



## Newsletter to CAMO AS shareholders Q1 2010

The CAMO group with headquarter in Oslo, Norway have international presence in Europe, North America and the Asia/Pacific regions selling IT products and services worldwide.

CAMO AS own 100% of two separate operational divisions with a total of approximately 375 employees in Oslo, Norway, New Jersey, USA, Yokohama ,Japan and Bangalore, India. and 18% in Camo Tech Inc in New Jersey, USA

CAMO SOFTWARE (Development and sales of Multivariate Statistical Software, visit: [www.camo.com](http://www.camo.com) for more info) has more than 3000 customers worldwide and 40 employees in Oslo, New Jersey, US, Yokohama, Japan and Bangalore (India).

PROTEANS (An IT consultancy company providing Outsourced Product Development Services and Business Solutions for customers in USA and Europe) has 37 clients in North America and Europe with 335 employees in Bangalore (India).

### CAMO Group Q1 2010

Financials	Q1 2010	Q1 2009	YTD 2010	YTD 2009
IN USD				
REVENUE	2 905 606	2 662 544	2 905 606	2 662 544
Net cost of goods sold	1 369 427	1 278 435	1 369 427	1 278 435
GROSS PROFIT	1 536 179	1 384 110	1 536 179	1 384 110
Gross margin	53 %	52 %	53 %	52 %
G & A	1 347 963	1 478 189	1 347 963	1 478 189
EBITDA	188 216	94 079	188 216	94 079
EBITDA margin	6 %	4 %	6 %	4 %
Net dep, amort and wd:s	120 220	408 897	120 220	408 897
EBIT	67 996	502 976	67 996	502 976
Net financial items	284 500	177 363	284 500	177 363
EBT	216 504	680 339	216 504	680 339
Tax	4 831	81 044	4 831	81 044
NET INCOME	221 336	599 296	221 336	599 296

Total group turnover for Q1 2010 is well above 2009 figures, and operational profitability has returned, but still not enough to yield black bottom line figures for the group after financials.

The increase in turnover from 2009 has come from a significant recovery of sales performance for the CAMO Software group during the quarter. The reduction in losses has also come from the cost cutting program implemented at the holding company level throughout the last 2 quarters of 2009.

The business climate for both divisions are still improving at the start of Q2 2010.

The main event for Q1 2010 has been:

- The continuous development but not yet official release of the Unscrambler X from CAMO SW
- Signing of LOI and the due diligence for the sale of Proteans Private India Ltd
- Full focus on Business Plan, financial consolidation and product development for CAMO SW post Proteans divestment
- Opening a CAMO sales office in Japan

**In addition the Share Purchase Agreement for the sale of all the shares in Proteans Software Solutions Pvt Ltd signed 28<sup>th</sup> of April 2010 and the subsequent closing and payment on 1<sup>st</sup> of June will significantly improve the CAMO group financial situation.**

## CAMO Software AS Q1 2010

Financials	Q1 2010	Q1 2009	YTD 2010	YTD 2009
IN USD				
REVENUE	707 437	461 139	707 437	461 139
Net cost of goods sold	78 420	69 176	78 420	69 176
GROSS PROFIT	629 017	391 964	629 017	391 964
Gross margin	89 %	85 %	89 %	85 %
G & A	607 907	550 672	607 907	550 672
EBITDA	21 110	158 708	21 110	158 708
EBITDA margin	0	0	0	0
Net dep, amort and wd:s	23 342	23 898	23 342	23 898
EBIT	2 232	182 606	2 232	182 606
Net financial items	12 263	12 923	12 263	12 923
EBT	14 495	195 529	14 495	195 529
Tax	4 831	358	4 831	358
NET INCOME	19 327	195 888	19 327	195 888

CAMO SW continued the good development from December last year, and total sales for the quarter grew by a healthy 54 % on last years (weak) sales figures, contributing to a positive EBITDA of USD 21K for the quarter.

The Unscrambler X-release has again been delayed, and the official release will take place late in April. The company has had some serious challenges in the process of planning and implementing the 2 ½ year software development, but has taken several steps to improve the process.

CAMO SW Norwegian office will move into smaller, less expensive premises at the end of June. The offices have been specially fitted to house the head quarter in Oslo.

Mr Brad Swarbrick, the CAMO SW group representative in Australia/New Zealand has moved to Oslo with his family to head Business development and the European sales team. Brad has a scientific background and has worked 17 years with Multivariate Data analysis for instrument vendors, Pharma companies and as an independent consultant before he joined CAMO SW in 2008.

Mr Takayo Sato has started our CAMO SW Japan office as of 1<sup>st</sup> of March. The Japanese presence is considered important to grow the CAMO SW sales in the country to new levels.

## PROTEANS Q1 2010

<b>Financials</b>	<b>Q1 2010</b>	<b>Q1 2009</b>	<b>YTD 2010</b>	<b>YTD 2009</b>
IN USD				
REVENUE	2 176 049	2 201 405	2 176 049	2 201 405
Net cost of goods sold	1 281 491	1 204 252	1 281 491	1 204 252
GROSS PROFIT	894 558	997 153	894 558	997 153
Gross margin	41 %	45 %	41 %	45 %
G & A	649 174	695 156	649 174	695 156
EBITDA	245 384	301 997	245 384	301 997
EBITDA margin	11 %	14 %	11 %	14 %
Net dep, amort and wd:s	96 878	384 999	96 878	384 999
EBIT	148 506	83 002	148 506	83 002
Net financial items	84 878	42 891	84 878	42 891
EBT	63 628	40 111	63 628	40 111
Tax	-	81 402	-	81 402
NET INCOME	63 628	41 291	63 628	41 291

Proteans Q1 numbers are somewhat weaker than Q1 2009. The underlying business potential is improving, and a number of new customers have been added during the quarter continuing the growth trend that started in Q3 2009. Head count is up by almost 30 people during the quarter as preparation and training for new client projects will start in Q2.

The market situation for many clients is still tough, and Proteans has experienced some difficulties getting current on receivables from some smaller customers during the quarter.

The monthly billing is expected to grow from the USD 750K level to reach an expected USD 800-900K the coming fall.

## CAMO AS

<b>Financials</b>	<b>Q1 2010</b>	<b>Q1 2009</b>	<b>YTD 2010</b>	<b>YTD 2009</b>
IN USD				
REVENUE	22 120	0	22 120	0
Net cost of goods sold	9 516	5 007	9 516	5 007
GROSS PROFIT	12 604	5 007	12 604	5 007
Gross margin	57 %		57 %	
G & A	90 882	232 361	90 882	232 361
EBITDA	78 278	237 368	78 278	237 368
Net dep, amort and wd:s		0		0
EBIT	78 278	237 368	78 278	237 368
Net financial items	187 359	207 331	187 359	207 331
EBT	265 637	444 699	265 637	444 699
Tax				
NET INCOME	265 637	444 699	265 637	444 699

Camo AS has now, after a 7 months process, closed the sale of Proteasn Software Solutions Pvt Ltd to the Indian based much larger OPD company Symphony Services Corp India Pvt Ltd.

The divestment was done at a Purchase price of USD 7,5 mill with an additional sales performance related potential payment of USD 1 mill falling due for payment in June/July 2010,

After the payment of capital gains tax in India and brokers/top management commissions and other costs the net proceeds from the divestment will be approximately NOK 40 mill. NOK 30 mill of proceeds from the divestment will be used to do a early redemption of 75% of the Bond falling due in December this year. Repayment of the remaining 25% of the bond has been extended to 15<sup>th</sup> of May 2012.

The remaining NOK 10 mill will be used to settle short term debt and strengthen working capital in CAMO.

The Proteans sale will generate a profit of about NOK 13 million in the CAMO AS books, and restore equity to an acceptable level in CAMO AS.

With this divestment CAMO AS only owns CAMO SW AS with subsidiaries. It is the intention of the majority owners and the board to suggest a merger for the two companies in order to save costs and increase focus on the growth of the remaining CAMO SW Group.