

MATERIAL CHANGE REPORT
Securities Act

Item 1 Reporting Issuer

Polar Innovative Capital Inc., 56 Temperance Street, Fourth Floor, Toronto, Ontario M5H 3V5

Item 2 Date of Material Change

4 July 2002

Item 3 Publication of the Material Change

Press Release issued at Toronto, Ontario on 5 July 2002

Item 4 Summary of Material Change

See copy of Press Release attached which fully described the material change.

Item 5 Full Description of Material Change

See copy of Press Release attached which fully described the material change.

Item 6 Report Filed on a Confidential Basis

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Senior Officers

Inquiries may be directed to Gerald Tissenbaum, President of the Company 1-905-264-2010

Item 9 Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Toronto, Ontario
July 8, 2002

"Milton Klyman"
Milton Klyman, Secretary

Polar Innovative Capital Inc.

The Company, its subsidiary Polar Components Inc. (Polar), and a corporation owned by the President of the Company, previously entered into various management and inter-corporate loan agreements, the provisions of which have been reflected in the Company's interim financial statements issued during its financial year ending May 31, 2002. Due to deterioration of conditions in the technology industry to which Polar's sales are made and the corresponding decrease in Polar's sales and the loss occasioned thereby, although services have been rendered under the management agreements, no consideration will be paid in respect thereof and no loans contemplated by these agreements will be made. To provide necessary working capital, Gerald Tissenbaum, President of the Company, plans to loan funds to the Company in such amounts as he may determine from time to time, such advances to be repayable on demand and to be secured by a floating and fixed charge debenture.

Toronto, Ontario
July 5, 2002

Gerald Tissenbaum
President
(905) 264-2010