

QUARTERLY AND YEAR END REPORT BC FORM 51-901F

British Columbia Securities Commission

(previously Form 61)

ISSUER DETAILS

NAME OF ISSUER AUDIOTECH HEALTHCARE CORPORATION		FOR QUARTER ENDED Sept. 30, 2000	DATE OF REPORT YY/MM/DD 00/09/30
ISSUER ADDRESS #760 – 175 SECOND AVENUE			
CITY KAMLOOPS	PROVINCE BC	POSTAL CODE V2C 5W1	ISSUER FAX NO. (250) 372-3859
CONTACT NAME OSVALDO (OZZIE) IADAROLA		ISSUER TELEPHONE NO. (250) 372-5847	CONTACT TELEPHONE NO. (250) 372-5847
CONTACT POSITION PRESIDENT		CONTACT TELEPHONE NO. (250) 372-5847	
CONTACT EMAIL ADDRESS info@audiotech.org		WEBSITE ADDRESS www.audiotech.org	

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
<i>Oswaldo (Ozzie) Iadarola</i>	OSVALDO (OZZIE) IADAROLA	01/02/16
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
<i>Daniel P. Allen</i>	DANIEL P. ALLEN	01/02/16

ATTACHMENTS

	Yes	No
Schedule A: Financial Statements	[X]	[]
Schedule B: Supplementary Information	[]	[X]
Schedule C: Management Discussion and Analysis	[]	[X]

AUDIOTECH HEALTHCARE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2000

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

AUDITORS' REPORT

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT

CONSOLIDATED STATEMENTS OF CASH FLOWS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Audiotech Healthcare Corporation and other financial information contained in this annual report are the responsibility of management. The consolidated financial statements have been prepared in conformity with Canadian generally accepted accounting principles, using management's best estimates and judgements, where appropriate. In the opinion of management, these consolidated financial statements reflect fairly the financial position, results of operations and cash flows of the Corporation within reasonable limits of materiality. The financial information contained elsewhere in this annual report has been reviewed to ensure consistency with that in the consolidated financial statements.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are properly maintained to provide accurate and reliable financial statements.

The Audiotech Healthcare Corporation Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors carries out this responsibility. The Board meets during the year to review significant accounting and auditing matters with management and the independent auditors and to review the interim and annual consolidated financial statements of the Corporation.

The consolidated financial statements have been audited by Becker Daley, Chartered Accountants, which have full and unrestricted access to management and the Board of Directors. Becker Daley's report on the consolidated financial statements follows.

"Osvaldo (Ozzie) Iadarola"
Osvaldo (Ozzie) Iadarola
President and Chief Executive Officer

"Daniel P. Allen"
Daniel P. Allen
Vice-President and Chief Operations Manager

January 30, 2001



Wayne C. Becker, BA, CA
Norman V. Daley, BCom, CA
Incorporated Professionals

900 235 First Avenue
Kamloops, BC V2C 3J4
Tel: 250-374-5577
Fax: 250-374-5573
Toll Free: 1-877-374-5577

AUDITORS' REPORT

To the Shareholders,
AUDIOTECH HEALTHCARE CORPORATION

We have audited the consolidated balance sheets of AUDIOTECH HEALTHCARE CORPORATION as at September 30, 2000 and 1999 and the consolidated statements of income and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2000 and 1999 and the results of its operations and its cash flows for the years then ended, in accordance with generally accepted accounting principles in Canada.

" Becker Daley"

Chartered Accountants

January 30, 2001
Kamloops, BC, Canada

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED BALANCE SHEETS
September 30, 2000

	2000	1999
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 488,389	\$ 555,607
Accounts receivable	138,153	217,685
Inventory	85,249	58,558
Prepaid expenses	54,345	10,704
Income taxes refundable	4,078	-
	770,214	842,554
LONG-TERM INVESTMENT (Note 5)	76,000	-
CAPITAL ASSETS (Note 6)	343,834	304,818
GOODWILL (Note 7)	833,154	855,477
	\$ 2,023,202	\$ 2,002,849

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable and accruals	\$ 346,490	\$ 351,384
Customer deposits	27,547	17,643
Income taxes payable	352	11,189
Current portion of long-term debt	65,370	55,725
	439,759	435,941
LONG-TERM DEBT (Note 8)	699,283	543,334
	1,139,042	979,275
MINORITY INTEREST	30,721	54,269
COMMITMENTS (Note 9)		

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 10)	1,232,815	1,047,515
FOREIGN EXCHANGE ADJUSTMENT	4,276	(1,968)
DEFICIT	(383,652)	(76,242)
	853,439	969,305
	\$ 2,023,202	\$ 2,002,849

APPROVED BY THE DIRECTORS:

"Oswaldo (Ozzie) I adarola"

Director

"Daniel P. Allen"

Director

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Year ended September 30, 2000

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	\$ 2,644,186	\$ 2,744,548
Cash paid to suppliers and employees	(2,791,357)	(2,650,559)
Interest paid	(59,699)	(51,676)
Income taxes (paid) recovered	(11,189)	1,533
Cash flows from (used in) operations	<u>(218,059)</u>	<u>43,846</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings	181,879	310,000
Debt reduction	(42,386)	(169,131)
Loans payable - directors	26,100	-
Issue of share capital	185,300	30,000
Cash flows from financing	<u>350,893</u>	<u>170,869</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	(130,296)	(65,775)
Proceeds on disposal of capital assets	-	1,500
Long-term investment	(76,000)	3,000
Acquisitions	-	(154,252)
Cash flows used in investing	<u>(206,296)</u>	<u>(215,527)</u>
DECREASE IN CASH	(73,462)	(812)
EFFECT OF FOREIGN EXCHANGE ADJUSTMENT	6,244	(7,288)
CASH, beginning of year	<u>555,607</u>	<u>563,707</u>
CASH, end of year	<u>\$ 488,389</u>	<u>\$ 555,607</u>

AUDIOTECH HEALTHCARE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000

NOTE 1. NATURE OF BUSINESS:

Corporately, our mission is to provide to our clients, shareholders and staff the benefits of our best direction in technology, training and financial administration to our hearing health care clinics so that our professionals can better care for the Hearing Needs of Tomorrow . . . Today.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Outlined below are those policies considered particularly significant for the Company.

Inventory:

Inventory is valued at the lower of cost (determined on a specific-item basis) and net realizable value.

Long-Term Investment:

Long-term investment is recorded at cost.

Principles of Consolidation:

The consolidated financial statements include the accounts of Audiotech Healthcare Corporation and its subsidiaries:

- Canadian Hearing Care (BC) Inc. (100%)
- Canadian Hearing Care (Alberta) Inc. (100%)
- Audiology & Hearing Aid Services, Inc. (50%, controlled)
- HearingDepot Inc. (100%)

Foreign Currency:

The Company's foreign operations are of a self-sustaining nature. Assets and liabilities of foreign operations are translated at the exchange rates in effect at the balance sheet date and revenues and expenses are translated at average exchange rates for the period. Related foreign currency translation adjustments are recorded as a separate component of shareholders' equity until there is a disposition of the Company's investment in the foreign operations. The exchange rate between the Canadian dollar and the US dollar at September 30, 2000 was 1.5070 and averaged 1.4722 for the period October 1, 1999 to September 30, 2000.

Capital Assets and Amortization:

Capital assets are recorded at cost. Amortization is based on the estimated useful life of the assets and is recorded using the following annual rates (1/2 in year of acquisition):

Equipment	20%	declining balance
Automotive equipment	30%	declining balance
Computer equipment	30%	declining balance
Leasehold improvements	20%	straight-line basis

Goodwill:

Goodwill is recorded at cost and is amortized using the straight-line basis over 40 years.

AUDIOTECH HEALTHCARE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

Loss Per Share:

Loss per share is calculated using the weighted average number of shares outstanding during 2000, which is 11,958,367 (1999 11,378,326).

Use of Estimates:

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses disclosed during reporting periods. The actual amounts could differ from those estimates.

NOTE 3. FINANCIAL INSTRUMENTS:

The Company's financial instruments consist of cash, accounts receivable, long-term investment, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

NOTE 4. ACQUISITION:

Matheson's Hearing Aid Services Ltd. ("Matheson's"):

Effective November 2, 1998, the Company acquired, through a wholly-owned subsidiary, all the outstanding common shares of Matheson's for \$167,430. The arm's length acquisition was accounted for by the purchase method with the results of the acquired business included from the effective date of acquisition. Effective November 2, 1998, the assets of the Company were transferred to Canadian Hearing Care (Alberta) Inc. and the Company was dissolved on May 11, 1999.

This acquisition has been accounted for by the purchase method and earnings have been included from the effective date of acquisition. The net assets acquired are as follows:

Net Non-Cash Assets Acquired	2000	1999
Current assets	\$ -	\$ 12,841
Capital assets	-	51,940
Goodwill	-	89,471
	<hr/>	<hr/>
	-	154,252
Cash acquired	-	13,178
	<hr/>	<hr/>
Net assets acquired	<u>\$ -</u>	<u>\$ 167,430</u>

AUDIOTECH HEALTHCARE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000

NOTE 5. LONG-TERM INVESTMENT: **2000** 1999

Canadian Hearing Care (Alberta) Inc. intends to acquire the operating assets of Rocky Mountain Audiology and Hearing Aid Clinics on October 2, 2000. Funds In Trust for the acquisition and legal fees to September 30, 2000 total

\$ 76,000 **\$ -**

NOTE 6. CAPITAL ASSETS:

	Cost	Accumulated Amortization	2000 Net	1999 Net
Equipment	\$ 623,237	\$ 325,505	\$ 297,732	\$ 281,700
Automotive equipment	3,411	2,673	738	1,055
Computer equipment	52,569	27,683	24,886	11,825
Leasehold improvements	37,244	16,766	20,478	10,238
	<u>\$ 716,461</u>	<u>\$ 372,627</u>	<u>\$ 343,834</u>	<u>\$ 304,818</u>

NOTE 7. GOODWILL:

	Cost	Accumulated Amortization	2000 Net	1999 Net
Goodwill	\$ 892,951	\$ 59,797	\$ 833,154	\$ 855,477

NOTE 8. LONG-TERM DEBT: **2000** 1999

B.A. Marriott, loan, repayable in monthly installments of \$347 including interest at 10% per annum, secured by personal guarantee of the President, due December 1, 2001

\$ 19,379 \$ 21,524

MBC Investments Inc., loan, repayable in monthly installments of \$1,269 including interest at 10% per annum, unsecured, due March 2002

21,160 33,641

MBC Investments Inc., loan, repayable in monthly installments of \$414 including interest at 10% per annum, secured by personal guarantee of the President, due December 15, 2001

38,109 39,000

MBC Investments Inc., loan, repayable in monthly installments of \$476 including interest at 10% per annum, unsecured, due October 1, 2001

50,000 -

AUDIOTECH HEALTHCARE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000

NOTE 8. LONG-TERM DEBT (continued):	2000	1999
Noninterest bearing equipment loans from a supplier. The loans require no monthly installments, but are reduced by the application of purchase discounts	225,144	190,133
Convertible debentures, bears interest at 10% per annum, paid quarterly and convertible at any time until maturity on November 30, 2000. Each convertible debenture is convertible into common shares of the Company at a conversion price of \$0.60 per common share in the first year and at a conversion price of \$0.70 per common share during the second year.	310,000	310,000
Convertible debentures, bears interest at 10% per annum, paid quarterly and convertible at any time until maturity on March 15, 2002. Each convertible debenture is convertible into common shares of the Company at a conversion price of \$0.50 per common share in the first year and at a conversion price of \$0.70 per common share during the second year.	70,000	-
Loans payable – directors, noninterest bearing, unsecured, no stated terms of repayment. No amounts are due within the year	30,861	4,761
Less current portion	65,370	55,725
	\$ 699,283	\$ 543,334

Principal repayments due in the ensuing 5 years are as follows:

2001	\$65,370
2002	129,472
2003	52,583
2004	23,847
2005	18,666

AUDIOTECH HEALTHCARE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000

NOTE 9. COMMITMENTS:

The Company occupies leased premises in various centres. At September 30, 2000, the future minimum lease payments, under the operating leases are as follows:

			No. of Premises
2001	\$	87,906	8
2002		54,668	5
2003		32,731	3
2004		7,920	1
2005		3,960	1
	\$	187,185	

It is anticipated that ongoing leases will be negotiated at rates similar to current agreements.

NOTE 10. SHARE CAPITAL:

Authorized:

Unlimited number of first preferred shares
 Unlimited number of second preferred shares
 Unlimited number of common shares

Issued:

Common shares

	Number of Shares	\$ 2000	Number of Shares	\$ 1999
Balance, beginning of year	11,578,325	\$ 1,047,515	11,278,325	\$ 1,017,515
Issued during the year:				
Issued on private placement for cash	510,000	148,400	-	-
Issued on options for cash	244,000	36,900	300,000	30,000
	754,000	185,300	300,000	30,000
Balance, end of year	12,332,325	\$ 1,232,815	11,578,325	\$ 1,047,515

AUDIOTECH HEALTHCARE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000

NOTE 10. SHARE CAPITAL (continued):

The Company has the following options outstanding:

	Expiry	Exercise Price	Number
Private Placement	March 19, 2002	\$ 0.35	110,000
Directors	May 17, 2002	\$ 0.50	200,000
Employees	March 31, 2003	\$ 0.20	290,000
Employees	July 15, 2003	\$ 0.27	250,000
Employees	September 20, 2004	\$ 0.45	125,000
Directors	February 24, 2005	\$ 0.22	225,000
			<u>1,200,000</u>

The Company has the following warrants outstanding:

September 10, 2001	400,000	(1)
March 20, 2002	<u>110,000</u>	(2)
	<u>510,000</u>	

- (1) Each whole warrant is convertible into one common share at an exercise price of \$0.60 per common share for the first nine months and at an exercise price of \$0.80 after nine months but prior to expiry on September 10, 2001.
- (2) Each whole warrant is convertible into one common share at an exercise price of \$0.55 per common share for the first twelve months and at an exercise price of \$0.64 after twelve months but prior to expiry on March 20, 2002.

AUDIOTECH HEALTHCARE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000

NOTE 11. INCOME TAXES:	2000	1999
The provision for income taxes is comprised as follows:		
Income (loss) before income taxes	<u>\$ (334,685)</u>	<u>\$ (33,938)</u>
Income taxes at statutory Canadian rate of 45.52% (1999 45.50%)	<u>\$ (152,349)</u>	<u>\$ (15,442)</u>
Income tax effect relating to the following items:		
Nondeductible goodwill	2,875	2,873
Tax rate variance re foreign subsidiary	21,315	19,574
Unrealized future income tax benefit	119,355	-
Nondeductible items	1,825	4,319
Other items	3,252	-
	<u>\$ (3,727)</u>	<u>\$ 11,324</u>

NOTE 12. SEGMENTED INFORMATION:

Operations and identifiable assets by geographic segment are as follows:

	2000	1999
Revenue:		
Canada	<u>\$ 1,650,096</u>	<u>\$ 1,857,142</u>
United States	<u>914,558</u>	<u>907,480</u>
	<u>\$ 2,564,654</u>	<u>\$ 2,764,622</u>
Amortization:		
Canada	<u>\$ 104,323</u>	<u>\$ 89,446</u>
United States	<u>6,390</u>	<u>3,907</u>
	<u>\$ 110,713</u>	<u>\$ 93,353</u>
Earnings before income taxes:		
Canada	<u>\$ (287,634)</u>	<u>\$ (3,798)</u>
United States	<u>(47,051)</u>	<u>(30,140)</u>
	<u>\$ (334,685)</u>	<u>\$ (33,938)</u>
Total assets:		
Canada	<u>\$ 1,798,690</u>	<u>\$ 1,688,008</u>
United States	<u>224,512</u>	<u>314,841</u>
	<u>\$ 2,023,202</u>	<u>\$ 2,002,849</u>

AUDIOTECH HEALTHCARE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000

NOTE 13. RELATED PARTY TRANSACTIONS:

a) Management and Administrative Salaries:

During the year, the Company paid, under normal terms of trade, \$80,291 (1999 \$80,218) in management salaries and \$120,582 (1999 \$120,436) in administrative salaries to directors of the Company.

b) Legal Services:

The Company engaged a legal firm, under normal terms of trade, a partner of which is a director of the Company.

NOTE 14. SUBSEQUENT EVENTS:

- a) On October 2, 2000, Canadian Hearing Care (Alberta) Inc. acquired the operating assets of Rocky Mountain Audiology and Hearing Aid Clinics for \$150,000.
- b) On November 22, 2000, \$275,000 convertible debentures matured and were exchanged in a private placement for 550,000 common shares at \$0.50 per share of the Company.

NOTE 15. COMPARATIVE FIGURES:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.