



For Immediate Release
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Trading Symbol: MSM (TSX)

Municipal Software Corporation Posts Q2 Results For 2002

VICTORIA—Municipal Software Corporation, a leading developer of local government business process automation software and a wholly owned subsidiary of Municipal Solutions Group, Inc. (TSX: MSM), today announced second quarter financial results for the three-month period ending June 30, 2002.

Revenue rose to \$1,116,554, an increase of 88% over the revenue booked last year of \$594,482 during the same period. Expenses rose slightly to \$942,577, a 27% increase from \$741,418 spent during Q1 in 2001. This yielded a second quarter profit of \$173,977, which outperforms the loss recorded during the same period last year of \$146,936.

After the first six months of 2002, the company has year-to-date revenues of \$1,763,410, expenses of \$1,742,699 and profit of \$20,711. These results were slightly off previous forecasts for revenues of \$2,058,000, expenses of \$2,013,000, and profit of \$45,000.

Management continues to feel that forecasts for the third quarter are achievable. Revenues in Q3 are forecast to be \$1,604,000 (\$3,662,000 year-to-date), expenses are forecast to be \$1,212,000 (\$3,225,000 year-to-date), and profitability is forecast to be \$392,000 (\$437,000 year-to-date).

All financial results were prepared internally using Generally Accepted Accounting Principles (GAAP) and are expressed in Canadian dollars.

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About Municipal Software Corporation

Municipal Software Corporation (www.MunicipalSoftware.com) was recently named the worldwide gold medal winner in the Packaged Application Category of the Microsoft Certified Partner Awards. The announcement was made at Microsoft's Fusion Conference in Los Angeles on July 12, 2002.

Municipal Software Corporation provides CityView®, a fully integrated suite of software products that assist municipal administrators and managers with scalable technology solutions for increasing municipal government productivity in order to service citizens and communities more efficiently and effectively. CityView Enterprise 8.NET™ is powerful automation software that is designed specifically for local government and easily converts paper systems and business processes into a computerized system without costly and time-consuming programming. CityView Enterprise 8.NET enables E-government. It allows government to automate any business process internally and offer it over an Intranet or the Web with the click of a button. CityView Xpress is designed specifically for out-of-the-box departmental management and comes complete with ready-to-use forms and reports for a variety of municipal functions.

CityView 8.NET Enterprise incorporates Microsoft's .net technology. The incorporation of Microsoft's .net technology allows CityView to take any form and report and save it as an .ASPX page that maintains the full functionality of the desktop form and allows it to be accessed through the Web. The .net technology allows Municipal Software Corporation to provide their users with a fully functional browser interface. CityView 8.NET Enterprise also incorporates ESRI's MapObjects to allow direct links to mapping data so users can deploy maps with their Web forms and reports by using ESRI's ArcIMS. CityView 8.NET Enterprise automatically completes the entire configuration necessary to make this work.

About Municipal Solutions Group Inc.

Municipal Solutions Group Inc. (www.MunicipalSolutionsInc.com) was formed in January 2002 as the public financing arm for Municipal Software Corporation, to provide the overall strategic leadership and guidance for Municipal Software and to build comprehensive solutions for local government on a global basis.

Forward-Looking Statements

Certain statements in this news release are not historical and may constitute forward-looking statements reflecting Municipal Solutions Group Inc.'s current expectation in the local government sector. Investors are cautioned that all forward-looking statements involve certain risks and uncertainties, including, without limitation, changes in market and competition, technological and competitive developments, cooperation and performance of strategic partners, and potential downturns in economic conditions generally. Forward-looking statements are based upon management's estimates, beliefs, and opinions on the date the statements are made. Municipal Solutions Group Inc. assumes no obligation to update forward-looking statements if circumstances of management's estimates, beliefs, or opinions should change. Additional information on these and other potential factors that could affect the Company's financial results are detailed in documents filed from time to time with the British Columbia Securities Commission. The TSX Venture Exchange (formerly CDNX) has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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