

**BC FORM 53-901F
SECURITIES ACT**

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE SECURITIES ACT

Item 1. Reporting Issuer

IntraCoastal System Engineering Corporation (the "Issuer")
Suite 540, 220 Cambie Street
Vancouver, BC V6B 2M9

Item 2. Date of Material Change

April 30, 2002

Item 3. Press Release

News Release dated April 30, 2002 was disseminated through Canada Stockwatch and Market News.

Item 4. Summary of Material Change

The Issuer reported that revenues for the first quarter of fiscal year 2002 ("Q1 2002") exceeded fiscal year 2001 revenue.

Item 5. Full Description of Material Change

The Issuer reported that revenues for Q1 2002 totalled \$624,916 compared to \$49,032 for the same period in 2001 ("Q1 2001"). Q1 2002 revenue of \$624,916 also exceeded the total revenue for fiscal year 2001 (\$462,713). This revenue improvement resulted primarily from the Issuer's commercial deployment of its automated meter reading system in Vietnam and China.

The gross margin for Q1 2002 was 52% compared to 34% for Q1 2001. This trend in gross profits is expected to continue due to the shift in sales from demonstration-type deployments to commercial implementation of systems.

General and administrative expenses decreased from \$359,702 for Q1 2001 to \$245,448 for Q1 2002. This decrease reflects a reduction in compensation, professional fees, and general office expenses.

Sales and marketing expenses totalled \$176,916 in Q1 2002, a decrease from \$230,318 in Q1 2001. This decrease reflects reduced spending for advertising, travel and tradeshow, and investor relation activities.

The Q1 2002 operating loss was \$143,976 compared to an operating loss of \$591,395 for Q1 2001.

Item 6. Reliance on Section 85(2) of the Act

If the report is being filed on a confidential basis in reliance on Section 85(2) of the Act, state the reasons for that reliance.

Not applicable

Item 7. Omitted Information

Not applicable

Item 8. Senior Officers

James Dodds, President and Chief Operating Officer
Telephone: (604) 717 - 6373

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia, the 30th day of April, 2002.

INTRACOASTAL SYSTEM ENGINEERING CORPORATION

Per: “James Dodds”

James Dodds,
President and Chief Operating Officer