ONTARIO
BRITISH COLUMBIA
ALBERTA

FORM 53-901F
(Previously Form 27)

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE SECURITIES ACT (ONTARIO), SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA), SECTION 118(1) OF THE SECURITIES ACT (ALBERTA)

NOTE: *This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.*

NOTE: *Every report required to be filed under Section 85(1) of the Securities Act (the "Act") must be sent to the British Columbia Securities Commission (the "Commission") in an envelope addressed to the Commission and marked "Continuous Disclosure".*

NOTE: *WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS, PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL – SECTION 85" AND PLACE EVERYTHING THAT IS REQUIRED TO BE FILED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION AND MARKED "CONFIDENTIAL".*

NOTE ALSO THAT FOR A SEDAR FILING, THE PRESS RELEASE SHOULD BE FILED AS A SEPARATE DOCUMENT FROM THE FORM 53-901F.

Item 1. Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer:

Versatile Mobile Systems (Canada) Inc.
#1601 – 750 West Pender Street
Vancouver, B.C. V6C 2T8

Item 2. Date of Material Change

August 14, 2003

Item 3. Press Release

State the date and place(s) of issuance of the press release issued under section 85(1) of the Act.

The Press Release dated August 14, 2003 was forwarded to the TSX Venture Exchange and disseminated via CCN Matthews, Canada Stockwatch and Market News.

A copy of the Press Release is attached as Schedule "A".

Item 4. **Summary of Material Change**

Provide a brief but accurate summary of the nature and substance of the material change.

VERSATILE MOBILE SYSTEMS ANNOUNCES RECORD FOURTH QUARTER AND FISCAL 2003 YEAR-END RESULTS

Item 5. **Full Description of Material Change**

Supplement the summary required under item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also item 7.

The description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely described examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.

Versatile Mobile Systems (Canada) Inc., a leading mobile commerce solutions provider, today announced its fiscal year and fourth quarter results for the year ended June 30, 2003.

Revenue for the year ended June 30, 2003 was $20,596,215 compared to $16,033,453 in 2002, an increase of 28.5%. The loss for the year was $2,739,753 ($0.03 per share) compared to a loss of $20,022,397 ($0.27 per share) for 2002, which included a loss from discontinued operations of $11,224,852 ($0.15 per share), a decrease of 86.3%.

Revenue for the three months ended June 30, 2003 was $4,295,177 compared to $3,318,732 for the same period last year, an increase of 29.4%. The loss for the quarter was $772,940 ($0.01 per share) compared to a loss of $4,406,428 ($0.06 per share) for the same period last year, which included a loss from discontinued operations of $735,983 ($0.01 per share), a decrease of 82.5%.

For the year, the EBITDA loss (loss before interest expense, taxes, depreciation, amortization, write-down of capital assets and write-down of goodwill) was $2,204,177. This compares to an EBITDA loss for fiscal 2002 of $4,961,596 which was made up of $3,706,516 from operations and $1,255,080 from discontinued operations. For the quarter, the EBITDA loss was $550,278. This compares to an EBITDA loss for the same quarter last year of $2,537,889, which was made up of $2,016,123 from operations and $521,766 from discontinued operations. These EBITDA amounts are provided by management as a complement to the financial results reported in accordance with GAAP in order to provide investors additional information concerning the company's use of cash in its operations.

For a full description of the material change, see Schedule "A".

Item 6. **Reliance on Section 85(2) of the Act and equivalent sections of other jurisdictions**

If the report is being filed on a confidential basis, state the reasons for such reliance.

Not Applicable.

Item 7. **Omitted Information**

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed but section 85(3) of the Act will no longer or will not be relied upon, a reporting issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.

State whether any information has been omitted on this basis and provide the reasons for any omission in sufficient detail to permit the Commission to exercise its discretion under section 169(4) of the Act.

The reasons for the omission may be contained in a separate letter filed as provided in section 151 of the Rules.

Not Applicable.

Item 8. **Senior Officer**

The following Senior Officer of the Company is available to answer questions regarding this report.

Fraser Atkinson
Chief Financial Officer
(604) 683-2915, ext. 214

Item 9. **<u>Statement of Senior Officer</u>**

The foregoing accurately discloses the material change referred to herein.

Dated at Vancouver, B.C., this 14th day of August, 2003.

VERSATILE MOBILE SYSTEMS (CANADA) INC.

Per:

" Fraser Atkinson"
Fraser Atkinson,
Chief Financial Officer

Press Release

VERSATILE MOBILE SYSTEMS ANNOUNCES RECORD FOURTH QUARTER AND FISCAL 2003 YEAR-END RESULTS

Vancouver, BC, CANADA, August 14, 2003 - Versatile Mobile Systems (Canada) Inc. (TSX Venture Exchange symbol: VMS), a leading mobile commerce solutions provider, today announced its fiscal year and fourth quarter results for the year ended June 30, 2003.

Revenue for the year ended June 30, 2003 was $20,596,215 compared to $16,033,453 in 2002, an increase of 28.5%. The loss for the year was $2,739,753 ($0.03 per share) compared to a loss of $20,022,397 ($0.27 per share) for 2002, which included a loss from discontinued operations of $11,224,852 ($0.15 per share), a decrease of 86.3%.

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Cost of sales amounted to $14,838,352 or 72% of sales for the year as compared to $9,700,814 or 61% of sales in the previous year. The increase in the cost of sales percentage compared to last year can be attributed to the fact that sales in the current year were primarily related to lower margin hardware and peripheral sales as well as systems integration services. Further there was an increase in competitive pressure in our market resulting in lower than expected gross margins.

Research and development expense for the year amounted to $1,675,837 compared to $3,114,258 for last year. Costs decreased as research and development work for several major initiatives was completed at the end of last year, which resulted in significant staff reductions. During the year the Company had many new product initiatives, along with feature improvements to current product lines. New products released during the year included:

- VM Dex for the Pocket PC ™ operating system,
- VM Pre-Sales for the Pocket PC ™ operating system,
- VM Delivery for the Pocket PC ™ operating system,
- DEX In A Box, and
- Planogram

Selling and marketing expense for the year amounted to $2,732,892 compared to $3,109,486 last year. The decrease from last year is attributable to lower advertising and promotion costs, travel expense and staffing levels. Selling and marketing expenses in the upcoming year have been budgeted to increase to support new sales initiatives.

Working capital at June 30, 2003 was $1,157,591 versus $3,961,949 at June 30, 2002. Cash and cash equivalents at June 30, 2003 amounted to $1,152,287. The ability of the Company to continue operations on an ongoing basis will be dependent on its ability to generate sales, maintain its margins and control operating expenses. The company has cash on hand and accounts receivable sufficient for the company to meet all of its current obligations as they become due.

Foreign exchange rates for the U.S. dollar fell during the year as the Canadian dollar strengthened. The closing rate was 1.3475 at June 30, 2003 compared to 1.5162 at June 30, 2002. The substantial change in the foreign exchange rate occurred in the fourth quarter and had a negative impact on the net monetary position and the results for the fourth quarter.

"During the year we were able to increase revenue by $4,562,762, while at the same time reducing the loss by $17,282,644."said John Hardy, Chairman and CEO of Versatile Mobile Systems. "In the last three months of the year we noticed an increase in orders from both the existing customer base and new customers. We are encouraged by this trend, as the Company's goal is to move to operational profitability this fiscal year."

About Versatile Mobile Systems

Versatile Mobile Systems provides mobile business solutions that enable companies to improve sales, marketing and distribution of their products. By using Versatile Mobile's technology, companies in the consumer packaged goods, and transportation industries gain the benefits of supply chain visibility, shortened fulfillment cycles and improved customer satisfaction. Versatile's international customer list includes Cadbury Schweppes, Ocado, Albertsons, Michaels, Nordstrom, Publix Supermarkets, K&L Distributors, Bridgford, Rug Doctor, Keebler, and Books Are Fun Ltd., a division of the Reader's Digest Association. Additional information is available at www.versatilemobile.com.

Forward-Looking Statements

This document may contain forward-looking statements relating to Versatile Mobile Systems' operations or to the environment in which it operates, which are based on Versatile Mobile Systems' operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict or are beyond Versatile Mobile Systems' control. A number of important factors including those set forth in other public filings could cause actual outcomes and results to differ materially from those expressed in these forward looking statements. Consequently readers should not place any undue reliance on such forward-looking statements. In addition, these forward looking statements relate to the date on which they are made. Versatile Mobile Systems disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Press Release

FOR FURTHER INFORMATION, PLEASE CONTACT:

Fraser Atkinson
Versatile Mobile Systems (Canada) Inc.

Tel.	(604) 683-2915, ext. 214
Fax	(604) 683-2965
Web site:	www.versatilemobile.com

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.