HUDSON TECHNOLOGIES INC /NY
Form 10-Q
August 13, 2009

UNITED STATES

Securities and Exchange Commission

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2009

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 1-13412

Hudson Technologies, Inc.

(Exact name of registrant as specified in its charter)

New York	13-3641539
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Blue Hill Plaza Suite 1541 Pearl River, New York	10965
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (845) 735-6000

(Former name, former address, and former fiscal year, if changed since last report)

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.

[X] 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 Regulations S-T (SECTION 232.405 of this chapter) during the proceeding 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:

Large accelerated filer [ ] Accelerated filer [ ]

Non-accelerated filer (do not check if a smaller reporting company) [ ] Smaller reporting company [X]

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common stock, $0.01 par value	19,429,533 shares
Class	Outstanding at July 31, 2009

Hudson Technologies, Inc.

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Part I - FINANCIAL INFORMATION

Hudson Technologies, Inc. and subsidiaries

Consolidated Balance Sheets

(Amounts in thousands, except for share and par value amounts)

	June 30, 2009	December 31, 2008
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 518	$ 214
Trade accounts receivable - net of allowance for doubtful		
accounts of $291 and $254	5,348	1,731
Inventories	18,019	23,613
Prepaid expenses and other current assets	355	293
Deferred tax assets	441	372
Total current assets	24,681	26,223
Property, plant and equipment, less accumulated depreciation and amortization	3,018	2,921
Other assets	133	158
Deferred tax assets	4,120	4,120
Intangible assets, less accumulated amortization	72	73
Total Assets	$32,024	$33,495
	========	========

Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,518	$ 5,590
Accrued payroll	866	1,010
Short-term debt and current maturities of long-term debt	10,912	8,524
Total current liabilities	14,296	15,124
Long-term debt, less current maturities	5,117	5,665
Total Liabilities	19,413	20,789
Commitments and contingencies		
Stockholders' equity:		
Preferred stock shares authorized 5,000,000		
Series A Convertible Preferred stock, $0.01 par value ($100 liquidation preference value); shares authorized 150,000	--	--
Common stock, $0.01 par value; shares authorized 50,000,000 issued and outstanding 19,429,533 and 19,424,533	194	194
Additional paid-in capital	35,837	35,820
Accumulated deficit	(23,420)	(23,308)
Total Stockholders' Equity	12,611	12,706
Total Liabilities and Stockholders' Equity	$32,024	$33,495
	=========	=========

See accompanying Notes to the Consolidated Financial Statements.

Hudson Technologies, Inc. and subsidiaries

Consolidated Statements of Operations

(unaudited)

(Amounts in thousands, except for share and per share amounts)

	Three month period ended June 30,		Six month period ended June 30,	
	2009	2008	2009	2008
Revenues	$8,317	$13,089	$14,900	$24,455
Cost of sales	6,397	7,945	11,856	15,715
Gross Profit	1,920	5,144	3,044	8,740
Operating expenses:				
Selling and marketing	499	568	1,000	1,119
General and administrative	728	771	1,454	1,760
Total operating expenses	1,227	1,339	2,454	2,879
Operating income	693	3,805	590	5,861
Other income (expense):				
Interest expense	(429)	(315)	(770)	(569)
Interest income	--	1	--	2
Total other income (expense)	(429)	(314)	(770)	(567)
Income (loss) before income taxes	264	3,491	(180)	5,294
Income tax provision (benefit)	100	492	(69)	544
Net income (loss)	$164	$2,999	($111)	$4,750
	=========	=========	=========	=========
Net income (loss) per common share - Basic	$0.01	$0.16	($0.01)	$0.25
	=====	=====	=====	=====
Net income (loss) per common share - Diluted	$0.01	$0.15	($0.01)	$0.23
	=====	=====	=====	=====
Weighted average number of shares outstanding - Basic	19,429,533	19,339,551	19,426,200	19,184,409
	===========	===========	===========	===========
Weighted average number of shares outstanding - Diluted	20,218,083	20,464,163	19,426,200	20,259,665
	===========	===========	===========	===========

See accompanying Notes to the Consolidated Financial Statements

Hudson Technologies, Inc. and subsidiaries

Consolidated Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

(unaudited)

(Amounts in thousands)

	Six month period ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	($111)	$4,750
Adjustments to reconcile net income (loss)		
to cash used by operating activities:		
Depreciation and amortization	254	268
Allowance for doubtful accounts	34	60
Amortization of deferred finance costs	12	--
Issuance of stock options for services	--	12
Value of share-based payment arrangements	11	--
Changes in assets and liabilities:		
Trade accounts receivable	(3,652)	(5,749)
Inventories	5,594	(2,615)
Prepaid expenses and other current assets	(62)	(158)
Other assets	14	(72)
Deferred tax assets	(69)	--
Accounts payable and accrued expenses	(3,216)	(30)
Cash used by operating activities	(1,191)	(3,534)

Cash flows from investing activities:		
Additions to patents	(15)	(4)
Additions to property, plant, and equipment	(335)	(462)
Cash used by investing activities	(350)	(466)
Cash flows from financing activities:		
Proceeds from issuance of common stock - net	6	395
Proceeds from short-term debt - net	2,375	4,411
Repayment of long-term debt	(536)	(565)
Proceeds of long-term debt	--	300
Cash provided by financing activities	1,845	4,541
Increase in cash and cash equivalents	304	541
Cash and cash equivalents at beginning of period	214	283
Cash and cash equivalents at end of period	$518	$824
	======	======

Supplemental disclosure of cash flow information:		
Cash paid during period for interest	$730	$637
Cash paid for income taxes	$ 8	$194
Supplemental disclosure of non-cash investing and financing activities		
Deferred financing costs	$ 83	$ 68

See accompanying Notes to the Consolidated Financial Statements.

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Hudson Technologies, Inc. and subsidiaries

Notes to the Consolidated Financial Statements

Note 1 - Summary of significant accounting policies

Business

Hudson Technologies, Inc., incorporated under the laws of New York on January 11, 1991, is a refrigerant services company providing innovative solutions to recurring problems within the refrigeration industry. The Company's products and services are primarily used in commercial air conditioning, industrial processing and refrigeration systems, including (i) refrigerant sales, (ii) refrigerant management services consisting primarily of reclamation of refrigerants and (iii) RefrigerantSide® Services performed at a customer's site, consisting of system decontamination to remove moisture, oils and other contaminants. In addition, RefrigerantSide® Services include predictive and diagnostic services for industrial and commercial refrigeration applications, which are designed to predict potential

catastrophic problems and identify inefficiencies in an operating system. The Company's Chiller Chemistry®, Chill Smart®, Fluid Chemistry ™, and Performance Optimization are predictive and diagnostic service offerings. The Company operates through its wholly-owned subsidiary, Hudson Technologies Company. Unless the context requires otherwise, reference to the "Company", "Hudson", "we", "us", "our", or similar pronouns refer to Hudson Technologies, Inc. and its subsidiaries.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with the instructions of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. The financial information included in the quarterly report should be read in conjunction with the Company's audited financial statements and related notes thereto for the year ended December 31, 2008. Operating results for the six month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2009.

In the opinion of management, all estimates and adjustments considered necessary for a fair presentation have been included and all such adjustments were normal and recurring.

Consolidation

The consolidated financial statements represent all companies of which Hudson directly or indirectly has majority ownership or otherwise controls. Significant intercompany accounts and transactions have been eliminated. The Company's consolidated financial statements include the accounts of wholly-owned subsidiaries Hudson Holdings, Inc. and Hudson Technologies Company.

Fair value of financial instruments

The carrying values of financial instruments including trade accounts receivable and accounts payable approximate fair value at June 30, 2009, because of the relatively short maturity of these instruments. The carrying value of short-and long-term debt approximates fair value, based upon quoted market rates of similar debt issues, as of June 30, 2009 and December 31, 2008.

Credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of temporary cash investments and trade accounts receivable. The Company maintains its temporary cash investments in highly-rated financial institutions and, at times, the balances exceed FDIC insurance coverage. The Company's trade accounts receivables are primarily due from companies throughout the United States. The Company reviews each customer's credit history before extending credit.

The Company establishes an allowance for doubtful accounts based on factors associated with the credit risk of specific accounts, historical trends, and other information. The carrying value of the Company's accounts receivable is reduced by the established allowance for doubtful accounts. The allowance for doubtful accounts includes any accounts receivable balances that are determined to be uncollectible, along with a general reserve for the remaining accounts receivable balances. The Company adjusts its general or specific reserves based on factors that affect the collectability of the accounts receivable balances.

For the six month period ended June 30, 2009, one customer accounted for approximately 11% of the Company's revenues. For the six month period ended June 30, 2008, one customer accounted for approximately 11% of the Company's revenues.

The loss of a principal customer or a decline in the economic prospects of and/or a reduction in purchases of the Company's products or services by any such customer could have an adverse effect on the Company's future financial position and results of operations.

Cash and cash equivalents

Temporary investments with original maturities of ninety days or less are included in cash and cash equivalents.

Inventories

Inventories, consisting primarily of refrigerant products available for sale, are stated at the lower of cost, on a first-in first-out basis, or market.

Property, plant, and equipment

Property, plant, and equipment are stated at cost, including internally manufactured equipment. The cost to complete equipment that is under construction is not considered to be material to the Company's financial position. Provision for depreciation is recorded (for financial reporting purposes) using the straight-line method over the useful lives of the respective assets. Leasehold improvements are amortized on a straight-line basis over the shorter of economic life or terms of the respective leases. Costs of maintenance and repairs are charged to expense when incurred.

Due to the specialized nature of the Company's business, it is possible that the Company's estimates of equipment useful life periods may change in the future.

Revenues and cost of sales

Revenues are recorded upon completion of service or product shipment and passage of title to customers in accordance with contractual terms. The Company evaluates each sale to ensure collectability. In addition, each sale is based on an arrangement with the customer and the sales price to the buyer is fixed. License fees are recognized over the period of the license based on the respective performance measurements associated with the license. Royalty revenues are recognized when earned. Cost of sales is recorded based on the cost of products shipped or services performed and related direct operating costs of the Company's facilities. To the extent that the Company charges its customers shipping fees such amounts are included as a component of revenue and the corresponding costs are included as a component of cost of sales.

The Company's revenues are derived from refrigerant and reclamation sales and RefrigerantSide® Services, including license and royalty revenues. The revenues for each of these lines are as follows:

Six Month Period Ended June 30,	2009	2008
(in thousands, unaudited)		
Refrigerant and reclamation sales	$13,141	$22,529
RefrigerantSide® Services	1,759	1,926
Total	$14,900	$24,455

Income taxes

The Company utilizes the asset and liability method for recording deferred income taxes, which provides for the establishment of deferred tax asset or liability accounts based on the difference between tax and financial reporting bases of certain assets and liabilities. The tax benefit associated with the Company's net operating loss carry forwards ("NOL's") is recognized to the extent that the Company is expected to recognize future taxable income. The Company assesses the recoverability of its deferred tax assets based on its expectation that it will recognize future taxable income and adjusts its valuation allowance accordingly. As of June 30, 2009, the net deferred tax asset is $4,561,000.

Certain states either do not allow or limit NOL's and as such the Company will be liable for certain state taxes. To the extent that the Company utilizes its NOL's, it will not pay tax on such income but may be subject to the federal alternative minimum tax. In addition, to the extent that the Company's net income, if any, exceeds the annual NOL limitation it will pay income taxes based on existing statutory rates. Moreover, as a result of a "change in control", as defined by the Internal Revenue Service, which limits the Company's ability to utilize its existing NOL's, the Company's NOL's are limited to use of approximately $1,300,000 annually.

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As a result of an Internal Revenue Service audit, the 2006 and prior federal tax years have been closed. The Company operates in many states throughout the United States and, as of December 31, 2008, the various states' statutes of limitations remain open for tax years subsequent to 2004.

Income (loss) per common and equivalent shares

If diluted, common equivalent shares (common shares assuming exercise of options and warrants) utilizing the treasury stock method are considered in the presentation of dilutive earnings per share. The reconciliation of shares used to determine net income (loss) per share is as follows:

($ amounts in 000's):

	Three Month Period		Six Month Period	
	Ended June 30,		Ended June 30,	
	2009	2008	2009	2008
Net Income (loss)	$164	$2,999	$(111)	$4,750
	=====	=====	=====	=====
Weighted average number of shares - basic	19,429,533	19,339,551	19,426,200	19,184,409
Shares underlying warrants	--	56,174	--	56,174
Shares underlying options	788,550	1,068,438	--	1,019,082
Weighted average number of shares outstanding - diluted	20,218,083	20,464,163	19,426,200	20,259,665
	========	========	========	========

For the three month period ended June 30, 2009 and 2008 certain options and warrants aggregating 707,750 and none shares, respectively have been excluded from the calculation of diluted shares, due to the fact that their effect would be anti-dilutive.

For the six month period ended June 30, 2009 and 2008 certain options and warrants aggregating 2,954,843 and 219,625 shares, respectively have been excluded from the calculation of diluted shares, due the fact that their effect would be anti-dilutive.

Estimates and risks

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect reported amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities, and the results of operations during the reporting period. Actual results could differ from these estimates.

The Company participates in an industry that is highly regulated, changes in which could affect operating results. Currently the Company purchases virgin, hydrochlorofluorocarbons ("HCFC") and hydroflourocarbons ("HFC"), refrigerants and reclaimable, primarily HCFC and chlorofluorocarbon ("CFC"), refrigerants from suppliers and its customers. Effective January 1, 1996, the Clean Air Act (the "Act") prohibited the production of CFC refrigerants and limited the production of HCFC refrigerants. Additionally, effective January 2004, the Act further limited the production of HCFC refrigerants and federal regulations were enacted which impose limitations on the importation of certain virgin HCFC refrigerants. Under the Act, production of certain HCFC refrigerants is scheduled to be phased out during the period 2010 through 2020, and production of all HCFC refrigerants is scheduled to be phased out by 2030. Notwithstanding the limitations under the Act, the Company believes that sufficient quantities of new and used refrigerants will continue to be available to it at a reasonable cost for the foreseeable future. To the extent that the Company is unable to source sufficient quantities of refrigerants or is unable to obtain refrigerants on commercially reasonable terms or experiences a decline in demand and/or price for refrigerants, the Company could realize reductions in refrigerant processing and possible loss of revenues, which would have a material adverse affect on operating results.

The Company is subject to various legal proceedings. The Company assesses the merit and potential liability associated with each of these proceedings. In addition, the Company estimates potential liability, if any, related to these matters. To the extent that these estimates are not accurate, or circumstances change in the future, the Company could realize liabilities, which would have a material adverse effect on operating results and its financial position.

Impairment of long-lived assets and long-lived assets to be disposed of

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to sell.

Recent accounting pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued FASB statement No. 157 ("SFAS No. 157"), "Fair Value Measurements," which establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 is effective for financial statements issued for fiscal years

beginning after November 15, 2007, and interim periods within those fiscal years. The FASB agreed to defer the effective date of Statement 157 for one year for non-financial assets and non-financial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. There is no deferral for financial assets and financial liabilities, nor for the rare non-financial assets and non-financial liabilities that are remeasured at fair value at least annually. The adoption of SFAS No. 157 did not have a material impact on the Company's results of operations or its financial position.

In December 2007, the FASB issued Statement No. 141 (revised 2007), "Business Combinations" ("FAS 141"). FAS No. 141 (revised 2007) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. This standard also requires the fair value measurement of certain other assets and liabilities related to the acquisition such as contingencies. FAS 141 (revised 2007) applies prospectively to business combinations and is effective for fiscal years beginning on or after December 15, 2008.

In June 2008, the Emerging Issues Task Force of the FASB published EITF Issue 07-5 "Determining Whether an Instrument is Indexed to an Entity's Own Stock" ("EITF 07-5") to address concerns regarding the meaning of "indexed to an entity's own stock" contained in FAS Statement 133 "Accounting for Derivative Instruments and Hedging Activities". This related to the determination of whether a freestanding equity-linked instrument should be classified as equity or debt. If an instrument is classified as debt, it is valued at fair value, and this value is remeasured on an ongoing basis, with changes recorded in earnings in each reporting period. EITF 07-5 is effective for years beginning after December 15, 2008 and earlier adoption is not permitted. Adoption of EITF 07-5 did not have a financial statement impact on the Company.

Note 2 - Share-based compensation

Share-based compensation represents the cost related to share-based awards, typically stock options, granted to employees, non-employees, officers and directors. Share-based compensation is measured at grant date, based on the estimated fair value of the award, and such amount is charged to compensation expense on a straight-line basis (net of estimated forfeitures) over the requisite service period. For the six month period ended June 30, 2009 and 2008, the share-based compensation expense of $11,000 and none respectively, is reflected in general and administrative expenses in the consolidated statements of operations.

Share-based awards have historically been stock options issued pursuant to the terms of the Company's 1994, and 1997 stock option plans and the Company's 2004 and 2008 stock incentive (the "Plans"), described below. The Plans may be administered by the Board of Directors or the Compensation and Stock Option Committee of the Board, or by another committee appointed by the Board from among its members as provided in the Plans. Presently, the Plans are administered by a committee consisting of non-employee directors. As of June 30, 2009, the Plans authorized the issuance of stock options to purchase 5,500,000 shares of the Company's Common stock and, as of June 30, 2009 there were 3,360,000 shares of the Company's Common stock available for issuance for future stock option grants.

Stock options are awards, which allow the recipient to purchase shares of the Company's common stock at a fixed price, are typically granted at an exercise price equal to the Company's stock price at the date of grant. Typically, the Company's stock option awards have generally vested from immediately to two years from the grant date and have had a contractual term ranging from five to ten years.

During the six month period ended June 30, 2009 and 2008, the Company issued none and 180,000 stock options, respectively, and the fair value of these awards was none and $96,000, respectively. At June 30, 2009, there was $62,000 of unrecognized compensation cost related to non-vested previously granted option awards.

Effective October 31, 1994, the Company adopted an Employee Stock Option Plan ("1994 Plan") pursuant to which 725,000 shares of common stock were reserved for issuance upon the exercise of options designated as either (i) options intended to constitute incentive stock options ("ISOs") under the Internal Revenue Code of 1986, as amended, ("Code") or (ii) nonqualified options. ISOs could be granted under the 1994 Plan to employees and officers of the Company. Non-qualified options could be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Effective November 1, 2004, the Company's ability to grant options under the 1994 Plan expired.

Effective July 25, 1997, the Company adopted its 1997 Employee Stock Option Plan, which was amended on August 19, 1999, ("1997 Plan") pursuant to which 2,000,000 shares of common stock were reserved for issuance upon the exercise of options designated as either (i) ISOs under the Code, or (ii) nonqualified options. ISOs may be granted under the 1997 Plan to employees and officers of the Company. Non-qualified options may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights may also be issued in tandem with stock options. Effective September 11, 2007, the Company's ability to grant options or stock appreciation rights under the 1997 Plan expired.

Effective September 10, 2004, the Company adopted its 2004 Stock Incentive Plan ("2004 Plan") pursuant to which 2,500,000 shares of common stock are currently reserved for issuance upon the exercise of options, designated as either (i) ISOs under the Code or (ii) nonqualified options, restricted stock, deferred stock or other stock-based awards. ISOs may be granted under the 2004 Plan to employees and officers of the Company. Non qualified options, restricted stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights may also be issued in tandem with stock options. Unless the 2004 Plan is sooner terminated, the ability to grant options or other awards under the 2004 Plan will expire on September 10, 2014.

Options granted under the 2004 Plan may not be granted at a price less than the fair market value of the common stock on the date of grant (or 110% of fair market value in the case of persons holding 10% or more of the voting stock of the Company). Non-qualified options granted under the 2004 Plan may not be granted at a price less than the fair market value of the common stock. Options granted under the 2004 Plan expire not more than ten years from the date of grant (five years in the case of ISOs granted to persons holding 10% or more of the voting stock of the Company).

Effective August 27, 2008, the Company adopted its 2008 Stock Incentive Plan ("2008 Plan") pursuant to which 3,000,000 shares of common stock are currently reserved for issuance upon the exercise of options, designated as either (i) ISOs under the Code or (ii) nonqualified options, restricted stock, deferred stock or other stock-based awards. ISOs may be granted under the 2008 Plan to employees and officers of the Company. Non qualified options, restricted stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights may also be issued in tandem with stock options. Unless the 2008 Plan is sooner terminated, the ability to grant options or other awards under the 2008 Plan will expire on August 27, 2018.

Options granted under the 2008 Plan may not be granted at a price less than the fair market value of the common stock on the date of grant (or 110% of fair market value in the case of persons holding 10% or more of the voting stock of the Company). Non-qualified options granted under the 2008 Plan may not be granted at a price less than the fair market value of the common stock. Options granted under the 2008 Plan expire not more than ten years from the date of grant (five years in the case of ISOs granted to persons holding 10% or more of the voting stock of the Company).

All stock options have been granted to employees and non-employees at exercise prices equal to or in excess of the market value on the date of the grant.

The Company determines the fair value of shared based awards at the grant date by using the Black-Scholes option-pricing model, and is incorporating the simplified method to compute expected lives of share based awards with the following weighted-average assumptions:

Six Month Period Ended June 30,	2009	2008
Assumptions		
Dividend Yield	0 %	0 %
Risk free interest rate	1.7%	2.9%
Expected volatility	52%	55%
Expected lives	2 to 5 years	2 to 5 years

A summary of the status of the Company's Plans as of December 31, 2008 and June 30, 2009 and changes for the years ending on those dates is presented below:

Stock Option Plan Grants	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2007	3,009,643	$1.15
• Granted	220,000	$1.44
• Forfeited	(60,000)	$1.09
• Exercised	(309,800)	$0.97
Outstanding at December 31, 2008	2,859,843	$1.19
• Exercised	(5,000)	$1.13
Outstanding at June 30, 2009	2,854,843	$1.19
	=========	

The following is the weighted average contractual life in years and the weighted average exercise price at June 30, 2009 of:

Weighted Average

	Number of Options	Remaining Contractual Life	Weighted Average Exercise Price
Options outstanding	2,854,843	6 years	$1.19
Options vested	2,787,765	6 years	$1.14

The following is the intrinsic value at June 30, 2009 of:

Options outstanding	$ 728,000
Options vested	$ 5,000
Options exercised	$ 6,000

The intrinsic value of options exercised during the year ended December 31, 2008 was $496,000

The following is the weighted average fair value for the six month period ended June 30, 2009 of:

Options granted	None
Options vested	$1.14

Note 3 - Debt

On April 17, 2008, Hudson, through its subsidiary Hudson Technologies Company ("HTC"), entered into an amendment to the credit facility (the "Facility") between HTC and Keltic Financial Partners, LLP ("Keltic") to secure the participation of Bridge Healthcare Financial, LLC ("Bridge") and to provide for borrowings of up to $15,000,000. On March 20, 2009, the Facility was temporarily increased to $17,000,000. On July 15, 2009, this temporary increase of the Facility was extended to September 15, 2009 at which time the Facility will return to $15,000,000. The Facility consists of a revolving line of credit and term loans, which expire on June 20, 2011. Advances under the revolving line of credit are limited to (i) 85% of eligible trade accounts receivable and (ii) 55% of eligible inventory. Advances available to Hudson under the A and B term loans may not exceed $2,500,000 and $4,500,000, respectively. At June 30, 2009, the Facility bore interest at 6.5%. Substantially all of Hudson's assets are pledged as collateral for its obligations to Keltic and Bridge under the Facility. In addition, among other things, the loan agreement restricts Hudson's ability to declare or pay any cash dividends on its capital stock. As of June 30, 2009, Hudson had $7,657,000 of borrowings outstanding and $2,252,000 available for borrowing under the revolving line of credit. In addition, as of June 30, 2009 Hudson had $5,000,000 of borrowings outstanding under the A and B term loans with Keltic and Bridge.

In connection with the April 2008 amendment to the Facility, the Company issued 66,667 five-year common stock purchase warrants to Keltic exercisable at $1.88 per share, and issued 33,333 five-year common stock purchase warrants to Bridge exercisable at $1.88 per share. The Company utilizes the Black-Scholes pricing model to compute the fair value of the 100,000 stock purchase warrants. The $74,000, representing fair value of the warrants, is being amortized over the life of the credit facility and as of June 30, 2009 there was $43,000 of unamortized debt cost,

which is included in other assets on the balance sheet.

On July 15, 2009, HTC entered into a Waiver to Loan Agreement with respect to the Facility which, among other things, waived HTC's failure to achieve minimum Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the fiscal quarter ending June 30, 2009, tested on a rolling twelve month basis, as required under the Loan Agreement.

On August 13, 2009, HTC entered into an amendment to the Facility which, among other things, reset the minimum EBITDA convent calculation for the quarter ended September 30, 2009, and through the remaining term of the Facility.

On March 20, 2009, the Company borrowed $1,000,000 from a non-affiliate individual for a period of six months at an interest rate of 10% per annum. These borrowings are subordinated to the credit facility with Keltic and Bridge.

On March 26, 2009, the Company borrowed $1,000,000 from a related party for a period of six months at an interest rate of 10% per annum. These borrowings are subordinated to the credit facility with Keltic and Bridge.

Note 4 - Subsequent Events

On September 5, 2008, the Company's Shelf Registration on Form S-3 ("the Shelf Registration") was declared effective by the SEC.

On July 31, 2009, Hudson entered into a Placement Agent Agreement with Roth Capital Partners, ("Roth"), engaging Roth to act as placement agent for a registered direct offering under the Shelf Registration to sell, on a best efforts basis, 3,870,000 shares of the Company's common stock at a sale price of $1.15 per share (the "Offering").

An initial closing of the Offering was held on August 5, 2009, at which time, Hudson sold 1,400,000 shares of its common stock at $1.15 per share and received net proceeds of approximately $1,400,000. Under the Offering, Hudson may sell up to another 2,470,000 shares of its common stock but there can be no assurance that any additional shares will be sold. Moreover, pursuant to the Board of Directors discretion, the Offering may be cancelled at any time without any additional sale of common stock. The Offering is expected to terminate no later than August, 21, 2009. As placement agent for the Offering, Roth will receive a fee equal to 6% of the gross proceeds from the Offering, warrants to purchase 5% of the total shares sold in the Offering at an exercise price of $1.4375 per share, plus reimbursement of its expenses up to 1% of the proceeds from the Offering.

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

Safe Harbor Statement Under The Private Securities Litigation Reform Act of 1995

Certain statements contained in this section and elsewhere in this Form 10-Q constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, changes in the demand and price for refrigerants (including unfavorable market conditions adversely affecting the

demand for, and the price of refrigerants), the Company's ability to source CFC and non-CFC based refrigerants, regulatory and economic factors, seasonality, competition, litigation, the nature of supplier or customer arrangements that become available to the Company in the future, adverse weather conditions, possible technological obsolescence of existing products and services, possible reduction in the carrying value of long-lived assets, estimates of the useful life of its assets, potential environmental liability, customer concentration, the ability to obtain financing, and other risks detailed in this report and in the Company's other periodic reports filed with the Securities and Exchange Commission ("SEC"). The words "believe", "expect", "anticipate", "may", "plan", "should" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Several of the Company's accounting policies involve significant judgments, uncertainties and estimations. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. To the extent that actual results differ from management's judgments and estimates, there could be a material adverse effect on the Company. On a continuous basis, the Company evaluates its estimates, including, but not limited to, those estimates related to its allowance for doubtful accounts, inventory reserves, valuation allowance for the deferred tax assets relating to its NOL's and commitments and contingencies. With respect to accounts receivable, the Company estimates the necessary allowance for doubtful accounts based on both historical and anticipated trends of payment history and the ability of the customer to fulfill its obligations. For inventory, the Company evaluates both current and anticipated sales prices of its products to determine if a write down of inventory to net realizable value is necessary. In determining the Company's valuation allowance for its deferred tax assets, the Company assesses its ability to generate taxable income in the future. The Company utilizes both internal and external sources to evaluate potential current and future liabilities for various commitments and contingencies. In the event that the assumptions or conditions change in the future, the estimates could differ from the original estimates.

Overview

The Company has created and developed a service offering known as RefrigerantSide® Services. RefrigerantSide® Services are sold to contractors and end-users whose refrigeration systems are used in commercial air conditioning and industrial processing. These services are offered in addition to refrigerant sales and the Company's traditional refrigerant management services, which consist primarily of reclamation of refrigerants. The Company has created a network of service depots that provide a full range of the Company's RefrigerantSide® Services to facilitate the growth and development of its service offerings.

The Company focuses its sales and marketing efforts for its RefrigerantSide® Services on customers who the Company believes most readily appreciate and understand the value that is provided by its RefrigerantSide® Services offering. In pursuing its sales and marketing strategy, the Company offers its RefrigerantSide® Services to customers in the following industries; petrochemical, pharmaceutical, industrial power, manufacturing, commercial facility and property management and maritime. In addition, the Company has expanded its service offering outside of the United States through a strategic alliance with The Linde Group. The Company may incur additional expenses as it develops its RefrigerantSide® Services offering.

Sales of refrigerants continue to represent a significant portion of the Company's revenues. Certain of the Company's refrigerant sales are CFC based refrigerants, which are no longer manufactured. The demand for CFC based refrigerants has and will continue to decrease as equipment that utilizes non-CFC based refrigerants displaces those units that utilize CFC based refrigerants. The Company has increased its refrigerant sales from non-CFC based refrigerants, including HCFC and HFC refrigerants. The Act limits the production of HCFC refrigerants, which production was further limited in January 2004. Federal regulations enacted in January 2004 also imposed limitations on the importation of certain HCFC refrigerants. Under the Act, production of certain HCFC refrigerants is scheduled to be phased out during the period 2010 through 2020, and production of all

HCFC refrigerants is scheduled to be phased out by the year 2030. To the extent that the Company is unable to source CFC based or non-CFC based refrigerants on commercially reasonable terms or at all, or the demand for CFC based or non-CFC based refrigerants decreases, the Company's financial condition and results of operations could be materially adversely affected.

Results of Operations

Three Month Period ended June 30, 2009 as compared to the three month period ended June 30, 2008

Revenues for the three month period ended June 30, 2009 were $8,317,000, a decrease of $4,772,000 or 37% from the $13,089,000 reported during the comparable 2008 period. The decrease in revenues was primarily attributable to a decrease in refrigerant revenues of $4,698,000 and a decrease in RefrigerantSide® Services revenues of $74,000. The decrease in refrigerant revenues is primarily related to a decrease in the number of pounds of certain refrigerant sold. The decrease in RefrigerantSide® Services was attributable to a decrease in the numbers of jobs completed when compared to the same period of 2008.

Cost of sales for the three month period ended June 30, 2009 was $6,397,000, a decrease of $1,548,000 or 20% from the $7,945,000 reported during the comparable 2008 period. The decrease in cost of sales was primarily due to the decrease in the number of pounds sold. As a percentage of sales, cost of sales was 77% of revenues for 2009, an increase from the 61% reported for the comparable 2008 period. The increase in cost of sales as a percentage of revenues was primarily attributable to an increase in the cost per pound of refrigerants sold.

Operating expenses for the three month period ended June 30, 2009 were $1,227,000 a decrease of $112,000 from the $1,339,000 reported during the comparable 2008 period. The decrease in operating expenses was primarily related to decreased payroll expenses and professional fees.

Other income (expense) for the three month period ended June 30, 2009 was ($429,000), compared to the ($314,000) reported during the comparable 2008 period. Other income (expense) includes interest expense of $429,000 and $315,000 for the comparable 2009 and 2008 periods, respectively. The increase in interest expense is primarily attributed to an increase in outstanding indebtedness.

Income tax expense for the three month period ended June 30, 2009 and 2008 was $100,000 and $492,000 respectively. The decrease in income tax expense was attributable to a reduction in net income in 2009 when compared to 2008.

Net income for the three month period ended June 30, 2009 was $164,000 compared to net income of $2,999,000 reported during the comparable 2008 period. The decrease in net income in the 2009 period was primarily due to a decrease in gross profit from refrigerant revenues, and an increase in interest expense, partially offset by a decrease in

payroll expense and professional fees and a decrease in the income tax provision recorded in 2009.

Six Month Period ended June 30, 2009 as compared to the six month period ended June 30, 2008

Revenues for the six month period ended June 30, 2009 were $14,900,000, a decrease of $9,555,000 or 39% from the $24,455,000 reported during the comparable 2008 period. The decrease in revenues was primarily attributable to a decrease in refrigerant revenues of $9,389,000 and a decrease in RefrigerantSide® Services revenues of $166,000. The decrease in refrigerant revenues is primarily related to a decrease in the number of pounds of certain refrigerant sold. The decrease in RefrigerantSide® Services was attributable to a decrease in the numbers of jobs completed when compared to the same period of 2008.

Cost of sales for the six month period ended June 30, 2009 was $11,856,000, a decrease of $3,859,000 or 25% from the $15,715,000 reported during the comparable 2008 period. The decrease in cost of sales was primarily due to the decrease in the number of pounds sold. As a percentage of sales, cost of sales was 80% of revenues for 2009, an increase from the 64% reported for the comparable 2008 period. The increase in cost of sales as a percentage of revenues was primarily attributable to an increase in the cost per pound of refrigerants sold.

Operating expenses for the six month period ended June 30, 2009 were $2,454,000 a decrease of $425,000 from the $2,879,000 reported during the comparable 2008 period. The decrease in operating expenses was primarily related to decreased payroll expenses and professional fees.

Other income (expense) for the six month period ended June 30, 2009 was ($770,000), compared to the ($567,000) reported during the comparable 2008 period. Other income (expense) includes interest expense of $770,000 and $569,000 for the comparable 2009 and 2008 periods, respectively. The increase in interest expense is primarily attributed to an increase in outstanding indebtedness.

Income tax expense (benefit) for the six month period ended June 30, 2009 and 2008 was ($69,000) and $544,000, respectively. The tax benefits associated with the Company's NOL's are recognized to the extent that the Company is expected to recognize taxable income in future periods.

Net loss for the six month period ended June 30, 2009 was ($111,000) compared to net income of $4,750,000 reported during the comparable 2008 period. The decrease in net income in the 2009 period was primarily due to a decrease in gross profit from refrigerant revenues, and an increase in interest expense, partially offset by a decrease in payroll expense and professional fees and a decrease in the income tax provision recorded in 2009.

Liquidity and Capital Resources

At June 30, 2009, the Company had working capital, which represents current assets less current liabilities, of $10,385,000 a decrease of $714,000 from the working capital of $11,099,000 at December 31, 2008. The decrease in working capital is primarily attributable to the net loss during the 2009 period as well as a reduction in long-term debt and an increase in property, plant and equipment.

Inventory and trade receivables are principal components of current assets. At June 30, 2009, the Company had inventories of $18,019,000 a decrease of $5,594,000 or 24% from the $23,613,000 at December 31, 2008. The decrease in the inventory balance is due to the timing and availability of inventory purchases and the sale of refrigerants. The Company's ability to sell and replace its inventory on a timely basis and the prices at which it can be sold are subject, among other things, to current market conditions and the nature of supplier or customer arrangements

and the Company's ability to source CFC based refrigerants, which are no longer being manufactured or non-CFC based refrigerants. At June 30, 2009, the Company had trade receivables, net of allowance for doubtful accounts of $5,348,000 an increase of $3,617,000 from the $1,731,000 at December 31, 2008. The Company's trade receivables are concentrated with various wholesalers, brokers, contractors and end-users within the refrigeration industry that are primarily located in the continental United States.

The Company has historically financed its working capital requirements through cash flows from operations, the issuance of debt and equity securities, and bank borrowings.

Net cash used by operating activities for the six month period ended June 30, 2009, was $1,191,000 compared with net cash used by operating activities of $3,534,000 for the comparable 2008 period. Net cash used by operating activities for the 2009 period was primarily attributable to an increase in accounts receivable and a reduction in accounts payable largely offset by a decrease in inventory.

Net cash used by investing activities for the six month period ended June 30, 2009, was $350,000 compared with net cash used by investing activities of $466,000 for the prior comparable 2008 period. The net cash used by investing activities for the 2009 period was primarily related to investment in general purpose equipment in Champaign, Illinois.

Net cash provided by financing activities for the six month period ended June 30, 2009, was $1,845,000 compared with net cash provided by financing activities of $4,541,000 for the comparable 2008 period. The net cash provided by financing activities for the 2009 period was due to borrowings under the Company's revolving line of credit and proceeds from additional indebtedness partially offset by repayments of long term debt.

At June 30, 2009, the Company had cash and cash equivalents of $518,000. The Company continues to assess its capital expenditure needs. The Company may, to the extent necessary, continue to utilize its cash balances to purchase equipment primarily for its operations. The Company estimates that the total capital expenditures for 2009 will be approximately $600,000.

The following is a summary of the Company's significant contractual cash obligations for the periods indicated that existed as of June 30, 2009 (in 000's)**:**

	Twelve Month Period ended June 30,				
	2010	2011	2012	2013	Total
Long and short term debt and capital lease obligations (1) & (2)	$11,878	$5,030	$1,205	$ 18	$18,131
Operating leases	653	532	224	83	1,492
Total contractual cash obligations	$12,531	$5,562	$1,429	$101	$19,623
	========	======	======	======	========

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(1) The contractual cash obligations included in the table includes both principal and estimated interest payments. The estimated interest payments on revolving debt are based primarily on the interest rates in effect and the outstanding revolving debt obligation as June 30, 2009.

(2) Long and short term debt and capital lease obligations include payment of obligations of outstanding principal amounts of debt as of June 30, 2009 and estimated future interest payments on the outstanding principal amounts under the Company's credit facility with Keltic and Bridge, which expires on June 20, 2011.

On June 26, 2007, Hudson, through HTC, entered into the Facility with Keltic and on April 17, 2008, the Facility with Keltic was amended to secure the participation of Bridge and to provide for borrowings of up to $15,000,000. On March 20, 2009, the Facility was temporarily increased to $17,000,000. On July 15, 2009, this temporary increase of the Facility was extended to September 15, 2009, at which time the Facility will return to $15,000,000. The Facility consists of a revolving line of credit and term loans, which expires on June 20, 2011. Advances under the revolving line of credit are limited to (i) 85% of eligible trade accounts receivable and (ii) 55% of eligible inventory. Advances available to Hudson under the A and B term loans may not exceed $2,500,000 and $4,500,000, respectively. At June 30, 2009, the Facility bore interest at 6.5%. Substantially all of Hudson's assets are pledged as collateral for its obligations to Keltic and Bridge under the Facility. In addition, among other things, the loan agreement restricts Hudson's ability to declare or pay any cash dividends on its capital stock. As of June 30, 2009, Hudson had $7,657,000 of borrowings outstanding and $2,252,000 available for borrowing under the revolving line of credit. In addition, as of June 30, 2009, Hudson had $5,000,000 of borrowings outstanding under the A and B term loans with Keltic and Bridge.

In connection with the April 2008 amendment to the Facility, the Company issued 66,667 five-year common stock purchase warrants to Keltic exercisable at $1.88 per share, and issued 33,333 five-year common stock purchase warrants to Bridge exercisable at $1.88 per share. The fair value of the warrants was $74,000 and such amount is amortized over the life of the credit facility.

On July 15, 2009, HTC entered into a "Waiver" to Loan Agreement with respect to the Facility which, among other things, waived HTC's failure to achieve minimum EBITDA for the fiscal quarter ending June 30, 2009, tested on a rolling twelve month basis, as required under the Loan Agreement.

On August 13, 2009, HTC entered into an amendment to the Facility which, among other things, reset the minimum EBITDA convent calculation for the quarter ended September 30, 2009 and through the remaining term of the Facility.

On July 31, 2009, Hudson entered into a Placement Agent Agreement with Roth, engaging Roth to act as placement agent for a registered direct offering under the Shelf Registration to sell, on a best efforts basis, 3,870,000 shares of the Company's common stock at a sale price of $1.15 per share (the "Offering").

An initial closing of the Offering was held on August 5, 2009, at which time, Hudson sold 1,400,000 shares of its common stock at $1.15 per share and received net proceeds of approximately $1,400,000. Under the Offering, Hudson may sell up to another 2,470,000 shares of its common stock but there can be no assurance that any additional shares will be sold. Moreover, pursuant to the Board of Directors discretion, the Offering may be cancelled at any time without any additional sale of common stock. The Offering is expected to terminate no later than August, 21, 2009. As placement agent for the Offering, Roth will receive a fee equal to 6% of the gross proceeds from the Offering, warrants to purchase 5% of the total shares sold in the Offering at an exercise price of $1.4375 per share, plus reimbursement of its expenses up to 1% of the proceeds from the Offering.

On March 20, 2009, the Company borrowed $1,000,000 from a non-affiliate individual for a period of six months at an interest rate of 10% per annum. These borrowings are subordinated to the credit facility with Keltic and Bridge.

On March 26, 2009, the Company borrowed $1,000,000 from a related party for a period of six months at an interest rate of 10% per annum. These borrowings are subordinated to the credit facility with Keltic and Bridge.

In May 2005, the Company purchased its Champaign, Illinois facility for a total purchase price of $999,999. The Company financed the purchase with a 15 year amortizing loan in the amount of $945,000 with a balloon payment due on June 1, 2012. The note bears interest at 7% for the first five years and then adjusts annually based on prime plus 2%.

In April 2008, the Company purchased approximately 5 acres of vacant land immediately adjacent to its Champaign, Illinois facility for a total purchase price of $300,000. The Company financed the purchase with a 15 year amortizing loan in the amount of $300,000 with a balloon payment due on June 1, 2012. The note bears interest at the fixed rate of 6.7% over the entire term of the note.

The Company believes that it will be able to satisfy its working capital requirements for the foreseeable future from anticipated cash flows from operations and available funds under its existing credit facility. Any unanticipated expenses, including, but not

limited to, an increase in the cost of refrigerants purchased by the Company, an increase in operating expenses or failure to achieve expected revenues from the Company's RefrigerantSide® Services and/or refrigerant sales or additional expansion or acquisition costs that may arise in the future would adversely affect the Company's future capital needs. There can be no assurances that the Company's proposed or future plans will be successful, and as such, the Company may require additional capital sooner than anticipated, which capital may not be available.

Inflation

Inflation has not historically had a material impact on the Company's operations.

Reliance on Suppliers and Customers

The Company's financial performance and its ability to sell refrigerants is in part dependent on its ability to obtain sufficient quantities of virgin, non-CFC based refrigerants, and of reclaimable, primarily CFC based, refrigerants from manufacturers, wholesalers, distributors, bulk gas brokers, and from other sources within the air conditioning, refrigeration and automotive aftermarket industries, and on corresponding demand for refrigerants. The Company's refrigerant sales include CFC based refrigerants, which are no longer manufactured. Additionally, the Company's refrigerant sales include non-CFC based refrigerants, including HCFC refrigerants, which are the most widely used refrigerants. Effective January 1, 1996, the Act limits the production of HCFC refrigerants, which production was further limited in January 2004. Federal regulations enacted in January 2004 also imposed limitations on the importation of certain HCFC refrigerants. Under the Act, production of certain HCFC refrigerants is scheduled to be phased out by the year 2020 and production of all HCFC refrigerants is scheduled to be phased out by the year 2030. The limitations imposed by and under the Act, may limit supplies of virgin refrigerants for the foreseeable future or cause a significant increase in the price of virgin HCFC refrigerants. To the extent the Company is unable to source sufficient quantities of virgin or reclaimable refrigerants in the future, or resell refrigerants at a profit, the Company's financial condition and results of operations would be materially adversely affected.

For the six month period ended June 30, 2009, one customer accounted for approximately 11% of the Company's revenues. For the six month period ended June 30, 2008, one customer accounted for approximately 11% of the Company's revenues.

The loss of a principal customer or a decline in the economic prospects of and/or a reduction in purchases of the Company's products or services by any such customer could have a material adverse effect on the Company's financial position and results of operations.

Seasonality and Fluctuations in Operating Results

The Company's operating results vary from period to period as a result of weather conditions, requirements of potential customers, non-recurring refrigerant and service sales, availability and price of refrigerant products (virgin or reclaimable), changes in reclamation technology and regulations, timing in introduction and/or retrofit or replacement of CFC and non CFC based refrigeration equipment, the rate of expansion of the Company's operations, and by other factors. The Company's business is seasonal in nature with peak sales of refrigerants occurring in the first half of each year. During past years, the seasonal decrease in sales of refrigerants has resulted in losses particularly in the fourth quarter of the year. Delays or inability in securing adequate supplies of refrigerants at peak demand periods, lack of refrigerant demand, increased expenses, declining refrigerant prices and a loss of a principal customer could result in significant losses. There can be no assurance that the foregoing factors will not occur and result in a material adverse effect on the Company's financial position and significant losses. The Company believes that there is a similar seasonal element to RefrigerantSide® Service revenues as refrigerant sales. The Company is continuing to assess its RefrigerantSide® Service revenues seasonal trend.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standard Board ("FASB") issued FASB statement No. 157 ("SFAS No. 157,") "Fair Value Measurements," which establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The FASB agreed to defer the effective date of SFAS No.157 for one year for non-financial assets and non-financial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. There is no deferral for financial assets and financial liabilities, nor for the rare non-financial assets and non-financial liabilities that are remeasured at fair value at least annually. The adoption of SFAS No. 157 did not have a material impact on the Company's results of operations or its financial position.

In December 2007, the FASB issued Statement No. 141 (revised 2007), "Business Combinations" ("FAS 141"). FAS No. 141 (revised 2007) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling

interest in the acquiree at their fair values on the acquisition date, with the goodwill being the excess value over the net identifiable assets acquired. This standard also requires the fair value measurement of certain other assets and liabilities related to the acquisition such as contingencies. FAS 141 (revised 2007) applies prospectively to business combinations and is effective for fiscal years beginning on or after December 15, 2008.

In June 2008, the Emerging Issues Task Force of the FASB published EITF Issue 07-5 "Determining Whether an Instrument Is Indexed to an Entity's Own Stock" ("EITF 07-5") to address concerns regarding the meaning of "indexed to an entity's own stock" contained in FASB Statement 133 "Accounting for Derivative Instruments and Hedging Activities". This related to the determination of whether a freestanding equity-linked instrument should be classified as equity or debt. If an instrument is classified as debt, it is valued at fair value, and this value is remeasured on an ongoing basis, with changes recorded in earnings in each reporting period. EITF 07-5 is effective for years beginning after December 15, 2008 and earlier adoption is not permitted. Adoption of EITF 07-5 did not have a

financial statement impact on the Company.

Item 3 - Quantitative and Qualitative Disclosures about Market Risk

Not Applicable

Item 4 - Controls and Procedures

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Because of the inherent limitations in all control systems, any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Furthermore, the Company's controls and procedures can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control, and misstatements due to error or fraud may occur and not be detected on a timely basis.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) in the quarter June 30, 2009 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

For information regarding pending legal matters, refer to the Legal Proceedings Section in Part I, Item 3 of the Company's Form 10-K for the year ended December 31, 2008.

Item 6 - Exhibits

The following exhibits are attached to this report:

10.1 Fourth Amendment to Amended and Restated Loan Agreement among Hudson Technologies Company, Keltic Financial Partners, L.P. and Bridge Healthcare Finance, LLC, dated July 15, 2009.

10.2 Waiver to Loan Agreement among Hudson Technologies Company, Keltic Financial Partners, L.P. and Bridge Healthcare Finance, LLC, dated July 15, 2009.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed in its behalf by the undersigned, thereunto duly authorized.

HUDSON TECHNOLOGIES, INC.

By:	/s/ Kevin J. Zugibe	August 13, 2009
	Kevin J. Zugibe	Date
	Chairman and	
	Chief Executive Officer	
By:	/s/ James R. Buscemi	August 13, 2009
	Chief Financial Officer	Date

Exhibit Index

Number

Exhibit Title

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