competitors. We believe that the treatment processes we utilize offer a cost savings alternative to more traditional remediation and disposal methods offered by certain of our competitors. The intense competition for performing the services provided by us within the Industrial segment, has resulted in reduced gross margin levels for certain of those services.

8

The Nuclear segment has few competitors and does not currently experience such intense competitive pressures. At present we believe there are only four other facilities in the United States with the required radioactive materials license and hazardous waste permit that provide mixed waste processing. However, the generators have the option to treat their own waste onsite.

The permitting and licensing requirements, and the cost to obtain such permits, are barriers to the entry of hazardous waste TSD facilities and radioactive and mixed waste activities as presently operated by our subsidiaries. We believe that there are no formidable barriers to entry into certain of the on-site treatment businesses, and certain of the non-hazardous waste operations, which do not require such permits. If the permit requirements for both hazardous waste storage, treatment and disposal activities and/or the licensing requirements for the handling of low level radioactive matters are eliminated or if such licenses or permits were made less rigorous to obtain, such would allow companies to enter into these markets and provide greater competition.

Within our Industrial segment we solicit business on a nationwide basis. However, we believe that we are a significant provider in the delivery of off-site waste treatment services in the Southeast, Midwest and Southwest portions of the United States. We compete with facilities operated by national, regional and independent environmental services firms located within a several hundred-mile radius of our facilities. Our Nuclear segment solicits business on a worldwide basis.

Environmental engineering and consulting services provided by us through SYA involve competition with larger engineering and consulting firms. We believe that we are able to compete with these firms based on our established reputation in these market areas and our expertise in several specific elements of environmental engineering and consulting such as environmental applications in the cement industry.

CAPITAL SPENDING, CERTAIN ENVIRONMENTAL EXPENDITURES AND POTENTIAL ENVIRONMENTAL LIABILITIES

During 2006, we spent approximately \$6.4 million in capital expenditures, which was principally for the expansion and improvements to our operating facilities. This 2006 capital spending total includes \$94,000, which was financed. We have budgeted approximately \$4.1 million for 2007 capital expenditures, to improve and 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. We have also budgeted for 2007

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approximately \$1.4 million to comply with federal, state, and local regulations in connection with remediation activities at our facilities. However, there is no assurance that the funds will be available for such budgeted expenditures. The above budgeted amounts for capital expenditures assume that PFD is not required to have a Title V air permit in connection with its operations. If it is determined that PFD is required to have a Title V air permit, we anticipate that substantial additional capital expenditures will be required in order to bring that facility into compliance with Title V air permit requirements. We do not have reliable estimates of the cost of such additional capital expenditures. The above capital expenditures also do not include approximately \$251,000 which will be required to satisfy the consent order entered into between ODEQ and PFTS in January 2007, to comply with certain air related regulatory matters in connection with its operations, including filing for a Title V air permit as a synthetic minor; however, this capital expenditure was approved in February 2007. See "Liquidity and Capital Resources" under "Management's Discussion and Analysis of Financial Condition and Results of Operations".

9

In June 1994, we acquired PFD. The former owners of PFD had merged Environmental Processing Services, Inc. ("EPS") with PFD. The party that sold PFD to us agreed to indemnify us for costs associated with remediating the property leased by EPS ("Leased Property"). Such remediation involves soil and/or groundwater restoration. The Leased Property used by EPS to operate its facility is separate and apart from the property on which PFD's facility is located. The contamination of the Leased Property occurred prior to PFD being acquired by us. During 1995, in conjunction with the bankruptcy filing by the selling party, we recognized an environmental liability of approximately \$1.2 million for remedial activities at the Leased Property. We have accrued approximately \$730,000, at December 31, 2006, for the estimated, remaining costs of remediating the Leased Property used by EPS, which will extend over the next six years.

In conjunction with the acquisition of Perma-Fix of Memphis, Inc. ("PFM"), we assumed and recorded certain liabilities to remediate gasoline contaminated groundwater and investigate, under the hazardous and solid waste amendments, potential areas of soil contamination on PFM's property. Prior to our ownership of PFM, the owners installed monitoring and treatment equipment to restore the groundwater to acceptable standards in accordance with federal, state and local authorities. We have accrued approximately \$801,000, at December 31, 2006, for the estimated, remaining costs of remediating the groundwater contamination.

In conjunction with the acquisition of PFSG during 1999, we recognized an environmental accrual of \$2.2 million for estimated long-term costs to remove contaminated soil and to undergo ground water remediation activities at the acquired facility in Valdosta, Georgia. Initial valuation has been completed, along with the selection of the remedial process, and the planning and approval process. The remedial activities began in 2003. We have accrued approximately \$666,000, at December 31, 2006, to complete remediation of the facility, which we anticipate spending over the next six years.

In conjunction with an oil spill at PFTS, we accrued approximately \$69,000 to remediate the contaminated soil and ground water at this location. As of December 31, 2006, we have accrued approximately \$37,000, for the estimated remaining cost to remediate the area. We expect to complete spending on this remedial project over the next six years.

In conjunction with the acquisition of PFMD in March 2004, we accrued for long-term environmental liabilities of \$391,000 as a best estimate of the cost to remediate the hazardous and/or non-hazardous contamination on certain properties owned by PFMD. This facility is not a RCRA facility, and is currently under no obligation to clean up the contamination. We do not intend to begin

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remediation in the immediate future, but if environmental regulations change, we could be forced to begin clean up of such contamination.

As a result of the discontinuation of operation at the PFMI facility, we are required to complete certain closure and remediation activities pursuant to our RCRA permit and the regulations promulgated under RCRA. Also, in order to close and dispose of or sell the facility, we may have to complete certain additional remediation activities related to the land, building, and equipment. The extent and cost of the clean-up and remediation will be determined by state mandated requirements, the extent to which is not known at this time. Also, impacting this estimate is the level of contamination discovered, as we begin remediation, and the related clean-up standards which must be met in order to dispose of or sell the facility. We engaged our engineering firm, SYA, to perform an analysis and related estimate of the cost to complete the RCRA portion of the closure/clean-up costs and the potential long-term remediation costs. Based upon this analysis, we originally estimated the cost of this environmental closure and remediation liability to be approximately \$2.5 million. During 2006 we re-evaluated our estimated environmental accrual and the required activities to close and remediate the facility, and during the quarter ended June 30, 2006, we began implementing a modified methodology to remediate the facility. As a result of the re-evaluation and the change in methodology, we reduced the accrual by \$1.2 million. We have spent \$629,000 for closure costs since September 30, 2004, of which approximately \$74,000 has been spent during 2006, and \$439,000 was spent in 2005. We have \$653,000 accrued for the closure, as of December 31, 2006, and we anticipate spending \$538,000 in 2007 with the remainder over the next five years.

10

In conjunction with the acquisition of PFP in March 2004, we accrued \$150,000 in environmental liabilities as our best estimate of the cost to remediate and restore this leased property back to its original condition. The liability estimate is based on an environmental assessment completed by a third party as part of the due diligence work prior to acquisition. The Company operated a non-hazardous waste water facility on this leased property. Effective November 2005, we discontinued operations at PFP, and began the clean-up process to remediate and restore the leased property. During February 2006, we completed the remediation of the leased property and the equipment, and released the property back to the owner.

No insurance or third party recovery was taken into account in determining our cost estimates or reserves, nor do our cost estimates or reserves reflect any discount for present value purposes.

The nature of our business exposes us to significant risk of liability for damages. Such potential liability could involve, for example, claims for cleanup costs, personal injury or damage to the environment in cases where we are held responsible for the release of hazardous materials; claims of employees, customers or third parties for personal injury or property damage occurring in the course of our operations; and claims alleging negligence or professional errors or omissions in the planning or performance of our services. In addition, we could be deemed a responsible party for the costs of required cleanup of any property, which may be contaminated by hazardous substances generated or transported by us to a site we selected, including properties owned or leased by us. We could also be subject to fines and civil penalties in connection with violations of regulatory requirements.

RESEARCH AND DEVELOPMENT

Innovation and technical know-how by our operations is very important to the success of our business. Our goal is to discover, develop and bring to market

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innovative ways to process waste that address unmet environmental needs. We conduct research internally, and also through collaborations with other third parties. The majority of our research activities are performed as we receive new and unique waste to treat, as such we recognize these expenses as a part of our processing costs. We feel that our investments in research have been rewarded by the discovery of the Perma-Fix Process and the Perma-Fix II process. Our competitors also devote resources to research and development and many such competitors have greater resources at their disposal than we do. We have estimated that during 2004, 2005, and 2006, we spent approximately \$433,000, \$489,000, and \$422,000 respectively, in Company-sponsored research and development activities.

NUMBER OF EMPLOYEES

In our service-driven business, our employees are vital to our success. We believe we have good relationships with our employees. As of December 31, 2006, we employed approximately 459 full time persons, of which approximately 15 were assigned to our corporate office, approximately 27 were assigned to our Operations Headquarters, approximately 21 to our Consulting Engineering Services segment, approximately 196 to the Industrial segment, and approximately 200 to the Nuclear segment. We have no union employees at any of our segments.

GOVERNMENTAL REGULATION

Environmental companies and their customers are subject to extensive and evolving environmental laws and regulations by a number of national, state and local environmental, safety and health agencies, the principal of which being the EPA. These laws and regulations largely contribute to the demand for our services. Although our customers remain responsible by law for their environmental problems, we must also comply with the requirements of those laws applicable to our services. We cannot predict the extent to which our operations may be affected by future enforcement policies as applied to existing laws or by the enactment of new environmental laws and regulations. Moreover, any predictions regarding possible liability are further complicated by the fact that under current environmental laws we could be jointly and severally liable for certain activities of third parties over whom we have little or no control. Although we believe that we are currently in substantial compliance with applicable laws and regulations, we could be subject to fines, penalties or other liabilities or could be adversely affected by existing or subsequently enacted laws or regulations. The principal environmental laws affecting our customers and us are briefly discussed below.

11

THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, AS AMENDED ("RCRA")

RCRA and its associated regulations establish a strict and comprehensive regulatory program applicable to hazardous waste. The EPA has promulgated regulations under RCRA for new and existing treatment, storage and disposal facilities including incinerators, storage and treatment tanks, storage containers, storage and treatment surface impoundments, waste piles and landfills. Every facility that treats, stores or disposes of hazardous waste must obtain a RCRA permit or must obtain interim status from the EPA, or a state agency, which has been authorized by the EPA to administer its program, and must comply with certain operating, financial responsibility and closure requirements. RCRA provides for the granting of interim status to facilities that allows a facility to continue to operate by complying with certain minimum standards pending issuance or denial of a final RCRA permit.

BOILER AND INDUSTRIAL FURNACE REGULATIONS UNDER RCRA ("BIF REGULATIONS")

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BIF Regulations require boilers and industrial furnaces, such as cement kilns, to obtain permits or to qualify for interim status under RCRA before they may use hazardous waste as fuel. If a boiler or industrial furnace does not qualify for interim status under RCRA, it may not burn hazardous waste as fuel or use such as raw materials without first having obtained a final RCRA permit. In addition, the BIF Regulations require 99.99% destruction of the hazardous organic compounds used as fuels in a boiler or industrial furnace and impose stringent restrictions on particulate, carbon monoxide, hydrocarbons, toxic metals and hydrogen chloride emissions.

THE SAFE DRINKING WATER ACT, AS AMENDED (THE "SDW ACT")

SDW Act regulates, among other items, the underground injection of liquid wastes in order to protect usable groundwater from contamination. The SDW Act established the Underground Injection Control Program ("UIC Program") that provides for the classification of injection wells into five classes. Class I wells are those which inject industrial, municipal, nuclear and hazardous wastes below all underground sources of drinking water in an area. Class I wells are divided into non-hazardous and hazardous categories with more stringent regulations imposed on Class I wells which inject hazardous wastes. PFTS' permit to operate its underground injection disposal wells is limited to non-hazardous wastewaters.

THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980 ("CERCLA," ALSO REFERRED TO AS THE "SUPERFUND ACT")

CERCLA governs the cleanup of sites at which hazardous substances are located or at which hazardous substances have been released or are threatened to be released into the environment. CERCLA authorizes the EPA to compel responsible parties to clean up sites and provides for punitive damages for noncompliance. CERCLA imposes joint and several liabilities for the costs of clean up and damages to natural resources.

HEALTH AND SAFETY REGULATIONS

The operation of our environmental activities is subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state laws. Regulations promulgated under OSHA by the Department of Labor require employers of persons in the transportation and environmental industries, including independent contractors, to implement hazard communications, work practices and personnel protection programs in order to protect employees from equipment safety hazards and exposure to hazardous chemicals.

ATOMIC ENERGY ACT

The Atomic Energy Act of 1954 governs the safe handling and use of Source, Special Nuclear and Byproduct materials in the U.S. and its territories. This act authorized the Atomic Energy Commission (now the Nuclear Regulatory Commission) to enter into "Agreements with States to carry out those regulatory functions in those respective states except for Nuclear Power Plants and federal facilities like the VA hospitals and the DOE operations." The State of Florida (with the USNRC oversight), Office of Radiation Control, regulates the radiological program of the PFF facility, and the State of Tennessee (with the USNRC oversight), Tennessee Department of Radiological Health, regulates the radiological program of the DSSI and M&EC facilities.

OTHER LAWS

Our activities are subject to other federal environmental protection and similar

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laws, including, without limitation, the Clean Water Act, the Clean Air Act, the Hazardous Materials Transportation Act and the Toxic Substances Control Act. Many states have also adopted laws for the protection of the environment which may affect us, including laws governing the generation, handling, transportation and disposition of hazardous substances and laws governing the investigation and cleanup of, and liability for, contaminated sites. Some of these state provisions are broader and more stringent than existing federal law and regulations. Our failure to conform our services to the requirements of any of these other applicable federal or state laws could subject us to substantial liabilities which could have a material adverse affect on us, our operations and financial condition. In addition to various federal, state and local environmental regulations, our hazardous waste transportation activities are regulated by the U.S. Department of Transportation, the Interstate Commerce Commission and transportation regulatory bodies in the states in which we operate. We cannot predict the extent to which we may be affected by any law or rule that may be enacted or enforced in the future, or any new or different interpretations of existing laws or rules.

INSURANCE

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

In June 2003, we entered into a 25-year finite risk insurance policy, which provides financial assurance to the applicable states for our permitted facilities in the event of unforeseen closure. Prior to obtaining, and at all times while operating under our permits, we are required to provide financial assurance that guarantees to the states that, in the event of closure, our permitted facilities will be closed in accordance with the regulations. The policy provides a maximum \$35 million of financial assurance coverage, and thus far has provided \$29.2 million in financial assurance.

ITEM 1A. RISK FACTORS

The following are certain risk factors that could affect our business, financial performance, and results of operations. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this Form 10-K, as the forward-looking statements are based on current expectations, and actual results and conditions could differ materially from the current expectations. Investing in our securities involves a high degree of risk, and before making an investment decision, you should carefully consider these risk factors as well as other information we include or incorporate by reference in the other reports we file with the Securities and Exchange Commission ("SEC").

RISK FACTORS REGARDING OUR BUSINESS:

OUR INDUSTRIAL SEGMENT HAS SUSTAINED LOSSES FOR THE PAST SEVEN YEARS, INCLUDING 2006.

Our Industrial segment has sustained losses in each year since 2000. The Industrial segment represented approximately 40.0% of our consolidated net revenues in 2006, as compared to 44.9% in 2005, and 20.1% of our total assets as of December 31, 2006. During 2005, we restructured the management of this

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segment by replacing most of its operating officers and in 2005 we appointed a chief operating officer to oversee this segment, as well as, the Nuclear segment, in an effort to return this segment to profitability. If our Industrial segment fails to become profitable on an annualized basis in the foreseeable future, this could have a material adverse effect on our results of operations, liquidity and our potential growth. The Industrial segment's failure to become profitable could also result in further facility closures or the sale of certain facilities with this segment, as well as possible future impairments of permits or fixed assets.

13

THE INABILITY TO MAINTAIN EXISTING GOVERNMENT CONTRACTS OR WIN NEW GOVERNMENT CONTRACTS OVER AN EXTENDED PERIOD COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR OPERATIONS AND ADVERSELY AFFECT OUR FUTURE REVENUES.

A material amount of our Nuclear segment's revenues are generated through various U.S. government contracts or subcontracts involving the U.S. government. Our revenues from government sources were approximately \$37,564,000 and \$33,899,000, representing 42.7% and 37.3%, respectively, of our consolidated revenues for 2006 and 2005. Most of our government contracts or our subcontracts granted under government contracts are awarded through a regulated competitive bidding process. Some government contracts are awarded to multiple competitors, which increase overall competition and pricing pressure and may require us to make sustained post-award efforts to realize revenues under these government contracts. In addition, government clients can generally terminate or modify their contracts at their convenience. If we fail to maintain or replace these relationships, our revenues and future operations could be adversely affected.

IF WE CANNOT MAINTAIN OUR GOVERNMENTAL PERMITS OR CANNOT OBTAIN REQUIRED PERMITS, WE MAY NOT BE ABLE TO CONTINUE OR EXPAND OUR OPERATIONS.

We are a waste management company. Our business is subject to extensive, evolving, and increasingly stringent federal, state, and local environmental laws and regulations. Such federal, state, and local environmental laws and regulations govern our activities regarding the treatment, storage, recycling, disposal, and transportation of hazardous and non-hazardous waste and low-level radioactive waste. We must obtain and maintain permits or licenses to conduct these activities in compliance with such laws and regulations. Failure to obtain and maintain the required permits or licenses would have a material adverse effect on our operations and financial condition. If any of our facilities are unable to maintain currently held permits or licenses or obtain any additional permits or licenses which may be required to conduct its operations, we may not be able to continue those operations at these facilities, which could have a material adverse effect on us.

It has been alleged by the federal government and in a pending citizen's suit that PFD's facility does not have, and has been operating without having, all of its required air permits. If it is determined that PFD was and is operating its facility without having all required air permits, we could be subjected to substantial penalties and the failure to have all required permits could have a material adverse effect on us and that facility's operations. See "Business - Permits and Licenses" and "Legal Proceedings - Item 3".

LOSS OF CERTAIN KEY PERSONNEL COULD HAVE A MATERIAL ADVERSE EFFECT ON US.

Our success depends on the contributions of our key management, environmental and engineering personnel, especially Dr. Louis F. Centofanti, Chairman, President, and Chief Executive Officer. The loss of Dr. Centofanti could have a material adverse effect on our operations, revenues, prospects, and our ability to raise additional funds. Our future success depends on our ability to retain

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and expand our staff of qualified personnel, including environmental specialists and technicians, sales personnel, and engineers. Without qualified personnel, we may incur delays in rendering our services or be unable to render certain services. We cannot be certain that we will be successful in our efforts to attract and retain qualified personnel as their availability is limited due to the demand for hazardous waste management services and the highly competitive nature of the hazardous waste management industry. We do not maintain key person insurance on any of our employees, officers, or directors.

14

WE BELIEVE OUR PROPRIETARY TECHNOLOGY IS IMPORTANT TO US.

We believe that it is important that we maintain our proprietary technologies. There can be no assurance that the steps taken by us to protect our proprietary technologies will be adequate to prevent misappropriation of these technologies by third parties. Misappropriation of our proprietary technology could have an adverse effect on our operations and financial condition. Changes to current environmental laws and regulations also could limit the use of our proprietary technology.

CHANGES IN ENVIRONMENTAL REGULATIONS AND ENFORCEMENT POLICIES COULD SUBJECT US TO ADDITIONAL LIABILITY AND ADVERSELY AFFECT OUR ABILITY TO CONTINUE CERTAIN OPERATIONS.

We cannot predict the extent to which our operations may be affected by future governmental enforcement policies as applied to existing laws, by changes to current environmental laws and regulations, or by the enactment of new environmental laws and regulations. Any predictions regarding possible liability under such laws are complicated further by current environmental laws which provide that we could be liable, jointly and severally, for certain activities of third parties over whom we have limited or no control.

A CLOSURE OF THE END DISPOSAL SITE THAT OUR NUCLEAR SEGMENT UTILIZES TO DISPOSE OF OUR WASTE COULD SUBJECT US TO SIGNIFICANT RISK AND LIMIT OUR OPERATIONS.

Our Nuclear segment has limited options available for disposal of its waste. If this disposal site ceases to accept waste or closes for any reason or refuses to accept the waste of our nuclear segment, we could have nowhere to dispose of our Nuclear waste or have significantly increased costs from disposal alternatives. With nowhere to dispose of our nuclear waste, we would be subject to significant risk from the implications of storing the waste on our site, and we would have to limit our operations to accept only waste that we can dispose of.

OUR INDUSTRIAL SEGMENT AND NUCLEAR SEGMENT SUBJECT US TO SUBSTANTIAL POTENTIAL ENVIRONMENTAL LIABILITY.

Our business of rendering services in connection with management of waste, including certain types of hazardous waste, low-level radioactive waste, and mixed waste (waste containing both hazardous and low-level radioactive waste), subjects us to risks of liability for damages. Such liability could involve, without limitation:

- o claims for clean-up costs, personal injury or damage to the environment in cases in which we are held responsible for the release of hazardous or radioactive materials;
- o claims of employees, customers, or third parties for personal injury or property damage occurring in the course of our operations; and
- o claims alleging negligence or professional errors or omissions in the

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planning or performance of our services.

Our operations are subject to numerous environmental laws and regulations. We have in the past, and could in the future, be subject to substantial fines, penalties, and sanctions for violations of environmental laws and substantial expenditures as a responsible party for the cost of remediating any property which may be contaminated by hazardous substances generated by us and disposed at such property, or transported by us to a site selected by us, including properties we own or lease.

AS OUR OPERATIONS EXPAND, WE MAY BE SUBJECT TO INCREASED LITIGATION, WHICH COULD HAVE A NEGATIVE IMPACT ON OUR FUTURE FINANCIAL RESULTS.

Our operations are highly regulated and we are subject to numerous laws and regulations regarding procedures for waste treatment, storage, recycling, transportation, and disposal activities, all of which may provide the basis for litigation against us. In recent years, the waste treatment industry has experienced a significant increase in so-called "toxic-tort" litigation as those injured by contamination seek to recover for personal injuries or property damage. We believe that, as our operations and activities expand, there will be a similar increase in the potential for litigation alleging that we have violated environmental laws or regulations or are responsible for contamination or pollution caused by our normal operations, negligence or other misconduct, or for accidents, which occur in the course of our business activities. Such litigation, if significant and not adequately insured against, could adversely affect our financial condition and our ability to fund our operations. Protracted litigation would likely cause us to spend significant amounts of our time, effort, and money. This could prevent our management from focusing on our operations and expansion.

15

IF WE CANNOT MAINTAIN ADEQUATE INSURANCE COVERAGE, WE WILL BE UNABLE TO CONTINUE CERTAIN OPERATIONS.

Our business exposes us to various risks, including claims for causing damage to property and injuries to persons that may involve allegations of negligence or professional errors or omissions in the performance of our services. Such claims could be substantial. We believe that our insurance coverage is presently adequate and similar to, or greater than, the coverage maintained by other companies in the industry of our size. If we are unable to obtain adequate or required insurance coverage in the future, or if our insurance is not available at affordable rates, we would violate our permit conditions and other requirements of the environmental laws, rules, and regulations under which we operate. Such violations would render us unable to continue certain of our operations. These events would have a material adverse effect on our financial condition.

OUR OPERATIONS ARE SUBJECT TO SEASONAL FACTORS, WHICH CAUSE OUR REVENUES TO FLUCTUATE.

We have historically experienced reduced revenues and losses during the first and fourth quarters of our fiscal years due to a seasonal slowdown in operations from poor weather conditions and overall reduced activities during these periods. During our second and third fiscal quarters there has historically been an increase in revenues and operating profits. If we do not continue to have increased revenues and profitability during the second and third fiscal quarters, this will have a material adverse effect on our results of operations and liquidity.

OUR INDUSTRIAL SEGMENT OPERATES IN A HIGHLY COMPETITIVE MARKET AND FACES

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SIGNIFICANT COMPETITION FROM VARIOUS COMPANIES THAT MAY HAVE GREATER FINANCIAL, HUMAN AND OTHER RESOURCES THAN WE DO, INHIBITING US FROM COMPETING EFFECTIVELY.

Certain waste services within our Industrial segment are extremely competitive, and many of our competitors have substantially greater resources than we do. We could experience further reduced revenues and gross margin levels, as a result of price reductions in order to retain customers and remain competitive.

IF ENVIRONMENTAL REGULATION OR ENFORCEMENT IS RELAXED, THE DEMAND FOR OUR SERVICES WILL DECREASE.

The demand for our services is substantially dependent upon the public's concern with, and the continuation and proliferation of, the laws and regulations governing the treatment, storage, recycling, and disposal of hazardous, non-hazardous, and low-level radioactive waste. A decrease in the level of public concern, the repeal or modification of these laws, or any significant relaxation of regulations relating to the treatment, storage, recycling, and disposal of hazardous waste and low-level radioactive waste would significantly reduce the demand for our services and could have a material adverse effect on our operations and financial condition. We are not aware of any current federal or state government or agency efforts in which a moratorium or limitation has been, or will be, placed upon the creation of new hazardous or radioactive waste regulations that would have a material adverse effect on us; however, no assurance can be made that such a moratorium or limitation will not be implemented in the future.

OUR AMOUNT OF DEBT AND FLOATING RATES OF INTEREST COULD ADVERSELY AFFECT OUR OPERATIONS.

At December 31, 2006, our aggregate consolidated debt was approximately \$8.3 million. If our floating rates of interest experienced an upward increase of 1%, our debt service would increase by approximately \$83,290 annually. Our secured revolving credit facility (the "Credit Facility") provides for an aggregate commitment of \$25 million, consisting of an \$18 million revolving line of credit and a term loan of \$7 million. The maximum we can borrow under the revolving part of the Credit Facility is based on a percentage of the amount of our eligible receivables outstanding at any one time. The Credit Facility is due May, 2008. As of December 31, 2006, we had no borrowing under the revolving part of our Credit Facility and borrowing availability of up to an additional \$14.5 million based on our outstanding eligible receivables. Although we have reduced our overall indebtedness significantly, a lack of operating results could have material adverse consequences on our ability to operate our business. Our ability to make principal and interest payments, or to refinance indebtedness, will depend on both our and our subsidiaries' future operating performance and cash flow. Prevailing economic conditions, interest rate levels, and financial, competitive, business, and other factors affect us. Many of these factors are beyond our control.

16

WE MAY BE UNABLE TO UTILIZE LOSS CARRYFORWARDS IN THE FUTURE.

We have approximately \$15.6 million in net operating loss carryforwards which will expire from 2007 to 2024 if not used against future federal income tax liabilities. Our net loss carryforwards are subject to various limitations. We anticipate the net loss carryforwards will be used to reduce the federal income tax payments which we would otherwise be required to make with respect to income, if any, generated in future years.

RISK FACTORS REGARDING OUR COMMON STOCK:

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THE SIGNIFICANT AMOUNT OF OUTSTANDING WARRANTS AND OPTIONS COULD AFFECT OUR STOCK PERFORMANCE.

As of December 31, 2006, we had outstanding warrants to purchase 3,057,369 shares of Common Stock at exercise prices from \$1.50 to \$2.92 per share, and outstanding options to purchase 3,116,750 shares of our Common Stock at exercise prices of \$1.25 to \$3.00 per share. The existence of this quantity of rights to purchase our Common Stock could result in a significant dilution in the percentage ownership interest of our stockholders and the dilution in ownership value. Future sales of the shares issuable could also depress the market price of our Common Stock.

THE PRICE OF OUR COMMON STOCK IS VOLATILE.

The trading price of our Common Stock has historically been volatile, and subject to large swings over short periods of time. As a result of the volatility of our Common Stock, an investment in our stock holds significant risk.

THE ISSUANCE OF ADDITIONAL SHARES OF OUR COMMON STOCK MAY ALSO RESULT IN A CHANGE IN CONTROL.

The exercise of our currently outstanding warrants could result in a substantial number of shares being held by one or more groups acting in concert. In that event, such group or groups may have the ability to cause a change in control under our Credit Agreement. Our Credit Facility provides that a change of control will occur if (a) Dr. Louis F. Centofanti, our Chairman, President, and Chief Executive Officer, ceases to serve as a senior executive officer in substantially the same capacity as served on the date of the Credit Facility or (b) the persons who were members of our Board on the closing of the Credit Facility cease to constitute 50% of our Board. Each of these events could be an event of default under the terms of the Credit facility. If anyone or a group were to successfully attempt to cause any of these changes in our management or Board, we could be in default under our loan agreement.

DELAWARE LAW, CERTAIN OF OUR CHARTER PROVISIONS, OUR STOCK OPTION PLANS AND OUTSTANDING WARRANTS AND OUR PREFERRED STOCK MAY INHIBIT A CHANGE OF CONTROL UNDER CIRCUMSTANCES THAT COULD GIVE YOU AN OPPORTUNITY TO REALIZE A PREMIUM OVER PREVAILING MARKET PRICES.

We are a Delaware corporation governed, in part, by the provisions of Section 203 of the General Corporation Law of Delaware, an anti-takeover law. In general, Section 203 prohibits a Delaware public corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business contribution is approved in a prescribed manner. As a result of Section 203, potential acquirers may be discouraged from attempting to effect acquisition transactions with us, thereby possibly depriving our security holders of certain opportunities to sell, or otherwise dispose of, such securities at above-market prices pursuant to such transactions. Further, certain of our option plans provide for the immediate acceleration of, and removal of restrictions from, options and other awards under such plans upon a "change of control" (as defined in the respective plans). Such provisions may also have the result of discouraging acquisition of us.

We have authorized and unissued 22,946,256 shares of Common Stock and 2,000,000 shares of Preferred Stock as of December 31, 2006. These unissued shares could be used by our management to make it more difficult, and thereby discourage, an

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attempt to acquire control of us.

WE DO NOT INTEND TO PAY DIVIDENDS ON OUR COMMON STOCK IN THE FORESEEABLE FUTURE.

Since our inception, we have not paid cash dividends on our Common Stock, and we do not anticipate paying any cash dividends in the foreseeable future. Our credit facility prohibits us from paying cash dividends on our Common Stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Our principal executive office is in Atlanta, Georgia. Our Operations headquarters is located in Oak Ridge, Tennessee, our Industrial segment facilities are located in Orlando and Ft. Lauderdale, Florida; Dayton, Ohio; Tulsa, Oklahoma; Valdosta, Georgia; and Baltimore, Maryland. Our Nuclear segment facilities are located in Gainesville, Florida; Kingston, Tennessee; and Oak Ridge, Tennessee. Our Consulting Engineering Services is located in Ellisville, Missouri. We also maintain Field Service offices in Jacksonville, Florida; Stafford, Virginia; and Salisbury, Maryland.

We own ten facilities, all of which are in the United States. Five of our facilities are subject to mortgages as placed by our senior lender. In addition, we lease properties for office space, all of which are located in the United States as described above. Included in our leased properties is M&EC's 150,000 square-foot facility, located on the grounds of the DOE East Tennessee Technology Park located in Oak Ridge, Tennessee.

We believe that the above facilities currently provide adequate capacity for our operations and that additional facilities are readily available in the regions in which we operate, which could support and supplement our existing facilities.

ITEM 3. LEGAL PROCEEDINGS

In December 2005, TIFORP Group Holdings, LLC ("TIFORP") and others sued us, our subsidiary, PFMI, and others in the Michigan Circuit Court for the County of Wayne, Case No. 05-534619. Plaintiffs alleged that we and PFMI breached a confidentiality agreement with TIFORP, and are liable in damages under legal theories of fraud, conversion of proprietary information and breach of confidentiality agreement. TIFORP and the other Plaintiffs asserted that there are damages due to lost revenues in excess of \$4.5 million. PESI and PFMI denied any liability and defended the case vigorously. During the later part of 2006, PESI and PFMI were dismissed with prejudice from this litigation.

During the later part of 2005, PFTS, one of our subsidiaries, received a proposed consent order from the ODEQ regarding PFTS's Tulsa facility. The proposed consent order, among other things:

- o provided that PFTS has a limited period to complete all work necessary to ensure that PFTS is eligible for exemption under various provisions of the Oklahoma Hazardous Waste Management, the Oklahoma Clean Air Act and the ODEQ rules promulgated thereunder relating to air issues (subparts BB, CC and DD);
- o alleged that PFTS has one or more operations that failed to properly mark or label containers; failed to comply with the maximum containment area volumes in its operating permit; failed to operate in a manner to prevent degradation of the environment; failed to maintain the integrity of the cap over a closed surface impoundment; stored hazardous waste in an area not allowed by its permit; failed to maintain certain records; failed to comply

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with certain requirements under subparts BB, CC and DD; and failed to make a determination for exemption from the air issue requirements of subpart CC and DD; and

18

- o proposed a total penalty of \$336,000, payable one-half in cash and the balance based on a supplemental environmental project approved by the ODEQ.

During January 2007, PFTS and the ODEQ negotiated a settlement and have entered into a revised Consent Order. Pursuant to the revised Consent Order, PFTS has agreed to make certain improvements at the facility, meet certain air requirements in connection with managing waste at the facility and file a Title V air permit as a synthetic minor in connection the facility's operations. In addition, under the executed Consent Order, the ODEQ and PFTS have agreed that the penalty assessed against PFTS would be \$100,000, with 25% to be paid to the ODEQ and 75% to be in the form of supplemental environmental project at a local fire department. The 25% penalty assessed was paid to the ODEQ on March 9, 2007, with the remaining 75% to be paid by end of March 2007.

On February 24, 2003, M&EC commenced legal proceedings against Bechtel Jacobs Company, LLC, in the chancery court for Knox County, Tennessee, seeking payment from Bechtel Jacobs of approximately \$4.3 million in surcharges relating to certain wastes that were treated by M&EC during 2001 and 2002. M&EC is operating primarily under three subcontracts with Bechtel Jacobs, which were awarded under contracts between Bechtel Jacobs and the U.S. Department of Energy. M&EC and Bechtel Jacobs had been discussing these surcharges under the subcontracts for over a year prior to filing the suit. During 2003, M&EC recognized revenue and recorded a receivable in the amount of \$381,000 related to these surcharges. The revenues generated by M&EC with Bechtel Jacobs represented approximately 7.6%, 16.5%, and 11.4% of our 2006, 2005, and 2004 total revenues, respectively. Since the filing of this lawsuit, Bechtel Jacobs has continued to deliver waste to M&EC for treatment and disposal, and M&EC continues to accept such waste, under the subcontracts, and M&EC and Bechtel Jacobs have entered into an additional contract for M&EC to treat DOE waste. On January 24, 2007, M&EC and Bechtel Jacobs entered into a settlement agreement to resolve this dispute for \$1.5 million. Although we do not believe settlement of this lawsuit will have a material adverse effect on our operations, Bechtel Jacobs could terminate the subcontracts with M&EC for convenience at any time.

In December 2004, PFD was sued under the citizen's suit provisions of the Clean Air Act in the United States District Court for the Southern District of Ohio, Western District, styled Barbara Fisher v. Perma-Fix of Dayton, Inc. The suit alleges violation by PFD of a number of state and federal clean air statutes in connection with the operation of PFD's facility, primarily due to PFD's operating its facility without a Title V air permit. The complaint further alleges that PFD failed to install appropriate air pollution control equipment, conduct appropriate recordkeeping, properly monitor and report, and further alleges that air emissions from PFD's facility injured persons, endangered the health of the public and constituted a nuisance in violation of Ohio law. The action seeks remediation, injunctive relief, imposition of civil penalties, attorney fees, and costs and other forms of relief. On or about May 19, 2006, the U.S. Department of Justice ("DOJ"), on behalf of the EPA, intervened in the case seeking injunctive relief and civil penalties against PFD for alleged violations which parallel certain claims asserted in the citizen's suit, including claims PFD's failure to have obtained, and to have operated its facility without, a Title V air permit, failure to install appropriate air pollution control equipment and conduct appropriate recordkeeping, monitoring and reporting was in violation of the Clean Air Act and applicable regulations. The federal complaint also alleges that PFD failed to respond to a formal request for information from the EPA in a timely manner and requesting civil

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penalties. Potential civil penalties may be up to \$32,500 per day per violation until full compliance. We have retained environmental consultants who have advised us, based on the tests that they have performed, that they do not believe that PFD is a major source of hazardous air pollutants. We have been further advised by counsel that if PFD is not a major source of hazardous air pollutants, PFD would not be required to obtain a Title V air permit and would not have violated the provisions of the Clean Air Act. We intend to vigorously defend ourselves in connection with this matter. Nevertheless, a determination that PFD was a major source of hazardous air pollutants and required to have obtained a Title V air permit in order to operate its facility could have a material adverse effect on us and our liquidity.

19

In addition to the above matters and in the normal course of conducting our business, we are involved in various other 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 affect on our financial position, liquidity or results of future operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS None

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth, as of the date hereof, information concerning our executive officers:

| NAME | AGE | POSITION |
|---------------------------|-----|---|
| Dr. Louis F. Centofanti | 63 | Chairman of the Board, President and Chief Executive Officer |
| Mr. Steven T. Baughman | 48 | Chief Financial Officer, Vice President, and Secretary |
| Mr. Larry McNamara | 57 | Chief Operating Officer |
| Mr. Robert Schreiber, Jr. | 56 | President of SYA, Schreiber, Yonley & Associates, a subsidiary of the Company, and Principal Engineer |

DR. LOUIS F. CENTOFANTI

Dr. Centofanti has served as Chairman of the Board since he joined the Company in February 1991. Dr. Centofanti also served as President and Chief Executive Officer of the Company from February 1991 until September 1995 and again in March 1996 was elected to serve as President and Chief Executive Officer of the Company. From 1985 until joining the Company, Dr. Centofanti served as Senior Vice President of USPCI, Inc., a large hazardous waste management company, where he was responsible for managing the treatment, reclamation and technical groups within USPCI. In 1981 he founded PPM, Inc., a hazardous waste management company specializing in the treatment of PCB contaminated oils, which was subsequently sold to USPCI. From 1978 to 1981, Dr. Centofanti served as Regional Administrator of the U.S. Department of Energy for the southeastern region of the United States. Dr. Centofanti has a Ph.D. and a M.S. in Chemistry from the University of Michigan, and a B.S. in Chemistry from Youngstown State University.

MR. STEVEN T. BAUGHMAN

Mr. Baughman was appointed as Vice President and Chief Financial Officer of the Company by the Company's Board of Directors in May 2006. Mr. Baughman was previously employed by Waste Management, Inc. from 1994 to 2005, serving in various capacities, including: Vice President Finance, Control and Analysis from

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2001 to 2005, and Vice President, International Controller from 1999 to 2001. Mr. Baughman has BS degrees in Accounting and Finance from Miami University (Ohio), and is a Certified Public Accountant.

MR. LARRY MCNAMARA

Mr. McNamara has served as Chief Operating Officer since October 2005. From October 2000 to October 2005, he served as President of the Nuclear Waste Management Services segment. From December 1998 to October 2000, he served as Vice President of the Company's Nuclear Waste Management Services Segment. Between 1997 and 1998, he served as Mixed Waste Program Manager for Waste Control Specialists (WCS) developing plans for the WCS mixed waste processing facilities, identifying markets and directing proposal activities. Between 1995 and 1996, Mr. McNamara was the single point of contact for the DOD to all state and federal regulators for issues related to disposal of Low Level Radioactive Waste and served on various National Committees and advisory groups. Mr. McNamara served, from 1992 to 1995, as Chief of the Department of Defense Low Level Radioactive Waste office. Between 1986 and 1992, he served as the Chief of Planning for the Department of Army overseeing project management and program policy for the Army program. Mr. McNamara has a B.S. from the University of Iowa.

20

MR. ROBERT SCHREIBER, JR.

Mr. Schreiber has served as President of SYA since the Company acquired the environmental engineering firm in 1992. Mr. Schreiber co-founded the predecessor of SYA, Lafser & Schreiber in 1985, and served in several executive roles in the firm until our acquisition of SYA. From 1978 to 1985, Mr. Schreiber served as Director of Air programs and all environmental programs for the Missouri Department of Natural Resources. Mr. Schreiber provides technical expertise in wide range of areas including the cement industry, environmental regulations and air pollution control. Mr. Schreiber has a B.S. in Chemical Engineering from the University of Missouri - Columbia.

RESIGNATION OF CHIEF FINANCIAL OFFICER

On March 23, 2006, Mr. Richard T. Kelecy tendered his resignation as Chief Financial Officer, Vice President, and Secretary of the Board of Directors of the Company. Mr. Kelecy's resignation from his positions and as an executive officer became effective as of April 5, 2006. Mr. Kelecy continued as a part time employee, to assist the Company in its transition, until September 2006.

RESIGNATION OF INTERIM CHIEF FINANCIAL OFFICER

Mr. David Hansen, was appointed by the Company's Board of Directors to serve as Interim Chief Financial Officer from May 4 to May 15 upon resignation of Mr. Richard T. Kelecy. Mr. Hansen had been with the Company since October 1995, and served in various capacities within the company, including Vice President Corporate Controller/Treasurer. Mr. Hansen resigned from the Company effective June 2, 2006 and remained as a part time employee through August 2006.

CERTAIN RELATIONSHIPS

There are no family relationships between any of our Directors or executive officers. Dr. Centofanti is the only Director who is our employee.

21

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our Common Stock, is traded on the NASDAQ Capital Markets ("NASDAQ") and the Boston Stock Exchange ("BSE") under the symbol "PESI" on both NASDAQ and BSE. The following table sets forth the high and low market trade prices quoted for the Common Stock during the periods shown. The source of such quotations and information is the NASDAQ online trading history reports.

| | | 2006 | | 2005 | |
|--------------|-------------|---------|---------|---------|---------|
| | | Low | High | Low | High |
| Common Stock | 1st Quarter | \$ 1.31 | \$ 2.15 | \$ 1.54 | \$ 1.98 |
| | 2nd Quarter | 1.70 | 2.20 | 1.58 | 2.00 |
| | 3rd Quarter | 2.01 | 2.60 | 1.74 | 3.00 |
| | 4th Quarter | 1.90 | 2.40 | 1.50 | 2.49 |

As of March 9, 2007, there were approximately 238 stockholders of record of our Common Stock, including brokerage firms and/or clearing houses holding shares of our Common Stock for their clientele (with each brokerage house and/or clearing house being considered as one holder). However, the total number of beneficial stockholders as of March 9, 2007, was approximately 3,793.

Since our inception, we have not paid any cash dividends on our Common Stock and have no dividend policy. Our loan agreement prohibits paying any cash dividends on our Common Stock without prior approval from the lender. We do not anticipate paying cash dividends on our outstanding Common Stock in the foreseeable future.

No sales of unregistered securities, other than the securities sold by us during 2006, as reported in our Forms 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006, which were not registered under the Securities Act of 1933, as amended, were issued during 2006. There were no purchases made by us or behalf of us or any of our affiliated members of shares of our Common Stock during the last quarter of 2006.

22

COMMON STOCK PRICE PERFORMANCE GRAPH

The following Common Stock price performance graph compares the yearly change in the Company's cumulative total stockholders' returns on the Common Stock during the years 2002 through 2006, with the cumulative total return of the NASDAQ Market Index and the published industry index prepared by Hemscott and known as Hemscott Industry Group 637-Waste Management Index ("Industry Index") assuming the investment of \$100 on January 1, 2002.

The stockholder returns shown on the graph below are not necessarily indicative of future performance, and we will not make or endorse any predications as to future stockholder returns.

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------------------|--------|-------|--------|--------|--------|--------|
| PERMA-FIX ENVIRONMENTAL SERVICES, INC | 100.00 | 96.15 | 119.62 | 69.58 | 64.23 | 89.23 |
| HEMSCOTT GROUP INDEX | 100.00 | 79.76 | 103.29 | 105.28 | 111.29 | 137.50 |
| NASDAQ MARKET INDEX | 100.00 | 69.75 | 104.88 | 113.70 | 116.19 | 128.12 |

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Assumes \$100 invested in the Company on January 1, 2002, the Industry Index and the NASDAQ Market Index, and the reinvestment of dividends. The above five-year Cumulative Total Return Graph shall not be deemed to be "soliciting material" or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference by any general statement incorporating by reference this Form 10-K into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 (collectively, the "Acts"), except to the extent that the Company specifically incorporates this information by reference, and shall not be deemed to be soliciting material or to be filed under such Acts.

23

ITEM 6. SELECTED FINANCIAL DATA

The financial data included in this table has been derived from our audited consolidated financial statements, which have been audited by BDO Seidman, LLP. Certain prior year amounts have been reclassified to conform with current year presentations. Additionally, revenues and income (loss) from discontinued operations have been reclassified from continuing operations. Amounts are in thousands, except for per share amounts.

STATEMENT OF OPERATIONS DATA:

| | 2006(1) | 2005 | 2004(2) | 2003 | 2002 |
|--|-----------|-----------|-----------|-----------|-----------|
| Revenues | \$ 87,929 | \$ 90,866 | \$ 82,483 | \$ 79,153 | \$ 77,153 |
| Income (loss) from continuing operations | 4,362 | 3,069 | (9,577) | 3,644 | 3,644 |
| Income (loss) from discontinued operations | 349 | 670 | (9,784) | (526) | (526) |
| Net income (loss) | 4,711 | 3,739 | (19,361) | 3,118 | 3,118 |
| Preferred Stock dividends | -- | (156) | (190) | (189) | (189) |
| Net income (loss) applicable to Common Stock | 4,711 | 3,583 | (19,551) | 2,929 | 2,929 |
| Income (loss) per common share - Basic | | | | | |
| Continuing operations | .09 | .07 | (.24) | .10 | .10 |
| Discontinued operations | .01 | .01 | (.24) | (.02) | (.02) |
| Net income (loss) per share | .10 | .08 | (.48) | .08 | .08 |
| Income (loss) per common share - Diluted | | | | | |
| Continuing operations | .09 | .07 | (.24) | .09 | .09 |
| Discontinued operations | .01 | .01 | (.24) | (.01) | (.01) |
| Net income (loss) per share | .10 | .08 | (.48) | .08 | .08 |
| Basic number of shares used in computing net income (loss) per share | 48,157 | 42,605 | 40,478 | 34,982 | 34,982 |
| Diluted number of shares and potential common shares used in computing net income (loss) per share | 48,768 | 44,804 | 40,478 | 39,436 | 39,436 |

BALANCE SHEET DATA:

| | December 31, | | | | |
|--|--------------|------|------|------|------|
| | 2006 | 2005 | 2004 | 2003 | 2002 |

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| | | | | | |
|-------------------------------|-----------|----------|----------|----------|----|
| Working capital (deficit) | \$ 12,810 | \$ 5,916 | \$ (497) | \$ 4,159 | \$ |
| Total assets | 105,997 | 98,525 | 100,455 | 110,215 | 10 |
| Current and long-term debt | 8,329 | 13,375 | 18,956 | 29,088 | 3 |
| Total liabilities | 40,259 | 50,087 | 56,922 | 58,488 | 5 |
| Preferred Stock of subsidiary | 1,285 | 1,285 | 1,285 | 1,285 | |
| Stockholders' equity | 64,453 | 47,153 | 42,248 | 50,442 | 4 |

- (1) Includes recognized stock option expense of \$338,000 pursuant to the adoption of SFAS 123R which became effective January 1, 2006.
- (2) Includes financial data of PFMD and PFP as acquired during 2004 and accounted for using the purchase method of accounting in which the results of operations are reported from the date of acquisition, March 23, 2004.

24

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained within this "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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"). See "Special Note regarding Forward-Looking Statements" contained in this report.

Management's discussion and analysis is based, among other things, upon our audited consolidated financial statements and includes our accounts and the accounts of our wholly-owned subsidiaries, after elimination of all significant intercompany balances and transactions.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the notes thereto included in Item 8 of this report.

OVERVIEW

We reported revenue of \$87,929,000 and net income applicable to Common Stock of \$4,711,000 for the year ended December 31, 2006. The results were achieved during a transitional year for us administratively, beginning with the resignation of our Chief Financial Officer and followed by the relocation of our Corporate office from Gainesville, Florida to Atlanta, Georgia. Operationally, our Nuclear segment continued to grow and maintain profitability, while we continued to evaluate all aspects of our Industrial segments to improve profitability. Our Nuclear segment continues to grow year over year, improving revenue to \$49,423,000 in 2006, an increase of \$2,178,000 over 2005, and profitability, with 2006 segment profit of \$12,452,000, an increase of \$2,311,000 over 2005 segment profit of \$10,141,000. The backlog of stored waste within the Nuclear segment was reduced to \$12,492,000 at December 31, 2006, down from \$16,374,000 in 2005, reflecting our emphasis on improved processing and disposal. The Industrial segment continued to sustain losses in 2006. Our emphasis in 2006 was to review contracts and revenue streams and replace those that were not profitable with more profitable ones. The revenue of our Industrial segment was \$35,148,000, a decrease of \$5,620,000 from 2005, but our gross profit increased by \$856,000 to \$7,483,000. The Industrial segment incurred significant legal fees in 2006, as we continue our efforts to resolve environmental and compliance issues. This had a negative impact on our Industrial segment profit, which decreased by \$201,000 from 2005 to 2006. We are heavily dependent on the Nuclear segment for our overall profitability and continue to evaluate and improve the operations of the Industrial segment. We

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continue to strengthen our balance sheet and improve our liquidity position. Additional paid in capital increased by \$10,800,000, consisting of \$12,661,000 from the exercise of warrants, options, and other stock transactions, offset by the retirement of our treasury stock of \$1,861,000. This improved our working capital on December 31, 2006 to \$12,810,000, an increase of \$6,894,000 from 2005. We were also able to reduce our long term debt balance at year end by \$5,046,000 from December 31, 2005. Our revolving credit line with PNC Bank has been reduced from \$2,447,000 at December 31, 2005 to zero at December 31, 2006, and our borrowing availability under our revolving credit facility was a record \$14,461,000 at the end of the year based on eligible receivables.

We have entered into a letter of intent to acquire Nuvotec USA, Inc. ("Nuvotec") and its wholly owned subsidiary, Pacific EcoSolutions, Inc. ("PEcoS"). PEcoS is a hazardous waste, low level radioactive waste and mixed waste (containing both hazardous waste and low level radioactive waste) management company based in Richard, Washington, adjacent to the DOE's Hanford facility. See "Acquisition - Letter of Intent" of this Management's Discussion and Analysis for a discussion of the proposed terms of the proposed acquisition and the revenues of PEcoS during its fiscal year 2006.

25

RESULTS OF OPERATIONS

The reporting of financial results and pertinent discussions are tailored to three reportable segments: Industrial Waste Management Services ("Industrial"), Nuclear Waste Management Services ("Nuclear") and Consulting Engineering Services ("Engineering").

Below are the results of operations for our years ended December 31, 2006, 2005, and 2004 (amounts in thousands):

| (Consolidated) | 2006 | % | 2005 | % | 2004 |
|--|-----------|-------|-----------|-------|-----------|
| Net Revenues | \$ 87,929 | 100.0 | \$ 90,866 | 100.0 | \$ 82,483 |
| Cost of goods sold | 58,719 | 66.8 | 65,470 | 72.1 | 58,770 |
| Gross Profit | 29,210 | 33.2 | 25,396 | 27.9 | 23,713 |
| Selling, general and administrative | 22,949 | 26.1 | 20,443 | 22.5 | 18,461 |
| Loss (gain) on disposal/impairment of property and equipment | 28 | -- | (334) | (.4) | 994 |
| Impairment loss on intangible assets | -- | -- | -- | -- | 9,002 |
| Income (loss) from operations | 6,233 | 7.1 | 5,287 | 5.8 | (4,744) |
| Interest income | 285 | .3 | 133 | .1 | 3 |
| Interest expense | (1,346) | (1.5) | (1,594) | (1.8) | (2,020) |
| Interest expense - financing fees | (193) | (.2) | (318) | (.3) | (2,191) |
| Other | (110) | (.1) | (7) | -- | (456) |
| Income (loss) from continuing operations before taxes | 4,869 | 5.6 | 3,501 | 3.8 | (9,408) |
| Income taxes | 507 | .6 | 432 | .5 | 169 |
| Income (loss) from continuing operations | 4,362 | 5.0 | 3,069 | 3.3 | (9,577) |
| Preferred Stock dividends | -- | -- | (156) | (.2) | (190) |

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SUMMARY - YEARS ENDED DECEMBER 31, 2006 AND 2005

Net Revenue

Consolidated revenues decreased for the year ended December 31, 2006, compared to the year ended December 31, 2005, as follows:

| (In thousands) | 2006 | % | 2005 | % | Change |
|-------------------------|------------------|--------------|------------------|--------------|-------------------|
| | | Revenue | | Revenue | |
| Nuclear | | | | | |
| Bechtel Jacobs | \$ 6,705 | 7.6 | \$ 14,940 | 16.5 | \$ (8,235) |
| LATA/Parallax | 10,341 | 11.8 | -- | -- | 10,341 |
| Government waste | 16,180 | 18.4 | 14,615 | 16.1 | 1,565 |
| Hazardous/non-hazardous | 3,343 | 3.8 | 4,308 | 4.7 | (965) |
| Other nuclear waste | 12,854 | 14.6 | 13,382 | 14.7 | (528) |
| Total | 49,423 | 56.2 | 47,245 | 52.0 | 2,178 |
| Industrial | | | | | |
| Commercial waste | 25,534 | 29.0 | 31,768 | 35.0 | (6,234) |
| Government services | 4,338 | 5.0 | 4,344 | 4.8 | (6) |
| Oil Sales | 5,276 | 6.0 | 4,656 | 5.1 | 620 |
| Total | 35,148 | 40.0 | 40,768 | 44.9 | (5,620) |
| Engineering | 3,358 | 3.8 | 2,853 | 3.1 | 505 |
| Total | \$ 87,929 | 100.0 | \$ 90,866 | 100.0 | \$ (2,937) |

26

Nuclear segment revenue for the year ended December 31, 2006 improved over 2005 by 4.6% of consolidated revenue or \$2,178,000. Revenue of our Nuclear segment under contracts with Bechtel Jacobs is decreasing as projects at Oak Ridge are near completion and as a result of certain other projects with the federal government in which we have been issued subcontracts previously managed by Bechtel Jacobs being assumed by Latax/Parallax. 2006 revenues of our Nuclear segment include approximately \$1.1 million recognized as a result of a settlement of a lawsuit in connection with a dispute over surcharges from waste treated in 2003. While this settlement was finalized in January 2007, it was estimatable and probable as of December 31, 2006. This amount did not exceed contract costs through December 31, 2006 and no contingencies existed in regards to this matter at year-end. Waste received directly from the government increased as government volume normally varies year over year due to funding, volume, and other factors. Hazardous and non hazardous revenue was down reflecting the completion of a special event soil project from existing industrial customers in 2005 which did not repeat in 2006. See "Known Trends and Uncertainties - Significant Customers" later in this Management's Discussion and Analysis for further discussion on our revenues and contracts with the government and their contractors. The backlog of stored waste at December 31,

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2006 was \$12,492,000 compared to \$16,374,000 at December 2005. Waste receipts were consistent with 2005, but the backlog reflects increases in processing and disposal for the year. Waste backlog will continue to fluctuate in 2007 depending on the complexity of waste streams and the timing of receipts and processing of materials. The high levels of backlog material continue to position the segment well from future processing revenue prospective. Revenue from our Industrial Segment fell by 13.8% of consolidated revenue compared to 2005. Commercial waste revenue was down primarily due to the loss of our contract with a national home improvement chain, which accounted for \$4.4 million of this reduction, with the remaining due to our efforts to eliminate non-profitable revenue streams and pursue more profitable ones. This lost revenue was slightly offset by increased oil sales which accounted for 6.0% of consolidated revenue, up from 5.1%. Revenue from government services stayed relatively flat with 2005 though one contract expired in late 2006 and will not likely be renewed. The impact of this will reduce revenue but improve profits. The Engineering segment experienced an increase in revenue in 2006 as a result of a special event project.

Cost of Goods Sold

Cost of goods sold decreased \$6,751,000 for the year ended December 31, 2006, as compared to the year ended December 31, 2005, as follows:

| (In thousands) | 2006 | % Revenue | 2005 | % Revenue | Change |
|----------------|------------------|-------------|------------------|-------------|-------------------|
| Nuclear | \$ 28,493 | 57.7 | \$ 29,144 | 61.7 | \$ (651) |
| Industrial | 27,665 | 78.7 | 34,142 | 83.7 | (6,477) |
| Engineering | 2,561 | 76.3 | 2,184 | 76.6 | 377 |
| Total | \$ 58,719 | 66.8 | \$ 65,470 | 72.1 | \$ (6,751) |

The Nuclear segment's cost of sales for the year ending December 31, 2006 were down slightly from 2005 despite increased revenue. Transportation and disposal costs were down due to increased government revenue, where disposal and transportation costs are often paid for by the customer. In addition, we recognized all costs related to the Bechtel Jacobs surcharge settlement when they were incurred, and therefore we did not have any costs in the current year related to \$1,119,000 in revenue in 2006. The decrease in the Industrial segment is primarily the result of lower revenue as efforts were made during the year to streamline operations to focus on more profitable revenue streams and to operate more regionally, thus cutting both disposal, transportation and other related expenses. The decrease also reflects the elimination of the adverse affect of oil contamination to one of our waste streams in 2005. The Engineering segment expense increases reflected increased reimbursable expenses related to the large event project in 2006. Included within cost of goods sold is depreciation and amortization expense of \$4,529,000 and \$4,408,000 for the year ended December 31, 2006 and 2005, respectively, reflecting an increase of \$121,000 over 2005.

27

Gross Profit

Gross profit for the year ended December 31, 2006, increased \$3,814,000 over 2005, as follows:

| (In thousands) | 2006 | % Revenue | 2005 | % Revenue | Change |
|----------------|-----------|-----------|-----------|-----------|----------|
| Nuclear | \$ 20,930 | 42.3 | \$ 18,100 | 38.3 | \$ 2,830 |
| Industrial | 7,483 | 21.3 | 6,627 | 16.3 | 856 |
| Engineering | 797 | 23.7 | 669 | 23.4 | 128 |

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| | | | | | |
|-------|-----------|-------|-----------|-------|----------|
| | ----- | ----- | ----- | ----- | ----- |
| Total | \$ 29,210 | 33.2 | \$ 25,396 | 27.9 | \$ 3,814 |
| | ===== | ===== | ===== | ===== | ===== |

The gross profit for the Nuclear segment increased \$2,830,000 in 2006 over 2005 as we received more government waste, which typically does not require transportation and disposal expense, and produces higher margins. In addition, the surcharge settlement with Bechtel Jacobs did not have any costs of sales, and thus increased the gross margin. Industrial segment gross profit was down due to reduced revenue, but as a percent of revenue the gross margin improved as we continue to eliminate lower margin revenue streams and replace with more profitable revenue. The gross profit of the Engineering segment increased as a result of increased revenue.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses increased for the year ended December 31, 2006, as compared to the corresponding period for 2005, as follows:

| (In thousands) | 2006 | % Revenue | 2005 | % Revenue | Change |
|----------------|-----------|-----------|-----------|-----------|----------|
| ----- | ----- | ----- | ----- | ----- | ----- |
| Administrative | \$ 5,627 | -- | \$ 4,800 | -- | \$ 827 |
| Nuclear | 7,467 | 15.1 | 6,863 | 14.5 | 604 |
| Industrial | 9,309 | 26.5 | 8,307 | 20.4 | 1,002 |
| Engineering | 546 | 16.3 | 473 | 16.6 | 73 |
| ----- | ----- | ----- | ----- | ----- | ----- |
| Total | \$ 22,949 | 26.1 | \$ 20,443 | 22.5 | \$ 2,506 |
| | ===== | ===== | ===== | ===== | ===== |

We experienced an increase in SG&A expenses throughout the company over 2005. The increase in corporate administrative overhead was primarily payroll related. We incurred corporate expenses that were higher than 2005 for management incentives, costs related to expensing of stock options under FAS 123R (see "Note 2 - Stock Based Compensation" of Consolidated Financial Statement), costs related to the relocation of the corporate office and internal costs related to the due diligence of a potential acquisition. The Nuclear segment increased its SG&A expenses to expand its management staff to more effectively bid on new contracts, manage its facilities and increase its efforts towards compliance with corporate policies and regulatory agencies. The increase in the Industrial segment was a result of increased legal fees, totaling \$887,000 as we work to resolve certain legal issues at our facilities, as well as costs, totaling \$559,000 incurred in connection with environmental compliance of the facilities. The costs associated with environmental compliance were a result of our reevaluation and additional provisions made to certain of our environmental reserves. See "Environmental Contingencies" later in this Management's Discussion and Analysis for further discussion on our environmental reserves. The increase in SG&A costs in our Engineering segment were payroll related. Included in SG&A expenses is depreciation and amortization expense of \$329,000 and \$346,000 for the years ended December 31, 2006 and 2005, respectively.

Loss (Gain) on Disposal/Impairment of Property and Equipment

The loss on fixed asset disposal/impairment for the year ended December 31, 2006, was \$28,000, as compared to a gain of \$334,000 for the same period in 2005. The loss for 2006 was attributed mainly to the disposal of idle equipment at various facilities in both the Nuclear and Industrial Segments. The gain for 2005 was principally a result of the sale of property at our facility in Maryland. The sale was for net proceeds of \$695,000 for land and building with a net book value of \$332,000. The resulting gain of \$363,000 was included in income from operations, and was partially offset by losses on disposal of equipment.

Interest Income

Interest income increased \$152,000 for the year ended December 31, 2006, as compared to the 2005. The increase was due to proceeds from warrants and options exercised and employee stock purchase plan proceeds which totaled \$12,079,000. Also, an additional funding of our finite risk insurance policy resulted in additional interest earned for the year. See later in this Management's Discussion and Analysis - "Liquidity and Capital Resources" for further discussion on the finite risk insurance policy.

Interest Expense

Interest expense decreased \$248,000 for the year ended December 31, 2006, as compared to the corresponding period of 2005.

| (In thousands) | 2006 | 2005 | Change | % |
|----------------|----------|----------|----------|--------|
| PNC interest | \$ 728 | \$ 834 | \$ (106) | (12.7) |
| Other | 618 | 760 | (142) | (18.7) |
| Total | \$ 1,346 | \$ 1,594 | \$ (248) | (15.6) |

The decrease in 2006 is principally a result of the overall improvement in our debt position accelerated by the exercise of warrants and options for purchase of 7,106,790 shares of our Common Stock, as well as proceeds from our employee stock purchase plan, which added \$12,079,000 in cash. Reduced borrowing on the revolver, along with diminishing principal on other equipment related loans continues to reduce our interest expenses.

Interest Expense - Financing Fees

Interest expense-financing fees decreased \$125,000 for the year ended December 31, 2006, as compared to the corresponding period of 2005. Expenses in 2006 reflect the amortization of our prepaid financing fee for our term loan which expires in May of 2008. Expense for 2005 includes a fee paid to PNC for the increase in the term note by approximately \$4,400,000 (See "Financing Activities" in this Management Discussion & Analysis). The remaining financing fees are principally associated with the PNC revolving credit and term loan and are amortized to expense over the term of the loan agreements. As of December 31, 2006, the unamortized balance of prepaid financing fees is \$267,000. These prepaid financing fees will be amortized through May 2008 at a rate of \$16,000 per month which approximates the rate using the effective interest method.

Income Tax

See "Note 11" to "Notes to Consolidated Financial Statements" for a reconciliation between taxes at the statutory rate and the provision for income taxes as reported. We have provided a valuation allowance on substantially all of our deferred tax assets. We will continue to monitor the realizability of these net deferred tax assets and will reverse some or all of the valuation allowance as appropriate. In making this determination, we considers a number of factors including whether there is a historical pattern of consistent and significant profitability in combination with our assessment of forecasted profitability in the future periods. Such patterns and forecasts allow us to determine whether our most significant deferred tax assets such as net operating losses will more likely than not be realizable in future years, in whole or in part. These deferred tax assets in particular will require us to generate

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significant taxable income in the applicable jurisdictions in future years in order to recognize their economic benefits. At this point, we do not believe that we have enough positive evidence to conclude that some or all of the valuation allowance on deferred tax assets should be reversed. However, facts and circumstances could change in future years and at such point we will reverse the allowance as appropriate. For the years ended December 31, 2006 and 2005, we had approximately \$83,000 and \$50,000, respectively, in federal income tax expense, as a result of a 100% valuation allowance against the deferred tax asset and our alternative minimum tax liability at December 31, 2006, and \$424,000 and \$382,000, respectively, in state income taxes primarily for our subsidiary, M&EC, in Oak Ridge, Tennessee.

29

SUMMARY - YEARS ENDED DECEMBER 31, 2005 AND 2004

Net Revenue

Consolidated revenues increased for the year ended December 31, 2005, compared to the year ended December 31, 2004, as follows:

| (In thousands) | 2005 | % Revenue | 2004 | % Revenue | Change |
|-------------------------|-----------|--------------|-----------|--------------|----------|
| ----- | ----- | ----- | ----- | ----- | ----- |
| Nuclear | | | | | |
| ----- | | | | | |
| Bechtel Jacobs | \$ 14,940 | 16.5 | \$ 9,405 | 11.4 | \$ 5,535 |
| LATA/Parallax | -- | -- | -- | -- | -- |
| Government waste | 14,615 | 16.1 | \$ 16,533 | 20.0 | (1,918) |
| Hazardous/non-hazardous | 4,308 | 4.7 | 3,895 | 4.7 | 413 |
| Other nuclear waste | 13,382 | 14.7 | 12,846 | 15.6 | 536 |
| | ----- | ----- | ----- | ----- | ----- |
| Total | 47,245 | 52.0 | 42,679 | 51.7 | 4,566 |
| Industrial | | | | | |
| ----- | | | | | |
| Commercial waste | 31,768 | 35.0 | 28,496 | 34.6 | 3,272 |
| Government services | 4,344 | 4.8 | 5,853 | 7.1 | (1,509) |
| Oil Sale | 4,656 | 5.1 | 2,251 | 2.7 | 2,405 |
| | ----- | ----- | ----- | ----- | ----- |
| Total | 40,768 | 44.9 | 36,600 | 44.4 | 4,168 |
| Engineering | 2,853 | 3.1 | 3,204 | 3.9 | (351) |
| | ----- | | | | |