

**AUDIOTECH HEALTHCARE CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2000**

CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

**AUDIOTECH HEALTHCARE CORPORATION**  
**CONSOLIDATED BALANCE SHEET**  
**June 30, 2000**  
(unaudited - prepared by Management)

	<b>June 30 2000</b>	<b>June 30 1999</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$492,932	\$614,778
Accounts receivable	179,727	246,798
Inventory	56,669	49,576
Prepaid expenses	58,265	9,311
Income taxes refundable	-	1,941
	<b>787,593</b>	922,404
CAPITAL ASSETS	<b>374,194</b>	295,457
GOODWILL	<b>838,735</b>	861,056
	<b>\$2,000,522</b>	\$2,078,917
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable and accruals	\$234,473	\$402,783
Customer deposits	24,460	33,368
Current portion of long-term debt	64,013	58,966
	<b>322,946</b>	495,117
LONG-TERM DEBT	<b>640,659</b>	546,526
	<b>963,605</b>	1,041,643
MINORITY INTEREST	<b>87,219</b>	120,567
<b>SHAREHOLDERS= EQUITY</b>		
SHARE CAPITAL	<b>1,232,815</b>	1,027,515
DEFICIT	<b>(282,867)</b>	(107,311)
FOREIGN EXCHANGE ADJUSTMENT	<b>(250)</b>	(3,497)
	<b>949,698</b>	916,707
	<b>\$2,000,522</b>	\$2,078,917

APPROVED BY THE DIRECTORS:

AOsvaldo (Ozzie) Iadarola@

Director

ADaniel Allen@

Director

**AUDIOTECH HEALTHCARE CORPORATION**  
**CONSOLIDATED STATEMENT OF INCOME AND DEFICIT**  
**Period ended June 30, 2000**  
(unaudited - prepared by Management)

	<b>June 30, 2000 (9 months)</b>	June 30, 1999 (9 months)
SALES		
Canada	<b>\$1,267,897</b>	\$1,362,726
United States	<b>684,328</b>	670,495
	<b>1,952,225</b>	2,033,221
COST OF SALES	<b>808,996</b>	840,276
GROSS PROFIT	<b>1,143,229</b>	1,192,945
EXPENSES:		
Advertising and promotion	<b>82,799</b>	88,479
Amortization	<b>78,250</b>	61,867
Bad debts	<b>(400)</b>	-
Corporate development	<b>57,580</b>	10,859
Equipment lease	<b>8,127</b>	-
Insurance	<b>12,929</b>	12,036
Interest and bank charges	<b>12,011</b>	11,688
Interest on long-term debt	<b>31,594</b>	24,979
Investor relations	<b>6,000</b>	-
Licences, dues and fees	<b>7,648</b>	8,806
Management salaries	<b>60,218</b>	60,145
Office and sundry	<b>47,959</b>	45,570
Professional and filing fees	<b>64,384</b>	81,470
Rent and utilities	<b>133,907</b>	113,921
Repairs and maintenance	<b>5,913</b>	7,535
Telephone and fax	<b>51,121</b>	47,359
Travel	<b>37,712</b>	33,102
Wages and benefits	<b>619,152</b>	595,162
	<b>1,316,904</b>	1,202,978
LOSS BEFORE MINORITY INTEREST	<b>(173,675)</b>	(10,033)
Minority interest	<b>32,950</b>	48,298
LOSS FOR THE PERIOD	<b>(206,625)</b>	(58,331)
DEFICIT, beginning of period	<b>(76,242)</b>	(48,980)
DEFICIT, end of period	<b>\$(282,867)</b>	\$(107,311)
LOSS, per share, basic	<b>\$(0.0167)</b>	\$(0.0051)
LOSS, per share, fully diluted	<b>\$(0.0147)</b>	\$(0.0046)

**AUDIOTECH HEALTHCARE CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**Period ended June 30, 2000**  
(unaudited - prepared by Management)

	<b>June 30 2000 (9 months)</b>	June 30 1999 (9 months)
<b>OPERATING ACTIVITIES:</b>		
Loss for the period	<b>\$(206,625)</b>	\$(58,331)
Non-cash items:		
Amortization	<b>78,250</b>	61,867
Minority interest	<b>32,950</b>	48,298
	<b>(95,425)</b>	(51,834)
(Increase) decrease in:		
Accounts receivable	<b>37,958</b>	(50,426)
Inventory	<b>1,889</b>	(25,250)
Prepaid expenses	<b>(47,561)</b>	4,347
Increase (decrease) in:		
Accounts payable and accruals	<b>(116,911)</b>	71,121
Customer deposits	<b>6,817</b>	16,964
Income taxes	<b>(11,189)</b>	(253)
Cash provided by (used in) operations	<b>(224,422)</b>	68,337
<b>FINANCING ACTIVITIES:</b>		
New borrowings/assumption of debt	<b>8,288</b>	310,000
Debt reduction	<b>97,325</b>	(162,698)
Issue of share capital	<b>185,300</b>	10,000
Cash provided by financing	<b>290,913</b>	157,302
<b>INVESTING ACTIVITIES:</b>		
Goodwill	-	-
Purchase of capital assets	<b>(130,884)</b>	(79,281)
Purchase of long-term investments	-	3,000
Acquisitions	-	(89,470)
Cash used in investing	<b>(130,884)</b>	(165,751)
<b>INCREASE (DECREASE) IN CASH</b>	<b>(64,393)</b>	59,888
<b>EFFECT OF FOREIGN EXCHANGE ADJUSTMENT</b>	<b>1,718</b>	(8,817)
<b>CASH, beginning of period</b>	<b>555,607</b>	563,707
<b>CASH, end of period</b>	<b>\$492,932</b>	\$614,778