

FUEL TECH, INC.  
Form 10-Q  
November 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 September 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 October 10, 2007 there were outstanding 22,400,602 shares of Common Stock, par value \$0.01 per share, of the registrant.**

**FUEL TECH, INC.**

Form 10-Q for the nine-month period ended September 30, 2007

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**PART I.**

Item 1.

**FINANCIAL INFORMATION**

Financial Statements

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

	September 30, 2007 (Unaudited)	December 31, 2006 (Note B)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 33,506	\$ 24,405
Short-term investments	-	8,000
Accounts receivable, net of allowances for doubtful accounts of \$150	16,330	16,724
Inventories	343	203
Deferred income taxes	4,043	4,972
Prepaid expenses and other current assets	1,256	1,916
Total current assets	55,478	56,220
Equipment, net of accumulated depreciation of \$10,588 and \$8,845, respectively	4,889	4,051
Goodwill	2,119	2,119
Other intangible assets, net of accumulated amortization of \$1,289 and \$1,205, respectively	1,092	1,156
Deferred income taxes	2,261	885
Other assets	2,473	1,229
Total assets	\$ 68,312	\$ 65,660
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Short-term debt	\$ 1,330	\$ -
Accounts payable	4,921	7,632
Accrued liabilities	4,015	9,873
Total current liabilities	10,266	17,505
Other liabilities	1,274	500
Total liabilities	11,540	18,005
Shareholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 22,400,602 and 22,086,728 shares issued, respectively	223	221
Additional paid-in capital	110,259	103,122
Accumulated deficit	(54,124)	(56,044)
Accumulated other comprehensive income	142	79
Nil coupon perpetual loan notes	272	277
Total shareholders' equity	56,772	47,655
Total liabilities and shareholders' equity	\$ 68,312	\$ 65,660

See notes to condensed consolidated financial statements.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
<b>Net sales</b>	\$ 15,246	\$ 20,173	\$ 47,718	\$ 57,053
<b>Costs and expenses:</b>				
Cost of sales	8,018	10,042	26,058	29,210
Selling, general and administrative	5,656	6,106	18,125	17,569
Research and development	541	617	1,652	1,467
	14,215	16,765	45,835	48,246
<b>Operating income</b>	1,031	3,408	1,883	8,807
Interest income	417	268	1,253	665
Other income (expense)	50			