

ELECTRONIC TELE-COMMUNICATIONS, INC.

FINANCIAL REPORT

MARCH 31, 2009

ELECTRONIC TELE-COMMUNICATIONS, INC.
BALANCE SHEETS
March 31, 2009 and December 31, 2008

	(Unreviewed)	
	March 31 2009	December 31 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 76,489	\$ 62,272
Available for sale investments	\$ 81,669	\$ 122,474
Trade accounts receivable, net	48,073	153,370
Inventories	332,169	334,656
Net investment in sales-type leases	5,179	7,711
Prepaid expenses and other current assets	10,253	10,869
Total current assets	553,832	568,878
PROPERTY, PLANT AND EQUIPMENT, NET	16,114	16,887
NET INVESTMENT IN SALES-TYPE LEASES	0	413
CAPITALIZED SOFTWARE PRODUCTION COSTS, NET	36,395	50,515
Total Assets	\$ 606,341	\$ 759,167
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving credit facility and unpaid rent - related party	\$ 545,737	\$ 513,227
Accounts payable	25,517	23,326
Accrued expenses	324,931	324,882
Income taxes payable	11,274	11,424
Deferred revenue and customer deposits	56,134	70,376
Deferred gain on sale of building	25,335	25,335
Total current liabilities	988,928	968,570
DEFERRED GAIN ON SALE OF BUILDING	69,660	75,993
Total liabilities	1,058,588	1,044,563
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	81,669	122,474
Retained earnings (deficit)	(3,894,654)	(3,768,608)
Total stockholders' equity	(452,247)	(285,396)
Total Liabilities and Stockholders' Equity	\$ 606,341	\$ 759,167

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
STATEMENTS OF OPERATIONS
Three-Month Periods Ended March 31, 2009 and 2008 - (Unreviewed)

	Three Months Ended	
	March 31	
	2009	2008
NET SALES	\$ 383,473	\$ 424,564
COST OF PRODUCTS SOLD	251,317	280,006
GROSS PROFIT	132,156	144,558
OPERATING EXPENSES:		
General and administrative	82,167	15,668
Marketing and selling	94,829	102,406
Research and development	77,260	87,473
	254,256	205,547
EARNINGS (LOSS) FROM OPERATIONS	(122,100)	(60,989)
OTHER INCOME (EXPENSE):		
Interest expense	(6,250)	(5,661)
Interest income	2,305	135
	(126,045)	(66,515)
EARNINGS (LOSS) BEFORE INCOME TAXES	(126,045)	(66,515)
Income taxes	-	-
NET EARNINGS (LOSS)	\$ (126,045)	\$ (66,515)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:		
Class A common	\$ (0.05)	\$ (0.03)
Class B common	\$ (0.05)	\$ (0.03)
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, 2009 and 2008 - (Unreviewed)

	Three Months Ended March 31	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	\$ (126,045)	\$ (66,515)
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	16,237	23,105
(Gain) loss from sale of property, plant and equipment	(6,333)	(6,333)
Changes in operating assets and liabilities:		
Accounts receivable	105,297	14,169
Inventories	2,487	14,480
Net investment in sales-type leases	2,945	2,533
Prepaid expenses and other current assets	616	2,611
Accounts payable and accrued expenses	2,240	(31,705)
Income taxes	(150)	(1,275)
Deferred revenue and customer deposits	(14,242)	(25,140)
Total adjustments	109,097	(7,555)
Net cash provided by (used in) operating activities	(16,948)	(74,070)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,345)	(6,611)
Capitalized software production costs	0	(4,446)
Net cash provided by (used in) investing activities	(1,345)	(11,057)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) borrowings on revolving credit facility, net	32,510	18,105
Net cash provided by (used in) financing activities	32,510	18,105
Net increase (decrease) in cash and cash equivalents	14,217	(67,022)
Cash and cash equivalents at beginning of year	62,272	173,412
Cash and cash equivalents at end of period	\$ 76,489	\$ 106,390
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ 150	\$ 1,275
Cash paid for interest expense	6,373	5,069

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2009 - (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, 2009, are not necessarily indicative of the results that may be expected for the year ended December 31, 2009.

The balance sheet at December 31, 2008, has been derived from the reviewed 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 2008 Annual Report to Shareholders.