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Municipal Solutions Announces Financial Results For Q2, 2004

VICTORIA, British Columbia, (August 27, 2004) – Municipal Solutions Group, Inc. (“Municipal Solutions”) (TSX Venture: MSM), a provider of government enterprise solutions, today announced financial results for the second quarter ending June 30, 2004. Second quarter revenue of \$881,888 was 18% less than the same period last year. Company expenses for the second quarter decreased 25% over the same period last year to \$1,021,377. The Company had a loss of \$139,490 before taxes for the second quarter as compared to a loss of \$288,620 in the second quarter of FY2003, an improvement of 52%, and has a before tax profit on a year to date basis of \$18,716.

“While the Company was not able to beat last year’s revenue level for the quarter, there continues to be increasingly strong sales opportunity. This is reflected by the number of sales opportunities in all levels of the sales process, from the unprecedented number of outstanding proposals to those projects that are in the final stages of contract negotiation and council approval,” said Robert Bennett, President and CEO of Municipal Solutions. He went on to say, “The Company has made a number of changes that will allow greater focus and resource to be applied to its sales effort. Given the opportunity that we continue to experience in the marketplace, we continue to expect a strong finish to the year.”

Gross margin was 47% for the second quarter, down slightly from 49% for the second quarter in the prior year. Year to date gross margin is 57%, up from 51% in the first six months of FY2003.

Mr. Bennett comments, “We have 26 active projects that are scheduled for completion over the next few months. Many of these are utilizing CityView’s Internet and e-government capabilities that integrate seamlessly with the rest of the jurisdiction’s business process. The best of these systems will be showcased at this year’s User Conference in November. These systems will highlight the distinguishing features and approach to that we use with our clients to deploy integrated, e-government solutions.”

Operational Highlights

The City of Miami, Florida, has entered into a contract with Municipal Software worth C\$1.1 million to use CityView for its Enterprise Land Management systems. This is the largest contract Municipal Software has been awarded to date.

The Company made Profit Magazine’s top 200 companies for the fourth year in a row, placing 170th as a result of its 5-year growth rate of 346%.

A new version of CityView was released in June. This release includes many new features and performance enhancements, such as dynamic sorting on the Web, providing lookup tables on the Web, and many mapping improvements. This is the fifth release of CityView utilizing Microsoft’s .net environment.

About Municipal Software Corporation

Municipal Software Corporation was a gold medal worldwide winner in the Packaged Application Category for the Microsoft Certified Partner Awards. The Company provides CityView 8.NET, a true enterprise solution that integrates functions across an organization and enables e-government.

CityView 8.NET helps governments automate business processes such as Building, Planning, Code Enforcement, Business Licensing, Public Works, Emergency Management, Cemetery Management and more. Award winning CityView integrates with existing systems, including financials, other departmental automation software, document management, IVR, cashiering, field data collection, and GIS. With clients in over 30 states and 5 provinces Municipal Software Corporation is the one-stop provider of everything government needs for an enterprise wide solution, including the software, the training, the services, and the post purchase support.

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 as it builds 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. These statements are subject to important risks, uncertainties and assumptions concerning future conditions that may ultimately prove to be inaccurate and may differ materially from actual future events or results.

If you would like to be included on our regular distribution please email us at: press@MunicipalSoftware.com or fax to (250) 475-6080.

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