Newsletter to the shareholders in CAMO ASA after Q1 2008
Issued May 13, 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. The CAMO Group has three separate operational divisions with a total of over 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 close to 50 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 30 customers in North America and the UK with 280 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 permanent staffing operation and back office in Bangalore with a total of 170 employees.*

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

Financial performance for the CAMO Group:

The CAMO group total consolidated revenue increased 11% to 5.34 MUSD in Q1 2008 compared to Q1 2007.

Consolidated earnings (preliminary) before tax and depreciation (EBITDA) for Q1 reached USD 0.155 MUSD. This was 0.270 MUSD down from 0.425 MUSD in Q1 last year.

CAMO's divisions:

Proteans revenue increased by 62% to 1.618 MUSD in Q1 2008 compared to Q1 2007.

CAMO Technologies revenue decreased by 3% to 3.04 MUSD in Q1 2008 compared to Q1 2007.

CAMO Software revenue increased 1% to 0.682 MUSD in Q1 2008 compared to Q1 2007.

FINANCIALS for the CAMO Group

Q1 2008 Profit and Loss statement	Q1 2008	Q1 2007	Growth 07>08
Revenues			
Camo Tech	3 042 562	3 120 631	-3 %
Camo Software	682 421	678 693	1 %
Proteans	1 618 266	1 001 873	62 %
Total revenue	5 343 250	4 801 197	11 %
COGS			
Camo Tech	2 409 575	2 567 777	-6 %
Camo Software	85 007	92 707	-8 %
Proteans	1 054 138	481 586	119 %
Total COGS	3 548 721	3 142 070	13 %
Gross Margin			
Camo Tech	632 987	552 854	14 %
Camo Software	597 414	585 986	2 %
Proteans	564 128	520 288	8 %
Total gross margin	1 794 529	1 659 128	8 %
Total G & A Expenses	1 639 203	1 233 710	33 %
EBITDA	155 326	425 418	-63 %

Comments on Q1 2008

The CAMO Group

In the first quarter CAMO Group was hit by the weakening US market as well as the depreciating dollar (approximately 90% of the revenue comes from the US market). The consequences are different for each division and are explained more specifically below.

Update on acquisitions: CAMO decided in the beginning of 2007 to make 1-2 acquisitions in India to fuel its growth and to take advantage of the growing IT Services market developed from there. The outcome of this plan is the acquisition of Proteans, which has worked out well and is now a strategic part of CAMO's business. The other potential acquisition (local consulting in India) is not considered strategic because this business can now be developed through Proteans organic expansion. Another factor for not making another acquisition is that the potential candidates available for acquisition did not pass the due diligence process. Therefore CAMO has decided not to pursue any more acquisitions in India in the near future.

PROTEANS Division

Proteans grew 62% compared to same quarter last year. Proteans profitability is however hit by higher wage costs, a weak dollar and extensive hiring of new engineers to meet expected and planned growth in sales.

CAMO Technologies Division

CAMO Technologies turnover was hit by the US market slowdown. The division compensated for this in advance by moving back office services to India where the costs are lower. The gross margin was also improved by increasing the share of revenue coming from recruiting services which gives higher margins than consulting.

CAMO SOFTWARE Division

The Software division had a weak start of the year on the US market where revenue decreased. The revenue growth in Europe and Asia compensated for this by growing approximately 20%, resulting in a growth for the quarter with 1%.

Market Outlook for 2008

The CAMO Group

CAMO has revised its turnover and profit targets for 2008 due to the weak market conditions in the US. See the divisions for details.

PROTEANS Division

Proteans is planning to continue its growth. The division is investing in its sales organization and to establish its presence on markets outside of the US. UK and Scandinavia are priority areas. The challenges are salary levels in India, as well as the weakening US business.
Proteans contracts with its customers are stable and long term; most of them are increasing continuously and are as of today never terminated (with only exceptions being a few customers going out of business or being acquired).

CAMO Technologies Division

The Tech division is trying to optimize its profit for the rest of the year, giving it the role of a cash cow in the group. Total revenue on the US market will most likely decrease, while Gross Margin and EBITDA are increasing. The average number of consultants at end of Q1 2008 was 95 while it was 104 at end of Q4 2007.
Contract lengths for the consultants on billing are at least 3 months, but average is 6-12 months engagements.

CAMO SOFTWARE Division

The Software division is experiencing difficulties growing in the US market. The sales teams in all regions are now more experienced and established than ever before and is ready to grow revenue with existing team sizes.
There is an effort to increase the average order size, which today is approximately 4000 USD, to sell larger contracts. Some complementary products to The Unscrambler™ are being released in Q2 and Q3 to be able to sell more products to the same customers. Distribution agreements are made with third party software companies to increase the product portfolio.

BALANCE SHEET

ASSETS	Dec 2006	Dec 2007	Mar 2008
Tangible assets	220 459	2 645 749	2 773 068
Intangible fixed assets	9 037 472	11 894 360	11 974 206
Total fixed assets	**9 257 931**	**14 540 109**	**14 747 274**
Inventory	27 557	18 058	15 746
Trade receivables	3 086 301	4 383 873	4 772 607
Other receivables	926 152	1 435 061	1 461 176
Bank deposits, cash in hand, etc.	587 839	1 672 337	878 422
Total current assets	**4 627 849**	**7 509 328**	**7 127 951**
TOTAL ASSETS	**13 885 779**	**22 049 437**	**21 875 225**

EQUITY AND LIABILITIES	Dec 2006	Dec 2007	Mar 2008
Equity			
Share capital	4 325 816	5 501 366	5 501 366
Share premium	5 408 316	7 328 727	7 328 727
Other equity	-163 146	-2 388 675	-2 464 666
Total equity	**9 570 986**	**10 441 417**	**10 365 427**
Liabilities			
Long-term liabilities	1 405 200	6 711 734	7 630 365
Total long-term liabilities	**1 405 200**	**6 711 734**	**7 630 365**
Current liabilities			
Trade creditors	1 091 756	1 581 796	1 710 948
Taxes withheld	1 482	58 653	76 619
Public duties payable	84 486	119 492	90 261
Other short-term liabilities	1 731 869	3 136 345	2 001 606
Total current liabilities	**2 909 594**	**4 896 287**	**3 879 433**
Total liabilities	**4 314 794**	**11 608 020**	**11 509 798**
TOTAL EQUITY AND LIABILITIES	**13 885 779**	**22 049 437**	**21 875 225**

During the period, the Group had a negative cash flow from operational activities. This is normal for CAMO in the first quarter due to payment of visa applications in the US for new consultants coming from India in late 2008 and also payment of taxes in US. The receivables are increasing due to Proteans growth in sales.

In Q1 CAMO made an investment in a new office location for Proteans in India. Proteans growth will require additional investments in both working capital and capital expenditures throughout the year.

In Q1 2008 CAMO had a negative cash flow from financing. The Group is establishing a new credit line in India of USD 1 – 1.5 Million this summer to support working capital and investments in future growth for 2009 and 2010.

Cash in hand at the end of the quarter was 0.878 MUSD.

Cash flow statement

	2 007	1Q 2008
IB bank account	587 839	1 672 337
Net cash inflow / (outflow) from operating activities	8 305	-290 169
Net cash inflow / (outflow) from investing activities	-4 983 321	-140 000
Net cash inflow / (outflow) from financing activities	6 059 513	-363 746
UB Bank deposit, cash and cash equivalent	1 672 336	878 422