

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____

Commission file number: 0-52577

FUTUREFUEL CORP.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

20-3340900
(IRS Employer Identification No.)

8235 Forsyth Blvd., Suite 400
St. Louis, Missouri 63105
(Address of Principal Executive Offices)

(314) 854-8385
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 10, 2015: 43,722,388

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

The following sets forth our unaudited consolidated balance sheet as at June 30, 2015, our audited consolidated balance sheet as at December 31, 2014, our unaudited consolidated statements of operations and comprehensive income for the three-month and six-month periods ended June 30, 2015 and June 30, 2014, and our unaudited consolidated statements of cash flows for the six-month periods ended June 30, 2015 and June 30, 2014.

FutureFuel Corp.
Consolidated Balance Sheets
As of June 30, 2015 and December 31, 2014
(Dollars in thousands)

	(Unaudited) June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$ 142,359	\$ 124,079
Accounts receivable, inclusive of federal \$1.00 per gallon blenders' tax credit ("BTC") of \$0 and \$28,954, net of allowances for bad debt of \$0 and \$0 at June 30, 2015 and December 31, 2014, respectively	19,651	50,135
Accounts receivable – related parties	5,131	1,173
Inventory	55,988	45,353
Income tax receivable	17,729	19,716
Prepaid expenses	946	1,670
Prepaid expenses – related parties	23	-
Marketable securities	85,943	87,720
Deferred financing costs	144	-
Other current assets	1,282	1,619
Total current assets	<u>329,196</u>	<u>331,465</u>
Property, plant and equipment, net	126,735	127,371
Intangible assets	1,408	-
Deferred financing costs	541	-
Other assets	2,861	2,652
Total noncurrent assets	<u>131,545</u>	<u>130,023</u>
Total Assets	<u>\$ 460,741</u>	<u>\$ 461,488</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 30,211	\$ 30,386
Accounts payable – related parties	2,191	2,912
Current deferred income tax liability	3,895	11,003
Deferred revenue – short-term	2,185	1,940
Contingent liability – short-term	1,151	1,151
Accrued expenses and other current liabilities	6,369	4,649
Accrued expenses and other current liabilities – related parties	313	46
Total current liabilities	<u>46,315</u>	<u>52,087</u>
Deferred revenue – long-term	16,412	15,927
Other noncurrent liabilities	3,362	4,024
Noncurrent deferred income tax liability	29,917	30,441
Total noncurrent liabilities	<u>49,691</u>	<u>50,392</u>
Total liabilities	<u>96,006</u>	<u>102,479</u>
Commitments and contingencies:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.0001 par value, 75,000,000 shares authorized, 43,722,388 issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	4	4
Accumulated other comprehensive income	2,376	4,259
Additional paid in capital	278,584	277,652
Retained earnings	83,771	77,094
Total stockholders' equity	<u>364,735</u>	<u>359,009</u>
Total Liabilities and Stockholders' Equity	<u>\$ 460,741</u>	<u>\$ 461,488</u>

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

FutureFuel Corp.
Consolidated Statements of Operations and Comprehensive Income
For the Three Months Ended June 30, 2015 and 2014
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three months ended June 30:	
	2015	2014 As reclassified
Revenues	\$ 78,690	\$ 66,933
Revenues – related parties	25,908	1,106
Cost of goods sold	96,900	47,865
Cost of goods sold – related parties	1,063	12,610
Distribution	986	907
Distribution – related parties	105	79
Gross profit	<u>5,544</u>	<u>6,578</u>
Selling, general, and administrative expenses		
Compensation expense	1,059	855
Other expense	572	536
Related party expense	66	147
Research and development expenses	670	869
	<u>2,367</u>	<u>2,407</u>
Income from operations	<u>3,177</u>	<u>4,171</u>
Interest and dividend income	1,405	1,567
Interest expense	(43)	(7)
Gain on marketable securities	451	2,949
Other expense	(78)	(64)
	<u>1,735</u>	<u>4,445</u>
Income before income taxes	4,912	8,616
Provision for income taxes	1,119	3,269
Net income	<u>\$ 3,793</u>	<u>\$ 5,347</u>
Earnings per common share		
Basic	\$ 0.09	\$ 0.12
Diluted	\$ 0.09	\$ 0.12
Weighted average shares outstanding		
Basic	43,420,923	43,352,836
Diluted	43,428,733	43,550,129
Comprehensive Income		
Net income	\$ 3,793	\$ 5,347
Other comprehensive (loss)/income from unrealized net losses/gains on available-for-sale securities, net of tax of \$(799) in 2015 and of \$1,597 in 2014	(1,282)	2,511
Comprehensive income	<u>\$ 2,511</u>	<u>\$ 7,858</u>

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

FutureFuel Corp.
Consolidated Statements of Operations and Comprehensive Income
For the Six Months Ended June 30, 2015 and 2014
(Dollars in thousands, except per share amounts)
(Unaudited)

	Six months ended June 30:	
	2015	2014 As reclassified
Revenues	\$ 128,505	\$ 147,236
Revenues – related parties	30,180	3,000
Cost of goods sold	135,210	98,952
Cost of goods sold – related parties	2,807	33,123
Distribution	1,634	1,791
Distribution – related parties	176	190
Gross profit	<u>18,858</u>	<u>16,180</u>
Selling, general, and administrative expenses		
Compensation expense	2,212	1,609
Other expense	1,181	1,167
Related party expense	126	211
Research and development expenses	1,385	1,571
	<u>4,904</u>	<u>4,558</u>
Income from operations	<u>13,954</u>	<u>11,622</u>
Interest and dividend income	2,672	3,937
Interest expense	(49)	(13)
Gain on marketable securities	1,471	2,900
Other income (expense)	(122)	166
	<u>3,972</u>	<u>6,990</u>
Income before income taxes	17,926	18,612
Provision for income taxes	6,002	6,991
Net income	<u>\$ 11,924</u>	<u>\$ 11,621</u>
Earnings per common share		
Basic	\$ 0.27	\$ 0.27
Diluted	\$ 0.27	\$ 0.27
Weighted average shares outstanding		
Basic	43,396,789	43,348,195
Diluted	43,405,641	43,471,880
Comprehensive Income		
Net income	\$ 11,924	\$ 11,621
Other comprehensive income (loss) from unrealized net losses on available-for-sale securities, net of tax of \$(1,174) in 2015 and of \$1,088 in 2014	(1,883)	1,747
Comprehensive income	<u>\$ 10,041</u>	<u>\$ 13,368</u>

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

FutureFuel Corp.
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2015 and 2014
(Dollars in thousands)
(Unaudited)

	Six months ended	
	June 30:	
	2015	2014
Cash flows provided by operating activities		
Net income	\$ 11,924	\$ 11,621
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,872	4,527
Amortization of deferred financing costs	36	-
Benefit for deferred income taxes	(6,458)	(1,469)
Change in fair value of derivative instruments	5,423	1,966
Other than temporary impairment of marketable securities	186	-
Impairment of fixed assets	-	247
Gain on the sale of investments	(1,657)	(2,900)
Stock based compensation	954	204
Losses on disposals of fixed assets	122	4
Noncash interest expense	13	13
Changes in operating assets and liabilities:		
Accounts receivable	30,484	7,589
Accounts receivable – related parties	(3,958)	1,938
Inventory	(10,635)	(25,177)
Income tax receivable	1,987	(1,029)
Prepaid expenses	724	1,052
Prepaid expenses – related party	(23)	-
Accrued interest on marketable securities	(73)	15
Other assets	(207)	(110)
Accounts payable	(175)	(2,902)
Accounts payable – related parties	(721)	5,961
Accrued expenses and other current liabilities	1,720	(202)
Accrued expenses and other current liabilities – related parties	267	60
Deferred revenue	730	1,434
Other noncurrent liabilities	(675)	-
Net cash provided by operating activities	<u>34,860</u>	<u>2,842</u>
Cash flows from investing activities		
Collateralization of derivative instruments	(5,013)	(3,337)
Purchase of marketable securities	(25,819)	(18,247)
Proceeds from the sale of marketable securities	26,010	32,945
Expenditures for intangible assets	(1,408)	-
Capital expenditures	(4,360)	(5,715)
Net cash (used in)/provided by investing activities	<u>(10,590)</u>	<u>5,646</u>
Cash flows from financing activities		
Minimum tax withholding on stock options exercised	(22)	(54)
Excess tax benefits associated with stock options	-	89
Deferred financing costs	(721)	-
Payment of dividends	(5,247)	(10,434)
Net cash used in financing activities	<u>(5,990)</u>	<u>(10,399)</u>
Net change in cash and cash equivalents	18,280	(1,911)
Cash and cash equivalents at beginning of period	124,079	86,463
Cash and cash equivalents at end of period	<u>\$ 142,359</u>	<u>\$ 84,552</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ 11,147</u>	<u>\$ 7,000</u>

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

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

1) NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Organization

FutureFuel Corp. (“FutureFuel”), through its wholly-owned subsidiary, FutureFuel Chemical Company (“FutureFuel Chemical”), owns and operates a chemical production facility located on approximately 2,200 acres of land six miles southeast of Batesville in north central Arkansas fronting the White River (the “Batesville Plant”). FutureFuel Chemical manufactures diversified chemical products, biobased products comprised of biofuels, and biobased specialty chemical products. FutureFuel Chemical’s operations are reported in two segments: chemicals and biofuels.

The chemicals segment manufactures a diversified listing of chemical products that are sold to third party customers. The majority of the revenues from the chemical segment are derived from the custom manufacturing of specialty chemicals for specific customers.

The biofuels business segment primarily produces and sells biodiesel. FutureFuel Chemical Company also sells petrodiesel in blends with our biodiesel and, from time to time, with no biodiesel added. Finally, FutureFuel is a shipper of refined petroleum products on common carrier pipelines and buys and sells petroleum products to maintain an active shipper status on these pipelines.

Basis of Presentation

The accompanying consolidated financial statements have been prepared by FutureFuel in accordance and consistent with the accounting policies stated in FutureFuel’s 2014 audited consolidated financial statements and should be read in conjunction with the 2014 audited consolidated financial statements of FutureFuel.

In the opinion of FutureFuel, all normal recurring adjustments necessary for a fair presentation have been included in the unaudited consolidated financial statements. The unaudited consolidated financial statements have been prepared in compliance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) accounting principles generally accepted in the United States for interim financial information and with instructions to Form 10-Q adopted by the Securities and Exchange Commission (“SEC”). Accordingly, the financial statements do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements, and do include amounts that are based upon management estimates and judgments. Future actual results could differ from such current estimates. The unaudited consolidated financial statements include assets, liabilities, revenues, and expenses of FutureFuel and its wholly owned subsidiaries; namely, FutureFuel Chemical, FFC Grain, L.L.C., FutureFuel Warehouse Company, L.L.C., and Legacy Regional Transport, L.L.C. Intercompany transactions and balances have been eliminated in consolidation.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

2) INVENTORY

The carrying values of inventory were as follows as of:

	June 30, 2015	December 31, 2014
At average cost (approximates current cost)		
Finished goods	\$ 24,184	\$ 25,369
Work in process	2,666	2,391
Raw materials and supplies	34,156	25,935
	<u>61,006</u>	<u>53,695</u>
LIFO reserve	(5,018)	(8,342)
Total inventory	<u>\$ 55,988</u>	<u>\$ 45,353</u>

In determining the LIFO cost of its inventory, FutureFuel relies on certain pricing indices.

In the three months ended June 30, 2015, these index values changed in such a way as to decrease FutureFuel's LIFO cost relative to weighted average cost. As such, FutureFuel recorded an increase in its LIFO reserve of \$345, the offset of which was recorded as an increase to cost of goods sold of \$197 in the biofuels segment and an increase of \$148 in the chemicals segment for the three months ended June 30, 2015. For the three months ended June 30, 2014, FutureFuel recorded an increase in its LIFO reserve of \$500, the offset of which was recorded as an increase to cost of goods sold of \$260 in the biofuels segment and an increase of \$240 in the chemicals segment.

In the six months ended June 30, 2015, these index values changed in such a way as to increase FutureFuel's LIFO cost relative to weighted average cost. As such, FutureFuel recorded a reduction in its LIFO reserve of \$3,324, the offset of which was recorded as a reduction to cost of goods sold of \$2,282 in the biofuels segment and a reduction of \$1,042 in the chemicals segment for the six months ended June 30, 2015. For the six months ended June 30, 2014, FutureFuel recorded an increase in its LIFO reserve of \$732, the offset of which was recorded as an increase to cost of goods sold of \$344 in the biofuels segment and an increase of \$388 in the chemicals segment.

3) DERIVATIVE INSTRUMENTS

FutureFuel is exposed to certain risks relating to its ongoing business operations. Commodity price risk is the primary risk managed by using derivative instruments. Regulated fixed price futures and option contracts are utilized to manage the price risk associated with future purchases of feedstock used in FutureFuel's biodiesel production along with physical feedstock and finished product inventories attributed to this process.

FutureFuel recognizes all derivative instruments as either assets or liabilities at fair value in its consolidated balance sheet. FutureFuel's derivative instruments do not qualify for hedge accounting under the specific guidelines of ASC 815-20-25, *Derivatives and Hedging, Hedging-General, Recognition*. While management believes these instruments are entered into in order to effectively manage various risks, none of the derivative instruments are designated and accounted for as hedges primarily as a result of the extensive record keeping requirements.

The fair value of FutureFuel's derivative instruments is determined based on the closing prices of the derivative instruments on relevant commodity exchanges at the end of an accounting period. Realized gains and losses on derivative instruments and changes in fair value of the derivative instruments are recorded in the statement of operations as a component of cost of goods sold within the biodiesel segment, and amounted to losses of \$3,056 and \$232 for the three months ended June 30, 2015 and 2014, respectively, and losses of \$2,337 and \$294 for the six months ended June 30, 2015 and 2014, respectively.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

The volumes and carrying values of FutureFuel's derivative instruments were as follows at:

	Asset/(Liability)			
	June 30, 2015		December 31, 2014	
	Quantity (contracts) Short	Fair Value	Quantity (contracts) Short	Fair Value
Regulated options, included in other current assets	(450)	\$ (1,407)	(350)	\$ (794)
Regulated fixed price future commitments, included in other current assets	(175)	\$ (3,946)	(225)	\$ 862

The margin account maintained with a broker to collateralize these derivative instruments carried an account balance of \$6,477 and \$1,464 at June 30, 2015 and December 31, 2014, respectively. The carrying values of the margin account and of the derivative instruments are included, net, in other current assets.

4) MARKETABLE SECURITIES

At June 30, 2015 and December 31, 2014, FutureFuel had investments in certain preferred stock, trust preferred securities, exchange traded debt instruments, and other equity instruments. These investments are classified as current assets in the consolidated balance sheet. FutureFuel has designated these securities as being available-for-sale. Accordingly, they are recorded at fair value, with the unrealized gains and losses, net of taxes, reported as a component of stockholders' equity.

FutureFuel's marketable securities were comprised of the following at June 30, 2015 and December 31, 2014:

	June 30, 2015			
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity instruments	\$ 22,584	\$ 2,641	\$ (1,022)	\$ 24,203
Preferred stock	32,715	1,274	(205)	33,784
Trust preferred securities	18,488	1,190	(52)	19,626
Exchange traded debt instruments	8,300	122	(92)	8,330
Total	<u>\$ 82,087</u>	<u>\$ 5,227</u>	<u>\$ (1,371)</u>	<u>\$ 85,943</u>

	December 31, 2014			
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity instruments	\$ 35,062	\$ 5,214	\$ (1,526)	\$ 38,750
Preferred stock	21,660	1,626	-	23,286
Trust preferred securities	18,920	1,285	(1)	20,204
Exchange traded debt instruments	5,292	192	(4)	5,480
Total	<u>\$ 80,934</u>	<u>\$ 8,317</u>	<u>\$ (1,531)</u>	<u>\$ 87,720</u>

The aggregate fair value of instruments with unrealized losses totaled \$23,545 and \$15,688 at June 30, 2015 and December 31, 2014, respectively. As of June 30, 2015 and December 31, 2014, FutureFuel had no investments in marketable securities that were in an unrealized loss position for a greater than 12-month period, respectively.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

5) ACCRUED AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities, including those associated with related parties, consisted of the following at:

	June 30, 2015	December 31, 2014
Accrued employee liabilities	\$ 4,222	\$ 3,227
Accrued property, use, and franchise taxes	1,712	1,340
Other	748	128
Total	<u>\$ 6,682</u>	<u>\$ 4,695</u>

6) BORROWINGS

On April 16, 2015, FutureFuel, with FutureFuel Chemical as borrowers, and certain of FutureFuel's other subsidiaries, as guarantors, entered into a \$150,000,000 secured and committed credit facility with the lenders party thereto, Regions Bank as administrative agent and collateral agent, and PNC Bank, N.A., as syndication agent. The credit facility consists of a five-year revolving credit facility in a dollar amount of up to \$150,000,000, which includes a sublimit of \$30,000,000 for letters of credit and \$15,000,000 for swingline loans (collectively, the "Credit Facility").

The interest rate floats at the following margins over LIBOR or base rate based upon the leverage ratio from time to time:

Consolidated Leverage Ratio	Adjusted LIBOR Rate Loans and Letter of Credit Fee	Base Rate Loans	Commitment Fee
<1.00:1.0	1.25%	0.25%	0.15%
≥1.00:1.0 and <1.50:1.0	1.50%	0.50%	0.20%
≥1.50:1.0 and <2.00:1.0	1.75%	0.75%	0.25%
≥2.00:1.0 and <2.50:1.0	2.00%	1.00%	0.30%
≥2.50 :1.0	2.25%	1.25%	0.35%

The terms of the Credit Facility contain certain covenants and conditions including a maximum consolidated leverage ratio, a minimum consolidated fixed charge coverage ratio, and a minimum liquidity requirement. FutureFuel was in compliance with such covenants as of June 30, 2015.

There were no borrowings under this credit agreement at June 30, 2015 and there were no borrowings under the former credit agreement at December 31, 2014, which terminated on April 16, 2015.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

7) PROVISION FOR INCOME TAXES

The following table summarizes the provision for income taxes.

	Three months ended		Six months ended	
	June 30:		June 30:	
	2015	2014	2015	2014
Provision for income taxes	\$ 1,119	\$ 3,269	\$ 6,002	\$ 6,991
Effective tax rate	22.8%	37.9%	33.5%	37.6%

The effective tax rate for the three and six-month periods ended June 30, 2015 and June 30, 2014 reflect our expected tax rate on reported operating earnings before income tax and reflects the elimination of the small agri-biodiesel producer tax credit and the elimination of the tax credit for increasing research activities. Additionally, the effective tax rate for the three and six-months ended June 30, 2015 reflects changes in estimates concerning FutureFuel's unrecognized tax benefits. FutureFuel's effective tax rate for the three and six-months ended June 30, 2015 is lower than it would have been otherwise. This reduced rate is not expected to continue for the remainder of 2015.

Unrecognized tax benefits totaled \$3,117 and \$2,981 at June 30, 2015 and December 31, 2014, respectively, and was included in other noncurrent liabilities on the balance sheet.

FutureFuel records interest and penalties net as a component of income tax expense. At June 30, 2015 and December 31, 2014, respectively, FutureFuel recorded \$113 and \$46 in accruals for interest and tax penalties.

In the second quarter of 2015, the IRS completed its audit of FutureFuel's 2010 through 2012 amended federal income tax returns. FutureFuel was successful in recovering the benefits previously unrecorded in its financial statements. Also during the second quarter of 2015, FutureFuel received notice of rejection from an administrative law judge in The Arkansas Office of Hearings and Appeals regarding FutureFuel's 2010 through 2012 amended state income tax returns. In connection with these matters, FutureFuel recognized a net income tax benefit of \$695 in the second quarter of 2015 upon the recognition of previously unrecognized net tax benefits.

8) EARNINGS PER SHARE

We compute earnings per share using the two-class method in accordance with Accounting Standards Codification Topic No. 260, "Earnings per Share." The two-class method is an allocation of earnings between the holders of common stock and a company's participating security holders. Our outstanding non-vested shares of restricted stock contain non-forfeitable rights to dividends and, therefore, are considered participating securities for purposes of computing earnings per share pursuant to the two-class method. We had no other participating securities at June 30, 2015 or 2014.

Contingently issuable shares associated with outstanding service-based restricted stock units were not included in the earnings per share calculations for the three-month and six-month periods ended June 30, 2015 or 2014 as the vesting conditions had not been satisfied.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

Basic and diluted earnings per common share were computed as follows:

	For the three months ended June 30:		For the six months ended June 30:	
	2015	2014	2015	2014
Numerator:				
Net income	\$ 3,793	\$ 5,347	\$ 11,924	\$ 11,621
Less: distributed earnings allocated to non-vested restricted stock	(16)	(30)	(37)	(30)
Less: undistributed earnings allocated to non-vested restricted stock	(7)	(1)	(49)	(7)
Numerator for basic earnings per share	\$ 3,770	\$ 5,316	\$ 11,838	\$ 11,584
Effect of dilutive securities:				
Add: undistributed earnings allocated to non-vested restricted stock	7	1	49	7
Less: undistributed earnings reallocated to non-vested restricted stock	(7)	(1)	(49)	(7)
Numerator for diluted earnings per share	\$ 3,770	\$ 5,316	\$ 11,838	\$ 11,584
Denominator:				
Weighted average shares outstanding – basic	43,420,923	43,352,836	43,396,789	43,348,195
Effect of dilutive securities:				
Stock options and other awards	7,810	197,293	8,852	123,685
Weighted average shares outstanding – diluted	43,428,733	43,550,129	43,405,641	43,471,880
Basic earnings per share	\$ 0.09	\$ 0.12	\$ 0.27	\$ 0.27
Diluted earnings per share	\$ 0.09	\$ 0.12	\$ 0.27	\$ 0.27

Certain options to purchase FutureFuel's common stock were not included in the computation of diluted earnings per share for the three and six-months ended June 30, 2015 because they were anti-dilutive in the period. The weighted average number of options excluded on this basis was 100,000 for both the three and six-months ended June 30, 2015. No options to purchase shares of FutureFuel's common stock were excluded from the computation of diluted earnings per share for the three and six-months ended June 30, 2014.

9) SEGMENT INFORMATION

FutureFuel has two reportable segments organized along product lines – chemicals and biofuels.

Chemicals

FutureFuel's chemicals segment manufactures diversified chemical products that are sold externally to third party customers. This segment comprises two components: "custom manufacturing" (manufacturing chemicals for specific customers); and "performance chemicals" (multi-customer specialty chemicals).

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

Biofuels

FutureFuel's biofuels business segment primarily manufactures and markets biodiesel. Biodiesel revenues are generated through the sale of biodiesel to customers through FutureFuel's distribution network at the Batesville Plant, through distribution facilities available at leased oil storage facilities, and through a network of remotely located tanks. Results of the biofuels business segment also reflect the sale of biodiesel blends with petrodiesel, petrodiesel with no biodiesel added, RINs, biodiesel production byproducts, and the purchase and sale of other petroleum products.

Summary of long-lived assets and revenues by geographic area

All of FutureFuel's long-lived assets are located in the U.S.

Most of FutureFuel's sales are transacted with title passing at the time of shipment from the Batesville Plant, although some sales are transacted based on title passing at the delivery point. While many of FutureFuel's chemicals are utilized to manufacture products that are shipped, further processed, and/or consumed throughout the world, the chemical products, with limited exceptions, generally leave the United States only after ownership has transferred from FutureFuel to the customer. Rarely is FutureFuel the exporter of record, never is FutureFuel the importer of record into foreign countries, and FutureFuel is not always aware of the exact quantities of its products that are moved into foreign markets by its customers. FutureFuel does track the addresses of its customers for invoicing purposes and uses this address to determine whether a particular sale is within or without the United States. FutureFuel's revenues attributable to the United States and foreign countries (based upon the billing addresses of its customers) were as follows:

Three months ended:	United States	All Foreign Countries	Total
June 30, 2015	\$ 104,157	\$ 441	\$ 104,598
June 30, 2014	\$ 66,461	\$ 1,578	\$ 68,039
Six months ended:	United States	All Foreign Countries	Total
June 30, 2015	\$ 157,734	\$ 951	\$ 158,685
June 30, 2014	\$ 146,389	\$ 3,847	\$ 150,236

For the three months ended June 30, 2015 and 2014, revenues from Mexico accounted for 0% and 2%, respectively, of total revenues. For the six months ended June 30, 2015 and 2014, revenues from Mexico accounted for 0% and 2% of total revenues, respectively. Other than Mexico, revenues from a single foreign country during the three and six-months ended June 30, 2015 and 2014 did not exceed 1% of total revenues.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

Summary of business by segment

	Three months ended		Six months ended	
	June 30:		June 30:	
	2015	2014	2015	2014
Revenues				
Chemicals	\$ 32,688	\$ 32,609	\$ 66,894	\$ 62,885
Biofuels	71,910	35,430	91,791	87,351
Revenues	<u>\$ 104,598</u>	<u>\$ 68,039</u>	<u>\$ 158,685</u>	<u>\$ 150,236</u>
Segment gross profit				
Chemicals	\$ 10,012	\$ 7,131	\$ 20,865	\$ 16,165
Biofuels	(4,468)	(553)	(2,007)	15
Segment gross margins	5,544	6,578	18,858	16,180
Corporate expenses	(2,367)	(2,407)	(4,904)	(4,558)
Income before interest and taxes	3,177	4,171	13,954	11,622
Interest and other income	1,856	4,516	4,143	7,003
Interest and other expense	(121)	(71)	(171)	(13)
Provision for income taxes	(1,119)	(3,269)	(6,002)	(6,991)
Net income	<u>\$ 3,793</u>	<u>\$ 5,347</u>	<u>\$ 11,924</u>	<u>\$ 11,621</u>

Depreciation is allocated to segment costs of goods sold based on plant usage. The total assets and capital expenditures of FutureFuel have not been allocated to individual segments as large portions of these assets are shared to varying degrees by each segment, causing such an allocation to be of little value.

10) FAIR VALUE MEASUREMENTS

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Fair value accounting pronouncements also include a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of FutureFuel. Unobservable inputs are inputs that reflect FutureFuel's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy is broken down into three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

The following tables provide information by level for assets and liabilities that are measured at fair value, on a recurring basis, at June 30, 2015 and December 31, 2014.

Description	Asset/(Liability)			
	Fair Value at June 30, 2015	Fair Value Measurements Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Derivative instruments	\$ (5,353)	\$ (5,353)	\$ -	\$ -
Preferred stock, trust preferred securities, exchange traded debt instruments, and other equity instruments	\$ 85,943	\$ 85,943	\$ -	\$ -

Description	Asset/(Liability)			
	Fair Value at December 31, 2014	Fair Value Measurements Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Derivative instruments	\$ 68	\$ 68	\$ -	\$ -
Preferred stock, trust preferred securities, exchange traded debt instruments, and other equity instruments	\$ 87,720	\$ 87,720	\$ -	\$ -

11) RECLASSIFICATIONS FROM ACCUMULATED AND OTHER COMPREHENSIVE INCOME:

The following tables summarize changes in accumulated other comprehensive income from unrealized gains and losses on available-for-sale securities in the three months ended June 30, 2015 and 2014.

Changes in Accumulated Other Comprehensive Income
Unrealized Gains and Losses on Available-for-Sale Securities
For the three months ended June 30, 2015 and 2014
(net of tax)

	2015	2014
Balance at March 31	\$ 3,658	\$ 6,672
Other comprehensive loss/(gain) before reclassifications	(1,004)	6,042
Amounts reclassified from accumulated other comprehensive income	(278)	(3,531)
Net current-period other comprehensive (loss)/gain	(1,282)	2,511
Balance at June 30	<u>\$ 2,376</u>	<u>\$ 9,183</u>

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

Changes in Accumulated Other Comprehensive Income
Unrealized Gains and Losses on Available-for-Sale Securities
For the six months ended June 30, 2015 and 2014
(net of tax)

	2015	2014
Balance at December 31	\$ 4,259	\$ 7,436
Other comprehensive (loss)/gain before reclassifications	(977)	5,266
Amounts reclassified from accumulated other comprehensive income	(906)	(3,519)
Net current-period other comprehensive (loss)/gain	(1,883)	1,747
Balance at June 30	<u>\$ 2,376</u>	<u>\$ 9,183</u>

The following tables summarize amounts reclassified from accumulated other comprehensive income in the three and six-months ended June 30, 2015 and 2014:

	Reclassifications from Accumulated		Affected Line Item in
	Other Comprehensive Income		
	Three months	Six months ended	
	ended	June 30, 2015	Statement of Operations
	June 30, 2015	June 30, 2015	
Unrealized gain on available-for-sale securities	\$ 451	\$ 1,471	Gains on marketable securities
Total before tax	451	1,471	
Tax provision	(173)	(565)	
Total reclassifications	<u>\$ 278</u>	<u>\$ 906</u>	
	Three months	Six months ended	
	ended	June 30, 2014	Affected Line Item in
	June 30, 2014	June 30, 2014	Statement of Operations
Unrealized gain on available-for-sale securities	\$ 5,732	\$ 5,713	Gains on marketable securities
Total before tax	5,732	5,713	
Tax provision	(2,201)	(2,194)	
Total reclassifications	<u>\$ 3,531</u>	<u>\$ 3,519</u>	

12) LEGAL MATTERS

From time to time, FutureFuel and its operations are parties to, or targets of, lawsuits, claims, investigations, regulatory matters, and proceedings, which are being handled and defended in the ordinary course of business. While FutureFuel is unable to predict the outcomes of these matters, it does not believe, based upon currently available facts, that the ultimate resolution of any such pending matters will have a material adverse effect on its overall financial condition, results of operations, or cash flows.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

13) RELATED PARTY TRANSACTIONS

FutureFuel enters into transactions with companies affiliated with or controlled by a director and significant shareholder. Revenues, expenses, prepaid amounts, and unpaid amounts related to these transactions are captured in the accompanying consolidated financial statements as related party line items.

Related party revenues are the result of sales of biodiesel, petrodiesel, blends, other petroleum products, and other similar or related products to these related parties.

Related party cost of goods sold and distribution are the result of sales of biodiesel, petrodiesel, blends, and other petroleum products to these related parties along with the associated expense from the purchase of natural gas, storage and terminalling services, and income tax and consulting services by FutureFuel from these related parties.

As previously disclosed, related party costs of goods sold for the three and six-months ended June 30, 2014 have been reclassified from their prior presentation. For revised prior period comparative information, please see Note 19 – “Related party transactions” in the notes to consolidated financial statements in our Form 10-K for the year ended December 31, 2014.

14) RECENTLY ISSUED ACCOUNTING STATEMENTS

In July 2015, the Financial Accounting Standards Board (“FASB”) issued new guidance that requires inventory not measured using either the last in, first out (LIFO) or the retail inventory method to be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation. The new standard will be effective for periods on or after December 15, 2016 and will be applied prospectively. Early adoption is permitted. FutureFuel is evaluating the impact that this new guidance will have on our Consolidated Financial Statements and related Note disclosures.

In April 2015, the FASB issued new guidance related to presentation of debt issue costs. The new standard requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015 with early adoption permitted. FutureFuel adopted this standard early effective April 1, 2015. However, since no borrowings were outstanding against the credit facility at June 30, 2015, FutureFuel has shown the payment of these debt issuance costs as an asset.

In May 2014, the FASB and International Accounting Standards Board jointly issued new principles-based accounting guidance for revenue recognition that will supersede virtually all existing revenue guidance. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. To achieve the core principle, the guidance establishes the following five steps: 1) identify the contract(s) with a customer, 2) identify the performance obligation in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and 5) recognize revenue when (or as) the entity satisfies a performance obligation. The guidance also details the accounting treatment for costs to obtain or fulfill a contract. Lastly, disclosure requirements have been enhanced to provide sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. However, in a July 2015 meeting, the FASB affirmed its proposal to defer the effective date by one year. The provisions of the ASU are to be applied retrospectively; early adoption prior to the original effective date is not permitted. FutureFuel is currently evaluating the impact on its financial position, results of operations, and related disclosures.

Notes to Consolidated Financial Statements of FutureFuel Corp.
(Dollars in thousands, except per share amounts)
(Unaudited)

15) INTANGIBLE ASSET

In April of 2015, FutureFuel acquired additional historical line space on a pipeline for \$1,408. The acquired line space was recorded as an intangible asset with an indefinite life as there was no foreseeable limit on the time period over which it is expected to contribute to cash flows. The carrying value of the asset was \$1,408 and \$0, respectively, as of June 30, 2015 and 2014. The Company will test the intangible asset for impairment in accordance with codification ASC 350-30-35-18 through 35-20.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our consolidated financial statements, including the notes thereto, set forth herein. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements. See "Forward Looking Information" below for additional discussion regarding risks associated with forward-looking statements.

Results of Operations

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Set forth below is a summary of certain financial information for the periods indicated.

(Dollars in thousands other than per share amounts)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Dollar Change	% Change
Revenues	\$ 104,598	\$ 68,039	\$ 36,559	53.7%
Income from operations	\$ 3,177	\$ 4,171	\$ (994)	(23.8%)
Net income	\$ 3,793	\$ 5,347	\$ (1,554)	(29.1%)
Earnings per common share:				
Basic	\$ 0.09	\$ 0.12	\$ (0.03)	(25.0%)
Diluted	\$ 0.09	\$ 0.12	\$ (0.03)	(25.0%)
Capital expenditures and intangibles (net of customer reimbursements and regulatory grants)	\$ 2,651	\$ 2,641	\$ 10	0.4%
Adjusted EBITDA	\$ 9,317	\$ 6,709	\$ 2,608	38.9%

We use adjusted EBITDA as a key operating metric to measure both performance and liquidity. Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is not a substitute for operating income, net income, or cash flow from operating activities (each as determined in accordance with GAAP) as a measure of performance or liquidity. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of results as reported under GAAP. We define adjusted EBITDA as net income before interest, income taxes, depreciation, and amortization expenses, excluding, when applicable, non-cash stock-based compensation expenses, public offering expenses, acquisition-related transaction costs, purchase accounting adjustments, losses on disposal of property and equipment, gains or losses on derivative instruments, and other non-operating income or expenses. Information relating to adjusted EBITDA is provided so that investors have the same data that we employ in assessing the overall operation and liquidity of our business. Our calculation of adjusted EBITDA may be different from similarly titled measures used by other companies; therefore, the results of our calculation are not necessarily comparable to the results of other companies.

Adjusted EBITDA allows our chief operating decision makers to assess the performance and liquidity of our business on a consolidated basis to assess the ability of our operating segments to produce operating cash flow to fund working capital needs, to fund capital expenditures, and to pay dividends. In particular, our management believes that adjusted EBITDA permits a comparative assessment of our operating performance and our liquidity, relative to a performance and liquidity based on GAAP results, while isolating the effects of depreciation and amortization, which may vary among our operating segments without any correlation to their underlying operating performance, and of non-cash stock-based compensation expense, which is a non-cash expense that varies widely among similar companies, and gains and losses on derivative instruments, whose immediate recognition can cause net income to be volatile from period to period due to the timing of the valuation change in the derivative instruments relative to the sale of biofuel.

The following table reconciles adjusted EBITDA with net income, the most directly comparable GAAP performance financial measure.

(Dollars in thousands)

	Three months ended June 30, 2015	Three months ended June 30, 2014
Adjusted EBITDA	\$ 9,317	\$ 6,709
Depreciation and amortization	(2,607)	(2,167)
Non-cash stock-based compensation	(477)	(204)
Interest and dividend income	1,405	1,567
Interest expense	(43)	(7)
Gains/(losses) on disposal of property and equipment	(78)	1
Losses on derivative instruments	(3,056)	(232)
Gain on marketable securities	451	2,949
Income tax expense	(1,119)	(3,269)
Net income	<u>\$ 3,793</u>	<u>\$ 5,347</u>

Revenues

Revenues for the three months ended June 30, 2015 were \$104,598,000 as compared to revenues for the three months ended June 30, 2014 of \$68,039,000, an increase of 54%. Revenues from biofuels were \$71,910,000, an increase of \$36,480,000 from the second quarter of 2014 and accounted for 69% of total revenues in the second quarter of 2015 as compared to 52% in the second quarter of 2014. Revenues from chemicals were \$32,688,000 in the second quarter of 2015, relatively unchanged from the second quarter of 2014 at \$32,609,000 and accounted for 31% of total revenues in the second quarter of 2015 as compared to 48% in the second quarter of 2014. Within the chemicals segment, revenues for the three months ended June 30, 2015 changed as follows compared to the three months ended June 30, 2014: (i) revenues from the proprietary herbicides and associated intermediates increased 75% relative to the revenues recognized in the prior period ; (ii) revenues from an industrial intermediate utilized in the antimicrobial industry and other custom chemicals increased 25%; (iii) revenues from the bleach activator decreased 41% and (iv) revenues from the performance chemicals product group decreased 14%.

Revenue from the bleach activator has historically been the most significant component of our chemicals segment's revenue base, however, it accounted for only 6% of total revenues for the three months ended June 30, 2015 as compared to 16% of total revenues in June 30, 2014. The future volume of and revenues from the bleach activator will depend on consumer demand for powder laundry detergents relative to liquid detergents and the availability of substitute products. Revenues for the bleach activator decreased on reduced volumes in the three months ended June 30, 2015. On March 18, 2015, the primary bleach activator customer sent a notice of termination of our supply contract with that customer effective December 31, 2015. While the termination of our existing supply contract will adversely affect future revenue, discussions with our customer to extend our business relationship beyond that date are ongoing.

With respect to the proprietary herbicide and associated intermediates, sales volume increased 200% for the three months ended June 30, 2015 as compared to the three months ended June 30, 2014. Revenue increased 75% due to product mix. The results for the three months ended June 30, 2014 reflected the phasing out of the legacy proprietary herbicide customer and the ramp up to target production of a replacement herbicide intermediate product.

Revenues from the industrial intermediate utilized in the antimicrobial industry and other custom chemical products increased 25% in the second quarter of 2015 as compared to the second quarter of 2014. Increased sales volumes from increased demand of two existing products primarily accounted for the increase.

Revenues from performance chemicals customers decreased 14% for the second quarter of 2015 as compared to the second quarter of 2014 and accounted for approximately 4% of total revenues for the three months ended June 30, 2015. The decrease was due in part to decreased demand from various customers for three products.

Revenues from biofuels increased \$36,480,000 from the second quarter of 2014 to \$71,910,000 in the second quarter of 2015. Revenues from biofuels benefited in the second quarter of 2015 from the sale of refined petroleum products on common carrier pipelines. Such sales totaled \$28,186,000 and \$784,000 in the three months ended June 30 of 2015 and 2014, respectively. We also experienced a 75% increase in the sales volume of biodiesel and diesel in the second quarter of 2015 as compared to the second quarter of 2014, however, the average selling price was significantly depressed. Reduced regulatory uncertainty associated with the EPA's proposed volumes for biomass-based diesel supported this volume growth for biodiesel, however, margins were depressed by the global declines in fuel prices.

Cost of Goods Sold and Distribution

Total cost of goods sold and distribution for the second quarter of 2015 were \$99,054,000 as compared to \$61,461,000 for the second quarter of 2014, an increase of 61%, which compares to a 54% increase in revenues for the period.

Cost of goods sold and distribution for the three months ended June 30, 2015 for our chemicals segment totaled \$22,676,000 as compared to \$25,478,000 for the three months ended June 30, 2014. On a percentage basis, chemicals segment cost of goods sold and distribution decreased approximately 11% for the three months ended June 30, 2015 compared to the three months ended June 30, 2014. This compares against flat chemical segment revenue for the same comparison periods. This difference was largely the result of product mix and improved yields on two product lines, including the benefit of the new proprietary herbicide plant which had startup problems in the second quarter of 2014.

Cost of goods sold and distribution for the second quarter of 2015 in our biofuels segment were \$76,378,000 as compared to \$35,983,000 for the second quarter of 2014. On a percentage basis, cost of goods sold and distribution increased 112% versus a 103% increase in revenues. The higher increase in cost of goods sold as compared to the change in revenues was attributed to the following: (i) the change in hedging losses incurred during the second quarter of 2015 of \$3,056,000 as compared to \$232,000 in the second quarter of 2014; (ii) a significant amount of RIN inventory existing at the end of the second quarter of 2015 at an average market value of \$0.86 per RIN as compared to fewer RINs held at the end of the second quarter of 2014 at an average market value of \$0.57 per RIN; and (iii) a disproportionate decline in biodiesel prices compared to feedstock prices.

Operating Expenses

Operating expenses were \$2,367,000 and \$2,407,000 in the three months ended June 30, 2015 and 2014, respectively.

Provision for Income Taxes

The effective tax rate for the three months ended June 30, 2015 and June 30, 2014 reflects our expected tax rate on reported operating earnings before income tax and reflects the elimination of the small agri-biodiesel producer tax credit and the elimination of the tax credit for increasing research activities. Additionally, the effective tax rate for the three months ended June 30, 2015 reflects changes in estimates concerning FutureFuel's unrecognized tax benefits. FutureFuel's effective tax rate for the three months ended June 30, 2015 is lower than it would have been otherwise. This reduced rate is not expected to continue for the remainder of 2015.

Net Income

Net income for the quarter ended June 30, 2015 decreased 29% to \$3,793,000 from \$5,347,000 during the same quarter in 2014, due primarily to the (i) losses on derivative instruments and (ii) the increase in RIN inventory in our biofuels segment, which was mitigated by improved margins from the chemicals segment and gains on marketable securities for the current quarter.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Set forth below is a summary of certain financial information for the periods indicated.

(Dollars in thousands other than per share amounts)

	Six months ended June 30, 2015	Six months Ended June 30, 2014	Dollar Change	% Change
Revenues	\$ 158,685	\$ 150,236	\$ 8,449	5.6%
Income from operations	\$ 13,954	\$ 11,622	\$ 2,232	20.1%
Net income	\$ 11,924	\$ 11,621	\$ 303	2.6%
Earnings per common share:				
Basic	\$ 0.27	\$ 0.27	\$ 0.00	0.0%
Diluted	\$ 0.27	\$ 0.27	\$ 0.00	0.0%
Capital expenditures and intangibles (net of customer reimbursements and regulatory grants)	\$ 4,971	\$ 5,119	\$ (148)	(2.9%)
Adjusted EBITDA	\$ 22,153	\$ 16,817	\$ 5,336	31.7%

See the discussion above regarding our use of adjusted EBITDA.

The following table reconciles adjusted EBITDA with net income, the most directly comparable GAAP performance financial measure.

(Dollars in thousands)

	Six months ended June 30, 2015	Six months ended June 30, 2014
Adjusted EBITDA	\$ 22,153	\$ 16,817
Depreciation and amortization	(4,908)	(4,527)
Non-cash stock-based compensation	(954)	(204)
Interest and dividend income	2,672	3,937
Interest expense	(49)	(13)
Loss on disposal of property and equipment	(122)	(4)
Losses on derivative instruments	(2,337)	(294)
Gains on marketable securities	1,471	2,900
Income tax expense	(6,002)	(6,991)
Net income	<u>\$ 11,924</u>	<u>\$ 11,621</u>

The following table reconciles adjusted EBITDA with cash flows from operations, the most directly comparable GAAP liquidity financial measure.

(Dollars in thousands)

	Six months ended June 30, 2015	Six months ended June 30, 2014
Adjusted EBITDA	\$ 22,153	\$ 16,817
Amortization of deferred financing costs	(36)	-
Benefit from deferred income taxes	(6,458)	(1,469)
Impairment of fixed assets	-	247
Interest and dividend income	2,672	3,937
Income tax expense	(6,002)	(6,991)
Losses on derivative instruments	(2,337)	(294)
Change in fair value of derivative instruments	5,423	1,966
Changes in operating assets and liabilities, net	19,445	(11,371)
Net cash provided by operating activities	<u>\$ 34,860</u>	<u>\$ 2,842</u>

Revenues

Revenues for the six months ended June 30, 2015 were \$158,685,000 as compared to revenues for the six months ended June 30, 2014 of \$150,236,000, an increase of 6%. Revenues from biofuels were \$91,791,000, an increase of 5% or \$4,440,000 from the first six months of 2014 and accounted for 58% of total revenues in the first six months of 2015 and 2014. Revenues from chemicals increased 6% and accounted for 42% of total revenues in the first six months of 2015 and 2014. Within the chemicals segment, revenues for the six months ended June 30, 2015 changed as follows compared to the six months ended June 30, 2014: (i) revenues from the proprietary herbicides and associated intermediates increased 97%; (ii) revenues from an industrial intermediate utilized in the antimicrobial industry and other custom chemicals increased 26%; (iii) revenues from the bleach activator decreased 34% and (iv) revenues from the performance chemicals product group decreased 4%.

With respect to the proprietary herbicide and associated intermediates, revenue increased 97% for the six months ended June 30, 2015 as compared to the six months ended June 30, 2014. The results for the six months ended June 30, 2014 reflected the phasing out of the legacy proprietary herbicide customer along with a challenged start for new product production.

Revenues from the industrial intermediate utilized in the antimicrobial industry and other custom chemical products increased 26% in the first six months of 2015 as compared to the first six months of 2014. Increased sales volumes of two existing products accounted for the increase.

Revenue from the bleach activator accounted for 9% of total revenues for the six months ended June 30, 2015 as compared to 15% in the six months ended June 30, 2014. The future volume of and revenues from the bleach activator will depend on consumer demand for powder laundry detergents relative to liquid detergents and the availability of substitute products. Revenues for the bleach activator decreased on reduced volumes in the six months ended June 30, 2015, and our primary bleach activator customer advised us on March 18, 2015 that it would be terminating our supply contract at the end of 2015. Although the termination of our existing supply contract will adversely affect future revenue, discussions with our customer to extend our business relationship beyond that date are ongoing.

Revenues from performance chemicals customers decreased 4% for the first six months of 2015 as compared to the first six months of 2014 and accounted for approximately 6% of total revenues for the six months ended June 30, 2015. The decrease was due in part to reduced demand from various customers for three products which was partially offset by increased demand for two products.

Revenues from biofuels increased to \$91,791,000 in the first six months of 2015 as compared to \$87,351,000 in the first six months of 2014. Revenues from biofuels benefited in part from the sale of refined petroleum products on common carrier pipelines. Such sales totaled \$31,543,000 and \$1,478,000 in the first six months of 2015 and 2014, respectively. This increase was offset by a 2% lower sales volume of biodiesel and diesel in the first six months of 2015 as compared to the first six months of 2014, primarily as a result of reduced overall demand from our major customers and a significant average selling price reduction in the weakened renewable energy market, which tracked a global decline in fuel prices.

Cost of Goods Sold and Distribution

Total cost of goods sold and distribution for the first six months of 2015 were \$139,827,000 as compared to \$134,056,000 for the first six months of 2014, an increase of 4%, which compares to a 6% increase in revenues for the period.

Cost of goods sold and distribution for the six months ended June 30, 2015 for our chemicals segment totaled \$46,029,000 as compared to \$46,720,000 for the six months ended June 30, 2014. On a percentage basis, chemicals segment cost of goods sold and distribution decreased approximately 1% for the six months ended June 30, 2015 compared to the six months ended June 30, 2014. This compares against a 6% increase in chemical segment revenue for the same comparison periods. This difference was largely a result of product mix and the benefit of the new proprietary herbicide plant which had startup problems in the first six months of 2014, and the benefit from adjustments in our inventory carrying value as determined utilizing the LIFO method of inventory accounting. Regarding LIFO, significant deflation from the pricing indices we used resulted in a reduction to cost of goods sold of \$1,042,000 in the 6 months ended June 30, 2015 and resulted in an increase in cost of goods sold of \$388,000 in the 6 months ended June 30, 2014.

Cost of goods sold and distribution for the first six months of 2015 in our biofuels segment were \$93,798,000 as compared to \$87,336,000 for the first six months of 2014. On a percentage basis, cost of goods sold and distribution increased 7% versus a 5% increase in revenues. This change was attributed to i) higher hedging losses in the first half of 2015 of \$2,337,000 as compared to hedging losses of \$294,000 in the first half of 2014 and ii) the significant RIN inventory that was generated in the first half of 2015 and not sold compared to RIN inventory held in the first half of 2014 and not sold. Benefiting cost of goods sold were adjustments in our inventory carrying value as determined utilizing the LIFO method of inventory accounting. Regarding LIFO, significant deflation from the pricing indices we used resulted in a reduction to cost of goods sold of \$2,282,000 in the six months ended June 30, 2015 and resulted in an increase in cost of goods sold of \$344,000 in the six months ended June 30, 2014.

Operating Expenses

Operating expenses increased 8% to \$4,904,000 in the first six months of 2015 from \$4,558,000 in the first six months of 2014. This increase was attributable to stock based compensation granted in May and September during 2014. No stock based compensation has been granted in 2015.

Provision for Income Taxes

The effective tax rate for the six months ended June 30, 2015 and June 30, 2014 reflects our expected tax rate on reported operating earnings before income tax and reflects the elimination of the small agri-biodiesel producer tax credit and the elimination of the tax credit for increasing research activities. Additionally, the effective tax rate for the six months ended June 30, 2015 reflects changes in estimates concerning FutureFuel's unrecognized tax benefits. FutureFuel's effective tax rate for the six months ended June 30, 2015 is lower than it would have been otherwise. This reduced rate is not expected to continue for the remainder of 2015.

Net Income

Net income for the six months ended June 30, 2015 increased 3% to \$11,924,000 from \$11,621,000 during the same period in 2014, due primarily to improved profit in the chemicals segment, and mostly offset by losses on derivative instruments, the increase in RIN inventory in the biofuels segment, reduced gains on marketable securities, and interest income.

Critical Accounting Estimates

Revenue Recognition

For most product sales, revenue is recognized when product is shipped from our facilities and risk of loss and title have passed to the customer, which is in accordance with our customer contracts and the stated shipping terms. Nearly all custom manufactured products are manufactured under written contracts. Performance chemicals and biodiesel are generally sold pursuant to the terms of written purchase orders. In general, customers do not have any rights of return, except for quality disputes. However, all of our products are tested for quality before shipment, and historically returns have been inconsequential. We do not offer rebates or warranties.

Revenue from bill and hold transactions in which a performance obligation exists is recognized when the total performance obligation has been met and title to the product has transferred. Bill and hold transactions for the three months ended June 30, 2015 and 2014 related to specialty chemical customers whereby revenue was recognized in accordance with contractual agreements based upon product being produced and ready for use. These sales were subject to written monthly purchase orders with agreement that production was reasonable. The inventory was custom manufactured and stored at the customer's request and could not be sold to another buyer. Credit and payment terms for bill and hold customers are similar to other specialty chemical customers. Sales revenue under bill and hold arrangements were \$15,216,000 and \$18,204,000 for the six months ended June 30, 2015 and 2014, respectively.

Liquidity and Capital Resources

Our net cash provided by (used in) operating activities, investing activities, and financing activities for the six months ended June 30, 2015 and 2014 are set forth in the following chart.

(Dollars in thousands)

	June 30, 2015	June 30, 2014
Net cash provided by operating activities	\$ 34,860	\$ 2,842
Net cash (used) in/provided by investing activities	\$ (10,590)	\$ 5,646
Net cash used by financing activities	\$ (5,990)	\$ (10,399)

Operating Activities

Cash from operating activities increased from \$2,842,000 of cash provided by operating activities in the first six months of 2014 to \$34,860,000 of cash provided by operating activities in the first six months of 2015. This increase was primarily attributable to the change in our accounts receivable, including accounts receivable from related parties. In the first six months of 2015, the change in accounts receivable, including accounts receivable from related parties, increased cash provided by operating activities by \$26,526,000. In the first six months of 2014, the change in accounts receivable, including accounts receivable from related parties, increased cash from operating activities by \$9,527,000. The decrease in accounts receivable balances in 2015 was primarily related to the cash received for the BTC that was retroactively reinstated in December 2014 to January 1, 2014. The decrease in accounts receivable balances in 2014 was primarily related to the timing and amount of sales made on a common carrier pipeline. Reducing this increase to cash from operating activities was an increase in inventory balances for the first six months of 2015 as compared to the increase in inventory balances for the first six months of 2014. In the first six months of 2015, inventory purchases decreased cash from operating activities by \$10,635,000. In the first six months of 2014, changes in inventory carrying values decreased cash from operating activities by \$25,177,000. The smaller increase in the inventory carrying value in the first six months of 2015 was primarily due to the timing and amount of purchases made on a common carrier pipeline.

Investing Activities

Cash used in investing activities was \$10,590,000 in the first six months of 2015 as compared to cash provided by investing activities in the first six months of 2014 of \$5,646,000. This change was primarily the result of net sales of marketable securities in the first six months of 2015 compared to the first six months of 2014. Such net sales totaled \$14,698,000 in the first six months of 2014 and such net sales totaled \$191,000 in the first six months of 2015. Our capital expenditures and customer reimbursements for capital expenditures are summarized in the following table:

(Dollars in thousands)

	Six months ended June 30, 2015	Six months ended June 30, 2014
Cash paid for capital expenditures and intangibles	\$ 5,768	\$ 5,715
Cash received as reimbursement of capital expenditures	(797)	(596)
Cash paid, net of reimbursement, for capital expenditures	<u>\$ 4,971</u>	<u>\$ 5,119</u>

Financing Activities

Cash used in financing activities decreased from \$10,399,000 for the first six months of 2014 to \$5,990,000 of cash used in financing activities in the first six months of 2015. This change is primarily the result of a decrease in cash used for dividend payments. In the first six months of 2014, dividends paid totaled \$10,434,000. In the first six months of 2015, dividends paid totaled \$5,247,000. Cash used for financing costs for the first six months of 2015 were \$721,000 and no such costs existed in the first six months of 2014.

Credit Facility

Effective April 16, 2015, we entered into a new \$150 million secured committed credit facility with a syndicated group of commercial banks. The loan is a revolving facility the proceeds of which may be used for our working capital, capital expenditures, and general corporate purposes. The facility terminates on April 16, 2020 and replaces a \$50 million asset-based line of credit with a commercial bank that was terminated upon commencement of the new line. See Note 6 – “Borrowing” in the Notes to our condensed consolidated financial statements for additional information regarding our Credit Agreement.

We intend to fund future capital requirements for our businesses from cash flow as well as from existing cash, cash investments, and, if the need should arise, borrowings under our credit facility. We do not believe there will be a need to issue any securities to fund such capital requirements.

Dividends

In the first two quarters of 2015, we paid a regular cash dividend in the amount of \$0.06 per share on our common stock. The regular cash dividend amounted to \$2,623,000 in the first quarter of 2015 and \$2,624,000 in the second quarter of 2015, for aggregate dividend payments of \$5,247,000 in the first six months of 2015.

In the first two quarters of 2014, we paid a regular cash dividend in the amount of \$0.12 per share on our common stock. The regular cash dividend amounted to \$5,201,000 in the first quarter of 2014 and \$5,233,000 in the second quarter of 2014, for aggregate dividend payments of \$10,434,000 in the first six months of 2014.

Capital Management

As a result of our initial equity offering, our subsequent positive operating results, the exercise of warrants, and the issuance of shares in our at-the-market offering, we accumulated excess working capital. Some of this excess working capital has been paid out as special and regular cash dividends. Additionally, regular cash dividends will be paid in 2015, as previously reported. Third parties have not placed significant restrictions on our working capital management decisions.

A significant portion of these funds were held in cash or cash equivalents at multiple financial institutions. In the periods ended June 30, 2015 and December 31, 2014, we also had investments in certain preferred stock, trust preferred securities, exchange traded debt instruments, and other equity instruments. We classify these investments as current assets in the accompanying consolidated balance sheets and designate them as being “available-for-sale.” Accordingly, they are recorded at fair value, with the unrealized gains and losses, net of taxes, reported as a component of stockholders’ equity. The fair value of these preferred stock, trust preferred securities, exchange traded debt instruments, and other equity instruments totaled \$85,943,000 and \$87,720,000 at June 30, 2015 and December 31, 2014, respectively.

Lastly, we maintain depository accounts such as checking accounts, money market accounts, and other similar accounts at selected financial institutions.

Off-Balance Sheet Arrangements

We engage in two types of hedging transactions. First, we hedge our biofuels sales through the purchase and sale of futures contracts and options on futures contracts of energy commodities. This activity was captured on our balance sheet at June 30, 2015 and December 31, 2014. Second, we hedge our biofuels feedstock through the execution of purchase contracts and supply agreements with certain vendors. These hedging transactions are recognized in earnings and were not recorded on our balance sheet at June 30, 2015 or December 31, 2014 as they do not meet the definition of a derivative instrument as defined under accounting principles generally accepted in the U.S. The purchase of biofuels feedstock generally involves two risk components: basis and price. Basis covers any refining or processing required as well as transportation. Price covers the purchases of the actual agricultural commodity. Both basis and price fluctuate over time. A supply agreement with a vendor constitutes a hedge when we have committed to a certain volume of feedstock in a future period and have fixed the basis for that volume.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

In recent years, general economic inflation has not had a material adverse impact on our costs and, as described elsewhere herein, we have passed some price increases along to our customers. However, we are subject to certain market risks as described below.

Market risk represents the potential loss arising from adverse changes in market rates and prices. Commodity price risk is inherent in the chemical and biofuels business both with respect to input (electricity, coal, raw materials, biofuels feedstock, etc.) and output (manufactured chemicals and biofuels).

We seek to mitigate our market risks associated with the manufacturing and sale of chemicals by entering into term sale contracts that include contractual market price adjustment protections to allow changes in market prices of key raw materials to be passed on to the customer. Such price protections are not always obtained, however, and some raw material price risk remains significant.

In order to manage price risk caused by market fluctuations in biofuels prices, we may enter into exchange traded commodity futures and options contracts. We account for these derivative instruments in accordance with ASC 815-20-25, *Derivatives and Hedging, Hedging-General, Recognition*. Under this standard, the accounting for changes in the fair value of a derivative instrument depends upon whether it has been designated as an accounting hedging relationship and, further, on the type of hedging relationship. To qualify for designation as an accounting hedging relationship, specific criteria must be met and appropriate documentation maintained. We had no derivative instruments that qualified under these rules as designated accounting hedges in the first six months of 2015 or 2014. Changes in the fair value of our derivative instruments are recognized at the end of each accounting period and recorded in the statement of operations as a component of cost of goods sold within the biodiesel segment.

Our immediate recognition of derivative instrument gains and losses can cause net income to be volatile from period to period due to the timing of the change in value of the derivative instruments relative to the volume of biofuel being sold. As of June 30, 2015 and December 31, 2014, the fair values of our derivative instruments were a net liability in the amount of \$5,353,000 and a net asset of \$68,000, respectively.

Our gross profit will be impacted by the prices we pay for raw materials and conversion costs (costs incurred in the production of chemicals and biofuels) for which we do not possess contractual market price adjustment protection. These items are principally comprised of crude corn oil and yellow grease and petrodiesel. The availability and price of these items are subject to wide fluctuations due to unpredictable factors such as weather conditions, overall economic conditions, governmental policies, commodity markets, and global supply and demand.

We prepared a sensitivity analysis of our exposure to market risk with respect to key raw materials and conversion costs for which we do not possess contractual market price adjustment protections, based on average prices for the first six months of 2015. We included only those raw materials and conversion costs for which a hypothetical adverse change in price would result in a 1% or greater decrease in gross profit. Assuming that the prices of the associated finished goods could not be increased and assuming no change in quantities sold, a hypothetical 10% change in the average price of the commodity listed below would result in the following change in gross profit.

(Volume and dollars in thousands)

Item	Volume Requirements^(a)	Units	Hypothetical Adverse Change in Price	Decrease in Gross Profit	Percentage Decrease in Gross Profit
Crude corn oil and yellow grease	131,869	LB	10%	\$ 3,653	19.4%
Petrofuels	9,167	GAL	10%	\$ 1,706	9.0%
Methanol	50,607	LB	10%	\$ 962	5.1%
Electricity	50	MWH	10%	\$ 282	1.5%
Natural Gas	673	MCF	10%	\$ 220	1.2%
Coal	24	Ton	10%	\$ 194	1.0%
Sodium methylate	4461	LB	10%	\$ 189	1.0%

- (a) Volume requirements and average price information are based upon volumes used and prices obtained for the six months ended June 30, 2015. Volume requirements may differ materially from these quantities in future years as our business evolves.

We had no borrowings as of June 30, 2015 or December 31, 2014 and, as such, we were not exposed to interest rate risk for those periods. Due to the relative insignificance of transactions denominated in foreign currency, we consider our foreign currency risk to be immaterial.

Item 4. Controls and Procedures.

Under the supervision and with the participation of our chief executive officer and our principal financial officer and other senior management personnel, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e)) under the Securities Exchange Act of 1934, as amended (or the Exchange Act), as of the end of the period covered by this report. Based on that evaluation, our chief executive officer and our principal financial officer have concluded that these disclosure controls and procedures as of June 30, 2015 were effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

There were no changes in our internal control over financial reporting during our last fiscal quarter that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

We are not a party to, nor is any of our property subject to, any material pending legal proceedings, other than ordinary routine litigation incidental to our business. However, from time to time, we may be a party to, or a target of, lawsuits, claims, investigations, and proceedings, including product liability, personal injury, asbestos, patent and intellectual property, commercial, contract, environmental, antitrust, health and safety, and employment matters, which we expect to be handled and defended in the ordinary course of business. While we are unable to predict the outcome of any matters currently pending, we do not believe that the ultimate resolution of any such pending matters will have a material adverse effect on our overall financial condition, results of operations, or cash flows. However, adverse developments could negatively impact earnings or cash flows in future periods.

Item 1A. Risk Factors.

There have been no material changes to the risk factors we previously disclosed in Item 1A of our Form 10-K, Annual Report for the year ended December 31, 2014 filed with the SEC on March 13, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit	Description
10.3	Amendment to Commodity Trading Advisor Agreement dated as of June 1, 2015 between FutureFuel Chemical Company and Apex Oil Company, Inc.
10.20	Credit Agreement (incorporated by reference to Exhibit 10.20 to form 10-Q filed May 11, 2015)
10.21	Pledge & Security Agreement (incorporated by reference to Exhibit 10.21 to form 10-Q filed May 11, 2015)
11.	Statement re Computation of per Share Earnings
31(a).	Rule 13a-15(e)/15d-15(e) Certification of chief executive officer
31(b).	Rule 13a-15(e)/15d-15(e) Certification of chief principal officer
32.	Section 1350 Certification of chief executive officer and principal financial officer
101	Interactive Data Files**
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation
**	Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Special Note Regarding Forward Looking Information

This report, and the documents incorporated by reference into this report, contain forward-looking statements. Forward-looking statements deal with our current plans, intentions, beliefs, and expectations, and statements of future economic performance. Statements containing such terms as “believe,” “do not believe,” “plan,” “expect,” “intend,” “estimate,” “anticipate,” and other phrases of similar meaning are considered to contain uncertainty and are forward-looking statements. In addition, from time to time we or our representatives have made or will make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC, or in press releases, or in oral statements made by or with the approval of one of our authorized executive officers.

These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, those set forth under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in FutureFuel’s Form 10-K Annual Report for the year ended December 31, 2014 and in our future filings made with the SEC. You should not place undue reliance on any forward-looking statements contained in this report which reflect our management’s opinions only as of their respective dates. Except as required by law, we undertake no obligation to revise or publicly release the results of any revisions to forward-looking statements. The risks and uncertainties described in this report and in subsequent filings with the SEC are not the only ones we face. New factors emerge from time to time, and it is not possible for us to predict which will arise. There may be additional risks not presently known to us or that we currently believe are immaterial to our business. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. If any such risks occur, our business, operating results, liquidity, and financial condition could be materially affected in an adverse manner. You should consult any additional disclosures we have made or will make in our reports to the SEC on Forms 10-K, 10-Q, and 8-K, and any amendments thereto. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FUTUREFUEL CORP.

By: /s/ Paul A. Novelly
Paul A. Novelly, Chairman and Chief Executive Officer
Date: August 10, 2015

By: /s/ Rose M. Sparks
Rose M. Sparks, Chief Financial Officer and Principal Financial
Officer
Date: August 10, 2015

**AMENDMENT
TO
COMMODITY TRADING ADVISOR AGREEMENT**

This Amendment to Commodity Trading Advisor Agreement (this "*Amendment*") is made as of the 1st day of April, 2015 between FutureFuel Chemical Company ("*Client*") and Apex Oil Company, Inc. ("*Adviser*").

RECITALS

- A. The parties hereto are parties to that Commodity Trading Advisor Agreement dated as of November 1, 2006 (the "*Primary Agreement*").
- B. Client is a producer of biodiesel.
- C. From time to time, Adviser accommodates Client by purchasing biodiesel from Client and selling it to Client's customers who will not purchase biodiesel from Client solely as a result of certain reporting requirements
- D. Client desires to expand the number of primary employees of Apex who will be performing the services under the Primary Agreement.
- E. The parties desire to amend and modify certain provisions of the Primary Agreement to provide for the changes described above.

AGREEMENT

In consideration of the foregoing, the mutual covenants herein contained and other good and valuable consideration (the receipt, adequacy and sufficiency of which are hereby acknowledged by the parties by their execution hereof), the parties agree as follows.

1. **Amendments to the Primary Agreement.** Effective as of September 1, 2007, the following Section 28 is added to the Primary Agreement.

28. Biodiesel.

28.1. Purchase of Biodiesel. Solely as an accommodation to Client, Adviser agrees to purchase from Client biodiesel and sell such biodiesel to such of Client's customers who do not wish to purchase biodiesel from Client as a result of the operating reporting requirements imposed under the federal Renewable Fuel Standards regulations which became effective September 1, 2007. Client will advise Adviser of such customers and the biodiesel orders of such customers. Client will sell such biodiesel to Adviser at Client's facility in Batesville, Arkansas and Adviser will sell such biodiesel to such customers at Client's facility in Batesville, Arkansas. The purchase price for such biodiesel to Adviser will be the same as Client would otherwise charge to such customers and Adviser will sell such biodiesel to such customers for the same purchase price that it pays to Client.

28.2. Compensation. As compensation for such accommodation as set forth in Section 28.1, Client agrees to pay Adviser's incremental costs in providing such services, but not to exceed \$1,000 per month. In addition, Adviser may retain all RINs associated with such sales.

28.3. Indemnification. Client hereby unconditionally, irrevocably and absolutely agrees to protect, defend, indemnify and hold harmless Adviser and Adviser's past, present, and future officers, directors, shareholders, employees, agents, attorneys, representatives and affiliates, and each of the foregoing's heirs, personal representatives, successors and assigns (collectively the "**Indemnitees**" and individually an "**Indemnitee**"), from any and all manner of actions, suits, debts, sums of money, interest owed, accounts, controversies, agreements, guaranties, promises, undertakings, charges, damages, judgments, executions, obligations and reasonably incurred costs, expenses and fees (including reasonable attorneys' fees and court costs), counterclaims, claims, demands, causes of action, liabilities, losses and amounts paid in settlement incurred, paid or sustained by any of the Indemnitees, in each case in connection with arising out of, based upon, relating to or otherwise involving: (i) Adviser's providing services to Client pursuant to Section 28.1; (ii) any claim that any customer that Adviser sells to under Section 28.1 has with respect to the biodiesel sold to such customer; and (iii) non-payment by any customer for the purchase price of biodiesel sold by Adviser to such customer pursuant to Section 28.1. If any such action, suit or proceeding is commenced against, or any such claim, demand or amount is assessed against, any of the Indemnitees in respect of which any of the Indemnitees proposes to demand indemnification hereunder, Indemnitor is to be notified to that effect with reasonable promptness. The Indemnitee is to control the defense of any such action, and may employ counsel in defense thereof, all at Indemnitor's expense, unless and until Indemnitor satisfies or otherwise settles such action and obtains a release of the Indemnitee from the third party bringing such action, in a form acceptable to the Indemnitee and his counsel. Notwithstanding the above, no Indemnitee is entitled to indemnification hereunder as a result of any Indemnitee's negligence or willful misconduct. All obligations of Indemnitor under this Section 28.3 are payable on demand. Any amounts due and payable hereunder to any Indemnitee by Indemnitor which are not paid within ten days after written demand hereunder from any Indemnitee with an explanation of the amounts demanded, bear interest from the date of such demand at a rate per annum equal to the prime rate (as published in *The Wall Street Journal* from time to time) plus three percent.

28.4 Termination. Either party can terminate this Section 28 upon ten days' prior written notice to the other party. Such termination will not affect the other provisions of this Agreement.

2. **Exhibit A.** The following individuals shall be added as primary employees of Apex who will be performing services under the Primary Agreement: (i) Jared Abert and (ii) John Caito.
 3. **No Other Modifications.** Nothing herein contained in any way impairs the Primary Agreement, or alters, waives, annuls, varies or affects any provision, condition or covenant therein, except as specifically set forth in this Amendment. All other provisions of the Primary Agreement remain in full force and effect.
-

4. **Captions.** Captions contained in this Amendment have been inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Amendment or the intent of any provision hereof.
5. **Counterpart Facsimile Execution.** For purposes of this Amendment, a document (or signature page thereto) signed and transmitted by facsimile machine, telecopier or pdf is to be treated as an original document. The signature of any party thereon, for purposes hereof, is to be considered an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of any party, any facsimile, telecopy or pdf document is to be re-executed in original form by the parties who executed such document.
6. **Counterparts.** This Amendment may be executed by the parties on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the parties notwithstanding that all the parties are not signatories to the same counterpart.
7. **Further Assurances.** The parties will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Amendment.
8. **Governing Law.** The laws governing the Primary Agreement govern this Amendment.
9. **Successors and Assigns.** All provisions of this Amendment are binding upon, inure to the benefit of and are enforceable by or against the parties and their respective heirs, executors, administrators or other legal representatives and permitted successors and assigns.
10. **Third-Party Beneficiary.** This Amendment is solely for the benefit of the parties and their respective successors and assigns, and no other person has any right, benefit, priority or interest under or because of the existence of this Amendment.

FUTUREFUEL CHEMICAL COMPANY

By /s/ Rose M. Sparks
Rose M. Sparks, Chief Financial Officer

APEX OIL COMPANY, INC.

By: /s/ Christopher J. Schmitt
Christopher J. Schmitt, Chief Financial Officer

Exhibit 11
Statement of Computation of Per Share Earnings

We compute earnings per share using the two-class method in accordance with Accounting Standards Codification Topic No. 260, "Earnings Per Share." The two-class method is an allocation of earnings between the holders of common stock and a company's participating security holders. Our outstanding non-vested shares of restricted stock contain non-forfeitable rights to dividends and, therefore, are considered participating securities for purposes of computing earnings per share pursuant to the two-class method. We had no other participating securities at June 30, 2015 or 2014.

Contingently issuable shares associated with outstanding service-based restricted stock units were not included in the earnings per share calculations for the three-month period ended June 30, 2015 as the vesting conditions had not been satisfied.

The composition of basic and diluted earnings per share were as follows:

(Dollars in thousands, except per share amounts)

	For the three months ended		For the six months ended	
	June 30:		June 30:	
	2015	2014	2015	2014
Numerator:				
Net income	\$ 3,793	\$ 5,347	\$ 11,924	\$ 11,621
Less: distributed earnings allocated to non-vested restricted stock	(16)	(30)	(37)	(30)
Less: undistributed earnings allocated to non-vested restricted stock	(7)	(1)	(49)	(7)
Numerator for basic earnings per share	\$ 3,770	\$ 5,316	\$ 11,838	\$ 11,584
Effect of dilutive securities:				
Add: undistributed earnings allocated to non-vested restricted stock	7	1	49	7
Less: undistributed earnings reallocated to non-vested restricted stock	(7)	(1)	(49)	(7)
Numerator for diluted earnings per share	\$ 3,770	\$ 5,316	\$ 11,838	\$ 11,584
Denominator:				
Weighted average shares outstanding – basic	43,420,923	43,352,836	43,396,789	43,348,195
Effect of dilutive securities:				
Stock options and other awards	7,810	197,293	8,852	123,685
Weighted average shares outstanding – diluted	43,428,733	43,550,129	43,405,641	43,471,880
Basic earnings per share	\$ 0.09	\$ 0.12	\$ 0.27	\$ 0.27
Diluted earnings per share	\$ 0.09	\$ 0.12	\$ 0.27	\$ 0.27

Exhibit 31(a)
Certification

I, Paul A. Novelly, certify that:

1. I have reviewed this report on Form 10-Q of FutureFuel Corp. (the “registrant”).
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially effect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 10, 2015

/s/ Paul A. Novelly

Paul A. Novelly, Chairman and Chief Executive
Officer

Exhibit 31(b)
Certification

I, Rose M. Sparks, certify that:

1. I have reviewed this report on Form 10-Q of FutureFuel Corp. (the “registrant”).
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially effect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 10, 2015

/s/ Rose M. Sparks

Rose M. Sparks, Chief Financial Officer and
Principal Financial Officer

Exhibit 32
Certification
Pursuant to 18 U.S.C. §1350,
As Adopted Pursuant to
§906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Future Fuel Corp. (the "*Company*") on Form 10-Q for the period ending June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), the undersigned hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of §13(a) of the Securities Exchange Act of 1934, as amended.

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Paul A. Novelly

Paul A. Novelly,
Chairman and Chief Executive Officer

/s/ Rose M. Sparks

Rose M. Sparks, Chief Financial Officer and
Principal Financial Officer

August 10, 2015

