HEAD N.V.
INTERIM FINANCIAL STATEMENTS

For the Period Ended
June 30, 2012

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INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2012

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.

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

	Note		June 30, 2012		December 31, 2011
			(unaudited)		
			(in thousands, except share data)		
ASSETS:					
Non-current assets					
Property, plant and equipment	6	€	51,293	€	51,899
Other intangible assets	6		11,568		11,461
Goodwill	6		2,938		2,864
Deferred income tax assets			56,715		53,134
Trade receivables			224		1,335
Other non-current assets			6,197		6,589
Total non-current assets			128,935		127,283
Current assets					
Inventories	3		112,974		83,276
Trade and other receivables			73,043		126,439
Prepaid expense			2,491		2,535
Available-for-sale financial assets			4,975		4,875
Cash and cash equivalents			35,066		24,909
Total current assets			228,548		242,034
Total assets		€	357,483	€	369,316
EQUITY:					
Share capital: €0.01 par value; 92,174,778 shares issued	5	€	922	€	922
Other reserves			124,209		124,209
Treasury shares	5		(5,717)		(5,717)
Retained earnings			46,045		56,171
Fair Value and other reserves including cumulative translation adjustments (CTA)			(1,202)		(2,368)
Total equity			164,257		173,217
LIABILITIES:					
Non-current liabilities					
Borrowings	8		69,140		69,460
Employee benefits			14,982		14,791
Provisions			3,347		3,352
Other long-term liabilities			8,317		8,381
Total non-current liabilities			95,786		95,984
Current liabilities					
Trade and other payables			54,407		58,459
Current income tax liabilities			2,151		1,315
Borrowings			33,555		32,453
Provisions			7,327		7,888
Total current liabilities			97,440		100,116
Total liabilities			193,227		196,100
Total liabilities and equity		€	357,483	€	369,316

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 June 30, 2012	For the Three Months ended June 30, 2011	For the Six Months ended June 30, 2012	For the Six Months ended June 30, 2011
		(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
		(in thousands, except share data)		*(in thousands, except share data)*	
Results of operations:					
Total net revenues	6	€ 62,523	€ 58,489	€ 132,601	€ 118,322
Cost of sales		39,555	35,658	79,701	69,862
Gross profit		**22,968**	**22,831**	**52,900**	**48,460**
Selling and marketing expense		22,210	19,803	48,113	44,321
General and administrative expense		6,923	6,714	13,886	13,467
Share-based compensation expense (income)		182	(20)	368	(68)
Other operating expense (income), net		269	(466)	(73)	(605)
Operating loss		**(6,616)**	**(3,199)**	**(9,394)**	**(8,656)**
Interest and other finance expense		(1,496)	(2,833)	(3,014)	(9,150)
Interest and investment income		231	175	456	343
Other non-operating income (expense), net		(1,967)	(1,098)	(553)	568
Loss before income taxes		(9,848)	(6,955)	(12,505)	(16,894)
Income tax benefit (expense):					
Current		(611)	(585)	(1,183)	(749)
Deferred		2,576	2,258	3,562	4,648
Income tax benefit		1,965	1,673	2,379	3,900
Loss for the period		**€ (7,883)**	**€ (5,282)**	**€ (10,126)**	**€ (12,995)**
Other comprehensive income:					
Gains (losses) recognized directly in equity					
Foreign currency translation of invested intercompany receivables		€ --	€ (198)	€ --	€ (735)
Available-for-sale financial assets		63	221	100	332
Foreign currency translation adjustment on group companies		2,488	(302)	1,091	(2,749)
Income tax related to components of other comprehensive income		(16)	(6)	(25)	101
Other comprehensive income (loss) for the period, net of tax		€ 2,535	€ (285)	€ 1,166	€ (3,051)
Total comprehensive income for the period		**€ (5,348)**	**€ (5,567)**	**€ (8,960)**	**€ (16,046)**
Earnings per share-basic					
Loss for the period		(0.09)	(0.06)	(0.12)	(0.15)
Earnings per share-diluted					
Loss for the period		(0.09)	(0.06)	(0.12)	(0.15)
Weighted average shares outstanding					
Basic		83,519	91,915	83,519	89,298
Diluted		83,519	91,915	83,519	89,298

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

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

	Note	Attributable to equity holders of the Company						Total Equity
		Ordinary Shares		Other	Treasury	Retained	Fair Value and Other Reserves/	
		Shares	Share Capital	Reserves	Shares	Earnings	CTA	
		(unaudited) *(in thousands, except share data)*						
Balance at January 1, 2011		87,944,008 €	882 €	127,133 €	(683) €	55,832 €	(4,986) €	178,179
Share Buy Back March 2011		(8,876,431)	--	--	(4,169)	--	--	(4,169)
Capital Increase and Exercise of Stock Option Plans 2009		3,970,748	40	357	--	--	--	397
Exercise of Stock Option Plans 2009		8,876,431	--	(3,281)	4,169	--	--	888
Loss for the period		--	--	--	--	(12,995)	--	(12,995)
Changes in fair value and other including CTA reserves		--	--	--	--	--	(3,051)	(3,051)
Total comprehensive income for the period		--	--	--	--	--	--	(16,046)
Balance at June 30, 2011		**91,914,756 €**	**922 €**	**124,209 €**	**(683) €**	**42,838 €**	**(8,037) €**	**159,248**
Balance at January 1, 2012		83,518,508 €	922 €	124,209 €	(5,717) €	56,171 €	(2,368) €	173,217
Loss for the period		--	--	--	--	(10,126)	--	(10,126)
Changes in fair value and other including CTA reserves		--	--	--	--	--	1,166	1,166
Total comprehensive income for the period		--	--	--	--	--	--	(8,960)
Balance at June 30, 2012		**83,518,508 €**	**922 €**	**124,209 €**	**(5,717) €**	**46,045 €**	**(1,202) €**	**164,257**

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 Six Months ended June 30, 2012	2011
		(unaudited)	*(unaudited)*
		(in thousands)	
OPERATING ACTIVITIES:			
Loss for the period		€ (10,126)	€ (12,995)
Adjustments to reconcile net profit/loss to net cash provided by operating activities:			
Depreciation and amortization		4,770	5,016
Amortization and write-off of debt issuance cost and bond discount		115	4,373
Provision (release) for leaving indemnity and pension benefits		189	(13)
Loss (gain) on sale of property, plant and equipment		(6)	11
Loss on sale of availabe-for-sale financial assets		--	57
Share-based compensation expense (income)		368	(68)
Deferred Income		(590)	1,041
Finance costs		2,716	4,141
Interest income		(456)	(343)
Income tax expense		1,183	749
Deferred tax benefit		(3,562)	(4,648)
Changes in operating assets and liabilities:			
Accounts receivable		54,681	59,765
Inventories	3	(28,995)	(38,960)
Prepaid expense and other assets		399	(353)
Accounts payable, accrued expenses and other liabilities		(4,792)	(4,297)
Interest paid		(2,843)	(4,852)
Interest received		354	351
Income tax paid		(368)	(570)
Net cash provided by operating activities		**13,036**	**8,406**
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(3,824)	(3,935)
Proceeds from sale of property, plant and equipment		13	13
Proceeds from sale of available-for-sale financial assets		--	1,564
Net cash used for investing activities		**(3,811)**	**(2,359)**
FINANCING ACTIVITIES:			
Increase in short-term borrowings		905	1,561
Proceeds from long-term debt		--	5,064
Payments on long-term debt		(983)	(15,143)
Share Buy Back March 2011		--	(4,169)
Exercise of Stock Option Plans 2009/Capital Increase		--	1,285
Change in restricted cash		755	(920)
Net cash provided by (used for) financing activities		**677**	**(12,323)**
Effect of exchange rate changes on cash and cash equivalents		1,008	(792)
Net increase (decrease) in cash and cash equivalents		10,910	(7,067)
Cash and cash equivalents, unrestricted at beginning of period		21,120	49,309
Cash and cash equivalents, unrestricted at end of period		**€ 32,029**	**€ 42,242**

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 and squash racquets, tennis balls and tennis footwear and sportswear), 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. As Winter Sports goods are shipped during a specific period of the year, 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 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 six months of any calendar year, the Company typically generates some 50% to 55% of its Racquet Sports and Diving product revenues, but some 10% to 15% of its Winter Sports revenue. Thus, the Company typically generates only some 35% to 40% of its total year gross profit in the first six months of the year, but the Company incurs some 45% to 50% 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, 2011. The condensed interim financial statements comply with IAS 34. The result of operations for the six months period ended June 30, 2012 is not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year.

Note 3 – Inventories

Inventories consist of the following (in thousands):

		June 30, 2012 *(unaudited)*		December 31, 2011	June 30, 2011 *(unaudited)*
Raw materials and supplies	€	16,745	€	19,124	15,467
Work in progress		7,439		6,317	7,850
Finished goods		99,052		69,093	91,508
Provisions		(10,262)		(11,258)	(9,071)
Total inventories, net	€	112,974	€	83,276	105,753

Note 4 - Financial Instruments

The following table provides information regarding the Company’s foreign exchange forward and option contracts as of June 30, 2012 and December 31, 2011. 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 June 30, 2012 (unaudited)							
	Notional Principal							
		in euro		Local currency converted into euro		Carrying value		Fair value
	(in thousands)							
Foreign exchange forward contracts	€	23,126	€	22,828	€	(290)	€	(290)
Foreign exchange option contracts	€	777	€	709	€	1	€	1

	As of December 31, 2011							
	Notional Principal							
		in euro		Local currency converted into euro		Carrying value		Fair value
	(in thousands)							
Foreign exchange forward contracts	€	39,461	€	38,732	€	(688)	€	(688)
Foreign exchange option contracts	€	1,864	€	1,749	€	18	€	18

Note 5 – 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 June 30, 2012. 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 June 30, 2012, the Stichting held 260,022 treasury shares.

	June 30, 2012	December 31, 2011
	(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 6 - 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 June 30,		For the Six Months ended June 30,	
	2012	2011	2012	2011
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)			
Revenues from External Customers:				
Austria	€ 18,050	€ 19,005	€ 43,561	€ 41,724
Italy	11,418	10,330	20,828	18,298
Other (Europe)	8,075	7,782	17,535	15,999
Asia	2,617	3,032	5,820	5,672
North America	22,363	18,341	44,857	36,630
Total Net Revenues	€ 62,523	€ 58,489	€ 132,601	€ 118,322

	June 30, 2012	December 31, 2011
	(unaudited)	
	(in thousands)	
Long-lived assets:		
Austria	€ 20,095	€ 19,748
Italy	7,464	7,999
Other (Europe)	19,115	19,395
Asia	11,965	12,069
North America	7,161	7,013
Total long-lived assets	€ 65,799	€ 66,225

Note 7 - 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 €2.3 million for the period ended June 30, 2012 and 2011, respectively. The related party provides consulting, corporate finance, investor relations and legal services.

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 8 – Subsequent Events

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 (exceeding the amount of €21.8 million) 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.

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 and squash racquets, tennis balls and tennis footwear and sportswear), 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 marketed mainly from middle to high price points, the Company supplies sporting equipment and accessories to all major distribution channels in the skiing, tennis and diving markets, including pro shops, specialty sporting goods stores and mass merchants. Head N.V.'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 2011/2012 ski season started late due to poor snowfall in both Europe and many key resorts in North America. Heavy snow finally arrived in most parts of Europe in late December, but for many resorts in Southern Europe the snow conditions remained poor for the entire season. In North America the 2011/12 ski conditions were considered to be the worst ever recorded and skier days declined by 16% in the season. Scandinavian countries also suffered from limited snow and retail sales were significantly behind those achieved in the prior year.

Following the 2011/12 season, retailers have excess stock and are cautious in their ordering for 2012/13. International retail chains are reporting a decline in pre-season orders of around 20%-25% for alpine equipment. We have now collected a majority of our pre-season orders and whilst our declines are not as dramatic, we still have a double digit deterioration compared to last years levels with skis and snowboards having suffered more than boots.

Racquet Sports. The year started positively for the racquet sports industry and we achieved record sales in North America, but the growth in the first quarter reversed to a decline in the second as poor weather and lower consumer demand dampened racquet sales in Europe. Japan however continued to grow as it recovers from impact of the 2011 Tsunami. Tennis ball sales continued to grow throughout the first six months indicating a positive trend in participation.

Diving. The diving markets in both North America and Asia continue to remain broadly unaffected by the current economic uncertainties but in Southern Europe the impact is more significant.

Sportswear. We operate in a niche area of sportswear focusing on racquets based sportswear in the summer, and skiwear in the winter. The market remains stable for the summer wear, but the ski wear has been impacted due to the poor weather in the 2011/12 season.

Results of Operations

The following table sets forth certain consolidated income statement data:

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2012	2011	2012	2011
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)		*(in thousands)*	
Total net revenues	€ 62,523	€ 58,489	€ 132,601	€ 118,322
Cost of sales	39,555	35,658	79,701	69,862
Gross profit	**22,968**	**22,831**	**52,900**	**48,460**
Gross margin	36.7%	39.0%	39.9%	41.0%
Selling and marketing expense	22,210	19,803	48,113	44,321
General and administrative expense	6,923	6,714	13,886	13,467
Share-based compensation expense (income)	182	(20)	368	(68)
Other operating expense (income), net	269	(466)	(73)	(605)
Operating loss	**(6,616)**	**(3,199)**	**(9,394)**	**(8,656)**
Interest and other finance expense	(1,496)	(2,833)	(3,014)	(9,150)
Interest and investment income	231	175	456	343
Other Non-operating income (expense), net	(1,967)	(1,098)	(553)	568
Income tax benefit	1,965	1,673	2,379	3,900
Loss for the period	**€ (7,883)**	**€ (5,282)**	**€ (10,126)**	**€ (12,995)**

Three and Six Months Ended June 30, 2012 and 2011

Total Net Revenues. For the three months ended June 30, 2012 total net revenues increased by €4.0 million, or 6.9%, to €62.5 million from €58.5 million in the comparable 2011 period. This increase was mainly due to higher revenues in the Racquet Sports division. For the six months ended June 30, 2012 total net revenues increased by €14.3 million, or 12.1%, to €132.6 million from €118.3 million in the comparable 2011 period. This increase was mainly due to higher revenues in the Racquet Sports division and the Diving division, but also all other divisions reported revenue increases.

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2012	2011	2012	2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in thousands)		*(in thousands)*	
Product category:				
Winter Sports	€ 9,258	€ 9,222	€ 22,810	€ 22,233
Racquet Sports[1]	37,036	33,705	79,266	68,524
Diving	15,658	15,282	28,401	26,628
Sportswear[1]	1,272	1,212	3,344	2,349
Licensing	1,028	1,062	2,581	2,287
Total revenues	64,253	60,484	136,402	122,020
Sales Deductions	(1,729)	(1,995)	(3,801)	(3,698)
Total Net Revenues	€ 62,523	€ 58,489	€ 132,601	€ 118,322

[1] revenues 2011 adjusted due to a reclassification to Sportswear

Winter Sports revenues for the three months ended June 30, 2012 remained almost unchanged at €9.3 million (2011: €9.2 million). Higher volumes in skis were offset by an unfavourable product mix for skis and bindings.
Regarding the first six months ended June 30, 2012 Winter Sports revenues increased by €0.6 million, or 2.6%, from €22.2 million to €22.8 million. This increase was mainly due to higher volumes in all categories, except snowboard, partly offset by an unfavourable product mix in all categories.

Racquet Sports revenues for the three months ended June 30, 2012 increased by €3.3 million, or 9.9%, from €33.7 million to €37.0 million. This increase was mainly due to an advantageous development of exchange rates and a favourable product mix for racquets and balls.
For the six months ended June 30, 2012 Racquet Sports revenues increased by €10.7 million, or 15.7%, from €68.5 million to €79.3 million. This substantial increase was due to higher volumes and a favourable product mix for racquets and balls, supported by positive exchange rate movements.

Diving revenues for the three months ended June 30, 2012 increased slightly by €0.4 million, or 2.5%, from €15.3 million to €15.7 million mainly due to advantageous exchange rate movements.
Diving revenues for the six months ended June 30, 2012 increased by €1.8 million, or 6.7%, from €26.6 million to €28.4 million. This increase was mainly due to higher sales in North America and Asia and to a favourable development of exchange rates.

Sportswear revenues for the three months ended June 30, 2012 amounted to €1.3 million and therefore almost unchanged compared to 2011 (€1.2 million).
Revenues for the six months ended June 30, 2012 increased by €1.0 million, or 42.4%, from €2.3 million to €3.3 million. This increase was mainly due to higher sales for Summer Sportswear.

Licensing revenues for the three months ended June 30, 2012 amounted to €1.0 million (2011: €1.1 million).
Regarding the first six months ended June 30, 2012, revenues slightly increased by €0.3 million, or 12.8%, from €2.3 million to €2.6 million.

Sales deductions for the three months ended June 30, 2012 decreased by €0.3 million, or 13.3%, to €1.7 million from €2.0 million in the comparable 2011 period.
For the six months ended June 30, 2012 sales deductions increased by €0.1 million, or 2.8%, to €3.8 million from €3.7 million in 2011.

Gross Profit. For the three months ended June 30, 2012 gross profit slightly increased by €0.1 million to €23.0 million. Gross margin decreased to 36.7% in 2012 from 39.0% in 2011 mainly due to higher cost of sales for our tennis ball business and to further investment in our Sportswear division.
For the six months ended June 30, 2012 gross profit increased by €4.4 million to €52.9 million from €48.5 million in the comparable 2011 period. Gross margin decreased from 41.0% to 39.9%. This decrease was mainly due to higher cost of sales for our Winter Sports and tennis ball business and again to higher costs for our Sportswear division and patents and royalties.

Selling and Marketing Expense. For the three months ended June 30, 2012 selling and marketing expense increased by €2.4 million, or 12.2%, from €19.8 million to €22.2 million mainly due to higher advertising costs in our Winter Sports division.
For the six months ended June 30, 2012 selling and marketing expense increased by €3.8 million, or 8.6%, to €48.1 million from €44.3 million in the comparable 2011 period. This was again mainly due to higher advertising costs in our Winter Sports and Racquet Sports division and to a lower release of bad debt provision.

General and Administrative Expense. For the three months ended June 30, 2012 general and administrative expense slightly increased by €0.2 million, or 3.1%, from €6.7 million to €6.9 million.
For the six months ended June 30, 2012 general and administrative expense increased by €0.4 million, or 3.1%, from €13.5 million to €13.9 million mainly due to higher warehouse and business unit administration costs.

Share-Based Compensation Income/Expense. For the three months ended June 30, 2012 we recorded share-based compensation expense for our Stock Option Plans of €0.2 million compared to share-based compensation income of €0.02 million in the comparable 2011 period.
For the six months ended June 30, 2012 we recorded share-based compensation expense for our Stock Option Plans of €0.4 million compared to share-based compensation income of €0.1 million in the comparable 2011 period. The expense in 2012 is due to the increase of the share price at June 30, 2012 compared to the share price at December 31, 2011 which impacted the cash-settled Stock Option Plans.

Other Operating Income/Expense, net. For the three months ended June 30, 2012 other operating expense, net amounted to €0.3 million compared to other operating income, net of €0.5 million in the comparable 2011 period. This swing of €0.7 million was mainly due to foreign exchange gains in 2011 and foreign exchange losses in 2012.
For the six months ended June 30, 2012 other operating income, net amounted to €0.1 million compared to other operating income, net of €0.6 million in the comparable 2011 period. This change is again mainly due to foreign exchange rate fluctuations.

Operating Loss. As a result of the foregoing factors, operating loss for the three months ended June 30, 2012 increased by €3.4 million from €3.2 million to €6.6 million.
For the six months ended June 30, 2012 operating loss increased by €0.7 million to €9.4 million from €8.7 million in the comparable 2011 period.

Interest and Other Finance Expense. For the three months ended June 30, 2012 interest and other finance expense decreased significantly by €1.3 million, or 47.2% from €2.8

million to €1.5 million. This decrease was mainly due to lower interest expense for long-term debt and the decreased amortization of the non-cash disagio costs caused by the buy back and redemption of the Senior Secured Notes in 2011.
For the six months ended June 30, 2012 interest and other finance expense decreased substantially by €6.1 million, or 67.1%, from €9.2 million to €3.0 million. This decrease was again mainly due to lower interest expense for long-term debt and the decreased amortization of the non-cash disagio costs caused by the buy back and redemption of the Senior Secured Notes in 2011.

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2012	2011	2012	2011
	(unaudited, in thousands)		(unaudited, in thousands)	
Amortization of disagio	€ 24	€ 808	€ 48	€ 4,334
Interest expense	1,342	1,936	2,716	4,141
Other finance costs	129	89	250	675
Interest and other finance expense	€ 1,496	€ 2,833	€ 3,014	€ 9,150

Interest and Investment Income. For the three months ended June 30, 2012 interest and investment income remained almost unchanged compared to 2011 with €0.2 million.
For the six months ended June 30, 2012 interest and investment income slightly increased by €0.1 million to €0.5 million.

Other Non-operating Income/Expense, net. For the three months ended June 30, 2012 other non-operating expense, net increased by €0.9 million to €2.0 million from €1.1 million mainly due to higher foreign exchange losses.
For the six months ended June 30, 2012 other non-operating expense, net amounted to €0.6 million compared to other non-operating income, net of €0.6 million in the comparable 2011 period. This change was caused by foreign exchange gains in 2011 and losses in 2012.

Income Tax Benefit. For the three months ended June 30, 2012 income tax benefit increased by €0.3 million from €1.7 million to €2.0 million.
For the six months ended June 30, 2012 income tax benefit decreased by €1.5 million to €2.4 million from €3.9 million mainly due to higher current income tax expense and lower deferred income tax benefits on tax losses carried forward as a result of higher pre-tax numbers.

Net Loss. As a result of the foregoing factors, for the three months ended June 30, 2012 we had a net loss of €7.9 million compared to €5.3 million in the comparable 2011 period.
For the six months ended June 30, 2012 we had a net loss of €10.1 million compared to €13.0 million in the comparable 2011 period.

Liquidity and Capital Resources

Payments from our customers are our principal source of liquidity. Additional sources of liquidity include our 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 six months ended June 30, 2012 cash provided by operating activities increased by

€4.6 million to €13.0 million compared to €8.4 million in the comparable 2011 period, which was mainly due to lower cash outflow for inventories and to lower interest payments. Cash was used to purchase property, plant and equipment of €3.8 million compared to €3.9 million in the comparable 2011 period. Net cash provided by financing activities amounted to €0.7 million as of June 30, 2012. For the six months ended June 30, 2011 net cash used for financing activities amounted to €12.3 million. This amount was on the one hand due to the buy back of €14,405,000 of par value of the Senior Secured Notes in March 2011 and the share buy back of 8,876,431 ordinary listed shares in Head N.V., bought at a cost of €4.2 million. On the other hand, proceeds from long-term debt amounted to €5.1 million.

As of June 30, 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, €10.0 million mortgage agreements, a liability against our venture partner of €2.9 million and €25.3 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, the United Kingdom and France of €27.9 million.

As of June 30, 2011 the Company had in place €25.2 million Senior Secured Notes due 2012, €27.8 million Senior Notes due 2014, €9.4 million long-term obligations under a sale-leaseback agreement due 2017, €10.0 million mortgage agreements, a liability against our venture partner of €2.5 million and €5.7 million other long-term debt comprising loans in Italy, Japan and Austria. In addition, the Company used lines of credit with several banks in Austria, France and Japan of €23.5 million.

HEAD N.V. AND SUBSIDIARIES
ITEM 3: RELEASE BY THE MANAGEMENT

Statement by the Management Board according to the European Transparency Guideline

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Amsterdam, August 9, 2012

Johan Eliasch
Chief Executive Officer

Günter Hagspiel
Chief Financial Officer

Ralf Bernhart
Managing Director

George Nicolai
Managing Director