

FUEL TECH, INC.
Form 10-Q
August 06, 2007

**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, 2007

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

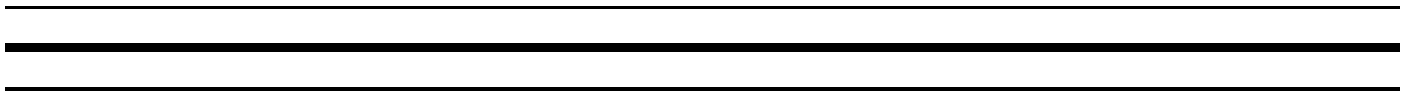
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in rule 12b-2 under the Securities Exchange Act of 1934)

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 July 10, 2007 there were outstanding 22,298,647 shares of Common Stock, par value \$0.01 per share, of the registrant.



FUEL TECH, INC.

Form 10-Q for the six-month period ended June 30, 2007

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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)

	June 30, 2007 (Unaudited)	December 31, 2006 (Note B)
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,604	\$ 24,405
Short-term investments	-	8,000
Accounts receivable, net of allowances for doubtful accounts of \$150	15,517	16,724
Inventories	210	203
Deferred income taxes	4,866	4,972
Prepaid expenses and other current assets	1,255	1,916
Total current assets	54,452	56,220
Equipment, net of accumulated depreciation of \$9,977 and \$8,845, respectively	4,928	4,051
Goodwill	2,119	2,119
Other intangible assets, net of accumulated amortization of \$1,261 and \$1,205, respectively	1,106	1,156
Deferred income taxes	1,858	885
Other assets	1,892	1,229
Total assets	\$ 66,355	\$ 65,660
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,203	\$ 7,632
Accrued liabilities	3,283	9,873
Total current liabilities	10,486	17,505
Other liabilities	1,263	500
Total liabilities	11,749	18,005
Shareholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 22,298,647 and 22,086,728 shares issued, respectively	223	221
Additional paid-in capital	109,068	103,122
Accumulated deficit	(55,051)	(56,044)
Accumulated other comprehensive income	94	79
Nil coupon perpetual loan notes	272	277
Total shareholders' equity	54,606	47,655
Total liabilities and shareholders' equity	\$ 66,355	\$ 65,660

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 June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Net sales	\$ 16,210	\$ 19,759	\$ 32,472	\$ 36,880
Costs and expenses:				
Cost of sales	9,083	10,112	18,040	19,168
Selling, general and administrative	6,563	6,039	12,469	11,463
Research and development	557	499	1,111	850
	16,203	16,650	31,620	31,481
Operating income	7	3,109	852	5,399
Interest income				