

## A mission stated ▶▶▶

Through the technological leadership of its proprietary Boomerang® device, R.A.N.K.I.N. Technologies Inc. is dedicated to providing the world's most effective and cost-efficient asset recovery system.

## ▶▶▶ and fulfilled

The product is comparable to the company's global ambitions. Boomerang® is a patented device that's hidden in a customer's vehicle, watercraft or heavy equipment. If the asset is stolen, it can be quickly located (typically in less than an hour!) by tracking it through the cellular system of wireless companies. So effective is Boomerang® — indeed its recovery rate is 95 per cent — that it has received the enthusiastic endorsement of major insurance companies and law enforcement officials.

The elements that gave birth to Boomerang® — and have fueled R.A.N.K.I.N.'s remarkable growth since its May 1999 RTO — will sustain it in the future:

**Technological leadership:** R&D remains at the heart of the company. The corporate culture values innovation and entrepreneurship. As the "wireless Internet" revolution begins to transform society, R.A.N.K.I.N. will be at the forefront with new applications based on our core technologies.

**Strategic alliances:** Close ties with Canada's leading wireless companies (Bell Mobility and TELUS Mobility) ensure that we'll continue to benefit from an established and continuously improving multi-billion-dollar infrastructure. Similarly, R.A.N.K.I.N.'s key alliances with insurers and law enforcement agencies are growing.

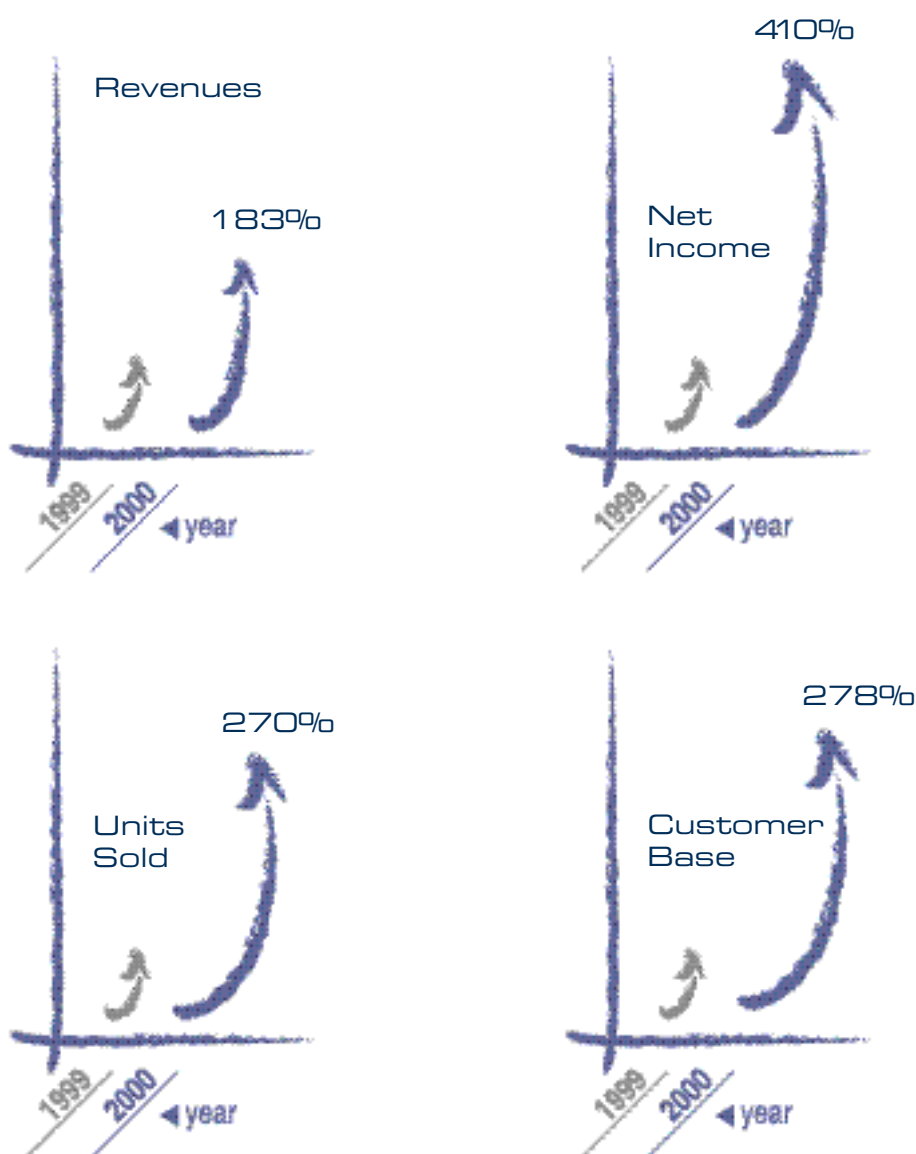
**Results:** In just a few years on the market, Boomerang® has recovered more than 600 vehicles, valued at some \$30 million.

## Table of Contents ▶▶▶

Highlights	2
Message to Shareholders	4
Providing Peace of Mind	7
Management's Discussion and Analysis	17
Financial Statements	23
Board of Directors and Management	34

## ▶▶▶ Financial Highlights

Fiscal Year Ended April 30	2000	1999	Increase
	(audited)		
Revenues	\$ 5,053,346	\$ 1,785,805	183%
Net Income	\$ 630,857	\$ 123,509	410%
Shareholders' equity	\$ 1,133,080	\$ 123,731	816%
Number of Boomerang units activated	13,863	3,745	270%
Customer base (unaudited)	18,845	4,982	278%



## ▶▶▶ Operational Highlights

Exclusive agreement with Bell Mobility as the network service provider in Quebec and Ontario  
 Exclusive agreement with TELUS Mobility as the network service provider in British Columbia  
 Agreements with 28 major insurance companies which provide premium rebates for theft insurance



leadership

## ▶▶▶ Message to shareholders

I couldn't have scripted our first full year as a public company any better.

Our growth rate of earnings before income taxes of 637%, from \$ 130,509 to \$ 961,857 and 410 per cent in net earnings to \$ 630,857, on the heels of last year's \$ 123,509, speaks volumes about our core product and the market's receptive welcome. Total revenues also climbed by 183 per cent, to more than \$ 5.1 million in 2000, up from last year's \$ 1.78 million. At the end of our fiscal year, the customer base stands at 18,845 – a dramatic 278 per cent increase over last year's tally of 4,982 customers.

The numbers are gratifying — but they're just the beginning. Far more significant for me, and for our shareholders' medium to long-term prospects, is the wave of wireless Internet and other technologies now on the horizon. Make no mistake — within a few years they will transform the way our society works and plays. And as our wireless partners continue to assume the lead role in everything from on-the-go Internet access to remote home and business functionality, R.A.N.K.I.N. will be there with new applications and services.

Today, R.A.N.K.I.N. is a youthful, dynamic high-tech company with a decidedly non-dot.com positive cash flow. To a large extent, this is due to the ingenuity of our core technology: capable of leveraging enormous and entrenched wireless infrastructures globally without having to build or maintain them.

## ▶▶▶ Ensuring success

The four insurance companies that supported the Boomerang® in 1999 have mushroomed to 28 in 2000 — and even more are coming on board all the time. I can't overstate the importance of these industry leaders' support.

After all, we know we're Canada's leader in asset recovery. But when insurers join the chorus of praise, and back up their words with reductions in premiums, then we know we're on to a good thing. And why not? Given our near-perfect recovery rate, insurers can expect dramatic reductions in losses and savings that are reflected in their bottom line.

## ▶▶▶ The customer wins

And what of the customer? Actually, the customer stands to gain the most, in protection and peace of mind. This is why I believe the potential market is enormous — and barely tapped. The word about Boomerang® is out, and as we roll operations across Canada and — ultimately — the U.S. and beyond, **I see no limits to our growth.**

Peter Lashchuk  
President, R.A.N.K.I.N. Technologies Inc.



## ▶▶▶ Right concept, right time...

If we're exceeding our growth targets, it's because of the soundness of our concept right from the start. To a unique, patented technology we added access to highly developed and established wireless infrastructures. Similarly, we saw that getting the product into the right distribution channels would be crucial and forged strategic partnerships with Automobility, a distributor of car alarms and remote starters.

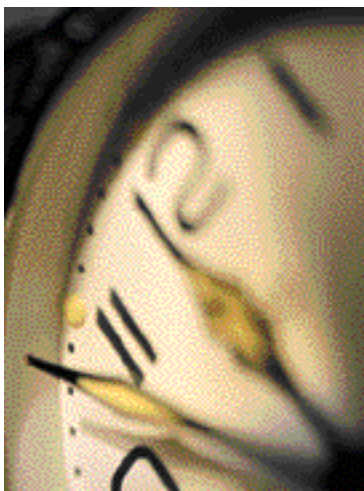
## ▶▶▶ Right direction... full speed ahead!

From a strong base of support in Quebec, we're now working to make similar inroads in Ontario and B.C. As our growing file of press clippings from those two provinces shows, the public, the insurers and law enforcement authorities are sitting up and taking notice of the Boomerang®'s potential.

Looking beyond, I'm confident that our innovation will continue to drive Boomerang® forward. New products are the lifeblood of any high-tech company, and R.A.N.K.I.N. is no exception. We're now generating new products based on our core technology that utilizes wireless infrastructures. For example, our 2-way Boomerang® will include instant theft notification, remote vehicle locking and unlocking, remote starting and automatic accident notification.

The 2-way Boomerang®, scheduled to be launched by the latter part of 2000, is just a sign of things to come. We're also testing additional features and applications to capture an even greater market share, and to enter the emerging new world of wireless applications.

Of course, this will require the concerted effort of the people who got us here: namely, our employees, managers and partners. They supply the hard work and dedication that superior quality control, sales, customer care and distribution demand. And make no mistake — they have been put to the test! Our extraordinary growth has often meant scrambling just to process new customers and keep existing ones satisfied. It's no mean feat, but they've succeeded with professionalism and dedication. I thank them for their hard work and pride in a job well done.



## ▶▶▶ Governance

I'm delighted to welcome Mr. Pierre Laurin and Mr. Érik Péladeau to R.A.N.K.I.N.'s Board of Directors. Their membership is a strong vote of confidence for our flagship product, our team and our prospects.

Mr. Laurin is executive-in-residence at the École des Hautes Études Commerciales de Montréal (HEC). During his illustrious business and academic career, Mr. Laurin has been Vice-Chairman of Merrill Lynch Canada and Dean of HEC. An Officer of the Order of Canada, he also sits on the boards of some of Canada's leading corporations. It's an honour and a privilege to count on Mr. Laurin's guidance, particularly as we expand across Canada and beyond.

Mr. Erik Peladeau is Chairman of the Board at Quebecor Communications, and Vice-Chairman of Sun Media Corporation. He also sits on the boards of major financial groups. Mr. Peladeau is an astute builder and manager. After founding the highly successful Groupe Lelys in 1988, he served as a senior executive in several capacities at Quebecor. His experience in media and communications is an enormous asset. I look forward to learning from him as we prepare for further growth.



Peter Lashchuk  
President



## ▶▶▶ Providing peace of mind

The rate of Canadian auto theft has reached alarming proportions, and continues to increase. In 1998, insurers registered more than \$1 billion in losses across Canada. In Quebec, which has the highest rate of auto theft, one vehicle is stolen every fifteen minutes — 35,000 in Montreal alone in 1998. The story is similar in other metropolitan regions. Toronto, for example, has experienced a 33 per cent increase in auto theft between 1991 and 1998.

Overburdened and understaffed, police forces have been hard-pressed to keep up. In Quebec, a mere 45 per cent of stolen vehicles are recovered, while in Toronto the recovery rate dropped from 90 to 60 per cent during the 1991-98 period.

The situation with watercraft is similar. Thieves target high-value, low-risk opportunities that yield quick returns.

Millions of dollars are lost to unrecovered construction equipment each year. In the last year alone, R.A.N.K.I.N.'s Boomerang® has recovered over \$ 6 million in equipment, saving customers potential down-time and thousands of dollars on insurance premiums. With construction on the rise and the current economic growth at record highs, theft in heavy equipment will likely increase.

In 1999,  
161,405  
motor vehicles  
were stolen  
in Canada alone

## ▶▶▶ Pent-up demand

The wider implications of this crime wave are obvious. People are demanding innovative solutions that provide security and peace-of mind; that are affordable, simple to install and maintain; and that are accepted by insurers and police forces.

In short, they are demanding precisely what Boomerang® delivers. The market is therefore highly receptive and growing.

More broadly, the demand for location technologies — which enable businesses to track and manage fleets, marinecraft and other commercial equipment — is also booming. R.A.N.K.I.N.'s early success in the consumer market, and its growing technological expertise, suggest tremendous new potential that could be tapped in the future.

R.A.N.K.I.N. looks forward to the release of the 2-way Boomerang® in the upcoming year, allowing for automatic theft notification and convenience features including remote starting and door locking. The planned miniaturization of the technology also promises personalized applications, from children and pets to personal valuables.



## ▶▶▶ Proven success

Given the market situation and dynamics, Boomerang® occupies a highly favourable position. The Boomerang® Tracking System has been instrumental in recovering more than 600 vehicles, and saving some \$30 million to insurance companies. There is no competitor in sight with a comparable technology and success rate — and in the past year, the press has been faithfully reporting our achievements in Quebec, Ontario and B.C.

Boomerang®'s advantages are indeed overwhelming:

### ▶ Effectiveness:

More costly GPS-based systems use satellite signals which cannot penetrate walls and tunnels. In contrast, Boomerang®'s cellular-based technology is virtually impossible to detect and defeat. It enables our tracking team to pinpoint the stolen asset to within one foot of its location throughout North America.

### ▶ Speed:

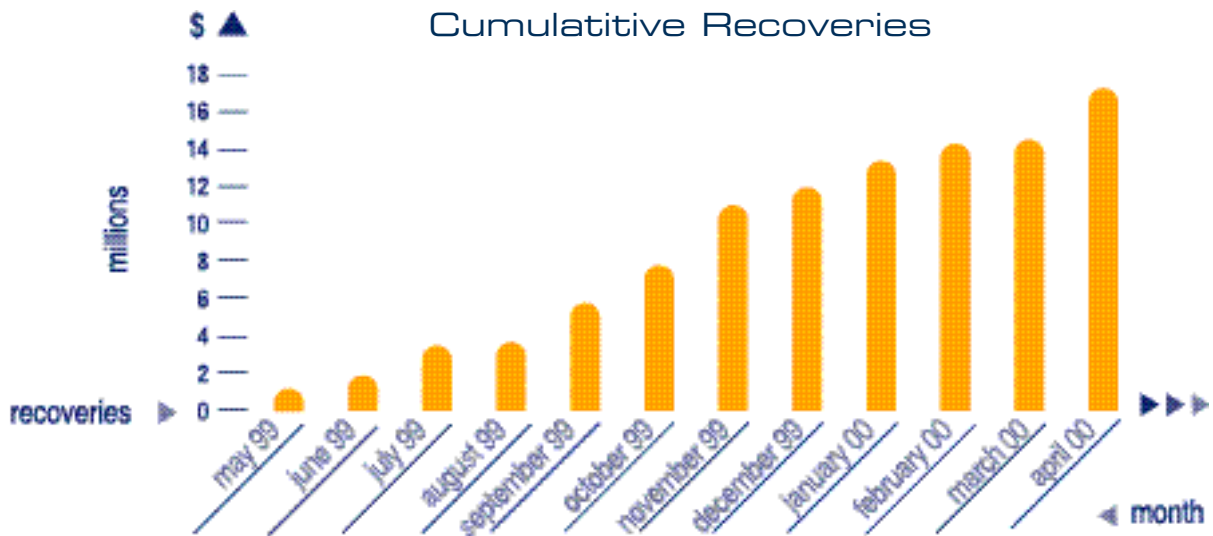
Assets are usually located within an hour of being reported stolen. Speed is essential to prevent thieves from “chopping” vehicles for parts or shipping them overseas.

### ▶ Confidence:

Given Boomerang®'s near perfect recovery rate, we're so confident in its ability that we offer the industry's only money-back guarantee should the Boomerang®-equipped asset be stolen and not recovered.

### ▶ Insurance recommendations:

Most insurance companies are committed. The industry's own studies suggest that tracking devices offer the best solution for recovering stolen property, and they recognize Boomerang®'s superior technology.



**R.A.N.K.I.N. has recovered more than \$ 16.5 million in stolen assets over the past year.**



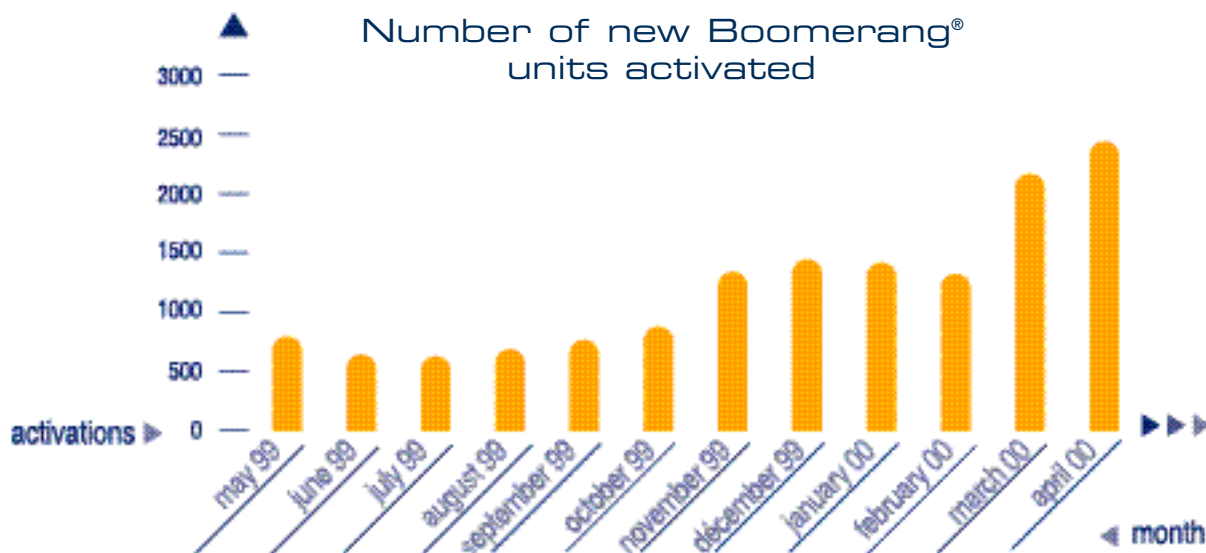
SUCCESS

## ▶▶▶ Growth Strategy

The necessary elements for Boomerang®'s continued market penetration are now in place.

In order to maintain our growth strategy we must:

- ▶ Forge strategic alliances with more wireless carriers as we enter new geographic markets.
- ▶ Build greater brand awareness across Canada, not just through word-of-mouth and press coverage, but also by launching integrated marketing campaigns, including sponsorships, promotions and advertising.
- ▶ Expand our distribution network. We now have over 330 auto accessories retailers marketing and selling our Boomerang® Tracking System and this number is constantly increasing.
- ▶ Further hone in on our customer care, becoming more responsive to evolving needs. Customer focus will be paramount as we aggressively roll out across Canada, the U.S., and abroad.
- ▶ Continue to streamline administration and operations. For example, during the past year we made significant gains in efficiency by outsourcing the capture of our new customer data.
- ▶ Follow through on international interests. Numerous countries have expressed interest in distributing the Boomerang® Tracking System and we anticipate concluding licensing agreements by early 2001.
- ▶ And perhaps most importantly, develop new products and applications to meet the market's growing appetite for wireless technologies that enhance quality of life and offer greater convenience features.



## ▶▶▶ Keeping strategic alliances strong

Strategic alliances, fundamental to Boomerang®'s growth, will continue to occupy centre stage in our business plans. They include alliances with:

### ▶ Wireless Carriers

Boomerang®'s infrastructures are key to the device's functionality. We enjoy strategic partnerships with Bell Mobility and TELUS Mobility, both Canadian market leaders. Going forward, we will maintain these mutually beneficial relationships, and build new ones as we enter new geographic markets in the U.S. and abroad.



Pierre Blouin  
*President, Bell Mobility*

"Bell Mobility has strengthened its alliances over the past year in order to enhance value-added services to its network. To help lead this initiative, R.A.N.K.I.N., manufacturer and developer of the Boomerang® Tracking System, has played a key role. With this unique technology, they have proven themselves to be both a market leader and a valuable partner to Bell Mobility."

"R.A.N.K.I.N. has created an industry in Canada. Bell Mobility sees tremendous value and growth with the services offered by R.A.N.K.I.N. and will continue to promote its partnership initiatives through cooperative marketing programs and promotions. In addition, Bell Mobility looks forward to jointly marketing R.A.N.K.I.N.'s future products and services."

### ▶ Insurers

The insurance industry's role in expediting sales and lending credence to Boomerang®'s claims can't be overstated. From four insurance companies lending support in 1999 to 28 in the past year. These agreements not only give additional credibility to the Boomerang® Tracking System, but also offer customers a reduction in auto insurance premiums.

"In March 1999, Chubb modified their underwriting guidelines stipulating that high-risk vehicles will only be insured if a vehicle tracking device such as Boomerang® is installed. We are very pleased with the support of this measure by our brokers and clients which has led to reduced vehicle losses through recoveries made possible by the Boomerang® Tracking System."

*Chubb Insurance (Canada). Montreal (Quebec). January 2000*

### ▶ Law Enforcement Authorities

Boomerang® is also winning the support of law enforcement agencies across Canada — a fact that's been widely reported in the press. Law enforcement officers welcome the Boomerang®'s contribution to solving cases and breaking up crime rings.

In reference to Boomerang®'s first recovery in the province of B.C.:

"I was flabbergasted at the success of the (Boomerang®) device."

*Sgt. Enzo Nadalin, head of B.C.'s Auto-Theft Task Force, Vancouver (British Columbia). February 2000*

## ▶▶▶ Board of directors



Peter Lashchuk  
President

"My 15 years in the cellular industry have allowed me to witness the evolution in the rapidly changing communications arena. People are constantly searching for innovative ways to use wireless applications beyond voice communications. The Boomerang® Tracking System offers one of these ways by providing a reliable and efficient method to locate and quickly recover stolen assets. *The look of joy and relief on our customers' faces when their vehicles are recovered is a reminder that our efforts are well worth the end results!*"

"The new technologies sector has been of great interest to me for some time. It is therefore with tremendous enthusiasm that I accepted Peter's invitation to become a member of the Board of Directors in March 2000. As a result of the exponential growth of Boomerang® sales since 1999, I foresee a continued performance at an accelerated rate in the years to come. The strategies implemented by the Company's directors were quickly realized and their results have contributed to the strengthened share value."

Érik Péladeau  
Director



"I accepted to become a Member of the Board of Directors of R.A.N.K.I.N. because of the high commercial potential of its unique product and the capability of its key people to build a diversified and international company."

Pierre Laurin  
Director

"The invention of the Boomerang® Tracking System is today's best solution to asset recovery. Its functionality is representative of the natural evolution in vehicle protection and addresses modern-day needs for modern-day peace of mind - 24/7. I intend to maintain the momentum of consumer awareness of the Boomerang® and its advantages while expanding its market of distribution."

Robert Nelson  
Vice President, Distribution



"Our main purpose in developing the Boomerang® device was to provide consumers with a system that would enable them to locate their vehicle within a short period of time should it be stolen. Once this mission became a reality, demand followed with a multitude of requests for new applications for the device, and as a result, we now have new goals: to research and develop new configurations and uses for the Boomerang®. I have to admit, with great joy, that my team is enjoying these new challenges and know that they will kept very busy as they address the limitless applications of tracking technologies!"

André Boulay  
Vice President, Technology

"I have been member of the Board of Directors of R.A.N.K.I.N. since 1998. My practice, specializing in real estate law, has been focusing more and more on the ever-emerging sector of new technologies. Thanks to the dynamic and creative spirit of its directors, R.A.N.K.I.N. has evolved through the development of a very interesting product with great future potential."

René Branchaud  
Director



The  
**BOOMERANG<sup>®</sup>**  
TEAM

Finance ►►►  
and  
Administration

We are glad to announce that our team has been able to rise to the number one challenge faced by a company enjoying exponential growth: to control expenses and put in place the necessary processes for sound management at the same fevered pace as our increasing revenues.



Activations ►►►

Faced with an ever-increasing demand, the activations team has had to adapt quickly to our new automated data-entry process. This has permitted us to substantially reduce delays, to the delight of our customers.





## ▶▶▶ Marketing and Communications

Our team is constantly at work perfecting the marketing strategy of our organization. Our principal objective is to attract new customers and maintain consumer interest in our product and provide them with pertinent, high quality information. Strategy, creativity, focus and efficiency are our ingredients for success.

It's remarkable how exciting it is to sell a product that we are both confident in and proud of! We recognize the importance of personal contact with the consumer and make sure not to fall victim to the perils of today's impersonal business culture. Our promise :a quality product with unparalleled service, always with a smile.

## Sales ▶▶▶ and Customer Service



## ▶▶▶ Research and Development

The rhythm of daily life hardly leaves time for unpleasant surprises. This is the reason that we have committed to *offering our customers security and piece of mind, 24 hours a day*. To this end, we are diligently working to develop new applications for the Boomerang® Tracking System. Thousands of possibilities are available to us...our technology has no limitations!



## ▶▶▶ Production

Meticulousness, efficiency and secrecy are our motto. Our rigorous quality control assures that we offer a product that is always on duty whenever a theft occurs!



growth



*Management's discussion and analysis of financial condition and results of operations.*

*The following discussion and analysis explains trends in R.A.N.K.I.N. Technologies Inc. ("R.A.N.K.I.N.") financial condition and results of operations for the fiscal year ended April 30, 2000. This discussion and analysis is intended to assist shareholders and other users understand the dynamics of R.A.N.K.I.N.'s business and the key factors underlying its financial results. The financial statements and related notes thereto constitute an integral part of and should be read in conjunction with this discussion and analysis.*

## ▶▶▶ Significant Event

Effective May 1, 1999, R.A.N.K.I.N. acquired all of the issued and outstanding shares of R.A.N.K.I.N. Research Corp. ("Research") by issuing an aggregate of 15,200,000 Class "A" shares from treasury. This transaction resulted in the former shareholders of Research owning approximately 69% of R.A.N.K.I.N.'s total issued and outstanding Class "A" shares following the acquisition. This transaction was accounted for as a reverse takeover whereby, notwithstanding the legal acquisition of Research by R.A.N.K.I.N., it was treated as an acquisition of R.A.N.K.I.N. by Research. As such, the comparative figures presented for the period ended April 30, 1999 are those of Research. Given the fact that this was considered to be a capital transaction, the excess of the deemed consideration over the tangible net assets acquired was allocated to capital stock. Research was subsequently dissolved into R.A.N.K.I.N.

## ▶▶▶ Results of Operations

R.A.N.K.I.N.'s business consists of the design, manufacture and sale of the patented BOOMERANG® tracking device. This device is an integral part of the Company's BOOMERANG® Tracking System which includes the furnishing of after-sales monitoring and recovery services. The BOOMERANG® Tracking System is capable of tracking stolen assets such as automobiles, marine crafts, heavy equipment and other valuable objects by utilizing existing cellular network infrastructures and will detect the assets wherever they may be, including those enclosed within a metal container or located underground. R.A.N.K.I.N. sells its product through both direct and indirect channels of distribution. The Company's strategy also focuses on corporate alliances with insurance companies, law enforcement agencies and other companies with fleets of vehicles to generate and sustain institutional support for the BOOMERANG® Tracking System and to provide substantial additional sales impetus.

R.A.N.K.I.N.'s annual and quarterly operating results are primarily affected by the level and timing of BOOMERANG® sales, installations and existing service contract renewals.

The table below sets forth certain operating data expressed as a percentage of revenue for the years indicated:

### Year Ended April 30

	2000	1999
Revenue	100.0%	100.0%
Expenses	81.0%	92.7%
Earnings before income taxes	19.0%	7.3%
Income taxes	6.5%	0.4%
Net earnings	<b>12.5%</b>	<b>6.9%</b>

## ►►► Revenue

The Company generates revenues from two primary sources, namely the sale of the BOOMERANG® tracking device to distributors, retailers and end users and the provision of after-sales cellular system access and ongoing asset monitoring services. During the 2000 fiscal year, the Company entered into its first licencing agreement, covering the Dominican Republic and Haiti. The Company anticipates implementing similar licencing arrangements in the future in order to further expand outside of North America.

Overall, revenues have increased by \$3.267 million, or 183%, as compared to 1999. Product sales and installations have increased by \$1.857 million, or 141%, and system access fees and monitoring services have increased by \$1.263 million, or 286%, as compared to 1999.

Unit sales of the BOOMERANG® tracking device were approximately 16,000 in fiscal 2000, versus approximately 4,000 in fiscal 1999. Total units covered by service contracts grew to approximately 19,000 as at April 30, 2000, as compared to approximately 5,000 as at April 30, 1999.

Selling prices of the BOOMERANG® tracking device were reduced during the past year, reflecting increased efficiencies and lower production costs as the number of units being sold has grown. As well, assembly of the BOOMERANG® tracking device previously subcontracted to third parties, has been assumed directly by the Company.

System access fees and ongoing monitoring services are available on a 12, 24 or 36 month basis. All access fees and monitoring services are covered by contract and are payable in full upon activation and/or renewal.

The revenue trend exhibited in fiscal 2000 highlights the importance of increasing the installed base of BOOMERANG® tracking devices, as the renewal of existing system access and monitoring contracts upon expiration provides an annuity-type revenue stream throughout the useful life of the product.

## ►►► Expenses

The major cost involved in vehicle monitoring is the on-going rental of cellular phone lines. The Company has entered into agreements with Bell Mobility Cellular Inc. (Quebec and Ontario) and TELUS Mobility (British Columbia) to provide cellular network services in their respective territories. In turn, each of the carriers has been granted exclusivity by the Company during the duration of the contract.

Selling, general, administrative and financial expenses increased by \$1.3 million, or 144%, to \$2.1 million (42.3% of revenue) in 2000 from \$0.9 million (49.0% of revenue) in 1999. The increase in such expenses was the result of increased staffing levels and higher selling, marketing and administrative costs to support the sales growth of the Company and to seek out additional opportunities both domestically and internationally.

## ►►► Income Taxes

Income tax expense in 2000 amounted to \$0.331 million, reflecting an effective tax rate for the year of 34.4%, compared to 5.4% in 1999. Reduced rates in 1999 were attributable to the utilization of previously unrecognized tax loss benefits and the small business deduction, neither of which was available to the Company in 2000.

## ▶▶▶ Liquidity and Capital Resources

During the year ended April 30, 2000, the cash position of the Company increased by \$0.72 million, to \$0.79 million, from \$0.07 million in 1999.

The reverse takeover of R.A.N.K.I.N. effective May 1, 1999 resulted in a cash infusion of approximately \$0.4 million. Although a substantial portion of funds generated from operations this past year have been reinvested in higher levels of accounts receivable, inventories and prepaid expenses to support the Company's growth, service contracts have more than offset this investment. Such contracts, covering system access and asset tracking services are an important and growing source of cash flow for the Company.

The Company believes that its cash position at April 30, 2000, together with cash flow from future operations, will provide it with sufficient funds to meet its operating and capital expenditure requirements for the upcoming year. Operations are expected to continue to generate strong positive cash flows into the future. Excess cash is invested by the Company in short-term instruments with financially sound institutions and is readily available as the need for funds arises.

Working capital (current assets less current liabilities) increased to \$1.021 million as at April 30, 2000 from \$0.057 million as at April 30, 1999. The working capital ratio has improved to 1.42:1 in 2000 compared to 1.09:1 in 1999.

## ▶▶▶ Capital Expenditures

The Company's capital expenditures for 2000 were \$0.208 million, compared to \$0.142 million in 1999. The bulk of the expenditures were related to management information systems, with some additional expenditures being related to staff increases and the corresponding expansion of premises. Anticipated capital expenditures for 2001 are approximately \$0.08 million, principally in the areas of management information systems and leasehold improvements.

## ▶▶▶ Research and Development

One of R.A.N.K.I.N.'s priorities is to maintain technological leadership in asset recovery through innovation and dedication to ongoing research and development. Because of the versatility of the cellular network technology which it employs, the BOOMERANG® Tracking System is capable of being adapted to a variety of applications. Development of enhanced products and new applications for its technology are at the forefront of R.A.N.K.I.N.'s focus.

## ▶▶▶ Outlook

The Company anticipates continued growth in fiscal 2001 within its existing markets. Despite its impressive growth in fiscal 2000, there still remains significant room for the Company to expand its market share within its current principal trading areas of Quebec, Ontario and British Columbia. The ever-increasing recognition of the BOOMERANG® Tracking System as a highly effective asset location system and the strength of the Company's strategic alliances with cellular network providers, insurance companies and law enforcement agencies is expected to enable the Company to continue its rapid expansion for the foreseeable future.

While focusing on the Canadian market, the Company also intends to expand throughout North America and internationally. Discussions are currently underway in order for the Company to enter the United States directly in selected geographical areas and through arrangements with U.S. cellular carriers. The Company believes that it has, or can develop, the necessary resources and management infrastructure to directly exploit these opportunities. Outside of North America, the current strategy anticipates the granting of exclusive licences within chosen territories. Such licences would likely provide exclusive rights to exploit the BOOMERANG® Tracking System, including the distribution of the BOOMERANG® tracking device, training and support and assistance in negotiating alliances with cellular carriers and insurance companies within each territory.

## ▶▶▶ Risks and Uncertainties

### ▶ Technology

The BOOMERANG® Tracking System makes use of a patent-protected, cellular-based tracking device which, at present, has no known direct competitors. Other existing products utilizing other types of technologies are currently more expensive and are not as effective at locating assets enclosed within buildings or metal containers, or situated underground. Although R.A.N.K.I.N.is continuing to invest heavily in technology, there is no certainty that the Company will be able to maintain its current technological advantage in the intermediate to long-term.

### ▶ Financial Resources

Although the Company is profitable and growing, it remains a relatively small participant in the industry from a national and international perspective. Therefore, there is no certainty that the Company will be able to combat larger, more financially secure competitors who may enter the market in the future.

### ▶ Reliance on Business Partners

R.A.N.K.I.N.is currently heavily dependent on its alliance with cellular carriers and insurance companies. Cellular carriers are an integral facet of stolen asset tracking and insurance companies are strong supporters and advocates of the BOOMERANG® Tracking System. The continued support of these business partners is a necessity to the ongoing development of new and existing markets.

### ▶ Reliance on Key Employees

The Company's continued success will be dependent on the performance and continued service of its executive officers and certain key employees. None of the Company's officers or employees are currently bound by an employment contract nor does the Company currently have "key person" life insurance policies on any of its employees. The loss of certain key executive officers and employees could harm the Company's business.

## ▶▶▶ Management's responsibility related to the financial statements

The accompanying financial statements for the fiscal year ended April 30, 2000 prepared in accordance with generally accepted accounting principles, were prepared by the management of R.A.N.K.I.N., reviewed by the Audit Committee and approved by the Board of Directors.

The Company's internal control systems and procedures are designed to provide reasonable assurance that accounting records are reliable and accurate and to safeguard the Company's assets. The financial statements include some amounts that are based on management's best estimate and judgement and, in their opinion, present fairly the Company's financial position, results of operations, and cash flows.

The Audit Committee, consisting exclusively of a majority of outside directors, is responsible for reviewing the financial statements and Annual Report and recommending their approval to the Board of Directors. To fulfill its responsibility, the Audit Committee meets with management and external auditors to discuss internal controls over the financial reporting process, significant accounting policies, other financial matters and the results of the examination by the external auditors.

The financial statements have been audited by Richter, Usher & Vineberg, the Company's auditors, whose report is included herein.



Peter Laschuk  
President



Christine Boily  
Director, Finance and Operations

## ▶▶▶ Auditors' Report

To the Shareholders of  
**R.A.N.K.I.N. Technologies Inc.**

We have audited the balance sheet of R.A.N.K.I.N. Technologies Inc. as at April 30, 2000 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statement presentation.

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



**Richter, Usher & Vineberg**  
General Partnership  
Chartered Accountants

Montreal, Quebec  
June 9, 2000

▶▶▶ Balance Sheet  
As At April 30, 2000

	2000	1999
<b>▶ Assets</b>		
<b>Current</b>		
Cash	\$ 790,688	\$ 70,401
Accounts receivable	1,844,685	523,356
Inventories (note 4)	267,362	54,950
Prepaid expenses	547,827	78,320
	<b>3,450,562</b>	<b>727,027</b>
<b>Fixed Assets</b> (note 5)	<b>271,405</b>	<b>128,307</b>
<b>Patents and Trademarks</b> (net of accumulated amortization of \$16,900; 1999 – \$ 6,294)	<b>36,093</b>	<b>14,017</b>
	<b>\$ 3,758,060</b>	<b>\$ 869,351</b>
<b>▶ Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	1,274,657	459,869
Income taxes payable	320,548	7,000
Deferred revenue	834,098	202,668
	<b>2,429,303</b>	<b>669,537</b>
<b>Deferred Revenue</b>	<b>195,677</b>	<b>76,083</b>
<b>Commitment</b> (note 6)		
<b>▶ Shareholders' Equity</b>		
<b>Capital Stock</b> (note 7)	<b>495,561</b>	<b>117,069</b>
<b>Retained Earnings</b>	<b>637,519</b>	<b>6,662</b>
	<b>1,133,080</b>	<b>123,731</b>
	<b>\$ 3,758,060</b>	<b>\$ 869,351</b>

See accompanying notes

Approved on Behalf of the Board:



André Boulay, Director



Robert Nelson, Director

▶▶▶ Statement of Retained Earnings  
For the Year Ended April 30, 2000

	2000	1999
<b>Retained Earnings (Deficit) - Beginning of Year</b>	<b>\$ 6,662</b>	<b>\$ (116,847)</b>
Net earnings	630,857	123,509
<b>Retained Earnings - End of Year</b>	<b>\$ 637,519</b>	<b>\$ 6,662</b>

See accompanying notes

▶▶▶ Statement of Earnings  
For the Year Ended April 30, 2000

	2000	1999
<b>Revenues</b>	<b>\$ 5,053,346</b>	<b>\$ 1,785,805</b>
<b>Expenses</b>		
except the following –	3,959,444	1,589,301
Amortization	75,600	28,078
Research and development	54,603	35,423
Interest	1,842	2,494
	<b>4,091,489</b>	<b>1,655,296</b>
<b>Earnings Before Income Taxes</b>	<b>961,857</b>	<b>130,509</b>
Income taxes (note 9)	331,000	7,000
<b>Net Earnings</b>	<b>\$ 630,857</b>	<b>\$ 123,509</b>

**Earnings Per Share:**

Basic	\$ 0.03	\$ 0.01
Fully diluted	\$ 0.03	\$ 0.01

See accompanying notes

▶▶▶ Statement of Cash Flows  
For the Year Ended April 30, 2000

	2000	1999
<b>Funds Provided (Used)</b>		
<b>Operating Activities</b>		
Net earnings	\$ 630,857	\$ 123,509
Amortization	75,600	28,078
	<b>706,457</b>	151,587
Changes in non-cash operating elements of working capital	<b>(874,912)</b>	(143,423)
	<b>(168,455)</b>	8,164
<b>Financing Activities</b>		
Deferred revenue	751,024	214,223
<b>Investing Activities</b>		
Acquisition of business, net of cash acquired	378,492	-
Additions to fixed assets	(208,102)	(142,442)
Proceeds on disposal of fixed assets	-	1,800
Additions to patents and trademarks	(32,672)	(9,155)
	<b>137,718</b>	(149,797)
<b>Increase in Cash and Cash Equivalents</b>	<b>720,287</b>	72,590
<b>Cash and Cash Equivalents</b>		
<b>Beginning of Year</b>	<b>70,401</b>	(2,189)
<b>End of Year</b>	<b>\$ 790,688</b>	\$ 70,401

See accompanying notes

# ▶▶▶ Notes to Financial Statements

April 30, 2000

## 1. Nature of Business

R.A.N.K.I.N.'s business consists of the design, manufacture and sale of the patented BOOMERANG® tracking device. This device is an integral part of the Company's BOOMERANG® Tracking System which includes the furnishing of after-sales monitoring and recovery services.

## 2. Summary of Significant Accounting Policies

### Valuation of Inventories

Inventories are stated at the lower of cost (first-in, first-out method) and net realizable value.

### Amortization

On the declining balance method –

Computer	30%
Furniture and fixtures	20%
Equipment	30%

On the straight-line method –

Patents and trademarks	5 years
------------------------	---------

### Revenue Recognition

The Company derives revenue from the sale of vehicle tracking devices and after-sale monitoring and vehicle tracking services. Product sales are recorded upon delivery. Revenue from monitoring contracts is deferred and amortized over the life of each contract. System access fees are recognized as revenue upon installation. Estimated warranty costs associated with these revenues are provided for at the time of recognition of related revenue.

### Investment Tax Credits

Investment tax credits relating to qualifying expenditures are recognized in the accounts at the time at which they become reasonably determinable.

### Prepaid Expenses

Prepaid expenses represent primarily the unexpired portion of telephone line charges.

### Earnings Per Share

Calculations of earnings per share are based upon the weighted average number of Class "A" voting shares outstanding in each of the years. The calculation of fully diluted earnings per share assumes that if a dilutive effect is produced, all outstanding options had been exercised at the later of the beginning of the fiscal year and the option issue date, and includes an allowance for imputed earnings net of tax derived from the investment of funds which would have been received.

### Use of Estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results may differ from these estimates.

# ▶▶▶ Notes to Financial Statements

April 30, 2000

## 3. Reverse Takeover

Effective May 1, 1999, the Company, formerly R.A.N.K.I.N. Research Corp. ("Research"), became, through a reverse takeover transaction, a wholly-owned subsidiary of Cervin Capital Corporation ("Cervin"), a public company on the Alberta Stock Exchange. Effective the same day, the Company was dissolved into Cervin which changed its name, effective June 3, 1999, to R.A.N.K.I.N. Technologies Inc.

Notwithstanding the legal acquisition of the Company by Cervin, the transaction has been accounted for as an acquisition of Cervin by the shareholders of the Company, who collectively own approximately 69% of the newly combined entity, following the transaction. The financial statements are a continuation of Research and not of Cervin; as such, the comparative financial statements are those of Research.

The accounting for the business combination on this basis can be summarized as follows:

---

Deemed consideration:

Ascribed value of the shares of Cervin	<b>\$ 1,496,000</b>
Transaction costs	<b>95,546</b>
	<hr/> <b>1,591,546</b>
Estimated fair value of the net tangible assets of Cervin	<b>474,038</b>
	<hr/>
Excess of deemed consideration over net tangible assets acquired	<b>\$ 1,117,508</b>

---

The excess of deemed consideration over net tangible assets has been applied to reduce share capital as it is considered for accounting purposes to be a capital transaction.

## ▶▶▶ Notes to Financial Statements

April 30, 2000

### 4. Inventories

	2000	1999
Raw materials	\$ 187,380	\$ 54,950
Work in process	64,159	-
Finished goods	15,823	-
	<b>\$ 267,362</b>	<b>\$ 54,950</b>

### 5. Fixed Assets

	Cost	Accumulated Amortization	2000 Net Carrying Amount	1999 Net Carrying Amount
Computer	\$ 238,612	\$ 55,867	<b>\$ 182,745</b>	\$ 57,261
Furniture and fixtures	62,175	15,709	<b>46,466</b>	38,167
Equipment	70,504	28,310	<b>42,194</b>	32,879
	<b>\$ 371,291</b>	<b>\$ 99,886</b>	<b>\$ 271,405</b>	<b>\$ 128,307</b>

### 6. Commitment

The Company has entered into contracts expiring up to May 2002 to purchase cellular and tracking services, with minimum purchase commitments as follows:

2001	<b>\$ 110,000</b>
2002	<b>26,667</b>

# ▶▶▶ Notes to Financial Statements

April 30, 2000

## 7. Capital Stock

	2000	1999
Authorized without limit as to number and without par value -		
Class "A" participating, voting shares		
Class "B" shares, issuable in series, ranking in priority to Class "A" shares; attributes of each series to be determined by the Board of Directors		
Issued -		
22,000,000 (1999 - 6,800,000) Class "A" shares	<b>\$ 495,561</b>	\$ 117,069

The Company established in 1997, a Stock Option Plan which was subsequently amended in March 2000, for directors, key employees and consultants of the Company. During the year, the Company granted options to purchase 685,000 Class "A" shares at prices ranging between \$ 0.78 and \$ 5.00 per share. These options expire at various dates from April 2001 to March 2005. The options outstanding as at April 30, 2000 permit individuals to purchase 1,285,000 Class "A" voting shares at prices ranging between \$ 0.10 and \$ 5.00 per share. These options expire at various dates from April 2001 to March 2005.

During the year, the Company issued 15,200,000 Class "A" shares (see note 3).

## 8. Financial Instruments

### Credit Risk

The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. Except as mentioned in note 10, the Company does not have a significant exposure to any individual customer or counterparty. The Company establishes an allowance for doubtful accounts that corresponds to the credit risk of its specific customers, historical trends and economic circumstances.

The Company does not believe that it is exposed to an unusual level of customer credit risk.

### Fair Value

Cash, accounts receivable and accounts payable and accrued liabilities are short-term in nature and as such their carrying values approximate fair values.

▶▶▶ Notes to Financial Statements  
April 30, 2000

9. Income Taxes

The provision for income taxes reported differs from the amount computed by applying the Federal statutory income tax rate to operating income. The reasons for these differences and their tax effects are as follows:

	2000	1999
<b>Statutory Tax Rates</b>	<b>38.27 %</b>	38.27 %
Statutory income tax on operating income	\$ 368,000	\$ 50,000
Utilization of previously unrecognized tax loss benefits	-	(33,000)
Small business deduction	-	(10,000)
Manufacturing tax rate reduction	(16,000)	-
Other	(21,000)	-
	<b>\$ 331,000</b>	\$ 7,000

# ▶▶▶ Notes to Financial Statements

April 30, 2000

## 10. Related Party Transactions

The following table summarizes the Company's related party transactions for the year and balances outstanding as at year end.

	2000	1999
<b>Revenue</b>		
Sales of products to:		
company controlled by certain shareholders	<b>\$ 1,714,000</b>	\$ 478,000
<b>Expenses</b>		
Purchases of products from:		
company controlled by certain shareholders	-	16,000
company controlled by a shareholder	<b>601,000</b>	260,000
Rent paid to:		
company controlled by a shareholder	<b>50,000</b>	29,000
<b>Accounts Receivable</b>		
due from company controlled by certain shareholders	<b>1,030,000</b>	113,000
<b>Accounts Payable</b>		
due to a company controlled by certain shareholders	<b>26,000</b>	4,000
due to a company controlled by a shareholder	<b>197,000</b>	101,000
due to shareholders	<b>39,000</b>	43,000

The above mentioned sales of products to and accounts receivable due from a company controlled by certain shareholders represent 34% (1999 - 27%) of total sales and 55% (1999 - 22%) of total accounts receivable respectively.

Purchases of products from a company controlled by a shareholder represent 32% (1999 - 32%) of total purchases.

These transactions are in the normal course of operations and are measured at the exchange amount.

The Company shares certain common overhead with a company controlled by a shareholder.

# ▶▶▶ Notes to Financial Statements

April 30, 2000

## 11. Statement of Cash Flows Information

Additional cash flow information is as follows:

	2000	1999
Interest paid	\$ 1,800	\$ 2,500
Income taxes paid	17,000	-

## 12. Comparative Figures

Certain reclassifications of 1999 amounts have been made to facilitate comparison with the current year.

## ▶▶▶ Getting back, Giving back...

R.A.N.K.I.N. prides itself on being a good corporate citizen and donates generously to worthy causes both locally and nationally.

## ▶▶▶ Corporate Information

### HEAD OFFICE

R.A.N.K.I.N. Technologies Inc.  
9280 de L'Acadie blvd.  
Montreal, Quebec, Canada H4N 3C5  
Tel.: (514) 234-8722  
Fax: (514) 234-3050  
e-mail: info@vehicletracking.com  
Web site: www.vehicletracking.com

### REGISTRAR AND TRANSFER AGENT

Montreal Trust Company  
1800 McGill College Avenue, 7th Floor  
Montreal, Quebec H3A 3K9  
Tel.: (514) 982-7555  
Fax: (514) 982-7635

### AUDITORS

Richter, Usher & Vineberg, Montreal

### LEGAL ADVISORS

Lapointe Rosenstein, Montreal  
Mendelsohn Rosentzveig Shacter, Montreal

### LEAD BANKER

Banque Royale du Canada

### ANNUAL SHAREHOLDERS' MEETING

October 19, 2000 at 4 p.m.  
Samson Bélair Deloitte & Touche Room, 4th Floor  
HEC École des Hautes Études Commerciales  
3000 Côte-Sainte-Catherine Road  
Montreal, Quebec H3T 2A7

### CANADIAN VENTURE EXCHANGE (CDNX) LISTING

Boomerang® is a registered trademark of R.A.N.K.I.N. Technologies Inc. R.A.N.K.I.N.'s head office and production facilities are in Montreal, with its products distributed in Quebec, Ontario and British Columbia, as well as in the Dominican Republic.

R.A.N.K.I.N. Technologies Inc. shares are listed on the Canadian Venture Exchange (CDNX) under the symbol "BMG.A".

*Si vous désirez recevoir la version française du présent rapport, veuillez adresser votre demande au service des communications de Technologies R.A.N.K.I.N.inc., 9280, boul.de L'Acadie, Montréal (Québec) H4N 3C5.*

## ▶▶▶ Board of Directors

Peter Lashchuk

*Director*

Robert Nelson

*Director*

André Boulay

*Director*

Érik Péladeau

*Director*

Pierre Laurin

*Director*

René Branchaud

*Director*

## ▶▶▶ Management

Peter Lashchuk

*President*

André Boulay

*Vice President, Technology*

Robert Nelson

*Vice President, Distribution*

Ken Helferty

*Vice President, Sales, Operations and Market Development*

Christine Boily

*Director, Finance and Operations*

Linda Farha

*Director, Marketing, Communications  
and Investor Relations*



Linda Farha

Christine Boily

Ken Helferty

Robert Nelson

Peter Lashchuk

André Boulay

[www.vehicletracking.com](http://www.vehicletracking.com)