HEAD

HEAD N.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Period Ended
June 30, 2013

HEAD N.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2013

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

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

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

	Note		June 30, 2013 *(unaudited)*		December 31, 2012 *(unaudited) restated*
			(in thousands, except share data)		
ASSETS:					
Non-current assets					
Property, plant and equipment	7	€	49,572	€	51,052
Other intangible assets	7		11,409		11,369
Goodwill	7		2,822		2,870
Deferred income tax assets			56,603		53,354
Trade receivables			382		630
Other non-current assets			6,708		6,429
Total non-current assets			127,496		125,704
Current assets					
Inventories	4		106,901		82,808
Trade and other receivables			69,114		114,106
Prepaid expense			2,781		1,720
Available-for-sale financial assets			5,018		5,011
Cash and cash equivalents			14,883		41,153
Total current assets			198,697		244,798
Total assets		€	326,193	€	370,502
EQUITY:					
Share capital: €0.01 par value; 92,174,778 shares issued		€	922	€	922
Other reserves			124,209		124,209
Treasury shares	6		(5,717)		(5,717)
Retained earnings			49,033		58,677
Fair Value and other reserves including cumulative translation adjustments (CTA)			(6,526)		(6,804)
Total equity			161,921		171,286
LIABILITIES:					
Non-current liabilities					
Borrowings			39,555		68,893
Employee benefits			19,904		19,630
Provisions			3,481		3,475
Other long-term liabilities			7,247		7,712
Total non-current liabilities			70,187		99,709
Current liabilities					
Trade and other payables			49,852		59,396
Current income tax liabilities			2,541		1,944
Borrowings			35,030		30,842
Provisions			6,663		7,325
Total current liabilities			94,086		99,507
Total liabilities			164,273		199,216
Total liabilities and equity		€	326,193	€	370,502

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

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

	Note	For the Three Months ended June 30, 2013 (unaudited)	For the Three Months ended June 30, 2012 (unaudited) restated	For the Six Months ended June 30, 2013 (unaudited)	For the Six Months ended June 30, 2012 (unaudited) restated
		(in thousands, except per share data)		*(in thousands, except per share data)*	
Results of operations:					
Total net revenues	7	€ 64,557	€ 62,523	€ 134,197	€ 132,601
Cost of sales		38,928	39,537	79,353	79,666
Gross profit		**25,629**	**22,986**	**54,844**	**52,935**
Selling and marketing expense		22,973	22,194	49,640	48,081
General and administrative expense		7,048	6,915	14,071	13,870
Share-based compensation expense (income)		(329)	182	414	368
Other operating expense (income), net		(311)	269	(30)	(73)
Operating loss		**(3,752)**	**(6,575)**	**(9,250)**	**(9,311)**
Interest and other finance expense		(1,245)	(1,496)	(2,627)	(3,014)
Interest and investment income		111	231	223	456
Other non-operating income (expense), net		401	(1,967)	(73)	(553)
Loss before income taxes		(4,485)	(9,807)	(11,726)	(12,423)
Income tax benefit (expense):					
Current		(721)	(611)	(1,176)	(1,183)
Deferred		1,634	2,576	3,258	3,562
Income tax benefit		913	1,965	2,082	2,379
Loss for the period		**€ (3,572)**	**€ (7,842)**	**€ (9,644)**	**€ (10,043)**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment on group companies		€ (967)	€ 2,488	€ 274	€ 1,091
Available-for-sale financial assets		4	63	6	100
Tax effect		(1)	(16)	(2)	(25)
		€ (964)	€ 2,535	€ 279	€ 1,166
Other comprehensive income (expense) for the period, net of tax		**€ (964)**	**€ 2,535**	**€ 279**	**€ 1,166**
Total comprehensive expense for the period		**€ (4,536)**	**€ (5,307)**	**€ (9,365)**	**€ (8,877)**
Earnings per share - basic and diluted					
Loss for the period		(0.04)	(0.09)	(0.12)	(0.12)
Weighted average shares outstanding					
Basic and Diluted		83,519	83,519	83,519	83,519

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

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

	Note	Attributable to equity holders of the Company						Total Equity
restated		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, 2012		83,518,508 €	922 €	124,209 €	(5,717) €	56,171 €	(3,840) €	171,744
Loss for the period		--	--	--	--	(10,043)	--	(10,043)
Changes in fair value and other including CTA reserves		--	--	--	--	--	1,166	1,166
Total comprehensive expense for the period		--	--	--	--	--	--	(8,877)
Balance at June 30, 2012		**83,518,508 €**	**922 €**	**124,209 €**	**(5,717) €**	**46,127 €**	**(2,674) €**	**162,867**
Balance at January 1, 2013		83,518,508 €	922 €	124,209 €	(5,717) €	58,677 €	(6,804) €	171,286
Loss for the period		--	--	--	--	(9,644)	--	(9,644)
Changes in fair value and other including CTA reserves		--	--	--	--	--	279	279
Total comprehensive expense for the period		--	--	--	--	--	--	(9,365)
Balance at June 30, 2013		**83,518,508 €**	**922 €**	**124,209 €**	**(5,717) €**	**49,033 €**	**(6,526) €**	**161,921**

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

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

	Note		For the Six Months ended June 30, 2013 (unaudited)		2012 (unaudited) restated
			(in thousands)		
OPERATING ACTIVITIES:					
Loss for the period		€	(9,644)	€	(10,043)
Adjustments to reconcile net profit/loss to net cash provided by operating activities:					
Depreciation and amortization			4,621		4,770
Amortization and write-off of debt issuance cost and bond discount			208		115
Provision for leaving indemnity and pension benefits			369		106
Gain on sale of property, plant and equipment			(8)		(6)
Share-based compensation expense			414		368
Deferred Income			(453)		(590)
Finance costs			2,316		2,716
Interest income			(223)		(456)
Income tax expense			1,176		1,183
Deferred tax benefit			(3,258)		(3,562)
Changes in operating assets and liabilities:					
Accounts receivable			44,121		54,681
Inventories	4		(24,357)		(28,995)
Prepaid expense and other assets			(1,205)		399
Accounts payable, accrued expenses and other liabilities			(9,264)		(4,792)
Interest paid			(3,359)		(2,843)
Interest received			167		354
Income tax paid			(576)		(368)
Net cash provided by operating activities			**1,047**		**13,036**
INVESTING ACTIVITIES:					
Purchase of property, plant and equipment			(3,687)		(3,824)
Proceeds from sale of property, plant and equipment			159		13
Formation of Joint Venture	8		(243)		--
Net cash used for investing activities			**(3,771)**		**(3,811)**
FINANCING ACTIVITIES:					
Increase in short-term borrowings			4,214		905
Payments on long-term debt			(28,549)		(983)
Change in restricted cash			974		755
Net cash provided by (used for) financing activities			**(23,361)**		**677**
Effect of exchange rate changes on cash and cash equivalents			788		1,008
Net increase (decrease) in cash and cash equivalents			(25,297)		10,910
Cash and cash equivalents, unrestricted at beginning of period			38,569		21,120
Cash and cash equivalents, unrestricted at end of period		€	13,272	€	32,029
Cash and cash equivalents, restricted at end of period			1,611		3,037
Cash and cash equivalents, at end of period			14,883		35,066

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

Note 1 - Business

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

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

During the first 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 consolidated 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 consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2012 to the extent they are still applicable as of January 1, 2013. In addition, the Company applied all relevant accounting principles effective for annual periods beginning on January 1, 2013 (see also Note 3). The condensed consolidated interim financial statements comply with IAS 34. The result of operations for the six months period ended June 30, 2013 is not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year.

Note 3 – Restatement

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

HEAD N.V. AND SUBSIDIARIES
ITEM 1. FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Consolidated Statement of Comprehensive Income		For the Three Months ended June 30, 2012 reported		Adjustment		For the three months ended June 30, 2012 restated
				(in thousands)		
Cost of sales	€	39,555	€	(18)	€	39,537
Selling and marketing expense		22,210		(16)		22,194
General and administrative expense		6,923		(8)		6,915
Operating loss		(6,616)		41		(6,575)
Loss for the period		(7,883)		41		(7,842)
Total comprehensive expense for the period		(5,348)		41		(5,307)
Earnings per share - basic and diluted (Loss for the period)		(0.09)		0.00		(0.09)

		For the Six Months ended June 30, 2012 reported		Adjustment		For the Six Months ended June 30, 2012 restated
				(in thousands)		
Cost of sales	€	79,701	€	(35)	€	79,666
Selling and marketing expense		48,113		(32)		48,081
General and administrative expense		13,886		(16)		13,870
Operating loss		(9,394)		83		(9,311)
Loss for the period		(10,126)		83		(10,043)
Total comprehensive expense for the period		(8,960)		83		(8,877)
Earnings per share - basic and diluted (Loss for the period)		(0.12)		0.00		(0.12)

Consolidated Statement of Changes in Equity						
Fair Value and other reserves/CTA at January 1, 2012	€	(2,368)	€	(1,473)	€	(3,840)
Total Equity at January 1, 2012		173,217		(1,473)		171,744
Loss for the period		(10,126)		83		(10,043)
Total comprehensive expense for the period		(8,960)		83		(8,877)
Retained Earnings at June 30, 2012		46,045		83		46,127
Fair Value and other reserves/CTA at June 30, 2012		(1,202)		(1,473)		(2,674)
Total Equity at June 30, 2012		164,257		(1,390)		162,867
Retained Earnings at December 31, 2012 and January 1, 2013		58,554		122		58,677
Fair Value and other reserves/CTA at December 31, 2012 and January 1, 2013		(3,500)		(3,304)		(6,804)
Total Equity at December 31, 2012 and January 1, 2013		174,468		(3,182)		171,286

Consolidated Statement of Cash Flows		June 30, 2012 reported		Adjustment		June 30, 2012 restated
				(in thousands)		
Loss for the period	€	(10,126)		83	€	(10,043)
Provision (Release) for leaving indemnity and pension benefits		189		(83)		106

HEAD N.V. AND SUBSIDIARIES
ITEM 1. FINANCIAL STATEMENTS
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 4 – Inventories

Inventories consist of the following (in thousands):

		June 30, 2013		December 31, 2012	June 30, 2012
		(unaudited)			*(unaudited)*
Raw materials and supplies	€	17,801	€	17,257	16,745
Work in progress		8,117		6,293	7,439
Finished goods		91,054		70,861	99,052
Provisions		(10,071)		(11,604)	(10,262)
Total inventories, net	€	106,901	€	82,808	112,974

Note 5 - Financial Instruments

The following table provides information regarding the Company's foreign exchange forward and option contracts as of June 30, 2013 and December 31, 2012. The fair value of the foreign currency contracts represent the amount the Company would receive or pay to terminate the contracts, considering first, quoted market prices of comparable agreements, or in the absence of quoted market prices, such factors as interest rates, currency exchange rates and remaining maturity.

As of June 30, 2013 (unaudited)

	Notional Principal in euro	Notional Principal Local currency converted into euro	Carrying value (EUR)	Fair value (EUR)
	(in thousands)			
Foreign exchange forward contracts	€ 13,682	€ 14,021	€ 363	€ 363
Foreign exchange option contracts	€ 2,634	€ 2,747	€ 99	€ 99

	Notional Principal in USD	Notional Principal Local currency converted into USD	Carrying value (USD)	Fair value (USD)	Fair Value (EUR)
	(in thousands)				
Foreign exchange forward contracts	USD 3,951	USD 4,106	USD 153	USD 153	€ 117
Foreign exchange option contracts	USD --	USD --	USD --	USD --	€ --

As of December 31, 2012

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

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

Note 6 – Shareholders' Equity

Head Sports Holdings N.V. and its shareholders controlled 61,089,243 shares, or approximately 66.28% of the Company's issued shares, as of June 30, 2013. Head Sports Holdings N.V., a Netherlands Antilles corporation, and its shareholders are controlled by Johan Eliasch, the Company's CEO, and his family members resulting in the ability to significantly influence and control the Company's operations.

In accordance with SIC 12 "Consolidation – Special Purpose Entity" the Company consolidated the Stichting, as the Company was considered the main beneficiary of the Stichting. The Stichting is a Dutch foundation, which holds, votes, and receives dividends on certain of the Company's ordinary shares. In conjunction with the Company's option plans, the Stichting also issues depository receipts to option holders, upon exercise of the option. As a result of consolidating the Stichting shares held by the Stichting are presented as treasury shares in the condensed consolidated statement of financial position. As of June 30, 2013, the Stichting held 260,022 treasury shares.

	June 30, 2013	December 31, 2012
	(in thousands)	
Shares issued	92,175	92,175
Less: Shares held by the Stichting	(260)	(260)
Less: Shares held by Head N.V.	(8,396)	(8,396)
Shares issued less treasury shares	83,519	83,519

Note 7 - Segment Information

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

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

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2013	2012	2013	2012
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
		(in thousands)		
Revenues from External Customers:				
Austria	€ 20,156	€ 18,050	€ 43,076	€ 43,561
Italy	12,086	11,418	22,196	20,828
Other (Europe)	6,468	8,075	14,513	17,535
Asia	2,430	2,617	5,978	5,820
North America	23,416	22,363	48,434	44,857
Total Net Revenues	€ 64,557	€ 62,523	€ 134,197	€ 132,601

	June 30, 2013	December 31, 2012
	(unaudited)	
	(in thousands)	
Long-lived assets:		
Austria	€ 21,762	€ 21,314
Italy	6,842	7,179
Other (Europe)	17,883	19,039
Asia	10,488	10,904
North America	6,828	6,854
Total long-lived assets	€ 63,803	€ 65,291

Note 8 - Related Party Transactions

The Company receives administrative services from corporations which are ultimately owned by the principal shareholder of the Company. Administrative expenses amounted to approximately €2.3 million for the period ended June 30, 2013 and 2012, respectively. The related party provides consulting, corporate finance, investor relations and legal services.

In July 2012, certain Austrian subsidiaries of the Company entered into a loan agreement with an Austrian Bank providing a maximum of €15.0 million (from July 1 until December 31) and of €3.0 million (from January 1 until June 30). This agreement expires on December 31, 2014 and requires the Company to achieve certain yearly financial covenants. The loan is secured by certain Austrian trade receivables as well as by the inventories of certain Austrian subsidiaries in various warehouses. In addition, Mr. Johan Eliasch, the Company´s CEO, granted a personal non-performance guarantee ("Ausfallsbürgschaft") up to a maximum amount of €5.0 million to ensure the fulfillment of the obligations of the subsidiaries of the Company under the loan. At June 30, 2013 the Company used €3.0 million of this credit line.

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

In the second quarter of 2013, the Company signed a Joint Venture Agreement to set up a distribution company for diving products in the Philippines in which it holds 40%. The investment of €0.24 million was accounted for using the equity method.

Overview

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

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

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

Business development

Winter Sports. The 2012/2013 season was finally a good one in terms of skier days and participation in the sport in most key countries. France, the largest European Winter Sport Market reported an increase of 4% in skier days and the US reported an increase of 11% in skier days. Other markets have not yet published their figures but we expect them to be generally positive. The increased participation, however, did not lead to a proportional increase in sales. Still the ongoing trend towards rental is an important reason for that as well as the weak economy in Europe. Also in the US the significant increase in skier days did not turn into higher retail sales, partly as a result of the delayed start of the season - North America got good snow but relatively late. Overall, whilst retailers are still somewhat cautious, our bookings at this stage for the 2013/14 season have improved compared to those achieved in the same period in 2012 by around 10%, but have yet to recover to the levels achieved in either 2010 or 2011.

Racquet Sports. After a slow start into the year due to unfavourable weather conditions in Europe and the US, the tennis market was characterized by moderate sales also in the second quarter of the year. Overall so far in 2013 we estimate a declining market of tennis racquets and a broadly flat tennis balls market. Following a year of growth in 2012, we believe the Japanese tennis market also reversed to a slight decline in 2013.

Diving. Cold weather conditions during the entire second quarter and the overall economic environment kept European markets challenging during the first months of the year, while the US and Asia continue to remain quite unaffected and have shown continued growth.

Sportswear. Our Sportswear Division consists mainly of summer sportswear for tennis and winter sportswear for skiing and bags for the UK market. The first six months of the year is predominantly tennis wear sales with some bag sales and very limited re-orders for the 2012/13 Winter Sports season. During this period the orders for the 2013/14 Winter Sports season are being collected. The sell-in market for tennis wear started at an acceptable level but the cold weather at the start of the season may impact sell out in the market.

Results of Operations

The following table sets forth certain consolidated income statement data:

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2013	2012	2013	2012
	(unaudited)	*(unaudited) restated*	*(unaudited)*	*(unaudited) restated*
	(in thousands)		*(in thousands)*	
Total net revenues	€ 64,557	€ 62,523	€ 134,197	€ 132,601
Cost of sales	38,928	39,537	79,353	79,666
Gross profit	**25,629**	**22,986**	**54,844**	**52,935**
Gross margin	39.7%	36.8%	40.9%	39.9%
Selling and marketing expense	22,973	22,194	49,640	48,081
General and administrative expense	7,048	6,915	14,071	13,870
Share-based compensation expense (income)	(329)	182	414	368
Other operating expense (income), net	(311)	269	(30)	(73)
Operating loss	**(3,752)**	**(6,575)**	**(9,250)**	**(9,311)**
Interest and other finance expense	(1,245)	(1,496)	(2,627)	(3,014)
Interest and investment income	111	231	223	456
Other non-operating income (expense), net	401	(1,967)	(73)	(553)
Income tax benefit	913	1,965	2,082	2,379
Loss for the period	**€ (3,572)**	**€ (7,842)**	**€ (9,644)**	**€ (10,043)**

Three and Six Months Ended June 30, 2013 and 2012 (restated)

Total Net Revenues. For the three months ended June 30, 2013 total net revenues increased by €2.0 million, or 3.3%, to €64.6 million from €62.5 million in the comparable 2012 period. This increase was mainly due to higher revenues in the Racquet Sports division. For the six months ended June 30, 2013 total net revenues increased by €1.6 million, or 1.2%, to €134.2 million from €132.6 million in the comparable 2012 period. This increase was again mainly due to higher revenues in the Racquet Sports division, partly offset by lower revenues in the Winter Sports division.

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2013	2012	2013	2012
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)		*(in thousands)*	
Product category:				
Winter Sports	€ 9,047	€ 9,258	€ 22,303	€ 22,810
Racquet Sports	39,137	37,036	81,412	79,266
Diving	15,379	15,658	28,408	28,401
Sportswear	1,411	1,272	3,211	3,344
Licensing	1,414	1,028	2,710	2,581
Total revenues	66,388	64,253	138,044	136,402
Sales Deductions	(1,831)	(1,729)	(3,847)	(3,801)
Total Net Revenues	€ 64,557	€ 62,523	€ 134,197	€ 132,601

Winter Sports revenues for the three months ended June 30, 2013 decreased by €0.2 million, or 2.3%, from €9.3 million to €9.0 million. This decrease was mainly due to lower volumes of bindings under contract manufacturing agreements, partly offset by a favourable product mix for skis and bindings.
Regarding the first six months ended June 30, 2013 Winter Sports revenues decreased by €0.5 million, or 2.2%, from €22.8 million to €22.3 million. This decrease was mainly due to lower volumes of bindings under contract manufacturing agreements and negative exchange rate movements, partly offset by higher volumes for skis and ski boots and a favourable product mix for skis and bindings.

Racquet Sports revenues for the three months ended June 30, 2013 increased by €2.1 million, or 5.7%, from €37.0 million to €39.1 million. This increase was mainly due higher volumes for tennis racquets and balls.
For the six months ended June 30, 2013 Racquet Sports revenues increased by €2.1 million, or 2.7%, from €79.3 million to €81.4 million. This increase was mainly due to higher tennis ball volumes particularly in North America, partly offset by negative exchange rate movements.

Diving revenues for the three months ended June 30, 2013 decreased by €0.3 million, or 1.8%, from €15.7 million to €15.4 million mainly due lower European sales.
Diving revenues for the six months ended June 30, 2013 remained unchanged at €28.4 million.

Sportswear revenues for the three months ended June 30, 2013 increased by €0.1 million, or 10.9%, from €1.3 million to €1.4 million which was mainly due to Summer Sportswear.
Revenues for the six months ended June 30, 2013 decreased by €0.1 million, or 4.0%, from €3.3 million to €3.2 million. This decrease was mainly due to lower sales of bags in the UK market.

Licensing revenues for the three months ended June 30, 2013 amounted to €1.4 million (2012: €1.0 million).
Regarding the first six months ended June 30, 2013 revenues slightly increased by €0.1 million, or 5.0%, from €2.6 million to €2.7 million.

Sales deductions for the three months ended June 30, 2013 increased by €0.1 million, or 5.9%, to €1.8 million from €1.7 million in the comparable 2012 period.
For the six months ended June 30, 2013 sales deductions remained almost unchanged at €3.8 million.

Gross Profit. For the three months ended June 30, 2013 gross profit increased by €2.6 million to €25.6 million. Gross margin increased to 39.7% in 2013 from 36.8% in 2012 mainly due to lower cost of sales for our bindings, tennis ball and diving business.
For the six months ended June 30, 2013 gross profit increased by €1.9 million to €54.8 million from €52.9 million in the comparable 2012 period. Gross margin increased from 39.9% to 40.9%. This increase was mainly due to lower cost of sales for our bindings and tennis ball business, to lower manufacturing costs and to a higher release of inventory provision.

Selling and Marketing Expense. For the three months ended June 30, 2013 selling and marketing expense increased by €0.8 million, or 3.5%, from €22.2 million to €23.0 million mainly due to higher departmental selling costs in our Racquet Sports and Sportswear division.
For the six months ended June 30, 2013 selling and marketing expense increased by €1.6 million, or 3.2%, to €49.6 million from €48.1 million in the comparable 2012 period. This was again mainly due to higher departmental selling costs in our Racquet Sports and Sportswear division and to higher advertising costs in our Racquet Sports division.

General and Administrative Expense. For the three months ended June 30, 2013 general and administrative expense slightly increased by €0.1 million, or 1.9%, from €6.9 million to €7.0 million.
For the six months ended June 30, 2013 general and administrative expense increased by €0.2 million, or 1.4%, from €13.9 million to €14.1 million mainly due to higher warehouse costs.

Share-Based Compensation Expense/Income. For the three months ended June 30, 2013 we recorded share-based compensation income for our Stock Option Plans of €0.3 million compared to share-based compensation expense of €0.2 million in the comparable 2012 period. The income in 2013 resulted from the decrease of the share price during the second quarter of the year.
For the six months ended June 30, 2013 and 2012 we recorded share-based compensation expense for our Stock Option Plans of €0.4 million. The expense in 2013 was due to the increase of the share price at June 30, 2013 compared to the share price at December 31, 2012, which increases the liability for the cash-settled Stock Option Plans.

Other Operating Expense/Income, net. For the three months ended June 30, 2013 other operating income, net amounted to €0.3 million compared to other operating expense, net of €0.3 million in the comparable 2012 period. This swing of €0.6 million was mainly due to foreign exchange gains in 2013 and foreign exchange losses in 2012.
For the six months ended June 30, 2013 other operating income, net amounted to €0.03 million and remained almost unchanged compared to 2012 (€0.1 million).

Operating Loss. As a result of the foregoing factors, operating loss for the three months ended June 30, 2013 decreased by €2.8 million from €6.6 million to €3.8 million.
For the six months ended June 30, 2013 operating loss remained almost unchanged at €9.3 million.

Interest and Other Finance Expense. For the three months ended June 30, 2013 interest and other finance expense decreased by €0.3 million, or 16.8%, from €1.5 million to €1.2 million. This decrease was mainly due to lower interest expense for long- and short-term debt.
For the six months ended June 30, 2013 interest and other finance expense decreased by €0.4 million, or 12.8%, from €3.0 million to €2.6 million. This decrease was again mainly due to lower interest expense for long- and short-term debt. The increase of the amortization of disagio was due to the redemption of the Senior Notes in the second quarter 2013.

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2013	2012	2013	2012
	(unaudited, in thousands)		(unaudited, in thousands)	
Amortization of disagio	€ 91	€ 24	€ 117	€ 48
Interest expense	1,055	1,342	2,316	2,716
Other finance costs	99	129	193	250
Interest and other finance expense	€ 1,245	€ 1,496	€ 2,627	€ 3,014

Interest and Investment Income. For the three months ended June 30, 2013 interest and investment income decreased by €0.1 million compared to 2012.
For the six months ended June 30, 2013 interest and investment income decreased by €0.2 million to €0.2 million.

Other Non-operating Income/Expense, net. For the three months ended June 30, 2013 other non-operating income, net amounted to €0.4 million compared to other non-

operating expense, net of €2.0 million in 2012. This swing was due to foreign exchange gains in 2013 and foreign exchange losses in 2012.
For the six months ended June 30, 2013 other non-operating expense, net decreased by €0.5 million to €0.1 million from €0.6 million which was due to lower foreign exchange losses.

Income Tax Benefit. For the three months ended June 30, 2013 income tax benefit decreased by €1.1 million from €2.0 million to €0.9 million. This decrease was mainly due to lower deferred income tax benefits on tax losses carried forward as a result of higher pre-tax numbers.
For the six months ended June 30, 2013 income tax benefit decreased by €0.3 million to €2.1 million from €2.4 million due to lower deferred income tax benefits on tax losses carried forward.

Net Loss. As a result of the foregoing factors, for the three months ended June 30, 2013 we had a net loss of €3.6 million compared to €7.8 million in the comparable 2012 period.
For the six months ended June 30, 2013 we had a net loss of €9.6 million compared to €10.0 million in the comparable 2012 period.

Liquidity and Capital Resources

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

On May 6, 2013, Head N.V. and HTM Sport GmbH, a subsidiary of Head N.V., announced the redemption in full of the outstanding Senior Notes due 2014. The Press Release and the Notice of Redemption with full details of the redemption can be found on our website. The Senior Notes were fully redeemed on June 5, 2013.

For the six months ended June 30, 2013 cash provided by operating activities decreased by €12.0 million to €1.0 million compared to €13.0 million in the comparable 2012 period, which was mainly due to adverse working capital movements. Cash was used to purchase property, plant and equipment of €3.7 million compared to €3.8 million in the comparable 2012 period. Net cash used for financing activities amounted to €23.4 million as of June 30, 2013, which was mainly due to the redemption of the Senior Notes during the second quarter of 2013. For the six months ended June 30, 2012 net cash provided by financing activities amounted to €0.7 million.

As of June 30, 2013 the Company had in place €9.1 million long-term obligations under a sale-leaseback agreement due 2017, €8.9 million mortgage agreements, a liability against our venture partner of €2.8 million and €23.0 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, Italy and France of €30.8 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.

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 consolidated 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 consolidated 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 8, 2013

Johan Eliasch
Chief Executive Officer

Günter Hagspiel
Chief Financial Officer

Ralf Bernhart
Managing Director

George Nicolai
Managing Director