

New Mexico Software Q3 Revenue Up 57% to \$912K; Nine Months Revenue Up 185% to \$2.7M

Rapidly Growing Radiological Services Contributed 83% of Q3 Revenue

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ALBUQUERQUE, N.M. -- [New Mexico Software, Inc.](http://www.newmexicosoftware.com) (OTC Bulletin Board: [NMXC](http://www.newmexicosoftware.com)) a leading provider of next-generation business and medical services, announced today its financial results for the third quarter ended September 30, 2009.

Second Quarter 2009 Financial Highlights:

- Total revenue increased 57% to \$912,000 from \$520,000 in Q3 2008
- Nine months revenue rose 185% to \$2.7 million from \$957,000 in the first nine months of 2008
- Telerad Radiological Services (TRS) division revenue was \$757,000 or 83% of total Q3 revenue. TRS operating loss was (\$107,000)
- Software division revenue was \$185,000 or 20% of total Q2 revenue. Software division operating loss was (\$19,000)
- Cash and cash equivalents totaled \$123,000 vs. \$68,000 as of December 31, 2008
- Gross profit in the quarter increased 75% to \$238,000 from \$136,000 in Q3 2008
- Net loss was (\$64,000) versus (\$46,000) a year ago
- During the quarter the company spent roughly \$81,000 on legal fees and a total of \$157,000 for the year.

New Mexico Software CEO Dick Govatski said, “We continue to see substantial growth in our Telerad Radiological Services (TRS) as we have added new customers and licensed radiologists to handle the growing amount of traffic. We now have 29 licensed radiologists available to read and report on radiological studies from customers in 38 states. This is up from 20 radiologists covering 36 states as of the end of the second quarter.

“TRS now represents about 83% of the company’s revenues that are generated by software usage fees, software hosting and maintenance services and scanning services. We have worked hard to keep costs under control but our bottom line has been adversely affected by major legal expenses associated with a customer dispute. Absent the legal fees associated with this matter, the company would have been profitable for all of 2009. We believe the case brought by the other party is without merit and we are vigorously disputing claims made against us with the hope it will be resolved in our favor. A trial date has been set for April 5, 2010.

“We continue to be quite optimistic about our ability to expand business. Currently we are working to expand revenues to include other services complementary to teleradiology including online billing, electronic medical records and telecardiology. We have recruited a Chief Cardiologist and we are in the process of credentialing 13 additional cardiologists to provide EKG, Echo, and

Nuclear exams to customers in 14 states. The telecardiology division will be fully functional by the end of the year.” Govatski said.

About New Mexico Software

New Mexico Software, Inc. develops and provides medical IT services and solutions that enable improved and faster communication within the preventative, comprehensive and critical healthcare segments. New Mexico also provides software and hardware that streamlines administrative processes for a more efficient working environment. Telerad Services is a wholly-owned subsidiary of New Mexico Software whose primary focus is to deliver interpretive radiological cases studies for medical facilities. For more information, visit www.nmxc.net or www.nmxs.com, or contact Dick Govatski, president and CEO, at 505-255-1999 or ceo@nmxs.com.

An investment profile on New Mexico Software may be found at www.hawkassociates.com/profile/nm www.hawkassociates.com/profile/nmxc.cfm. For an online investor relations kit, visit www.hawkassoc.com or www.americanmicrocaps.com. For more investor-related questions, contact Frank Hawkins or Susan Zhou, Hawk Associates, at 305-451-1888 or New.Mexico.Software@hawkassociates.com. To subscribe to future releases via e-mail alert, visit www.hawkassociates.com/about/alert/.

This press release may contain forward-looking information within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), including all statements that are not statements of historical fact regarding the intent, belief or current expectations of the company, its directors or its officers with respect to, among other things: (i) the company’s financing plans; (ii) trends affecting the company’s financial condition or results of operations; (iii) the company’s growth strategy and operating strategy; and (iv) the declaration and payment of dividends. The words “may,” “would,” “will,” “expect,” “estimate,” “anticipate,” “believe,” “intend” and similar expressions and variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond the company’s ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors including the risk disclosed in the company’s Forms 10-K and 10-Q filed with the SEC.