

The Boomerang Record

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BOOMERANG TRACKING: QUARTER IN REVIEW 2003 — RECORD NEW ACTIVATIONS!

1st Quarterly report

BOOMERANG TRACKING REPORTS FIRST QUARTER 2003 RESULTS

The Company realizes record new activations in one quarter while maintaining strong profits

FIRST QUARTER HIGHLIGHTS:

- REVENUES UP 24% TO \$5.04 MILLION
- REVENUES FROM SERVICE CONTRACTS UP 56% TO \$2.86 MILLION
- RECORD 12,089 NEW BOOMERANG ACTIVATIONS
- GSM-BASED BOOMERANG DEVICE IN FINAL STAGES OF DEVELOPMENT
- COMPANY IS FINALIST IN DELOITTE & TOUCHE'S 2002 FAST 50
- DIRECTOR OF SECURITY APPOINTED

MONTREAL, Quebec, September 20, 2002 - Boomerang Tracking Inc. (TSX: BMG), the Canadian leader in stolen asset recovery, today announced record first quarter revenues for the three-month period ended July 31, 2002.

For the first quarter ended July 31, 2002, the Company recorded revenues of over \$5.04 million, representing an increase of 24% compared to revenues of approximately \$4.07 million for the same period last year. First quarter net earnings were \$0.53 million (\$0.024 per share) versus net earnings of \$0.59 million (\$0.027 per share) for the same period last year. This was attributable to the Company's continued investment in substantially key areas such as research and development, human resources, marketing initiatives and internal infrastructures during

the period. Revenues from service contracts increased by 56% to \$2.86 million during the first quarter of fiscal 2003 from \$1.84 million during the same period last year. New activations of Boomerang units in the first quarter rose by 3% to 12,089 units from 11,763 units in the first quarter of the previous fiscal year.

"During this first quarter of fiscal 2003, the Company realized record new activations for a three-month period. Revenues from service contracts hit an all-time high of \$2.86 million for the first quarter, representing a 56% increase over the preceding year for the same period. The Company continued to build on strategic initiatives set forth in the preceding quarters while remaining focused on maintaining and developing strong ties with key strategic alliances. In recognition of Boomerang Tracking's growing leadership position in the Canadian marketplace and strong profitable growth in its sector, Boomerang Tracking was ranked as a finalist in Deloitte & Touche's 2002 Canadian Technology Fast 50 awards program", said Peter Lashchuk, President and CEO of the Company.

As previously reported, the Company successfully deployed J.D. Edwards, a modular, integrated, web-enabled application on July 2, 2002. During a short period of time, the Company has already realized the benefits of this newly implemented system through streamlined processes. A second phase is underway in preparation for the company's intended launch into the United States. The Company anticipates this phase to be completed by the end of this calendar year.

Additional Support in Quebec

In May 2002, the Company appointed Jean Lalonde, a former police chief, as Director of Security. Mr. Lalonde's mandate is to develop and establish both internal and external security measures at Boomerang Tracking including but not limited to privacy and security of both corporate facilities and sensitive information. He is also responsible to build and strengthen relationships with various law enforcement authorities and streamline communications between

Boomerang Tracking and police forces across Canada.

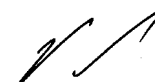
In this first quarter of fiscal 2003, the Company received further support from law-enforcement agencies through an initiative spearheaded by the Service de Police de la Ville de Montréal (SPVM) entitled "Project Lock-Up". This campaign aimed at educating the public on crime-reduction - vehicle theft in particular - introduced the Boomerang Tracking System as one of the solutions to vehicle theft. This program commenced on the island of Montreal in January 2001 and was subsequently launched megacity-wide in June 2002.

Progress in Ontario

During this last quarter, the Company realized greater support from new car dealers, with the introduction of the Company's recovery technology to consumers of new passenger vehicles at the point of purchase. With the continued increase in new car sales, this channel of distribution has provided the Company with expediency in educating potential consumers about the Boomerang and Boomerang2™ tracking devices in this market as well as increased penetration. Further inroads with the insurance industry and in new vertical markets such as the trucking industry have also been realized during this quarter.

Development in the United States

With the GSM-based Boomerang device in its final stages of development, the Company is preparing the foundation for eventual deployment in the United States. As part of initial preparation stages to ready Boomerang Tracking for launch in this market, the Company has engaged the services of a public relations firm.



Peter Lashchuk
President and CEO

TSX:BMG



Interim Management's Discussion & Analysis of Financial Condition and Results of Operations for the three months ended July 31, 2002

Results of Operations

Revenues

Revenue for the first quarter ended July 31, 2002 increased by \$0.97 million (or 24%) as compared to the same quarter last year. More specifically, product and installation revenues decreased by \$0.07 million (or 3%) and service contract revenues increased by \$1.02 million (or 56%) as compared to the same period last year. New Boomerang and Boomerang2 devices activated and covered by service contracts were 12,089 for the quarter ended July 31, 2002, as compared to 11,763 units for the same quarter last year.

Service contracts are available primarily on a 12-, 24- or 36-month basis. All services are covered by contracts 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 revenues of \$8.16 million as at July 31, 2002, of which \$6.90 million will be recognized during the year. This compares to \$6.02 million, and \$5.02 million respectively as at July 31, 2001.

Operating Expenses

The major cost involved in asset tracking is the ongoing rental of cellular phone lines. The Company has agreements with major national carriers to provide cellular network services in specified territories. Selling, general administration and research and development expenses were 48% higher in the quarter ended July 31, 2002 compared to the same quarter last fiscal year. The increased costs are attributable to additional staff, infrastructure development and market development initiatives to support the Company's sales growth. The Company considers that the actual level of expenses is representative of the necessary investment required to maintain and sustain further growth.

Depreciation and Amortization

For the quarter ended July 31, 2002, quarterly depreciation and amortization of fixed assets increased to \$0.19 million from \$0.10 million in the quarter ended July 31, 2001. The increase is impacted mostly by the use of a state-of-the-art new information system implemented in July 2002.

Income Taxes

Income tax expenses in the quarter ended July 31, 2002 amounted to \$0.31 million, as compared to \$0.35 million for the same period in the last fiscal year. Reduced rates can be attributed to the impact of legislated tax rate reductions during this period.

Net Earnings

Net earnings in the first quarter of fiscal 2003 were approximately 10%. This represents the same level as at April 30, 2002, the Company's fiscal year-end. However, it decreased by \$0.06 million to \$0.53 million, against comparable net earnings of \$0.59 million for the same quarter a year ago. In the quarter ended July 31, 2002, earnings per share decreased by \$0.003 to \$0.024 as compared to \$0.027 for the same period in the last fiscal year.

Liquidity and Financial Resources

The Company maintains its excellent financial health with its ongoing strong balance sheet without any external debt. During the first 3 months of operations in fiscal 2003, the cash resources increased by \$0.48 million to \$8.09 million (including short-term investments of \$6.23 million with maturity dates up to December 2002).

Compared to the period ended July 31, 2001, the increase in liquidity is due to cash generated by operating activities of \$1.14 million. Cash resources allocated to investing activities included the acquisition of short-term investments totaling \$0.25 million and expenditures for fixed and intangible assets of \$0.66 million.

Operating cash flow (representing cash provided by operating activities before changes in working capital items) in the quarter ended July 31, 2002 were up to \$0.73 million compared to \$0.71 million for the same period last year. The sequential and year-over-year positive operating cash flow reflects the efficiency of Boomerang Tracking in generating profits while expanding its internal infrastructures.

The Company's working capital (current assets less current liabilities) increased to \$3.23 million as at July 31, 2002, from \$2.95 million in the same quarter last year. The working capital ratio decreased slightly to 1.35 as compared to 1.42 for the same period last year.

The Company believes that its cash resources as at July 31, 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.

Risks and Uncertainties

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.

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.

The Company is currently heavily dependent on its alliance with wireless carriers and insurance companies. The continued existence of these strategic alliances is important for the ongoing development of new and existing markets.

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.

Due to the nature of its financial instruments, the Company has limited exposure to market risk. As at July 31, 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.

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 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 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.

About Boomerang Tracking Inc.

Boomerang Tracking Inc. assembles, markets and distributes the Boomerang Tracking System, a proprietary product using technology patented by the Company. The Boomerang and Boomerang2 devices are the central devices in a cellular-based asset tracking system utilizing the wireless systems of major regional telecommunications companies. The Boomerang Tracking System is capable of locating stolen automobiles, heavy equipment and valuable objects. The Company's proven recovery record has received endorsement by members of the insurance industry. The Boomerang Tracking System is installed through a network of authorized dealers located throughout the provinces of Quebec, Ontario and British Columbia. The Company's head office, research and development, production and corporate installation facilities are located in Montreal, Quebec. Boomerang is a registered trademark of Boomerang Tracking Inc. The shares of Boomerang Tracking Inc. trade on The Toronto Stock Exchange under the symbol BMG.

To date, the Boomerang Tracking System has led to the recovery of more than 1,850 vehicles and other valuable assets, including incidental recoveries, representing a total value of over \$96 million.

Forward Looking Statement

This press release 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. Investors should consult the Company's ongoing quarterly filings, annual reports and proxy solicitation filings for additional information on the risks and uncertainties relating to these forward-looking statements. The reader is cautioned not to rely on these forward-looking statements and the Company disclaims any obligation to update them.

No regulatory authority has approved or disapproved of the information contained herein.

Balance Sheet

(Thousands of dollars)

	As at July 31, 2002 (Unaudited)	As at April 30, 2002 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 1,869	\$ 1,643
Short-term investments	6,226	5,972
Accounts receivable	2,989	3,232
Income taxes recoverable	-	34
Inventories	1,250	1,322
Prepaid expenses	148	299
Future income taxes	13	13
	12,495	12,515
Fixed Assets	3,212	2,733
(Net of accumulated amortization of: July 31, 2002: \$916; April 30, 2002: \$747)		
Patents and Trademarks	191	198
(Net of accumulated amortization of: July 31, 2002: \$134; April 30, 2002: \$118)		
Future Income Taxes	24	27
	\$ 15,922	\$ 15,473
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 2,097	\$ 3,050
Income taxes payable	261	-
Deferred revenue	6,904	6,405
	9,262	9,455
Deferred Revenue	1,256	1,151
Future Income Taxes	161	154
	10,679	10,760
Shareholders' Equity		
Capital stock	786	786
Retained earnings	4,457	3,927
	5,243	4,713
	\$ 15,922	\$ 15,473

Statement of Cash Flows

(Thousands of dollars)

	For the three months ended July 31	
	(Unaudited) 2002	(Unaudited) 2001
Funds Provided (Used) -		
Operating Activities		
Net earnings	\$ 534	\$ 593
Amortization	185	98
Future income taxes	10	24
	729	715
Changes in non-cash operating elements of working capital	412	(164)
	1,141	551
Financing Activities		
Issuance of class "A" shares	-	233
Repurchase and cancellation of Class "A" Shares	(4)	-
	(4)	233
Investing Activities		
Short-term investments	(254)	-
Additions to fixed assets	(648)	(423)
Additions to patents and trademarks	(9)	(33)
	(911)	(456)
Increase (Decrease) in Cash and Cash Equivalents	226	328
Cash and Cash Equivalents		
Beginning of period	1,643	1,307
End of period	\$ 1,869	\$ 1,635

Statement of Earnings

(Thousands of dollars except earnings per share information)

(Unaudited)

	For the three months ended July 31	
	(Unaudited) 2002	(Unaudited) 2001
Revenues		
Product sales	\$ 2,025	\$ 2,097
Service contracts	2,856	1,836
Other	154	135
	5,035	4,068
Expenses	3,768	2,913
Except the following -		
Amortization	185	98
Interest income	(53)	(10)
Research and development	288	125
	4,188	3,126
Earnings Before Income Taxes	847	942
Income taxes	313	349
Net Earnings	\$ 534	\$ 593
Net Earnings Per Share		
Basic	\$ 0.024	\$ 0.027
Diluted	\$ 0.024	\$ 0.026
Weighted Average Number of Shares Outstanding		
Basic	22,329,937	22,242,277
Diluted	22,641,619	22,447,498

Statement of Retained Earnings

(Thousands of dollars)

	For the three months ended July 31	
	(Unaudited) 2002	(Unaudited) 2001
Balance - Beginning of Period	\$ 3,927	\$ 2,103
Net earnings	534	593
	4,461	2,696
Premium on repurchase and cancellation of Class "A" Shares	(4)	-
Balance -End of Period	\$ 4,457	\$ 2,696

Notes to Interim Financial Statements:

(1) Basis of preparation

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies and methods of computation as were used for the financial statements for the year ended April 30, 2002.

These unaudited interim financial statements do not include all the disclosures required by Canadian generally accepted accounting principles in annual financial statements and accordingly, should be read in conjunction with the Financial Statements for the year ended April 30, 2002.

(2) Revenues

The Company derives revenues from the sale of vehicle tracking systems, presented as "Product sales", and service contracts presented as "Service Contracts", and "Other" revenues such as tracking services.

(3) Comparatives Figures

Certain reclassifications of the comparative amounts presented have been made to facilitate comparison with the current period.

This report may contain forward-looking statements, which reflect the Company's current expectation 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. Investors should consult the Company's ongoing quarterly filings, annual reports and proxy solicitation filings for additional information on risks and uncertainties relating to these forward-looking statements. The reader is cautioned not to rely on these forward-looking statements and the Company disclaims any obligation to update them.

For more information:

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Supplementary information

New Boomerang units installed and activated

Fiscal 2003

For the three months ended	Quarterly	Cumulative
July 31	12,089	116,484
October 31	-	-
January 31	-	-
April 30	-	-
Total	12,089	

Fiscal 2002

For the three months ended	Quarterly	Cumulative
July 31	11,763	69,672
October 31	12,007	81,679
January 31	11,655	93,334
April 30	11,061	104,395
Total	46,486	

Fiscal 2001

For the three months ended	Quarterly	Cumulative
July 31	7,983	26,828
October 31	9,908	36,736
January 31	10,769	47,505
April 30	10,404	57,909
Total	39,064	

Fiscal 2000

For the three months ended	Quarterly	Cumulative
July 31	1,850	6,832
October 31	2,160	8,992
January 31	4,080	13,072
April 30	5,773	18,845
Total	13,863	

Fiscal 1999

For the three months ended	Quarterly	Cumulative
July 31	710	1,947
October 31	813	2,760
January 31	772	3,532
April 30	1,450	4,982
Total	3,745	

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

Sylvain Dunn
Vice President, Finance and Operations

Linda Farha
Vice President, Marketing and Communications

Serge Laporte
Vice President, Sales and International
Business Development

Claude Arpin
Director, Research and Development

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

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TORONTO STOCK EXCHANGE LISTING

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