HEAD

HEAD N.V.
INTERIM FINANCIAL STATEMENTS

For the Period Ended
June 30, 2009

HEAD N.V.

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2009

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PRESENTATION OF INFORMATION

We have rounded percentages and some amounts contained herein for ease of presentation, and some amounts may therefore not total. We have presented most financial information 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, 2009		December 31, 2008
			(unaudited)		
			(in thousands, except share data)		
ASSETS:					
Non-current assets					
Property, plant and equipment, net	6	€	57,762	€	61,300
Intangible assets	6		11,076		11,146
Goodwill	6		2,814		2,643
Deferred income tax assets			68,430		63,027
Trade receivables			233		1,662
Other non-current assets			4,826		4,793
Total non-current assets			145,141		144,571
Current assets					
Inventories, net	3		106,986		77,120
Trade and other receivables			68,186		130,790
Assets held-for-sale			173		--
Prepaid expense			2,140		2,089
Available-for-sale financial assets			6,048		6,194
Cash and cash equivalents			17,942		17,643
Total current assets			201,475		233,836
Total assets		€	346,616	€	378,407
EQUITY:					
Share capital: €0.01 par value; 39,820,677 shares issued	5	€	398	€	398
Other reserves			111,489		111,489
Treasury shares	5		(7,119)		(7,119)
Retained earnings			13,903		30,960
Fair Value and other reserves including cumulative translation adjustments (CTA)			(9,922)		(9,694)
Total equity			108,749		126,034
LIABILITIES:					
Non-current liabilities					
Borrowings			132,078		132,955
Retirement benefit obligations			14,430		14,643
Other long-term liabilities			5,801		6,141
Total non-current liabilities			152,308		153,739
Current liabilities					
Trade and other payables			49,225		57,880
Income taxes			2,419		1,221
Borrowings			23,157		27,039
Provisions			10,757		12,493
Total current liabilities			85,559		98,634
Total liabilities			237,867		252,373
Total liabilities and shareholders' equity		€	346,616	€	378,407

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, 2009	For the Three Months ended June 30, 2008	For the Six Months ended June 30, 2009	For the Six Months ended June 30, 2008
		(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
		(in thousands, except share data)		*(in thousands, except share data)*	
Total net revenues	6	€ 57,275	€ 56,223	€ 114,449	€ 117,847
Cost of sales		32,713	35,076	68,094	71,884
Gross profit		24,562	21,147	46,354	45,963
Selling and marketing expense		21,781	21,442	44,094	45,741
General and administrative expense		6,867	7,427	14,035	14,843
Share-based compensation expense (income)		216	(685)	206	(4,074)
Restructuring costs	7	253	--	1,977	133
Other operating income, net		(774)	(34)	(53)	(570)
Operating loss		(3,781)	(7,003)	(13,905)	(10,111)
Interest expense		(3,634)	(3,179)	(8,686)	(6,320)
Interest income		159	356	343	683
Other non-operating income, net		724	1,449	2,104	1,127
Loss before income taxes		(6,532)	(8,377)	(20,144)	(14,622)
Income tax benefit (expense):					
Current		(979)	(608)	(2,325)	(1,146)
Deferred		2,230	2,907	5,412	6,080
Income tax benefit		1,250	2,299	3,087	4,934
Loss for the period		€ (5,282)	€ (6,078)	€ (17,057)	€ (9,688)
Other comrehensive income:					
Gains (losses) recognized directly in equity					
Unrealized gain on derivative instruments		€ --	€ 68	€ --	€ 212
Reclassification adjustment for derivative gains recorded in loss for the period		--	(111)	--	(150)
Invested intercompany receivables		(68)	48	236	(1,035)
Available-for-sale financial assets		84	(116)	(109)	(204)
Foreign currency translation adjustment		(2,057)	(74)	(312)	(3,371)
Income tax related to components of other comprehensive income		(6)	37	(42)	392
Other comprehensive loss for the period, net of tax		€ (2,047)	€ (148)	€ (228)	€ (4,156)
Total comprehensive loss for the period		€ (7,329)	€ (6,226)	€ (17,285)	€ (13,844)
Earnings per share-basic					
Loss for the period		(0.14)	(0.16)	(0.46)	(0.26)
Earnings per share-diluted					
Loss for the period		(0.14)	(0.16)	(0.46)	(0.26)
Weighted average shares outstanding					
Basic		37,109	37,109	37,109	37,109
Diluted	10	37,109	37,109	37,109	37,109

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

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

	Note	Attributable to equity holders of the Company						Total Equity
		Ordinary Shares		Other	Treasury	Retained	Fair Value and Other Reserves/	
		Shares	Amount	Reserves	Stock	Earnings	CTA	
		(unaudited) *(in thousands, except share data)*						
Balance at January 1, 2008		37,109,432 €	398 €	111,489 €	(7,119) €	40,699 €	(12,450) €	133,017
Loss for the period		--	--	--	--	(9,688)	--	(9,688)
Changes in fair value and other reserves including CTA							(4,156)	(4,156)
Total recognized income and expense for the period		--	--	--	--	--	--	(13,844)
Balance at June 30, 2008		37,109,432 €	398 €	111,489 €	(7,119) €	31,011 €	(16,607) €	119,172
Balance at January 1, 2009		37,109,432 €	398 €	111,489 €	(7,119) €	30,960 €	(9,694) €	126,034
Loss for the period		--	--	--	--	(17,057)	--	(17,057)
Changes in fair value and other reserves including CTA							(228)	(228)
Total recognized income and expense for the period		--	--	--	--	--	--	(17,285)
Balance at June 30, 2009		37,109,432 €	398 €	111,489 €	(7,119) €	13,903 €	(9,922) €	108,749

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, 2009 (unaudited)	2008 (unaudited)
		(in thousands)	
OPERATING ACTIVITIES:			
Loss for the period		€ (17,057)	€ (9,688)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization		6,749	6,387
Amortization and write-off of debt issuance cost and bond discount		229	211
Provision (release) for leaving indemnity and pension benefits		(184)	(268)
Restructuring costs	7	82	(386)
(Gain) loss on sale of property, plant and equipment		(23)	(16)
Share-based compensation (income) expense		206	(4,074)
Deferred Income		(458)	(400)
Interest expense		5,957	6,109
Interest income		(343)	(683)
Income tax expense		2,325	1,146
Deferred tax benefit		(5,412)	(6,080)
Changes in operating assets and liabilities:			
Accounts receivable		64,341	53,640
Inventories	3	(29,887)	(35,265)
Prepaid expense and other assets		(155)	(1,155)
Accounts payable, accrued expenses, other liabilities and provisions		(9,916)	(4,544)
Interest paid		(7,175)	(6,333)
Income tax paid		(448)	(249)
Net cash provided by (used for) operating activities		8,832	(1,646)
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(2,965)	(8,378)
Proceeds from sale of property, plant and equipment		52	24
Purchases of available-for-sale financial assets		--	(64)
Sale of available-for-sale financial assets		--	1,876
Interest received		310	624
Net cash used for investing activities		(2,603)	(5,917)
FINANCING ACTIVITIES:			
Change in short-term borrowings, net		(2,791)	2,938
Proceeds from other long-term obligations		--	428
Payments on long-term debt		(1,395)	(1,637)
Sale of treasury shares		--	0
Change in restricted cash		(619)	(66)
Net cash provided by (used for) financing activities		(4,806)	1,663
Effect of exchange rate changes on cash and cash equivalents		(1,744)	(1,900)
Net decrease in cash and cash equivalents		(321)	(7,800)
Cash and cash equivalents at beginning of period		17,155	27,782
Cash and cash equivalents at end of period		€ 16,834	€ 19,982

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

Note 1 - Business

Head N.V. ("Head" or the "Company") is a leading global manufacturer and marketer of branded sporting goods serving the skiing, tennis and diving markets. The Company has created or acquired a portfolio of brands – *Head* (principally alpine skis, ski bindings, ski boots, and snowboard products, tennis, racquetball, squash and badminton racquets, tennis balls and tennis footwear), *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 goods, especially Winter Sports goods, 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 September to November. At this time, the Company will begin to receive re-orders from customers, which constitute about 10% of the yearly orders. The 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 also experience seasonality, but to a lesser extent than Winter Sports revenues. During the first six months of any calendar year, the Company typically generates some 50 to 60% of its Racquet Sports and Diving product revenues, but some 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 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, 2008. The condensed interim financial statements comply with IAS 34. The result of operations for the six months period ended June 30, 2009 is not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year.

Interpretations to existing standards that are effective but are not relevant for the Company's operations

The following interpretations and amendments to existing standards have been endorsed by the EU and are mandatory for the Company's accounting period but are not relevant for the Company's operations:

- IAS 20 (Amendment), "Accounting for government grants and disclosure of government assistance" (effective from January 1, 2009).

The following amendments are part of the IASB's annual improvement project published in May 2008:

- IAS 16 (Amendment), "Property, plant and equipment" (and consequential amendment to IAS 7, "Statement of cash flows") (effective from January 1, 2009).
- IAS 27 (Amendment), "Consolidated and separate financial statements" (effective from January 1, 2009).
- IAS 28 (Amendment), "Investments in associates" (and consequential amendments to IAS 32, "Financial Instruments: Presentation" and IFRS 7, "Financial instruments: Disclosures") (effective from January 1, 2009). IAS 29 (Amendment), "Financial reporting in hyperinflationary economies" (effective from January 1, 2009).
- IAS 31 (Amendment), "Interests in joint ventures" (and consequential amendments to IAS 32 and IFRS 7) (effective from January 1, 2009).
- IAS 38 (Amendment), "Intangible assets", (effective from January 1, 2009). IAS 40 (Amendment), "Investment property" (and consequential amendments to IAS 16) (effective from January 1, 2009). IAS 41 (Amendment), "Agriculture" (effective from January 1, 2009).
- Minor amendments to IAS 20 "Accounting for government grants and disclosure of government assistance" and IAS 29, "Financial reporting in hyperinflationary economies" IAS 40, "Investment property" and IAS 41, "Agriculture"(not addressed above).
- IFRS 7, "Financial Instruments: Disclosures: Improving disclosures about financial instruments" (effective from January 1, 2009) requires enhanced disclosures about fair value measurements and liquidity risk. The company applies IFRS 7 as of January 1, 2009.

Note 3 – Inventories

Inventories consist of the following (in thousands):

		June 30, 2009 (unaudited)		December 31, 2008
Raw materials and supplies	€	14,424	€	17,021
Work in process		9,220		7,319
Finished goods		94,568		65,807
Provisions		(11,225)		(13,027)
Total inventories, net	€	106,986	€	77,120

Note 4 - Financial Instruments

The following table provides information regarding the Company's foreign exchange forward and option contracts as of June 30, 2009 and December 31, 2008. 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, 2009		
	Contract amount	Carrying value	Fair value
		(in thousands)	
Foreign exchange forward contracts	€ 20,052	€ 271	€ 271
Foreign exchange option contracts	€ 2,872	€ 66	€ 66

	As of December 31, 2008		
	Contract amount	Carrying value	Fair value
		(in thousands)	
Foreign exchange forward contracts	€ 28,642	€ (427)	€ (427)
Foreign exchange option contracts	€ 9,300	€ 178	€ 178

Note 5 – Shareholders' Equity

Head Sports Holdings N.V. and its shareholders controlled 19,898,766 shares, or approximately 49.97% of the Company's issued shares, as of June 30, 2009. Head Sports Holdings N.V., a Netherlands Antilles corporation, and its shareholders are controlled by Johan Eliasch 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, 2009, the Stichting held 527,104 treasury shares.

Note 6 - Segment Information

The Company operates in one industry segment, Sporting Goods. The following information reflects net revenues and long-lived assets based on the location of the Company's subsidiaries:

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2009	2008	2009	2008
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
		(in thousands)		
Revenues from External Customers:				
Austria	€ 16,815	€ 14,978	€ 38,049	€ 36,687
Italy	10,073	12,411	18,605	21,600
Other (Europe)	8,575	8,357	15,896	17,243
Asia	2,039	2,592	4,396	5,181
North America	19,774	17,885	37,502	37,136
Total Net Revenues	€ 57,275	€ 56,223	€ 114,449	€ 117,847

	June 30, 2009	December 31, 2008
	(unaudited)	
	(in thousands)	
Long-lived assets:		
Austria	€ 21,605	€ 16,474
Italy	9,220	9,559
Other (Europe)	22,374	21,319
Asia	11,432	11,869
North America	7,020	15,868
Total long-lived assets	€ 71,652	€ 75,089

Note 7 – Restructuring Costs

In October 2007, the Company announced the transfer of parts of the ski production from its site in Kennelbach, Austria to its site in Budweis, Czech Republic to reduce fixed cost. As of December 31, 2008, the Company accrued €1.2 million relating to this program mainly consisting of €0.8 million employee severance cost and stay bonus and €0.4 million of cost for deconstruction. As of June 30, 2009, the Company paid €0.5 million. An additional cost of €0.6 million incurred. The Company will largely complete the program during 2009.

After shifting tennis ball production from the U.S. to China it was decided to shut-down the U.S. tennis ball factory. As of December 31, 2008, the Company accrued for €1.0 million termination benefits. As of June 30, 2009, the Company paid €0.6 million, accrued an additional €0.3 million associated with costs to dismantle the plant and recognized a write-off of fixed assets of €1.0 million.

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, 2009 and 2008, respectively. The company provides investor relations, corporate finance, legal and consulting services.

One of the Company's subsidiaries leased its office building from its general manager. Rental expenses amounted to approximately €0.02 million for the period ended June 30, 2009 and 2008, respectively.

Note 9 – Stock Option Plan 2009

At the last Annual General Meeting of shareholders, held on May 28, 2009, the Stock Option Plan 2009 ("Plan 2009") was approved. The Plan 2009 calls for the grant of options to the Stichting for members of Management of the Company's subsidiaries, or such affiliates as the managers may request and provides for issuance of a maximum aggregate number of 5,800,000 options. On exercising, the Company will issue 5,800,000 new ordinary or preferred shares in its share capital or currently issued and outstanding shares of the Company at its discretion. The options vest on granting.

The option price is €0.10 per option and the life of the plan is 10 years from the date the options are granted. Upon exercise of the options, option holders receive shares in the Company. Options issued under the Plan 2009 will be administered by the

Stichting Head Option Plan. As of June 30, 2009, no options have been granted to any member of Management of the Company.

Note 10 – Subsequent Event: Exchange Offer to the 8.5% Senior Notes

On April 21, 2009, the Company announced a private exchange offer to exchange its outstanding €135.0 million 8.5 % senior notes due 2014. On July 30, 2009, the Company announced the improved terms of the exchange offer, consisting of €510.625 aggregate principal amount of newly issued secured notes (Secured Notes) and 262.372 ordinary shares for each €1,000 principal amount of existing notes exchanged.

This exchange offer expired on August 13, 2009, and the consideration was distributed to noteholders on August 19, 2009.

As of the expiration date, €85,723,000 in principal amount of existing notes had been validly tendered (75.3% taking into account the cancellation of €21.2 million 8.5% senior notes held by a subsidiary) and were accepted for exchange into approximately €43,738,000 in aggregate principal amount of Secured Notes and 22,491,278 shares newly issued to the noteholders.

Also, tendering noteholders forfeited any interest accrued on the existing notes from and including February 2, 2009 up to and including August 1, 2009. Accordingly, approximately €3.6 million of interest accrued have been forfeited.

The Secured Notes are jointly and severally guaranteed by certain subsidiaries, and are secured by pledges or charges, as applicable, over certain inventory and trade receivables of certain subsidiaries, and cash under certain circumstances.

The Secured Notes will mature on August 1, 2012, subject to the Company's right to extend the maturity date to February 1, 2014 upon payment of an extension fee equal to 1% of the aggregate principal amount of the Secured Notes then outstanding.

The Company may, at its option, elect to pay interest on the Secured Notes (a) at the rate of 10% per annum in cash; or (b) at the rate of (i) 8.5% per annum in cash and (ii) 3.5% per annum through the issuance of payment-in-kind notes.

On August 12, Head N.V. also entered into a €10.0 million working capital facility agreement with Carnsdale Overseas Limited, a company indirectly controlled by our CEO, Johan Eliasch. This credit facility should help to company to overcome the expected seasonal shortfall in available cash for the third and fourth quarters of 2009. In connection with Mr. Eliasch's guarantee of the obligations of the lender under this credit facility, 25,892,075 Head N.V. new shares have been issued and 2,451,223 treasury shares have been transferred to Head Sports Holdings N.V., an entity controlled by Mr. Eliasch.

Note 11 – Subsequent Event: Stock Option Plan 2009

On July 27, 2009 the Board of Management has approved the resolution that options under the Plan 2009 were granted to the Stichting. In connection with the negotiations with the bondholders and in the best interest of the Company, the Board of Management approved the settlement of these options to be in cash in the amount of share price less option price on the date of exercise.

Note 12 – Subsequent Event: China Loan

In July 2009, the Company has reached an agreement to enter into a loan agreement with Bank of China Co., Ltd. Under the loan, the Company is entitled to draw up to RMB 20.0 million (approximately €2.1 million) in one or more draw-downs for the purpose of financing its working capital requirements. The loan will bear interest at a variable rate equal, for each draw-down, to the China Central Bank standard three-year term loan rate applicable on the date of such draw-down, plus a 7% margin. The interest rate will be re-set, for each draw-down, on the anniversary date of such draw-down. The loan is repayable in three installments of RMB 6.0 million in 2010 and RMB 7.0 million in each of 2011 and 2012. The loan is secured by a mortgage.

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 products, tennis, racquetball, squash and badminton racquets, tennis balls and tennis footwear), *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 31,000 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, and in recent years the Company has built market share in the United States, 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, tennis and diving equipment. In order to expand market share and maximize profitability, for the last ten years the Company has increased its emphasis on marketing and new product development, leveraging further its brands, global distribution network and traditional strength in manufacturing and the Company is continuously looking for a possible reduction of its fixed costs.

Business development

Winter Sports. The 2008/2009 winter season started with very good snow conditions in Europe and in some parts of the U.S. but with late snow in Japan. Retailers in Europe reported a growing winter sports equipment business mainly driven by accessories (helmets) but also by ski boots. However, ski sales in Europe for the period ending December 31, 2008 have been flat compared to 2007. We believe that the ongoing trend towards rental equipment is responsible for the increased demand for boots compared to skis. Later in the season ski resorts already reported a declining number of visitors as a result of the current difficult economic conditions. This then also led to very cautious pre season booking behaviour especially in North America where pre season bookings are down by 25% to 30% compared to prior year and to a lesser extent in Europe and Japan. We assume that pre season orders worldwide for winter sports equipment are down by approximately 10% compared to prior year.

Racquet Sports. We estimate that the market for tennis racquets in 2008 was approximately 9.8 million units, with a value of approximately €280 million at wholesale level. For the first half of 2009, we believe that the global tennis racquet market declined compared to 2008. We estimate that worldwide sales of tennis balls also declined during the first half of 2009 compared to 2008, but to a much lesser extent than the tennis racquet market.

Diving. During the first half of 2009, worldwide diving markets continued to decline in the range of 20-30% compared to the same period in 2008. The worldwide crisis makes the diving industry one of the most affected sporting good categories, as the sport is expensive and requires traveling. Key dive destinations such as the Maldives, Egypt and Thailand reported a decline of the diving tourism by around 30% during the first six months of 2009. The business of Mares performs better than industry but nevertheless declined by 16% in the first six months of 2009, a recovery during the year is not expected.

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,	
	2009	2008	2009	2008
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)		*(in thousands)*	
Total net revenues	€ 57,275	€ 56,223	€ 114,449	€ 117,847
Cost of sales	32,713	35,076	68,094	71,884
Gross profit	24,562	21,147	46,354	45,963
Gross margin	42.9%	37.6%	40.5%	39.0%
Selling and marketing expense	21,781	21,442	44,094	45,741
General and administrative expense	6,867	7,427	14,035	14,843
Share-based compensation expense (income)	216	(685)	206	(4,074)
Restructuring costs	253	--	1,977	133
Other operating income, net	(774)	(34)	(53)	(570)
Operating loss	(3,781)	(7,003)	(13,905)	(10,111)
Interest expense	(3,634)	(3,179)	(8,686)	(6,320)
Interest income	159	356	343	683
Other Non-operating income, net	724	1,449	2,104	1,127
Income tax benefit	1,250	2,299	3,087	4,934
Loss for the period	€ (5,282)	€ (6,078)	€ (17,057)	€ (9,688)

Three and Six Months Ended June 30, 2009 and 2008

Total Net Revenues. For the three months ended June 30, 2009 total net revenues increased by €1.1 million, or 1.9%, to €57.3 million from €56.2 million in the comparable 2008 period. This increase was due to increased sales volumes in Racquet Sports and the strengthening of the U.S. dollar against the euro partially offset by lower sales volumes of our Winter Sports and Diving division.

For the six months ended June 30, 2009 total net revenues decreased by €3.4 million, or 2.9%, to €114.4 million from €117.8 million in the comparable 2008 period. This decrease was mainly due to lower sales volumes of our Winter Sports and Diving division which was partly offset by the higher sale volumes of our Racquet Sports division and the strengthening of the U.S. dollar against the euro.

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

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in thousands)		*(in thousands)*	
Product category:				
Winter Sports	€ 6,508	€ 7,868	€ 20,391	€ 23,308
Racquet Sports	35,902	30,785	67,121	63,222
Diving	14,639	18,010	26,734	31,895
Licensing	1,717	1,323	3,208	2,901
Total revenues	58,765	57,987	117,453	121,327
Sales Deductions	(1,491)	(1,763)	(3,005)	(3,480)
Total Net Revenues	€ 57,275	€ 56,223	€ 114,449	€ 117,847

Winter Sports revenues for the three months ended June 30, 2009 decreased by €1.4 million, or 17.3%, to €6.5 million from €7.9 million in the comparable 2008 period. This decrease was due to lower sales volumes partially offset by a favorable product mix.
For the six months ended June 30, 2009 Winter Sports revenues decreased by €2.9 million, or 12.5%, to €20.4 million from €23.3 million in the comparable 2008 period. This decrease was due to lower sales volumes of all of our winter sports except protection wear.

Racquet Sports revenues for the three months ended June 30, 2009 increased by €5.1 million, or 16.6%, to €35.9 million from €30.8 million in the comparable 2008 period. This increase was due to higher sales volumes and favorable product mix resulting from the launch of our new tennis racquets as well as the strengthening of the U.S. dollar against the euro.
For the six months ended June 30, 2009 Racquet Sports revenues increased by €3.9 million, or 6.2%, to €67.1 million from €63.2 million in the comparable 2008 period. This increase was mainly due to the strengthening of the U.S. dollar against the euro and a favorable product mix. Lower sales volumes of tennis racquets were partially offset by higher sales volumes of balls and badminton products.

Diving revenues for the three months ended June 30, 2009 decreased by €3.4 million, or 18.7%, to €14.6 million from €18.0 million in the comparable 2008 period due to decreased sales.
For the six months ended June 30, 2009, Diving revenues decreased by €5.2 million, or 16.2%, to €26.7 million from €31.9 million in the comparable 2008 period. This decrease was mainly driven by the overall decline in the economic environment and consumer spending as a result of the financial crisis.

Licensing revenues for the three months ended June 30, 2009 increased by €0.4 million, or 29.7% to €1.7 million from €1.3 million in the comparable 2008 period.
For the six months ended June 30, 2009 Licensing revenues increased by €0.3 million, or 10.6%, to €3.2 million from €2.9 million in the comparable 2008 period due to the strengthening of the U.S. dollar against the euro.

Sales deductions for the three months ended June 30, 2009 decreased by €0.3 million, or 15.5%, to €1.5 million from €1.8 million in the comparable 2008 period due to promotion sales of close out products in 2008.

For the six months ended June 30, 2009 sales deductions decreased by €0.5 million, or 13.7%, to €3.0 million from €3.5 million in the comparable 2008 period due lower sales.

Gross Profit. For the three months ended June 30, 2009 gross profit increased by €3.4 million to €24.6 million from €21.1 million in the comparable 2008 period. Gross margin increased to 42.9% in 2009 from 37.6% in the comparable 2008.
For the six months ended June 30, 2009 gross profit increased by €0.4 million to €46.4 million from €46.0 million in the comparable 2008 period. Gross margin increased to 40.5% in 2009 from 39.0% in the comparable 2008 period. This increase was due to improved manufacturing costs as well as a favorable product mix in Racquet Sports.

Selling and Marketing Expense. For the three months ended June 30, 2009, selling and marketing expense increased by €0.3 million, or 1.6%, to €21.8 million from €21.4 million in the comparable 2008 period.
For the six months ended June 30, 2009, selling and marketing expense decreased by €1.6 million, or 3.6%, to €44.1 million from €45.7 million in the comparable 2008 period. This decrease resulted from a reduction in departmental selling costs.

General and Administrative Expense. For the three months ended June 30, 2009, general and administrative expense decreased by €0.6 million, or 7.5%, to €6.9 million from €7.4 million in the comparable 2008 period.
For the six months ended June 30, 2009, general and administrative expense decreased by €0.8 million, or 5.4%, to €14.0 million from €14.8 million in the comparable 2008 period mainly due to tough cost management.

Share-Based Compensation Expense (Income). For the three months ended June 30, 2009, we recorded €0.2 million of share-based compensation expense for our Stock Option Plans compared to € 0.7 million of share-based compensation income in the comparable 2008 period.
For the six months ended June 30, 2009, we recorded €0.2 million of share-based compensation expense for our Stock Option Plans compared to € 4.1 million of share-based compensation income in the comparable 2008 period. This was a result of the increased liability as of June 30, 2009 due to the higher share price compared to December 31, 2008.

Other Operating Income, net. For the three months ended June 30, 2009, other operating income, net increased by €0.7 million, to €0.7 million from €0.0 million in the comparable 2008.
For the six months ended June 30, 2009, other operating income, net decreased by €0.5 million to €0.1 million from €0.6 million in the comparable 2008 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, 2009 decreased by €3.2 million to €3.8 million from €7.0 million in the comparable 2008 period.
For the six months ended June 30, 2009, operating loss increased by €3.8 million to €13.9 million from €10.1 million in the comparable 2008 period.

Interest Expense. For the three months ended June 30, 2009, interest expense increased by €0.5 million, or 14.3%, to €3.6 million from €3.2 million in the comparable 2008 due to €0.6 million relating to our exchange offer.
For the six months ended June 30, 2009, interest expense increased by €2.4 million, or 37.4%, to €8.7 million from €6.3 million in the comparable 2008. Costs in

connection with our exchange offer of €2.5 million were recorded (see Note 9).

Interest Income. For the three months ended June 30, 2009, interest income decreased by €0.2 million, or 55.4%, to €0.2 million from €0.4 million in the comparable 2008 period.
For the six months ended June 30, 2009, interest income decreased by €0.3 million, or 49.7% to €0.3 million from €0.7 million in the comparable 2008 period. This decrease was due to lower cash and cash equivalents.

Other Non-operating Income, net. For the three months ended June 30, 2009, other non-operating expense, net decreased by €0.7 million to an income, net of €0.7 million from an income, net of €1.4 million in the comparable 2008 period mainly attributable fewer to foreign currency gains.
For the six months ended June 30, 2009, other non-operating income, net increased by €1.0 million to an income, net of €2.1 million from an income, net of €1.1 million in the comparable 2008 period mainly attributable to foreign currency gains.

Income Tax Benefit. For the three months ended June 30, 2009, the income tax benefit was €1.3 million, a decrease of €1.0 million compared to an income tax benefit of €2.3 million in the comparable 2008 period.
For the six months ended June 30, 2009, the income tax benefit was €3.1 million, a decrease of €1.8 million compared to an income tax benefit of €4.9 million in the comparable 2008 period. This decrease resulted from higher current income tax expenses due to a provision for potential income tax liabilities of prior years of €1.2 million and lower taxable losses before share-based compensation (income) expense as this income/expense has no tax effect.

Net Loss. As a result of the foregoing factors, for the three months ended June 30, 2009, we had a net loss of €5.3 million, compared to a net loss of €6.1 million in the comparable 2008 period. For the six months ended June 30, 2009, we had a net loss of €17.1 million compared to a net loss of €9.7 million in the comparable 2008 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, we must pay our 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, 2009, cash used for operating activities decreased by €10.5 million to cash provided by operating activities of €8.8 million compared to cash used for operating activities of €1.6 million in the comparable 2008 period which was mainly a result of lower working capital needs. Additional cash was used to purchase property, plant and equipment of €3.0 million compared to €8.4 million in the comparable 2008 period.

As of June 30, 2009, we have in place €112.1 million senior notes due 2014, €12.1 million long-term obligations under a sale-leaseback agreement and a mortgage agreement due 2017, a liability against our venture partner of €2.5 million and €7.0 million other long-term debt comprising secured loans in Italy, Japan and the Czech Republic. In addition, we used lines of credit with several banks in Austria, France, Canada and Japan of €21.5 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.

Amsterdam,
21.08.2009

Johan Eliasch Chief Executive Officer	Günter Hagspiel Chief Financial Officer
Ralf Bernhart Managing Director	George Nicolai Managing Director