



Municipal Software

FOR IMMEDIATE RELEASE

TSX Venture Exchange Symbol: MSZ

Municipal Solutions Announces Results for Second Quarter 2005

Victoria, British Columbia, August 8th 2005 – Municipal Solutions Group, Inc. (“Municipal Solutions”) (TSX Venture: MSZ), a provider of business process automation solutions for government, today announced the financial results for the quarter ending June 30, 2005.

Revenue increased in Q2 2005 to reach \$1,136,059 from \$881,888 in the same period in 2004 an increase of 29%. Q2 revenues were also up by 48% over the \$770,188 reported for first quarter revenues in 2005. Expenses increased in Q2 by 9% over the same period in 2004 and most of the increase was in Sales due to increased staffing levels and related travel expenses.

Administration costs increased due to interest and bank charges. There was a significant non-cash expense of accreted and accrued interest on the convertible debentures in Q2 of \$123,083. The company had a loss of \$84,958 before taxes for the second quarter of FY2005 as compared to a loss of \$139,490 in the second quarter of FY2004, an improvement of 39%.

Iain McLean, Chief Executive Officer of Municipal Solutions, commented, “The company has produced its best revenues in five quarters. Sales improved as customers began to respond to the new product offering and a greater sales presence.” Mr. McLean continued, “After the shareholders approved the financing plans for the company we have been investing in sales initiatives and improving our client services capabilities. There are numerous projects to be delivered during the balance of 2005 and we continue to see strong sales opportunities for the balance of 2005.”

Operational Highlights

Municipal Software announced a new product line in February with the introduction of CityView PreBUILTs. These are ‘out of the box’ software solutions that offer all the forms, reports and automation necessary to manage Property Information, Permits & Inspections, Planning, Code Enforcement, Licensing and Cashiering in local government. These solutions are built on the unique CityView Application Builder, a tool that allows CityView clients to change CityView PreBUILTs as their organizational needs evolve and/or create their own unique CityView applications.

The Town of Darien, CT announced on May 20th 2005 that it had purchased CityView to provide an integrated Permit Tracking System. On June 16th, the Village of Mundelein, IL announced it had purchased CityView to provide an integrated Permitting and Complaint Tracking System. On June 29th Canton, MI announced a decision to purchase CityView to automate their Municipal Services Department. This includes Planning Services, Building and Inspection Services and the Public Works Division.

A summary of the Quarterly consolidated Municipal Solutions income statement follows, along with a comparison to the previous eight most recently completed quarters.

	Q2 2005	Q1 2005	Q4 2004	Q3 2004
Total Revenues	\$1,136,059	\$770,188	\$436,779	\$995,200
Net Income (Loss)**	\$(84,961)	\$(267,572)	\$(786,571)	\$(60,215)
Net Income (Loss) per share*	\$(0.02)	\$(0.07)	\$(0.21)	\$0.02

	Q2 2004	Q1 2004	Q4 2003	Q3 2003
Total Revenues	\$881,888	\$1,262,162	\$1,185,960	\$1,537,388
Net Income (Loss)	\$(139,490)	\$154,056	\$(419,156)	\$76,778
Net Income (Loss) per share*	\$(0.04)	\$0.05	\$(0.13)	\$0.02

*Net Income (Loss) per share has been restated for prior years for comparison purposes.

Consolidation of 8 old shares for 1 new share took place on April 6, 2005.

** Net Income (Loss) includes non-cash interest expense of \$123,083 in Q2 2005 and \$13,539 in Q1 2005.

About Municipal Software Corporation

Municipal Software Corporation provides easily installed, packaged software solutions that manage the everyday business processes of local governments. The solutions are based on 23 years of experience with a product platform that easily adapts to the changing practices of clients. Branded under the CityView name the company provides a number of out of the box solutions automating practices in Property Information, Permits & Inspections, Planning, Code Enforcement, Licensing and Cashiering. CityView Application Builder is a set of application development tools that allows the client to develop unique applications to match specific needs. Municipal Software offers a complete range of services from training and customer support of its suite of products to custom development for unique applications.

About Municipal Solutions Group, Inc

Municipal Solutions Group Inc was formed in January 2002 as the public financing arm for Municipal Software Corporation.

Contacts

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

For further information please visit www.municipalsoftware.com or contact Iain McLean at 1-800 665 5647 or imclean@municipalsoftware.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 events or results.