MATERIAL CHANGE REPORT

1. Name and Address of Company

TIR Systems Ltd.
7700 Riverfront Gate
Burnaby, B.C.
V5J 5M4

2. Date of Material Change

January 31, 2005

3. Press Release

A press release disclosing the material change described in this report was issued on January 31, 2005 at Vancouver, British Columbia, a copy of which is attached hereto as Schedule "A".

4. Summary of Material Change

The Company completed two projects in Tianjin and Shanghai in mainland China. The Tianjin order is evidence of the growing demand for the Company's Destiny series of products. As a consequence of initiating delivery of Destiny series products and meeting increased customer demand, near term gross margins will be lower than anticipated throughout the first half of fiscal 2005. As a result, the Company's average gross margins for fiscal 2005 may fall below the Company's previously announced range of 35-40%.

5. Full Description of Material Change

See the press release attached hereto as Schedule "A".

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For further information, please contact:

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TIR Systems Ltd.

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9. Date of Report

February 10, 2005

SCHEDULE A

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TIR® Building the Foundations of Tomorrow's Lighting

News Release

31 January 2005
TSX Symbol: TIR
For Immediate release

TIR INCREASES PORT CITY'S PROFILE IN CHINA'S RAMP-UP TO 2008 OLYMPICS
- New Destiny Products May Impact Near Term Margins

Vancouver BC - TIR Systems Ltd. (TSX Symbol: TIR), a world leader in light enabling technology, announces the completion of two projects in Tianjin and Shanghai in mainland China. These projects follow on from the Company's Asian launch in June 2004 and demonstrate that TIR's products are suited to the types of architectural opportunities being seen in China. The Tianjin order in particular is evidence of growing demand for our Destiny Series of products.

"Fiscal 2005 will remain a challenging year for TIR as we transition to a broader product range," said Leonard Hordyk, President & CEO. "As a consequence of initiating delivery of this new line and meeting increased customer demand, near term gross margins will be lower than anticipated throughout the first half of fiscal 2005. As a result, our average gross margins for fiscal 2005 may fall below our previously announced range of 35 - 40%. Although challenging, our target remains to achieve this range for the year. The incorporation of TIR's products in high-profile projects such as these two in Tianjin and Shanghai is validation that our products are able to meet an increasing market demand."

TIR supplied products from its Destiny series to illuminate the 52 meter (170 feet) high Full Moon Tower at Galaxy Park, a leisure park in Tianjin, a port city of over 10 million people located approximately 200 kms south east of Beijing. TIR's Destiny CW and Destiny DL Solid State luminaires are part of a computer programmed colour-controlled animated lighting show which plays nightly in Galaxy Park. TIR also supplied the control system, along with commissioning and programming services to ensure the success of the installation. City officials consider this project to be a key element in increasing Tianjin's profile within China in the ramp-up to the 2008 Olympic Games.

Elsewhere TIR supplied its Light Pipe product as a key feature in the exterior lighting of the Azia Center giving prominence to this new addition to Shanghai's famed skyline. The facade lighting of the tower., consisting of two vertical runs of light pipe, was designed by well known global lighting design firm, Brandston Partnership Inc., New York City.

Already a global company, with a number of prestigious projects delivered in Asia, including the landmark Kuo Hua Insurance Building in Taipei, TIR considers Asia a key market that will allow the company to successfully implement its global strategy for Solid State Lighting. Architecture in Asia leads the world in the use of colour and dynamic colour changing light as a design element and is adopting new building technologies into plans.

"These projects demonstrate the market acceptance of TIR's products in the competitive high value greater China market," said Darren Luce, VP Global Sales, Commercial/Industrial Markets. "These two projects will now serve as TIR showcases in mainland China, acting as reference points to demonstrate the Company's strengths in Solid State and Light Pipe lighting technology, and will provide a launch pad for our continued penetration of the Asia Pacific markets."

TIR® Building the Foundations of Tomorrow's Lighting

News Release

About TIR Systems Ltd.

TIR Systems Ltd., a world leader in delivering specialty lighting systems, is building the foundations for tomorrow's lighting. Through sound innovation and proven technical capability, TIR is developing, designing and marketing the core technologies that will allow Solid State Lighting (SSL) to move to the forefront of mainstream lighting.

For more information, please contact:

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This News Release contains forward-looking statements concerning anticipated developments in the Company's business, which statements can be identified by the use of forward-looking terminology such as "complete" and "expect" or the negative thereof or any other variations thereon or comparable terminology referring to future events or results. Forward-looking statements are statements about the future and are inherently uncertain, involving known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Forward-looking statements include, but are not limited to, those with respect to the anticipated value of orders for our products and the launch of our new products. Factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements include, but are not limited to; the risk that we are dependent on a single customer for a significant portion of our sales revenue; future sales of our existing products and our new products may be less than expected; our future operating results are uncertain and likely to fluctuate; and the patent litigation initiated by Color Kinetics may be unfavourable and have an adverse impact on our financial results; manufacturing risks; product liability risks; the effect of competition may have an adverse impact on our sales and profitability; the Company's need for additional future capital, which may not be available in a timely manner or at all; exchange rate fluctuations between the US and Canadian currencies, which may decrease revenues reported in Canadian dollars; as well as a description of other risks and uncertainties affecting the Company and its business, as contained in the Company's most recent Annual Information Form and other subsequent news releases and filings with the Canadian Securities Regulatory Authorities, any of which could cause actual revenues to vary materially from the Company's anticipated future results. Forward-looking statements are based on the beliefs, opinions and expectations of the Company's management at the time they are made, and the Company does not assume any obligation to update its forward-looking statement if those beliefs, opinions or expectations, or other circumstances should change.