

ELECTRONIC TELE-COMMUNICATIONS, INC.

FINANCIAL REPORT

MARCH 31, 2018

ELECTRONIC TELE-COMMUNICATIONS, INC.
BALANCE SHEETS
March 31, 2018 and December 31, 2017

	(Unreviewed) March 31 2018	(Unreviewed) December 31 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 64,376	\$ 76,430
Trade accounts receivable, net	27,344	28,931
Inventories	128,763	136,565
Net investment in sales-type leases	3,120	3,316
Prepaid expenses and other current assets	5,117	6,806
Total current assets	228,720	252,048
PROPERTY, PLANT AND EQUIPMENT, NET	3,262	4,502
NET INVESTMENT IN SALES-TYPE LEASES	4,707	5,536
Total Assets	\$ 236,689	\$ 262,086
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving credit facility and unpaid rent - related party	\$ 433,000	\$ 433,000
Accounts payable	5,324	9,176
Accrued expenses	126,906	118,976
Income taxes payable	5,411	5,411
Deferred revenue and customer deposits	20,789	28,309
Deferred gain on sale of building	-	-
Deferred rent	60,000	60,000
Total current liabilities	651,430	654,872
DEFERRED GAIN ON SALE OF BUILDING	-	-
DEFERRED RENT	105,000	120,000
Total liabilities	756,430	774,872
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)	(3,880,479)	(3,873,524)
Total stockholders' equity	(519,741)	(512,786)
Total Liabilities and Stockholders' Equity	\$ 236,689	\$ 262,086

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
STATEMENTS OF OPERATIONS
Three-Month Period Ended March 31, 2018 and 2017 - (Unreviewed)

	Three Months Ended March 31	
	2018	2017
NET SALES	\$ 139,253	\$ 185,200
COST OF PRODUCTS SOLD	70,937	86,368
GROSS PROFIT	68,316	98,832
OPERATING EXPENSES:		
General and administrative	34,702	34,168
Marketing and selling	11,015	12,257
Research and development	24,757	26,417
	70,474	72,842
EARNINGS (LOSS) FROM OPERATIONS	(2,158)	25,990
OTHER INCOME (EXPENSE):		
Interest expense	(4,805)	(4,750)
Interest and dividend income	8	3
	(4,797)	(4,747)
EARNINGS (LOSS) BEFORE INCOME TAXES	(6,955)	21,243
Income taxes	-	-
NET EARNINGS (LOSS)	\$ (6,955)	\$ 21,243
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:		
Class A common	\$ -	\$ 0.01
Class B common	\$ -	\$ 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
Three-Month Periods Ended March 31, 2018 and 2017 - (Unreviewed)

	Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	\$ (6,955)	\$ 21,243
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,240	1,579
(Gain) loss from sale of property, plant and equipment	-	-
Changes in operating assets and liabilities:		
Accounts receivable	1,587	(18,343)
Inventories	7,802	(5,801)
Net investment in sales-type leases	1,025	(2,858)
Prepaid expenses and other current assets	1,689	1,390
Accounts payable and accrued expenses	4,078	2,131
Deferred rent	(15,000)	(15,000)
Income taxes	-	-
Unpaid rent - related party	-	-
Deferred revenue and customer deposits	(7,520)	(8,043)
Total adjustments	(5,099)	(44,945)
Net cash provided by (used in) operating activities	<u>(12,054)</u>	<u>(23,702)</u>
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	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) borrowings on revolving credit facility, net	-	-
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(12,054)	(23,702)
Cash and cash equivalents at beginning of year	76,430	132,116
Cash and cash equivalents at end of period	<u>\$ 64,376</u>	<u>\$ 108,414</u>
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest expense	4,805	4,750

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

ELECTRONIC TELE-COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 - (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, 2018 are not necessarily indicative of the results that may be expected for the year ended December 31, 2018.

The balance sheet at December 31, 2017, 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 2017 Annual Report to Shareholders.