AMERICAN VANGUARD CORP
Form 10-K
March 17, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For The Year Ended December 31, 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 001-13795

AMERICAN VANGUARD CORPORATION

Delaware	**95-2588080**
(State or other jurisdiction of	**(I.R.S. Employer**
Incorporation or organization)	**Identification Number)**
4695 MacArthur Court, Newport Beach, California	**92660**
(Address of principal executive offices)	**(Zip Code)**

(949) 260-1200

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Name of each exchange on which registered:**
Common Stock, $.10 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ¨ No x

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 x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨ Smaller reporting company ¨

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

The aggregate market value of the voting stock of the registrant held by non-affiliates is $152.1 million. This figure is estimated as of June 29, 2007 at which date the closing price of the registrant s Common Stock on the New York Stock Exchange was $14.32 per share. For purposes of this calculation, shares owned by executive officers, directors, and 5% stockholders known to the registrant have been deemed to be owned by affiliates. The number of shares of $.10 par value Common Stock outstanding as of June 30, 2007, was 26,345,638. The number of shares of $.10 par value Common Stock outstanding as of March 6, 2008 was 26,424,033.

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PART I

Unless otherwise indicated or in the context otherwise requires, the terms Company, we, us, and our refer to American Vanguard Corporation and its consolidated subsidiaries.

Forward-looking statements in this report, including without limitation, statements relating to the Company s plans, strategies, objectives, expectations, intentions, and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties. (Refer to PART II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operation, Risk Factors, of this Annual Report.)

ITEM 1 BUSINESS

American Vanguard Corporation was incorporated under the laws of the State of Delaware in January 1969 and operates as a holding company. Unless the context otherwise requires, references to the Company , or the Registrant in this Annual Report refer to American Vanguard Corporation and its consolidated subsidiaries. The Company conducts its business through its subsidiaries, AMVAC Chemical Corporation (AMVAC), GemChem, Inc. (GemChem), 2110 Davie Corporation (DAVIE), AMVAC Chemical UK Ltd. (Chemical UK), Quimica Amvac de Mexico S.A. de C.V. (Quimica Amvac), AMVAC Switzerland GmbH, AMVAC do Brasil Representácoes Ltda (Refer to Export Operations), and Environmental Mediation, Inc.

Based on similar economic and operational characteristics, the Company s business is aggregated into one reportable segment. Refer to Part I, Item 7 for selective enterprise information.

AMVAC

AMVAC is a California corporation that traces its history from 1945. AMVAC is a specialty chemical manufacturer that develops and markets products for agricultural and commercial uses. It manufactures and formulates chemicals for crops, human and animal health protection. These chemicals which include insecticides, fungicides, molluscicides, growth regulators, and soil fumigants, are marketed in liquid, powder, and granular forms. AMVAC s business is continually undergoing an evolutionary change. Years ago AMVAC considered itself a distributor-formulator, but now AMVAC primarily manufactures, distributes, and formulates its own proprietary products or custom manufactures or formulates for others.

On March 7, 2008, AMVAC acquired from Bayer Cropscience LP (BCS) substantially all of the assets relating to the business conducted at BCS s facility located in Marsing, Idaho (the Marsing Facility). The Marsing Facility consists of approximately 17 acres of improved real property, 15 of which are now owned by AMVAC and two of which are leased by AMVAC from the City of Marsing for a term of 25 years. The acquired assets included real property, buildings, formulating and packaging lines, raw material storage, warehousing, container recertification, a quality control laboratory, inventory and offices associated with the blending of liquid and powder raw materials and the packaging of finished liquid products in the agricultural chemical field. In connection with the acquisition, AMVAC and BCS have agreed to enter into a master processor agreement under which AMVAC will continue to provide certain tolling services to BCS over the next four years.

On December 28, 2007, AMVAC, pursuant to the provisions of that certain definitive Sale and Purchase Agreement (the Agreement) dated as of November 27, 2006 between AMVAC and BASF, through which AMVAC purchased the global Terbufos product line from BASF (as reported in greater detail in the Company s Form 8-K filed as of November 29, 2006) purchased certain manufacturing assets relating to the production of Terbufos and Phorate and located at BASF s multi-plant facility situated in Hannibal, Missouri (the Hannibal

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Site). Subject to the terms and conditions of the Agreement, AMVAC purchased certain buildings, manufacturing equipment, office equipment, fixtures, supplies, records, raw materials, intermediates and packaging constituting the T/C Unit of the Hannibal Site. The parties entered into a ground lease and a manufacturing and shared services agreement, under which BASF will continue to supply various shared services to AMVAC from the Hannibal Site. The Company anticipates growing sales of Phorate (acquired in 2005) and Counter in the coming years, and acquiring assets associated with those prior product acquisitions ensures the continuing supply of these high-quality insecticide products for use in a wide variety of agricultural applications. This acquisition ensures the continuing supply of these high-quality insecticide products for use in a wide variety of agricultural applications and significantly increases the Company s organophosphate manufacturing capacity.

On December 17, 2007, AMVAC acquired the pentachloronitrobenzine fungicide product line from the Crop Protection division of Chemtura Corporation. Included in the purchase were the brands Turfcide® and Terraclor®, highly effective fungicides that control a wide range of diseases in turf and ornamental applications and certain agricultural crops, and are a component of seed treatment dressings. These products are registered in the United States, Canada, Mexico, Brazil, Australia, Turkey, South Africa and a number of other countries.

In December 2006, AMVAC acquired the product line Permethrin (a synthetic pyrethroid insecticide) from Syngenta Crop Protection, Inc. In connection with the transaction, AMVAC acquired both crop and non-crop uses of the product line in the U.S., Mexico and Canada. Acquired assets include registration rights, manufacturing and formulation know-how, inventories, customer lists and the trademarks Ambush® and Prelude® in the aforementioned territories.

In November 2006, AMVAC acquired the global Terbufos insecticide product line and the Lock `N Load® closed delivery system from BASF Aktiengesellschaft ( BASF ). The product line consisted of the active ingredient Terbufos, the trademarks Counter® and Lock `N Load®, the manufacturing and formulation know-how, registration rights, intellectual property rights and inventories.

In December 2005, AMVAC acquired the cereal herbicide product line, Difenzoquat from BASF. The product line consists of the active ingredient Difenzoquat, the trademark Avenge , the manufacturing and formulation know-how, and registration rights and intellectual property rights in the United States and Canada. Avenge is a post-emergent herbicide primarily used to control wild oats in barley and wheat. Avenge has a unique mode of action: it can be tank mixed with many popular broad leaf herbicides to provide broadleaf weed control as well as for effectively managing herbicide resistance problems in wild oats.

In November 2005, AMVAC acquired the global Phorate insecticide product line from BASF. The product line consisted of the active ingredient Phorate, the trademarks Thimet®, Granutox® and Geomet®, the manufacturing and formulation know-how, registration rights, intellectual property rights and inventories as well as an exclusive license to use BASF s patented, closed delivery system, Lock N Load®, in the United States, Canada and Australia for Phorate. Phorate is registered in more than fifteen countries, with the main markets in Asia Pacific and the Americas. It is used on agricultural crops, mainly potatoes, corn, cotton, rice and sugarcane, to protect against chewing and piercing-sucking insects.

In March 2005, AMVAC entered into an exclusive multi-year agreement with BASF to develop, register and commercialize Topramezone, a new herbicide for post-emergent use in corn in North America. Under the terms of a licensing and supply agreement BASF would supply the product to AMVAC. In August 2005, AMVAC received a registration from the U.S. Environmental Protection Agency for Impact® (active ingredient: Topramezone), a new herbicide for the use in field corn, seed corn, sweet corn and popcorn.

In December 2004, AMVAC entered into an agreement with Bayer CropScience LP, an affiliate of Bayer AG, to market, sell and distribute Bolster 15G, a soybean pesticide used to control nematodes, through

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AMVAC s SmartBox system in key Midwest soybean growing states beginning in the 2005 season. Additionally, in December 2004, AMVAC licensed the trade name Nuvan® to Syngenta India Limited, a business unit of Syngenta Crop Protection AG. The agreement provides a two-year license to Syngenta India to sell products under the Nuvan name in the animal and public health market, as well as the crop protection market in India. AMVAC continues to sell products under the Nuvan name in the animal and public health market in over 30 other countries.

In January 2004, AMVAC entered into an agreement with Syngenta Crop Protection (Syngenta) to supply Force 3G for use through AMVAC s SmartBox system beginning in the 2004 season. Force 3G is a corn soil insecticide manufactured and marketed by Syngenta for the control of corn rootworm, wireworm, cutworm and white grub in cotton.

In December 2003, AMVAC acquired certain assets related to the active ingredient dichlorvos (DDVP) used in the animal health business and marketed primarily under the trade name Nuvan® from Novartis Animal Health, Inc. a business unit of Novartis AG. Since 1975, AMVAC has manufactured a technical form of DDVP, used primarily in specialty markets as a broad-spectrum household and specialty insecticide. Nuvan, which is used primarily for animal health to control flies and ecto-parasites, expanded the AMVAC s animal health business as well as its international sales of DDVP. DDVP products are highly effective in controlling in enclosed spaces, a wide variety of pests including mosquitoes, flies, and cockroaches. AMVAC has been the primary generator of data to support the registration of DDVP products worldwide.

In February 2003, AMVAC acquired certain assets associated with the global Pre-Harvest Protection business from Pace International, L.L.C. (Pace). Pace s global Pre-Harvest Protection business encompassed five product lines:

- Deadline® a line of snail and slug control products used in agriculture and by commercial landscapers;
- Hivol®44 a plant growth regulator used primarily in citrus;
- Hinder® a deer and rabbit repellant;
- Bac-Master streptomycin antibiotic used primarily to control Fire Blight (a bacterial disease of apples and pears that kills blossoms, shoots, limbs, and sometimes, entire trees; and
- Leffingwell® Supreme 415 Oil a horticultural oil insecticide for aphids, mites and scale.

Pace continues to manufacture Deadline and Hinder under a multi-year supply agreement with AMVAC. Additionally, AMVAC has an option to acquire Pace s Deadline manufacturing facility in Yakima County, Washington.

In January 2003, AMVAC acquired certain assets associated with the Evital® 5G cranberry herbicide business conducted in the United States from Syngenta.

In July 2002, AMVAC acquired from Flowserve U.S. Inc. (Flowserve), all or substantially all of its assets associated with the SmartBox® closed delivery system. The SmartBox system electronically dispenses granular crop protection products, replacing older technology that utilizes mechanically driven sprockets and chains. The state-of-the-art SmartBox technology allows farmers to apply crop protection products accurately and efficiently while avoiding contact with the product. The computer controller enables farmers to monitor and change application rates while planting and provides the farmers with a permanent record of application. Initially the SmartBox system was developed by Flowserve in partnership with E.I. DuPont de Nemours and Company

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(DuPont) and Zeneca, Inc. which partnership commenced in 1995. At the same time it acquired certain assets associated with the Fortress® corn soil insecticide business from DuPont in 2000, AMVAC assumed DuPont s SmartBox partnership interest. Thereafter, Zeneca, Inc. abandoned its SmartBox partnership interest. In 2000, AMVAC sold its Fortress 5G (5% active ingredient chlorethoxyfoxs) corn soil insecticide to the American farmer in the SmartBox system. Later that year, AMVAC secured exclusive marketing rights in the U.S. Bayer CropScience s Aztec® 4.67G corn soil insecticide which also can be applied through the SmartBox system. By offering both products, AMVAC provides farmers a choice of two different chemistries to apply through the SmartBox system. This allows farmers to rotate products from year to year, thereby preventing insects from building resistance to any one specific product. AMVAC is currently looking at utilizing this system for other crops where the safety features of the system would provide an important benefit.

In July 2002, AMVAC acquired from Syngenta all U.S. Environmental Protection Agency (EPA) end-use product registrations and data support as well as a license to the Ambush 25WP trademark (wettable powder formulation) in the United States. Syngenta continues to own the rights and assets of the liquid formulation (Ambush 2EC) in the United States.

In June 2002, AMVAC acquired certain assets associated with the Folex® cotton defoliant business conducted in the United States by Aventis CropScience USA prior to Bayer AG s acquisition of Aventis CropScience S.A. The purchase included the EPA end-use product registration for Folex as well as the Folex trademark and product inventories. In addition, an existing supply agreement with Bayer Corporation providing for the supply of active ingredient and access to data in support of the end-use product registration has been assigned to AMVAC, allowing AMVAC to purchase the active ingredient in Folex from Bayer. Bayer markets a product under its trademark Def® which is similar to Folex, and continues to sell Def following its acquisition of Aventis.

Seasonality

The agricultural chemical industry in general is cyclical in nature. The demand for AMVAC s products tends to be slightly seasonal. Seasonal usage, however, does not necessarily follow calendar dates, but more closely follows varying growing seasonal patterns, weather conditions and weather related pressure from pests, and customer marketing programs and requirements.

Backlog

AMVAC does not believe that backlog is a significant factor in its business. AMVAC primarily sells its products on the basis of purchase orders, although it has entered into requirements contracts with certain customers.

Customers

UAP Distribution, Inc. (formerly United Agri Products), Windfield Solution LLC (formerly Agriliance) and Tenkoz accounted for 18%, 12% and 11%, respectively of the Company s sales in 2007. United Agri Products, Agriliance and Helena Chemical Company accounted for 18%, 15% and 11%, respectively of the Company s sales in 2006. United Agri Products, Agriliance and Helena Chemical Company accounted for 15%, 13% and 11%, respectively of the Company s sales in 2005.

Competition

AMVAC faces competition from many domestic and foreign manufacturers in its marketplaces. Competition in AMVAC s marketplace is based primarily on efficacy, price, safety and ease of application.

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Many of such competitors are larger and have substantially greater financial and technical resources than AMVAC. AMVAC s ability to compete depends on its ability to develop additional applications for its current products and expand its product lines and customer base. AMVAC competes principally on the basis of the quality of its products, its price and the technical service and support given to its customers. The inability of AMVAC to effectively compete in several of AMVAC s principal products would have a material adverse effect on AMVAC s results of operations.

Generally, the treatment against pests of any kind is broad in scope, there being more than one way or one product for treatment, eradication, or suppression. AMVAC has attempted to position itself in smaller niche markets which are no longer of strong focus to larger companies. These markets are small by nature, require significant and intensive management input, ongoing product research, and are near product maturity. These types of markets tend not to attract larger chemical companies due to the smaller volume demand, and larger chemical companies have been divesting themselves of products that fall into such niches as is evidenced by AMVAC s successful acquisitions of certain product lines.

Intellectual Property

AMVAC s proprietary product formulations are protected, to the extent possible, as trade secrets and, to a lesser extent, by patents and trademarks. Although AMVAC considers that, in the aggregate, its trademarks, licenses, and patents constitute a valuable asset, it does not regard its business as being materially dependent upon any single or several trademarks, licenses, or patents.

EPA Registrations

AMVAC s products also receive protection afforded by the effect of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) legislation that makes it unlawful to sell any pesticide in the United States unless such pesticide has first been registered by the Environmental Protection Agency (EPA) as well as under similar state laws. Substantially all of AMVAC s products are subject to EPA registration and re-registration requirements and are conditionally registered in accordance with FIFRA. This licensing by EPA is based, among other things, on data demonstrating that the product will not cause unreasonable adverse effects on human health or the environment when it is used according to approved label directions. All states where any of AMVAC s products are used require a registration by that specific state before it can be marketed or used in that state. State registrations are renewed annually, as appropriate. The EPA and state agencies have required, and may require in the future, that certain scientific data requirements be performed on registered products sold by AMVAC. AMVAC, on its own behalf and in joint efforts with other registrants, has furnished, and is currently furnishing, certain required data relative to specific products.

Under FIFRA, the federal government requires registrants to submit a wide range of scientific data to support U.S. registrations. This requirement results in operating expenses in such areas as testing and the production of new products. AMVAC expensed $2,013,000, $2,884,000 and $2,853,000 during 2007, 2006 and 2005 respectively, related to gathering this information. Because scientific analyses are constantly improving, it cannot be determined with certainty whether or not new or additional tests may be required by the regulatory authorities. Additionally, while FIFRA Good Laboratory Practice standards specify the minimum practices and procedures which must be followed in order to ensure the quality and integrity of data related to these tests submitted to the EPA, there can be no assurance the EPA will not request certain tests/studies be repeated. AMVAC expenses these costs on an as incurred basis. See also PART II, Item 7 of this Annual Report for discussions pertaining to research and development expenses.

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Raw Materials

AMVAC utilizes numerous firms as well as internal sources to supply the various raw materials and components used by AMVAC in manufacturing its products. Many of these materials are readily available from domestic sources. In those instances where there is a single source of supply or where the source is not domestic, AMVAC seeks to secure its supply by either long-term arrangements or advance purchases from its suppliers. AMVAC believes that it is considered to be a valued customer to such sole-source suppliers. Recent increases in energy costs are expected to have an adverse impact on the Company, although the ultimate impact cannot be measured at this time.

Environmental

During 2007, AMVAC continued activities to address environmental issues associated with its facility (the Facility) in Commerce, California.

In March 1997, the California Environmental Protection Agency Department of Toxic Substances Control (DTSC) accepted the Facility into its Expedited Remedial Action Program (ERAP). Under this program, the Facility must prepare and implement an environmental investigation plan. Depending on the findings of the investigation, the Facility may also be required to develop and implement remedial measures to address any historical environmental impairment. The environmental investigation and any remediation activities related to ten underground storage tanks at the Facility, which had been closed in 1995, will also be addressed by AMVAC under ERAP.

Soil and groundwater characterization activities began in December 2002 in accordance with the Site Investigation Plan that was approved by the DTSC. Additional activities were conducted from 2003 to 2007 with oversight provided by the DTSC. Additional investigation is planned over the next year under the oversight of the DTSC. Potential remediation activities may be initiated in 2008 or 2009. These investigation and potential remediation activities are required at all facilities that currently have, or in the past had, hazardous waste storage permits. Because AMVAC previously held a hazardous waste management permit, AMVAC is subject to these requirements. It is uncertain whether the cost associated with the potential remediation activities will have a material impact on the Company s financial statements.

AMVAC is subject to numerous federal and state laws and governmental regulations concerning environmental matters and employee health and safety at the Commerce, California and Axis, Alabama facilities. AMVAC continually adapts its manufacturing process to the environmental control standards of the various regulatory agencies. The U.S. EPA and other federal and state agencies have the authority to promulgate regulations that could have an impact on AMVAC s operations.

AMVAC expends substantial funds to minimize the discharge of materials in the environment and to comply with the governmental regulations relating to protection of the environment. Wherever feasible, AMVAC recovers raw materials and increases product yield in order to partially offset increasing pollution abatement costs.

The Company is committed to a long-term environmental protection program that reduces emissions of hazardous materials into the environment, as well as to the remediation of identified existing environmental concerns. Federal and state authorities may seek fines and penalties for violation of the various laws and governmental regulations. As part of its continuing environmental program, except as disclosed in PART I, Item 3, Legal Proceedings, of this Annual Report, the Company has been able to comply with such proceedings and orders without any materially adverse effect on its business.

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Employees

As of March 6, 2008, the Company employed approximately 309 employees. AMVAC, on an ongoing basis, due to the seasonality of its business, uses temporary contract personnel to perform certain duties primarily related to packaging of its products. The Company believes it is cost beneficial to employ temporary contract personnel. None of the Company s employees are subject to a collective bargaining agreement.

The Company believes it maintains positive relations with its employees.

Export Operations

The Company opened an office in Basel, Switzerland in January 2006. The office operates under the name AMVAC Switzerland GmbH. The Company formed the new subsidiary to expand its resources dedicated to non-U.S. opportunities, primarily in the European Union (EU).

The Company opened an office in 1998 in Mexico to conduct business in Mexico and related areas. The office operates under the name Quimica AMVAC De Mexico S.A. de C.V. and markets chemical products for agricultural and commercial uses.

The Company opened an office in August 1994, in the United Kingdom to conduct business in the European chemical market. The office, operating under the name AMVAC Chemical UK Ltd., focuses on developing product registration and distributor networks for AMVAC s product lines throughout Europe. The office is located in Surrey, England, to the southwest of London. The operating results of this operation were not material to the Company s total operating results for the years ended December 31, 2007, 2006 and 2005.

The Company also formed a Brazilian entity operating under the name AMVAC do Brasil Representácoes Ltda it functions primarily to import technical grade agricultural chemicals and to sell them to local formulators and distributors.

The Company classifies as export sales all products bearing foreign labeling shipped to a foreign destination.

	2007	2006	2005
Export Sales	$ 32,932,000	$ 17,246,000	$ 13,856,000
Percentage of Net Sales	15.2%	8.9%	7.3%

Risk Management

The Company continually evaluates insurance levels for product liability, property damage and other potential areas of risk. Management believes its facilities and equipment are adequately insured against loss from usual business risks. The Company has purchased claims made products liability insurance. There can be no assurance, however, that such product liability coverage insurance will continue to be available to the Company, or if available, that it will be provided at an economical cost to the Company.

GEMCHEM, INC.

GemChem is a California corporation incorporated in 1991 and purchased by the Company in 1994. GemChem is a national chemical distributor. GemChem, in addition to purchasing key raw materials for the Company, also sells into the pharmaceutical, cosmetic and nutritional markets. Prior to the acquisition, GemChem acted in the capacity as the domestic sales force for the Company (from September 1991).

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2110 DAVIE CORPORATION

DAVIE currently owns real estate for corporate use only. See also PART I, Item 2 of this Annual Report.

ENVIRONMENTAL MEDIATION, INC.

EMI is an environmental consulting firm.

* * *

Available Information

The Company makes available free of charge (through its website, *www.american-vanguard.com*), its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission (SEC). Such reports are also available free of charge on the Securities and Exchange Commission (SEC) website, *www.sec.gov*. Also available free of charge on the Company s website are our Audit Committee, Compensation Committee Finance and Nominating and Corporate Governance Committee Charters, our Corporate Governance Guidelines, our Code of Conduct and Ethics, our Employee Complaint Procedures for Accounting and Auditing Matters and our policy on Stockholder Nomination and Communication. The Company s Internet website and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K.

* * *

ITEM 1A. RISK FACTORS

Risk Factors

The Company s business may be adversely affected by cyclical and seasonal effects.

The chemical industry in general is cyclical and demands for its products tend to be slightly seasonal. Seasonal usage follows varying agricultural seasonal patterns, weather conditions and weather related pressure from pests, and customer marketing programs and requirements. Weather patterns can have an impact on the Company s operations. The end user of some of its products may, because of weather patterns, delay or intermittently disrupt field work during the planting season which may result in a reduction of the use of some products and therefore may reduce our revenues and profitability. There can be no assurance that the Company will adequately address any adverse seasonal effects.

The industry in which the Company does business is extremely competitive and its business may suffer if the Company is unable to compete effectively.

Generally, the treatment against pests of any kind is broad in scope, there being more than one way or one product for treatment, eradication, or suppression. The Company faces competition from many domestic and foreign manufacturers, marketers and distributors participating in its marketplace. Competition in the marketplace is based primarily on efficacy, price, safety and ease of application. Many of the Company s competitors are larger and have substantially greater financial and technical resources. The Company s ability to compete depends on its ability to develop additional applications for its current products, and to expand its product lines and customer base. The Company competes principally on the basis of the quality of its products, and the technical service and support given to its customers. There can be no assurance that the Company will compete successfully with existing competitors or with any new competitors.

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The Company faces competition in certain markets from manufacturers of genetically modified seeds.

The Company faces competition from larger chemical companies that market genetically modified (GMO) seeds in certain of the crop protection sectors in which the Company competes, particularly that of corn. To the extent that growers in these markets embrace the use of GMO seeds, such growers may reduce their use of pesticides sold by the Company. There is no guarantee that the Company will maintain its market share or pricing levels in sectors that are subject to competition from GMO seed marketers.

The distribution and sale of the Company s products are subject to prior governmental approvals and thereafter ongoing governmental regulation.

The Company s products are subject to laws administered by federal, state and foreign governments, including regulations requiring registration, approval and labeling of its products. The labeling requirements restrict the use of and type of application for our products. More stringent restrictions could make our products less desirable, which would adversely affect our revenues and profitability. Substantially all of the Company s products are subject to the EPA registration and re-registration requirements, and are conditionally registered in accordance with FIFRA. Such registration requirements are based, among other things, on data demonstrating that the product will not cause unreasonable adverse effects on human health or the environment when used according to approved label directions. All states where any of the Company s products are used also require registration before they can be marketed or used in that state. Governmental regulatory authorities have required, and may require in the future, that certain scientific data requirements be performed on the Company s products. The Company, on its behalf and in joint efforts with other registrants, have and are currently furnishing certain required data relative to its products. Under FIFRA, the federal government requires registrants to submit a wide range of scientific data to support U.S. registrations. This requirement has significantly increased the Company s operating expenses in such areas as testing and the production of new products. The Company expects such increases to continue in the future. Because scientific analyses are constantly improving, it cannot be determined with certainty whether or not new or additional tests may be required by regulatory authorities. Responding to such requirements may cause delays in the sales of our products which delays would adversely affect our profitability. While FIFRA Good Laboratory Practice standards specify the minimum practices and procedures which must be followed in order to ensure the quality and integrity of data related to these tests submitted to the U.S. EPA, there can be no assurance the EPA will not request certain tests or studies be repeated. In addition, more stringent legislation or requirements may be imposed in the future. The Company can provide no assurance that any testing approvals or registrations will be granted on a timely basis, if at all, or that its resources will be adequate to meet the costs of regulatory compliance.

The Company faces risks related to acquisitions of product lines.

The Company has expanded and intends to continue to expand its operations through the acquisition of additional product lines from these larger competitors. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional product lines, or successfully integrate any acquired product lines without substantial expenses, delays or other operational or financial problems. There is an increasing trend in selling mature product lines through a competitive bid process. As a result, we may not be the successful bidder for a desirable product, or, if successful, we may pay a higher price for such product than if there was no competitive bid process. Further, acquisitions may involve a number of special risks or effects, including diversion of management s attention, failure to retain key acquired personnel, unanticipated events or circumstances, minimum purchase quantities, legal liabilities and amortization of acquired intangible assets and other one-time or ongoing acquisition related expenses. Some or all of these special risks or effects could have a material adverse effect on the Company s financial and operating results. Client satisfaction or performance problems associated with a business or product line could have a material adverse impact on the Company s reputation. In addition, there can be no assurance that acquired product lines, if any, will achieve anticipated revenues and earnings.

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The Company s future success will depend on its ability to develop additional applications for its products, and to expand its product lines and customer base.

The Company has grown primarily by a strategy of acquiring mature product lines from larger competitors and expanding sales of these products based on new applications and new users. The Company s success will depend, in part, on its ability to develop additional applications for its products, and to expand its product lines and customer base in a highly competitive market. There can be no assurance that the Company will be successful in adequately addressing these development needs on a timely basis or that, if these developments are addressed, the Company will be successful in the marketplace. In addition, there can be no assurance that products or technologies (e.g., genetic engineering) developed by others will not render the Company s products noncompetitive or obsolete, which would have a material adverse effect on its financial and operating results. Many of the mature product lines the Company has acquired from larger competitors were divested as a result of a mergers involving such large competitors.

If the Company is unable to successfully position itself in smaller niche markets, its business may be materially adversely affected.

The Company has attempted to position itself in smaller niche markets that have been or are being abandoned by larger chemical companies. These types of markets tend not to attract larger chemical companies due to the smaller volume demand. As a result, larger chemical companies have been divesting themselves of products that fall into such smaller niche markets. These smaller niche markets require significant and intensive management input and ongoing product research and are near product maturity. There can be no assurance that the Company will be successful in these smaller niche markets or, if it is successful in one or more niche markets, that it will continue to be successful in such niche markets.

The manufacturing of the Company s products is subject to governmental regulations.

The Company currently operates three manufacturing facilities in Los Angeles, California; Axis, Alabama; and Marsing, Idaho and owns and has manufacturing services provided in a fourth facility in Hannibal, Missouri (the Facilities). The Facilities operate under the terms and conditions imposed by required licenses and permits by state and local authorities. The manufacturing of key ingredients for the Company s products occurs at the Facilities. An inability to renew or maintain a license or permit or a significant increase in the fees for such licenses or permits could impede the Company s access to key ingredients and increase the cost of production, which, in turn, would materially and adversely affect the Company s ability to provide its products in a timely and affordable manner.

The Company may be subject to environmental liabilities.

The Company, its facilities and its products are subject to numerous federal and state laws and governmental regulations concerning environmental matters and employee health and safety. The Company continually adapts its manufacturing process to the environmental control standards of the various regulatory agencies. The U.S. EPA and other federal and state agencies have the authority to promulgate regulations that could have a significant impact on the Company s operations. The Company expends substantial funds to minimize the discharge of materials into the environment and to comply with governmental regulations relating to protection of the environment. Federal and state authorities may seek fines and penalties for violation of the various laws and governmental regulations, and could, among other things, impose liability on the Company for cleaning up the damage resulting from release of pesticides and other agents into the environment.

The Company s use of hazardous materials exposes it to potential liabilities.

The Company s development and manufacturing of chemical products involve the controlled use of hazardous materials. While the Company continually adapts its manufacturing process to the environmental

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control standards of regulatory authorities, it cannot completely eliminate the risk of accidental contamination or injury from hazardous or regulated materials. In the event of such contamination or injury, the Company may be held liable for significant damages or fines. In the event that such damages or fines are assessed, it could have a material adverse effect on the Company s financial and operating results.

The Company s business may give rise to product liability claims not covered by insurance or indemnity agreements.

The manufacturing, marketing, distribution and use of chemical products involve substantial risk of product liability claims. A successful product liability claim which is not insured may require the Company to pay substantial amounts of damages. In the event that such damages are paid, it could have a material adverse effect on the Company s financial and operating results.

Adverse results in pending legal and regulatory proceedings could have adverse effects on the Company s business.

The Company is currently, and may from time to time, be involved in legal and regulatory proceedings. The results of litigation and such proceedings cannot be predicted with certainty. The Company has and will continue to expend resources and incur expenses in connection with these proceedings. There can be no assurance that the Company will be successful in these proceedings. While the Company continually evaluates insurance levels for product liability, property damage and other potential areas of risk, an adverse determination in one or more of these proceedings could subject the Company to significant liabilities, which could have a material adverse effect on its financial condition and operating results.

The Company relies on intellectual property which it may be unable to protect, or may be found to infringe the rights of others.

The Company s proprietary product formulations are protected, to the extent possible, as trade secrets and, to a lesser extent, by patents and trademarks. Most of the mature products that the Company has acquired which were patented are currently off patent because the patent has expired. The Company can provide no assurance that the way it protects its proprietary rights will be adequate or that its competitors will not independently develop similar or competing products. Further, the Company can provide no assurance that its is not infringing other parties rights. Any claims could require the Company to spend significant sums in litigation, pay damages, develop non-infringing intellectual property, or acquire licenses to the intellectual property which is the subject of asserted infringement.

The Company relies on key executives in large part for its success.

The Company s success is highly dependent upon the efforts and abilities of its executive officers, particularly Eric G. Wintemute, its President and Chief Executive Officer. Although Mr. Wintemute has entered into an employment agreement with the Company, this does not guarantee that he will continue his employment. The loss of the services of Mr. Wintemute or other executive officers could have a material adverse effect upon its financial and operating results.

Concentration of ownership among the Company s Co-Chairmen of the Board of Directors may prevent new investors from influencing significant corporate decisions.

As of March 6, 2008, Herbert A. Kraft and Glenn A. Wintemute, the Company s Co-Chairmen of the Board of Directors, beneficially owned approximately 13% and 6%, respectively, of the Company s common stock.

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These stockholders as a group will be able to influence substantially the Company s Board of Directors and thus its management and affairs. If acting together, they would be able to influence most matters requiring the approval by the Company s stockholders, including the election of directors, any merger, consolidation or sale of all or substantially all of the Company s assets and any other significant corporate transaction. The concentration of ownership may also delay or prevent a change in control if opposed by these stockholders irrespective of whether the proposed transaction is at a premium price or otherwise beneficial to the Company s stockholders as a whole.

The Company is dependent on a limited number of customers, which makes us vulnerable to the continued relationship with and financial health of those customers.

In 2007, three customers accounted for 41% of the company s sales. The Company s future prospects will depend on the continued business of such customers and on our continued status as a qualified supplier to such customers. The Company cannot guarantee that our current significant customers will continue to buy products from us at current levels. The loss of a key customer could have a material adverse effect on the Company.

The Company s stock price may be volatile, and an investment in the Company s stock could decline in value.

The market prices for securities of companies in the Company s industry have been highly volatile and may continue to be highly volatile in the future. Often this volatility is unrelated to operating performance of a company.

The Company s business may be adversely affected by terrorist activities.

The Company s business depends on the free flow of products and services through the channels of commerce. Recently, in response to terrorists activities and threats aimed at the United States, transportation, mail, financial and other services have been slowed or stopped altogether. Further delays or stoppages in transportation, mail, financial or other services could have a material adverse effect on the business, results of operations and financial condition. Furthermore, the Company may experience an increase in operating costs, such as costs for transportation, insurance and security as a result of the activities and potential activities. The Company may also experience delays in receiving payments from counterparties that may have been affected by the terrorist activities and potential activities. The U.S. economy in general is being adversely affected by the terrorist activities and potential activities and any economic downturn could adversely impact results of operations, impair the ability to raise capital or otherwise adversely affect the ability to grow the business.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.

Complying with changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and changes to the New York Stock Exchange rules, will require the Company to expend significant resources. The Company is committed to maintaining the highest standards of corporate governance and public disclosure. As a result, the Company will continue to invest necessary resources to comply with evolving laws, regulations and standards, and this investment may result in increased expenses and a diversion of management time and attention from revenue-generating activities.

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Note On Forward-Looking Statements

This report contains forward-looking statements. Forward-looking statements relate to future periods and include descriptions of our plans, objectives, and underlying assumptions for future operations, our market opportunities, our acquisition opportunities, and our ability to compete. Generally, may, could, will, would, expect, believe, estimate, anticipate, intend, continue and similar words identify forward-Forward-looking statements are based on our current expectations and are subject to risks and uncertainties that can cause actual results to differ materially. For information on these risks and uncertainties, see the Risk Factors in this report. We urge you to consider these factors carefully in evaluating the forward-looking statements contained in this report. Forward-looking statements are made only as of the date of this report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2 PROPERTIES

The Company s corporate headquarters (and Environmental Mediation, Inc.) are located in Newport Beach, California. This facility is leased. See PART IV, Item 15 of this report for further information.

AMVAC owns in fee the Facility constituting approximately 152,000 square feet of improved land in Commerce, California (Commerce) on which its West-Coast manufacturing and some of its warehouse facilities and offices are located.

DAVIE owns in fee approximately 72,000 square feet of warehouse, office and laboratory space on approximately 118,000 square feet of land in Commerce, California, which is leased to AMVAC.

In 2001, AMVAC completed the acquisition of a manufacturing facility from DuPont. The facility is one of three such units located on DuPont s 510 acre complex in Axis, Alabama. The acquisition consisted of a long- term ground lease of 25 acres and the purchase of all improvements thereon. The facility is a multi-purpose plant designed primarily to manufacture pyrethroids and organophosphates. The acquisition increased AMVAC s capacity while also providing flexibility and geographic diversity. (Refer to PART II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operation of this Annual Report.)

On December 28, 2007, AMVAC, pursuant to the provisions of that certain definitive Sale and Purchase Agreement (the Agreement) dated as of November 27, 2006 between AMVAC and BASF, through which AMVAC purchased the global Terbufos product line from BASF (as reported in greater detail in the Company s Form 8-K filed as of November 29, 2006) AMVAC purchased certain manufacturing assets relating to the production of Terbufos and Phorate and located at BASF s multi-plant facility situated in Hannibal, Missouri (the Hannibal Site). Subject to the terms and conditions of the Agreement, AMVAC purchased certain buildings, manufacturing equipment, office equipment, fixtures, supplies, records, raw materials, intermediates and packaging constituting the T/C Unit of the Hannibal Site. The parties entered into a ground lease and a manufacturing and shared services agreement, under which BASF will continue to supply various shared services to AMVAC from the Hannibal Site.

On March 7, 2008, AMVAC acquired from Bayer Cropscience LP a facility (the Marsing Facility) located in Marsing, Idaho which consists of approximately 17 acres of improved real property, 15 of which are owned by AMVAC and 2 of which AMVAC leases from the City of Marsing for a term of 25 years. The Marsing Facility is engaged in the blending of liquid and powder raw materials and the packaging of finished liquid products in

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the agricultural chemical field. With this acquisition, AMVAC has acquired the ability to formulate flowable materials. In connection with the acquisition, AMVAC and BCS have agreed to enter into a master processor agreement under which AMVAC will provide certain tolling services to BCS on an ongoing basis through 2012.

The production areas of AMVAC s facilities are designed to run on a continuous twenty-four hour per day basis. AMVAC regularly adds chemical processing equipment to enhance its production capabilities. AMVAC believes its facilities are in good operating condition and are suitable and adequate for AMVAC s foreseeable needs, have flexibility to change products, and can produce at greater rates as required. Facilities and equipment are insured against losses from fire as well as other usual business risks. The Company knows of no material defects in title to, or encumbrances on, any of its properties except that substantially all of the Company s assets are pledged as collateral under the Company s loan agreements with its primary lender. For further information, refer to note 2 of the Notes to the Consolidated Financial Statements in PART IV, Item 15 of this Annual Report.

AMVAC owns approximately 42 acres of unimproved land in Texas for possible future expansion.

GemChem s, Chemical UK s, Quimica AMVAC s and AMVAC Switzerland GmgH s facilities consist of administration and sales offices which are leased.

ITEM 3 LEGAL PROCEEDINGS

I. DBCP Litigation

AMVAC and/or the Company have been named or otherwise implicated in a number of lawsuits concerning injuries allegedly arising from either contamination (of water supplies) or personal exposure to 1,2-dibromo-3-chloropropane (DBCP). A summary of these actions follows:

A. Hawaii Matters

Board of Water Supply v. Shell Oil Co. et al.

AMVAC and the Company were served with complaints in February 1997. The actions were filed in the Circuit Court of the Second Circuit, State of Hawaii entitled *Board of Water Supply of the County of Maui v. Shell Oil Co., et. al.* The suit named as defendants the Company, AMVAC, Shell Oil Company, The Dow Chemical Company, Occidental Chemical Company, Occidental Petroleum Corporation, Occidental Chemical Corporation, and Brewer Environmental Industry, Inc. Maui Pineapple Company was joined as a cross-defendant. The Complaint alleged that between two and four of the Board s wells had been contaminated with DBCP in excess of the maximum contaminant level (MCL). In addition, the Board of Water Supply contended that future wells may exceed the MCL level and would need remediation. On August 2, 1999, a global settlement was reached, which included the remediation of the existing contaminated wells in addition to the installation of filtration devices on other wells for the next forty years on the island of Maui. The cash settlement was three million dollars ($3,000,000) of which AMVAC s (and the Company s) portion was five hundred thousand dollars ($500,000). The settlement agreement obligates the defendants to pay for the installation of filtration devices on other wells that become contaminated later and for the ongoing operation and maintenance of the filtration devices for up to forty years. The annual costs of operation and maintenance per well is estimated to be approximately sixty-nine thousand dollars ($69,000), to be adjusted annually by the consumer price index. The obligations of the defendants under this agreement are secured by a twenty million-dollar letter of credit obtained by Dow Chemical. In connection with the settlement, in October 2005, AMVAC paid for a share of a permanent filtration system in the amount of $222,198. In June 2007, AMVAC paid $23,654 for its share of operations and maintenance expenses for 2005 and 2006.

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Patrickson, et. al. v. Dole Food Co., et. al

In October 1997, AMVAC was served with a Complaint(s) in which it was named as a defendant, filed in the Circuit Court, First Circuit, State of Hawaii and in the Circuit Court of the Second Circuit, State of Hawaii (two identical suits) entitled *Patrickson, et. al. v. Dole Food Co., et. al* (Patrickson Case) alleging damages sustained from injuries caused by plaintiffs exposure to DBCP while applying the product in their native countries. Other named defendants are: Dole Food Co., Dole Fresh Fruit, Dole Fresh Fruit International, Pineapple Growers Association of Hawaii, Shell Oil Company, Dow Chemical Company, Occidental Chemical Corporation, Standard Fruit Company, Standard Fruit & Steamship, Standard Fruit Company De Costa Rica, Standard Fruit Company De Honduras, Chiquita Brands, Chiquita Brands International, Martrop Trading Corporation, and Del Monte Fresh Produce. (American Vanguard Corporation has not been sued in these actions.) The ten named plaintiffs are citizens of four countries Guatemala, Costa Rica, Panama, and Ecuador. Punitive damages are sought against each defendant. The plaintiffs were banana workers and allege that they were exposed to DBCP in applying the product in their native countries. The case was also filed as a class action on behalf of other workers so exposed in these four countries. The plaintiffs allege sterility and other injuries. The suits were removed to federal court and for the last several years, the focus of the case has been on procedural issues, including the dismissal of the case based on the doctrine of forum non conveniens. This doctrine would require the plaintiffs to pursue their claims in their native countries. On April 22, 2003, the United States Supreme Court issued a decision on the procedural posture of the case, holding there was no jurisdiction in federal court and remanded the case to state court. Starting in early 2004, there had been no activity in the case for about two years. However, a status conference was held on June 1, 2006 at the request of the plaintiffs attorneys, who expressed a desire to pursue the class action aspect or add other individuals. Plaintiffs counsel now claims that his class members will include workers from mainland U.S. and other countries. On September 12, 2006, the court ordered the transfer of venue from Maui County to Oahu. The court held a status conference on April 16, 2007 and tentatively set the case for trial for February 16, 2009. The plaintiffs were requested to file a preliminary motion for class certification but have not done so to date. All parties expect that the case will not be certified as a class action as a matter of law, but the plaintiffs attorney then wants to add several thousand other individuals as plaintiffs here or in some other action. No discovery has taken place on the individual claims of the plaintiffs. Without such discovery, it is unknown whether any of the plaintiffs was exposed to AMVAC brand DBCP, what are the actual injuries, or what statute of limitation defenses may apply. AMVAC intends to contest the cases vigorously. However, it is too early to provide an assessment as to the probability of an unfavorable outcome in these matters.

Further, the plaintiffs attorneys reported that the ten plaintiffs filed suit in their home countries in 1998, based on the prior order of forum non conveniens, alleging damages in excess of two million United States dollars ($2,000,000) per plaintiff. The suit in Guatemala was served on AMVAC in March 2001, but no defendant has been required to answer. Suits in the other countries have not been served. AMVAC has engaged local attorneys in the countries to defend these foreign suits.

Adams v. Dole Food Co. et al

On approximately November 23, 2007, AMVAC was served with a suit filed by two former Hawaiian pineapple workers and their spouses, alleging testicular cancer due to DBCP exposure: *Adams v. Dole Food Co. et al* in the First Circuit for the State of Hawaii. The complaint was filed on June 29, 2007 and names Dole Food Co., Standard Fruit and Steamship Company, Dole Fresh Food, Pineapple Growers Association, AMVAC, Shell Oil Co., Dow Chemical Co. and Occidental Corporation. Plaintiff Mark Adams alleges he was exposed to DBCP in 1974 and 1975 while working on Dole s plantation on Oahu. Plaintiff Nelson Ng alleges he was exposed between 1971 and 1973 while working in Lanai City, Lanai. AMVAC answered the complaint on or about December 14, 2007. While no discovery has taken place, AMVAC denies that any of its product could have been used at the times and locations alleged by these plaintiffs.

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B. Mississippi Matters

In May 1996, AMVAC was served with five complaints in which it is named as a defendant. (These complaints were filed by the same attorneys representing the Patrickson plaintiffs in Hawaii.) The complaints are brought by plaintiffs Edgar Arroyo-Gonzalez, Eulogio Garzon-Larreategui, ValentinValdez, Amilcar Belteton-Rivera, and Carlos Nicanor Espinola-E against one or more of the following named defendants: Coahoma Chemical Co. Inc., Shell Oil Company, Dow Chemical Co., Occidental Chemical Co., Standard Fruit Co., Standard Fruit and Steamship Co., Dole Food Co., Inc., Dole Fresh Fruit Co., Chiquita Brands, Inc., Chiquita Brands International, Inc. and Del Monte Fresh Produce, N.A. The cases were filed in the Circuit Court of Harrison County, First Judicial District of Mississippi. Each case alleged damages sustained from injuries caused by plaintiffs (who are former banana workers and citizens of a Central American country) exposure to DBCP while applying the product in their native countries. These cases were removed to U.S. District Court for the Southern District of Mississippi, Southern Division. The federal court granted defense motions to dismiss in each case pursuant to the doctrine of *forum non conveniens*. On January 19, 2001, the court issued an unpublished decision, finding that there was jurisdiction in federal court, but remanded just one case (Espinola) back to the trial court based on a stipulation which limited the plaintiff s recovery to fifty thousand dollars ($50,000). No activity has taken place on this matter since 2001. Without discovery, it is unknown whether this plaintiff was exposed to the Company s product or what defenses may apply. AMVAC intends to contest the cases vigorously. It is too early to provide an evaluation of the likelihood of an unfavorable outcome in this case.

C. Louisiana Matters

In November 1999, AMVAC was served with three complaints filed in the 29th Judicial District Court for the Parish of St. Charles, State of Louisiana entitled *Pedro Rodrigues et. al v. AMVAC Chemical Corporation et. al, Andres Puerto, et. al v. Amvac Chemical Corporation, et. al* and *Eduardo Soriano, et al v. Amvac Chemical Corporation et. al.* Other named defendants are: Dow Chemical Company, Occidental Chemical Corporation, Shell Oil Company, Standard Fruit, Dole Food, Chiquita Brands, Tela Railroad Company, Compania Palma Tica, and Del Monte Fresh Produce. American Vanguard Corporation is not named as a defendant. These suits were filed in 1996, but they were not served until November 1999. Following a dismissal of most of the plaintiffs from the action (in light of the fact that they had previously settled their claims in other actions), the complaints, with Soriano as the lead case, allege personal injuries to 314 persons (167 from Ecuador, 102 from Costa Rica, and 45 from Guatemala) from alleged exposure to DBCP (punitive damages are also sought). With the United States Supreme Court holding there was no federal court jurisdiction in the Patrickson case, the federal court judge remanded the cases to Louisiana state court in June 2003. In state court, the three cases were assigned to two different judges. On November 17, 2006, the state court separated the cases handled by attorney Scott Hendler from the cases being pursed only against the growers handled by different counsel. Subsequently, the cases against the growers were settled and all those actions were dismissed. The cases handled by Mr. Hendler were supposed to be placed in a new action, which was not done. After a hearing on January 29, 2008, the court ruled on February 8, 2008 that these plaintiffs could still proceed in the existing cases rather than in a new pleading.

As in many of the other banana workers cases, no discovery has taken place on the individual claims of the plaintiffs. Thus, it is unknown as to how many of the plaintiffs claim exposure to AMVAC s product, what are the actual injuries, and whether their claims are barred by applicable statutes of limitation. AMVAC intends to vigorously contest these cases. It is too early to provide any evaluation of the likelihood of an unfavorable outcome at this time.

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D. Nicaragua Matters

Tellez et al v. Dole Food Company, Inc. et al

On March 26, 2004, 25 plaintiffs, all residents of Nicaragua, filed suit in state court in Los Angeles County, California, claiming personal injuries from alleged exposure to DBCP while working on banana plantations in their home country. The named defendants are Dole Food Company, Inc., Dole Fresh Fruit Company, Standard Fruit Company, Standard Fruit and Steamship Company, Dow Chemical Company, and AMVAC Chemical Corporation. American Vanguard was not named as a defendant. Punitive damages were also sought against all defendants.

The plaintiffs, all field workers, claim personal injuries for complete sterility (azoospermia) or in one case, severely reduced sperm count. They claim exposure from working on banana plantations in Nicaragua from dermal contact with DBCP and inhalation of vapors. The plaintiffs also claimed exposure to DBCP in groundwater that they ingested, but testing of wells in October 2005 did not reveal the presence of any DBCP contamination and this claim of exposure through groundwater was dropped.

AMVAC was served with the complaint on April 12, 2004 and filed an answer on May 5, 2004. On May 6, 2004, Dow Chemical removed the case from state court to the United States District Court for the Central District of California. The case was subsequently remanded to state court.

On September 2, 2004, the plaintiffs were permitted to file an amended complaint that dropped seven plaintiffs and added 18 others, so that there were a total of 36 plaintiffs. Since that time, 18 plaintiffs have been dismissed, four others who have not yet obtained U.S. visas to come to the United States for their depositions, and one making a cancer related claim have been transferred to the *Mejia* case listed below, reducing the total to 13.

In March 2007, AMVAC settled with the 13 plaintiffs for a total of $300,000 without any admission of liability. The case proceeded to a jury trial against the Dole Food and Dow Chemical defendants in July 2007 for 12 plaintiffs as one was transferred to the *Mejia* case. On November 5, 2007, the jury found for the defendants on the claims of six of the plaintiffs and found for the plaintiffs on the other six for a total award of approximately $3.3 million. For five of the six plaintiffs, the jury allocated 80% of the liability to Dole on fraudulent concealment and strict liability causes of action and 20% to Dow (and 40% on the other plaintiff) on strict products liability. In further deliberations, the same jury awarded $500,000 in punitive damages to each of five plaintiffs as against the Dole entities for fraudulent concealment for a total of an additional $2.5 million. Motions for new trial are pending. On March 7, 2008, the trial court in Tellez granted Dole s motion for judgment notwithstanding the verdict as to punitive damages thereby reversing the award of punitive damages ($2.5 million) against Dole. In reaching its decision, the court found that any award of punitive damages as against Dole would be violative of the Due Process Clause of the Fourteenth Amendment as the claimed injuries to plaintiffs and Dole s acts occurred outside of California. As this case impacts the other DBCP suits, the Company is monitoring these developments.

This case, like the other pending banana workers suits, demonstrates the difficult issues of law and fact to all parties and the potential of large verdicts, at least in cases involving claims of complete sterility (azoospermia) that defendants cannot explain. In all of these banana worker cases, there is no guarantee that the Company will be able to avoid an adverse judgment or that the size of any such judgment will not have an adverse effect upon the Company s financial performance. If plaintiffs continue to be successful, it is likely that other banana workers from Nicaragua will file suit in California.

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Rodolfo Mejia et al v. Dole Food Company, Inc. et al

On September 20, 2005, the attorneys who also represent plaintiffs in *Tellez et al v. Dole Food Company et al* filed an action on behalf of 16 Nicaraguan plaintiffs in the Los Angeles County Superior Court against Dole Food Company, Inc., Dole Fresh Fruit Company, Standard Fruit Company, Standard Fruit and Steamship Company, the Dow Chemical Company, and AMVAC Chemical Corporation. The complaint alleges that the 16 plaintiffs worked at various banana farms in Nicaragua and were exposed to DBCP from 1970 to 1984, suffering irreversible sterility or infertility. The complaint seeks unspecified compensatory and punitive damages against each defendant. The suit has been assigned to the same judge for case management and trial as in the *Tellez* matter. These plaintiffs allege that they were all applicators of the product at the banana farms. The plaintiffs also allege exposure to DBCP from contaminated groundwater.

Plaintiffs served a First Amended Complaint naming 21 workers as plaintiffs, including five plaintiffs who were transferred from the *Tellez* action. A second amended complaint was filed on January 22, 2008, that added the plaintiffs who had just filed suit in the Rivera case listed below, making a total of 26.

This case has been set for trial for February 2, 2009. The court has advised that after it is determined who will be able to obtain visas, discovery will be limited to 20 plaintiffs and any others beyond that number must be transferred to another case. Discovery has not yet begun in this case as the final selection of the plaintiffs has not yet been made. It is too early to provide any evaluation of the likelihood of an unfavorable outcome at this time.

At a status conference on February 8, 2008, the court ordered that the parties in this case and all the other DBCP cases filed in Los Angeles must engage in global mediation sessions that are to include all cases.

Rivera et al v. Dole Food Company, Inc. et al

On October 26, 2007, the attorneys who also represent plaintiffs in *Tellez et al v. Dole Food Company et al* filed an action on behalf of four Nicaraguan plaintiffs in the Los Angeles County Superior Court against Dole Food Company, Inc., Dole Fresh Fruit Company, Standard Fruit Company, Standard Fruit and Steamship Company, the Dow Chemical Company, and AMVAC Chemical Corporation. The complaint alleges that the four plaintiffs worked at various banana farms in Nicaragua and were exposed to DBCP from 1975 to 1990, suffering irreversible sterility or infertility. The complaint seeks unspecified compensatory and punitive damages against each defendant. The suit has been assigned to the same judge for case management and trial as in the *Tellez* and the *Mejia* matters.

The complaint was amended on November 30, 2007 to include a total of six plaintiffs. AMVAC answered this first amended complaint on January 10, 2008. As explained above, these six workers were then added to the *Mejia* suit on January 22, 2008, so presently they have two actions. These six will be dismissed from the *Rivera* complaint and others from the *Mejia* action or others selected by the plaintiffs attorneys will be added to this case.

At the present, it is unknown who will be named as plaintiffs in this case.

Suits filed in Nicaragua

The Los Angeles attorneys representing these workers in California have recently stated that they have as many as 10,000 clients in Nicaragua.

In prior descriptions of pending litigation and other matters, several suits filed in Nicaragua in January 2003 on behalf of banana workers claiming exposure to DBCP were mentioned. It was reported that AMVAC had been named in these suits, but was not served with the complaints.

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In May 2005, two suits filed in Nicaragua in 2004 were received that name AMVAC, The Dow Chemical Company, Dole Food Co., Dole Fresh Fruit, and Standard Fruit Company. The two suits for personal injuries for sterility and reduced sperm counts have been filed on behalf of a total of 15 banana workers: *Flavio Apolinar Castillo et al. v. AMVAC Chemical Corporation et al.*, No. 535/04 and *Luis Cristobal Martinez Suazo et al. v. AMVAC Chemical Corporation et al.*, No. 679/04. In December 2005, AMVAC received six additional, similar lawsuits filed on behalf of a total of 30 plaintiffs. These plaintiffs each claim $1 million in special and general damages and $5 million in punitive damages.

AMVAC has retained an attorney in Nicaragua and understands that the receipt of these eight suits constitutes first notice and an invitation to attend mediation. All but one of these suits is based on Nicaraguan Public Law 364 issued in October 2000 that is directed solely at DBCP and requires the posting of a $100,000 bond, sets forth a lessened standard of proof to show that the claimed injuries are due to DBCP, and establishes an unreasonable amount of minimum compensation for injuries. This law also provides that there is no statute of limitations.

On January 25, 2006, AMVAC was served with the Flavio Apolinar Castillo and Luis Cristobal Martinez Suazo suits listed above. In March 2006, counsel in Nicaragua filed objections to jurisdiction over Amvac in these two cases. The court finally ruled on all the defendants objections on March 20, 2007 by denying each objection to jurisdiction. Appeals are pending at the appellate level in Nicaragua.

A review of court filings in Chinandega, Nicaragua, by local counsel has found 85 suits filed pursuant to Public Law 364 that name AMVAC and include approximately 3,592 plaintiffs. However, only the two *Castillo* and *Suazo* cases have been served on Amvac. Each of these plaintiffs claims $1 million in special and general damages and $5 million in punitive damages. It is anticipated that the plaintiffs attorneys will continue to file additional actions on a monthly basis in Nicaragua.

In an earlier round of suits brought in Nicaragua against Dow, Shell, and Standard Fruit only, the Nicaragua court issued judgments for $490 million in December 2002 based on claims of 583 banana workers, despite defenses of lack of personal jurisdiction and the unconstitutionality of Public Law 364. It has been reported that in 2003, the United States District Court in Los Angeles refused to enforce these judgments on the basis that the judgments did not properly name the defendants. The U.S. District Court did not reach the issue of due process under Public Law 364. An appeal to the U.S. Court of Appeals for the Ninth Circuit is pending.

AMVAC contends that the Nicaragua courts do not have jurisdiction over it and that Public Law 364 violates international due process of law. AMVAC intends to contest personal jurisdiction and demand under Law 364 that the claims be litigated in the United States. Thus far, it appears that the Nicaraguan courts have denied all requests of other defendants under Law 364 that allow the defendants the option of consenting to jurisdiction in the United States. It is not presently known as to how many of these plaintiffs actually claim exposure to DBCP at the time AMVAC s product was allegedly used nor is there any verification of the claimed injuries. Based on the precedent of the earlier suits in Nicaragua, it would appear likely that the Nicaragua courts will, over the defendants objections, enter multi-million dollar judgments for the plaintiffs and against all defendants in these cases. One such judgment was entered in August 2005 for $97 million for 150 plaintiffs against Dole Food and other entities. It has also been reported that on December 1, 2006, the Nicaraguan court rendered a judgment for $802 million against Dow, Shell, Occidental, and Standard Fruit for some 1200 plaintiffs.

E. Ivory Coast Cases

On October 6, 2006, AMVAC was served with seven suits filed in the Los Angeles County Superior Court and one suit in the United States District Court in Los Angeles that include a total of 668 residents of the Ivory

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Coast as plaintiffs. Each plaintiff claims bodily injuries from exposure to DBCP while residing or working on banana or pineapple plantations in that country from the 1970s to the present. The suits name AMVAC, Dow Chemical, Shell Oil Company, and Dole Food as defendants. All these suits also seek punitive damages, and the action filed in federal court alleges a claim under the Alien Tort Claims Act, alleging that the sale and use of DBCP amounted to genocide in the Ivory Coast. AMVAC did not sell any DBCP into the Ivory Coast at any time and intends to defend these cases vigorously. Discovery has not yet begun in these cases, and it is too early to provide any evaluation as to the probability of an unfavorable outcome.

On November 3, 2006, Dow and Shell removed the seven state court cases to federal court, alleging that the naming of AMVAC and the Dole entities amounted to a fraudulent joinder of those defendants by plaintiffs to defeat federal jurisdiction. However, the federal court remanded all of those cases on its own motion back to state court. These state cases were reassigned to the same complex case management judge as in the *Tellez* and *Mejia* suits in May 2007. Limited discovery has been permitted to focus on preliminary issues as to which DBCP product was used in the Ivory Coast and which defendants, if any, belong in these cases. The plaintiffs attorney is unwilling to dismiss any defendant at this time. A further status conference is scheduled for April 14, 2008.

On December 7, 2006 Amvac answered the Alien Tort Claims Act case in federal court. A defense motion for judgment on the pleadings in the case was granted on March 26, 2007, whereby the court dismissed the genocide and unlawful distribution of pesticide claims with prejudice, and dismissed the remaining claims with leave to amend. The plaintiffs filed an amended complaint in April 2007 regarding only the claims for relief for crimes against humanity and racial discrimination and omitting the claims that the court had dismissed. Defendants jointly filed a motion to dismiss that was heard on May 21, 2007 and was granted after being taken under submission. The plaintiffs have appealed to the Ninth Circuit Court of Appeal and this appeal is pending.

F. Other DBCP Matters

Other attorneys filed suits in the Los Angeles County Superior Court in April 2005 on behalf of several thousand banana workers in other countries, including Costa Rica, Panama, and Honduras. AMVAC has not been named in these suits.

II. Other Litigation Matters

A. McLendon v. Philip Service Corporation

On July 19, 2006, AMVAC s registered agent was served with a putative class action complaint entitled *Latrice McLendon, et al. v. Philip Service Corporation etc. et al (including AMVAC),* which was filed in the Superior State Court of Fulton County, State of Georgia No. 2006CN119863 and subsequently removed to the United States District Court for the Northern District of Georgia No. 1:06-CV-1770-CAP, in which a class of Georgia plaintiffs seek damages, including punitive damages, in an unspecified amount for personal injuries and diminution in property value allegedly arising from the airborne release of propyl mercaptan and ethoprop from a waste treatment facility operated by PSC Recovery Services (PSC) in Fairburn, Georgia. Plaintiffs, residents living in the vicinity of the PSC plant, allege trespass, nuisance and negligence on behalf of defendants in handling, storing and treating waste which was generated by AMVAC s Axis, Alabama facility. After having completed class certification discovery, and prior to a ruling from the court on certification of the class, the parties engaged in mediation on September 19, 2007 before a neutral mediator.

Working in conjunction with their insurance carriers at the mediation, defendants AMVAC and PSC have agreed in principle to settle the matter with a settlement class of approximately 2,000 households for payment of cash consideration. The settlement process involves multiple steps to be taken over several months and requires

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both preliminary and final court approval. As currently proposed, the settlement would not have an adverse effect upon the Company s financial performance. However, the settlement is not yet final, members of the settlement class remain free to opt out of the settlement and to preserve their individual rights, and it is not anticipated that the settlement will include mutual releases between co-defendants. In addition, each co-defendant s insurance carrier has reserved all rights under applicable insurance policies, including rights to subrogation and contribution. On a related note, on April 16, 2007, AMVAC executed a draft consent order (including an agreement to pay a civil penalty with the option to perform a supplemental environmental project in partial payment thereof) with the Alabama Department of Environmental Management (ADEM) for resolution of alleged violations of hazardous waste regulations arising from AMVAC s storage of washwater and other materials that were returned to AMVAC by PSC in connection with activities that are the subject of the *McLendon* litigation; the consent order has been finalized, and ADEM has approved AMVAC s proposed supplemental environmental project.

B. Aceto Agricultural Chemicals Corporation v. AMVAC

On May 30, 2007, AMVAC s registered agent was served with a summons, complaint and motion for preliminary injunction by Aceto Agricultural Chemicals Corporation (Aceto) in a matter entitled *Aceto Agricultural Chemicals Corporation v. AMVAC Chemical Corporation,* which was filed in the U.S. District Court for the Northern District of Georgia, Atlanta Division as Case No. 1:07-CV-1236-CC. In this action, plaintiff seeks damages and injunctive relief for alleged antitrust violations arising from AMVAC s purchase of the patent relating to the EZ Load® closed delivery system. Aceto, which has sold a generic version of the insecticide phorate through the EZ Load system, was licensee under a license with the former patent holder which permitted Aceto to use the EZ Load system through August 1, 2007. Aceto seeks, among other things, to enjoin AMVAC from asserting its patent rights following the expiration of Aceto s license. AMVAC believes that this case has no merit and plans to defend it vigorously. The hearing on plaintiff s motion for a preliminary injunction concluded on October 26, 2007, and, on December 17, 2007, the court entered an order under which is denied plaintiff s motion for preliminary injunction, finding that Aceto had not met its burden of establishing a likelihood of success on the merits of any claim. Plaintiff has filed a notice of appeal of the court s order. It is too early in this case, however, to make an assessment of the likelihood of there being an adverse judgment against AMVAC or whether such judgment could have an adverse effect upon the Company s financial performance.

The Company may, from time to time, be involved in other legal proceedings arising in the ordinary course of its business. The results of litigation, including those described above, cannot be predicted with certainty. The Company has and will continue to expend resources and incur expenses in connection with these proceedings. There can be no assurance that the Company will be successful in these proceedings. While the Company continually evaluates insurance levels for product liability, property damage and other potential areas of risk, an adverse determination in one or more of these proceedings could subject the Company to significant liabilities, which could have a material adverse effect on its financial condition and operating results.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted during the fourth quarter of 2007 to a vote of security holders, through the solicitation of proxies or otherwise.

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PART II

ITEM 5 MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Effective March 7, 2006, the Company s $0.10 par value common stock (Common Stock) is listed on the New York Stock Exchange under the ticker symbol AVD. From January 1998 through March 6, 2006, the Common Stock was listed on the American Stock Exchange under the ticker symbol AVD. The Company s Common Stock traded on The NASDAQ Stock Market under the symbol AMGD from March 1987 through January 1998.

The following table sets forth the range of high and low sales prices as reported for the Company s Common Stock for the calendar quarters indicated (as adjusted for stock splits and stock dividends).

	High	Low
Calendar 2007		
First Quarter	$ 20.00	$ 13.88
Second Quarter	17.09	12.77
Third Quarter	20.25	11.51
Fourth Quarter	20.30	13.37
Calendar 2006		
First Quarter	$ 22.91	$ 16.50
Second Quarter	27.75	14.09
Third Quarter	16.91	12.91
Fourth Quarter	18.25	13.45

As of March 6, 2008 the number of stockholders of the Company s Common Stock was approximately 4,200, which includes beneficial owners with shares held in brokerage accounts under street name and nominees.

On September 11, 2007, the Company announced that the Board of Directors declared a cash dividend of $0.03 per share. The dividend was distributed on October 12, 2007, to stockholders of record at the close of business on September 28, 2007.

On March 13, 2007, the Company announced that the Board of Directors declared a cash dividend of $0.04 per share. The dividend was distributed on April 13, 2007 to stockholders of record at the close of business on March 30, 2007.

On September 14, 2006, the Company announced that the Board of Directors declared a cash dividend of $0.03 per share. The dividend was distributed on October 13, 2006, to stockholders of record at the close of business on September 29, 2006.

On March 23, 2006, the Company announced that the Board of Directors declared a 4 for 3 stock split and a cash dividend of $0.07 per share ($0.0525 as adjusted for the 4 for 3 stock split). Both dividends were distributed on April 17, 2006 to stockholders of record at the close of business on April 3, 2006. The cash dividend was paid on the number of shares outstanding prior to the 4 for 3 stock split. Stockholders entitled to fractional shares resulting from the stock split received cash in lieu of such fractional share based on the closing price of the Company s stock on April 3, 2006.

On September 14, 2005, the Company announced that the Board of Directors declared a cash dividend of $0.03 per share which was distributed on October 14, 2005, to stockholders of record at the close of business on September 30, 2005.

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On March 21, 2005, the Company announced that the Board of Directors declared a 2 for 1 stock split (100% stock dividend) and a cash dividend of $0.11 per share ($0.055 as adjusted for the stock split). Both dividends were distributed on April 15, 2005 to stockholders of record at the close of business on March 29, 2005. The cash dividend was paid on the number of shares outstanding prior to the 2 for 1 stock split. Stockholders entitled to fractional shares resulting from the stock split received cash in lieu of such fractional share based on the closing price of the Company s stock on March 29, 2005.

The Company has issued a cash dividend in each of the last twelve years dating back to 1996.

Stock Performance Graph

The following graph presents a comparison of the cumulative, five-year total return for the Company, the S&P 500 Stock Index, and a peer group (Chemical Specialty Industry). The graph assumes that the beginning values of the investments in the Company, the S&P 500 Stock Index, and the peer group of companies each was $100. All calculations assume reinvestment of dividends. Returns over the indicated period should not be considered indicative of future returns.

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ITEM 6 SELECTED FINANCIAL DATA (in thousands, except for weighted average number of shares and per share data)

	2007	2006	2005	2004	2003
Net sales	$ 216,662	$ 193,771	$ 189,796	$ 150,855	$ 124,863
Gross profit	$ 95,730	$ 82,358	$ 85,679	$ 72,258	$ 58,874
Operating income	$ 36,013	$ 29,216	$ 32,267	$ 24,958	$ 16,542
Income before income tax expense	$ 30,526	$ 26,522	$ 30,939	$ 23,733	$ 16,182
Net income	$ 18,728	$ 15,448	$ 19,002	$ 14,477	$ 10,263
Earnings per common share(1)	$ 0.71	$ 0.60	$ 0.78	$ 0.60	$ 0.44
Earnings per common share assuming dilution(1)	$ 0.68	$ 0.57	$ 0.74	$ 0.57	$ 0.42
Total assets	$ 248,581	$ 262,376	$ 183,227	$ 122,346	$ 106,734
Working capital	$ 75,144	$ 99,233	$ 41,668	$ 36,275	$ 31,624
Long-term debt and capital lease obligations, less current portion	$ 56,155	$ 93,761	$ 34,367	$ 19,474	$ 22,142
Stockholders equity	$ 139,739	$ 120,877	$ 82,448	$ 63,972	$ 50,334
Weighted average shares outstanding basic(1)	26,307,019	25,933,650	24,344,179	23,951,195	23,496,808
Weighted average shares outstanding assuming dilution(1)	27,436,105	27,186,369	25,758,740	25,556,600	24,358,008
Dividends per share of common stock(1)	$ 0.070	$ 0.083	$ 0.064	$ 0.049	$ 0.035

The selected consolidated financial data set forth above with respect to each of the calendar years in the five-year period ended December 31, 2007 have been derived from the Company s consolidated financial statements and are qualified in their entirety by reference to the more detailed consolidated financial statements and the independent registered public accounting firm s reports thereon which are included elsewhere in this Report on Form 10-K for the three years in the period ended December 31, 2007. See ITEM 7, Management s Discussion and Analysis of Financial Condition and Results of Operations.

(1) The basic and diluted weighted average number of shares outstanding, net income per share and dividend information for all periods presented have been restated to reflect the effects of stock splits and dividends.

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ITEM 7 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION
Results of Operations (in Thousands)

2007 Compared with 2006:

	2007	2006	Change
Net sales:			
Crop	$ 185,886	$ 162,447	$ 23,439
Non-crop	30,776	31,324	(548)
	$ 216,662	$ 193,771	$ 22,891
Gross profit:			
Crop	$ 81,502	$ 68,629	$ 12,873
Non-crop	14,228	13,729	499
	$ 95,730	$ 82,358	$ 13,372

The Company reported net income of $18,728 or $ .68 per diluted share in 2007 as compared to net income of $15,448 or $ .57 per diluted share in 2006. (Net income per share data has been restated to reflect the effect of a 4 for 3 stock split that was distributed on April 17, 2006.)

Net sales in 2007 increased by 12% to $216,662 from $193,771 in 2006. The Company s herbicide Impact® grew substantially in 2007. Counter® and Aztec®, the Company s primary owned and licensed corn soil insecticides, both contributed significantly to the results in 2007. There were no unusual or infrequent events or transactions outside of the ordinary course of business, which materially impacted net sales.

Gross profits increased $13,372 to $95,730 in 2007 from $82,358 in 2006. Gross profit margins increased to 44% in 2007 from 43% in 2006. The improved gross profit in gross profit margin was due to the changes in the sales mix of the Company s products. Gross profit margins may not be comparable to those of other companies, since some companies include their distribution network in cost of goods sold and the Company, as well as others, include distribution costs in operating expenses (or other line items other than cost of goods sold).

Operating expenses, which are net of other income and expenses, increased by $6,575 to $59,717 in 2007 from $53,142 in 2006. Operating expenses as a percentage of sales were 28% in 2007 as compared to 27% in 2006. The differences in operating expenses by specific departmental costs are as follows:

	2007	2006	Change
Selling	$ 19,487	$ 17,231	$ 2,256
General and administrative	16,020	11,729	4,291
Research, product development and regulatory	6,947	8,243	(1,296)
Freight, delivery and warehousing	17,263	15,939	1,324
	$ 59,717	$ 53,142	$ 6,575

Selling expenses increased by $2,256 to $19,487 in 2007 from $17,231 in 2006. Increases in programs and related costs , advertising, promotion and marketing costs as well as increases in outside professional fees and other variable selling expenses related to both increased sales levels and product mix of sales accounted for the overall increase.

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General and administrative expenses increased by $4,291 to $16,020 in 2007 as compared to $11,729 in 2006. The increase was due to an increase in amortization of intangibles related to the Company s recently acquired products as well as increase in legal expenses, other outside professional fees and increases in payroll and payroll related costs.

Research and product development costs and regulatory registration expenses declined by $1,296 to $6,947 in 2007 from $8,243 in 2006. Lower costs incurred to generate scientific data related to the registration of the Company s products accounted for the decline.

Freight, delivery and warehousing costs increased $1,324 to $17,263 in 2007 as compared to $15,939 in 2006 due to the increased sales levels.

Interest costs before capitalized interest and interest income were $5,731 in 2007 as compared to $3,382 in 2006. The Company s average overall debt in 2007 was $77,776 as compared to $55,520 in 2006. Higher overall debt levels coupled with higher effective interest rates accounted for the higher gross interest costs. The Company capitalized $30 of interest costs related to construction in progress in 2007 as compared to $658 in 2006. The Company recognized $214 in interest income in 2007 as compared to $30 in 2006.

Income tax expense increased by $724 to $11,798 in 2007 as compared to $11,074 in 2006. The Company s effective tax rate was 38.7% in 2007 as compared to 41.8% in 2006. (See note 3 to the Consolidated Financial Statements for additional analysis of the changes in income tax expense.)

Weather patterns can have an impact on the Company s operations. Weather conditions influence pest population by impacting gestation cycles for particular pests and the effectiveness of some of the Company s products, among other factors. The end user of some of the Company s products may, because of weather patterns, delay or intermittently disrupt field work during the planting season which may result in a reduction of the use of some of the Company s products. During 2007, weather patterns did not have a material adverse effect on the Company s results of operations.

Because of elements inherent to the Company s business, such as differing and unpredictable weather patterns, crop growing cycles, changes in product mix of sales, ordering patterns that may vary in timing, and promotional programs, measuring the Company s performance on a quarterly basis, (gross profit margins on a quarterly basis may vary significantly) even when such comparisons are favorable, is not as meaningful an indicator as full-year comparisons. The primary reason is that the use cycles do not necessarily coincide with financial reporting cycles. Because of the Company s cost structure, the combination of variable revenue streams, and the changing product mixes, results in varying quarterly levels of profitability.

Contractual Obligations and Off-Balance Sheet Arrangements

The following summarizes our contractual obligations at December 31, 2007 and the effects such obligations are expected to have on liquidity and cash flow in future periods:

		Payments Due by Period			
	Total	Less than 1 Year	1 3 Years	4 5 Years	After 5 Years
Long-term debt	$ 58,261	$ 4,106	$ 12,212	$ 17,943	$ 24,000
Note payable product acquisitions	2,000		2,000		
Accrued royalty obligations	368	368			
Employment agreement(s)	3,689	527	1,054	1,054	1,054
Operating leases	967	326	361	40	240

$ 65,285	$ 5,327	$ 15,627	$ 19,037	$ 25,294

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There were no off-balance sheet arrangements as of December 31, 2007.

We believe that our cash flows from operations and cash and cash equivalents will be sufficient to meet our working capital and capital expenditure requirements and provide us with adequate liquidity to meet our anticipated operating needs for at least the next 12 months. Although operating activities are expected to provide cash, to the extent we grow significantly in the future, our operating and investing activities may use cash and, consequently, this growth may require us to obtain additional sources of financing. There can be no assurance that any necessary additional financing will be available to us on commercially reasonable terms, if at all. We intend to finance our long-term liquidity requirements out of net cash provided by operations and cash and cash equivalents.

Results of Operations (in Thousands)

2006 Compared with 2005:

	2006	2005	Change
Net sales:			
Crop	$ 162,447	$ 157,327	$ 5,120
Non-crop	31,324	32,469	(1,145)
	$ 193,771	$ 189,796	$ 3,975
Gross profit:			
Crop	$ 68,629	$ 69,895	$ (1,266)
Non-crop	13,729	15,784	(2,055)
	$ 82,358	$ 85,679	$ (3,321)

The Company reported net income of $15,448 or $ 0.57 per diluted share in 2006 as compared to net income of $19,002 or $ 0.74 per diluted share in 2005. (Net income per share data has been restated to reflect the effect of a 4 for 3 stock split that was distributed on April 17, 2006.)

Net sales in 2006 increased 2% to $193,771 from $189,796 in 2005. Sales of products acquired through recent acquisitions accounted for approximately $16 million of additional sales. However, sales of certain corn soil and cotton insecticides and mosquito adulticides were significantly lower in 2006 compared to 2005.

Gross profit decreased by $3,321 to $82,358 (43% of sales) in 2006 from $85,679 (45% of sales) in 2005 due primarily to competitive pricing pressures, additional manufacturing overhead costs and changes in product mix. Gross profit margins may not be comparable to those of other companies, since some companies include their distribution network in cost of goods sold and the Company, as well as others, include distribution costs in operating expenses (or other line items other than cost of goods sold).

Operating expenses, which are net of other income and expenses, decreased by $270 to $53,142 in 2006 from $53,412 in 2005. Operating expenses as a percentage of sales were 27% in 2006 as compared to 28% in 2005. The changes in operating expenses by specific departmental costs are as follows:

	2006	2005	Change
Selling	$ 17,231	$ 20,140	$ (2,909)

General and administrative	11,729	14,382	(2,653)
Research, product development and regulatory	8,243	7,175	1,068
Freight, delivery and warehousing	15,939	11,715	4,224
	$ 53,142	$ 53,412	$ (270)

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Selling expenses decreased by $2,909 to $17,231 in 2006 from $20,140 in 2005 due primarily to lower sales program costs and royalties offset by additional sales compensation and advertising costs.

General and administrative expenses decreased by $2,653 to $11,729 in 2006 as compared to $14,382 in 2005 due primarily to lower bonus accruals and legal fees.

Research and product development costs and regulatory registration expenses increased by $1,068 to $8,243 in 2006 from $7,175 in 2005 due primarily to U.K. product registration activities and other product development related costs.

Freight, delivery and warehousing costs increased $4,224 to $15,939 in 2006 as compared to $11,715 in 2005 due primarily to significant cost increases passed on to us by our freight carriers and the expansion of our distribution network.

Interest costs before capitalized interest and interest income were $3,382 in 2006 as compared to $1,720 in 2005. The Company s average overall debt in 2006 was $55,520 as compared to $30,137 in 2005. Higher overall debt levels coupled with higher effective interest rates accounted for the higher gross interest costs. The Company capitalized $658 of interest costs related to construction in progress in 2006 as compared to $363 in 2005. The Company recognized $30 in interest income in 2006 as compared to $29 in 2005.

Income tax expense decreased by $863 to $11,074 in 2006 as compared to $11,937 in 2005. The Company s effective tax rate was 41.8% in 2006 as compared to 38.6% in 2005. (See note 3 to the Consolidated Financial Statements for additional analysis of the changes in income tax expense.)

Liquidity and Capital Resources

Cash provided by operating activities in 2007 was $55,507. Net income of $18,728, non-cash depreciation and amortization of $10,088, a decrease in receivables of $19,174, a decrease in inventories of $3,173 and increases in other current liabilities of $5,851, deferred income taxes of $990 and non-cash stock-based compensation expense of $791 provided $58,795 of cash for operations. Increases in prepaid expenses and other current assets of $1,396 coupled with a decrease in accounts payable of $1,892 used $3,288 of cash in operating activities.

The Company used $13,887 in investing activities during 2007. It invested $8,038 in intangible assets and $5,849 in capital expenditures.

The Company used $40,475 in financing activities during 2007. The Company repaid $35,500 under its fully-secured revolving line of credit and made payments on its other long-term debt of $4,106 and paid cash dividends of $1,838. The Company received proceeds of $969 from the exercise of stock options and the sale of common stock under its ESPP.

The Company had $75,000 of availability under its $75,000 revolving line of credit (subject to meeting certain financial covenants) as of December 31, 2007. Management continues to believe, to continue to improve its working capital position and maintain flexibility in financing interim needs, it is prudent to explore all available sources of financing.

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Recently Issued Accounting Guidance

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interest in Consolidated Financial Statements (SFAS 160). SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent s equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent s ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains it controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is evaluating the adoption of SFAS 160 and its impact on the Company s consolidated financial position, cash flows and results of operations.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 141 (Revised) (FAS 141(R)), *Business Combinations*. The provisions of this statement are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning after December 15, 2008. Earlier application is not permitted. FAS141(R) replaces FAS 141 and provides new guidance for valuing assets and liabilities acquired in a business combination. We will adopt FAS141(R) in calendar year 2009.

In February 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* , which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of SFAS No. 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for the Company as of January 1, 2008. The Company has not completed its evaluation of SFAS No. 159 but it does not expect the adoption of SFAS No. 159 to have a material effect on its operating results or financial position.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*. The statement requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. This statement was effective as of the end of the fiscal year ending after December 15, 2006. The adoption of SFAS 158 did not have a material impact on the consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not currently believe that the adoption of SFAS 157 will have a material impact on the consolidated financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (FIN 48) an interpretation of FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 requires that a

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position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Upon adoption, the cumulative effect of applying the recognition and measurement provisions of FIN 48, if any, shall be reflected as an adjustment to the opening balance of retained earnings. FIN 48 requires that subsequent to initial adoption a change in judgment that results in subsequent recognition, derecognition or change in a measurement of a tax position taken in a prior annual period (including any related interest and penalties) be recognized as a discrete item in the period in which the change occurs. Currently, we record such changes in judgment, including audit settlements, as a component of the Company s income tax provision. Thus, the Company s reported quarterly income tax rate may become more volatile. This change will not impact the manner in which we record income tax expense on an annual basis. FIN 48 also requires expanded disclosures including identification of tax positions for which it is reasonably possible that total amounts of unrecognized tax benefits will significantly change in the next twelve months, a description of tax years that remain subject to examination by major tax jurisdiction, a tabular reconciliation of the total amount of unrecognized tax benefits at the beginning and end of each annual reporting period, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate and the total amounts of interest and penalties recognized in the statements of operations and financial position. FIN 48 is effective for fiscal years beginning after December 15, 2006. The standard did not have an impact on the consolidated financial statements.

Foreign Exchange

Management does not believe that the fluctuation in the value of the dollar in relation to the currencies of its customers in the last three fiscal years has adversely affected the Company s ability to sell products at agreed upon prices denominated in U.S. dollars. No assurance can be given, however, that adverse currency exchange rate fluctuations will not occur in the future. Should adverse currency exchange rate fluctuations occur in geographies where the Company sells/exports its products, management is not certain such fluctuations will materially impact the Company s operating results.

Inflation

Management believes inflation has not had a significant impact on the Company s operations during the past three years. However, management has witnessed a trend of rising costs with respect to raw materials sourced in other countries. Whether this trend arises from inflation or other factors is uncertain.

CRITICAL ACCOUNTING POLICIES

Certain of the Company s policies require the application of judgment by management in selecting the appropriate assumptions for calculating financial estimates. These judgments are based on historical experience, terms of existing contracts, commonly accepted industry practices and other assumptions that the Company believes are reasonable under the circumstances. These estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results may differ from these estimates under different assumptions or conditions. The Company s critical accounting polices and estimates include:

Revenue Recognition and Allowance for Doubtful Accounts

Revenue from sales is recognized at the time title and the risks of ownership passes. This is when the customer has made the fixed commitment to purchase the goods, the products are shipped per the customers

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instructions, the sales price is determinable, and collection is reasonably assured. Allowance for doubtful accounts is estimated based on estimates of losses related to customer receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances. Though the Company considers these balances adequate and proper, changes in economic conditions in specific markets in which the Company operates could have a material effect on reserve balances required.

Inventories

The Company values its inventories at lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method, including material, labor and factory overhead. The Company writes down its inventory for estimated obsolescence equal to the cost of the inventory. Product obsolescence may be caused by shelf-life expiration, discontinuance of a product line, replacement products in the marketplace or other competitive situations.

Long-lived Assets

The carrying value of long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows.

Property, Plant and Equipment and Depreciation

Property, plant and equipment includes the cost of land, buildings, machinery and equipment, office furniture and fixtures, automobiles, and construction projects and significant improvements to existing plant and equipment. Interest costs related to significant construction projects are capitalized at the Company s weighted average cost of capital. Expenditures for maintenance and minor repairs are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation is removed from the respective accounts and the gain or loss realized on disposition is reflected in earnings. All plant and equipment is depreciated using the straight-line method, utilizing estimated useful property lives. Building lives range from 10 to 30 years; machinery and equipment lives range from 3 to 15 years; office furniture and fixture lives range from 3 to 10 years, automobile lives range from 3 to 6 years; construction projects and significant improvements to existing plant and equipment lives range from 3 to 15 years when placed in service.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries, where the local currency is the functional currency, have been translated at year end exchange rates and profit and loss accounts have been translated using weighted average yearly exchange rates. Adjustments resulting from translation have been recorded in the equity section of the balance sheet as cumulative translation adjustments in other comprehensive income.

The effect of foreign currency exchange gains and losses on transactions that are denominated in currencies other than the entity s functional currency are remeasured into the functional currency using the end of the period exchange rates. The effects of remeasurement related to foreign currency transactions are included in current profit and loss accounts.

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Goodwill and Other Intangible Assets

The primary identifiable intangible assets of the Company relate to product rights associated with its product acquisitions. The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. Under the provisions of SFAS No. 142, identifiable intangibles with finite lives are amortized and those with indefinite lives are not amortized. The estimated useful life of an identifiable intangible asset to the Company is based upon a number of factors including the effects of demand, competition, and expected changes in the marketability of the Company s products. The Company tests identifiable intangible assets for impairment at least annually, relying on a number of factors including operating results, business plans and future cash flows. Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used to evaluate elements of property. The impairment test for identifiable intangible assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss, if any, is recognized for the amount by which the carrying value exceeds the fair value of the asset. Fair value is typically estimated using a discounted cash flow analysis, which requires the Company to estimate the future cash flows anticipated to be generated by the particular asset(s) being tested for impairment as well as select a discount rate to measure the present value of the anticipated cash flows. When determining future cash flow estimates, the Company considers historical results adjusted to reflect current and anticipated operating conditions. Estimating future cash flows requires significant judgment by the Company in such areas as future economic conditions, industry-specific conditions, product pricing and necessary capital expenditures. The use of different assumptions or estimates for future cash flows could produce different impairment amounts (or none at all) for long-lived assets, goodwill and identifiable intangible assets.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance based upon historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. A recognized tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Upon adoption, the cumulative effect of applying the recognition and measurement provisions of FIN 48, if any, shall be reflected as an adjustment to the opening balance of retained earnings. FIN 48 requires that subsequent to initial adoption a change in judgment that results in subsequent recognition, derecognition or change in a measurement of a tax position taken in a prior annual period (including any related interest and penalties) be recognized as a discrete item in the period in which the change occurs. Currently, we record such changes in judgment, including audit settlements, as a component of the Company s income tax provision. Thus, the Company s reported quarterly income tax rate may become more volatile upon adoption of FIN 48. This change will not impact the manner in which we record income tax expense on an annual basis. FIN 48 also requires expanded disclosures including identification of tax positions for which it is reasonably possible that total amounts of unrecognized tax benefits will significantly change in the next twelve months, a description of tax years that remain subject to examination by major tax jurisdiction, a tabular reconciliation of the total amount of unrecognized tax benefits at the beginning and end of each annual reporting period, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate and the total amounts of interest and penalties recognized in the statements of operations and financial position.

Stock-Based Compensation

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, (SFAS 123(R)) which requires the measurement and recognition of

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compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to the Employee Stock Purchase Plan (employee stock purchases) based on estimated fair values. The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of the Company s fiscal year 2006. The Company s Consolidated Financial Statements as of and for the year ended December 31, 2006 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company s Consolidated Financial Statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R).

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to changes in interest rates, primarily from its borrowing activities. The Company s indebtedness to its primary lender is evidenced by two term loans and a revolving line of credit with a variable rate of interest, which fluctuates with changes in the lender s reference rate. At December 31, 2007, the Company s outstanding indebtedness was $60,261. A 1% change in the reference rate during 2007 would have increased or decreased the Company s interest expense, based on the weighted outstanding balance, by approximately $778. The Company does not use derivative financial instruments for speculative or trading purposes.

The Company conducts business in various foreign currencies, primarily in Europe and Mexico. Therefore changes in the value of the currencies of such countries or regions affect the Company s financial position and cash flows when translated into U.S. Dollars. As of December 31, 2007, the Company had not established a formal foreign currency hedging program. The Company has mitigated and will continue to mitigate a portion of its currency exchange exposure through operation of decentralized foreign operating companies in which the majority of all costs are local-currency based. A 10% change in the value of all foreign currencies would have an immaterial effect on the Company s financial position and cash flows.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements and Supplementary Data required by this item are listed at PART IV, Item 15, Exhibits, Financial Statement Schedules.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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ITEM 9A CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2007, management, under the supervision of the Company s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company s disclosure controls and procedures. Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these disclosure controls and procedures are effective, in all material respects, in ensuring that the information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported on a timely basis, and (ii) accumulated and communicated to the Company s management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management s Report on Internal Control over Financial Reporting

Management of the Company is responsible for the establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934 for American Vanguard Corporation and its subsidiaries (the Company). The Company s internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors as to the fair, reliable and timely preparation and presentation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America filed with the SEC.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even processes determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

Management conducted an evaluation of the Company s internal controls over financial reporting based on a framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control Integrated Framework*. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the effectiveness of controls and a conclusion on the evaluation. Based on this evaluation, management believes that as of December 31, 2007, the Company s internal control over financial reporting is effective.

BDO Seidman, LLP, the independent registered public accounting firm that audited the consolidated financial statements included in the Annual Report on Form 10-K, was engaged to attest to and report on the effectiveness of the American Vanguard s internal control over financial reporting as of December 31, 2007. Its report is included herein.

Changes in Internal Controls over Financial Reporting

There were no changes in internal controls over financial reporting during the quarter ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders

American Vanguard Corporation

Newport Beach, California

We have audited American Vanguard Corporation s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). American Vanguard Corporation s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, American Vanguard Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of American Vanguard Corporation as of December 31, 2007 and 2006, and the related consolidated statements of income and comprehensive income, stockholders equity, and cash flows for each of the three years in the period ended December 31, 2007 and our report dated March 17, 2008 expressed an unqualified opinion thereon.

Los Angeles, California

March 17, 2008

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ITEM 9B OTHER INFORMATION

None.

PART III

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following persons are the current Directors and Executive Officers of Registrant:

Name of Director/Officer	Age	Capacity
Herbert A. Kraft(4)	84	Co-Chairman
Glenn A. Wintemute(4)	82	Co-Chairman
Eric G. Wintemute	52	Director, President and Chief Executive Officer
Lawrence S. Clark(1)(2)	49	Director
John B. Miles(2)(3)	64	Director
Carl R. Soderlind(1)(2)(3)	74	Director
Irving J. Thau(1)(3)(4)	68	Director
James A. Barry	57	Senior Vice President, Chief Financial Officer & Treasurer/Asst. Secretary
Glen Johnson	53	Senior Vice President of AMVAC Chemical Corporation(5)
Christopher K. Hildreth	56	Senior Vice President of AMVAC
Robert F. Gilbane	57	President of GemChem, Inc.(6)

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Corporate Governance Committee.

(4) Member of the Finance Committee.

(5) AMVAC Chemical Corporation (AMVAC) is a wholly-owned subsidiary of American Vanguard Corporation

(6) GemChem, Inc. (GemChem) is a wholly-owned subsidiary of American Vanguard Corporation

Herbert A. Kraft has served as Co-Chairman of the Board since July 1994. Mr. Kraft served as Chairman of the Board and Chief Executive Officer from 1969 to July 1994.

Glenn A. Wintemute has served as Co-Chairman of the Board since July 1994. Mr. Wintemute served as President of the Company and all operating subsidiaries since 1984 and was elected a director in 1971. He served as President of AMVAC from 1963 to July 1994.

Eric G. Wintemute has served as a director since June 1994. Mr. Wintemute has also served as President and Chief Executive Officer since July 1994. He was appointed Executive Vice President and Chief Operating Officer of the Company in January 1994. He is the son of the Company s Co-Chairman, Glenn A. Wintemute.

Lawrence S. Clark was appointed a director in February 2006. Mr. Clark is the Chief Operating Officer and CFO for Legendary Pictures, a motion picture production company that develops, co-produces and co-finances major motion pictures in partnership with Warner Bros. From 2000 to 2003, Mr. Clark was the Chief Financial Officer of Creative Artists Agency, a leading entertainment talent, literary and marketing agency. From 1997 to 2000, he served as Senior Vice President, Corporate Development for Sony Pictures Entertainment. Mr. Clark

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was Director International for The Carlyle Group, a private equity firm, from 1995 to 1997. In 1992, he co-founded Global Film Equity Corp., which provided strategic, business advisory and capital raising services to media companies. From 1989 to 1992, Mr. Clark was Vice President, Corporate Finance at Salomon Brothers, Inc. Prior to that, he was a Corporate Finance Associate at Goldman Sachs & Co. from 1987 to 1989.

John B. Miles has served as a director since March 1999. Mr. Miles was a Partner with the law firm McDermott Will & Emery and held the position of Partner from 1987 to 2007. He currently serves as counsel to that firm. Prior to 1987, Mr. Miles was a partner with Kadison Pfaelzer Woodward Quinn & Rossi. Mr. Miles has previously served on boards of directors for public and private corporations.

Carl R. Soderlind has served as a director since June 2000. Mr. Soderlind served as Chairman and Chief Executive Officer of Golden Bear Oil Specialties, a producer of niche specialty oil and chemical products used in a variety of industrial applications from 1997 to 2001. From 1961 to 1996 he served in various capacities of Witco Corporation, with his most recent position being Senior Executive Vice President and member of the Management Committee.

Irving J. Thau has served as a director since September 2003. From 1962 to 1995, he held various positions with Ernst & Young LLP, where his primary responsibilities were directing and providing accounting, auditing, and business advisory services to publicly held and privately owned organizations. He was admitted to partnership in 1974, and most recently served as Ernst & Young s West Region Director of Financial Advisory Services. In 1995, Mr. Thau founded Thau and Associates, Inc., a financial consulting company of which he currently serves as President. Mr. Thau is also a director and Chairman of the Audit Committee of American Home Mortgage Investment Corp.

James A. Barry has served as Senior Vice President since 1998. He has served as Treasurer since 1994 and as Chief Financial Officer of the Company and all operating subsidiaries since 1987. He presently also serves as Assistant Secretary and served as Secretary from 1998 to 2007. He also served as Vice President from 1990 through 1997 and as Assistant Secretary from 1990 to 1997. From 1990 to 1993, he also served as Assistant Treasurer. Mr. Barry also served as a director of the Company from 1994 through June 2004.

Glen D. Johnson has served as Senior Vice President and Director of Business Development of AMVAC since February 1999. Mr. Johnson was previously the North American Senior Marketing Manager for Contract Sales at Zeneca Ag Products. Prior to joining AMVAC, Mr. Johnson had over 20 years of experience in sales and marketing, acquisition and licensing, market development, and field research and development with three multinational agrochemical companies.

Christopher K. Hildreth has served as Senior Vice President and Director of Sales of AMVAC since February 2003. From 1980 to 1988, Mr. Hildreth held sales management positions at Pfizer Crop Protection. From 1988 to 1993, when United Agri Product (UAP) acquired Pfizer Crop Protection, Mr. Hildreth held sales management positions. From 1993 to 2001, he served as General Manager of UAP Canada. From 2001 to 2002, Mr. Hildreth held various executive positions at UAP, including Executive Vice President International, President & General Manager Distribution, and President Products Company.

Robert F. Gilbane has served as President of GemChem since June 1999. He served as Executive Vice President from January 1994 (when the Company acquired GemChem) to June 1999. He co-founded GemChem in 1991 with Eric G. Wintemute.

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Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s executive officers, directors, and persons who own more than ten percent of a registered class of the Company s equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission.

Based solely on the Company s review of the copies of such forms received by the Company, or representations obtained from certain reporting persons, the Company believes that during the year ended December 31, 2007 all filing requirements applicable to its officers, directors, and greater than ten percent beneficial stockholders were complied with.

Code of Ethics

The Company has adopted a code of ethics, the American Vanguard Corporation Code of Conduct and Ethics (the Code of Ethics), that applies to all employees, including the Company s principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics is posted on the Company s Internet website, *www.american-vanguard.com*. Any amendment to, or waiver from, the Code of Ethics will be posted on the Company s website within five business days following the date of the amendment or waiver.

Audit Committee

The Audit Committee is currently composed of Messrs. Irving J. Thau (Chairperson), Carl R. Soderlind and Lawrence S. Clark, who are all non-employee directors and are financially literate. The Board has determined that all members of the Audit Committee are independent directors under the applicable rules and regulations currently prescribed by the Securities Exchange Commission (SEC) and the applicable rules and listing standards currently prescribed by the New York Stock Exchange, and that each of Irving J. Thau and Lawrence S. Clark are audit committee financial experts within the meaning of applicable SEC rules and regulations.

ITEM 11 EXECUTIVE COMPENSATION
Compensation Discussion and Analysis

Compensation Objectives

The Company s compensation program has several objectives. First, we believe that our compensation should attract and retain top-quality executives. Many of our executives have transferred to the Company from our competitors, which are typically much larger organizations. In addition, we realize that our key executives could find work in the industry very easily. We must, therefore, be mindful that we do not fall below the standard observed by other public companies of a similar size in paying executives. In February 2006, the Compensation Committee commissioned its compensation consultant, ECG Advisors, to review compensation of the top 10 most highly paid executives at the Company, including benchmarking against public companies having annual revenues of between $225 million and $400 million. According to that study, the Company s executive salaries were between 4 percent above and 5 percent below the 50th percentile, executive bonuses were approximately 5 percent above the 50th percentile for target bonuses, and option values were 1 percent above the market.

Second, we believe in paying for performance. Performance, however, is not limited to company-wide objectives or personal goals. In fact, we hold our executives as a group accountable for both company-wide performance (typically in terms of net sales and net earnings) and individual performance, which varies by position. In 2007 we revisited the issue of individual performance standards and established revised annual

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standards for all managers within the Company. We are mindful of the fact that an executive may have an off-year, while the Company has an excellent year, and vice versa. We take these factors into account in determining compensation, particularly incentive-based compensation.

Third, we believe that compensation decisions should be made with the benefit of as much current information as possible. Compensation decisions that are rigorously tied to formulas can fail to take into account unforeseen matters beyond an employee s control, may lead to undesirable results, and can fail to reward positive conduct. Indeed, it is very difficult to catalog in advance all of the factors that should be taken into account in making compensation decisions. While we do set company-wide goals and individual performance goals for our executives, when applying those criteria, we do take into account real market conditions, compensation trends, peer practices, and other factors in making compensation decisions. Thus, for example, if the entire industry is down due to unusual weather conditions, and our company has performed well compared to our peers, we will take that into account in setting compensation.

Fourth, we compensate, in part, so that our executives have a long-term interest in the Company s success. This is especially so in the case of equity awards. Through granting options with a 7 to 10 year term, for example, we give the optionee motivation to plan for the long-term, rather than to seek solely to maximize short-term returns at the expense of long-term returns. Equity awards also serve to align our executives interests with those of our shareholders.

Elements of Compensation

Our named executive officers receive a base salary and certain benefits (including paid vacation, subsidized health and dental insurance, subsidized life insurance, and an automobile allowance). In addition, they participate in an annual incentive compensation plan and, from time to time, receive awards of equity, typically in the form of stock options. Further, they may choose to participate in voluntary benefit programs, such as a 401K plan and an Employee Stock Purchase Plan.

Base salary base salary provides the executive with a reasonable standard of living and permits the Company to put certain other elements of compensation at risk. Further, it would be virtually impossible to attract or retain qualified executives without this element of compensation. It forms the bulk of the executive s compensation. This is the portion of compensation that does not vary with annual changes in company-wide performance or stock market fluctuations. The executive can count on his or her salary and can plan around it. In 2007, base salary accounted for more than half of total compensation among named executive officers.

Benefits because health and dental insurance subsidies are also universally paid to executives in virtually all industries, including our industry, the Company must provide these subsidies in order to remain competitive. In addition, these subsidies are a good investment by the employer, as they serve to help keep the executives healthy or, when injury or sickness strikes, to bring them back to productive service. These coverages also help the executive to limit family medical expenses that, if not otherwise insured, might cause the executive severe financial hardship. Life insurance subsidies serve as a mechanism by which the Company can give something of value back to the executive s family or other beneficiaries in the case of death. We believe that when our executives join the Company, they are not alone in making a commitment to us; their families are making a commitment as well. Finally, the automobile allowance serves to help the executive to offset the increasingly high cost of operating a motor vehicle. It is also a common perquisite, which the Company offers in order to remain competitive. The size of the allowance is consistent with ensuring that the executive will have reliable transportation to and from work.

Voluntary benefits our 401K plan is a tool that serves to encourage the executive to plan for retirement now. The Company matching contribution (dollar for dollar up to five percent (5%) of base salary) has a strong

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effect both in recruitment and retention. Similarly, the American Vanguard Corporation Stock Purchase Plan serves as a means for retaining executives. It gives our executives (and other employees) the opportunity to acquire equity at a discount, which right is not available to outsiders. It also provides a means for acquiring stock at a discounted price through relatively minimal payroll deductions over a period of time. Further, the ESPP is a mechanism by which the executive can put some skin in the game by investing in the Company. Equity ownership helps to align the executive s interests with that of our shareholders and serves to foster a long-term perspective in the executive. In addition, equity can serve as a surrogate for a pension plan with executives. Equity awards and voluntary participation in the 401K plan are the only two forms of long-term compensation offered to executives by the Company.

Our policy for allocating between long-term (equity) and current compensation depends largely on the perceived value of the equity. For example, to the extent that the Company s stock price has appreciated continuously over multiple quarters and industry prospects look promising, we would tend to place a greater value on an award of equity. Conversely, if the stock price has exhibited volatility or lost value over time, then we might place a lesser value on equity awards, particularly if industry conditions are fair to poor. In the former case, we would place a greater emphasis on equity awards, while, in the latter case, we would place a greater emphasis on current compensation.

The Compensation Committee, working with its compensation consultant, regularly visits the question of whether, when and how to award equity. In making its recommendation, the Committee considers the length of time since the last equity award, the total shareholder return over the past several years, the impact upon earnings, the consequent dilution to shareholders, and other criteria relating to long term performance of the company. The Committee s recommendations are also guided by the research of its compensation consultant, including benchmarking of similarly situated companies as to the prevalence of equity awards and total compensation among senior executives. In addition, the Committee maintains a relatively continuous discourse with the Chief Executive Officer on both the performance and the expectations of senior management. Through this process, the Committee selects grant dates and recommends awards that are perceived to be of value, that are consistent with those made by our peers, that have a reasonable financial impact on the Company, that are not unreasonably dilutive, and that are warranted by the Company s and executives performance. The Committee is mindful of avoiding grants while in possession of material non-public information and, with respect to option grants in particular, pursuant to the Company s 1994 Stock Incentive Plan, sets the strike price of the grant to be the closing price of the Company s common stock as of the date of the award.

The Company is currently reviewing potential equity ownership guidelines for all of its executives.

We do take into account the accounting and tax treatments for the Company of all forms of compensation. For example, in order to maximize the Company s ability to deduct the executive compensation under the Internal Revenue Code of 1986, as amended, (IRC) Section 162(m), we have historically limited the number of Incentive Stock Option awards given to an individual in a given year to those having a fair market value of under $100,000. Further, under the terms of the Change of Control Agreements, benefits paid thereunder will be reduced to the extent that they would constitute a nondeductible excess parachute payment under IRC Section 280G or nondeductible employee remuneration under Section 162(m). We follow all applicable accounting rules and tax laws in respect of all forms of compensation; for example, we expense options and stock awards. Because the timing of this expense depends upon the vesting of these equity awards, we set vesting schedules to optimize deferring costs into the future. In making equity awards, we do consider the tax impact upon the recipient.

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Compensation Policies and Benchmarking

The Compensation Committee retains considerable discretion to structure and adjust compensation with respect to both individuals and executives as a group. We do not follow a formulaic approach toward setting compensation. While formulaic approaches do tend to lead to greater certainty in results, they can also have unintended consequences. It is very difficult to capture in a formula all of the factors that should be taken into account when setting or adjusting compensation. We believe that, in making compensation decisions, it is important to consider not only corporate performance, but also individual performance and further, that corporate performance should be considered in the context of the industry. Thus, for example, if company performance was behind plan in a down market, but the executive team performed well, rather than make no incentive awards, the Compensation Committee might adjust the incentive pool downward and make reduced awards to executives. Conversely, if company performance was ahead of plan in a solid market, but certain executives were not contributing, then the Committee might reduce awards to those certain individuals. The Compensation Committee has used discretion to make lower bonus awards to executives who have, in that committee s estimation, underperformed, and has made higher bonus awards to executives who have exceeded individual performance expectations.

The Chief Executive Officer defines performance goals for his direct reports (which include all of the other named executive officers) and, working with the board and the management team, defines financial performance goals for the Company. These goals serve as the foundation upon which the Compensation Committee can build a compensation scheme in keeping with other information, including studies performed by the Committee s compensation consultant as well as its own research and experience. Throughout the year, the Committee maintains an open dialogue with the CEO with respect to compensation philosophy, changing business conditions, and executive performance. Further, annually, the CEO provides the Committee with recommendations for defining the incentive pool and allocating that pool among employees generally. The CEO serves as a source of information for the Committee, and, in making its own decisions, the Committee does give consideration to the CEO s recommendations. However, the Committee makes independent decisions with respect to compensation and freely draws upon all sources that it deems necessary for guidance in making those decisions.

With respect to evaluating the corporation s performance, the Company considers several factors. First, we consider top and bottom line performance, specifically in terms of net sales and earnings per share. Specifically, we observe whether we have grown net sales and net earnings with respect to the prior year, the past several years, and the budget contained within the Company s financial plan. Second, we look at the relative performance of each of our product lines and compare that performance to each product line budget. Third, we consider the relative performance of our company, particularly net sales and net earnings, with that of our peer companies. Fourth, we analyze whether we have met our strategic goals.

With respect to individual performance, without discussing more specific factors that are competition sensitive, we consider the following general factors in making compensation decisions. We believe that the factors listed below as well as undisclosed, competition-sensitive factors are reasonable and attainable by our executives.

President and Chief Executive Officer

- Achieving financial results that equal or exceed the Company s financial plan.

- Attracting and maintaining excellent relationships with desirable investors.

- The setting and achievement of strategic goals, including anticipation of, and response to, industry trends.

- Building and retaining a sound management team.

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Senior Vice President, Chief Financial Officer, Treasurer/Assistant Secretary

Maintaining sound internal financial controls and accounting systems that result in timely and reliable financial disclosures.

Attracting and retaining sources of capital necessary to permit the Company to operate and to grow through acquisition.

Providing the CEO and board with long and short-term budgets, including strategic capital planning.

Keeping the board apprised of current and recent financial performance in detail sufficient to permit the board to carry out its duties toward our shareholders.

Senior Vice President and Director of Business Development

Finding and acquiring new product lines that are accretive to the Company s financial performance consistent with the Company s financial plan.

Developing business opportunities through research and development, licensing, or other means.

Achieving growth of existing product lines through expansion of permitted uses, improvement of product performance, and packaging and delivery systems.

Senior Vice President and Director of Sales

Achieving net sales that equal or exceed those set forth in the Company s financial plan.

Maintaining excellent relations with existing customers and attracting new customers.

Successfully launching new product lines.

Managing a global sales team and distribution chain for the Company s products.

President of GemChem Inc.

Maintaining a continuous supply chain for raw materials and intermediates at globally competitive prices.

Launching new products and expanding the use of certain existing products outside of agriculture.

We might decide to increase compensation materially if some or all of the following factors were present: the executive s compensation is materially below that of his or her peers; the executive has taken on additional responsibilities; the executive has saved the Company significant costs; the executive has far exceeded individual performance goals. Conversely, we might decide to decrease compensation materially if some or all of the following factors were present: the executive has shown an inability to carry out responsibilities or manage his or her function; the executive seeks to work on a reduced schedule; the executive has had material duties taken away; the executive s function or duties material thereto have become materially less important to the Company.

Severance and Change of Control Provisions

Each of the named executive officers is party to a Change of Control Severance Agreement dated as of January 1, 2004 and expiring December 31, 2008. Under the terms of those agreements, the employee is entitled to receive certain payments in the event that there is a change of control during the term of agreement and such employee is either terminated (for reasons other than cause) or resigns for good reason. If the employee is terminated for cause or due to death or disability, he is not entitled to severance under the agreement. Provided

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the conditions for payment are met, employee is entitled to receive a lump sum amount equal to two years base salary, 24 months worth of COBRA coverage for medical insurance, executive level outplacement costs, and acceleration of unvested options (or other securities to which employee may have a right). For purposes of these agreements, change in control is defined to mean, in effect, either (i) a merger or consolidation of the Company in which those who were shareholders immediately before the effective time of the merger or consolidation have less than 50% of the voting power of the new corporation or entity; (ii) a sale or disposition of all or substantially all of the Company s assets; or (iii) when any person (as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934) directly or indirectly owns more than 50% of the common stock of the Company. As a condition to payment, the employee must enter into a written release of claims against the Company.

In addition, the Chief Executive Officer is party to an Employment Agreement dated as of January 15, 2008 which provides, among other things, that in the event of termination of such executive without cause (and not as a result of death or disability), the Company shall pay such executive an amount equal to two times the average annual cash compensation (i.e., annual base salary plus annual cash incentive bonus) received by the executive over the two immediately preceding calendar years. Any severance payment under such employment agreement is in lieu of, and not in addition to, any severance payment to which the CEO is entitled to be paid under the Change of Control Severance Agreement; that is, if the CEO is entitled to payment under the latter agreement, then he is not entitled to payment under the former. The triggering events for payment of severance to the CEO under his employment agreement were selected based upon (i) benchmarking of public companies of similar size and (ii) to provide a sense of security to the CEO given the likelihood that the constitution of the board will change over time.

The Company chose the three change of control events to protect these key executives in the event of new ownership. Our executive team has helped to build this company over many years into what it is today. In recognition of the team s contribution, and out of a sense of fairness, we believe it is appropriate to make provision for the executive team in advance, given that a new owner may not have any allegiance to the team. Further, these arrangements would give current management a disincentive to oppose or otherwise undercut an otherwise desirable merger.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402 (b) of Regulation S-K with management and, based on the review and discussions referred to in paragraph (e)(5)(i)(A) of that Item, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the registrant s annual report on Form 10-K.

Carl R. Soderlind, Chairman

Lawrence S. Clark, Member

John B. Miles, Member

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EXECUTIVE COMPENSATION

The following table sets forth the aggregate cash and other compensation for services rendered for the year ended December 31, 2007 paid or awarded by the Company and its subsidiaries to the its Chief Executive Officer and Chief Financial Officer and certain highly compensated executive officers of the Corporation, whose aggregate remuneration exceeded $100,000 (the named executive officers).

SUMMARY COMPENSATION TABLE

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compen-sation ($)(2)	Total ($)
Eric G. Wintemute President and Chief Executive Officer	2007	502,533		25,453				54,372	582,358
James A. Barry Sr. V.P., CFO & Asst. Secretary/Treasurer	2007	221,742	35,000	10,181				22,186	289,109
Glen D. Johnson Sr. Vice President of AMVAC	2007	249,480	50,000	15,272				24,420	339,172
Christopher K. Hildreth Sr. Vice President of AMVAC	2007	257,284	30,000	10,181				27,372	324,837
Robert F. Gilbane President of GemChem	2007	230,022	30,000	10,181				22,572	292,775

(1) These are the amounts that the Company recognized as compensation expense in its financial statements for 2007 as determined under applicable accounting standards for restricted stock granted in 2007.

(2) See table following for details of all other compensation.

SUMMARY COMPENSATION TABLE

ALL OTHER COMPENSATION

	Tax Reimbursements	Insurance Premiums	Company Contributions	Severance Payments /	Change in Control

	Perquisites ($)	($)	($)	to Defined Contribution Plans ($)(3)	Accruals ($)	Payments / Accruals ($)
Eric G. Wintemute	41,880(1)		1,242	11,250		
James A. Barry	8,614(2)		2,322	11,250		
Glen D. Johnson	11,928(2)		1,242	11,250		
Christopher K. Hildreth	13,800(2)		2,322	11,250		
Robert F. Gilbane	9,000(2)		2,322	11,250		

(1) Automobile allowance $16,880, personal expense allowance $25,000.

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(2) Automobile allowance.

(3) Effective January 1, 2007, the Company matches employee contributions to its 401(k) savings plan dollar for dollar up to 5% of base salary not to exceed $11,250 per annum.

GRANTS OF PLAN-BASED AWARDS

The following table sets forth the grant of plan-based awards for the year ended December 31, 2007 to the named executive officers. There were no grants of plan-based awards for the year ended December 31, 2007.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards		
		Threshhold ($)	Target ($)	Maximum ($)	Threshhold ($)	Target ($)	Maximum ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Eric G. Wintemute	6/7/07						
James A. Barry	6/7/07						
Glen D. Johnson	6/7/07						
Christopher K. Hildreth	6/7/07						
Robert F. Gilbane	6/7/07						

GRANTS OF PLAN-BASED AWARDS (Continued)

	All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	All Other Option Awards: Number of Securities Underlying Options (#) (j)	Exercise or Base Price of Option Awards ($/Share) (k)	Full Grant Date Fair Value of Stock ($) (l)(1)
Eric G. Wintemute	10,000			130,900
James A. Barry	4,000			52,360
Glen D. Johnson	6,000			78,540
Christopher K. Hildreth	4,000			52,360
Robert F. Gilbane	4,000			52,360

(1) This column shows the full grant date fair value of restricted stock grants made. These amounts were not paid to any Named Executive Officer. The full grant date fair value is the amount that the Company plans to expense in its financial statements over the award s vesting schedule. The recognized compensation expenses for 2007 are shown in the Stock Awards column in the Summary Compensation Table .

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table shows, with respect to the named executive officers, the number of shares covered by both exercisable and non-exercisable stock options as of December 31, 2007, with respect to options to purchase Common Stock of American Vanguard Corporation. The closing price of the Common Stock on December 31, 2007, the last trading day of American Vanguard s fiscal year, was $17.35 per share.

	Option Awards				
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)
Eric G. Wintemute	405,000	45,000		$ 3.67	12/31/2012
James A. Barry	80,000			$ 1.76	09/07/2008
James A. Barry	72,000			$ 3.94	03/21/2010
James A. Barry	32,000	8,000		$ 8.10	12/15/2010
Glen D. Johnson	48,000	12,000		$ 8.10	12/15/2010
Glen D. Johnson	187			$ 14.74	09/13/2012
Christopher K. Hildreth	180,000			$ 3.55	02/02/2010
Robert F. Gilbane	16,000			$ 1.76	09/07/2008
Robert F. Gilbane	16,000	8,000		$ 8.10	12/15/2010
Robert F. Gilbane	467			$ 14.74	12/13/2012

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (continued)

	Stock Awards			
Name (a)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (i)
Eric G. Wintemute	10,000	130,900		
James A. Barry	4,000	52,360		
Glen D. Johnson	6,000	78,540		
Christopher K. Hildreth	4,000	52,360		
Robert F. Gilbane	4,000	52,360		

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OPTION EXERCISES AND STOCK VESTED

The following table shows, with respect to the named executive officers, the number of shares acquired on the exercise of stock options and the value realized (market price less exercise price) for the year ended December 31, 2007

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise**	**Value Realized on Exercise**	**Number of Shares Acquired on Vesting**	**Value Realized on Vesting**
	(#)	**($)**	**(#)**	**($)**
(a)	**(b)**	**(c)**	**(d)**	**(e)**
Eric G. Wintemute				
James A. Barry				
Glen D. Johnson				
Christopher K. Hildreth				
Robert F. Gilbane				

PENSION BENEFITS

The following table sets forth the pension benefits payable to the named executive officers for the year ended December 31, 2007. This table is for illustrative purposes only as the Company currently does not provide this benefit to the named executive officers.

Name		**Number of Years Credited Service**	**Present Value of Accumulated Benefit**	**Payments During Last Fiscal Year**
	Plan Name	**(#)**	**($)**	**($)**
(a)	**(b)**	**(c)**	**(d)**	**(e)**
Not Applicable				

NON-QUALIFIED DEFERRED COMPENSATION

The following table sets forth the non-qualified deferred compensation benefits payable to the named executive officers for the year ended December 31, 2007. This table is for illustrative purposes only as the Company currently does not provide this benefit to the named executive officers.

Name	**Executive Contributions in Last Fiscal Year**	**Registrant Contributions in Last Fiscal Year**	**Aggregate Earnings in Last Fiscal Year**	**Aggregate Withdrawls/ Distributions**	**Aggregate Balance at Last Fiscal Year End**
	($)	**($)**	**($)**	**($)**	**($)**
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(e)**
Not Applicable					

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

Each of the named executive officers is party to a Change of Control Severance Agreement dated as of January 1, 2004 and expiring December 31, 2008. Under the terms of those agreements, the employee is entitled to receive certain payments in the event that there is a change of control during the term of agreement and such employee is either terminated (for reasons other than cause) or resigns for good reason. If the employee is terminated for cause or due to death or disability, he is not entitled to severance under the agreement. Provided the conditions for payment are met, employee is entitled to receive a lump sum amount equal to two years base salary, 24 months worth of COBRA coverage for medical insurance, executive level outplacement costs, and acceleration of unvested options (or other securities to which employee may have a right). For purposes of these agreements, change in control is defined to mean, in effect, either (i) a merger or consolidation of the Company in which those who were shareholders immediately before the effective time of the merger or consolidation have less than 50% of the voting power of the new corporation or entity; (ii) a sale or disposition of all or substantially all of the Company s assets; or (iii) when any person (as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934) directly or indirectly owns more than 50% of the common stock of the Company. As a condition to payment, the employee must enter into a written release of claims against the Company.

The following table summarizes the estimated payments to be made to the Named Executive Officers in the event of a termination without cause or voluntary resignation for good reason after a change in control assuming, for illustration purposes, that such change in control had occurred on December 31, 2007.

	Salary ($)	COBRA Insurance Premiums ($)	Outplacement Services ($)	Accelerated Option Vesting ($)(1)	Total Change in Control Payments ($)
Eric G. Wintemute	1,003,000	24,000	25,000	505,000	1,557,000
James A. Barry	443,000	24,000	25,000	54,000	546,000
Glen D. Johnson	499,000	24,000	25,000	82,000	630,000
Christopher K. Hildreth	514,000	24,000	25,000		563,000
Robert F. Gilbane	460,000	24,000	25,000	54,000	563,000

(1) At current market price on March 6, 2008 of $14.90.

DIRECTOR COMPENSATION

The following table summarizes compensation paid to the Director s of the Company for the year ended December 31, 2007.

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (f)	All Other Compen-sation ($) (g)	Total ($) (h)
Herbert A. Kraft	38,500	50,000					88,500
Glenn A. Wintemute	34,000	50,000					84,000
Eric G. Wintemute							

Lawrence S. Clark	43,500	50,000	93,500
John B. Miles	43,500	50,000	93,500
Carl R. Soderlind	50,500	50,000	100,500
Irving J. Thau	61,000	50,000	111,000

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The Company has the following compensatory arrangements with the non-employee members of its Board of Directors:

Cash Compensation:

Effective with each non-employee director s election/re-election of the Board of Directors is entitled to receive cash compensation for his or her services on the Board of Directors as follows:

Quarterly retainer fee of $5,000 for services on the Board of Directors.

Quarterly retainer fee of $2,500 for service as chairperson of the Audit Committee.

Quarterly retainer fee of $1,250 for service as chairperson of the Compensation Committee or the Nominating and Corporate Governance Committee.

Attendance fee of $2,500 per meeting of the Board of Directors.

Attendance fee of $1,000 per meeting of the committees of the Board of Directors, except that the Audit Committee chairperson will receive an attendance fee of $1,500 per Audit Committee meeting and Finance Committee members receive $2,000 per meeting of the Finance Committee.

Per diem fee of $2,000 for special assignments as determined from time to time by the Board of Directors.

Stock Awards:

In accordance with the terms and conditions of the Company s Amended and Restated 1994 Stock Incentive Plan, as amended through May 12, 2005 (the Plan), each non-employee director of the Board of Directors is entitled to receive awards of Restricted Stock or Restricted Stock Units (as each term is defined in the Plan) of the Company s Common Stock, par value $.10 (Common Stock), as follows:

In connection with each non-employee director s election or re-election to the Board of Directors, such director is entitled to receive an award that equals $50,000 (the Stock Award).

If a person is appointed to the Board of Directors for any partial year (for example, due to a vacancy on the Board of Directors), such director will receive a pro rata portion of the Stock Award as determined by the Compensation Committee or the Board of Directors.

Each Stock Award will be calculated based on the closing price of the Common Stock, as reported on the New York Stock Exchange or other national exchange on which the Common Stock is traded. No fractional share of any Stock Award will be issued; the value of such fractional share will be paid in cash.

Each Stock Award will vest immediately in full upon grant.

The Company has entered into written indemnification agreements with each of its directors. The agreement is effective as of the first day of such person s service as a director. The agreement provides for contractual indemnification obligations by the Company to the extent permitted by applicable law and the advancement of expenses in connection therewith. The agreement also provides that any legal action against a director

must be brought within two years from the date of the accrual of such action or such shorter period as provided by law.

See Description of Compensatory Arrangements Applicable to Non-Employee Directors for 2005 which was filed as Exhibit 10.1 to the Company s Form 8-K which was filed with the Securities and Exchange Commission on June 15, 2005.

Employee Contracts, Termination of Employment and Change of Control Arrangements

The Company and Eric G. Wintemute entered into a written employment agreement, dated as of January 15, 2008, pursuant to which Mr. Wintemute serves as the Company s President and Chief Executive Officer.

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Mr. Wintemute s annual base compensation is $527,253, with increases to be made by the Board of Directors in their sole discretion. Mr. Wintemute may receive a bonus in an amount as determined by the Board based on his performance against reasonable qualitative and quantitative benchmarks as determined by the Board. The agreement also provides Mr. Wintemute with certain additional benefits which are customary for executives at this level in the industry, including a car allowance of $1,500 per month and reimbursement for reasonable and customary business expenses. Mr. Wintemute s agreement is of indefinite duration, unless terminated by the Company. If the Company terminates Mr. Wintemute s employment without cause and not due to disability or death, the Company shall pay to Mr. Wintemute an amount equal to two times the average annual cash compensation received by him over the course of the two immediately preceding calendar years. If Mr. Wintemute dies during the term of the agreement, the Company will pay his designated beneficiary any amounts (including salary) and continue any benefits due to Mr. Wintemute under the agreement for 12 months after his death.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of the Board for the year ended December 31**,** 2007 consisted of Messrs. Carl R. Soderlind, Lawrence S. Clark and John B. Miles. During 2007, no officer or employee of the Company served on the board of directors of any other entity, where any officer or director of such entity also served on the Company s Board.

Related Person Transactions

John B. Miles, a current member of the Board and the Compensation Committee and the current chairperson of the Nominating and Corporate Governance Committee, is a partner in the law firm of McDermott Will & Emery LLP (MWE), which, among other firms, provides legal services to the Company. During the year ended December 31, 2007, MWE, which has annual revenues in excess of $1 billion, provided legal services to the Company totaling approximately $544,000. See Item 13 below.

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ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Common Stock Ownership of Certain Beneficial Owners

To the knowledge of the Company, the ownership of the Company s outstanding Common Stock as of March 6, 2008, by persons who are beneficial owners of 5% or more of the outstanding Common Stock is set forth below.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(*)	Percent of Class
Herbert A. Kraft 4695 MacArthur Court Newport Beach, CA 92660	3,344,039(1)	12.7%
Glenn A. Wintemute 4695 MacArthur Court Newport Beach, CA 92660	1,531,974(2)	5.8%
St. Denis J. Villere & Company 210 Baronne Street New Orleans, LA 70112(*)	2,890,182	10.9%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202(*)	3,080,432	11.7%
Eric G. Wintemute 4695 MacArthur Court Newport Beach, CA 92660	1,537,502(3)	5.7%
Jay R. Harris 80 Pine Street New York, NY 10005(*)	2,133,711(4)	8.1%

(*) Based on information reported to the SEC by or on behalf of such beneficial owner.

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To the knowledge of the Company, the ownership of the Company s outstanding Common Stock as of March 6, 2008, by persons who are directors and nominees for directors, the executive officers of the Company named in the Summary Compensation Table, and by all directors and officers as a group is set forth below. Unless otherwise indicated the Company believes that each of the persons set forth below has the sole power to vote and to dispose of the shares listed opposite his name.

Office (if any)	Name and Address Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Co-Chairman	Herbert A. Kraft 4695 MacArthur Court Newport Beach, CA 92660	3,344,039(1)	12.7%
Co-Chairman	Glenn A. Wintemute 4695 MacArthur Court Newport Beach, CA 92660	1,531,974(2)	5.8%
Director, President & CEO	Eric G. Wintemute 4695 MacArthur Court Newport Beach, CA 92660	1,537,502(3)	5.7%
Director	Carl R. Soderlind 4695 MacArthur Court Newport Beach, CA 92660	96,525(9)	(13)
Director	John B. Miles 4695 MacArthur Court Newport Beach, CA 92660	95,770(10)	(13)
Director	Irving J. Thau 4695 MacArthur Court Newport Beach, CA 92660	20,612(11)	(13)
Director	Lawrence S. Clark 4695 MacArthur Court Newport Beach, CA 92660	11,531(12)	(13)
President (GEMCHEM)	Bob Gilbane 4695 MacArthur Court	340,103(5)	1.3%

	Newport Beach, CA 92660		
Senior Vice President (AMVAC)	Glen D. Johnson 4695 MacArthur Court Newport Beach, CA 92660	114,938(6)	(13)
Senior Vice President (AMVAC)	Christopher K. Hildreth 4695 MacArthur Court Newport Beach, CA 92660	189,992(7)	(13)
Sr.V.P.,CFO & Secretary/Treasurer	James A. Barry 4695 MacArthur Court Newport Beach, CA 92660	195,009(8)	(13)
Directors and Officers as a Group(11)		7,477,995	27.3%

(1) Mr. Kraft owns all of his shares with his spouse in a family trust where he and his spouse are co-trustees, except as to 13,834 shares held in an Individual Retirement Account. This figure includes 19,360 shares of Common Stock Mr. Kraft is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008.

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(2) Mr. Glenn Wintemute owns all of his shares with his spouse in a family trust where he and his spouse are co-trustees. This figure includes 19,360 shares of Common Stock Mr. Glenn Wintemute is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008.

(3) This figure includes 450,000 shares of Common Stock Mr. Eric Wintemute is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008. Mr. Wintemute shares voting and investment power with his spouse with respect to certain shares, including 139,336 shares of Common Stock owned by Mr. Wintemute s minor children for whom Mr. Wintemute and his spouse are trustees or custodians and for which he disclaims beneficial ownership.

(4) This figure includes 902,775 shares of Common Stock Mr. Harris has shared voting or dispositive power for which he disclaims beneficial ownership.

(5) This figure includes 32,467 shares of Common Stock Mr. Gilbane is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008.

(6) This figure includes 48,187 shares of Common Stock Mr. Johnson is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008.

(7) This figure includes 180,000 shares of Common Stock Mr. Hildreth is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008.

(8) This figure includes 184,000 shares of Common Stock Mr. Barry is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008.

(9) This figure includes 9,680 shares of Common Stock Mr. Soderlind is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008. Certain shares are held in a family trust where Mr. Soderlind and his spouse are co-trustees.

(10) This figure includes 19,360 shares of Common Stock Mr. Miles is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008. Certain shares are held in a family trust where Mr. Miles and his spouse are co-trustees and certain shares are held by Mr. Miles or his spouse in individual retirement accounts.

(11) This figure includes 10,200 shares of Common Stock Mr. Thau is entitled to acquire pursuant to stock options exercisable within sixty days of March 6, 2008.

(12) This figure includes 532 shares of Common Stock owned by Mr. Clark s minor children for whom Mr. Clark and his spouse are trustees or custodians and for which he disclaims beneficial ownership.

(13) Under 1% of class.

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EQUITY COMPENSATION PLAN INFORMATION (1)

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,774,260	$ 6.30	832,819
Equity compensation plans not approved by security holders			
Total	1,774,260		832,819

(1) As of December 31, 2007. Does not include the American Vanguard Corporation Employee Stock Purchase Plan (approved by security holders in June 2001). Under this plan an aggregate of 1,760,000 shares of Common Stock (as adjusted for stock splits) may be sold to eligible employees pursuant to the plan. The purchase price shall be equal to 85% of the fair market value of the Company s Common Stock on the first day of the enrollment period or on the last day of the enrollment period, whichever is lower. There were 1,458,928 shares available for issuance under the Plan as of December 31, 2007.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

John B. Miles, a current member of the Board and the Compensation Committee and the current chairperson of the Nominating and Corporate Governance Committee, is a partner in the law firm of McDermott, Will & Emery LLP (MWE), which, among other firms, provides legal services to the Company. During the year ended December 31, 2007, MWE, which has annual revenues in excess of $1 billion, provided legal services to the Company totaling approximately $544,000. Mr. Herbert A. Kraft, Co-Chairman of the Board of Directors, is paid on an hourly basis to provide, as needed, information necessary to defend the Company relative to the DBCP lawsuits described in Item 3 herein. Total payments to Mr. Kraft in 2007 for these services totaled $49,498.

The board believes that, as a matter of policy, a significant majority of its members should be independent directors who (i) have no close family or similar relationship with a key member of management; (ii) are not significant advisors or consultants with the Company; (iii) do not have (and their companies do not have) significant contracts with the Company or its subsidiaries; and (iv) do not have any other relationship with the Company or its subsidiaries which, in the opinion of the board, would adversely affect a director s ability to exercise independent judgment as a director. Further, the Company will not retain a director or director s firm to provide significant professional or financial services to the Company except in exceptional circumstances and only upon recommendation of Management and with the consent of a majority of the independent directors of the board. The Company has posted the preceding policy on its website under its Corporate Governance Guidelines. There were no related party transactions in 2007 that did not obtain this review and approval of the board.

It is the expectation and practice of the board that, in their roles as members of the board, all members will exercise their independent judgment diligently and in good faith and in the best interests of the Company and its stockholders as a whole, notwithstanding any member s other activities or affiliations. The board currently consists of seven members. The board has determined that Messrs Irving J. Thau, Carl R. Soderlind, John B. Miles and Lawrence S Clark, who constitute a majority of the board, are independent in accordance with the applicable rules and listing standards of the New York Stock Exchange. All members of the Audit,

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Compensation and Nominating/Corporate Governance Committees are independent. The board s determination concerning independence was based upon information provided by the Company s directors and discussions among the Company s directors. The board will re-examine the independence of each of its members at least once per year and more frequently if there is any change in a member s material relationship with the Company that would interfere with the member s exercise of independent judgment.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Audit Committee of American Vanguard Corporation appointed and the stockholders ratified BDO Seidman, LLP (BDO) as the Company s independent registered public accounting firm for the year ended December 31, 2007.

Aggregate fees for professional services rendered to the Company by BDO for the years ended December 31, 2007 and 2006, were (in thousands):

	2007	2006
Audit	$ 621	$ 503
Tax	93	186
	$ 714	$ 689

Audit fees for 2007 and 2006 were for professional services rendered for the audits of the consolidated financial statements of the Company including the audit of management s assessment of internal controls under Section 404 of the Sarbane s Oxley Act, timely reviews of quarterly financial statements, consents, income tax provision procedures, and assistance with review of documents filed with the SEC.

Audit Related fees, if any, would primarily relate to assurance services, accounting consultations in connection with acquisitions, and consultations concerning financial accounting and reporting standards. There were none in 2007 and 2006.

Tax fees for 2007 and 2006 were for services related to tax compliance, including the preparation of tax returns and claims for refund, and tax planning and tax advice, including assistance with and representation in tax audits, advice related to acquisitions, and requests for technical advice from tax authorities.

Our Audit Committee has considered whether the provision of the non-audit services described above is compatible with maintaining our auditors independence and determined that such services are appropriate.

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REPORT OF THE AUDIT COMMITTEE

The responsibilities of the Audit Committee, which are set forth in the Audit Committee Charter, include providing oversight to the Company s financial reporting process through periodic meetings with the Company s independent auditors and management to review accounting, auditing, internal controls and financial reporting matters. The management of the Company is responsible for the preparation and integrity of the financial reporting information and related systems of internal controls. The Audit Committee, in carrying out its role, relies on the Company s senior management, including senior financial management, and its independent auditors.

We have reviewed and discussed with senior management the Company s audited financial statements included in the Company s Annual Report on Form 10-K for filing with the Securities and Exchange Commission. Management has confirmed to us that such financial statements (i) have been prepared with integrity and objectivity and are the responsibility of management and (ii) have been prepared in conformity with generally accepted accounting principles.

We have discussed with BDO Seidman, LLP, the Company s independent auditors, the matters required to be discussed by SAS 61 (Communications with Audit Committee). SAS 61 requires our independent auditors to provide us with additional information regarding the scope and results of their audit of the Company s financial statements, including with respect to (i) their responsibility under generally accepted auditing standards, (ii) significant accounting policies, (iii) management judgments and estimates, (iv) any significant audit adjustments, (v) any disagreements with management, and (vi) any difficulties encountered in performing the audit.

We have received from BDO Seidman, LLP, a letter providing the disclosures required by Independence Standards Board Standard No. 1. (Independence Discussions with Audit Committees) with respect to any relationships between BDO Seidman, LLP and the Company that in their professional judgment may reasonably be thought to bear on independence. BDO Seidman, LLP has discussed its independence with us, and has confirmed in such letter that, in its professional judgment, it is independent of the Company within the meaning of the federal securities laws.

Based on the review and discussions described above with respect to the Company s audited financial statements, we have recommended to the Board of Directors that such financial statements be included in the Company s Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

As specified in the Audit Committee Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company s financial statements are complete and accurate and in accordance with generally accepted accounting principles. That is the responsibility of management and the Company s independent auditors. In addition, it is not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors, or to assure compliance with laws and regulations and the Company s Code of Conduct and Ethics. In giving our recommendation to the Board of Directors, we have relied on (i) management s representation that such financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles, and (ii) the report of the Company s independent auditors with respect to such financial statements.

AUDIT COMMITTEE

Irving J. Thau, Chair

Carl R. Soderlind

Lawrence S. Clark

March 14, 2008

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PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:
Index to Consolidated Financial Statements and Supplementary Data:

Description	Page No.
Financial Statements:	
Report of Independent Registered Public Accounting Firm	59
Consolidated Balance Sheets as of December 31, 2007 and 2006	60
Consolidated Statements of Income for the Years Ended December 31, 2007, 2006, and 2005	61
Consolidated Statements of Stockholders Equity and Comprehensive Income for the Years Ended December 31, 2007, 2006 and 2005	62
Consolidated Statements of Cash Flows for the Years Ended December 31, 2007, 2006, and 2005	63
Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements	65

(b) Exhibits:
The exhibits listed on the accompanying Index To Exhibits, page 92 are filed as part of this annual report.

(c) Valuation and qualifying accounts:

Schedule II-A Valuation and Qualifying Accounts

Allowance for Doubtful Accounts Receivable (in thousands)

		Additions Charged to			
Fiscal Year Ended	Balance at Beginning of Period	Costs and Expenses	Other	Deductions	Balance at End of Period
December 31, 2007	350	68			418
December 31, 2006	414			(64)	350
December 31, 2005	200	214			414

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, American Vanguard Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN VANGUARD CORPORATION

(Registrant)

By:	/s/ ERIC G. WINTEMUTE **Eric G. Wintemute** **President, Chief Executive Officer** **and Director**	By:	/s/ DAVID T. JOHNSON **David T. Johnson** **Chief Financial Officer**
March 17, 2008		March 17, 2008	

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated.

By:	/s/ HERBERT A. KRAFT **Herbert A. Kraft** **Co-Chairman**	By:	/s/ GLENN A. WINTEMUTE **Glenn A. Wintemute** **Co-Chairman**
March 17, 2008		March 17, 2008	
By:	/s/ JOHN B. MILES **John B. Miles** **Director**	By:	/s/ CARL R. SODERLIND **Carl R. Soderlind** **Director**
March 17, 2008		March 17, 2008	
By:	/s/ LAWRENCE S. CLARK **Lawrence S. Clark** **Director**	By:	/s/ IRVING J. THAU **Irving J. Thau** **Director**
March 17, 2008		March 17, 2008	

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

American Vanguard Corporation

Newport Beach, California

We have audited the accompanying consolidated balance sheets of American Vanguard Corporation and subsidiaries as of December 31, 2007 and 2006 and the related consolidated statements of income and comprehensive income, stockholders equity, and cash flows for each of the three years in the period ended December 31, 2007. In connection with our audits of the financial statements, we have also audited the financial statement schedule listed in the accompanying index. These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements and schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Vanguard Corporation and subsidiaries at December 31, 2007 and 2006, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2007**,** in conformity with accounting principles generally accepted in the United States of America.

Also in our opinion the financial schedule when considered in relation to the basic consolidated financial statements taken as a whole present fairly, in all material respects, the information set forth therein.

As more fully described in the notes to the consolidated financial statements, effective January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards 123(R), Share-Based Payment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), American Vanguard Corporation s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 17, 2008 expressed an unqualified opinion thereon.

/s/ BDO Seidman, LLP

Los Angeles, California

March 17, 2008

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CONSOLIDATED BALANCE SHEETS

December 31, 2007 and 2006

(Dollars in thousands, except share and per share data)

	2007	2006
Assets		
Current assets:		
Cash	$ 3,201	$ 1,844
Receivables:		
Trade, net of allowance for doubtful accounts of $418 and $350, respectively	55,925	75,158
Other	645	586
	56,570	75,744
Inventories	63,455	66,628
Prepaid expenses	2,214	1,354
Total current assets	125,440	145,570
Property, plant and equipment, net	36,330	36,652
Land held for development	211	211
Intangible assets	85,318	79,030
Other assets	1,282	913
	$ 248,581	$ 262,376
Liabilities and Stockholders Equity		
Current liabilities:		
Current installments of long-term debt	$ 4,106	$ 4,106
Accounts payable	13,796	15,688
Accrued program costs	24,191	17,893
Accrued expenses and other payables	5,987	4,794
Accrued royalty obligations	368	603
Income taxes payable	1,848	3,253
Total current liabilities	50,296	46,337
Long-term debt, excluding current installments	56,155	93,761
Deferred income taxes	2,391	1,401
Total liabilities	108,842	141,499
Commitments and contingent liabilities (Notes 2, 5, 7 and 9)		
Stockholders equity:		
Preferred stock, $.10 par value per share; authorized 400,000 shares; none issued		
Common stock, $.10 par value per share; authorized 40,000,000 shares; issued 28,650,829 shares in 2007 and 28,354,322 shares in 2006	2,865	2,835

Additional paid-in capital	36,551	34,821
Accumulated other comprehensive loss	64	(148)
Retained earnings	103,004	86,114
	142,484	123,622
Less treasury stock, at cost, 2,226,796 shares in 2007 and 2006	(2,745)	(2,745)
Total stockholders equity	139,739	120,877
	$ 248,581	$ 262,376

See summary of significant accounting policies and notes to consolidated financial statements.

AMERICAN VANGUARD CORPORATION

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CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2007, 2006 and 2005

(Dollars in thousands, except share and per share data)

	2007	2006	2005
Net sales	$ 216,662	$ 193,771	$ 189,796
Cost of sales	120,932	111,413	104,117
Gross profit	95,730	82,358	85,679
Operating expenses	59,717	53,142	53,412
Operating income	36,013	29,216	32,267
Interest expense	5,731	3,382	1,720
Interest income	(214)	(30)	(29)
Interest capitalized	(30)	(658)	(363)
Income before provision for income taxes	30,526	26,522	30,939
Income taxes	11,798	11,074	11,937
Net income	$ 18,728	$ 15,448	$ 19,002
Earnings per common share basic	$ 0.71	$ 0.60	$ 0.78
Earnings per common share assuming dilution	$ 0.68	$ 0.57	$ 0.74
Weighted average shares outstanding basic	26,307,019	25,933,650	24,344,179
Weighted average shares outstanding assuming dilution	27,436,105	27,186,369	25,758,740

See summary of significant accounting policies and notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME

Years ended December 31, 2007, 2006 and 2005

(Dollars in thousands, except per share data)

	Common Stock				Accumulated		Treasury Stock		
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income	Comprehensive Income	Shares	Amount	Total
Balance, January 1, 2005	26,483,051	$ 2,648	$ 8,898	$ 55,378	$ (207)		2,226,796	$ (2,745)	$ 63,972
Stocks issued under ESPP	41,169	4	536						540
Cash dividends on common stock ($0.085 per share)				(1,550)					(1,550)
Foreign currency translation adjustment, net					9	9			9
Stock options exercised	90,387	9	466						475
Net income				19,002		19,002			19,002
Total comprehensive income						$ 19,011			
Balance, December 31, 2005	26,614,607	2,661	9,900	72,830	(198)		2,226,796	(2,745)	82,448
Stocks issued under ESPP	42,115	4	582						586
Cash dividends on common stock ($0.0825 per share)				(2,164)					(2,164)
Foreign currency translation adjustment, net					50	50			50
Private equity offering	1,385,970	139	22,395						22,534
FAS 123(R) expense			984						984
Stock options exercised and grants of restricted stock units	311,630	31	960						991
Net income				15,448		15,448			15,448
Total comprehensive income						$ 15,498			
Balance, December 31, 2006	28,354,322	$ 2,835	$ 34,821	$ 86,114	$ (148)		2,226,796	$ (2,745)	$ 120,877
Stocks issued under ESPP	44,372	5	268						273
Cash dividends on common stock ($0.07 per share)				(1,838)					(1,838)
Foreign currency translation adjustment, net					212	212			212
FAS 123(R) expense			791						791
Stock options exercised and grants of restricted stock units	252,135	25	671						696
Net income				18,728		18,728			18,728
Total comprehensive income						$ 18,940			
Balance, December 31, 2007	28,650,829	$ 2,865	$ 36,551	$ 103,004	$ 64		2,226,796	$ (2,745)	$ 139,739

See summary of significant accounting policies and notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2007, 2006 and 2005

(Dollars in thousands)

	2007	2006	2005
Increase (decrease) in cash			
Cash flows from operating activities:			
Net income	$ 18,728	$ 15,448	$ 19,002
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,338	4,745	4,965
Amortization of intangibles	3,750	1,929	2,051
Stock-based compensation expense related to stock options, employee stock purchases and directors fees	791	984	
Deferred income taxes	990	139	243
Changes in assets and liabilities associated with operations:			
(Increase) decrease in net receivables	19,174	(15,475)	(31,964)
(Increase) decrease in inventories	3,173	(22,269)	(724)
(Increase) decrease in prepaid expenses and other assets	(1,396)	(782)	834
Increase (decrease) in accounts payable	(1,892)	(12,704)	15,456
Increase (decrease) in other payables and accrued expenses	5,851	(2,108)	8,953
Net cash (used in) provided by operating activities	55,507	(30,093)	18,816
Cash flows from investing activities:			
Capital expenditures	(5,849)	(7,058)	(13,186)
Acquisitions of intangible assets	(8,038)	(39,737)	(22,112)
Net cash used in investing activities	(13,887)	(46,795)	(35,298)
Cash flows from financing activities:			
Net (repayments) borrowings under line of credit agreement	(35,500)	30,500	3,000
Proceeds from issuance of long-term debt		60,000	20,000
Payments on long-term debt and capital lease obligations	(4,106)	(35,107)	(5,107)
Proceeds from the issuance of common stock	969	24,111	1,015
Payment of cash dividends	(1,838)	(2,164)	(1,550)
Net cash provided by (used in) financing activities	(40,475)	77,340	17,358
Net increase in cash	1,145	452	876
Cash at beginning of year	1,844	1,342	457
Effect of exchange rate changes on cash	212	50	9
Cash at end of year	$ 3,201	$ 1,844	$ 1,342
Supplemental cash flow information:			

Cash paid during the year for:			
Interest	$ 6,234	$ 2,992	$ 1,580
Income taxes	$ 11,674	$ 9,472	$ 11,552

See summary of significant accounting policies and notes to consolidated financial statements.

AMERICAN VANGUARD CORPORATION

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Supplemental schedule of non-cash investing and financing activities:

On September 11, 2007, the Company announced that the Board of Directors declared a cash dividend of $0.03 per share. The dividend was distributed on October 12, 2007, to stockholders of record at the close of business on September 28, 2007.

On March 13, 2007, the Company announced that the Board of Directors declared a cash dividend of $0.04 per share. The dividend was distributed on April 13, 2007 to stockholders of record at the close of business on March 30, 2007.

On September 14, 2006, the Company announced that the Board of Directors declared a cash dividend of $0.03 per share. The dividend was distributed on October 13, 2006, to stockholders of record at the close of business on September 29, 2006.

On March 23, 2006, the Company announced that the Board of Directors declared a 4 for 3 stock split and a cash dividend of $0.07 per share ($0.0525 as adjusted for the 4 for 3 stock split). Both dividends were distributed on April 17, 2006 to stockholders of record at the close of business on April 3, 2006. The cash dividend was paid on the number of shares outstanding prior to the 4 for 3 stock split. Stockholders entitled to fractional shares resulting from the stock split received cash in lieu of such fractional share based on the closing price of the Company s stock on April 3, 2006.

On September 14, 2005, the Company announced that the Board of Directors declared a cash dividend of $0.03 per share which was distributed on October 14, 2005, to stockholders of record at the close of business on September 30, 2005.

On March 21, 2005, the Company announced that the Board of Directors declared a 2 for 1 stock split (100% stock dividend) and a cash dividend of $0.11 per share ($0.055 as adjusted for the stock split). Both dividends were distributed on April 15, 2005 to stockholders of record at the close of business on March 29, 2005. The cash dividend was paid on the number of shares outstanding prior to the 2 for 1 stock split. Stockholders entitled to fractional shares resulting from the stock split received cash in lieu of such fractional share based on the closing price of the Company s stock on March 29, 2005.

During 2007, the Company completed the acquisition of a product line in connection of which, the Company recorded intangible assets in the amount of $10,008 of which $8,008 was paid in cash during the period.

See summary of significant accounting policies and notes to consolidated financial statements.

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(Dollars in thousands, except per share data)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2007, 2006 and 2005

Description of Business and Basis of Consolidation

The Company is primarily a specialty chemical manufacturer that develops and markets safe and effective products for agricultural and commercial uses. The Company manufactures and formulates chemicals for crops, human and animal protection. The consolidated financial statements include the accounts of American Vanguard Corporation (Company) and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company operates within a single operating segment.

Based on similar economic and operational characteristics, the Company s business is aggregated into one reportable segment. Selective enterprise information is as follows:

	2007	2006	2005
Net sales:			
Crop	$ 185,886	$ 162,447	$ 157,327
Non-crop	30,776	31,324	32,469
	$ 216,662	$ 193,771	$ 189,796

The Company s subsidiary, GemChem, Inc., procures certain raw materials used in the Company s manufacturing operations and is also a distributor of various pharmaceutical and nutritional supplement products.

Because of elements inherent to the Company s business, such as differing and unpredictable weather patterns, crop growing cycles, changes in product mix of sales and ordering patterns that may vary in timing, measuring the Company s performance on a quarterly basis (gross profit margins on a quarterly basis may vary significantly) even when such comparisons are favorable, is not as good an indicator as full-year comparisons.

Cost of Goods Sold

In addition to normal centers (i.e., direct labor, raw materials) of cost of goods sold, the Company includes such cost centers as Health and Safety, Environmental, Maintenance and Quality Control in cost of goods sold.

Other Than Cost of Goods Sold Operating Expenses

Operating expenses include such cost centers as Selling, General and Administrative, Research and Product Development, Regulatory/Registration, Freight, Delivery and Warehousing in operating expenses.

Freight, Delivery and Warehousing Expense

Freight, delivery and warehousing costs incurred by the Company are reported as operating expenses. All amounts billed to a customer in a sales transaction related to freight, delivery and warehousing are recorded as a reduction in operating expenses. Freight, delivery and warehousing costs were $17,263 in 2007, $15,939 in 2006 and $11,715 in 2005.

Advertising Expense

The Company expenses advertising costs in the period incurred. Advertising expenses, which include promotional costs, is recognized in operating costs (specifically in selling expenses) in the consolidated statements of income and were $1,734 in 2007**,** $1,270 in 2006 and $1,044 in 2005.

AMERICAN VANGUARD CORPORATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Inventories

The Company values its inventories at lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method, including material, labor and factory overhead. The Company writes down its inventory for estimated obsolescence equal to the cost of the inventory. Product obsolescence may be caused by shelf-life expiration, discontinuance of a product line, replacement products in the marketplace or other competitive situations.

The components of inventories consist of the following:

	2007	2006
Finished products	$ 56,860	$ 58,060
Raw materials	6,595	8,568
	$ 63,455	$ 66,628

Long-lived Assets

The carrying values of long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows. Substantially all of the Company s long-lived assets are held domestically. There was no impairment for the years ended December 31, 2007, 2006 and 2005.

Revenue Recognition

Revenue from sales is recognized at the time title and the risks of ownership passes. This is when the customer has made the fixed commitment to purchase the goods, the products are shipped per the customers instructions, the sales price is determinable, and collection is reasonably assured.

Programs

The Company has adopted Emerging Issues Task Force Issue No. 01-9, *Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor s Products* (EITF 01-9). In accordance with EITF 01-9, the Company is required to classify certain payments to its customers as a reduction of sales. The Company engages in various customer programs. The Company accounts for these programs as either operating expenses or as a reduction in sales in accordance with EITF 01-9.

Property, Plant and Equipment and Depreciation

Property, plant and equipment includes the cost of land, buildings, machinery and equipment, office furniture and fixtures, automobiles, and construction projects and significant improvements to existing plant and equipment. Interest costs related to significant construction projects may be capitalized at the Company s weighted average cost of capital. Expenditures for maintenance and minor repairs are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation is removed from the respective accounts and the gain or loss realized on disposition is reflected in earnings. All plant and equipment is depreciated using the straight-line method, utilizing estimated useful property lives. Building lives range from 10 to 30 years; machinery and equipment lives range from 3 to 15 years; office furniture and fixtures lives range from 3 to 10 years, automobile lives range from 3 to 6 years; construction projects and significant improvements to existing plant and equipment lives range from 3 to 15 years when placed in service.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries, where the local currency is the functional currency, have been translated at year end exchange rates and profit and loss accounts have been translated using weighted average yearly exchange rates. Adjustments resulting from translation have been recorded in the equity section of the balance sheet as cumulative translation adjustments in other comprehensive loss.

The effect of foreign currency exchange gains and losses on transactions that are denominated in currencies other than the entity s functional currency are remeasured into the functional currency using the end of the period exchange rates. The effects of foreign currency transactions are included in current profit and loss accounts and are immaterial.

The Company had total comprehensive income of $18,940, $15,498 and $19,011 for the years ended December 31, 2007, 2006 and 2005, respectively, which include foreign currency gains of $212, $50 and $9 for the years ended December 31, 2007, 2004 and 2005, respectively.

Fair Value of Financial Instruments

The carrying values of cash, receivables and accounts payable approximate their fair values because of the short maturity of these instruments.

The fair value of the Company s long-term debt and note payable to bank is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. Such fair value approximates the respective carrying values of the Company s long-term debt and note payable to bank.

Income Taxes

The Company uses the asset and liability method to account for income taxes, including recognition of deferred tax assets for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax bases. Income tax expense is recognized currently for taxes payable. The Company reviews its deferred tax assets for recovery. A valuation allowance is established when the Company believes that it is more likely than not that some portion of its deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the Company s tax provision in the period of change.

Per Share Information

Statement of Financial Accounting Standards (SFAS) No. 128, *Earnings Per Share* (EPS) requires dual presentation of basic EPS and diluted EPS on the face of all income statements. Basic EPS is computed as net income divided by the weighted average number of shares of common stock outstanding during the period. Diluted EPS reflects potential dilution that could occur if securities or other contracts, which, for the Company, consists of options to purchase shares of the Company s common stock are exercised.

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The components of basic and diluted earnings per share were as follows:

	2007	2006	2005
Numerator:			
Net income	$ 18,728	$ 15,448	$ 19,002
Denominator:			
Weighted average shares outstanding basic	26,307	25,934	24,344
Assumed exercise of stock options fully dilutive	1,129	1,252	1,415
	27,436	27,186	25,759

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses at the date that the financial statements are prepared. Actual results could differ from those estimates.

Goodwill and Other Intangible Assets

The primary identifiable intangible assets of the Company relate to product rights associated with its product acquisitions. The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. Under the provisions of SFAS No. 142, identifiable intangibles with finite lives are amortized and those with indefinite lives are not amortized. The estimated useful life of an identifiable intangible asset to the Company is based upon a number of factors including the effects of demand, competition, and expected changes in the marketability of the Company s products. The Company tests identifiable intangible assets for impairment at least annually, relying on a number of factors including operating results, business plans and future cash flows. Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used to evaluate elements of property. The impairment test for identifiable intangible assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss, if any, is recognized for the amount by which the carrying value exceeds the fair value of the asset. Fair value is typically estimated using a discounted cash flow analysis, which requires the Company to estimate the future cash flows anticipated to be generated by the particular asset(s) being tested for impairment as well as selecting a discount rate to measure the present value of the anticipated cash flows. When determining future cash flow estimates, the Company considers historical results adjusted to reflect current and anticipated operating conditions. Estimating future cash flows requires significant judgment by the Company in such areas as future economic conditions, industry-specific conditions, product pricing and necessary capital expenditures. The use of different assumptions or estimates for future cash flows could produce different impairment amounts (or none at all) for long-lived assets, goodwill and identifiable intangible assets. There were no impairment losses for the year ended December 31, 2007.

Reclassifications

Certain prior years amounts have been reclassified to conform to the current year s presentation.

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Stock-Based Compensation

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, (SFAS 123(R)) which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to the Employee Stock Purchase Plan (employee stock purchases) based on estimated fair values. SFAS 123(R) supersedes the Company s previous accounting under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) for periods beginning in fiscal 2006. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 (SAB 107) relating to SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of the Company s fiscal year 2006. The Company s Consolidated Financial Statements as of and for the years ended December 31, 2007 and 2006 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company s Consolidated Financial Statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). Stock-based compensation expense recognized under SFAS 123(R) for the years ended December 31, 2007 and 2006 were $791 and $984, respectively. Stock based compensation expense recognized consisted of the following:

	Year Ended December 31, 2007	Year Ended December 31, 2006
Expense related to employee stock options	$ 334	$ 576
Expense related to director stock awards	282	316
Expense related to employee stock purchases	175	92
Total SFAS 123(R) expense	$ 791	$ 984

The impact of adopting SFAS 123(R) for years ended December 31, 2007 and December 31, 2006 was a reduction of $0.03 and $0.03 per share respectively on a diluted basis.

SFAS 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company s Consolidated Statement of Operations. Prior to the adoption of SFAS 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123). Under the intrinsic value method, no stock-based compensation expense had been recognized in the Company s Consolidated Statement of Operations, other than as related to acquisitions and investments, because the exercise price of the Company s stock options granted to employees and directors equaled the fair market value of the underlying stock at the date of grant.

Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Company s Consolidated Statement of Operations for the years ended December 31, 2007 and 2006 included compensation expense for share-based payment awards granted prior to, but not yet vested as of December 31, 2005 based on the grant date fair value estimated in accordance with the pro forma

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provisions of SFAS 123 and compensation expense for the share-based payment awards granted subsequent to December 31, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). In conjunction with the adoption of SFAS 123(R), the Company changed its method of attributing the value of stock-based compensation to expense from the accelerated multiple-option approach to the straight-line single option method. Compensation expense for all share-based payment awards granted on or prior to December 31, 2005 will continue to be recognized using the accelerated multiple-option approach while compensation expense for all share-based payment awards granted subsequent to December 31, 2005 is recognized using the straight-line single-option method. Stock-based compensation expense recognized in the Consolidated Statement of Operations for periods subsequent to December 31, 2005 has not been reduced for forfeitures as estimated forfeitures are anticipated to be immaterial. Instead forfeitures are being recognized as they occur. SFAS 123(R) requires forfeitures to be estimated, if material, at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company s pro forma information required under SFAS 123 for the periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred.

As of December 31, 2007, the Company had approximately $98 of unamortized stock-based compensation expenses, which will be recognized over the weighted-average period of 1.5 years. This projected expense will change if any stock options are granted or cancelled prior to the respective reporting periods or if there are any changes required to be made for estimated forfeitures.

Upon adoption of SFAS 123(R), the Company continued its method of valuation for share-based awards granted beginning in fiscal 2006 based on the Black-Scholes option-pricing model (Black-Scholes model) which was previously used for the Company s pro forma information required under SFAS 123 using the following weighted average assumptions:

	2007	2005
Risk free interest rate	4.65%	4.7%
Dividend yield	.50%	0.26%
Volatility factor	41%	38%
Weighted average life (years)	5 years	1-5 years

The weighted average fair value on the date of grant for options granted during 2005 was $5.20. There were no option shares granted during the year ended December 31, 2006. There were 6, 349 option shares granted during the year ended December 31, 2007.

The expected volatility and expected life assumptions are highly complex and subjective variables. The variables take into consideration, among other things, actual and projected employee stock option exercise behavior. The Company estimates expected term using the safe harbor provisions of SAB 107. The Company used historical volatility as a proxy for estimating expected volatility.

On November 10, 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 123(R)-3 Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards. The Company has elected to adopt the alternative transition method provided in the FASB Staff Position for calculating the tax effects of stock-based compensation pursuant to SFAS 123(R). The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool (APIC pool) related to the tax effects of employee stock-based compensation, and to determine the subsequent impact on the APIC pool and Consolidated Statements of Cash Flows of the tax effects of employee stock-based compensation awards that are outstanding upon adoption of SFAS 123(R).

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Pro Forma Information under SFAS 123 for the years ended December 31, 2005 (periods prior to fiscal 2006) is as follows: (amounts in thousands, except for per share data).

	2005
Net income attributable to common stockholders	$ 19,002
Stock-based employee compensation expense included in reported net income, net of related tax effects	-0-
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(589)
Pro forma	$ 18,413
Earnings per common share basic, as reported	$ 0.78
Pro forma	$ 0.76
Earnings per common share diluted, as reported	$ 0.74
Pro forma	$ 0.71

Recently Issued Accounting Guidance

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interest in Consolidated Financial Statements (SFAS 160). SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent s equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent s ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains it controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is evaluating the adoption of SFAS 160 and its impact on the Company s consolidated financial position, cash flows and results of operations.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 141 (Revised) (FAS 141(R)), *Business Combinations*. The provisions of this statement are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning after December 15, 2008. Earlier application is not permitted. FAS 141(R) replaces FAS 141 and provides new guidance for valuing assets and liabilities acquired in a business combination. We will adopt FAS 141(R) in calendar year 2009.

In February 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* , which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of SFAS No. 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 also establishes presentation and disclosure requirements designed to

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for the Company as of January 1, 2008. The Company has not completed its evaluation of SFAS No. 159 but it does not expect the adoption of SFAS No. 159 to have a material effect on its operating results or financial position.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*. The statement requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. This statement was effective as of the end of the fiscal year ending after December 15, 2006. The adoption of SFAS 158 did not have a material impact on the consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not currently believe that the adoption of SFAS 157 will have a material impact on the consolidated financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (FIN 48) an interpretation of FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Upon adoption, the cumulative effect of applying the recognition and measurement provisions of FIN 48, if any, shall be reflected as an adjustment to the opening balance of retained earnings. FIN 48 requires that subsequent to initial adoption a change in judgment that results in subsequent recognition, derecognition or change in a measurement of a tax position taken in a prior annual period (including any related interest and penalties) be recognized as a discrete item in the period in which the change occurs. Currently, we record such changes in judgment, including audit settlements, as a component of the Company s income tax provision. Thus, the Company s reported quarterly income tax rate may become more volatile. This change will not impact the manner in which we record income tax expense on an annual basis. FIN 48 also requires expanded disclosures including identification of tax positions for which it is reasonably possible that total amounts of unrecognized tax benefits will significantly change in the next twelve months, a description of tax years that remain subject to examination by major tax jurisdiction, a tabular reconciliation of the total amount of unrecognized tax benefits at the beginning and end of each annual reporting period, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate and the total amounts of interest and penalties recognized in the statements of operations and financial position. FIN 48 is effective for fiscal years beginning after December 15, 2006. The standard did not have an impact on the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Property, Plant and Equipment

Property, plant and equipment at December 31, 2007 and 2006 consists of the following:

	2007	2006	Estimated useful lives
Land	$ 2,441	$ 2,441	
Buildings and improvements	6,791	6,699	10 to 30 years
Machinery and equipment	66,257	58,529	3 to 15 years
Office furniture, fixtures and equipment	5,054	4,853	3 to 10 years
Automotive equipment	269	209	3 to 6 years
Construction in progress	5,186	7,418	
	85,998	80,149	
Less accumulated depreciation	49,668	43,497	
	$ 36,330	$ 36,652	

(2) Long-Term Debt

Long-term debt of the Company at December 31, 2007 and 2006 is summarized as follows (amounts in thousands):

	2007	2006
Note payable, secured by certain real property, payable in monthly installments of $9, plus interest (7.0275% as of December 31, 2007) with remaining unpaid principal due April 1, 2011	$ 2,261	$ 2,367
Term loan, secured by personal property, payable in quarterly principal installments of $1,000 plus interest (6.08% as of December 31, 2007) through December 31, 2009 and $2,000 plus interest thereafter with remaining unpaid principal due December 15, 2013 (a)	56,000	60,000
Product acquisitions	2,000	
Revolving line of credit (interest rate of 7.69% at December 31, 2006) (a)		35,500
	60,261	97,867
Less current installments	4,106	4,106
	$ 56,155	$ 93,761

Approximate principal payments on long-term debt mature as follows:

2008	$ 4,106
2009	6,106

2010	8,106
2011	8,106
2012	9,837
Thereafter	24,000
	$ 60,261

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(a) In December 2006, the Company entered into a Credit Agreement with a syndicate of commercial lenders led by the Company s primary bank as the administrative agent and a lender along with six other banks, for a $165,000 secured credit facility. This credit facility replaced the Company s previous Amended and Restated Credit Agreement with its primary bank and syndicate of other commercial lenders. The new credit facility consists of a $75,000 revolving line of credit, $60,000 term loan and an accordion term feature of $30,000. These loans bear interest at the prime rate (Prime Rate Loans), or at the Company s option, a fixed rate of interest offered by the Bank (such as adjusted LIBOR rate plus certain margins, in each case dependent on certain debt ratios (Eurodollar Rate Loans)). The principal payments of the term loan are payable in equal quarterly installments of $1,000 on or before the last business day of each March, June, September and December, commencing March 31, 2007 through December 31, 2009, and in equal quarterly installments of $2,000 on or before the last business day of each March, June, September and December, commencing March 31, 2010 through September 30, 2013. One final installment in the amount necessary to repay the remaining outstanding principal balance of the term loan is due in full on the maturity date. Interest accruing on Prime Rate Loans is payable monthly. Interest accruing on the Eurodollar Rate Loans are payable on the last day of the interest period, provided that, with an interest period longer than three months, interest is payable on the last day of each three-month period after the commencement of such interest period. The senior secured revolving line of credit matures on December 15, 2011 and term loan matures on December 15, 2013. These loans contain certain covenants (with which the Company is in compliance) as defined in the agreement. The Company had $75,000 of availability under its revolving line of credit as of December 31, 2007.

Substantially all of the Company s assets not otherwise specifically pledged as collateral on existing loans and capital leases are pledged as collateral under the credit agreement.

The average amount outstanding of the senior secured revolving line of credit during the years ended December 31, 2007 and 2006 was $17,412 and $26,573. The weighted average interest rate during the years ended December 31, 2007 and 2006 was 7.51% and 7.07%.

(3) Income Taxes

The components of income tax expense are:

	2007	2006	2005
Current:			
Federal	$ 8,031	$ 8,596	$ 9,626
State	2,001	2,178	2,554
Foreign	776	161	
Deferred:			
Federal	737	42	(320)
State	253	97	77
	$ 11,798	$ 11,074	$ 11,937

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Total income tax expense differed from the amounts computed by applying the U.S. Federal income tax rate of 35% to income before income tax expense as a result of the following:

	2007	2006	2005
Computed tax provision at statutory Federal rates	$ 10,656	$ 9,283	$ 10,829
Increase (decrease) in taxes resulting from:			
State taxes, net of Federal income tax benefit	1,451	1,350	1,575
Other expenses	(309)	441	(467)
	$ 11,798	$ 11,074	$ 11,937

Income/ (loss) before income taxes is as follows (in thousands):

	2007	2006	2005
Domestic	$ 27,926	$ 25,884	$ 30,962
Foreign	2,600	638	(23)
	$ 30,526	$ 26,522	$ 30,939

Temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities that give rise to significant portions of the net deferred tax liability at December 31, 2006 and 2005 relate to the following:

	2007	2006
Current:		
Inventories	$ 1,431	$ 968
State income taxes	502	324
Vacation pay accrual	187	199
Accrued bonuses		549
Other	235	150
Net deferred tax asset	2,355	2,190
Non-Current:		
Plant and equipment, principally due to differences in depreciation and capitalized interest	(4,746)	(3,591)
Net deferred tax liability	(4,746)	(3,591)
Total net deferred tax liability	$ (2,391)	$ (1,401)

The Company believes it is more likely than not that the deferred tax assets above will be realized in the normal course of business. Undistributed earnings of foreign subsidiaries are considered to be indefinitely reinvested and, accordingly, no provision for United States federal and state income taxes has been provided thereon. Upon distribution of earnings in the form of dividends or otherwise, the Company would be subject to both United States income taxes (subject to adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred United States income tax liability is not practicable because of the complexities associated with its hypothetical calculation.

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Accounting for Uncertainty in Income Taxes

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109,* or FIN 48, on January 1, 2007. FIN 48 contains a two-step approach to recognizing and measuring uncertain tax positions accounted for in accordance with SFAS No. 109, *Accounting for Income Taxes.* The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

The implementation of FIN 48 did not have a material affect on the Company s financial statements at adoption and as of December 31, 2007. The Company s evaluation was performed for the tax years ended December 31, 2004, 2005, 2006 and 2007, the years which remain subject to examination by major tax jurisdictions as of December 31, 2007.

The Company may from time to time be assessed interest or penalties by major tax jurisdictions. In the event the Company receives an assessment for interest and/or penalties, such amounts will be classified in the financial statements as income tax expense.

(4) Litigation and Environmental

I. DBCP Litigation

AMVAC and/or the Company have been named or otherwise implicated in a number of lawsuits concerning injuries allegedly arising from either contamination (of water supplies) or personal exposure to 1,2-dibromo-3-chloropropane (DBCP). A summary of these actions follows:

A. Hawaii Matters

Board of Water Supply v. Shell Oil Co. et al.

AMVAC and the Company were served with complaints in February 1997. The actions were filed in the Circuit Court of the Second Circuit, State of Hawaii entitled *Board of Water Supply of the County of Maui v. Shell Oil Co., et. al.* The suit named as defendants the Company, AMVAC, Shell Oil Company, The Dow Chemical Company, Occidental Chemical Company, Occidental Petroleum Corporation, Occidental Chemical Corporation, and Brewer Environmental Industry, Inc. Maui Pineapple Company was joined as a cross-defendant. The Complaint alleged that between two and four of the Board s wells had been contaminated with DBCP in excess of the maximum contaminant level (MCL). In addition, the Board of Water Supply contended that future wells may exceed the MCL level and would need remediation. On August 2, 1999, a global settlement was reached, which included the remediation of the existing contaminated wells in addition to the installation of filtration devices on other wells for the next forty years on the island of Maui. The cash settlement was three million dollars ($3,000,000) of which AMVAC s (and the Company s) portion was five hundred thousand dollars ($500,000). The settlement agreement obligates the defendants to pay for the installation of filtration devices on other wells that become contaminated later and for the ongoing operation and maintenance of the filtration devices for up to forty years. The annual costs of operation and maintenance per well is estimated to be approximately sixty-nine thousand dollars ($69,000), to be adjusted annually by the consumer price index. The obligations of the defendants under this agreement are secured by a twenty million-dollar letter of credit obtained by Dow Chemical. In connection with the settlement, in October 2005, AMVAC paid for a share of a permanent filtration system in the amount of $222,198. In June 2007, AMVAC paid $23,654 for its share of operations and maintenance expenses for 2005 and 2006.

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Patrickson, et. al. v. Dole Food Co., et. al

In October 1997, AMVAC was served with a Complaint(s) in which it was named as a defendant, filed in the Circuit Court, First Circuit, State of Hawaii and in the Circuit Court of the Second Circuit, State of Hawaii (two identical suits) entitled *Patrickson, et. al. v. Dole Food Co., et. al* (Patrickson Case) alleging damages sustained from injuries caused by plaintiffs exposure to DBCP while applying the product in their native countries. Other named defendants are: Dole Food Co., Dole Fresh Fruit, Dole Fresh Fruit International, Pineapple Growers Association of Hawaii, Shell Oil Company, Dow Chemical Company, Occidental Chemical Corporation, Standard Fruit Company, Standard Fruit & Steamship, Standard Fruit Company De Costa Rica, Standard Fruit Company De Honduras, Chiquita Brands, Chiquita Brands International, Martrop Trading Corporation, and Del Monte Fresh Produce. (American Vanguard Corporation has not been sued in these actions.) The ten named plaintiffs are citizens of four countries Guatemala, Costa Rica, Panama, and Ecuador. Punitive damages are sought against each defendant. The plaintiffs were banana workers and allege that they were exposed to DBCP in applying the product in their native countries. The case was also filed as a class action on behalf of other workers so exposed in these four countries. The plaintiffs allege sterility and other injuries. The suits were removed to federal court and for the last several years, the focus of the case has been on procedural issues, including the dismissal of the case based on the doctrine of forum non conveniens. This doctrine would require the plaintiffs to pursue their claims in their native countries. On April 22, 2003, the United States Supreme Court issued a decision on the procedural posture of the case, holding there was no jurisdiction in federal court and remanded the case to state court. Starting in early 2004, there had been no activity in the case for about two years. However, a status conference was held on June 1, 2006 at the request of the plaintiffs attorneys, who expressed a desire to pursue the class action aspect or add other individuals. Plaintiffs counsel now claims that his class members will include workers from mainland U.S. and other countries. On September 12, 2006, the court ordered the transfer of venue from Maui County to Oahu. The court held a status conference on April 16, 2007 and tentatively set the case for trial for February 16, 2009. The plaintiffs were requested to file a preliminary motion for class certification but have not done so to date. All parties expect that the case will not be certified as a class action as a matter of law, but the plaintiffs attorney then wants to add several thousand other individuals as plaintiffs here or in some other action. No discovery has taken place on the individual claims of the plaintiffs. Without such discovery, it is unknown whether any of the plaintiffs was exposed to AMVAC brand DBCP, what are the actual injuries, or what statute of limitation defenses may apply. AMVAC intends to contest the cases vigorously. However, it is too early to provide an assessment as to the probability of an unfavorable outcome in these matters.

Further, the plaintiffs attorneys reported that the ten plaintiffs filed suit in their home countries in 1998, based on the prior order of forum non conveniens, alleging damages in excess of two million United States dollars ($2,000,000) per plaintiff. The suit in Guatemala was served on AMVAC in March 2001, but no defendant has been required to answer. Suits in the other countries have not been served. AMVAC has engaged local attorneys in the countries to defend these foreign suits.

Adams v. Dole Food Co. et al

On approximately November 23, 2007, AMVAC was served with a suit filed by two former Hawaiian pineapple workers and their spouses, alleging testicular cancer due to DBCP exposure: *Adams v. Dole Food Co. et al* in the First Circuit for the State of Hawaii. The complaint was filed on June 29, 2007 and names Dole Food Co., Standard Fruit and Steamship Company, Dole Fresh Food, Pineapple Growers Association, AMVAC, Shell Oil Co., Dow Chemical Co. and Occidental Corporation. Plaintiff Mark Adams alleges he was exposed to DBCP in 1974 and 1975 while working on Dole s plantation on Oahu. Plaintiff Nelson Ng alleges he was exposed between 1971 and 1973 while working in Lanai City, Lanai. AMVAC answered the complaint on or about

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 14, 2007. While no discovery has taken place, AMVAC denies that any of its product could have been used at the times and locations alleged by these plaintiffs.

B. Mississippi Matters

In May 1996, AMVAC was served with five complaints in which it is named as a defendant. (These complaints were filed by the same attorneys representing the Patrickson plaintiffs in Hawaii.) The complaints are brought by plaintiffs Edgar Arroyo-Gonzalez, Eulogio Garzon-Larreategui, ValentinValdez, Amilcar Belteton-Rivera, and Carlos Nicanor Espinola-E against one or more of the following named defendants: Coahoma Chemical Co. Inc., Shell Oil Company, Dow Chemical Co., Occidental Chemical Co., Standard Fruit Co., Standard Fruit and Steamship Co., Dole Food Co., Inc., Dole Fresh Fruit Co., Chiquita Brands, Inc., Chiquita Brands International, Inc. and Del Monte Fresh Produce, N.A. The cases were filed in the Circuit Court of Harrison County, First Judicial District of Mississippi. Each case alleged damages sustained from injuries caused by plaintiffs (who are former banana workers and citizens of a Central American country) exposure to DBCP while applying the product in their native countries. These cases were removed to U.S. District Court for the Southern District of Mississippi, Southern Division. The federal court granted defense motions to dismiss in each case pursuant to the doctrine of *forum non conveniens*. On January 19, 2001, the court issued an unpublished decision, finding that there was jurisdiction in federal court, but remanded just one case (Espinola) back to the trial court based on a stipulation which limited the plaintiff s recovery to fifty thousand dollars ($50,000). No activity has taken place on this matter since 2001. Without discovery, it is unknown whether this plaintiff was exposed to the Company s product or what defenses may apply. AMVAC intends to contest the cases vigorously. It is too early to provide an evaluation of the likelihood of an unfavorable outcome in this case.

C. Louisiana Matters

In November 1999, AMVAC was served with three complaints filed in the 29th Judicial District Court for the Parish of St. Charles, State of Louisiana entitled *Pedro Rodrigues et. al v. AMVAC Chemical Corporation et. al, Andres Puerto, et. al v. Amvac Chemical Corporation, et. al* and *Eduardo Soriano, et al v. Amvac Chemical Corporation et. al.* Other named defendants are: Dow Chemical Company, Occidental Chemical Corporation, Shell Oil Company, Standard Fruit, Dole Food, Chiquita Brands, Tela Railroad Company, Compania Palma Tica, and Del Monte Fresh Produce. American Vanguard Corporation is not named as a defendant. These suits were filed in 1996, but they were not served until November 1999. Following a dismissal of most of the plaintiffs from the action (in light of the fact that they had previously settled their claims in other actions), the complaints, with Soriano as the lead case, allege personal injuries to about 314 persons (167 from Ecuador, 102 from Costa Rica, and 45 from Guatemala) from alleged exposure to DBCP (punitive damages are also sought). With the United States Supreme Court holding there was no federal court jurisdiction in the Patrickson case, the federal court judge remanded the cases to Louisiana state court in June 2003. In state court, the three cases were assigned to two different judges. On November 17, 2006, the state court separated the cases handled by attorney Scott Hendler from the cases being pursed only against the growers handled by different counsel. Subsequently, the cases against the growers were settled and all those actions were dismissed. The cases handled by Mr. Hendler were supposed to be placed in a new action, which was not done. After a hearing on January 29, 2008, the court ruled on February 8, 2008 that these plaintiffs could still proceed in the existing cases rather than in a new pleading.

As in many of the other banana workers cases, no discovery has taken place on the individual claims of the plaintiffs. Thus, it is unknown as to how many of the plaintiffs claim exposure to AMVAC s product, what are the actual injuries, and whether their claims are barred by applicable statutes of limitation. AMVAC intends to

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vigorously contest these cases. It is too early to provide any evaluation of the likelihood of an unfavorable outcome at this time.

D. Nicaragua Matters

Tellez et al v. Dole Food Company, Inc. et al

On March 26, 2004, 25 plaintiffs, all residents of Nicaragua, filed suit in state court in Los Angeles County, California, claiming personal injuries from alleged exposure to DBCP while working on banana plantations in their home country. The named defendants are Dole Food Company, Inc., Dole Fresh Fruit Company, Standard Fruit Company, Standard Fruit and Steamship Company, Dow Chemical Company, and AMVAC Chemical Corporation. American Vanguard was not named as a defendant. Punitive damages were also sought against all defendants.

The plaintiffs, all field workers, claim personal injuries for complete sterility (azoospermia) or in one case, severely reduced sperm count. They claim exposure from working on banana plantations in Nicaragua from dermal contact with DBCP and inhalation of vapors. The plaintiffs also claimed exposure to DBCP in groundwater that they ingested, but testing of wells in October 2005 did not reveal the presence of any DBCP contamination and this claim of exposure through groundwater was dropped.

AMVAC was served with the complaint on April 12, 2004 and filed an answer on May 5, 2004. On May 6, 2004, Dow Chemical removed the case from state court to the United States District Court for the Central District of California. The case was subsequently remanded to state court.

On September 2, 2004, the plaintiffs were permitted to file an amended complaint that dropped seven plaintiffs and added 18 others, so that there were a total of 36 plaintiffs. Since that time, 18 plaintiffs have been dismissed, four others who have not yet obtained U.S. visas to come to the United States for their depositions, and one making a cancer related claim have been transferred to the *Mejia* case listed below, reducing the total to 13.

In March 2007, AMVAC settled with the 13 plaintiffs for a total of $300,000 without any admission of liability. The case proceeded to a jury trial against the Dole Food and Dow Chemical defendants in July 2007 for 12 plaintiffs as one was transferred to the *Mejia* case. On November 5, 2007, the jury found for the defendants on the claims of six of the plaintiffs and found for the plaintiffs on the other six for a total award of approximately $3.3 million. For five of the six plaintiffs, the jury allocated 80% of the liability to Dole on fraudulent concealment and strict liability causes of action and 20% to Dow (and 40% on the other plaintiff) on strict products liability. In further deliberations, the same jury awarded $500,000 in punitive damages to each of five plaintiffs as against the Dole entities for fraudulent concealment for a total of an additional $2.5 million. Motions for new trial are pending. On March 7, 2008, the trial court in Tellez granted Dole s motion for judgment notwithstanding the verdict as to punitive damages thereby reversing the award of punitive damages ($2.5 million) against Dole. In reaching its decision, the court found that any award of punitive damages as against Dole would be violative of the Due Process Clause of the Fourteenth Amendment as the claimed injuries to plaintiffs and Dole s acts occurred outside of California. As this case impacts the other DBCP suits, the Company is monitoring these developments.

This case, like the other pending banana workers suits, demonstrates the difficult issues of law and fact to all parties and the potential of large verdicts, at least in cases involving claims of complete sterility (azoospermia) that defendants cannot explain. In all of these banana worker cases, there is no guarantee that the Company will

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be able to avoid an adverse judgment or that the size of any such judgment will not have an adverse effect upon the Company s financial performance. If plaintiffs continue to be successful, it is likely that other banana workers from Nicaragua will file suit in California.

Rodolfo Mejia et al v. Dole Food Company, Inc. et al

On September 20, 2005, the attorneys who also represent plaintiffs in *Tellez et al v. Dole Food Company et al* filed an action on behalf of 16 Nicaraguan plaintiffs in the Los Angeles County Superior Court against Dole Food Company, Inc., Dole Fresh Fruit Company, Standard Fruit Company, Standard Fruit and Steamship Company, the Dow Chemical Company, and AMVAC Chemical Corporation. The complaint alleges that the 16 plaintiffs worked at various banana farms in Nicaragua and were exposed to DBCP from 1970 to 1984, suffering irreversible sterility or infertility. The complaint seeks unspecified compensatory and punitive damages against each defendant. The suit has been assigned to the same judge for case management and trial as in the *Tellez* matter. These plaintiffs allege that they were all applicators of the product at the banana farms. The plaintiffs also allege exposure to DBCP from contaminated groundwater.

Plaintiffs served a First Amended Complaint naming 21 workers as plaintiffs, including five plaintiffs who were transferred from the *Tellez* action. A second amended complaint was filed on January 22, 2008, that added the plaintiffs who had just filed suit in the Rivera case listed below, making a total of 26.

This case has been set for trial for February 2, 2009. The court has advised that after it is determined who will be able to obtain visas, discovery will be limited to 20 plaintiffs and any others beyond that number must be transferred to another case. Discovery has not yet begun in this case as the final selection of the plaintiffs has not yet been made. It is too early to provide any evaluation of the likelihood of an unfavorable outcome at this time.

At a status conference on February 8, 2008, the court ordered that the parties in this case and all the other DBCP cases filed in Los Angeles must engage in global mediation sessions that are to include all cases.

Rivera et al v. Dole Food Company, Inc. et al

On October 26, 2007, the attorneys who also represent plaintiffs in *Tellez et al v. Dole Food Company et al* filed an action on behalf of four Nicaraguan plaintiffs in the Los Angeles County Superior Court against Dole Food Company, Inc., Dole Fresh Fruit Company, Standard Fruit Company, Standard Fruit and Steamship Company, the Dow Chemical Company, and AMVAC Chemical Corporation. The complaint alleges that the four plaintiffs worked at various banana farms in Nicaragua and were exposed to DBCP from 1975 to 1990, suffering irreversible sterility or infertility. The complaint seeks unspecified compensatory and punitive damages against each defendant. The suit has been assigned to the same judge for case management and trial as in the *Tellez* and the *Mejia* matters.

The complaint was amended on November 30, 2007 to include a total of six plaintiffs. AMVAC answered this first amended complaint on January 10, 2008. As explained above, these six workers were then added to the *Mejia* suit on January 22, 2008, so presently they have two actions. These six will be dismissed from the *Rivera* complaint and others from the *Mejia* action or others selected by the plaintiffs attorneys will be added to this case.

At the present, it is unknown who will be named as plaintiffs in this case.

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Suits filed in Nicaragua

The Los Angeles attorneys representing these workers in California have recently stated that they have as many as 10,000 clients in Nicaragua.

In prior descriptions of pending litigation and other matters, several suits filed in Nicaragua in January 2003 on behalf of banana workers claiming exposure to DBCP were mentioned. It was reported that AMVAC had been named in these suits, but was not served with the complaints.

In May 2005, two suits filed in Nicaragua in 2004 were received that name AMVAC, The Dow Chemical Company, Dole Food Co., Dole Fresh Fruit, and Standard Fruit Company. The two suits for personal injuries for sterility and reduced sperm counts have been filed on behalf of a total of 15 banana workers: *Flavio Apolinar Castillo et al. v. AMVAC Chemical Corporation et al.*, No. 535/04 and *Luis Cristobal Martinez Suazo et al. v. AMVAC Chemical Corporation et al.*, No. 679/04. In December 2005, AMVAC received six additional, similar lawsuits filed on behalf of a total of 30 plaintiffs. These plaintiffs each claim $1 million in special and general damages and $5 million in punitive damages.

AMVAC has retained an attorney in Nicaragua and understands that the receipt of these eight suits constitutes first notice and an invitation to attend mediation. All but one of these suits is based on Nicaraguan Public Law 364 issued in October 2000 that is directed solely at DBCP and requires the posting of a $100,000 bond, sets forth a lessened standard of proof to show that the claimed injuries are due to DBCP, and establishes an unreasonable amount of minimum compensation for injuries. This law also provides that there is no statute of limitations.

On January 25, 2006, AMVAC was served with the Flavio Apolinar Castillo and Luis Cristobal Martinez Suazo suits listed above. In March 2006, counsel in Nicaragua filed objections to jurisdiction over Amvac in these two cases. The court finally ruled on all the defendants objections on March 20, 2007 by denying each objection to jurisdiction. Appeals are pending at the appellate level in Nicaragua.

A review of court filings in Chinandega, Nicaragua, by local counsel has found 85 suits filed pursuant to Public Law 364 that name AMVAC and include approximately 3,592 plaintiffs. However, only the two *Castillo* and *Suazo* cases have been served on Amvac . Each of these plaintiffs claims $1 million in special and general damages and $5 million in punitive damages. It is anticipated that the plaintiffs attorneys will continue to file additional actions on a monthly basis in Nicaragua.

In an earlier round of suits brought in Nicaragua against Dow, Shell, and Standard Fruit only, the Nicaragua court issued judgments for $490 million in December 2002 based on claims of 583 banana workers, despite defenses of lack of personal jurisdiction and the unconstitutionality of Public Law 364. It has been reported that in 2003, the United States District Court in Los Angeles refused to enforce these judgments on the basis that the judgments did not properly name the defendants. The U.S. District Court did not reach the issue of due process under Public Law 364. An appeal to the U.S. Court of Appeals for the Ninth Circuit is pending.

AMVAC contends that the Nicaragua courts do not have jurisdiction over it and that Public Law 364 violates international due process of law. AMVAC intends to contest personal jurisdiction and demand under Law 364 that the claims be litigated in the United States. Thus far, it appears that the Nicaraguan courts have denied all requests of other defendants under Law 364 that allow the defendants the option of consenting to jurisdiction in the United States. It is not presently known as to how many of these plaintiffs actually claim exposure to DBCP at the time AMVAC s product was allegedly used nor is there any verification of the claimed

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injuries. Based on the precedent of the earlier suits in Nicaragua, it would appear likely that the Nicaragua courts will, over the defendants objections, enter multi-million dollar judgments for the plaintiffs and against all defendants in these cases. One such judgment was entered in August 2005 for $97 million for 150 plaintiffs against Dole Food and other entities. It has also been reported that on December 1, 2006, the Nicaraguan court rendered a judgment for $802 million against Dow, Shell, Occidental, and Standard Fruit for some 1200 plaintiffs.

F. Ivory Coast Cases

On October 6, 2006, AMVAC was served with seven suits filed in the Los Angeles County Superior Court and one suit in the United States District Court in Los Angeles that include a total of 668 residents of the Ivory Coast as plaintiffs. Each plaintiff claims bodily injuries from exposure to DBCP while residing or working on banana or pineapple plantations in that country from the 1970s to the present. The suits name AMVAC, Dow Chemical, Shell Oil Company, and Dole Food as defendants. All these suits also seek punitive damages, and the action filed in federal court alleges a claim under the Alien Tort Claims Act, alleging that the sale and use of DBCP amounted to genocide in the Ivory Coast. AMVAC did not sell any DBCP into the Ivory Coast at any time and intends to defend these cases vigorously. Discovery has not yet begun in these cases, and it is too early to provide any evaluation as to the probability of an unfavorable outcome.

On November 3, 2006, Dow and Shell removed the seven state court cases to federal court, alleging that the naming of AMVAC and the Dole entities amounted to a fraudulent joinder of those defendants by plaintiffs to defeat federal jurisdiction. However, the federal court remanded all of those cases on its own motion back to state court. These state cases were reassigned to the same complex case management judge as in the *Tellez* and *Mejia* suits in May 2007. Limited discovery has been permitted to focus on preliminary issues as to which DBCP product was used in the Ivory Coast and which defendants, if any, belong in these cases. The plaintiffs attorney is unwilling to dismiss any defendant at this time. A further status conference is scheduled for April 14, 2008.

On December 7, 2006 Amvac answered the Alien Tort Claims Act case in federal court. A defense motion for judgment on the pleadings in the case was granted on March 26, 2007, whereby the court dismissed the genocide and unlawful distribution of pesticide claims with prejudice, and dismissed the remaining claims with leave to amend. The plaintiffs filed an amended complaint in April 2007 regarding only the claims for relief for crimes against humanity and racial discrimination and omitting the claims that the court had dismissed. Defendants jointly filed a motion to dismiss that was heard on May 21, 2007 and was granted after being taken under submission. The plaintiffs have appealed to the Ninth Circuit Court of Appeal and this appeal is pending.

F. Other DBCP Matters

Other attorneys filed suits in the Los Angeles County Superior Court in April 2005 on behalf of several thousand banana workers in other countries, including Costa Rica, Panama, and Honduras. AMVAC has not been named in these suits.

II. Other Litigation Matters

A. McLendon v. Philip Service Corporation

On July 19, 2006, AMVAC s registered agent was served with a putative class action complaint entitled *Latrice McLendon, et al. v. Philip Service Corporation etc. et al (including AMVAC),* which was filed in the Superior State Court of Fulton County, State of Georgia No. 2006CN119863 and subsequently removed to the

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United States District Court for the Northern District of Georgia No. 1:06-CV-1770-CAP, in which a class of Georgia plaintiffs seek damages, including punitive damages, in an unspecified amount for personal injuries and diminution in property value allegedly arising from the airborne release of propyl mercaptan and ethoprop from a waste treatment facility operated by PSC Recovery Services (PSC) in Fairburn, Georgia. Plaintiffs, residents living in the vicinity of the PSC plant, allege trespass, nuisance and negligence on behalf of defendants in handling, storing and treating waste which was generated by AMVAC s Axis, Alabama facility. After having completed class certification discovery, and prior to a ruling from the court on certification of the class, the parties engaged in mediation on September 19, 2007 before a neutral mediator.

Working in conjunction with their insurance carriers at the mediation, defendants AMVAC and PSC have agreed in principle to settle the matter with a settlement class of approximately 2,000 households for payment of cash consideration. The settlement process involves multiple steps to be taken over several months and requires both preliminary and final court approval. As currently proposed, the settlement would not have an adverse effect upon the Company s financial performance. However, the settlement is not yet final, members of the settlement class remain free to opt out of the settlement and to preserve their individual rights, and it is not anticipated that the settlement will include mutual releases between co-defendants. In addition, each co-defendant s insurance carrier has reserved all rights under applicable insurance policies, including rights to subrogation and contribution. On a related note, on April 16, 2007, AMVAC executed a draft consent order (including an agreement to pay a civil penalty with the option to perform a supplemental environmental project in partial payment thereof) with the Alabama Department of Environmental Management (ADEM) for resolution of alleged violations of hazardous waste regulations arising from AMVAC s storage of washwater and other materials that were returned to AMVAC by PSC in connection with activities that are the subject of the *McLendon* litigation; the consent order has been finalized, and ADEM has approved AMVAC s proposed supplemental environmental project.

B. Aceto Agricultural Chemicals Corporation v. AMVAC

On May 30, 2007, AMVAC s registered agent was served with a summons, complaint and motion for preliminary injunction by Aceto Agricultural Chemicals Corporation (Aceto) in a matter entitled *Aceto Agricultural Chemicals Corporation v. AMVAC Chemical Corporation,* which was filed in the U.S. District Court for the Northern District of Georgia, Atlanta Division as Case No. 1:07-CV-1236-CC. In this action, plaintiff seeks damages and injunctive relief for alleged antitrust violations arising from AMVAC s purchase of the patent relating to the EZ Load® closed delivery system. Aceto, which has sold a generic version of the insecticide phorate through the EZ Load system, was licensee under a license with the former patent holder which permitted Aceto to use the EZ Load system through August 1, 2007. Aceto seeks, among other things, to enjoin AMVAC from asserting its patent rights following the expiration of Aceto s license. AMVAC believes that this case has no merit and plans to defend it vigorously. The hearing on plaintiff s motion for a preliminary injunction concluded on October 26, 2007, and, on December 17, 2007, the court entered an order under which is denied plaintiff s motion for preliminary injunction, finding that Aceto had not met its burden of establishing a likelihood of success on the merits of any claim. Plaintiff has filed a notice of appeal of the court s order. It is too early in this case, however, to make an assessment of the likelihood of there being an adverse judgment against AMVAC or whether such judgment could have an adverse effect upon the Company s financial performance.

The Company may, from time to time, be involved in other legal proceedings arising in the ordinary course of its business. The results of litigation, including those described above, cannot be predicted with certainty. The Company has and will continue to expend resources and incur expenses in connection with these proceedings. There can be no assurance that the Company will be successful in these proceedings. While the Company continually evaluates insurance levels for product liability, property damage and other potential areas of risk, an

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adverse determination in one or more of these proceedings could subject the Company to significant liabilities, which could have a material adverse effect on its financial condition and operating results.

Environmental

During 2007, AMVAC continued activities to address environmental issues associated with its facility (the Facility) in Commerce, California.

In March 1997, the California Environmental Protection Agency Department of Toxic Substances Control (DTSC) accepted the Facility into its Expedited Remedial Action Program (ERAP). Under this program, the Facility must prepare and implement an environmental investigation plan. Depending on the findings of the investigation, the Facility may also be required to develop and implement remedial measures to address any historical environmental impairment. The environmental investigation and any remediation activities related to ten underground storage tanks at the Facility, which had been closed in 1995, will also be addressed by AMVAC under ERAP.

Soil and groundwater characterization activities began in December 2002 in accordance with the Site Investigation Plan that was approved by the DTSC. Additional activities were conducted from 2003 to 2007 with oversight provided by the DTSC. Additional investigation is planned over the next year under the oversight of the DTSC. Potential remediation activities may be initiated in 2008 or 2009. These investigation and potential remediation activities are required at all facilities that currently have, or in the past had, hazardous waste storage permits. Because AMVAC previously held a hazardous waste management permit, AMVAC is subject to these requirements. It is uncertain whether the cost associated with the potential remediation activities will have a material impact on the Company s financial statements.

AMVAC is subject to numerous federal and state laws and governmental regulations concerning environmental matters and employee health and safety at the Commerce, California and Axis, Alabama facilities. AMVAC continually adapts its manufacturing process to the environmental control standards of the various regulatory agencies. The U.S. EPA and other federal and state agencies have the authority to promulgate regulations that could have an impact on AMVAC s operations.

AMVAC expends substantial funds to minimize the discharge of materials in the environment and to comply with the governmental regulations relating to protection of the environment. Wherever feasible, AMVAC recovers raw materials and increases product yield in order to partially offset increasing pollution abatement costs.

The Company is committed to a long-term environmental protection program that reduces emissions of hazardous materials into the environment, as well as to the remediation of identified existing environmental concerns. Federal and state authorities may seek fines and penalties for violation of the various laws and governmental regulations. As part of its continuing environmental program, except as disclosed in PART I, Item 3, Legal Proceedings, of this Annual Report, the Company has been able to comply with such proceedings and orders without any materially adverse effect on its business.

(5) Employee Deferred Compensation Plan and Employee Stock Purchase Plan

The Company maintains a deferred compensation plan (the Plan) for all eligible employees. The Plan calls for each eligible employee, at the employee s election, to participate in an income deferral arrangement under

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Internal Revenue Code Section 401(k) whereby the Company will match the first $5.00 of weekly employee contributions. The Plan also permits employees to contribute up to an additional 15% of their salaries of which the company will match 50% of the first 6% of the additional contribution. The Company s contributions to the Plan amounted to $503, $586 and $585 in 2007, 2006 and 2005. Effective January 1, 2005, the Company matched 100% of the elective deferrals of all eligible participants up to a maximum of 5% of compensation.

During 2001, the Company s Board of Directors adopted the American Vanguard Corporation Employee Stock Purchase Plan (the Plan). The Plan allows eligible employees to purchase shares of common stock through payroll deductions at a discounted price. An aggregate of 200,000 shares of the Company s Common Stock, par value $.10 per share (subject to adjustment for any stock dividend, stock split or other relevant changes in the Company s capitalization) may be sold pursuant to the Plan which is intended to qualify under Section 423 of the Internal Revenue Code. The Plan allows for purchases in a series of offering periods, each six months in duration, with new offering periods (other than the initial offering period) commencing on January 1 and July 1 of each year. The initial offering period commenced on July 1, 2001. Unless terminated earlier by the Company s Board of Directors, the Plan will terminate on December 31, 2010.

Shares of common stock purchased through the Plan for 2007, 2006 and 2005 were 44,372, 42,115 and 41,169, respectively.

(6) Major Customers and Export Sales

In 2007, there were three companies that accounted for 18%, 12% and 11% of the Company s consolidated sales. In 2006, there were three companies that accounted for 18%, 15% and 11% of the Company s consolidated sales. In 2005, there were three companies that accounted for 15%, 13% and 11% of the Company s consolidated sales. These companies are distributors of the Company s products.

The Company primarily sells its products to large distributors and buying cooperatives and extends credit based on an evaluation of the customer s financial condition. The Company had three significant customers who each accounted for approximately 28%, 9% and 6% of the Company s receivables as of December 31, 2007. The Company had three significant customers who each accounted for approximately 28%, 14% and 6% of the Company s receivables as of December 31, 2006. The Company has long-standing relationships with its customers and the Company considers the credit risk to be low.

Worldwide export sales for 2007, 2006 and 2005 were as follows:

	2007	2006	2005
Canada	$ 5,117	$ 3,493	$ 2,396
Mexico	8,468	2,757	2,229
South & Central America	7,638	2,908	2,262
Asia	3,556	2,348	1,417
Africa	3,412	1, 806	1,556
Europe	3,110	2,120	2,447
Other international	1,631	1,814	1,549
	$ 32,932	$ 17,246	$ 13,856

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(7) Royalties

The Company has various royalty agreements in place extending through December 2007. These agreements relate to the acquisition of certain products as well as licensing arrangements. No agreements contains a minimum royalty provision. Certain royalty agreements contain confidentiality covenants. Royalty expenses were $368, $809 and $1,465, respectively, for 2007, 2006 and 2005.

(8) Product Acquisitions

All product acquisitions have been accounted for as asset purchases and not businesses pursuant to FASB 141 and EITF 98-3.

On December 17, 2007, AMVAC acquired the pentachloronitrobenzine fungicide product line from the Crop Protection division of Chemtura Corporation. Included in the purchase were the brands Turfcide® and Terraclor®, highly effective fungicides that control a wide range of diseases in turf and ornamental applications, certain agricultural crops, and as a component of seed treatment dressings. These products are registered in the United States, Canada, Mexico, Brazil, Australia, Turkey, South Africa and a number of other countries.

In December 2006, AMVAC acquired the product line Permethrin (a synthetic pyrethroid insecticide) from Syngenta Crop Protection, Inc. In connection with the transaction, AMVAC acquired both crop and non-crop uses of the product line in the U.S., Mexico and Canada. Acquired assets include registration rights, manufacturing and formulation know-how, inventories, customer lists and the trademarks Ambush® and Prelude® in the aforementioned territories.

In November 2006, AMVAC acquired the global Terbufos insecticide product line and the Lock `N Load® closed delivery system from BASF Aktiengesellschaft ( BASF ). The product line consisted of the active ingredient Terbufos, the trademarks Counter® and Lock `N Load®, the manufacturing and formulation know-how, registration rights, intellectual property rights and inventories.

In December 2005, AMVAC acquired the cereal herbicide product line, Difenzoquat from BASF. The product line consists of the active ingredient Difenzoquat, the trademark Avenge, the manufacturing and formulation know-how, and registration rights and intellectual property rights in the United States and Canada. Avenge is a post-emergent herbicide primarily to control wild oats in barley and wheat. Avenge has a unique mode of action: it can be tank mixed with many popular broad leaf herbicides to provide broadleaf weed control as well as for effectively managing herbicide resistance problems in wild oats.

In November 2005, AMVAC acquired the global Phorate insecticide product line from BASF. The product line consisted of the active ingredient Phorate, the trademarks Thimet®, Granutox® and Geomet®, the manufacturing and formulation know-how, registration rights, intellectual property rights and inventories as well as an exclusive license to use BASF s patented, closed delivery system, Lock N Load®, in the United States, Canada and Australia for Phorate. Phorate is registered in more than fifteen countries, with the main markets in Asia Pacific and the Americas. It is used on agricultural crops, mainly potatoes, corn, cotton, rice and sugarcane, to protect against chewing and piercing-sucking insects.

In March 2005, AMVAC entered into an exclusive multi-year agreement with BASF to develop, register and commercialize Topramezone, a new herbicide for post-emergent use in corn in North America. Under the terms of a licensing and supply agreement BASF would supply the product to AMVAC. In August 2005, AMVAC received a registration from the U.S. Environmental Protection Agency for Impact® (active ingredient: Topramezone), a new herbicide for the use in field corn, seed corn, sweet corn and popcorn.

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The primary identifiable intangible assets of the Company relate to product rights associated with its product acquisitions. These rights, for the most part, consist of product registrations and related data filed with the United States Environmental Protection Agency and state regulatory agencies to support such registrations and other supporting data. The amount of goodwill allocated to the product acquisitions has not been material. The following schedule represents intangible assets recognized in connection with product acquisitions (See Summary of Significant Accounting Policies Goodwill and Other Intangible Assets for the Company s accounting policy regarding intangible assets):

The following schedule represents intangible assets recognized in connection with product acquisitions (See note 1 for the Company s accounting policy regarding intangible assets):

	Amount
Intangible assets at December 31, 2004	21,161
Acquisitions during fiscal 2005	22,112
Amortization expense	(2,051)
Intangible assets at December 31, 2005	41,222
Acquisitions during fiscal 2006	39,737
Amortization expense	(1,929)
Intangible assets at December 31, 2006	79,030
Acquisitions during fiscal 2007	10,038
Amortization expense	(3,750)
Intangible assets at December 31, 2007	$ 85,318

The above amounts represent the total cash consideration paid during the period for product acquisitions and certain related capitalized expenses incurred in connection with such acquisitions.

The following schedule represents the gross carrying amount and accumulated amortization of the intangible assets recognized in connection with product acquisitions. Intangible assets are amortized over their expected useful lives which range from 15 to 25 years.

	2007	2006
Gross carrying amount	$ 99,290	$ 89,252
Accumulated amortization	(13,972)	(10,222)
	$ 85,318	$ 79,030

The following schedule represents future amortization charges related to intangible assets recognized in connection with product acquisitions:

Year ending December 31,	
2008	$ 3,957

2009	3,957
2010	3,957
2011	3,957
2012	3,957
Thereafter	65,533
	$ 85,318

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The following schedule represents the Company s obligations under product acquisition agreements:

	Amount
Obligations under acquisition agreements at December 31, 2004	$ 1,000
Additional obligations acquired	-0-
Payments on existing obligations	(1,000)
Obligations under acquisition agreements at December 31, 2005	-0-
Additional obligations acquired	-0-
Payments on existing obligations	-0-
Obligations under acquisition agreements at December 31, 2006	-0-
Additional obligations acquired	2,000
Payments on existing obligations	-0-
Obligations under acquisition agreements at December 31, 2007	$ 2,000

(9) Commitments

The Company and Eric G. Wintemute entered into a written employment agreement, dated as of January 15, 2008, pursuant to which Mr. Wintemute serves as the Company s President and Chief Executive Officer. Mr. Wintemute s annual base compensation is $527,253, with increases to be made by the Board of Directors in their sole discretion. Mr. Wintemute may receive a bonus in an amount as determined by the Board based on his performance against reasonable qualitative and quantitative benchmarks as determined by the Board. The agreement also provides Mr. Wintemute with certain additional benefits which are customary for executives at this level in the industry, including a car allowance of $1,500 per month and reimbursement for reasonable and customary business expenses. Mr. Wintemute s agreement is of indefinite duration, unless terminated by the Company. If the Company terminates Mr. Wintemute s employment without cause and not due to disability or death, the Company shall pay to Mr. Wintemute an amount equal to two times the average annual cash compensation received by him over the course of the two immediately preceding calendar years. If Mr. Wintemute dies during the term of the agreement, the Company will pay his designated beneficiary any amounts (including salary) and continue any benefits due to Mr. Wintemute under the agreement for 12 months after his death.

The Company has various lease agreements for offices as well as a long-term ground lease for its Axis, Alabama facility. The office leases contain provisions to pass through to the Company its pro-rata share of certain of the building s operating expenses. The long-term ground lease is for twenty years (commencing May 2001) with up to five automatic renewals of three years each for a total of thirty-five years. Rent expense for the years ended December 31, 2007, 2006 and 2005 was $ 387, $312 and $306**.** Future minimum lease payments under the terms of the leases are as follows:

Year ending December 31,	
2008	$ 326
2009	339
2010	22
2011	20
2012	20

Thereafter	240
	$ 967

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Research and Development

Research and development expenses which are included in operating expenses were $2,013, $2,884 and $2,853 for the years ended December 31, 2007, 2006 and 2005.

(11) Stock Options

Incentive Stock Option Plans (ISOP)

Under the terms of the Company s ISOP, under which options to purchase 4,296,000 shares of common stock can be issued, all key employees are eligible to receive non-assignable and non-transferable options to purchase shares. The exercise price of any option may not be less than the fair market value of the shares on the date of grant; provided, however, that the exercise price of any option granted to an eligible employee owning more than 10% of the outstanding common stock may not be less than 110% of the fair market value of the shares underlying such option on the date of grant. No options granted may be exercisable more than ten years after the date of grant. The options granted generally vest evenly over a three to five year period, beginning from the date of the grant.

During 2007, the Company granted an incentive stock option to purchase 6,349 shares of common stock to an employee. During 2006, the Company did not grant any incentive stock options. During 2005, the Company granted incentive stock options to purchase an aggregate of 276,933 shares of common stock to key employees. These options were fully exercisable on the date of grant. All options granted are non-assignable and non-transferable.

Nonstatutory Stock Options (NSSO)

The Company did not grant any non-statutory stock options in either 2007, 2006 or 2005.

Option activity within each plan is as follows:

	Incentive Stock Option Plans	Non-Statutory Stock Options Plans	Weighted Average Price Per Share	Exercisable Weighted Average Price Per Share
Balance outstanding, December 31, 2004	1,886,733	169,400	4.35	3.26
Options granted, range from $14.74 $14.98	276,933		14.75	
Options exercised, range from $1.76 $3.19	(61,333)	(8,805)	(1.84)	
Options expired	(16,000)	(875)	(1.76)	
Balance outstanding, December 31, 2005	2,086,333	159,720	5.71	6.06
Options granted				
Options exercised, range from $1.76 $14.74	(262,463)	(29,040)	3.66	
Options expired	(3,333)		(14.74)	

Balance outstanding, December 31, 2006	1,820,537	130,680	6.09	6.13
Options granted ($15.75)	6,349		15.75	
Options exercised, range from $1.76 $15.75	(143,466)	(39,840)	4.38	
Options expired	(13,334)		(12.94)	
Balance outstanding, December 31, 2007	1,670,086	90,840	$ 6.25	$ 6.17

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Information relating to stock options at December 31, 2007 summarized by exercise price is as follows:

	Outstanding Weighted Average			Exercisable Weighted Average	
Exercise Price Per Share	**Shares**	**Remaining Life (Months)**	**Exercise Price**	**Shares**	**Exercise Price**
Incentive Stock Option Plan:					
$1.76	293,066	8	$ 1.76	293,066	$ 1.76
$3.19	16,067	19	$ 3.19	16,067	$ 3.19
$3.52 $8.10	1,090,000	36	$ 5.08	1,008,001	$ 4.86
$11.30	8,000	44	$ 12.62	8,000	$ 11.30
$14.74 $14.99	262,953	56	$ 14.74	262,953	$ 14.74
	1,670,086		$ 6.03	1,588,087	$ 5.94
Nonstatutory Stock Options:					
$4.68	29,040	12	$ 4.68	29,040	$ 4.68
$7.05	13,400	8	$ 7.05	13,400	$ 7.05
$14.45	48,400	17	$ 14.45	48,400	$ 14.45
	90,840		$ 10.23	90,840	$ 10.23

The weighted average exercise prices for options granted and exercisable and the weighted average remaining contractual life for options outstanding as of December 31, 2006 and 2007 was as follows:

	Number of Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (Months)**	**Intrinsic Value (thousands)**
As of December 31, 2006:				
Incentive Stock Option Plans:				
Outstanding	1,820,537	$ 5.93	49	$ 18,151
Expected to Vest	1,820,537	$ 5.93	49	$ 18,151
Exercisable	1,528,037	$ 5.81	48	$ 15,418
Non-statutory Stock Option Plans:				
Options Outstanding	130,680	$ 8.37	20	$ 984
Expected to Vest	130,680	$ 8.37	20	$ 984
Options Exercisable	130,680	$ 8.37	20	$ 984
As of December 31, 2007:				
Incentive Stock Option Plans:				

Outstanding	1,670,086	$	6.03	34	$	18,900
Expected to Vest	1,661,886	$	6.02	34	$	18,822
Exercisable	1,588,087	$	5.94	34	$	18,123
Non-statutory Stock Option Plans:						
Options Outstanding	90,840	$	10.23	12	$	647
Expected to Vest	90,840	$	10.23	12	$	647
Options Exercisable	90,840	$	10.23	12	$	647

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The total intrinsic value of options exercised during 2005, 2006 and 2007 was $554, $4,332 and $1,977, respectively. Cash received from stock options exercised during 2005, 2006 and 2007 was $417, $959 and $803, respectively.

(12) Private Equity Offering

On February 8, 2006, the Company entered into Stock Purchase Agreements with several institutional investors for the purchase and sale of, in the aggregate, 1,040,000 (before giving effect for the 4 for 3 stock split distributed April 17, 2006) shares of the Company s common stock for a purchase price of $22.50 per share (before giving effect for the 4 for 3 stock split distributed April 17, 2006) in connection with a private placement of such shares. The shares were registered under the Company s Registration Statement on Form S-3 (No. 333,122981) which was filed with the Securities Exchange Commission on February 25, 2005. (Refer to the Company s Report on Form 8-K dated February 7, 2006, and filed with the Securities and Exchange Commission.)

(13) Subsequent Event

On January 16, 2008, AMVAC acquired the Orthene® insecticide product line from Valent U.S.A. Corporation. The transfer of ownership included proprietary formulation information, registration rights, marketing material, certain intellectual property rights and existing inventories of Orthene.

On March 7, 2008, AMVAC acquired from Bayer Cropscience LP (BCS) substantially all of the assets relating to the business conducted at BCS s facility located in Marsing, Idaho (the Marsing Facility). The Marsing Facility consists of approximately 17 acres of improved real property, 15 of which are now owned by AMVAC and two of which are leased by AMVAC from the City of Marsing for a term of 25 years. The acquired assets included real property, buildings, formulating and packaging lines, raw material storage, warehousing, container recertification, a quality control laboratory, inventory and offices associated with the blending of liquid and powder raw materials and the packaging of finished liquid products in the agricultural chemical field. In connection with the acquisition, AMVAC and BCS have agreed to enter into a master processor agreement under which AMVAC will continue to provide certain tolling services to BCS over the next four years.

(14) Quarterly Data Unaudited

Quarterly Data 2007	**March 31**	**June 30**	**September 30**	**December 31**
Net sales	$ 40,906	$ 50,028	$ 56,641	$ 69,087
Gross profit	18,417	22,227	24,161	30,925
Net income	2,126	3,591	5,447	7,564
Basic net income per share	.08	.14	.21	.29
Diluted net income per share	.08	.13	.20	.28
Quarterly Data 2006				
Net sales	$ 44,744	$ 42,721	$ 51,244	$ 55,062
Gross profit	18,307	17,658	22,327	24,066
Net income	2,475	3,315	4,249	5,409
Basic net income per share	.10	.13	.16	.21
Diluted net income per share	.09	.12	.16	.20

Note: Totals may not agree with full year amounts due to rounding and separate calculations each quarter.

EXHIBIT INDEX

ITEM 15

Exhibit Number	**Description of Exhibit**
3.1	Amended and Restated Certificate of Incorporation of American Vanguard Corporation (filed as Exhibit 3.1 to the Company s Form 10-K for the year ended December 31, 2003 and incorporated herein by reference).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of American Vanguard Corporation (filed as Exhibit 3.2 to the Company s Form 10-Q/A for the period ended June 30, 2004 and incorporated herein by reference).
3.3	Amended and Restated Bylaws of American Vanguard Corporation (filed as Exhibit 3.2 to the Company s Form 10-K for the year ended December 31, 2003 and incorporated herein by reference.)
4	Form of Indenture (filed as Exhibit 4 to the Company s Registration Statement on Form S-3 (File No. 333-122981) and incorporated herein by reference).
10.1	American Vanguard Corporation Employee Stock Purchase Plan (filed as Appendix B to the Company s Proxy Statement filed with the Securities and Exchange Commission on May 31, 2001 and incorporated herein by reference).
10.2	American Vanguard Corporation Fourth Amended and Restated Stock Incentive Plan (filed as Appendix A to the Company s Proxy Statement filed with the Securities and Exchange Commission on May 11, 2004 and incorporated herein by reference).
10.3	Form of Incentive Stock Option Agreement under the American Vanguard Corporation Fourth Amended and Restated Stock Incentive Plan.(1)
10.4	Form of Non-Qualified Stock Option Agreement under the American Vanguard Corporation Fourth Amended and Restated Stock Incentive Plan.(1)
10.5	Employment Agreement between American Vanguard Corporation and Eric G. Wintemute.*
10.6	Form of Change of Control Severance Agreement, dated effective as of January 1, 2004, between American Vanguard Corporation and its Executive and Senior Officers (filed as Exhibit 10.2 to the Company s Form 10-Q for the period ended March 31, 2004 and incorporated herein by reference.)
10.7	Form of Indemnification Agreement between American Vanguard Corporation and its Directors.(1)
10.8	Description of Compensatory Arrangements Applicable to Non-Employee Directors for 2005 (filed as Exhibit 10.1 to the Company s Form 8-K filed with the Securities and Exchange Commission on June 15, 2005 and incorporated herein by reference).
10.9	Asset Purchase Agreement dated December 14, 2007 by and between Chemtura Corporation and AMVAC Chemical Corporation (portions of which, indicated by an asterisk, the Company has requested be treated confidentially by the SEC).*
10.10	Asset Purchase and Sale Agreement dated December 28, 2007 by and between Valent USA Corporation and AMVAC Chemical Corporation (portions of which, indicated by an asterisk, the Company has requested be treated confidentially by the SEC).*
10.11	Lease dated December 28, 2007 by and between BASF Corporation and AMVAC Corporation (portions of which, indicated by an asterisk, the Company has requested be treated confidentially by the SEC).*
10.12	Manufacturing and Shared Service Agreement dated as of December 31, 2007 by and between BASF Corporation and AMVAC Chemical Corporation (portions of which, indicated by an asterisk, the Company has requested be treated confidentially by the SEC).*

Exhibit Number	Description of Exhibit
21	List of Subsidiaries of the Company.*
23	Consent of BDO Seidman, LLP, Independent Registered Public Accounting Firm.*
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	Certifications Pursuant to 18 U.S.C. Section 1350 as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

(1) Filed with the Company s Original Annual Report on Form 10-K for the year ended December 31, 2004, which was filed with the Securities and Exchange Commission on March 16, 2005 and incorporated herein by reference.