10-Q 1 f10q0316_energytechnology.htm QUARTERLY REPORT

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

FORM 10-Q

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

For the quarterly period ended March 31, 2016

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

TECHNICAL INDUSTRIES, INC.
& GROUP OF COMPANIES

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
Mail to: P.O. Box 52523
Lafayette, LA 70505
(Address of Principal Executive Offices)

+ 1-337- 984-2000
(Issuer Telephone number)

+ 1-337- 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 the Securities Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small 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	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
(Do not check if a smaller reporting company)			

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

According to the Company’s only transfer agent of record, Olde Monmoth Stock Transfer Agent’s latest records, the number of shares outstanding of each of the Company’s classes of common equity, as of March 31, 2016, is 165,548,766 shares of common stock. The company has issued no stock since that date.

ENERGY & TECHNOLOGY, CORP.

FORM 10-Q

March 31, 2016

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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), (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, Technical Industries, Inc. (TII), Energy Pipe, LLC (EP), and Energy Technology Manufacturing & Threading, LLC (ETMT), (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
As of March 31, 2016 and December 31, 2015

	March 31, 2016	December 31, 2015 (Unaudited)
Assets		
Current Assets		
Cash and Cash Equivalents	$ 16,972	$ 38,981
Investments	47,266	48,450
Accounts Receivable		
Trade, Net	290,657	246,668
Inventory, Net	1,008,123	1,008,123
Prepaid Expenses	37,746	13,106
Other Current Assets	30,910	191,887
Total Current Assets	1,431,674	1,547,215
Property and Equipment, Net		
Held for Operations, Net	2,647,182	2,735,886
Construction in Progress	349,551	349,304
	2,996,733	3,085,190
Total Assets	$ 4,428,407	$ 4,632,405
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts Payable	$ 527,688	$ 597,466
Accrued Liabilities	90,659	70,262
Accrued Rent	2,145,000	2,107,500
Current Maturities of Notes Payable	3,986,730	3,962,130
Due to Affiliates	192,773	189,068
Income Taxes Payable	25,287	25,287
Total Current Liabilities	6,968,138	6,951,713
Long-Term Liabilities		
Notes Payable	28,603	33,413
Total Liabilities	$ 6,996,741	$ 6,985,126
Stockholders' Equity		
Preferred Stock - $.001 Par Value; 10,000,000 Shares Authorized, None Issued	-	-
Common Stock - $.001 Par Value; 250,000,000 Shares Authorized, 169,186,117 Shares Issued at March 31, 2016, and December 31, 2015	169,186	169,186
Paid-In Capital	4,204,565	4,204,565
Treasury Stock, at cost (3,637,351 Shares)	(4,076,441)	(4,076,441)
Retained Earnings	(2,865,644)	(2,650,033)

Total Stockholders' Equity	(2,568,334)	(2,352,723)
Total Liabilities and Stockholders' Equity	$ 4,428,407	$ 4,632,403

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.
Consolidated Statements of Operations (Unaudited)
For the Three Months Ended March 31, 2016 and March 31, 2015

	Three Months Ended	
	March 31, 2016	March 31, 2015
Revenues	$ 419,688	$ 479,548
Cost of Revenues		
Materials and Supplies	13,201	14,901
Contractor	73,103	120,838
Depreciation	69,980	125,709
Employees and Related Costs	89,566	150,402
Repairs and Maintenance	2,182	31,308
Insurance	20,753	38,000
Other Costs	85,519	136,571
Patent Amortization		7,196
Total Cost of Revenues	354,304	624,925
Gross Profit	65,385	(145,377)
Operating Expenses		
Selling, General, and Administration	248,581	312,475
Depreciation	27,925	30,229
Total Operating Expenses	276,506	342,704
Loss from Operations	(211,122)	(488,081)
Other Income (Expense)		
Gain (Loss) on Sale of Assets		2,105
Investment Income (Expense)	(429)	3,012
Interest Expense	(4,064)	(4,291)
Total Other Income (Expense)	(4,493)	826
Loss Before Provision for Income Taxes	(215,613)	(487,255)
Benefit for Income Taxes	0	(172,712)
Loss	$ (215,613)	$ (314,543)
Loss per Share - Basic	(N/M)	(N/M)
Loss per Share - Diluted	(N/M)	(N/M)

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2015 and the Three Months Ended March 31, 2016

	Common Stock		Treasury Stock		Additional Paid-In	Retained	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Earnings	Equity
Balance at January 1, 2015	169,186,117	$ 169,186	(3,637,351)	$(4,076,441)	$ 4,204,565	$(3,250,793)	$ (2,953,483)
Net (Loss)	-	-		-	-	600,762	$ 600,762
Balance at December 31, 2014	169,186,117	$ 169,186	(3,637,351)	$(4,076,441)	$ 4,204,565	$(2,650,031)	$ (2,352,721)
Balance at January 1, 2015	169,186,117	169,186	(3,637,351)	(4,076,441)	4,204,565	(2,650,031)	(2,352,721)
Net (Loss)	-	-			-	(215,613)	$ (215,613)
Balance at December 31, 2015	169,186,117	$ 169,186	$(3,637,351)	$(4,076,441)	$ 4,204,565	$(2,865,644)	$ (2,568,334)

See notes to consolidated financial statements.

ENERGY & TECHNOLOGY, CORP.
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2016 and 2015

	Three Months Ended	
	March 31, 2016	**March 31, 2015**
Cash Flows from Operating Activities		
Net Loss	$ (215,613)	$ (314,543)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	97,905	155,938
Amortization of Patent Costs		7,196
Change in FMV of Investments	1,184	
Gain/Loss on disposal of asset		(2,105)
Deferred Income Taxes		(172,712)
Changes in Assets and Liabilities		
Trade Receivables	(43,989)	56,166
Prepaid Expenses	(24,640)	(86,866)
Accounts Payable	(69,778)	(108,822)
Accrued Payroll and Payroll Liabilities	20,398	(51,841)
Accrued Rent	37,500	37,500
Net Cash Provided by Operating Activities	(197,033)	(480,089)
Cash Flows from Investing Activities		
Other Assets	160,975	(1,620)
Patent Costs		(4,249)
Purchase of Property	(9,448)	(169,045)
Other Receivables		(13,068)
Net Cash Provided by (Used in) Investing Activities	151,527	(187,982)
Cash Flows from Financing Activities		
Purchase of Treasury Stock	-	-
Borrowings (Principal Repayments) to Affiliates	3,705	(8,193)
Borrowings (Principal Repayments) on Notes Payable	19,790	100,292
Net Cash Provided by (Used in) Financing Activities	23,495	92,099
Net Increase (Decrease) in Cash and Cash Equivalents	(22,009)	(575,972)
Cash and Cash Equivalents, Beginning of Year	38,981	1,083,840
Cash and Cash Equivalents, End of Year	$ 16,972	$ 507,868
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Period for Interest	$ 4,064	$ 3,361

See notes to consolidated financial statements.

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

Note 1. Organization

This Financial statement is unaudited.

Energy and Technology, Corp. (the Company) 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). 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, the Company had no assets, operations, or cash flows. As such, the stock had no value at the time the Company 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 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 were under common control prior to the acquisition.

TII specializes in the non-destructive testing of vessels, oilfield equipment and mainly pipe, 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, 2009, 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 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 and manufacturing and threading 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.

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.

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

Note 2. Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts
The company calculates the allowance based on the history with customers and their current financial condition. Provisions of uncollectible amounts are determined based on management's estimate of collectability. Allowance for doubtful accounts was $3,078 and $3,078 at March 31, 2016 and at December 31, 2015, respectively.

Inventory
Inventory is stated at the lower of cost determined by the specific identification method or market. At March 31, 2016 and at December 31, 2015, 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 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. Concentration of credit risk with respect to trade receivables is limited due to the Company's large number of customers. At March 31, 2016, the balance due from two customers represented 50% of receivables, and sales to five customers represented 79% of revenues for the three months ended March 31, 2016.

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. Advertising expense was $1,762 and $1,486 for the three months ended March 31, 2016 and 2015, respectively.

Cash Flows
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
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)

Emerging Growth Company Critical Accounting Policy Disclosure
The Company qualifies as an "emerging growth company" under the 2012 JOBS Act. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As an emerging growth company, the Company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company may elect to take advantage of the benefits of this extended transition period in the future.

Recent Accounting Pronouncements
Management does not expect any impact from the adoption of new accounting pronouncements.

Comprehensive Income
The Company had no components of comprehensive income. Therefore, net income (loss) equals comprehensive income (loss) for the periods presented.

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 tubing casing, line pipe, and expandable liners utilized by oil-exploration companies which was subsequently transferred to the Company.

In a prior year, 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 was being amortized over 20 years. Recent Audit findings resulted in the write off of the Patents and the related Accumulated Amortization due to the fact that they were internally created. GAAP requires that internally created Patents be expensed as incurred instead of amortized. Our current year auditors' correction reflects a prior year inappropriate Patent capitalization.

Note 4. Property and Equipment

Property and equipment consists of the following at March 31, 2016 and December 31, 2015, respectively:

	2016	2015
Buildings and Improvements	$ 3,157,937	$ 3,157,938
Equipment	5,888,180	5,878,980
Autos and Trucks	260,932	260,932
Office Furniture	34,025	34,025
Construction in Progress	349,551	349,304
	9,690,626	9,681,179
Less: Accumulated Depreciation	-6,693,893	-6,595,989
Total	$ 2,996,733	$ 3,085,190

Depreciation expense amounted to $97,905 and $155,938 for the three months ended March 31, 2016 and 2015, respectively.

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

Note 5. Related Party Transactions

Included in due to affiliates at March 31, 2016 and December 31, 2015, is $192,773 and $189,068 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 $2,790 and $2,790 for the three months ended March 31, 2016 and 2015, respectively.

Note 6. Notes Payable

Notes payable at March 31, 2016 and December 31, 2015 consist of the following:

	2016	**2015**
Secured fixed term note of $48,601.50 due November 2020; fixed interest rate of 3.39%	37,077	39,151
Unsecured variable term note of $3,935,217 ; fixed interest rate of 4.0%	3,935,217	3,935,217
Secured fixed term note of $31,905.36 due March 2018; fixed interest rate of 5.4%	15,115	21,174
Secured fixed term note of $38,287 due November 2016; fixed interest rate of 5.94%	27,924	
	$ 4,015,333	$ 3,995,542
Less: Current Portion	3,986,729	3,962,130
Long-Term Portion	$ 28,603	$ 33,412

Following are maturities of long-term debt at December 31, 2015:

Fiscal Year Ending December 31,	**Amount**
2017	$ 8,280
2018	8,280
2019	8,280
2020	8,572
Total	$ 33,412

Note 7. Equity

The Company is authorized to issue 250,000,000 shares of common stock at a par value of $.001 per share. The number of shares issued and outstanding are 165,548,766 and 165,548,766 as of March 31, 2016 and December 31, 2015, respectively.

The Company is authorized to issue 10,000,000 shares of preferred stock. As of March 31, 2016 and December 31, 2015, there were no shares issued and outstanding. In 2014, the company purchased 3,617,075 shares of common stock now in Treasury.

Note 8. Earnings per Share

Earnings (loss) per share are calculated in accordance with ASC 260 "Earnings per Share". The weighted average number of common shares outstanding during each period is used to compute basic earnings (loss) per share. Diluted earnings per share are computed using the weighted average number of shares and potentially dilutive common shares outstanding. Dilutive potential common shares are additional common shares assumed to be exercised. Potentially dilutive common shares consist of stock options and are excluded from the diluted earnings per share computation in periods where the Company has incurred a net loss, as their effect would be considered anti-dilutive.

There were no potentially dilutive common stock equivalents as of March 31, 2016, therefore basic earnings per share equals diluted earnings per share for the three months ended March 31, 2016. As the Company incurred a net loss during the three months ended March 31, 2016, the basic and diluted loss per common share is the same amount, as any common stock equivalents would be considered anti-dilutive.

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

Note 8. Earnings per Share (Continued)

As the Company incurred a net income during the year ended December 31, 2015, the basic and diluted loss per common share is the same amount, as any common stock equivalents would be considered anti-dilutive.

The weighted average common shares outstanding were 168,332,363 for the three months ended March 31, 2016 and the year ended December 31, 2015.

Note 9. Commitments

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

Note 10. Litigation and Contingent Liabilities

The Company is currently not involved in litigation that would result the recording of any contingent liabilities.

Note 11. Major Customers

For the three months ended March 31, 2016, the Company had two customers which generated revenues in excess of 10% of the Company's total revenues.

Note 12. Estimated Fair Value of Financial Instruments

The following disclosure is made in accordance with the requirements of FASB ASC 825, *Financial Instruments*. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. In cases where quoted market prices are not available, fair values have been estimated using the present value of future cash flows or other valuation techniques.

The result of these techniques are highly sensitive to the assumptions used, such as those concerning appropriate discount rates and estimates of future cash flows, which require considerable judgment. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current settlement of the underlying financial instruments. ASC 825 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. These disclosures should not be interpreted as representing an aggregate measure of the underlying value of the Company.

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 March 31, 2015 or December 31, 2014, 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 March 31, 2015 and December 31, 2014, should not necessarily be considered to apply at subsequent dates.

	March 31, 2016		December 31, 2015	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Investments	$ 47,266	$ 47,266	$ 38,981	$ 38,981
	$ 47,266	$ 47,266	$ 38,981	$ 38,981

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

Investments: The carrying amount reported in the balance sheet approximates fair value.

Note 13. 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 effects 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 March 31, 2016. 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 Energy & Technology, Corp. 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

Although we have been impacted by the downturn in the national and global economies, we are now implementing an aggressive marketing and sales effort. We have hired a new sales team who are aggressively pursuing the market and have successfully recruited new clients and rejuvenated existing clients. Currently, we are focused on sales, marketing, and promotional activities for the Company. Management believes revenue can be increased by expanding the Company's sales force and organizing a marketing department in order to increase our market share.

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

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

Revenue Recognition. Revenue for inspection services and manufacturing an threading services are 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 March 31, 2016, 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, 2015 to March 31, 2016

At March 31, 2016, total assets amounted to $4,428,407 compared to $4,632,403 at December 31, 2015, a decrease of $203,996, or 4.40%. The decrease is primarily due to a decrease in cash of $22,009, a decrease in other current assets of $160,975 and a decrease in property and equipment of $88,457, partially offset by an increase in accounts receivable of $43,989 and an increase in prepaid expenses of $24,640.

Our liabilities at March 31, 2016, totaled $6,996,741 compared to $6,985,126 at December 31, 2015, an increase of $11,615, or 0.17%. The increase is primarily due to an increase in due to affiliates of $3,705 an increase in accrued liabilities of $20,398, an increase in accrued rent of $37,500, and an increase in notes payable of $19,790, partially offset by an increase in accounts payable of $69,778.

Total stockholder's equity decreased from $2,352,723 at December 31, 2015, to $2,568,334 at March 31, 2016. This decrease was due to our net loss for the three months ended March 31, 2016.

Cash and Cash Equivalents

Cash and Cash Equivalents totaled $16,972 at March 31, 2016, a decrease of $22,009 from the balance of $38,981 at December 31, 2015. The decrease in cash and cash equivalents was primarily due to amounts used to reduce debt, partially offset by the cash generated from operating activities for the three months ended March 31, 2016.

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.

Property and Equipment

The decrease in property and equipment is primarily due to depreciation for the three months ended March 31, 2016 of $97,905.

Accounts Payable

Accounts payable at March 31, 2016 totaled $527,688 compared to $597,466 at December 31, 2015, a decrease of $69,778. The decrease is primarily due to payments on trade accounts payable

Discussion of Results of Operations for the Three Months Ended March 31, 2016 compared to the Three Months Ended March 31, 2015

Revenues

Our revenue for the three months ended March 31, 2016, was $419,688, compared to $479,548, for the three months ended March 31, 2015, a decrease of $59,860, or 12.48%. The decrease is attributable primarily to a decrease in manufacturing income.

The following table presents the composition of revenue for the three months ended March 31, 2016 and 2015:

	2016		2015		Variance
Revenue:	**Dollars**	**Percentage**	**Dollars**	**Percentage**	**Dollars**
Exploration Technologies	$ 203,937	48.6%	$ 228,337	47.6%	$ (24,400)
Drilling, OCTG, & Equipment Sales	$ -	0.0%	$ -	0.0%	$ -
Warehouse & Storage Fees	$ 81,322	19.4%	$ 73,410	15.3%	$ 7,912
Rebillable Income	$ 42,564	10.1%	$ 39,174	8.2%	$ 3,390
Manufacturing	$ 91,865	21.9%	$ 138,627	28.9%	$ (46,762)
Total Revenue	$ 419,688	100.0%	$ 479,548	100.0%	$ (59,860)

Cost of Revenue and Gross Profit

Our cost of revenue for the three months ended March 31, 2016, was $354,304, or 84.4% of revenues, compared to $624,925, or 130.3% of revenues, for the three months ended March 31, 2015. The overall decrease in our cost of revenue is primarily due to a decrease in Depreciation.

The following table presents the composition of cost of revenue for the three months ended March 31, 2015 and 2014:

	2016		2015		Variance
Cost of Revenue:	**Dollars**	**Percentage**	**Dollars**	**Percentage**	**Dollars**
Materials and Supplies	13,201	3.7%	14,901	2.4%	$ (1,700)
Contractor	73,103	20.6%	120,838	19.3%	$ (47,735)
Depreciation and Amortization	69,980	19.8%	132,905	21.3%	$ (62,925)
Employees and Related Costs	89,566	25.3%	150,402	24.1%	$ (60,836)
Repairs and Maintenance	2,182	0.6%	31,308	5.0%	$ (29,126)
Insurance	20,753	5.9%	38,000	6.1%	$ (17,247)
Other Costs	85,519	24.1%	136,571	21.9%	$ (51,052)
Total Cost of Revenues	$ 354,304	100.0%	$ 624,925	100.0%	$ (270,621)

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 March 31, 2016, our operating expenses totaled $276,505 as compared to $342,703 in 2015, representing a decrease of $66,198, or 19.32%. The largest components of our operating expense for 2016 consist of salaries and Taxes, Fees, and Other. Salaries and wages for general and administrative personnel was $90,730 for the three months ended March 31, 2016, compared to $152,833 the three months ended March 31, 2015, a decrease of $62,103, or 40.64%.

Taxes, fees, and other expense increased from $34,772 for the three months ended March 31, 2015, to $59,835 for the three months ended March 31, 2016, an increase of $25,063, or 72.08%. The increase is primarily a result of increased dues and subscriptions.

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 $4,493 for the three months ended March 31, 2016, compared to other income, net, of $826, for the three months ended March 31, 2015, a decrease of $5,319 or 643.95%. Investment expense, which consists of interest, dividends, realized gains and losses, and unrealized gains and losses, amounted to income of $429 for the three months ended March 31, 2016, compared to income of $3,012 for the three months ended March 31, 2015.

Interest expense totaled $4,064 for the three months ended March 31, 2016, as compared to $4,291 for the three months ended March 31, 2015, a decrease of $227, or 5.29%. Interest expense pertains primarily to amounts due to affiliates as well as to our notes payable with third parties.

Capital Resources and Liquidity
As of March 31, 2016, we had $16,972 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 for sales that have been made. 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.

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 4. 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 first fiscal quarter 2014 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 March 31, 2016.

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 2016 as we implement our Sarbanes Oxley Act testing.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of our business, we are, from time to time, subject to various legal proceedings, including matters involving employees, customers, and suppliers. We may enter into discussions regarding settlement of claims or lawsuits, and may enter into settlement agreements, if we believe settlement is in the best interest of our stockholders. We do not believe that any existing legal proceedings or settlements, individually or in the aggregate, will have a material effect on our financial condition, results of operations, or liquidity.

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

None.

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: May 16, 2016

By: */s/ George M. Sfeir*
George M. Sfeir
Chief Executive Officer,