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Friday, 16th of February 2007

Newsletter to the shareholders in CAMO after Q4 2006

*The CAMO group consists of two separate operational divisions. **CAMO SOFTWARE** (Development and sales of advanced multivariate statistical software worldwide) and **CAMO IT SERVICES** (IT Services in US, Europe and India).*

Note: Figures in this document are preliminary only since the necessary audit is not yet finalized.

Introduction CAMO Group of companies

- The CAMO group total consolidated revenue was up 9% on Q4 2005 figures reaching the highest level of sales ever. Year-end total revenue was up 12% on 2005 figures to USD 14 Million.
- Software revenue was up 27% on Q4 2005 figures. Year-end software revenue was up 11% on 2005 figures. The Software division has now set up a new sales organization which will implement and grow the current sales model (mainly through inside sales and resellers).
- IT Services revenue where up by 5,5% on Q4 2005 figures. Year-end IT Services revenues was up 12% on 2005 figures. We see a good future growth in the Indian market for staffing and outsourcing services and are planning for an acquisition
- Consolidated earnings (preliminary) before tax (EBIT) for Q4 reached USD 0,28 Million down from USD 0.34 Million for Q4 last year. 2006 EBIT reached 0.8 Million, down from 1.0 Million in 2005, due to planned higher costs.
- A private placement of common shares of USD 600K was successfully closed in December 2006 at NOK 1,90/share. The new funds will be applied for the financing of the first planned acquisition in India.

CAMO IT SERVICES Division

The CAMO IT SERVICES division is offering IT Staffing Services to Companies in US, Europe and India.

The US market for IT staffing services continued to be good and stable in Q4 2006. The competition for skilled IT Consultants in US continued however to be high putting pressure on gross margins and profitability.

Recruiting new consultants and retaining existing portfolio is a continuing challenge. At the end of 2006 the IT Services division had a total of 200 employees of which the US operation had 150 employees and the India operation 50.

Highlights for the IT Services Group for Q4 2006.

- Strengthening the CAMO Tech (India) Operations by hiring new Senior Sales People to support domestic IT Staffing Services.
- Opening of one more location in Pune, India to support our customers in central India.
- Completed IT Services Business Plan for the next three years.

CAMO SOFTWARE Division

The CAMO SOFTWARE division is offering state of the art multivariate data analysis software to more than 2000 customers in more than 47 countries.

Q4 was the best quarter ever for the Software division. Q4 Revenue was up 27% on Q4 2005 and costs were increasing according to plan.

In line with the implementation of the new business plan the division was able to launch a new sales organization worldwide in December.

The new sales manager and sales organization in the US as well as more sales resources and a new organizational structure in Europe seems to function well as pipeline is increasing.

The sales organization will during mid-2007 start focusing more on Key Account Sales, OEM sales and to create vertical solutions for the Pharmaceutical & Biotech, Chemical, Food & Beverage and Oil & Gas markets. The product development team in Bangalore, India, will add resources to the Unscrambler product development where all focus will be in 2007.

Major news for CAMO SOFTWARE during Q4 2006

- A new sales manager was recruited for CAMO Software US, setting up a new sales organization.
- New sales personnel (some replacements) and organization in Norway (for the European market).
- Completed the new business plan, focusing on high growth organically by increased sales focus in the whole organization
- Started development of new Unscrambler version 9.7, to be released in April. Decreased focus on other side-products
- Signed first strategic OEM agreement with instrument supplier Perten AB from Sweden, will include Unscrambler OLUP on all shipments of one of their NIR instruments.
- Started to implement a strategy to be the leader in instrument data analysis and expect to partner with several instrument manufacturers globally.

FINANCIALS for the CAMO Group

CAMO Group Consolidated (preliminary, non-audited)				
All figures in USD	4th Quarter	4th Quarter	Year ending	Year ending
	2006	2005	2006	2005
Total Revenues	3 718 369	3 414 444	13 981 994	12 452 317
IT Services Division	3 035 942	2 876 689	11 949 533	10 627 328
Software Division	682 427	537 754	2 032 461	1 824 989
Cost of Goods Total	2 447 876	2 307 388	9 665 888	8 606 425
IT Services Division	2 346 249	2 221 531	9 324 407	8 254 510
Software Division	101 627	85 857	341 482	351 915
Gross Margin Total	1 270 493	1 107 056	4 316 105	3 845 892
IT Services Division	689 693	655 158	2 625 126	2 372 818
Software Division	580 800	451 898	1 690 979	1 473 074
General and Administrative Expenses	973 866	753 035	3 469 541	2 830 256
EBITDA	296 627	354 020	846 564	1 015 636
Depreciation	5 169	9 187	41 962	28 239
EBIT	291 458	344 833	804 602	987 396

GUIDANCE for 2007 and forward-looking statement

CAMO IT Services division

The division will most likely experience high organic growth in India from current low levels during 2007.

Management have also, according to the new strategic plan, identified several potential acquisitions targets in India and is working to finalize one in Q2. The IT services division plan to accelerate growth and profitability primarily in India, and will through fast organic growth and acquisitions aim be able to offer a more sophisticated range of IT outsourcing service to US and European clients for the year to come.

The US staffing services is expected to continue to grow at a rate of around 10% p.a. with increasing profitability.

CAMO Software division

The reorganization and new hires for the division in 2006 is expected to increase efficiency and customer focus and as a consequence sales.

In addition the division has introduced a solution based sales model, which will increase average order value and the value of our products for the customers. The effect of this strategically important move will not come before the second half of 2007.

The increased focus on the CAMO OEM partners is also expected to increase sales volume in the division throughout the year.

Management and board will expect the division to commence a rapid growth primarily in the US and Asian markets while growth for Europe will be slightly lower.

The board and management of CAMO have established an ambitious and aggressive growth plan for 2007 and onwards and expect to use the equity market if necessary to raise funds for organic growth and acquisitions. The group will also increase focus on IR issues and quality during the year.

Shareholders meeting

CAMO AS will hold its annual shareholders meeting the 26th of April in its office in Oslo.

For and on behalf of

The board of CAMO AS