



Newsletter to CAMO AS shareholders Q3 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 have two separate operational divisions with a total of approximately 325 employees in Oslo, Norway, New Jersey, USA and Bangalore, India.

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 focused on providing Outsourced Product Development Services and Business Solutions) has more than 40 customers in North America and Europe with 285 employees in Bangalore.

CAMO Group Consolidated

Financials	Q3 2009	Q 3 2008	YTD 2009	YTD 2008
IN USD				
REVENUE	2 346 554	2 805 643	7 573 234	7 801 121
Net cost of goods sold	-1 054 840	-1 335 591	-3 539 709	-3 782 900
GROSS PROFIT	1 291 714	1 470 052	4 033 524	4 018 221
Gross margin	55 %	52 %	3 %	52 %
G & A	-1 113 645	-1 319 226	-3 731 963	-3 784 052
EBITDA	178 069	150 826	301 561	234 169
EBITDA margin	8 %	5 %	2 %	3 %
Net dep, amort and wd:s	-55 721	-73 506	-626 468	-194 028
EBIT	71 348	77 320	-324 907	40 141
Net financial items	-97 960	-81 836	-600 186	-589 078
EBT	-44 234	-4 516	-925 093	-548 937
Tax	15 098	-30 000	80 829	-67 025
NET INCOME	-29 662	-34 516	-844 264	-615 962

CAMO Group Q3 2009

Total turnover for the group is down about 15% from Q3 2008 while EBITDA is slightly above last years figures for the quarter. The reduction on top line for the quarter is related both to the effect of the loss of Proteans largest customer in April 2009 and the lower sales in the SW divisions. The drop in billing hours for Proteans started in July, and addition of new accounts have still not reached the levels from second half of last year. Swift cost cutting however led to acceptable profitability in the division during the quarter.

Since the Q2 Newsletter the accumulated group YTD numbers for 2009 has been charged by an extraordinary loss of receivables of USD 220,000 due to the bankruptcy of a UK based customer of Proteans. The booking was entered in august and booked in Q1 G&A figures.

Structural issues

The de-merger of the CAMO Tech group was formally executed in September, and the first down payment was received from the former CAMO Tech division. The registration of new share capital and the issue of shares from the capital injection June this year will be executed in Q4.

CAMO Software

AS

Q3 2009

Financials	Q3 2009	Q3 2008	YTD 2009	YTD 2008
IN USD				
REVENUE	469 295	534 549	1 487 289	2 036 879
Net cost of goods sold	-69 627	-101 118	-217 626	-318 328
GROSS PROFIT	399 668	433 431	1 269 664	1 718 551
Gross margin	85 %	81 %	85 %	84 %
G & A	-555 741	-543 037	-1 604 179	-1 674 851
EBITDA	-156 073	-109 606	-334 516	43 700
EBITDA margin	-33 %	-21 %	-22 %	2 %
Net dep, amort and wd:s	25 500	-16 109	-72 772	-50 420
EBIT	-181 573	-125 715	-407 288	-6 720
Net financial items	8 811	-21 582	-32 362	-47 674
EBT	-190 384	-147 297	-439 650	-54 394
Tax	263	0	-909	-520
NET INCOME	-190 647	-147 297	-440 558	-54 914

Turnover in the software division was down 12% from last year, and in particular sales in Europe was hit by a weak September. Income from courses has not yet picked up, and many prospective buyers of licenses are having restrictions on their investment budgets. The CAMO SW division have done substantial R&D investment during 2008-2009, and the beta release of the new Unscrambler X product in October with final product release scheduled for late November will be a major event for the company.

With the release of the new product platform, CAMO Software will be able to offer advanced software solutions based on multivariate methods to manufacturing companies within Pharma, Chemical, Food and drugs and oil industries.

It is essential for CAMO Software going forward, to be able to build a range of products and an organisation around these that can support the projected growth of the SW group turnover and profitability.

As of 1st of September Mr Lars Österberg left the position as CEO of CAMO SW and are replaced by Mr Sverre Stange. Mr Österberg will take on a position as board member of CAMO SW AS. It is the boards intention to find a replacement for Mr Österberg within 3-6 months.

PROTEANS Q3, 2009

YTD Financials	Q3 2009	Q3 2008	YTD 2009	YTD 2008
IN USD				
REVENUE	1 862 169	2 254 272	6 070 854	5 732 452
Net cost of goods sold	(984 250)	-1 220 979	(3 321 027)	(3 438 776)
GROSS PROFIT	877 919	1 033 293	2 749 827	2 293 676
Gross margin	47.1 %	45.8 %	45.3 %	40.0 %
G & A	(524 314)	-574 383	(1 755 623)	(1 508 549)
EBITDA	353 605	458 910	994 204	785 127
EBITDA margin	19.0 %	20.4 %	16.4 %	13.7 %
Net dep, amort and wd:s	(81 223)	-57 397	(553 699)	(143 608)
EBIT	272 382	401 513	440 505	641 519
Net financial items	47 363	120 354	(56 570)	62 894
EBT	319 745	521 867	383 935	704 413
Tax	14 833	-30 000	81 735	(65 985)
NET INCOME	334 578	491 867	465 670	638 428

As expected, Proteans have experienced a decrease in billing hours after the loss of the large HSBC account (Aradya) with effect from July. Swift cost cutting and layoffs have however enabled Proteans to maintain an acceptable profitability given the challenging market conditions. New customers are now signing up contracts, and sales are starting to recover. The headcount at Proteans are now at 285 recovering from a low of 275 but still below the high of 330 from last year.

The improving business climate in India is again putting upward pressure on wages for first class resources. The performance of the Proteans management team and employees continue to be good, and the company is on its way back to growth in billing and profitability.

CAMO AS

Financials	Q3 2009	Q3 2008	YTD 2009	YTD 2008
IN USD				
REVENUE	15 090	16 822	15 090	31 790
Net cost of goods sold	-963	-13 494	-1 057	-25 796
GROSS PROFIT	14 127	3 328	14 034	5 994
Gross margin	0	0	0	0
G & A	-33 590	-201 806	-372 161	-600 652
EBITDA	-19 463	-198 478	-358 127	-594 658
EBITDA margin	0	0	0 %	4.8 %
Net dep, amort and wd:s	2	0	3	0
EBIT	-19 461	-198 478	-358 124	-594 658
Net financial items	-154 134	-180 608	-511 254	-604 298
EBT	-173 594	-379 086	-869 379	-1 198 956
Tax	2	0	3	-520
NET INCOME	-173 592	-379 086	-869 376	-1 199 476

CAMO AS is the holding company, and has been structured to minimize running costs. Financial items consist of the provisions made for the interest charges for the bond and SEB loans.

Summary

Focus on strict cost control and operational efficiency in both subsidiaries continue to be in focus. Holding company costs are now at a minimum. The Proteans division is recovering from a temporary set back in growth, and is delivering good profitability. The software division is continuing to lose money in the quarter but is expected to break even or make a small profit in Q4.