

HEAD NV and HTM Sport GmbH Announce Amendment relating to its 2009 Financial Statements.

Amsterdam – 24th November 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 N.V., announced the following amendment relating to its 2009 financial statements today.

The adjustment which is one off (non recurring) and technical in its nature has no effect on the key indicators of operating performance and has no implications for the economics or cash generation of the business.

BACKGROUND

As a result of evolution of the application of IFRS and a review of our accounts by the Netherlands Authority for the Financial Markets (the “AFM”), HEAD N.V. today announced that certain financial information of the Company's previously issued financial statements for the year ended December 31, 2009 will be amended in the 2010 financial statements in respect of the accounting treatment for the 2009 private exchange offer (the “Exchange Offer”) to exchange HTM's (a subsidiary of Head N.V.'s) outstanding € 135 million 8.5% senior notes due 2014 for HTM's newly issued secured noted and Head N.V. ordinary shares (the “Shares”).

Accordingly, the 2009 September 30 interim report, the 2009 year end financial statements and 2010 interim reports should be read together with the information contained in this press release.

The decision was taken on 23rd November 2010 in the meeting of the Audit Committee and the Company's Board of Directors.

REASONS FOR AMENDMENT

The evaluation of the application of IFRS and a review of our financial statements by the AFM has caused the AFM, on the basis of their interpretation of relevant accounting standards, to recommend that we reconsider the attributable fair values for accounting purposes of the Senior Secured Notes and Shares issued at the time of the Exchange Offer. The application of IFRS in this area is highly complex and involves significant judgment. While management is still of the opinion that the current accounting treatment accurately reflects the fair value of the Senior Secured Notes and Shares at the time of issue, it is also satisfied that the alternative view of the AFM has sufficient merit that the adjustments proposed can be agreed upon. In this way the Company is able to both satisfy the AFM and prevent a prolonged discussion on what is considered to be a highly technical matter. The fair values have been reassessed and as a result changes are to be made to the accounting of these transactions in accordance with IAS 8. The effect would have resulted in a reduction of the previously reported gain on exchange by 5.4% from € 40.3 million to € 38.1 million, a decrease in non-current borrowings of € 12.2 million to € 80.1 million and an increase in equity of € 11.1 million to € 159.6 million.

Full details of the Exchange Offer were disclosed at the time of the offer in our press releases and in our 2009 annual accounts.



FINANCIAL IMPACT

The fair value of the Shares and Senior Secured Notes issued have been amended as follows:

1. The ordinary shares in Head N.V. which were issued to the Note holders and in connection with the Working Capital Guarantee pursuant to the Exchange Offer at the time of the Exchange Offer were recorded at € 0.01 per share. This reflected the fair value as determined by management when preparing the financial statements 2009 based on the illiquidity of the market of the shares and the given economic and financial circumstances of the Company at that time. These shares will be corrected to value them at their respective quoted market prices as of their transaction dates of 14th of August 2009 and the 30th July 2009, at € 0.35 and € 0.30 respectively.
2. The fair value of the newly issued Senior Secured Notes was recorded at the time of the Exchange Offer at a par value of € 43.738 million. In light of the above amendment of the fair value of the Shares, management has also reconsidered the measurement of the Senior Notes at the time of the exchange. Based on the Exchange Offer to the Note holders to receive Senior Secured Notes and Shares, the fair value of this consideration is assessed on the market price of the old Senior Notes at the time of the exchange. This has resulted in a consequential amendment to the initial measurement of the newly issued Senior Secured Notes at the date of exchange. The corrected fair value for the newly issued Senior Secured Notes will be € 30.1 million.

Had these amendments been reflected in the 2009 consolidated financial statements, the impact would have been as follows:

€ million	As reported	As amended
Balance Sheet		
Deferred tax asset	49.2	48.1
Equity*	148.5	159.6
Borrowings	92.3	80.1
Profit and Loss		
Interest and other finance expense	(11.3)	(12.8)
Gain on exchange of senior notes *	40.3	38.1
<i>Profit before tax</i>	<i>38.8</i>	<i>35.1</i>
Income tax expense	(16.4)	(17.6)
Net result	22.3	17.5
Earnings per share in €	0.40	0.31





* The increase in the equity of €11.1m is due to a decrease in retained earnings for the year of €4.8m plus the adjustment to the fair value of the shares issued to Note holders (€7.6m) plus the impact of the adjustment to the fair value of the shares issued in connection with the working capital guarantee (€8.2m). The reduction on the gain on the sale of senior notes arises from an adjustment to the fair value of the Senior Secured Notes (€13.7m) less the adjustment to the fair value of the shares issued to the Note holders (€7.6m) less the adjustment to the fair value of the shares issued in connection with the working capital guarantee (€8.2m).

ONGOING FINANCIAL IMPACT

Each year from the date of the Exchange Offer until the expiry of the new Senior Secured Notes, the difference that has arisen between the fair value of the newly issued Notes and the par value of these Notes will be amortized interest expense in the Consolidated Statement of Comprehensive Income which will amount to approximately € 3.8 million, € 4.8 million and € 3.6 million for the years ended December 31, 2010, 2011 and 2012 respectively.

About Head

HEAD N.V. 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, alpine skis, ski bindings and ski boots, snowboards, bindings and boots, helmets and protection wear), 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, Johann 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, Mikhail Youzhny, Marin Cilic, Svetlana Kuznetsova, Victoria Azarenka, Andre Agassi, Guillermo Vilas, Ilie Nastase, Bjorn Borg, Mansour Bahrami.

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,



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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.

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

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Equity ISIN: NL0000238301
Stock Market: Vienna Stock Exchange

HTM Sport GmbH
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HTM 8.5% Senior Notes ISIN: XS0184717956 and XS0184719143
HTM 10.0% Senior Secured Notes: XS0447202218 and XS0447202309
Official Market: Luxembourg

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