Form 53-901.F
Material Change Report
Under Section 85(1) of the *Securities Act* (British Columbia)

Item 1 Reporting Issuer

Appareo Software Inc. (the “Company”)
Suite 200 – 6400 Roberts Street
Burnaby, BC V5G 4C9

Item 2 Date Of Material Change

December 19, 2001

Item 3 Press Release

Issued December 19, 2001 and distributed through the facilities of BCE.

Item 4 Summary Of Material Change

The Company and Polaroid Corporation plan to acquire the assets and related business of Polaroid Digital Solutions, Inc., a subsidiary of Polaroid Corporation, for US $4.8 million. A motion seeking immediate approval of the sale is being filed in U.S. Bankruptcy Court in Wilmington, Del., in connection with the court's oversight of Polaroid's voluntary Chapter 11 filing (Case Number 01-10864).

Item 5 Full Description Of Material Change

Please see attached press release.

Item 6 Reliance On Section 85(2) Of The Act

This report is not being filed on a confidential basis.

Item 7 Omitted Information

There are no significant facts required to be disclosed herein which have been omitted.

Item 8 Director/Senior Officer

Contact: Stuart McNeill, CEO
Telephone: (604) 473-2100

Item 9 Statement Of Senior Officer/Director

The foregoing accurately discloses the material change referred to herein.

APPAREO SOFTWARE INC.

Per: ____________________________
“Stuart McNeill”, CEO

DATED at Vancouver, British Columbia, this 19th day of December, 2001.

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Trading Symbol: CDNX:KNO

APPAREO SOFTWARE PLANS TO ACQUIRE POLAROID DIGITAL SOLUTIONS

December 19, 2001

VANCOUVER, British Columbia and CAMBRIDGE, Mass. -- December 19, 2001 -- Appareo Software, Inc., and Polaroid Corporation today announced that Appareo Software plans to acquire the assets and related business of Polaroid Digital Solutions, Inc. (PDSI), a subsidiary of Polaroid Corporation, for US $4.8 million. A motion seeking immediate approval of the sale is being filed in U.S. Bankruptcy Court in Wilmington, Del., in connection with the court's oversight of Polaroid's voluntary Chapter 11 filing (Case Number 01-10864).

Appareo Software, a leader in advanced knowledge management solutions, agreed to purchase the assets and business of PDSI from Polaroid yesterday afternoon. The agreement must now receive court approval before it can be finalized. The closing is yet to be scheduled, but it is expected to take place before January 31, 2002.

Based in St. Joseph, Mich., PDSI it is a leading provider of electronic forms, digital photo imaging and automation tools for the real estate, insurance and corporate inspection communities. PDSI markets software under the ACI, MCS, CSA, Lighthouse, PolaroidForms and Polaroid brands.

Stuart McNeill, chief executive officer of Appareo states, "The acquisition of PDSI's assets and business represents a key step for Appareo in furthering its strategy of owning highly targeted, market leading software verticals, with strong earnings. In the mortgage services industry, PDSI has been a technology leader for the past 22 years. The skill of PDSI's management team, depth of technical personnel, and strength of their client list will greatly assist us in gaining additional market share in our chosen verticals."

"This is another step forward in our plan to sell assets that are not part of our core instant imaging business. We're pleased that Appareo Software found a strategic fit for PDSI and that they clearly recognize the value of the business," said Gary T. DiCamillo, Polaroid chairman and chief executive officer.

About Appareo Software

Appareo Software Inc. is the product of a merger between Appareo Software Inc., a Vancouver-based software firm leading the innovation of advanced knowledge management solutions, and Group West Systems Ltd., a company specializing in delivering industrial strength application technologies and e-Commerce business solutions, in March of 2001. Appareo is in the business of providing a broad range of services and solutions to highly specific market niches. Additional information about Appareo is available on the company's web site at www.appareo.com.

About Polaroid
Polaroid Corporation is the worldwide leader in instant imaging. Polaroid supplies instant photographic cameras and films; digital imaging hardware, software and media; secure identification systems; and sunglasses to markets worldwide. Additional information about Polaroid and its reorganization is available on the company's web site at www.polaroid.com.

Legal Information

APPAREO SOFTWARE, INC.: This press release may contain forward-looking statements relating to the product success and business performance of Appareo Software Inc. Such statements are subject to certain risks and uncertainties, including, but not limited to: the possibility of technical, logistical or planning issues in connection with development and deployment of products, failure of the market to accept Appareo's products and platforms, failure of the Company to effectively penetrate emerging markets, as well as risks as detailed from time to time in the Company's Regulatory Authority filings. Forward-looking statements are based on management's beliefs and opinions at the time the statements are made, and the Company does not undertake any obligations to update forward-looking statements should circumstances or management's beliefs or opinions change.

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

POLAROID CORPORATION: Statements in this release may be forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Actual events will be dependent upon factors and risks including, but not limited to, the company's ability to successfully: conclude financial and operational reorganization of the Company in the Chapter 11 process; continue to operate in the ordinary course and manage its relationships with its creditors, including its lenders, noteholders, vendors and suppliers, employees and customers given the company's financial condition; sell all or parts of the Company; implement its business strategy of reducing costs and improving cash flow; compete in the instant imaging market against larger and stronger competitors; retain its top customers and limit the company's vulnerability to general adverse economic conditions; sell and market its products worldwide; retain sole source and other limited source supplies; find suitable manufacturers to which the company can outsource certain of its products; continue to protect its intellectual property; and the company's ability to manage other uncertainties and risk factors, such as those described from time to time in the company's filings with the Securities and Exchange Commission.

Contact Information:

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