



third
quarterly report



Boomerang Tracking Inc.  for the period ending
January 31, 2002

To our shareholders

I am pleased to present Boomerang Tracking Inc.'s results for the third quarter ended January 31, 2002.

For the third quarter ended January 31, 2002, the Company recorded revenues of over \$4.4 million, representing an increase of 44% compared to revenues of over \$3 million for the same period last year. Third quarter net earnings were \$0.17 million (\$0.008 per share) versus net earnings of almost \$0.43 million (\$0.020 per share) for the same period last year. New activations of Boomerang units in the third quarter rose by 8% to 11,655 from 10,769 in the third quarter of the previous fiscal year.

For the nine months ended January 31, 2002, revenues increased by 48% to \$12.6 million, compared to \$8.5 million for the nine months ended January 31, 2001. Net earnings were \$1.4 million (\$0.061 per share) for the first nine months of fiscal 2002, compared to \$1.5 million (\$0.067 per share) for the first nine months of the previous fiscal year. During this period, new activations of Boomerang units increased by 33%, reaching 35,425 units compared to 28,660 for the same period last year.

In this last quarter we continued to invest in key areas of the Company, including manpower, research and development, marketing initiatives and internal infrastructure to sustain our growth. Approximately 15% of our expenses are non-recurring expenses related to these efforts. Given our commitment to developing and providing technologically advanced recovery systems throughout North America and eventually abroad, we are in the process of implementing advanced systems throughout our organization utilizing the JD Edwards platform to support our extensive dealer network and to help manage our customers' increasingly sophisticated demands and requirements. In order to meet our strategic objectives to further develop business in our current markets and to lay the foundation for entry into new ones, we anticipate expenses to continue at a similar pace in the coming quarters. Given the Company's strong cash position, these expenses are expected to be financed internally.

Continued Momentum in Quebec

To date, the Boomerang Tracking System has been instrumental in the recovery of over \$76 million in stolen vehicles, marine craft and heavy equipment, excluding incidental recoveries. Quebec insurers maintain their support of the Boomerang device by continually modifying their underwriting guidelines. These changes to their policies have resulted in widened support for the Boomerang, with the inclusion in the guidelines requiring the installation of a Boomerang of lower-priced vehicle and new geographical territories within the province. Boomerang is also experiencing support from insurers who do not recognize vehicles equipped with manufacturer-installed GPS systems and therefore mandate the installation of the Boomerang device in such vehicles as well.

Boomerang positions itself for continued growth in Ontario

The third quarter saw further development in Ontario. During this last quarter, Boomerang added key members to its sales force in Ontario to further stimulate interest from important vertical markets including fleet, construction and new car dealers. This included the addition of a Director of Sales and two account managers. These seasoned individuals, with pertinent experience in areas such as automotive, construction and fleet management, bring a great deal of knowledge and experience to Boomerang in sectors which are tremendously relevant to the Company's core business. We are in the process of building the infrastructure for the anticipated growth in this market and are confident that with the efforts we have made to date, we will soon be experiencing positive results.

During the course of the last year, we have forged agreements with key Ontarian insurers who now highly recommend or mandate installations of the Boomerang device in commercial fleets and marine equipment, in particular. Insurers, similar to all other organizations, are driven by solutions that increase profitability and the Boomerang Tracking Systems are one such solution. Brokerage firms also benefit from insurers' successes with a significant reduction in loss ratios associated with vehicle theft. It is a win-win situation for all, including, of course, the end-customer.

In February, regional facilities were opened in both Mississauga and Ottawa to support the operational needs of expansion in the Ontario market.

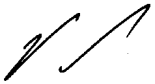
Development in the United States

In preparation of its entry into the United States, the Company has hired strategic individuals who will commence planning for the launch and deployment of the Company's GSM-based instant-theft notification Boomerang device. Boomerang is in the process of finalizing office space that will serve as the Company's first U.S. Branch Office.

Boomerang Appoints Vice President, R&D

In order to give emphasis to the deployment of the Company's new Boomerang device operating on the GSM (Global System for Mobile Communication) network in the United States, Boomerang has appointed Mr. Danny Pascale, eng. as Vice President, R&D. Mr. Pascale's primary mandate is to ensure the timely development of the GSM Boomerang device for its successful launch this year.

With over 20 years of experience in research and product development, we are confident that this new member of our executive team will enable us to bring to market our newly developed Boomerang for distribution in the United States. With the utilization of the GSM platform - the most widely deployed wireless communications network - Boomerang will provide, at the onset, instant theft notification, with a variety of telematic features anticipated to follow shortly thereafter.



Peter Lashchuk
PRESIDENT

Balance Sheet

(THOUSANDS OF DOLLARS)

	As at January 31, 2002 (Unaudited)	As at April 30, 2001 (audited)
Assets		
Current		
Cash and cash equivalents	\$ 492	\$ 1,307
Short-term investments	4,512	2,464
Accounts receivable	3,767	3,365
Income taxes recoverable	180	-
Inventories	1,613	1,594
Prepaid expenses	71	63
Future income taxes	18	69
	10,653	8,862
Fixed Assets	2,364	1,112
(Net of accumulated amortization of: January 31, 2002: \$609; April 30, 2001: \$265)		
Patents and Trademarks	192	149
(Net of accumulated amortization of: July 31 2002: \$100; April 30 2001: \$58)		
Future Income Taxes	49	46
	\$ 13,258	\$ 10,169
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,883	\$ 1,638
Income taxes payable	-	618
Deferred revenue	5,879	4,249
	7,762	6,505
Deferred Revenue	1,093	889
Future Income Taxes	147	119
	9,002	7,513
Shareholders' Equity		
Capital stock	786	553
Retained earnings	3,470	2,103
	4,256	2,656
	\$ 13,258	\$ 10,169

Statement of Cash Flows

(THOUSANDS OF DOLLARS) (UNAUDITED)

	For the three months ended January 31		For the nine months ended January 31	
	2002	2001	2002	2001
Funds Provided (Used) -				
Operating Activities				
Net earnings	\$ 168	\$ 430	\$ 1,367	\$ 1,472
Amortization	160	41	386	100
Future income taxes	32	-	76	(17)
	360	471	1,829	1,555
Changes in non-cash operating elements of working capital	(822)	(675)	(982)	(1,449)
	(462)	(204)	847	106
Financing Activities				
Deferred revenue	404	1,588	1,834	2,571
Issuance of class "A" shares	-	13	233	36
Stock listing costs (Net of taxes)	-	(85)	-	(85)
	404	1,516	2,067	2,522
Investing Activities				
Short-term investments	(509)	-	(2,048)	-
Additions to fixed assets	(532)	(317)	(1,597)	(531)
Trademarks	(28)	(74)	(84)	(93)
	(1,069)	(391)	(3,729)	(624)
Increase(Decrease) in Cash and Cash Equivalents	(1,127)	921	(815)	2,004
Cash and Cash Equivalents				
Beginning of period	1,619	1,874	1,307	791
End of period	\$ 492	\$ 2,795	\$ 492	\$ 2,795

Notes to interim Financial Statements

(1) 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, 2001.

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, 2001.

(2) Revenues

The Company derives revenues from the sale of vehicle tracking systems, presented as "Product sales", system access fees and monitoring contracts, presented as "Monitoring", 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.

Statement of Earnings

(THOUSANDS OF DOLLARS , except earnings per share information) (UNAUDITED)

	For the three months ended January 31		For the nine months ended January 31	
	2002	2001	2002	2001
Revenues				
Product sales	\$ 1,924	\$ 1,746	\$ 5,875	\$ 5,324
Monitoring	2,357	1,223	6,302	2,870
Other	163	111	444	349
	4,444	3,080	12,621	8,543
Expenses				
Except the following -	3,752	2,346	9,584	5,972
Amortization	160	41	386	100
Interest income	(26)	(38)	(102)	(38)
Research and development	291	36	576	133
	4,177	2,385	10,444	6,167
Earnings Before Income Taxes				
	267	695	2,177	2,376
Income taxes	99	265	810	904
Net Earnings				
	\$ 168	\$ 430	\$ 1,367	\$ 1,472
Earnings Per Share				
Basic	\$ 0.008	\$ 0.020	\$ 0.061	\$ 0.067
Diluted	\$ 0.007	\$ 0.019	\$ 0.060	\$ 0.064
Weighted Average Number of Shares Outstanding				
Basic	22,330,000	22,030,417	22,300,759	22,011,198
Diluted	22,542,226	23,044,308	22,627,271	23,004,769

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.

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Statement of Retained Earnings

(THOUSANDS OF DOLLARS) (UNAUDITED)

		For the nine months ended January 31	
		2002	2001
Balance - Beginning of Period	\$	2,103	\$ 128
Net Earnings		1,367	1,472
Balance - End of Period	\$	3,470	\$ 1,600

Supplementary information

NEW BOOMERANG UNITS INSTALLED AND ACTIVATED

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
Total	35,425	

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	