

FUEL TECH, INC.
Form 10-Q
May 06, 2008

**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 March 31, 2008

or

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

For the transition period from _____ to _____

Commission file number: 001-33059

FUEL TECH, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation of organization)

20-5657551
(I.R.S. Employer Identification Number)

Fuel Tech, Inc.
512 Kingsland Drive
Batavia, IL 60510-2299
630-845-4500

(Address and telephone number of principal executive offices)

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 is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in rule 12b-2 under the Securities Exchange Act of 1934)

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark whether the registrant is shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 18, 2008 there were outstanding 22,456,793 shares of Common Stock, par value \$0.01 per share, of the registrant.

FUEL TECH, INC.

Form 10-Q for the three-month period ended March 31, 2008

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FUEL TECH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per-share data)

	March 31, 2008 (Unaudited)	December 31, 2007 (Note B)
Assets		
Current assets:		
Cash and cash equivalents	\$ 34,568	\$ 30,473
Short-term investments	-	1,998
Accounts receivable, net of allowances for doubtful accounts of \$150	24,780	31,856
Inventories	273	186
Deferred income taxes	1,053	1,589
Prepaid expenses and other current assets	1,172	1,761
Total current assets	61,846	67,863
Equipment, net of accumulated depreciation of \$10,731 and \$10,091, respectively	13,408	11,302
Goodwill	2,119	2,119
Other intangible assets, net of accumulated amortization of \$1,347 and \$1,320, respectively	1,075	1,088
Deferred income taxes	2,913	2,552
Other assets	2,704	2,290
Total assets	\$ 84,065	\$ 87,214
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	\$ 2,136	\$ 2,051
Accounts payable	9,966	13,632
Accrued liabilities	4,333	7,037
Total current liabilities	16,435	22,720
Other liabilities	1,300	1,255
Total liabilities	17,735	23,975
Shareholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 22,446,793 and 22,410,064 shares issued, respectively	224	224
Additional paid-in capital	112,826	111,459
Accumulated deficit	(47,249)	(48,882)
Accumulated other comprehensive income	257	166
Nil coupon perpetual loan notes	272	272
Total shareholders' equity	66,330	63,239
Total liabilities and shareholders' equity	\$ 84,065	\$ 87,214

See notes to condensed consolidated financial statements.

FUEL TECH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in thousands, except share and per-share data)

	Three Months Ended March 31	
	2008	2007
Revenues	\$ 20,467	\$ 16,262
Costs and expenses:		
Cost of sales	10,669	8,957
Selling, general and administrative	6,979	5,906
Research and development	555	554
	18,203	15,417
Operating income	2,264	845
Interest expense	(46)	-
Interest income	276	417
Other income (expense)	136	(41)
Income before taxes	2,630	1,221
Income tax	(997)	(429)
Net income	\$ 1,633	\$ 792
Net income per Common Share:		
Basic		