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Bommerang Tracking Inc.
9280 de l'Acadie Boulevard
Montreal, Quebec H4N 3C5
Canada

Ticker symbol (TSE): BMG
www.boomerangtracking.com



Boomerang Tracking Inc.  annual report 2001

From theory to fact

For **Boomerang Tracking**, the difference between theory and fact is the distance between its mission to provide the world's most effective, cost-efficient asset recovery system, the Boomerang®, and the actual recovery of more than 1,000 vehicles, valued at over \$50 million*.

More than anything else, Boomerang Tracking strives unceasingly to maintain strong leadership in its industry and be the unquestioned first choice in an increasingly competitive marketplace.

real

*AS OF JULY 4, 2001

Going forward, we remain dedicated not only to technological change but also to applying our core technology to help law-enforcement authorities locate stolen vehicles in a more cost-effective manner.

Our vision is to maintain the technological leadership of the Boomerang through innovation and a strong commitment to R&D, developing new products and applications for today's world. As society moves into the "wireless" age, Boomerang Tracking, with Bell Mobility, TELUS Mobility and, eventually, international carriers, will be at the forefront with a seamless, cellular-based solution to the ever-growing concern for asset protection and recovery.

From our mission and vision come certain values shared by everyone at Boomerang Tracking:

- Developing high-quality products and services that fulfill the current and future needs of our **customers**.
- Creating a culture that promotes the ingenuity and participation of **employees**.
- Leading the market and sustaining vigorous growth to reward our **shareholders**.
- Fostering a positive corporate environment that is shared by the **community at large**.

FACTS DO NOT CEASE TO EXIST
BECAUSE THEY ARE IGNORED.
Aldous Huxley

Boomerang at a glance

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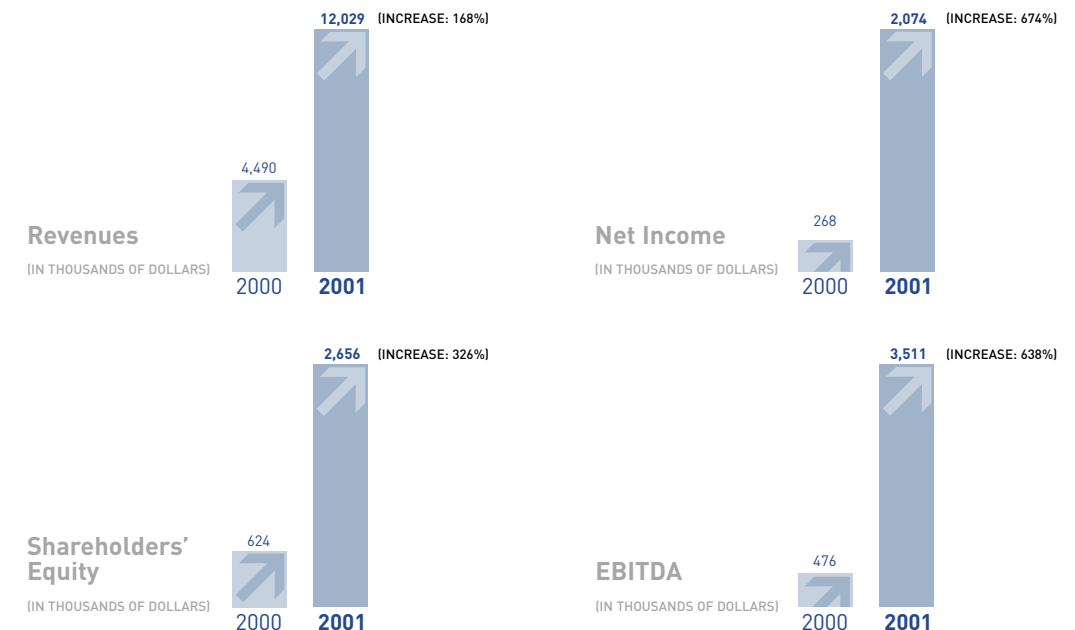
2001 Financial Highlights

REAL RESULTS

Fiscal Year Ended April 30	2001 (IN THOUSANDS OF DOLLARS)	2000 (IN THOUSANDS OF DOLLARS)	Increase
Revenues	12,029	4,490	168%
Net Income	2,074	268	674%
Shareholders' Equity	2,656	624	326%
EBITDA	3,511	476	638%
Activated Boomerang Units	39,064 (IN UNITS)	13,863 (IN UNITS)	182%
Insurance Company Support	34	28	21%

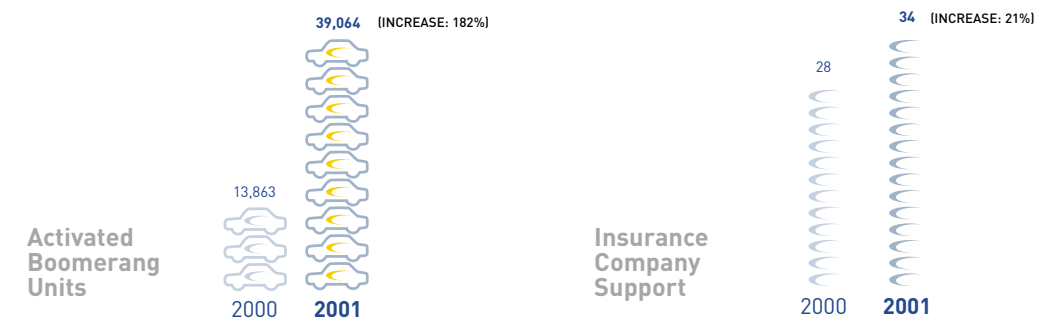
NOTE: SEE NOTE 2 TO FINANCIAL STATEMENTS FOR CHANGE IN ACCOUNTING POLICY WHEN REVIEWING THESE HIGHLIGHTS.

REAL GROWTH



Boomerang Tracking has seen significant growth in revenues, net income, EBITDA and shareholders' equity.

REAL DEMAND



Boomerang Tracking's cumulative activations soared to over 58,000 across Canada. Over the same period, the strategic support of 34 insurance companies was enlisted for its leading-edge system.

Real Leadership

Fact #1: To locate a stolen asset, the Boomerang uses the cellular network, a unique system that is not inhibited by parking garages, buildings and even metal freight containers.

THE BOOMERANG IS SIMILAR IN SIZE TO A SMALL CELL PHONE, OPERATES ON CELLULAR NETWORKS AND, UNLIKE SATELLITE-BASED GLOBAL POSITIONING SYSTEMS, CAN SEND A CLEAR SIGNAL FROM INSIDE GARAGES, METAL FREIGHT CONTAINERS OR AMIDST TALL BUILDINGS.

CANADIAN BUSINESS
April 2, 2001



Real Flexibility

Fact #2: Boomerang recoveries typically take less than an hour, ensuring minimal, if any, damage to the stolen asset.

ONCE THE CAR IS REPORTED STOLEN BY THE OWNER, [BOOMERANG TRACKING'S IN-HOUSE TRACKING TEAM] ENTERS THE CAR'S CODE NUMBER, RETRIEVES THE SIGNAL AND TRACKS THE CAR'S MOVEMENTS [ACROSS NORTH AMERICA].

THE MONTREAL GAZETTE, Francois Shalom
September 23, 2000

Real Continuity

Fact #3: Because the Boomerang is hidden in a vehicle and its location remains unknown (even to its owner), it is virtually impossible to detect.

Hidden market potential

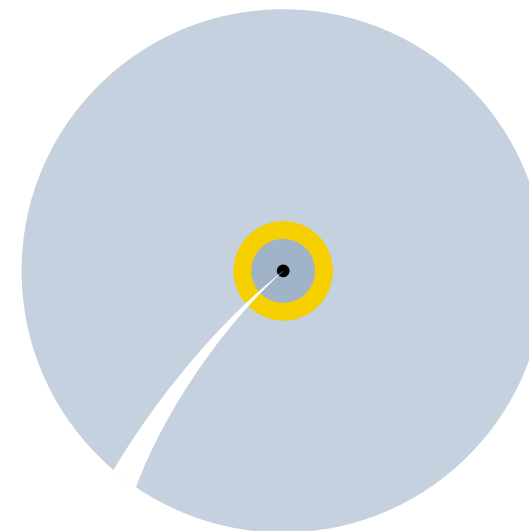
WITH AN ENTIRE WORLD LEFT TO CONQUER AND NEW APPLICATIONS ON THE HORIZON, IT SEEMS THIS BOOMERANG IS GOING NOWHERE BUT STRAIGHT AHEAD."

MONTREAL BUSINESS MAGAZINE, QUEBEC TOP 30, Joanne Simonetti
August 2001



OVER THE PAST YEAR, BOOMERANG HAS PRODUCED EXCELLENT TOP AND BOTTOM LINE GROWTH AND CONTINUES TO ADD TO ITS EXPANDING SUBSCRIBER BASE WITH APPROXIMATELY 10,000 ACTIVATIONS PER QUARTER. THE COMPANY ALSO ADDED TO ITS SOLID MANAGEMENT TEAM AND IS IN THE PROCESS OF RAMPING UP BOTH MARKETING AND RESEARCH AND DEVELOPMENT.

THE FUTURESTOCK REVIEW, Ryan Irvine, Senior Analyst
June 2001



Our success has always been based on innovative cures to Canada's growing auto theft epidemic. Right now, there are more than 23 million vehicles in Canada, 133 million in the U.S, 38 million in Latin America and 177 million in Europe. You do the math. This represents tremendous potential to be tapped in the future.

- 58,000 ACTIVATED BOOMERANGS
- 17 MILLION REGISTERED VEHICLES IN QUEBEC, ONTARIO AND BRITISH COLUMBIA
- 23 MILLION REGISTERED VEHICLES IN CANADA
- 343 MILLION REGISTERED VEHICLES IN CANADA, USA, LATIN AMERICA AND EUROPE

BOOMERANG RECOVERIES ON THE RISE
TO DATE, WE HAVE RECOVERED OVER 1,000 VEHICLES AND HEAVY EQUIPMENT ARMED BY A BOOMERANG, REPRESENTING A TOTAL VALUE OF MORE THAN **\$50 MILLION!***

*As of July 4, 2001

President's Message

Real story. Real numbers. Real value.

This is Boomerang Tracking. This is what we can offer you. Formerly R.A.N.K.I.N. Technologies, we are now Boomerang Tracking to better reflect who we are and what we do.

As Canada's recognized leader in asset recovery, we represent a safe haven in today's challenging marketplace. While Boomerang Tracking is an emerging, dynamic high-tech company, we've enjoyed positive cash flow, recurring revenues, and, best of all, significant profit growth from the start.

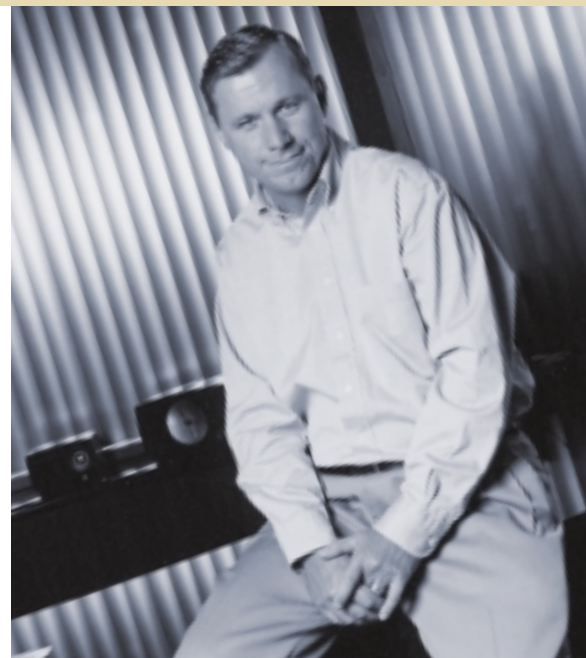
real

OUR STORY ALWAYS HAS A HAPPY ENDING

With the Canadian auto theft epidemic on the rise, Boomerang Tracking's market leadership in asset recovery remains unchallenged. This is mainly attributed to our combination of strengths — or what we refer to as our "winning formula" — behind the Boomerang Tracking System:

- **Cellular-based technology.** Use of an existing cellular network enables Boomerang Tracking to leverage enormous and entrenched wireless infrastructures globally — without having to build or maintain them — and provides our wireless carrier partners with additional streams of revenue.
- **In-house tracking team.** Ours is the only tracking system backed by in-house tracking services.
- **Proprietary, patented technology.** In comparison to the Boomerang, other tracking systems, such as GPS (Global Positioning System), are based on technologies which are restrictive, expensive and/or dependent on third parties for tracking.
- **After-market installation.** Enabling Boomerang Tracking to arbitrarily hide the location of the Boomerang to effectively prevent detection and removal.

Boomerang is one of Canada's most effective systems to combat automobile theft. No other tracking system provides the high recovery rate and full coverage offered by the Boomerang. In the process, it has reduced auto theft losses and helped control auto premiums, saving millions of dollars for insurers and the insured alike.



"IN THE BEST TRADITION OF ENHANCING SHAREHOLDER VALUE, BOOMERANG TRACKING PLANS TO TAKE THE COMPANY INTO NEW AREAS — DEFINED NOT ONLY BY GEOGRAPHY BUT ALSO BY SERVICE AND PRODUCT INNOVATION."

Peter Lashchuk
PRESIDENT,
BOOMERANG TRACKING INC.

We couldn't have come this far without the ongoing, ever-growing support of our strategic partners. Close working relationships with insurance companies, law-enforcement authorities and wireless carriers have all helped build Boomerang Tracking into a complete turnkey provider of asset recovery solutions.

OUR NUMBERS TELL NO LIES

Boomerang Tracking saw many positive developments in a year that was characterized by both challenge and change.

To date, we have recovered over 1,000 vehicles and heavy equipment armed with the Boomerang, representing a total value of more than \$50 million*. But these numbers alone tell only part of our success story. They do not include incidental recoveries of other stolen vehicles.

Fighting crime has been good business for Boomerang Tracking. For the 12 months ended April 30, 2001, revenues increased by 168% to \$12 million from \$4.5 million. Net earnings increased by 674% to \$2.1 million from \$0.3 million a year earlier. Earnings per share increased by 683% to \$0.094 in fiscal 2001 from \$0.012 in fiscal 2000. During the same period, a total of 39,064 new Boomerang units were activated, a 182% increase from last fiscal year.

REAL VALUE COMES FROM INNOVATION

In the best tradition of enhancing shareholder value, Boomerang Tracking plans to take the Company into new areas — defined not only by geography but also by service and product innovation.

Today, the markets for the Boomerang, are Quebec, Ontario and British Columbia. Because our tracking system makes use of existing cellular networks, we are poised to expand into new markets with relatively little capital outlay. We plan to further deploy our leading-edge

tracking system in major markets across Canada, the U.S., Mexico and Latin America in the coming years. We also intend to go the distance, building our market presence throughout Europe.

Relatively low expansion costs also enable Boomerang Tracking to focus its efforts on research and development, one of the best ways to maintain our technological edge. This, in conjunction with our marketing initiatives, will lead to the creation, evolution, exchange and application of new ideas into marketable products and services. As you read this message, our research and development team is diligently developing new value-added products like our second generation 2-way Boomerang to meet growing consumer needs. To this end, we are now exploring several market opportunities in corporate and personal loss prevention.

With new applications, of course, comes innovation. With innovation comes the need to maintain the integrity of our product and process. With this in mind, Boomerang Tracking recently opened a new state-of-the-art service centre that is staffed by bonded certified Boomerang technicians. Here, we sign off each installation, ensuring that each implementation is functional and well hidden. And, a first for the industry, we also offer to send installation confirmations to insurance companies and brokers.

*As of July 4, 2001

THE STORY CONTINUES...

Nothing demonstrates our future value more than the listing of our shares on The Toronto Stock Exchange (TSE). It represents an important strategic step towards achieving our growth objectives internationally. Ultimately, it will increase our visibility in the investment community, providing us with greater access to capital.

The future is full of promise for Boomerang Tracking. Predictions for a weak economy in 2001 do not intimidate us. Our success has always been based on innovative cures to Canada's growing auto theft epidemic. Right now, there are more than 23 million vehicles in Canada, 133 million in the U.S., 38 million in Latin America and 177 million in Europe. You do the math. This represents tremendous potential to be tapped in the future.

Our challenge in the coming years is to capture more of this market, designing and marketing solutions for millions of users, including individuals and companies that self-insure their vehicles.

And behind this vision are two new members. I'm pleased to welcome Mr. André Tremblay to our Board of Directors and Mr. Jacques Deforges as our Vice-President, CFO and Corporate Secretary.



André Tremblay
PRESIDENT & CHIEF EXECUTIVE OFFICER,
MICROCELL TELECOMMUNICATIONS INC.

Mr. André Tremblay is President and Chief Executive Officer of Microcell Telecommunications Inc., a major Canadian wireless communications company. His expertise at the international level and the role he has played in Microcell's rapid growth will undoubtedly be put to good use by the Board of Directors of Boomerang Tracking.

With over 15 years of financial and operational experience in telecommunications-related sectors, Mr. Jacques Deforges brings strong credentials and management skills to Boomerang Tracking. Prior to joining the Company, he served as Vice-President and Corporate Treasurer for Teleglobe Inc., a major international telecommunications carrier recently acquired by BCE.

On behalf of the Board of Directors, I wish to thank our employees and strategic partners for their dedication to Boomerang Tracking and the great deal of effort they put into building a solid future for our Company. There is no question that our record results last year would not be a reality without your commitment. I also would like to extend a special word of appreciation to our shareholders, whose continued support is very important to us. Together, we can build upon last year's positive actions, continue our strong financial performance and maintain our key strategic priorities.

Peter Lashchuk
PRESIDENT,
BOOMERANG TRACKING INC.

Jacques Deforges
VICE-PRESIDENT, CHIEF FINANCIAL OFFICER
& CORPORATE SECRETARY,
BOOMERANG TRACKING INC.

Review of Operations

REAL VALUE

Boomerang Tracking is committed to creating value for its employees, shareholders, insurers, wireless carriers and, most importantly, society through the development and application of its Boomerang Tracking System.

Boomerang Tracking has the leadership, technology, products and services to deliver revolutionary asset recovery solutions to the marketplace and create tremendous value for its shareholders and strategic partners:

- For **employees**, an environment that enables us to reach full potential in pursuit of our vision.
- For **shareholders**, a company that offers superior growth potential.
- For **insurers**, reduced losses resulting from vehicle theft claims.
- For **customers**, lower auto insurance premiums and possibly a reduction in deductibles, plus personal property protection.
- For **wireless carriers**, enhanced value-added services to their networks.
- For **society**, increased peace of mind through protecting valuable assets.

For all of Boomerang Tracking's stakeholders, we expect to continue seeing healthy earnings growth over the next 12 months. We are now well positioned to expand into the global marketplace. Since 1995, we have successfully developed and refined our products and services, activating over 58,000 Boomerang units to date. We are in the process of unveiling new and expanded products and services to all levels of the marketplace.

GIVEN THE PRODUCT'S VAST APPLICATIONS, THERE EXIST LARGE, UNTAPPED OPPORTUNITIES ACROSS CANADA AND WORLDWIDE FOR THE COMPANY — UNLIMITED GROWTH POTENTIAL FOR SHAREHOLDERS AND STRATEGIC PARTNERS ALIKE.

HIDDEN OPPORTUNITIES

Through its cellular-based, patented Boomerang Tracking System, Boomerang Tracking provides an asset recovery solution for many types of vehicles and heavy equipment.

The Boomerang can track stolen automobiles or other valuable assets such as cargo, construction equipment and heavy machinery anywhere across North America in the American Mobile Phone System (A.M.P.S.) cellular coverage area.

A proud history

1995 December

André Boulay and his team launch private company R.A.N.K.I.N. Research Corporation to develop, manufacture and operate the Boomerang Tracking System.

1996 January

R.A.N.K.I.N. Research joins forces with Cellular One, a privately-held chain of cellular retail stores, and Automobility, a distributor of car alarms and starters across Canada.

February

R.A.N.K.I.N. Research signs critical agreement with Bell Mobility, Canada's largest cellular carrier, readying the Boomerang for distribution in Quebec and Ontario.

The current cellular-tracking technology behind the Boomerang also lends itself to new applications. Under research and development are new products related to corporate loss prevention and innovative tracking devices.

Given the fact that the Boomerang Tracking System's unique proprietary technology operates on existing wireless networks, Boomerang Tracking has quick, cost-efficient entry into new markets. With the product's vast applications, there exist large, untapped opportunities across Canada and worldwide for the Company — unlimited growth potential for shareholders and strategic partners alike.

Going forward, Boomerang Tracking expects foreign penetration of the Boomerang to take place at a rapid, yet controlled rate. With an eye towards global expansion, we plan to deploy our leading-edge tracking system in major markets across Canada, the U.S., Latin America and Europe over time.



REAL SOLUTIONS

Vehicle theft is higher than ever before and increasing each year. This is the case across Canada. Last year, the rate of Canadian auto theft reached alarming proportions. In Quebec, one vehicle is stolen every 15 minutes. With almost six vehicles stolen every hour, Ontario has experienced an even greater increase in auto theft. The story is the same in British Columbia, which saw 29,266 motor vehicle thefts in 2000.

Now ask yourself: how many of those cars are recovered without Boomerang. According to Terrence Belford of the Toronto Star, "recovery rates in all major [Canadian] cities have dropped significantly over the last 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 over hundreds of millions of dollars in losses and downtime in the past 10 years.

The Boomerang Tracking System, a unique, reliable solution to today's vehicle theft epidemic, provides cost-efficient asset recovery.

Once a Boomerang device is installed in an asset, the asset is protected. If declared missing, Boomerang's in-house tracking team provides the location of the Boomerang device in real time. At that point, our in-house tracking team informs law-enforcement authorities who finalize the process.

The Boomerang uses the cellular network, a non-restrictive technology, providing a more cost-effective, flexible solution in terms of asset location, than any other tracking system. Using a proven, leading edge proprietary and patented technology, bolstered by wireless network infrastructures, the Boomerang quickly and accurately determines the position of stolen assets within one foot of their location inside of one hour, on average. Through this technology, the Boomerang can locate assets across North America. The Boomerang is oblivious to barriers. It sends clear signals from inside parking garages, between tall buildings, and even from inside metal freight containers.

WINNING STRATEGY

Since the inception of Boomerang Tracking in 1995, these strategic business objectives have influenced our growth potential:

GEOGRAPHIC EXPANSION	RESEARCH & DEVELOPMENT	PRODUCTS & SERVICES
Forge strategic alliances with more wireless carriers to enter new markets in North America.	Identify new applications to meet the market's growing appetite for value-added services using wireless technologies	Offer new products and applications developed by the Boomerang Tracking R&D team.
Expand our distribution networks.	Develop new products like the 2-way Boomerang with enhanced performance.	Further concentrate on customer care, becoming more responsive to evolving needs.
Capitalize on international demand through licensing.	Leverage new technologies, such as GSM (Global System for Mobile telecommunications), that will lead to new products and applications.	Continue to streamline administration and operations to better serve customers

1996 March

The first Boomerang is sold to a Montreal-based customer.

June

The first Boomerang track is successfully completed within 20 minutes of the reported theft.

1999 March

R.A.N.K.I.N. Research signs first insurance agreement.

April

R.A.N.K.I.N. Research receives patent approval for the Boomerang from U.S. patent office.

May

R.A.N.K.I.N. Research is renamed R.A.N.K.I.N. Technologies and begins trading on the Alberta Stock Exchange, now the Canadian Venture Exchange (CDNX), under the ticker symbol BMGA.

June

R.A.N.K.I.N. Technologies signs critical agreement with TELUS Mobility, a cellular carrier in Western Canada, readying the Boomerang for distribution in British Columbia.

September

R.A.N.K.I.N. Technologies issues its first Annual Report with outstanding first-year earnings.

November

With over 10,000 customers, Boomerang sales explode.

December

R.A.N.K.I.N. Technologies signs international deals to distribute and sell the Boomerang in the Dominican Republic and Haiti.

STRATEGIC ALLIANCES

With continued support from our strategic alliances, which are fundamental to Boomerang Tracking's growth, we anticipate accelerated momentum in the coming years:

WIRELESS CARRIERS

To locate vehicles, Boomerang Tracking leverages the Bell Mobility cellular network in Quebec and Ontario and TELUS Mobility's in British Columbia. In the last 12 months, wireless carriers continued to embrace the technology of the Boomerang Tracking System for its ease of installation, negligible up-front cost and proven, steady stream of incremental revenues. In the future, we will build new strategic partnerships as we deploy the Boomerang worldwide.

"WE CONTINUE TO HAVE A STRONG INCENTIVE TO WORK WITH BOOMERANG TRACKING, DEVELOPING STATE-OF-THE-ART VEHICLE TRACKING SOLUTIONS DEPLOYED THROUGH OUR WIRELESS NETWORK INFRASTRUCTURE. AN INDUSTRY LEADER IN CANADA, BOOMERANG TRACKING IS A HIGHLY RECOGNIZED AND TRUSTED COMPANY IN QUEBEC, WITH A GROWING PRESENCE IN ONTARIO. GOING FORWARD, WE BELIEVE THAT ITS CURRENT CELLULAR TRACKING TECHNOLOGY EASILY LENDS ITSELF TO AN ENDLESS LIST OF APPLICATIONS. AS A CERTIFIED PARTNER, WE KNOW THAT BOOMERANG TRACKING WILL BE ABLE TO LEVERAGE THE POWER OF OUR MOBILE NETWORKS AND INTRODUCE NEW PRODUCTS AND SERVICES IN THE PROCESS."

Pierre J. Blouin
PRESIDENT AND CEO
BELL MOBILITY

INSURERS

To date, the Boomerang Tracking System has received support from 34 insurance companies. In most cases, these companies mandate or recommend the installation of the Boomerang in high-end and high-risk vehicles, including heavy machinery and marinecraft, and usually provide discounts for its installation.

"VEHICLE THEFT IS STILL A VERY BIG PROBLEM IN CANADA AND THERE EXISTS NO PREVENTATIVE MEANS TO CEASE ITS OCCURRENCE. BOOMERANG HAS ALWAYS PROVIDED OUR ORGANIZATION WITH A SOLUTION IN REDUCTION OF LOSSES AND IN PROVIDING SATISFACTION TO OUR CUSTOMERS OF HIGH-END VEHICLES."

Guy Bonin
VICE PRESIDENT PERSONAL LINES, QUEBEC
THE GUARANTEE COMPANY OF NORTH AMERICA

LAW-ENFORCEMENT AUTHORITIES

Recognizing its contribution to law and order, law-enforcement authorities continue to endorse the Boomerang Tracking System.

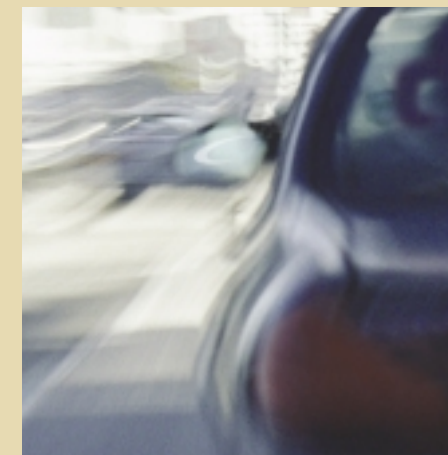
"NEIGHBORHOOD POLICE STATION 9 OF THE MONTREAL URBAN COMMUNITY POLICE SERVICE (SPCUM) AND THE CITY OF HAMPSTEAD (A SUBURB TO MONTREAL) WOULD LIKE TO THANK THE COMPANY BOOMERANG FOR ITS SUPPORT IN REALIZING ITS THEFT PREVENTION PROGRAM CALLED 'PROJECT LOCK-UP' WITHIN THE CITY OF HAMPSTEAD MUNICIPALITY. THE THEFT PREVENTION & REPRESSION PROGRAM WAS CREATED BY POLICE OFFICERS MARIE-CHRISTINE NOBERT AND SENIOR POLICE OFFICER GERRY GATIEN OF NEIGHBORHOOD POLICE STATION 9. PART OF THE PREVENTION PROGRAM WAS TO EQUIP VEHICLES WITH A TRACKING DEVICE (LIKE THAT OFFERED BY BOOMERANG) TO RECOVER VEHICLES RAPIDLY IF STOLEN."

André Poirier
COMMUNICATION COUNSELLOR
SPCUM

REAL CAUSES

At Boomerang Tracking, we recognize that we have a particular responsibility to be a good corporate citizen of the communities in which we operate. Our employees and principals participate in and contribute to various charitable endeavors. We have especially strong feelings towards issues related to the disadvantaged, health care, children and the intellectually handicapped.

The commitment to good corporate citizenship reflects the fundamental concern of the Company for the well-being of people and the quality of life. It is a way to share Boomerang Tracking's success, invest in the future, and give back to society. It is an integral part of the Company's mission.



2000 January

R.A.N.K.I.N. Technologies appoints Pierre Laurin, former Vice-Chairman of Merrill Lynch Canada and Dean of the École des Hautes Études Commerciales, as a member of the Company's Board of Directors.

March

R.A.N.K.I.N. Technologies appoints Érik Péladeau, Chairman of Quebecor Communications and Vice-Chairman of Sun Media Corporation, as a member of the Company's Board of Directors.

December

R.A.N.K.I.N. Technologies Inc. changes name to Boomerang Tracking Inc.

2001 January

Boomerang Tracking appoints Jacques Deforges as new Vice-President and Chief Financial Officer.

Boomerang Tracking appoints André Tremblay, President and Chief Executive Officer of Microcell Telecommunications Inc., as a member of the Company's Board of Directors.

February

Boomerang Tracking's shares are listed on The Toronto Stock Exchange (TSE) under the symbol BMG.

March

Boomerang Tracking reports outstanding third-quarter revenues and earnings.

April

Boomerang Tracking enlists strategic support of 14 insurance companies in Ontario, now bringing the total to 34 in all.

May

Boomerang Tracking opens state-of-the-art service and R&D centre.

June

To date, Boomerang Tracking recovers over 1,000 vehicles and heavy equipment, representing more than \$50 million in total assets.

THE BARE FACTS

Founded in 1995 and a public company since 1999, Boomerang Tracking (TSE: BMG) is a leader in vehicle tracking.

Boomerang Tracking assembles, markets and distributes the Boomerang, a proprietary product based on company-patented technology. It is the central device in a cellular-based asset tracking system, capable of locating stolen automobiles, heavy equipment and valuable objects utilizing the infrastructures of **Bell Mobility** and **TELUS Mobility**.

With an approximate recovery rate of 95%, the insurance industry and law-enforcement authorities have endorsed Boomerang Tracking's proven track record.

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

CUSTOMERS HAVE INSTALLED AND ACTIVATED OVER 58,000 BOOMERANG UNITS.

Boomerang Tracking has more than 70 employees*. Its corporate headquarters, as well as production and R&D facilities, are located in Montreal, Quebec.

*AS OF JULY 4, 2001

Management's Discussion and Analysis

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, 2001. This discussion and analysis is intended to assist 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 and should be read in conjunction with this discussion and analysis.

SIGNIFICANT EVENT

Effective May 1, 1999, the Company acquired all of the issued and outstanding shares of R.A.N.K.I.N. Research Corp. ("Research") by issuing a total of 15,200,000 Class A shares from treasury. This transaction resulted in the former shareholders of Research owning approximately 69% of the Company's total issued and outstanding Class A shares following the acquisition. This transaction was accounted for as a reverse takeover whereby, notwithstanding the legal acquisition of Research by the Company, it was treated as an acquisition of the Company by Research. Given the fact that this was considered a capital transaction, the excess of the deemed consideration over the tangible net assets acquired was allocated to capital stock. Research was subsequently dissolved into the Company.

RESULTS OF OPERATIONS

The Company's business consists of the design, manufacture and sale of the Boomerang® tracking device and the provision of ongoing monitoring services related thereto. The Boomerang tracking device is 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 assets, including those enclosed within a metal container or located underground, by making use of the coverage provided by existing cellular network infrastructures.

The Company sells its product through both direct and indirect distribution channels. The Company's strategy also focuses on forming strategic alliances with insurance companies to generate and sustain institutional support for the Boomerang Tracking System and to provide substantial additional sales impetus.

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

During fiscal 2001, the Company changed its accounting policy for the revenue recognition of annual system access fees. The Company now recognizes system access fees as revenue in equal installments over the term of the related monitoring contract and no longer differentiates between system access and monitoring fees. Under the previous policy, revenue from system access fees was recognized upon installation, while monitoring fees were recognized in equal installments over the term of the monitoring contract. This change in accounting policy has been applied retroactively and has resulted in a decrease in the opening retained earnings of the Company as at May 1, 1999 by \$0.148 million. The effect of the change for the year was to decrease revenues and net earnings by \$1.420 million and \$0.901 million, respectively, in fiscal 2001 and by \$0.563 million and \$0.362 million, respectively, in fiscal 2000.

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, TOGETHER WITH THE NOTES THERETO.

Fiscal Year Ended April 30 (Thousands of Dollars)	2001		2000	
	\$	%	\$	%
Revenues				
Product Sales	7,178	—	3,040	—
Monitoring	4,372	—	1,164	—
Other	479	—	286	—
	12,029	100.0	4,490	100.0
Expenses	8,646	71.9	4,092	91.1
Earnings Before Income Taxes	3,383	28.1	398	8.9
Income Taxes	1,309	10.9	130	2.9
Net Earnings	2,074	17.2	268	6.0

REVENUES

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

Overall, revenues in fiscal 2001 increased by \$7.539 million, or 168%, as compared to fiscal 2000. Product sales and installations increased by \$4.138 million, or 136%, and monitoring services increased by \$3.208 million, or 276%, as compared to fiscal 2000.

Unit sales of the Boomerang tracking device were approximately 43,500 in fiscal 2001, as compared to approximately 16,000 in fiscal 2000. New units activated and covered by monitoring contracts grew by approximately 39,000 in fiscal 2001, compared to an increase of approximately 14,000 in fiscal 2000.

Monitoring services are available on a 12-, 24- or 36-month basis. All monitoring services are covered by contract and are 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 \$5.138 million as at April 30, 2001, of which \$4.249 million will be recognized in fiscal 2002. This compares to \$1.824 million and \$1.470 million, respectively, as at April 30, 2000.

The revenue trend exhibited in fiscal 2001 highlights the importance of increasing the installed base of Boomerang 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 increase in proportion to total revenues. Therefore, management is focusing its efforts on ensuring the successful renewal of existing monitoring contracts.

EXPENSES

Increased efficiencies and lower production costs were realized for the second consecutive year, enhancing the Company's gross margins.

The major cost involved in asset monitoring is the ongoing rental of cellular phone lines. The Company has entered into agreements with Bell Mobility Cellular Inc. (Quebec and Ontario) and TELUS Mobility (British Columbia) to provide cellular network services in their respective territories. In turn, the Company has granted these carriers exclusivity during the duration of their contracts.

Selling, general, administrative and financial expenses increased by 93% in fiscal 2001. The increase in these expenses was the result of increased staffing levels, including the addition of several executive positions, as well as higher selling, marketing and administrative costs to support the Company's sales growth, infrastructure development and market development initiatives.

Significant increases in occupancy costs resulted from an increase in the space occupied by the Company's head office, in addition to the opening of new premises to serve as a point-of-sale installation, production, and research and development centre for the Boomerang tracking device.

INCOME TAXES

Income tax expense in fiscal 2001 amounted to \$1.309 million, including \$0.349 million of future income taxes, reflecting an effective tax rate for the year of 38.7%, as compared to 32.6% fiscal 2000. Reduced rates in fiscal 2000 can be attributed to the impact of certain tax credits unavailable in fiscal 2001.

LIQUIDITY AND CAPITAL RESOURCES

During fiscal 2001, the cash resources of the Company increased by \$2.980 million to \$3.771 million (including short-term investments of \$2.464 million with maturity dates in August and September 2001), from \$0.791 million in fiscal 2000. The increase in cash resources is the result of cash provided by financing activities of \$3.212 million, consisting primarily of deferred revenue, representing cash received in advance for monitoring contracts, in addition to cash provided by operating activities of \$0.928 million, offset by investing activities of \$3.624 million. Investing activities included the acquisition of short-term investments of \$2.464 million and expenditures for fixed and intangible assets of \$1.160 million.

Although a substantial portion of the funds generated from the Company's operations in fiscal 2001 have been reinvested in higher levels of accounts receivable (primarily from the sale of Boomerang tracking devices) and inventories to support the Company's growth, new monitoring contracts have more than offset this investment. Such contracts provide for full payment upon activation and/or renewal and are an important and growing source of cash flow for the Company.

The Company believes that its cash resources at April 30, 2001, 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 flows into the future. Excess cash is invested by the Company in short-term instruments with financially sound institutions and is readily available as the need for funds arises.

The Company's working capital (current assets less current liabilities) increased to \$2.357 million as at April 30, 2001, from \$0.614 million as at April 30, 2000. The working capital ratio has improved to 1.36:1 in fiscal 2001, as compared to 1.20:1 in fiscal 2000.

CAPITAL EXPENDITURES

The Company's capital expenditures for fiscal 2001 were \$1.006 million, as compared to \$0.208 million in fiscal 2000. The bulk of the expenditures were related to leasehold improvements and furnishings in connection with the opening of the Company's new point-of-sale installation, production and research and development centre. Additional expenditures were incurred to support staff increases and management information system enhancements. Capital expenditures for fiscal 2002 are expected to relate to continued market and infrastructure development, product development and management information system upgrades. The Company expects to finance these projected capital expenditures through existing cash resources and those expected to be derived from operations in fiscal 2002.

RESEARCH AND DEVELOPMENT

One of the Company's priorities is to maintain technological leadership in asset recovery through innovation and dedication to ongoing research and development. Because of the versatility of the cellular network technology that it employs, the Boomerang Tracking System is capable of being adapted to a variety of applications. Development of enhanced products and new applications for its technology are at the forefront of the Company's focus. As a result of the Company's dedication to new and existing product

development, the Company has consolidated its research and development activities by devoting a substantial portion of its new premises to such activities.

OUTLOOK

The Company anticipates continued growth in fiscal 2002 within its existing markets, with both new and current products. Despite its impressive growth in fiscal 2001, there still remains significant room for the Company to expand its market share within its current principal trading areas of Quebec and Ontario, and to continue developing the British Columbia market. The ever-increasing recognition of the Boomerang Tracking System as a highly effective asset recovery system and the strength of the Company's strategic alliances with cellular network providers and insurance companies are expected to enable the Company to continue its expansion for the foreseeable future.

While focusing on the Canadian market, the Company also intends to expand throughout North America and internationally. The Company believes that it has, or can develop, the necessary resources and management infrastructure to directly exploit these opportunities. Outside of North America, the current strategy calls for granting exclusive licences within chosen territories. Such licences grant the right to exploit the Boomerang Tracking System, including the right to distribute the Boomerang tracking device, and require the Company to provide the licensee with training and support as well as assistance in negotiating alliances with wireless carriers and insurance companies within each territory.

RISKS AND UNCERTAINTIES

TECHNOLOGY

The Boomerang Tracking System is a proprietary, patent-protected, cellular-based tracking system. At present, there are no known direct competitors using similar technology. Competing products in the marketplace utilize other technologies, including Global Positioning System (GPS) technology, which is not as effective at locating assets enclosed in buildings or metal 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 the Company will be able to compete with larger, more financially secure competitors in the marketplace.

RELIANCE ON STRATEGIC ALLIANCES

The Company is heavily dependent on its alliances with wireless carriers and insurance companies. Wireless carriers are an integral facet of its stolen asset tracking and many insurance companies are strong supporters and advocates of the Boomerang Tracking System. The continued existence of these strategic alliances is necessary 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, 2001, 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.

CREDIT RISK

With respect to its holding of short-term investments, the Company may be exposed to a credit loss in the event of the 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, 2001, 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.

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

MONTREAL, QUEBEC
JUNE 14, 2001



Jacques Deforges
VICE PRESIDENT, CFO
AND CORPORATE SECRETARY

MONTREAL, QUEBEC
JUNE 14, 2001

Auditors' Report

To the Shareholders of Boomerang Tracking Inc.

We have audited the balance sheets of Boomerang Tracking Inc. - Repérage Boomerang Inc. as at April 30, 2001 and April 30, 2000 and the 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 financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2001 and April 30, 2000 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.

Richter, Usher & Vineberg
CHARTERED ACCOUNTANTS
GENERAL PARTNERSHIP
MONTREAL, QUEBEC
JUNE 14, 2001

Financial Statements

Balance Sheet

As At April 30, 2001

(IN DOLLARS)

	2001	2000 <small>(RESTATED - NOTE 2)</small>
Assets		
Current		
Cash and cash equivalents	\$ 1,307,361	\$ 790,688
Short-term investments (NOTE 5)	2,463,245	—
Accounts receivable	3,365,227	1,844,685
Inventories (NOTE 6)	1,594,003	267,362
Prepaid expenses	63,283	547,827
Future income taxes	68,904	228,116
	8,862,023	3,678,678
Fixed Assets (note 7)	1,111,804	271,405
Patents and Trademarks <small>(NET OF ACCUMULATED AMORTIZATION OF \$58,300; 2000 — \$16,900)</small>	148,711	36,093
Future Income Taxes	46,194	56,812
	\$ 10,168,732	\$ 4,042,988
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,638,590	\$ 1,274,657
Income taxes payable	617,738	320,548
Deferred revenue	4,248,991	1,470,034
	6,505,319	3,065,239
Deferred Revenue	888,448	353,908
Future Income Taxes	118,771	—
	7,512,538	3,419,147
Commitments (NOTE 8)		
Shareholders' Equity		
Capital Stock (NOTE 9)	552,651	495,561
Retained Earnings	2,103,543	128,280
	2,656,194	623,841
	\$ 10,168,732	\$ 4,042,988

SEE ACCOMPANYING NOTES

APPROVED ON BEHALF OF THE BOARD:



André Boulay
DIRECTOR



Robert Nelson
DIRECTOR

Statement of Retained Earnings

For the Year Ended April 30, 2001

(IN DOLLARS)

	2001	2000 <small>(RESTATED - NOTE 2)</small>
Balance - Beginning of Year		
As previously reported	\$ 637,519	\$ 6,662
Change in revenue recognition policy (NOTE 2)	(509,239)	(146,771)
As restated	128,280	(140,109)
Net earnings	2,073,806	268,389
	2,202,086	128,280
Stock listing costs, net of future income taxes	98,543	—
Balance - End of Year	\$ 2,103,543	\$ 128,280

SEE ACCOMPANYING NOTES

Statement of Earnings

For the Year Ended April 30, 2001

	2001	2000 <small>(RESTATED - NOTE 2)</small>
Revenues	\$ 12,029,420	\$ 4,489,876
Expenses	8,367,185	3,917,792
except the following -		
Amortization	206,170	75,600
Research and development	151,450	96,253
Interest expense	2,071	1,842
Interest income	(80,262)	—
	8,646,614	4,091,487
Earnings Before Income Taxes	3,382,806	398,389
Income taxes		
Current	960,000	331,000
Future	349,000	(201,000)
	1,309,000	130,000
Net Earnings	\$ 2,073,806	\$ 268,389
Earnings Per Share:		
Basic	\$ 0.09	\$ 0.01
Fully diluted	0.09	0.01

SEE ACCOMPANYING NOTES

Statement of Cash Flows

For the Year Ended April 30, 2001

(IN DOLLARS)

	2001	2000 <small>(RESTATED - NOTE 2)</small>
Funds Provided (Used) -		
Operating Activities		
Net earnings	\$ 2,073,806	\$ 268,389
Amortization	206,170	75,600
Future income taxes	349,000	(201,000)
	2,628,976	142,989
Changes in non-cash operating elements of working capital	(1,701,516)	(874,912)
	927,460	(731,923)
Financing Activities		
Deferred revenue	3,313,497	1,314,492
Issuance of class "A" shares	57,090	—
Stock listing costs	(158,942)	—
	3,211,645	1,314,492
Investing Activities		
Acquisition of business, net of cash acquired	—	378,492
Short-term investments	(2,463,245)	—
Additions to fixed assets	(1,005,169)	(208,102)
Additions to patents and trademarks	(154,018)	(32,672)
	(3,622,432)	137,718
Increase in Cash and Cash Equivalents	516,673	720,287
Cash and Cash Equivalents		
Beginning of Year	790,688	70,401
End of Year	\$ 1,307,361	\$ 790,688
Additional Cash Flow Information		
Interest paid	\$ 1,000	\$ 1,800
Income taxes paid	663,000	17,000

SEE ACCOMPANYING NOTES

Notes to Financial Statements

April 30, 2001

1) Nature of Business

The Company's business consists of the design, manufacture and sale of the proprietary, patented Boomerang® tracking device. This device is 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.

This change in accounting has been applied retroactively and has resulted in a decrease in the opening retained earnings as at May 1, 1999 of \$146,771.

The effect of the change for the years ended April 30, 2001 and 2000 was to decrease net earnings by approximately \$901,000 and \$362,000 respectively.

3) Reverse Takeover

Effective May 1, 1999, the Company, formerly R.A.N.K.I.N. Research Corp. ("Research"), became, through a reverse takeover transaction, a wholly-owned subsidiary of Cervin Capital Corporation ("Cervin"), a public company on the Alberta Stock Exchange. Effective the same day, the Company was dissolved into Cervin which changed its name to R.A.N.K.I.N. Technologies Inc.

Subsequently, the Company changed its name to Boomerang Tracking Inc. - Repérage Boomerang Inc.

Notwithstanding the legal acquisition of the Company by Cervin, the transaction has been accounted for as an acquisition of Cervin by the shareholders of the Company, who collectively owned approximately 69% of the newly combined entity following the transaction. The financial statements are a continuation of Research and not of Cervin.

The accounting for the business combination on this basis can be summarized as follows:

Deemed consideration:	
Ascribed value of the shares of Cervin	\$ 1,496,000
Transaction costs	95,546
	1,591,546
Estimated fair value of the net tangible assets of Cervin	474,038
Excess of deemed consideration over net tangible assets acquired	\$ 1,117,508

Since the transaction is considered a capital transaction, the excess of deemed consideration over net tangible assets has been applied to reduce share capital.

4) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and liquid investments with original maturities of less than three months from 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-sale 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.

4) Summary of Significant Accounting Policies (cont'd)

Prepaid Expenses

Prepaid expenses represent primarily the unexpired portion of telephone line charges.

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

Calculations of earnings per share are based upon the weighted average number of Class "A" voting shares outstanding in each of the years. The calculation of fully diluted earnings per share assumes that if a dilutive effect is produced, all outstanding options had been exercised at the later of the beginning of the fiscal year and the option issue date, and includes an allowance for imputed earnings, net of taxes, derived from the investment of funds which would have been received.

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.

5) Short-Term Investments

Short-term investments consist of commercial paper having a fixed interest rate of 4.4% and mature in August 2001 and September 2001.

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.

6) Inventories

	2001	2000
Raw materials	\$ 1,401,492	\$ 187,380
Work in process	128,234	64,159
Finished goods	64,277	15,823
	\$ 1,594,003	\$ 267,362

7) Fixed Assets

	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

	Cost	Accumulated Amortization	2000 Net Carrying Amount
Computer	\$ 238,612	\$ 55,867	\$ 182,745
Furniture and fixtures	62,175	15,709	46,466
Equipment	70,504	28,310	42,194
	\$ 371,291	\$ 99,886	\$ 271,405

8) Commitments

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

2002	\$ 110,000
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 as follows:

2002	\$ 318,000
2003	210,000
2004	210,000
2005	210,000
2006	175,000

9) Capital Stock

	2001	2000
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 -		
22,066,000 (2000 - 22,000,000) Class "A" shares	\$ 552,651	\$ 495,561

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

Subsequent to the year end, the Company issued 249,000 Class "A" shares based on exercise of options for cash consideration of \$221,610.

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.

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 1, 1999	249,000	\$ 0.89	June 1, 2002
June 14, 1999	300,000	0.30	June 13, 2004
August 2, 1999	15,000	0.78	August 02, 2001
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	65,000	5.05	December 10, 2005
December 11, 2000	15,000	4.45	December 10, 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
April 2, 2001	10,000	4.05	April 2, 2006

45,000 of the options granted on December 11, 2000 and all options granted thereafter vest equally over a three year period.

The number of options outstanding has varied as follows:

	2001		2000	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of year	985,000	\$ 0.81	—	\$ —
Granted	140,000	4.68	985,000	0.81
Exercised	(66,000)	0.87	—	—
Cancelled	(200,000)	0.89	—	—
Outstanding at end of year	859,000	\$ 1.42	985,000	\$ 0.81
Options exercisable at end of year	769,000		835,000	

10) 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 short-term in nature and as such their carrying values approximate fair values.

11) Income Taxes

Significant components of future tax assets and liabilities at April 30, 2001 and April 30, 2000 are as follows:

	2001	2000
Future income tax assets:		
Stock listing costs	\$ 48,369	\$ —
Deferred revenue	56,812	284,928
Warranty and unsuccessful recovery provision	9,917	—
	\$ 115,098	\$ 284,928
Future income tax liabilities:		
Fixed assets	\$ 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:

	2001	2000
Statutory Tax Rates	37.84%	38.27%
Statutory income tax on operating income	\$ 1,285,000	\$ 152,000
Manufacturing tax rate reduction	(41,000)	(16,000)
Non-deductible expenses	44,000	—
Other	21,000	(6,000)
	\$ 1,309,000	\$ 130,000

12) Related Party Transactions

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

	2001	2000
Revenue		
Sales of products to:		
company jointly controlled by principal shareholders	\$ 5,895,000	\$ 1,714,000
Expenses		
Purchases:		
company jointly controlled by principal shareholders	93,000	—
company controlled by a principal shareholder	1,770,000	610,000
Rent paid to:		
company controlled by a principal shareholder	144,000	50,000
Accounts Receivable		
due from company jointly controlled by principal shareholders	2,357,000	1,030,000
Accounts Payable		
due to a company jointly controlled by principal shareholders	\$ 29,000	\$ 26,000
due to a company controlled by principal shareholder	179,000	197,000
due to 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 49% (2000 - 38%) of total revenues and 70% (2000 - 56%) of total accounts receivable respectively.

Purchases of products from a company controlled by a principal shareholder represent 30% (2000 - 28%) of total purchases.

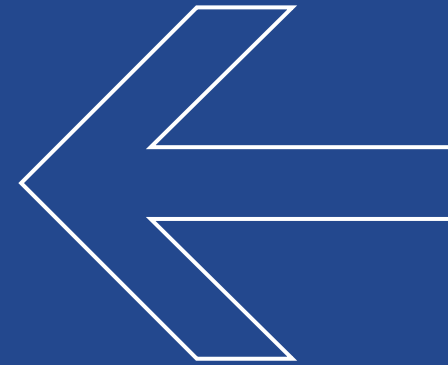
The Company shares certain common overhead with a company controlled by a principal shareholder.

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) Comparative Figures

Certain reclassifications of 2000 amounts have been made to facilitate comparison with the current year.

Corporate Information



HEAD OFFICE

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 Montreal, Quebec H4N 3C5
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 email: info@boomerangtracking.com
 www.boomerangtracking.com

AUDITORS

Richter, Usher & Vineberg
 General Partnership
 Montreal

LEGAL ADVISORS

Lapointe Rosenstein
 Montreal

LEAD BANKER

The Royal Bank of Canada

ANNUAL SHAREHOLDERS' MEETING

September 26, 2001 at 10:30 a.m.
 Hotel Omni Mont-Royal
 Salon Printemps
 Montreal, Quebec H3A 2R6
 T 514.284.1110

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
 1800 McGill College Avenue, 4th Floor
 Montreal, Quebec H3A 3K9
 T 514.982.7555
 F 514.982.7635

TORONTO STOCK EXCHANGE LISTING

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

BOARD OF DIRECTORS

Peter Lashchuk
 DIRECTOR



André Boulay
 DIRECTOR



Robert Nelson
 DIRECTOR



Érik Péladeau
 DIRECTOR



Pierre Laurin
 DIRECTOR



René Branchaud
 DIRECTOR



André Tremblay
 DIRECTOR



MANAGEMENT

Peter Lashchuk
 PRESIDENT

André Boulay
 VICE PRESIDENT, TECHNOLOGY

Robert Nelson
 VICE PRESIDENT, DISTRIBUTION

Ken Helferty
 VICE PRESIDENT, SALES & MARKET DEVELOPMENT

Jacques Deforges
 VICE PRESIDENT, CHIEF FINANCIAL OFFICER & CORPORATE SECRETARY

Claude Arpin
 DIRECTOR, RESEARCH & DEVELOPMENT

Guy Bouchard
 DIRECTOR, INFORMATION TECHNOLOGY

Sylvain Dunn
 DIRECTOR, FINANCE & OPERATIONS

Linda Farha
 DIRECTOR, MARKETING, COMMUNICATIONS & INVESTOR RELATIONS



Boomerang® is a registered trademark of Boomerang Tracking Inc.
 Boomerang products are sold and distributed in the provinces of Quebec, Ontario, British Columbia and in the Dominican Republic and Haiti.