Press Release

HEAD NV and HTM Sport GmbH Announce the Unaudited Results of Head NV for the Three and Six Months ended 30th June 2010.

Amsterdam - 12th August 2010 - Head N.V. (VSX: HEAD; U.S. OTC: HEDYY.PK), a leading global manufacturer and marketer of sports equipment, and HTM Sport GmbH, a subsidiary of Head NV, announced the following results today.

Summary Unaudited Financial Information

€'000	For the 3 months ended June 30,			For the 6 months ended June 30,		
	2010	2009	%	2010	2009	%
Profit and Loss						
Gross Revenues:						
Winter Sports	7,771	6,508	19.4%	21,740	20,391	6.6%
Racquet Sports	36,724	35,902	2.3%	72,434	67,121	7.9%
Diving	15,131	14,639	3.4%	26,679	26,734	-0.2%
Licensing	1,215	1,717	-29.2%	2,611	3,208	-18.6%
Sales Deductions	(1,827)	(1,491)	22.5%	(3,474)	(3,005)	15.6%
Net Revenues	59,013	57,275	3.0%	119,990	114,449	4.8%
Adjusted Operating Loss	(5,683)	(3,312)		(9,002)	(11,722)	
Adjustments:						
Restructuring		(253)			(1,977)	
ESOP	709	(216)		3,516	(206)	
Reported Operating Loss	(4,974)	(3,781)		(5,486)	(13,905)	
Net Loss	(8,044)	(5,282)		(9,873)	(17,057)	
Cashflow						
Net cash provided by (used for) operating activities	(14,654)	(10,851)		17,621	8,832	
Purchase of property, plant and equipment	1,270	1,482		2,256	2,965	
Balance Sheet						
Cash & cash equivalents				53,155	17,942	
Available for sale financial assets				6,826	6,048	
Borrowings				117,070	155,235	
Net Debt				57,089	131,245	
Working Capital				102,999	115,144	
Net Equity				146,807	108,749	

HEAD

For the six months ended June 30, 2010 total net revenues increased by €5.5 million, or 4.8%, to €120.0 million from €114.4 million in the comparable 2009 period. This increase was mainly due to improved winter sports and racquet sports sales offset by a decline in licensing and diving.

The first six months of the year are not significant for the winter sports division, as typically less than 15% of the annual revenues are derived in this period. The increase in the sales in this period was due to higher volumes and some improved mix.

Racquet sales for the first six months grew from a combination of exchange rate movements (the US dollar strengthened in the period), higher volumes in both racquets and balls and some mix improvement in racquets in the first quarter, offset by mix decline in balls.

Diving saw a slight improvement in sales in the three months to 30th June 2010 compared to the same period in 2009, but overall the six months to June 30th 2010 resulted in a slight decline compared to the prior year, as consumers still appear to be wary of spending on items at these high price points.

The sales improvement for the first six months of 2010 compared to 2009, combined with improved margins positively impacted the adjusted operating loss which decreased by €2.7m during the period. The margin improvement was caused by some manufacturing improvements and mix in the first quarter which were off set in part by higher raw material costs, exchange fluctuations and a deteriorating mix in racquet sports in the second quarter.

The net loss decreased by over €7m in the six months to 30th June 2010 compared to the same period in 2009 mainly due to the improved adjusted operating performance compounded by ESOP income, lower interest costs and no restructuring or bond exchange costs in 2010.

Operating cashflow for the first six months of 2010 compared to the same period in 2009 improved by €8.9m due to enhanced operating results and tighter working capital management. The positive trend in the first quarter of 2010 compared to the same period in 2009 when operating cashflow improve by €12.6m was, however, reversed in the second quarter when it deteriorated by €3.8m mainly due to the higher adjusted operating loss in the second quarter.

The overall improved cashflow and the success of our bond exchange in 2009 has brought our net debt down from €131.2m at the 30th June 2009 to €57.1m at the 30th June 2010.

Based on our current order book, we expect sales to be slightly ahead of last years, but conditions in the industry still remain tough, economic conditions uncertain, and margins suppressed due to mix changes, increasing raw material costs and foreign exchange movements. We will need to continue with restructuring programmes in order to further reduce costs so that we remain price competitive in what continues to be a difficult industry in which to operate.

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About Head

HEAD NV is a leading global manufacturer and marketer of premium sports equipment.

HEAD NV's ordinary shares are listed on the Vienna Stock Exchange ("HEAD").

Our business is organized into four divisions: Winter Sports, Racquet Sports, Diving and Licensing. We sell products under the HEAD (tennis, squash and racquetball racquets, tennis balls, tennis footwear, badminton products, swimwear, alpine skis, ski bindings and ski boots, snowboards, bindings and boots), Penn (tennis and racquetball balls), Tyrolia (ski bindings), and Mares/Dacor (diving equipment) brands.

We hold leading positions in all of our product markets and our products are endorsed by some of the world's top athletes including;

Skiers: Bode Miller, Didier Cuche, Aksel Lund Svindal, Ted Ligety, Werner Heel, Kjetil Jansrud, Patrick Staudacher, Hans Grugger, Hermann Maier, Franz Klammer, Jon Olsson, Lindsey Vonn, Maria Riesch, Anja Parson, Elisabeth Gorgl, Sarka Zahrobska

Tennis players: Novak Djokovic, Andy Murray, Robin Soderling, Marin Cilic, Svetlana Kuznetsova, Victoria Azarenka

For more information, please visit our website: www.head.com

Analysts, investors, media and others seeking financial and general information, please contact:

Clare Vincent, Investor Relations
Tel: +44 207 499 7800
Fax: +44 207 491 7725
E-mail: headinvestors@aol.com

Gunter Hagspiel, Chief Financial Officer
Tel: +43 5574 608
Fax +43 5574 608 130

This press release should be read in conjunction with the company's report for the three and six months ended 30th June 2010.

Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this press release, the words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references to assumptions, as they relate to Head N.V., its management or third parties, identify forward-looking statements. Forward-Looking statements include statements regarding Head N.V.'s business strategy, financial condition, results of operations, and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of Head N.V.'s management as well as assumptions made by its management and information currently available to Head N.V. Although Head N.V. believes that these beliefs and assumptions are reasonable, the statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These Factors include, but are not limited to, the following: the impact of the current global economic turmoil, weather and other factors beyond their control, competitive pressures and trends in the sporting goods industry, our ability to implement their business strategy, our liquidity and capital expenditures, our ability to obtain financing, our ability to realize the cost savings expected from the cost reduction program, our ability to compete, including internationally, our ability to introduce new and innovative products, legal proceedings and regulatory matters, our ability to fund their future capital needs, and general economic conditions. These factors, risks and uncertainties expressly qualify all subsequent oral and written forward-looking statements attributable to Head N.V. or persons acting on its behalf.

Equity
Head N.V.
Rokin 55
NL 1012 KK Amsterdam
ISIN: NL0000238301
Stock Market: Vienna Stock Exchange

Bonds
HTM Sport GmbH
Tyroliaplatz 1
A 2320 Schwechat
ISIN 8.5% Senior Notes: XS0184717956 / XS0184719143
ISIN 10.0% Senior Secured Notes: XS0447202218 / XS0447202309
Official Market: Luxembourg

HEAD

HEAD N.V.
INTERIM FINANCIAL STATEMENTS

For the Period Ended
June 30, 2010

HEAD N.V.

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2010

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, 2010		December 31, 2009
			(unaudited)		
			(in thousands, except share data)		
ASSETS:					
Non-current assets					
Property, plant and equipment, net	6	€	53,796	€	54,211
Intangible assets	6		11,659		10,995
Goodwill	6		3,088		2,744
Deferred income tax assets			53,532		49,239
Trade receivables			40		1,045
Other non-current assets			4,827		4,738
Total non-current assets			126,942		122,970
Current assets					
Inventories, net	3		99,730		62,829
Trade and other receivables			73,936		122,296
Prepaid expense			2,709		1,857
Available-for-sale financial assets			6,826		6,573
Cash and cash equivalents			53,155		36,935
Total current assets			236,357		230,490
Total assets		€	363,299	€	353,460
EQUITY:					
Share capital: €0.01 par value; 88,204,030 shares issued	5	€	882	€	882
Other reserves			105,077		105,077
Treasury shares	5		(683)		(683)
Retained earnings			43,413		53,286
Fair Value and other reserves including cumulative translation adjustments (CTA)			(1,883)		(10,073)
Total equity			146,807		148,489
LIABILITIES:					
Non-current liabilities					
Borrowings			93,611		92,286
Retirement benefit obligations			14,760		14,276
Other long-term liabilities			11,246		14,212
Total non-current liabilities			119,617		120,774
Current liabilities					
Trade and other payables			59,357		49,003
Income tax liabilities			2,785		1,947
Borrowings			23,459		22,133
Provisions			11,275		11,114
Total current liabilities			96,876		84,197
Total liabilities			216,492		204,971
Total liabilities and shareholders' equity		€	363,299	€	353,460

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, 2010 (unaudited)	For the Three Months ended June 30, 2009 (unaudited)	For the Six Months ended June 30, 2010 (unaudited)	For the Six Months ended June 30, 2009 (unaudited)
		(In thousands, except share data)		(In thousands, except share data)	
Results of operations:					
Total net revenues	6	€ 59,013	€ 57,275	€ 119,990	€ 114,449
Cost of sales		34,803	32,713	69,592	68,094
Gross profit		24,210	24,562	50,397	46,354
Selling and marketing expense		21,984	21,781	44,494	44,094
General and administrative expense		7,511	6,867	14,034	14,035
Restructuring costs		--	253	--	1,977
Share-based compensation expense (income)		(709)	216	(3,516)	206
Other operating expense (income), net		398	(774)	871	(53)
Operating loss		(4,974)	(3,781)	(5,486)	(13,905)
Interest and other finance expense		(2,334)	(3,034)	(4,649)	(6,186)
Expense on exchange of senior notes		--	(600)	--	(2,500)
Interest and investment income		121	159	317	343
Other non-operating income (expense), net		(2,776)	724	(3,204)	2,104
Loss before income taxes		(9,963)	(6,532)	(13,023)	(20,144)
Income tax benefit (expense):					
Current		(806)	(979)	(1,093)	(2,325)
Deferred		2,726	2,230	4,243	5,412
Income tax benefit		1,919	1,250	3,149	3,087
Loss for the period		€ (8,044)	€ (5,282)	€ (9,873)	€ (17,057)
Other comprehensive income:					
Gains (losses) recognized directly in equity					
Invested intercompany receivables		€ 1,053	€ (90)	€ 1,511	€ 314
Available-for-sale financial assets		80	112	253	(146)
Foreign currency translation adjustment		3,799	(2,063)	6,868	(354)
Income tax related to components of other comprehensive income		(283)	(6)	(441)	(42)
Other comprehensive income (loss) for the period, net of tax		€ 4,649	€ (2,047)	€ 8,191	€ (228)
Total comprehensive loss for the period		€ (3,395)	€ (7,329)	€ (1,683)	€ (17,285)
Earnings per share-basic					
Loss for the period		(0.09)	(0.14)	(0.11)	(0.46)
Earnings per share-diluted					
Loss for the period		(0.09)	(0.14)	(0.11)	(0.46)
Weighted average shares outstanding					
Basic		87,944	37,109	87,944	37,109
Diluted		87,944	37,109	87,944	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, 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
Balance at January 1, 2010		87,944,008 €	882 €	105,077 €	(683) €	53,286 €	(10,073) €	148,489
Loss for the period		--	--	--	--	(9,873)	--	(9,873)
Changes in fair value and other reserves including CTA							8,191	8,191
Total recognized income and expense for the period		--	--	--	--	--	--	(1,683)
Balance at June 30, 2010		87,944,008 €	882 €	105,077 €	(683) €	43,413 €	(1,883) €	146,807

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, 2010 (unaudited)	2009 (unaudited)
		(in thousands)	
OPERATING ACTIVITIES:			
Loss for the period		€ (9,873)	€ (17,057)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization		5,348	6,749
Amortization and write-off of debt issuance cost and bond discount		79	229
Provision (release) for leaving indemnity and pension benefits		342	(184)
Restructuring costs		--	82
(Gain) loss on sale of property, plant and equipment		22	(23)
Share-based compensation (income) expense		(3,516)	206
Deferred Income		(479)	(458)
Interest expense		4,429	5,957
Interest income		(317)	(343)
Income tax expense		1,093	2,325
Deferred tax benefit		(4,243)	(5,412)
Changes in operating assets and liabilities:			
Accounts receivable		54,926	64,341
Inventories	3	(33,362)	(29,887)
Prepaid expense and other assets		(854)	(155)
Accounts payable, accrued expenses, other liabilities and provisions		8,996	(10,816)
Interest paid		(4,499)	(6,275)
Income tax paid		(471)	(448)
Net cash provided by operating activities		17,621	8,832
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(2,256)	(2,965)
Proceeds from sale of property, plant and equipment		15	52
Interest received		326	310
Net cash used for investing activities		(1,916)	(2,603)
FINANCING ACTIVITIES:			
Change in short-term borrowings, net		(103)	(2,791)
Payments on long-term debt		(514)	(1,395)
Change in restricted cash		(11)	(619)
Net cash used for financing activities		(628)	(4,806)
Effect of exchange rate changes on cash and cash equival		1,130	(1,744)
Net increase (decrease) in cash and cash equivalents		16,208	(321)
Cash and cash equivalents at beginning of period		36,024	17,155
Cash and cash equivalents at end of period		€ 52,232	€ 16,834

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 products, tennis, racquetball, squash and badminton racquets, tennis balls and tennis footwear, swimwear), *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 September, 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 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.

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 15% of its Winter Sports revenues. 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, 2009. The condensed interim financial statements comply with IAS 34. The result of operations for the six months period ended June 30, 2010 is not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year.

Note 3 – Inventories

Inventories consist of the following (in thousands):

		June 30, 2010 (unaudited)		December 31, 2009
Raw materials and supplies	€	14,010	€	13,196
Work in process		7,780		5,517
Finished goods		87,941		54,591
Provisions		(10,002)		(10,474)
Total inventories, net	€	99,730	€	62,829

Note 4 - Financial Instruments

The following table provides information regarding the Company's foreign exchange forward and option contracts as of June 30, 2010 and December 31, 2009. 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, 2010		
	Contract amount	Carrying value	Fair value
		(in thousands)	
Foreign exchange forward contracts	€ 22,516	€ (2.771)	€ (2.771)
Foreign exchange option contracts	€ 4,861	€ (0)	€ (0)

	As of December 31, 2009		
	Contract amount	Carrying value	Fair value
		(in thousands)	
Foreign exchange forward contracts	€ 31,029	€ (271)	€ (271)
Foreign exchange option contracts	€ 3,683	€ 16	€ 16

Note 5 – Shareholders' Equity

Head Sports Holdings N.V. and its shareholders controlled 48,242,064 shares, or approximately 54.69% of the Company's issued shares, as of June 30, 2010. 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, 2010, the Stichting held 260,022 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,	
	2010	2009	2010	2009
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)			
Revenues from External Customers:				
Austria €	16,834	€ 16,815	€ 39,116	€ 38,049
Italy	10,320	10,073	18,392	18,605
Other (Europe)	8,342	8,575	17,116	15,896
Asia	2,626	2,039	5,444	4,396
North America	20,892	19,774	39,922	37,502
Total Net Revenues €	59,013	€ 57,275	€ 119,990	€ 114,449

	June 30, 2010	December 31, 2009
	(unaudited)	
	(in thousands)	
Long-lived assets:		
Austria €	19,460	€ 20,672
Italy	8,499	8,941
Other (Europe)	20,170	20,781
Asia	12,681	10,811
North America	7,733	6,744
Total long-lived assets €	68,543	€ 67,949

Note 7 - Related Party Transactions

The Company receives administrative services from corporations, which are ultimately controlled by the principal shareholder of the Company. Administrative expenses amounted to approximately €2.3 million for the period ended June 30, 2010 and 2009, respectively. The company provides investor relations, corporate finance, legal and consulting 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 general manager. Rental expenses amounted to approximately €0.02 million for the period ended June 30, 2010 and 2009, respectively.

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, swimwear), *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, 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 2009/2010 winter season started with early snow 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 and skiwear. Ski sales in Europe have been flat compared to 2008 and significantly down in Japan and in Canada. Good snow conditions all over the world as from January onwards for the rest of the season led to some good sell through also in Japan and retailers could reduce their inventory. In the Olympic Games in Vancouver Head skiers won four Gold, one Silver and six Bronze medals the best performing Alpine Ski brand during these games. This increases the popularity and demand for our products at retail and consumer level and helps us to gain additional market share in a still slightly declining equipment market. There is a significant trend towards renting the ski equipment. The collection of the preseason orders for our winter sports business has been finalized and based on our bookings, we believe that winter sports sales will overachieve last year's sales.

Racquet Sports. We believe that the tennis market has slightly declined in the first half of 2010. The U.S. market has seen a decline of 2% in unit sales, but revenue has actually increased by +7% based on many new product launches. The global European markets are expected to have declined in the first half of this year, particularly following very bad weather conditions in most markets during the crucial spring tennis season. For the first four months of the year, the Japanese market has declined by approximately 4%.

Diving. In General, diving markets are flat to declining in 2010 compared to the comparable period in 2009. In Europe, due to bad weather conditions until mid of June the diving season started late and sales are behind the level of 2009. The U.S. diving market is flat as a result of a slow recovery from the worldwide economic crisis, with dive equipment at higher price-points having been affected stronger than soft-goods. The Company believes that Mares gained market share in its key European markets, of Germany, France and Spain as a result of innovative product launches and improved operations.

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,	
	2010	2009	2010	2009
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	(in thousands)		*(in thousands)*	
Total net revenues	€ 59,013	€ 57,275	€ 119,990	€ 114,449
Cost of sales	34,803	32,713	69,592	68,094
Gross profit	24,210	24,562	50,397	46,354
Gross margin	41.0%	42.9%	42.0%	40.5%
Selling and marketing expense	21,984	21,781	44,494	44,094
General and administrative expense	7,511	6,867	14,034	14,035
Restructuring costs	--	253	--	1,977
Share-based compensation expense (income)	(709)	216	(3,516)	206
Other operating expense (income), net	398	(774)	871	(53)
Operating loss	(4,974)	(3,781)	(5,486)	(13,905)
Interest and other finance expense	(2,334)	(3,034)	(4,649)	(6,186)
Expense on exchange of senior notes	--	(600)	--	(2,500)
Interest and investment income	121	159	317	343
Other Non-operating income (expense), net	(2,776)	724	(3,204)	2,104
Income tax benefit	1,919	1,250	3,149	3,087
Loss for the period	€ (8,044)	€ (5,282)	€ (9,873)	€ (17,057)

Three and Six Months Ended June 30, 2010 and 2009

Total Net Revenues. For 'the three months ended June 30, 2010 total net revenues increased by €1.7 million, or 3.0%, to €59.0 million from €57.3 million in the comparable 2009 period. This increase was due to increased sales volumes in Winter Sports and the strengthening of the U.S. dollar against the euro during the comparable period.
For the six months ended June 30, 2010 total net revenues increased by €5.5 million, or 4.8%, to €120.0 million from €114.4 million in the comparable 2009 period. This increase was mainly due to higher sales volumes of our Winter Sports and Racquet Sports division.

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,	
	2010 (unaudited)	2009 (unaudited)	2010 (unaudited)	2009 (unaudited)
	(in thousands)		*(in thousands)*	
Product category:				
Winter Sports	€ 7,771	€ 6,508	€ 21,740	€ 20,391
Racquet Sports	36,724	35,902	72,434	67,121
Diving	15,131	14,639	26,679	26,734
Licensing	1,215	1,717	2,611	3,208
Total revenues	60,840	58,765	123,463	117,453
Sales Deductions	(1,827)	(1,491)	(3,474)	(3,005)
Total Net Revenues	€ 59,013	€ 57,275	€ 119,990	€ 114,449

Winter Sports revenues for the three months ended June 30, 2010 increased by €1.3 million, or 19.4%, to €7.8 million from €6.5 million in the comparable 2009 period. This increase was due to higher sales volumes.
For the six months ended June 30, 2010 Winter Sports revenues increased by €1.3 million, or 6.6%, to €21.7 million from €20.4 million in the comparable 2009 period. This increase was due to higher sales volumes of all of our winter sports products except protection wear and a favorable product mix.

Racquet Sports revenues for the three months ended June 30, 2010 increased by €0.8 million, or 2.3%, to €36.7 million from €35.9 million in the comparable 2009 period. This increase was due to higher sales volumes of tennis balls as well as the strengthening of the U.S. dollar against the euro partially offset by an unfavorable product mix resulting from the launch of new tennis racquets during the second quarter 2009.
For the six months ended June 30, 2010 Racquet Sports revenues increased by €5.3 million, or 7.9%, to €72.4 million from €67.1 million in the comparable 2009 period. This increase was mainly due to higher sales volumes of racquets and balls, a favorable product mix of racquets and the strengthening of the U.S. dollar against the euro partially offset by an unfavorable product mix of balls.

Diving revenues for the three months ended June 30, 2010 increased by €0.5 million, or 3.4%, to €15.1 million from €14.6 million in the comparable 2009 period resulting from increased sales compared to the second quarter of 2009 due to the later start of the diving season in Europe caused by bad weather conditions until mid of June.
For the six months ended June 30, 2010, Diving revenues decreased by €0.1 million, or 0.2%, to €26.7 million from €26.7 million in the comparable 2009 period. Product availability issues caused by third party suppliers mainly drove this decrease.

Licensing revenues for the three months ended June 30, 2010 decreased by €0.5 million, or 29.3% to €1.2 million from €1.7 million in the comparable 2009 period.
For the six months ended June 30, 2010 Licensing revenues decreased by €0.6 million, or 18.6%, to €2.6 million from €3.2 million in the comparable 2009 period due to fewer licensing agreements. The Company took its previously licensed Sportswear business in-house and will start delivering apparel in 2011.

Sales deductions for the three months ended June 30, 2010 increased by €0.3 million, or 22.6%, to €1.8 million from €1.5 million in the comparable 2009 period due to higher sales

in 2010.
For the six months ended June 30, 2010 sales deductions increased by €0.5 million, or 15.6%, to €3.5 million from €3.0 million in the comparable 2009 period due to higher sales.

Gross Profit. For the three months ended June 30, 2010 gross profit decreased by €0.4 million to €24.2 million from €24.6 million in the comparable 2009 period. Gross margin decreased to 41.0% in 2010 from 42.9% in the comparable 2009 due to increased raw material costs in part due to the impact of the strengthening U.S. dollar against the euro and unfavorable product mix.
For the six months ended June 30, 2010 gross profit increased by €4.0 million to €50.4 million from €46.4 million in the comparable 2009 period. Gross margin increased to 42.0% in 2010 from 40.5% in the comparable 2009 period. This increase was due to higher sales and improved manufacturing costs partially offset by higher cost for raw materials.

Selling and Marketing Expense. For the three months ended June 30, 2010, selling and marketing expense increased by €0.2 million, or 0.9%, to €22.0 million from €21.8 million in the comparable 2009 period.
For the six months ended June 30, 2010, selling and marketing expense increased by €0.4 million, or 0.9%, to €44.5 million from €44.1 million in the comparable 2009 period. This increase resulted from higher commissions and increased departmental selling costs.

General and Administrative Expense. For the three months ended June 30, 2010, general and administrative expense increased by €0.6 million, or 9.4%, to €7.5 million from €6.9 million in the comparable 2009 period.
For the six months ended June 30, 2010, general and administrative expense remained stable at €14.0 million.

Share-Based Compensation Expense (Income). For the three months ended June 30, 2010, we recorded €0.7 million of share-based compensation income for our Stock Option Plans compared to € 0.2 million of share-based compensation expense in the comparable 2009 period.
For the six months ended June 30, 2010, we recorded €3.5 million of share-based compensation income for our Stock Option Plans compared to € 0.2 million of share-based compensation expense in the comparable 2009 period. This was a result of the decreased liability as of June 30, 2010 due to the lower share price compared to December 31, 2009.

Other Operating Expense (Income), net. For the three months ended June 30, 2010, other operating expense, net increased by €1.2 million, to €0.4 million from other operating income, net of €0.8 million in the comparable 2009 mainly due to foreign exchange rate fluctuations.
For the six months ended June 30, 2010, other operating expense, net increased by €0.9 million to €0.9 million from other operating income, net of €0.1 million in the comparable 2009 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, 2010 increased by €1.2 million to €5.0 million from €3.8 million in the comparable 2009 period.
For the six months ended June 30, 2010, operating loss decreased by €8.4 million to €5.5 million from €13.9 million in the comparable 2009 period.

Interest and other Finance Expense. For the three months ended June 30, 2010, interest and other finance expense decreased by €0.7 million, or 23.1%, to €2.3 million from €3.0 million in the comparable 2009.
For the six months ended June 30, 2010, interest and other finance expense decreased by €1.5 million, or 24.8%, to €4.6 million from €6.2 million in the comparable 2009. This

decrease resulted from a lower balance of borrowings as a result of the successful bond exchange in 2009.

Interest and Investment Income. For the three months ended June 30, 2010, interest and investment income remained insignificant at €0.1 million.
For the six months ended June 30, 2010, interest and investment income remained insignificant at €0.3 million.

Other Non-operating Income (Expense), net. For the three months ended June 30, 2010, other non-operating expense, net increased by €3.5 million to €2.8 million from an income, net of €0.7 million in the comparable 2009 period mainly attributable to foreign currency losses.
For the six months ended June 30, 2010, other non-operating expense, net increased by €5.3 million to €3.2 million from an income, net of €2.1 million in the comparable 2009 period mainly attributable to foreign currency losses.

Income Tax Benefit. For the three months ended June 30, 2010, the income tax benefit was €1.9 million, an increase of €0.7 million compared to an income tax benefit of €1.3 million in the comparable 2009 period.
For the six months ended June 30, 2010, and 2009 the income tax benefit was €3.1 million, respectively. A decrease in current income tax expense of €1.2 million for the six month ended June 30, 2010 compared to the same period in 2009 was due to a provision for potential income tax liabilities of prior years expensed in June 2009. For the six month ended June 2010 compared to the same period 2009, deferred tax benefit increased by €1.2 million due to higher deferred tax benefit on tax losses carry forwards usable in the future.

Net Loss. As a result of the foregoing factors, for the three months ended June 30, 2010, we had a net loss of €8.0 million, compared to a net loss of €5.3 million in the comparable 2009 period. For the six months ended June 30, 2010, we had a net loss of €9.9 million compared to a net loss of €17.1 million in the comparable 2009 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, 2010, cash provided by operating activities increased by €8.8 million to €17.6 million compared to €8.8 million in the comparable 2009 period, which was mainly a result of a better operating result, lower interest paid and improved working capital management. Cash was used to purchase property, plant and equipment of €2.3 million compared to €3.0 million in the comparable 2009 period.

As of June 30, 2010, the Company had in place €43.7 million secured senior notes due 2012, €27.7 million senior notes due 2014, €12.0 million long-term obligations under a sale-leaseback agreement and a mortgage agreement due 2017, a liability against our venture partner of €2.9 million and €9.3 million other long-term debt comprising secured loans in Italy, Japan and China. In addition, the Company used lines of credit with several banks in Austria, France and Japan of €21.3 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 12, 2010

Johan Eliasch
Chief Executive Officer

Günter Hagspiel
Chief Financial Officer

Ralf Bernhart
Managing Director

George Nicolai
Managing Director