



## Press release

Solms, November 21, 2006

### **Result for first half of FY 2006/2007; change in Board of Management**

In the first six months of the current fiscal year, i.e. until September 30, 2006, the Leica Camera AG Group (ISIN DE000A0EPU98) registered sales growth of 8 %, to € 51.9 million. Sales in the camera segment were increased by 17.3 %, to € 25.4 million, based on the existing range of analogue and digital products. Sales of the Leica sports optics products decreased by 4.4 %, to € 11.4 million, chiefly due to consumer restraint in the North American market.

The Group's net loss for the six-month period came to € -4.2 million, which is € 1 million less than for the comparable prior year period. This improvement has been achieved in spite of the operating result being burdened by an additional € 2 million in comparison to the same period of the previous year. The additional expenses referred to the cost of the bi-annual photokina trade fair, advertising cost for an international campaign and start-up expenditure for the new digital products. The Group expects profits in the second half of the fiscal year since sales will be proportionally higher due to seasonal reasons and the measures implemented in order to improve processes will gradually take hold.

The second half of fiscal year 2006/2007 has begun with a positive development of sales within the scope of our planning. The LEICA M8, the first professional digital rangefinder camera, is to make a significant contribution to the projected improvement of the Group's economic position. The Group successfully presented the LEICA M8 at the photokina trade fair in September 2006 and at the end of October 2006 international distribution of the product has already started, one month earlier than previously announced.



With the first phase of the turnaround process successfully completed, Dr. Josef Spichtig, appointed interim Chairman of the Board of Management of Leica Camera AG as from April 18, 2005, will leave the Company's Board of Management effective at the end of November 22, 2006. Steven K. Lee, appointed member of the Board of Management on September 19, 2006, will lead the Company as sole member in cooperation with the newly built-up management team for the time being. The Supervisory Board is considering the possibility of enlarging the Board of Management during the next few months. Dr. Spichtig will be available for the Company in an advisory capacity as occasion demands.

At the end of the first phase of the turnaround process the Leica Camera AG Group has defined measures to implement the start of a phase of consolidation and simultaneously commenced implementation of a growth strategy. Within the framework of this approach, there may be burdens on the result of the current fiscal year or of the following fiscal years due to capital expenditure undertaken to secure the Company's future.

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