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FOR IMMEDIATE RELEASE

TSX Venture Exchange Symbol: MSM

## Municipal Completes First Stage of \$1,000,000 Financing

**VICTORIA, British Columbia, December 22, 2004** – Municipal Solutions Group, Inc. (“Municipal”) (TSX Venture: MSM), a provider of government enterprise solutions, announced today the completion of the first stage of its non-brokered private placement of units to Pender Growth Fund (VCC) Inc., as previously announced on December 13, 2004. A total of 1,000,000 units were issued at a price of \$0.10 per unit, for total proceeds of \$100,000. Each unit consists of a common share in the capital of Municipal and a common share purchase warrant, entitling the holder to purchase one additional common share at the price of \$0.125 until the date that is 12 months from issuance and at the price of \$0.15 per share thereafter until the date that is 24 months from issuance. The common shares, warrants and shares issuable upon exercise of the warrants are subject to a four month hold period that expires on April 23, 2005.

Municipal intends to use the proceeds from the first stage of the private placement for general working capital purposes.

The second stage of the private placement, consisting of the issuance of 9,000,000 additional units to Pender at a price of \$0.10 per unit for total proceeds of \$900,000, is expected to be completed on or before May 1, 2005, subject to the fulfilment of various previously disclosed conditions. The units issued at the completion of the second stage of the private placement will be comprised of a common share and a common share purchase warrant having the same terms as described above.

### **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](http://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.

**About Pender Growth Fund (VCC) Inc.**

Pender Growth Fund (VCC) Inc. is an established, diversified venture capital fund that invests in technology companies within the province of British Columbia with the objective of long-term capital appreciation. Pender Growth Fund is now the first fund of its kind in British Columbia to focus specifically on expansion and restructuring opportunities within the technology sector that offer investors the potential for liquidity through either existing public listings or near term liquidity events.

Pender Growth Fund is an investment vehicle with significant tax incentives for retail investors to participate in the recovery and growth of the British Columbia technology sector. The Fund has approximately \$16 million of assets under management.

For further information please visit [www.penderfund.com](http://www.penderfund.com) or contact David Roberts at (604) 688-1511 or [droberts@penderfund.com](mailto:droberts@penderfund.com).

***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](mailto:press@MunicipalSoftware.com) or fax to (250) 475-6080.

For further information please visit [www.MunicipalSolutionsInc.com](http://www.MunicipalSolutionsInc.com) or contact Rob Bennett at (800) 665-5647 or [rbennett@MunicipalSoftware.com](mailto:rbennett@MunicipalSoftware.com).

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