BC FORM 53-901F

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

January 23, 2002

Item 3. Press Release

Press Release dated January 23, 2002 and disseminated to the Vancouver Stockwatch Magazine, B.C. Securities Commission, Alberta Securities Commission, Market News Publishing, Star Data Terminal Quotation System, Bloomberg Terminal Quotation Service, Dow Jones Financial Services and various other commercial news disseminators.

Place of Issuance: Vancouver, British Columbia.

Item 4. Summary of Material Change

The Issuer announces financial results for its 2001 fiscal year. The Issuer also announces that at its upcoming Annual General Meeting it will seek shareholder approval for a proposed share consolidation and name change.

Item 5. Full Description of Material Change

The Issuer announces its fiscal 2001 results with operations for the year reporting a loss of $0.03 per share or $588,000 compared with a pre-tax loss of $0.01 per share or $166,000 for fiscal 2000. In fiscal 2000, $344,000 was recorded in tax recoveries resulting in a post tax gain of $0.01 per share compared with no tax recoveries in fiscal 2001.

Financial reports show $603,000 in sales for 2001 compared to $952,000 for the previous fiscal year. Approximately half of the sales decrease was the reduction in license revenues with 2001 reporting $19,000 and 2000 having previously recorded $196,000. Operations costs and expenses increased by only 3% to $1,056,000 in 2001 compared to $1,022,000 in 2000. Expenses for 2001 include $93,000 for bad debts compared with only $10,000 recorded in 2000.

The adverse market conditions, need of additional resources and a legacy corporate structure contributed to the Issuer's 2001 performance. During this down turn in the technology sector the Issuer used the opportunity to initiate more sales and marketing capabilities into its operations and to embark on the transition in product development to a standards based approach.

The Issuer is moving forward in standards based research and development in areas such as XML, MPEG-4, third party products and video based database applications. The first achievement was the certification in September of the LiveSlideShow 2.0 product as Kodak Picture Friendly compliant. The Issuer plans to continue to lead the industry in cross-platform QuickTime development and leverage the technology into complementary standards based research and development.

One of the first steps taken to balance the organization between marketing and sales and research and development was the agreement reached for the purchase of ici Media Inc. in August of 2001. In addition to marketing and sales resources the acquisition added high-quality support, training, consulting and enterprise services capabilities. Mr. David Gratton was appointed Vice-President of Marketing and Sales for the Issuer. As a recognized innovator in new media Mr. Gratton will play a key role as the Issuer expands and enters into new markets and applications of its technologies.

The Issuer announces that at its upcoming Annual General Meeting of members scheduled for February 26, 2002 it will be seeking the consent of members to a proposed consolidation of its common share capital on a one for ten basis and a change of its name to Consolidated Totally Hip Software Inc. or such other name as the Board of Directors may approve.

One new share in the common share capital will be issued for every ten common shares outstanding prior to the effective date of the consolidation. There are currently 21,085,456 common shares outstanding and 2,108,545.60 common shares will be outstanding after the consolidation. Incidental to the consolidation, the Issuer will be increasing its post-consolidation authorized common share capital to 100,000,000 shares.

The share consolidation is being proposed in order to allow greater flexibility in future financings.

The share consolidation and change of name are subject to members' approval and being accepted for filing by the Canadian Venture Exchange.

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**

David Dicaire, 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 31st day of January, 2002.

"David Dicaire"
David B. Dicaire, President