



# Municipal Software

**FOR IMMEDIATE RELEASE**

**TSX Venture Exchange Symbol: MSZ**

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## **MUNICIPAL SOLUTIONS ANNOUNCES RESULTS FOR THIRD QUARTER 2006**

**Victoria, British Columbia, November 23rd 2006**—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 September 30th, 2006.

Revenue during the quarter was \$1,068,317 as compared to \$1,024,687 in the third quarter of 2005, an increase of 4%, while year-to-date revenue was \$3,038,451, an increase of 5% over the corresponding nine-month period in 2005.

Operating expenses in the third quarter increased by \$336,882 when compared to the third quarter of 2005. The increase in operating costs was largely the result of human resources costs and an investment in product development. The Company has now largely established the complement of staff it needs to operate most effectively but will continue to add staff as required to meet the demand of new customer sales.

Additional development costs were also incurred by the Company in the quarter in relation to the Company’s SaaS solution called Local Government Manager™, the first release of which was introduced in the quarter. These costs were expensed as incurred, instead of being deferred as had been the case in previous years.

Other expenses totaled \$59,498 in the quarter compared to \$270,776 for the third quarter in 2005.

The loss for the period was \$459,084 compared to a loss for the same period in 2005 of \$379,079.

Iain McLean, Chief Executive Officer of Municipal Solutions, commented “the Company is seeing the results of the changes made over the past year and a half. Sales of the CityView PreBuilt products are progressing and the time to implementation of projects is decreasing.”

The following is the Consolidated Statements of Operations and Deficit (unaudited) for the three and nine months ended September 30, 2006 and September 30, 2005. A complete set of financial statements and analysis is available at [www.MunicipalSoftware.com](http://www.MunicipalSoftware.com).



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	Three months ended		Nine months ended	
	September 30 2006	September 30 2005	September 30 2006	September 30 2005
Revenue (note 10)	\$ 1,068,317	\$ 1,024,687	\$ 3,038,451	\$ 2,892,687
Expenses:				
Customer service	287,638	288,527	887,116	771,725
Sales and marketing	258,503	253,533	671,659	748,828
Research and development	509,343	215,050	1,192,982	537,453
General and administrative	412,385	374,147	1,222,494	982,901
Loss before following	(399,552)	(106,570)	(935,800)	(148,220)
Amortization	51,892	53,197	155,383	161,922
Interest	23,451	8,721	77,692	102,549
Loss (gain) on foreign exchange	(15,845)	83,769	8,870	55,475
Non-cash interest (note 5)	-	125,089	295,277	261,710
Loss before income taxes	(459,050)	(377,346)	(1,473,022)	(729,876)
Income taxes:				
Current	34	1,732	874	2,220
Loss for the period	(459,084)	(379,079)	(1,473,896)	(732,096)
Deficit, beginning of period	(5,644,097)	(1,874,116)	(4,024,415)	(1,521,098)
Early conversion premium - convertible debentures			(604,870)	
Deficit, end of period	\$ (6,103,181)	\$ (2,253,194)	\$ (6,103,181)	\$ (2,253,194)
Loss per share:				
Basic and fully diluted	\$ (0.03)	\$ (0.09)	\$ (0.13)	\$ (0.17)
Weighted average number of shares outstanding:				
Basic and fully diluted	16,046,838	4,307,603	11,045,905	4,201,416



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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](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 [Media@MunicipalSoftware.com](mailto:Media@MunicipalSoftware.com).

***The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.***