FORM 10QSB/A

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d) [amend]

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FILER

VOICE IT WORLDWIDE INC

CIK:**103657**| IRS No.: **830203787** | State of Incorp.:**CO** | Fiscal Year End: **1231**
Type: **10QSB/A** | Act: **34** | File No.: **000-07796** | Film No.: **99709630**
SIC: **3651** Household audio & video equipment

Mailing Address
2643 MIDPOINT DRIVE SUITE A
FT COLLINS CO 80525

Business Address
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FORM 10-QSB/A

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 1999

Commission File Number: 0-7796

VOICE IT WORLDWIDE, INC.
(Exact Name of Registrant as Specified in its Charter)

Colorado	83-0203787
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2643 Midpoint Drive, Suite A Fort Collins, Colorado	80525
(Address of principal executive offices)	(Zip Code)

(970) 221-1705
(Registrant's Telephone Number, Including Area Code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Number of shares outstanding of the Issuer's Common Stock, as of June 30, 1999 was 6,466,502 shares of the Registrant's common stock $.10 par value.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

VOICE IT WORLDWIDE, INC.
Statements of Operations
(unaudited)

<TABLE>
<CAPTION>

	Three Months Ended June 30,	Six Months Ended June 30,

	1998	1999	1998	1999
<S>	<C>	<C>	<C>	<C>
Sales - net	$ 893,570	$ 4,072,209	$ 2,151,547	$ 9,802,239
Cost of sales (Note 11)	577,217	2,848,058	1,359,097	7,007,654
Gross profit	316,353	1,224,151	792,450	2,794,585
Operating expenses:				
Administrative and general	247,934	380,577	521,683	887,342
Selling & marketing	666,072	277,106	1,230,490	521,141
Research and development ..	149,950	78,966	281,259	235,434
Total operating expenses	1,063,956	736,649	2,033,432	1,643,917
Net operating profit	(747,603)	487,502	(1,240,982)	1,150,668
Other income (expense)				
Adjustment to prepetition liabilities (Note 12).....	--	(297,292)	--	(297,292)
Interest income (expense) .	(77,745)	(9,309)	(155,046)	(45,072)
	(77,745)	(306,601)	(155,046)	(342,364)
Net income (loss) before income tax	(825,348)	180,901	(1,396,028)	808,304
Income tax (Note 4)	0	0	0	0
Net income (loss)	$ (825,348)	$ 180,901	$(1,396,028)	$ 808,304
Net earnings(loss) per common share (Note 7)	$ (0.13)	$ 0.03	$ (0.22)	$ 0.13
Weighted average number of shares outstanding	6,466,502	6,466,502	6,466,502	6,466,502

</TABLE>

VOICE IT WORLDWIDE, INC.
Balance Sheets

	December 31, 1998	June 30, 1999
		(unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$ 222,339	$ 1,385,028
Accounts receivable, net of allowance $389,093 (1998) and $100,093 (1999) ..	2,388,152	1,368,463
Other receivables	65,186	35,314
Inventories (Note 3)	1,509,396	1,654,751
Prepaid expenses and other current assets	192,564	78,137

Total current assets	4,377,637	4,521,693
Tooling, furniture and office equipment, net of accumulated depreciation (Note 3)	195,819	176,672
Other assets-net of accumulated amortization (Note 3) (Note 13)	270,482	228,258
Total assets	$ 4,843,938	$ 4,926,623
Liabilities and Stockholders' Deficit		
Prepetition liabilities secured		
Line of credit (Note 5)	$ 88,240	$ 104,213
Prepetition liabilities subject to compromise (Note 12)		
Accounts payable	1,917,828	2,300,171
Accrued expenses	0	0
Notes Payable (Note 5)	2,450,000	2,450,000
	4,367,828	4,750,171
Post Petition liabilities		
Accounts Payable	1,373,446	326,611
Accrued expenses (Note 3)	273,078	521,416
Customer deposits	65,438	0
Debtor in possession notes	260,000	0
	1,971,962	848,027
Stockholders' deficit (Note 6):		
Common stock; $.10 par; 20,000,000 shares authorized; 6,466,502 issued & outstanding	646,650	646,650
Preferred stock, 10,000,000 shares authorized; none issued & outstanding	0	0
Additional paid in capital	6,720,140	6,720,140
Accumulated deficit	(8,950,882)	(8,142,578)
Stockholders deficit	(1,584,092)	(775,788)
Total liabilities and stockholders' deficit	$ 4,843,938	$ 4,926,623

VOICE IT WORLDWIDE, INC.
Statement of Stockholders' Deficit
(unaudited)

<TABLE>
<CAPTION>

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance-December 31, 1998	6,466,502	$ 646,650	$ 6,720,140	$(8,950,882)	$(1,584,092)

Net profit for the six months ended June 30, 1999	0	0	0	808,304	808,304
Balance - June 30, 1999	6,466,502	$ 646,650	$ 6,720,140	$(8,142,578)	$ (775,788)

</TABLE>

VOICE IT WORLDWIDE, INC.
Statements of Cash Flows
(unaudited)

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1999
Cash flows from operating activities:		
Net income (loss)	$(1,396,028)	$ 808,304
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Allowance for discounts and bad debts	75,581	(289,000)
Depreciation and amortization	262,097	101,096
Amortization of deferred loan costs	12,720	16,960
Changes in current assets and liabilities:		
Receivables	2,248,125	1,358,607
Prepaid expenses	(166,524)	114,426
Inventories	(191,994)	(165,401)
Customer deposits	0	(65,438)
Accounts payable - pre and post petition	(595,966)	(664,492)
Accrued liabilities - pre and post petition	(128,122)	248,339
Cash (used in) provided by operating activities.......	119,889	1,463,401
Cash flows from investing activities:		
Other assets	(154,538)	(2,582)
Acquisition of tooling, furniture and equipment	(19,636)	(54,103)
Cash used in investing activities.................	(174,174)	(56,685)
Cash flows from financing activities:		
Draws (payments) on long term line-of-credit, net	(619,608)	15,973
Payments from Debtor in Possession notes	0	(260,000)
Cash used in financing activities.................	(619,608)	(244,027)
Net increase (decrease) in cash ...	(673,893)	1,162,689

Cash - Beginning of period	867,242	222,339
Cash - End of period	$ 193,349	$ 1,385,028

Supplemental disclosure of cash flow information:
Cash paid during the period for interest was $92,053 (1998) and $56,302 (1999).

VOICE IT WORLDWIDE, INC.
Notes to Financial Statements
(unaudited)

Note 1 - Summary of Significant Accounting Policies

The summary of the Company's significant accounting policies are incorporated by reference to the audited Voice It Worldwide, Inc. financial reports included in the Annual Report on Form 10-KSB for the fiscal year ended December 31, 1998.

The statements of operations, balance sheets, stockholders' deficit and cash flows as of June 30, 1999 and 1998 and the periods then ended have not been audited by independent accountants, but in the opinion of the management, reflect all normal recurring adjustments and entries necessary for the fair presentation of the operations of the Company. The results of operations for any quarter, and quarter-to-quarter trends, are not necessarily indicative of the results to be expected for any future period.

Note 2 - Letter of Credit

At June 30, 1999, the Company had no irrevocable standby letters of credit outstanding. However, from time to time, letters of credit are required by major suppliers.

Note 3 - Selected Balance Sheet Information

	December 31, 1998	June 30, 1999 (Unaudited)
Inventories		
Raw materials	$ 998,787	$ 2,121,395
Finished goods	1,596,996	146,400
Reserve for obsolescence	(1,086,387)	(613,044)
	$ 1,509,396	$ 1,654,751
Tooling, furniture and equipment		
Office furniture and equipment	$ 258,361	$ 270,823
Tooling and manufacturing equipment	243,556	285,196
	501,917	556,019
Less accumulated depreciation .	(306,098)	(379,347)
	$ 195,819	$ 176,672

Other assets
Deferred loan costs - net of accumulated amortization of $74,199 in 1998 and $91,159

in 1999	$ 109,194	$ 92,234
Patent costs - net of accumulated amortization of $177,388 in (1998) and $205,234 in (1999)	111,288	86,024
Marketable securities - available for sale (Note 13)	50,000	50,000
	$ 270,482	$ 228,258

Note 3 - Selected Balance Sheet Information (continued)

	December 31, 1998	June 30, 1999 (Unaudited)
Accrued liabilities		
Vacation & 401K	$ 39,858	$ 55,860
Advertising	86,187	40,336
Warranty	127,780	135,908
Commissions	2,982	8,487
Interest Payable..................	5,749	0
Licensing fee	0	199,084
Bonuses	0	78,370
Other	10,522	3,371
	$ 273,078	$ 521,416

Note 4 - Income Taxes

The Company reports income taxes for interim periods based on annualized estimates of earnings, tax credits and book/tax differences at the estimated annual effective tax rate. For federal and state income tax purposes, at December 31, 1998, the Company had net operating loss carry forwards of approximately $9,400,000 which substantially expire in fiscal years 2008 through 2012 and general business credits of $46,791 which expire in fiscal year 2009. The net operating loss carry forwards and other credits generated a deferred tax asset, which has been fully reserved, due to a lack of profitable operating history.

Note 5 - Long-Term Debt and Line-of-credit

	December 31, 1998	June 30, 1999 (Unaudited)
Prepetition-Secured		
$100,000 line-of-credit to financial institution, interest at prime rate plus 2.5%, totaling 10.25% at December 31, 1998. Principal is due March, 31, 2000. Borrowings are collateralized by all receivables, inventory, investment property, equipment and general intangibles. Pursuant to the filing of Chapter 11 reorganization, a cash collateral agreement was signed by both parties		

agreeing to monthly interest payments on the balance outstanding at the date of filing or $2,500, whichever is greater.	$ 88,240	$ 104,213
Prepetition Liabilities Subject to Compromise		
8% convertible debenture, interest payable monthly, convertible into one share of common stock for each $0.95 of principal converted. Principal due November 1, 2002. Monthly principal redemption of one percent of the then outstanding balance was to begin in November 1998. As of June 30, 1999, no payments had been made on the principal balance.	$ 2,450,000	$ 2,450,000

Note 6 - Stockholders' Equity

Convertible Debenture

The Company has issued a $2,450,000 convertible debenture (Note 5). This debenture is convertible into the Company's common stock at a rate of $0.95 of principal for each share of common stock. Monthly principal redemption of one percent of the then outstanding balance was to begin in November 1998. As of June 30, 1999, no payments had been made on the principal balance. The Company has rejected this convertible debenture as part of its proposed Amended Plan of Reorganization filed April 21, 1999 pursuant to Chapter 11 of the Bankruptcy Code. However, no assurances can be made that the Company's Plan will be accepted. As such, no adjustments have been made to reflect this proposal.

Warrants

Combined with the $2,450,000 convertible debenture, the Company issued 940,000 warrants to buy shares of the Company's common stock at an exercise price of $1.06 per share. On December 30, 1997, the warrants were exercised at $1.06 per share resulting in proceeds of $996,400.

During the first half of 1996, the Company used letters-of-credit issued from individuals with the Company as beneficiary. These letters-of-credit were used as collateral at the Company's bank for its line-of-credit. As an incentive to participate in this collateral program, the Company issued 20,000 warrants to acquire the Company's common stock. Each warrant entitles the holder to purchase one share of the Company's unregistered common stock at an exercise price of $2.75 per share. These warrants can be exercised at any time prior to their expiration in May, 2000.

During 1995, the Company completed the sale of 648,880 units of its common stock. In connection with the private placement and the issuance of convertible debt, the Company issued an aggregate total of 38,131 warrants to placement agents. Each warrant entitles the holder to purchase one unregistered share of common stock at any time from June, 1996 through June, 1999 at an exercise price of $2.75 per share. However, with the issuance of warrants pursuant to an employment agreement, the Company lowered the exercise price of these warrants to $1.06 per share.

Pursuant to an employment agreement with an officer, the Company issued 40,000 Warrants to acquire common stock. Each warrant entitles the holder to purchase one share of the Company's unregistered common stock at an exercise price of $1.06 per share. Warrants for 20,000 of these shares expired on December 31, 1997; the remaining 20,000 can be exercised at any time prior to their expiration in December, 1999.

The Company has rejected all outstanding warrants as part of its amended plan of reorganization filed April 21, 1999 pursuant to Chapter 11 of the Bankruptcy Code. However, no assurances can be made that the Company's Plan will be accepted. Therefore, no adjustments have been made that reflect this proposal.

Stock Options

The Company has reserved a total of 800,000 of its authorized but unissued common stock for stock option plans (the "Plans") pursuant to which officers, directors, employees and non-employees of the Company are eligible to receive incentive and/or non-qualified stock options. Under the terms of the Plans, options are exercisable based on various vesting schedules with an exercise price which equals the market price of the common stock on the date of grant. Through December 31, 1998, the Company had granted (net of cancellations) 426,443 options with various vesting periods and an exercise price of between $.31 and $3.00 per share. As of June 30, 1998, 384,443 granted options are vested with exercise prices ranging from $1.06 to $3.00. However, no options have been exercised.

As part of its amended plan of reorganization filed April 21, 1999 pursuant to Chapter 11 of the Bankruptcy Code, the Company has rejected all outstanding stock options granted pursuant to the 1994 Stock Compensation Plan.

As of June 30, 1999, the Company has granted 702,200 new incentive and/or non-qualified stock options to officers, directors, employees, and non-employees as part of its post reorganization plan. 677,200 of these shares were issued at an exercise price of $0.19 with an expiration date of January, 13, 2002. 633,700 of these options vested January 13, 1999 and 43,500 options vest on final acceptance of the Company's Amended Plan of Reorganization by the U.S. Trustee. 25,000 additional options were granted on March 1, 1999 at $0.48 a share with three year vesting. These options are dependent on the Company's Amended Plan of Reorganization being accepted. However, no assurances can be made that the Company's Plan will be accepted.

Accounting for Stock-Based Compensation

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123). Accordingly, no compensation cost has been recognized for the stock options and warrants granted. Consistent with the disclosure-only provisions of SFAS No. 123, the Company must provide pro forma net earnings and pro forma earnings per share disclosures for employee stock option grants made in 1995 and future years as if the fair value based method defined in SFAS No. 123 had been applied.

The Company uses one of the most widely used option pricing models, the Black-Scholes model ("the Model"), for purposes of valuing its stock option grants. The Model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, it requires the input of highly subjective assumptions including the expected stock price volatility, expected dividend yields, the risk free interest rate and the expected life. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in subjective input assumptions can materially affect the fair value estimate, in management's option, the value determined by the Model is not necessarily indicative of the ultimate value of the granted options.

Note 7 - Earnings Per Share

The Company adopted Statement of Financial Accounting Standard No. 128 ("FAS 128"), Earnings Per Share. All prior period loss per common share data has been restated to conform to the provisions of this statement. Basic loss per common share is computed using the weighted average number of shares outstanding adjusted for the incremental shares attributed to outstanding options to purchase common stock, only if their effect is dilutive. Options and warrants to purchase shares of common stock in 1998 and 1997 were not included in the computation of diluted loss per common share because their effort would be antidilutive.

Note 8 - Letters-of-Credit

The Company periodically finances the purchase of their raw materials through the assignment of letters-of-credit issued by their largest customer, Dragon Systems, Inc. Dragon issues letters-of-credit to the Company who in turn assigns the letters-of-credit to vendors to prepay the purchase of raw materials used in the turnkey manufacturing process. As of June 30, 1999 there were no outstanding letters-of-credit.

Note 9 - Related Party Transactions

As of March 31, 1999 the Company held $600,000 in various debtor in possession (`DIP') notes payable to members of the Board of Directors. These loans were approved by the order of the Bankruptcy Court, provide for an interest rate of 10% per annum and qualify as costs and expenses of administration in the bankruptcy proceedings. As of June 30, 1999, these loans and associated accrued interest had been repaid.

Note 10 - Proposed Reorganization

On November 2, 1998, The Company filed a voluntary petition for protection under the reorganization provisions of Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court, District of Colorado, file number 98-25542 RJB. The Company continues to operate as a Debtor-in-Possession.

On March 2, 1999, the Company submitted its initial proposed Plan of Reorganization to the United States Bankruptcy Court. Subsequent to this filing, the Company submitted an amended Plan of Reorganization and Disclosure Statement to the Bankruptcy Court.

On May 14, 1999, the U.S. Trustee objected to the adequacy of the Disclosure Statement. In June , 1999 the Company filed the First amended Disclosure Statement to accompany the First amended Plan of Reorganization dated April 21, 1999.

Note 11 - Reclassification

Certain costs for warranty, manufacturing overhead, and warehouse/shipping expenses have been reclassified as cost of sales expense instead of operating expense in the first six months of 1998. This change was made to conform to the classification of expenses used in 1999. The change more accurately reflects the proper categorization of these product related expenses.

Note 12 - Prepetition Liabilities

As of December 31, 1998, the Company had recognized $4,367,828 in prepetition liabilities subject to compromise. Claims filed by creditors totaled $5,385,442 as of June 30, 1999. The Company, through its attorneys, is in the process of challenging creditor claims that it does not believe are accurate as part of the bankruptcy process. However, as of June 30, 1999, the Company has increased prepetition liabilities subject to compromise by $382,343, of which $297,292 was expensed in the current year. Management cannot provide an estimate of any future incrases that may result once the challenges are complete.

Note 13 - Sale of Other Assets

In the third quarter the Company plans to sell marketable securities with a book value of $50,000. The Company anticipates that it will record a gain on the sale of assets as a result of this sale.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Overview:

Voice It Worldwide, Inc. utilizes a broad range of silicon chip technology including digital and analog storage devices, flash memory and digital voice compression integrated circuits. Voice It combines these technologies with proprietary software which enables the Company to develop leading edge consumer voice recorder products. The Company protects its proprietary technology through a combination of pending patents, copyrights and trade secrets.

Until 1998, the Company's products were designed primarily for consumer use and sold through retail channels in the U. S. Canada and Europe. In 1998, the Company began development of a Mobile Dictation recorder designed for professional users and compatible with voice recognition software. The capabilities of the new Mobile Dictation recorder provided the Company with an opportunity to enter significant new markets. During 1998, the Company changed its business strategy to reduce its reliance on the retail market and expand its business through OEM, VAR, and vertical markets. In June 1998, the Company entered into an agreement with Dragon Systems Inc., the leading voice recognition software marketer in the U.S., to supply Mobile Dictation recorders for bundling with Dragon Systems voice recognition software. Shipments to this customer began in October 1998. In April 1999, the Company reported a new two year supply agreement with Dragon which will expire in December 2000. This agreement commits Dragon to purchase a minimum of 180,000 units of the Company's Mobile Dictation recorder. This agreement can be terminated by either party with 180 days notice.

The change in business strategy implemented in 1998 led to improved revenue and earnings performance for the first six months of 1999. During the first half of 1999, sales increased to $9,802,200 which was 355% higher than the similar period last year. The Company also showed a profit of $808,300 or $.13 per share. Although future periods may not show similar growth, the Company believes that its new strategy is working and intends to pursue it aggressively.

In early 1998, the Company lost distribution of its note recorder products in several important retail customers, resulting in a 31% decline in sales for the nine months ended September 30, 1998 versus the same period in 1997. The Company's failure to meet certain financial performance objectives resulted in the loss of its line of credit. Although the Company continued to invest in the development of the Mobile Dictation Recorder and had secured a substantial purchase order from Dragon Systems for this product, the loss of the line of credit, coupled with impending principle and interest loan payments, and past due payables to suppliers, resulted in the Company filing a petition for protection under reorganization provisions of Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court, district of Colorado, on November 2, 1998.

The Company continues its operations as a Debtor-in-Possession (`DIP'). On March 2, 1999, the Company submitted its initial proposed Plan of Reorganization dated March 2, 1999 to the United States Bankruptcy Court. On April 21, 1999 the Company submitted a new Plan of Reorganization along with its Disclosure Statement to the U. S. Bankruptcy Court. The Company continues to meet its post-petition financial obligations from cash generated from receivables by the Company's primary customer. In the second quarter the Company paid back $600,000 in DIP loans from Management.

Results of Operations:

The following table sets forth, for the periods indicated, items in the Statement of Operations expressed as a percentage of net sales:

	Three Months Ended June 30,	Six Months Ended June 30,

	1998	1999	1998	1999
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	64.6	70.0	63.2	71.5
Gross profit	35.4	30.0	36.8	28.5
Operating expenses				
Administrative and general	27.8	9.3	24.2	9.1
Selling and marketing	74.5	6.8	57.2	5.3
Research and development .	16.8	1.9	13.1	2.4
Total operating expenses .	119.1	18.0	94.5	16.8
Operating profit (loss)	(83.7)	12.0	(57.7)	11.7
Other income (expense), net	(8.7)	(7.5)	(7.2)	(3.5)
Net profit (loss) before income tax	(92.4)	4.5	(64.9)	8.2
Income tax (benefit)	0.0	0.0	0.0	0.0
Net profit (loss)	(92.4)%	4.5%	(64.9)%	8.2%

Three Months ended June 30, 1999 compared to Three Months ended June 30, 1998:

Net sales for the three months ended June 30, 1999 were $4,072,200 compared to $893,600 for the three months ended June 30, 1998. The increase in sales were the result of the successful introduction of the Voice It mobile dictation recorder that interfaces with the popular continuous voice recognition software. Sales to Dragon Systems represented 86% of second quarter 1999 revenue. As a result of the loss of note recorder distribution, sales of the Company's personal note recorder were slower than anticipated. The Company continues its strategy of focusing on OEM, VAR and distributor business as opposed to the retail market that was the emphasis in the first half of 1998. Sales to international markets represented 8% of total revenue in the second quarter.

Cost of sales for the quarter ended June 30, 1999 increased to $2,849,100 or 70.0% of net sales from $577,200 or 64.6% of net sales during the second quarter of 1999. The increase in cost of sales is the result of increased sales volume of mobile digital recorder to Dragon Systems, the leading supplier of voice-to text software in the United States. These OEM sales to Dragon carry a lower gross margin than the personal note recorders that represented the majority of sales in the first six months of 1998. This lower gross margin as a percent of sales is expected to continue in the next quarter.

General and administrative expenses were $380,500 during the second quarter of 1999 compared with $247,900 for the same period in 1998. As a percent of revenue, these expenses were only 9.3% in 1999 versus 27.8% in 1998. The increase in expenses is primarily due to increased legal, accounting, and banking expenses resulting from the Chapter 11 Bankruptcy filing. Additional expenses were also accrued for severance and relocation as the Company is planning to consolidate its operations in San Diego, California and move out of its Ft. Collins, Colorado headquarters in the third quarter of 1999.

Sales and marketing expenses for the quarter ended June 30, 1999 decreased $389,000 to $277,100 from $666,100 during the same quarter in 1998. This decrease is primarily due to the reduction in coop and consumer advertising and sales commissions that were required to market personal note recorders to the retail market in 1998. As a result of the change in business strategy to sell through OEM and distributor channels, sales and marketing expenses in 1999 have been greatly reduced. As a percent of net sales, sales and marketing expenses decreased from 74.5% in the second quarter of 1998 to 6.8% in the comparable 1999 period.

Research and development costs decreased $71,000 to $79,000 for the second quarter of 1999 from $150,000 for the same quarter in 1998. Research and Development costs decreased primarily due to timing delays in consulting and design expenditures for continued development of the Digital Voice Recorder. Third quarter research and development expenses are expected to be significantly higher due to development of a new mobile dictation recorder with USB capability and increased R & D staff. As a percent of net sales, research and development expenses decreased from 16.8% in 1998 to 1.9% in 1999.

The Company recorded an operating profit of approximately $487,500 for the second quarter ended June 30, 1999 compared with an operating loss of approximately $747,600 for the same quarter in 1998. The compounding effect of a 355% sales increase and lower operating expenses more than offset the increase in cost of sales as a percentage of total sales.

Other income (expense) for the quarter ending June 30, 1999 showed an expense of $306,600 compared to a net expense of $77,700 during the same period last year. The primary components of other income (expense) in the second quarter of 1999 include interest on the $104,000 secured line of credit and interest on the DIP loans and the adjustment to prepetition liabilities. Second quarter 1998 other income (expense) was primarily comprised of interest expense on the $2.45 million convertible debt entered into the fourth quarter of 1995 and utilization of its line of credit. After other income (expense), net profit for the three months ended June 30, 1999 was $180,900 or $0.03 per share compared to a net loss of $825,300 or $0.13 per share for the second quarter of 1998.

Six Months ended June 30, 1999 compared to Six Months ended June 30, 1998:

Net sales for the six months ended June 30, 1999 were $9,802,200 compared to $2,151,500 for the six months ended June 30, 1998. Sales for the first half of 1999 increased over 350% due to the change in marketing strategy where the Company began primarily selling its mobile dictation recorder as a bundled product with Dragon systems voice recognition software. Sales in the first half of 1998 were primarily the result of note recorder sales to retail markets where the Company had experienced significantly declining distribution and sales. Sales to Dragon Systems represented 88% of total sales in the first half of 1999 while sales to international markets contributed 7% of the Company's revenue.

Cost of sales for the first six months ended June 30, 1999 increased to $7,007,600 or 71.5% of net sales from $1,359,100 or 63.2% of net sales during the six months of 1998. The increase in cost of sales was the result of the increased sales volume. The lower gross margin as a percent of sales was the result of 1999 OEM sales of the new digital voice recorder that is compatible with continuous speech, voice-to-text software. These OEM sales carry a lower gross margin than note recorder sales that represented the majority of sales in the first six months of 1998.

General and administrative expenses increased $365,600 to $887,300 during the first half of 1999 compared with $521,700 for the same period in 1998. As stated previously, this increase in expenses is primarily due to increased legal, accounting, and banking expenses resulting from the Chapter 11 Bankruptcy reorganization proceedings. In addition, expenses were accrued for severance and relocation costs associated with the Company's decision to consolidate its operations and relocate its headquarters from Ft. Collins, Colorado to San Diego, California.

Sales and marketing expenses for the six months ended June 30, 1999 decreased $709,400 to $521,100 from $1,230,500 during the same period in 1998. This decrease is due to the reduction of cooperative and general print advertising that was required to support retail sales in 1998. The Company's strategic decision to market its mobile dictation recorder to OEM, VAR, and Distributor channels in 1999, significantly reduced its advertising requirements.

Research and development costs decreased $45,900 to $235,400 for the first half of 1999 from $281,300 for the same period in 1998. A primary reason for this decrease is due to timing delays associated with software and design consultants. These savings offset increased amortization of capitalized software development costs that contributed to increase in research and development costs in the first half of 1998.

The Company recorded an operating profit of approximately $1,150,700 for the first six months ended June 30, 1999 compared with an operating loss of approximately $1,241,000 for the same period in 1998. The 355% increase in sales and lower operating expenses more than offset the lower gross margin as a percent of sales due to the change in sales strategy.

Other income (expense) for the six months ending June 30, 1999 showed an expense of $342,364 compared to an expense during the same period last year of $155,000. The primary component of interest expense in 1998 was the interest on the $2.45 million convertible debenture the Company entered into during the fourth quarter of 1995. Additionally, the Company incurred interest expense from utilization of its line-of-credit facility as well as interest paid to one of the Company's vendors for extended payment terms. Other income (expense) in the the first six months of 1999 primarily reflected interest on DIP loans provided by Management and interest on the secured line of credit and adjustments to prepetition liabilities. After interest expense, the net profit for the six months ended June 30, 1999 was $808,300 or $0.13 per share compared to a net loss of $1,396,000 or $0.22 per share for the first half of 1998.

Liquidity and Capital Resources:

At June 30, 1999, the Company had cash and cash equivalents of approximately $1,180,700. The Company also had working capital deficit of approximately $959,000 at quarter end which is a significant improvement from the working capital deficit of approximately $2,050,400 at December 31, 1998. The primary reason for the increase in working capital is the Company's net profit for the six months ended June 30, 1999 of approximately $808,300.

Cash provided by the Company for operating activities during the six months ended June 30, 1999 was approximately $1,463,401. A primary component of operating cash was the Company's first half net income of $808,300 adjusted for non-cash adjustments of depreciation and amortization of approximately ($118,100). The largest source of cash for the period was the decrease in receivables of approximately $1,358,607. Other uses of operating cash for the second quarter include decreases in the Company's prepaid expenses of approximately $114,400 and increases in accrued liabilities of approximately $248,300. Uses of operating cash include the increase in inventories and customer deposits of $165,400 and $65,400, respectively and decreases in account payables of $664,492. Additional uses of cash include $54,100 for the acquisition of tooling and other assets. During the six months ended June 30, 1999, the Company used approximately $260,000 by paying off Debtor in Possession notes provided by Management.

During the second quarter of 1999, the Company financed its working capital requirements through letters-of-credit from Dragon Systems, Inc. The Company believes that it will have sufficient working capital to finance operations during the third and fourth quarters of 1999 although it may require letters of credit from Dragon or additional short term financing to fund material purchases and operating expenditures.

Seasonality:

The Company's business has traditionally been skewed toward the fourth quarter. In 1998, 61% of sales occurred in the fourth quarter. However, this was primarily the result of the introduction of the new Digital Voice Recorder commencing with initial pipeline shipments to its primary OEM customer Dragon Systems. These pipeline shipments continued for the first three months of 1999. The Company anticipates that following the initial success and sell through of its product bundled with Dragon software in the first six months of 1999, that second half sales to Dragon will be significantly lower due to a full product pipeline at the wholesale and retail level and increased competition.

Foreign Exchange:

The Company's products are principally purchased from suppliers in the Far East with its prices negotiated on an annual basis in U.S. dollars at exchange rates reset annually. Exchange rate fluctuations between the U.S. Dollar and the Singapore dollar could have an adverse effect on the Company's costs of sales and gross margins. In the event of extreme exchange rate fluctuations, it may become uneconomical for the relationship between the Company and its suppliers to continue.

The Company also historically records less than 10% of its revenues in Europe and the Middle East. In most countries, the Company sets its sales prices in U. S. dollars so that any variances are for the purchaser's account. However, if the exchange rate fluctuates between these other currencies and the U. S. dollar, it may have an adverse effect on the Company's sales

Inflation:

Management believes that inflation has not and will not have a significant impact on its business.

Bankruptcy:

The Company continues its operations as a Debtor-in -Possession (`DIP'). On March 2, 1999, the Company submitted its initial proposed Plan of Reorganization to the U. S. Bankruptcy Court. On April 21, the Company submitted a new Plan of Reorganization and Disclosure Statement to the Trustee of the U.S. Bankruptcy Court.

In May, the U.S. Trustee found that the Company's initial Disclosure Statement to be inadequate and requested that the Company file an Amended Disclosure Statement. The Company filed a First Amended Disclosure Statement to accompany its First Amended Plan of Reorganization dated April 21, 1999. The Bankruptcy Court ordered that the hearing to consider the adequacy of the Debtor's First Amended Disclosure Statement originally set for July be reset at the request of the Company.

The Bankruptcy Court has ordered that the Company file a status report with the Court on the progress of the Debtor and Renaissance Capital of the Creditors Committee in formulating a consensual plan of reorganization on or before September 20, 1999.

Year 2000 Compliance:

The Company has conducted a review of its computer systems to identify the systems that could be affected by the Year 2000 Issue and is developing an implementation plan to resolve the issue. The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculations. The Company presently believes that, with modifications to existing software and conversions to new software, the Year 2000 problem will not pose significant operations problems for the Company's computer systems as so modified and converted. However, if such modifications and conversions are not completed in a timely manner, the Year 2000 problem may have a material impact on the operations of the Company.

The Company has not yet determined the impact if any, that Year 2000 issues may have on its vendors. However, the Company believes there are adequate alternative vendors that can supply products and services to the Company if necessary.

The microprocessors used in the Company's products operate on a 99-year Julian calendar. Thus, there will be no operational issues with these products related to the Year 2000 issue.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On November 2, 1998, the Company filed a voluntary petition for protection under the reorganization provisions of Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court, District of Colorado, file number 98-25542 RJB. The Company will continue to operate as a Debtor-in-Possession.

On March 2, 1999, the Company filed its initial Plan of reorganization with the United States Bankruptcy Court.

On April 21, 1999, the Company filed a new Plan of Reorganization and Disclosure Statement with the United States Bankruptcy Court.

On May 14, 1999 the United States Bankruptcy Trustee objected to the adequacy of the Company's Disclosure Statement.

In June the Company filed its First Amended disclosure statement to the U. S. Bankruptcy Court to accompany the First Amended Plan of Reorganization.

Item 2. Changes in Securities.	None
Item 3. Defaults upon Senior Securities.	None
Item 4. Submission of Matters to a Vote of Security Holders.	None
Item 5. Other Information.	None
Item 6. Exhibits and Reports on Form 8-K.	None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VOICE IT WORLDWIDE, INC.
Registrant

Date: 09/10/99

/s/J. Frederick Walters
J. Fredrick Walters
Chairman of the Board of Directors

Date: 09/10/99

/s/John H. Ellerby
John H. Ellerby
Chief Financial Officer

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