

ELECTRONIC TELE-COMMUNICATIONS, INC.

FINANCIAL REPORT

MARCH 31, 2015

ELECTRONIC TELE-COMMUNICATIONS, INC.
BALANCE SHEETS
March 31, 2015 and December 31, 2014

	(Unreviewed)	(Unreviewed)
	March 31	December 31
	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,278	\$ 75,568
Available for sale investments	-	-
Trade accounts receivable, net	11,308	52,324
Inventories	185,750	184,766
Net investment in sales-type leases	14,982	11,850
Prepaid expenses and other current assets	7,671	9,843
Total current assets	224,989	334,351
PROPERTY, PLANT AND EQUIPMENT, NET	21,735	23,423
NET INVESTMENT IN SALES-TYPE LEASES	17,288	14,461
 Total Assets	\$ 264,012	\$ 372,235
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving credit facility and unpaid rent - related party	\$ 596,000	\$ 540,000
Accounts payable	13,125	17,440
Accrued expenses	201,092	174,345
Income taxes payable	5,787	5,787
Deferred revenue and customer deposits	47,816	52,852
Deferred gain on sale of building	8,476	11,302
Deferred rent	24,736	32,982
Total current liabilities	897,032	834,708
DEFERRED GAIN ON SALE OF BUILDING	-	-
DEFERRED RENT	-	-
Total liabilities	897,032	834,708
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	-	0
Retained earnings (deficit)	(3,993,758)	(3,823,211)
Total stockholders' equity	(633,020)	(462,473)
 Total Liabilities and Stockholders' Equity	\$ 264,012	\$ 372,235

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

**ELECTRONIC TELE-COMMUNICATIONS, INC.
STATEMENTS OF OPERATIONS**

Three-Month and Twelve-Month Periods Ended March 31, 2015 and 2014 - (Unreviewed)

	Three Months Ended March 31	
	2015	2014
NET SALES	\$ 183,110	\$ 492,735
COST OF PRODUCTS SOLD	121,216	267,658
GROSS PROFIT	61,894	225,077
OPERATING EXPENSES:		
General and administrative	78,524	80,983
Marketing and selling	47,155	60,770
Research and development	100,378	61,406
	226,057	203,159
EARNINGS (LOSS) FROM OPERATIONS	(164,163)	21,918
OTHER INCOME (EXPENSE):		
Interest expense	(6,388)	(5,853)
Interest and dividend income	4	19
	(170,547)	16,084
EARNINGS (LOSS) BEFORE INCOME TAXES	(170,547)	16,084
Income taxes	-	-
NET EARNINGS (LOSS)	\$ (170,547)	\$ 16,084
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:		
Class A common	\$ (0.02)	\$ 0.01
Class B common	\$ (0.02)	\$ 0.01
Weighted average common shares outstanding	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
Twelve-Month Periods Ended March 31, 2015 and 2014 - (Unreviewed)

	Twelve Months Ended March 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	\$ (170,547)	\$ 16,084
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,688	1,205
(Gain) loss from sale of property, plant and equipment	(2,826)	(2,825)
Changes in operating assets and liabilities:		
Accounts receivable	41,016	(58,648)
Inventories	(984)	839
Net investment in sales-type leases	(5,959)	(2,987)
Prepaid expenses and other current assets	2,172	(326)
Accounts payable and accrued expenses	22,431	(6,227)
Deferred rent	(8,245)	(8,245)
Income taxes	-	(1,112)
Unpaid rent - related party	36,000	(8,380)
Deferred revenue and customer deposits	(5,036)	3,090
Total adjustments	<u>80,257</u>	<u>(83,616)</u>
Net cash provided by (used in) operating activities	<u>(90,290)</u>	<u>(67,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	-	(558)
Capitalized software production costs	-	-
Net cash provided by (used in) investing activities	<u>0</u>	<u>(558)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) borrowings on revolving credit facility, net	<u>20,000</u>	-
Net cash provided by (used in) financing activities	<u>20,000</u>	-
Net increase (decrease) in cash and cash equivalents	(70,290)	(68,090)
Cash and cash equivalents at beginning of year	75,568	251,013
Cash and cash equivalents at end of period	<u>\$ 5,278</u>	<u>\$ 182,923</u>
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ -	\$ 112
Cash paid for interest expense	6,655	5,822

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2015 - (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 March 31, 2015, are not necessarily indicative of the results that may be expected for the year ended December 31, 2015.

The balance sheet at December 31, 2014, 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 2014 Annual Report to Shareholders.