



# Municipal Software

**FOR IMMEDIATE RELEASE**

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## **MUNICIPAL SOLUTIONS ANNOUNCES RESULTS FOR FIRST QUARTER 2007**

**Victoria, BC, May 30, 2007**—Municipal Solutions Group, Inc. (“Municipal Solutions”) (TSX Venture: MSZ), a provider of business process automation solutions for local government, today announced its unaudited financial results for the quarter ending March 31, 2007.

Total revenue during the quarter was \$1,138,977 as compared to \$1,153,125 in the first quarter of 2006, a decrease of 1%. License sales were strong in the quarter and the Company secured an order for US\$1.9M from Collier County, Florida. However, the revenue effect of this, and other sales, was mitigated by the deferral of the license revenue over the life of the contract implementation. Revenue from Services and Software Maintenance Fees was up in the quarter over the same quarter in 2006 as the Company continued to benefit from the increased adoption of the CityView PreBuilt solutions in local authorities. The Company’s overall sales backlog (a non-GAAP measure which we define as the amount of services and license revenue contracted for but not yet recognized as revenue) exceeded US\$4.2M at March 31, 2007.

Operating expenses in the first quarter increased by \$469,313 when compared to the first quarter of 2006 as the Company made personnel changes and added skills and capacity to accommodate the growth from newly secured contracts and prepared for future opportunities. Costs were also higher as a result of the Company continuing to develop its second version of the PreBUILTS product line and as the Company invested in the development of new product offerings, especially in relation to the Local Government Manager product.

Other expenses totaled \$145,833 in the quarter compared to \$263,450 for the first quarter in 2006.

The loss for the period was \$625,580 compared to a loss for the same period in 2006 of \$259,736.

Iain McLean, Chief Executive Officer of Municipal Solutions, commented “The Company has a strong team in place now and has a platform to deliver on the business that has been secured. The first quarter of 2007 has seen the addition of our new Vice President of Sales, Dennis Asbury and we have won the largest contract in the Company’s history, a direct result of the investment that has been made in the CityView PreBuilt solutions. We have also secured our first customers for Local Government Manager, the Company’s new SaaS solution.”

The following is the Consolidated Statements of Operations and Deficit (unaudited) for the three months ended March 31, 2007 and March 31, 2006. A complete set of financial statements and analysis is available at [www.MunicipalSoftware.com](http://www.MunicipalSoftware.com).



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	Mar 31, 2007	Mar 31, 2006
Revenue	\$ 1,138,977	\$ 1,153,125
Expenses:		
Customer service	431,387	296,293
Sales and marketing	269,056	224,891
Research and development	540,831	279,678
General and administrative	377,450	348,549
	1,618,724	1,149,411
Income (loss) before the following	(479,747)	3,714
Amortization	64,912	50,524
Interest	22,899	32,066
Loss (gain) on foreign exchange	58,022	(22,627)
Accreted interest	-	203,487
Net loss and comprehensive loss for the period	(625,580)	(259,736)
Deficit, beginning of period	(7,157,971)	(4,323,277)
Deficit, end of period	\$(7,783,551)	\$(4,583,013)
Loss per share:		
Basic and diluted	\$ (0.04)	\$ (0.06)
Weighted average number of shares outstanding:		
Basic and diluted	16,045,823	4,367,603



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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. The company recently launched web-based services under the Local Government Manager™ name (available through the Application Exchange of Salesforce.com) for jurisdictions looking for the convenience and cost effectiveness of a hosted product application. 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](mailto:Press@MunicipalSoftware.com).

For further information please visit [www.MunicipalSoftware.com](http://www.MunicipalSoftware.com) or contact Iain McLean at 1-800-665-5647 or [IMcLean@MunicipalSoftware.com](mailto:IMcLean@MunicipalSoftware.com).

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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.*