

COMPANY SUSTAINS GROWTH IN REVENUES, QUARTER AFTER QUARTER

FIRST QUARTER HIGHLIGHTS:

- NET EARNINGS TO A RECORD \$0.69 MILLION
- REVENUES UP 31% TO \$6.61 MILLION
- 10% INCREASE IN UNITS SOLD AND 6 % INCREASE IN UNITS ACTIVATED

I am pleased to present Boomerang Tracking Inc.'s results for the first quarter ended July 31, 2003.

For this period, the Company realized revenues of \$6.61 million, an increase of 31% compared with revenues of \$5.04 million for the same period last year. Net earnings reached a record to \$0.69 million (\$0.03 per share) compared with net earnings of \$0.53 million (\$0.02 per share) for the same period last year. Net earnings were at 10.5% of revenues compared to 10.6% for the same period last year.

Revenues from service contracts jumped by 35% to a record \$3.88 million during the first quarter of fiscal 2003, from \$2.86 million for the same period last year. New activations of Boomerang units were 12,775 units in the first quarter compared to 12,089 units for the first quarter of the previous fiscal year, an increase of 6%. The amount of units sold were 12,277 in the first quarter, compared to 11,164 for the first quarter of the previous fiscal year, an increase of 10%. In addition, 4,400 Boomerang devices were transferred to new vehicles during this period. The Company continued its progression in Ontario with more than 1,500 new activations this past quarter.

Since inception, the Company has shown sustained growth in revenues, and this trend continued during the last quarter. Our healthy balance sheet, combined with an increase in our client base quarter after quarter, allows us not only to maintain our leadership position in Quebec but also serves as a solid foundation for growth in new promising markets. The Ontario market, which now accounts for nearly 12% of our new activations in this past quarter, is a prime example of additional revenues incurred by the Company with relatively minimal financial outlay.

STOCK MARKET ACTIVITY

During the quarter ended July 31, 2003, the Company purchased for cancellation, pursuant to the Normal Course Issuer Bid, a total of 150,700 shares. Within this Normal Course Issuer Bid, which took effect May 2, 2003 for a 12-month period, the Company is authorized to purchase for cancellation a maximum of 1,093,155 common shares, representing approximately 5% of the issued and outstanding Common Shares as of May 2, 2003.

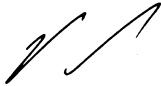
US MARKET UPDATE

In June 2003, the Company announced its upcoming entry into California, the gateway to the US market, with its advanced proprietary GSM-based Boomerang device.

As part of its distribution strategy, Boomerang Tracking Corporation, the Company's wholly owned American subsidiary, has recently signed an agreement with Southwest Dealer Services Inc., one of the largest after-market expeditors servicing new car dealerships in the state of California, providing access to an extensive distribution network. The Company is also pleased to announce that it has sold and delivered product to Southwest Dealer Services Inc., marking the entry of the Boomerang Tracking System in the U.S. market.

NUMBERS THAT SPEAK VOLUMES

As of July 31 2003, the Boomerang Tracking System has been instrumental in the recovery of more than 2,600 vehicles and other valuable assets, including incidental recoveries, representing a total value of over \$124 million. These impressive results have earned the Company the support of national insurers and the law enforcement community, who recognize the benefits of the Company's tracking devices.



PETER LASHCHUK
President and CEO,
Boomerang Tracking Inc.

INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JULY 31, 2003

RESULTS OF OPERATIONS

Revenues For the first quarter ended July 31, 2003 the Company realized revenues of \$6.61 million, representing an increase of 31% compared to revenues of \$5.04 million for the same period last year.

More specifically, revenues from service contracts jumped by 35% to a record \$3.88 million, from \$2.86 million during the same period last year, whereas product sales increased by \$0.52 million (or 26%). New Boomerang and Boomerang2 devices covered by service contracts activated in the period were 12,775 for the quarter ended July 31, 2003, as compared to 12,089 units for the same quarter last year. The Company continued to realize a constant growth of revenues derived from service contracts attributable, in part, to the Company's customer retention and loyalty programs which accounted for over 4,400 Boomerang devices being transferred to new vehicles. The revenues derived from service contracts represent close to 58% of total revenues for the quarter ended July 31 2003 as well as for the same quarter last year.

Service contracts are available primarily on a 12-, 24-, 36-, or 48-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 revenue of \$11.04 million as at July 31, 2003, of which \$9.01 million will be recognized as revenues during the next twelve months. This compares to \$8.16 million, and \$6.90 million respectively as at July 31, 2002.

The number of units sold were 12,277, compared to 11,164 for the same period last year, representing a 10% increase. Revenues derived from the sale of units represent nearly 40% of total revenues for the quarter ended July 31 2003 as well as for the same quarter last year.

Operating Expenses Tight cost control enabled the Company to cut the ratio of sales, administration and R&D costs on revenues by 12% during the quarter ended July 31, 2003, compared with the same quarter last year. During this same period, the Company's sales climbed by 31%.

The service fees of wireless network carriers constitute the major costs involved in asset tracking. These services are the subject of commercial agreements.

Depreciation and Amortization For the first quarter ended July 31, 2003, quarterly depreciation and amortization of fixed assets increased to \$0.23 million from \$0.19 million in the quarter ended July 31, 2002. The increase is attributable, among other things, to the implementation of a state-of-the-art information system launched in July 2002.

Income Taxes Income tax expenses in the first quarter ended July 31, 2003, amounted to \$0.41 million, as compared to \$0.31 million for the same period in the last fiscal year.

Net Earnings Net earnings for the first quarter reached a record to \$0.69 million (\$0.03 per share) compared with net earnings of \$0.53 million (\$0.02 per share) for the same period last year. Net earnings were at 10.5% of revenues compared to 10.6% for the same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Company maintains its excellent financial health with its ongoing strong balance sheet with no external debt. During the first quarter of operations in fiscal 2004, the cash resources increased by \$2.47 million to \$12.35 million (including short-term investments of \$9.25 million with maturity dates up to January 2004).

The increase in liquidity during the past quarter is due to cash generated by operating activities in the amount of \$3.01 million, outflows from expenditures for fixed and intangible assets of \$0.30 million, and outflows for the repurchase of shares for cancellation in the amount of \$0.24 million.

Operating cash flow (representing cash provided by operating activities before changes in working capital items) in the quarter ended July 31, 2003, was \$1.01 million compared to \$0.73 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 \$4.43 million as at July 31, 2003, from \$3.23 million in the same quarter last year. The working capital ratio reached 1.36 at the end of the quarter, compared to 1.35 for the same quarter last year.

The Company believes that its cash resources as at July 31, 2003, 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

Technology The Boomerang Tracking System employs proprietary wireless-based tracking devices. Presently, there are no known direct competitors in the marketplace using similar technology and locating process as the Company. Competing products utilize other technologies, including Global Positioning System (GPS) technology, that are not as effective at locating assets enclosed within buildings or shipping containers or situated underground.

Although the Company is continuing to invest in research and development, 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 system. The continued availability and maintenance of the wireless telecommunications networks used by the Company is essential for operating the tracking system. 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.

Risk Related to Territorial Expansion Certain risks are inherent to the entrance into and development of new markets. These risks include the development of strategic alliances and distribution networks, the acceptance by the automobile industry and consumers of the Boomerang tracking system, and the application of laws and regulations governing the vehicle insurance industry in each territory.

Tracking Risk Certain risks are inherent to tracking activities. These risks include the contingencies arising out of serious accidents and incidents. At the same time, as a result of various factors, the Company cannot guarantee the recovery of each of the vehicles stolen from its clients. Although the Company believes that its relationships with strategic partners are good, the confidence it receives from its partners depends on the continued success of its performance.

Credit Risk With respect to the 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. It 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 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. markets and distributes the Boomerang® Tracking System, a proprietary product using technology patented by the Company. The Boomerang, Boomerang2™ and GSM-based Boomerang devices are the central devices in a wireless-based asset tracking system utilizing the networks of major telecommunications companies. The Boomerang Tracking System is capable of locating stolen automobiles, heavy equipment and valuable objects. Members of the insurance industry endorse the Company's proven recovery record. The Boomerang Tracking System is installed through a network of corporate-managed service centers and authorized dealers located throughout the provinces of Quebec and Ontario. The Company's head office, research and development and corporate installation facilities are located in Montreal, Quebec, with regional facilities located in Mississauga, Ontario and Orange County, California. Boomerang is a registered trademark and Boomerang2 is a trademark of Boomerang Tracking Inc. The shares of Boomerang Tracking Inc. trade on The Toronto Stock Exchange under the symbol BMG.

STATEMENT REFLECTING OUTLOOK AND FORECASTS

Since the statements contained in this report refer to Company or management objectives, projections, estimates, expectations and forecasts for the future, they may be considered "prospective statements" and may be indicated as such by the use of verbs such as "believe", "predict", "estimate", "expect", "consider" as well as the use of the future or conditional verb tense, regardless of negative or positive tone or the variation used. The Company would like to remind readers that these prospective statements, given their nature, include risks and uncertainties and that the Company's actual actions or results may differ materially from those contained explicitly or implicitly in such prospective statements and could affect the degree to which a particular projection is achieved.

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

FOR MORE INFORMATION:

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Balance Sheet
(Thousands of dollars)

| | As at | As at |
|--|----------------------|-----------------------|
| | July 31, 2003 | April 30, 2003 |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 3,101 | \$ 2,568 |
| Short-term investments | 9,250 | 7,317 |
| Accounts receivable | 2,010 | 2,075 |
| Investment tax credits receivable | 257 | 257 |
| Income taxes recoverable | 178 | 515 |
| Inventories | 1,881 | 1,404 |
| Prepaid expenses | 102 | 218 |
| | 16,779 | 14,354 |
| Fixed Assets | 3,446 | 3,372 |
| (Net of accumulated amortization of: July 31, 2003: \$1,619 April 30, 2003: \$1,413) | | |
| Patents and Trademarks | 185 | 188 |
| (Net of accumulated amortization of: July 31, 2003: \$219; April 30, 2003: \$197) | | |
| | \$ 20,410 | \$ 17,914 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 3,343 | \$ 3,037 |
| Deferred revenue | 9,009 | 7,833 |
| | 12,352 | 10,870 |
| Deferred Revenue | 2,035 | 1,566 |
| Future Income Taxes | 384 | 291 |
| | 14,771 | 12,727 |
| Shareholders' Equity | | |
| Capital stock | 764 | 770 |
| Retained earnings | 4,875 | 4,417 |
| | 5,639 | 5,187 |
| | \$ 20,410 | \$ 17,914 |

Statement of Retained Earnings
(Thousands of dollars)

| | For the three months ended | |
|--|-----------------------------------|--------------------|
| | 2003 | July 31 |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Balance - Beginning of Period | \$ 4,417 | \$ 3,927 |
| Net earnings | 693 | 534 |
| | 5,110 | 4,461 |
| Premium on repurchase and cancellation of class "A" shares | (235) | (4) |
| Balance - End of Period | \$ 4,875 | \$ 4,457 |

Statement of Earnings

(Thousands of dollars except earnings per share information)

| | For the three months ended | |
|--|----------------------------|---------------|
| | July 31 | |
| | 2003 | 2002 |
| | (Unaudited) | (Unaudited) |
| Revenues | | |
| Product sales | \$ 2,518 | \$ 2,025 |
| Service contracts | 3,880 | 2,856 |
| Other | 209 | 154 |
| | 6,607 | 5,035 |
| Expenses | 5,067 | 3,739 |
| Except the following | | |
| Amortization | 228 | 185 |
| Foreign Exchange | 12 | 29 |
| Interest income | (67) | (53) |
| Research and development | 267 | 288 |
| | 5,507 | 4,188 |
| Earnings Before Income Taxes | 1,100 | 847 |
| Income taxes | 407 | 313 |
| Net Earnings | \$ 693 | \$ 534 |
| Net Earnings Per Share | | |
| Basic | \$ 0.032 | \$ 0.024 |
| Diluted | \$ 0.031 | \$ 0.024 |
| Weighted Average Number of Shares Outstanding | | |
| Basic | 21,804,699 | 22,329,937 |
| Diluted | 22,085,012 | 22,641,619 |

Statement of Cash Flows
(Thousands of dollars)

For the three months ended
July 31
2003 **2002**
(Unaudited) *(Unaudited)*

Funds Provided (Used) -

Operating Activities

| | | | | | |
|---------------------|----|-------|--|----|-----|
| Net earnings | \$ | 693 | | \$ | 534 |
| Amortization | | 228 | | | 185 |
| Future income taxes | | 93 | | | 10 |
| | | 1,014 | | | 729 |

| | | | | | |
|---|--|-------|--|--|-------|
| Changes in non-cash operating elements of working capital | | 1,992 | | | 412 |
| | | 3,006 | | | 1,141 |

Financing Activities

| | | | | | |
|---|--|-------|--|--|-----|
| Repurchase and cancellation of class "A" shares | | (241) | | | (4) |
|---|--|-------|--|--|-----|

Investing Activities

| | | | | | |
|-------------------------------------|--|---------|--|--|-------|
| Short-term investments | | (1,933) | | | (254) |
| Additions to fixed assets | | (280) | | | (648) |
| Additions to patents and trademarks | | (19) | | | (9) |
| | | (2,232) | | | (911) |

Increase (Decrease) in Cash and Cash Equivalents

533 226

Cash and Cash Equivalents

| | | | | | |
|---------------------|----|-------|----|-------|-------|
| Beginning of period | | 2,568 | | | 1,643 |
| End of period | \$ | 3,101 | \$ | 1,869 | |

Notes to Interim Financial Statements:

(Thousands of dollars)

(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, 2003.

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, 2003.

(2) Revenues

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

(3) Comparative Figures

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

SUPPLEMENTARY INFORMATION
New Boomerang units installed and activated

| Fiscal 2003 | | |
|----------------------------|---------------|------------|
| For the three months ended | Quarterly | Cumulative |
| July 31 | 12,775 | 159,154 |
| October 31 | | |
| January 31 | | |
| April 30 | | |
| Total | 12,775 | |

| Fiscal 2003 | | |
|----------------------------|---------------|------------|
| For the three months ended | Quarterly | Cumulative |
| July 31 | 12,089 | 116,484 |
| October 31 | 10,052 | 126,536 |
| January 31 | 9,812 | 136,348 |
| April 30 | 10,031 | 146,379 |
| Total | 41,984 | |

| 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 | |

BOARD OF DIRECTORS

PETER LASHCHUK
Chairman of the Board

ANDR BOULAY
Director

ROBERT NELSON
Director

REN BRANCHAUD
Director

MICHEL BR L
Director

PIERRE LAURIN
Director

CLAUDE ROUSSEAU
Director

BOOMERANG TRACKING INC.

MANAGEMENT (CANADA)

PETER LASHCHUK
President and CEO

ANDR BOULAY
Vice President, Technology

ROBERT NELSON
Vice President, Distribution

SYLVAIN DUNN
Vice President, Finance
and Operations

SERGE LAPORTE
Vice President, Sales and
Business Development

CLAUDE ARPIN
Director, Research and
Development

GARY FINN
Director, Ontario Sales

GENEVI VE FOSTER
Director, Legal and Corporate
Affairs, and Corporate
Secretary

BRIGITTE GERMAIN
Controller

JEAN LALONDE
Director, Security

LISE LEFEBVRE
Director, Human Resources

ROSIE LUCIFERO
Director, Marketing and
Communications

FR D RIC POITRAS
Director, Information
Technology

BOOMERANG TRACKING CORPORATION

MANAGEMENT (USA)

TIMOTHY FLUSCHE
Managing Director

BEATE LYMANTAS
Executive Director

ED MEENAN
Director, Sales

STEVE NIEMI
Director, Technical Services

TRANSFER AGENT AND REGISTRAR

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AUDITORS

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LEAD BANKERS

THE ROYAL BANK OF CANADA

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ANNUAL SHAREHOLDERS' MEETING

September 25, 2003
at 10:30 a.m.
Hotel Omni Mont-Royal
Salon t
1050 Sherbrooke West
Montreal, Quebec
Canada H3A 2R6
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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".

