ELECTRONIC TELE–COMMUNICATIONS, INC.

FINANCIAL REPORT

SEPTEMBER 30, 2013

ELECTRONIC TELE-COMMUNICATIONS, INC.
BALANCE SHEETS
September 30, 2013 and December 31, 2012

	(Unreviewed) September 30 2013	(Unreviewed) December 31 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 96,405	$ 253,397
Available for sale investments	-	67,494
Trade accounts receivable, net	204,461	182,216
Inventories	223,232	185,365
Net investment in sales-type leases	1,155.00	-
Prepaid expenses and other current assets	(389)	7,404
Total current assets	524,864	695,876
PROPERTY, PLANT AND EQUIPMENT, NET	27,601	8,571
NET INVESTMENT IN SALES-TYPE LEASES	12,725.00	-
Total Assets	$ 565,190	$ 704,447
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving credit facility and unpaid rent - related party	$ 545,347	$ 649,307
Accounts payable	47,732	53,615
Accrued expenses	231,262	255,392
Income taxes payable	3,745	5,520
Deferred revenue and customer deposits	38,499	53,117
Deferred gain on sale of building	11,302	11,302
Deferred rent	32,982	32,982
Total current liabilities	910,869	1,061,235
DEFERRED GAIN ON SALE OF BUILDING	14,128	22,604
DEFERRED RENT	41,227	65,963
Total liabilities	966,224	1,149,802
STOCKHOLDERS' EQUITY:		
Preferred stock, authorized 5,000,000 shares, none issued	-	-
Class A common stock, authorized 10,000,000 shares, par value $.01, issued and outstanding 2,009,149 shares	20,091	20,091
Class B common stock, authorized 10,000,000 shares, par value $.01, issued and outstanding 499,998 shares	5,000	5,000
Additional paid-in capital	3,335,647	3,335,647
Accumulated other comprehensive income	-	67,494
Retained earnings (deficit)	(3,761,772)	(3,874,487)
Total stockholders' equity	(401,034)	(445,355)
Total Liabilities and Stockholders' Equity	$ 565,190	$ 704,447

ELECTRONIC TELE-COMMUNICATIONS, INC.
STATEMENTS OF OPERATIONS
Three-Month and Nine-Month Periods Ended September 30, 2013 and 2012 - (Unreviewed)

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	**2013**	2012
NET SALES	**$ 358,173**	$ 575,299	**$ 1,283,296**	$ 1,379,276
COST OF PRODUCTS SOLD	**182,196**	277,858	**655,521**	683,559
GROSS PROFIT	**175,977**	297,441	**627,775**	695,717
OPERATING EXPENSES:				
General and administrative	**65,149**	75,823	**228,132**	228,079
Marketing and selling	**47,793**	59,115	**166,603**	166,012
Research and development	**53,282**	73,255	**192,452**	178,630
	166,224	208,193	**587,187**	572,721
EARNINGS (LOSS) FROM OPERATIONS	**9,753**	89,248	**40,588**	122,996
OTHER INCOME (EXPENSE):				
Interest expense	**(6,145)**	(7,484)	**(19,824)**	(22,446)
Interest and divident income	**20**	19	**976**	56
Gain on sale of investment	**-**	-	**90,075**	-
EARNINGS (LOSS) BEFORE INCOME TAXES	**3,628**	81,783	**111,815**	100,606
Income taxes	**-**	-	**-**	-
NET EARNINGS (LOSS)	**$ 3,628**	$ 81,783	**$ 111,815**	$ 100,606
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:				
Class A common	$ -	$ 0.03	**$ 0.04**	$ 0.04
Class B common	**$ -**	$ 0.03	**$ 0.04**	$ 0.04
Weighted average common shares outstanding	**2,509,147**	2,509,147	**2,509,147**	2,509,147

The accompanying notes are an integral part of these financial statements.

ELECTRONIC TELE-COMMUNICATIONS, INC.
STATEMENTS OF CASH FLOWS
Three-Month Periods Ended September, 2013 and 2012 - (Unreviewed)

	Six Months Ended September 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	**$ 111,815**	$ 100,606
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	**3,099**	2,280
(Gain) loss from sale of property, plant and equipment	**(8,476)**	(8,477)
Changes in operating assets and liabilities:		
Accounts receivable	**(22,245)**	(72,633)
Inventories	**(37,867)**	(15,203)
Net investment in sales-type leases	**(13,880)**	-
Prepaid expenses and other current assets	**7,793**	7,655
Accounts payable and accrued expenses	**(30,013)**	12,997
Deferred rent	**(24,736)**	(24,736)
Income taxes	**(1,775)**	(3,786)
Deferred revenue and customer deposits	**(14,618)**	(3,755)
Total adjustments	**(142,718)**	(105,658)
Net cash provided by (used in) operating activities	**(30,903)**	(5,052)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	**(22,129)**	(3,787)
Capitalized software production costs	**-**	-
Net cash provided by (used in) investing activities	**(22,129)**	(3,787)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) borrowings on revolving credit facility, net	**(103,960)**	(23,130)
Net cash provided by (used in) financing activities	**(103,960)**	(23,130)
Net increase (decrease) in cash and cash equivalents	**(156,992)**	(31,969)
Cash and cash equivalents at beginning of year	**253,397**	124,031
Cash and cash equivalents at end of period	**$ 96,405**	$ 92,062
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	**$ 1,775**	$ 3,786
Cash paid for interest expense	**19,440**	22,231

The accompanying notes are an integral part of these financial statements.

ELECTRONIC TELE-COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 - (Unreviewed)

1. Basis of Presentation

The accompanying unreviewed financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The information furnished herein reflects all adjustments and accruals that management believes are necessary to fairly state the operating results for the respective periods. Operating results for the three-month period ended September 30, 2013, are not necessarily indicative of the results that may be expected for the year ended December 31, 2013.

The balance sheet at December 31, 2012, has been derived from the unaudited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

For further information, refer to the financial statements and footnotes thereto included in the Company's 2012 Annual Report to Shareholders.