



Municipal Software

FOR IMMEDIATE RELEASE

TSX Venture Exchange Symbol: MSZ

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MUNICIPAL SOLUTIONS ANNOUNCES ANNUAL RESULTS FOR 2005

Victoria, British Columbia, May 16, 2006—Municipal Solutions Group, Inc. (“Municipal Solutions”) (TSX Venture: MSZ), a provider of a provider of business process automation solutions for government, today announced the financial results for the year ending December 31, 2005.

Revenue increased in 2005 to \$3,844,116 from \$3,576,029 in 2004, an increase of 7.5%. The Company had a loss of \$2,500,367 before taxes for 2005 as compared to a loss of \$824,152 in 2004. \$1,020,518 of this loss related to the Company’s decision to write-off Deferred Software Development Costs in the year. A further \$337,822 of this increase in loss was due to Accreted (non-cash) Interest on convertible debentures that were issued during the year. These debentures and the accrued interest were converted to equity as part of the Company’s financing in April 2006. The Annual General Meeting will take place on June 6th at Vancouver Island Technology Park at 2:00pm.

Iain McLean, Chief Executive Officer of Municipal Solutions, commented, “2005 was a year of transition for the company. We made important changes in the product offering of the Company as we introduced CityView PreBuilts with positive results. Significant improvements were made in the project management and implementation areas. Highlights of the year included the initial sales of CityView PreBuilt solutions, the securing of a contract from The City of Oakland (California) and the successful completion of an implementation at the City of Miami (Florida).”

Presented below is the Company’s calendar-based Selected Annual Information for the twelve months ended December 31, 2005 and the previous two fiscal years:

| | FY2005 | FY2004 | FY2003 |
|------------------------------|---------------|-------------|-------------|
| Total Revenues | \$3,844,116 | \$3,576,029 | \$5,011,970 |
| Net Income (Loss)** | \$(2,500,367) | \$(824,152) | \$(587,344) |
| Net Income (Loss) per share* | \$(0.59) | \$(0.23) | \$(0.18) |

*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 \$337,822 and write-off of Deferred Software Development Costs of \$1,020,518 in 2005.

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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.



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About Municipal Solutions Group Inc.

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

About Municipal Software Corporation

Municipal Software Corporation (TSX-V:MSZ) provides easily installed, packaged software solutions that manage the everyday business processes of local governments. The solutions are based on 24 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.

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.

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 on the AGM or to request a copy of the Annual Report for 2005 please visit www.MunicipalSoftware.com or contact Iain McLean at 1-800-665-5647 or IMcLean@MunicipalSoftware.com.