

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1999

CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED BALANCE SHEET
December 31, 1999
(unaudited - prepared by Management)

	December 31 1999	December 31 1998
ASSETS		
CURRENT ASSETS:		
Cash	\$ 426,465	\$ 626,441
Accounts receivable	194,494	185,292
Inventory	48,334	12,558
Prepaid expenses	6,899	5,360
Income taxes refundable	-	1,843
	676,192	831,494
CAPITAL ASSETS	327,539	317,355
GOODWILL	849,896	872,034
DEFERRED DEVELOPMENT COSTS	-	1,665
	\$ 1,853,627	\$ 2,022,548
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals	\$ 258,661	\$ 365,574
Customer deposits	19,925	22,065
Income taxes	5,463	-
Current portion of long-term debt	56,495	67,711
	340,544	455,350
LONG-TERM DEBT	575,975	560,221
	916,519	1,015,571
MINORITY INTEREST	55,038	105,746
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	1,047,515	1,027,515
DEFICIT	(162,550)	(131,454)
FOREIGN EXCHANGE ADJUSTMENT	(2,895)	5,170
	882,070	901,231
	\$ 1,853,627	\$ 2,022,548

APPROVED BY THE DIRECTORS:

"Osvaldo (Ozzie) I adarola"

Director

"Daniel Allen"

Director

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
Three months ended December 31, 1999
(unaudited - prepared by Management)

	December 31 1999 (3 Months)	December 31 1998 (3 Months)
SALES		
Canada	\$ 422,753	\$ 402,889
United States	<u>186,858</u>	<u>267,414</u>
	<u>609,611</u>	<u>670,303</u>
COST OF SALES	<u>250,149</u>	<u>287,200</u>
GROSS PROFIT	<u>359,462</u>	<u>383,103</u>
EXPENSES:		
Advertising and promotion	29,547	30,571
Amortization	23,618	18,891
Bad debts	(400)	-
Corporate development	36,378	-
Equipment lease	2,034	2,738
Insurance	4,492	3,679
Interest and bank charges	3,894	3,879
Interest on long-term debt	10,092	3,715
Licences, dues and fees	3,551	3,560
Management salaries	20,073	20,000
Office and sundry	18,353	12,618
Professional and filing fees	20,454	55,683
Rent and utilities	41,978	35,512
Repairs and maintenance	1,117	3,302
Telephone and fax	16,692	15,744
Travel	14,296	15,752
Wages and benefits	<u>198,832</u>	<u>206,456</u>
	<u>445,001</u>	<u>432,100</u>
INCOME (LOSS) BEFORE MINORITY INTEREST	<u>(85,539)</u>	<u>(48,997)</u>
Minority interest	<u>769</u>	<u>33,477</u>
NET INCOME (LOSS) FOR THE PERIOD	<u>(86,308)</u>	<u>(82,474)</u>
DEFICIT, beginning of period	<u>(76,242)</u>	<u>(48,980)</u>
DEFICIT, end of period	<u>\$(162,550)</u>	<u>\$(131,454)</u>
EARNINGS (LOSS), per share, basic	<u>\$(0.007)</u>	<u>\$(0.007)</u>
EARNINGS (LOSS), per share, fully diluted	<u>\$(0.007)</u>	<u>\$(0.007)</u>

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Three months ended December 31, 1999
(unaudited - prepared by Management)

	December 31 1999 (3 Months)	December 31 1998 (3 Months)
OPERATING ACTIVITIES:		
Net income (loss) for the period	\$(86,308)	\$(82,474)
Non-cash items:		
Amortization	23,618	18,891
Minority interest	769	33,477
	(61,921)	(30,106)
(Increase) decrease in:		
Accounts receivable	23,191	11,080
Inventory	10,224	11,768
Prepaid expenses	3,805	8,298
Increase (decrease) in:		
Accounts payable and accruals	(92,723)	33,912
Customer deposits	2,282	5,661
Income taxes	(5,726)	(155)
Cash provided by operations	(120,868)	40,458
FINANCING ACTIVITIES:		
New borrowings/assumption of debt	59,055	260,000
Debt reduction	(25,644)	(90,258)
Issue of share capital	-	10,000
Cash provided by financing	33,411	179,742
INVESTING ACTIVITIES:		
Deferred development costs	-	(1,665)
Purchase of capital assets	(40,758)	(69,181)
Purchase of long-term investments	-	3,000
Acquisitions	-	(89,470)
Cash used in investing	(40,758)	(157,316)
INCREASE (DECREASE) IN CASH	(128,215)	62,884
EFFECT OF FOREIGN EXCHANGE ADJUSTMENT	(927)	(150)
CASH, beginning of period	555,607	563,707
CASH, end of period	\$ 426,465	\$ 626,441