HEAD N.V.
INTERIM FINANCIAL STATEMENTS

For the Period Ended
September 30, 2012

HEAD N.V.

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 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		September 30, 2012		December 31, 2011
			(unaudited)		
			(in thousands, except share data)		
ASSETS:					
Non-current assets					
Property, plant and equipment	6	€	51,108	€	51,899
Other intangible assets	6		11,454		11,461
Goodwill	6		2,920		2,864
Deferred income tax assets			55,077		53,134
Trade receivables			217		1,335
Other non-current assets			6,110		6,589
Total non-current assets			126,887		127,283
Current assets					
Inventories	3		103,468		83,276
Trade and other receivables			100,228		126,439
Prepaid expense			1,812		2,535
Available-for-sale financial assets			5,000		4,875
Cash and cash equivalents			28,562		24,909
Total current assets			239,071		242,034
Total assets		€	365,958	€	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			51,035		56,171
Fair Value and other reserves including cumulative translation adjustments (CTA)			(2,115)		(2,368)
Total equity			168,333		173,217
LIABILITIES:					
Non-current liabilities					
Borrowings	8		70,581		69,460
Employee benefits			15,076		14,791
Provisions			3,368		3,352
Other long-term liabilities			8,017		8,381
Total non-current liabilities			97,042		95,984
Current liabilities					
Trade and other payables			56,891		58,459
Current income tax liabilities			2,082		1,315
Borrowings			33,752		32,453
Provisions			7,858		7,888
Total current liabilities			100,583		100,116
Total liabilities			197,625		196,100
Total liabilities and equity		€	365,958	€	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 September 30, 2012	For the Three Months ended September 30, 2011	For the Nine Months ended September 30, 2012	For the Nine Months ended September 30, 2011
		(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
		(in thousands, except share data)		*(in thousands, except share data)*	
Results of operations:					
Total net revenues	6	€ 96,969	€ 99,736	€ 229,570	€ 218,058
Cost of sales		58,545	57,911	138,246	127,773
Gross profit		**38,424**	**41,824**	**91,324**	**90,284**
Selling and marketing expense		23,496	24,723	71,608	69,044
General and administrative expense		6,908	6,766	20,794	20,232
Share-based compensation expense (income)		26	(19)	394	(87)
Other operating expense, net		107	742	35	137
Operating profit (loss)		**7,886**	**9,613**	**(1,507)**	**958**
Interest and other finance expense		(1,404)	(6,386)	(4,418)	(15,535)
Interest and investment income		149	153	604	496
Other non-operating income (expense), net		414	(458)	(139)	110
Profit (loss) before income taxes		7,045	2,922	(5,460)	(13,972)
Income tax benefit (expense):					
Current		(407)	(433)	(1,589)	(1,182)
Deferred		(1,648)	(1,855)	1,914	2,793
Income tax benefit (expense)		(2,055)	(2,289)	325	1,611
Profit (loss) for the period		**€ 4,990**	**€ 634**	**€ (5,136)**	**€ (12,361)**
Other comprehensive income:					
Gains (losses) recognized directly in equity					
Foreign currency translation of invested intercompany receivables		€ --	€ 671	€ --	€ (64)
Available-for-sale financial assets		25	21	125	353
Foreign currency translation adjustment on group companies		(933)	2,664	159	(85)
Income tax related to components of other comprehensive income		(6)	(173)	(31)	(72)
Other comprehensive income (loss) for the period, net of tax		€ (914)	€ 3,183	€ 253	€ 132
Total comprehensive income for the period		**€ 4,076**	**€ 3,817**	**€ (4,883)**	**€ (12,229)**
Earnings per share-basic					
Profit (loss) for the period		0.06	0.01	(0.06)	(0.14)
Earnings per share-diluted					
Profit (loss) for the period		0.06	0.01	(0.06)	(0.14)
Weighted average shares outstanding					
Basic		83,519	90,901	83,519	89,838
Diluted		83,519	90,901	83,519	89,838

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

	Note	Attributable to equity holders of the Company						Total Equity
		Ordinary Shares					Fair Value and Other Reserves/	
		Shares	Share Capital	Other Reserves	Treasury Shares	Retained 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
Share Buy Backs September 2011		(7,395,483)	--	--	(4,314)	--	--	(4,314)
Loss for the period		--	--	--	--	(12,361)	--	(12,361)
Changes in fair value and other including CTA reserves		--	--	--	--	--	132	132
Total comprehensive income for the period		--	--	--	--	--	--	(12,229)
Balance at September 30, 2011		**84,519,273 €**	**922 €**	**124,209 €**	**(4,997) €**	**43,471 €**	**(4,854) €**	**158,751**
Balance at January 1, 2012		83,518,508 €	922 €	124,209 €	(5,717) €	56,171 €	(2,368) €	173,217
Loss for the period		--	--	--	--	(5,136)	--	(5,136)
Changes in fair value and other including CTA reserves		--	--	--	--	--	253	253
Total comprehensive income for the period		--	--	--	--	--	--	(4,883)
Balance at September 30, 2012		**83,518,508 €**	**922 €**	**124,209 €**	**(5,717) €**	**51,035 €**	**(2,115) €**	**168,333**

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 Nine Months ended September 30, 2012	2011
		(unaudited)	*(unaudited)*
		(in thousands)	
OPERATING ACTIVITIES:			
Loss for the period		€ (5,136)	€ (12,361)
Adjustments to reconcile net profit/loss to net cash provided by operating activities:			
Depreciation and amortization		7,053	7,369
Amortization and write-off of debt issuance cost and bond discount		175	8,528
Provision for leaving indemnity and pension benefits		279	108
Loss (gain) on sale of property, plant and equipment		(4)	6
Loss on sale of availabe-for-sale financial assets		--	98
Share-based compensation expense (income)		394	(87)
Deferred Income		(849)	825
Finance costs		3,979	6,319
Interest income		(604)	(496)
Income tax expense		1,589	1,182
Deferred tax benefit		(1,914)	(2,793)
Changes in operating assets and liabilities:			
Accounts receivable		26,869	30,177
Inventories	3	(19,997)	(36,667)
Prepaid expense and other assets		1,105	(306)
Accounts payable, accrued expenses and other liabilities		(1,170)	3,128
Interest paid		(4,456)	(8,058)
Interest received		448	465
Income tax paid		(790)	(1,355)
Net cash provided by (used for) operating activities		**6,973**	**(3,918)**
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(5,822)	(6,288)
Proceeds from sale of property, plant and equipment		17	31
Proceeds from sale of available-for-sale financial assets		--	2,266
Net cash used for investing activities		**(5,805)**	**(3,991)**
FINANCING ACTIVITIES:			
Increase in short-term borrowings		3,662	11,259
Proceeds from long-term debt		--	22,375
Payments on long-term debt		(1,430)	(16,296)
Share Buy Backs		--	(8,483)
Exercise of Stock Option Plans 2009/Capital Increase		--	1,285
Change in restricted cash		(451)	(30,774)
Net cash provided by (used for) financing activities		**1,781**	**(20,635)**
Effect of exchange rate changes on cash and cash equivalents		254	1,375
Net increase (decrease) in cash and cash equivalents		3,203	(27,170)
Cash and cash equivalents, unrestricted at beginning of period		21,120	49,309
Cash and cash equivalents, unrestricted at end of period		**€ 24,322**	**€ 22,139**

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

HEAD N.V. AND SUBSIDIARIES
ITEM 1: FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED 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 nine months of any calendar year, the Company typically generates some 75% to 80% of its Racquet Sports and Diving product revenues, but some 50% of its Winter Sports revenue. Thus, the Company typically generates only some 65% to 70% of its total year gross profit in the first nine months of the year, but the Company incurs some 70% to 75% 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 nine months period ended September 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):

	September 30, 2012 *(unaudited)*	December 31, 2011	September 30, 2011 *(unaudited)*
Raw materials and supplies	€ 16,887	€ 19,124	17,645
Work in progress	6,984	6,317	7,609
Finished goods	89,857	69,093	89,232
Provisions	(10,260)	(11,258)	(9,073)
Total inventories, net	€ 103,468	€ 83,276	105,412

Note 4 - Financial Instruments

The following table provides information regarding the Company's foreign exchange forward and option contracts as of September 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 September 30, 2012 (unaudited)			
	Notional Principal			
	in euro	Local currency converted into euro	Carrying value	Fair value
	(in thousands)			
Foreign exchange forward contracts	€ 28,814	€ 28,353	€ (432)	€ (432)
Foreign exchange option contracts	€ 788	€ 709	€ 0	€ 0

	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 September 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 September 30, 2012, the Stichting held 260,022 treasury shares.

	September 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 September 30,		For the Nine Months ended September 30,	
	2012	2011	2012	2011
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)			
Revenues from External Customers:				
Austria	€ 45,969	€ 50,893	€ 89,530	€ 92,616
Italy	7,176	7,003	28,004	25,300
Other (Europe)	9,785	12,030	27,320	28,029
Asia	6,193	6,000	12,013	11,673
North America	27,846	23,810	72,703	60,440
Total Net Revenues	€ 96,969	€ 99,736	€ 229,570	€ 218,058

	September 30, 2012	December 31, 2011
	(unaudited)	
	(in thousands)	
Long-lived assets:		
Austria	€ 20,405	€ 19,748
Italy	7,276	7,999
Other (Europe)	19,253	19,395
Asia	11,572	12,069
North America	6,977	7,013
Total long-lived assets	€ 65,482	€ 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 €3.5 million for the period ended September 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.

In July 2012, certain Austrian subsidiaries of the Company entered into a loan agreement with an Austrian Bank (see also Note 8). 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.

Note 8 – Borrowings

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 September 30, 2012 the Company did not use this credit line.

At December 31, 2011, the outstanding balance of a loan agreement with a Chinese bank amounted to RMB 30.0 million (€3.7 million) due in the third quarter 2012. The Company renegotiated the agreement with the bank and agreed to enter into a loan agreement expiring in August 2015 and providing RMB 30.0 million (€3.7 million). The loan is repayable in quarterly installments of RMB 2.5 million (€0.3 million) starting end of November 2012. The loan is secured by the Company´s Chinese subsidiary´s property and building.

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 all our pre-season orders and whilst our declines are not as dramatic, we still see a deterioration compared to last years levels with skis and snowboards having suffered more than boots. We have started shipping orders and are receiving the first re-orders. As retailers have been very cautious with their pre-season orders we can expect slightly higher re-orders compared to last year if the season starts with regular winter conditions. Overall we are anticipating that our winter sports sales will be down around 10%.

Racquet Sports. The Company estimates that the global tennis market grew in the first half of 2012. Based on external data the US tennis market increased 6.8% in tennis racquets and 6.9% in tennis balls respectively during this six month period. For the same period, in Europe, the tennis racquet market was up by 5.8% while the tennis ball market increased by 4.3%. Similarly, the market in Japan continued to recover and showed significant growth. The brand's momentum continued to accelerate with the big successes of its ambassadors on tour including Andy Murray winning both the Olympics and the US Open.

Diving. As expected the Diving market which is strongly dependent on Central and Southern European markets in the third quarter cooled down in Q3. Overall we estimate that the market was flat for the quarter, as the growth in Asia, USA and central Europe offset declines in Southern European countries and the Middle-East.

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 September 30,		For the Nine Months ended September 30,	
	2012	2011	2012	2011
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)		*(in thousands)*	
Total net revenues	€ 96,969	€ 99,736	€ 229,570	€ 218,058
Cost of sales	58,545	57,911	138,246	127,773
Gross profit	**38,424**	**41,824**	**91,324**	**90,284**
Gross margin	39.6%	41.9%	39.8%	41.4%
Selling and marketing expense	23,496	24,723	71,608	69,044
General and administrative expense	6,908	6,766	20,794	20,232
Share-based compensation expense (income)	26	(19)	394	(87)
Other operating expense, net	107	742	35	137
Operating profit (loss)	**7,886**	**9,613**	**(1,507)**	**958**
Interest and other finance expense	(1,404)	(6,386)	(4,418)	(15,535)
Interest and investment income	149	153	604	496
Other Non-operating income (expense), net	414	(458)	(139)	110
Income tax benefit (expense)	(2,055)	(2,289)	325	1,611
Profit (loss) for the period	**€ 4,990**	**€ 634**	**€ (5,136)**	**€ (12,361)**

Three and Nine Months Ended September 30, 2012 and 2011

Total Net Revenues. For the three months ended September 30, 2012 total net revenues decreased by €2.8 million, or 2.8%, to €97.0 million from €99.7 million in the comparable 2011 period. This decrease was mainly due to lower revenues in the Winter Sports division, partly offset by higher revenues in the Racquet Sports division. For the nine months ended September 30, 2012 total net revenues increased by €11.5 million, or 5.3%, to €229.6 million from €218.1 million in the comparable 2011 period. This increase was mainly due to higher revenues in the Racquet Sports division, supported by positive exchange rate movements, and the Diving division, partly offset by lower revenues in the Winter Sports division.

HEAD N.V. AND SUBSIDIARIES
ITEM 2: MANAGEMENT'S OPERATING AND FINANCIAL REVIEW

		For the Three Months ended September 30,			For the Nine Months ended September 30,	
		2012	2011		2012	2011
		(unaudited)	(unaudited)		(unaudited)	(unaudited)
		(in thousands)			*(in thousands)*	
Product category:						
Winter Sports..	€	52,518 €	59,527	€	75,328 €	81,760
Racquet Sports......................................		34,251	30,356		113,517	98,880
Diving..		11,127	11,063		39,528	37,691
Sportswear..		985	1,421		4,330	3,770
Licensing..		992	934		3,573	3,221
Total revenues.......................................		99,873	103,301		236,275	225,321
Sales Deductions....................................		(2,904)	(3,565)		(6,705)	(7,264)
Total Net Revenues.............................	€	96,969 €	99,736	€	229,570 €	218,058

Winter Sports revenues for the three months ended September 30, 2012 decreased by €7.0 million, or 11.8%, from €59.5 million to €52.5 million. This decrease was mainly due to lower volumes in skis, bindings and boots, partly offset by a favourable product mix in most product categories and positive exchange rate movements.
Regarding the first nine months ended September 30, 2012 Winter Sports revenues decreased by €6.4 million, or 7.9%, from €81.8 million to €75.3 million. This decrease was also mainly due to lower volumes in skis, bindings and boots, partly offset by a favourable product mix for boots and positive exchange rate movements.

Racquet Sports revenues for the three months ended September 30, 2012 increased by €3.9 million, or 12.8%, from €30.4 million to €34.3 million. This increase was mainly due to an advantageous development of exchange rates, higher volumes for racquets and balls and a favourable product mix for balls.
For the nine months ended September 30, 2012 Racquet Sports revenues increased by €14.6 million, or 14.8%, from €98.9 million to €113.5 million. This substantial increase was due to higher volumes and a favourable product mix for racquets and balls mainly in North America, supported by positive exchange rate movements.

Diving revenues for the three months ended September 30, 2012 remained almost unchanged at €11.1 million (2011: €11.1 million).
Diving revenues for the nine months ended September 30, 2012 increased by €1.8 million, or 4.9%, from €37.7 million to €39.5 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 September 30, 2012 amounted to €1.0 million compared to €1.4 million in 2011.
Revenues for the nine months ended September 30, 2012 increased by €0.6 million, or 14.9%, from €3.8 million to €4.3 million. This increase was mainly due to higher sales for Summer Sportswear.

Licensing revenues for the three months ended September 30, 2012 amounted to €1.0 million (2011: €0.9 million).
Regarding the first nine months ended September 30, 2012 revenues slightly increased by €0.4 million, or 10.9%, from €3.2 million to €3.6 million.

Sales deductions for the three months ended September 30, 2012 decreased by €0.7 million, or 18.5%, to €2.9 million from €3.6 million in the comparable 2011 period.

For the nine months ended September 30, 2012 sales deductions decreased by €0.6 million, or 7.7%, to €6.7 million from €7.3 million in 2011.

Gross Profit. For the three months ended September 30, 2012 gross profit decreased by €3.4 million to €38.4 million from €41.8 million in 2011. Gross margin decreased to 39.6% in 2012 from 41.9% in 2011 mainly due to higher cost of sales for skis, snowboards and racquets and to further investment in our Sportswear division.
For the nine months ended September 30, 2012 gross profit increased by €1.0 million to €91.3 million from €90.3 million in the comparable 2011 period. Gross margin decreased from 41.4% to 39.8%. This decrease was mainly due to higher cost of sales for our ski 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 September 30, 2012 selling and marketing expense decreased by €1.2 million, or 5.0%, from €24.7 million to €23.5 million mainly due to lower advertising costs in our Racquet Sports and Winter Sports division.
For the nine months ended September 30, 2012 selling and marketing expense increased by €2.6 million, or 3.7%, to €71.6 million from €69.0 million in the comparable 2011 period. This was mainly due to higher advertising costs in our Winter Sports division and to higher costs for bad debt, commissions and departmental selling.

General and Administrative Expense. For the three months ended September 30, 2012 general and administrative expense slightly increased by €0.1 million, or 2.1%, from €6.8 million to €6.9 million.
For the nine months ended September 30, 2012 general and administrative expense increased by €0.6 million, or 2.8%, from €20.2 million to €20.8 million mainly due to higher business unit administration and warehouse costs.

Share-Based Compensation Income/Expense. For the three months ended September 30, 2012 we recorded share-based compensation expense for our Stock Option Plans of €0.03 million compared to share-based compensation income of €0.02 million in the comparable 2011 period.
For the nine months ended September 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 September 30, 2012 compared to the share price at December 31, 2011 which impacted the cash-settled Stock Option Plans.

Other Operating Expense, net. For the three months ended September 30, 2012 other operating expense, net amounted to €0.1 million compared to other operating expense, net of €0.7 million in the comparable 2011 period. This decrease was mainly due to foreign exchange losses amounting to €0.7 million in 2011 and small foreign exchange gains in 2012.
For the nine months ended September 30, 2012 other operating expense, net amounted to €0.04 million compared to other operating expense, net of €0.1 million in the comparable 2011 period. This minor decrease was mainly due to foreign exchange rate fluctuations.

Operating Profit/Loss. As a result of the foregoing factors, operating profit for the three months ended September 30, 2012 decreased by €1.7 million from €9.6 million to €7.9 million.
For the nine months ended September 30, 2012 the operating loss amounted to €1.5 million compared to an operating profit of €1.0 million in the comparable 2011 period.

Interest and Other Finance Expense. For the three months ended September 30, 2012 interest and other finance expense decreased significantly by €5.0 million, or 78.0%, from

€6.4 million to €1.4 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 nine months ended September 30, 2012 interest and other finance expense decreased substantially by €11.1 million, or 71.6%, from €15.5 million to €4.4 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 September 30,		For the Nine Months ended September 30,	
	2012	2011	2012	2011
	(unaudited, in thousands)		*(unaudited, in thousands)*	
Amortization of disagio	€ 25	€ 4,131	€ 73	€ 8,465
Interest expense	1,264	2,178	3,979	6,319
Other finance costs	115	77	365	752
Interest and other finance expense	€ 1,404	€ 6,386	€ 4,418	€ 15,535

Interest and Investment Income. For the three months ended September 30, 2012 interest and investment income remained at €0.1 million almost unchanged compared to 2011 (€0.2 million).
For the nine months ended September 30, 2012 interest and investment income slightly increased by €0.1 million to €0.6 million.

Other non-operating Income/Expense, net. For the three months ended September 30, 2012 other non-operating income, net amounted to €0.4 million compared to other non-operating expense, net of €0.5 million in the comparable 2011 period. This swing was caused by foreign exchange losses in 2011 and gains in 2012.
For the nine months ended September 30, 2012 other non-operating expense, net amounted to €0.1 million compared to other non-operating income, net of €0.1 million in the comparable 2011 period. This change was caused by foreign exchange gains in 2011 and losses in 2012.

Income Tax Benefit/Expense. For the three months ended September 30, 2012 income tax expense remained almost unchanged at €2.1 million (2011: €2.3 million).
For the nine months ended September 30, 2012 income tax benefit decreased by €1.3 million to €0.3 million from €1.6 million mainly due to higher current income tax expense and lower deferred income tax benefits on tax losses carried forward.

Net Profit/Loss. As a result of the foregoing factors, for the three months ended September 30, 2012 we had a net profit of €5.0 million compared to €0.6 million in the comparable 2011 period.
For the nine months ended September 30, 2012 we had a net loss of €5.1 million compared to €12.4 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 nine months ended September 30, 2012 cash provided by operating activities amounted to €7.0 million, for the nine months ended September 30, 2011 cash used for operating activities amounted to €3.9 million. This change was mainly due to significantly lower cash outflow for inventories and to lower interest payments. Cash was used to purchase property, plant and equipment of €5.8 million compared to €6.3 million in the comparable 2011 period. Net cash provided by financing activities amounted to €1.8 million as of September 30, 2012. For the nine months ended September 30, 2011 net cash used for financing activities amounted to €20.6 million. This was mainly due to new short-term and long-term financing agreements on the one hand and share buy backs in the first and third quarter of 2011 and the redemption of the Senior Secured Notes on the other hand.

As of September 30, 2012 the Company had in place €27.5 million Senior Notes due 2014, €9.2 million long-term obligations under a sale-leaseback agreement due 2017, €9.6 million mortgage agreements, a liability against our venture partner of €2.8 million and €24.7 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, the United States and France of €30.6 million.

As of September 30, 2011 the Company had in place €28.8 million Senior Secured Notes, €27.9 million Senior notes due 2014, €9.4 million long-term obligations under a sale-leaseback agreement due 2017, €10.4 million mortgage agreements, a liability against our venture partner of €2.7 million and €24.5 million other long-term debt comprising secured loans in the United States, Japan, Italy and Austria. In addition, the Company used lines of credit with several banks in Austria, Japan and France of €33.9 million.