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**TSX Venture Exchange Symbol: MSZ**

## **Municipal Solutions Announces Results for Third Quarter 2005**

**Victoria, British Columbia, November 9th 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 September 30<sup>th</sup>, 2005.

Revenues during the third quarter were \$1,024,687 as compared to \$1,097,812 in the second quarter of 2005 a decline of 6%. Expenses in Q3 2005 increased by \$220,992 over Q2 2005 primarily due to increased losses on foreign exchange of \$122,016, increased Research and Development expenses of \$49,325, additional Client Services staff \$29,551 and increased recruitment costs of \$23,112.

When compared to the same period in 2004 revenues increased by 3% compared with the \$995,200 of Q3 2004. The Company’s operating expenses for the third quarter of FY2005 increased to \$1,276,944 from \$1,052,417 for the same period in FY2004, an increase of 21%.

Iain McLean, Chief Executive Officer of Municipal Solutions, commented, “The Company is making good progress in its drive to create solutions for its clients and prospects. The cost increases in Q3 were part of the investment plan in people and product to improve our competitiveness. Most of the increase occurred in Research and Development as a result of the launch of CityView 8.3 during the quarter. This event triggered the amortization of past deferred development costs; plus \$33,805 of IRAP funding received in Q3 2004 was not obtained in Q3 2005. The loss on foreign exchange increased in Q3 2005 by \$83,769 over Q3 2004. The balance of the increase was the result of investment in sales, travel and recruitment of 4 additional staff during Q3 2005.”

McLean continued, “Municipal Software products play a key role in the domestic preparedness plans of our customers and the sales pipeline is strong into 2006. The sale to the City of Oakland followed a lengthy period of evaluation and due diligence and the project is moving ahead well. In 2006 we will start to see the impact of the CityView PreBuilt products and the partnerships that have been established during 2005.”

### **Operational Highlights**

Broadening its revenue generating abilities from third party products, on August 24, 2005, Municipal Software announced it had signed an agreement to distribute the line of meeting management products for local government application created by SOMACOS of New York, USA and Salzwedel, Germany. SOMACOS has installed Session and Session Net products at over 450 public sector client sites. Session makes information readily available to all members of a network and helps the planning of committee and council meetings by making sure that the paperwork is managed and immediately accessible.

The City of Oakland, after a thorough and exhaustive review process, decided in late August 2005 to select Municipal Software and the CityView product to provide a Code Enforcement Integrated Permit Tracking System. The total value of the project is estimated to be C\$877,900.

Albemarle County, VA announced on September 29, 2005, they will be expanding their current usage of CityView to offer services on-line to their residents. Having seen the benefits of their initial purchase, Albemarle sees an opportunity to increase their level of service by offering customers the ability to apply for permits, check permit status, and schedule inspections from their own computers via the web.

On September 22, 2005, Pender Growth Fund (VCC) Inc. invested an additional \$200,000 in the Company to assist in the funding of its 2005 business plan.

The financing is in the form of a 12% convertible debenture with a 6 month maturity date (Series D Debentures), and includes 357,142 share purchase warrants. This debenture may be converted to a 6% convertible debenture with a 12 month maturity date (Series E Debentures). Interest for each debenture is payable in common shares and the warrants expire 2 years after issuance.

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

|                               | Q3 2005      | Q2 2005     | Q1 2005      | Q4 2004      |
|-------------------------------|--------------|-------------|--------------|--------------|
| Total Revenues *              | \$1,024,687  | \$1,097,812 | \$ 770,188   | \$ 436,779   |
| Net Income (Loss) **          | \$ (379,078) | \$ (84,961) | \$ (268,057) | \$ (786,571) |
| Net Income (Loss) per share * | \$ (0.09)    | \$ (0.02)   | \$ (0.07)    | \$ (0.21)    |

  

|                               | Q3 2004     | Q2 2004      | Q1 2004     | Q4 2003      |
|-------------------------------|-------------|--------------|-------------|--------------|
| Total Revenues *              | \$ 995,200  | \$ 881,888   | \$1,262,162 | \$1,185,960  |
| Net Income (Loss) **          | \$ (60,215) | \$ (139,490) | \$ 154,056  | \$ (419,156) |
| Net Income (Loss) per share * | \$ (0.02)   | \$ (0.04)    | \$ 0.05     | \$ (0.13)    |

\* Certain of the figures presented for comparative purposes have been reclassified to conform to the presentation adopted in the current period.

\*\* Net Income (Loss) includes non-cash interest expense of \$125,089 in Q3 2005, \$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 and 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**

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### *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.*