

FORM 27

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE B.C. SECURITIES ACT AND 118(1) OF THE ALBERTA SECURITIES ACT

Item 1. Reporting Issuer

Totally Hip Software Inc.
201 - 1040 Hamilton Street
Vancouver, BC V6B 2R9

Item 2. Date of Material Change

August 30, 2000

Item 3. Press Release

Press Releases dated August 30, 2000 and disseminated to the Vancouver Stockwatch Magazine, B.C. Securities Commission, Alberta Securities Commission, Market News Publishing and George Cross News Letter.

Place of Issuance: Vancouver, British Columbia.

Item 4. Summary of Material Change

The Issuer announces its financial results for the fiscal third quarter ended June 30, 2000.

The Issuer also announces two new QuickTime based digital media preparation and compression tools for both the Windows and Mac platforms. Product details and pricing information will be announced at a later date.

Item 5. Full Description of Material Change

The Issuer announces its continually improving financial results for the Issuer's fiscal third quarter that ended June 30, 2000. The financial results show a dramatic improvement from where they were a year ago when the Issuer embarked on a process of focused software development. The financial statements report improvement in all areas and are summarized as follows for the nine-month period ending June 30, 2000 compared to the corresponding nine-month period ending June 30, 1999.

	<u>2000</u>	<u>1999</u>
Assets	\$ 1,096,000	\$ 388,000
Liabilities	\$ 958,000	\$ 4,409,000
Net Income (Loss) for Period	\$309,000	(\$ 1,643,000)

Deficit at End of Period	(\$ 6,456,000)	(\$ 7,591,000)
Sales	\$ 786,000	\$ 373,000
Expenses	\$ 739,000	\$ 1,956,000
Net Income (Loss) After Taxes	\$ 309,000	(\$ 1,643,000)
Income (Loss) Per Share	\$ 0.02	(\$ 0.11)

“The Issuer has turned the corner. The team has worked very hard to build our award winning software and now can look forward to a much more positive future,” said Randall H. McCallum Chairman, CEO and President of the Issuer. “With the addition of LiveSlideShow and the new digital media preparation and compression products the opportunity exists for the Issuer to grow aggressively with a much broader market appeal.”

“We have LiveStage Professional to service the content creators for the interactive streaming media and broadband markets that reports show are going to grow rapidly,” said David B. Dicaire, COO and General Manager of the Issuer. “The other products give us access to potential customers trying to get photos, slide shows and videos onto the Internet.”

The Third Quarter Fiscal 2000 Report with management discussions will be made available on the Issuer's Web site at <http://www.totallyhip.com>.

The Issuer also announces two new QuickTime based digital media preparation and compression tools for both the Windows and Mac platforms. Anyone wanting to use a digital photo or video on a computer, web site or for delivery over the Internet will be able to utilize one of these simple, high quality tools, learn it in minutes and not have to pay a professional tool price.

Our QuickTime based products allow users to easily prepare all the digital media being created today for use on web sites or streaming over the Internet. Users can easily crop, rotate, apply filters or effects and compress their images or video to get it to a state that it is web useable or ready for use in other authoring products like LiveSlideShow or LiveStage Professional.

These tools are for users that are looking for a products that are faster to learn, easier to use, produce quality results and are cheaper than the professional level tools currently on the market. The new products enhance our current products and create opportunity for the Issuer to grow aggressively with a broader market appeal.

The Issuer plans to launch these products at the QuickTime Live Conference in Los Angeles from October 10 to 12, 2000. (<http://www.apple.com/quicktimelive/>). The quick production cycle of these tools demonstrates the Issuer's capability to leverage its technology and highly skilled and experienced development team.

The first product, with a development name of “ImageQ”, is our new QuickTime based

digital media preparation tool. The ImageQ product is targeted at customers such as digital photo camera and scanner users who have huge photo files, in both dimension and file size. These raw images need to be prepared and compressed prior to being placed on a web site, sent over the Internet or imported into other authoring tools like LiveSlideShow.

ImageQ incorporates a simple interface allowing users to easily manipulate their digital images. Users can crop, rotate, add filters, administer special effects or apply different compression codecs to images all while viewing the altered image compared to the original one. Once satisfied the user exports out a ready to use image. ImageQ allows users to easily achieve this in one simple tool without having to acquire or learn additional and sometimes complex programs.

The other product with a development name of “VideoQ” is our new straightforward QuickTime based digital video preparation and compression program. VideoQ is for anyone with raw or uncompressed digital video such as digital video camera users. These raw movies need preparation prior to being downloaded, played or streamed over the Internet.

VideoQ utilizes a simple interface that allows users to easily take their digital video and manipulate, compress and compare it to the original. Users can easily and quickly crop, rotate, apply filters or add effects plus compress it with variable codecs in the same tool. Any of these functions can be applied at a different point in the movie and for a variable duration. Users manipulate the video in a simple timeline that allows them to view it compared to the original version at different times during the overall duration. Easily transform raw digital video and export is as a cleaned ready to use movie. VideoQ permits users to do this without having to use complicated or expensive compression and cleaning programs.

Product details and pricing information will be announced at a later date.

Item 6. Reliance on Section 85(2) of the B.C. Act and 118(2) of the Alberta Act

The Issuer is not relying on Section 85(2) of the B.C. Act or 118(2) of the Alberta Act.

Item 7. Omitted Information

There is no omitted information.

Item 8. Senior Officers

Randall McCallum, President - 685-6525.

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of September, 2000.

“David B. Dicaire”
David B. Dicaire, COO & General Manager