

ELECTRONIC TELE-COMMUNICATIONS, INC.

FINANCIAL REPORT

MARCH 31, 2016

ELECTRONIC TELE-COMMUNICATIONS, INC.
BALANCE SHEETS
March 31, 2016 and December 31, 2015

	(Unreviewed) March 31 2016	(Unreviewed) December 31 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 78,691	\$ 20,176
Trade accounts receivable, net	67,897	58,811
Inventories	125,303	141,506
Net investment in sales-type leases	12,688	15,827.00
Prepaid expenses and other current assets	8,616	9,092
Total current assets	293,195	245,412
PROPERTY, PLANT AND EQUIPMENT, NET	14,985	16,672
NET INVESTMENT IN SALES-TYPE LEASES	3,365	5,462
 Total Assets	\$ 311,545	\$ 267,546
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving credit facility and unpaid rent - related party	\$ 433,000	\$ 733,000
Accounts payable	19,082	45,990
Accrued expenses	193,281	198,071
Income taxes payable	7,309	7,309
Deferred revenue and customer deposits	33,613	35,765
Deferred gain on sale of building	-	-
Deferred rent	60,000	-
Total current liabilities	746,285	1,020,135
DEFERRED GAIN ON SALE OF BUILDING	-	-
DEFERRED RENT	225,000	-
Total liabilities	971,285	1,020,135
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)	(4,020,478)	(4,113,327)
Total stockholders' equity	(659,740)	(752,589)
 Total Liabilities and Stockholders' Equity	\$ 311,545	\$ 267,546

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
STATEMENTS OF OPERATIONS

Three-Month Period Ended March 31, 2016 and 2015 - (Unreviewed)

	Three Months Ended March 31	
	2016	2015
NET SALES	\$ 329,253	\$ 183,110
COST OF PRODUCTS SOLD	144,646	121,216
GROSS PROFIT	184,607	61,894
OPERATING EXPENSES:		
General and administrative	40,966	78,524
Marketing and selling	18,114	47,155
Research and development	27,730	100,378
	86,810	226,057
EARNINGS (LOSS) FROM OPERATIONS	97,797	(164,163)
OTHER INCOME (EXPENSE):		
Interest expense	(4,948)	(6,388)
Interest and dividend income	-	4
	-	-
EARNINGS (LOSS) BEFORE INCOME TAXES	92,849	(170,547)
Income taxes	-	-
NET EARNINGS (LOSS)	\$ 92,849	\$ (170,547)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:		
Class A common	\$ 0.04	\$ (0.02)
Class B common	\$ 0.04	\$ (0.02)
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
Three-Month Periods Ended March 31, 2016 and 2015 - (Unreviewed)

	Three Months Ended March 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	\$ 92,849	\$ (170,547)
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,687	1,688
(Gain) loss from sale of property, plant and equipment	-	(2,826)
Changes in operating assets and liabilities:		
Accounts receivable	(9,086)	41,016
Inventories	16,203	(984)
Net investment in sales-type leases	5,236	(5,959)
Prepaid expenses and other current assets	476	2,172
Accounts payable and accrued expenses	(31,698)	22,431
Deferred rent	285,000	(8,245)
Income taxes	-	-
Unpaid rent - related party	-	36,000
Deferred revenue and customer deposits	(2,152)	(5,036)
Total adjustments	265,666	80,257
Net cash provided by (used in) operating activities	358,515	(90,290)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	-	-
Proceeds from sale of available for sale investments	-	-
Capitalized software production costs	-	-
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) borrowings on revolving credit facility, net	(300,000)	20,000
Net cash provided by (used in) financing activities	(300,000)	20,000
Net increase (decrease) in cash and cash equivalents	58,515	(70,290)
Cash and cash equivalents at beginning of year	20,176	75,568
Cash and cash equivalents at end of period	\$ 78,691	\$ 5,278
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest expense	3,833	6,655

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 - (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, 2016, are not necessarily indicative of the results that may be expected for the year ended December 31, 2016.

The balance sheet at December 31, 2015, 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 2015 Annual Report to Shareholders.