



Municipal Software

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Municipal Solutions Announces Financial Results For First Quarter 2005

Victoria, British Columbia, May 17, 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 March 31st, 2005.

Revenue increased from Q4 2004 to \$770,188 from \$436,779 but fell from \$1,262,162 in comparison to Q1 2004, a 39% decrease. Expenses decreased 6% over the same period in 2004 to \$1,037,760 from \$1,103,956. About half of the savings were due to restructuring initiated in the second half of 2004 and the balance came from reduced rent expense. The company had a loss of \$267,572 (\$0.01/share) before taxes for the first quarter as compared to a profit of \$158,206 in the first quarter of FY2004.

Iain McLean, the new Chief Executive Officer of Municipal Solutions, commented, “The impact of the changes in product offering and focus for the company has not yet been reflected in these results. The sale to Evansville indicated that our PreBuilt product offering will find acceptance in the marketplace.” Mr. McLean continued, “the company is focused on generating sales opportunities, extending our client relationship management activities and delivering product solutions 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 and Inspections, Planning, Code Enforcement, Business 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 City of Evansville announced that they have selected CityView PreBuilt solutions to meet the city’s immediate need to automate a range of business processes and offer the best possible service to citizens.

The City of Huntington Beach went live with their new CityView system which included five new software applications, Building, Permitting and Inspections, Planning, Business Licensing, Code Enforcement and Cashiering.

During the quarter the company secured new financing totaling just over \$1.4 million and appointed Iain McLean as Chief Executive Office on January 11th.

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

	Q1 2005	Q4 2004	Q3 2004	Q2 2004
Total Revenues	\$ 770,188	\$ 436,779	\$ 995,200	\$ 881,888
Net Income (Loss)	\$ (267,572)	\$ (786,571)	\$ (60,215)	\$ (139,490)
Net Income (Loss) per share	\$ (0.01)	\$ (0.03)	\$ 0.00	\$ (0.01)

	Q1 2004	Q4 2003	Q3 2003	Q2 2003
Total Revenues	\$ 1,262,162	\$1,185,960	\$1,537,388	\$1,080,953
Net Income (Loss)	\$ 154,056	\$ (419,156)	\$ 76,778	\$ (288,620)
Net Income (Loss) per share	\$ 0.01	\$ (0.01)	\$ 0.00	\$ (0.01)

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 and Inspections, Planning, Code Enforcement, Business 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.

To view complete financial statements, please visit www.sedar.com or www.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.