



Newsletter to the shareholders in CAMO ASA after Q3 2008

Issued November 10, 2008

The CAMO group with headquarter in Oslo, Norway have international presence in Europe, North America and the Asia/Pacific regions focusing on IT products and services, all with a connection to the Indian IT industry.

The CAMO Group has three separate operational divisions with a total of approximately 500 employees in Oslo, Norway, Woodbridge, New Jersey, USA and Bangalore, India. The three divisions are:

CAMO SOFTWARE (Development and Sales of advanced Multivariate Statistical Software, visit: www.CAMO.com for more info) has more than 3000 customers worldwide and 40 employees in Oslo, New Jersey and Bangalore.

PROTEANS (An IT Company acquired by CAMO in July 2007 focusing on Outsourced Product Development mainly based on Microsoft .Net technologies and Sun Java technologies, visit www.Proteans.com for more info) has approximately 40 customers in North America and Europe with 320 employees in Bangalore and is currently starting up operation in Europe.

CAMO TECHNOLOGIES (IT consulting and staffing services within Microsoft .Net and Sun Java technologies, visit www.CAMOTEchnologies.com for more info) has consultants in the US and a back office in Bangalore with a total of approximately 100 employees.

Note: Numbers in this document are not audited

Financial performance for CAMO after Q3 2008**Total CAMO Group consolidated:****YTD numbers**

The CAMO group total consolidated revenue increased 2% to 15,66 MUSD in the first nine months compared to 15,4 in the same period in 2007.

Consolidated earnings (preliminary) before tax and depreciation (EBITDA) for the first nine months reached USD 0,445 MUSD. This was 0,333 MUSD down from 0,780 MUSD in the same period last year.

Q3 numbers

The CAMO group total consolidated revenue decreased 4% from 5,30 to 5,11 MUSD in the 3rd quarter compared to Q3 2007.

Consolidated earnings (preliminary) before tax and depreciation (EBITDA) for Q3 reached USD 0,170 MUSD. This was 0,030 MUSD down from 0,200 MUSD in Q3 2007.

CAMO Technologies division

Revenue for CAMO Technologies September YTD 2008 decreased 23 % from 10,27 MUSD September YTD 2007 to 7,90 MUSD.

Revenue for CAMO Technologies in 3rd quarter 2008 decreased 35 % to 2,33 MUSD from 3,55 MUSD in the same quarter in 2007.

Proteans division

Revenue Proteans in September YTD 2008 increased by 68% to 5,73 MUSD from 3,42 MUSD September YTD 2007.

Revenue for Proteans in 3rd quarter 2008 increased 80% to 2,25 MUSD from to 1,25 MUSD in the same quarter in 2007.

CAMO Software division

Revenue CAMO Software for September YTD 2008 increased by 19% to 2.03 MUSD from 1,71 MUSD in September YTD.

Revenue CAMO Software in 3rd quarter 2008 increased by 7 % to 0,534 MUSD from 0,501 in the same quarter in 2007.

Profit and Loss report after September 2008

IN USD	2008 QTD	2007 QTD	2008 YTD	2007 YTD
Revenue				
CAMO SOFTWARE	534 549	501 779	2 036 879	1 711 878
CAMO TECH	2 325 077	3 553 987	7 894 955	10 272 450
PROTEANS	2 254 272	1 251 573	5 732 452	3 419 063
Total Revenue	5 113 897	5 307 339	15 664 286	15 403 391
CoS				
CAMO SOFTWARE	101 119	128 931	318 328	340 436
CAMO TECH	1 794 612	2 786 594	6 282 658	8 173 475
PROTEANS	1 220 977	706 060	3 438 775	1 670 600
Total COGS	3 116 708	3 621 585	10 039 762	10 184 511
Gross Margin				
CAMO SOFTWARE	433 430	372 848	1 718 550	1 371 442
CAMO TECH	530 464	767 393	1 612 296	2 098 975
PROTEANS	1 033 295	545 513	2 293 677	1 748 463
Total Gross Margin	1 997 190	1 685 754	5 624 524	5 218 880
Total G&A	1 826 951	1 485 148	5 179 189	4 438 520
EBITDA	170 239	200 606	445 335	780 360
Depreciation	878 047	54 326	1 007 362	143 573
EBIT	(707 808)	146 280	(562 027)	636 787

The major item within "Depreciation" is a goodwill depreciation that has been made to reflect the true value of CAMO Technologies. These corrections and depreciations of goodwill has earlier only been made in the final accounts after year end.

Comments and market outlook – CAMO Group

Despite the challenging market conditions on the US market (approximately 90% of the revenue in the CAMO Group comes from the US market), the CAMO group as a whole has managed to maintain a positive EBITDA during the first nine months of the year.

The fast growth in Proteans (68%) and CAMO Software (19%) compensates for the declining revenue in CAMO Technologies. This shift of focus is according to the strategic plan set out in April 2008.

The cash flow situation is challenging and the group is working on additional working capital financing.

Comments and market outlook – CAMO's divisions

The US market is still weak and difficult to predict. It is expected that CAMO Technologies will stabilize sales on current level. Costs are adjustable and the division will maintain profitability also at a lower level of revenue.

Proteans offers services that are counter-cyclic and sees no decline in the need for its services. It is expected it will continue to grow. The growth requires additional working capital in 2009. In Q3 2008 Proteans have increased their development teams rapidly to several new and existing customers, of which four now are among Fortune 500 companies (relative to one customer last year). These customers will be instrumental for the future growth. They have also implemented India's largest Microsoft CRM installation to IT-giant Wipro. The first customer project has been started on the Scandinavian market.

The CAMO Software operation has 2/3 of its business outside of the US market and has been able to continue its growth outside of US, even if the summer period was unusually slow. The largest region, Europe is growing stable and is expected to continue doing so but long-term visibility is limited. Costs have been decreased and the CAMO Software division is expected to improve its profitability.

The Management and Board are working to increase working capital funds to support the growth of Proteans and CAMO Software.

Balance sheet after Q3 2008

Balance sheet	31.12.2007	30.06.2008	30.09.2008
Intangible assets			
Research and development	338 909	521 972	595 824
Goodwill	9 717 577	10 567 380	9 099 537
Patents	23 437	69 146	62 535
Deferred tax	1 395 491	1 473 831	1 320 109
Tangible assets		0	0
Land, buildings and other property	0	0	0
Machinery, fixtures and fitting etc.	1 342 790	1 430 669	1 490 029
Financial tangible assets	2 522	15 000	(0)
Current assets		0	0
Inventory	17 296	13 742	10 049
Accounts receivables	4 271 624	4 128 880	4 326 791
Other receivables	1 404 362	1 591 016	2 454 583
Quoted shares/bonds	121 178	88 001	68 645
Bank deposit, cash in hand, etc.	1 468 728	791 778	845 388
Total assets	20 103 914	20 691 415	20 273 491
Share capital	5 325 398	5 687 901	5 847 275
Share premium reserve	6 480 471	6 921 601	6 114 082
Other paid-in capital	0	0	0
Other equity	(3 822 952)	(3 516 757)	(3 708 257)
Total equity	7 982 916	9 092 745	8 253 101
Long-term liabilities	6 458 051	8 239 478	7 727 072
Total current liabilities			
Accounts payable	1 463 837	2 144 951	1 794 051
Tax payable	53 934	(97 400)	(97 115)
Public duties payable	111 843	84 807	148 889
Other short-term liabilities	4 033 333	1 226 834	2 447 493
Total equity and liabilities	20 103 914	20 691 415	20 273 491

Note that CAMO has started to depreciate Goodwill of the CAMO Technologies division due to the decreased profit – and therefore value of that division.

Quarterly cash flow

IB bank account	791 778
Cash flow operating activities	-12 390
Cash from investment activities	-321 000
Cash inflow from financing activities	387 000
UB Bank deposit, cash and cash equivalent	845 388

YTD cash flow

IB bank account	1 468 728
Cash flow operating activities	-288 628
Cash from investment activities	-861 000
Cash inflow from financing activities	526 289
UB Bank deposit, cash and cash equivalent	845 388

For further questions contact

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