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HEAD N.V.
INTERIM FINANCIAL STATEMENTS

For the Period Ended
June 30, 2011

HEAD N.V.

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2011

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, 2011		December 31, 2010
			(unaudited)		
			(in thousands, except share data)		
ASSETS:					
Non-current assets					
Property, plant and equipment	7	€	51,124	€	52,527
Other intangible assets	7		10,995		11,307
Goodwill	7		2,656		2,951
Deferred income tax assets			51,822		47,170
Trade receivables			82		970
Other non-current assets			5,164		5,187
Total non-current assets			121,842		120,111
Current assets					
Inventories	4		105,753		68,416
Trade and other receivables			70,766		132,331
Prepaid expense			2,419		2,134
Available-for-sale financial assets			5,732		7,021
Cash and cash equivalents			45,120		51,271
Total current assets			229,790		261,173
Total assets		€	351,632	€	381,284
EQUITY:					
Share capital: €0.01 par value; 92,174,778 shares issued	6	€	922	€	882
Other reserves	6		124,209		127,133
Treasury shares	6		(683)		(683)
Retained earnings			42,838		55,832
Fair Value and other reserves including cumulative translation adjustments (CTA)			(8,037)		(4,986)
Total equity			159,248		178,179
LIABILITIES:					
Non-current liabilities					
Borrowings	9		76,915		83,642
Employee benefits			14,478		14,514
Provisions			3,079		3,068
Other long-term liabilities			6,537		5,838
Total non-current liabilities			101,009		107,062
Current liabilities					
Trade and other payables			54,562		59,658
Current income tax liabilities			2,327		2,235
Borrowings			27,310		26,023
Provisions			7,176		8,127
Total current liabilities			91,375		96,044
Total liabilities			192,384		203,106
Total liabilities and shareholders' equity		€	351,632	€	381,284

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, 2011 (unaudited)	For the Three Months ended June 30, 2010 (unaudited) as Amended	For the Six Months ended June 30, 2011 (unaudited)	For the Six Months ended June 30, 2010 (unaudited) as Amended
		(in thousands, except share data)		(in thousands, except share data)	
Results of operations:					
Total net revenues	7	€ 58,489	€ 59,013	€ 118,322	€ 119,990
Cost of sales		35,658	34,803	69,862	69,592
Gross profit		**22,831**	**24,210**	**48,460**	**50,397**
Selling and marketing expense		19,803	21,984	44,321	44,494
General and administrative expense		6,714	7,511	13,467	14,034
Share-based compensation income		(20)	(709)	(68)	(3,516)
Other operating expense (income), net		(466)	398	(605)	871
Operating loss		**(3,199)**	**(4,974)**	**(8,656)**	**(5,486)**
Interest and other finance expense		(2,833)	(3,262)	(9,150)	(6,451)
Interest and investment income		175	121	343	317
Other non-operating income (expense), net		(1,098)	(2,776)	568	(3,204)
Loss before income taxes		(6,955)	(10,892)	(16,894)	(14,824)
Income tax benefit (expense):					
Current		(585)	(806)	(749)	(1,093)
Deferred		2,258	2,958	4,648	4,693
Income tax benefit		1,673	2,151	3,900	3,600
Loss for the period		**€ (5,282)**	**€ (8,740)**	**€ (12,995)**	**€ (11,225)**
Other comprehensive income:					
Gains (losses) recognized directly in equity					
Foreign currency translation of invested intercompany receivables		€ (198)	€ 1,053	€ (735)	€ 1,511
Available-for-sale financial assets		221	80	332	253
Foreign currency translation adjustment		(302)	3,799	(2,749)	6,868
Income tax related to components of other comprehensive income		(6)	(283)	101	(441)
Other comprehensive income (loss) for the period, net of tax		€ (285)	€ 4,649	€ (3,051)	€ 8,191
Total comprehensive income for the period		**€ (5,567)**	**€ (4,091)**	**€ (16,046)**	**€ (3,034)**
Earnings per share-basic					
Loss for the period		(0.06)	(0.10)	(0.15)	(0.13)
Earnings per share-diluted					
Loss for the period		(0.06)	(0.10)	(0.15)	(0.13)
Weighted average shares outstanding					
Basic		91,915	87,944	89,298	87,944
Diluted		91,915	91,257	89,298	89,610

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
2010 as Amended		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, 2010		87,944,008 €	882 €	120,944 €	(683) €	48,509 €	(10,073) €	159,578
Loss for the period		--	--	--	--	(11,225)	--	(11,225)
Changes in fair value and other reserves including CTA reserves		--	--	--	--	--	8,191	8,191
Total recognized income and expense for the period		--	--	--	--	--	--	(3,034)
Balance at June 30, 2010		87,944,008 €	882 €	120,944 €	(683) €	37,284 €	(1,883) €	156,545
Balance at January 1, 2011		87,944,008 €	882 €	127,133 €	(683) €	55,832 €	(4,986) €	178,179
Share Buy Back	6	(8,876,431)	--	--	(4,169)	--	--	(4,169)
Capital Increase and Exercise of Stock Option Plans 2009	6	3,970,748	40	357	--	--	--	397
Exercise of Stock Option Plans 2009	6	8,876,431	--	(3,281)	4,169	--	--	888
Loss for the period		--	--	--	--	(12,995)	--	(12,995)
Changes in fair value and other reserves including CTA reserves		--	--	--	--	--	(3,051)	(3,051)
Total recognized income and expense for the period		--	--	--	--	--	--	(16,046)
Balance at June 30, 2011		91,914,756 €	922 €	124,209 €	(683) €	42,838 €	(8,037) €	159,248

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, 2011 (unaudited)	For the Six Months ended June 30, 2010 (unaudited) as Amended
		(in thousands)	
OPERATING ACTIVITIES:			
Loss for the period		€ (12,995)	€ (11,225)
Adjustments to reconcile net profit/loss to net cash provided by operating activities:			
Depreciation and amortization		5,016	5,348
Amortization and write-off of debt issuance cost and bond discount		4,373	1,880
Provision (release) for leaving indemnity and pension benefits		(13)	342
Loss on sale of property, plant and equipment		11	22
Loss on sale of availabe-for-sale financial assets		57	--
Share-based compensation income		(68)	(3,516)
Deferred Income		1,041	(479)
Finance costs		4,141	4,429
Interest income		(343)	(317)
Income tax expense		749	1,093
Deferred tax benefit		(4,648)	(4,693)
Changes in operating assets and liabilities:			
Accounts receivable		59,765	54,926
Inventories	4	(38,960)	(33,362)
Prepaid expense and other assets		(353)	(854)
Accounts payable, accrued expenses and other liabilities		(4,297)	8,996
Interest paid		(4,852)	(4,499)
Income tax paid		(570)	(471)
Net cash provided by operating activities		**8,055**	**17,621**
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(3,935)	(2,256)
Proceeds from sale of property, plant and equipment		13	15
Sale of available-for-sale financial assets		1,564	--
Interest received		351	326
Net cash used for investing activities		**(2,008)**	**(1,916)**
FINANCING ACTIVITIES:			
Increase (Decrease) in short-term borrowings		1,561	(103)
Proceeds from long-term debt		5,064	--
Payments on long-term debt	9	(15,143)	(514)
Share Buy Back	6	(4,169)	--
Exercise of Stock Option Plans 2009	6	1,245	--
Capital increase	6	40	--
Change in restricted cash		(920)	(11)
Net cash used for financing activities		**(12,323)**	**(628)**
Effect of exchange rate changes on cash and cash equivalents		(792)	1,130
Net increase (decrease) in cash and cash equivalents		(7,067)	16,208
Cash and cash equivalents, unrestricted at beginning of period		49,309	36,024
Cash and cash equivalents, unrestricted at end of period		**€ 42,242**	**€ 52,232**

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, and snowboard and protection products, tennis, racquetball, squash and badminton 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. The Company also receives licensing and royalty income. As many of the Company's products, especially Winter Sports products, are shipped during a specific part 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 the 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. In general, 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, Spain, Switzerland, the Netherlands 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, 2010. The condensed interim financial statements comply with IAS 34. The result of operations for the six months period ended June 30, 2011 is not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year.

Note 3 – 2010 Comparative Information

The Company amended certain financial information in 2009 in respect of the accounting treatment for the 2009 private exchange offer to exchange HTM Sport GmbH's (a subsidiary of Head N.V.) outstanding €135 million 8.5% senior notes due 2014 for HTM Sport GmbH's newly issued secured notes and Head N.V. ordinary shares. The amendment of the 2009 figures also affected the financial information for the period ended June 30, 2010.

None of these amendments had an impact on the operating profit and the cash generated. For further details it is referred to the Annual Report 2010 which is available on the Company's website (www.head.com).

The amendment in the comparative financial information for the period ended June 30, 2010 is as follows:

	June 30, 2010 *as Amended*	*Amendment*	June 30, 2010
		(in thousands)	
Consolidated Statement of Comprehensive Income			
Interest and other finance expense	€ (6,451)	€ (1,802)	€ (4,649)
Loss before income taxes	(14,824)	(1,802)	(13,023)
Deferred income tax benefit (expense)	4,693	450	4,243
Loss for the period	(11,225)	(1,352)	(9,873)
Total comprehensive income (loss) for the period	(3,034)	(1,352)	(1,683)
Earnings per share - basic and diluted (Loss for the period)	(0.13)	(0.02)	(0.11)
Consolidated Statement of Changes in Equity			
Other Reserves at January 1, 2010 and June 30, 2010	€ 120,944	€ 15,867	€ 105,077
Retained Earnings at January 1, 2010	48,509	(4,777)	53,286
Loss for the period	(11,225)	(1,352)	(9,873)
Retained Earnings at June 30, 2010	37,284	(6,129)	43,413
Total Equity at January 1, 2010	159,578	11,089	148,489
Total recognized income and expense for the period	(3,034)	(1,352)	(1,683)
Total Equity at June 30, 2010	156,545	9,738	146,807
Consolidated Statement of Cash Flows			
Loss for the period	€ (11,225)	(1,352)	€ (9,873)
Amortization and write-off of debt issuance cost and bond discount	1,880	1,802	79
Deferred tax benefit	(4,693)	(450)	(4,243)

Note 4 – Inventories

Inventories consist of the following (in thousands):

	June 30, 2011 (unaudited)	December 31, 2010	June 30, 2010 (unaudited)
Raw materials and supplies	€ 15,467	€ 14,756	14,010
Work in progress	7,850	6,886	7,780
Finished goods	91,508	56,257	87,941
Provisions	(9,071)	(9,484)	(10,002)
Total inventories, net	€ 105,753	€ 68,416	99,730

Note 5 - Financial Instruments

The following table provides information regarding the Company's foreign exchange forward and option contracts as of June 30, 2011 and December 31, 2010. 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, 2011			
	Notional Principal			
	in euro	Local currency converted into euro	Carrying value	Fair value
	(in thousands)			
Foreign exchange forward contracts	€ 22,637	€ 22,340	€ (387)	€ (387)
Foreign exchange option contracts	€ 1,438	€ 1,428	€ 8	€ 8

	As of December 31, 2010			
	Notional Principal			
	in euro	Local currency converted into euro	Carrying value	Fair value
	(in thousands)			
Foreign exchange forward contracts	€ 42,210	€ 40,701	€ (1,538)	€ (1,538)
Foreign exchange option contracts	€ 404	€ 378	€ (8)	€ (8)

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 June 30, 2011. 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, 2011, the Stichting held 260,022 treasury shares.

	June 30, 2011	December 31, 2010
	(in thousands)	
Shares issued	92,175	88,204
Less: Shares held by Stichting	(260)	(260)
Shares outstanding	91,915	87,944

In March 2011, the Company bought back 8,876,431 ordinary listed shares in Head N.V. amounting to 10.06% of the issued share capital of the Company. These shares were bought by Head N.V. at a cost of €4,169,119. The shares bought back were used to fulfill Head N.V.'s outstanding obligations under its stock option programs.

On March 29, 2011, Head Sports Holdings N.V. exercised the options granted under the May and September 2009 Stock Option Plans. In total these amounted to 12,847,179 options. These options have been satisfied by the transfer of 8,876,431 shares in Head N.V. held by the Company as treasury shares (see Share Buy Back above), and the issuance by Head N.V. of 3,970,748 new shares.

As a result, the total number of issued shares in Head N.V. increased from 88,204,030 to 92,174,778. The total number of own shares that the Company holds after the exercise of these options amounts to 260,022 (0.3% of the Company's issued shares).

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 June 30,		For the Six Months ended June 30,	
	2011	2010	2011	2010
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)			
Revenues from External Customers:				
Austria	€ 18,661	€ 16,834	€ 41,724	€ 39,116
Italy	10,330	10,320	18,298	18,392
Other (Europe)	8,126	8,342	15,999	17,116
Asia	3,032	2,626	5,672	5,444
North America	18,341	20,892	36,630	39,922
Total Net Revenues	€ 58,489	€ 59,013	€ 118,322	€ 119,990

	June 30, 2011	December 31, 2010
	(unaudited)	
	(in thousands)	
Long-lived assets:		
Austria	€ 19,467	€ 19,292
Italy	8,094	8,355
Other (Europe)	19,901	19,865
Asia	10,946	12,192
North America	6,367	7,081
Total long-lived assets	€ 64,775	€ 66,785

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 €2.3 million for the period ended June 30, 2011 and 2010, respectively. The related party provides consulting, corporate finance, investor relations and legal services. In the amended indenture governing the senior secured notes, the Company has agreed to limit such expenses to €4.6 million per year as long as the senior secured notes are outstanding.

One of the Company's subsidiaries leased its office building from its Executive Director of Global Sales. Rental expenses amounted to approximately €0.02 million for the period ended June 30, 2011 and 2010, respectively.

Note 9 – Borrowings

In March 2011, HTM Sport GmbH, one of the Company's subsidiaries, bought back €14,405,000 of par value of the senior secured notes to reduce the Company's cost of capital. These notes are cancelled.

In April 2011, the Company has secured a new long term loan in Italy with Mares S.p.A. The loan amounts to €5.0 million with a 5 year term. The loan is secured by the Rapallo and partly Casarza property of Mares S.p.A.

During the second quarter 2011, the Austrian Kontrollbank and one of Head´s Austrian Banks have agreed to increase the existing line by €1.9 million.

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

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, and snowboard and protection products, tennis, racquetball, squash and badminton 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 and manufacturers 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 2010/2011 winter season started with early snow in Europe and the U.S. and also earlier snow in Japan. Retailers in Europe and the US reported a growing winter sports equipment business until end of 2010 but a dramatic slowdown in January and February caused by warm weather and missing snow. This resulted in lower re-orders and finally to a flat market for the total season. For Snowboards and Helmets the market was even down compared to the previous season. At the World Championships in Garmisch, Head skiers won five Gold, two Silver and three Bronze medals, the best performing Alpine Ski brand during these Championships. This increases the popularity and demand for our products at retail and consumer level and helps us to gain additional market share. There is still a significant trend towards renting the ski equipment, skiboots are performing better then skis at retail as skiers still like to own their boots, but rent skis. We have collected the majority of the preseason orders for our winter sports business, and at this stage, based on our bookings we believe that alpine equipment sales as well as Snowboards and Protection will be slightly down compared to 2010.

Racquet Sports. The global tennis market in the first half of the year 2011 is estimated to be lower than 2010 for the same period. In particular the US market and Japan have declined. In the US the decline is estimated to be approximately 5% and 2% in racquets and balls, respectively. In Japan, due to the natural disasters during spring time, the decline is estimated to be approximately 15 - 20%. As for Europe, from where we have no third party information on market developments, we believe the market for racquets and balls was fairly stable.

Diving. After a series of natural disasters and political turmoil in the first quarter having affected the worldwide dive business, markets picked up in April and May but cooled down again in June due to growing economic uncertainty in key European countries, mainly caused by Greece and the related crisis of the euro. MARES nevertheless recorded a slight increase in sales in the first 6 months (at comparable exchange rates) and expects continued growth in the second half of the year driven by recent computer launches and the first full business year of our new Australian subsidiary.

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,	
	2011	2010	2011	2010
	(unaudited)	*(unaudited) as Amended*	*(unaudited)*	*(unaudited) as Amended*
	(in thousands)		*(in thousands)*	
Total net revenues	€ 58,489	€ 59,013	€ 118,322	€ 119,990
Cost of sales	35,658	34,803	69,862	69,592
Gross profit	**22,831**	**24,210**	**48,460**	**50,397**
Gross margin	39.0%	41.0%	41.0%	42.0%
Selling and marketing expense	19,803	21,984	44,321	44,494
General and administrative expense	6,714	7,511	13,467	14,034
Share-based compensation income	(20)	(709)	(68)	(3,516)
Other operating expense (income), net	(466)	398	(605)	871
Operating loss	**(3,199)**	**(4,974)**	**(8,656)**	**(5,486)**
Interest and other finance expense	(2,833)	(3,262)	(9,150)	(6,451)
Interest and investment income	175	121	343	317
Other Non-operating income (expense), net	(1,098)	(2,776)	568	(3,204)
Income tax benefit	1,673	2,151	3,900	3,600
Loss for the period	**€ (5,282)**	**€ (8,740)**	**€ (12,995)**	**€ (11,225)**

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

Three and Six Months Ended June 30, 2011 and 2010 (as Amended)

Total Net Revenues. For the three months ended June 30, 2011 total net revenues decreased by €0.5 million, or 0.9%, to €58.5 million from €59.0 million in the comparable 2010 period. This decrease was mainly due to the weakening of the U.S. dollar against the euro during the comparable period, partly offset by higher sales volumes in all main divisions. For the six months ended June 30, 2011 total net revenues decreased by €1.7 million, or 1.4%, to 118.3 million from €120.0 million in the comparable 2010 period. This decrease was mainly due to the weakening of the U.S. dollar against the euro during the comparable period and to an unfavorable product mix in the Racquet Sports division.

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2011	2010	2011	2010
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in thousands)		(in thousands)	
Product category:				
Winter Sports	€ 9,222	€ 7,771	€ 22,233	€ 21,740
Racquet Sports	33,867	36,720	68,848	72,429
Diving	15,282	15,131	26,628	26,679
Sportswear	1,051	4	2,025	4
Licensing	1,062	1,215	2,287	2,611
Total revenues	60,484	60,840	122,020	123,463
Sales Deductions	(1,995)	(1,827)	(3,698)	(3,474)
Total Net Revenues	€ 58,489	€ 59,013	€ 118,322	€ 119,990

Winter Sports revenues for the three months ended June 30, 2011 increased by €1.5 million, or 18.7%, to €9.2 million from €7.8 million in the comparable 2010 period due to higher volumes in bindings due to timing and a favorable product mix for boots.
Regarding the first six months ended June 30, 2011 Winter Sports revenues increased by €0.5 million, or 2.3%, from €21.7 million to €22.2 million. This increase was again mainly due to higher volumes in bindings and an overall favorable product mix.

Racquet Sports revenues for the three months ended June 30, 2011 decreased by €2.8 million, or 7.8%, from €36.7 million to €33.9 million. This decrease was mainly due to the weakening of the U.S. dollar against the euro in the comparable period and to an unfavorable product mix in racquets, partly offset by higher volumes for racquets and balls. For the six months ended June 30, 2011 Racquet Sports revenues decreased by €3.6 million, or 4.9%, from €72.4 million to €68.8 million. This decrease was mainly due to an unfavorable product mix of racquets and the weak U.S. dollar, partly offset by higher volumes for racquets and Head tennis balls.

Diving revenues for the three months ended June 30, 2011 increased slightly by €0.2 million, or 1.0%, from €15.1 million to €15.3 million.
Diving revenues for the six months ended June 30, 2011 remained stable at €26.6 million compared to 2010 (€26.7 million). Slightly increased volumes were offset by an unfavorable development of exchange rates.

Sportswear revenues for the three months ended June 30, 2011 amount to €1.1 million, revenues for the six months ended June 30, 2011 amount to €2.0 million.

Licensing revenues for the three months ended June 30, 2011 decrease by €0.2 million, or 12.6%, from €1.2 million to €1.1 million.
Regarding the first six months ended June 30, 2011, revenues decreased by €0.3 million, or 12.4%, from €2.6 million to €2.3 million due to fewer licensing agreements.

Sales deductions for the three months ended June 30, 2011 increased by €0.2 million, or 9.2%, to €2.0 million from €1.8 million in the comparable 2010 period.
For the six months ended June 30, 2011 sales deductions increased by €0.2 million, or 6.4%, to €3.7 million from €3.5 million in 2010.

Gross Profit. For the three months ended June 30, 2011 gross profit decreased by €1.4 million to €22.8 million from €24.2 million in the comparable 2010 period. Gross margin decreased to 39.0% in 2011 from 41.0% in 2010 mainly due to increased raw material costs.
For the six months ended June 30, 2011 gross profit decreased by €1.9 million to €48.5 million from €50.4 million in the comparable 2010 period. Gross margin decreased from 42.0% to 41.0%. This decrease was mainly due to lower sales and higher costs for raw materials.

Selling and Marketing Expense. For the three months ended June 30, 2011 selling and marketing expense decreased by €2.2 million, or 9.9%, from €22.0 million to €19.8 million mainly due to lower advertising costs.
For the six months ended June 30, 2011 selling and marketing expense decreased by €0.2 million, or 0.4%, to €44.3 million from €44.5 million in the comparable 2010 period. This marginal decrease was mainly due to lower advertising costs, partly offset by higher departmental selling costs.

General and Administrative Expense. For the three months ended June 30, 2011 general and administrative expense decreased by €0.8 million, or 10.6%, from €7.5 million to €6.7 million.
For the six months ended June 30, 2011 general and administrative expense decreased by €0.6 million, or 4.0%, from €14.0 million to €13.5 million mainly due to lower business unit administration costs.

Share-Based Compensation Income. For the three months ended June 30, 2011 we recorded share-based compensation income for our Stock Option Plans of €0.02 million compared to €0.7 million in the comparable 2010 period.
For the six months ended June 30, 2011 we recorded share-based compensation income for our Stock Option Plans of €0.07 million compared to €3.5 million in the comparable 2010 period. As the Management Board resolved in December 2010 that the Stock Option Plans of 2009 will be equity-settled (see Note 6), changes in the share price do not have any further impact for these plans on the consolidated statement of comprehensive income (for further details it is referred to the Annual Report 2010). The share-based compensation income of €0.07 was mainly due to the decrease of the share price at June 30, 2011 compared to the share price at December 31, 2010 which impacted the cash-settled Stock Option Plans.

Other Operating Income/Expense, net. For the three months ended June 30, 2011 other operating income, net amounted to €0.5 million compared to other operating expense, net of €0.4 million in the comparable 2010 period. This swing of €0.9 million was mainly due to foreign exchange gains in 2011 and foreign exchange losses in 2010.
For the six months ended June 30, 2011 other operating income, net amounted to €0.6 million compared to other operating expense, net of €0.9 million in the comparable 2010 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, 2011 decreased by €1.8 million from €5.0 million to €3.2 million.
For the six months ended June 30, 2011 operating loss increased by €3.2 million to €8.7 million from €5.5 million in the comparable 2010 period.

Interest and Other Finance Expense. For the three months ended June 30, 2011 interest and other finance expense decreased by €0.4 million, or 13.2% from €3.3 million to €2.8 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 of €14,405,000 of par value of the senior secured notes in March 2011 (see Note 9).
For the six months ended June 30, 2011 interest and other finance expense increased by €2.7 million, or 41.8%, from €6.5 million to €9.1 million. This increase was mainly due to the buy back of €14,405,000 of par value of the senior secured notes (see Note 9) and the corresponding acceleration of the amortization of the non-cash disagio costs of €2.4 million.

Interest and Investment Income. For the three months ended June 30, 2011 interest and investment income remained overall almost unchanged with €0.2 million (2010: €0.1 million).
For the six months ended June 30, 2011 interest and investment income remained insignificant at €0.3 million.

Other Non-operating Income/Expense, net. For the three months ended June 30, 2011 other non-operating expense, net decreased by €1.7 million to €1.1 million from €2.8 million mainly due to lower foreign exchange losses.
For the six months ended June 30, 2011 other non-operating income, net amounted to €0.6 million compared to other non-operating expense, net of €3.2 million in the comparable 2010 period. This change was caused by foreign exchange gains in 2011 and losses in 2010.

Income Tax Benefit. For the three months ended June 30, 2011 income tax benefit decreased by €0.5 million from €2.2 million to €1.7 million.
For the six months ended June 30, 2011 income tax benefit increased by €0.3 million to €3.9 million from €3.6 million mainly due to lower current income tax expense.

Net Loss. As a result of the foregoing factors, for the three months ended June 30, 2011 we had a net loss of €5.3 million compared to €8.7 million in the comparable 2010 period.
For the six months ended June 30, 2011 we had a net loss of €13.0 million compared to €11.2 million in the comparable 2010 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, 2011, cash provided by operating activities decreased by €9.6 million to €8.1 million compared to €17.6 million in the comparable 2010 period, which was mainly a result of a lower operating result and a higher working capital. Additional cash was used to purchase property, plant and equipment of €3.9 million compared to €2.3 million in the comparable 2010 period. The sale of a portion of our available-for-sale financial assets led to cash inflow of €1.6 million in 2011. Net cash used for financing activities amounted to €12.3 million for the six months ended June 30, 2011 (2010: €0.6 million). This amount is on the one hand due to the buy back of €14,405,000 of par value of the senior secured notes (see Note 9) and the share buy back of 8,876,431 ordinary listed shares in Head N.V., bought at a cost of €4.2 million (see Note 6). On the other hand, proceeds from long-term debt amounted to €5.1 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 secured 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 11, 2011

Johan Eliasch
Chief Executive Officer

Günter Hagspiel
Chief Financial Officer

Ralf Bernhart
Managing Director

George Nicolai
Managing Director