HEAD N.V.
INTERIM FINANCIAL STATEMENTS

For the Period Ended
March 31, 2013

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FOR THE PERIOD ENDED MARCH 31, 2013

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PRESENTATION OF INFORMATION

Percentages and some amounts contained herein are rounded for ease of presentation, and some amounts may therefore not total. Most financial information is presented in euro. In some cases, this report contains translations of amounts in other currencies into euro at specified rates solely for the convenience of the reader. You should not construe these translations as representations that these amounts actually represent these euro amounts or could be converted into euro at the rate indicated.

Unless otherwise indicated, euro amounts have been translated from other currency amounts to euro, based on the European Central Bank rates.

The condensed interim financial statements included herein have been prepared in accordance with IFRS as adopted by the European Union.

All forecasts and estimates presented in this report are based on the management´s current judgment of the economic environment. The actual results may differ significantly.

HEAD N.V. AND SUBSIDIARIES
ITEM 1. FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note		March 31, 2013		December 31, 2012
			(unaudited)		*(unaudited) restated*
			(in thousands, except share data)		
ASSETS:					
Non-current assets					
Property, plant and equipment	7	€	50,286	€	51,052
Other intangible assets	7		11,496		11,369
Goodwill	7		2,862		2,870
Deferred income tax assets			54,978		53,354
Trade receivables			163		630
Other non-current assets			6,485		6,429
Total non-current assets			126,270		125,704
Current assets					
Inventories	4		93,407		82,808
Trade and other receivables			80,620		114,106
Prepaid expense			2,175		1,720
Available-for-sale financial assets			5,014		5,011
Cash and cash equivalents			51,785		41,153
Total current assets			233,001		244,798
Total assets		€	359,271	€	370,502
EQUITY:					
Share capital: €0.01 par value; 92,174,778 shares issued		€	922	€	922
Other reserves			124,209		124,209
Treasury shares	6		(5,717)		(5,717)
Retained earnings			52,605		58,677
Fair Value and other reserves including cumulative translation adjustments (CTA)			(5,562)		(6,804)
Total equity			166,457		171,286
LIABILITIES:					
Non-current liabilities					
Borrowings			41,233		68,893
Employee benefits			19,766		19,630
Provisions			3,476		3,475
Other long-term liabilities			8,110		7,712
Total non-current liabilities			72,585		99,709
Current liabilities					
Trade and other payables			53,665		59,396
Current income tax liabilities			1,960		1,944
Borrowings			57,869		30,842
Provisions			6,735		7,325
Total current liabilities			120,229		99,507
Total liabilities			192,814		199,216
Total liabilities and equity		€	359,271	€	370,502

The accompanying notes are an integral part of the consolidated financial statements

HEAD N.V. AND SUBSIDIARIES
ITEM 1. FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note		For the Three Months ended March 31, 2013		2012
			(unaudited)		*(unaudited) restated*
			(in thousands, except per share data)		
Results of operations:					
Total net revenues	7	€	69,640	€	70,078
Cost of sales			40,425		40,129
Gross profit			**29,215**		**29,949**
Selling and marketing expense			26,667		25,887
General and administrative expense			7,023		6,955
Share-based compensation expense			742		185
Other operating expense (income), net			281		(342)
Operating loss			**(5,497)**		**(2,736)**
Interest and other finance expense			(1,382)		(1,518)
Interest and investment income			112		224
Other non-operating (expense) income, net			(474)		1,414
Loss before income taxes			(7,241)		(2,616)
Income tax benefit (expense):					
Current			(455)		(571)
Deferred			1,624		986
Income tax benefit			1,169		414
Loss for the period		**€**	**(6,072)**	**€**	**(2,202)**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment on group companies		€	1,241	€	(1,397)
Available-for-sale financial assets			3		38
Tax effect			(1)		(9)
		€	1,243	€	(1,369)
Other comprehensive income (expense) for the period, net of tax		**€**	**1,243**	**€**	**(1,369)**
Total comprehensive expense for the period		**€**	**(4,829)**	**€**	**(3,571)**
Earnings per share - basic and diluted					
Loss for the period		€	(0.07)	€	(0.03)
Weighted average shares outstanding					
Basic and Diluted			83,519		83,519

The accompanying notes are an integral part of the consolidated financial statements.

HEAD N.V. AND SUBSIDIARIES
ITEM 1. FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

restated	Note	Ordinary Shares: Shares	Ordinary Shares: Share Capital	Other Reserves	Treasury Stock	Retained Earnings	Fair Value and Other Reserves/ CTA	Total Equity
		Attributable to equity holders of the Company						
		(unaudited) *(in thousands, except share data)*						
Balance at January 1, 2012		83,518,508	€ 922	€ 124,209	€ (5,717)	€ 56,171	€ (3,840)	€ 171,744
Loss for the period		--	--	--	--	(2,202)	--	(2,202)
Changes in fair value and other including CTA reserves		--	--	--	--	--	(1,369)	(1,369)
Total comprehensive expense for the period		--	--	--	--	--	--	(3,571)
Balance at March 31, 2012		**83,518,508**	**€ 922**	**€ 124,209**	**€ (5,717)**	**€ 53,969**	**€ (5,210)**	**€ 168,173**
Balance at January 1, 2013		83,518,508	€ 922	€ 124,209	€ (5,717)	€ 58,677	€ (6,804)	€ 171,286
Loss for the period		--	--	--	--	(6,072)	--	(6,072)
Changes in fair value and other including CTA reserves		--	--	--	--	--	1,243	1,243
Total comprehensive expense for the period		--	--	--	--	--	--	(4,829)
Balance at March 31, 2013		**83,518,508**	**€ 922**	**€ 124,209**	**€ (5,717)**	**€ 52,605**	**€ (5,562)**	**€ 166,457**

The accompanying notes are an integral part of the consolidated financial statements.

HEAD N.V. AND SUBSIDIARIES
ITEM 1. FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Three Months ended March 31, 2013 (unaudited)	2012 (unaudited) restated
		(in thousands)	
OPERATING ACTIVITIES:			
Loss for the period		€ (6,072)	€ (2,202)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization		2,314	2,440
Amortization and write-off of debt issuance cost and bond discount		60	57
Provision (Release) for leaving indemnity and pension benefits		185	(16)
Gain on sale of property, plant and equipment		(6)	(3)
Share-based compensation expense		742	185
Deferred Income		(195)	(330)
Finance costs		1,262	1,373
Interest income		(112)	(224)
Income tax expense		455	571
Deferred tax benefit		(1,624)	(986)
Changes in operating assets and liabilities:			
Accounts receivable		33,806	42,006
Inventories	4	(10,213)	(13,188)
Prepaid expense and other assets		(532)	(24)
Accounts payable, accrued expenses and other liabilities		(6,136)	(2,913)
Interest paid		(1,668)	(1,797)
Interest received		27	114
Income tax paid		(435)	(282)
Net cash provided by operating activities		**11,858**	**24,782**
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(1,652)	(1,669)
Proceeds from sale of property, plant and equipment		18	5
Net cash used for investing activities		**(1,635)**	**(1,665)**
FINANCING ACTIVITIES:			
(Decrease) Increase in short-term borrowings		(432)	977
Payments on long-term debt		(428)	(441)
Change in restricted cash		(16)	622
Net cash provided by (used for) financing activities		**(875)**	**1,158**
Effect of exchange rate changes on cash and cash equivalents		1,267	(1,189)
Net increase in cash and cash equivalents		10,615	23,087
Cash and cash equivalents, unrestricted at beginning of period		38,569	21,120
Cash and cash equivalents, unrestricted at end of period		49,183 €	44,207
Cash and cash equivalents, restricted at end of period		2,601	3,164
Cash and cash equivalents, at end of period		€ 51,785	47,371

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 - Business

Head N.V. ("Head" or the "Company") is a leading global manufacturer and marketer of branded sporting goods serving the skiing, tennis and diving markets. The Company has created or acquired a portfolio of brands – Head (principally alpine skis, ski bindings, ski boots, snowboard and protection products, tennis, racquetball, paddle and squash racquets, tennis balls and tennis footwear, sportswear and swimming products), Penn (tennis balls and racquetball balls), Tyrolia (ski bindings), Mares (diving equipment). The Company's key products have attained leading market positions based on sales and reputation and have gained high visibility through their use by many of today's top athletes.

The Company generates revenues in its principal markets by selling goods directly to retail stores and to a lesser extent, by selling to distributors. It also receives licensing and royalty income. Winter Sports goods are shipped during a specific period of the year, and therefore the Company experiences highly seasonal revenue streams. Following industry practice, the Company begins to receive orders from its customers in the Winter Sports division from March until June, during which time the Company books approximately three quarters of its orders for the year. The Company will typically begin shipment of skis, boots and bindings in July and August, with the peak shipping period occurring in October and November. At this time, the Company will begin to receive re-orders from customers, which constitute the remaining approximate quarter of its yearly orders. This re-orders inflow may last, depending on the course of weather into the first quarter of the next year. Racquet Sports and Diving product revenues experience almost no seasonality. Revenue from sales is recognized at the time of shipment.

During the first three months of any calendar year, the Company typically generates some 25% to 30% of its Racquet Sports and Diving product revenues, but some 10% of its Winter Sports revenues. Thus, the Company typically generates only some 20% of its total year gross profit in the first three months of the year, but the Company incurs some 25% of fixed general and administration and marketing expenses in this period.

Head conducts business in Europe (primarily in Austria, Italy, Germany, France, Switzerland, The Netherlands, Spain and the United Kingdom), North America and Asia.

Note 2 - General Principles and Explanations

Basis of Presentation

The condensed interim financial statements included herein have been prepared in accordance with IFRS ("International Financial Reporting Standards") as adopted by the EU. The accounting principles applied in these condensed interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2012 to the extent they are still applicable as of January 1, 2013. In addition, the Company applied all relevant accounting principles effective for annual periods beginning on January 1, 2013 (see also Note 3). The condensed interim financial statements comply with IAS 34. The result of operations for the three months period ended March 31, 2013 is not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year.

Note 3 – Restatement

The revised standard IAS 19 on accounting for employee benefits is effective for annual periods beginning on or after January 1, 2013. Full retrospective application (with some exceptions) is required in accordance with IAS 8 (Accounting policies, changes in accounting estimates and errors). From January 1, 2013 the Company adopted the amendments with the effects described below.

Consolidated Statement of Financial Position		**December 31, 2012** *reported*		*Adjustment*		**December 31, 2012** *restated*
				(in thousands)		
ASSETS:						
Deferred income tax assets	€	52,276	€	1,078	€	53,354
EQUITY AND LIABILITIES:						
Retained earnings		58,554		122		58,677
Fair Value and other reserves including cumulative translation adjustments (CTA)		(3,500)		(3,304)		(6,804)
Employee benefits		15,370	€	4,260		19,630

Consolidated Statement of Comprehensive Income		**March 31, 2012** *reported*		*Adjustment*		**March 31, 2012** *restated*
				(in thousands)		
Cost of sales	€	40,146	€	(18)	€	40,129
Selling and marketing expense		25,903		(16)		25,887
General and administrative expense		6,963		(8)		6,955
Operating loss		(2,777)		41		(2,736)
Loss for the period		(2,243)		41		(2,202)
Total comprehensive expense for the period		(3,612)		41		(3,571)
Earnings per share - basic and diluted (Loss for the period)		(0.03)		0.00		(0.03)

Consolidated Statement of Changes in Equity						
Fair Value and other reserves/CTA at January 1, 2012	€	(2,368)	€	(1,473)	€	(3,840)
Total Equity at January 1, 2012		173,217		(1,473)		171,744
Loss for the period		(2,243)		41		(2,202)
Total comprehensive expense for the period		(3,612)		41		(3,571)
Retained Earnings at March 31, 2012		53,928		41		53,969
Fair Value and other reserves/CTA at March 31, 2012		(3,737)		(1,473)		(5,210)
Total Equity at March 31, 2012		169,604		(1,431)		168,173
Retained Earnings at December 31, 2012 and January 1, 2013		58,554		122		58,677
Fair Value and other reserves/CTA at December 31, 2012 and January 1, 2013		(3,500)		(3,304)		(6,804)
Total Equity at December 31, 2012 and January 1, 2013		174,468		(3,182)		171,286

Consolidated Statement of Cash Flows		**March 31, 2012** *reported*		*Adjustment*		**March 31, 2012** *restated*
				(in thousands)		
Loss for the period	€	(2,243)		41	€	(2,202)
Provision (Release) for leaving indemnity and pension benefits		25		(41)		(16)

Note 4 – Inventories

Inventories consist of the following (in thousands):

		March 31, 2013 (unaudited)		December 31, 2012	March 31, 2012 (unaudited)
Raw materials and supplies	€	18,117	€	17,257	17,659
Work in progress		7,311		6,293	7,817
Finished goods		78,753		70,861	80,573
Provisions		(10,774)		(11,604)	(10,349)
Total inventories, net	€	93,407	€	82,808	95,699

Note 5 - Financial Instruments

The following table provides information regarding the Company's foreign exchange forward and option contracts as of March 31, 2013 and December 31, 2012. The fair value of the foreign currency contracts represent the amount the Company would receive or pay to terminate the contracts, considering first, quoted market prices of comparable agreements, or in the absence of quoted market prices, such factors as interest rates, currency exchange rates and remaining maturity.

As of March 31, 2013 (unaudited)

	Notional Principal							
		in euro		Local currency converted into euro		Carrying value (EUR)		Fair value (EUR)
	(in thousands)							
Foreign exchange forward contracts	€	14,558	€	14,963	€	437	€	437
Foreign exchange option contracts	€	7,876	€	7,802	€	96	€	96

	Notional Principal									
		in USD		Local currency converted into USD		Carrying value (USD)		Fair value (USD)		Fair Value (EUR)
	(in thousands)									
Foreign exchange forward contracts	USD	4,765	USD	5,114	USD	344	USD	344	€	268
Foreign exchange option contracts	USD	3,072	USD	3,496	USD	423	USD	423	€	331

As of December 31, 2012

	Notional Principal							
		in euro		Local currency converted into euro		Carrying value (EUR)		Fair value (EUR)
	(in thousands)							
Foreign exchange forward contracts	€	25,214	€	25,840	€	624	€	624
Foreign exchange option contracts	€	1,553	€	1,570	€	37	€	37

	Notional Principal									
		in USD		Local currency converted into USD		Carrying value (USD)		Fair value (USD)		Fair Value (EUR)
	(in thousands)									
Foreign exchange forward contracts	USD	6,411	USD	6,482	USD	61	USD	61	€	46
Foreign exchange option contracts	USD	4,181	USD	4,330	USD	168	USD	168	€	128

Note 6 – Shareholders' Equity

Head Sports Holdings N.V. and its shareholders controlled 61,089,243 shares, or approximately 66.28% of the Company's issued shares, as of March 31, 2013. Head Sports Holdings N.V., a Netherlands Antilles corporation, and its shareholders are controlled by Johan Eliasch, the Company's CEO, and his family members resulting in the ability to significantly influence and control the Company's operations.

In accordance with SIC 12 "Consolidation – Special Purpose Entity" the Company consolidated the Stichting, as the Company was considered the main beneficiary of the Stichting. The Stichting is a Dutch foundation, which holds, votes, and receives dividends on certain of the Company's ordinary shares. In conjunction with the Company's option plans, the Stichting also issues depository receipts to option holders, upon exercise of the option. As a result of consolidating the Stichting shares held by the Stichting are presented as treasury shares in the consolidated statement of financial position. As of March 31, 2013, the Stichting held 260,022 treasury shares.

	March 31, 2013	December 31, 2012
	(in thousands)	
Shares issued	92,175	92,175
Less: Shares held by the Stichting	(260)	(260)
Less: Shares held by Head N.V.	(8,396)	(8,396)
Shares issued less treasury shares	83,519	83,519

Note 7 - Segment Information

The Company's business is organized into five divisions for which certain discrete financial information exists. However, the Company's nature of products and production processes are similar, the customers largely the same and also the distribution channels the Company uses are the same for all products. This and similar long-term average gross margins of the segments implicate their similar economic characteristic. In addition, essential decisions of Company's chief decision maker, Mr. Johan Eliasch (CEO), regarding strategy, resources, financing, capital investments and insurance are made on the basis of the Company's performance based on its consolidated operating results and consolidated balance sheet; and liquidity planning is based on the Company's consolidated cash flows. This fulfils the requirements of IFRS 8.12 for aggregation of more operating segments into one reporting segment.

The tables below show net revenues from external customers and long-lived assets by geographic region based on the location of the Company's subsidiaries:

	For the Three Months ended March 31, 2013	
	2013 (unaudited)	2012 (unaudited)
	(in thousands)	
Net Revenues from External Customers:		
Austria	€ 22,920	€ 25,512
Italy	10,110	9,409
Other (Europe)	8,044	9,460
Asia	3,548	3,203
North America	25,019	22,494
Total Net Revenues	€ 69,640	€ 70,078

	March 31, 2013	December 31, 2012
	(unaudited)	
	(in thousands)	
Long-lived assets:		
Austria	€ 21,366	€ 21,314
Italy	6,977	7,179
Other (Europe)	18,393	19,039
Asia	10,905	10,904
North America	7,004	6,854
Total long-lived assets	€ 64,644	€ 65,291

Note 8 - Related Party Transactions

The Company receives administrative services from corporations which are ultimately owned by the principal shareholder of the Company. Administrative expenses amounted to approximately €1.2 million for the period ended March 31, 2013 and 2012, respectively. The related party provides consulting, corporate finance, investor relations and legal services.

In July 2012, certain Austrian subsidiaries of the Company entered into a loan agreement with an Austrian Bank providing a maximum of €15.0 million (from July 1 until December 31) and of €3.0 million (from January 1 until June 30). This agreement expires on December 31, 2014 and requires the Company to achieve certain yearly financial covenants. The loan is secured by certain Austrian trade receivables as well as by the inventories of certain Austrian subsidiaries in various warehouses. In addition, Mr. Johan Eliasch, the Company´s CEO, granted a personal non-performance guarantee (”Ausfallsbürgschaft”) up to a maximum amount of €5.0 million to ensure the fulfillment of the obligations of the subsidiaries of the Company under the loan. At March 31, 2013 the Company did not use this credit line.

In September 2011, Mr. Franz Klammer was appointed to the Supervisory Board of the Company. In 2001, one of the Company´s subsidiaries and the Franz Klammer GmbH entered into an agency agreement committing Mr. Franz Klammer to use and promote some of the Company´s products. The agreement is limited until August 2013 with a yearly fee of €0.06 million.

Note 9 – Subsequent Events

On May 6, 2013, Head N.V. and HTM Sport GmbH, a subsidiary of Head N.V., announced the redemption in full of the outstanding Senior Notes due 2014. The Press Release and the Notice of Redemption with full details of the redemption can be found on our website.

Overview

The Company is a leading global manufacturer and marketer of branded sporting goods serving the skiing, tennis and diving markets. The Company has created or acquired a portfolio of brands – Head (principally alpine skis, ski bindings, ski boots, snowboard and protection products, tennis, racquetball, paddle and squash racquets, tennis balls and tennis footwear, sportswear and swimming products), Penn (tennis balls and racquetball balls), Tyrolia (ski bindings), Mares (diving equipment). The Company's key products have attained leading market positions based on sales and reputation and have gained high visibility through their use by many of today's top athletes.

With a broad product offering, the Company supplies sporting equipment, apparel and accessories to all major distribution channels in the skiing, tennis and diving markets, including pro shops, specialty sporting goods stores and mass merchants. The Company´s products are sold through some 37,000 customers in over 85 countries and target sports enthusiasts of varying levels of ability and interest ranging from the novice to the professional athlete. The Company's strongest presence has traditionally been in Europe. The United States is the next largest market for the Company's products after Europe.

Over the last six decades, the Company has become one of the world's most widely recognized developers, manufacturers and marketers of innovative, high-quality and technologically advanced sporting equipment. The Company's focus continues to be its core products of skiing, racquet sports and diving equipment. In order to expand market share and maximize profitability, the Company's strategy includes an emphasis on marketing and new product development, leveraging further its brands, global distribution network and traditional strength in manufacturing and the Company continuously seeks means for reducing its fixed costs.

Business development

Winter Sports. The season 2012/2013 was finally a good one in Europe. Across the whole continent we had good snow conditions and we already received reports about growing numbers of visitors and overnight stays in ski resorts. Also Japan had a good season with good snow conditions from the beginning of the season. Resorts report about increasing numbers of visitors and also rental operators are reporting about a good business, retail sales, however, have been stagnant until end of February. North America, especially USA, is reporting a mediocre season. Snow came late in some territories and unfavorable weather conditions with rain have harmed the business. 2012/2013 was not as bad as 2011/2012 in North America but the season was again below average.

Alpine equipment sales have been generally reasonable with better sales of Skiboots than Skis and Skibindings but inventory levels at retail are reduced as a result of the lower pre-season orders during 2012. Snowboard sales except for Japan have further declined.

2012/2013 was again a very successful season for our Worldcup Skiteam with 21 Worldcup victories and a total of 45 podium positions during the season. Also the World Championships in Schladming in February 2013 were also very successful for Head with a total of 10 medals 5 of which were Gold. Head was by far the most successful brand at this event.

Racquet Sports. Although still early in the year, we have some indications that the tennis market started slower in the year 2013 than in the previous year. Unfavorable weather conditions – the long winter – lead to a late start of the tennis season in Europe and also in North America the season didn't start as early as last year.

Diving. Cold weather conditions and the overall economic environment kept European markets challenging during the first quarter, while US and Asia have shown continued growth.

Sportswear. Our Sportswear Division consists mainly of summer sportswear for tennis and winter sportswear for skiing.

The first three months of the year is predominantly tennis wear sales with some bag sales and very limited re-orders for wintersports. The market for tennis wear started at an acceptable level but the cold weather at the start of the season may impact sell out in the market.

Results of Operations

The following table sets forth certain consolidated income statement data:

	For the Three Months ended March 31,	
	2013	2012
	(unaudited)	*(unaudited) restated*
	(in thousands)	
Total net revenues	€ 69,640	€ 70,078
Cost of sales	40,425	40,129
Gross profit	**29,215**	**29,949**
Gross margin	42.0%	42.7%
Selling and marketing expense	26,667	25,887
General and administrative expense	7,023	6,955
Share-based compensation expense	742	185
Other operating expense (income), net	281	(342)
Operating loss	**(5,497)**	**(2,736)**
Interest and other finance expense	(1,382)	(1,518)
Interest and investment income	112	224
Other non-operating (expense) income, net	(474)	1,414
Income tax benefit	1,169	414
Loss for the period	**€ (6,072)**	**€ (2,202)**

Three Months Ended March 31, 2013 and 2012 (restated)

Total Net Revenues. For the three months ended March 31, 2013, total net revenues decreased by €0.4 million, or 0.6%, to €69.6 million from €70.1 million in the comparable 2012 period. This slight decrease was mainly due to lower revenues in Winter Sports, Licensing and Sportswear.

	For the Three Months ended March 31,	
	2013 (unaudited)	2012 (unaudited)
	(in thousands)	
Product category:		
Winter Sports	€ 13,256	€ 13,552
Racquet Sports	42,275	42,230
Diving	13,029	12,743
Sportswear	1,800	2,072
Licensing	1,296	1,553
Total revenues	71,656	72,149
Sales Deductions	(2,015)	(2,071)
Total Net Revenues	€ 69,640	€ 70,078

Winter Sports revenues for the three months ended March 31, 2013, decreased by €0.3 million, or 2.2%, to €13.3 million from €13.6 million in the comparable 2012 period mainly due to lower volumes for bindings under contract manufacturing agreements and an unfavorable product mix for skis and boots, partly offset by higher volumes for skis and boots.

Racquet Sports revenues for the three months ended March 31, 2013, remained almost unchanged at €42.3 million compared to 2012 (€42.2 million). Higher volumes for Penn balls and a favorable product mix for racquets were partly offset by lower volumes for racquets and an unfavorable development of exchange rates.

Diving revenues for the three months ended March 31, 2013, increased by €0.3 million, or 2.2%, to €13.0 million from €12.7 million in the comparable 2012 period. This increase was mainly driven by higher sales in the US and Asia market.

Sportswear revenues for the three months ended March 31, 2013, decreased by €0.3 million, or 13.1%, to €1.8 million from €2.1 million in the comparable 2012 period. This decrease was mainly due to lower sales for Summer Sportswear.

Licensing revenues for the three months ended March 31, 2013, amounted to €1.3 million, compared to €1.6 million in the comparable 2012 period.

Sales deductions for the three months ended March 31, 2013, remained almost unchanged at €2.0 million compared to 2012 (€2.1 million).

Gross Profit. For the three months ended March 31, 2013, gross profit decreased by €0.7 million to €29.2 million from €29.9 million in the comparable 2012 period. Gross margin decreased from 42.7% in 2012 to 42.0% in 2013 mainly due to negative mix for our tennis ball sales and diving business and to further investment in our Sportswear division.

Selling and Marketing Expense. For the three months ended March 31, 2013, selling and marketing expense increased by €0.8 million, or 3.0%, to €26.7 million from €25.9 million in the comparable 2012 period. This increase was mainly due to higher advertising and departmental selling costs.

General and Administrative Expense. For the three months ended March 31, 2013, general and administrative expenses slightly increased by €0.1 million, or 1.0%, to €7.0 million. This increase was mainly due to higher warehouse costs.

Share-Based Compensation Expense. For the three months ended March 31, 2013, the Company recorded €0.7 million share-based compensation expense for our Stock Option Plans compared to €0.2 million in the 2012 period. The expense of €0.7 million in the first quarter 2013 was due to the increase of the share price at March 31, 2013, compared to the share price at December 31, 2012, which increases the liability for the cash-settled Stock Option Plans.

Other Operating Expense/Income, net. For the three months ended March 31, 2013, other operating expense, net amounted to €0.3 million, compared to other operating income, net of €0.3 million in the comparable 2012 period. This swing was mainly due to foreign exchange gains in 2012 and foreign exchange losses in 2013.

Operating Loss. As a result of the foregoing factors, operating loss for the three months ended March 31, 2013, increased by €2.8 million to €5.5 million from €2.7 million in the comparable 2012 period.

Interest and Other Finance Expense. For the three months ended March 31, 2013, interest and other finance expense slightly decreased by €0.1 million to €1.4 million from €1.5 million in the comparable 2012 period.

	For the Three Months ended March 31, 2013	2012
	(unaudited, in thousands)	
Amortization of disagio	€ 26	€ 24
Interest expense	1,262	1,373
Other finance costs	94	120
Interest and other finance expense	€ 1,382	€ 1,518

Interest and Investment Income. For the three months ended March 31, 2013, interest and investment income amounted to €0.1 million (2012: €0.2 million).

Other Non-operating Expense/Income, net. For the three months ended March 31, 2013, other non-operating expense, net amounted to €0.5 million, compared to other non-operating income, net of €1.4 million in 2012. This change was due to foreign exchange losses in 2013 and foreign exchange gains in 2012.

Income Tax Benefit. For the three months ended March 31, 2013, the income tax benefit increased by €0.8 million to €1.2 million from €0.4 million in the comparable 2012 period. This increase was mainly due to an increase of deferred income tax benefits on tax losses carried forward.

Net Loss. As a result of the foregoing factors, for the three months ended March 31, 2013, we had a net loss of €6.1 million, compared to a net loss of €2.2 million in the comparable 2012 period.

Liquidity and Capital Resources

Payments from our customers are the principal source of liquidity. Additional sources of liquidity include its credit facility, financing under capital lease arrangements and vendor financing. The cash provided by these sources has a variety of uses. Most importantly, the Company must pay its employees and vendors for the services and materials they supply. Additional uses include capital expenditures, development of new products, payment of interest, extension of credit to our customers, and other general funding of our day-to-day operations.

For the three months ended March 31, 2013, cash provided by operating activities decreased by €12.9 million to €11.9 million compared to €24.8 million in 2012. This decrease was mainly due to lower profitability and reduced cash inflow from accounts receivables resulting from a lower level of receivables at year-end 2012 compared to 2011. Cash was used to purchase property, plant and equipment of €1.7 million in the first quarter 2013 and 2012. Net cash used for financing activities for the three months ended March 31, 2013, amounted to €0.9 million compared to net cash provided by financing activities of €1.2 million in 2012.

The Senior Notes amounting to €27.5 million as of March 31, 2013, are due in the first quarter 2014. Therefore, the Company reclassified the liability from non-current borrowings to current borrowings in the consolidated statement of financial position.

As of March 31, 2013, the Company had in place €9.1 million long-term obligations under a sale-leaseback agreement due 2017, €9.4 million mortgage agreements, a liability against our venture partner of €2.8 million and €23.7 million other long-term debt comprising loans in the United States, Japan, Italy and Austria. In addition, the Company had in place €27.5 million Senior Notes due 2014 and used lines of credit with several banks in Austria, Japan, France and in the United Kingdom of €26.6 million.

As of March 31, 2012, the Company had in place €27.4 million Senior Notes due 2014, €9.3 million long-term obligations under a sale-leaseback agreement due 2017, €10.1 million mortgage agreements, a liability against our venture partner of €2.7 million and €23.9 million other long-term debt comprising loans in the United States, Japan, Italy and Austria. In addition, the Company used lines of credit with several banks in Austria, Japan, France and in the United Kingdom of €27.3 million.