

The following sets forth our unaudited consolidated balance sheet as at June 30, 2008 and our audited consolidated balance sheet as at December 31, 2007, the unaudited consolidated statements of operations and comprehensive income for the three- and six-month periods ended June 30, 2008 and June 30, 2007, and the unaudited consolidated statements of cash flow for the six-month periods ended June 30, 2008 and June 30, 2007.

**FutureFuel Corp.**  
**Consolidated Balance Sheets**  
**As at June 30, 2008 and December 31, 2007**  
**(Dollars in thousands)**

	(Unaudited) June 30, 2008	December 31, 2007
<b>Assets</b>		
Cash and cash equivalents	\$ 1,584	\$ 54,655
Accounts receivable, net of allowances for doubtful accounts of \$42 at June 30, 2008 and December 31, 2007	22,888	17,514
Inventory	26,302	24,192
Income taxes receivable	304	-
Prepaid expenses	667	1,200
Marketable debt and auction rate securities	69,333	15,086
Other current assets	1,060	541
<b>Total current assets</b>	<u>122,138</u>	<u>113,188</u>
Property, plant and equipment, net	100,973	95,036
Restricted cash and cash equivalents	3,341	3,263
Intangible assets	378	435
Other assets	3,246	4,191
<b>Total noncurrent assets</b>	<u>107,938</u>	<u>102,925</u>
<b>Total Assets</b>	<u>\$ 230,076</u>	<u>\$ 216,113</u>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 12,408	\$ 12,622
Accounts payable – related parties	230	121
Income taxes payable	-	1,231
Current deferred income tax liability	4,378	4,597
Short term contingent consideration	657	197
Accrued expenses and other current liabilities	3,632	3,370
<b>Total current liabilities</b>	<u>21,305</u>	<u>22,138</u>
Long term contingent consideration	1,413	1,989
Deferred revenue	6,749	1,571
Other noncurrent liabilities	1,204	1,126
Noncurrent deferred income tax liability	20,354	19,667
<b>Total noncurrent liabilities</b>	<u>29,720</u>	<u>24,353</u>
<b>Total Liabilities</b>	51,025	46,491
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, 26,700,000 issued and outstanding at June 30, 2008 and 26,700,000 issued and outstanding at December 31, 2007	3	3
Accumulated other comprehensive income	87	58
Additional paid in capital	158,763	158,436
Retained earnings	20,198	11,125
<b>Total stockholders' equity</b>	<u>179,051</u>	<u>169,622</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 230,076</u>	<u>\$ 216,113</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, 2008 and 2007**  
(Dollars in thousands, except per share amounts)  
(Unaudited)

	<b>Three Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Revenues	\$ 49,896	\$ 41,580
Revenues – related parties	-	40
Cost of goods sold	43,720	35,491
Cost of goods sold – related parties	846	83
Distribution	879	464
Gross profit	<u>4,451</u>	<u>5,582</u>
Selling, general and administrative expenses		
Compensation expense	890	444
Formation expense	-	74
Other expense	249	251
Related party expense	66	53
Research and development expenses	1,008	678
	<u>2,213</u>	<u>1,500</u>
Income from operations	<u>2,238</u>	<u>4,082</u>
Interest income	846	877
Interest expense	(5)	(8)
Gain on foreign currency	511	5
Gain on sale of marketable debt securities	83	-
Other expense	-	(68)
	<u>1,435</u>	<u>806</u>
Income before income taxes	3,673	4,888
Provision for income taxes	760	1,981
Net income	<u>\$ 2,913</u>	<u>\$ 2,907</u>
<b>Earnings per common share</b>		
Basic	\$ 0.11	\$ 0.11
Diluted	\$ 0.11	\$ 0.09
<b>Weighted average shares outstanding</b>		
Basic	26,700,000	26,700,000
Diluted	26,735,387	32,045,246
<b>Comprehensive Income</b>		
Net income	\$ 2,913	\$ 2,907
Other comprehensive loss, net of tax benefit of \$14 in 2008	(24)	-
Comprehensive income	<u>\$ 2,889</u>	<u>\$ 2,907</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, 2008 and 2007**  
(Dollars in thousands, except per share amounts)  
(Unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Revenues	\$ 93,116	\$ 79,087
Revenues – related parties	-	40
Cost of goods sold	74,933	75,150
Cost of goods sold – related parties	1,582	83
Distribution	1,568	760
Gross profit	15,033	3,134
Selling, general and administrative expenses		
Compensation expense	1,328	761
Formation expense	-	74
Other expense	553	705
Related party expense	104	83
Research and development expenses	1,964	1,669
	3,949	3,292
Income (loss) from operations	11,084	(158)
Interest income	1,616	1,819
Interest expense	(11)	(13)
Gain on foreign currency	381	5
Gain on sale of marketable debt securities	83	-
Other income (expense)	6	(68)
	2,075	1,743
Income before income taxes	13,159	1,585
Provision for income taxes	4,086	718
Net income	\$ 9,073	\$ 867
<b>Earnings per common share</b>		
Basic	\$ 0.34	\$ 0.03
Diluted	\$ 0.34	\$ 0.03
<b>Weighted average shares outstanding</b>		
Basic	26,700,000	26,700,000
Diluted	26,717,693	32,037,968
<b>Comprehensive Income</b>		
Net income	\$ 9,073	\$ 867
Other comprehensive income, net of tax of \$18 in 2008	29	-
Comprehensive income	\$ 9,102	\$ 867

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, 2008 and 2007**  
**(Dollars in thousands)**  
**(Unaudited)**

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Cash flows provide by operating activities		
Net income	\$ 9,073	\$ 867
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,743	2,127
Provision for deferred income taxes	461	349
Change in fair value of derivative instruments	274	946
Accretion of the discount of marketable debt securities	(90)	-
Losses on disposals of fixed assets	10	112
Stock based compensation	327	-
Noncash interest expense	11	11
Changes in operating assets and liabilities:		
Accounts receivable	(5,374)	2,565
Inventory	(2,866)	1,508
Income taxes receivable	(304)	(853)
Prepaid expenses	533	661
Accrued interest on marketable debt securities	(296)	-
Other assets	945	(305)
Accounts payable	(214)	1,623
Accounts payable – related parties	109	68
Income taxes payable	(1,231)	(1,916)
Accrued expenses and other current liabilities	262	423
Accrued expenses and other current liabilities – related parties	-	(40)
Deferred revenue	5,178	-
Other noncurrent liabilities	56	190
Net cash provided by operating activities	<u>9,607</u>	<u>8,336</u>
Cash flows used in investing activities		
Restricted cash	(78)	(74)
Collateralization of derivative instruments	(793)	1,444
Purchase of marketable securities	(24,992)	-
Proceeds from the sale of marketable securities	30,080	-
Purchase of auction rate securities, net	(58,900)	-
Proceeds from the sale of fixed assets	8	-
Contingent purchase price payment	(117)	(59)
Capital expenditures	(7,886)	(9,806)
Net cash used in investing activities	<u>(62,678)</u>	<u>(8,495)</u>
Cash flows used in financing activities		
Financing fee	-	(50)
Net cash used in financing activities	<u>-</u>	<u>(50)</u>
Net change in cash and cash equivalents	(53,071)	(209)
Cash and cash equivalents at beginning of period	54,655	63,129
Cash and cash equivalents at end of period	<u>\$ 1,584</u>	<u>\$ 62,920</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ 3</u>
Cash paid for taxes	<u>\$ 5,103</u>	<u>\$ 2,992</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

*FutureFuel Corp.*

Viceroy Acquisition Corporation (“Viceroy”) was incorporated under the laws of the state of Delaware on August 12, 2005 to serve as a vehicle for the acquisition by way of asset acquisition, merger, capital stock exchange, share purchase or similar transaction of one or more operating businesses in the oil and gas industry. On July 12, 2006 Viceroy completed an equity offering.

On July 21, 2006, Viceroy entered into an acquisition agreement with Eastman Chemical Company (“Eastman Chemical”) to purchase all of the issued and outstanding stock of Eastman SE, Inc. (“Eastman SE”). On October 27, 2006, a special meeting of the shareholders of Viceroy was held and the acquisition of Eastman SE was approved by the shareholders. On October 31, 2006, Viceroy acquired all of the issued and outstanding shares of Eastman SE from Eastman Chemical. Immediately subsequent to the acquisition, Viceroy changed its name to FutureFuel Corp. (“FutureFuel”) and Eastman SE changed its name to FutureFuel Chemical Company (“FutureFuel Chemical”).

*Eastman SE, Inc.*

Eastman SE was incorporated under the laws of the state of Delaware on September 1, 2005 and subsequent thereto operated as a wholly-owned subsidiary of Eastman Chemical through October 31, 2006. Eastman SE was incorporated for purposes of effecting a sale of Eastman Chemical’s manufacturing facility in Batesville, Arkansas (the “Batesville Plant”). Commencing January 1, 2006, Eastman Chemical began transferring the assets associated with the business of the Batesville Plant to Eastman SE.

The Batesville Plant was constructed to produce proprietary photographic chemicals for Eastman Kodak Company (“Eastman Kodak”). Over the years, Eastman Kodak shifted the plant’s focus away from the photographic imaging business to the custom synthesis of fine chemicals and organic chemical intermediates used in a variety of end markets, including paints and coatings, plastics and polymers, pharmaceuticals, food supplements, household detergents and agricultural products.

In 2005, the Batesville Plant began the implementation of a biobased products platform. This includes the production of biofuels (biodiesel, bioethanol and lignin/biomass solid fuels) and biobased specialty chemical products (biobased solvents, chemicals and intermediates). In addition to biobased products, the Batesville Plant continues to manufacture fine chemicals and other organic chemicals.

The accompanying consolidated financial statements have been prepared by FutureFuel in accordance and consistent with the accounting policies stated in FutureFuel’s 2007 audited consolidated financial statements and should be read in conjunction with the 2007 audited consolidated financial statements of FutureFuel. Certain prior year balances have been reclassified to conform with the current year presentation.

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 are presented in conformity with generally accepted accounting principles in the United States and, of necessity, include some 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 subsidiary, FutureFuel Chemical. 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) Inventories

The carrying values of inventory were as follows as of:

	<b>June 30, 2008</b>	<b>December 31, 2007</b>
At first-in, first-out or average cost (approximates current cost)		
Finished goods	\$ 11,059	\$ 8,993
Work in process	1,546	1,091
Raw materials and supplies	16,701	15,670
	<u>29,306</u>	<u>25,754</u>
LIFO reserve	(3,004)	(1,562)
Total inventories	<u>\$ 26,302</u>	<u>\$ 24,192</u>

3) Derivative instruments

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

	<b>Asset/(Liability)</b>			
	<b>June 30, 2008</b>		<b>December 31, 2007</b>	
	<b>Quantity (Contracts) Long/ (Short)</b>	<b>Fair Market Value</b>	<b>Quantity (Contracts) Long/ (Short)</b>	<b>Fair Market Value</b>
Regulated options, included in prepaid expenses and other current assets	(125)	\$ (521)	(100)	\$ (247)

The margin account maintained with a broker to collateralize these derivative instruments carried an account balance of \$1,581 and \$788 at June 30, 2008 and December 31, 2007, respectively, and is classified as other current assets in the consolidated balance sheet. The carrying values of the margin account and of the derivative instruments are included in other current assets and comprise the entire account balance.

4) Marketable debt securities

FutureFuel has made investments in treasury bonds of a certain foreign government. As of June 30, 2008, these marketable debt securities have a maturity date of September 12, 2008. FutureFuel has classified these marketable debt securities as current assets in the accompanying consolidated balance sheet. FutureFuel has designated these securities as being available-for-sale. Accordingly, these securities are carried at fair value, with the unrealized gains and losses, net of taxes, reported as a component of stockholders' equity.

The fair market value of these marketable debt securities, including accrued interest, totaled \$10,349 at June 30, 2008. No such investments were held at December 31, 2007.

At December 31, 2007, FutureFuel had investments in certain U.S. treasury bills and notes. These investments either matured or were sold during the six months ended June 30, 2008. A realized gain of \$83 was recognized by FutureFuel on the sale of these securities.

Additionally, FutureFuel has made investments in certain auction rate securities. As of June 30, 2008, these securities had maturities ranging from August 2016 to November 2047. FutureFuel has classified these instruments as current assets in the accompanying consolidated balance sheet as the issuers of these instruments have either exercised their right to repurchase these instruments or a liquid market still exists for these securities, which allows FutureFuel to exit these positions within a short period of time. FutureFuel anticipates these securities either being sold or repurchased within the next year. Therefore, regardless of their maturity dates, FutureFuel has classified these investments as current. FutureFuel has

**Notes to Consolidated Financial Statements of FutureFuel Corp.**  
**(Dollars in thousands, except per share amounts)**  
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designated these securities as being available-for-sale. Accordingly, these securities are carried at fair value, with unrealized gains and losses, net of taxes, reported as a component of stockholders' equity. No realized gains or losses have been incurred related to these securities through June 30, 2008.

The fair market value of these auction rate securities approximated their par value and, including accrued interest, totaled \$58,984 at June 30, 2008. No auction rate securities were held by FutureFuel at December 31, 2007.

5) Accrued expenses and other current liabilities

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

	<b>June 30, 2008</b>	<b>December 31, 2007</b>
Accrued employee liabilities	\$ 2,170	\$ 1,722
Accrued property, use and franchise taxes	1,396	1,110
Accrued professional fees	30	30
Other	36	508
<b>Total</b>	<b>\$ 3,632</b>	<b>\$ 3,370</b>

6) Borrowings

In March 2007 FutureFuel Chemical entered into a \$50 million credit agreement with a commercial bank. The loan is a revolving facility the proceeds of which may be used for working capital, capital expenditures and the general corporate purposes of FutureFuel Chemical. The facility terminates in March 2010. Advances are made pursuant to a borrowing base comprised of 85% of eligible accounts plus 60% of eligible direct inventory plus 50% of eligible indirect inventory. Advances are secured by a perfected first priority security interest in accounts receivable and inventory. The interest rate floats at certain margins over the London Interbank Offered Rate ("LIBOR") or base rate based upon the leverage ratio from time to time as set forth in the following table.

<b>Leverage Ratio</b>	<b>Base Rate Margin</b>	<b>LIBOR Margin</b>
> 3	-0.55%	1.70%
≥ 2 < 3	-0.70%	1.55%
≥ 1 < 2	-0.85%	1.40%
< 1	-1.00%	1.25%

There is an unused commitment fee of 0.25% per annum. Beginning December 31, 2007, and on the last day of each fiscal quarter thereafter, the ratio of EBITDA to fixed charges may not be less than 1.5:1. Beginning June 30, 2007, the ratio of total funded debt to EBITDA may not exceed 3.50:1, reduced to 3.25:1 at March 31, 2008, June 30, 2008 and September 30, 2008, and then 3:1 thereafter. FutureFuel has guaranteed FutureFuel Chemical's obligations under this credit agreement.

As June 30, 2008, no borrowings were outstanding under this credit facility.

7) Stock based compensation

The board of directors of FutureFuel adopted an omnibus incentive plan which was approved by the shareholders of FutureFuel at its 2007 annual shareholder meeting on June 26, 2007. The purpose of the plan is to:

- Encourage ownership in FutureFuel by key personnel whose long-term employment with or engagement by FutureFuel or its subsidiaries is considered essential to its continued progress and, thereby, encourage recipients to act in FutureFuel's shareholders' interests and share in its success;

**Notes to Consolidated Financial Statements of FutureFuel Corp.**  
**(Dollars in thousands, except per share amounts)**  
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- Encourage such persons to remain in FutureFuel’s employ or in the employ of its subsidiaries; and
- Provide incentives to persons who are not FutureFuel employees to promote FutureFuel’s success.

The plan authorizes FutureFuel to issue stock options (including incentive stock options and nonqualified stock options), stock awards and stock appreciation rights. Eligible participants in the plan include: (i) members of FutureFuel’s board of directors and its executive officers; (ii) regular, active employees of FutureFuel and any of its subsidiaries; and (iii) persons engaged by FutureFuel or any of its subsidiaries to render services to FutureFuel or its subsidiaries as an advisor or consultant.

Awards under the plan are limited to shares of FutureFuel’s common stock, which may be shares acquired by FutureFuel, including shares purchased in the open market, or authorized but un-issued shares. Awards will be limited to 10% of the issued and outstanding shares of FutureFuel’s common stock in the aggregate.

The plan became effective upon its approval by FutureFuel’s shareholders on June 26, 2007 and continues in effect for a term of ten years thereafter unless amended and extended by FutureFuel or unless otherwise terminated.

FutureFuel has adopted Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment* (“SFAS No. 123(R)”) and related interpretations and began recognizing compensation expense in its financial statements for stock based options based upon the grant-date fair value over the requisite service period.

In April 2008, FutureFuel granted a total of 250,000 stock options to members of its board of directors (“Director Options”). Additionally, it granted a total of 55,000 stock options to selected members of its management (“Management Options”). The options awarded have an exercise price equal to the average of the bid and ask price of FutureFuel’s common stock on the date of grant as established in private sales, which the board of directors determined to be the fair market value of such stock on that date. The Director Options vested immediately upon grant. One third of the Management Options vest on each of the annual anniversary dates of the grant. Both the Director Options and the Management Options expire on April 7, 2013. FutureFuel has utilized the Black Scholes Merton option pricing model, which relies on certain assumptions, to estimate the fair value of the options it granted.

The assumptions used in the determination of the fair value of the options granted in April 2008 are provided in the following table:

<b>Assumptions</b>	<b>Director Options</b>	<b>Management Options</b>
Expected volatility rate	46.78%	48.74%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	2.03%	2.26%
Expected forfeiture rate	0.00%	0.00%
Expected term in years	2.50	3.50

The volatility rate for the options granted is derived from the historical stock price volatility of a peer group of companies over the same time period as the expected term of each stock option award. The volatility rate is derived by a mathematical formula utilizing the daily closing stock price data over the expected term. It is FutureFuel’s expectation that volatility rates for future stock option grants will be based on FutureFuel’s historical stock price volatility as FutureFuel develops a lengthier stock trading history.

The expected dividend yield is calculated using FutureFuel’s expected dividend amount over the expected term divided by the fair market value of FutureFuel’s common stock.

The risk-free interest rate is derived from the United States Federal Reserve’s published interest rates of daily yields for the same time period as the expected term.



**Notes to Consolidated Financial Statements of FutureFuel Corp.**  
**(Dollars in thousands, except per share amounts)**  
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SFAS No. 123(R) specifies that only share-based awards expected to vest are to be included in share-based compensation expense. The estimated forfeiture rates are based upon FutureFuel's expected rate of forfeiture and are excluded from the quantity of awards included in share-based compensation expense.

FutureFuel has not historically granted stock options and therefore does not have a historical record of share-based award transactions on which to base an estimate of expected term. FutureFuel has therefore elected to utilize the "simplified" method of estimating expected term as discussed in Staff Accounting Bulletins No. 107 and No. 110.

For the three and six month periods ended June 30, 2008 total share-based compensation expense (before tax) totaled \$327. \$324, \$2 and \$1 of this balance was recorded as an element of selling, general and administrative expense, cost of goods sold and research and development expense, respectively.

A summary of the activity of FutureFuel's stock option awards for 2008 is presented below:

	<b>Options</b>	<b>Weighted-Average Exercise Price</b>
Outstanding at January 1, 2008	-	-
Granted	305,000	\$ 4.00
Exercised	-	-
Cancelled, forfeited or expired	-	-
Outstanding at June 30, 2008	<u>305,000</u>	<u>\$ 4.00</u>
Weighted average remaining contractual life	4.77 years	
Options exercisable at June 30, 2008	250,000	\$ 4.00
Weighted average fair value of the options granted	n/a	\$ 1.31
Available for grant at June 30, 2008	2,365,000	n/a

The following table provides the remaining contractual term and weighted average exercise prices of stock options outstanding and exercisable at June 30, 2008:

	<b>Options Outstanding</b>			<b>Options Exercisable</b>	
	<b>Number Outstanding at June 30, 2008</b>	<b>Weighted-Average Remaining Contractual Life</b>	<b>Weighted-Average Exercise Price</b>	<b>Number Exercisable at June 30, 2008</b>	<b>Weighted-Average Exercise Price</b>
<b>Exercise Price</b>	\$ 4.00	305,000	4.77 years	\$ 4.00	250,000
	305,000	4.77 years	\$ 4.00	250,000	\$ 4.00

The weighted average remaining contractual life of all exercisable options is 4.77 years.

The aggregate intrinsic values of total options outstanding and total options exercisable at June 30, 2008 are \$320 and \$263, respectively. Intrinsic value is the amount by which the last trade price of the common stock closest to June 30, 2008 exceeded the exercise price of the options granted.

For options unvested at June 30, 2008, approximately \$74 in compensation expense will be recognized over the next 3.27 years.

**Notes to Consolidated Financial Statements of FutureFuel Corp.**  
**(Dollars in thousands, except per share amounts)**  
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8) Provision for income taxes

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Provision for income taxes	\$ 760	\$ 1,981	\$ 4,086	\$ 718
Effective tax rate	20.7%	40.5%	31.1%	45.3%

The effective tax rates for the three and six months ended June 30, 2008 and 2007 reflect FutureFuel's expected tax rate on reported operating earnings before income tax.

FutureFuel's unrecognized tax benefits, recorded as an element of other noncurrent liabilities, totaled \$627 and \$559 at June 30, 2008 and December 31, 2007, respectively, the total amount of which, if recognized, would reduce FutureFuel's effective tax rate.

FutureFuel does not expect its unrecognized tax benefits to change significantly over the next 12 months.

FutureFuel records interest and penalties net as a component of income tax expense. FutureFuel had accrued a balance of \$68 and \$0 at June 30, 2008 and December 31, 2007, respectively, for interest or tax penalties.

FutureFuel and its subsidiary, FutureFuel Chemical, file tax returns in the U.S. federal jurisdiction and with various state jurisdictions. FutureFuel was incorporated in 2005 and is subject to U.S., state and local examinations by tax authorities from 2005 forward. FutureFuel Chemical is subject to the effects of tax examinations that may impact the carry-over basis of its assets and liabilities.

9) Earnings per share

The computation of basic and diluted earnings per common share was as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Net income available to common stockholders	\$ 2,913	\$ 2,907	\$ 9,073	\$ 867
Weighted average number of common shares outstanding	26,700,000	26,700,000	26,700,000	26,700,000
Effect of warrants	-	5,345,246	-	5,337,968
Effect of stock options	35,387	-	17,673	-
Weighted average diluted number of common shares outstanding	26,735,387	32,045,246	26,717,673	32,037,968
Basic earnings per share	\$ 0.11	\$ 0.11	\$ 0.34	\$ 0.03
Diluted earnings per share	\$ 0.11	\$ 0.09	\$ 0.34	\$ 0.03

Warrants to purchase 22,500,000 shares of FutureFuel's common stock were not included in the computation of diluted earnings per share for the three and six month periods ended June 30, 2008 as they were anti-dilutive in both periods.

10) Segment information

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

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

*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).

*Biofuels*

FutureFuel's biofuels business segment manufactures and markets biodiesel. Biodiesel revenues are generally derived in one of two ways. Revenues are generated under tolling agreements whereby customers supply key biodiesel feed stocks which FutureFuel then converts into biodiesel at the Batesville Plant in exchange for a fixed price processing charge per gallon of biodiesel produced. Revenues are also generated through the production and sale of biodiesel to customers through FutureFuel's distribution network at the Batesville Plant and through distribution facilities available at a leased oil storage facility near Little Rock, Arkansas at negotiated prices.

*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 for the three months ended June 30, 2008 and 2007 attributable to the United States and foreign countries (based upon the billing addresses of its customers) were as follows:

<b>Three Months Ended</b>	<b>United States</b>	<b>All Foreign Countries</b>	<b>Total</b>
June 30, 2008	\$ 42,260	\$ 7,636	\$ 49,896
June 30, 2007	\$ 35,882	\$ 5,739	\$ 41,620

FutureFuel's revenues for the six months ended June 30, 2008 and 2007 attributable to the United States and foreign countries (based upon the billing addresses of its customers) were as follows:

<b>Six Months Ended</b>	<b>United States</b>	<b>All Foreign Countries</b>	<b>Total</b>
June 30, 2008	\$ 78,665	\$ 14,451	\$ 93,116
June 30, 2007	\$ 68,182	\$ 10,945	\$ 79,127

For the three months ended June 30, 2008 and 2007, revenues from Mexico accounted for 11% and 9%, respectively, of total revenues. For the six months ended June 30, 2008 and 2007, revenues from Mexico accounted for 11% and 11%, respectively, of total revenues. Beginning in the third quarter of 2007, FutureFuel Chemical Company began selling significant quantities of biodiesel to companies in Canada, at which time revenues from Canada became a material component of total revenues. Revenues from Canada accounted for 4% of total revenues for the three- and six-month periods ended June 30, 2008. Other than Mexico and Canada, revenues from a single foreign country during the three and six months ended June 30, 2008 and 2007 did not exceed 2% of total revenues.

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

*Summary of business by segment*

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Revenues</b>				
Chemicals	\$ 33,980	\$ 34,414	\$ 72,696	\$ 70,069
Biofuels	15,916	7,206	20,420	9,058
Revenues	<u>\$ 49,896</u>	<u>\$ 41,620</u>	<u>\$ 93,116</u>	<u>\$ 79,127</u>
<b>Segment gross margins</b>				
Chemicals	\$ 6,997	\$ 5,274	\$ 15,437	\$ 10,721
Biofuels	(2,546)	308	(404)	(7,587)
Segment gross margins	4,451	5,582	15,033	3,134
Corporate expenses	(2,213)	(1,500)	(3,949)	(3,292)
Income (loss) before interest and taxes	2,238	4,082	11,084	(158)
Interest and other income	1,440	882	2,086	1,824
Interest and other expense	(5)	(76)	(11)	(81)
Provision for income taxes	(760)	(1,981)	(4,086)	(718)
Net income (loss)	<u>\$ 2,913</u>	<u>\$ 2,907</u>	<u>\$ 9,073</u>	<u>\$ 867</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.

Gross margin for the biodiesel segment for the six months ended June 30, 2008 was favorably impacted by the receipt of \$2,000 from the State of Arkansas resulting from our biodiesel operating cost grant application under the Arkansas Alternative Fuels Development Program. This funding was attributable to our biodiesel production between January 1, 2007 and December 31, 2007 and was calculated as \$0.20 per gallon of biodiesel produced, capped at \$2,000. Based on the characteristics of the Arkansas Alternative Fuels Development Program and the State funding behind this program, we recognize income in the period funding is received.

11) Fair value measurements

FutureFuel adopted Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*, effective January 1, 2008. Under SFAS No. 157, 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. SFAS No. 157 also establishes 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 table provides information by level for assets and liabilities that are measured at fair value, as defined by SFAS No. 157, on a recurring basis.

<b>Description</b>	<b>Asset/(Liability)</b>			
	<b>Fair Value at June 30, 2008</b>	<b>Fair Value Measurements Using Inputs Considered as</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Available for sale:				
Treasury bonds of a certain foreign government	\$ 10,349	\$ 10,349	\$ -	\$ -
Auction rate securities	\$ 58,984	\$ -	\$ 58,984	\$ -
Derivative instruments	\$ (521)	\$ (521)	\$ -	\$ -