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ETC® The Voice of the Network

2010 Annual Report

Electronic Tele-Communications, Inc.

A LETTER TO OUR SHAREHOLDERS

ETC entered 2010 with operating expenses that were still too high in light of the erratic, unpredictable telecommunications market. By the end of 2010, ETC had significantly reduced operating expenses so that they were more in line with the erratic market conditions. The result was that ETC ended 2010 with two consecutive profitable quarters despite reductions in year end spending by our customers.

As ETC enters 2011 we are still faced with an erratic, unpredictable telecommunications market, but our operating expenses are at a level that we anticipate will lead to continued positive earnings. The telecommunications industry is still dealing with economic recession issues, and would prefer to spend on high revenue projects like new smart phones and faster wireless data networks. But there is still a large installed and working infrastructure that must be maintained and in some cases expanded. ETC continues to work with most of the telecommunications carriers to enhance or replace their aging systems and to add services into areas previously lacking those services.

Overall, ETC's 2010 sales were 6% higher than 2009, and losses for the year were reduced by 90% from 2009. The third and fourth quarters of 2010 were profitable and nearly offset the losses of the first six months including the restructuring expenses. First quarter 2011 is shaping up as anticipated, continuing the trends of the last half of 2010. We do not expect our markets to radically change in 2011, either positively or negatively. We do expect a gradual improvement over the course of the year, much the same as predictions for the economy as a whole. This should enable ETC to continue to report positive earnings.

ETC continues to produce and support sophisticated, quality and reliable products with thousands of our systems operating throughout North America and the world. Many installed systems, both ours and others, are well beyond their expected useful lives, as is much of the wire line equipment currently installed in the telephone industry. The age of this equipment, coupled with the inability of our customers to maintain equipment purchased from now non-existent suppliers, supports our belief that there is a market for upgrades, replacements, and enhancements. Our flagship Emcee Elf Systems, available in multiple configurations, meet or exceed the requirements of our customers and provide the ability for our customers to offer additional services to their customers, more economically than if they had to purchase multiple independent systems.

ETC's Time Weather and Temperature (TWT) announcement services continue to be provided to customers throughout the United States, with over one million calls answered by ETC's TWT equipment daily. ETC provides the TWT announcers, the professionally recorded announcements and advertisements, and the weather forecasts updated twice a day. Whether a telephone company is providing this service as a public service to its customers or a business is using this service as an advertising medium, there is no question that a lot of people listen to ETC time, temperature, and weather announcements every day. This service is especially important for those individuals who do not have the option or ability to get this information via the internet or other channels, such as the blind.

In accordance with the provisions of our Articles of Incorporation, both the Class A and Class B shareholders will vote on the election of directors and on any other business to be conducted at this year's annual meeting on May 6, 2011. This year ETC has chosen to use the "Notice and Access" method of distributing proxy materials. ETC's Registered Transfer Agent distributed notices on March 25, 2011 to Shareholders of Record on March 17, 2011. Shareholders can download the annual meeting materials consisting of this annual report, a proxy statement, and proxy voting instructions and materials from ETC's website at http://www.etcia.com/financial_request.asp. The proxy voting materials provide for voting via US Mail, the telephone, or the Internet. Our Registered Transfer Agent will compile the Class A votes and forward the results to ETC's Corporate Secretary to be merged with the Class B votes being compiled by ETC's Corporate Secretary. All shareholders are entitled to vote, one vote for each share of Class A or Class B stock that they own.

Between ETC and Audichron, acquired in 1989, we have been in business for over 78 years, providing high quality, highly reliable voice announcement systems and services. Although we are always looking for ways to expand beyond the telephone industry, we believe this industry is still vital and it remains the primary segment of our business. We will continue to control expenses, and look forward to improvements in sales as the economy continues to recover.

Dean W. Danner, P.E. - President & CEO
March 25, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis should be read in conjunction with the Financial Statements, Notes to Financial Statements, Five Year Review of Selected Financial Data, and Quarterly Financial Data, all of which appear later in this report.

OVERVIEW

ETC designs, manufactures, markets and sells digital voice information systems and related services to the telecommunications industry and other businesses. Its systems are sold to operating telephone companies, competitive local exchange carriers, wireless carriers, cable companies, leading telecom manufacturers, and other telecom companies to provide them with revenue generating applications and informational services for their networks. In addition, ETC provides time weather temperature systems and related services to telecom customers and other businesses that allow them to advertise and provide informational services to their communities.

Revenues are generated by selling and leasing equipment to customers. In addition, ETC generates revenue by providing services to customers such as installation, repair, maintenance, professional recording of announcements, and weather updates.

Over the last ten years, ETC and the telecommunications industry has seen a slowdown caused by over-capacity in industry infrastructure. This over-capacity, combined with expansion into wireless, broadband, and television, caused customers to reduce their purchases of capital equipment for their wired networks where many of ETC's products are deployed. Over the last decade, ETC has adjusted its size, realigned its operations, and cut costs several times. 2010 saw a slight increase in activity in the wired side of the telecommunications industry and ETC was able to be profitable in the last two quarters of the year. We will continue to monitor our sales levels and operations to determine if additional adjustments are necessary to consistently reach breakeven for profitability and cash flow.

RESULTS OF OPERATIONS

The following table presents certain items from our Statements of Operations, expressed as percentages of net sales, together with the percentage change in the actual amounts of such items from the prior year.

	Percentage of Net Sales		Percent Change Increase (Decrease) 2010 vs. 2009
	2010	2009	
Net sales	100.0%	100.0%	6.3%
Cost of products sold	54.5	61.7	(6.1)
Gross profit	45.5	38.3	26.1
General and administrative expenses	17.1	18.7	(2.8)
Marketing and selling expenses	13.1	22.4	(37.9)
Research and development expenses	13.5	17.9	(19.7)
Restructuring charge	2.1	--	--
Other income (expense)	(1.8)	(1.5)	28.6
Loss before income taxes	(2.2)	(22.2)	(89.4)
Income taxes (benefit)	--	--	--
Net loss	(2.2)	(22.2)	(89.4)

Revenues

Net sales were $1,658,605 in 2010 and $1,560,723 in 2009, an increase of 6.3% between years. The 2010 net sales consisted primarily of equipment sales of $591,332, or 36.7% of net sales, and revenues from operating leases, sales-type leases, and services of $1,067,273, or 63.3% of net sales. The 2009 net sales consisted primarily of equipment sales of $540,697, or 28.8% of net sales, and revenues from operating leases, sales-type leases, and services of $1,020,026, or 71.2% of net sales.

The majority of sales of our interactive voice information systems were from existing customers implementing network maintenance projects. ETC expects our customers to focus their capital spending in broadband expansion before investing in wire line operations, where ETC network equipment has mainly been deployed. We continue to see an increase in quotation activity for new systems, but it is not possible to predict the success rates in turning these quotations into sales.

As the sale of newer units replaced older time weather temperature systems that are leased by other customers, lease revenues decreased. It is anticipated that lease revenue will continue to decrease, but will be replaced in part by revenue from increased services provided with respect to the new time weather temperature systems that replace the leased units.

Product pricing for our equipment remained relatively constant between years. Inflation did not have a material impact on revenues.

Gross Profit

Gross profit was 45.5% of net sales in 2010 versus 38.3% of net sales in 2009. The increase in 2010 gross profit was due to higher equipment sales over which to spread fixed manufacturing costs, along with further cost-reduction measures. It is possible that the lower levels of manufacturing and service personnel from prior cost reductions could hamper our ability to meet customer demand should sales volumes increase in the future. However, if this occurs we believe we will be able to hire additional personnel to meet our needs.

Operating Expenses

Total operating expenses in 2010 were $760,609 or 49.5% of net sales, compare to $921,485 or 59% of net sales in 2009. General and administrative expenses were lower in 2010 compared to 2009. Marketing and selling expenses were down because of controlled selling expenses and lower commissions paid to fewer sales agents. Research and development expenses were also lower in 2010 compared to 2009.

Cost reduction programs and staff downsizing implemented beginning late in the first quarter of 2001 and continuing through 2010 have reduced our workforce by approximately 85% and included all departments within ETC. While our staffing levels are sufficient at the current sales volume, we may have to add staff in the future should sales volume increase.

Despite the sizable reductions in sales and engineering personnel, we believe we have sufficient staff to accomplish our current sales and product development goals. We have adequate sales personnel in place to service our customers' needs and develop opportunities for new sales of products and services. The company expects to increase sales through alternate sales channels. We also have sufficient engineers on staff to add new features to our existing products that are intended to increase future sales volume. However, even though new product and feature development is continuing, it has been slowed by the staff reductions.

Other Income and Expense

Net other expense in 2010 was $30,240 compared to $23,509 in 2009. The increase between years of net other expenses was due to interest expense incurred on borrowings and less interest received on bank balances.

Income Taxes

Income tax expense was $0 in 2010 and 2009.

Net Earnings and Earnings Per Share

Net loss in 2010 was $36,941 compared to a net loss of $347,241 in 2009. Higher sales and further reductions to operating expenses contributed to the decrease in loss compared with 2009.

LIQUIDITY AND CAPITAL RESOURCES

Working capital was ($530,000) at December 31, 2010, compared to ($599,639) at December 31, 2009. A decrease in inventory levels and accounts receivable, along with net borrowings on the line of credit, was used to fund the 2010 loss.

Capital expenditures were $0 in 2010 and $2,371 in 2009. The capital expenditures in 2009 consisted primarily of computer equipment upgrades. The Company discontinued capitalizing software production costs incurred in 2009.

Accounts receivable increased from $42,947 in 2009 to $80,559, primarily due to timing of collections from end of the year sales. Inventories decreased from $305,290 in 2009 to $206,213 in 2010 due to our concerted effort to keep inventory levels low to conserve cash and the disposal of maintenance inventory for discontinued products. Net investment in sales-type leases decreased from $197 in 2009 to $0 in 2010 due to payments received from customers on sale-type leases of our Audichron 410 time weather temperature systems and the contracts expiring. New systems are now sold to the customer or leased by the customer through a third party leaser. Accounts payable decreased from $30,093 to $21,543 primarily due to timing differences.

To supplement cash flow, the Company has an agreement with an entity controlled by affiliates of the Company for up to $200,000 of borrowing availability. As of December 31, 2010, the Company had cash borrowings of $160,000 on this revolving credit facility. Additionally as of December 31, 2010, the Company has unpaid rent due to the same entity totaling $442,437.

Management is cautiously optimistic that market conditions and demand for the Company's products will improve and that the Company's operations will remain profitable and generate sufficient internal cash flow to support operations at current expense levels. If the Company is able to increase its sales volume, additional financing in the form of internally generated cash flow and/or third-party financing may be required to finance increases in inventory and accounts receivable. Management believes the Company's current operating structure will enable the Company to continue operations for the foreseeable future. However, there can be no assurance that any or all of these items will be accomplished.

Contractual Obligations

ETC has contractual obligations for operating leases for its facilities in Waukesha, Wisconsin. The lease ends in 2015. Future minimum lease payments as of December 31, 2010, for the facility are as follows:

2011	$	144,000
2012		150,000
2013		156,000
2014		162,000
2015		168,000
Total	$	780,000

We treat these contractual obligations as normal operating expenses and plan to fund them with internally generated cash flow. Our ability to do this will depend on achieving the sales levels necessary to reach cash flow breakeven levels. There are no assurances that this can be accomplished.

ETC does not have any contractual obligations for purchases of materials from vendors used in the manufacture of our products for 2011 or future years.

Critical Accounting Estimates

There are a few areas of our financial statements that require us to use accounting estimates to comply with generally accepted accounting principles. These accounting estimates are made using our best judgment and may vary from actual results. Critical accounting estimates are used in the following areas:

Accounts Receivable -- Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. The estimated allowance for uncollectible accounts is based primarily on a specific analysis of accounts in the receivable portfolio and historical write-off experience. While we believe the allowance to be adequate, if the financial condition of our customers were to change resulting in impairment of their ability to make payments, additional allowances may be required.

Inventory -- Our inventories are valued at the lower of cost or market value. We periodically review inventory quantities on hand and record a provision for excess and/or obsolete inventory based primarily on our estimated forecast of product demand, as well as historical usage. Our industry is characterized by rapid technological change and frequent new product development, both of which could result in an increase in the amount of obsolete inventory quantities on hand. In such a case, there is a possibility that the reserve for excess or obsolete inventory may need to be adjusted in the future. Any significant unanticipated change in demand or technological developments could have a significant impact on the value of our inventory, the reserve required, and our future reported operating results.

Income Taxes -- The preparation of our financial statements requires us to estimate our current tax exposure together with assessing temporary differences between the carrying amounts of various assets and liabilities for financial reporting purposes and income tax purposes. These timing differences result in the recognition of deferred tax assets and liabilities to which we must record a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, and any valuation allowance recorded against the deferred tax assets. We have recorded a full valuation allowance against our deferred tax assets of $2,567,000 as of December 31, 2010 and $2,590,000 as of December 31, 2009, due to our uncertainties related to our ability to utilize these assets because of our financial losses in the current and prior years.

In the event actual results differ from our estimates, or we adjust our estimates in future periods, we may need to adjust our valuation allowance, which would materially impact our financial position and results of operations. If we are profitable in future years, our net operating loss carryforwards, which are our primary deferred tax assets, could be realized and our valuation allowance would be reduced and used to offset future income tax expense.

Independent Accountants

As a part of our efforts to reduce expenses, the Board of Directors has opted to not have the 2010 financial statements reviewed by our independent accountants. This reduction in scope is not expected to change the accuracy of the financial reports. We have had consultations with our independent accountants regarding accounting matters, however they have not been engaged to report or otherwise express any assurance on our 2010 financial statements. All internal accounting procedures and reporting remains unchanged, including the quarterly review by all senior management of the financial disclosures and procedures.

Forward Looking Information

From time to time, information provided by ETC, statements made by its employees, and information included in its press releases and other public statements which are not historical facts are forward-looking in nature and relate to trends and events that may affect our future financial position and operating results. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties including, but not limited to: business conditions in the telecommunications industry, the length and severity of the current worldwide recession and the timing and strength of a subsequent recovery, the Company’s ability to achieve adequate sales levels or sufficient cash flow or cash reserves to support operations, technology changes, backlog, status of the economy, government regulations, sources of supply, expense structure, product mix, major customers, competition, litigation, and other risk factors. Investors are encouraged to consider the risks and uncertainties.

STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008 - UNAUDITED

	2010	2009	2008
NET SALES (Note 15)	**$ 1,658,605**	$ 1,560,723	$ 1,854,558
COST OF PRODUCTS SOLD	**904,697**	962,970	1,078,742
GROSS PROFIT	**753,908**	597,753	775,816
OPERATING EXPENSES:			
General and administrative	**283,997**	292,172	232,802
Marketing and selling	**217,019**	349,678	391,179
Research and development	**224,442**	279,635	270,362
Restructuring charge (Note 18)	**35,151**	-	-
	760,609	921,485	894,343
LOSS FROM OPERATIONS	**(6,701)**	(323,732)	(118,527)
OTHER INCOME (EXPENSE):			
Interest expense	**(31,790)**	(28,185)	(24,207)
Interest and dividend income	**1,550**	4,676	4,670
LOSS BEFORE INCOME TAXES	**(36,941)**	(347,241)	(138,064)
Income taxes (benefit) (Note 8)	**-**	-	-
NET LOSS	**$ (36,941)**	$ (347,241)	$ (138,064)
BASIC AND DILUTED LOSS PER SHARE (Notes 12, 13 and 14):			
Class A common	**$ (0.01)**	$ (0.14)	$ (0.06)
Class B common	**$ (0.01)**	$ (0.14)	$ (0.06)

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

BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2010 AND 2009 - UNAUDITED

		2010		2009
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	**$**	**94,976**	$	28,122
Available for sale investments		**91,672**		125,793
Trade accounts receivable, less allowance for doubtful accounts of $27,700 in 2010 and $30,600 in 2009		**80,559**		42,947
Inventories (Note 3)		**206,213**		305,290
Net investment in sales-type leases		**-**		197
Prepaid expenses and other current assets		**7,369**		10,324
Total current assets		**480,789**		512,673
PROPERTY, PLANT AND EQUIPMENT (Notes 4 and 6)		**6,753**		12,112
CAPITALIZED SOFTWARE PRODUCTION COSTS (Note 5)		**-**		8,870
Total Assets	**$**	**487,542**	$	533,655
LIABILITIES AND STOCKHOLDERS' DEFICIT				
CURRENT LIABILITIES:				
Revolving credit facility - related party (Note 9)	**$**	**602,437**	$	677,457
Accounts payable		**21,543**		30,093
Accrued expenses (Note 7)		**271,756**		300,703
Income taxes payable		**8,787**		10,022
Deferred revenue and customer deposits		**61,982**		68,702
Deferred gain on sale of building (Note 6)		**11,302**		25,335
Deferred rent (Note 6)		**32,982**		-
Total current liabilities		**1,010,789**		1,112,312
DEFERRED GAIN ON SALE OF BUILDING (Note 6)		**45,208**		50,661
DEFERRED RENT (Note 6)		**131,925**		-
Total liabilities		**1,187,922**		1,162,973
COMMITMENTS (Note 6)				
STOCKHOLDERS' DEFICIT (Notes 12 and 13):				
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 $.01, issued and outstanding 499,998 shares		**5,000**		5,000
Additional paid-in capital		**3,335,647**		3,335,647
Accumulated other comprehensive income		**91,672**		125,793
Retained earnings (deficit)		**(4,152,790)**		(4,115,849)
Total stockholders' deficit		**(700,380)**		(629,318)
Total Liabilities and Stockholders' Deficit	**$**	**487,542**	$	533,655

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

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010, 2009, AND 2008 - UNAUDITED

	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	**$ (36,941)**	$ (347,241)	$ (138,064)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	**14,229**	48,791	77,010
Gain from sale of property, plant and equipment	**(19,486)**	(25,332)	(25,332)
Changes in operating assets and liabilities:			
Accounts receivable	**(37,612)**	110,423	(50,298)
Inventories	**99,077**	29,366	56,272
Net investment in sales-type leases	**197**	7,927	10,732
Prepaid expenses and other current assets	**2,955**	545	4,432
Accounts payable and accrued expenses	**(37,498)**	(17,412)	(90,723)
Deferred rent	**164,908**	-	-
Income taxes payable	**(1,235)**	(1,402)	(1,235)
Unpaid rent - related party	**(75,020)**	164,230	129,626
Deferred revenue and customer deposits	**(6,720)**	(1,674)	(39,927)
Total adjustments	**103,795**	315,462	70,557
Net cash provided by (used in) operating activities	**66,854**	(31,779)	(67,507)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	**-**	(2,371)	(12,679)
Capitalized software production costs (Note 5)	**-**	-	(30,954)
Net cash used in investing activities	**-**	(2,371)	(43,633)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings (payments) on revolving credit facility, net	**-**	-	-
Net cash provided by (used in) financing activities	**-**	-	-
Net increase (decrease) in cash and cash equivalents	**66,854**	(34,150)	(111,140)
Cash and cash equivalents at beginning of year	**28,122**	62,272	173,412
Cash and cash equivalents at end of year	**$ 94,976**	$ 28,122	$ 62,272
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	**$ 1,235**	$ 1,402	$ 1,235
Cash paid for interest expense	**31,437**	28,894	23,735

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

STATEMENT OF STOCKHOLDERS' DEFICIT
YEARS ENDED DECEMBER 31, 2010, 2009, AND 2008 - UNAUDITED

	Common Stock (Note 13)							
	Class A		Class B			Accumulated		Total
	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Stock-holders' Deficit
Balances at January 1, 2008	2,009,149	$ 20,091	499,998	$ 5,000	$ 3,335,647	$ 206,304	$ (3,630,544)	$ (63,502)
Net loss	-	-	-	-	-	-	(138,064)	(138,064)
Unrealized loss on investments	-	-	-	-	-	(83,830)	-	(83,830)
Comprehensive loss	-	-	-	-	-	-	-	(221,894)
Balances at December 31, 2008	2,009,149	20,091	499,998	5,000	3,335,647	122,474	(3,768,608)	(285,396)
Net loss	-	-	-	-	-	-	(347,241)	(347,241)
Unrealized gain on investments	-	-	-	-	-	3,319	-	3,319
Comprehensive loss	-	-	-	-	-	-	-	(343,922)
Balances at December 31, 2009	2,009,149	20,091	499,998	5,000	3,335,647	125,793	(4,115,849)	(629,318)
Net loss	**-**	**-**	**-**	**-**	**-**	**-**	**(36,941)**	**(36,941)**
Unrealized loss on investments	**-**	**-**	**-**	**-**	**-**	**(34,121)**	**-**	**(34,121)**
Comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(71,062)**
Balances at December 31, 2010	**2,009,149**	**$ 20,091**	**499,998**	**$ 5,000**	**$ 3,335,647**	**$ 91,672**	**$ (4,152,790)**	**$ (700,380)**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company designs, manufactures, and markets digital voice information systems and related services. The Company's equipment provides a wide range of audio and computer information and call handling capabilities via telephone networks, computer networks, and the Internet. The Company's digital voice information systems deliver network interoperability and revenue-generating applications. Branding, time and temperature announcements, and weather forecasts are among the applications designed to increase customers' name recognition and market presence. Additionally, revenue-generating applications such as automatic callback, changed number with call completion, repeat dialing, and wake-up/reminder services enables providers to differentiate themselves from their competition. Services include professional recording, turn-key installations, on-site trainings, and 24-hour technical support.

The Company's customers include Regional Bell Operating Companies (RBOCs), Competitive Local Exchange Carriers (CLECs), independent telephone companies, long distance companies, wireless carriers, cable companies, utilities, leading telecommunications manufacturers, and other business and organizations.

The Company was incorporated in Wisconsin in 1980. The Company's executive officers, together with manufacturing, engineering, marketing, sales, and technical services are located in Waukesha, Wisconsin.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Management considers its estimates related to inventory valuation, impairment evaluations for fixed assets, valuation of deferred tax assets, and capitalization and amortization of software to be significant estimates that may be subject to change in the near term.

Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities that the Company does not necessarily intend to hold until maturity and that were not purchased for the purpose of selling the securities in the near term are classified as available for sale securities. Available for sale securities are reported at fair value with unrealized gains and losses reported in accumulated other comprehensive income (loss).

Fair Value Measurements

A three-tier hierarchy prioritizes the inputs used in measuring fair value as follows: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurements.

Trade Accounts Receivable and Concentration of Credit Risk

Trade accounts receivable are customer obligations due on normal trade terms requiring payment within 30 days from the invoice date. Payments of trade accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of trade accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 60 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected.

The Company's sales are concentrated primarily in the domestic telecommunications industry. The Company performs periodic credit evaluations of its customers' financial condition and does not require collateral.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. For financial reporting purposes, depreciation and amortization is provided using the straight-line method over estimated useful lives of three to five years.

The Company leases certain voice announcement equipment to certain customers for terms of one month to three years with renewal options on a month-to-month basis. All such leases are treated as operating leases. The leased equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the equipment.

Capitalized Software Production Costs
Software production costs incurred related to internally developed software products, enhancements, and purchased software to be sold, leased, or otherwise marketed are capitalized once technological feasibility of the software product has been established. Capitalization ends when the software product is available for general release. Software production costs incurred up to the time technological feasibility is established are considered research and development costs and are expensed as incurred.

Capitalized software production costs are amortized on a straight-line basis over the remaining estimated economic life of the product. Capitalized software production costs are reported at the lower of unamortized costs or net realizable value. The net realizable value of the capitalized software production costs is evaluated for all periods after capitalization.

See Note 5 for additional information on capitalized software production costs.

Long-lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected undiscounted cash flows is less than the carrying value of the related asset or group of assets, a loss is recognized for the difference between the fair value and carrying value of the asset or group of assets. Such analyses necessarily involve significant judgment.

Fair Value of Financial Instruments
The Company's financial instruments, other than cash, consist primarily of cash equivalents, investments, accounts receivable, accounts payable, accrued liabilities, notes payable, and long-term debt. The fair value of these instruments approximates their carrying amounts based upon their short-term nature or current market indicators such as prevailing interest rates.

Income Taxes
Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred income taxes related primarily to differences between the bases of certain assets and liabilities for financial statement and income tax purposes. The deferred income tax benefits and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. If full realization is not expected, a deferred income tax valuation allowance will be recorded. Deferred income tax benefits also are recognized for operating losses that are available to offset future taxable income and tax credits that are available to offset future income taxes.

Revenue Recognition
The Company sells and leases equipment and related services. Terms of sale are documented on purchase orders and sales agreements. There are no multi-element contracts. Revenue from equipment and software sales is recognized at the time of shipment. Revenue from operating leases of time/weather/temperature equipment is recognized on a monthly basis as the monthly lease amount is billed to the customer. Revenue from services is recognized when the related service is provided. Revenue from the sale of maintenance contracts is deferred and recognized evenly over the term of the contract.

Sales of the Company's Audichron® 410 and Audichron® Z-10 interactive systems are accounted for as sales-type leases. Revenue is recognized upon shipment of these systems to the customer. The difference between the expected minimum payments and the revenue recognized for each agreement is unearned revenue. The unearned revenue is amortized over the term of each agreement using the effective interest method.

Revenue from sales-type leases, operating leases and services was approximately 63%, 71%, and 66% of total revenue in 2010, 2009, and 2008, respectively.

Shipping and Handling
Revenue received from and costs incurred for shipping and handling are reported in cost of products sold. Revenue received from shipping and handling fees were $3,382, $3,666, and $6,182 in 2010, 2009, and 2008, respectively. Costs incurred for shipping and handling were $2,972, $3,817, and $7,353 in 2010, 2009, and 2008, respectively.

Research and Development
Research and development costs related to the design and development of new products are expensed as incurred.

Segment Information
The Company reports segment information about geographic areas and major customers. See Note 16 for additional information.

Comprehensive Income (Loss)
Comprehensive income (loss) is a more inclusive financial reporting method that includes disclosure of financial information that historically has not been recognized in the calculation of net income (loss). The Company has reported comprehensive loss for 2010, 2009, and 2008. The Company's comprehensive loss, as reported in the Statements of Stockholders' Equity (Deficit), includes net income (loss) and unrealized gains (losses).

Variable Interest Entities
GAAP requires an entity to consolidate a variable interest entity if that enterprise has a variable interest (or combination of variable interests) that will absorb a majority of the entity's expected losses if they occur, receive a majority of the entity's expected residual returns if they occur, or both. In addition, the Interpretation requires an entity that holds significant variable interest in a variable interest entity, but is not the primary beneficiary, to disclose certain information. Currently, the Company leases real estate from an affiliated entity and borrows money under a revolving credit facility from the same affiliated entity. Based on management's review of the affiliated entity and the Company's transactions with it, the Company is not required to consolidate or disclose further information.

Subsequent Events
Subsequent events were evaluated through March 3, 2011 which is the date the financial statements were issued.

2. AVAILABLE FOR SALE INVESTEMENTS

Available for Sale Investments are comprised of corporate equity securities. Because the cost basis of the available for sale securities is zero, the cumulative net unrealized gain equals the fair value. Fair value is derived from the quoted market price in an active market (level 1). Information as of and for the years ended December 31, 2010, 2009, and 2008, is summarized as follows:

	2010	2009	2008
Securities available for sale:			
Cost of equity securities	$ 0	$ 0	$ 0
Cumulative net unrealized gain as reported in accumulated other comprehensive income, beginning of year	125,793	122,474	206,304
Current year unrealized net gain (loss) included in comprehensive income (loss)	(34,121)	3,319	(83,830)
Cumulative net unrealized gain as reported in accumulated other comprehensive income (loss), end of year	$ 91,672	$ 125,793	$ 122,474

3. INVENTORIES

Inventories consisted of the following at December 31:

	2010	2009
Raw materials and supplies	$ 114,852	$ 180,201
Work-in-process and finished goods	38,090	35,519
Maintenance and demo parts	86,068	129,111
Reserve for obsolescence	(32,797)	(39,541)
Total Inventories	$ 206,213	$ 305,290

The Company has determined that certain inventories are obsolete or are in excess of anticipated future demand. Accordingly, the Company has recorded a reserve for obsolescence as indicated above. The Company will continue to evaluate these inventories and will adjust the reserve as needed in the future. Accordingly, this significant estimate is subject to change in the near term.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at December 31:

	2010	2009
Equipment and furniture	$ 1,585,438	$ 1,635,823
Accumulated depreciation and amortization	(1,578,685)	(1,623,711)
Net property, plant and equipment	$ 6,753	$ 12,112

5. CAPITALIZED SOFTWARE PRODUCTION COSTS

Capitalized software production costs consisted of the following at December 31:

	2010	2009
Capitalized software production costs	$ 856,622	$ 856,622
Accumulated amortization	(856,622)	(847,752)
Net capitalized software production costs	$ -	$ 8,870

Software production costs capitalized were $0, $0, and $30,953, in 2010, 2009, and 2008, respectively. Amortization expense of software production costs, which were included in cost of products sold in the statements of operations, were $8,870, $41,645, and $69,099, for 2010, 2009, and 2008, respectively.

Amortization of capitalized software production costs scheduled for future years is $0.

6. LEASE COMMITMENTS

On July 18, 2001, the Company entered into a sale leaseback transaction with an entity controlled by affiliates of the Company for the building and associated land located in Waukesha, Wisconsin, which serves as the Company's principal office and manufacturing facility. The leaseback transaction has been accounted for as an operating lease. A gain of $576,379 was realized on the transaction. The gain has been deferred and will be amortized to income in proportion to rental payments over the term of the lease. In 2010 a gain of $19,486 was recognized while in 2009 and 2008 gains of $25,355 were recognized.

The Company has leased the facility back from the buyer under a triple net lease which currently expires on December 31, 2015. The lease required monthly payments of $16,190 for eight months and $12,000 for four months during 2010. The required monthly payment increases annually by approximately 4% starting in 2012. The Company is responsible for its share of operating costs as defined in the agreement.

As of December 31, 2010 and 2009, net deferred gain totaling $56,510 and $75,996, respectively, relating to the sale leaseback transaction is included in the accompanying financial statements.

Future minimum lease payments at December 31, 2010 for the Waukesha facility are as follows:

Year	Rental Payments
2011	$ 144,000
2012	150,000
2013	156,000
2014	162,000
2015	168,000
Total minimum lease payments	$ 780,000

As a result of the renegotiation of the lease for the Waukesha, Wisconsin facility in 2010, a rent credit of $178,650 was accrued and will be amortized over the term of the lease. Amortization of the rent credit, which were included in the statements of operations, were $13,742 for 2010. Total rent expense for 2010, 2009, and 2008, was $157,580, $184,920, and $175,920, respectively.

7. ACCRUED EXPENSES

Accrued expenses consist of the following at December 31:

	2010	2009
Accrued wages and benefits	$ 108,472	$ 137,887
Directors fees	80,175	91,950
Other accrued professional fees	10	1,803
Product warranty reserve	16,202	14,181
State and local sales tax accrual	6,074	6,854
Other accrued expenses	60,823	48,028
Total accrued expenses	$ 271,756	$ 300,703

As a result of an agreement reached during 2008 with certain current and former directors, the Company's obligation for unpaid directors' fees was reduced by approximately $77,000, which was reflected as a reduction to operating expenses in the 2008 financial statements.

8. INCOME TAXES

Income tax expense consists of the following:

	2010	2009	2008
Current:			
Federal	$ -	$ -	$ -
State	-	-	-
Total current	-	-	-
Deferred	47,000	58,000	15,000
Benefit of net operating losses	(24,000)	(164,000)	(60,000)
Change in valuation reserve	(23,000)	106,000	45,000
Income tax expense (benefit)	$ -	$ -	$ -

A reconciliation of income taxes at the United States statuary rate to the effective tax rate follows:

	2010	2009	2008
Statutory rate	(34.0)%	(34.0)%	(34.0)%
State income taxes net of Federal benefit	(3.9)	(4.0)	(4.3)
Change in beginning of year deferred income tax valuation allowance	97.5	-	-
Change in deferred income tax valuation allowances	(62.3)	30.5	32.6
Permanent differences	0.0	0.3	0.7
Other	2.7	7.2	5.0
Effective tax rate	0.0%	0.0%	0.0%

At December 31, 2010, the Company had federal net operating loss carryforwards of approximately $6,300,000 and research and development credits totaling $66,000 which are subject to federal regulations and limitations and expire at various times from 2012 to 2025. The carryforwards and credits, which expire in various years, are available to offset future federal taxable income and income taxes. The deferred income tax valuation allowance was adjusted as of the beginning of 2010 to account for the expiration of state net operating loss caryforwards in 2010 of approximately $900,000. The valuation reserve of $2,567,000 and $2,590,000 at December 31, 2010 and 2009, respectively, was provided because of uncertainty as to whether the net deferred tax asset would be realized, based on the Company's financial results in the current and prior years. If the Company is profitable in future years, the valuation reserve will be reduced and used to offset income tax expense.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of December 31 are as follows:

	2010	2009
Deferred tax assets:		
Excess of book over tax depreciation	19,000	17,000
Net operating loss carryforwards	2,364,000	2,373,000
Inventories	52,000	59,000
Allowance for doubtful accounts	11,000	12,000
Research and development tax credit	66,000	66,000
Accrued charges and other	34,000	34,000
Deferred gain	21,000	29,000
Total deferred tax assets	2,567,000	2,590,000
Net deferred tax asset before valuation reserve	2,567,000	2,590,000
Valuation reserve	(2,567,000)	(2,590,000)
Net deferred tax asset	$ -	$ -

In 2007, the Company had a change in estimate for its state income tax liability, and reduced the estimated state tax liability by $52,000. Accordingly, the reversal of the liability in 2007 resulted in an income tax benefit on the Statement of Operations. The Company's reserves for uncertain tax positions as of December 31, 2010 and 2009 were $0.

9. REVOLVING CREDIT FACILITY & UNPAID RENT - RELATED PARTY

On December 23, 2002, the Company signed a revolving credit facility renewal with esitec, LLC, an affiliate. The term of the revolving credit facility ended December 31, 2003, at which time it renewed automatically in consecutive one-year increments, provided that either party may terminate the revolving credit facility upon 45 days written notice. Under the revolving credit facility, the Company can borrow up to a maximum of $200,000. Interest is payable monthly at a rate of up to prime plus two percentage points as quoted in the Wall Street Journal (effective rate of 4.5% as of December 31, 2010),and any outstanding balances of principal and interest are due at the end of the term. The revolving credit facility is secured by trade accounts receivable. As of December 31, 2010 and 2009, the Company had borrowings of $160,000, under the revolving credit. Interest paid for borrowings on the revolving credit facility was $30,038, $28,185, and $24,207 for the years ending December 31, 2010, 2009, and 2008, respectively.

As of December 31, 2010 and 2009, unpaid rent due to esitec, LLC. totaled $442,437 and $517,457, respectively.

10. PROFIT SHARING PLAN

The Company has a profit sharing plan pursuant to Section 401(k) of the Internal Revenue Code, whereby participants may contribute a percentage of compensation, but not in excess of the maximum allowed under the Code. Substantially all employees are eligible to participate. The plan provides for, and the Company expenses, Company matching contributions and additional discretionary contributions determined by the Board of Directors. There were no Company matching or additional discretionary contributions paid in 2010, 2009, and 2008.

11. STOCK OPTION PLAN

The Company has a 1999 Nonqualified Stock Option Plan whereby 175,000 shares of Class A common stock are authorized for granting of options to key employees of the Company as determined by the Compensation and Stock Option Committee of the Board of Directors. Options granted may be vested at the discretion of the Compensation and Stock Option Committee and expire ten years from date of grant. The exercise price is the average of the highest and lowest transaction prices of the stock on the date of grant. Options are cancelled upon termination of employment and that stock becomes available for future option grants. As of December 31, 2009, the 1999 Nonqualified Stock Option Plan expired with respect to granting of future options, and, accordingly, there are no shares eligible for future grants. Options outstanding under the 1999 Plan will remain in effect until they have been exercised or have expired or terminated.

All non-expired options were vested as of December 31, 2005.

Pro forma information regarding net income and earnings per share required by GAAP has not been presented as the amount of compensation expense that would have been recorded is immaterial.

Transactions with respect to the Company's stock option plans were as follows:

	2008		2009		2010	
	Option Shares	Weighted Average Exercise Price	Option Shares	Weighted Average Exercise Price	Option Shares	Weighted Average Exercise Price
Outstanding at beginning of year	105,000	$1.16	86,900	$1.04	80,900	$1.01
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Forfeited	(18,100)	1.31	(6,000)	1.49	(33,000)	2.06
Outstanding at end of year	86,900	1.04	80,900	1.01	47,900	0.29
Exercisable at end of year	83,280	1.07	80,900	1.01	47,900	0.29
Weighted average fair value of Options granted during the year		-		-		-

Exercise prices for options outstanding as of December 31, 2010, ranged from $0.22 to $0.40. Additional information related to these options segregated by exercise price range is as follows:

	Exercise Price Range		
	$0.22 to $0.39	$0.40 to $0.90	$0.90 to $2.69
Options outstanding	30,000	17,900	-
Weighted average exercise price of options outstanding	$0.22	$0.40	-
Weighted average remaining contractual life of options outstanding	1.32 years	3.31 years	0 years
Options exercisable	30,000	17,900	-
Weighted average exercise price of options exercisable	$0.20	$0.40	-

12. CAPITAL STOCK

The Company has two classes of common stock and has also authorized 5,000,000 shares of preferred stock.

In December 2004, the board of directors voted to deregister the Class A Common Stock with the Securities and Exchange Commission. Subsequent to that decision, the Audit Committee considered options for year end financial statements and recommended that the company have its financial statements reviewed rather than audited. This decision was based on the cost savings generated. We have continued to work with the firm that had previously been auditing ETC's statements and is familiar with the company operations. Internal processes have not changed and will continue to be documented in a manner that will allow future auditing if necessary.

In the event of liquidation, holders of Class A common stock are entitled to receive, after distribution of amounts due to holders of preferred stock, $3 per share (subject to adjustments for stock splits, stock dividends or similar events involving Class A common stock) before any distribution to holders of Class B common stock. After the payment of $3 per share to Class A common stockholders, the Class B common stockholders are entitled to receive $3 per share. Thereafter, the Class A and Class B common shareholders share equally in any further distributions.

The Company's Board of Directors has the authority and responsibility to determine the rate of dividend, liquidation value, and other preferences of the preferred stock upon issuance. No shares of preferred stock have been issued to date.

13. DIVIDENDS

The holders of Class A common stock, which generally is non-voting, are entitled to receive a non-cumulative annual cash dividend of $0.08 per share before any dividends may be paid to the holders of Class B common stock. Thereafter, any additional dividend in a fiscal year must be paid on the two classes of common stock on an equal basis. If the preferential dividend is omitted for three consecutive years, the Class A common stock is entitled to vote in the following year.

No dividends were declared or paid in 2010, 2009, and 2008. Because no dividends were paid for three years, as of January 1, 2011, holders of Class A common stock are entitled to vote at the Company's 2011 Annual Meeting on an equal basis with holders of its Class B common stock.

14. EARNINGS PER SHARE

Earnings (loss) net of dividends paid (undistributed earnings) are allocated equally per share to weighted average Class A shares, as adjusted for the dilutive effect of stock options using the treasure stock method, and weighted average Class B shares outstanding during the year. Earnings (loss) per Class A and Class B common share were computed, as shown in the table below, by adding dividends paid per Class A and Class B common share (distributed earnings) to undistributed earnings. The following table sets forth the computation of basic and diluted earnings per share:

	2010	2009	2008
Numerator for basic and diluted loss per share:			
Net loss	$ (36,941)	$ (347,241)	$ (138,064)
Less dividends paid:			
Class A common	-	-	-
Class B common	-	-	-
Undistributed loss	$ (36,941)	$ (347,241)	$ (138,064)
Denominator for basic and diluted loss per share:			
Weighted average shares:			
Class A common	2,009,149	2,009,149	2,009,149
Class B common	499,998	499,998	499,998
Total	2,509,147	2,509,147	2,509,147
Calculation of basic and diluted loss per share:			
Class A common:			
Distributed earnings	$ -	$ -	$ -
Undistributed loss	(0.01)	(0.14)	(0.06)
Basic and diluted loss per share	$ (0.01)	$ (0.14)	$ (0.06)
Class B common:			
Distributed earnings	$ -	$ -	$ -
Undistributed loss	(0.01)	(0.14)	(0.06)
Basic and diluted loss per share	$ (0.01)	$ (0.14)	$ (0.06)

Options to purchase shares of Class A common stock under the Company's Nonqualified Stock Option Plan were outstanding. However, these shares were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares. The number of shares excluded from the computation was 47,900 for 2010, 80,900 for 2009, and 86,900 for 2008. See Note 12 for additional information regarding stock options.

15. ENTERPRISE INFORMATION

The Company operates as one reportable segment.

Geographic Information
Geographic information related to the Company's revenues and long-lived assets are as follows:

	Revenues (a) Years Ended December 31,			Long-Lived Assets December 31,	
	2010	2009	2008	2010	2009
United States	$ 1,638,296	$ 1,537,843	$ 1,653,556	$ 6,753	$ 12,112
Other countries	20,309	22,880	200,992	-	-
Total	$ 1,658,605	$ 1,560,723	$ 1,854,558	$ 6,753	$ 12,112

(a) Revenues are attributed to countries based on the location of customers.

Major Customers
One customer accounted for 12% of sales in 2010. No customer accounted for more than 10% of sales in 2009 or 2008.

16. COMPANY OPERATIONS

Cumulatively over the past three years the Company has sustained operating losses requiring the Company to use substantial amounts of working capital to fund its operations. The losses and use of working capital were a result of the significant decrease in sales caused by lower customer demand for the Company's products. The Company's customers have been severely impacted by slowing economic conditions, especially in the domestic telecommunications industry, which adversely impacted customers' buying decisions. These factors raise substantial doubt about the Company's ability to continue as a going concern.

To address the resultant cash flow requirements caused by the decrease in sales, the Company reduced its workforce through a combination of terminations and lay-offs. To supplement cash flow in the short-term, the Company maintains an agreement with an entity controlled by affiliates of the Company for up to $200,000 of borrowing availability. As of December 31, 2010, the Company had borrowings on this revolving credit facility of $160,000. With the workforce reductions and strict control of all costs, the Company has significantly reduced the sales levels necessary to turn its operations profitable. The Company will continue to monitor its operations to determine if additional cost savings measures need to be implemented to improve cash flow.

Management is cautiously optimistic that market conditions and demand for the Company's products will improve and that the Company's revised operating structure will once again consistently be profitable and generate sufficient internal cash flow to support its operations at some point in the future. If the Company is able to increase its sales volume, additional financing in the form of internally generated cash flow and/or third-party financing may be required to finance increases in inventory and accounts receivables. Management believes the Company's revised operating structure should enable the Company to continue operations for the near term. However, there can be no assurances that any or all of these items will be accomplished.

The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

17. RELATED PARTY TRANSACTIONS

The Company leases its Waukesha facility from an entity controlled by affiliates of the Company. See Note 6 for additional information on this lease. In addition, the Company has a revolving credit facility from the same entity controlled by affiliates of the Company. See Note 9 for additional information on this revolving credit facility.

18. RESTRUCTURING COSTS

In 2010, as part of a cost reduction strategy, the Company reduced its workforce via layoffs and forced retirements. The total cost incurred of $35,151 was comprised of compensation and benefits and is separately disclosed as restructuring costs in the accompanying statement of operations. $33,077 was paid during the year. The remaining $2,080 is included in accrued expenses on the balance sheet as of December 31, 2010.

For the Years Ended December 31,	**2010**	2009	2008	2007	2006
SUMMARY OF OPERATIONS:					
Net sales	**$ 1,658,605**	$ 1,560,723	$ 1,854,558	$ 2,309,206	$ 2,323,017
Cost of products sold	**904,697**	962,970	1,078,742	1,308,881	1,416,178
Gross profit	**753,908**	597,753	775,816	1,000,325	906,839
General and administrative	**283,997**	292,172	232,802	361,489	512,049
Marketing and selling	**217,019**	349,678	391,179	439,176	474,310
Research and development	**224,442**	279,635	270,362	253,691	264,183
Restructuring charge	**(35,151)**	-	-	-	-
Other income (expense)	**(30,240)**	(23,509)	(19,537)	(123,241)	(20,990)
Loss before income taxes	**(36,941)**	(347,241)	(138,064)	(177,272)	(364,693)
Income taxes (benefit)	**-**	-	-	(52,000)	-
Net loss	**$ (36,941)**	$ (347,241)	$ (138,064)	$ (125,272)	$ (364,693)
PER SHARE DATA:					
Weighted average shares outstanding	**2,509,147**	2,509,147	2,509,147	2,509,147	2,509,147
Basic and diluted loss per share:					
Class A common	**$ (0.01)**	$ (0.14)	$ (0.06)	$ (0.05)	$ (0.15)
Class B common	**$ (0.01)**	$ (0.14)	$ (0.06)	$ (0.05)	$ (0.15)
Shares outstanding at year end	**2,509,147**	2,509,147	2,509,147	2,509,147	2,509,147
Book value per share	**$ (0.28)**	$ (0.25)	$ (0.11)	$ (0.03)	$ 0.02
Cash dividends paid per Class A share (Note 12)	**$ -**	$ -	$ -	$ -	$ -
OTHER DATA:					
Working capital	**$ (530,000)**	$ (599,639)	$ (277,218)	$ (71,081)	$ 22,351
Current ratio	**0.5**	0.5	0.7	0.9	1.0
Total assets	**$ 487,542**	$ 533,655	$ 759,167	$ 1,008,651	$ 1,084,834
Total long-term obligations	**$ -**	$ -	$ -	$ -	$ -
Stockholders' equity	**$ (700,380)**	$ (629,318)	$ (285,396)	$ (63,504)	$ 46,770
After tax return on sales	**(2.2%)**	(22.2%)	(7.4%)	(5.4%)	(15.7%)
Return on equity	**(5.3%)**	(55.2%)	(48.4%)	(197.3%)	(779.8%)

This data should be considered in conjunction with the accompanying financial statements.

	2010 Quarters				
	First	**Second**	**Third**	**Fourth**	**Total**
Net sales	**$ 470,031**	**$ 313,191**	**$ 510,465**	**$ 364,918**	**$ 1,658,605**
Gross profit	**201,015**	**118,218**	**262,769**	**171,906**	**753,908**
Net loss	**(52,394)**	**(69,428)**	**80,311**	**4,570**	**(36,941)**
Basic and diluted loss per share:					
Class A common	**(0.02)**	**(0.03)**	**0.03**	**0.00**	**(0.01)**
Class B common	**(0.02)**	**(0.03)**	**0.03**	**0.00**	**(0.01)**
Dividends per Class A common share (Note 13)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Stock price for Class A common: *					
High	**0.100**	**0.080**	**0.080**	**0.120**	
Low	**0.080**	**0.080**	**0.080**	**0.080**	

	2009 Quarters				
	First	Second	Third	Fourth	Total
Net sales	$ 383,473	$ 462,963	$ 383,102	$ 331,185	$ 1,560,723
Gross profit	132,156	175,471	152,620	137,506	597,753
Net earnings (loss)	(126,045)	(59,430)	(77,274)	(84,492)	(347,241)
Basic and diluted earnings (loss) per share:					
Class A common	(0.05)	(0.02)	(0.03)	(0.03)	(0.14)
Class B common	(0.05)	(0.02)	(0.03)	(0.03)	(0.14)
Dividends per Class A common share (Note 13)	0.00	0.00	0.00	0.00	0.00
Stock price for Class A common: *					
High	0.100	0.100	0.080	0.100	
Low	0.080	0.080	0.080	0.070	

This data should be considered in conjunction with the accompanying financial statements.

* The stock prices represent the quotation price on the OTC Pink Sheets. The stock prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Annual Meeting of Shareholders
2:00 PM, Friday, May 6, 2011
Electronic Tele-Communications, Inc.
1915 MacArthur Road, Waukesha, WI 53188

Investor Relations
Investor relations inquiries may be made in writing to Investor Relations Department, Electronic Tele-Communications, Inc., 1915 MacArthur Road, Waukesha, WI 53188; by telephone at (262) 542-5600; or via email at investor_relations@etcia.com.

Stock Held in "Street Name"
Electronic Tele-Communications, Inc. maintains a direct mailing list to ensure that shareholders whose stock is held in broker accounts receive shareholder information on a timely basis. Shareholders may add their name to this list by writing or calling our Investor Relations Department.

Stock Listing
Electronic Tele-Communications, Inc. Class A common stock is quoted on the OTC Pink Sheets under the symbol ETCIA.

Shareholders of Record
As of March 17, 2011 there were approximately 450 shareholders of record and beneficial shareholders owning Class A common stock.

Termination of Regulation
In September 2004 the Company voluntarily terminated its registration of its Class A common stock under Section 12 of the Securities Exchange Act of 1934. This deregistration terminated the Company's obligation to file public reports with the SEC on Forms 10-KSB, 10-QSB, and 8-K.

Transfer Agent and Register
For address changes or questions regarding your shares, please contact:
American Stock Transfer and Trust Company, 59 Maiden Lane, New York, NY 10038-4502; telephone (800) 937-5449; website http://www.amstock.com; email info@amstock.com

Independent Accountants
Wipfli, LLP, 10000 Innovation Drive, Suite 250, Milwaukee, WI 53226

Legal Counsel
Quarles & Brady LLP, 411 East Wisconsin Avenue, Milwaukee, WI 53202

Corporate Officers
Dean W. Danner, P.E. , President and Chief Executive Officer
Joseph A. Voight, Jr., Vice President Sales and Marketing
Bonita M. Danner, P.E., Treasurer and Vice President Engineering
Elizabeth Danner, Corporate Secretary and Controller

Directors
Hazel Danner, 2, 3, 4
Dean W. Danner, P.E., 2, 3, 4
Bonita M. Danner, P. E., 1, 3
Joseph A. Voight, Jr., 1, 2
Elizabeth Danner, 1, 4

Committee Assignments
1-- Audit Committee
2 -- Compensation and Stock Option Committee
3 -- Executive Committee
4 -- Facilities Committee

Electronic Tele-Communications, Inc.
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