American Electric Technologies Inc
Form 10-Q
August 11, 2008
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 JUNE 30, 2008

¨ **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

(Issuer 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 Exchange Act during the preceding 12 months (or for such shorter period that the Issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and 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 August 11, 2008, the registrant had 7,661,241 shares of its Common Stock outstanding.

Table of Contents

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

FORM 10-Q Index

For the Quarterly Period Ended June 30, 2008

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	(Unaudited) June 30, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 448,070	$ 593,494
Accounts receivable-trade, net of allowance of $615,681 and $558,660, respectively	16,367,408	15,830,379
Accounts receivable-other	104,226	29,145
Income taxes receivable	271,468	819,403
Inventories, net	3,750,281	3,023,087
Costs and estimated earnings in excess of billings on uncompleted contracts	4,243,975	3,139,065
Prepaid expenses and other current assets	375,303	401,815
Due from employees	54,807	61,104
Deferred income taxes	75,224	473,408
Total current assets	25,690,762	24,370,900
Property, plant and equipment, net	5,777,162	5,357,526
Other assets, net	169,069	170,375
Advances to and investments in joint ventures	5,366,122	4,265,738
Deferred tax asset	2,048,188	2,173,526
Total assets	$ 39,051,303	$ 36,338,065
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 6,517,727	$ 5,397,310
Accrued payroll and benefits	1,134,095	1,125,551
Other accrued expenses	417,309	586,879
Billings in excess of costs and estimated earnings on uncompleted contracts	2,753,644	2,582,375
Short-term notes payable	624,549	500,000
Total current liabilities	11,447,324	10,192,115
Notes payable	5,557,141	5,000,000
Total liabilities	17,004,465	15,192,115
Commitments and contingencies		
Stockholders equity:		
Common stock; $0.001 par value, 50,000,000 shares authorized, 7,661,241 shares issued and outstanding	7,661	7,661
Additional paid-in capital	7,305,020	7,294,910
Accumulated other comprehensive income	276,034	104,008
Retained earnings	14,458,123	13,739,371
Total stockholders equity	22,046,838	21,145,950

Total liabilities and stockholders equity	$ 39,051,303	$ 36,338,065

See the accompanying notes to the condensed consolidated financial statements.

Table of Contents

AMERICAN ELECTRIC TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

Unaudited

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007
Net sales	$ 33,550,049	$ 26,074,469	$ 16,572,273	$ 13,756,209
Cost of sales	29,078,682	22,877,878	14,330,735	11,948,024
Gross profit	4,471,367	3,196,591	2,241,538	1,808,185
Operating expenses:				
General and administrative	2,998,675	1,775,109	1,386,712	1,024,186
Selling	1,194,823	661,643	654,710	412,371
Total operating expenses	4,193,498	2,436,752	2,041,422	1,436,557
Income from operations	277,869	759,839	200,116	371,628
Other income (expense):				
Equity in income of joint ventures	1,008,997	500,000	681,143	500,000
Gain on sale of marketable securities		962,330		175,279
Interest expense	(148,163)	(26,986)	(64,881)	(15,513)
Other, net	2,202	8,780	3,568	274
Total other income (expense)	863,036	1,444,124	619,830	660,040
Income before income tax expense	1,140,905	2,203,963	819,946	1,031,668
Income tax expense	422,153	779,644	303,399	345,896
Net income	$ 718,752	$ 1,424,319	$ 516,547	$ 685,772
Net income per common share:				
Basic	$ 0.09	$ 0.22	$ 0.07	$ 0.10
Diluted	$ 0.09	$ 0.22	$ 0.07	$ 0.10
Weighted-average shares:				
Basic	7,658,241	6,458,817	7,658,241	6,837,942
Diluted	7,666,825	6,465,640	7,666,825	6,844,765

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

	Six Months Ended June 30, 2008	2007
Cash flows from operating activities:		
Net income	$ 718,752	$ 1,424,319
Adjustments to reconcile net income to net cash provided by (used in) operating activities, net of assets and liabilities acquired:		
Provisions for bad debt	38,717	(67,686)
Depreciation and amortization	545,302	363,331
Gain on sale of property and equipment	(5,675)	(1,538)
Gain on sale of marketable securities		(962,330)
Stock option grants	10,110	
Equity income from joint venture	(1,008,997)	(500,000)
Deferred federal income tax expense	425,317	
Change in operating assets and liabilities:		
Accounts receivable (including other)	(644,530)	(656,751)
Income taxes receivable/payable	547,935	(214,345)
Inventories	(727,194)	(671,809)
Costs and estimated earnings in excess of billings on uncompleted contracts	(1,104,910)	(1,040,174)
Prepaid expenses and other assets	24,950	115,138
Accounts payable and accrued liabilities	959,392	746,928
Billings in excess of costs and estimated earnings on uncompleted contracts	171,269	(1,208,127)
Net cash used in operating activities	(49,562)	(2,673,044)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(282,275)	(472,450)
Proceeds from disposal of property, plant and equipment	7,570	
Proceeds from sale of marketable securities		1,095,546
Advances to and investments in joint ventures		(1,033,000)
Dividends received from joint ventures	178,843	262,599
Transaction costs related to merger		(396,707)
Net cash used in investing activities	(95,862)	(544,012)
Cash flows from financing activities:		
Proceeds from exercise of stock options to purchase common stock		245,700
Advances from revolving credit facility		2,000,000
Net cash provided by investing activities		2,245,700
Net decrease in cash and cash equivalents	(145,424)	(971,356)
Cash and cash equivalents, beginning of period	593,494	2,735,998
Cash and cash equivalents, end of period	$ 448,070	$ 1,764,642
Supplemental disclosures of cash flow information:		

Interest paid	$	148,163	$	22,946
Income taxes paid	$	30,000	$	613,168
Supplemental disclosures of non-cash activities:				
Accrued merger costs	$		$	(320,311)
Fair value of common stock, options and warrants issued in the acquisition	$		$	6,851,000
Supplemental disclosures of non-cash activities:				
Assets acquired with direct financing lease	$	681,690	$	

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

June 30, 2008

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 June 30, 2008 and for the six 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 reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of financial position as of June 30, 2008 and results of operations for the six months and three months June 30, 2008 and 2007. 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, 2007 which was filed on March 31, 2008.

The accompanying interim consolidated financial statements include the accounts of American Electric Technologies, Inc. and its Subsidiaries as of June 30, 2008. 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 will be 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.

Because the stockholders of M&I were issued approximately 80% of the voting stock of the combined company in the merger, for accounting purposes, AAT was deemed to be the acquired entity in the merger, and the merger was accounted for as a reverse acquisition. Upon completion of the merger, all outstanding shares of M&I stock were exchanged for 6,079,692 shares (as adjusted for a 1-for-5 reverse stock split) of American Access common stock at par value of $0.001. All share and per share disclosures have been retroactively adjusted to reflect the exchange of shares in the merger, and the 1-for-5 reverse split of our common stock on May 15, 2007.

Table of Contents

The accompanying financial statements present the historical financial results of M&I. AETI is a Florida corporation and M&I, AETI s wholly owned subsidiary, a Texas corporation. M&I has a wholly owned subsidiary, South Coast Electric Systems, LLC (SC), a Delaware Limited Liability Company, and joint venture interests in Singapore and China.

Our financial statements reflect the historical results of M&I prior to the merger and that of the combined company following the merger, and do not include the historical results of AAT prior to the merger.

On December 1, 2006, American Access had 1,515,549 shares of common stock outstanding (as adjusted for the reverse stock split discussed above). The market price of American Access common stock based on the five-day average of the closing prices of American Access common stock around and including the announcement date of the proposed transaction (November 27, 2006 through December 1, 2006, inclusive) was $5.45 per share (as adjusted for the reverse stock split discussed above).

Upon completion of a thorough analysis, and in agreement with the opinions of its financial advisers, management determined that the market price of American Access common stock did not represent fair value of American Access as an entity. Based on the opinion of professional investment advisers, which noted that the shares issued in the merger were not registered under the Securities Exchange Act of 1933 and were restricted securities which could not be sold in the open market without the satisfaction of Rule 144 restrictions, management concluded that it would be appropriate to discount the market price by 18% to determine the fair value of such shares for calculating the purchase price of the merger. The purchase price is based on the fair value of the assets acquired and liabilities assumed as of the closing date of the merger and M&I s final transaction costs to complete the merger.

The total purchase price of the merger is as follows (in thousands):

Fair value of American Access outstanding common stock (net of 18% discount)	$ 6,773
Fair value of American Access stock options and warrants	78
Capitalized transaction costs of M&I	988
Total purchase price	$ 7,839

Consistent with the purchase method of accounting, the total purchase price is allocated to the acquired tangible and intangible assets and assumed liabilities of American Access based on their estimated fair values as of the merger closing date. The purchase price was $7,839, which approximated the fair market value of the assets acquired.

The primary factors M&I considered in its acquisition of American Access include the strategic value of an enhanced portfolio of products and services, access to a workforce with technical expertise and a favorable cost structure, access to an expanded management team and the opportunity to extend operations to a region outside the Gulf coast.

Table of Contents

The allocation of the purchase price as of May 15, 2007 for the acquired assets and liabilities of the proposed merger is as follows:

Assets acquired:	
Accounts receivable, net	$ 1,011,615
Inventories, net	1,104,936
Other current assets	101,657
Property and equipment	2,540,518
Intangible assets	48,000
Customer agreements	135,000
Deferred tax assets	2,858,000
Other assets	39,000
Total assets acquired	$ 7,838,726
Liabilities assumed and consideration paid:	
Accounts payable and accrued liabilities	$ 648,610
Common stock and options issued	6,850,372
Net cash transaction costs paid	339,744
Total liabilities assumed and consideration paid	$ 7,838,726

The following unaudited pro forma information for the three months ended June 30, 2007 presents a summary of our consolidated results of operations as if the merger had been completed on January 1, 2007:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
Revenue	$ 33,550,049	$ 29,044,485	$ 16,572,273	$ 14,671,679
Net income	$ 718,752	$ 1,011,389	$ 516,547	$ 428,537
Pro forma income per share - basic	$ 0.09	$ 0.17	$ 0.07	$ 0.07
Pro forma income per share - diluted	$ 0.09	$ 0.17	$ 0.07	$ 0.07
Weighted-average shares - basic	7,658,241	6,079,692	7,658,241	6,079,692
Weighted-average shares - diluted	7,666,825	6,086,515	7,666,825	6,086,515

3. Net Income per Common Share

The Company follows Statement of Financial Accounting Standards (SFAS) No. 128, *Earnings per Share*, which requires the presentation of both basic and diluted income per share. In accordance with SFAS Statement No. 128, 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 subject to anti-dilution limitations.

Basic net income per common share has been computed based upon the weighted average number of shares of common stock outstanding for the six months and three months ended June 30, 2008 and 2007.

Table of Contents

4. Stock-Based Compensation

On February 8, 2008, the Board of Directors approved the grant of 83,750 non-qualified stock options and 83,750 shares of restricted stock to members of management and key employees. The valuation date of these grants was February 29, 2008 when the stock had a value of $4.09 and will vest 25% on each of the next four anniversary dates. The grants are subject to the substantial achievement of 2008 budgeted performance and other individual metrics. The ultimate number of both the stock options and restricted stock units will be determined based on the attainment of certain company and individual performance targets during the 2008 fiscal year.

The Company has recognized $10,110 of compensation expense as of June 30, 2008. The annual cost for these grants will approximate $130,000 for the next four years.

5. Recent Accounting Pronouncements

There are no recent financial pronouncements that management expects to have a material impact on the Company s financial position or results of operations.

6. Segment Information

The Company follows the guidance of SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information,* in reporting operating 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 and commercial markets. The AAT segment manufacturers and markets zone cabling products and manufactures formed metal products of varying designs.

Table of Contents

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
Revenues:				
Technical products and services	$ 17,021,946	$ 15,106,700	$ 7,755,575	$ 7,439,300
Electrical and instrumentation construction	12,457,328	9,737,300	6,720,131	5,086,400
American Access	4,070,775	1,230,500	2,096,567	1,230,500
	$ 33,550,049	$ 26,074,500	$ 16,572,273	$ 13,756,200
Gross profit:				
Technical products and services	$ 2,475,423	$ 2,198,200	$ 1,286,778	$ 1,205,600
Electrical and instrumentation construction	1,001,560	701,300	451,828	305,500
American Access	994,384	297,100	502,903	297,100
	$ 4,471,367	$ 3,196,600	$ 2,241,509	$ 1,808,200
Income before income taxes:				
Technical products and services	$ 1,796,148	$ 1,943,300	$ 1,174,022	$ 1,133,600
Electrical and instrumentation construction	(59,302)	375,800	(137,096)	13,200
American Access	164,570	103,100	86,707	103,100
Corporate and other unallocated expenses	(760,511)	(218,200)	(303,686)	(218,200)
	$ 1,140,905	$ 2,204,000	$ 819,947	$ 1,031,700

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.

Approximately 35% to 40% of TP&S sales are sold into international markets. These sales are made in US dollars and are generally settled prior to shipment or are secured 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., in which M&I holds a 40% interest with Baoji Oilfield Machinery Co., Ltd. (a subsidiary of China National Petroleum Corporation), which holds 51%, and AA Energies, Inc., headquartered in Katy, Texas, which holds 9%;

Table of Contents

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

Equity in income of joint ventures includes $980,000 and $653,000 for the six month and three month periods ending June 30, 2008, respectively, from the China joint venture. Net income from the Singapore joint venture resulted in $28,000 in equity income for the quarter ending June 30, 2008.

The Company reported Comprehensive Income of $172,026 and $58,058 for the six month and three month periods ending June 30, 2008, respectively, arising from the translation of the aforementioned investee company balance sheets presented in their functional currencies.

As of June 30, 2008 the Company had accounts receivable from these affiliates of approximately $460,000.

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. In 2006, the Company determined that labor incurred provides an improved measure of percentage of completion for its TP&S segment projects. This change in the application of an accounting principle did not have a material cumulative impact on the Company s financial position or operating results. 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.

The Company 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 14 % of the Company s consolidated revenues are recorded on this basis. In addition, the Company sells certain purchased parts and products. These revenues are recorded when the product is shipped and title passes to the customer. Less than 1% of the Company s consolidated revenues are recorded on this basis.

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 on contracts accounted for under the completed-contract method. 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.

Table of Contents

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 process, facts develop that require revisions to estimated total costs or revenues expected. The cumulative impact of any revisions to estimates and the full impact of anticipated losses on contracts accounted for under SOP 81-1 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, 2008, the Company amended its revolving credit agreement with JP Morgan Chase Bank, N.A. As amended, the bank provides us with a revolving credit line not to exceed $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 June 30, 2008, $5,000,000 was borrowed. Borrowings under the agreement bear interest at the LIBOR rate (3.61% at June 30, 2008) plus 1.75% 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 June 30, 2010.

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 June 30, 2008, we were in compliance with all restrictive 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 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. There were no significant changes in the Company s deferred tax assets and liabilities in the current quarter.

The effective tax rate was 37% for the six months and three months June 30, 2008 and 2007, 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.

Table of Contents

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 2007 Annual Report on Form 10-K filed on March 31, 2008. 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 2007 Annual Report on Form 10K filed on March 31, 2008. 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.

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 for 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 and high voltage cable. 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 Electro-Technical 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, sales offices and repair depots in Texas, Louisiana, Mississippi and Florida. We have minority interests in joint ventures which have facilities in Singapore and Xian, China.

The Company owns the Texas facility, which is 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. The Louisiana location is a 400 square foot rented supply facility.

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.

Table of Contents

Our significant accounting policies are more fully described in the financial statements filed in our 2007 Annual Report on Form 10-K filed with the Securities and Exchange Commission March 31, 2008. 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), as defined by FASB s Interpretation No. 46(R), *Consolidation of Variable Interest Entities an interpretation of ARB No. 51*.

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 and E&I indirect overhead is apportioned to work in process based on direct labor 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 Inventories are valued at the lower of cost or market and are reduced by a reserve for excess and potentially obsolete inventories. 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. Those estimates subject to potential change in the near term include allowances for doubtful accounts. 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 following the guidelines in the AICPA s Statement of Position (SOP) No. 81-1, *Accounting for Performance of Construction Type and Certain Production Type Contracts*. 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 policies meet the four criteria of FASB s Staff Accounting Bulletin No. 104, *Revenue Recognition*, which are: (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.

Table of Contents

Foreign Currency Gains and Losses Foreign currency translations are included as a separate component of comprehensive income. We have determined the local currency of its foreign joint ventures to be the functional currency. In accordance with Statement of Financial Accounting Standard No. 52, Foreign Currency Translation, the assets and liabilities of its foreign equity investees, denominated in foreign currency, are translated into United States dollars at exchange rates in effect at the consolidated balance sheet date; revenues and expenses are translated at the average exchange rate for the period. Related translation adjustments are reported as comprehensive income 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 In accordance with SFAS No. 5, *Accounting for Contingencies*, 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.

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. The Company s investment in China, BOMAY, did not commence operation until early 2007 and, therefore, no amounts were reflected for its operating activities until the second quarter of 2007.

THE SIX AND THREE MONTHS ENDED JUNE 30, 2008 AS COMPARED WITH THE SIX AND THREE MONTHS ENDED JUNE 30, 2007

OVERALL RESULTS OF OPERATIONS

The reporting period with respect to the operations of American Access Technologies segment for this report consists solely from the date of the Merger, May 15, 2007 through June 30, 2007.

Table of Contents

Consolidated comparison of the six months ended June 30, 2008 and 2007 (in thousands of dollars).

Revenues and Gross Profit. Total consolidated net sales increased $7,475.6 or 28.7%, to $33,550.0 for the six months ended June 30, 2008 over the comparable period in 2007. The increase occurred across all segments as Technical Products and Services (TP&S), E&I Construction (E&I) and American Access Technologies (AAT) reflected increases of $1,915.2, $2,720.0, and 2,840.3, respectively. A substantial portion of the AAT increase is due to the merger on May 15, 2007, and the results of operations reflecting only the subsequent activity.

Consolidated cost of sales for the six months ended June 30, 2008 was $29,078.7, a $6,200.8 increase, or 27.1%, over the prior year period. The increase in cost of sales is primarily due to increases in net sales over the prior year period. Cost of sales, as a percentage of revenues was 86.7%, a decline of 1.0%. Cost of sales percentages remained constant or improved in each of the segments which is reflective of the Company s ability to date to generally recoup raw material and other inflationary changes through price increases.

Consolidated gross profit during the six month period ended June 30, 2008 increased by $1,274.8 to $4,471.4 as compared to $3,196.6 in 2007. The increase in consolidated gross margin is a result, primarily, of the increased sales levels. The gross margin percentage for the six month period was 13.3% as compared to 12.3% for the comparable period in 2007. This improvement is primarily due to two contracts completed in 2007 that incurred cost overruns of $0.600. Gross margins in 2008 were impacted negatively by 2.4% due to its remaining backlog in new school electrical contracting. The Company will have $1.7 million in backlog as of the end of this year.

Selling, General and Administrative Expenses. Total consolidated selling, general and administrative expenses were $4,193.5 during the six month period ended June 30, 2008, an increase of $1,756.7 from the prior year period. The increase is primarily attributable to the additional expenses associated with the consolidation of AAT s results ($712.8) as well as increased selling expenses ($220.7), increased incentive compensation accruals ($126.0), and compensation associated with management and support staff additions ($208.0). The enterprise resource system implemented in 2007 resulted in $68.0 additional cost in 2008. The other cost increases ($421.2) primarily relates to expenses associated with being a public company.

Other Income and Expense. Consolidated other income and expense declined by $581.1 from the prior year period reflecting the net increase of $609.0 equity income from joint ventures offset by a decrease in realized gains of $962.3 on marketable securities. The increase in equity income relates to the Chinese joint venture that commenced operations in early 2007. The joint venture paid a dividend of $1,014.0 to the AETI in July, 2008. All of the Company s investment in marketable securities was disposed in 2007.

Provision for Income Taxes. Income tax expense declined by $357.5 as compared to the prior year due to the decline in earnings before income taxes. The effective tax rate of 37% was slightly higher than the prior year due to a lower estimate of deemed foreign tax credits in the current period.

Table of Contents

Net Income. Net income for the six months ended June 30, 2008 was $718.8, a decrease of $705.6 as compared to $1,424.3 for the prior year period. The decrease in net income is a reflection of lower income before income taxes and slightly higher income tax expense during the second quarter of 2008. As noted above, the decline in income is primarily attributable to the non recurring realized gain from security sales during 2007.

Consolidated comparison of the three months ended June 30, 2008 and 2007 (in thousands of dollars).

Revenues and Gross Profit. Total consolidated net sales increased $2,816.1 or 20.5%, to $16,572.3 for the three months ended June 30, 2008 over the comparable period in 2007. The increase occurred due to increases in each of AETI s segments including the inclusion of a full quarter of AAT s sales. The impact of including AAT for a full quarter was approximately $800.0.

Consolidated cost of sales for the three months ended June 30, 2008 was $14,330.7, a $2,382.7 increase, or 19.9%, over the second quarter of 2007. The increase in cost of sales is primarily due to the inclusion of the AAT segment costs, and increases in labor, material and related costs associated with the higher sales activity. Cost of sales, as a percentage of net sales declined from 86.9% to 86.5% which reflects the Company s success in generally recouping inflationary cost increases through sales price changes.

Consolidated gross profit during the three-month period ended June 30, 2008 increased by $433.4. This increase is related to the increased sales described above. Consolidated gross profit as a percent of net sales was 13.5% during the three-month period, compared to 13.1% in the prior year and this slight improvement is related to the overall percentage cost improvement noted above. Gross profit percentages in each of the segments were steady or slightly improved.

Selling, General and Administrative Expenses. Total consolidated selling, general and administrative expenses were $2,041.4 during the three-month period ended June 30, 2008, an increase of $604.9 from the prior year period. This increase is principally attributable to the inclusion of entire quarter s costs for AAT ($222.0) and increased selling expenses ($100.4) as well as increased management and support staff salaries ($95.0) and additional provisions for performance-based compensation ($121.0). The additional costs associated with being a public company increased expenses during the quarter approximately $80.0.

Other Income and Expense. Consolidated other income and expense decreased by $40.2 due to the increase of $181.1 in equity in joint venture income which was offset by lower realized gain on sale of marketable securities ($175.3) and increased interest expense ($49.1).

Provision for Income Taxes. The consolidated income tax expense was $42.5 lower than the prior year period due to reduced earnings before income taxes and a slight increase in the effective tax rate to 37 %. This increased rate is due to a decrease in the estimated credits from deemed foreign income taxes.

Table of Contents

Net Income. Net income for the three months ended June 30, 2008 was $516.5 compared to $685.8 for the prior year period. The decrease in net income is primarily attributable to the reduced gain on sale of marketable securities.

SEGMENT COMPARISON:

Technical Products and Services. The TP&S segment revenues increased $316.3 from $7,439.3 for the second quarter of 2007 to $7,755.6 for the second quarter of 2008. The 4.3% increase in revenues for this segment reflects consistent and generally strong demand for the company s products and services, particularly in the global oil and gas markets.

Gross profits for the TP&S segment for the second quarter of 2008 were $1,286.8, an increase of $81.2 over the prior year level of $1,205.6 due primarily to the revenue impact noted above. Technical Products & Services income before taxes for the second quarter of 2008 was $1,174.0, an increase of $40.4 over 2007s level of $1,133.6 due to the increased gross profits. Increased equity income was offset by additional corporate expense allocations.

The backlog for the TP&S segment was approximately $18.0 million as of June 30, 2008, an increase of approximately $3.7 million since the beginning of the fiscal year. Approximately three quarters of this backlog should be realized in revenues for the remainder of the fiscal year.

Electrical & Instrumentation Construction. The E&I segment reported sales of $6,720.1 in the second quarter of 2008, an increase of $1,633.7 or 32.1 %, over the second quarter of 2007. The rate of increase was associated with increases in the wastewater plant market but particularly due to working down the backlog in the new school electrical market. Offsetting these increases was a decline in the marine market.

Gross profits for the E&I segment during the second quarter of 2008 were $451.8, a $146.4 increase from the prior year. The improved gross profit is attributable to the increased sales levels. The gross profit percentage improved from 6.1% to 6.7% during the current year quarter due to favorable performance in the industrial, wastewater and marine markets. As noted in the previous year s report on Form 10Q, the comparable 2007 quarter was negatively impacted by two contracts with lower than expected margins of approximately $500.0. This effect was substantially offset by lower than expected margins in the new school construction market in 2008. The E&I segment s loss before taxes for the second quarter of 2008 was $137.1, a decline of $150.3 from 2007. This occurred due to higher allocation of corporate overheads, partially offset by improved gross profits.

The backlog for the E&I segment was approximately $10.1 million as of June 30, 2008, a decrease of $6.7 million over the previous year. Approximately three-quarters of this backlog should be realized in revenues for the remainder of the fiscal year. The substantial decline in backlog is attributable to completion of most of the work in the new school construction market that the company plans to finalize during 2008.

Table of Contents

American Access Technologies. The American Access segment sales increased $866.1 from the comparable prior year reporting period for this quarter primarily due to the short period in 2007 that consisted of the six weeks from the date of the merger, May 15, 2007, through June 30, 2007. Gross profits improved by $205.8 with gross profit percentages essentially constant. Income before income taxes declined $16.4 due to higher overhead costs. The run rate for this segment is comparable on a year to year basis with quarterly sales of $2,096.6. The segment has been able to replace some weakness in its custom fabrication market with improvements in contract fabrication and patented zone cabling markets.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2008, AETI s cash and cash equivalents were $448.1 compared to $593.5 as of December 31, 2007. As of June 30, 2008, AETI had outstanding borrowings of $5,000 under its revolving credit facility, the amount being unchanged from December 31, 2007. Net current assets were approximately $14,243.4 and $14,178.8 as of June 30, 2008 and December 31, 2007, respectively. As of June 30, 2008, AETI s current ratio and debt to total capitalization ratios were 2.2 and 20.1%, respectively. The comparable ratios at December 31, 2007 were 2.4 and 19.1%.

AETI s long term debt as of June 30, 2008 was $5,000, on which interest payments are current. The Company amended its revolving credit facility, effective June 30, 2008 to, amongst other things, increase the line to $10,000.0 and extend the maturity date to June 30, 2010.

Operating Activities

During the six months ending June 30, 2008, AETI utilized cash flows from operations of $49.6 as compared to $2,673.0 in 2007. Continued high activity levels caused usage of funds for increases in accounts receivable, inventories, costs and estimated earnings in excess of billings and reduced milestone billings partially offset by increases in accounts payable and accrued expenses. The 2007 period can be explained by the same factors except that $962.3 in 2007 income was occasioned by a non-operating sale of marketable securities and the 2007 period utilized cash from a decline in overbilled contracts ($1,208.1)

Investing Activities

During the six months ending June 30, 2008, the Company utilized $95.9 in net investing activities compared to $544.0 in 2007. In 2008, capital expenditures have been $282.3 of which is comprised primarily of maintenance capital. Investing activities do not include the $681.7 in machinery acquired for AAT that was financed through a finance lease. The Company received a dividend from its Singapore joint venture of $178.8. Subsequent to the period end, AETI received a dividend from its Chinese joint venture of $1,014.0.

Table of Contents

In 2007, the Company made its final capital contribution to the Chinese joint venture in the amount of $1,033.0 funded by proceeds from the sale of marketable securities of $1095.5. The Company invested $472.5 in capital expenditures in 2007, received a dividend from Singapore of $262.6 and incurred transaction costs relating to the merger with American Access Technologies, Inc. of $396.7 during the 2007 period.

Financing Activities

The Company acquired $681.7 in plant machinery under a five year finance lease in 2008. In 2007, AETI received $245.7 from the exercise of employee stock options and borrowed $2,000.0 under its revolving credit facility.

Outlook for Fiscal 2008

The Company s revenues reflect an increase over the prior year period although the rate of growth has moderated from the previous several years. The increase in growth is partially attributable to the consolidation of the AAT segment s operating results as a result of the May 15, 2007 merger. Management does not expect that sales will reflect a year-over-year increase for the remainder of the 2008 as the merger effect diminishes beyond the second quarter and the sales decline from the 2007 decision to withdraw from the new school construction market. Quotation activity has been strong for the most recent six months in the TP&S segment due to the continued robust global energy market. The Company expects operating margins to improve from current levels as the substantial increases in personnel and infrastructure cost to support the growth should moderate and the Company s reduced exposure to the new school construction market should enable operating margins to improve as well. AAT s sales levels have remained relatively stable during the last year as declines in custom fabricating markets have been offset by increases in its contract manufacturing and patented zone cabling markets.

AETI has experienced a substantial increase in its working capital needs that it has been able to finance through existing cash balances and utilization of its revolving credit facility. This trend will increase as the Company s operating levels continue to increase. 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.

Effects of Inflation

AETI has experienced significant price increases in its crucial raw materials, particularly copper, steel, aluminum and electrical components since the beginning of 2005. At this point, the Company has been generally successful in recovering these increases from its customers in the form of increased prices. As a result, the Company has not experienced margin erosion due to inflationary pressures. We cannot be assured that the competitive environment will enable us to recover these cost increases in the future.

Table of Contents

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rates

Our market risk sensitive instruments do not subject us to material risk exposures. Our revolving credit facility remains available through June 30, 2010, subject to optional prepayment in accordance with its terms. At June 30, 2008, the Company had $5,000,000 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. The primary interest rate exposure on floating-rate debt is based on LIBOR (3.610% at June 30, 2008) plus 1.75% 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, M&I Electric Far East PTE, Ltd. 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 completed its investment of 16.0 million Yuan (approximately $2.0 million) in its Chinese joint venture, BOMAY, in March, 2007. The functional currency of this joint venture is the Chinese Yuan. BOMAY s financial statements will be 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. Under the terms of the Equity Joint Venture Contract, the Company was obligated to make a total investment of 16.0 million Yuan (approximately $2.0 million) during the initial two years of the joint venture.

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.

Table of Contents

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 June 30, 2008. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of June 30, 2008.

No change in internal control over financial reporting occurred during the quarter ended June 30, 2008 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting of stockholders on May 8, 2008. The following nominees were reelected as directors. The number of votes cast for, against or withheld, as well as the number of abstentions and broker non-votes, for each nominee were as follows:

Nominee	Votes Cast For	Votes Against or Withheld	Abstentions	Non-Votes
Arthur G. Dauber	6,817,954	92,296	-0-	-0-
J. Hoke Peacock II	6,817,604	92,646	-0-	-0-
Stuart Schube	6,817,014	93,236	-0-	-0-
Paul N. Katz	6,817,764	92,486	-0-	-0-
Peter Menikoff	6,817,334	92,916	-0-	-0-
Howard W. Kelley	6,817,714	92,536	-0-	-0-
Lamar Nash	6,817,494	92,756	-0-	-0-

The selection of the Company s independent registered public accounting firm for the year ending December 31, 2008 was ratified by a vote of 6,901,731 for , 3,124 against or withheld , 5,395 abstentions and no broker non-votes.

Table of Contents

ITEM 6. EXHIBITS

(a) Index to Exhibits

Exhibit No.	Exhibit Description
10.2	First Amendment to Loan Documents between Registrant and JP Morgan Chase Bank, N.A. effective June 30, 2008.
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: August 11, 2008

AMERICAN ELECTRIC TECHNOLOGIES, INC.

By: /s/ ARTHUR G. DAUBER
Arthur G. Dauber
Chairman 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)