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## **PRESS RELEASE**

For immediate release

# **Boomerang Tracking Reports First Quarter 2005 Results**

### **FIRST QUARTER HIGHLIGHTS:**

- **REVENUES UP 11% TO \$7.36 MILLION**
- **SERVICE CONTRACT REVENUES OF \$4.97 MILLION**
- **NET EARNINGS AT \$0.94 MILLION**

**MONTREAL, Quebec, September 10, 2004** – Boomerang Tracking Inc. (TSX: BMG), the Canadian leader in stolen asset recovery, announced today its results for the first quarter ended July 31, 2004.

For this period, net earnings were at \$0.94 million (\$0.04 per share), compared with net earnings of \$0.69 million (\$0.03 per share) for the same period last year. Net earnings were at 12.8% of revenues, compared to 10.5% for the same period last year. In the present quarter, the Company achieved revenues of \$7.36 million, an increase of 11% compared with revenues of \$6.61 million for the same period last year.

Revenues from service contracts jumped by 28% to a record \$4.97 million during the first quarter of fiscal 2005, from \$3.88 million for the same period last year. New activations of Boomerang units were 9,066 units in the first quarter, compared to 11,516 units for the same quarter of the previous fiscal year. The amount of units sold was 9,316 in the first quarter, compared to 12,277 for the same quarter of the previous fiscal year. During the same period, the sale of high-end vehicles experienced a similar drop across Canada. In addition, 2,900 Boomerang devices were transferred to new vehicles during this period, compared to over 3,900 for the same period last year. The Company continued its progression in Ontario with close to 1,100 new activations this past quarter.

### **Stock Market Activity**

As announced on August 17, 2004, LoJack Corporation (NASDAQ: LOJN), the premier global marketer of wireless security and location products entered into a definitive agreement to acquire Boomerang Tracking Inc. for CAD \$2.95 per share payable, at the option of the shareholder, in cash or in a combination of cash, LoJack stock or securities exchangeable into LoJack stock.

The proposed acquisition is expected to close in the fall of 2004 and is subject to customary closing conditions, as well as approvals by two-thirds of the Boomerang Tracking shareholders and the Superior Court of Quebec, appropriate regulatory and other authorities, and compliance with the Canadian Business Corporations Act.

### **Numbers That Speak Volumes**

As of July 31, 2004, the Boomerang Tracking System has been instrumental in the recovery of approximately 3,600 vehicles and other valuable assets, including incidental recoveries, representing a total value of over \$188 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.

## Financial Highlights

### Statements of Consolidated Earnings

(Thousands of dollars except earnings per share information)

	For the three months ended July 31			
	2004 (Unaudited)	2003 (Unaudited)		Change
Revenues	\$ 7,359	\$ 6,607		11%
Earnings Before Income Taxes	1,448	1,100		32%
Net Earnings	941	693		36%
<b>Earnings per Share</b>				
Basic	\$ 0.044	\$ 0.032		38%
Diluted	\$ 0.044	\$ 0.031		42%

### Weighted Average Number of Class "A" shares and Class "A" shares equivalents outstanding

Basic	21,475,483	21,804,699
Diluted	21,540,963	22,085,012

## **Interim Management's Discussion & Analysis of Financial Condition and Results of Operations for the three months ended July 31, 2004**

### **Results of Operations**

#### *Revenues*

For the first quarter ended July 31, 2004, the Company achieved revenues of \$7.36 million, representing an increase of 11%, compared to revenues of \$6.61 million for the same period last year.

More specifically, revenues from service contracts jumped by 28% to a record \$4.97 million, from \$3.88 million during the same period last year, whereas sales of equipment decreased by \$0.35 million (or 14%). New Boomerang devices activated were 9,066 for the quarter ended July 31, 2004, as compared to 11,516 units for the same quarter last year. The Company continued to realize a constant growth of revenues derived from service contracts attributed, in part, to the Company's customer retention and loyalty programs which accounted for nearly 2,900 Boomerang devices being transferred to new vehicles during this period, compared to over 3,900 for the same period last year. The revenues derived from service contracts represented 68% of total revenues for the quarter ended July 31, 2004, and 59% for the quarter ended July 31, 2003.

Service contracts are available on a 12-, 24-, 36- or 48-month basis. Since full payment is required when the service is activated or renewed, the revenues are collected in advance, recorded as deferred revenue liabilities in the balance sheet and recognized as revenue over the term of each contract. For accounting purposes, deferred revenue was \$14.86 million as at July 31, 2004, of which \$11.21 million will be recognized as revenues during the next twelve months. This compares to \$11.04 million, and \$9.01 million respectively as at July 31, 2003.

The number of units sold was 9,316 compared to 12,277 for the same period last year. During the same period, the sale of high-end vehicles experienced a similar drop across Canada. Revenues derived from the sale of units represent 29% of total revenues for the quarter ended July 31, 2004, and 38% for the quarter ended July 31 2003.

#### *Operating Expenses*

Tight cost control enabled the Company to control the ratio of sales, administration and R&D costs to revenues. Expenses increased by 9% during the quarter ended July 31, 2004, compared with the same quarter last year, while revenues climbed by 11%.

The service fees charged by the wireless network operators make up the principal costs incurred for tracking assets, and these services are covered by commercial agreements. Boomerang Tracking maintains an excellent business relationship with its principal supplier, and has negotiated favorable rates based on the significant volume of services purchased, and mutually advantageous commercial agreements.

Since September 2003, in order to ensure increased control of costs and relationships with its various partners, the Company has directly distributed its products to its retailer/installer distribution network established by its former distributor.

*Depreciation and Amortization*

For the quarter ended July 31, 2004, depreciation and amortization of fixed assets, patents and trademarks increased to \$0.25 million from \$0.23 million in the quarter ended July 31, 2003.

*Income Taxes*

The income tax expense for the quarter ended July 31 2004 represents an effective tax rate of 35.0%, compared to 37.0% for 2003. The variance in the effective tax rate is due to the reduction in Canadian statutory income tax rates. Income tax expense in the quarter ended July 31, 2004, amounted to \$0.51 million, as compared to \$0.41 million for the same period in the last fiscal year.

*Net Earnings*

Net earnings for the first quarter reached \$0.94 million (\$0.04 per share), compared with net earnings of \$0.69 million (\$0.03 per share) for the same period last year. Net earnings were at 12.8% of revenues compared to 10.5% for the same period last year.

**Quarterly Information**

	<b>Revenues (\$000's)</b>	<b>Net earnings (\$000's)</b>	<b>Basic EPS</b>	<b>Diluted EPS</b>
<b>2005 – 1<sup>st</sup> quarter</b>	\$7,359	\$941	\$0.04	\$0.04
<b>Total 2005</b>	\$7,359	\$941	\$0.04	\$0.04
<b>2004 – 1<sup>st</sup> quarter</b>	\$6,607	\$693	\$0.03	\$0.03
<b>2004 – 2<sup>nd</sup> quarter</b>	\$6,148	\$758	\$0.03	\$0.03
<b>2004 – 3<sup>rd</sup> quarter</b>	\$6,402	\$552	\$0.03	\$0.03
<b>2004 – 4<sup>th</sup> quarter</b>	\$7,060	\$1,301	\$0.06	\$0.06
<b>Total 2004</b>	\$26,217	\$3,304	\$0.15	\$0.15
<b>2003 – 1<sup>st</sup> quarter</b>	\$5,035	\$534	\$0.02	\$0.02
<b>2003 – 2<sup>nd</sup> quarter</b>	\$4,869	\$349	\$0.01	\$0.01
<b>2003 – 3<sup>rd</sup> quarter</b>	\$5,261	\$124	\$0.01	\$0.01
<b>2003 – 4<sup>th</sup> quarter</b>	\$5,628	\$133	\$0.01	\$0.01
<b>Total 2003</b>	\$20,793	\$1,140	\$0.05	\$0.05

Two factors affect quarterly revenues: equipment sales and service contracts. The former are influenced by the seasonality of the new-car sales industry, while the latter reflects the increase in the active contract base quarter after quarter.

The Company invested in overhead and infrastructure in 2002 and 2003, increasing the fixed expenses needed to support its growth. Quarterly net earnings show more profitable results and an increasing revenue stream. In 2003, a new accounting reserve for a new extended product warranty, internal re-organization costs, and a sales tax provision affected quarterly profitability.

## Liquidity

With a solid, debt-free balance sheet, Boomerang Tracking is in excellent financial health. As of July 31, 2004, liquid assets (cash, cash equivalents and temporary investments) totaled \$19.19 million, or 67% of total Company assets; this compares favorably to \$12.28 million or 59% of total assets for the corresponding quarter of the previous year. As a result, liquid assets increased by \$6.91 million, or 56%. The temporary investments of \$10.91 million include commercial paper with maturity dates up to June 2010 and marketable securities.

The net increase in liquid assets for the quarter (\$2.70 million) is attributable to cash flows provided by operating activities (\$2.70 million), inflows provided by the issuance of class "A" shares due to stock options exercised (\$0.09 million), net of disbursements for expenditures related to fixed assets, patents and trademarks (\$0.09 million). The growth in liquid assets through operating activities is the result of advance payments for service contracts, tight management of accounts receivable, and control over operating expenses.

The Company's working capital (current assets less current liabilities) increased to \$7.90 million as at July 31, 2004, from \$4.08 million in the same quarter last year. The working capital ratio reached 1.48 at the end of the quarter, compared to 1.33 for the same quarter last year.

Successive positive cash flows reported since the Company's inception demonstrate its effectiveness in generating profits and liquidity while developing the necessary infrastructures to support continuing growth. The Company believes that its liquid assets as of July 31, 2004, together with cash flows from future operations, will provide sufficient funds to meet the needs for the coming year. There are no plans to declare any dividends in 2005.

Excess cash is invested in temporary instruments with financially sound institutions, and these investments are readily available for sale when the need for funds arises.

## Critical Accounting Estimates

The preparation of financial statements requires management to adopt accounting policies that involve the use of significant estimates and assumptions. These are developed based on the best available information and Boomerang Tracking believes they are reasonable under the circumstances. New events or additional information may result in the revision of these estimates over time. The Audit Committee regularly reviews the Company's accounting policies and any significant changes thereto. A summary of the Company's accounting policies can be found in Note 2 to the 2003 Consolidated Financial Statements. There has been no material change in the Company's critical accounting estimates or assessments since April 30, 2004. The discussion and analysis outlines what management believes to be the most critical accounting policies involving the use of significant estimates or assumptions.

## Changes in Accounting Policies

Effective May 1, 2004, the Company began expensing the value of share options pursuant to modifications made by the CICA to the transitional accounting provision of Section 3870 "Stock-Based Compensation and Other Stock-Based Payments". Although the changes have been applied retroactively, the 2004 financial statements have not been restated due to the insignificant value attributed to options granted in 2003 and 2004, resulting from the limited use of this type of compensation by the Company. The impact of this change going forward will depend on the extent of future grants.

## Risks and Uncertainties

For a detail analysis of risk factors that affect the Company, please refer to the 2003 Management's Discussion and Analysis included in the 2003 Annual Report to shareholders.

*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 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 it's the Company's 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 particular, the Company monitors closely the evolution, availability and continued maintenance of the analog network currently used by the Company, and is evaluating the future use of digital networks in Canada.

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*

Credit risk exposure relates to the Company's financial instruments, consisting of cash and cash equivalents, temporary investments, and accounts receivable.

With respect to its holding of cash and cash equivalents and temporary investments, the Company may be exposed to a credit loss in the event of non-performance by the counterparties to these financial instruments, but does not anticipate such non-performance. This risk is mitigated by the Company's policies and guidelines that require issuers of permissible investments to have a minimum "A" credit rating from a recognized credit rating agency and specify minimum and maximum exposures to specific issuers.

Due to the nature of its financial instruments, the Company has limited exposure to market risk. These financial instruments are short-term in nature and, as such, their carrying values approximate their fair values. 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.

### **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.

### **About Boomerang Tracking Inc.**

Boomerang Tracking Inc. markets and distributes the Boomerang® tracking devices, proprietary products using technology patented by the Company. The Boomerang, Boomerang2™ and Boomerang GSM-based units are central devices in a system that uses the wireless networks of large telecommunications companies for tracking stolen assets. The Boomerang Tracking System is capable of locating stolen vehicles, heavy equipment and valuable assets. As a result of its success, the Company has received the endorsement of members of the insurance industry. The Boomerang devices are available and installed through a network of authorized dealers in Quebec and Ontario. The Company's head office, research and development centre and manufacturing 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., whose shares are listed on the Toronto Stock Exchange under the symbol BMG.

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

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### **For more Information:**

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