FUTUREFUEL CORP.

FORM 10-Q
(Quarterly Report)

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Sector	Energy
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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 September 30, 2017

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	**20-3340900**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

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

(314) 854-8352
(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 ☐ (do not check if a smaller reporting company)	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 November 9, 2017: 43,741,670

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

The following sets forth our unaudited consolidated balance sheet as of September 30, 2017, our audited consolidated balance sheet as of December 31, 2016, our unaudited consolidated statements of operations and comprehensive income for the three-month and nine-month periods ended September 30, 2017 and September 30, 2016, and our unaudited consolidated statements of cash flows for the nine-month periods ended September 30, 2017 and 2016.

FutureFuel Corp.
Consolidated Balance Sheets
As of September 30, 2017 and December 31, 2016
(Dollars in thousands)

	(Unaudited) September 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 113,245	$ 199,272
Accounts receivable, inclusive of the blenders' tax credit of $0 and $5,495 and net of allowances for bad debt of $0 and $0, at September 30, 2017 and December 31, 2016, respectively	21,278	24,359
Accounts receivable – related parties	1,566	385
Inventory	43,523	52,093
Income tax receivable	14,962	20,508
Prepaid expenses	542	1,694
Prepaid expenses – related parties	16	12
Marketable securities	123,588	106,146
Deferred financing costs	144	144
Other current assets	1,467	669
Total current assets	320,331	405,282
Property, plant and equipment, net	111,777	118,152
Intangible assets	1,408	1,408
Deferred financing costs	216	325
Other assets	3,839	3,876
Total noncurrent assets	117,240	123,761
Total Assets	$ 437,571	$ 529,043
Liabilities and Stockholders ’ Equity		
Accounts payable	$ 24,224	$ 22,799
Accounts payable – related parties	4,034	1,254
Deferred revenue – short-term	6,100	5,530
Contingent liability – short-term	1,151	1,151
Dividends payable	2,625	110,688
Accrued expenses and other current liabilities	4,072	2,485
Accrued expenses and other current liabilities – related parties	-	142
Total current liabilities	42,206	144,049
Deferred revenue – long-term	13,002	16,792
Other noncurrent liabilities	3,396	3,325
Noncurrent deferred income tax liability	33,252	32,064
Total noncurrent liabilities	49,650	52,181
Total liabilities	91,856	196,230
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, 43,7 41,670 and 43,749,970, issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	4	4
Accumulated other comprehensive income	8,152	3,540
Additional paid in capital	281,813	281,087
Retained earnings	55,746	48,182
Total stockholders ’ equity	345,715	332,813
Total Liabilities and Stockholders ’ Equity	$ 437,571	$ 529,043

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

FutureFuel Corp.
Consolidated Statements of Operations and Comprehensive Income
For the Three Months and Nine Months Ended September 30, 2017 and 2016
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Revenue	$ 77,106	$ 66,893	$ 198,726	$ 175,939
Revenues – related parties	500	2,413	1,039	7,881
Cost of goods sold	61,088	54,170	165,469	144,446
Cost of goods sold – related parties	9,880	3,384	17,995	6,819
Distribution	1,072	1,306	2,730	2,871
Distribution – related parties	40	127	117	340
Gross profit	5,526	10,319	13,454	29,344
Selling, general, and administrative expenses				
Compensation expense	876	1,228	3,170	3,671
Other expense	477	505	1,562	1,668
Related party expense	38	57	138	146
Research and development expenses	935	688	2,535	2,113
	2,326	2,478	7,405	7,598
Income from operations	3,200	7,841	6,049	21,746
Interest and dividend income	1,965	1,637	5,679	4,446
Interest expense	(43)	(45)	(129)	(130)
Gain/(loss) on marketable securities	26	(322)	(543)	(727)
Other expense	(84)	(111)	(117)	(331)
	1,864	1,159	4,890	3,258
Income before income taxes	5,064	9,000	10,939	25,004
Provision/(benefit) for income taxes	1,730	(3,868)	3,375	(12,657)
Net income	$ 3,334	$ 12,868	$ 7,564	$ 37,661
Earnings per common share				
Basic	$ 0.08	$ 0.29	$ 0.17	$ 0.86
Diluted	$ 0.08	$ 0.29	$ 0.17	$ 0.86
Weighted average shares outstanding				
Basic	43,705,234	43,570,734	43,662,672	43,524,729
Diluted	43,714,753	43,572,997	43,671,420	43,529,423
Comprehensive Income				
Net income	$ 3,334	$ 12,868	$ 7,564	$ 37,661
Other comprehensive income from unrealized net gain on available-for-sale securities	1,006	1,714	7,102	3,741
Income tax effect	(353)	(832)	(2,490)	(1,542)
Total unrealized gain, net of tax	653	882	4,612	2,199
Comprehensive income	$ 3,987	$ 13,750	$ 12,176	$ 39,860

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

FutureFuel Corp.
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2017 and 2016
(Dollars in thousands)
(Unaudited)

	Nine months ended September 30,	
	2017	**2016**
Cash flows provided by operating activities		
Net income	$ 7,564	$ 37,661
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,735	7,960
Amortization of deferred financing costs	109	108
Benefit for deferred income taxes	(1,303)	(9,243)
Change in fair value of derivative instruments	(60)	6,686
Other than temporary impairment of marketable securities	177	2,184
Impairment of fixed assets	28	178
Gain/(loss) on the sale of investments	366	(1,457)
Stock based compensation	878	1,431
Losses on disposals of fixed assets	145	147
Noncash interest expense	20	20
Changes in operating assets and liabilities:		
Accounts receivable	3,081	16,333
Accounts receivable – related parties	(1,181)	(21)
Inventory	8,570	17,009
Income tax receivable	5,546	(1,185)
Prepaid expenses	1,152	1,104
Prepaid expenses – related parties	(4)	35
Accrued interest on marketable securities	22	(84)
Other assets	37	(413)
Accounts payable	1,425	(9,853)
Accounts payable – related parties	2,780	219
Accrued expenses and other current liabilities	1,587	3,565
Accrued expenses and other current liabilities – related parties	(142)	-
Deferred revenue	(3,220)	2,735
Other noncurrent liabilities	128	1,760
Net cash provided by operating activities	36,440	76,879
Cash flows from investing activities		
Collateralization of derivative instruments	(760)	(4,009)
Purchase of marketable securities	(25,795)	(54,096)
Proceeds from the sale of marketable securities	14,913	20,768
Proceeds from the sale of fixed assets	4	-
Capital expenditures	(2,614)	(3,107)
Net cash used in investing activities	(14,252)	(40,444)
Cash flows from financing activities		
Minimum tax withholding on stock options exercised and awards vested	(121)	(59)
Excess tax benefits associated with stock options and awards	(31)	(183)
Payment of dividends	(108,063)	(7,869)
Net cash used in financing activities	(108,215)	(8,111)
Net change in cash and cash equivalents	(86,027)	28,324
Cash and cash equivalents at beginning of period	199,272	154,049
Cash and cash equivalents at end of period	$ 113,245	$ 182,373
Cash paid for interest	$ -	$ 2
Cash paid for income taxes	$ 55	$ 986

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

The biofuels business segment primarily produces and sells biodiesel. FutureFuel Chemical also sells petrodiesel in blends with the company 's biodiesel and, from time to time, with no biodiesel added. Finally, FutureFuel Chemical 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 unaudited consolidated financial statements have been prepared by FutureFuel in accordance and consistent with the accounting policies stated in FutureFuel 's 2016 audited consolidated financial statements and should be read in conjunction with the 2016 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 ("GAAP") 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 GAAP 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.

2) INVENTORY

The carrying values of inventory were as follows as of:

	September 30, 2017	December 31, 2016
At average cost (approximates current cost)		
Finished goods	$ 18,926	$ 27,971
Work in process	2,046	1,913
Raw materials and supplies	30,797	25,127
	51,769	55,011
LIFO reserve	(8,246)	(2,918)
Total inventory	$ 43,523	$ 52,093

(Dollars in thousands, except per share amounts)

Lower of Cost or Market ("LCM") adjustments are recorded as a decrease in inventory values and an increase in cost of goods sold. The inventory is relieved at the LCM adjusted cost basis when sold. There was no LCM adjustment in the three months ended September 30, 2017. In the nine months ended September 30, 2017, there were LCM adjustments of $1,912 of which all impacted inventory was sold prior to September 30, 2017. For the three and nine months ended September 30, 2016, the LCM adjustment was $1,877.

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 sheets. FutureFuel 's derivative instruments do not qualify for hedge accounting under the specific guidelines of ASC 815-20-25, *Derivatives and Hedging* . 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 statements of operations as a component of cost of goods sold, and amounted to a loss of $3,314 and a gain of $803 for the three months ended September 30, 2017 and 2016, respectively, and losses of $1,511 and $5,375 for the nine months ended September 30, 2017 and 2016, respectively.

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

	September 30, 2017		December 31, 2016	
	Number of Contracts Short	Fair Value	Number of Contracts Short	Fair Value
Regulated options, included in other current assets	200	$ (162)	-	$ -
Regulated fixed price future commitments, included in other current assets	182	$ (36)	135	$ (258)

The margin account maintained with a broker to collateralize these derivative instruments carried an account balance of $ 1,518 and $758 at September 30, 2017 and December 31, 2016, respectively, and is classified as other current assets in the consolidated balance sheets. The carrying values of the margin account and of the derivative instruments are included net, in other current assets.

(Dollars in thousands, except per share amounts)

4) MARKETABLE SECURITIES

At September 30, 2017 and December 31, 2016, 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 sheets. 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 September 30, 2017 and December 31, 2016:

	September 30, 2017			
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity instruments	$ 49,815	$ 9,206	$ (916)	$ 58,105
Preferred stock	53,562	4,263	(5)	57,820
Trust preferred securities	3,147	114	-	3,261
Exchange traded debt instruments	4,154	248	-	4,402
Total	$ 110,678	$ 13,831	$ (921)	$ 123,588

	December 31, 2016			
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity instruments	$ 32,667	$ 5,549	$ (304)	$ 37,912
Preferred stock	57,105	1,196	(698)	57,603
Trust preferred securities	3,147	-	(9)	3,138
Exchange traded debt instruments	7,420	99	(26)	7,493
Total	$ 100,339	$ 6,844	$ (1,037)	$ 106,146

The aggregate fair value of instruments with unrealized losses totaled $ 16,854 and $31,126 at September 30, 2017 and December 31, 2016, respectively. As of September 30, 2017 and December 31, 2016, FutureFuel had no investments in marketable securities that were in an unrealized loss position for a greater than 12-month period.

5) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	September 30, 2017	December 31, 2016
Accrued employee liabilities	$ 2,615	$ 864
Accrued property, franchise, motor fuel and other taxes	1,078	1,428
Other	379	335
Total	$ 4,072	$ 2,627

(Dollars in thousands, except per share amounts)

6) BORROWINGS

On April 16, 2015, FutureFuel, with FutureFuel Chemical as the borrower, and certain of FutureFuel 's other subsidiaries, as guarantors, entered into a $150,000 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. On May 25, 2016, FutureFuel increased the credit facility by $15,000. The credit facility consists of a five-year revolving credit facility in a dollar amount of up to $165,000, which includes a sublimit of $30,000 for letters of credit and $15,000 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 September 30, 2017.

There were no borrowings under this credit agreement at September 30, 2017 or December 31, 2016.

7) PROVISION/(BENEFIT) FOR INCOME TAXES

The following table summarizes the provision/(benefit) for income taxes.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Provision/(benefit) for income taxes	$ 1,730	$ (3,868)	$ 3,375	$ (12,657)
Effective tax rate	34.2%	(43.0%)	30.9%	(50.6%)

The effective tax rate for the three months and nine months ended September 30, 2017, reflects our expected tax rate on reported operating income before income tax. Our effective tax rate in the three and nine months ended September 30, 2017, reflects the elimination of certain tax credits and incentives which expired December 31, 2016 and were not in effect for 2017.

(Dollars in thousands, except per share amounts)

The effective tax rate for the three and nine months ended September 30, 2016, reflects our expected tax rate on reported operating earnings before income tax. Our effective tax rate in the three and nine months ended September 30, 2016, reflects the positive effect of the reinstatement of certain tax credits and incentives for 2016. In 2016, these tax credits and incentives formed a large proportion of FutureFuel's net income. This increase in proportion combined with the income tax treatment of the credits and incentives reduced FutureFuel's effective income tax rate in 2016. In addition, during the second quarter of 2016, FutureFuel booked a tax benefit related to the reversal of a state's treatment of the taxability of the tax credits and incentives.

Unrecognized tax benefits totaled $2,052 and $2,056 at September 30, 2017 and December 31, 2016, respectively.

FutureFuel records interest and penalties, net, as a component of income tax expense. At September 30, 2017 and December 31, 2016, FutureFuel recorded $248 and $193, respectively, in accruals for interest or tax penalties.

8) EARNINGS PER SHARE

We compute earnings per share using the two-class method in accordance with ASC 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 September 30, 2017 or 2016.

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 nine-month periods ended September 30, 2017 or 2016 as the vesting conditions had not been satisfied.

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

	For the three months ended September 30,		For the Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Numerator:				
Net income	$ 3,334	$ 12,868	$ 7,564	$ 37,661
Less: distributed earnings allocated to non-vested stock	-	(8)	-	(32)
Less: undistributed earnings allocated to non-vested restricted stock	(3)	(35)	(15)	(131)
Numerator for basic earnings per share	$ 3,331	$ 12,825	$ 7,549	$ 37,498
Effect of dilutive securities:				
Add: undistributed earnings allocated to non-vested restricted stock	3	35	15	131
Less: undistributed earnings reallocated to non-vested restricted stock	(3)	(35)	(15)	(131)
Numerator for diluted earnings per share	$ 3,331	$ 12,825	$ 7,549	$ 37,498
Denominator:				
Weighted average shares outstanding – basic	43,705,234	43,570,734	43,662,672	43,524,729
Effect of dilutive securities:				
Stock options and other awards	9,519	2,263	8,748	4,694
Weighted average shares outstanding – diluted	43,714,753	43,572,997	43,671,420	43,529,423
Basic earnings per share	$ 0.08	$ 0.29	$ 0.17	$ 0.86
Diluted earnings per share	$ 0.08	$ 0.29	$ 0.17	$ 0.86

(Dollars in thousands, except per share amounts)

Certain options to purchase FutureFuel 's common stock were not included in the computation of diluted earnings per share for the three and nine months ended September 30, 2017 and 2016 because they were anti-dilutive in the periods. The weighted average number of options excluded on this basis was 0 and 10,000 for the three and nine-months ended September 30, 2017, respectively. The weighted average number of options excluded on this basis was 30,000 and 76,667 for the three-months and nine-months ended September 30, 2016, respectively.

9) SEGMENT INFORMATION

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

Chemicals

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

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. Biofuels revenues also include the sale of biodiesel blends with petrodiesel, petrodiesel with no biodiesel added, internally generated, separated RINs, biodiesel production byproducts, and the purchase and sale of other petroleum products on common carrier pipelines. Biodiesel selling prices and profitability can at times fluctuate based on the timing of unsold, internally generated RINs. FutureFuel does not allocate production costs to internally generated RINs, and, from time to time, can enter into sales of biodiesel on a "RINs-free" basis. Such method of selling results in FutureFuel maintaining possession of the applicable RINs from the sale. The benefit derived from the eventual sale of the RINs is not reflected in results of operations until such time as the RIN sale has been completed, which may lead to variability in reported operating results.

Summary of long-lived assets and revenues by geographic area

All of FutureFuel 's long-lived assets are located in the United States.

Most of FutureFuel 's sales are transacted with title passing at the time of shipment from the Batesville Plant, although some sales are transacted with 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. FutureFuel is rarely the exporter of record, never the importer of record into foreign countries, and 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 outside 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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
United States	$ 76,711	$ 68,462	$ 197,044	$ 181,677
All Foreign Countries	895	844	2,721	2,143
Total	$ 77,606	$ 69,306	$ 199,765	$ 183,820

Revenues from a single foreign country during the three and nine-months ended September 30, 2017 and 2016 did not exceed 1% of total revenues.

(Dollars in thousands, except per share amounts)

Summary of business by segment

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Revenue				
Custom chemicals	$ 23,593	$ 20,455	$ 65,189	$ 60,148
Performance chemicals	4,574	3,844	12,686	13,782
Chemicals revenue	28,167	24,299	77,875	73,930
Biofuels revenue	49,439	45,007	121,890	109,890
Total Revenue	$ 77,606	$ 69,306	$ 199,765	$ 183,820
Segment gross profit				
Chemicals	$ 8,060	$ 7,853	$ 20,401	$ 22,722
Biofuels	(2,534)	2,466	(6,947)	6,622
Total gross profit	5,526	10,319	13,454	29,344
Corporate expenses	(2,326)	(2,478)	(7,405)	(7,598)
Income/(loss) before interest and taxes	3,200	7,841	6,049	21,746
Interest and other income	1,965	1,637	5,679	4,446
Interest and other expense	(101)	(478)	(789)	(1,188)
(Provision)/benefit for income taxes	(1,730)	3,868	(3,375)	12,657
Net income	$ 3,334	$ 12,868	$ 7,564	$ 37,661

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.

(Dollars in thousands, except per share amounts)

The following tables provide information by level for assets and liabilities that are measured at fair value, on a recurring basis, at September 30, 2017 and December 31, 2016.

	Asset (Liability)			
		Fair Value Measurements Using Inputs Considered as:		
Description	**Fair Value at September 30, 2017**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments	$ (198)	$ (198)	$ -	$ -
Preferred stock, trust preferred securities, exchange traded debt instruments, and other equity instruments	$ 123,588	$ 123,588	$ -	$ -

	Asset (Liability)			
		Fair Value Measurements Using Inputs Considered as:		
Description	**Fair Value at December 31, 2016**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments	$ (258)	$ (258)	$ -	$ -
Preferred stock, trust preferred securities, exchange traded debt instruments, and other equity instruments	$ 106,146	$ 106,146	$ -	$ -

11) RECLASSIFICATIONS FROM ACCUMULATED 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 and nine months ended September 30, 2017 and 2016.

Changes in Accumulated Other Comprehensive Income From Unrealized Gains and Losses on Available-for-Sale Securities For the three months ended September 30, 2017 and 2016 (net of tax)

	2017	**2016**
Balance at July 1	$ 7,499	$ 3,372
Other comprehensive income before reclassifications	670	672
Amounts reclassified from accumulated other comprehensive income	(17)	210
Net current-period other comprehensive income	653	882
Balance at September 30	$ 8,152	$ 4,254

Changes in Accumulated Other Comprehensive Income From Unrealized Gains and Losses on Available-for-Sale Securities For the nine months ended September 30, 2017 and 2016 (net of tax)

	2017	**2016**
Balance at January 1	$ 3,540	$ 2,055
Other comprehensive income before reclassifications	4,259	1,727
Amounts reclassified from accumulated other comprehensive income	353	472
Net current-period other comprehensive income	4,612	2,199
Balance at September 30	$ 8,152	$ 4,254

(Dollars in thousands, except per share amounts)

The following tables summarize amounts reclassified from accumulated other comprehensive income in the three and nine months ended September 30, 2017 and 2016:

Reclassifications from Accumulated Other Comprehensive Income for the three and nine months ended September 30, 2017 and 2016

	Three months ended September 30,		
	2017	2016	Affected Line Item in Statement of Operations
Unrealized gains/(losses) on available-for-sale securities	$ 26	$ (322)	Gain/(loss) on marketable securities
Total before tax	26	(322)	
Tax (provision)/benefit	(9)	112	
Total reclassifications	$ 17	$ (210)	

	Nine months ended September 30,		
	2017	2016	Affected Line Item in Statement of Operations
Unrealized losses on available-for-sale securities	$ (543)	$ (727)	L oss on marketable securities
Total before tax	(543)	(727)	
Tax benefit	190	255	
Total reclassifications	$ (353)	$ (472)	

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.

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.

(Dollars in thousands, except per share amounts)

14) 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 as of September 30, 2017 and December 31, 2016. FutureFuel tests the intangible asset for impairment in accordance with ASC 350-30-35-18 through 35-20.

15) RECENTLY ISSUED ACCOUNTING STATEMENTS

The following table provides a brief description of recent Accounting Standard Updates ("ASU") issued by the FASB:

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
In February 2016, the FASB issued ASU 2016-02, Leases.	The new guidance supersedes the lease guidance under FASB ASC Topic 840, Leases, resulting in the creation of FASB ASC Topic 842, Leases. The guidance requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for both finance and operating leases.	Annual periods beginning after December 15, 2018. Early adoption is permitted.	The Company is currently evaluating its population of leases, and is continuing to assess all potential impacts of the standard, but currently believes the most significant impact relates to its accounting for logistics equipment. The Company anticipates recognition of additional assets and corresponding liabilities related to leases upon adoption. The Company plans to adopt the standard effective January 1, 2019.
In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. Since that date, the FASB has issued additional ASUs clarifying certain aspects of ASU 2014-09.	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.	Annual periods beginning after December 15, 2017. Earlier adoption was permitted, but not before December 15, 2016.	The Company is in the process of evaluating the impact of this guidance. This new guidance, will likely result in a change in the nature and extent of the related footnote disclosures. The Company plans to adopt the new guidance when effective and presently anticipates adopting on a modified retrospective basis to each prior reporting period presented with the election of applicable practical expedients.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.444

All dollar amounts expressed as numbers in this M D&A are in thousands (except per share amounts).
Certain tables may not add due to rounding.

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.

Overview

Our company is managed and reported in two reporting segments: chemicals segment and biofuels segment. Within the chemicals segment are two product groupings: custom chemicals and performance chemicals. The custom product group is comprised of specialty chemicals manufactured for a single customer whereas the performance product group is comprised of chemicals manufactured for multiple customers. The biofuels segment is comprised of one product group. Management believes that the diversity of each segment strengthens the company in the ability to utilize resources and is committed to growing each segment.

Summary of Financial Results

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

	Three months ended September 30,			
	2017	2016	Dollar Change	% Change
Revenues	$ 77,606	$ 69,306	$ 8,300	12.0%
Income from operations	$ 3,200	$ 7,841	$ (4,641)	(59.2%)
Net income	$ 3,334	$ 12,868	$ (9,534)	(74.1%)
Earnings per common share:				
Basic	$ 0.08	$ 0.29	$ (0.21)	(72.4%)
Diluted	$ 0.08	$ 0.29	$ (0.21)	(72.4%)
Capital expenditures and intangibles (net of customer reimbursements and regulatory grants)	$ 856	$ 853	$ 3	0.4%
Adjusted EBITDA	$ 9,553	$ 10,117	$ (564)	(5.6%)

	Nine months ended September 30,			
	2017	2016	Dollar Change	% Change
Revenues	$ 199,765	$ 183,820	$ 15,945	8.7%
Income from operations	$ 6,049	$ 21,746	$ (15,697)	(72.2%)
Net income	$ 7,564	$ 37,661	$ (30,097)	(79.9%)
Earnings per common share:				
Basic	$ 0.17	$ 0.86	$ (0.69)	(80.2%)
Diluted	$ 0.17	$ 0.86	$ (0.69)	(80.2%)
Capital expenditures and intangibles (net of customer reimbursements and regulatory grants)	$ 2,413	$ 2,988	$ (575)	(19.2%)
Adjusted EBITDA	$ 17,201	$ 36,328	$ (19,127)	(52.7%)

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 liquidity, relative to a performance and liquidity based on GAAP results, while isolating the effects of certain items, including depreciation and amortization, which may vary among our operating segments without any correlation to their underlying operating performance, 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, which can cause net income to appear volatile from period to period relative to the sale of the underlying physical product.

We enter into commodity derivative instruments primarily to protect our operations from downward movements in commodity prices, and to provide greater certainty of cash flows associated with sales of our commodities. We enter into hedges, and we utilize mark-to-market accounting to account for these instruments. Thus, our results in any given period can be impacted, and sometimes significantly, by changes in market prices relative to our contract price along with the timing of the valuation change in the derivative instruments relative to the sale of biofuel. We include this item as an adjustment as we believe it provides a relevant indicator of the underlying performance of our business in a given period.

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Adjusted EBITDA	$ 9,553	$ 10,117	$ 17,201	$ 36,328
Depreciation	(2,927)	(2,739)	(8,735)	(8,068)
Non-cash stock-based compensation	(128)	(477)	(878)	(1,431)
Interest and dividend income	1,965	1,637	5,679	4,446
Interest expense	(43)	(9)	(129)	(22)
Losses on disposal of property and equipment	(68)	(10)	(145)	(147)
Gains/(losses) on derivative instruments	(3,314)	803	(1,511)	(5,375)
Gains/(losses) on marketable securities	26	(322)	(543)	(727)
Income tax (expense)/benefit	(1,730)	3,868	(3,375)	12,657
Net income	$ 3,334	$ 12,868	$ 7,564	$ 37,661

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

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Adjusted EBITDA	$ 17,201	$ 36,328
Benefit for deferred income taxes	(1,303)	(9,243)
Impairment of fixed assets	28	178
Interest and dividend income	5,679	4,446
Income tax (expense)/benefit	(3,375)	12,657
L osses on derivative instruments	(1,511)	(5,375)
Change in fair value of derivative instruments	(60)	6,686
Changes in operating assets and liabilities, net	19,781	31,204
Other	-	(2)
Net cash provided by operating activities	$ 36,440	$ 76,879

Results of Operations

Consolidated

	Three months ended September 30,				Nine months ended September 30,			
			Change				Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Revenues	$ 77,606	$ 69,306	$ 8,300	12.0%	$ 199,765	$ 183,820	$ 15,945	8.7%
Volume/product mix effect			$ (3,523)	(5.1%)			$ (20,033)	(10.9%)
Price effect			$ 11,823	17.1%			$ 35,978	19.6%
Gross profit	$ 5,526	$ 10,319	$ (4,793)	(46.4%)	$ 13,454	$ 29,344	$ (15,890)	(54.2%)

Consolidated sales revenue in the three and nine months ended September 30, 2017 increased $8,300 and $15,945, respectively, compared to the three and nine months ended September 30, 2016. This increase primarily resulted from higher prices in the biofuel segment and increased sales volumes in the chemical segment. In the nine-month comparison period, the increase from higher prices in the biofuel segment was partially offset by lower sales volumes largely from the expiration of the federal blenders' tax credit ("BTC").

Gross profit in the three and nine months ended September 30, 2017 decreased $4,793 and $15,890, respectively, compared to the three and nine months ended September 30, 2016. In the biofuel segment, this decrease largely resulted from the absence of the BTC which expired on December 31, 2016. We also experienced a reduction in pipeline profits for the nine months ended September 30, 2017 as compared to the prior year period.

Another significant impact to the reduction in gross profit in the nine months ended September 30, 2017, as compared to the prior year period, was the adjustment in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. This adjustment reduced gross profit $5,329 in the nine months ended September 30, 2017 and increased gross profit $1,845 in the nine months ended September 30, 2016. This change in LIFO resulted in a lower of cost or market adjustment of $1,877 in the three and nine months ended September 30, 2016 and no such adjustment was necessary in the three and nine months ended September 30, 2017. Please see footnote 2 for additional discussion.

Also contributing to the reduction in gross profit in the three months ended September 30, 2017, was the loss in the unrealized and realized activity in derivative instruments of $3,314, as compared to a gain of $803, in the prior year period. The change in the derivative activity in the nine months ending September 30, 2017 favorably impacted gross profit with a loss of $1,511, as compared to a loss of $5,375 in the prior year period.

Operating Expenses

Operating expenses decreased from $2,478 to $2,326 or $152 in the three months ended September 30, 2017 and from $7,598 to $7,405 or $193 in the nine months ended September 30, 2017, as compared to the three and nine months ended September 30, 2016, respectively. This reduction in both periods was from lower compensation cost partially offset by higher research and development expense.

Provision/(Benefit) for Income Taxes

The effective tax rate for the three and nine months ended September 30, 2017, reflects our expected tax rate on reported operating income before income tax. Our effective tax rate in the three and nine months ended September 30, 2017, reflects the elimination of certain tax credits and incentives for 2017.

The effective tax rate for the three and nine months ended September 30, 2016, reflects our expected tax rate on reported operating income earnings before income tax. Our effective tax rate in the three and nine months ended September 30, 2016, reflects the positive effect of the reinstatement of the certain tax credits and incentives for 2016. In addition, during the second quarter of 2016, FutureFuel booked a tax benefit related to the reversal of a state's treatment of the taxability of the tax credits and incentives.

Unrecognized tax benefits totaled $2,052 and $2,056 at September 30, 2017 and December 31, 2016, respectively.

Net Income

Net income for the three and nine months ended September 30, 2017 decreased $9,534 and $30,097, respectively, as compared to the same periods in 2016. The decrease resulted from the lack of the benefit of tax credits and incentives in effect in the three and nine months ended September 30, 2016 which were not in effect in the three and nine months ended September 30, 2017. Additionally, the adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting negatively impacted net income in both the three and nine months ended September 30, 2017. In comparison, net income in the three months ended September 30, 2016 was negatively impacted by this adjustment, but this adjustment benefited net income in the nine months ended September 30, 2016.

Chemicals Segment

	Three months ended September 30,				Nine months ended September 30,			
			Change				Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Revenues	$ 28,167	$ 24,299	$ 3,868	15.9%	$ 77,875	$ 73,930	$ 3,945	5.3%
Volume/product mix effect			$ 2,937	12.1%			$ 2,774	3.8%
Price effect			$ 931	3.8%			$ 1,171	1.6%
Gross profit	$ 8,060	$ 7,853	$ 207	2.6%	$ 20,401	$ 22,722	$ (2,321)	(10.2%)

Sales revenue in the three months ended September 30, 2017 increased by $3,868 compared to the three months ended September 30, 2016. Sales revenue for our custom chemicals (unique chemicals produced for specific customers) for the three months ended September 30, 2017 totaled $23,593, an increase of $3,138 from the comparable period in 2016. This increase was primarily attributed to increased sales volumes in the agrochemical and energy markets. Performance chemicals (comprised of multi-customer products which are sold based on specification) sales revenues were $4,574 in the three months ended September 30, 2017, an increase of $730 from the three months ended September 30, 2016. This increase was primarily from increased sales of polymer modifiers and specialty additives.

Sales revenue in the nine months ended September 30, 2017 increased $3,945 compared to the nine months ended September 30, 2016. This increase was primarily attributed to increased sales volume in the agrochemical and energy markets, new customer product sales and increased amortization of deferred revenue which were mostly offset by the reduced price and volume of the laundry detergent additive. Performance chemical sales revenue were down $1,096 to $12,686, in the nine month period ended September 30, 2017. This decrease was primarily from reduced sales volumes of a polymer modifier product.

Gross profit for the chemicals segment for the three months ended September 30, 2017 increased by $207 when compared to the three months ended September 30, 2016. Factors positively impacting the three-month comparison of gross profit were from the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting and volume growth in the agrochemical and energy markets. Items negatively impacting gross profit were a decline in the sales volume and price of the laundry detergent additive and a change in product mix.

Gross profit for the chemicals segment for the nine months ended September 30, 2017 decreased by $2,321 when compared to the nine months ended September 30, 2016. Factors negatively impacting the nine-month comparison of gross profit were from the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting, a decline in the sales volume and price of the laundry detergent additive, and a decline in the sales volume of the polymer modifier product. Positively impacting the nine-month comparison period was the volume growth in the agrochemical and energy markets.

Biofuels Segment

	Three months ended September 30,				Nine months ended September 30,			
			Change				Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Revenues	$ 49,439	$ 45,007	$ 4,432	9.8%	$ 121,890	$ 109,890	$ 12,000	10.9%
Volume/product mix effect			$ (6,460)	(14.4%)			$ (22,807)	(20.8%)
Price effect			$ 10,892	24.2%			$ 34,807	31.7%
Gross profit	$ (2,534)	$ 2,466	$ (5,000)	(202.8%)	$ (6,947)	$ 6,622	$ (13,569)	(204.9%)

Biofuels sales revenue in the three and nine months ended September 30, 2017 increased $4,432 and $12,000 when compared to the three and nine months ended September 30, 2016. This increase was primarily from higher prices on biodiesel, biodiesel RINs, and biodiesel blends. The sale of separated, internally generated RINs, comprised a larger component of revenue in the current quarter and nine-month period as compared to the prior year periods. In addition, pipeline sales increased to $1,852 from $1,509 in the three months ended September 30, 2017 and 2016, respectively. For the nine-month comparison period, pipeline sales decreased to $1,852 from $7,390.

Revenue from common carrier pipelines varies as its revenue recognition depends upon whether a transaction is bought from and sold to the same party. Purchases and sales of inventory with the same counterparty that are entered into in contemplation of one another (including buy/sell agreements) are combined and recorded on a net basis. Additionally, revenue from common carrier pipelines fluctuates with market conditions.

A portion of our biodiesel sold in 2017 was to two major refiners/blenders and one major refiner in 2016. No assurances can be given that we will continue to sell to such major refiners, or, if we do sell, the volume we will sell or the profit margin we will realize. We do not believe that the loss of these customers would have a material adverse effect on our biofuels segment or on us as a whole in that: (i) unlike our custom manufacturing products, biodiesel is a commodity with a large potential customer base; (ii) we believe that we could readily sell our biodiesel to other customers as potential demand from other customers for biodiesel exceeds our production capacity; (iii) our sales to these customers are not under fixed terms and the customers have no fixed obligation to purchase any minimum quantities except as stipulated by short term purchase orders; and (iv) the prices we receive from these customers are based upon then-market rates, as would be the case with sales of this commodity to other customers.

Biofuels gross profit in the three and nine months ended September 30, 2017 decreased $5,000 and $13,569 when compared to the three and nine months ended September 30, 2016. Cost of goods sold increased as a result of the absence of the blenders' tax credit which expired December 31, 2016 and was in effect in the prior year's period. Gross profits were reduced by the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. This adjustment decreased gross profit $383 and $4,276 in the three and nine months ended September 30, 2017, respectively, compared to a decrease of $336 and an increase of $898 in the three and nine months ended September 30, 2016, respectively. This change in LIFO resulted in a lower of cost or market adjustment of $1,877, in the three and nine months ended September 30, 2016. No such adjustment impacted gross profit in the three and nine months ended September 30, 2017. Please see footnote 2 for additional discussion.

Biofuels gross profit w as further reduced by the change in the activity in derivative instruments in comparison to the prior year quarter with a loss of $3,314 as compared to a gain of $803 in the three months ended September 30, 2017 and 2016, respectively. The change in the derivative activity in the nine months ending September 30, 2017 favorably impacted gross profit with a loss of $1,511, as compared to a loss of $5,375 in the prior year period. In order to better manage the commodity price risk caused by market fluctuations in biofuel prices, we may enter into exchange traded commodity futures and options contracts. We account for these derivative instruments in accordance with accounting standards whereby 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 biofuels segment.

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* . None of the derivative instruments are designated and accounted for as hedges due primarily to the extensive record keeping requirements.

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

	September 30, 2017		December 31, 2016	
	Number of Contracts Short	Fair Value	Number of Contracts Short	Fair Value
Regulated options, included in other current assets	200	$ (162)	-	$ -
Regulated fixed price future commitments, included in other current assets	182	$ (36)	135	$ (258)

*All derivative instruments are entered into with the standard contract terms and conditions in accordance with major trading authorities of the New York Mercantile Exchange.

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. All of our products are tested for quality before shipment, and historically returns have been inconsequential. We do not offer rebates or other warranties.

Biodiesel selling prices can at times fluctuate based on the timing of unsold, internally generated RINs. From time to time, sales of biodiesel are on a "RINs-free" basis. Such method of selling results in applicable RINs being held. The value of the RINs is not reflected in revenue until such time as the RIN sale has been completed.

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 and nine months ended September 30, 2017 and 2016 were related to specialty chemicals 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 chemicals customers. Sales revenue under bill and hold arrangements were $4,519 and $6,759 for the three months ended September 30, 2017 and 2016, and $12,477 and $17,103 for the nine months ended September 30, 2017 and 2016, respectively.

Liquidity and Capital Resources

Our net cash provided by (used in) operating activities, investing activities, and financing activities for the nine months ended September 30, 2017 and 2016 are set forth in the following chart.

	Nine months ended September 30,	
	2017	2016
Net cash provided by operating activities	$ 36,440	$ 76,879
Net cash used in investing activities	$ (14,252)	$ (40,444)
Net cash used in financing activities	$ (108,215)	$ (8,111)

Operating Activities

Cash from operating activities decreased from $ 76,879 of cash provided by operating activities in the first nine months of 2016 to $36,440 of cash provided by operating activities in the first nine months of 2017. This decrease was primarily attributable to the decrease of $30,097 in net income, the decrease in the change in accounts receivable of $13,252 and inventory of $8,439 offset by the increase in the change in accounts payable of $11,278.

Investing Activities

Cash used in investing activities was $ 14,252 in the first nine months of 2017 compared to $40,444 used in the first nine months of 2016. This change was primarily the result of net purchases of marketable securities in the first nine months of 2017 compared to the first nine months of 2016. Such net purchases totaled $10,882 and $33,328, in the first nine months of 2017 and 2016, respectively. Our capital expenditures and customer reimbursements for capital expenditures are summarized in the following table:

	Nine months ended September 30,	
	2017	**2016**
Cash paid for capital expenditures and intangibles	$ 2,614	$ 3,107
Cash received as reimbursement of capital expenditures	$ (201)	$ (119)
Cash paid, net of reimbursement, for capital expenditures	$ 2,413	$ 2,988

Financing Activities

Cash used in financing activities increased to $108,215 in the first nine months of 2017 from $8,111 in the first nine months of 2016. This change is primarily the result of payments of dividends on our common stock in the first nine months of 2017 compared to the first nine months of 2016. The payment of dividends totaled $108,063 and $7,869 in the first nine months of 2017 and 2016, respectively.

Credit Facility

Effective April 16, 2015, we entered into a new $150,000 secured committed credit facility with a syndicated group of commercial banks. On May 25, 2016, we increased the facility $15,000. 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. See Note 6 – "Borrowings" in our consolidated financial statements ended September 30, 2017 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 t hree quarters of 2017, we paid a regular cash dividend in the amount of $0.06 per share on our common stock. The regular cash dividend amounted to $2,625 per quarter in the first, second and third quarters of 2017. In the first quarter of 2017, we also paid a special cash dividend of $2.29 per share on our common stock. This special cash dividend amounted to $100,188. Total cash dividends paid were $108,063 in the first nine months of 2017.

In the first t hree quarters of 2016, 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 in the first, second, and third quarters of 2016, for aggregate dividend payments of $7,869 in the first nine months of 2016.

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 2017, as previously reported. Third parties have not placed significant restrictions on our working capital management decisions.

A significant portion of these funds was held in cash or cash equivalents at multiple financial institutions. In the periods ended September 30, 2017 and December 31, 2016, 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 $123,588 and $106,146 at September 30, 2017 and December 31, 2016, respectively.

Lastly, we maintain depositary 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 September 30, 2017 and December 31, 2016. 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 September 30, 2017 or December 31, 2016 because they do not meet the definition of a derivative instrument as defined under GAAP. 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.

All dollar amounts expressed as numbers in these Market Risk Disclosures are in thousands (except per share amounts).

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 chemicals and biofuels business both with respect to inputs (electricity, coal, raw materials, biofuels feedstock, etc.) and outputs (manufactured chemicals and biofuels).

We seek to mitigate our market risks associated with the manufacturing and sale of chemicals by entering into long-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.* 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 nine months of 2017 or 2016. 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 September 30, 2017 and December 31, 2016, the fair values of our derivative instruments were a net liability in the amount of $198 and $258, 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 nine months of 2017. 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.

(Vo lume and dollars in thousands)

Item	Volume Requirements (a)	Units	Hypothetical Adverse Change in Price	Decrease in Gross Profit	Percentage Decrease in Gross Profit
Biodiesel Feedstocks	247,487	LB	10%	$ 7,267	5 4.0%
Ultra Low Sulfur Diesel	12,150	GAL	10%	$ 1,962	1 4.6%
Methanol	102,450	LB	10%	$ 1,660	1 2.3%
Electricity	86	MWH	10%	$ 415	3. 1%
Natural Gas	1,006	MCF	10%	$ 343	2. 6%
Sodium Methylate	8,287	LB	10%	$ 332	2. 5%
Coal	28	Ton	10%	$ 177	1. 3%

(a) Volume requirements and average price information are based upon volumes used and prices obtained for the nine months ended September 30, 2017. Volume requirements may differ materially from these quantities in future years as our business evolves.

We had no borrowings as of September 30, 2017 or December 31, 2016 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 (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 September 30, 2017 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, 2016 filed with the SEC on March 16, 2017.

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
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, 2016 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: November 9, 2017

By: /s/ Rose M. Sparks

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

Date: November 9, 2017

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 September 30, 2017 or 2016.

Contingently issuable shares associated with outstandin g service-based restricted stock units were not included in the earnings per share calculations for the three-month and nine-month periods ended September 30, 2017 and 2016 as the vesting conditions had not been satisfied.

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

	For the three months ended September 30,		For the Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Numerator:				
Net income	$ 3,334	$ 12,868	$ 7,564	$ 37,661
Less: distributed earnings allocated to non-vested stock	-	(8)	-	(32)
Less: undistributed earnings allocated to non-vested restricted stock	(3)	(35)	(15)	(131)
Numerator for basic earnings per share	$ 3,331	$ 12,825	$ 7,549	$ 37,498
Effect of dilutive securities:				
Add: undistributed earnings allocated to non-vested restricted stock	3	35	15	131
Less: undistributed earnings reallocated to non-vested restricted stock	(3)	(35)	(15)	(131)
Numerator for diluted earnings per share	$ 3,331	$ 12,825	$ 7,549	$ 37,498
Denominator:				
Weighted average shares outstanding – basic	43,705,234	43,570,734	43,662,672	43,524,729
Effect of dilutive securities:				
Stock options and other awards	9,519	2,263	8,748	4,694
Weighted average shares outstanding – diluted	43,714,753	43,572,997	43,671,420	43,529,423
Basic earnings per share	$ 0.08	$ 0.29	$ 0.17	$ 0.86
Diluted earnings per share	$ 0.08	$ 0.29	$ 0.17	$ 0.86

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 re spect 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 re gistrant, 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 signif icant 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: November 9, 2017

/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 re spect 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 regi strant, 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 in ternal 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 pe riod 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 affect ed, 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 re porting, 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: November 9, 2017

/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 September 30, 2017 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

November 9, 2017