



## Newsletter to CAMO AS shareholders Q4 2009

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 with a connection to the Indian IT industry.

The CAMO Group own 100% of two separate operational divisions with a total of approximately 345 employees in Oslo, Norway, New Jersey, USA and Bangalore, India.

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 38 employees in Oslo, New Jersey and Bangalore (India).

PROTEANS (An IT consultancy company providing Outsourced Product Development Services and Business Solutions for customers in USA and Europe) has more than 40 customers in North America and Europe with 304 employees in Bangalore (India).

### ***CAMO Group Consolidated***

<b>Financials</b>	<b>Q4 2009</b>	<b>Q4 2008</b>	<b>YTD 2009</b>	<b>YTD 2008</b>
<b>IN USD</b>				
REVENUE	2 894 794	3 038 668	10 468 028	10 839 789
Net cost of goods sold	-1 239 868	-1 227 122	-4 793 013	-5 010 022
GROSS PROFIT	1 654 926	1 811 546	5 675 015	5 829 767
Gross margin	57 %	60 %	54 %	54 %
G & A	-1 228 791	NA	-4 960 754	NA
EBITDA	426 135	NA	714 260	NA
EBITDA margin	15 %	20 %	7 %	8 %
Net dep, amort and wd:s	-137 750	NA	-764 212	NA
EBIT	288 384	NA	-49 958	NA
Net financial items	-252 151	NA	-852 337	NA
EBT	36 234	NA	-902 295	NA
Tax	-3 282	NA	77 553	-NA
NET INCOME	32 951	NA	-824 748	NA

## CAMO Group Q4 2009

Total turnover for Q4 2009 is slightly below 2008 figures while comparison of profitability is not applicable due to some extraordinary entries in the accounts for December last year.

In general the business climate for both divisions are showing signs of improvement when we are entering into 2010.

The year 2009 has been a challenging year for Camo with many changes. The major events have been:

- The De-merger of the CAMO Tech Group
- Re-organization and cost savings in CAMO AS
- Renegotiation of the terms and conditions of the NOK 34 mill bond
- Difficult business conditions for both CAMO SW and Proteans
- Costly and necessary new product development program in CAMO SW
- New equity issue to new investor of NOK 3,5 mill (5 million shares at NOK 0,7/share)

At first sight the preliminary year end consolidated numbers appears to be on the same level on a year by year basis for 2008 and 2009. When looking into details however the drop in turnover for CAMO SW with the corresponding investments/losses has been offset by the cost cutting program in CAMO AS and the slight increase in profitability and turnover in Proteans for the year.

## CAMO Software AS Q4 2009

Financials	Q4 2009	Q4 2008	YTD 2009	YTD 2008
IN USD				
REVENUE	713 185	691 384	2 200 475	2 728 263
Net cost of goods sold	-62 935	NA	-293 996	NA
GROSS PROFIT	650 250	NA	1 906 478	NA
Gross margin	91 %	NA	87 %	NA
G & A	-589 572	-NA	-2 193 752	NA
EBITDA	60 678	NA	-287 274	NA
EBITDA margin	9 %	NA	-13 %	NA
Net dep, amort and wd:s	-28 612	NA	-101 384	NA
EBIT	32 065	NA	-388 658	NA
Net financial items	-13 320	NA	-45 682	NA
EBT	18 746	NA	-434 340	NA
Tax	-4 260	NA	-5 169	NA
NET INCOME	14 485	NA	-439 509	NA

Turnover in the software division was up from Q4 last year mainly due to a recovery in the Europeans market and in particular in Germany at year end. We have also received orders in the Far East at year end boosting December figures.

After some delays, the market release of the Unscrambler X will take place at the 1<sup>st</sup> of March.

The release will be the most important event for the division since the windows based release in 1997. It will also be the start of a new era where the 2-3 years costly investments in product development from both the Science team and R&D hopefully will start paying off.

Subsequent to the release, development for the Unscrambler online module will have full priority for the Science and R&D teams. The module, which is needed in the sales and implementation of the software industrial solutions, has a target released date at the end of Q2.

CAMO Software is in the final stages of negotiations with our Japanese reseller to establish a sales office in Japan. With the new presence in Japan we will hope to increase the sales in this region substantially during the year.

## PROTEANS Q4, 2009

YTD Dec 2009	Q4 2009	Q4 2008	YTD 2009	YTD 2008
IN USD				
REVENUE	2 181 609	2 293 284	8 252 463	8 025 736
Net cost of goods sold	(1 167 433)	-1 224 185	(4 488 460)	(4 662 961)
GROSS PROFIT	1 014 176	1 069 099	3 764 003	3 362 775
Gross margin	46,5%	46,6%	45.2 %	41,9%
G & A	(618 775)	-683 312	(2 374 398)	(2 191 861)
EBITDA	395 401	385 787	1 389 605	1 170 914
EBITDA margin	18,1%	16,8%	16.2 %	14,6%
Net dep, amort and wd:s	(109 132)	-76 392	(662 831)	(220 000)
EBIT	286 269	309 395	726 774	950 914
Net financial items	(61684)	-163 529	(118 254)	(100 635)
EBT	224 585	145 866	608 520	850 279
Tax	984	-40 627	82 719	(106 612)
NET INCOME	225 569	105 239	691 239	743 667

The Proteans business continued to improve in Q4 2009. New customers are signing up work orders, and new sales as well as an increase in work from existing customers is expected to continue. Software Innovation AS (Norway) is now Proteans largest customer. The account has grown to above USD 1 mill on an annual basis since January 2009. The headcount at Proteans are now at 304 recovering from the lows. During 2009 Proteans has made some provisions for bad debt write offs for 2 accounts. The above figures are before a potential extraordinary write down of USD 340,000,-

The improving business climate in India is again putting upward pressure on wages for first class resources, but management and the team in Bangalore is working at a high pace to restore the high growth path of the past.

### **CAMO AS**

<b>Financials</b>	<b>Q4 2009</b>	<b>Q4 2008</b>	<b>YTD 2009</b>	<b>YTD 2008</b>
<b>IN USD</b>				
REVENUE	0	54 000	15 090	85 790
Net cost of goods sold	-9 500	0	-10 557	-25 796
<b>GROSS PROFIT</b>	<b>-9 500</b>	<b>54 000</b>	<b>4 534</b>	<b>59 994</b>
Gross margin	0	1	0	1
G & A	-20 444	-185 544	-392 605	-786 196
<b>EBITDA</b>	<b>-29 944</b>	<b>-131 544</b>	<b>-388 071</b>	<b>-726 202</b>
EBITDA margin	0	-2	-2572 %	-8
Net dep, amort and wd:s	-6	0	3	0
<b>EBIT</b>	<b>-29 950</b>	<b>-131 544</b>	<b>-388 074</b>	<b>-726 202</b>
Net financial items	-177 147	-266 913	-688 401	-871 211
<b>EBT</b>	<b>-207 097</b>	<b>-398 457</b>	<b>-1 076 475</b>	<b>-1 597 413</b>
Tax	-6	0	3	-520
<b>NET INCOME</b>	<b>-207 103</b>	<b>-398 457</b>	<b>-1 076 478</b>	<b>-1 597 933</b>

CAMO AS is the holding company, and has been structured to minimize running costs. Financial items consists of the provisions made for the interest charges for the bond and SEB loans. As of May 2009 there are no employees in CAMO AS.

CAMO AS has been in a process of divesting one of the two subsidiaries to reduce the more than NOK 40 million in debt on the balance sheet. The NOK 34 mill bond including accumulated interest will fall due for payment in December 2010.

Management is now in the final stages of the process, and will expect to conclude a transaction in Q1 2010.