

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

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

	(Unaudited) March 31, 2008	December 31, 2007
Assets		
Cash and cash equivalents	\$ 34,309	\$ 54,655
Accounts receivable, net of allowances of \$42 and \$42, respectively	20,960	17,514
Inventory	28,555	24,192
Prepaid expenses	1,070	1,200
Marketable debt securities	37,103	15,086
Other current assets	1,239	541
Total current assets	<u>123,236</u>	<u>113,188</u>
Property, plant and equipment, net	97,444	95,036
Restricted cash and cash equivalents	3,311	3,263
Intangible assets	406	435
Other assets	3,830	4,191
Total noncurrent assets	<u>104,991</u>	<u>102,925</u>
Total Assets	<u>\$ 228,227</u>	<u>\$ 216,113</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 15,278	\$ 12,622
Accounts payable – related parties	50	121
Income taxes payable	2,561	1,231
Short term contingent consideration	277	197
Current deferred income tax liability	4,843	4,597
Accrued expenses and other current liabilities	2,920	3,370
Total current liabilities	<u>25,929</u>	<u>22,138</u>
Long term contingent consideration	1,881	1,989
Deferred revenue	3,453	1,571
Other noncurrent liabilities	1,187	1,126
Noncurrent deferred income taxes	19,942	19,667
Total noncurrent liabilities	<u>26,463</u>	<u>24,353</u>
Total Liabilities	<u>52,392</u>	<u>46,491</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, 26,700,000 issued and outstanding	3	3
Accumulated other comprehensive income	111	58
Additional paid in capital	158,436	158,436
Retained earnings	17,285	11,125
Total stockholders' equity	<u>175,835</u>	<u>169,622</u>
Total Liabilities and Stockholders' Equity	<u>\$ 228,227</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 March 31, 2008 and 2007
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
Revenues	\$ 43,220	\$ 37,506
Cost of goods sold	31,212	39,658
Cost of goods sold – related parties	736	-
Distribution	690	296
Gross profit (loss)	<u>10,582</u>	<u>(2,448)</u>
Selling, general and administrative expenses		
Compensation expense	438	317
Other expense	303	454
Related party expense	38	30
Research and development expenses	956	991
	<u>1,735</u>	<u>1,792</u>
Income (loss) from operations	<u>8,847</u>	<u>(4,240)</u>
Interest income	768	940
Interest expense	(5)	(5)
Loss on foreign currency	(130)	-
Other income	6	-
	<u>639</u>	<u>935</u>
Income (loss) before income taxes	9,486	(3,305)
Provision (benefit) for income taxes	3,326	(1,265)
Net income (loss)	<u>\$ 6,160</u>	<u>\$ (2,040)</u>
Earnings (loss) per common share		
Basic	\$ 0.23	\$ (0.08)
Diluted	\$ 0.23	\$ (0.08)
Weighted average shares outstanding		
Basic	26,700,000	26,700,000
Diluted	26,700,000	26,700,000
Comprehensive Income		
Net income (loss)	\$ 6,160	\$ (2,040)
Other comprehensive income, net of tax of \$32 in 2008	53	-
Comprehensive income (loss)	<u>\$ 6,213</u>	<u>\$ (2,040)</u>

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

FutureFuel Corp.

Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2008 and 2007
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
Cash flows provide by operating activities		
Net income (loss)	\$ 6,160	\$ (2,040)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,295	974
Provision (benefit) for deferred income taxes	488	(1,416)
Change in fair value of derivative instruments	(676)	2,817
Accretion on the discount of marketable debt securities	(83)	-
Losses on disposals of fixed assets	1	44
Noncash interest expense	5	5
Changes in operating assets and liabilities:		
Accounts receivable	(3,446)	3,175
Inventory	(4,363)	4,243
Prepaid expenses	130	320
Accrued interest on marketable debt securities	34	-
Other assets	362	(322)
Accounts payable	2,656	(2,615)
Accounts payable – related parties	(71)	95
Income taxes payable	1,330	(1,371)
Accrued expenses and other current liabilities	(450)	675
Accrued expenses and other current liabilities – related parties	-	23
Deferred revenue	1,882	-
Other noncurrent liabilities	56	190
Net cash provided by operating activities	<u>5,310</u>	<u>4,797</u>
Cash flows provided by (used in) investing activities		
Restricted cash	(48)	(37)
Collateralization of derivative instruments	(22)	(1,071)
Purchase of marketable securities	(31,882)	-
Proceeds from the sale of marketable securities	10,000	-
Contingent purchase price payment	(28)	(13)
Capital expenditures	(3,676)	(4,937)
Net cash used in investing activities	<u>(25,656)</u>	<u>(6,058)</u>
Cash flows provided by (used in) financing activities		
Financing fee	-	(50)
Net cash provided by (used in) financing activities	<u>-</u>	<u>(50)</u>
Net change in cash and cash equivalents	(20,346)	(1,311)
Cash and cash equivalents at beginning of period	54,655	63,129
Cash and cash equivalents at end of period	<u>\$ 34,309</u>	<u>\$ 61,818</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ 1,450</u>	<u>\$ 1,380</u>

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

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.

2) Inventories

The carrying values of inventory were as follows as of:

	March 31, 2008	December 31, 2007
At first-in, first-out or average cost (approximates current cost)		
Finished goods	\$ 11,909	\$ 8,993
Work in process	864	1,091
Raw materials and supplies	17,513	15,670
	<u>30,286</u>	<u>25,754</u>
LIFO reserve	(1,731)	(1,562)
Total inventories	<u>\$ 28,555</u>	<u>\$ 24,192</u>

3) Derivative instruments

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

	Asset/(Liability)			
	March 31, 2008		December 31, 2007	
	Quantity (000 bbls) Long/ (Short)	Fair Market Value	Quantity (000 bbls) Long/ (Short)	Fair Market Value
Regulated fixed price future commitments, included in prepaid expenses and other current assets	(145)	\$ 1,120	-	\$ -
Regulated options, included in prepaid expenses and other current assets	(50)	\$ (691)	(100)	\$ (247)

The margin account maintained with a broker to collateralize these derivative instruments carried an account balance of \$810 and \$788 at March 31, 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 certain U.S. treasury bills and notes. As of March 31, 2008, these marketable debt securities have maturities ranging from April 2008 to August 2009. FutureFuel anticipates these securities being sold or maturing within one year, regardless of the maturity date, and has therefore classified all 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. No realized gains or losses have been incurred related to these securities through March 31, 2008.

The fair market value of these marketable debt securities, including accrued interest, totaled \$20,187 and \$15,086 at March 31, 2008 and December 31, 2007, respectively.

Additionally, FutureFuel has made investments in certain auction rate securities. As of March 31, 2008, these securities had maturities ranging from May 2002 to March 2037. FutureFuel has classified these instruments as current assets in the accompanying consolidated balance sheet as the issuers of these instruments have exercised their right to repurchase these instruments and such repurchases took place in April 2008. FutureFuel has 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 March 31, 2008.

The fair market value of these auction rate securities approximated their par value and, including accrued interest, totaled \$16,916 at March 31, 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:

	March 31, 2008	December 31, 2007
Accrued employee liabilities	\$ 1,238	\$ 1,722
Accrued property, use and franchise taxes	1,396	1,110
Accrued professional fees	30	30
Other	256	508
Total	\$ 2,920	\$ 3,370

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.

Leverage Ratio	Base Rate Margin	LIBOR Margin
> 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 March 31, 2008, no borrowings were outstanding under this credit facility.

7) Provision for income taxes

	For the three months ended March 31,	
	2008	2007
Provision for income taxes	\$ 3,326	\$ (1,265)
Effective tax rate	35.1%	38.3%

The effective tax rates for the three months ended March 31, 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 \$559 at March 31, 2008 and December 31, 2007, 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 \$56 and \$0 at March 31, 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.

8) Earnings per share

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

	March 31, 2008	March 31, 2007
Net income (loss) available to common stockholders	\$ 6,160	\$ (2,040)
Weighted average number of common shares outstanding	26,700,000	26,700,000
Effect of warrants	-	-
Weighted average diluted number of common shares outstanding	26,700,000	26,700,000
Basic earnings per share	\$ 0.23	\$ (0.08)
Diluted earnings per share	\$ 0.23	\$ (0.08)

Warrants to purchase 22,500,000 shares of FutureFuel's common stock were not included in the computation of diluted earnings per share as they were anti-dilutive in both periods presented.

9) Segment information

FutureFuel has determined that it 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).

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 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
March 31, 2008	\$ 36,405	\$ 6,815	\$ 43,220
March 31, 2007	\$ 32,300	\$ 5,206	\$ 37,506

For the three months ended March 31, 2008 and 2007, revenues from Mexico accounted for 11% and 13%, 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 months ended March 31, 2008. Other than Mexico and Canada, revenues from a single foreign country during the three months ended March 31, 2008 and 2007 did not exceed 2% of total revenues.

Summary of business by segment

	March 31, 2008	March 31, 2007
Revenues		
Chemicals	\$ 38,716	\$ 35,654
Biofuels	4,504	1,852
Revenues	<u>\$ 43,220</u>	<u>\$ 37,506</u>
Segment gross margins		
Chemicals	\$ 8,440	\$ 5,447
Biofuels	2,142	(7,895)
Segment gross margins	<u>10,582</u>	<u>(2,448)</u>
Corporate expenses	<u>(1,735)</u>	<u>(1,792)</u>
Income (loss) before interest and taxes	8,847	(4,240)
Interest income	768	940
Interest and other expense	(129)	(5)
Provision for income taxes	<u>(3,326)</u>	<u>1,265</u>
Net income (loss)	<u>\$ 6,160</u>	<u>\$ (2,040)</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 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.

10) 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.

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.

Description	Asset/(Liability)			
	Fair Value at March 31, 2008	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Available for sale:				
U.S. Treasuries	\$ 20,187	\$ 20,187	\$ -	\$ -
Auction rate securities	\$ 16,916	\$ -	\$ 16,916	\$ -
Derivative instruments	\$ (429)	\$ (429)	\$ -	\$ -