

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2000

CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED BALANCE SHEET
March 31, 2000
(unaudited - prepared by Management)

	March 31 2000	March 31 1999
ASSETS		
CURRENT ASSETS:		
Cash	\$499,782	\$552,639
Accounts receivable	334,930	234,770
Inventory	60,080	12,029
Prepaid expenses	54,274	9,970
Income taxes refundable	-	1,941
	949,066	811,349
CAPITAL ASSETS	375,496	305,682
GOODWILL	844,316	866,638
DEFERRED DEVELOPMENT COSTS	-	1,665
	\$2,168,878	\$1,985,334
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals	\$367,774	\$331,541
Customer deposits	30,088	19,933
Income taxes	-	-
Current portion of long-term debt	63,690	62,399
	461,552	413,873
LONG-TERM DEBT	679,619	576,579
	1,141,171	990,452
MINORITY INTEREST	60,529	114,994
SHAREHOLDERS= EQUITY		
SHARE CAPITAL	1,201,415	1,027,515
DEFICIT	(234,477)	(150,042)
FOREIGN EXCHANGE ADJUSTMENT	240	2,415
	967,178	879,888
	\$2,168,878	\$1,985,334

APPROVED BY THE DIRECTORS:

AOsvaldo (Ozzie) Iadarola@

Director

ADaniel Allen@

Director

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
Period ended March 31, 2000
(unaudited - prepared by Management)

	March 31, 2000 (6 months)	March 31, 1999 (6 months)
SALES		
Canada	\$826,080	\$838,458
United States	444,560	441,346
	1,270,640	1,279,804
COST OF SALES	546,490	528,154
GROSS PROFIT	724,150	751,650
EXPENSES:		
Advertising and promotion	53,168	56,851
Amortization	51,279	40,286
Bad debts	(401)	-
Corporate development	46,149	-
Equipment lease	5,000	-
Insurance	8,288	7,399
Interest and bank charges	7,506	7,698
Interest on long-term debt	20,009	14,574
Investor relations	1,500	-
Licences, dues and fees	6,032	7,170
Management salaries	40,145	40,073
Office and sundry	32,414	29,755
Professional and filing fees	49,135	75,001
Rent and utilities	86,115	73,969
Repairs and maintenance	6,708	4,787
Telephone and fax	33,656	31,039
Travel	25,723	24,362
Wages and benefits	403,699	397,023
	876,125	809,987
LOSS BEFORE MINORITY INTEREST	(151,975)	(58,337)
Minority interest	6,260	42,725
LOSS FOR THE PERIOD	(158,235)	(101,062)
DEFICIT, beginning of period	(76,242)	(48,980)
DEFICIT, end of period	\$(234,477)	\$(150,042)
LOSS, per share, basic	\$(0.013)	\$(0.009)
LOSS, per share, fully diluted	\$(0.011)	\$(0.008)

AUDIOTECH HEALTHCARE CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Period ended March 31, 2000
(unaudited - prepared by Management)

	March 31 2000 (6 Months)	March 31 1999 (6 Months)
OPERATING ACTIVITIES:		
Loss for the period	\$(158,235)	\$(101,062)
Non-cash items:		
Amortization	51,279	40,286
Minority interest	6,260	42,725
	(100,696)	(18,051)
(Increase) decrease in:		
Accounts receivable	(117,245)	(38,398)
Inventory	(1,522)	12,297
Prepaid expenses	(43,570)	3,688
Increase (decrease) in:		
Accounts payable and accruals	16,390	(121)
Customer deposits	12,445	3,529
Income taxes	(11,189)	(253)
Cash provided by (used in) operations	(245,387)	(37,309)
FINANCING ACTIVITIES:		
New borrowings/assumption of debt	191,976	310,000
Debt reduction	(47,726)	(129,212)
Issue of share capital	153,900	10,000
Cash provided by financing	298,150	190,788
INVESTING ACTIVITIES:		
Goodwill	-	-
Deferred development costs	-	(1,665)
Purchase of capital assets	(110,796)	(73,507)
Purchase of long-term investments	-	3,000
Acquisitions	-	(89,470)
Cash used in investing	(110,796)	(161,642)
INCREASE (DECREASE) IN CASH	(58,033)	(8,163)
EFFECT OF FOREIGN EXCHANGE ADJUSTMENT	2,208	(2,905)
CASH, beginning of period	555,607	563,707
CASH, end of period	\$499,782	\$552,639