10-Q/A 1 f10q0912a1_energytech.htm QUARTERLY REPORT AMENDMENT

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

FORM 10-Q

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

For the quarterly period ended September 30, 2012

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)

337- 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 No o

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 Stock Transfer Agent’s latest records, the number of shares outstanding of each of the Company’s classes of common equity, as of November 15, 2012, is 169,144,950 shares of common stock.

Explanatory Note

Energy & Technology, Corp. (the "Company") is filing this Amendment No. 1 to Form 10-Q (this "Amendment") to amend its Quarterly Report on Form 10-Q for the quarterly period ended October 31, 2012 (the "Form 10-Q"), originally filed with the Securities and Exchange Commission (the "Commission") on November 15, 2012. The purpose of this Amendment is to correct the Company fax number, to correct some misspellings in the comments, and to add two recent accounting pronouncements which were inadvertently omitted from the original filing of the Form 10-Q, none of which had any material effect on the Company's consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.

FORM 10-Q

September 30, 2012

INDEX

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 subsidiary, Technical Industries, Inc. (TII), Energy Pipe, LLC (a variable interest entity), and Energy Technology Manufacturing and Threading LLC (a variable 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, Energy Pipe, LLC, and Energy Technology Manufacturing and Threading 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

	September 30, 2012	December 31, 2011
	(Unaudited)	(Audited)
Assets		
Current Assets		
Cash and Cash Equivalents	$ 3,286,477	$ 943,894
Accounts Receivable		
Trade, Net	205,809	900,825
Other	16,324	15,574
Inventory	2,894,358	2,941,152
Prepaid Expenses	21,388	50,996
Deferred Tax Asset	495,100	813,164
Total Current Assets	6,919,456	5,665,605
Property and Equipment, Net		
Held for Operations, Net	4,413,641	4,941,071
Held for Investment	1,095,583	-
	5,509,224	4,941,071
Other Assets		
Patent, net	429,388	450,977
Deposits	4,988	4,988
Other Assets	17,135	6,898
Total Other Assets	451,511	462,863
Total Assets	$ 12,880,191	$ 11,069,539

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.
Consolidated Balance Sheets

	September 30 2012	December 31, 2011
	(Unaudited)	(Audited)
Liabilities and Stockholders' Equity		
Current Liabilities		
Current Maturities of Notes Payable	$ 188,827	$ 226,020
Accounts Payable	1,958,827	370,399
Accrued Payroll and Payroll Liabilities	36,040	61,418
Accrued Rent	1,750,000	1,637,500
Income Taxes Payable	21,973	28,496
Total Current Liabilities	3,955,667	2,323,833
Long-Term Liabilities		
Notes Payable	276,615	417,764
Deferred Taxes Payable	753,598	912,231
Due to Affiliates	2,466,854	2,324,977
Total Long-Term Liabilities	3,497,067	3,654,972
Stockholders' Equity		
Preferred Stock - $.001 Par Value; 10,000,000 Shares Authorized, None Issued	-	-
Common Stock - $.001 Par Value; 250,000,000 Shares Authorized, 169,144,950 Shares and 169,052,400 shares Issued and Outstanding at September 30, 2012 and December 31, 2011, respectively, with 80,855,050 Shares and 80,947,600 Shares unissued at September 30, 2012 and December 31, 2011, respectively	169,145	169,052
Discount on Common Stock	(115,100)	(115,100)
Paid-In Capital	4,234,285	4,229,195
Retained Earnings	1,139,127	807,587
Total Stockholders' Equity	5,427,457	5,090,734
Total Liabilities and Stockholders' Equity	$ 12,880,191	$ 11,069,539

See notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	**2012**	2011
Revenues	$ 1,447,967	$ 1,168,540	$ 6,717,626	$ 1,624,817
Cost of Revenues				
Materials and Supplies	387,396	366,162	2,843,397	446,761
Subcontract Labor	185,415	123,715	658,709	366,425
Depreciation	171,645	146,037	514,937	485,527
Labor and Related Costs	98,941	116,579	372,642	355,825
Repairs and Maintenance	11,583	26,662	176,007	64,052
Insurance	38,088	32,248	93,314	76,419
Other Costs	31,953	52,414	85,732	90,623
Total Cost of Revenues	925,021	863,817	4,744,738	1,885,632
Gross Profit	522,946	304,723	1,972,888	(260,815)
Operating Expenses				
Salaries and Wages	118,518	75,690	361,643	306,551
Professional Services	51,772	139,057	237,658	327,077
Rent	61,481	59,615	182,088	191,799
Depreciation	41,190	41,342	123,520	123,755
Travel, Lodging and Meals	26,755	13,095	74,408	59,547
Office Supplies and Expenses	21,195	15,949	55,317	43,908
Utilities	25,370	18,344	78,068	39,949
Communications	11,760	13,740	36,341	36,856
Repairs and Maintenance	8,178	4,713	40,721	21,124
Property Taxes	-	-	57,906	50,236
Patent Amortization	7,196	7,196	21,589	21,589
Other	36,494	32,551	119,359	90,738
Total Operating Expenses	409,909	421,292	1,388,618	1,313,129
Income (Loss) from Operations	113,037	(116,569)	584,270	(1,573,944)
Other Income (Expense)				
Other Income	-	604,364	-	595,276
Investment Income (Loss)	12,218	(66,704)	23,440	(66,438)
Interest Expense	(38,276)	(40,817)	(116,739)	(120,048)
Total Other Income (Expense)	(26,058)	496,843	(93,299)	408,790
Income (Loss) Before Provision for Income Taxe	86,979	380,274	490,971	(1,165,154)
Provision for Income Taxes	26,427	94,602	159,431	(493,754)
Net Income (Loss)	$ 60,552	$ 285,672	$ 331,540	($ 671,400)
Earnings (Loss) per Share - Basic	NM	NM	NM	NM
Earnings (Loss) per Share - Diluted	NM	NM	NM	NM

See notes to consolidated financial statements.

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

	Common Stock		Discount on Capital Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at January 1, 2011	168,795,500	$ 168,796	$ (115,100)	$ 4,237,741	$ 1,053,090	$ 5,344,527
Bonus shares issued	206,900	2,069	-	40,746	-	42,815
Recognition of Stock Issuance Costs	-	-	-	(72,520)	-	(72,520)
Net (Loss)	-	-	-	-	(671,400)	(671,400)
Balance at September 30, 2011	169,002,400	$ 170,865	$ (115,100)	$ 4,205,967	$ 381,690	$ 4,643,422
Balance at January 1, 2012	169,052,400	$ 169,052	$ (115,100)	$ 4,229,195	$ 807,587	$ 5,090,734
Bonus shares issued	92,550	93	-	5,090	-	5,183
Recognition of Stock Issuance Costs	-	-	-	-	-	-
Net Income	-	-	-	-	331,540	331,540
Balance at September 30, 2012	169,144,950	$ 169,145	$ (115,100)	$ 4,234,285	$ 1,139,127	$ 5,427,457

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Net Loss	$ 331,540	($ 671,400)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities		
Depreciation	638,457	609,282
Amortization of Patent Costs	21,589	21,589
Deferred Income Taxes	159,431	(493,754)
Issuance of Stock	5,183	(29,705)
Changes in Assets and Liabilities		
Trade Receivables	695,016	91,333
Other Receivables	(750)	314
Inventory	46,794	330,837
Prepaid Expenses	29,608	(11,604)
Accounts Payable	1,588,428	365,571
Accrued Payroll and Payroll Liabilities	(25,378)	(35,889)
Income Taxes Payable	(6,523)	(17,634)
Accrued Rent	112,500	112,500
Net Cash Provided by (Used in) Operating Activities	3,595,895	271,440
Cash Flows from Investing Activities		
Decrease in Other Assets	(10,237)	48,174
Purchase of Property and Equipment	(1,206,610)	(70,726)
Net Cash Provided by (Used in) Investing Activities	(1,216,847)	(22,552)
Cash Flows from Financing Activities		
Borrowings from Affiliates	141,877	522,050
Borrowings (Principal Repayments) on Notes Payable	(178,342)	(38,923)
Net Cash Provided by (Used in) Financing Activities	(36,465)	483,127
Net Increase (Decrease) in Cash and Cash Equivalents	2,342,583	732,015
Cash and Cash Equivalents, Beginning of Year	943,894	453,658
Cash and Cash Equivalents, End of Year	$ 3,286,477	$ 1,185,673
Cash Paid During the Period for Interest	$ 27,855	$ 21,335
Cash Paid During the Period for Income Taxes	$ -	$ 20,634

See notes to consolidated financial statements.

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

Note 1. Organization

Technical Industries & Energy, Corp. (the Company) (TIE) was formed November 29, 2006 under the laws of the State of Delaware in order to acquire and to take over the assets and business of Technical Industries, Inc. (TII) a Louisiana Corporation established on May 12, 1971. On that date, the Company issued 125,000,000 shares of common stock to American Interest, LLC, in exchange for founder services rendered. The fair value of these services was considered immaterial, and no amounts were recognized in the financial statements. At the time the shares were issued to American Interest, LLC, TIE had no assets, operations, or cash flows. As such, the stock had no value at the time TIE was established. The par value was arbitrarily established in order to comply with the State of Delaware laws. In order to reflect the par value of the shares issued, the Company recognized a discount on capital stock as a contra-equity account within the equity section of the consolidated balance sheets. On January 3, 2007, the Company entered into a Stock Exchange Agreement and Share Exchange (the Agreement) whereby the sole shareholder of TII exchanged all of the outstanding shares of the TII to the Company in exchange for 50,000,000 shares of Company stock. Accordingly, TII became a wholly-owned subsidiary of the Company. The assets acquired and liabilities assumed were recorded at the carrying value to TII since TII and the Company was under common control prior to the acquisition.

TII specializes in the non-destructive testing of vessels, oilfield pipe, tools and equipment, including ultrasonic testing, utilizing the latest technologies. These technologies enable TII to (i) provide detailed information to customers regarding each pipe tested, and (ii) reach energy reserves present technology cannot reach without extra cost to the oil and gas companies. Because of the intense scrutiny applied to each section of pipe, TII is able to generate data which allows the pipe to be used in the most extreme conditions, and has been proven especially useful in deep water drilling operations in the Gulf of Mexico.

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.

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 Energy Technology Manufacturing and 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 collectability 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. Provisions for uncollectible amounts were $14,640 and $205,480 for the nine months ending September 30, 2012 and 2011, respectively.

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

Note 2. Summary of Significant Accounting Policies (Continued)

Inventory
Inventory is stated at the lower of cost determined by the specific identification method or market. At September 30, 2012 and at December 31, 2011, inventory consisted of tubing, casing, and drill 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.

Based on management's intentions, investment property, which is held for the purposes of earning rental income and capital appreciation, is distinguished from property owned and occupied by the Company. The Company is not currently depreciating the property held as investment, nor has any rental income been earned.

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 nine months ended September 30, 2012, three customers made up approximately 57% of the Company's revenues, and three customers made up approximately 52% of the Company's receivable balance at September 30, 2012. For the nine months ended September 30, 2011, three customers made up approximately 33% of the Company's revenues, three customers made up approximately 76% of the Company's receivable balance at September 30, 2011.

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. For the nine months ended September, 2012 and 2011, $2,865 and $5,282, respectively, was expensed.

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.

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

Note 2. Summary of Significant Accounting Policies (Continued)

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.

Recent Accounting Pronouncements

In January 2010, the FASB issued ASU 2010-06, "*Fair Value Measurements and Disclosures" (Topic 820)* that requires new disclosures related to fair value measurements and clarifies existing disclosure requirements about the level of disaggregation, inputs and valuation techniques. Specifically, reporting entities now must disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. In addition, in the reconciliation for Level 3 fair value measurements, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities for disclosure of fair value measurement, considering the level of disaggregated information required by other applicable U.S. GAAP guidance and should also provide disclosures about the valuation techniques and inputs used to measure fair value for each class of assets and liabilities. The guidance was effective for financial statements issued for periods ending after December 15, 2009, except for disclosures about purchases, sales, issuances and settlements in reconciliation for Level 3 fair value measurements, which will be effective for fiscal years beginning after December 15, 2010. The adoption of this guidance affects only the disclosure requirements and had no impact on the Company's consolidated statements of operations and condition.

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 April 2011, the FASB issued ASU 2011-02, which amends the guidance for evaluating whether the restructuring of a receivable by a creditor is a troubled debt restructuring (TDR). In evaluating whether a restructuring constitutes a TDR both for purposes of recording an impairment loss and for disclosure purposes, a creditor must separately conclude that both of the following exist: (*a*) the restructuring constitutes a concession; and (*b*) the debtor is experiencing financial difficulties. For public companies, the new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructurings occurring on or after the beginning of the annual period of adoption. However, an entity should apply prospectively changes in the method used to calculate impairment. At the same time a public entity adopts ASU 2011-02, it is required to disclose the activity based information that was previously deferred by ASU No. 2011-01. The Company adopted the provisions of this ASU in preparing the consolidated financial statements as of and for the interim period ended September 30, 2011. The adoption of this ASU did not have a material impact on Company's consolidated financial statements.

In May 2011, the FASB issued ASU 2011-04, "*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs"*. The ASU contains guidance on the application of the highest and best use and valuation premise concepts, the measurement of fair values of instruments classified in shareholders' equity, the measurement of fair values of financial instruments that are managed within a portfolio, and the application of premiums and discounts in a fair value measurement. It also requires additional disclosures about fair value measurements, including information about the unobservable inputs used in fair value measurements within Level 3 of the fair value hierarchy, the sensitivity of recurring fair value measurements within Level 3 to changes in unobservable inputs and the interrelationships between those inputs, and the categorization by level of the fair value hierarchy for items that are not measured at fair value but for which the fair value is required to be disclosed. These amendments are to be applied prospectively for interim and annual periods beginning after December 15, 2011. The adoption of this guidance is not expected to have a significant effect on the Company's consolidated financial statements.

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

Recent Accounting Pronouncements (Continued)

In June 2011, the FASB issued ASU 2011-05, *"Presentation of Comprehensive Income"*. The ASU increases the prominence of other comprehensive income in financial statements by requiring comprehensive income to be reported in either a single statement or in two consecutive statements which report both net income and other comprehensive income. It eliminates the option to report other comprehensive income and its components in the statement of changes in equity. The ASU is effective for periods beginning after December 15, 2011 and requires retrospective application. The ASU does not change the components of other comprehensive income, the timing of items reclassified to net income, or the net income basis for income per share calculations. As this ASU is disclosure related only, the adoption of this ASU will not impact consolidated reported financial position or results of operations.

In September 2011, the FASB amended guidance pertaining to goodwill impairment testing. The amendments permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. An entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. The guidance is effective January 1, 2012 with no significant impact expected on the Company's financial statements.

In December 2011, the FASB issued guidance which relates to deconsolidation events. Under this amendment, when a parent (reporting entity) ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of the default on the subsidiary's nonrecourse debt, the reporting entity should apply the guidance in Subtopic 360-20, *Property, Plant and Equipment - Real Estate Sales,* to determine whether it should derecognize the in substance real estate. This guidance is effective for the fiscal year ending December 31, 2013 and is not expected to have a significant impact on the Company's financial statements.

In December 2011, The FASB issued authoritative guidance to provide enhanced disclosures in the financial statements about offsetting and netting arrangements. The new guidance requires entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting agreement. This guidance was issued to facilitate comparison between financial statements prepared on a U.S. GAAP and IFRS reporting. The new guidance will be effective January 1, 2013 and is not expected to have a significant impact on the Company's financial statements.

In July 2012, the FASB issued ASU 2012-2, which amends the guidance for impairment testing for goodwill and other indefinite-lived assets. The ASU attempted to simplify how an entity tests those assets for impairment and to improve consistency in impairment testing guidance. The new guidance allows entity's to assess qualitative factors to determine if an asset is more likely than not impaired. If the entity determine qualitatively that the asset is not more likely than not impaired, no further testing is required. The adoption of this amendment is effective fiscal years beginning after September 15, 2012. The adoption of this ASU is not expected to have any material effect to the Company's consolidated financial statements.

In August 2012 and October 2012, the FASB issued ASU 2012-03 and ASU 2012-04, technical corrections and improvements. This amendment clarifies language differences between source literature (i.e. FASB Statements) and the codification. Many times during the transition from the legacy to the codification writing styles or phrasing of the source literature did not directly translate into the codification. Amendments with no transition guidance in this update were effective upon issuance. Amendments with transition guidance will be effective for fiscal periods beginning after December 15, 2012. The applicable amendments without transition guidance were adopted for the interim period ended September 30, 2012. The adoption of these ASUs did not have a material impact on the Company's 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.

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

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 nine months ended September 30, 2012, 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 57% of total revenues, and the total balance due from these three customers at September 30, 2012 was $3,819,013.

Note 6. Related Party Transactions

Included in due to affiliates is $1,656,989 and $1,563,197 at September 30, 2012 and December 31, 2011, 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 $93,792 and $86,844 for the nine month periods ended September 30, 2012 and 2011, respectively.

Note 7. Earnings per Share

The weighted average common shares outstanding amounted to 169,138,050 and 169,098,675 for the three months ended and the nine months ended September 30, 2012, and 168,958,150 and 168,898,950 for the three months ended and the nine months ended September 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 September 30, 2012 or December 31, 2011, 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 September 30, 2012 and December 31, 2011, should not necessarily be considered to apply at subsequent dates.

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:

	September 30, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 3,286,477	$ 3,286,477	$ 943,894	$ 943,894
Financial liabilities:				
Notes Payable	$ 465,442	$ 465,442	$ 643,784	$ 643,784
Due to Affiliates	2,466,854	2,466,854	2,324,977	2,324,977
	$ 2,932,296	$ 2,932,296	$ 2,968,761	$ 2,968,761

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 September 30, 2012. 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 to 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 client's 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 know 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. Recently, several new deep water well permits were issued in the Gulf of Mexico. As a result, ENGT has experienced significant new interest from major oil and gas companies - including site visits and evaluations - for its VisonArray™ deep water and critical well technologies, and ENGT Manufacturing facilities. 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 and on September 30, 2011 received numerous ISO and API certifications. Additional growth will come domestically, but management feels that overseas expansion is critical to the ultimate success of the business plan.

Critical Accounting Policies

Management 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 September 30, 2012, inventory consisted of tubing, casing, and drill 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, 2011 to September 30, 2012

At September 30, 2012, total assets amounted to $12,880,191 compared to $11,069,539 at December 31, 2011, an increase of $1,810,652 or 16.4%. The increase is primarily due to an increase in cash of $2,342,583 and an increase in property held for investment of $1,095,583, partially offset by a decrease in accounts receivable of $695,016, a decrease in inventory of $46,794, a decrease in deferred tax asset of $318,064, a decrease in prepaid expenses of $29,608 and a decrease of property and equipment of $527,430.

Our liabilities at September 30, 2012, totaled $ 7,452,734 compared to $5,978,805 at December 31, 2011, an increase of $1,473,929, or 24.7%. The increase is primarily due to an increase in accounts payable of $1,588,428, an increase in due to affiliates of $141,877, an increase in accrued rent of $112,500, partially offset by a decrease in deferred taxes payable of $158,633, and a decrease in notes payable of $178,342.

Total stockholder's equity increased from $5,090,734 at December 31, 2011, to $5,427,457 at September 30, 2012. This increase was due our net income for the nine months ended September 30, 2012 and the issuance of 92,550 shares of common stock.

Cash and Cash Equivalents

Cash and Cash Equivalents totaled $3,286,477 at September 30, 2012, an increase of $2,342,583 from the balance of $943,894 at December 31, 2011. The increase in cash and cash equivalents was primarily due to the net operating income and cash provided by operating activities, in the amount of $3,595,895, partially offset by cash used in the investing activities in the amount of $1,216,847 for the nine months ended September 30, 2012.

Inventory

Inventory consists primarily of pipe held for sale to our customers. We began purchasing pipe for sale to customers in December, 2007. This was an opportunity for us to expand our services to our customers. 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 nine months ending September 30, 2012, the Company had sales of approximately $3,601,005 of pipe, but most of this pipe was special order pipe that was purchased for specific sales.

Property and Equipment

The increase in property and equipment is primarily due to purchase of investment property for $1,095,583, partially offset by depreciation for the nine months ended September 30, 2012 of $638,457.

Deferred Tax Asset/Income Taxes Payable

Due to the Company's income for the nine months ended September 30, 2012, our deferred tax asset has decreased by $318,064. We have decreased our deferred income taxes by $158,633 due to the change in book and tax depreciation differences.

Accounts Payable

Accounts payable at September 30, 2012 totaled $1,958,827 compared to $370,399 at December 31, 2011, an increase of $1,588,428. The increase is primarily due to amounts owed to a pipe vendor for purchases on credit.

Discussion of Results of Operations for the Three Months Ended September 30, 2012 compared to the Three Months Ended September 30, 2011

Revenues

Our revenue for the three months ended September 30, 2012, was $1,447,967 compared to $1,168,540, for the three months ended September 30, 2011, an increase of $279,427 or 23.9%. The increase is attributable primarily to increased inspection fees attributable to the current recovery of the recession.

The following table presents the composition of revenue for the three months ended September 30, 2012 and 2011:

Revenue:	2012 Dollars	Percentage	2011 Dollars	Percentage	Variance Dollars
Inspection Fees	$ 437,075	30.2%	$ 418,175	35.8%	$ 18,900
Storage Fees	$ 233,462	16.1%	$ 226,260	19.4%	$ 7,202
Pipe Sales	$ 682,267	47.1%	$ 181,554	15.5%	$ 500,713
Commissions	$ 0	0.0%	$ 173,866	14.9%	$ (173,866)
Other Income	$ 95,163	6.6%	$ 168,685	14.4%	$ (73,522)
Total Revenue	$ 1,447,967	100.0%	$ 1,168,540	100.0%	$ 279,427

Cost of Revenue and Gross Profit

Our cost of revenue for the three months ended September 30, 2012, was $925,021, or 63.9% of revenues, compared to $863,817, or 73.9% of revenues, for the three months ended September 30, 2011. The overall increase in our cost of revenue is primarily due to our increased sales. The decrease 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 September 30, 2012 and 2011:

Cost of Revenue:	2012 Dollars	Percentage	2011 Dollars	Percentage	Variance Dollars
Labor and Related Costs	$ 98,941	10.7%	$ 116,579	13.5%	$ (17,638)
Materials and Supplies	387,396	41.9%	366,162	42.4%	21,234
Subcontract Labor	185,415	20.0%	123,715	14.3%	61,700
Maintenance	11,583	1.3%	26,662	3.1%	(15,079)
Insurance	38,088	3.9%	32,248	3.7%	5,840
Depreciation and Amortization	171,645	18.6%	146,037	16.9%	25,608
Other	31,953	3.6%	52,414	6.1%	(20,461)
Total Cost of Revenue	$ 925,021	100.0%	$ 863,817	100.0%	$ 61,204

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 September 30, 2012, our operating expenses totaled $409,910 as compared to $421,292 in 2011, representing a decrease of $11,382 or 2.7%. The largest components of our operating expense for 2012 consists of salaries and wages, professional services, rent, and depreciation expenses. Salaries and wages for general and administrative personnel was $118,518 for the three months ended September 30, 2012, compared to $75,690 for the three months ended September 30, 2011, an increase of $42,828, or 56.6%.

Rent expense totaled $61,481 for the three months ended September 30, 2012, as compared to $59,615 for the three months ended September 30, 2011, an increase of $1,866, or 3.1%. Rent expense for both the three months ended September 30, 2012, and for the three months ended September 30, 2011, 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 $139,057 for the three months ended September 30, 2011, to $51,772 for the three months ended September 30, 2012, a decrease of $87,285, or 62.8%. The decrease is primarily a result of management's desire to decrease expenses.

Travel, Lodging and Meals totaled $26,755 for the three months ended September 30, 2012, as compared to $13,095 for the three months ending September 30, 2011, an increase of $13,660 or 104.3%.

Other operating expenses increased from $32,551 at September 30, 2011 to $36,495 for the three months ended September 30, 2012, an increase of $3,944, or 12.1%.

Other Income and Expense

Other income and expense consists of recovery of bad debt, investment income, and interest expense. Investment income, which consists of interest, dividends, realized gains and losses, and unrealized gains and losses, amounted to income of $12,218 for the three months ended September 30, 2012, compared to a loss of $66,704 for the three months ended September 30, 2011.

Interest expense totaled $38,276 for the three months ended September 30, 2012, as compared to $40,817 for the three months ended September 30, 2011, a decrease of $2,541, or 6.2%. Interest expense pertains primarily to amounts due to affiliates as well as to our notes payable with third parties.

Provision for income taxes

For the three months ended September 30, 2012, we reported an income tax expense of $26,427 compared to an income tax expense of $94,602 for the three months ended September 30, 2011, a decrease of $68,175, or 72.1%, which is the result of a reduction of income for the quarter in comparison to the previous year.

Discussion of Results of Operations for the Nine months Ended September 30, 2012 compared to the Nine months Ended September 30, 2011

Revenues

Our revenue for the nine months ended September 30, 2012, was $6,717,626 compared to $1,624,817 for the nine months ended September 30, 2011, an increase of $5,092,809, or 313.4%. 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 June, 2011, we opened our threading facility in our Houston yard. 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 2011 and 2012.

The following table presents the composition of revenue for the nine months ended September 30, 2012 and 2011:

Revenue:	2012 Dollars	Percentage	2011 Dollars	Percentage	Variance Dollars
Inspection Fees	$ 2,048,790	30.5%	$ 648,135	39.9%	$ 1,400,655
Storage Fees	$ 626,456	9.3%	$ 416,000	25.6%	$ 210,456
Pipe Sales	$ 3,548,782	52.8%	$ 150,498	9.3%	$ 3,398,284
Commissions	$ 0	0.0%	$ 173,866	10.7%	$ (173,866)
Other Income	$ 493,598	7.4%	$ 236,318	14.5%	$ 257,280
Total Revenue	$ 6,717,626	100.0%	$ 1,624,817	100.0%	$ 5,092,809

Cost of Revenue and Gross Profit

Our cost of revenue for the nine months ended September 30, 2012, was $4,744,738, or 70.6 % of revenues, compared to $1,885,632, or 116.1% of revenues, for the nine months ended September 30, 2011. The overall increase in our cost of revenue is due to our increase in inspection services and pipe sales as a result of the current economy. The decrease in cost of revenue as a percentage of revenues was due to the fixed costs reported in cost of revenues. Materials and supplies increased $2,396,636 due to the increased sales of pipe, or 536.4%. Subcontract labor costs increased by $292,284, or 79.8%. Labor and related costs increased by $16,817, or 4.7%. These increases are primarily attributable to the overall increase in volume of inspection services. The increase of $29,410 or 6.1% in depreciation expense for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 is primarily due to equipment purchases.

The following table presents the composition of cost of revenue for the nine months ended September 30, 2012 and 2011:

Cost of Revenue:	2012 Dollars	Percentage	2011 Dollars	Percentage	Variance Dollars
Labor and Related Costs	$ 372,642	7.9%	$ 355,825	18.9%	$ 16,817
Depreciation and Amortization	514,937	10.9%	485,527	25.7%	29,410
Subcontract Labor	658,709	13.9%	366,425	19.4%	292,284
Materials and Supplies	2,843,397	59.9%	446,761	23.7%	2,396,636
Insurance	93,314	1.9%	76,419	4.1%	16,895
Maintenance	176,007	3.7%	64,052	3.4%	111,955
Other	85,732	1.8%	90,623	4.8%	(4,891)
Total Cost of Revenue	$ 4,744,738	100.0%	$ 1,885,632	100.0%	$ 2,859,106

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 nine months ended September 30, 2012, our operating expenses totaled $1,388,619 as compared to $1,313,129 for the nine months ended September 30, 2011, representing an increase of $75,490, or 5.7%. Salaries and wages for general and administrative personnel was $361,643 for the nine months ended September 30, 2012, compared to $306,551 for the nine months ended September 30, 2011, an increase of $55,092, or 18.0%. The increase was the result of the increase in bonuses, commissions, and selling expense for the new sales manager in addition to the issuance of 92,550 shares of common stock valued at $5,183 as bonuses.

Professional services expense decrease from $327,077 for the nine months ended September 30, 2011, to $237,658 for the nine months ended September 30, 2012, a decrease of $89,419 or 27.3%. The decrease is primarily a result of decreased fees primarily related to the free trade zone application.

Utilities expense increased from $39,949 for the nine months ended September 30, 2011 to $78,068 for the nine months ended September 30, 2012, an increase of $38,119 or 95.4%. The increase is attributable to the new facilities opened and to the increase in inspection services rendered during the current year.

Rent expense totaled $182,088 for the nine months ended September 30, 2012, as compared to $191,799 for the nine months ended September 30, 2011, a decrease of $9,711, or 5.1%. Rent expense for both the nine months ended September 30, 2012, and for the nine months ended September 30, 2011, 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. The decrease is attributable to reduced equipment rentals during the nine months ended September 30, 2012.

Other Income and Expense

Other income and expense consists of investment income, and interest expense. Investment income, which consists of interest, dividends, realized gains and losses, and unrealized gains and losses, amounted to a gain of $23,440 for the nine months ended September 30, 2012, compared to a loss of $66,438 for the nine months ended September 30, 2011. The increase is due primarily to income from temporary cash invested during the period.

Interest expense totaled $116,739 for the nine months ended September 30, 2012, as compared to $120,048 for the nine months ended September 30, 2011, a decrease of $3,309, or 2.8%. 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.

Provision for income taxes

For the nine months ended September 30, 2012, we reported an income tax expense of $159,431 compared to income tax benefit of $493,754 for the nine months ended September 30, 2011, an increase of $653,185, or 132.3%, which is the result of the pre-tax net income for the current period compared to the prior year.

Comparative financial information for the nine months ended September 30:

	September 30, 2012	September 30, 2011	September 30, 2010	September 30, 2009	September 30, 2008
Revenues	$ 6,717,626	$ 1,624,817	$ 2,084,957	$ 6,188,436	$ 7,861,390
Cost of Revenues	4,744,738	1,885,632	2,060,343	2,981,794	4,917,179
Gross Profit (Loss)	1,972,888	(260,815)	24,614	3,206,642	2,944,211
Operating Expenses					
General & Administrative Expenses	1,265,098	1,189,374	1,612,229	1,480,022	956,570
Depreciation	123,520	123,755	115,505	131,606	57,482
Total Operating Expenses	1,388,618	1,313,129	1,727,734	1,611,628	1,014,052
Income (Loss) from Operations	584,270	(1,573,944)	(1,703,120)	1,595,014	1,930,159
Other Income (Expense)	(93,299)	408,790	400,573	(66,409)	(65,013)
Income (Loss) Before Income Taxes	490,971	(1,165,154)	(1,302,547)	1,528,605	1,865,146
Provision for Income Taxes	159,431	(493,754)	(430,478)	562,665	724,710
Net Income (Loss)	$ 331,540	$ (671,400)	$ (872,069)	$ 965,940	$ 1,140,436

Capital Resources and Liquidity

As of September 30, 2012 we had $3,286,477 in cash and cash equivalents. Our cash outflows have consisted primarily of expenses associated with our operations. These outflows have been offset by the timely inflows of cash from our customers regarding sales that have been made. Additionally, 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 with our current cash and expected revenues. 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 may 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 third fiscal quarter 2012 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 September 30, 2012.

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 2012 as we implement our Sarbanes Oxley Act testing.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We were recently served with a motion filed by a major Chinese supplier requesting the court for a Temporary Restraining Order against the Company regarding a contractual dispute; however, the court found that no wrong doing was committed by the Company in order to award the Temporary Restraining Order. The court ruled in favor of the Company and denied the supplier its motion.

A claim by a Ukrainian OCTG manufacturer was settled out of court by each party claiming not to be at fault. A preliminary pipe failure investigation indicated the reason of the pipe failure was a bad heating and tempering process during manufacturing, and therefore the pipe did not stand up the strength of API pipe of P-110. Fatigue Heat Cracks are not present on new pipe and fatigue develops after usage.

There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our Company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, except as stated above, which an adverse decision could have a material adverse effect.

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.

In the month of October the administration server was hacked into. A large amount of data had to be re-entered and new security measures had to be taken including the installation of a new server and the addition of a robust firewall to prevent outside access. This caused significant delays in assembling our financial information.

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: January 18, 2013	By: */s/ George M. Sfeir* George M. Sfeir President, Chief Executive Officer, and Director
Date: January 18, 2013	By: */s/ Amer Salhi* Amer Salhi Chief Financial Officer