American Electric Technologies Inc
Form 10-Q
November 09, 2009
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

x **QUARTERLY REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED September 30, 2009

¨ **TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR**

THE TRANSITION PERIOD FROM _____ TO _____

Commission File No. 000-24575

AMERICAN ELECTRIC TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Florida	**59-3410234**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**

6410 Long Drive, Houston, TX 77087

(Address of principal executive offices)

(713) 644-8182

(Registrant s telephone number)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (S. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨	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 ¨ No x

As of November 9, 2009, the registrant had 7,700,875 shares of its Common Stock outstanding.

Table of Contents

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

FORM 10-Q Index

For the Quarterly Period Ended September 30, 2009

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

Unaudited

	September 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 1,000,637	$ 148,598
Accounts receivable-trade, net of allowance of $502,598 and $535,433, respectively	11,761,959	16,290,406
Accounts receivable-other	306,174	343,644
Income taxes receivable	242,922	59,754
Inventories, net	4,115,902	4,387,672
Costs and estimated earnings in excess of billings on uncompleted contracts	3,203,815	3,481,270
Prepaid expenses and other current assets	192,472	289,073
Due from employees	42,790	49,437
Deferred income taxes	724,923	724,923
Total current assets	21,591,594	25,774,777
Property, plant and equipment, net	5,392,750	5,604,108
Other assets, net	151,382	155,340
Advances to and investments in joint ventures	5,582,522	5,984,236
Deferred tax asset	935,229	1,179,051
Total assets	$ 33,653,477	$ 38,697,512
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 3,856,257	$ 6,077,050
Accrued payroll and benefits	1,141,862	1,546,726
Other accrued expenses	415,576	368,134
Billings in excess of costs and estimated earnings on uncompleted contracts	791,432	2,887,561
Short-term notes payable	126,588	126,588
Total current liabilities	6,331,715	11,006,059
Notes payable	3,419,379	4,521,502
Deferred compensation	289,133	241,482
Total liabilities	10,040,227	15,769,043
Commitments and contingencies		
Stockholders equity:		
	7,695	7,665

Common stock; $0.001 par value, 50,000,000 shares authorized, 7,695,494 and 7,665,635 shares issued and outstanding September 30, 2009 and December 31, 2008, respectively				
Additional paid-in capital		7,550,554		7,316,593
Accumulated other comprehensive income		127,857		207,991
Retained earnings		15,927,144		15,396,220
Total stockholders equity		23,613,250		22,928,469
Total liabilities and stockholders equity	$	33,653,477	$	38,697,512

See the accompanying notes to the condensed unaudited consolidated financial statements.

Table of Contents

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

Unaudited

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008
Net sales	$ 40,119,319	$ 48,377,640	$ 11,966,986	$ 14,827,591
Cost of sales	35,352,726	42,441,583	10,142,185	13,362,901
Gross profit	4,766,593	5,936,057	1,824,801	1,464,690
Operating expenses:				
General and administrative	3,488,022	4,351,063	1,050,509	1,352,388
Selling	1,631,086	1,763,520	529,836	568,697
Total operating expenses	5,119,108	6,114,583	1,580,345	1,921,085
Income (loss) from operations	(352,515)	(178,526)	244,456	(456,395)
Other income (expense):				
Equity in income of joint ventures	1,378,206	1,503,651	70,515	494,654
Interest expense	(104,536)	(218,397)	(36,217)	(70,234)
Other, net	(100,257)	55,016	(16,269)	52,814
Total other income	1,173,413	1,340,270	18,029	477,234
Income before income tax expense	820,898	1,161,744	262,485	20,839
Income tax expense	289,974	429,863	92,194	7,710
Net income	$ 530,924	$ 731,881	$ 170,291	$ 13,129
Net income per common share:				
Basic	$ 0.07	$ 0.10	$ 0.02	$ 0.00
Diluted	$ 0.07	$ 0.10	$ 0.02	$ 0.00
Weighted-average shares:				
Basic	7,686,261	7,658,916	7,695,290	7,660,265
Diluted	7,817,911	7,667,500	7,850,610	7,668,849

See the accompanying notes to the condensed unaudited consolidated financial statements.

Table of Contents

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

Unaudited

	For the Nine Months Ended September 30, 2009	2008
Cash flows from operating activities:		
Net income	$ 530,924	$ 731,881
Adjustments to reconcile net income to net cash provided by operating activities, net of assets and liabilities acquired:		
Provisions for bad debt	(32,835)	25,670
Depreciation and amortization	767,740	863,612
Gain on sale of property and equipment	(9,144)	(5,675)
Allowance for obsolete inventory	11,969	33,276
Deferred compensation	119,319	
Stock option grants		18,731
Equity income from joint venture	(1,378,206)	(1,503,651)
Deferred federal income tax expense	289,826	72,452
Change in operating assets and liabilities:	(28,930)	
Accounts receivable (including other)	4,605,399	832,930
Income taxes receivable/payable	260,896	449,061
Inventories	259,801	(178,381)
Costs and estimated earnings in excess of billings on uncompleted contracts	277,455	(287,861)
Prepaid expenses and other assets	96,601	211,134
Accounts payable and accrued liabilities	(2,508,439)	145,016
Billings in excess of costs and estimated earnings on uncompleted contracts	(2,096,129)	(834,531)
Net cash provided by (used in) operating activities	905,351	573,664
Cash flows from investing activities:		
Purchases of property, plant and equipment	(552,424)	(533,216)
Proceeds from disposal of property, plant and equipment	9,144	7,570
Dividends received from joint ventures	1,557,184	1,193,781
Net cash provided by (used in) investing activities	1,013,904	668,135
Cash flows from financing activities:		
Proceeds from sale of common stock	34,907	10,396
Capital lease obligation payment	(102,123)	(46,200)
Advances from (repayments to) revolving credit facility	(1,000,000)	(1,000,000)
Net cash used in financing activities	(1,067,216)	(1,035,804)
Net increase in cash and cash equivalents	852,039	205,995
Cash and cash equivalents, beginning of period	148,598	593,494
Cash and cash equivalents, end of period	$ 1,000,637	$ 799,489

Supplemental disclosures of cash flow information:				
Interest paid	$	104,536	$	218,397
Income taxes paid	$	190,240	$	30,000
Supplemental disclosures of non-cash activities:				
Assets acquired with direct financing lease	$		$	724,520
Reclassification of deferred compensation to paid-in-capital	$	115,766	$	

See the accompanying notes to the condensed unaudited consolidated financial statements

Table of Contents

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Condensed Unaudited Consolidated Financial Statements

September 30, 2009

1. Basis of Presentation

The accompanying condensed unaudited consolidated financial statements of American Electric Technologies, Inc. and Subsidiaries (AETI , the Company , our , we , us) as of September 30, 2009 and for the nine months and three months then ended have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and include all adjustments which, in the opinion of management, are necessary for a fair presentation of financial position as of September 30, 2009 and results of operations for the nine months and three months ending September 30, 2009 and 2008. All adjustments are of a normal recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for a full year. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The statements should be read in conjunction with the Company s financial statements filed on our Annual Report on Form 10-K for the year ended December 31, 2008 which was filed on March 27, 2009.

The accompanying interim consolidated financial statements include the accounts of American Electric Technologies, Inc. and its Subsidiaries. We have eliminated all significant inter-company balances and transactions in consolidation.

Effective January 1, 2008 the Company formed a new wholly owned subsidiary, American Access Technologies, Inc. (American Access or AAT), through which the AAT segment s business is conducted.

2. Merger

American Electric Technologies, Inc. is the surviving financial reporting entity from a reverse acquisition of an 80% interest in American Access Technologies, Inc. by the shareholders of M&I Electric Industries, Inc. (M&I) on May 15, 2007. Immediately upon the completion of the reverse acquisition, American Access Technologies, Inc. changed its name to American Electric Technologies, Inc.

3. Net Income per Common Share

Basic earnings per common share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding, plus the incremental shares that would have been outstanding upon the assumed exercise of all potentially dilutive stock options and other stock units subject to anti-dilution limitations.

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Condensed Unaudited Consolidated Financial Statements (continued)

September 30, 2009

Basic net income per common share has been computed based upon the weighted average number of shares of common stock outstanding for the nine months and three months ended September 30, 2009 and 2008.

4. Stock-Based Compensation

On February 7, 2009, the Board of Directors approved the grant of 145,000 restricted stock units to members of management and key employees. The valuation date of these grants was February 27, 2009 when the stock had a value of $1.66. The grants will vest 25% on each of the next four anniversary dates. As the grants are subject to the substantial achievement of 2009 budgeted performance and other individual metrics, the ultimate number of restricted stock units which will vest cannot be determined at this time.

The annual pretax cost for these grants will approximate $60,000 for each of the next four years based on the assumption that 2009 performance measurements are achieved.

The Company instituted an Employee Stock Purchase Plan in April, 2008 that is non compensatory under accounting guidelines. During the nine months ended September 30, 2009, 15,787 shares were issued under this plan. Paid-in capital increased during the period by $233,961 primarily due to the Company s stock based compensation program grants in 2009 and 2008.

5. Recent Accounting Pronouncements

In June 2009, the FASB issued new accounting guidance, effective for financial statements issued for interim and annual periods ending after September 15, 2009, which identifies the FASB Accounting Standards Codification (Codification) as the authoritative source of accounting standards generally accepted in the United States (GAAP). Rules and interpretative releases of the SEC under federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification is not intended to change GAAP. The adoption of this new accounting guidance had no impact on the Company s financial position or results of operations.

In June 2009, the FASB issued new accounting guidance which amends the evaluation criteria to identify the primary beneficiary of a variable interest entity (VIE) and requires ongoing reassessment of whether an enterprise is the primary beneficiary of the VIE. The new guidance significantly changes the consolidation rules for VIEs, including the consolidation of common structures, such as joint ventures, equity method investments and collaboration arrangements. The guidance is effective for interim and annual reporting periods ending after November 15, 2009. The Company is currently in the process of determining the impact, if any, this accounting guidance will have on its financial statements.

In May 2009, the FASB issued new accounting and disclosure guidance for recognized and non-recognized subsequent events that occur after the balance sheet date but before the financial statements are issued. The new guidance also requires disclosures of the date through which an entity has evaluated subsequent events and the basis for that date. This guidance was effective for interim and annual reporting periods ending after June 15, 2009, which was June 30, 2009 for the Company. The Company has evaluated subsequent events in accordance with the accounting guidance through the filing of this Quarterly Report on Form 10-Q on November 9, 2009.

Table of Contents

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Condensed Unaudited Consolidated Financial Statements (continued)

September 30, 2009

6. Segment Information

Management has organized the Company around products and services and has three reportable segments: Technical Products and Services (TP&S), Electrical and Instrumentation Construction (E&I) and American Access Technologies (AAT). TP&S develops, manufactures, provides and markets switchgear and variable speed drives. The service component of this segment includes retrofitting equipment upgrades, startups, testing and troubleshooting electrical substations, switchgear, drives and control systems. Additionally, joint venture equity income is included in TP&S income before income taxes because their operations are exclusively involved in TP&S activities. The E&I segment installs electrical equipment for the energy, water, industrial, marine, data center and commercial markets. The AAT segment manufacturers and markets zone cabling products and manufactures formed metal products of varying designs.

Following are selected financial details regarding the Company s reportable segments:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2009	2008	2009	2008
Revenue				
Technical Products and Services	$ 23,103,374	$ 24,843,482	$ 5,295,988	$ 7,821,536
Electrical and Instrumentation Const.	11,968,293	17,402,649	4,938,990	4,945,321
American Access Technologies	5,047,652	6,131,509	1,732,008	2,060,734
Total	$ 40,119,319	$ 48,377,640	$ 11,966,986	$ 14,827,591
Gross Profit				
Technical Products and Services	$ 4,530,424	$ 3,387,572	$ 766,491	$ 912,149
Electrical and Instrumentation Const.	(410,670)	1,128,804	873,808	127,244
American Access Technologies	646,839	1,419,681	184,502	425,297
Total	$ 4,766,593	$ 5,936,057	$ 1,824,801	$ 1,464,690
Income (loss) before Income taxes:				
Technical Products and Services	$ 3,801,103	$ 2,453,749	$ 330,939	$ 657,601
Electrical and Instrumentation Const.	(1,406,434)	(320,593)	464,091	(261,291)
American Access Technologies	(554,992)	204,041	(230,205)	39,471
Corporate and Other Unallocated	(1,018,779)	(1,175,453)	(302,340)	(414,942)
Total	$ 820,898	$ 1,161,744	$ 262,485	$ 20,839

The Company s management does not separately review and analyze its assets on a segment basis for TP&S and E&I and all assets for the segments are recorded within the corporate segment s records. Depreciation expense is apportioned to the segments based on management s best estimate. Corporate unallocated expenses include compensation costs and other expenses that cannot be meaningfully associated with the individual segments, i.e. except for equity in joint venture income attributable to TP&S, all other costs, expenses and other income have been allocated to the segments based on sales, which management believes is the best available basis to apportion these elements of income and expense to the segments.

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Condensed Unaudited Consolidated Financial Statements (continued)

September 30, 2009

Historically, 20% to 25% of TP&S sales have been sold into international markets. These sales are made in US dollars and are generally settled prior to shipment or are collateralized by irrevocable letters of credit; all E&I sales are made in the United States although some services are performed internationally; and all of AAT s sales are made in the United States.

7. Advances to and Investment in Joint Ventures

Assets held by the Company outside of the United States consist of two joint ventures:

- a 49% interest in M&I Electric Far East, Ltd. (MIEFE), a joint venture with Oakwell Engineering, Ltd., in Singapore, and;
- BOMAY Electric Industries Company, Ltd. (BOMAY), in which M&I holds a 40% interest with Baoji Oilfield Machinery Co., Ltd. (a subsidiary of China National Petroleum Corporation), holds 51%, and AA Energies, Inc., holds 9%;

The functional currencies of MIEFE and BOMAY are the Singapore dollar and the Chinese Yuan, respectively.

Equity in income of joint ventures includes $1,095,188 and $1,476,425 for the nine months ending September 30, 2009 and 2008, respectively, from BOMAY. Net income from MIEFE resulted in $283,018 and $27,226 in equity income for the nine months ending September 30, 2009 and 2008, respectively.

The Company reported Comprehensive Income (Loss) of $(80,134) and $158,946 for the nine months ending September 30, 2009 and 2008, respectively arising from the translation of the aforementioned investee company balance sheets presented in their functional currencies.

AETI received a dividend from BOMAY of approximately $1.39 million (net of tax withheld) during the second quarter of 2009. During the third quarter of 2009 the Company received a dividend from MIEFE of approximately $169,000.

8. Costs, Estimated Earnings, and Related Billings on Uncompleted Contracts

The Company reports earnings from firm-price and modified firm price long-term contracts on the percentage-of-completion method. Earnings are recorded based on the ratio of costs incurred to total estimated costs except that the Company has determined that labor incurred provides an improved measure of percentage of completion for its TP&S segment projects. Costs include direct material, direct labor, and job related overhead. Losses expected to be incurred on contracts are charged to operations in the period such losses are determined. A contract is considered complete when all costs except insignificant items have been incurred and the customer has accepted the product or project. Revenue from non-time and material jobs that will be completed within approximately one month is recognized on the completed-contract method. This method is used because these contracts are typically completed in a short period and the financial position and results of operations do not vary materially from those that would result from use of the percentage-of-completion method.

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Condensed Unaudited Consolidated Financial Statements (continued)

September 30, 2009

The TP&S segment records revenue from its field and technical service and repair operations on a completed service basis after customer acknowledgement that the service has been completed and accepted. Approximately 10 % of the Company s consolidated revenue is recorded on this basis. In addition, the TP&S segment sells certain purchased parts and products. This revenue is recorded when the product is shipped and title passes to the customer. Less than 2% of the Company s consolidated revenue is recorded on this basis. The Company s AAT segment recognizes revenue when ownership of the manufactured product passes to their customer which generally occurs upon product shipment.

The asset, Work-in-process, which is included in inventories, represents the cost of labor, material, and overhead on jobs for which no revenue has been recognized. For contracts accounted for under the percentage-of-completion method, the asset, Costs and estimated earnings in excess of billing on uncompleted contracts, represents revenue recognized in excess of amounts billed and the liability, Billings in excess of costs and estimated earnings on uncompleted contracts, represents billings in excess of revenue recognized.

Contract revenue recognition inherently involves estimation, including the contemplated level of effort to accomplish the tasks under the contract, the cost of the effort, and an ongoing assessment of progress toward completing the contract. From time to time, as part of the normal management processes, facts develop that require revisions to estimated total costs or revenue. The cumulative impact of any revisions to estimates and the full impact of anticipated losses on contracts are recognized in the period in which they become known. Projected losses on all other contracts are recognized as the services and materials are provided.

9. Revolving Credit Agreement

Effective June 30, 2009, the Company amended its revolving credit agreement with JP Morgan Chase Bank, N.A. Under the amended agreement, the bank provides us with a revolving credit line not to exceed the lesser of $10,000,000 or the sum of 80% of eligible accounts receivable plus 40% of the aggregate amount of eligible inventory, whichever is less. As of September 30, 2009, $3,000,000 was borrowed under this line of credit. A commitment fee of 0.30% is payable on the unused portion of the credit line.

Borrowings under the agreement bear interest at the 30 day LIBOR rate (0.25% at September 30, 2009) plus 2.25% per year. The agreement is collateralized by trade accounts receivable, inventories, and work-in-process. Our M&I and AAT subsidiaries are guarantors of the loan. Loans under the agreement must be repaid no later than July 1, 2011.

The terms of the agreement contain covenants which provide for customary restrictions and limitations, the maintenance of certain financial ratios and a restriction from paying dividends without prior written consent of the bank. At September 30, 2009, we were in compliance with all covenants.

10. Taxes on Income

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Condensed Unaudited Consolidated Financial Statements (continued)

September 30, 2009

bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to be reported to the taxing authorities. Deferred tax assets are evaluated annually and a valuation allowance is provided if it is more likely than not that, the deferred tax assets will not give rise to future benefits in the Company s tax returns. The change that arose in the Company s deferred tax assets and liabilities in the current quarter was due to the receipt of a foreign dividend, net of equity income.

The effective tax rate was 35% and 37% for the nine months September 30, 2009 and 2008, respectively, reflecting the Federal statutory rate of 34% and the effect of state and foreign income taxes.

We are subject to income tax in jurisdictions outside the United States, none of which are individually material to our financial position, cash flows, or results of operations.

11. Finance Lease Arrangement

In March, 2008, AAT entered into a capital lease in order to finance shop equipment and related training expenses. The lease term commenced when the equipment was installed and operational in June, 2008. The lease obligation and capitalized amount at inception were $724,520, the lease term is 60 months and the monthly payments are approximately $14,000 per month. Depreciation expense related to the capitalized lease approximates $75,000 per year and $56,202 is included in the 2009 results to date.

12. Inventories

Inventories consisted of the following at September 30, 2009 and December 31, 2008:

	September 30, 2009	December 31, 2008
Raw materials	$ 1,217,987	$ 1,143,816
Work-in-process	2,655,906	3,020,633
Finished goods	783,412	770,733
Allowance	(541,403)	(547,510)
Total inventories	$ 4,115,902	$ 4,387,672

13. Commitments and Contingencies

The Company is party to a number of lawsuits in the normal course of business that upon resolution are not expected to have a material impact on its financial position. During the latter part of 2008, the Company performed electrical system repair and refurbishment work at a chemical plant as a result of damage caused by Hurricane Ike. As of June 30, 2009, $1.3 million was owed by the customer, not including reserves. When collection efforts were not successful, in early 2009, the Company filed a mechanic s lien and a lawsuit to collect the amount owing. Recently, the customer filed a counterclaim in an amount in excess of the account receivable on allegations of defective workmanship and consequential damages. In October, 2009, the Company and its customer reached a settlement by which both parties will drop their claims, the Company will remove its lien on the customer s property and the Company will receive a cash payment that will approximate the net carrying value of its account receivable.

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Condensed Unaudited Consolidated Financial Statements (continued)

September 30, 2009

The Company has substantially completed its remaining new school construction project. It incurred a loss on this project (before income taxes) of $1.5 million in the nine months ended September 30, 2009. In connection with the completion of this project, a significant subcontractor was terminated prior to the completion of their work. The losses on this contract primarily arose from redoing work performed by this subcontractor as well the costs to complete its work subsequent to termination. The Company expects to make claims against the subcontractor, contractor and owner of this project but no recognition of any recovery has been included in the financial statements. The contractor has made claims against the Company in the amount of approximately $500,000 for which no loss provision has been made because no additional loss is ultimately expected to be realized arising from these claims.

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

The following discussion should be read in conjunction with the financial statements and notes thereto included elsewhere in this Form 10-Q and the financial statements in the 2008 Annual Report on Form 10-K filed on March 27, 2009. Historical results and percentage relationships set forth in the statement of operations, including trends that might appear, are not necessarily indicative of future operations.

FORWARD-LOOKING STATEMENTS

Except for historical and factual information, this document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, such as predictions of future financial performance. All forward-looking statements are based on assumptions made by us based on our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances.

These statements, including statements regarding our capital needs, business strategy, expectations and intentions, are subject to numerous risks and uncertainties, many of which are beyond our control, including our ability to maintain key products sales or effectively react to other risks including those discussed in Part I, Item 1A, Risk Factors, of our 2008 Annual Report on Form 10-K filed on March 27, 2009. We urge you to consider that statements that use the terms believe, do not believe, anticipate, expect, plan, estimate, intend and similar expressions are to identify forward-looking statements. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Table of Contents

BUSINESS

American Electric Technologies, Inc. is comprised of three segments: Technical Products and Services (TP&S), Electrical and Instrumentation Construction (E&I) and American Access Technologies (AAT). The TP&S segment designs, manufactures, markets and provides products designed to distribute the flow of electricity and protect electrical equipment such as motors, transformers and cables, and also provides variable speed drives to both AC (alternating current) and DC (direct current) motors. Products offered by this segment include low and medium voltage switchgear, generator control and distribution switchgear, motor control centers, powerhouses, bus duct, variable frequency AC drives, variable speed DC drives, program logic control (PLC) based automation systems, human machine interface (HMI) and specialty panels. The products are built for application voltages from 480 volts to 38,000 volts and are used in a wide variety of industries. Services provided by TP&S include electrical equipment retrofits, upgrades, startups, testing and troubleshooting of substations, switchgear, drives and control systems.

The E&I segment provides a full range of electrical and instrumentation construction and installation services to both land and marine based markets of the oil and gas industry, the water and wastewater facilities industry and other commercial and industrial markets. The E&I segment provides services on both a fixed-price and a time-and-materials basis. The segment s services include electrical and instrumentation turnarounds, maintenance, renovation and new construction. Applications include installation of switchgear, AC and DC motors, drives, motor controls, lighting systems, high voltage cable, and data centers. Marine based oil and gas services include complete electrical system rig-ups, modifications, start-ups and testing for vessels, drilling rigs, and production modules. These services can be manufactured and installed utilizing NEMA (National Electrical Manufacturers Association) and ANSI (American National Standards Institute) or IEC (International Electrotechnical Commission) equipment to meet ABS (American Bureau of Shipping), USCG (United States Coast Guard), Lloyd s Register, a provider of marine certification services, and DNV (a leading certification body/registrar for management systems certification services) standards.

The AAT segment manufactures and markets zone cabling enclosures and manufactures formed metals products. The zone cabling product line develops and manufactures patented zone cabling and wireless telecommunication enclosures. These enclosures mount in ceilings, walls, raised floors, and certain modular furniture to facilitate the routing of telecommunications network cabling, fiber optics and wireless solutions to the workspace environment. AAT also operates a precision sheet metal fabrication and assembly operation and provides services such as precision CNC (Computer Numerical Controlled) stamping, bending, assembling, painting, powder coating and silk screening to a diverse client base including, but not limited to, engineering, technology and electronics companies, primarily in the Southeast.

The Company has facilities and sales offices in Texas, Mississippi and Florida. We have minority interests in joint ventures which have facilities in Singapore, Xian, China and Jakarta, Indonesia.

The Company owns the Texas facilities, which are twelve acres with a 101,000 square foot building; the Florida facility, which is eight and one-half acres with two buildings totaling 67,500 square feet; and the Mississippi facility which is three acres with an 11,000 square foot building.

Table of Contents

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have adopted various accounting policies that govern the application of accounting principles generally accepted in the United States of America in the preparation of our financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Our significant accounting policies are more fully described in the financial statements filed in our 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2009. Certain accounting policies involve significant judgments and assumptions by us that have a material impact on the carrying value of certain assets and liabilities. Management believes the following critical accounting policies reflect its most significant estimates and assumptions used in the presentation of our financial statements. We do not have off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as special purpose entities (SPE s), nor do we have any variable interest entities (VIE s).

Inventory Valuation - Inventories are stated at the lower of cost or market, with material value determined using an average cost method. Inventory costs for finished goods and work-in-process include direct material, direct labor, production overhead and outside services. TP&S indirect overhead is apportioned to work in process based on direct cost incurred. AAT production overhead, including indirect labor, is allocated to finished goods and work-in-process based on material consumption which is an estimate that could be subject to change in the near term as additional information is obtained and as our operating environment changes.

Reserve for Obsolete and Slow-Moving Inventory - We regularly review the value of inventory on hand, using specific aging categories, and record a provision for obsolete and slow-moving inventory based on historical usage and estimated future usage. As actual future demand or market conditions may vary from those projected, adjustments to our inventory reserve may be required.

Allowance for Doubtful Accounts - The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The estimate is based on management s assessment of the collectability of specific customer accounts and includes consideration for credit worthiness and financial condition of those specific customers. We also will review historical experience with the customer, the general economic environment and the aging of our receivables. We record an allowance to reduce receivables to the amount that we reasonably believe to be collectible. Based on our historical collection experience, we currently feel our allowance for doubtful accounts is adequate.

Revenue Recognition - The Company recognizes earnings from both fixed price and modified fixed price contracts. Earnings on certain contracts are recognized on the percentage-of-completion method. The Company follows accounting guidance in the Codification for accounting policies relating to our use of the percentage-of-completion method, estimating costs and revenue recognition, including the recognition of profit incentives, combining and segmenting contracts, and unapproved change order/claim recognition. Due to the various estimates inherent in contract accounting, actual results could differ from those estimates. The Company recognizes revenue from product sales at the time the product is shipped and title passes to the customer. The Company

believes that recognizing revenue at time of shipment is appropriate because the Company s sales are to recognize revenue once each of the following four criteria have been met: (i) persuasive evidence that an arrangement exists, (ii) delivery has occurred, (iii) the seller s price to the buyer is fixed and determinable, and (iv) collectability is reasonably assured.

Foreign Currency Gains and Losses - Foreign currency translations are included as a separate component of comprehensive income. We have determined the local currency of our foreign joint ventures to be the functional currency. The assets and liabilities of our foreign equity investees, denominated in foreign currency, are translated into United States dollars at exchange rates in effect at the consolidated balance sheet date; revenue and expenses are translated at the average exchange rate for the period. Related translation adjustments are reported as comprehensive income (loss) which is a separate component of stockholders equity, whereas gains and losses resulting from foreign currency transactions are included in results of operations.

Federal Income Taxes - The asset and liability method is used in accounting for federal income taxes (see Note 10). Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The estimated value of deferred tax assets are reviewed annually and a valuation allowance is provided if it is more likely than not that the deferred tax assets will not give rise to future benefits in our tax returns.

Contingencies (See Note 13) - We record an estimated loss from a loss contingency when information indicates that it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Contingencies are often resolved over long time periods, are based on unique facts and circumstances, and are inherently uncertain. We regularly evaluate current information available to us to determine whether such accruals should be adjusted or other disclosures related to contingencies are required. We are a party to a number of legal proceedings in the normal course of our business for which we have made appropriate provisions where we believe an ultimate loss is probable. The ultimate resolution of these matters, individually or in the aggregate is not likely to have a material impact on the company s financial position.

Equity in Joint Venture Income - The Company accounts for its investments in the joint ventures using the equity method. Under the equity method, the Company records its pro-rata share of joint venture income or losses and adjusts the basis of its investment accordingly. Dividends received from the joint ventures, if any, are recorded as reductions to the investment balance.

Table of Contents

THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2009 AS COMPARED WITH THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2008

OVERALL RESULTS OF OPERATIONS

Consolidated comparison of the nine months ended September 30, 2009 and 2008 (in thousands of dollars).

Revenue and Gross Profit. Total consolidated net sales decreased $8,258.3 or 17.1%, to $40,119.3 for the nine months ended September 30, 2009 over the comparable period in 2008. The decrease occurred primarily in the E&I Construction segment (E&I) in the amount of $5,434.4. Sales for the American Access Technologies (AAT) and Technical Products and Services (TP&S) segments declined by $1,083.9 and $1,740.1, respectively. The decline in E&I was largely attributable to the departure from the new school construction market but there was weakness across all market segments. The decline in AAT was associated with weakness in the zone cabling and custom fabrication markets.

Consolidated cost of sales for the nine months ended September 30, 2009 was $35,352.7, a $7,088.9 decrease, or 16.7%, over the prior year period. The decrease in cost of sales is primarily due to overall decline in net sales over the prior year period. Cost of sales, as a percentage of revenue was 88.1%, an increase of 0.5%. Cost of sales percentages improved in the TP&S segment due to an increased proportion of variable speed alternating current drive products. The cost of sales percentage was higher in the AAT segment do to higher fixed and indirect costs as a percent of sales. The most significant reason for the higher overall cost of goods sold percentage resulted from unexpected costs in the E&I segment, incurred during the completion of the final school construction project that resulted in a negative gross profit of $1,501.7. An explanation of this loss is explained in Note 13 of the financial statements.

Consolidated gross profit during the nine month period ended September 30, 2009 decreased by $1,169.5 to $4,766.6 as compared to $5,936.1 in 2008. The decline is attributable to the gross profits associated with the decline in sales volumes. The gross margin percentage for the nine month period was 11.9% as compared to 12.3% for the comparable period in 2008. This decrease is primarily due to the E&I contract referenced above. The loss on this remaining contract negatively impacted the overall gross profit percentage by 3.7%. The Company has no remaining backlog in the new school construction market.

Selling, General and Administrative Expenses. Total consolidated selling, general and administrative expenses were $5,119.1 during the nine month period ended September 30, 2009, a decrease of $995.5 or 16.3% from the prior year period. The improvement is attributable to lower selling expenses ($132.4), primarily sales compensation at the E&I and TP&S segments, lower general and administrative salary and benefit costs ($434.2) due to cost reduction measures taken during the latter part of 2008, reduced provisions for stock and cash incentive plans ($117.0), lower corporate salaries and benefits ($137.6) and an overall reduction in general and administrative costs, none individually significant ($174.3).

Other Income and Expense. Consolidated net other income decreased by $166.9 from the prior year period reflecting the net decrease of $125.4 in equity income from joint ventures. The decrease in equity income occurred due to decreased earnings from BOMAY. Interest expense was lower by $113.9 on lower outstanding borrowings on the revolving credit facility and lower short term interest rates.

Provision for Income Taxes. Income tax expense declined by $139.9 as compared to the prior year due to the decrease in earnings before income taxes. The effective tax rate of 35.4% was slightly lower than the earlier year due to higher deemed foreign tax credits in the current period.

Table of Contents

Net Income. Net income for the nine months ended September 30, 2009 was $530.9, a decrease of $201.0 as compared to $731.9 for the prior year period. The decrease in net income is a reflection of lower income before income taxes and lower income tax expense during the third quarter of 2009. As elaborated on above, the lower income before income taxes is associated with reduced revenue ($8,258.3) and equity income ($125.4) that was partially offset by improved selling, general and administrative expenses of $995.5.

Consolidated comparison of the three months ended September 30, 2009 and 2008 (in thousands of dollars).

Revenue and Gross Profit. Total consolidated net sales decreased $2,860.6 or 19.3%, to $11,967.0 for the three months ended September 30, 2009 over the comparable period in 2008. The decline was occasioned by reduced sales level in the TP&S segment of $2,525.5. This reduction is due to a decline in demand for our traditional products occasioned by the recent volatility in the financial and commodity markets. AAT reported a decrease of 15.9% in revenue to $1,732.0 and E&I was essentially flat at $4,939.0.

Consolidated cost of sales for the three months ended September 30, 2009 was $10,142.2, a $3,220.7 decrease, or 24.1%, over the third quarter of 2008. The decrease in cost of sales is primarily due to the overall reduction in consolidated revenue. Cost of sales, as a percentage of net sales decreased from 90.1% to 84.8%. Cost of goods sold and the percentage of net sales improved primarily as a result of our departure from the new school construction business and the completion of the final new school construction project in the second quarter of this year.

Consolidated gross profit during the three-month period ended September 30, 2009 increased by $360.1. This increase is primarily attributable to the E&I segment ($746.6) and was partially offset by decreases in gross profit for TP&S ($145.7) and AAT ($240.8). Consolidated gross profit as a percent of net sales was 15.2% during the three-month period, compared to 9.9% in the prior year. Gross profit percentages in the E&I segment improved 15.1% due to substantial completion of the remaining new school construction project in the previous quarter and the segments focus on traditional industrial, commercial and energy markets. Gross profit percentages in the TP&S segment improved 2.8% due to favorable product mix and AAT experienced a 10.0% decline due to a higher proportion of fixed and indirect manufacturing costs because of the lower than expected sales volumes from a value added manufacturing customer.

Selling, General and Administrative Expenses. Total consolidated selling, general and administrative expenses were $1,580.3 during the three-month period ended September 30, 2009, a decrease of $340.7 from the prior year period. This improvement is principally attributable to reduced selling expenses ($38.9) as well as reduced management and support staff salaries and benefits ($95.6), reduced provisions for performance-based compensation ($47.6) and lower corporate salaries and benefits ($71.0). Most of the improved costs were associated with cost reduction measures implemented in the latter part of 2008 and early 2009.

Other Income and Expense. Consolidated other income and expense decreased by $459.2, primarily due to the decline of $424.1 in equity in joint venture income which was partially offset by reduced interest expense ($34.0).

Table of Contents

Provision for Income Taxes. The consolidated income tax expense was $84.5 higher than the prior year period due to improved earnings before income taxes and partially offset by a slight decrease in the effective tax rate to 35.4%. This rate change is due to a decrease in the estimated deemed foreign tax credits from equity income.

Net Income. Net income for the three months ended September 30, 2009 was $170.3 compared to $13.1 for the prior year period. The increase in net income is attributable to an improved gross profit margin and lower selling, general and administrative expenses, partially offset by increased income tax provision.

SEGMENT COMPARISON:

Technical Products and Services. The TP&S segment revenue decreased $2,525.5 from $7,821.5 for the third quarter of 2008 to $5,296.0 for the third quarter of 2009. The 32.3% decrease in revenue for this segment reflects a reduced demand for the company s products and services, given the current weakness in the domestic traditional energy markets.

Gross profits for the TP&S segment for the third quarter of 2009 were $766.5, a decrease of $145.7 over the prior year level of $912.1 due primarily to the revenue impact noted above and partially offset by a favorable product mix that contributed to a higher gross profit percentage. TP&S income before taxes for the third quarter of 2009 was $330.9, a decrease of $326.7 over 2008 s level of $657.6 due to the decreased gross profits and reduced joint venture income ($424.1), partially offset by reduced allocation of selling, general and administrative expenses ($243.1).

The backlog for the TP&S segment was approximately $8.3 million as of September 30, 2009, a decrease of approximately $6.2 million since the beginning of the fiscal year. Approximately 30% of this backlog should be realized as revenue during the remainder of the fiscal year. The reduction in backlog is attributable to the decline in the North American drilling market and the reduced global economic activity.

Electrical & Instrumentation Construction. The E&I segment reported sales of $4,939.0 in the third quarter of 2009, a decline of $6.3 or 0.1 %, over the third quarter of 2008.

Gross profit for the E&I segment during the third quarter of 2009 was $873.8, compared to $127.2 in the prior year. Gross profit as a percentage of sales improved from 2.6% for the third quarter of 2008 to 17.7% for the same period in 2009. This improvement coincides with the segment s focus on traditional industrial, commercial energy and data center markets. The E&I segment s income before taxes for the third quarter of 2009 was $464.1, compared to a loss of $261.3 in 2008. The improvement in income before taxes is attributable to the higher gross profit realized on traditional construction projects for the segment as compared to 2008, when the segment was engaged in several new school construction projects which yielded significantly lower margins.

The backlog for the E&I segment was approximately $9.9 million as of September 30, 2009, an increase $2.8 million over the previous year. Approximately 20% of this backlog should be realized in revenue for the remainder of the fiscal year. The increase in backlog is attributable to the recent contract signings in the wastewater market.

Table of Contents

American Access Technologies. The American Access segment sales declined $328.7 from the comparable prior year reporting period or 15.6%. Lower demand for the unit s zone cabling products and lower than expected value-add manufacturing revenues contributed to the decline. Gross profits and gross profit percentage declined by $240.8 and 10.0%, respectively. The deterioration in gross profit percentage was due primarily to a higher proportion of fixed and indirect manufacturing costs resulting from the reduced sales volumes. Income before income taxes declined $269.7 due to the decreased gross profits.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2009, AETI s cash and cash equivalents were $1,000.6 compared to $148.6 as of December 31, 2008. As of September 30, 2009, AETI had outstanding borrowings of $3,000.0 under its revolving credit facility, a $1,000.0 reduction from the balance as of December 31, 2008. Working capital was approximately $15,259.9 and $14,768.8 as of September 30, 2009 and December 31, 2008, respectively. As of September 30, 2009, AETI s current ratio and long-term debt to total capitalization ratios were 3.4 and 12.6%, respectively. The comparable ratios at December 31, 2008 were 2.3 and 16.5%.

AETI s long-term debt as of September 30, 2009 was $3,419.4 on which interest payments are current. This amount includes the long-term portion of a capitalized lease obligation described in the financial statement notes.

Operating Activities

During the nine months ended September 30, 2009, AETI generated cash flows from operations of $905.4 as compared to $573.6 for the same period in 2008. Operating cash flow from net income and depreciation was partially offset by the equity income from joint ventures in 2009. Reduced accounts receivable and inventories and increased income tax payable were partially offset by decreased accounts payable and accrued liabilities and increased net milestone billings. The 2008 period can be explained by the same factors except that increased accounts payable and accrued liabilities were a source and inventories were a use of operating cash flow in the period.

Investing Activities

During the nine months ending September 30, 2009, the Company generated $1,013.9 in cash from net investing activities compared to $668.1 in 2008. In 2009, capital expenditures have been $552.4 which is comprised of maintenance capital, enhancements to our enterprise resource planning software system and a renewable energy test unit. The Company received $1,557.2 in dividends from BOMAY and MIEFE.

In 2008 the Company invested $533.2 in capital expenditures and received $1,193.8 in dividends from its joint venture investments.

Financing Activities

The Company paid $102.1 in financing costs under a finance lease, received $34.9 in connection with stock purchases under its employee stock purchase plan and repaid $1,000.0 of its long-term debt.

Table of Contents

In 2008 the Company paid $46.2 in financing costs under a financing lease, received $10.4 in connection with stock purchases under its stock purchase plan and repaid $1,000.0 of its long-term debt.

The Company believes its existing cash, working capital and unused credit facility combined with operating earnings will be sufficient to meet its working capital needs for the next twelve months.

Near Term Strategy

There is a high degree of uncertainty regarding the company s revenue levels for the last quarter of the fiscal year and as a result, the primary management focus is on increasing our orders for that period and the following year. As previously reported, the company undertook a series of productivity improvement measures which reduced its breakeven levels and reflected itself in improved margins during the most recent fiscal quarter. Management will continue to monitor the company s sales levels and cost structure and take additional actions as appropriate to maintain AETI s strong financial position.

The Company has experienced a pronounced decline in its backlog as a result of reduced demand occasioned by the recent volatility in the financial, commodity and energy markets. Management cannot predict when demand for its traditional products and services will begin to increase so as a result we will continue to adjust base costs and conserve working capital. The Company believes these actions will sustain its strong financial position. In addition, we will maintain our recent product development activities in alternative energy, value added manufacturing and portable data centers in order to augment the revenue from our traditional markets. AAT s sales levels reflected a recent decline due to the zone cabling market decline as well as reduced demand from a significant value-added manufacturing customer. Accordingly, no increase in sales levels in the near term are forecast for this unit.

Effects of Inflation

AETI has experienced a high degree of volatility in many of its raw materials including copper, steel and aluminum during the last eighteen months. Most recently, these material costs are generally lower than in 2008 and there are no indications that inflationary pressures will be significant in the foreseeable future. We do not believe that this price volatility has had a significant impact on the company s operating margins primarily due to relatively short cycle times of the company s purchasing and project completions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rates

Our market risk sensitive items do not subject us to material risk exposures. Our revolving credit facility remains available through June 30, 2011, subject to optional prepayment in accordance with its terms. At September 30, 2009, the Company had $3,000,000 of variable-rate debt outstanding. At this borrowing level, a hypothetical 10 percent increase in interest rates would have had an insignificant unfavorable impact on the Company s pretax earnings and cash flows.

Table of Contents

The primary interest rate exposure on floating-rate debt is based on LIBOR (0.25% at September 30, 2009) plus 2.25% per year. The agreement is collateralized by trade accounts receivable, inventory and work-in-process.

Foreign Currency Transaction Risk

AETI maintains an investment in its Singapore joint venture, MIEFE. The functional currency of this joint venture is the Singapore dollar. The amount of its investment is translated into United States dollars at the exchange rate in effect at the end of each quarterly reporting period. The resulting translation adjustment is recorded as accumulated other comprehensive income in AETI s consolidated balance sheet.

The Company has an investment in its Chinese joint venture, BOMAY. The functional currency of this joint venture is the Chinese Yuan. BOMAY s financial statements are translated into United States dollars at the rate prevailing at the end of each quarterly reporting period and any resulting adjustment will be recorded as accumulated other comprehensive income in the Company s consolidated balance sheet.

Other than the aforementioned items, the Company does not believe it is exposed to foreign currency exchange risk because all of its sales and purchases are denominated in United States dollars.

Commodity Price Risk

The Company is subject to market risk from fluctuating market prices of certain raw materials. While such materials are typically available from numerous suppliers, commodity raw materials are subject to price fluctuations. We endeavor to recoup these price increases from our customers on an individual contract basis to avoid operating margin erosion. Although historically we have not entered into any contracts to hedge our commodity risk, we may do so in the future.

Commodity price changes can have a material impact on our prospective earnings and cash flows. Copper, steel and aluminum represent a significant element of our material cost. Significant increases in the prices of these materials can reduce our estimated operating margins if we are unable to recover such increases from customer revenues.

ITEM 4T. CONTROLS AND PROCEDURES

An evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures as of September 30, 2009. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of September 30, 2009.

No change in internal control over financial reporting occurred during the quarter ended September 30, 2009 that has materially affected, or is reasonably likely to materially affect internal control over financial reporting.

Table of Contents

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

(a) Index to Exhibits

Exhibit No.	Exhibit Description
31.1	Rule 13a-14(a) / 15d-14(a) Certification of Principal Executive Officer.
31.2	Rule 13a-14(a) / 15d-14(a) Certification of Principal Financial Officer.
32.1	Section 1350 Certifications of Principal Executive Officer and Principal Financial Officer.

Table of Contents

SIGNATURES

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

Date: November 9, 2009

AMERICAN ELECTRIC TECHNOLOGIES, INC.

By: /s/ CHARLES M. DAUBER
Charles M. Dauber
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ JOHN H. UNTEREKER
John H. Untereker
Senior Vice President, Chief Financial Officer and
Secretary (Principal Financial Officer)