10-Q/A 1 f10q0611a1_energytech.htm QUARTERLY REPORT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
Amendment No. 1

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

For the quarterly period ended June 30,2011

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

For the Transition period from to .

ENERGY & TECHNOLOGY, CORP.
(Exact name of registrant as specified in Charter)

DELAWARE	333-143215	26-0198662
(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(IRS Employee Identification No.)

Petroleum Towers, Suite 530
3639 Ambassador Caffery Blvd Lafayette, LA 70505
P.O. Box 52523
Lafayette, LA 70505
(Address of Principal Executive Offices)

337- 984-2000
(Issuer Telephone number)

334- 988-1777
Issuer Fax Number

www.engt.com
www.energyntechnology.com

Securities registered under Section 12(b) of the Exchange Act:	None.
Securities registered under Section 12(g) of the Exchange Act	Common Stock, par value $0.001 per share (Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 14 or Section 15(d) of the Act.
Yes o 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 Exchange Act during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2)has been subject to such filing requirements for the past 90 days. Yes x Noo

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition of “accelerated filer” and “large accelerated filer” in Rule 12b-2 of the Exchange Act (Check one):
Large Accelerated Filer o Accelerated Filer o Non-Accelerated Filer o Smaller Reporting Company x

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

According to the Company’s only transfer agent of record, Olde Monmouth StockTransfer Agent’slatest records, the number of shares outstanding of each of the Company’s classes of common equity, as of August15, 2011,is168,963,900 shares of common stock.

EXPLANATORY NOTE

The sole purpose of this Form 10-Q/A is to furnish the interactive data files from our Form 10-Q formatted in Extensible Business Reporting Language (XBRL)

Users of this data are advised that no other changes have been made to the Form 10-Q other than those described above. This Amendment No. 1 does not reflect subsequent events occurring after the original filing date of the Form 10-Q or modify or update in any way disclosures made in the Form 10-Q.

ENERGY & TECHNOLOGY, CORP.

FORM 10-Q

June 30, 2011

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INTRODUCTORY NOTE

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 about Energy & Technology, Corp. (the “Company”) and our subsidiaries, Technical Industries, Inc. (TII), Energy Pipe, LLC(EP), (a variable interest entity), and Energy Technology Manufacturing & Threading, LLC (ETMT), (avariable interest entity), that are subject to risks and uncertainties. Forward-looking statements include information concerning future financial performance, business strategy, projected plans and objectives. Statements preceded by, followed by or that otherwise include the words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “may increase,” “may fluctuate” and similar expressions of future or conditional verbs such as “will,” “should,” “would,” and “could” are generally forward-looking in nature and not historical facts. Actual results may differ materially from those projected, implied, anticipated or expected in the forward-looking statements. Readers of this quarterly report should not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this report. The statements are representative only as of the date they are made. The Company, TII, and Energy Pipe, LLC (sometimes referred to herein on a consolidated basis as the Company, we, us, or similar phrasing) undertakes no obligation to update any forward-looking statement.

These forward-looking statements, implicitly and explicitly, include the assumptions underlying the statements and other information with respect to the Company's beliefs, plans, objectives, goals, expectations, anticipations, estimates, financial condition, results of operations, future performance and business, including management's expectations and estimates with respect to revenues, expenses, return on equity, return on assets, efficiency ratio, asset quality and other financial data and capital and performance ratios.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, these statements involve risks and uncertainties that are subject to change based on various important factors, some of which are beyond the control of the Company. The following factors, among others, could cause the Company's results or financial performance to differ materially from its goals, plans, objectives, intentions, expectations and other forward-looking statements:

- general economic and industry conditions;
- our capital requirements and dependence on the sale of our equity securities;
- the liquidity of the Company’s common stock will be affected by the lack of a trading market;
- industry competition;
- shortages in availability of qualified personnel;
- legal and financial implications of unexpected catastrophic events;
- regulatory or legislative changes effecting the industries we serve; and
- reliance on, and the ability to attract, key personnel.

For a discussion of these and other risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the Company’s S-1 Report filed with the SEC, which is available on the SEC’s website at www.sec.gov. All forward-looking statements are qualified in their entirety by this cautionary statement, and the Company undertakes no obligation to revise or update this Quarterly Report on Form 10-Q to reflect events or circumstances after the date hereof. New factors emerge from time to time, and it is not possible for us to predict which factors, if any, will arise. In addition, the Company cannot assess the impact of each factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I. Financial Information

ITEM 1. Financial Statements

ENERGY & TECHNOLOGY, CORP.
Consolidated Balance Sheets

	June 30, 2011	December 31, 2010
	(Unaudited)	(Audited)
Assets		
Current Assets		
Cash and Cash Equivalents	$ 56,834	$ 453,658
Accounts Receivable		
Trade, Net	120,765	444,023
Other	23,624	17,638
Inventory	3,447,977	3,494,163
Prepaid Expenses	17,550	48,891
Deferred Tax Asset	1,003,916	462,259
Total Current Assets	4,670,666	4,920,632
Property and Equipment, Net	5,355,253	5,691,289
Other Assets		
Patent, net	465,370	479,763
Deferred IPO Expenses	72,520	72,520
Deposits	4,988	4,988
Other Assets	116,090	101,828
Total Other Assets	658,968	659,099
Total Assets	$ 10,684,887	$ 11,271,020

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.
Consolidated Balance Sheets (Continued)

	June 30 2011 (Unaudited)	December 31, 2010 (Audited)
Liabilities and Stockholders' Equity		
Current Liabilities		
Current Maturities of Notes Payable	$ 213,642	$ 234,567
Accounts Payable	159,380	153,157
Accrued Payroll and Payroll Liabilities	31,497	56,725
Accrued Rent	1,562,500	1,487,500
Customer Deposits	551,075	551,075
Income Taxes Payable	3,429	19,022
Total Current Liabilities	2,521,523	2,502,046
Long-Term Liabilities		
Notes Payable	512,008	593,979
Deferred Taxes Payable	907,771	954,470
Due to Affiliates	2,338,226	1,875,998
Total Long-Term Liabilities	3,758,005	3,424,447
Stockholders' Equity		
Preferred Stock - $.001 Par Value; 10,000,000 Shares Authorized, None Issued	-	-
Common Stock - $.001 Par Value; 250,000,000 Shares Authorized, 168,963,900 Shares and 168,795,500 shares Issued and Outstanding at June 30, 2011 and December 31, 2010, Respectively	168,964	168,796
Discount on Common Stock	(115,100)	(115,100)
Paid-In Capital	4,255,477	4,237,741
Retained Earnings	96,018	1,053,090
Total Stockholders' Equity	4,405,359	5,344,527
Total Liabilities and Stockholders' Equity	$ 10,684,887	$ 11,271,020

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenues	$ 411,923	$ 715,407	$ 592,655	$ 1,604,066
Cost of Revenues				
Labor and Related Costs	93,949	123,620	239,246	294,872
Subcontract Labor	106,929	161,192	242,710	330,596
Depreciation	170,234	192,793	339,490	395,863
Repairs and Maintenance	159,518	4,902	173,768	23,356
Materials and Supplies	58,402	12,183	80,599	28,423
Other Costs	22,149	26,433	38,209	61,077
Insurance	26,145	29,109	44,171	60,595
Total Cost of Revenues	637,326	550,232	1,158,193	1,194,782
Gross (Loss) Profit	(225,403)	165,175	(565,538)	409,284
Operating Expenses				
Salaries and Wages	115,413	242,043	230,861	557,245
Professional Services	128,030	121,746	188,020	196,423
Rent	66,598	65,774	132,184	132,496
Depreciation	41,461	26,305	82,413	61,558
Travel, Lodging and Meals	30,642	59,168	46,452	90,327
Office Supplies and Expenses	13,243	14,446	27,959	29,798
Utilities	10,700	9,283	21,605	21,524
Communications	13,542	12,076	23,116	22,847
Repairs and Maintenance	10,459	23,182	16,411	31,650
Patent Amortization	7,197	7,197	14,393	14,393
Other	74,502	50,550	108,423	76,726
Total Operating Expenses	511,787	631,770	891,837	1,234,987
Loss from Operations	(737,190)	(466,595)	(1,457,375)	(825,703)
Other Income (Expense)				
Other Expense	(9,692)	-	(9,088)	475,323
Gain (Loss) on Sale of Assets	-	23,248	-	23,676
Investment Income	(80)	3,572	266	8,212
Interest Expense	(39,373)	(36,965)	(79,231)	(72,970)
Total Other Income (Expense)	(49,145)	(10,145)	(88,053)	434,241
Loss Before Provision for Income Taxes	(786,335)	(476,740)	(1,545,428)	(391,462)
Provision for Income Taxes	(588,356)	(173,713)	(588,356)	(140,588)
Net Loss	$ (197,979)	$ (303,027)	$ (957,072)	$ (250,874)
Loss per Share - Basic	NM	NM	NM	NM
Loss per Share - Diluted	NM	NM	NM	NM

NM-Amount not meaningful

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY CORP.
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

	Common Stock		Discount on Capital Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at January 1, 2010	53,580,000	$ 53,580	$ -	$ 4,112,112	$ 2,575,635	$ 6,741,327
Bonus shares issued	88,000	88	-	94,952	-	95,040
Net Loss	-	-	-	-	(250,874)	(250,874)
Balance at June 30, 2010	53,668,000	$ 53,668	$ -	$ 4,207,064	$ 2,324,761	$ 6,585,493
Balance at January 1, 2011	168,795,500	$ 168,796	$ (115,100)	$ 4,237,741	$ 1,053,090	$ 5,344,527
Bonus shares issued	168,400	168	-	17,736	-	17,904
Net Loss	-	-	-	-	(957,072)	(957,072)
Balance at June 30, 2011	168,963,900	$ 168,964	$ (115,100)	$ 4,255,477	$ 96,018	$ 4,405,359

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2011 and 2010
(Unaudited)

	2011	2010
Cash Flows from Operating Activities		
Net Loss	$ (957,072)	$ (250,874)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities		
Depreciation	421,903	457,421
Amortization of Patent Costs	14,393	14,393
Gain on Sale of Property and Equipment	-	(23,248)
Deferred Income Taxes	(588,356)	(206,406)
Issuance of Stock	17,904	95,040
Changes in Assets and Liabilities		
Trade Receivables	323,258	638,096
Other Receivables	(5,986)	2,808
Inventory	46,186	1,866,777
Prepaid Expenses	31,341	26,767
Accounts Payable	6,223	(3,168,207)
Accrued Payroll and Payroll Liabilities	(25,228)	(4,514)
Income Taxes Payable	(15,593)	19,496
Accrued Rent	75,000	75,000
Net Cash Used in Operating Activities	(656,027)	(457,451)
Cash Flows from Investing Activities		
Increase in Other Assets	(14,262)	42,714
Increase in Patent Costs	-	(43,287)
Sale of Property and Equipment	-	262,431
Purchase of Property and Equipment	(85,867)	(249,228)
Net Cash (Used in) Provided by Investing Activities	(100,129)	12,630
Cash Flows from Financing Activities		
Borrowings from Affiliates	462,228	28,998
Borrowings (Principal Repayments) on Notes Payable	(102,896)	152,969
Net Cash Provided by Financing Activities	359,332	181,967
Net Decrease in Cash and Cash Equivalents	(396,824)	(262,854)
Cash and Cash Equivalents, Beginning of Year	453,658	1,657,330
Cash and Cash Equivalents, End of Year	$ 56,834	$ 1,394,476
Cash Paid During the Period for Interest	$ 21,335	$ 19,362
Cash Paid During the Period for Income Taxes	$ 20,634	$ 46,322

See notes to consolidated financial statements.

ENERGY &TECHNOLOGY, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Note 1. Organization

Technical Industries & Energy, Corp. ("TIE" or the "Company") was founded in the State of Delaware on November 29, 2006. On January 3, 2007, we entered into a Stock Purchase and Share Exchange Agreement with Technical Industries, Inc., ("TII") a Louisiana corporation founded May 11, 1971 whereby TII became our wholly owned operating subsidiary. On August 29, 2008, the Company effected a name change from Technical Industries & Energy Corp. to Energy & Technology, Corp. to better reflect the nature of the Company's business. The company activities are directed towards manufacturing, reclamation of essential commodities, energy, technology, sugar, biofuel, oil & gas equipment and products. We plan to expand our operations and may acquire other companies with services and products which complements existing services and products and offer our latest technology exploration or other where needed, help the energy company reach deep energy reserves that present technology cannot reach and increase opportunities for income, growth and financing. Our business offices are located at Petroleum Towers, Suite 530 P.O. Box 52523, Lafayette, LA, 70505. Our telephone number is (337) 984-2000.

We are headquartered in Lafayette, Louisiana with a branch office and production facilities in Houston, Texas and Abbeville, Louisiana. We offer several services, which can be described as engineering, manufacturing, reclamation, sales, and non-destructive testing ("NDT") services, storage, maintenance for pipe and equipment utilized in the energy industry.

NDT is more fully described as the application of industry-wide and/or proprietary test methods to examine pipe and equipment utilized in the energy industry, or any object, material or system associated therewith, without impairing their future usefulness. An essential characteristic of NDT is that the examination process does not change the composition, shape, integrity or properties of the test object, thus allowing the object to be utilized for the purpose for which it was manufactured. The end result is less time involved in testing, lower costs and less waste of materials than other forms of pipe inspection that require that the test object be destroyed.

Through our staff of industrial, electrical and computer engineers, we offer engineering services to assist our customers in the design, improvement, installation, and/or integration of NDT components and systems. The services, which vary according to the needs of the customer, focus on design, layout, testing, and troubleshooting of NDT systems hardware and software.

We also manufacture our own proprietary ultrasonic NDT electronic equipment systems, which perform the NDT services including ultrasonic inspection, electromagnetic inspection and others. The layout and design of the systems' physical components are produced and tested by our engineers. Once the design has passed testing, the individual components are built into the design. Some of the components, such as the circuit boards, may be assembled by a third party before being incorporated into the design. Last, the final assembly is integrated with proprietary inspection software developed by our programmers.

Another component of our business consists of selling pipe and equipment used in exploration, drilling, and production of oil and gas. The manufactured pipe and equipment is supplied to us by various steel mills in finished or unfinished from for us to process. Before the pipe and equipment is offered to our customers for sale, it must undergo further processing, such as blasting, threading, coating, and non-destructive testing inspection before being turned into a final product. We only sell oilfield pipe and equipment that has passed inspection and meets or exceeds API (American Petroleum Institute) and/or customer specifications.
Lastly, we provide manufacturing, reclamation including ultrasonic pipe inspection technology. Services include full-length electromagnetic inspection for pipe and equipment utilized in the energy industry, and full length ultrasonic inspection systems for new and used pipe including drill stem, tubing, casing, and line pipe. We offer several different types of electromagnetic and ultrasonic inspection processes, each of which is tailored to the inspection of a particular pipe characteristic, such as size, length, wall thickness, ovality, or detection of a particular pipe defect. The type of process is determined by the customer according to their particular needs.

All of the pipe and equipment that enters our facilities are carefully documented and incorporated into our propriety inventory tracking system, which is accessible to customers on the World Wide Web. Through this system, the customer is able to obtain real-time storage and inspection information on his pipe that is located at our facilities.

We operate year-round, 24 hours a day, seven days a week when needed, and the number of employees has exceeded 200, however, due to the market slowdown and BP accident in the Gulf of Mexico, the number of current employees is down to approximately 55.

ENERGY &TECHNOLOGY, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Note 1. Organization (Continued)

Today, we continue to serve the energy industry by manufacturing and maintaining proprietary systems that detect, and collect all available defects and wall thickness and outside diameter/ovality readings and store them in their proper position on the pipe, produce a three-dimensional image of the pipe, and allow the engineer to simulate burst, collapse, and pull apart the pipe on the computer prior to drilling. This helps energy companies reach reserves that otherwise cannot be reached with present technology. As a result of this advanced technology, the American Petroleum Institute (API) appointed Mr. George M. Sfeir, to serve on their 2008 committee for non-contact inspection. Recently, Technical Industries, Inc. developed new US Patent No. 7,263,887 and international patent pending inspection technology needed in order to reach deep energy reserves present technology cannot reach. The U.S. patent is current until 2039.

We serve customers in Houston, Texas, Newfoundland, Canada, and Lafayette, Abbeville, Louisiana, the Rockies, and we are expanding to Saudi Arabia, Egypt, UAE, Mexico, and other parts of the World. Our customer base of over 50 accounts consists of oil companies, steel mills, material suppliers, drilling companies, material rental companies, and engineering companies. We handle regular projects and specialize in deep water projects including BP Crazy Horse, ExxonMobil Alabama Bay and ExxonMobil GrandCanyon, Sakhalin Island and Caspian Sea, Texas A&M University Ocean Explorer, and other projects.Additional services include full-length electromagnetic inspection for oil-field pipe and equipment and full length ultrasonic inspection systems for new and used tubing, casing and line-pipe, wet or dry Magnetic Particle Inspection ("MPI"); Dye Penetrant Testing ("PT"), or Ultrasonic Testing of the End Areas ("UT SEA") of plain end and threaded connections, including drill collars and drilling rig inspection; mill systems and mill surveillance; testing and consulting services. Today we continue to serve the energy industry niche by manufacturing and maintaining proprietary systems that are capable of detecting defects through the use of our patented technology.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Technical Industries, Inc., the accounts of Energy Pipe, LLC (a variable interest entity), and the accounts of Energy Technology Manufacturing & Threading, LLC (a variable interest entity). All significant intercompany balances and transactions have been eliminated.

The consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of financial information for the interim periods presented. These adjustments are of a normal recurring nature and include appropriate estimated provisions.

Basis of Accounting
Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. Accordingly, actual results could differ from those estimates due to information that becomes available subsequent to the issuance of the financial statements or for other reasons.

Revenue Recognition
Revenue for inspection services is recognized upon completion of the services rendered. Revenue for the sales of pipe is recognized when: a) pipe is delivered and the customer takes ownership and assumes the risks of loss, b) collection of the relevant receivable is probable, c) persuasive evidence of an arrangement exists, and d) the sales price is fixed or determinable.

Trade Receivables
Trade accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus receivables do not bear interest, although a finance charge may be applied to amounts past due. Trade accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. Provisions for uncollectible amounts are determined based on management’s estimate of collectability.

Inventory
Inventory is stated at the lower of cost determined by the specific identification method or market. At June 30, 2011 and at December 31, 2010, inventory consisted of pipe available for sale.

ENERGY & TECHNOLOGY, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment
Property and equipment are stated at cost. Expenditures for property and equipment and items that substantially increase the useful lives of existing assets are capitalized at cost and depreciated. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided utilizing the straight-line method over the estimated useful lives of the assets capitalized.

Valuation of Long-Lived Assets
In the event facts and circumstances indicate that carrying amounts of long-lived assets may be impaired, the Company evaluates the recoverability of its long-lived assets using the estimated future undiscounted cash flows associated with the asset compared to the asset's carrying amount to determine if a write-down is required, pursuant to the provisions of Financial Accounting Standards Board (FASB) ASC 360-10-35. Any impairment loss is measured as the difference between the carrying amount and the fair value of the impaired asset.

Credit Risk
Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade receivables. For the six months ended June 30, 2011, three customers made up approximately 47% of the Company's revenues, and two customers made up approximately 66% of the Company's receivable balance at June 30, 2011. For the six months ended June 30, 2010, four customers made up approximately 55% of the Company's revenues, and approximately 52% of the Company's receivable balance at June 30, 2010.

The Company maintains cash balances at several financial institutions, and periodically maintains cash in bank accounts in excess of insured limits. The Company has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Advertising
The Company charges the costs of advertising to expense as incurred.

Cash and Cash Equivalents
For purposes of the consolidated statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Income Taxes
The Company recognizes income taxes in accordance with FASB ASC 740, "Income Taxes" (formerly Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*). ASC 740 uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to the difference between financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred taxes are also recognized for operating losses and tax credits that are available to offset future income taxes.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized tax benefits in the consolidated balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits would be classified as additional income taxes in the statement of operations.

ENERGY & TECHNOLOGY, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements
In June 2009, the Financial Accounting Standards Board (FASB) issued authoritative guidance that requires an acquirer in a business combination, upon initially obtaining control of another entity, to recognize the assets, liabilities and any non-controlling interest in the acquiree at fair value as of the acquisition date. Any contingent consideration is also required to be recognized and measured at fair value on the date of acquisition. Acquisition related costs are to be expensed as incurred. Assets acquired and liabilities assumed in a business combination that arise from contingencies are to be recognized at fair value if fair value can be reasonably estimated. This authoritative guidance became effective for business combinations closing on or after January 1, 2009.

In June 2009, the FASB changed the accounting guidance for the consolidation of variable interest entities. The current quantitative-based risks and rewards calculation for determining which enterprise is the primary beneficiary of the variable interest entity will be replaced with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity and the obligation to absorb losses of the entity or the right to receive benefits from the entity. The new guidance became effective for the Company on January 1, 2010 with no impact on its financial statements.

In June 2009, the FASB changed the accounting guidance for transfers of financial assets. The new guidance increases the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its statement of financial condition, financial performance and cash flows; and a continuing interest in transferred financial assets. In addition, the guidance amends various concepts associated with the accounting for transfers and servicing of financial assets and extinguishments of liabilities including removing the concept of qualified special purpose entities. This new guidance was adopted by the Company on January 1, 2010 with no impact on its financial statements.

In January 2010, the FASB issued authoritative guidance expanding disclosures related to fair value measurements including (i) the amounts of significant transfers of assets or liabilities between Levels 1 and 2 of the fair value hierarchy and the reasons for the transfers, (ii) the reasons for transfers of assets or liabilities in or out of Level 3 of the fair value hierarchy, with significant transfers disclosed separately, (iii) the policy for determining when transfers between levels of the fair value hierarchy are recognized and (iv) for recurring fair value measurements of assets and liabilities in Level 3 of the fair value hierarchy, a gross presentation of information about purchases, sales, issuances and settlements. The new guidance further clarifies that (i) fair value measurement disclosures should be provided for each class of assets and liabilities (rather than major category), which would generally be a subset of assets or liabilities within a line item in the statement of financial position and (ii) disclosures should be provided about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for each class of assets and liabilities included in Levels 2 and 3 of the fair value hierarchy. The disclosures related to the gross presentation of purchases, sales, issuances and settlements of assets and liabilities included in Level 3 of the fair value hierarchy became effective for the Company on January 1, 2011 with no impact on its financial statements. The remaining disclosure requirements and clarifications made by the new guidance became effective January 1, 2010 with no impact on its financial statements.

In December 2010, the FASB issued authoritative guidance that modified Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist such as if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This new authoritative guidance became effective on January 1, 2011 with no impact on the Company’s financial statements.

In January 2011, the FASB issued authoritative guidance that deferred the effective date of disclosure requirements for public entities about troubled debt restructurings to be concurrent with the effective date of the guidance for determining what constitutes a troubled debt restructuring, which is concurrently being addressed by the FASB. The guidance is anticipated to be effective for interim and annual reporting periods ending after June 15, 2011.

ENERGY & TECHNOLOGY, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Note 3. Patent

On September 4, 2007, the Company's chief executive officer was awarded a patent from the United States Patent and Trademark Office pertaining to his development of specialized testing procedures for drilling pipe utilized by oil-exploration companies.

The Company's costs associated with its development of these testing procedures and application for patent have been capitalized and recognized as an asset in the Company's balance sheet, and is being amortized over 20 years.

Note 4. Commitments

The Company leases office premises, operating facilities, and equipment under several operating leases expiring in various years through 2030. The Company also leases land for operating purposes on a month to month basis.

Note 5. Major Customers

For the six months ended June 30, 2011, the Company had three customers which generated revenues in excess of 10% of the Company's total revenues. Revenues for these three customers were approximately 47% of total revenues, and the total balance due from these three customers at June 30, 2011 was $200,668.

Note 6. Related Party Transactions

Included in due to affiliates is $1,505,301 and $1,447,405 at June 30, 2011 and December 31, 2010, respectively, in acquisition debts paid by affiliates upon the acquisition of the Company in 1999. The affiliates maintain a lien on the Company's accounts receivable and equipment to secure this loan. The amounts due to the affiliates have no set terms of repayment and bear interest at 8.00%. Interest expense associated with this obligation totaled $19,299 and $17,869 for the six month periods ended June 30, 2011 and 2010, respectively.

Note 7. Earnings per Share

The weighted average common shares outstanding amounted to 53,668,000 and 53,634,453 for the three months ended and the six months ended June 30, 2010, and 168,909,500 and 168,963,900 for the three months ended and six months ended June 30, 2011, respectively.

Note 8. Fair Value Disclosures

The following methods and assumptions were used by the Company in estimating fair values for financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet approximates fair value.

Notes Payable: The fair value of notes payable approximates the carrying amount reported in the balance sheet.

Due to Affiliates: The carrying amount approximates fair values.

While these estimates of fair value are based on management's judgment of appropriate factors, there is no assurance that if the Company had disposed of such items at June 30, 2011 or December 31, 2010, the estimated fair values would have been achieved. Market values may differ depending on various circumstances not taken into consideration in this methodology. The estimated fair values at June 30, 2011 and December 31, 2010, should not necessarily be considered to apply at subsequent dates.

ENERGY & TECHNOLOGY, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Note 8. Fair Value Disclosures (Continued)

In addition, other assets and liabilities that are not defined as financial instruments are not included in the following disclosures, such as property and equipment. The estimated fair values of the Company's financial instruments are as follows:

	June 30, 2011 Carrying Amount	Fair Value	December 31, 2010 Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 56,834	$ 56,834	$ 453,658	$ 453,658
Financial liabilities:				
Notes Payable	$ 725,650	$ 725,650	$ 828,546	$ 828,546
Due to Affiliates	2,265,690	2,265,690	1,875,998	1,875,998
	$ 2,991,340	$ 2,991,340	$ 2,704,545	$ 2,704,544

Note 9. Subsequent Events

In accordance with the subsequent events topic of the FASB ASC, Topic No. 855, "*Subsequent Events*", the Company evaluates events and transactions that occur after the balance sheet date for potential recognition in the financial statements. The effect of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date are recognized in the financial statements as of June 30, 2011. In preparing these financial statements, the Company evaluated the events and transactions through the date these financial statements were issued.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Headquartered in Lafayette, Louisiana, with production facilities in Houston, Texas and Abbeville, Louisiana, Energy & Technology, Corp. provides non-destructive testing (NDT) services, OCTG and oilfield pipe sales, service and storage, and rig and equipment sales. Originally founded on May 11, 1971 as an inspection company, Energy & Technology, Corp. currently serves customers throughout the oil patch of Louisiana and Texas as well as in Canada, Mexico, and in the Gulf of Mexico. The Company's customer base of over 130 accounts consists of major oil companies, steel mills, material suppliers, drilling companies, tool rental companies, and natural gas storage operators. Due to the nature of its technology, the Company maintains competitive advantages in offshore deep water and other onshore critical projects.

Technical Industries, Inc., a wholly owned subsidiary of Energy & Technology, Corp., manufactures its own proprietary NDT equipment. The Company's patented ultrasonic systems have some of the largest OD and pipe length capabilities in the industry and the deepest penetration capability offered for wall thickness measurement. The Company holds patents on certain exclusive inspection technology that allows oil and gas companies to use their current drill strings and other equipment to reach depths that were previously unreachable. This technology can make wells safer, increase the success rate for critical wells, and greatly reduce the chances of a failure. As the industry moves to ever deeper reserves and makes advances in horizontal drilling, oil and gas wells are becoming more and more expensive and difficult to drill, making this technology more of a necessity.

In the oilfield pipe sales and storage segment, Energy & Technology, Corp utilizes a state-of-the-art web based inventory management system that allows each client to view and track projects during processing, to locate inventory throughout the plant, and access reports, bill of ladings, tally sheets, logs and other required information.

Energy Technology Manufacturing & Threading, LLC's new facility has been completed and is fully operational. This facility is capable of threading, bucking, and repair of drill pipe, casing, and tubing up to 11 7/8" diameter. The plant is equipped with a Computer Controlled lathe accurate to within the most critical of tolerances, and has the capability to manufacture, thread, repair, and manufacture pup joints and marker joints to any length the customer requires, as well as to machine any threads for which specs can be furnished. Technicians have between 10 and 34 years of experience in the manufacturing and threading industry. This new facility brings ENGT one step closer to its goal of supplying all tubular services under one roof.

Key Ongoing Operational Processes:

Update ISO Certification

Energy & Technology, Corp. recognizes that quality is every bit as important as price and prompt service. This is even truer of the Company's typical client, who often contracts for services that other companies are not able to provide. In response to our clients' requirements, the Company has obtained the latest ISO:9001 certification by Moody's, recognized in the industry as representing the highest quality control available. As the Company's business lines are very synergistic, management feels that it can leverage this dominant position to increase share in the markets in which it competes, and likely more in the critical service arena.

Foreign Trade Zone Status

Energy & Technology, Corp. has selected the well known auditing and financial consulting firm KPMG to assist the Company in meeting the requirements to establish a Foreign Trade Zone at its Houston, Texas facility. KPMG has started the initial feasibility analysis with the formal application to follow. The establishment of a Foreign Trade Zone is expected to produce a substantial increase in the Company's ability to sell to overseas markets, and make the Company a far more attractive distribution partner for foreign manufacturers. Management feels that market share could be taken through a successful designation as an FTZ subzone.

Increased Sales and Marketing Effort

Energy & Technology, Corp. has grown over the historical period without an aggressive marketing and sales effort. New business was generated from referrals, technical sessions given to oil and gas and industry related companies, the Company website, and through the use of a marketing company on a limited basis. Currently, there are several employees whose duties are focused on sales, and one marketing and promotional activity director. Management believes revenue can be greatly increased by expanding the Company's sales force.

Diversification

Energy & Technology, Corp. has diligently worked to diversify its business model by adding sales, service, and storage of OCTG and all types of oilfield pipe, as well as equipment leasing and sales. The Company's new threading and repair facility, located on our Houston campus, became operational in July 2010. Additional growth will come domestically, but management feels that overseas expansion is critical to the ultimate success of the business plan.

Critical Accounting Policies

The Company has identified the following accounting policies to be the critical accounting policies of the Company:

*Revenue Recognition.*Revenue for inspection services is recognized upon completion of the services rendered. Revenue for the sales of pipe is recognized when pipe is delivered and the customer takes ownership and assumes the risks of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

Inventory. Inventory is stated at the lower of cost determined by the specific identification method or market. At June 30, 2011, inventory consisted of pipe available for sale.

Property and Equipment. Property and equipment are stated at cost. Expenditures for property and equipment and items that substantially increase the useful lives of existing assets are capitalized at cost and depreciated. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the assets capitalized.

Valuation of Long-Lived Assets. In the event facts and circumstances indicate that carrying amounts of long-lived assets may be impaired, the Company evaluates the recoverability of its long-lived assets using the estimated future undiscounted cash flows associated with the asset compared to the asset's carrying amount to determine if a write-down is required, pursuant to the provisions of SFAS Financial Accounting Standards Board (FASB) ASC 360-10-35. Any impairment loss is measured as the difference between the carrying amount and the fair value of the impaired asset.

Discussion of Changes in Financial Condition from December 31, 2010 to June 30, 2011

At June 30, 2011, total assets amounted to $10,684,887 compared to $11,271,020at December 31, 2010, a decrease of $586,133, or 5.2%. The decrease is primarily due to adecrease in cash of $396,824, a decrease in accounts receivable of $323,258, and adecrease of property and equipment of $336,036, partially offset by an increase in deferred taxes asset of $541,657.

Our liabilities at June 30, 2011, totaled $6,279,528 compared to $5,926,493at December 31, 2010, anincrease of $353,035, or 6.0%. The increase is primarily due to anincrease in loans from affiliates of $462,228,and an increase in accrued rent of $75,000, partially offset by a decrease innotes payable of $102,896.

Total stockholder's equity decreased from $5,344,527at December 31, 2010, to $4,405,359 at June 30, 2011. This decrease was due to our net loss for the six months ended June 30, 2011, partially offset by the issuance of168,400 shares of common stock.

Cash and Cash Equivalents

Cash and Cash Equivalents totaled $56,834 at June 30, 2011, a decrease of $396,824 from the balance of $453,658 at December 31, 2010. The decrease in cash and cash equivalents was primarily due to the net operating loss and cash used in operating activities, in the amount of $646,939, partially offset by our borrowings of debt during the three months ended June 30, 2011.

Inventory

We began purchasingpipe for sale to customers in December, 2007. This was an opportunity for us to expand our services to our customers. During the six months ended June 30, 2010, we were able to return pipe inventory to one of our pipe suppliers. The Company recognized a reduction of inventory, as well as the corresponding payable, of $1,866,777.It is anticipated that the Company will continue its efforts to expand its sales of pipe, even though the market has contracted substantially due to the current economy.
During the six months ending June 30, 2011, the Company sold approximately $46,000 of its pipe inventory.

Property and Equipment

The decrease in property and equipment is primarily due to the depreciation for the six months ended June 30, 2011 of $421,903. During the six months ended June 30, 2011, the Company purchased approximately $86,000 of new equipment associated with our facility in Houston, Texas.

Deferred Tax Asset/Income Taxes Payable

Due to the Company's loss for the six months ended June 30, 2011, our deferred tax asset has increased by $541,657.We have decreasedour deferred income taxes by $46,699 due to the change in book and tax depreciation differences. Accrued state taxes make up the difference in our income tax expense for the six months ended June 30, 2011.

Accounts Payable

Accounts payable at June 30, 2011 totaled $159,380 compared to $153,157 at December 31, 2010, anincrease of $6,223.

Discussion of Results of Operations for the Three Months Ended June 30, 2011 compared to the Three Months Ended June 30, 2010

Revenues

Our revenue for the three months ended June 30, 2011, was $411,923compared to $715,407, for the three months ended June 30, 2010, a decrease of $303,484, or 42.4%.The decrease is attributable primarily to decreased inspection fees attributable to the current recession and the reduction in deep water Gulf of Mexico programs for which our services are needed.

The following table presents the composition of revenue for the three months ended June 30, 2011 and 2010:

	2011		2010		Variance
Revenue:	**Dollars**	**Percentage**	**Dollars**	**Percentage**	**Dollars**
Inspection Fees	$ 113,658	27.6%	$ 338,497	47.3%	$ (224,839)
Storage Fees	179,074	43.5%	194,735	27.2%	(15,661)
Pipe and Other Equipment Sales	60,176	14.6%	-	0.0%	60,176
Other Income	59,015	14.3%	182,175	25.5%	(123,160)
Total Revenue	$ 411,923	100.0%	$ 715,407	100.0%	$ (303,484)

Cost of Revenue and Gross Profit

Our cost of revenue for the three months ended June 30, 2011, was $637,236, or 154.7% of revenues, compared to $550,232, or 76.9% of revenues, for the three months ended June 30, 2010. The overall decrease in our cost of revenue is primarily due to our decreased sales. The increase in cost of revenue as a percentage of revenues was due to the fixed costs which are included in operations.

The following table presents the composition of cost of revenue for the three months ended June 30, 2011 and 2010:

	2011		2010		Variance
Cost of Revenue:	**Dollars**	**Percentage**	**Dollars**	**Percentage**	**Dollars**
Depreciation	$ 170,234	26.7%	$ 192,793	35.0%	$ (22,559)
Repairs and Maintenance	159,518	25.0%	4,902	0.9%	154,616
Subcontract Labor	106,929	16.8%	161,192	29.3%	(54,263)
Labor and Related Costs	93,949	14.7%	123,620	22.5%	(29,671)
Materials and Supplies	58,402	9.2%	12,183	2.2%	46,219
Insurance	26,145	4.1%	29,109	5.3%	(2,964)
Other Costs	22,149	3.5%	26,433	4.8%	(4,284)
Total Cost of Revenues	$ 637,326	100.0%	$ 550,232	100.0%	$ 87,094

Due to limitations with the pool of qualified individuals, we utilized the services of subcontractors to assist us in providing timely and quality service to our customers. We will continue our efforts to attract employ and retain qualified individuals to serve the needs of our customers.

Operating Expenses

For the three months ended June 30, 2011, our operating expenses totaled $511,787 as compared to $631,770in 2010,representing a decrease of $119,983, or19.0%. The largest components of our operating expense for 2011 consists of salaries and wages, professional services, rent, depreciation, and travel expenses. Salaries and wages for general and administrative personnel was $115,413 for the three months ended June 30, 2011, compared to $242,043for the three months ended June 30, 2010, adecrease of $126,630, or 52.3%. The decrease was the result of managements' decision to reduce overhead expenses and eliminate their losses.

Professional services expense increased from $121,746for the three months ended June 30, 2010, to $128,030 for the three months ended June 30, 2011, an increase of $6,284, or 5.2%. The increase is primarily a result of expenses we incurred throughout the three months ended June 30, 2011 for consulting fees associated with issues related to the acquisition of the foreign trade zone status for its Houston campus.

Rent expense totaled $66,598 for the three months ended June 30, 2011, as compared to $65,774for the three months ended June 30, 2010, anincrease of $824, or 1.3%. Rent expense for both the three months ended June 30, 2011, and for the three months ended June 30, 2010, pertains primarily to our rental of office space for our headquarters in Lafayette as well as our rental of land and facilities for operating purposes.

Travel, Lodging and Meals totaled $30,642 for the three months ended June 39, 2011, as compared to $59,168 for the three months ending June 30, 2010, a decrease of $28,526 or 48.2%. The decrease is due to management's ongoing efforts to cut expenses.

Other operating expenses increased from $50,550 at June 30, 2010 to $74,502 for the three months ended June 30, 2011, anincrease of $23,985, or 47.4%, and consists primarily of property taxes which were paid in the amount of $35,139 during the three months ended June 30, 2011.

Other Income and Expense

Other income and expense consists of investment income, interest expense, and gains and losses from the sale and disposal of assets.Other expense, net,totaled $49,145 for the three months ended June 30, 2011. Investment income, which consists of interest, dividends, realized gains and losses, and unrealized gains and losses, amounted to a loss of $80 for the three months ended June 30, 2011, compared to income of $26,820for the three months ended June 30, 2010. During the three months ended June 30, 2010, the Company sold excess property and equipment resulting in a gain of $23,248.

Other expense of $9,692 resulted from operating expenses of an affiliated company reported on the equity basis of accounting.

Interest expense totaled $39,373 for the three months ended June 30, 2011, as compared to $36,965for the three months ended June 30, 2010, anincrease of $2,408, or6.5%. Interest expense pertains primarily to amounts due to affiliates as well as to our notes payable with third parties, and the increase relates to new financing which was obtained to finance expansion and threading equipment for the Houston, Texas facility, in addition to short term borrowings necessary to finance the Company's ongoing losses.

Provision for income taxes

For the three months ended June 30, 2011, we reported an income tax benefit of $588,356 compared to income tax benefit of $173,713for the three months ended June 30, 2010, anincrease of $414,643, or 238.7%, which is the result of the loss for thequarter.

Discussion of Results of Operations for the Six months Ended June 30, 2011 compared to the Six months Ended June 30, 2010

Revenues

Our revenue for the six months ended June 30, 2011, was $592,655 compared to $1,604,066 for the six months ended June 30, 2010, a decrease of $1,011,411, or 63.1%. During late 2009, we placed in service additional inspection equipment to enable us to meet the overall increased demand we expected for pipe inspection services. In addition to our inspection services, we provide hauling and storage of tubular goods at our Houston facility for customers and suppliers. Due to general economic conditions and to the oil spill in the Gulf of Mexico, the demand for our services decreased substantially during 2010 as well as into 2011.

The following table presents the composition of revenue for the six months ended June 30, 2011 and 2010:

	2011		2010		Variance
Revenue:	**Dollars**	**Percentage**	**Dollars**	**Percentage**	**Dollars**
Inspection Fees	$ 229,960	38.8%	$ 854,190	53.3%	$ (624,230)
Storage Fees	189,740	32.0%	499,845	31.2%	(310,105)
Pipe and Other Equipment Sales	105,322	17.8%	-	0.0%	105,322
Other Income	67,633	11.4%	250,031	15.5%	(182,398)
Total Revenue	$ 592,655	100.0%	$ 1,604,066	100.0%	$ (1,011,411)

Cost of Revenue and Gross Profit

Our cost of revenue for the six months ended June 30, 2011, was $1,158,193, or 195.4% of revenues, compared to $1,194,782, or 74.5% of revenues, for the six months ended June 30, 2010. The overall decrease in our cost of revenue is due to our decreased inspection services as a result of the current economy. The increase in cost of revenue as a percentage of revenues was due to the fixed costs reported in cost of revenues. Labor and related costs decreased by $55,626, or 18.9%. Subcontract labor costs decreased by $87,886, or 26.6%. These decreases are primarily attributable to the overall decrease in volume of inspection services. The decrease in depreciation expense for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 is primarily due to equipment sold and other assets becoming fully depreciated. Maintenance expense increased by $150,412 during this period as the Company used the slow period to repair equipmentas well as their pipe inventory.

The following table presents the composition of cost of revenue for the six months ended June 30, 2011 and 2010:

	2011		2010		Variance
Cost of Revenue:	**Dollars**	**Percentage**	**Dollars**	**Percentage**	**Dollars**
Depreciation	$ 339,490	29.3%	$ 395,863	24.0%	$ (56,373)
Subcontract Labor	242,710	21.0%	330,596	26.9%	(87,886)
Labor and Related Costs	239,246	20.7%	294,872	35.0%	(55,626)
Repairs and Maintenance	173,768	15.0%	23,356	1.9%	150,412
Materials and Supplies	80,599	7.0%	28,423	2.3%	52,176
Insurance	44,171	3.8%	61,077	5.0%	(16,906)
Other	38,209	3.3%	60,595	4.9%	(22,386)
Total Cost of Revenue	$ 1,158,193	100.0%	$ 1,194,782	100.0%	$ (36,589)

Due to limitations with the pool of qualified individuals, we utilized the services of subcontractors to assist us in providing timely and quality service to our customers. We will continue our efforts to attract, employ, and retain qualified individuals to serve the needs of our customers.

Operating Expenses

For the six months ended June 30, 2011, our operating expenses totaled $891,837, as compared to $1,234,987 at June 30, 2010, representing a decrease of $343,150, or 27.8%. The largest component of our operating expenses for 2011 consists of salaries and wages.Professional services, travel expense, and other expensesdecreased from June 30, 2010 to June 30, 2011. Salaries and wages for general and administrative personnel was $230,861 for the six months ended June 30, 2011, compared to $557,245 for the six months ended June 30, 2010, a decrease of $326,384, or 58.6%. This decrease is the result of management's commitment to reduce costs by evaluating all non-operating personal and reducing its overall workforce.

Rent expense totaled $132,184 for the six months ended June 30, 2011, as compared to $132,496 for the six months ended June 30, 2010. Rent expense pertains primarily to our rental of office space for our headquarters in Lafayette as well as our rental of land and facilities for operating purposes.

Professional services expense decreased from $196,423 for the six months ended June 30, 2010, to $188,020 for the six months ended June 30, 2011, a decrease of $8,403, or 4.3%. The decrease is primarily a result of management's desire to decrease expenses.

Other Income and Expense

Other income and expense consists of investment income, gains or losses on sale of assets, and interest expense, respectively. Investment income, which consists of interest, dividends, realized gains and losses, and unrealized gains and losses, amounted to $266 for the six months ended June 30, 2011, compared to $31,888for the six months ended June 30, 2010. The decrease is due primarily to the Company being forced to use its invested cash balances for operations and the lack of equipment sales for the period.

Interest expense totaled $79,231 for the six months ended June 30, 2011, as compared to $72,970 for the six months ended June 30, 2010, an increase of $6,261, or8.6%. Interest expense pertains primarily to amounts due to affiliates as well as to our notes payable with third parties, and the increase relates to the financing of new equipment, less the principal payments on those debts and obligations.

During the first quarter of 2010, the Company entered into a settlement with North American Interpipe, Inc. whereby they paid $1 in exchange for forgiveness of all accounts payable balances in the amount of $1,298,074. In addition, the Company forgave accounts receivable balances totaling $919,751 offset by an allowance for doubtful accounts of $97,000. The net effect of the settlement in addition to reducing accounts payable and accounts receivable resulted in the recognition of $475,323 in other income.

Provision for income taxes

For the six months ended June 30, 2011, we reported an income tax benefit of $588,356 compared to income tax benefit of $140,588 for the six months ended June 30, 2010, anincrease of $447,768, or .5%, which is the result of the decreased revenue and pre-tax net income for that period.

Comparative financial information for the six months endedJune 30:

	June 30, 2011	June 30, 2010	June 30, 2008	June 30, 2007	June 30, 2006
Revenues	$ 592,655	$ 1,604,066	$ 4,683,663	$ 5,183,276	$ 1,508,481
Cost of Revenues	1,158,193	1,194,782	2,215,132	2,557,047	664,071
Gross Profit (Loss)	(565,538)	409,284	2,468,531	2,626,229	844,410
Operating Expenses					
General & Administrative Expenses	809,424	1,173,429	996,806	637,902	306,567
Depreciation	82,413	61,558	89,222	34,375	30,975
Total Operating Expenses	891,837	1,234,987	1,086,028	672,277	337,542
Income (Loss) from Operations	(1,457,375)	(825,703)	1,382,503	1,953,952	506,868
Other Income (Expense)	(88,053)	434,241	(46,459)	(36,789)	(46,242)
Income (Loss) Before Income Taxes	(1,545,428)	(391,462)	1,336,044	1,917,163	460,626
Provision for Income Taxes	(588,356)	(140,588)	492,534	731,659	230,965
Net Income (Loss)	$ (957,072)	$ (250,874)	$ 843,510	$ 1,185,504	$ 229,661

Capital Resources and Liquidity

As of June 30, 2011 we had $56,834 in cash and cash equivalents. Our cash outflows have consisted primarily of expenses associated with our operations. These outflows have not been offset by the timely inflows of cash from our customers regarding sales that have been made. Currently, we have been able to utilize our relationships with affiliated entities to stabilize our liquidity needs.

We believe we can satisfy our cash requirements for the next twelve months only with our current cash and additional loans. However, completion of our plan of operation is subject to attaining adequate revenue. We cannot assure investors that adequate revenues will be generated. In the absence of our projected revenues, we may be unable to proceed with our plan of operations. Even without adequate revenues within the next twelve months, we still anticipate being able to continue with our present activities, but we will require financing to potentially achieve our growth goals.

In the event we are not successful in reaching our initial revenue targets, additional funds may be required, and we may not be able to proceed with our business plan for the development and marketing of our core services. Should this occur, we would likely seek additional financing to support the continued operation of our business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is subject to certain market risks, including changes in interest rates and currency exchange rates. The Company does not undertake any specific actions to limit those exposures.

Item 4T. Controls and Procedures

a) *Evaluation of Disclosure Controls.*Our management evaluated the effectiveness of our disclosure controls and procedures as of the end of our second fiscal quarter 2011 pursuant to Rule 13a-15(b) of the Securities and Exchange Act. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation, management concluded that our disclosure controls and procedures were effective as of June 30, 2011.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

(b) *Changes in internal control over financial reporting.*There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Our management team will continue to evaluate our internal control over financial reporting in 2010 as we implement our Sarbanes Oxley Act testing.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Our affiliated company was recently served with a court action filed by a foreign pipe distributor adding the company to an existing lawsuit. However, we do not have enough information and this matter is covered under the insurance policy and therefore, the insurance company lawyers have taken over this matter.

Item 1A. Risk Factors.

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None

Item 6. Exhibits and Reports of Form 8-K.

(a) Exhibits

31.1 Certifications pursuant to Section 302 of Sarbanes Oxley Act of 2002

32.1 Certifications pursuant to Section 906 of Sarbanes Oxley Act of 2002

(b) Reports of Form 8-K

None.

Item 7. Up-dates and Clarifications to prior non-financial information

The Company currently carries 5 million U. S. Dollars ($5,000,000) in insurance.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENERGY & TECHNOLOGY, CORP.

Date: September 12, 2011	By: */s/ George M. Sfeir* George M. Sfeir President, Chief Executive Officer, and Director
Date: September 12, 2011	By: */s/ Amer Salhi* Amer Salhi Chief Financial Officer