

FutureFuel Corp.  
Form 10-Q  
August 09, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

√

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

For the quarterly period ended June 30, 2016

OR

**T RANSITION 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**

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(State or Other Jurisdiction of

(IRS Employer Identification No.)

Incorporation or Organization)

**8235 Forsyth Blvd., Suite 400**

**St. Louis, Missouri 63105**

(Address of Principal Executive Offices)

**(314) 854-8385**

(Registrant's Telephone Number, Including Area Code)

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

Yes  No

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting

(do not check if a smaller reporting company)

company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 9, 2016:  
43,721,376

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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.**

The following sets forth our unaudited consolidated balance sheet as of June 30, 2016, our audited consolidated balance sheet as of December 31, 2015, our unaudited consolidated statements of operations and comprehensive income for the three-month and six-month periods ended June 30, 2016 and June 30, 2015, and our unaudited consolidated statements of cash flows for the six-month periods ended June 30, 2016 and June 30, 2015.

**FutureFuel Corp.****Consolidated Balance Sheets**

**As of June 30, 2016 and December 31, 2015**

**(Dollars in thousands)**

<b>(Unaudited)</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>Assets</b>
Cash and cash equivalents	\$ 173,600	\$ 154,049	
Accounts receivable, inclusive of the blenders' tax credit of \$5,821 and \$30,895 and net of allowances for bad debt of \$0 and \$0, at June 30, 2016 and December 31, 2015, respectively	24,611	46,319	
Accounts receivable – related parties	33	10	
Inventory	58,717	64,957	
Income tax receivable	16,932	14,114	

Prepaid expenses

1,053 1,642

Prepaid expenses – related parties

35 35

Marketable securities

92,064 74,667

Deferred financing costs

144 144

Other current assets

1,892 3,887

Total current assets

369,081 359,824

Property, plant and equipment, net

121,012 124,330

Intangible assets

1,408 1,408

Deferred financing costs

397 469

Other assets

3,640 3,078

Total noncurrent assets

126,457 129,285

**Total Assets**

\$ 495,538 \$ 489,109

**Liabilities and Stockholders' Equity**

Accounts payable

\$ 16,494    \$ 34,442

Accounts payable – related parties

1,828    244

Current deferred income tax liability

4,533    7,060

Deferred revenue – short-term

4,143    2,680

Contingent liability – short-term

1,151    1,151

Accrued expenses and other current liabilities

5,446    2,976

Total current liabilities

33,595    48,553

Deferred revenue – long-term

17,378    15,908

Other noncurrent liabilities

836    1,219

Noncurrent deferred income tax liability

27,790    29,117

Total noncurrent liabilities

46,004    46,244

Total liabilities

79,599    94,797

Commitments and contingencies:

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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, 43,721,376 and 43,715,832, issued and outstanding as of June 30, 2016 and December 31, 2015, respectively

4 4

Accumulated other comprehensive income

3,372 2,055

Additional paid in capital

279,994 279,231

Retained earnings

132,569 113,022

Total stockholders' equity

415,939 394,312

**Total Liabilities and Stockholders' Equity**

\$ 495,538 \$ 489,109

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

1

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**FutureFuel Corp.**

**Consolidated Statements of Operations and Comprehensive Income**

**For the Three Months and Six Months Ended June 30, 2016 and 2015**

**(Dollars in thousands, except per share amounts)**

**(Unaudited)**

**Three months ended June 30:**

**Six months ended June 30:**

**2016**

**2015**

**2016**

**2015**

Revenue

\$ 65,842   \$ 78,690   \$ 109,046   \$ 128,505

Revenues – related parties

2,037   25,908   5,468   30,180

Cost of goods sold

57,118   96,900   90,276   135,210



## Cost of goods sold – related parties

1,914	1,063	3,435	2,807
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## Distribution

768	986	1,565	1,634
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## Distribution – related parties

107	105	213	176
-----	-----	-----	-----

**Gross profit**

7,972	5,544	19,025	18,858
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## Selling, general, and administrative expenses

## Compensation expense

1,277	1,059	2,443	2,212
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## Other expense

540	572	1,163	1,181
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## Related party expense

41	66	89	126
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## Research and development expenses

738	670	1,425	1,385	2,596	2,367	5,120	4,904
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**Income from operations**

5,376	3,177	13,905	13,954
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## Interest and dividend income

1,464	1,405	2,809	2,672
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## Interest expense

(42)	(43)	(85)	(49)
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## Gain/(loss) on marketable securities

613	451	(405)	1,471
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Other expense

(104)	(78)	(220)	(122)	1,931	1,735	2,099	3,972
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Income before income taxes

7,307	4,912	16,004	17,926
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(Benefit)/provision for income taxes

(6,917)	1,119	(8,789)	6,002
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**Net income**

\$ 14,224	\$ 3,793	\$ 24,793	\$ 11,924
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**Earnings per common share**

Basic

\$ 0.33	\$ 0.09	\$ 0.57	\$ 0.27
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Diluted

\$ 0.33	\$ 0.09	\$ 0.57	\$ 0.27
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**Weighted average shares outstanding**

Basic

43,527,857	43,420,923	43,501,599	43,396,789
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Diluted

43,528,759	43,428,733	43,507,509	43,405,641
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**Comprehensive Income**

Net income

\$ 14,224	\$ 3,793	\$ 24,793	\$ 11,924
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Other comprehensive income/(loss) from unrealized

net gains/(losses) on available-for-sale securities

1,349 (2,061) 2,027 (3,057)

Income tax effect

(472) 779 (710) 1,174

Total unrealized gains/(losses), net of tax

877 (1,282) 1,317 (1,883)

**Comprehensive income**

\$ 15,101 \$ 2,511 \$ 26,110 \$ 10,041

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

**FutureFuel Corp.**

**Consolidated Statements of Cash Flows**

**For the Six Months Ended June 30, 2016 and 2015**

**(Dollars in thousands)**

**(Unaudited)**

**Six months ended June 30:**

**2016**

**2015**

**Cash flows provided by operating activities**

Net income

\$ 24,793    \$ 11,924

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation

5,257    4,872

Amortization of deferred financing costs

72    36

Benefit for deferred income taxes

(4,969 ) (6,458 )

Change in fair value of derivative instruments

4,869 5,423

Other than temporary impairment of marketable securities

1,879 186

Impairment of fixed assets

178 -

Gain on the sale of investments

(1,474 ) (1,657 )

Stock based compensation

954 954

Losses on disposals of fixed assets

137 122

Noncash interest expense

22 13

Changes in operating assets and liabilities:

Accounts receivable

21,708 30,484

Accounts receivable – related parties

(23 ) (3,958 )

Inventory

6,240 (10,635 )

Income tax receivable

(2,818 ) 1,987

Prepaid expenses

589 724

Prepaid expenses – related party

- (23 )

Accrued interest on marketable securities

(104 ) (73 )

Other assets

(321 ) (207 )

Accounts payable

(17,948 ) (175 )

Accounts payable – related parties

1,584 (721 )

Accrued expenses and other current liabilities

2,470 1,720

Accrued expenses and other current liabilities – related parties

- 267

Deferred revenue

2,933 730

Other noncurrent liabilities

- (675 )

**Net cash provided by operating activities**

46,028 34,860

**Cash flows from investing activities**

Collateralization of derivative instruments

(3,011 ) (5,013 )

Purchase of marketable securities

(32,299 ) (25,819 )

Proceeds from the sale of marketable securities

16,524 26,010

Expenditures for intangible assets

- (1,408 )

Capital expenditures

(2,254 ) (4,360 )

**Net cash used in investing activities**

(21,040 ) (10,590 )

**Cash flows from financing activities**

Minimum tax withholding on stock options exercised and awards vested

(55 ) (22 )

Excess tax benefits associated with stock options and awards

(136 ) -

Deferred financing costs

- (721 )

Payment of dividends

(5,246 ) (5,247 )

**Net cash used in financing activities**

(5,437 ) (5,990 )

Net change in cash and cash equivalents

19,551 18,280

Cash and cash equivalents at beginning of period

154,049 124,079

**Cash and cash equivalents at end of period**

\$ 173,600    \$ 142,359

Cash paid for interest

-    -

Cash paid for income taxes

\$ 985    \$ 11,147

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

3

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**Notes to Consolidated Financial Statements of FutureFuel Corp.**

**(Dollars in thousands, except per share amounts)**

**(Unaudited)**

1)

**NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

*Organization*

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

The chemicals segment manufactures a diversified listing of chemical products that are sold to third party customers. The majority of the revenues from the 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 is a shipper of refined petroleum products on common carrier pipelines and buys and sells petroleum products to maintain an active shipper status on these pipelines.

*Basis of Presentation*

The accompanying consolidated financial statements have been prepared by FutureFuel in accordance and consistent with the accounting policies stated in FutureFuel’s 2015 audited consolidated financial statements and should be read in conjunction with the 2015 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 Company, 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:

**June 30, 2016**

**December 31, 2015**

At average cost (approximates current cost)

Finished goods

\$ 26,892    \$ 35,517

Work in process

2,039    1,695

Raw materials and supplies

31,031	31,247	59,962	68,459
LIFO reserve			
(1,245 )	(3,502 )		
Total inventory			
\$ 58,717	\$ 64,957		

FutureFuel recorded a lower of cost or market adjustment of \$1,895 in the three and six months ended June 30, 2016. This lower of cost or market adjustment was recorded as a decrease in inventory values and an increase in cost of goods sold. There was no such adjustment in the three and six months ended June 30, 2015.

**Notes to Consolidated Financial Statements of FutureFuel Corp.**

**(Dollars in thousands, except per share amounts)**

**(Unaudited)**

**3 )**

**DERIVATIVE INSTRUMENTS**

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

FutureFuel recognizes all derivative instruments as either assets or liabilities at fair value in its consolidated balance sheet. FutureFuel's derivative instruments do not qualify for hedge accounting under the specific guidelines of ASC 815-20-25, *Derivatives and Hedging, Hedging-General, Recognition*. None of the derivative instruments are designated and accounted for as hedges primarily as a result of the extensive record keeping requirements.

The fair value of FutureFuel's derivative instruments is determined based on the closing prices of the derivative instruments on relevant commodity exchanges at the end of an accounting period. Realized gains and losses on derivative instruments and changes in fair value of the derivative instruments are recorded in the statement of operations as a component of cost of goods sold, and amounted to losses of \$5,139 and \$3,056 for the three months ended June 30, 2016 and 2015, respectively, and losses of \$6,178 and \$2,337 for the six months ended June 30, 2016 and 2015, respectively.

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

**Asset/ (Liability)**

**June 30, 2016**

**December 31, 2015**

**Quantity (contracts)**

**Short**

**Fair Value**

**Quantity (contracts) Short**

**Fair Value**

Regulated options, included in other current assets

150	\$ (1,520 )	200	\$ (427 )
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Regulated fixed price future commitments, included in other current assets

96	\$ 14	631	\$ 3,789
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The margin account maintained with a broker to collateralize these derivative instruments carried an account balance of \$3,234 and \$225 at June 30, 2016 and December 31, 2015, 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 net, in other current assets.

**Notes to Consolidated Financial Statements of FutureFuel Corp.**

**(Dollars in thousands, except per share amounts)**

**(Unaudited)**

**4 )**

**MARKETABLE SECURITIES**

At June 30, 2016 and December 31, 2015, FutureFuel had investments in certain preferred stock, trust preferred securities, exchange traded debt instruments, and other equity instruments. These investments are classified as current assets in the consolidated balance sheet. FutureFuel has designated these securities as being available-for-sale. Accordingly, they are recorded at fair value, with the unrealized gains and losses, net of taxes, reported as a component of stockholders' equity.

FutureFuel's marketable securities were comprised of the following at June 30, 2016 and December 31, 2015:

**June 30, 2016**

**Adjusted Cost**

**Unrealized Gains**

**Unrealized Losses**

**Fair Value**

Equity instruments

\$ 12,330    \$ 447    \$ (429 )    \$ 12,348

Preferred stock

60,081    4,450    (10 )    64,521

Trust preferred securities

6,783    184    -    6,967

Exchange traded debt instruments

7,679    549    -    8,228

Total

\$ 86,873    \$ 5,630    \$ (439 )    \$ 92,064

**December 31, 2015**

**Adjusted Cost**

**Unrealized Gains**

**Unrealized Losses**

**Fair Value**

Equity instruments

\$ 10,825    \$ 44    \$ (711 )    \$ 10,158

Preferred stock

37,703    2,419    (122 )    40,000

Trust preferred securities

16,464    1,303    (66 )    17,701

Exchange traded debt instruments

6,511    297    -    6,808

Total

\$ 71,503    \$ 4,063    \$ (899 )    \$ 74,667

The aggregate fair value of instruments with unrealized losses totaled \$3,467 and \$15,571 at June 30, 2016 and December 31, 2015, respectively. As of June 30, 2016 and December 31, 2015, 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:

**June 30, 2016**

**December 31, 2015**

Accrued employee liabilities

\$ 3,061    \$ 1,474

Accrued property, franchise, motor fuel and other taxes



2,130 1,248

Other

255 254

Total

\$ 5,446 \$ 2,976

6

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**Notes to Consolidated Financial Statements of FutureFuel Corp.**

**(Dollars in thousands, except per share amounts)**

**(Unaudited)**

**6)**

**BORROWINGS**

On April 16, 2015, FutureFuel, with FutureFuel Chemical as borrowers, and certain of FutureFuel's other subsidiaries, as guarantors, entered into a \$150,000 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 June 30, 2016.

There were no borrowings under this credit agreement at June 30, 2016 and December 31, 2015.

7 )

**PROVISION FOR INCOME TAXES**

The following table summarizes the provision for income taxes.

**Three months ended June 30:**

**Six months ended June 30:**

**2016**

**2015**

**2016**

**2015**

(Benefit)/provision for income taxes

\$ (6,917 ) \$ 1,119 \$ (8,789 ) \$ 6,002

Effective tax rate

(94.7 %) 22.8 % (54.9 %) 33.5 %



**Notes to Consolidated Financial Statements of FutureFuel Corp.**

**(Dollars in thousands, except per share amounts)**

**(Unaudited)**

The effective tax rate for the three and six months ended June 30, 2016, reflects our expected tax rate on reported operating earnings before income tax. Our effective tax rate in the three and six months ended June 30, 2016, reflects the positive effect of the reinstatement of certain tax credits and incentives for 2016. In 2016, it is anticipated that these tax credits and incentives will form a larger proportion of FutureFuel's net income than in prior years. This increase in proportion combined with the income tax treatment of the credits and incentives will reduce FutureFuel's effective income tax rate in 2016 relative to prior years. 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.

The effective tax rate for the three and sixth months ended June 30, 2015, reflects our expected tax rate on reported operating income earnings before income tax. Our effective tax rate in the three and six months ended June 30, 2015, reflects the positive effect of the completion of an IRS audit of FutureFuel's 2010 through 2012 amended federal income tax returns which allowed FutureFuel to successfully recover tax benefits previously unrecorded in its financial statements. Also, during the second quarter of 2015, FutureFuel recorded the unfavorable tax effect related to a state subjecting the tax credits and incentives to taxation. In the three and six months ended June 30, 2015, the tax credits and incentives along with its favorable tax treatment was not in effect.

Unrecognized tax benefits totaled \$0 and \$4,588 at June 30, 2016 and December 31, 2015, respectively.

FutureFuel records interest and penalties, net, as a component of income tax expense. At June 30, 2016 and December 31, 2015, FutureFuel recorded \$0 and \$61, respectively, in accruals for interest or tax penalties.

**8 )**

**EARNINGS PER SHARE**

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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 June 30, 2016 or 2015.

Contingently issuable shares associated with outstanding service-based restricted stock units were not included in the earnings per share calculations for the three-month periods ended June 30, 2016 or 2015 as the vesting conditions had not been satisfied.

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

**For the three months ended**

**June 30:**

**For the six months ended**

**June 30:**

**2016**

**2015**

**2016**

**2015**

**Numerator:**



Net income

\$ 14,224   \$ 3,793   \$ 24,793   \$ 11,924

Less: distributed earnings allocated to non-vested stock

(10)   (16)   (24)   (37)

Less: undistributed earnings allocated to non-vested restricted stock

(42)   (7)   (96)   (49)

**Numerator for basic earnings per share**

\$ 14,172   \$ 3,770   \$ 24,673   \$ 11,838

**Effect of dilutive securities:**

Add: undistributed earnings allocated to non-vested restricted stock

42   7   96   49

Less: undistributed earnings reallocated to non-vested restricted stock

(42)   (7)   (96)   (49)

**Numerator for diluted earnings per share**

\$ 14,172   \$ 3,770   \$ 24,673   \$ 11,838

**Denominator:**

Weighted average shares outstanding – basic

43,527,857   43,420,923   43,501,599   43,396,789

**Effect of dilutive securities:**

Stock options and other awards

902   7,810   5,910   8,852

Weighted average shares outstanding – diluted

43,528,759   43,428,733   43,507,509   43,405,641

**Basic earnings per share**

\$ 0.33   \$ 0.09   \$ 0.57   \$ 0.27

**Diluted earnings per share**

\$ 0.33   \$ 0.09   \$ 0.57   \$ 0.27

8

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**Notes to Consolidated Financial Statements of FutureFuel Corp.**

**(Dollars in thousands, except per share amounts)**

**(Unaudited)**

Certain options to purchase FutureFuel's common stock were not included in the computation of diluted earnings per share for the three-months ended June 30, 2016 because they were anti-dilutive in the period. The weighted average number of options excluded on this basis was 110,000 and 100,000 for the three-months and six-months ended June 30, 2016, respectively. The weighted average number of options excluded on this basis was 100,000 for both the three and six-months ended June 30, 2015.

**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, RINs, biodiesel production byproducts, and the purchase and sale of other petroleum products on common carrier pipelines.

