

The Boomerang Record

www.boomerangtracking.com

BOOMERANG TRACKING: YEAR IN REVIEW 2002 — ANOTHER YEAR OF GROWTH!

WHAT'S INSIDE

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Boomerang's in the driver's seat!

BY SETTING NEW INDUSTRY STANDARDS IN VEHICLE RECOVERY, BOOMERANG TRACKING INC. HAS BECOME AND WILL REMAIN A COMPANY DRIVEN TO SUCCEED — TODAY AND TOMORROW.



STOLEN? NOT FOR LONG!



> B R E A K I N G N E W S <

> Boomerang on the right track

by Peter Lashchuk, President and CEO

Being a Canadian leader in asset tracking solutions is no easy feat in light of today's challenging market. Yet this is exactly what Boomerang Tracking is doing.

Top asset tracking system

Founded in 1995 and a public company since 1999, Boomerang Tracking Inc. (TSX: BMG) assembles, markets and distributes the Boomerang® and Boomerang2™ cellular-based tracking devices — both of which are based on leading proprietary technology.

The Boomerang and Boomerang2 devices are capable of locating stolen automobiles, heavy equipment and valuable objects — by utilizing the infrastructures of Bell Mobility Inc. and TELUS Mobility Inc. in Canada. A third-generation Boomerang device operating on the GSM (Global System for Mobile Communications) platform has been developed for Boomerang Tracking's future launch in the United States, utilizing the network of the second largest U.S. wireless carrier.

The Boomerang Tracking System is available through a network of corporate-managed service centers and authorized dealers located throughout the provinces of Quebec, Ontario and British Columbia.

Setting the standards

By setting new industry standards in vehicle recovery, the Company receives widespread support from the insurance industry and law enforcement authorities.

Many insurers have written the Boomerang device into policies as a "must-have" for owners of high-risk vehicles, offering substantial reductions in premiums and other rebates for vehicles equipped with the device. Law enforcement authorities support the Boomerang devices and recognize their contribution to law and order.

Untapped market potential

Customers have installed and activated over 104,000 Boomerang and Boomerang2 devices as of April 30, 2002, barely scratching the surface of the North American potential for these types of products. To take Boomerang Tracking to the next level of market penetration is a skilled team of professionals, who are strategically located at the Company's head office, research and development, production and corporate service centers in Quebec, and its branch offices and service centers in Ontario.



(PHOTO: Peter Lashchuk, President and CEO)

By setting new industry standards in vehicle recovery, Boomerang Tracking has become and will remain a company driven to succeed — today and tomorrow.

Living our values

By Linda Farha, Vice President, Marketing and Communications

For Boomerang Tracking, building the foundation for success today and tomorrow starts with a clear-cut mission: to provide the most effective, cost-efficient asset recovery system, while offering the best service to each and every subscriber. To this end, the Company strives to be the first choice in an increasingly competitive marketplace.

"Our focus on maintaining Canadian leadership in the vehicle tracking industry has led to impressive results," said André Boulay, Vice President, Technology. "Since 1999, the Boomerang and Boomerang2 tracking devices have brought about the actual recovery of almost 1,700 vehicles, valued at over \$84 million, including incidental recoveries that consist of vehicles found with those located by Boomerang trackers."

Dedicated to more technological change

We remain dedicated to researching and developing new products (like the Boomerang2 and our GSM-based Boomerang devices), features and applications. Our primary mission is not only to provide superior customer service and respond to our customers' ever-growing need for asset protection, personal security and vehicle recovery, but also to educate our strategic alliances — insurers, law enforcers and wireless carriers — about our asset recovery solutions and how they can benefit from them.

A living expression of values — our culture

From our mission and vision comes a culture shared by the people at Boomerang Tracking:

Every person, every idea counts. Creating a culture that promotes the ingenuity and participation of employees.

Passion for our customers. Developing high-quality products and services that fulfill the current and future needs of our customers.

Growth driven. Leading the market and sustaining vigorous growth to reward our shareholders.

Cultivating strategic synergy. Working closely with strategic alliances such as insurers, law enforcement authorities and wireless network providers to deliver solutions that respond to ever-changing market realities.

Connected to communities. Fostering a positive corporate environment that is shared by the community at large.

> B R E A K I N G N E W S <

Financial Highlights

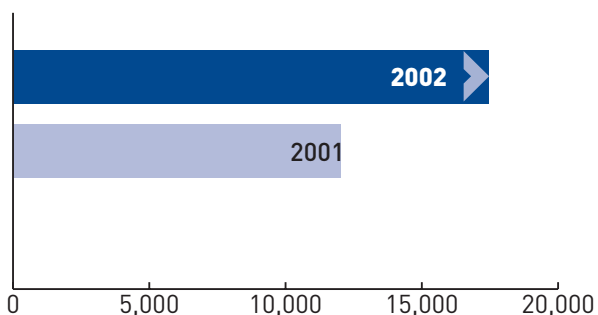
The past year was a difficult one for many companies, yet Boomerang Tracking remained strong with solid Revenues, EBITDA, Net Earnings and Shareholders' Equity.

(IN THOUSANDS OF DOLLARS)	2002	2001	CHANGE
Revenues	\$ 17,451	\$ 12,029	45%
EBITDA	3,266	3,511	(7%)
Net Earnings	1,824	2,074	(12%)
Shareholders' Equity	4,713	2,656	77%
(IN UNITS)			
Activated Boomerang Units	46,486	39,064	19%
Insurance Company Support	40	34	18%

SEE NOTES TO FINANCIAL STATEMENTS FOR ADDITIONAL INFORMATION WHEN REVIEWING THESE HIGHLIGHTS.

Revenues

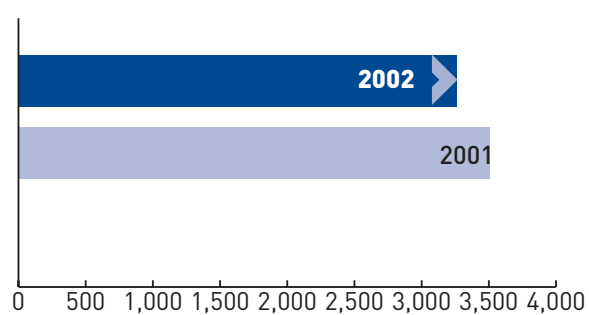
(IN THOUSANDS OF DOLLARS)



Revenues increase to \$17.5 million.

EBITDA

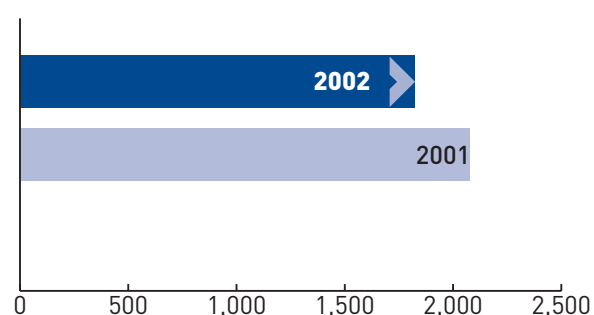
(IN THOUSANDS OF DOLLARS)



EBITDA decreases to \$3.3 million.

Net Earnings

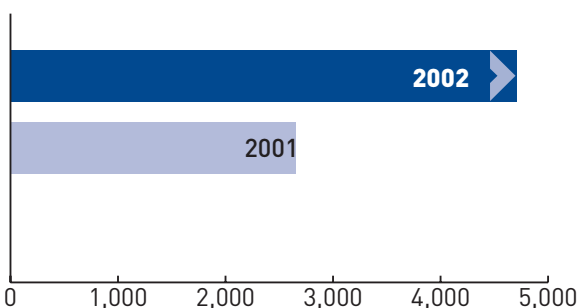
(IN THOUSANDS OF DOLLARS)



Net Earnings decrease to \$1.8 million.

Shareholders' Equity

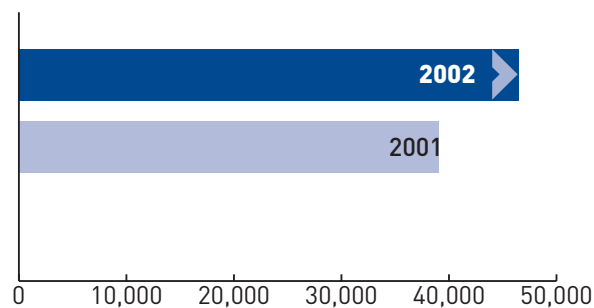
(IN THOUSANDS OF DOLLARS)



Shareholders' Equity increases to \$4.7 million.

Activated Boomerang Units

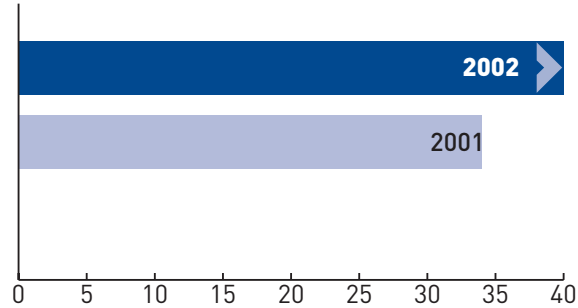
(IN UNITS)



Boomerang Tracking's cumulative activations increase by 19% to 46,486 units.

Insurance Company Support

(IN UNITS)



Boomerang Tracking currently enlists the strategic support of approximately 40 Quebec and Ontario-based insurance companies.

› T O P S T O R I E S ‹

› OPINIONS: Boomerang Tracking in the NEWS

Quebec auto theft ring apprehended

"Members of an auto theft ring operating from Berthierville, Quebec were apprehended by the authorities after a stolen vehicle equipped with a Boomerang [tracking device] was traced to their hideout. The police recovered 10 stolen vehicles as well as various auto parts and other valuable stolen assets...[valued] at more than \$250,000."

Canadianunderwriter.ca
6/21/2002

Homing systems thwart theft

"What the thieves didn't know was that a tracking device in Michael's car reported its location to Montreal-based Boomerang Tracking Inc. Within an hour, the Lexus was found in the parking lot of a nightclub."

Grant Buckler
Globe & Mail
4/11/2002

Tracking stolen vehicles

"Wouldn't it be nice to have some kind of James Bond tracking device to pinpoint your vehicle's location? The Boomerang vehicle tracking [device] will do just that. Montreal-based Boomerang Tracking Inc. has been marketing this product with great success for just over four years."

Paul Williams
Canadiandriverr.ca
8/15/2001

Boomerang-ing stolen goods back home

"In Quebec,...32 insurance companies now require that Boomerang be installed in high-end or high-risk vehicles."

Canadian Business
4/2/2001

In recognition of Boomerang Tracking's excellence

In recognition of its commitment to providing effective and affordable vehicle recovery solutions, Boomerang Tracking received these honors over the past year:

Ernst & Young Entrepreneur of the Year

The Ernst & Young Entrepreneur of the Year Award honors entrepreneurs who have demonstrated excellence and extraordinary success in areas such as innovation, financial performance and personal commitment to their businesses and communities.

André Boulay, Vice President, Technology at Boomerang Tracking was named Entrepreneur of the Year for Quebec in the category of Business-to-Consumer Products and Services.



ENTREPRENEUR
OF THE YEAR

Montreal Business Magazine's TOP 30

The selection process behind Montreal Business Magazine's TOP 30 is based on information provided by leading brokerage firms in the province, which identify companies as leading growth performers over the long term.

For the second consecutive year, Boomerang Tracking was named as one of the TOP 30 small to medium-sized companies in Quebec.



"Les Prix Performance PME"

The success of Boomerang Tracking's efforts in the vehicle tracking market was recognized by "Les Affaires", a Montreal-based business publication.

Based on the recommendations of an independent jury of business and academic leaders, the Performance Award was presented to Boomerang Tracking in the "Technology" (Small and Medium-sized Business) category.



> T O P S T O R I E S <

Committed to growth

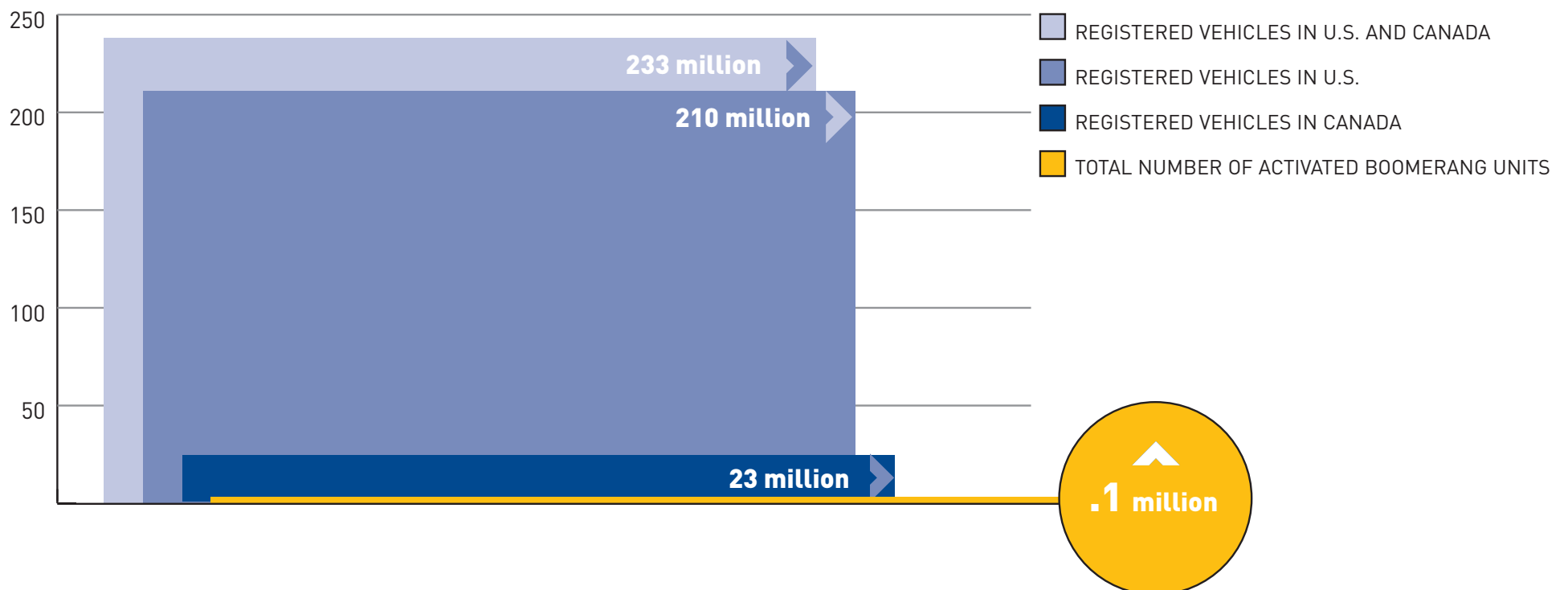
Boomerang Tracking remains committed to a strategy of growth, the foundation of its success since the company's inception.

The Company's strength today and tomorrow is built and will continue to be based on its consistent execution of a four-pronged growth strategy



Boomerang's market potential

With 233 million registered vehicles in North America, Boomerang Tracking has the potential to further develop untapped opportunities in the asset tracking and recovery market.



> T O P S T O R I E S <

Dedicated to innovation

by André Boulay, Vice President, Technology

Creativity in product innovation requires imagination — and lots of it

Product innovation is one of the cornerstones of Boomerang Tracking's growth strategy, enabling the Company to develop proprietary cellular-based tracking devices. In turn, the Company can deliver superior performing products that are embraced by the marketplace.

Tapping under-exploited market potential

Boomerang Tracking mainly strives to develop innovative products that respond to a yet unmet market need.

We continue to use our R&D expertise to incorporate the complex mix of our Company's strategic aims, the product's technical possibilities and market needs to generate viable solutions.

This is exactly what Boomerang Tracking did with the Boomerang2 tracking device. Here, the Company responded to growing demand for a more sophisticated, proactive tracking device. Ultimately, Boomerang Tracking went through a series of development stages to ready the product for a formal launch.

The Boomerang2 tracking device was developed to offer instant response to a theft. It is a second-generation Boomerang device that immediately sends a signal to notify our Central of any unauthorized vehicle movement, dramatically reducing the response time of our in-house tracking team.

Living on the technological edge

In the case of the Boomerang2 device, product innovation has unlocked the door to a sustained competitive advantage for the Company.

We believe that the Boomerang2 device provides a unique solution to business travelers and individuals who leave their vehicles unattended in public areas for extended periods of time.

With successful, market-driven vehicle recovery devices like the Boomerang and Boomerang2, Boomerang Tracking can easily substantiate its claim to be innovative and a leader in vehicle recovery in Canada. If anything, the fact that the Company continues to enjoy a growing number of activations only underscores its pursuit of innovation.



IPHOTO: From left to right: André Boulay, Vice President, Technology and Claude Arpin, Director, Research and Development

	The Boomerang Tracking System	GPS/Cellular-based systems
Signal strength	<ul style="list-style-type: none"> › Required from only one cell tower › Can be simulated even when not within range of a cell site, including when the vehicle is located underground or in a remote geographical area › Cellular signals are affected but not blocked and can be detected for tracking purposes 	<ul style="list-style-type: none"> › A good signal is required from at least three satellites › The GPS-based device's antenna must "see", without the interference of the vehicle's body and/or building to provide a position › The small GPS signal can be totally shielded
Services provided	<ul style="list-style-type: none"> › Designed solely for the purpose of tracking stolen vehicles › Strong insurance support as a viable solution to vehicle theft even for vehicles equipped with GPS-based systems › 24/7 call center accompanied by a dedicated proprietary tracking team › Periodic verification of the device's functionality › Automatic theft notification (Boomerang2 only) 	<ul style="list-style-type: none"> › Designed for concierge, navigational and road-side assistance › Factory-built-in systems not recognized as a solution to vehicle theft as the device is too easily detected — in addition, after-market systems are rarely considered as such › Usually offering call center only and no tracking services › No scheduled verification of the device › Automatic theft notification not a standard feature
Effectiveness of the systems for the purpose of stolen vehicle recovery	<ul style="list-style-type: none"> › Unknown to the owner and not easily detected › Very difficult to locate the device › May be hidden in numerous different locations in each vehicle › Backup battery is standard with all units 	<ul style="list-style-type: none"> › Normally visible by way of display and/or antenna › Easy to locate and disable the antenna and the device. The antenna must "see" the satellites › Installed in the same location for factory-installed systems. There are very few places for installations due to the requirements of the visibility to the satellites › No back-up battery provided

The Boomerang and Boomerang2 are proprietary cellular-based tracking devices. Competing products in the marketplace utilize other technologies that are not as effective at locating assets enclosed within buildings or shipping containers, or situated underground.

› T O P S T O R I E S ‹

Winning alliances in vehicle recovery

by Serge Laporte, Vice President, Sales and International Business Development

A powerful tool for expanding Boomerang Tracking's business and realizing its strategic goals

The ability to identify and cultivate mutually beneficial strategic alliances is fast becoming a sought-after skill in today's business world.

At Boomerang Tracking, strategic alliances are an integral part of its corporate strategy. By merging its own strengths — proprietary technology, a proven in-house tracking team and after-market installation — with those of its alliances, the Company can create synergy and maximize its value for its shareholders.

Measurable results

Through business alliances, Boomerang Tracking can sustain measurable results for itself through new activations, and for its customers by way of vehicle recovery solutions, substantial insurance premium discounts or rebates, and other end-user advantages. Everybody benefits.

To build a collaborative core, the Company takes a multi-disciplinary approach to working with its alliances by sharing ideas, experience, best practices, technology and market access. Our ultimate goal is to achieve operational excellence and, in turn, offer leading-edge products and services that meet the specific needs of our clients.

Building a powerful, professional team

by Lise Lefebvre, Director, Human Resources



(PHOTO: From left to right: Serge Laporte, Vice President, Sales and International Business Development; André Boulay, Vice President, Technology; Sylvain Dunn, Director, Finance and Operations; Peter Lashchuk, President and CEO; Robert Nelson, Vice President, Distribution and Linda Farha, Vice President, Marketing and Communications.)

Investing in our people

The Boomerang Tracking team is comprised of seasoned business managers who have a breadth of operations experience, technical expertise and industry knowledge to add value to the Company and investors alike.

The Company realizes that human capital is the foundation of value creation and employees are the most important asset. Performance drivers are being set in order to meet our strategic, operational, customer service and financial goals, enabling us to contribute to corporate values.

Added Peter Lashchuk, President and CEO, "At Boomerang Tracking, we focus on creating an environment and culture that attracts talented people and positions them for success."

Here are Boomerang Tracking's key strategic alliances:



Insurers

Given more than \$1 billion in insurance losses across Canada each year, approximately 40 major insurers in Ontario and Quebec have a strong incentive to either mandate or recommend the Boomerang Tracking System for high-end and high-risk vehicles, including heavy machinery and marinecraft. Many offer premium discounts for their installation. The Boomerang tracking devices have led to fewer vehicle losses, reduced theft claims, higher profitability and, in turn, lower loss ratios for our strategic alliances in the insurance industry.

Law enforcers

The rate of Canadian auto theft has reached alarming proportions and continues to increase. In response, people are demanding innovative solutions that provide security and peace of mind that are affordable, easy to use and well received by police forces. Recognizing its contribution to law and order, law enforcement authorities continue to support the Boomerang Tracking System, which helps them locate not only Boomerang-equipped vehicles but also incidental recoveries in the most cost-effective manner. This has led to arrests and, consequently, has helped the police better respond to public needs.

Wireless carriers

To locate vehicles, Boomerang Tracking leverages the wireless networks of Bell Mobility in Quebec and Ontario and TELUS Mobility in British Columbia. In the last fiscal year, Boomerang continued to attract wireless carriers and forged alliances with the second largest U.S. wireless carrier for eventual deployment in certain U.S. markets. In the future, Boomerang Tracking will strive to continue building new strategic alliances for further deployment in new markets and expects acceptance, as Boomerang's tracking system offers a proven solution that provides an added incremental revenue stream to carriers with minimal upfront costs.

> T H E R E V I E W <



> Letter from the editor

by Peter Lashchuk, President and CEO

Boomerang Tracking saw another year of profitable growth, posting healthy financial results. For the 12 months ended April 30, 2002, revenues increased by 45% to \$17.5 million, compared to \$12.0 million for the same period last year. Net earnings were \$1.8 million (\$0.082 per share) for fiscal 2002, compared to \$2.1 million (\$0.094 per share) for the previous fiscal year. During this period, new activations of Boomerang units increased by 19%, reaching 46,486 units compared to 39,064 units for the same period last year.

Growth ahead

By financial results alone, fiscal 2002 was a good year for Boomerang Tracking. Over the past 12 months, we have continued to build a solid base for future growth, investing in key areas, such as manpower, research and development, marketing, and internal infrastructure. To further develop business in our current markets and lay the foundation for entry into new ones, we anticipate similar strategic investments in the coming quarters. Given the Company's strong cash position at April 30, 2002 and its recurring revenue from monitoring service fees, these expenses will most likely be financed internally.

To remain profitable and competitive, Boomerang Tracking continues to refine its strategies to meet changing conditions in the economy and within our industry, evolving in anticipation of the needs of our customers. But our underlying core strength — as a leading turnkey provider of a focused solution with multiple applications — will never change.

A path of growth and expansion

I believe that Boomerang Tracking's ability to constantly evolve constitutes one of its core strengths. As part of a corporate-wide strategy to develop and enhance web-based customer service systems and streamline processes across the supply chain, we have selected J.D. Edwards to provide an enterprise-wide solution for bolstering collaboration with Boomerang Tracking's customers and extensive dealer network. This will help position the Company to expand geographically,

particularly into the U.S. market, with J.D. Edwards, a modular, integrated, web-enabled application designed to help large- and medium-size companies improve business performance and cut costs.

“We are building a foundation for future growth.”

Given our commitment to developing and providing a technologically advanced recovery system, it only makes sense to start implementing equally advanced systems throughout our own organization. Phase 1 of the system is currently scheduled to be fully implemented by July 2002, putting Boomerang Tracking in a better position to manage the sophisticated demands and requirements of over 100,000 activations. Ultimately, the J.D. Edwards platform can lead to corporate-wide efficiencies providing superior customer service, increased dealer support and, in turn, greater control of our own destiny.

Major initiatives in fiscal 2002 also include the launch of our Boomerang Elite Program, a value-added program exclusive to new car dealers that offers a multitude of benefits to those customers who buy either of the Boomerang or Boomerang2 tracking devices. With the Elite Program, our product line is now available through a network of authorized new car dealers in Ontario and Quebec, enabling us to expand our share of the vehicle recovery market.

A strong foothold in the Canadian market

To continue growing overall market share and, in turn, deliver superior performance to our shareholders, Boomerang Tracking

remains focused on increasing its presence across Canada and in entering the U.S.

Over the past year, we have worked closely with Quebec-based insurers to increase their support of the Boomerang and Boomerang2 devices. This has resulted in wider endorsement of our tracking devices, which must now be installed in many lower-priced and pre-owned vehicles — in addition to the high-end, high-risk models. Boomerang Tracking is also gaining more support from many Quebec-based insurance companies that no longer recognize vehicles equipped only with manufacturer-installed GPS systems and now mandate the installation of a Boomerang device in these cars as well.

The past 12 months also saw further development in Ontario. During this period, Boomerang Tracking attracted the interest of important vertical markets in the province, including fleet and construction as well as new distribution channels such as new car dealers. Moreover, we have forged agreements with key Ontario-based insurers who are increasingly recommending or, in certain cases, mandating installations of the Boomerang devices in certain luxury and high-risk vehicles, commercial fleets, marinecraft and construction equipment. We are in the process of building the infrastructure for the anticipated growth in this market. Recently, regional facilities were opened in both Mississauga and Ottawa to support our customers in the region and further expansion in the Ontario market.

Entry into the U.S. market

In preparation for its entry into the United States, Boomerang Tracking signed an agreement with the second largest wireless carrier in the U.S. during the second fiscal quarter.

Our GSM-based Boomerang device will provide a platform for instant theft notification and enable Boomerang Tracking to leverage this existing network, permitting the Company to market and distribute its tracking system in the U.S. with nominal infrastructure investment.

The U.S. has very high rates of vehicle thefts, with more than 1.2 million stolen vehicles each year. Consumers, corporations, fleets and vehicle insurers are all looking for proven solutions that can offer

seamless and cost-efficient asset protection. Our GSM-based Boomerang device, developed specifically for the U.S. market, will provide for the quick recovery of stolen vehicles, allow for higher profitability due to reduced downtime when a theft occurs, and may also result in insurance premium reductions for consumers.

With over 210 million registered vehicles and more than 8.7 million new vehicles sold each year, the U.S. represents tremendous market potential for Boomerang Tracking.

Market-driven growth

Boomerang Tracking's growth continues to be largely market-driven. Our focus on utilizing new technologies and processes in the development of our proprietary products has accounted for much of the Company's strong financial performance over the past few years. In response to growing demand for a more sophisticated, proactive tracking device, Boomerang Tracking launched the Boomerang2 device in the second quarter, the Company's newest “intelligent” wireless tracking device (with instant theft notification). Some insurers already recommend the device, providing larger premium discounts for its installation (relative to its predecessor, the original Boomerang device).

Looking ahead, one of the Company's priorities is to maintain its market position through ongoing investments in research and development. As such, we believe that it is only through a strong in-house research and development team that the Company can develop technologically advanced products to address new markets and provide value-added services to its clients.

Behind our strategies

Of course, the best strategies don't work without the right people to execute them. That's why Boomerang Tracking is much more than the sum of its parts. Going forward, the Company's principal mission will be to continue nurturing the synergy that resides in our people. Our team possesses the operations experience, technical expertise and industry knowledge to activate and support a growing number of tracking devices.

> T H E R E V I E W <

Over the past 12 months, we made important management changes, from the creation of a Managing Director position for our new U.S. operations to a new Director of Sales in Ontario. Both appointments represent our commitment to building a talented management team that will move our business forward in Canada and south of the border. Our U.S. Managing Director is the driving force in readying the front-line to launch our GSM-based Boomerang tracking device in the United States. Our Ontario Sales Director has already helped the Company position itself for continued growth in that market.

As we expect to grow this year, we will continue to put a high priority on ensuring that we have the appropriate management initiatives and tools to enable managers to empower a creative, dynamic and rewarding work environment. This unique combination of strengths holds great potential for the Company's future growth.

2003 and beyond

During fiscal 2002, the Company continued to invest in key areas, including human resources, research and development, marketing, and internal infrastructure, while maintaining profitable growth. These developments position us well for the challenges and opportunities that lie ahead in fiscal 2003. We have the customer base, market strength, employees, and financial capability to continue on our course. We believe our fundamental strategy of focusing on strategic initiatives, as highlighted on the following pages, will continue to generate an optimal balance of stable cash flow and growth opportunities. This, coupled with our strategy of maintaining a diverse subscriber base, remains a cornerstone of our philosophy.

All in all, I believe that the initiatives we implemented over the past 12 months will significantly improve our competitive posi-

tion. More importantly, they set the stage for our continued growth well into the future.

In closing, I would like to thank our shareholders for their patience during the past year when Boomerang Tracking's stock has, in our opinion, languished in spite of our strong underlying fundamentals and continued profitable financial performance. I would also like to thank our customers for their continued confidence in our abilities as a provider of high-quality, effective vehicle recovery solutions. And lastly, I wish to thank our employees and managers, who were once again instrumental to the Company's success. Their dedication and hard work ensures the timely delivery of quality products to our customers, day in and day out. They represent Boomerang Tracking's indomitable entrepreneurial, can-do spirit. You can be certain that we will continue to encourage our people to create value for our cus-

tomers. In turn, this will generate value for our shareholders and help us realize our vision as a premier service company.



Peter Lashchuk
President and CEO
April 30, 2002

BOOMERANG®
STOLEN? NOT FOR LONG!

**1 VEHICLE IS STOLEN
EVERY THREE MINUTES
IN CANADA.**

**WILL YOURS BE
NEXT?**

**PEACE OF MIND
ENCLOSED
FOR UNDER 1 DOLLAR A DAY***

*Based on a Boomerang2 3-year service agreement.

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> T H E R E V I E W <

2002 in review

by Sylvain Dunn, Director, Finance and Operations

Answering the market

The statistics are alarming. Vehicle theft is not only increasing each year in Canada and the United States — it has reached epidemic proportions. In 2001:

- > Over 170,000 vehicles were stolen in Canada representing one vehicle stolen every three minutes.
- > 42,054 vehicles were stolen in Quebec — that's one vehicle stolen every 13 minutes.
- > With almost six vehicles stolen every hour, Ontario has experienced an even greater increase in auto theft, with 50,067 vehicles stolen.
- > The story is the same in British Columbia, where 33,242 vehicles were stolen.
- > In the U.S., 1.2 million vehicles were stolen, representing 2.2 vehicles stolen every minute.

Even worse, recovery rates have dropped significantly over the past decade — in some cases, as much as one-third. From the insurance industry perspective, this has translated into more than \$1 billion in losses across Canada during the past year.

The situation is similar with heavy machinery, which has seen low recovery rates and millions of dollars in losses and millions of dollars in downtime in the past year.

This is the world to which Boomerang Tracking must respond with effective, affordable asset recovery solutions. Going forward, the Company is committed to serving society (and, in turn, law enforcement authorities) through the application of its tracking devices — and creating value for its customers, shareholders and strategic alliances in the process.

BENEFITS

Customers

Personal property protection, plus the possibility of lower auto insurance premiums and/or reduction in deductibles.

Shareholders

A company with strong growth potential, dual revenue streams and no debt.

Insurers

Fewer vehicle losses, reduced theft claims, higher profitability and, as a result, lower loss ratios.

Law enforcers

Increased opportunities to solve cases and eliminate crime rings.

Wireless carriers

Enhanced value-added services that provide incremental revenue for their existing networks.

In the company of others

Here's what our customers and strategic alliances have to say about the Company and its tracking devices:

Customers

"When I purchased my new Solara, my dealer recommended that I purchase your product. Not only did I save on my insurance — which is considerable — but I also have peace of mind knowing that even if any theft rings that frequent our neighbourhood are able to get past my immobilizer, I can still have them tracked down and arrested with the Boomerang. I have recommended your product to anyone who is purchasing a new car — or who has a car that they care deeply about. Thank you for this very viable and reasonably priced solution."

Lesley Chalmers

Boomerang Tracking client, Toronto

Insurers

"Boomerang occupies a highly favorable position with Canadian insurers. The Boomerang Tracking System has been instrumental in improving profit-to-loss ratios due to fewer vehicle losses and reduced theft claims. With tracked and incidental recoveries of almost 1,700 vehicles, representing savings of over \$84 million for insurance companies to date, there is no competitor in sight with a comparable technology and success rate."

Maurice Laramee

Senior Vice President, Volume Distribution, CGU Group Canada Ltd.

Law enforcers

"Since the inception of Project Lock-Up, launched on January 1, 2001 to promote vehicle theft prevention and repression to the residents of Hampstead (and launched nationwide in June 2002), there has been a 67% reduction in vehicle theft and a 47% drop in thefts from within vehicles in the Hampstead region compared to the year 2000. These numbers alone tell only part of Project Lock-Up's success story. That's because they do not include incidental recoveries of other stolen vehicles equipped with a Boomerang tracking device."

Senior Officer Gerry Gatien and Officer Marie-Christine Nobert

Station 9 of the Service de Police de la Ville de Montréal (SPVM)

Wireless carriers

"Ever since we've joined forces with this Company in 1996 we've seen its Boomerang Tracking System take off. And it's no wonder. Not only do the Boomerang and Boomerang2 devices meet the needs of security-minded vehicle owners, but they also provide a wireless service provider like Bell Mobility with additional revenue streams. As always, we look forward to working with Boomerang Tracking, as its growth continues across Ontario and Quebec."

Claude Rousseau

Vice President, Business Market and Sales, Bell Mobility Inc.

> T H E R E V I E W <

Making the most of opportunities

by Robert Nelson, Vice President, Distribution

One of Boomerang Tracking's most significant milestones occurred this past year. The company celebrated its 100,000th Boomerang activation in March with one of its strategic alliances, Bell Mobility.

Speaking at a party organized in honor of the Company's milestone, Bell Mobility Vice President, Business Market and Sales, Claude Rousseau, congratulated the Boomerang team and commented: "As Boomerang Tracking's chosen wireless telecommunications provider, we are proud to partake in this celebration. There is no doubt that the Company's tremendous success has allowed it to position its system as a leader in the stolen asset recovery area of the market."

Boomerang Tracking has produced excellent growth and will likely continue to add to its expanding subscriber base in Quebec, Ontario and British Columbia. Since the company's 100,000th activation, customers have installed and activated over 4,000 Boomerang and Boomerang2 units as of April 30, 2002.

A proven success

It's easy to see why both the Boomerang and Boomerang2 devices have been a "tremendous success."



The Boomerang is a vehicle tracking device that offers customers these benefits:

- > Tracking capabilities available 24/7 across North America
- > Unlike GPS systems, the Boomerang signal is not obstructed in underground parking lots or shipping containers
- > Possible insurance premium reductions
- > Rapid recoveries (typically within an hour) with likely little or no damage to the vehicle and the likely return of all personal items



The Boomerang2 device, launched in October 2001, is an intelligent vehicle recovery device that offers all of the original Boomerang device's advantages, plus:

- > Instant theft notification — Boomerang Tracking knows a vehicle is stolen even if the vehicle owner does not
- > Immediate response to the theft — the Boomerang2 device will send a signal to Boomerang Tracking's in-house team, who will immediately begin tracking the stolen vehicle

How effective are these devices?

Since its inception, Boomerang Tracking has recovered almost 1,700 stolen vehicles, valued at over \$84 million, including incidentals, within one hour or less on average.

"The original Boomerang tracking device has an enviable success rate," said André Boulay, Vice President, Technology of the Company. "With the Boomerang2 device, vehicle owners enjoy instant theft notification and an immediate response from our tracking team, which should increase our success rate for recoveries. Business travelers and individuals who leave their vehicles unattended in public areas for extended periods of time can now be assured that their property is well protected, even when they are away."



> milestones > MAY 2001

Boomerang Tracking opens a state-of-the-art service and R&D center in Montreal.



> JUNE 2001

*Boomerang Tracking publishes the first in a series of **Boomerang Insurance Quarterly** newsletters, strengthening its bond with the insurance industry.*

> JULY 2001

Boomerang Tracking announces record results for fiscal 2001, with revenues up 168% from fiscal 2000.

Boomerang Tracking makes a record recovery valued at over \$700,000 in stolen assets and valuables, in one day.

> T H E R E V I E W <

Going beyond immobilizers for vehicle protection

by André Boulay, Vice President, Technology

On March 8, Boomerang Tracking successfully recovered a 2001 Lexus RX 300, carjacked less than one hour before. This is just another example of how after-market devices like Boomerang and Boomerang2 no longer require drivers to compromise their security in the midst of a carjacking or home invasion.

The crime

Four men forced the unsuspecting driver of the Lexus RX 300 from his vehicle at gunpoint at approximately 11:00 p.m. on Friday, March 8. Fearing for his life, the driver handed over his keys and was left standing in a parking lot as the thieves drove away in his car. The victim immediately contacted local authorities, notifying them that his car was equipped with a Boomerang tracking device.

The recovery

Standing by every second of the day, our in-house Boomerang Tracking Team was immediately dispatched, leading to the recovery of the Lexus RX 300 — within an hour — in the parking lot of a nightclub in Markham, Ontario. When the thieves emerged from the club and jumped into the car, police promptly surrounded them. This led to the arrest of two individuals who had carjacked the stolen vehicle. Both the recovery and arrest took

place less than 30 minutes away from the crime scene.

This is an excellent example of a growing problem in society. To defeat vehicles equipped with anti-theft devices such as car alarms and immobilizers, thieves are resorting to carjacking and home invasions to obtain them. With after-market devices like Boomerang and Boomerang2, drivers no longer have to compromise their security.

Carjackers and home invaders beware

Carjacking and home invasions are a serious matter. In fact, the Toronto Police Service recently circulated an advisory that warns about the increasing number of

home invasions and carjacking incidents, for which immobilizers are completely ineffective. The very same advisory also suggested that investing in a cellular-

based vehicle tracking device (like the Boomerang or Boomerang2) is "very important."



On March 8 of this year, Boomerang Tracking successfully recovered a carjacked 2001 Lexus RX 300 in Scarborough, Ontario in under one hour.

> milestones > AUGUST 2001

To date, Boomerang Tracking's recovery total reaches almost 1,100 vehicles valued at over \$59 million, excluding incidental recoveries.



> SEPTEMBER 2001

Boomerang Tracking announces record first quarter revenues for the three-month period ended July 31, 2001.

Boomerang Tracking signs an agreement with the second largest U.S. wireless carrier in preparation for its entry into the U.S.

Boomerang Tracking launches its revamped web site: www.boomerangtracking.com.

To increase its brand recognition, Boomerang Tracking launches an aggressive advertising campaign in Ontario.

> OCTOBER 2001

Boomerang Tracking launches the Boomerang2 tracking device, the latest in intelligent vehicle recovery, in the provinces of Quebec and Ontario. With an advanced system that enables instant theft notification as soon as a vehicle is stolen, the Boomerang2 tracking device provides an immediate response to theft by an experienced tracking team 24/7.

> T H E R E V I E W <

Boomerang successfully recovers first stolen vehicle with Boomerang2 device

by Yvon White, Recovery Technician

On January 18, 2002, Boomerang Tracking successfully recovered the first vehicle stolen equipped with the Boomerang2 device, the Company's newest 'intelligent' wireless tracking device.

A 2002 Honda Civic, equipped with a Boomerang2 device, wirelessly notified the Company's tracking team at 12:25 a.m. on Friday, January 18 that the vehicle was mobile without the presence of its key chain transponder, signifying that it was being stolen. Dispatched immediately, the Boomerang Tracking Team located the vehicle in Drummondville, Quebec less than an hour later.

"This track is a prime example of the 24-hour peace of mind and security that the Boomerang2 device offers with its instant theft notification feature," said Linda Farha, Boomerang Tracking's Vice President of Marketing and Communications. "Our customers can sleep

soundly knowing that Boomerang Tracking provides around-the-clock monitoring and tracking to protect their vehicles."

This tracking tale also demonstrates why the Boomerang2 device represents the ideal solution for business travelers and individuals who leave their cars unattended in public lots for extended periods. It marks the latest development in vehicle tracking technology from Boomerang Tracking. This device uses the wireless infrastructures of national carriers to locate and recover stolen assets across North America. In Canada, the Boomerang Tracking System has already led to the recovery of almost 1,700 vehicles and other valuables, valued at over \$84 million, including incidentals.

Immobilizers: The True Story

Much like a rumour, misinformation can spread quickly — much to a vehicle owner's expense. This is certainly true when it comes to the effectiveness of electronic engine immobilizers, which are supposed to shut off one or more parts of the engine's electrical system in the event of vehicle theft. This might

include the starter, ignition or fuel system.

Although immobilizers reduce the number of police chases, ensuring both the safety and security of thieves and the public, Canada's theft rate has remained essentially unaffected at over 170,000 cars annually. It all comes down to the fact that disabling an immobilizer is easy and happens regularly. Vehicles equipped with immobilizers alone can be stolen with the use of a flatbed truck.

With or without an immobilizer, the Boomerang and Boomerang2 devices both recover stolen vehicles and save insured drivers and society alike the time and money associated with vehicle theft.



HELPFUL TIPS TO PREVENT YOUR CAR FROM BEING STOLEN AND TO DISCOURAGE THIEVES

- ▶ Don't leave your car unlocked.
- ▶ Don't leave your car (locked or unlocked) with the key in the ignition.
- ▶ When you have the option, park your car in well-lit areas, preferably where there are lots of people.
- ▶ When you park your car at home, ask your neighbours to keep an eye on it, and do the same for them.
- ▶ Know the pedigree of any second-hand parts you buy; if the price is too good to be true, chances are they're stolen.
- ▶ If you have an alarm on your vehicle, use it!
- ▶ Try to avoid leaving your keys with others; keys can be stolen or copied. If you must leave a spare key on the outside of your car, be sure that it is well hidden.
- ▶ If your insurance company doesn't have a picture of your car, take one yourself and keep it in a safe place; it will make the job easier for police if your car is stolen.

> milestones > NOVEMBER 2001

Boomerang Tracking opens a new service center in Ottawa.

> DECEMBER 2001

Boomerang Tracking announces the appointment of Timothy Flusche as Managing Director of its U.S. operations.

*Boomerang Tracking publishes the first in a series of **Boomerang Tracker** newsletters, providing its customers with up-to-date news and a forum to express their opinions.*

Boomerang Tracking recovers close to \$1.5 million in stolen assets in three days.

Boomerang Tracking announces record second quarter revenues for the three-month period ended October 31, 2001.

> JANUARY 2002

Recoveries in the month of January include close to \$1 million in vehicles, construction equipment, merchandise and a large array of stolen parts.

Boomerang Tracking successfully recovers first stolen vehicle equipped with the Boomerang2 device.

Boomerang Tracking announces the appointment of Linda Farha to the position of Vice President, Marketing and Communications.



Milestones continued on page 19.

> F I N A N C I A L N E W S <

> Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis explains trends in the financial condition and results of operations of Boomerang Tracking Inc. (the "Company") for the fiscal year ended April 30, 2002. This discussion and analysis is intended to help shareholders and other users understand the dynamics of the Company's business and the key factors underlying its financial results. The financial statements and related notes thereto constitute an integral part of this discussion and analysis and should be read in conjunction with this section of the Annual Report.

Results of Operations

The Company's business consists of the design, final assembly and sale of the Boomerang® and Boomerang2™ tracking devices and the provision of ongoing monitoring services related thereto. The Boomerang tracking devices are an integral part of the Company's patented Boomerang Tracking System, which is capable of tracking stolen assets, such as automobiles, marinecraft, heavy equipment and other valuable objects, including those enclosed within a shipping container or located underground. This is achieved through the use of the coverage provided by existing cellular network infrastructures.

The Company sells its products through both direct and indirect distribution channels. Its product line is available through certified retailers specializing in automo-

tive accessories and through automobile dealerships throughout Canada. In addition, its products are available through three corporate-managed service centers located in Montreal and Ottawa. Dedicated solely to the Company's products and services, these service centers are staffed by technicians who are trained and certified by the Company.

One of the Company's primary strategies is to focus on forming strategic alliances with insurance companies to generate and sustain institutional support for the Boomerang Tracking System and provide substantial additional sales impetus. Approximately 40 Quebec- and Ontario-based insurance companies offer rebates to clients who install the Boomerang device in their high-end and high-risk vehicles and, in many instances, mandate the installation of a Boomerang device.

The Company's annual and quarterly operating results are affected primarily by the level and timing of sales and installations of the Boomerang tracking devices and the renewals of existing monitoring contracts.

Revenues

The Company generates revenues from two primary sources: (1) the sale of the Boomerang and Boomerang2 tracking devices to distributors, retailers and end users; and (2) the provision of ongoing asset monitoring services.

Overall, revenues in fiscal 2002 increased by \$5.422 million (or 45%) as compared to fiscal 2001. Product sales increased by \$0.732 million (or 10%) and monitoring services increased by \$4.519 million (or 103%) as compared to fiscal 2001.

Unit sales of the Boomerang and Boomerang2 tracking devices were approximately 47,300 in fiscal 2002, as compared to approximately 43,500 in fiscal 2001. New units activated and covered by monitoring contracts grew by approximately 46,500 in fiscal 2002, compared to an increase of approximately 39,000 in fiscal 2001.

Monitoring services are available primarily on a 12-, 24- or 36-month basis. All monitoring services are covered by contract and, in most cases, payable in full upon activation and/or renewal. For accounting purposes, revenue is recognized over the term of the contract, resulting in deferred revenue of \$7.556 million as at April 30, 2002, of which \$6.405 million will be recognized in fiscal 2003. This compares to \$5.138 million and \$4.249 million, respectively, as at April 30, 2001.

The selected operating data set forth below, expressed in dollars and as a percentage of revenue for the years indicated, are derived from the financial statements of the Company and should be read in conjunction with the balance of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements of the Company, along with the notes thereto.

Year Ended April 30 (Thousands of Dollars)

	2002		2001	
	\$	%	\$	%
Revenues				
Product Sales	7,959	-	7,227	-
Monitoring	8,891	-	4,372	-
Other	601	-	430	-
	17,451	100.0	12,029	100.0
Expenses	14,567	83.5	8,646	71.9
Earnings Before Income Taxes	2,884	16.5	3,383	28.1
Income Taxes	1,060	6.1	1,309	10.9
Net Earnings	1,824	10.5	2,074	17.2

> FINANCIAL NEWS <

The revenue trend exhibited in fiscal 2002 highlights the importance of increasing the installed base of Boomerang and Boomerang2 tracking devices, as the renewal of existing monitoring contracts upon expiration extends the duration of the revenue stream throughout the useful life of the product. As the installed base increases, monitoring revenues are expected to continue to increase in proportion to total revenues. Therefore, management is focusing its efforts on ensuring the successful renewal of existing monitoring contracts.

Expenses

Gross margins continued to rise for the third consecutive year as a result of the Company's sales mix, increased efficiencies and lower production costs.

The major cost involved in asset monitoring is the ongoing rental of cellular phone lines. The Company has entered into agreements with Bell Mobility Inc. (Quebec and Ontario), TELUS Mobility Inc. (British Columbia) and Cingular Wireless LLC (United States) to provide cellular network services in their respective territories.

Selling, general, administrative and financial expenses increased by 110% in fiscal 2002 compared to fiscal 2001. The increase in these expenses was the result of increased staff levels, a major publicity and marketing campaign in the Ontario market, non-recurring costs related to the implementation of a new management information system and an increase in research and development costs. In addition, higher selling, marketing and administrative costs were incurred to support the Company's sales growth, infrastructure development and market development initiatives. The Company considers that the 2002 level of expenses is representative of the necessary investment required to maintain and sustain further growth.

Increases in occupancy costs resulted from a full year of increased space use by the Company, both at its head office and at its point-of-sale installation, production and research and development center. In fiscal 2001, these additional occupancy costs commenced only midway through the year.

Income Taxes

Income tax expense in fiscal 2002 amounted to \$1.060 million, including \$0.110

million of future income taxes, reflecting an effective tax rate for the year of 36.8%, as compared to 38.7% for fiscal 2001. Reduced rates in fiscal 2002 can be attributed to the impact of legislated tax rate reductions during this period.

Liquidity and Capital Resources

During fiscal 2002, the cash resources of the Company increased by \$3.845 million to \$7.616 million (including short-term investments of \$5.972 million with maturity dates up to November 2002), from \$3.771 million in fiscal 2001.

This increase is the result of cash generated by operating activities of \$5.823 million and financing activities of \$0.233 million, consisting of the issuance of Class "A" shares resulting from the exercise of stock options. Cash resources allocated to investing activities included the acquisition of short-term investments totaling \$3.509 million and expenditures for fixed and intangible assets of \$2.212 million.

The Company believes that its cash resources as at April 30, 2002, 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 positive cash flow into the future. Excess cash is invested by the Company in short-term instruments with financially sound institutions and is readily available when the need for funds arises.

The Company's working capital (current assets less current liabilities) increased to \$3.060 million as at April 30, 2002, from \$2.357 million as at April 30, 2001. The working capital ratio decreased slightly to 1.32:1 in fiscal 2002, as compared to 1.36:1 in fiscal 2001.

Capital Expenditures

The Company's capital expenditures for fiscal 2002 were \$2.104 million, compared to \$1.005 million in fiscal 2001. The bulk of the expenditures were related to the implementation of a state-of-the-art management information system and the acquisition of additional computer hardware and software in order to support staff increases and infrastructure development. Capital expenditures for fiscal 2003, which are not anticipated to exceed 2002 levels, are expected to relate to continued infrastructure development. These projected capital expenditures are expected to be financed by existing cash resources and

those expected to be derived from operations in fiscal 2003.

Research and Development

One of the Company's priorities is to maintain industry leadership in asset recovery through ongoing research and development. Due to the versatility of the cellular network technology that the Boomerang Tracking System employs, the Company is capable of adapting its products to a variety of applications. As a result, the development of enhanced products and new applications for its technology are an important element of the Company's strategy.

Outlook

The Company anticipates continued growth in fiscal 2003 within its new and existing markets, with both new and current products. Although the Company experienced noteworthy growth in fiscal 2002, there remain significant untapped and latent opportunities in Quebec, Ontario and British Columbia to expand its share of the vehicle tracking market. Given its unique ability to make use of existing wireless infrastructures, the Company also intends to focus on expanding into select new markets throughout North America with only a limited financial outlay being required. At present, expanding outside of North America is not a priority of the Company.

The Company is in the process of building the infrastructure for its anticipated growth in the Ontario market. Recently, regional facilities were opened in both Mississauga and Ottawa to support its existing customers in the region and its further expansion in the Ontario market. From a market demand perspective, the Company has attracted the interest of important vertical markets in the province, including fleet, construction and new distribution channels such as new car dealers, as well as key Ontario insurers who either recommend or mandate the installation of Boomerang tracking devices.

The Company has taken initial steps towards market-readiness in the United States. These steps include solidifying distribution networks, developing insurer relationships, creating logistical and operational standards and building the foundation for the rollout phase in specific geographic markets.

Risks and Uncertainties

Technology

The Boomerang Tracking System employs proprietary cellular-based tracking devices. At present, there are no known direct competitors in the marketplace using the same technology and locating process as the Company. Competing products utilize other technologies, including Global Positioning System technology that is not as effective at locating assets enclosed within buildings or shipping containers or situated underground. Although the Company is continuing to invest heavily in technology, there is no certainty that it will be able to maintain its current technological edge.

Financial Resources

Although the Company is profitable and growing, there is no certainty that it will be able to compete with larger, more financially secure competitors in the marketplace.

Reliance on Strategic Alliances

The Company is currently heavily dependent on its alliance with wireless carriers and insurance companies. Wireless carriers are an integral facet of its stolen asset tracking. In addition, many insurance companies are strong supporters and advocates of the Boomerang Tracking System. The continued existence of these strategic alliances is important for 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. The loss of any of these individuals could have a material adverse impact on the Company's business.

Market Risk

Due to the nature of its financial instruments, the Company has limited exposure to market risk. As at April 30, 2002, the Company's financial instruments consisted of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities. These financial instruments are short-term in nature and, as such, their carrying values approximate their fair values.

> F I N A N C I A L N E W S <

Credit Risk

With respect to its holding of short-term investments, the Company may be exposed to a credit loss in the event of non-performance by the counterparties to these contracts, but does not anticipate such non-performance. The Company

manages this credit risk by dealing only with financially sound counterparties.

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 12 to the audited financial statements of the Company for the fiscal year ended April 30, 2002, the Company does not have significant exposure to any individual customer or counterparty. The Company establishes an allowance for doubtful accounts that cor-

responds 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.

Management's responsibility related to the financial statements

The accompanying financial statements have been prepared by the management of Boomerang Tracking in accordance with Canadian generally accepted accounting principles, 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 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.

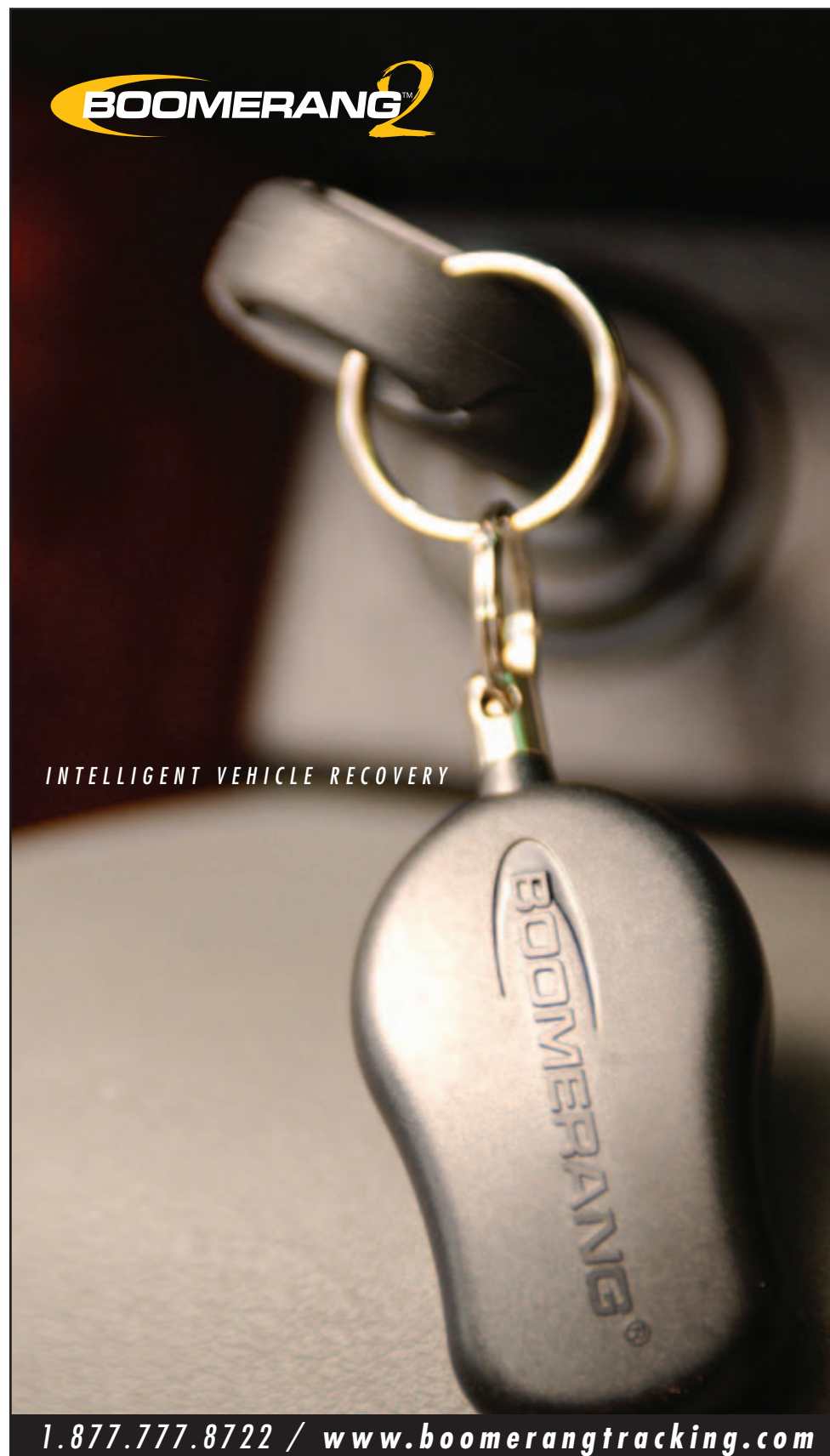
The financial statements have been audited by Richter, Usher & Vineberg, the Company's auditors, whose report is included herein.



Peter Lashchuk
President and CEO
Montreal, Quebec
June 5, 2002



Sylvain Dunn
Director, Finance and Operations
Montreal, Quebec
June 5, 2002



> Consolidated Financial Statements

Auditor's Report

To the Shareholders of
Boomerang Tracking Inc. -
Repérage Boomerang Inc.

We have audited the consolidated balance sheets of Boomerang Tracking Inc. - Repérage Boomerang Inc. as at April 30, 2002 and April 30, 2001 and the consolidated statements of earnings, retained earnings and cash flows for each of the years 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 audits.

We conducted our audits in accordance with Canadian 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2002 and April 30, 2001 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.



**Chartered Accountants
General Partnership**
Montreal, Quebec
June 5, 2002

Consolidated Balance Sheet

As At April 30, 2002

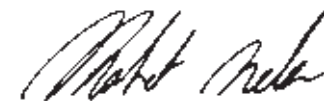
	2002	2001
Assets		
Current		
Cash and cash equivalents	\$ 1,643,347	\$ 1,307,361
Short-term investments (note 4)	5,972,149	2,463,245
Accounts receivable	3,231,998	3,365,227
Income taxes recoverable	34,284	-
Inventories (note 5)	1,321,926	1,594,003
Prepaid expenses	298,405	63,283
Future income taxes	13,336	68,904
	12,515,445	8,862,023
Fixed Assets (note 6)	2,732,701	1,111,804
Patents and Trademarks (net of accumulated amortization of \$117,504; 2001 - \$58,300)	197,838	148,711
Future Income Taxes	26,887	46,194
	\$ 15,472,871	\$ 10,168,732
Liabilities		
Current		
Accounts payable and accrued liabilities	3,050,295	1,638,590
Income taxes payable	-	617,738
Deferred revenue	6,405,123	4,248,991
	9,455,418	6,505,319
Deferred Revenue	1,150,567	888,448
Future Income Taxes	153,896	118,771
	10,759,881	7,512,538
Contingencies and Commitments (note 7)		
Shareholders' Equity		
Capital Stock (note 8)	785,961	552,651
Retained Earnings	3,927,029	2,103,543
	4,712,990	2,656,194
	\$ 15,472,871	\$ 10,168,732

See accompanying notes

Approved on Behalf of the Board:



André Boulay
Director



Robert Nelson
Director

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Consolidated Statement of Retained Earnings

For the Year Ended April 30, 2002

	2002	2001
Balance - Beginning of Year		
As previously reported	\$ 2,103,543	\$ 637,519
Change in revenue recognition policy (note 2)	-	(509,239)
As restated	2,103,543	128,280
Net earnings	1,823,486	2,073,806
	3,927,029	2,202,086
Stock listing costs, net of future income taxes	-	98,543
Balance - End of Year	\$ 3,927,029	\$ 2,103,543

See accompanying notes

STOLEN? RECOVERED.


www.boomerangtracking.com

Consolidated Statement of Earnings

For the Year Ended April 30, 2002

	2002	2001
Revenues	\$ 17,450,989	\$ 12,029,420
Expenses		
except the following -	13,450,781	8,367,185
Amortization	541,893	206,170
Research and development	734,085	151,450
Interest expense	11,956	2,071
Interest income	(171,212)	(80,262)
	14,567,503	8,646,614
Earnings Before Income Taxes	2,883,486	3,382,806
Income taxes (note 10)		
Current	950,000	960,000
Future	110,000	349,000
	1,060,000	1,309,000
Net Earnings	\$ 1,823,486	\$ 2,073,806
Earnings Per Share: (note 11)		
Basic	\$ 0.08	\$ 0.09
Diluted	0.08	0.09

See accompanying notes

> milestones

> FEBRUARY 2002

Boomerang officially opens the doors of its sales office in Mississauga, Ontario, which will serve as a base for Boomerang Tracking's expansion into Ontario.

> MARCH 2002

Boomerang Tracking announces record third quarter revenues for the three-month period ended January 31, 2002.

Boomerang Tracking celebrates its 100,000th Boomerang activation.

Boomerang Tracking successfully launches the Boomerang Elite Program, a value-added anti-theft package designed exclusively for new car dealers and their customers.

> APRIL 2002

Boomerang Tracking's recovery total reaches almost 1,700 vehicles valued at over \$84 million including incidental recoveries.



> FINANCIAL NEWS <

Consolidated Statement of Cash Flows

For the Year Ended April 30, 2002

	2002	2001
Funds Provided (Used) -		
Operating Activities		
Net earnings	\$ 1,823,486	\$ 2,073,806
Amortization	541,893	206,170
Future income taxes	110,000	349,000
	2,475,379	2,628,976
Changes in non-cash operating elements of working capital	3,348,118	1,611,981
	5,823,497	4,240,957
Financing Activities		
Issuance of class "A" shares	233,310	57,090
Stock listing costs	-	(158,942)
	233,310	(101,852)
Investing Activities		
Short-term investments	(3,508,904)	(2,463,245)
Additions to fixed assets	(2,103,576)	(1,005,169)
Additions to patents and trademarks	(108,341)	(154,018)
	(5,720,821)	(3,622,432)
Increase in Cash and Cash Equivalents	335,986	516,673
Cash and Cash Equivalents		
Beginning of Year	1,307,361	790,688
End of Year	\$ 1,643,347	\$ 1,307,361
See accompanying notes		
Additional Cash Flow Information		
Interest paid	\$ 12,000	\$ 1,000
Income taxes paid	1,602,000	663,000

Notes to Consolidated Financial Statements

April 30, 2002

1 Nature of Business

The Company's business consists of the design, manufacture and sale of the patented Boomerang® tracking devices. These devices are an integral part of the Company's Boomerang Tracking System which includes after-sales monitoring and recovery services.

2 Change in Accounting Policy

In 2001, the Company changed its accounting policy for revenue recognition of system access fees. The Company recognizes system access fees over the term of the contract and no longer differentiates between system access fees and monitoring fees. Under the previous policy, revenue from system access fees was recognized upon installation of the Boomerang tracking devices.

The effect of the change for the year ended April 30, 2001 was to decrease net earnings by approximately \$901,000.

3 Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Boomerang Tracking Inc. and its subsidiary Boomerang Tracking Corporation. On consolidation, all intercompany transactions and balances have been eliminated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and liquid investments with original maturities of less than three months from the date of acquisition.

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

Leasehold improvements	over the lease term
Patents and trademarks	5 years

REVENUE RECOGNITION

The Company derives revenue from the sale of vehicle tracking systems, after-sales 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. Estimated provision for warranty costs and unsuccessful recoveries associated with these revenues are provided for at the time of recognition of related revenue.

FUTURE INCOME TAXES

The Company follows the liability method with respect to accounting for income taxes. Future tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities (temporary differences). Future income tax assets and liabilities are measured using the enacted (or substantively enacted) tax rates that will be in effect when these differences are expected to reverse. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the assets will be realized.

INVESTMENT TAX CREDITS

Investment tax credits relating to qualifying expenditures are recognized in the accounts at the time at which they become reasonably determinable as a reduction of research and development expenditures.

SHARE OPTION PLAN

No compensation expense is recognized for the Company's share option plan when shares or options are issued to employees.

EARNINGS PER SHARE

In 2002, the Company adopted the Canadian Institute of Chartered Accountants' Handbook Section 3500 "Earnings Per Share". Under the new recommendations,

the diluted earnings per share are calculated based on the weighted average number of Class "A" shares outstanding in each of the years, plus the effects of dilutive Class "A" share equivalents, such as options. This method requires that diluted earnings per share be calculated using the treasury stock method, under which method Class "A" share equivalents are treated as having been exercised at the beginning of the reporting period or at the date of issue as the case may be, and that the funds obtained thereby were used to purchase Class "A" shares of the Company at the average trading price of the Class "A" shares during the period. The recommendations have been applied retroactively.

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.

FOREIGN CURRENCY TRANSLATION

The financial statements of integrated foreign operations and other foreign currency accounts have been translated into Canadian dollars as follows:

Monetary items- at exchange rates in effect at the balance sheet date;

Non-monetary items- at exchange rates in effect on the dates of the transactions;

Revenue and expenses- at average exchange rates prevailing during the year, except for inventories and amortization which are translated at rates prevailing when the assets were acquired.

Gains and losses arising from foreign currency translation are included in income.

4 Short-Term Investments

Short-term investments consist of commercial paper having an average interest rate of 2.8% per annum (2001 - 4.4%) and mature on various dates up to November 2002.

The Company may be exposed to a credit loss in the event of non-performance by the counterparties to these contracts, but does not anticipate such non-performance.

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5 Inventories

	2002	2001
Raw materials	\$ 1,031,358	\$ 1,401,492
Work in process	219,361	128,234
Finished goods	71,207	64,277
	\$ 1,321,926	\$ 1,594,003

6 Fixed Assets

	Cost	Accumulated Amortization	2002 Net Carrying Amount
Computer	\$ 2,301,027	\$ 419,940	\$ 1,881,087
Furniture and fixtures	427,165	106,992	320,173
Equipment	198,658	90,614	108,044
Leasehold improvements	553,187	129,790	423,397
	\$ 3,480,037	\$ 747,336	\$ 2,732,701

	Cost	Accumulated Amortization	2001 Net Carrying Amount
Computer	\$ 546,655	\$ 156,898	\$ 389,757
Furniture and fixtures	236,004	42,385	193,619
Equipment	130,180	49,920	80,260
Leasehold improvements	463,622	15,454	448,168
	\$ 1,376,461	\$ 264,657	\$ 1,111,804

Included in computer is approximately \$1,017,000 (2001 - \$Nil) of hardware and software that was not yet in use as at April 30, 2002, as such, the Company has not taken any amortization on this amount.

7 Contingencies and Commitments

The Company is subject to legal actions amounting to approximately \$240,000 that arose in the ordinary course of business and that are currently in the hands of the Company's insurers. It is not possible at this time to determine the outcome of these matters. Management believes that these claims are without merit and accordingly, no provision has been made in the accounts for these claims.

The Company has entered into an agreement to purchase computer consulting services of approximately \$740,000 of which approximately \$500,000 has been incurred as of April 30, 2002.

The Company has entered into contracts expiring up to May 2005 to purchase cellular and tracking services, with minimum purchase commitments as follows:

2003	\$ 100,000
2004	100,000
2005	17,000

The minimum rental, exclusive of occupancy charges, under the leases for the Company's premises is approximately as follows:

2003	\$ 243,000
2004	243,000
2005	235,000
2006	175,000

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8 Capital Stock

	2002	2001
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 - 22,330,000 (2001 - 22,066,000) Class "A" shares	\$ 785,961	\$ 552,651

In 2001, the Company issued 66,000 Class "A" shares based on exercise of options for cash consideration of \$57,090.

In 2002, the Company issued 264,000 Class "A" shares based on exercise of options for cash consideration of \$233,310.

On April 29, 2002, the Company filed a Notice of Intention with the Ontario Securities Commission to obtain permission to potentially repurchase for cancellation up to a maximum of 1,116,500 Class "A" shares, representing approximately 5% of its issued and outstanding Class "A" shares. This will take effect on May 1, 2002 and expire no later than April 30, 2003.

Share Option Plan

In 1997, the Company established a Share Option Plan providing for the grant to directors, officers and employees of the Company or its subsidiaries of options to purchase Class "A" shares. The Share Option Plan was subsequently amended in 2000, in order to extend its application to service providers of the Company or its subsidiaries. In 2002, the Share Option Plan was amended to increase the number of Class "A" shares which may be reserved for issuance for the exercise of options granted, from 10% to 15% of the issued and outstanding shares.

THE COMPANY HAS GRANTED OPTIONS TO PURCHASE CLASS "A" SHARES AS FOLLOWS:

Date granted	Number of Options Granted and Outstanding	Exercise Price	Date of Expiry
June 14, 1999	300,000	\$ 0.30	June 13, 2004
October 15, 1999	45,000	0.77	October 15, 2004
November 30, 1999	70,000	1.20	November 30, 2004
January 13, 2000	25,000	1.90	January 13, 2005
March 8, 2000	15,000	5.00	March 8, 2005
November 13, 2000	15,000	4.82	November 13, 2005
December 11, 2000	15,000	4.45	December 11, 2005
January 17, 2001	15,000	4.35	January 16, 2006
March 14, 2001	10,000	4.35	March 14, 2006
March 26, 2001	10,000	3.80	March 26, 2006
July 4, 2001	17,500	3.05	July 3, 2006
July 30, 2001	100,000	2.75	July 29, 2006
August 9, 2001	15,000	3.00	August 8, 2006
September 25, 2001	55,000	2.40	September 24, 2006
September 25, 2001	45,000	3.40	September 24, 2006
October 9, 2001	15,000	3.20	October 8, 2006
November 5, 2001	20,000	3.05	November 4, 2006
November 21, 2001	15,000	3.25	November 21, 2006
December 19, 2001	15,000	2.75	December 18, 2006
January 9, 2002	65,000	2.90	January 8, 2007

All options vest equally over a three year period except for options granted prior to January 17, 2001, the 17,500 options granted on July 4, 2001 and the 45,000 options granted on September 25, 2001 which vested on the date of granting.

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THE NUMBER OF OPTIONS OUTSTANDING HAS VARIED AS FOLLOWS:

	2002		2001	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Balance Outstanding - Beginning of Year	859,000	\$ 1.42	985,000	\$ 0.81
Granted	407,500	2.90	140,000	4.68
Exercised	(264,000)	0.88	(66,000)	0.87
Cancelled	(120,000)	4.22	(200,000)	0.89
Balance Outstanding - End of Year	882,500	1.88	859,000	1.42
Balance Exercisable - End of Year	549,167	1.23	769,000	1.05

9 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 12, 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 and cash equivalents, short-term investments, accounts receivable and accounts payable and accrued liabilities are all short-term in nature and as such their carrying values approximate fair values.

10 Income Taxes

Significant components of future tax assets and liabilities at April 30, 2002 and April 30, 2001 are as follows:

	2002	2001
Future income tax assets:		
Stock listing costs	\$ 36,340	\$ 48,369
Deferred revenue	1,244	56,812
Warranty and unsuccessful recovery provision	2,639	9,917
	\$ 40,223	\$ 115,098
Future income tax liabilities:		
Fixed assets	\$ 153,896	\$ 118,771

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

	2002	2001
Statutory Tax Rates	37.52%	37.84%
Statutory income tax on operating income	\$ 1,082,000	\$ 1,280,000
Manufacturing tax rate reduction	(40,000)	(41,000)
Non-deductible expenses	33,000	44,000
Other	(15,000)	26,000
	\$ 1,060,000	\$ 1,309,000

> FINANCIAL NEWS <

11 Earnings Per Share

The calculation of basic earnings per share and diluted earnings per share is as follows:

	2002	2001
Basic earnings available to Class "A" shareholders	\$ 1,823,486	\$ 2,073,806
Weighted average number of Class "A" shares outstanding	22,307,889	22,021,304
Basic earnings per share	\$ 0.08	\$ 0.09
Weighted average number of Class "A" shares outstanding	22,307,889	22,021,304
Class "A" share equivalents:		
Assumed exercise of outstanding dilutive options	553,657	705,667
Shares repurchased from proceeds of assumed exercise of options	(244,924)	(134,317)
Weighted average number of Class "A" shares and Class "A" share equivalents outstanding	22,616,622	22,592,654
Diluted earnings per share	\$ 0.08	\$ 0.09

1 CAR IS STOLEN EVERY 3 MINUTES IN CANADA*

* Source: Statistics Canada 2001

STOLEN? NOT FOR LONG!

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> F I N A N C I A L N E W S <

12 Related Party Transactions

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

	2002	2001
Revenue		
Sales of products to:		
Company jointly controlled by principal shareholders pursuant to a distribution agreement to expire on or about July 1, 2003	\$ 6,752,000	\$ 5,895,000
Company controlled by a principal shareholder	201,000	-
Costs and Expenses		
Purchases from:		
Company jointly controlled by principal shareholders	79,000	93,000
Company controlled by a principal shareholder	1,283,000	1,770,000
Rent paid to:		
Company controlled by a principal shareholder	318,000	144,000
Accounts Receivable		
Company jointly controlled by principal shareholders	2,466,000	2,357,000
Company controlled by a principal shareholder	5,000	-
Accounts Payable		
Company jointly controlled by principal shareholders	49,000	29,000
Company controlled by a principal shareholder	72,000	179,000
Principal shareholders	39,000	39,000
Fixed Assets		
Purchased from a company controlled by a principal shareholder	-	81,000

The above mentioned sales of products to and accounts receivable due from a company jointly controlled by principal shareholders represent 38% (2001 - 49%) of total revenues and 76% (2001 - 70%) of total accounts receivable respectively.

Purchases of products from a company controlled by a principal shareholder represent 22% (2001 - 30%) of total purchases.

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

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of the consideration established and agreed to by the related parties.

13 Investment Tax Credits

During the year, the Company recorded an amount of approximately \$118,000 (2001- Nil) as a reduction of research and development expenditures.

14 Comparative Figures

Certain reclassifications of 2001 amounts have been made to facilitate comparison with the current year.

> C L A S S I F I E D S <

Board of Directors

Peter Lashchuk
Chairman of the Board

André Boulay
Director

Robert Nelson
Director

Érik Péladeau
Director

Pierre Laurin
Director

René Branchaud
Director

André Tremblay
Director

Boomerang Tracking Inc.**Management (Canada)**

Peter Lashchuk
President and Chief Executive Officer

André Boulay
Vice President, Technology

Robert Nelson
Vice President, Distribution

Linda Farha
Vice President, Marketing and
Communications

Serge Laporte
Vice President, Sales and International
Business Development

Claude Arpin
Director, Research and Development

Guy Bouchard
Director, Information Technology

Sylvain Dunn
Director, Finance and Operations

Gary Finn
Director, Ontario Sales

Geneviève Foster
Director, Legal Affairs and Corporate
Secretary

Lise Lefebvre
Director, Human Resources

Leonard Shara
Director, Channel Development

Boomerang Tracking Corporation**Management (USA)**

Timothy Flusche
Managing Director

Beate Lymantas
Executive Director

Ed Meenan
Director, Sales

Steve Niemi
Director, Technical Services



Boomerang is a registered trademark and Boomerang2 is a trademark of Boomerang Tracking Inc.

Boomerang products are sold and distributed in the provinces of Quebec, Ontario and British Columbia.

Unless otherwise indicated, all information given herein is as at April 30, 2002.

This Annual Report may contain forward-looking statements, which reflect the Company's current expectations regarding future events. The forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors. The reader is cautioned not to rely on these forward-looking statements and the Company disclaims any obligation to update them.

Registrar and Transfer Agent

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Company of Canada**
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F 514.982.7635

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Richter, Usher & Vineberg
General Partnership
Montreal

Lead Banker

The Royal Bank of Canada

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info@boomerangtracking.com
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Annual Shareholders' Meeting

September 25, 2002 at 10:30 a.m.
Hotel Omni Mont-Royal
Salon Été
1050 Sherbrooke West
Montreal, Quebec
Canada H3A 2R6
T 514.284.1110

Toronto Stock Exchange Listing

Boomerang Tracking Inc. shares are traded on the Toronto Stock Exchange (TSX) under the trading symbol "BMG".



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