

## REGISTRATION PROSPECTUS



**Invitation to participate in a share issue in CAMO ASA of minimum  
8 000 000 and maximum 10 000 000 shares.**

**Subscription period 27 November – 10 December 2008**

This prospectus is registered with the official Norwegian company registry for publicly listed companies. The company registry or any other public authority has not made any kind of control or approval of the prospectus. CAMO ASA itself has prepared the prospectus.

### **PROSPECTUS**

The board and management of CAMO have prepared this prospectus on a reasonable best effort basis, trying to provide a best possible overview of CAMO ASA and its business development as of now. The Board and CEO of CAMO ASA confirm that the information provided in the prospectus to the best of their knowledge is correct and valid. There is not, as far as the Board or CEO is aware, any information missing that will affect the overall content of the prospectus. CAMO is not involved in any court cases or disputes that can affect the pricing of the present share issue. Please note that there is always a risk associated with investing in shares. The prospectus includes forward-looking statements that should not be relied on. Those that have no experience in such matters are recommended to seek professional advice.

Oslo, November 27, 2008

Sverre Stange  
Chairman

Lena Musæus

Halvor Torsøen Svartdal

Theresa Comiskey-Olsen

Ashwani Jasti

Lars Østerberg  
CEO

## COMPANY INFORMATION

CAMO ASA is a Norwegian company registered in the Norwegian company register, Foretaksregisteret, with the organisation number 935 746 605. The business address of the company is Nedre Vollgate 8, 0158 Oslo. CAMO ASA was founded 18 July 1984.

The company has a share capital of 31 103 427 NOK. CAMO ASA is quoted on the list of Norges Fondsmeglerforbunds list (OTC-listen) with the ticker code CAMO. The company has a proxy to buy back up to 10 % of its own shares and to increase the capital with maximum 14 428 499 which was 50% of the company's share capital at the time of the proxy. This is equivalent to maximum 28 856 998 new shares at the price of 0,50 NOK.

CAMO ASA is an IT Investment Company headquartered in Oslo, Norway. The CAMO group has 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. More details about the divisions and their business are available at the end of the prospectus.

The annual report for 2007 is available at  
<http://www.camo.com/about-us/investor-relations.html>

The latest financial report for Q3, 2008 is available at:  
<http://www.camo.com/about-us/investor-relations.html>

## **THE SHARE ISSUE**

### **Background**

The CAMO group's cash situation will be very difficult in mid-December 2008 when interest rates and amortizations of total 4.8 MNOK falls due for payment. Management has since Q2 tried to establish the necessary financing in Norway and in India to fund the planned growth of the two value driving divisions, Proteans and CAMO Software.

The financial crisis has however made this attempt difficult and in the end impossible. In order not to threaten the value creation process of growth in the underlying subsidiaries, the board therefore has decided to raise NOK 4-5 million in new equity to meet the obligations in December 2008, and secure minimum funding for another year of operation.

### **Technicalities subscription**

The Board of CAMO ASA has decided to invite existing share holders to participate in a share issue with preferred right for current shareholders to subscribe for new shares.

- A minimum of 8 000 000 shares and maximum of 10 000 000 shares will be issued at NOK 0,50 per share.
- One existing share will have the right to subscribe for 0,12860 new shares.
- Over subscription is allowed.
- Total new capital will minimum be NOK 4 Million and maximum NOK 5 Million.
- The subscription period is set to November 27 to December 10.
- Payment made latest by December 15, 2008.
- A guarantee consortium has already committed to 70% of the minimum amount.
- Minimum subscription is set at 10,000 shares or NOK 5000.
- In case of over subscription the remaining shares after allocation according to the rights will be allocated pro rata among the shareholders according to the total over subscription.

- The guarantors will have the right to subscribe for a minimum of 25% of their guaranteed subscription amount.

### **Rights and obligations**

The shares will hold the same rights as the other shares in the company (there is only one class of shares in CAMO), and have the right to dividend on the same basis as the other shares as soon as the payment is made in full and the issue is registered. Dividend, if any, will be taxed after the current rules and regulation for dividend tax in Norway. There is no limitation for trading of the CAMO shares. The shares can be sold through a Norwegian broker.

### **THE ISSUER**

CAMO ASA has prepared this prospectus. CAMO ASA manages the subscription process and CAMO will accept payments to account 9590.05.08817 in SEB Privatbanken.

DnBNOR Bank ASA Verdipapirservice is the account manager for the issuer.

Subscription of shares will be possible in the period November 27 to December 10 2008. Subscription for shares must be made on the subscription form attached to this prospectus. The subscription form must be completed signed and returned to the board of CAMO ASA by mail, fax or e-mail (PDF) to be received before close of business at 16.00 hrs on 10<sup>th</sup> December 2008.

### **Place for the share issue is:**

CAMO ASA  
Nedre Vollgate 8  
0158 Oslo  
Norway

Telephone: +47 22 39 63 00

Fax: +47 22 39 63 22

E-mail with a scanned subscription form will be accepted at: [jem@camo.no](mailto:jem@camo.no)

### **Notification about allocation of shares**

Allocation of shares and the notification of allocation of shares including details of payment instruction will be sent out the 11th of December 2008. The board reserves the right to cancel or reduce any subscription.

### **Share holders Register**

All CAMO shares are registered in Verdipapirsentralen, the share register, (VPS) in Norway.

### **Guarantee consortium**

This share issue has been guaranteed subscribed up to 70% of the minimum amount of NOK 4 Million.

## **CAMO ASA, BUSINESS SUMMARY**

CAMO ASA is an IT-investment company with headquarters in Oslo, Norway. CAMO has operations 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 consists of three separate divisions with a total of approximately 500 employees in Oslo, Norway, Woodbridge, New Jersey, USA and Bangalore, India.

### **The three divisions are:**

1. ***CAMO Software*** is a Software Product Company developing and marketing advanced products focusing on Multivariate Statistical Analysis. It has more than 3000 customers worldwide and 40 employees in Oslo, New Jersey and Bangalore.
2. ***PROTEANS*** is an IT Services Company acquired by CAMO in July 2007 focusing on Outsourced Product Development (OPD) mainly based on Microsoft .Net technologies and Sun Java technologies for clients in US and Europe. Proteans has approximately 40 customers in North America and Europe with 340 employees in Bangalore and is currently establishing operations in Scandinavia.
3. ***CAMO Technologies*** is an IT Services Company focusing on Consulting and Staffing services with Microsoft .Net and Sun Java technologies. It has all its consultants and customers in the US and a back office in Bangalore with a total of approximately 100 employees.

### **CURRENT BUSINESS STATUS:**

- ***CAMO Software*** has in earlier downturns proved to be relatively unaffected by the business cycles. It has a major part of its business in Europe and has not seen any signs of a downturn yet.
- ***Proteans*** is counter-cyclical and has not seen any decrease in number of prospects. The US market is strong on outsourcing and the European market is growing.
- ***CAMO Technologies*** with its consulting business in the US is seriously hit by the down-turn and has decreased the number of consultants on billing from 120 on the top down to 70 as of today. The division is still profitable but is not contributing with significant cash generation to the rest of the group.

## **Financial Summary of Q3 report**

Quarterly report in USD after  
September 2008

	2008	2007	2008	2007
	<b>QTD</b>	<b>QTD</b>	<b>YTD</b>	<b>YTD</b>
<b>Revenues</b>				
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
<b>Total Revenue</b>	<b>5 113 897</b>	<b>5 307 339</b>	<b>15 664 286</b>	<b>15 403 391</b>
<b>Cost of Sales</b>				
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
<b>Total COS</b>	<b>3 116 708</b>	<b>3 621 585</b>	<b>10 039 762</b>	<b>10 184 511</b>
<b>Gross Margin</b>				
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
<b>Total Gross Margin</b>	<b>1 997 190</b>	<b>1 685 754</b>	<b>5 624 524</b>	<b>5 218 880</b>
<b>Total G&amp;A</b>	<b>1 826 951</b>	<b>1 485 148</b>	<b>5 179 189</b>	<b>4 438 520</b>
<b>EBITDA</b>	<b>170 239</b>	<b>200 606</b>	<b>445 335</b>	<b>780 360</b>

## **CAMO ASA BUSINESS OUTLOOK AND STRATEGIES**

***CAMO Software*** has since CAMO was founded in 1984 sold and marketed the Multivariate Data Analysis Software package called "The Unscrambler". The Software Division has 40 employees, of which 20 works from the development center in Bangalore, India. There are sales offices in Oslo, Norway, in Woodbridge, NJ, USA, in Bangalore, India and in Sydney, Australia.

The Unscrambler product is used by 30,000 users in 50 countries and has a broad base of customers among the Fortune 500 companies worldwide. "The Unscrambler" product is the leading tool of its kind.

To secure this position long term the management has started a project named "Eagleton" to build a new technical platform for the future. This project will be finalized mid-2009 and will then be the new platform for a solutions-based approach to the market. The product will be modularized and flexible enough to fulfill the needs of larger end-customers and OEM partners in the instrument business. The product and a new sales strategy will provide for a possible higher growth in the second part of 2009 and onwards.

### **Below is the revenue development for CAMO Software over 5 years in USD 000:**

Year	2004 actual	2005 actual	2006 actual	2007 actual	2008 forecast
Revenue	1,377	1,894	2,036	2,480	3,000

CAMO Software's website is: [www.CAMO.com](http://www.CAMO.com)

***CAMO Technologies*** is selling IT Consulting Services (mainly with Indian consultants) for programming tasks to customers all over USA. Presently approximately 70 consultants are working on 6-12 months contract, charged by the hour, and paid only when billed. CAMO ASA is currently negotiating with this division's founder and the second largest shareholder in selling this division to him at market terms.

CAMO Technologies business is highly affected by the business cycles and is quite basic, with cash generation as the only benchmark.

The website for CAMO Technologies is: [www.CAMOTechnologies.com](http://www.CAMOTechnologies.com)

***Proteans*** was acquired by CAMO in July 2007 for USD 4.5 Million. The acquisition was financed through a Bond loan with Warrants.

Proteans offers Outsourced Product Development (ODD) as a service to Software Companies in US and Europe with IT engineers' work out of the offices in Bangalore, India. Proteans is growing at, 60 % CAGR with an EBITDA margin of close to 20%. The four founders of the company are still managing Proteans as a separate division within CAMO.

DeLoitte and Red Herring have recognized Proteans as one of the fastest growing IT companies in India. Several potential buyers have approached CAMO.

### **Below are actual and projected revenue numbers for Proteans 2006- 2010 in USD 000:**

Year	2006 Actual	2007 Actual	2008 Forecast	2009 Plan	2010 Plan
Revenue	2,500	4,500	8,000	12,500	18,000

Proteans website is: [www.Proteans.com](http://www.Proteans.com)

## **CAMO group, FINANCING**

CAMO ASA is an investment company with a small management and three different portfolio companies all with an Indian IT connection. The Board and management are actively working with business development with an exit target.

CAMO ASA hired a CEO in late 2006, to head the strategic development process and to manage and build the Software division. The company raised 34 Million NOK in Q2 2007 for the acquisition of Proteans. After this acquisition a CFO was also hired.

The cash generation from CAMO Technologies is currently not enough to finance the holding company's operating and financial costs. Since summer 2007 interest and head quarter costs has been financed through the remaining capital from the Bond. Proteans has established working capital financing for its own needs in an Indian bank with a corporate guarantee from the holding company.

An alternative strategy will be to sell Proteans to an industrial buyer or to decrease the growth in one or both the remaining division (after de-merger of CAMO Technologies).

## **EXIT and VALUATIONS**

### **CAMO Technologies**

The company is not a part of CAMO focus area as stated in strategy meeting April 2008. The positive cash flow contribution from the company is reduced. Former owner Ashwani Jasti wishes to buy CAMO Technologies back. The board has given go-ahead to management to start planning for a de merger of CAMO. The management also needs to get approval with Bond loan holders to sell CAMO Tech, get approval from General Assembly to do the reversed-merger. The transaction will be raised as a separate issue in the OGM in February 2009.

**PROTEANS** will need new capital in 2009 in order to continue its growth plan. The funding is needed to lease and fit new office space in Q2 2009 and for hiring sales people for Europe and Asia. The value of Proteans today is believed to be at least 7 Million USD (0.7 – 0.8 times current revenue). There are several potential buyers, even in this extreme financial climate. In a normal market the value would be 1.1 – 1.2 times revenue, or probably 10 MUSD. If the above-mentioned investments take place and business is developing according to plan the value will probably increase significantly.

**CAMO Software** is expected to increase their growth from current 20-25% in the second half of 2009 with the introduction of the new sales model. The company will not be ready for a trade-sale until 2011, at the earliest. The Software division will need USD some additional working capital in 2009 to secure its growth plans up to 50% p.a.

Software companies are normally traded at multiples of sales, in a normal market typically 3-5 times. Two years ago, as a benchmark comment, CAMO's main competitor was bought at more than 4 times revenue of USD 6.75Million. The valuation of the Software division is more uncertain than for Proteans since the new business model for sales and marketing which will lead to higher growth, has not yet implemented.

Both CAMO Software and Proteans will be profitable at the EBITDA level under the current business plan for 2008 – 2010. The high level growth will however require the reinvestment of all available operating cash flow and also some additional working capital.

## **SUMMARY OF RISKS**

**Macroeconomic risks:** The performance of one or both portfolio companies might be affected by changes in the business environment leading to fall in revenues and profit impacting valuations and timing of exit.

**Financial risks:** CAMO ASA will rely upon extra external funding in 2009 to pursue an ambitious business plan. A failure in fund raising will most likely impact valuation and timing of exits for one or all business units.

**Company risks:** There are always operational risks related to organizational changes and hiring of fast growing companies. Proteans is hiring approximately 20 new engineers per month. In addition there are always risks related to client evaluations as to quality of receivables. Long lasting client relationships as with Proteans and CAMO Software will reduce this risk.

**Currency risks:** Both CAMO Software and Proteans will be exposed to changes in exchange rates USD/INR and USD/NOK. In particular Proteans invoice their customers in USD and pay salaries in INR. Sudden and large fluctuations can seriously impact profitability.

**Trading risks:** An investment in shares is always associated with risks. The CAMO shares are traded on the OTC-list in Oslo but at very low volumes, thus there are risks of not finding a buyer of CAMO shares with short notice.