Newsletter to CAMO AS shareholders Q4 2010

CAMO AS own 100% of CAMO Software AS (CAMO SW) and 18% in Camo Tech Inc in New Jersey, USA.

CAMO SW develops and sells multivariate data analysis software and solutions. The company is recognized as a leading provider of statistical solutions to scientists and data analysis experts for over 25 years. Our flagship software product, The Unscrambler X, is used by more than 2000 customers worldwide.

CAMO SW is headquartered in Oslo, Norway, with sales offices in North America, Japan and India and an R&D department in Bangalore, India (www.camo.com)

CAMO Group Q4 2010

Financials	**Q4 2010**	**Q4 2009**	**YTD 2010**	**YTD 2009**
IN USD				
REVENUE	825 368	722 741	2 733 240	2 244 769
Net cost of goods sold	95 562	67 662	375 105	333 892
GROSS PROFIT	729 806	655 079	2 358 135	1 910 877
Gross margin	88 %	91 %	86%	85 %
G & A	818 291	824 235	2 951 167	2 787 076
EBITDA	88 484	169 156	593 032	876 199
EBITDA margin	11%	23%	22%	39%
Net dep, amort and wd:s	39 986	28 613	119 901	101 384
EBIT	128 470	197 769	712 933	977 583
Net financial items	13 056	619 299	2 538 197	1 294 370
EBT	115 414	817 068	1 825 264	2 271 953
Tax	1 518	4 019	514 751	4 925
NET INCOME	116 932	821 087	1 310 513	2 276 878

Total CAMO group turnover for Q4 2010 was up 14% on 2009 figures and operating loss (EBITDA) was significantly lower than comparable figures for last year.

Total CAMO group sales for the year increased 22% on 2009 figures, while operating loss decreases to USD 593 000. Net income of USD 1.3 mill for the group is a direct consequence of the profit from sale of the PROTEANS subsidiary in June 2010.

Camo Software AS Q4 2010

Financials	Q4 2010	Q4 2009	YTD 2010	YTD 2009
IN USD				
REVENUE	**814 854**	**714 685**	**2 692 129**	**2 201 973**
Net cost of goods sold	90 782	55 763	350 279	289 909
GROSS PROFIT	724 072	658 922	2 341 850	1 912 065
Gross margin	89 %	92 %	87 %	87 %
G & A	680 174	592 817	2 515 717	2 196 996
EBITDA	**43 898**	**66 105**	**173 867**	**284 931**
EBITDA margin	5 %	9 %	6 %	13 %
Net dep, amort and wd:s	39 986	28 613	119 901	101 384
EBIT	3 912	37 492	293 768	386 315
Net financial items	10 110	13 562	42 185	45 926
EBT	6 198	23 930	335 954	432 241
Tax	1 518	4 019	14 164	4 925
NET INCOME	**7716**	**19 911**	**350 118**	**437 166**

The CAMO SW group experienced good sales growth of 23% on a year by year basis, but missed quarterly targets for sales and operational profitability. The energy level and business opportunities in CAMO SW are increasing moving into 2011, and the group budget for 2011 reflects an aggressive sales growth target.

The operating loss for CAMO SW was USD 173,000 for the year, including costs of USD 80,000 associated with moving HQ. Monthly gross B/E sales for the merged company moving into 2011 is around USD 275,000 increasing to USD 310,000 during the latter part of the year.

CAMO SW group finalized the reengineering of its core product The Unscrambler, and has undergone substantial reorganization during the second half of the year. The ongoing changes within CAMO SW is laying the foundation for the company to evolve from being a niche vendor predominantly selling to scientists, to a sales and marketing driven organization delivering data analysis software and solutions to a wide international audience. This will allow us to exploit the increasing use of data analysis and business intelligence tools in a wide range of industries.

Key events in Q4 2010:

- **Pål Bråthen** (50) will be appointed as the new CEO of CAMO SW. Pål agreed terms in early January 2011 with a start date in late March. He has senior international experience in solutions sales, business development and marketing from Alpharma, Tomra Systems, Photocure and Titech Vision.
- **Nathan Bray** (36) joined as our new VP Marketing & Communications in late November from Mamut ASA. Nathan is implementing a more focused marketing strategy to help achieve the aggressive growth targets for CAMO SW.
- **Lars Gidskehaug** (35) joined our science team in Oslo as Senior Data Analyst. Lars has a PhD in Chemometrics and Bioinformatics from NTNU and has worked as a scientist at the Centre For Integrative Genetics (CIGENE) since 2007.
- **Luke Buckley** (31) joined as European Sales Team Manager, starting 1st of February 2011. Luke has a Bachlelors degree in commerce and excellent programming skills. He comes from Mamut ASA where he was the Partner Channel Sales Manager UK&Ireland.
- Undertook an exercise to identify the core values within the company, namely Support, Warmth, Energy and Vision. This will be used as a base for internal and external communication and behavior.

- Ordinary GA in November with formal election of the new board.
- The final development work and bug fixes on The Unscrambler X was completed and the new version 10.1 was released in the 2nd week of January 2011.
- Released an On-line Process Monitoring solution, which has immediately generated several good business opportunities for Q1 2011. This solution allows us to compete in the lucrative process monitoring space.
- Change of auditor from Deloitte to Grant Thornton due to cost savings.
- Change from VPS registration of CAMO shares to Aksjonærservice AS. This move will save costs for CAMO but also lead to a delisting of the CAMO share at the OTC market. All shareholder information in Q1 2011 will be available at www.camo.com as of Q1 2011.

CAMO AS Q4 2010

Financials	**Q4 2010**	**Q4 2009**	**YTD 2010**	**YTD 2009**
IN USD				
REVENUE	10 515	8 056	41 112	42 795
Net cost of goods sold	4 779	11 899	24 825	43 983
GROSS PROFIT	5 736	3 843	16 287	1 188
Gross margin	55 %	48 %	40 %	3 %
G & A	138 117	231 418	435 450	590 080
EBITDA	132 381	235 261	419 163	591 268
EBITDA margin	1259 %	2920 %	1020 %	1382 %
Net dep, amort and wd:s	0	0	0	0
EBIT	132 381	235 261	419 163	591 268
Net financial items	23 165	605 737	2 580 382	1 248 444
EBT	109 216	840998	2 161 219	1 839 712
Tax	0	0	500 587	
NET INCOME	109 216	840998	1 660 632	1 839 712

CAMO AS G&A for the quarter is lower than 2009 but higher than expected due to mounting audit costs. The YTD G&A figures also include approximately USD 150,000 in extraordinary costs related to the PROTEANS sale.

2010 has been a year of significant change for the CAMO group, which has given us the foundation to pursue our aggressive global sales targets in 2011. The wholly owned subsidiary Proteans was sold at a substantial profit and group debt was reduced by NOK 40 million to NOK 11 mill in June 2010.

CAMO SW AS and CAMO AS will merge in Q1 2011. The joint CAMO Group cash position at 1st of February 2011 is about NOK 2 million. The earn out from the Proteans sale has no value as Proteans is performing lower than anticipated, and the renegotiated USD 300,000 Pro Notes with CAMO TECH Inc does not contribute any cash flow before Q3 2011.

In order to support the ambitious growth target for 2011 and strengthen working capital and equity, the new CAMO board has recommended a rights issue of approximately 10 million shares towards existing shareholders in late Q1 2011 at a share price of NOK 0.3 per share.