

ELECTRONIC TELE-COMMUNICATIONS, INC.

FINANCIAL REPORT

September 30, 2017

ELECTRONIC TELE-COMMUNICATIONS, INC.
BALANCE SHEETS
September 30, 2017 and December 31, 2016

	(Unreviewed) September 30 2017	(Unreviewed) December 31 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 89,323	\$ 132,116
Trade accounts receivable, net	13,674	29,407
Inventories	137,174	121,825
Net investment in sales-type leases	4,102	5,139
Prepaid expenses and other current assets	4,449	9,414
Total current assets	248,722	297,901
PROPERTY, PLANT AND EQUIPMENT, NET	5,743	10,140
NET INVESTMENT IN SALES-TYPE LEASES	6,332	323
Total Assets	\$ 260,797	\$ 308,364
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving credit facility and unpaid rent - related party	\$ 428,000	\$ 428,000
Accounts payable	3,984	11,734
Accrued expenses	136,651	137,220
Income taxes payable	5,411	6,409
Deferred revenue and customer deposits	23,546	38,336
Deferred rent	60,000	60,000
Total current liabilities	657,592	681,699
DEFERRED RENT	135,000	180,000
Total liabilities	792,592	861,699
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)	(3,892,533)	(3,914,073)
Total stockholders' equity	(531,795)	(553,335)
Total Liabilities and Stockholders' Equity	\$ 260,797	\$ 308,364

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
STATEMENTS OF OPERATIONS
Three-Month and Nine-Month Periods Ended September 30, 2017 and 2016 - (Unreviewed)

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
NET SALES	\$ 131,079	\$ 225,388	\$ 458,092	\$ 745,374
COST OF PRODUCTS SOLD	59,001	101,007	210,526	342,027
GROSS PROFIT	72,078	124,381	247,566	403,347
OPERATING EXPENSES:				
General and administrative	33,583	39,814	100,480	121,422
Marketing and selling	8,928	15,281	30,688	63,532
Research and development	26,803	29,696	80,459	84,245
	69,314	84,791	211,627	269,199
EARNINGS (LOSS) FROM OPERATIONS	2,764	39,590	35,939	134,148
OTHER INCOME (EXPENSE):				
Interest expense	(4,855)	(4,858)	(14,407)	(14,779)
Interest and dividend income	2	1	8	2
Gain on sale of investment	-	-	-	-
	(2,089)	34,733	21,540	119,371
EARNINGS (LOSS) BEFORE INCOME TAXES	(2,089)	34,733	21,540	119,371
Income taxes	-	-	-	-
NET EARNINGS (LOSS)	\$ (2,089)	\$ 34,733	\$ 21,540	\$ 119,371
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:				
Class A common	\$ -	\$ 0.01	\$ 0.01	\$ 0.05
Class B common	\$ -	\$ 0.01	\$ 0.01	\$ 0.05
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
Nine-Month Periods Ended September 30, 2017 and 2016 - (Unreviewed)

	Nine Months Ended September 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	\$ 21,540	\$ 119,371
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,397	4,954
(Gain) loss from sale of property, plant and equipment	-	-
Changes in operating assets and liabilities:		
Accounts receivable	15,733	24,024
Inventories	(15,349)	23,008
Net investment in sales-type leases	(4,972)	12,887
Prepaid expenses and other current assets	4,965	8,624
Accounts payable and accrued expenses	(38,319)	(54,330)
Deferred rent	(15,000)	(35,000)
Income taxes	(998)	(900)
Unpaid rent - related party	-	-
Deferred revenue and customer deposits	(14,790)	(8,200)
Total adjustments	(64,333)	(24,933)
Net cash provided by (used in) operating activities	(42,793)	94,438
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	-	-
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(42,793)	94,438
Cash and cash equivalents at beginning of year	132,116	20,176
Cash and cash equivalents at end of period	\$ 89,323	\$ 114,614
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ 998	\$ (900)
Cash paid for interest expense	14,354	13,580

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 - (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, 2017 are not necessarily indicative of the results that may be expected for the year ended December 31, 2017.

The balance sheet at December 31, 2016, 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 2016 Annual Report to Shareholders.