

## Q2 Report 2002 CAMO Inc

### **Financials:**

The Profit and Loss statement for CAMO Inc is as follows (in NOK, exchange rate of 1 USD = 8.55 NOK and numbers in 000):

	<b>2001</b>	<b>2002</b>
Sales	13,629	38,513
COGS	5,280	20,185
Gross Margin	7,989	18,328
<u>Operating Expenses</u>	<u>11,691</u>	<u>15,624</u>
Operating Income	-3,702	2,705
<u>Other expenses</u>	<u>618</u>	<u>1,705</u>
Result	-4,320	1,000

CAMO has continued in the second quarter to consolidate the operational aspects of our business. The cost reduction activities completed since January 1, 2002, will have a net effect of about USD 2 mill on an annual basis. There are further costs reduced in Q2 that will not produce any effect until Q3. In broad terms, the operating costs for the company in 2002 will be similar to the operating costs in 2001 on a monthly basis, but with more than 3 times the revenue.

The sales efforts are continuing to produce positive results. Compared to the same time period in 2001, consulting orders are up 42 % and software sales up about 30 % in the first 6 months of the year. The challenge on the consulting side is that projects are being terminated earlier than previously and the monthly attrition rate has increased from about 8 % to about 18 %.

### **Cost optimization:**

While we in the first quarter focused mostly on creating customer benefits through the merger, we have continued in the second quarter to optimize the internal company structure to extract potential cost savings. All the corporate functions have now been centralized in the company head quarters in Woodbridge, NJ.

The CAMOSmart Inc organization has performed substantially below expectations in the second quarter. As a result, all the sales and commercial responsibility has been centralized to the Woodbridge, NJ office with a dedicated software sales team headed by Thomas van Antwerp. Thomas joined CAMO in February 02 and has extensive Business intelligence software sales experience from Ernst & Young Technology. The Corvallis office will continue with R & D activities and technical sales support.

The cost savings already implemented on an annual basis are as follows:

Corvallis, OR office	USD 800,000
Woodbridge, NJ office	USD 750,000
Plano, TX office	USD 260,000
Freehold, CA office	USD 190,000

The costs savings from the Corvallis office will not take effect until August 02.

### **Personnel changes:**

Paal Brevik will be responsible for all sales and marketing functions in CAMO Inc. He has two sales teams focusing on consulting and software reporting him directly.

Dr. Dave Lundahl will continue to function as the corporate Chief Technology Officer.

We have hired Ira Gordon as corporate Controller. Ira has more than 10 years experience as an auditor and controller from a variety of medium size international companies.

### **Sales:**

CAMO Inc has secured business partnership agreements with major companies like Adecco SA (NYSE), Tekmar Global Solutions and Global Consulting Inc and ebusinessware Inc in Q 2. CAMO Inc also signed an agreement with Parker Research Corporation for a software solution.

The market conditions are very challenging and we expect it to continue to be challenging. The changes in the sales function are expected to help improve the sales of our software solutions as well as help us take advantage of the possible cross selling opportunities.

August 12, 2002

Bjorn Skare  
CEO

### **About CAMO**

CAMO helps smart people get smarter. Founded in 1984, CAMO provides product lifecycle management software, real-time decision support software, and online market research technology. The company has 150 employees and more than 1,800 customers in 46 countries in the food, chemical, pharmaceutical and manufacturing industries. Headquarters are in Woodbridge, NJ with additional offices in the United States, India, and Norway. For further information, please visit our web site at [www.camo.com](http://www.camo.com).

### **Forward-Looking Statements**

This press release contains statements that are forward-looking statements as defined within the Private Securities Litigation Reform Act of 1995. These include statements regarding market opportunity, benefits for customers, product availability and engineering and design activities. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from the statements made, including: 1) in regard to revenues, gross margins and earnings uncertainties associated with market acceptance of and demand for the Company's products, impact of competitive products and pricing and dependence on third party suppliers; and 2) in regard to new product introductions, uncertainties associated with the development of technology and intellectual property rights. CAMO does not undertake any obligation to publicly release the result of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.