OFFERING MEMORANDUM

€135,000,000
HTM Sport- und Freizeitgeräte AG
8 ½% Senior Notes due 2014
Guaranteed on a senior basis by Head N.V. and certain of its subsidiaries as to the payment of principal, premium, if any, interest and all other amounts payable under the notes

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The notes will bear interest at the rate of 8 ½% per year. Interest on the notes is payable on August 1 and February 1 of each year, beginning on August 1, 2004. The notes will mature on February 1, 2014. HTM Sport- und Freizeitgeräte AG ("HTM" or the "Issuer") may redeem some or all of the notes at any time on or after February 1, 2009. In addition, prior to February 1, 2007 HTM may redeem up to 35% of the notes from the proceeds of certain public equity offerings. See "Description of the Notes—Optional Redemption." The redemption prices are discussed under the caption "Description of the Notes—Optional Redemption."

The notes will be HTM's senior unsecured obligations and will rank equally with all of its existing and future senior unsecured indebtedness and senior to its subordinated indebtedness. The notes will be effectively subordinated to HTM's existing and future secured indebtedness to the extent of the assets securing that indebtedness. On the issue date, Head N.V. and Head Holding Unternehmensbeteiligung GmbH, HTM's indirect and direct parent companies, respectively, and certain of HTM's subsidiaries, will guarantee the notes with guarantees that will be unsecured. These guarantees will rank equally with all existing and future unsecured senior obligations of the guarantors and will be effectively subordinated to existing and future secured indebtedness of the guarantors to the extent of the assets securing that indebtedness.

The guarantors are the Issuer's indirect and direct parent companies, Head N.V. and Head Holding Unternehmensbeteiligung GmbH, respectively, and the Issuer's subsidiaries, Head Sport AG, Head International GmbH, HTM Sport S.p.A., Head USA Inc., Penn Racquet Sports Inc., Head Sport s.r.o. and Head/Tyrolia Sports Canada Inc.

We have applied to list the notes on the Luxembourg Stock Exchange in accordance with its rules.

Investing in the notes involves risks. See "Risk Factors" beginning on page 9.

The notes have not been registered under the Securities Act of 1933 or any state securities laws. Accordingly, the notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States in accordance with Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the notes see "Plan of Distribution" and "Notice to Investors."

Price: 100.000% plus accrued interest, if any, from January 29, 2004.

The initial purchaser delivered the notes to purchasers on January 29, 2004.

Sole Book-Running Manager

Citigroup

June 22, 2004

You should rely only on the information contained in this offering memorandum. We have not, and the initial purchaser has not, authorized anyone to provide you with different information. We are not and the initial purchaser is not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum.

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This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the securities described in this offering memorandum. The statements set forth in the table, second paragraph, fifth paragraph and eighth paragraph under the heading "Plan of Distribution" constitute the information in the offering memorandum provided by the initial purchaser. PwC Wirtschaftsprüfung AG, our external auditor, has audited the consolidated financial statements in the offering memorandum as of December 31, 2001 and 2002 and for the years ended December 31, 2000, 2001 and 2002. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this offering memorandum to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing.

The initial purchaser makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the initial purchaser as to the past or future. We have furnished the information contained in this offering memorandum.

We confirm to the best of our knowledge, information and belief, having made all reasonable inquiries, that the information contained in this offering memorandum regarding us and the notes is true and accurate in all material respects. The issuer accepts responsibility accordingly. We additionally confirm, except as provided below, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which would make this offering memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading. However, the information set out in relation to sections of this offering memorandum describing clearing arrangements, including the section entitled "Book-Entry; Delivery and Form," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear Bank, S.A./N.V. as operator of the Euroclear System ("Euroclear") or Clearstream Banking, *société anonyme* ("Clearstream Banking") currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream Banking, we accept no further responsibility in respect of such information. In addition, this offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchaser.

Neither the Securities and Exchange Commission (the "SEC"), any state or provincial securities commission nor any other regulatory authority has approved or disapproved the securities nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 and the applicable securities laws of any state or other jurisdiction pursuant to registration or exemption from registration. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "Plan of Distribution" and "Notice to Investors."

In making any investment decision, prospective investors must rely on their own examination of us and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum, as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations. Information on any website mentioned in this offering memorandum or on any website directly or indirectly linked to Head N.V., HTM or their respective subsidiaries is not incorporated by reference into this offering memorandum.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

CERTAIN REGULATORY ISSUES RELATED TO AUSTRIA

The notes will be offered in Austria by way of a non-public offering to a limited circle of institutional investors within the meaning of Section 3/1/11 of the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. This offering memorandum may not be construed to contain a public offer or a public solicitation to subscribe for or purchase notes or an invitation to make an offer for the notes or any advertisement or marketing which may be considered equivalent to a public offer or solicitation in Austria pursuant to the Capital Markets Act as amended. In Austria, the notes must not be sold or resold other than in compliance with the Capital Markets Act.

CERTAIN REGULATORY ISSUES RELATED TO FRANCE

The notes may not be offered or sold to the public in France and neither this offering memorandum, which has not been submitted to the clearance procedures of the *Autorité des Marchés Financiers,* nor any offering material or information contained herein relating to the notes, may be released, issued or distributed or caused to be released, issued or distributed to the public in France, or used in connection with any offer, subscription or sale of the notes to the public in France. Such offers, sales and distributions may be made in France only to qualified investors (*investisseurs qualifiés*) investing for their own account all as defined in, and in accordance with, Article L.411-2 of the French *Code Monétaire et Financier* and *Décret no. 98-880,* dated October 1, 1998, relating to offers to qualified investors.

CERTAIN REGULATORY ISSUES RELATED TO GERMANY

The notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the Securities Sales Prospectus Act of the Federal Republic of Germany (Wertpapier-Verkaufsprospektgesetz) and any other applicable German law. Consequently, in Germany, the notes will only be available to persons who by profession, trade or business buy or sell securities for their own or a third party's account.

CERTAIN REGULATORY ISSUES RELATED TO ITALY

The notes may not be offered or sold, directly or indirectly, in Italy other than to professional investors as defined in Article 31, paragraph 2, of Regulation No. 11522 approved by CONSOB on July 1, 1998 ("Professional Investors"), and in compliance with the forms and procedures provided therein. Under no circumstances should this offering memorandum or any other offering material circulate among or be distributed in Italy to any member of the general public in Italy or to individuals or entities falling outside the category of Professional Investors. Any offer or sale of the notes or any distribution of this offering memorandum or any other offering material or any rendering of advice in respect of an investment in the notes in Italy must be conducted either by registered securities dealing firms (*Societá di Intermediazione Mobiliare*) or by authorized intermediaries, as described in legislative decree No. 58 of February 24, 1998.

CERTAIN REGULATORY ISSUES RELATED TO THE NETHERLANDS

The notes may not be offered, sold, transferred or delivered in The Netherlands as part of their initial distribution, or at any time thereafter, directly or indirectly, other than to individuals or legal entities who or which trade or invest in securities in the conduct of a profession or trade within the meaning of section 2 of the exemption regulation pursuant to the Securities Market Supervision Act (*Vrijstellingsregeling Wet toezicht effectenverkeer* 1995), which includes banks, securities firms, insurance companies, pension funds, investment institutions, other institutional investors, finance companies and treasury departments of large commercial enterprises, which are regularly active in the financial markets.

CERTAIN REGULATORY ISSUES RELATED TO THE UNITED KINGDOM

In the United Kingdom the notes will only be offered or sold to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Financial Services and Markets Act 2000 (the "FSMA"). This communication is directed only at persons who (1) are outside the United Kingdom or (2) have professional experience in matters relating to investments or (3) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

STABILIZATION

In connection with the offering, Citigroup may over-allot or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail for a limited period.

However, Citigroup has no obligation to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

NOTE ON DEFINED TERMS USED IN THIS OFFERING MEMORANDUM

Except as otherwise expressly defined, the following terms used in this offering memorandum have the meanings assigned to them below:

"euro" or "€"	euro, the currency of the European Union member states participating in the European Monetary Union
"Guarantors"	Parent Guarantors and Subsidiary Guarantors
"*Head*," "*Head Titanium*," "*Head Intelligence*," "*Head Intelligence X*," "*Tyrolia*," "*Penn*,""*Mares*," "*Dacor*," "*Cyber*," and "*Munari*"	Our most significant trademarks. All other trademarks, service marks or brand names appearing in this offering memorandum are the property of their respective holders
"Head Holding"	HTM's intermediate parent holding company Head Holding Unternehmensbeteiligung GmbH
"HTM"	HTM Sport- und Freizeitgeräte AG
"Indenture"	Indenture governing the notes issued pursuant to this offering memorandum
"Initial Purchaser"	Citigroup Global Markets Limited
"Issuer"	HTM Sport- und Freizeitgeräte AG
"Parent Guarantors"	Head N.V. and Head Holding
"Subsidiary Guarantors"	Head Sport AG, Head International GmbH, HTM Sport S.p.A., Head USA Inc., Penn Racquet Sports Inc., Head Sport s.r.o. and Head/Tyrolia Sports Canada Inc.
"U.S. dollars," "dollars,""U.S.$"or "$"	United States dollars, the currency of the United States of America
"U.S. GAAP"	Accounting principles generally accepted in the United States of America
"We," "us" and "our"	Head N.V. and its consolidated subsidiaries

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Information

We present financial statements for Head N.V. and its subsidiaries on a consolidated basis because we believe financial statements for this consolidated group provide a more meaningful view of the financial condition of the entities responsible for the notes.

Most of our operations are outside the United States and measure and record their financial condition and results of operations in their functional currency, which for our European operations is the euro. We present our consolidated financial statements in U.S. dollars and in conformity with U.S. GAAP.

We have based our financial estimates in "Summary—Our Business Strategy—Reduce Costs," "Summary—Recent Developments," "Business—Our Business Strategy—Reduce Costs" and "Management's Discussion and Financial Analysis of Financial Condition and Results of Operations—Recent Developments" on prevailing exchange rates as of September 30, 2003.

Industry Data

Throughout this offering memorandum, we present industry data that is based on our market knowledge and experience, whether or not this basis is stated where we present this data. While we believe that our market knowledge and experience is reliable, we have not verified this data by independent sources such as market research, publicly available information and industry publications and we cannot assure you of its accuracy.

Other Data

Numerical figures included in this offering memorandum have been subject to rounding adjustments; accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to our future prospects, developments and business strategies.

These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and similar terms and phrases, including references to assumptions. These forward-looking statements include all matters that are not historical facts. These statements are contained in sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," "Business" and other sections of this offering memorandum.

These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different. These factors include, but are not limited to, the following:

- our ability to implement our business strategy;
- our liquidity and capital expenditures;
- our ability to obtain financing;
- our ability to realize the cost savings we expect to achieve from our cost reduction program;
- competitive pressures and trends in the sporting goods industry;
- our ability to compete, including internationally;

- our ability to introduce new and innovative products;
- cyclicality and economic condition of and anticipated trends in the industries we currently serve;
- legal proceedings and regulatory matters;
- our ability to fund our future capital needs; and
- general economic conditions.

Our risks are more specifically described under "Risk Factors." If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected.

We do not undertake to update our forward-looking statements or risk factors to reflect future events or circumstances.

SUMMARY

The following summary highlights selected information from this offering memorandum. It is not complete and does not contain all of the information that you should consider before investing in the notes. You should read this offering memorandum in its entirety, including the "Risk Factors" section, our consolidated financial statements and the notes to those statements.

Overview

We are a leading global manufacturer and marketer of branded sporting goods serving the skiing, tennis and diving markets. We own a portfolio of brands—*Head* (skis and ski boots, snowboard equipment, tennis, squash and racquetball racquets, athletic and outdoor footwear, apparel and accessories), *Penn* (tennis and racquetball balls), *Tyrolia* (ski bindings) and *Mares* and *Dacor* (diving equipment). Our key products have attained leading market positions and have gained visibility through their use by many of today's top athletes.

With a broad product offering marketed mainly to middle to high price points, we supply 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. Our products are sold through over 32,000 customers in over 80 countries and target sports enthusiasts of varying levels of ability and interest ranging from the novice to the professional athlete. Our strongest presence has traditionally been in Europe, and we have recently been successful in building market share in the United States, the next largest market for our products after Europe.

Over the last 54 years, we believe we have earned a reputation as a leading developer and manufacturer of innovative, high-quality and technologically advanced sporting equipment. Our focus continues to be our core products of skiing, tennis and diving equipment. In order to expand market share and maximize profitability, we have increased our emphasis on marketing and new product development, leveraging further our brands, global distribution network and traditional strength in manufacturing, and we have initiated a program to reduce our fixed costs and streamline our organizational structure.

Our Competitive Advantages

We have a leading market share in key product areas. We believe we hold leading market position in skiing, tennis and diving products.

- *Skis.* In 2003, we believe, based on our market knowledge and experience, that *Head* skis were the number two selling skis in Europe, the largest market for ski equipment in the world, and we believe we held the number three position globally or 13% of the market based on units sold.

- *Bindings. Tyrolia* bindings also have long been a market leader, and we believe, based on our market knowledge and experience, that *Tyrolia* was the top selling brand of ski bindings in 2002, in terms of numbers of units sold. In the 2003 season, we believe we were the largest manufacturer of ski bindings worldwide in terms of numbers of units produced (including ski bindings manufactured for others).

- *Racquets.* In tennis, we believe Head maintained the number one market position in Europe and the number two position globally in retail sales in 2003.

- *Balls.* Penn is the world's leading manufacturer of tennis and racquetball balls in volume sold. In 2003, we estimate that Penn sold over half the tennis balls sold in the United States and held 30% of the tennis ball market worldwide in volume. In 2003, we estimate we held 75% of the racquetball ball market in the United States, which we believe accounted for 90% of the worldwide market.

- *Diving.* Mares is one of the largest producers and marketers of diving equipment in the world. We also own Dacor Corporation, a U.S.-based seller of a selected range of diving equipment. We believe that in 2003 Mares and Dacor together held 17% of the worldwide market in diving equipment.

We have a strong brand identity. Our principal brands — *Head, Penn, Tyrolia* and *Mares* — are among the most widely recognized names in their markets. We reinforce the strength of our brands through a program of endorsements with high profile athletes and sponsorship of major tournaments and other events.

- *Winter Sports.* Hannes Trinkl, the 2001 Downhill World champion, endorses *Head* skis as well as the up and coming star Maria Riesch, from Germany. In snowboarding, we have received endorsements from the German athlete, Jan Michaelis, who won the overall 2001/2002 world championship title in Halfpipe and his Finnish teammate, Jukka Erätuli, who won the 2001/2002 and 2002/2003 overall world championship title in the Big Air discipline.

- *Racquet Sports.* Andre Agassi endorses our Head tennis racquets and used our Head Liquidmetal racquet in the 2003 U.S. Open. Gustavo Kuerten and Goran Ivanisevic both won 2001 Grand Slam tournaments using a *Head Intelligence* racquet. *Penn* is the official tennis ball of many major tennis tournaments worldwide, including ATP Tour and WTA Tour events and the Tennis Masters Series and Tennis Masters Cup.

- *Diving.* We believe most free diving world records, including those set by Francisco "Pipin" Ferreras at 170 meters and Gianluca Genoni, have been set using *Mares* equipment.

This strong brand identity allows our products to command higher prices and fosters brand loyalty. We believe the strong identity and visibility of our brands have been instrumental in increasing licensing opportunities for apparel and other products, as well as enabling us to introduce new product lines and enter new markets more effectively.

We are at the forefront of product development and innovation. We have been and continue to be at the forefront of the development of innovative and technologically advanced sporting equipment.

- In 2003 we introduced Head Liquidmetal racquets, which *Fortune* magazine and *Business Week* recently declared to be one of the 25 best products of the year 2003. Three months after their introduction, 3 of our Head Liquidmetal lines of racquets were in the top four best-selling racquets in the U.S. Pro/Specialty channel of distribution. In addition, our Head Liquidmetal *"LM Radical"* racquet was the best selling racquet of all brands in Japan in the September to December 2003 sales period. In 2000, we introduced our *Head Intelligence* and *Head Intelligence X* racquets, which, along with *Head Titanium* racquets (launched in 1997), significantly increased our overall U.S. market share in terms of revenues from 9% in 1997 to 24% in 2003.

- In our *Head Intelligence* skis and snowboards, we have utilized the technology originally developed for our *Head Intelligence* line of tennis racquets. *Head Intelligence* skis and snowboards transfer the energy created by contact with surface of the snow through *Intellifibers* to absorb vibration and adjust the stiffness of the skis and snowboards based upon speed and snow conditions. Major ski magazines and trade journals have rated the skis highly and we gained added visibility when the skis were used at the 2002 Winter Olympics in Salt Lake City, Utah and in World Cup ski races 2002/2003. We have also been a leader in the development of carving skis, and we introduced the first bindings specifically designed for carving skis, which include carving plates and other features designed to improve performance.

- *Mares* is a leader in technological innovation in the diving market and holds several key patents on regulators, diving computers and other related products. Both the U.S. Navy and the European Union have certified many of these products.

We employ an integrated marketing program. We consider our marketing approach to be key to promoting and reinforcing the strength of our brands worldwide. Each of our products is supported by an integrated marketing program which is designed to be responsive to the demands of our targeted trade customers.

- Our marketing techniques include the hosting of training programs and clinics for in-store personnel, participation in trade fairs, preparation of in-store promotional materials and a strong advertising program, including print advertising and point-of-sale merchandising such as displays and samples. As a result, we believe that we have built a strong presence in specialized ski, tennis and diving retail outlets in a number of our key geographic markets.

- In addition, we operate a strong grassroots program, introducing our products to instructors, coaches and other professionals who are in a position to generate interest in a product and influence the decision of the ultimate consumer.

- We believe the breadth of products we offer in our chosen markets makes us more attractive to customers because it allows them to reduce their number of suppliers, as well as to end users because it simplifies their purchase decision.

We design and develop the manufacturing technology for our high-end products in-house. In addition to designing our products, we have made a strategic decision to design and develop the manufacturing technology for our high-end sports products at our own technologically advanced manufacturing plants. In this way, we protect the quality, image and workmanship associated with our products and ensure that we move new products quickly from development to the marketing and selling stages. By maintaining control throughout every facet of the development and manufacturing process of our high-end products, we also seek to protect our proprietary technology and thereby prevent imitations of our products. We believe that this manufacturing strategy provides us with a significant competitive advantage. When we do not believe that a product's quality or proprietary technology will be compromised, we outsource the product to third-party manufacturers in order to reduce costs and improve unit profitability.

Our Strategy

Our business strategy is to capitalize on our competitive strengths in order to increase revenues while improving cash flow and profitability through market share expansion, new product introductions and cost reductions.

Expand Market Share. We intend to expand our market share, particularly in the United States and Japan, by focusing on innovative products such as our Head Liquidmetal racquets and *Head Intelligence* skis and snowboards and strong-selling products such as *Penn* tennis balls.

- We intend to build market share in most European markets through continued product innovation and brand marketing.

- We intend to increase our penetration of the U.S. market for tennis racquets and other Head products through continued innovations in racquets and an exclusive endorsement agreement with the US Professional Tennis Association (racquets and balls) and a non-exclusive endorsement agreement with the Professional Tennis Registry (racquets only), the two largest teaching organizations globally. Our goal is to become the leading supplier of tennis products and add significantly to the presence of Head racquets in the United States.

- We intend to expand sales of our snowboard equipment by leveraging our sales, marketing and distribution networks.

- We intend to increase our penetration of the U.S. market for diving equipment by introducing new products into the *Mares* line.

- We intend to increase business in emerging markets such as Asia, Latin America and Eastern Europe through a combination of higher brand awareness, product innovations and increasing sales and marketing resources.

Rapidly Develop and Launch New Products. We intend to continue our tradition of product innovation and development by identifying new product opportunities and moving quickly to launch these products successfully. After we identify a new product opportunity, we rely on our in-house research and development department and the manufacturing facilities available to us to produce the desired product concept. Thereafter, through a combination of our integrated marketing program, high brand awareness and global distribution organization efficiency we are able to introduce the new products to the market rapidly. Recent examples of this are our *Head Intelligence* skis and snowboards and *Head* Liquidmetal tennis racquets. In 2003, 2002 and 2001, we incurred \$13.6 million, \$11.0 million and \$9.5 million, respectively, on engineering, research and development.

Reduce Costs. We are implementing the following cost reduction program, which we believe will result in cost savings and increased operating income:

- We have transferred all of our manufacturing operations of ski boots and fins in Tallinn, Estonia to a recently purchased plant in Litovel, Czech Republic. We expect lower overhead costs for these manufacturing operations as they will share administrative and management resources with our existing infrastructure in Austria. We have already ceased production at our Estonia plant in preparation for its closing, currently scheduled for the end of 2004 with its subsequent sale.

- We have transferred some of our ski manufacturing from our plant in Kennelbach, Austria to our existing plant in Budejovice, Czech Republic where production costs are considerably lower. We also have transferred much of our racquet production in Kennelbach to Budejovice.

- We are in the process of closing our tennis ball production facility in Mullingar, Ireland and transferring these operations to our existing, under-utilized plant in Phoenix, Arizona.

- We are centralizing our European distribution organizations for Winter Sports and Racquet Sports products so that Head International GmbH will operate as a single distribution company for key markets. Head International invoices and ships products from one European distribution center in Klaus, Austria to our customers in Switzerland, Germany, Italy and Austria since January 1, 2004. From January 1, 2005, we intend for Head International to invoice products to our customers in France and the UK. As a result, all of our invoicing to the customers in these markets and to third-party distributors worldwide will occur from Head International. The former related European distribution companies will thereafter function only as sales agencies. We already completed the consolidation of our U.S. warehouses from three locations to one location and streamlining the management of our U.S. diving, winter and racquet sports businesses.

We are investigating additional cost savings. Where we are confident that quality and proprietary technology will not be compromised, we intend to look for and secure further arrangements to manufacture our products in low-cost regions, including expanding our outsourced manufacturing in China. We aim to decrease our overhead and production costs over the next five years as we identify and implement new measures such as additional relocation of production plants and outsourcing arrangements.

The Issuer

HTM is a stock corporation (*Aktiengesellschaft*) under Austrian law with its registered seat in Schwechat, Austria and its business address at Tyroliaplatz 1, A-2320 Schwechat, Austria. The history of HTM and its predecessors can be traced back to 1847. HTM registered in its present form on September 21, 1993, and is currently registered under number FN 49060 y at the Commercial Register in Korneuburg, Austria. HTM's financial year ends on December 31 of the calendar year.

Our telephone number is + 43 1 701 79 0. Our group's website address is www.head.com.

The Guarantors

The guarantors are the Issuer's indirect and direct parent companies, Head N.V., a company organized under the laws of the Netherlands, and Head Holding Unternehmensbeteiligung GmbH, a company organized under the laws of Austria, respectively, and the Issuer's subsidiaries, Head Sport AG and Head International GmbH, companies organized under the laws of Austria, HTM Sport S.p.A., a company organized under the laws of Italy, Head USA Inc., a company incorporated under the laws of the state of Delaware, Penn Racquet Sports Inc., a company incorporated under the laws of the state of Ohio, Head Sport s.r.o., a company organized under the laws of the Czech Republic, and Head/Tyrolia Sports Canada Inc., a company organized under the laws of Canada.

Structure of Notes Offered and Guarantees

(SUMMARY CORPORATE AND FINANCING STRUCTURE)

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(1) Holding company.

(2) Operating company.

(3) The notes will be guaranteed by each of the following Subsidiary Guarantors: Head Sport AG, Head International GmbH, HTM Sport S.p.A., Head USA Inc., Penn Racquet Sports Inc., Head Sport s.r.o. and Head/Tyrolia Sports Canada Inc. All Subsidiary Guarantors are operating companies. See "Description of Other Indebtedness" for detail on the indebtedness of the Subsidiary Guarantors to be retained, and "Use of Proceeds" for a description of indebtedness to be repaid with the proceeds from this notes offering.

(4) As a result of our cost reduction program, we expect the inventories, accounts receivable and certain property, plant and equipment of certain non-guarantor subsidiaries to be transferred or shifted to the Subsidiary Guarantors identified in (3) above. These non-guarantor subsidiaries are: OÜ HTM Sport Eesti, Head Tyrolia GmbH, Head Germany GmbH, Head Tyrolia Sports S.A., Head Switzerland, Head UK Ltd., Penn Racquet Sports Co., Penn Racquet Sports Holding Ltd. and Penn (Ireland) Unlimited. See "Summary—Our Business Strategy—Reduce Costs" and "Business—Our Business Strategy—Reduce Costs" for a description of this cost reduction program.

(5) None of the following subsidiaries will guarantee the notes: Head Technology GmbH, Tyrolia Technology GmbH, HTM Sports Japan KK, HTM Head Tyrolia Mares Iberica S.L., Head Bulgaria EOOD, HTM USA Holdings Inc. and the following dormant companies: Mares America Corp., Dacor Corp., Head Sports Inc. and Penn Sub, Inc. See "Description of Other Indebtedness" for the indebtedness of HTM Sports Japan KK to be retained.

The Offering

The summary below describes the principal terms of the notes offering. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the "Description of the Notes" section of this offering memorandum for a more detailed description of the notes offering.

Issuer	HTM Sport- und Freizeitgeräte AG.
Notes Offered	135,000,000 aggregate principal amount of 8½% senior notes due 2014.
Maturity Date	February 1, 2014.
Interest Payment Dates	Interest will be payable in cash on August 1 and February 1 of each year, beginning on August 1, 2004.
Guarantees	Head N.V., Head Holding, Head Sport AG, Head International GmbH, HTM Sport S.p.A., Head USA Inc., Penn Racquet Sports Inc. Head Sport s.r.o., and Head/Tyrolia Sports Canada Inc., will guarantee the notes with guarantees that will be unsecured (collectively, the "Guarantees").
Ranking	The notes will be the Issuer's general unsecured obligations and will be: • senior in right of payment to all of the Issuer's existing and future indebtedness that expressly provides that it is subordinated in right of payment to the notes; • equal in right of payment with all of the Issuer's existing and future unsubordinated and unsecured indebtedness; and • effectively subordinated to all of the Issuer's existing and future secured indebtedness to the extent of the assets securing such indebtedness. The Guarantees will be general unsecured obligations of the Guarantors and will be: • senior in right of payment to the Guarantors' existing and future indebtedness that expressly provides that it is subordinated in right of payment to the Guarantees; • equal in right of payment with the Guarantors' existing and future unsubordinated and unsecured indebtedness; and • effectively subordinated to the Guarantors' existing and future secured indebtedness to the extent of assets securing such indebtedness. See "Risk Factors" on certain limitations to the guarantees provided by our Subsidiary Guarantors.
Optional Redemption	We may redeem some or all of the notes at any time on or after February 1, 2009 at the redemption prices set forth under "Description of the Notes—Optional Redemption." We may redeem up to 35% of the notes on or prior to February 1,

	2007, from the proceeds of certain public equity offerings at 108.5% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption. We may make that redemption only if, after the redemption, at least 65% of the aggregate principal amount of the notes originally issued remains outstanding. See "Description of the Notes—Optional Redemption."
Change of Control Offer	Upon the occurrence of a change of control, you will have the right, as holders of the notes, to require us to repurchase some or all of your notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control."
Certain Covenants	The indenture governing the notes will contain covenants limiting, among other things, our ability and the ability of our restricted subsidiaries to: • incur additional indebtedness; • pay dividends, repurchase capital stock or make investments, loans and advances; • create liens; • enter into certain sale-leaseback transactions; • sell or transfer assets; • engage in certain transactions with affiliates; and • undergo certain merger transactions. These covenants are subject to important exceptions and qualifications. See "Description of the Notes."
Transfer Restrictions	We have not registered the notes under the Securities Act or any other state or other securities laws of any other jurisdiction and we do not intend to do so. Consequently, you may not offer or sell the notes within the United States except under an exemption from, or in a transaction not subject to, the Securities Act or in other jurisdictions except under an exemption from, or in a transaction not subject to, applicable securities laws of such other jurisdictions. See "Plan of Distribution" and "Notice to Investors."
Use of Proceeds	We have used the proceeds from this offering to repay outstanding debt and for working capital and general corporate purposes. See "Use of Proceeds."
Trustee	The Bank of New York.
Listing	We have applied to list the notes on the Luxembourg Stock Exchange.
Governing Law	New York.

Risk Factors

Investing in the notes involves substantial risks. See the "Risk Factors" section of this offering memorandum for a description of risks that you should carefully consider before investing in the notes.

RISK FACTORS

An investment in the notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this offering memorandum, in deciding whether to invest in the notes. The occurrence of any of the events discussed below could harm us. If these events occur, the trading prices of the notes could decline and we may not be able to pay all or part of the interest or principal on the notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This offering memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See "Information Regarding Forward-Looking Statements."

Risks Relating to Our Business

The sporting goods industry is highly competitive and our success depends upon our ability to respond quickly to changes in consumer preferences.

The sporting goods industry is very competitive and includes many regional, national and international companies, some of which have achieved substantial market share. We compete primarily on the basis of product features, brand recognition, quality and price, and the failure to remain competitive could adversely affect our results of operations and financial condition. Some of these competitors offer types of sports products that we do not sell and some of our competitors are larger and have substantially greater financial and other resources than us.

Our success also depends partly on our ability to anticipate and respond quickly to changing merchandise trends, consumer taste and consumer preferences. Any failure to so respond could adversely affect consumer acceptance of our brand names, product lines and business.

Our failure to introduce innovative products to the market could adversely affect our sales and margins.

Our success is dependent in part on our introduction of innovative products that represent an improvement over existing products that we or other manufacturers offer. We believe that our future growth and success will depend significantly on our continued ability to identify, develop, introduce and market innovative sports products such as our *Head Intelligence* skis and snowboard equipment, our *Head Titanium, Head Intelligence* and Head Liquidmetal series of tennis racquets, and our *Mares* and *Dacor* lines of diving equipment, although we cannot assure you of our ability to do so. Our operating results may fluctuate as a result of the amount, timing and market acceptance of new products that we or our competitors introduce. In addition, our failure to introduce new, innovative products will adversely affect our margins because margins on the sales of sports products tend to decline over time with the entry of competitive products into existing markets.

Negative factors beyond our control have caused and could continue to cause a decline in demand for our products.

We and the sporting goods industry in general are dependent on the economies in which we sell our products and levels of consumer spending. Economic conditions affect not only the ultimate consumer, but also retailers, our primary customers. As a result, our results may be adversely affected by downward trends in the economies in which we sell our products, such as the recession in Japan during the 1990's and the current general worldwide economic slowdown. In addition, the occurrence of events that adversely affect economies, such as the September 11, 2001 attacks on the United States and subsequent acts of terrorism, continue to adversely affect leisure travel and related discretionary consumer spending, which can have a particularly negative impact on our diving business. We cannot assure you that any prolonged economic downturn would not adversely affect us. In addition, a decline in the size of the market for sports products from which we derive sales, whether from a decrease in the popularity of particular products or adverse weather conditions, such as lack of snowfall, could cause a decline in sales.

We may not successfully realize the savings of our cost reduction program.

The estimated cost savings described under "Summary—Our Business Strategy—Reduce Costs" and "Business—Our Business Strategy—Reduce Costs" represent the cost savings we anticipate to result from the full implementation of those actions described in those sections. These future cost savings are based upon a number of estimates. We may not realize the cost savings from our cost reduction program if, among other things:

- our estimates are proved incorrect;
- there are additional unanticipated costs; and/or
- the implementation of the program is not completed for any reason in the time periods envisaged, including disruptions and delays in transferring our operations from one plant to another as described.

Accordingly, the estimated cost savings are not necessarily indicative of our future financial results, including net income and EBITDA, which may be affected by a number of other factors, including demand and pricing for our products and other costs associated with our production, distribution and other operations.

Shifts in currency exchange rates may adversely affect our results of operations.

We operate in a multi-currency environment in which a portion of our revenues and expenses are denominated in currencies other than the euro. We are, as a result, subject to currency translation risk and, to a lesser extent, currency transaction risk. Currency translation risk arises because we measure and record the financial condition and results of operations of each of our subsidiaries in their functional currency and then translate these amounts into our reporting currency, the U.S. dollar. We incur transaction risk when one of our subsidiaries enters into a transaction using a currency other than its functional currency, although we reduce this risk by seeking to match our revenues and costs in each currency. Accordingly, shifts in currency exchange rates, particularly between the euro and the U.S. dollar, may adversely affect our results of operations.

We are dependent in part on the performance of third-party suppliers, which may cause delays in filling orders, affect the quality of some products, or affect the image of our trademark.

Approximately 40% of our cost of sales in 2003 consists of fees paid to third-party manufacturers located in Europe, in countries such as the Czech Republic (some junior skis), Germany (snowboard bindings), Austria (snowboards), Estonia and Italy (diving products) and Asia, in countries such as China (tennis and squash racquets, accessories and snowboard boots) and Thailand (diving products). Furthermore, a substantial number of our third party licensees outsource the manufacturing of Head licensed products to third party manufacturers. As a result of this outsourcing, we, as well as our third party licensees, are dependent in part on the performance of third-party suppliers in our ability to deliver quality products in a timely manner. We and our licensees are also increasingly subject to risks relating to the local economic and political conditions in the countries to which we outsource our manufacturing operations. Although these factors have not had an adverse impact on our operations to date, we cannot assure you that these factors will not affect quality control, orders and shipments, or the image of our trademark in the case of licensees. In addition, the ability to fulfill orders and our cost of sales may be adversely affected in the event we are required to shift the manufacturing of some of our products from one geographical location to another.

We are indirectly controlled by one shareholder whose interests may conflict with yours.

As of March 31, 2004, Head Sports Holdings N.V., controlled 18,987,344 shares, or 47.7% of Head N.V.'s issued shares, which, in turn, indirectly owns 100% of HTM. Head Sports Holdings N.V., a Netherlands Antilles corporation, is controlled by Johan Eliasch and his family members. As of March 31, 2004, Johan Eliasch also owned 45,900 of Head N.V.'s shares directly. Our controlling shareholder Head Sports Holdings N.V. ultimately has the power to approve the nominations of Head N.V.'s executive officers, approve the proposed actions of its Supervisory and Management Boards, change its core business, cause it to engage in transactions with affiliated companies, cause or restrict the sale of its assets, control its dividend policy and make other fundamental corporate decisions.

The business of Head N.V. (which indirectly owns 100% of HTM) is carried out primarily by a Management Board, which appoints its executive officers, and is overseen by a Supervisory Board. Under Head N.V.'s articles of association, a Dutch foundation called the Stichting Head Option Plan has the power to nominate all members of the Management Board, appoint one-third of the Supervisory Board and nominate the remaining members of the Supervisory Board. The Board of the Stichting is Head Sports Holdings N.V., the entity controlled by Johan Eliasch and his family members. The special power of the Stichting ceases when Johan Eliasch or his affiliates or family members cease to control the Stichting or cease to beneficially hold any of Head N.V.'s shares. In general, a two-thirds majority of shareholders voting at a general meeting of shareholders may remove members of the Management and Supervisory Boards, and the articles of association, including the rights of the Stichting, also may be amended (at the proposal of the Management Board and with approval of the Supervisory Board) by a two-thirds majority of shareholders. Therefore, as a result of his control over the Stichting, Johan Eliasch will retain the power to nominate and essentially control the election of the Management and Supervisory Board members and other executive officers so long as he holds any of Head N.V.'s shares until there is an amendment to the articles of association to remove the rights of the Stichting.

We are dependent on patents and trademarks and inadequate protection of patents and trademarks or patent or trademark litigation would adversely affect our business.

We rely on a combination of patents, trademarks, trade secrets and confidentiality agreements to protect our proprietary technology, rights and know-how. We hold several hundred patents and trademarks, several of which are filed in multiple jurisdictions, including in Europe, the United States and Japan. Our major trademarks are registered in our key markets and numerous other countries. We believe our patents and trademarks to be among our most valuable marketing assets and generally seek protection for them, particularly the names *Head, Tyrolia, Penn* and *Mares* in countries where significant existing or potential markets for our products exist. We believe we have taken adequate measures to protect our proprietary information, trade names and trademarks in all our major markets, although not all our trade names and trademarks are proprietary to us for all of our products in all our markets. For example, we do not own the trademark "Liquidmetal" but rather license the name pursuant to an agreement we have with Liquidmetal Technologies, Inc. This agreement has an initial term of four years commencing January 1, 2003, and the parties have agreed to make best efforts to extend the agreement thereafter for a similar duration under similar terms.

We cannot assure you that the measures we (or our licensors from whom we license patents and trademarks) take to protect our intellectual property will afford us adequate protection against patent and trademark infringements, that pending patent and trademark applications will eventually be issued or that the claims allowed for any of our existing or future patents and trademarks will provide competitive advantages for our products or will not be successfully challenged or circumvented by competitors. In addition, we cannot assure you that we will be able to continue to license names for which we do not currently hold trademarks, such as "Liquidmetal", at all or under the same terms as our existing license agreements.

In the United States, patent applications are maintained in secrecy for a period after filing and the right to a patent is given to the first to invent, not the first to file, a patent application. We cannot be sure that our products or technologies do not infringe patents that may be granted in the future under pending patent applications, or that our products do not infringe any patents or proprietary rights of third parties. The validity and enforceability of third party claims could prevent us from selling our products or could require us to obtain licenses from the owners of these patents or to redesign our products to avoid infringements. We cannot assure you that we could accomplish any of these alternatives successfully, and our inability to do so if necessary could adversely affect our business. In addition, we cannot assure you that our employees and third parties with whom we have entered into confidentiality agreements will respect these obligations, or that our competitors will not use our trade secrets or proprietary information. In addition, the laws of some countries do not protect our products and intellectual property rights to the same extent as the laws of the United States or Europe. Litigation may be necessary to defend against claims of infringement, to enforce our patents or trademarks, or to protect trade secrets and could result in substantial costs to us. We cannot assure you that we would prevail in these types of litigation.

Environmental regulations by European Union, national and local regulatory bodies could adversely affect our business.

Our operations are subject to European Union, national and local laws governing, among other things, water pollution, air pollution, noise pollution and hazardous substance discharges. We believe that our business, operations and facilities have been and are being operated in compliance in all material respects with applicable environmental and health and safety laws. However, the operation of manufacturing plants entails risks in these areas. As a result, we cannot assure you that we will not incur material costs or liabilities. In addition, we could incur significant costs in order to comply with any future European Union, national or local environmental and health and safety laws that may be adopted or to respond to stricter interpretations or stricter enforcement of existing laws in the future.

We believe that the overall impact of complying with regulations and legislation protecting the environment will not have a material adverse effect on our future financial position or operating results. We cannot assure you, however, that this will be the case. Capital expenditures and expenses in 2003 attributable to compliance with environmental laws were not material.

We have product liability exposure resulting from the use of our products.

Some of our products are used in relatively high-risk recreational settings, and from time to time we are named as a defendant in lawsuits asserting product liability claims relating to our sporting goods products. To date, none of these lawsuits has had a material adverse effect on us, and we do not believe that any lawsuit now pending could reasonably be expected to have such an effect. We maintain product liability and general liability insurance coverage. No assurances can be given that such insurance will continue to be available at an acceptable cost or that such coverage will be sufficient to cover one or more large claims, or that the insurers will not successfully disclaim coverage as to a pending or future claim.

Risks Relating to Our Debt and the Notes

Our substantial debt could adversely affect our financial health and prevent us from fulfilling our obligations under the notes.

We have a significant amount of debt. As of September 30, 2003, after giving effect to this offering and the application of the net proceeds therefrom, we would have had approximately $221.2 million of total debt outstanding.

Our large amount of debt could significantly impact you because, among other things:

- It makes it more difficult for us to satisfy or refinance our obligations with respect to the notes and our other debt;
- It limits our ability to obtain additional financing, if we need it, for working capital, capital expenditures, acquisitions, debt service requirements or other purposes;
- We need to dedicate a substantial portion of our operating cash flow to pay interest expense, which reduces funds available for operations, capital expenditures, future business opportunities and other purposes;
- It may concern prospective or existing customers or suppliers;
- It limits our ability to compete with competitors who are less leveraged than we are; and
- It limits our ability to react to changing market conditions, changes in our industry and economic downturns.

Our ability to pay interest on the notes and to satisfy our other debt obligations will depend upon our future operating performance. Prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments. If in the future we cannot generate sufficient cash flow from operations to make scheduled payments on the notes or to meet our other obligations, we will need to refinance our debt, obtain additional financing, delay planned acquisitions and capital expenditures or sell assets. We cannot assure you that our business will continue to generate positive cash flow or that we will be able to obtain funding sufficient to satisfy our debt service requirements. In addition, subject to the restrictions contained in our debt agreements, we expect to incur additional indebtedness from time to time to fund working capital, to finance acquisitions and capital expenditures and for general business purposes.

Your notes are unsecured obligations and, although they are referred to as "senior notes," they will be effectively subordinated to debt and other liabilities of HTM's subsidiaries which are not guarantors.

HTM is issuing the notes as senior unsecured obligations. Our subsidiaries may incur debt in order to finance operations. Claims of creditors of a subsidiary which is not a guarantor, including trade creditors of that subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of our creditors. Moreover, our subsidiaries that are not Subsidiary Guarantors of the notes have no obligation to pay amounts due on the notes and will not guarantee the notes.

The notes, therefore, will be structurally subordinated to the claims of creditors of our direct and indirect operating subsidiaries that are not Subsidiary Guarantors. Any right we may have to receive assets of any such subsidiaries upon their liquidation or reorganization (and the consequent right of holders of the notes to participate in the distribution of, or realize proceeds from, those assets) will be structurally subordinated to the claims of the creditors of such subsidiaries.

There are limitations to the guarantees provided by our Subsidiary Guarantors.

The laws of each of the jurisdictions in which the Subsidiary Guarantors are organized limit the ability of these subsidiaries to guarantee debt of a related company. These limitations arise under various provisions or principles of corporate law which include rules governing capital maintenance, under which, among others, the risk of a related guarantor needs to be reasonable and economically and operationally justified from the guarantor's perspective, as well as thin capitalization and fraudulent transfer principles. If these limitations were not observed, the guarantees of the notes by these Subsidiary Guarantors would be subject to legal challenge. In these jurisdictions, the guarantees of the notes will contain language limiting the amount of debt guaranteed so that applicable local law restrictions will not be violated. Accordingly if you were to enforce the guarantees of the notes by the Subsidiary Guarantors in these jurisdictions, your claims may be limited. Furthermore, although we believe that the guarantees of the notes by these Subsidiary Guarantors are enforceable (subject to such local law restrictions), there can be no assurance that a third-party creditor would not challenge these guarantees and prevail in court.

The indenture for the notes significantly restricts our operating and financial flexibility.

The indenture for the notes imposes significant operating and financial restrictions. Such restrictions will affect, and in many respects significantly limit or prohibit, among other things, our ability to:

- incur additional debt;
- pay dividends, repurchase capital stock or make investments, loans and advances;
- sell or transfer assets;
- create liens;
- enter into sale-leaseback transactions;
- engage in certain transactions with affiliates; and
- undergo certain merger transactions.

These restrictions could affect adversely our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise.

If we do not comply with these restrictions, it could lead to a default even if we can currently pay our debt. If there was a default, the holders could demand immediate payment of the debt. This could cause much of our other debt also to be accelerated. We cannot assure you that we would be able to pay or refinance this debt on acceptable terms in that event. If the amounts outstanding under our debt agreements are accelerated, we cannot assure you that our assets will be sufficient to repay in full the money owed to holders of the notes or our other debt holders.

Failure to obtain necessary financing could prevent us from executing our business strategy.

We need substantial capital to develop and expand our operations. Based on our business plan, we estimate that total capital expenditures required between 2004 and 2006 will be approximately $55 million. Additional financing may be required to fund capital expenditures and for working capital needs. Although we believe that we will have enough money available from the proceeds of this offering, borrowings under our debt agreements and operating cash flow to fund our planned capital expenditures, in the future we may require additional financing to expand our operations.

Our revenues and the cost of operating our business will depend upon a variety of factors including, among other things, our ability to:

- Effectively and efficiently implement our business strategy and manage our operations;

- Negotiate favorable contracts with suppliers;

- Obtain any licenses, regulatory approvals or contracts required to operate our business;

- Access markets and attract sufficient numbers of customers; and

- Develop and introduce technologically innovative products.

Our revenues and costs are also dependent upon factors that are not within our control such as general and regional economic conditions, regulatory changes, changes in technology, increased competition, extraordinary social and political events such as acts of terrorism, and various factors such as strikes, seasonal climate conditions that are unfavorable to our business lines, and performance by third parties such as our main suppliers. As a result of the uncertainty of these factors, actual costs and revenues may vary from expected amounts, possibly in a material way, which would probably affect our future capital requirements. We cannot assure you that necessary sources of financing would be available to us, or that any available financing would be on commercially reasonable terms. In addition, we cannot assure you that the amount of funds required to execute our business strategy, fund capital expenditures and for working capital will not be greater than the expected amounts described above.

Enforcing your rights as a noteholder or under the guarantees across multiple jurisdictions may prove difficult.

The notes will be issued by HTM, which is organized under the laws of Austria, and guaranteed by the Parent Guarantors, Head N.V. and Head Holding, and the Subsidiary Guarantors, each of which is organized under the laws of one of Austria, Canada, Czech Republic, Italy, The Netherlands or the United States. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the notes and the guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of HTM's, the Parent Guarantors' and the Subsidiary Guarantors' jurisdictions of organization may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the notes and the guarantees in these jurisdictions, or limit any amounts that you may receive.

The insolvency laws of Austria, Canada, Czech Republic, Italy, The Netherlands and the United States may not be as favorable to you as laws of another jurisdiction with which you are familiar.

The notes will be issued by HTM, which is organized under the laws of Austria, and guaranteed by the Parent Guarantors, Head N.V. and Head Holding, and the Subsidiary Guarantors, each of which is organized under the laws of one of Austria, Canada, Czech Republic, Italy, The Netherlands or the United States. The insolvency laws of these jurisdictions may not be as favorable to your interests as the laws of other jurisdictions with which you are familiar. The following is a brief description of certain aspects of insolvency law in Austria, Canada, Czech Republic, Italy, The Netherlands and the United States. In the event any one or more of HTM, the Parent Guarantors, the Subsidiary Guarantors or any of our other subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Austria

HTM, Head Holding and some of the Subsidiary Guarantors are incorporated under the laws of Austria.

The general principle of Austrian insolvency law is the equal treatment of all (unsecured) creditors. None of tax authorities, the social security administration or employees are privileged in insolvency proceedings. In insolvency proceedings, the court settlement (*Ausgleich*), where the debtor offers to fulfill a certain quote of his total debts, and bankruptcy (*Konkurs*), courts play a central role. The debtor and any creditor may initiate proceedings by filing petitions for bankruptcy. If the court opens proceedings, a trustee (*Masseverwalter*) is appointed. Representing the bankrupt's estate, the trustee, supervised by the court, is responsible for liquidating the assets in a bankruptcy, or maintaining the company as a going-concern under a court settlement. After having verified creditors' claims, the trustee has to declare whether and to what extent such claims will be admitted to further proceedings. Creditors disputing this declaration must commence separate court proceedings.

If a debt is secured *in rem*, the personal obligation of the debtor is reinforced by a right *in rem* acquired by the creditor in certain property of the debtor. Such a secured debt is basically not influenced by bankruptcy proceedings and, as such, could be considered insolvency-proof. Creditors with a right to segregation may directly claim on assets. These claims also are not affected by bankruptcy proceedings. In certain circumstances, the trustee may file a claim to set aside legal acts and contracts concluded or security provided by the insolvent entity.

The costs of the bankruptcy proceedings and certain liabilities accrued during bankruptcy proceedings are prior-ranking (*Masseforderungen*). The remaining bankrupt's estate is rateably distributed to all admitted creditors that have filed claims.

Out-of-court settlements rarely take place in Austria since the debtor needs to have all creditors agreed on the terms (e.g. a certain quote) of the settlement, which is unlikely in the case of a large number of creditors.

Canada

Head/Tyrolia Sports Canada Inc. ("Head Canada"), a Subsidiary Guarantor, is organized under the laws of Canada and carries on business, and has assets located in, Ontario, Canada. Accordingly, Head Canada is subject to Canada's federal and provincial insolvency laws. Canadian insolvency law provides for mechanisms for both the liquidation of a debtor's assets and for the reorganization of a debtor's business on a going concern basis. Any insolvency proceedings by or against Head Canada may, at a minimum, postpone the enforcement of creditors' rights against it, including in connection with the guarantee of the notes provided by Head Canada.

An insolvent debtor can become bankrupt in Canada either by making an assignment in bankruptcy or by being petitioned by one of its creditors. In bankruptcy, a trustee is appointed over all the assets and undertaking of the debtor, subject to the rights of secured creditors of such debtor. Unsecured creditors are stayed from enforcing their rights against the trustee or the bankrupt estate without leave of the court. Certain creditor claims such as the claims of employees or landlords may be preferred, in whole or in part, to other unsecured creditors, on the distribution of proceeds of liquidation. Unsecured creditors who do not enjoy preferred status will share in the proceeds of liquidation on a *pro rata* basis.

An insolvent debtor's business can also be liquidated through the enforcement of remedies such as the appointment of a receiver by a secured creditor or a court. The rights of unsecured creditors may also be stayed in these circumstances. Unsecured creditors rank behind secured and other priority claims and will share the remaining proceeds of liquidation on a *pro rata* basis.

As an alternative to liquidation, Head Canada could seek protection under the Canadian *Companies' Creditors Arrangement Act* (the "CCAA"). Protection can and is often sought with little to no notice to creditors, and the court which hears the initial application will generally grant a 30-day stay of any proceedings in respect of claims against the debtor in order to allow the debtor some relief to attempt to restructure. The stay of proceedings granted is typically extremely broad, and in all likelihood would stay any and all proceedings (including, without limitation, restraining further proceedings and prohibiting the commencement of any action, suit or proceeding) of any person including creditors against Head Canada. In addition, after the initial 30-day stay period, the court may on further application extend the stay of proceedings for an indefinite period. Affected creditors are permitted, at any time, to request that the stay of proceedings be terminated, or that a further stay of proceedings not be granted, or make an application to lift the stay so that it does not apply to them. Generally it is very difficult to obtain a lifting of the stay. A Canadian court will allow a debtor with a realistic chance of restructuring to continue under the protection of the court, so long as the interests of major creditors and other stakeholders are not being unduly prejudiced.

Alternatively, Head Canada may seek protection under the proposal provisions of the Canadian *Bankruptcy and Insolvency Act*. The stay of proceedings under this statute is automatic on the filing of a proposal, or a notice of an intention to make a proposal, to creditors. The initial stay is 30 days. However, the stay can only be extended for 45 days at any time, and in any event not beyond six months (including the initial 30-day period). While the stay of proceedings invoked by a filing under this statute would generally be narrower than a stay of proceedings under the CCAA, in either case the exercise of creditors' remedies against Head Canada would effectively be prevented during the stay period without leave of the court.

Consequently, if proceedings are brought under the CCAA or the *Bankruptcy and Insolvency Act* by or against Head Canada, it is possible that the trustee may not be able to exercise its rights against Head Canada under the guarantee and the holders may not be compensated for delays in payments under the guarantee. It is unlikely that payments under the guarantee would be made following commencement of or during proceedings under the CCAA or the *Bankruptcy and Insolvency Act*.

During proceedings brought under the CCAA or the *Bankruptcy and Insolvency Act,*Canadian courts may permit the authorization of financing referred to as "debtor in possession" or DIP financing and charges securing the financing in favour of the DIP lender if the court is convinced that additional financing during the restructuring is critical to the continued operations of the business. Such secured financing will have priority over the unsecured claims of the trustee arising from the guarantee provided by Head Canada.

In addition, in the event of the bankruptcy or insolvency of Head Canada, it is possible that a trustee in bankruptcy or a creditor may scrutinize the consideration received by Head Canada for the guarantee. Under Canadian contract law, consideration must be received for a promise to be enforceable. In addition, under the Canadian corporate statute applicable to Head Canada, if a transaction is oppressive, unfairly prejudicial to, or unfairly disregards the interests of any creditor, the court has the right to make any order it thinks fit to remedy the matters complained of. If there is no consideration or if the court concludes that the amount guaranteed is so disproportionate to the consideration received that the effect is oppressive, unfairly prejudicial or unfairly disregards the interest of other creditors, it is possible the guarantee could be set aside on this basis.

Czech Republic

Head Sport s.r.o, a Subsidiary Guarantor, is organized under the laws of the Czech Republic. Under Czech insolvency law, bankruptcy proceedings may generally be initiated by any creditor, the debtor itself or the debtor's officers, but only the relevant court may declare the debtor bankrupt. The debtor may be declared bankrupt if it is insolvent, namely if it has more creditors and either is unable to meet its obligations as they fall due for a long period of time or its payable obligations exceed assets, taking into account prospective yields of continuing activity (if the yields can be reasonably expected to exceed costs).

If the debtor is declared bankrupt, all actions taken within six months prior to the filing of a motion for bankruptcy (or after such filing) whereby the debtor (among other things) assumes obligations disproportionate to its assets or transfers things, rights or other items of value without consideration or under manifestly disadvantageous conditions are, by law, automatically ineffective against all creditors. The right to challenge the transactions is given to the bankruptcy administrator or any creditor, but the proceeds must be paid to the bankruptcy estate.

In addition, actions of the debtor taken in the previous three years intended to prejudice creditor's rights may be contested by any creditor having an enforceable claim or by the bankruptcy administrator (again, the proceeds must be paid to the estate). The actions may only be contested if the debtor's intention to curtail satisfaction of creditors' claims was known to the counter-party (which knowledge is not a pre-condition in the case of persons close to the debtor), unless the counter-party could not have learned of the intention despite exercising due care.

The assets of the debtor are liquidated by a court-appointed bankruptcy administrator under the supervision of the relevant court and representative(s) of creditors. The proceeds from the liquidation are distributed in accordance with statutory order towards the proven claims (claims must be proven within the deadline stipulated by the relevant court; in any event, claims asserted later than two months after the first claim review will not qualify for satisfaction from the proceeds of liquidation of assets).

Selected claims arising after the declaration of bankruptcy, selected employment-related claims and selected secured claims to the extent of up to 70% of the value of the security may be satisfied at any time in the course of the bankruptcy proceedings. Out of the remaining proceeds of liquidation of assets, 30% is applied to the claims falling within a first class (being selected claims for wages and pension insurance and for alimony) and 70% is applied to the claims falling within a second class (all other claims). Claims of mortgage bondholders rank before the first-class claims. Claims of holders of subordinated bonds and other debts rank after the second-class claims.

Although it is not very common, an insolvent debtor may (after the bankruptcy proceedings have been started or as a separate procedure) seek an arrangement with its creditors (called "composition", in Czech "*vyrovnání* ") under the supervision of the relevant court. In order for the debtor's proposal to succeed, unsecured creditors must be offered the payment of at least (i) 15% of the second-class claims within 1 year (while the first-class claims must be satisfied fully) in the case of composition taking place within the bankruptcy proceedings; or (ii) 30% of all claims within 2 years in the case of composition taking place outside of the bankruptcy proceedings.

Italy

In Italy, courts play a central role in the insolvency process and out-of-court restructurings are infrequent. The two primary aims of the Italian regime are, first, to maintain employment, and, second, to liquidate the debtor's assets for the satisfaction of creditors. These competing aims have often been balanced by causing the sale of distressed businesses as going concerns while at the same time ensuring that employees be transferred along with such businesses.

Under Italian law, the state of insolvency (*insolvenza*) of a company must be determined and declared by a court. Insolvency occurs at a time when a debtor is no longer able to regularly meet its obligations as they fall due. It is not sufficient for a debtor to occasionally default on payments: a detailed analysis is required to assess if defaults are effectively caused by a firm's general inability to meet its obligations.

In Italy, out-of-court restructurings are not frequent. Restructuring generally takes place through the formal judicial process because informal arrangements put in place as a result of out-of-court settlements with creditors are vulnerable to being reviewed by a court in the event of a subsequent insolvency and possibly challenged as voidable transactions.

Prior to, or upon the declaration of insolvency, a company has the option to seek an arrangement with its creditors (*concordato preventivo*) under court supervision, in order to avoid a declaration of bankruptcy and the initiation of liquidation proceedings.

A plea to declare a debtor bankrupt and to commence a bankruptcy proceeding (*fallimento*) for the liquidation of a debtor's assets can be made by the debtor itself, a creditor or a public prosecutor. Although it is generally uncommon, courts can also declare insolvency in the course of pending trials, based on information obtained during such trial. The plea must be approved by a bankruptcy court. Upon the commencement of a bankruptcy proceeding:

- subject to certain exceptions, all legal actions by creditors are stayed and creditors must file their claims within a defined period;
- responsibility for the management of a debtor's enterprise and its assets passes from the debtor to a court approved receiver; and

• any act made by the debtor after a declaration of bankruptcy with respect to a creditor is ineffective.

In addition, certain categories of business transactions, including the making of certain payments and provision of guarantees, that are deemed to hinder the equal treatment of creditors are or can be revoked by the bankruptcy court if effected up to two years prior to the declaration of bankruptcy.

The debtor's business is not necessarily interrupted as a consequence of a bankruptcy proceeding. Some of the business's agreements with third parties terminate by operation of law, others, such as employment contracts, continue to be in full force and effect. A third category is comprised of agreements that terminate by operation of law, unless the court-appointed receiver decides to continue such agreements by replacing the debtor as party thereof.

The bankruptcy proceeding is carried out and supervised by the court-appointed receiver, a deputy judge and a creditors committee. The receiver is not a representative of the creditors, and the creditors committee generally does not have significant influence over the bankruptcy proceedings. The receiver is responsible for the liquidation of the assets of the debtor for the satisfaction of creditors. The proceeds from liquidation are distributed in accordance with statutory priority. Liquidation of a debtor's assets can take a considerable amount of time, particularly in cases where the debtor's assets include real property.

The highest statutory priority (after the costs of the proceedings are paid) is assigned to claims by preferential creditors (*crediti prededucibili*), which include claims by the Italian tax authorities and social security administrators and claims for employee wages. The next highest priority is assigned to creditors with a security interest in real or personal property or other privileges, followed by unsecured creditors.

The Netherlands

Head N.V., the ultimate Parent Guarantor has its statutory seat in Rotterdam, The Netherlands, and is therefore presumed to have its center of main interest in that jurisdiction. On that basis any main insolvency proceedings in relation to Head N.V. may be governed by Dutch insolvency laws.

There are two primary insolvency regimes under Dutch law: the first, moratorium of payments (*surséance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate and distribute the assets of a debtor to its creditors.

The moratorium of payments is only effective with regard to unsecured non-preferential creditors. Unlike insolvency proceedings in many other jurisdictions, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims during a moratorium of payments, secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the Parent Guarantor to satisfy their claims under a Dutch moratorium of payments as if there is no moratorium of payments. However, the court may order a "cooling down period" for a maximum period of two months during which all creditors' actions are barred.

A recovery under Dutch law could be adversely affected as a result of an enforced sale of the assets of the debtor by a secured creditor. Any such sale does not need to reflect the going concern value of such assets. In a moratorium of payments, a composition (*akkoord*) may be offered to creditors. Such a composition will be binding on all unsecured and non-preferred creditors if it is approved by a qualified majority of (i) two-thirds in number of the unsecured creditors represented at the creditors' meeting, representing 75% in amount of the claims that are admitted for voting purposes, and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency laws could reduce the recovery of a holder of notes in a Dutch moratorium of payments proceedings. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors on the basis of the relative claims of those creditors. Certain creditors (such as secured creditors and tax and social security authorities) will have special rights that may adversely affect the interests of holders of notes. For example, secured creditors may enforce their rights against assets of the Parent Guarantor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. Consequently, Dutch insolvency laws could reduce the recovery in a Dutch bankruptcy proceeding. As in moratorium of payments the court may order a "cooling down period" for a maximum period of two months during which all creditors' actions are barred.

The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Each of the claims of the holders of the notes will have to be submitted to the receiver of the Parent Guarantor to be verified by the receiver. "Verification" under Dutch law means that the receiver determines the value of the claim and whether and to what extent it will be admitted in the bankruptcy proceedings. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceedings may be based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified by the receiver.

Generally, in a creditors' meeting (*verificatievergadering*) the receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors meeting may be referred to a separate court proceeding (*renvooi* procedure). These "renvooi" procedures could cause holders of notes to recover less than the principal amount of their notes or less than they could recover in many other jurisdictions. Such "renvooi" procedures could also cause payments to the holders of notes to be delayed compared with the holders of undisputed claims. Further, in a bankruptcy a composition may be offered to creditors, which may be binding on creditors in the same manner as set forth above in relation to a moratorium.

United States

Head USA Inc. is a corporation incorporated under the laws of Delaware and Penn Racquet Sports Inc. is a corporation incorporated under the laws of Ohio, both states of the United States. United States Federal and state insolvency laws may be relevant upon the bankruptcy or insolvency of either corporation, and the application of these laws may affect the enforcement of, and the ability to recover funds under, the guarantees given by these companies. In addition, the Issuer or any Parent Guarantor or Subsidiary Guarantor may potentially be able to obtain the protection of United States bankruptcy laws by filing for bankruptcy under the United Stated Federal Bankruptcy Code (the "Code") as discussed below.

Corporate bankruptcy proceedings in the United States are usually initiated under either chapter 7 or chapter 11 of the Code. Chapter 7 of the Code provides procedures for the orderly liquidation of a debtor's assets. Chapter 11 of the Code provides protection for a debtor while it reorganizes its obligations and capital structure. Generally speaking, chapter 11 of the Code is more favorable to, and provides more autonomy and protection for, debtors than bankruptcy and insolvency procedures in many other jurisdictions. A bankruptcy case under chapter 11 may be initiated by the voluntary filing of a petition by the debtor entity or involuntarily following a petition by one or more qualifying creditors of the debtor entity. Involuntary filings may be contested. The right to file a petition is not limited to companies incorporated in the United States. Subject to certain specific exclusions, any person or entity that resides or has a domicile, a place of business or property in the United States may be a debtor under the Code. This includes companies or other entities organized under the laws of other jurisdictions that have property in the United States.

A debtor (referred to as a "debtor in possession") under a chapter 11 bankruptcy case must file with the Bankruptcy Court a written disclosure statement containing information about its assets, liabilities and business affairs and a plan of reorganization which includes a classification of claims and proposals for how each class of claim will be treated on the reorganization of the debtor. Creditors whose claims are impaired (i.e. whose contractual rights are to be modified or who will be paid less than the full value of their claims under the plan) have a right to vote on the plan by ballot before the plan is confirmed by the Bankruptcy Court. A debtor in possession may use, sell or lease property of the bankruptcy estate in the ordinary course of its business without prior court approval, unless the court orders otherwise. The debtor in possession may not use assets that are subject to security interests without an order of the court, and in this case the court must ensure that the interests of secured creditors are adequately protected. If a debtor in possession requires operating capital it may be able to obtain it from a lender on terms which give the lender a court-approved "superpriority" over other unsecured creditors or a lien or property on the bankruptcy estate. Such court-approved superpriority lending is often referred to as "debtor in possession financing" and ranks in priority to debt and claims arising prior to the filing of the petition for bankruptcy.

A stay of proceedings under the Code automatically comes into effect when a petition is filed to initiate a bankruptcy case (whether under chapter 7, chapter 11 or another chapter of the Code). Once the automatic stay comes into effect all judgments, collection activities, foreclosures and repossessions of property are suspended and may not be pursued by the creditors on any debt or claim that arose before the filing of the bankruptcy petition.

Following commencement of a bankruptcy case (whether under chapter 11 or chapter 7 of the Code or another applicable chapter of the code or applicable state law provisions) the issuance of notes by the Issuer and the granting of guarantees by Head USA Inc., Penn Racquet Sports Inc., or any other Parent Guarantor or Subsidiary Guarantor may be subject to review as a fraudulent transfer or conveyance under the Code or comparable provisions of state fraudulent conveyance laws. Under applicable provisions of the Code or comparable provisions of state fraudulent conveyance laws, such transactions may be set aside or rendered void if, among other things, the debtor which incurred the relevant indebtedness or issued the relevant guarantee (A) did so with actual intent to hinder, delay or defraud any entity to which the debtor was or became indebted, or (B) (i) received less than a reasonably equivalent value in exchange for such incurrence or issuance and (ii) (I) was insolvent on the date of such issuance or incurrence or became insolvent as a result thereof, (II) was engaged in business or a transaction, or was about to so engage, for which the property remaining with the entity was insufficient, or (III) intended to incur, or believed that the debtor would incur, debts that would be beyond the debtors ability to pay such debts as they matures.

The test of insolvency for the purposes of determining whether a transaction is a fraudulent transfer or conveyance will vary depending on the applicable federal or state law. Generally, an entity that is a corporation is considered insolvent if (i) the sum of its debts is greater than the value of all of its property at a fair valuation (exclusive of property transferred, concealed or removed with intent to hinder, delay or defraud such entity's creditors), or (ii) the present fair saleable value of its assets were less than the amounts that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute or mature or (iii) it generally is not paying its debts as they become due.

We believe that the issuance of the notes and the granting of the guarantees by the Parent Guarantors and Subsidiary Guarantors (including Head USA Inc. and Penn Racquet Sports Inc.) are not fraudulent transfers or conveyances. There can be no assurance, however, that a court determining the merit of such issues would reach the same conclusion.

USE OF PROCEEDS

The net proceeds from the issuance of the notes were approximately €130.0 million ($162.1 million)[(1)], after deducting the initial purchaser's discount and the expenses of this offering. Except as otherwise indicated, we used the net proceeds to repay the indebtedness indicated in the table below and to retain the remainder for working capital and general corporate purposes. For additional information, see "Description of Other Indebtedness."

Indebtedness:	€(2)	$(3)
	(in millions)	
10 3/4% senior notes due 2006(4)	69.2	87.4
Short-term operating loans borrowed by Head Sport AG(5)	1.8	2.3
Short-term operating loans borrowed by Head Tyrolia Sports S.A.(6)	6.7	8.4
Short-term operating loan borrowed by Head/Tyrolia Sports Canada Inc.(7)	1.1	1.4
Short-term operating loan borrowed by Head Sport s.r.o.(8)	0.4	0.6
In addition, we intend to repay in 2004 short-term operating loans borrowed by HTM Sport S.p.A. from various Italian banks	15.2	19.2
We intend to use the remainder for working capital and general corporate purposes consistent with applicable law. The remainder of the net proceeds amounted to	35.6	45.0
Total	€ 130.0	$ 164.2

(1) Represents the U.S. dollar equivalent calculated based on the exchange rate of $1.00 = €0.802053 as of January 29, 2004.

(2) Represents the amounts in euro, excluding accrued and unpaid interest, outstanding as of December 31, 2003.

(3) Represents the U.S. dollar equivalent calculated based on the exchange rate of $1.00 = €0.791766 as of December 31, 2003.

(4) Represents the aggregate consideration paid by Head Holding Unternehmensbeteiligung GmbH or its designee in respect of all of its outstanding 10 3/4% senior notes due 2006, including principal and premium of 5.375%. The amounts stated above are net of amounts paid in respect of notes held by the Head group.

(5) Represents three short-term operating loans with various Austrian banks.

(6) Represents four short-term operating loans with various French banks.

(7) Represents a short-term operating loan with a Canadian chartered bank.

(8) Represents a short-term operating loan with Raiffeisenbank.

CAPITALIZATION

The following table sets forth our cash position and consolidated capitalization as of March 31, 2004, after giving effect to this offering and the application of the proceeds therefrom. This table should be read in conjunction with "Use of Proceeds", our consolidated financial statements and unaudited condensed consolidated financial statements beginning on page F-1, "Selected Consolidated Financial Data" and with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Except as otherwise disclosed herein, there has been no significant change in our consolidated financial position since March 31, 2004.

	As of March 31, 2004 (in thousands)
Cash and cash equivalents (including restricted cash)	$ 115,594
Total short-term debt	$ 44,767
Long-term debt (including current portion):	
8 ½% Senior Notes due 2014(1)	165,017
10 3/4% Senior Notes due 2006	—
Other long-term debt	31,059
Total long-term debt	196,076
Stockholders' equity:	
Ordinary shares and additional paid-in capital, net of treasury stock, at cost. €0.20 par value; 39,820,677 shares issued and 37,399,442 shares outstanding	139,678
Retained earnings	38,690
Accumulated other comprehensive income	43,219
Total stockholders' equity	221,586
Total capitalization	$ 462,429

(1) Based on the European Central Bank Rate on March 31, 2004 of $1.00=€0.8181.

CURRENCY OF PRESENTATION AND EXCHANGE RATES

The table below shows information concerning the European Central Bank rates for euro for the years ended December 31, 1999, 2000, 2001, 2002 and 2003, expressed in euro per one U.S. dollar.

	Year Ended December 31,				
	1999	2000	2001	2002	2003
High	0.9985	1.2118	1.1927	1.1658	0.9637
Low	0.8482	0.9626	1.0477	0.9536	0.7918
Average(1)	0.9341	1.0834	1.1159	1.0670	0.8897
Rate at end of period	0.9954	1.0770	1.1347	0.9536	0.7918

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(1) The average of the European Central Bank rates for euro on the last business day of each month during the applicable period.

The table below sets forth the period end, high and low exchange rates, expressed in euro per one U.S. dollar, for each month during the six months ending March 31, 2004.

Months	Period end	High	Low
October 2003	0.86044	0.86363	0.84832
November 2003	0.83375	0.87535	0.83375
December 2003	0.79177	0.83507	0.79177
January 2004	0.80749	0.80821	0.77954
February 2004	0.80528	0.80528	0.77773
March 2004	0.81806	0.82522	0.80103

The European Central Bank rate on December 31, 2003 was $1.00 = €0.7918 and the European Central Bank rate on March 31, 2004 was $1.00 = €0.8181.

Our inclusion of such translations is not meant to suggest that the euro amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollars at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." We did not use the rates listed above in the preparation of our financial statements.

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the following selected consolidated financial information in conjunction with the section of this offering memorandum entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto.

The following table provides our selected consolidated financial data for the periods indicated. The historical financial data for the years ended December 31, 1999, 2000, 2001, 2002 and 2003 have been derived from our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, and have been audited by PricewaterhouseCoopers, our independent auditors. Historical results are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31,				
	1999	2000	2001	2002	2003
	(in thousands, except per share data)				
Statement of Operations Data:					
Total revenues	$ 388,755	$ 398,639	$ 392,021	$ 387,487	$ 431,208
Cost of sales	228,453	227,442	233,971	233,402	266,023
Gross profit	160,302	171,197	158,050	154,085	165,186
Selling and marketing expense	95,906	97,743	102,094	102,619	117,071
General and administrative expense	38,601	33,488	33,972	32,081	38,847
Non-cash compensation expense	548	1,378	2,025	1,632	654
Restructuring charge (1)	--	--	838	--	8,368
Operating income	25,246	38,588	19,121	17,753	245
Interest expense (2)	(14,092)	(18,642)	(11,275)	(11,677)	(13,999)
Interest income	947	1,118	892	940	1,050
Foreign exchange gain (loss)	4,574	7,502	5,828	(7,387)	(1,103)
Other income (expense), net	1,899	(4,181)	7	387	(18)
Income (loss) from continuing operations before income taxes and extraordinary items	18,574	24,386	14,573	15	(13,825)
Income tax benefit (expense) (3)	35,887	1,934	(4,032)	(2,630)	(832)
Share of loss from equity investment, net of tax	-	-	(1,117)	--	--
Income (loss) from continuing operations before extraordinary items	54,463	26,321	9,424	(2,615)	(14,657)
Loss from discontinued operation	(60)	(644)	--	--	--
Extraordinary gain (4)	-	2,104	--	--	--
Net income (loss)	$ 54,403	$ 27,781	9,424	(2,615)	(14,657)
Earnings per share - basic (5)					
Income (loss) from continuing operations before extraordinary items	$ 2.46	$ 0.94	$ 0.25	$ (0.07)	$ (0.40)
Net income (loss)	$ 2.46	$ 0.99	$ 0.25	$ (0.07)	$ (0.40)
Earnings per share - diluted (5)					
Income (loss) from continuing operations before extraordinary items	$ 2.23	$ 0.86	$ 0.24	$ (0.07)	$ (0.40)
Net income (loss)	$ 2.23	$ 0.91	$ 0.24	$ (0.07)	$ (0.40)
Weighted average shares outstanding (5)					
basic	22,132	28,071	38,083	37,356	36,285
diluted	24,370	30,678	39,816	37,356	36,285
Other Financial Data:					
Cash provided by operating activities	$ 28,444	$ 6,452	$ 35,921	$ 23,279	$ 17,342
Cash used in investing activities	$ (57,517)	$ (17,178)	$ (19,913)	$ (18,804)	$ (16,554)
Cash provided by (used in) financing activities	$ 43,066	$ 20,073	$ 393	$ 2	$ (2,007)

	1999	2000	2001	2002	2003
Balance Sheet Data:					
Cash (6)	$ 23,624	$ 15,848	$ 22,128	$ 37,598	$ 44,154
Total assets	$ 434,660	$ 434,304	$ 416,519	$ 473,853	$ 537,586
Total debt (7)	$ 240,108	$ 114,819	$ 122,966	$ 154,893	$ 184,833
Capital Stock (8)	$ 64	$ 7,067	$ 7,067	$ 7,067	$ 7,067
Total shareholders' equity (9)	$ 82,547	$ 229,988	$ 212,539	$ 229,824	$ 241,716

(1) Restructuring include employee terminations in 2001. In 2003 restructuring include employee terminations of $5.2 million, impairment of fixed assets of $2.6 million, excess rent of $0.4 million and other related restructuring program costs of $0.2 million.

(2) Interest expense for the years ended December 31, 1999 and 2000 excludes capitalized future interest payments as required by SFAS No. 15. See "Item 5: Operating and Financial Review and Prospects—Liquidity and Capital Resources—Treatment of Bank Waivers Under SFAS No. 15."

(3) Includes for the year ended December 31, 1999 a non-cash deferred income tax benefit of $38.8 million resulting from the release of a substantial portion of a valuation allowance relating to operating loss carry forwards.

(4) Includes for the year ended December 31, 2000 a gain of $2.1 million (net of income tax expense) as a result of the extinguishments of the restructured debt.

(5) Earnings per share and weighted average shares outstanding represent our historical amounts as adjusted to reflect the two for one split of our outstanding ordinary shares upon the closing of the public offering in September 2000. Earnings per share and weighted average shares outstanding on a diluted basis give effect to all outstanding options and warrants calculated under the treasury stock method. Options granted under the 2001 stock option plan have been excluded from the diluted earnings per share calculation for the year ended December 31, 2001 because their effect would be anti-dilutive. For the years ended December 31, 2002 and 2003, the diluted weighted average shares outstanding exclude the incremental effect of 1,789,490 and 1,347,773 stock options, respectively because it would have been anti-dilutive for these periods.

(6) Cash includes cash and cash equivalents and in 1999 and 2003 restricted cash of $5.7 million and $2.8 million respectively.

(7) Total debt excludes capitalized future interest payments as required by SFAS No. 15. See "Item 5: Operating and Financial Review and Prospects—Liquidity and Capital Resources—Treatment of Bank Waivers Under SFAS No. 15." which amounts to $6.3 million as of December 31, 1999. Due to the repayment of the restructured debt in the fourth quarter of 2000, all capitalized future interest payments have been released.

(8) In 2000 due to the conversion to a par value from NLG 0.01 to EUR 0.20, $4.4 million was transferred from additional paid-in capital to capital stock.

(9) In 2000 a dividend of €16.1 million (approximately $15.7 million) was paid to the Company's then sole shareholder. In 2001 and 2002, the Company paid a dividend of €0.28 (approximately $0.25) per share and of €0.14 (approximately $0.13) per share, respectively to its shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements and the related notes included in this offering memorandum beginning on page F-1. The following discussion should also be read in conjunction with "Selected Consolidated Financial Data." The discussions in this section contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed below. See "Risk Factors" and "Information Regarding Forward Looking Statements."

Overview

We are a leading global manufacturer and marketer of branded sporting goods serving the skiing, tennis and diving markets. We have created or acquired a portfolio of brands — *Head* (skis and ski boots, snowboard equipment, tennis, racquetball and squash racquets, athletic and outdoor footwear, apparel and accessories), *Penn* (tennis balls and racquetball balls), *Tyrolia* (ski bindings) and *Mares* and *Dacor* (diving equipment). Our key products have attained leading market positions and have gained visibility through their use by many of today's top athletes.

We generate revenues in our principal markets by selling goods directly to retail stores and, to a lesser extent, to distributors. We also receive licensing and royalty income. As many of our goods, especially Winter Sports goods, are shipped during a specific part of the year, we experience highly seasonal revenue streams. Following industry practice, we begin to receive orders from our customers in the Winter Sports division from March until June, during which time we book more than three quarters of our orders for the year. We 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, we will begin to receive re-orders from customers, which constitute the remaining quarter of our yearly orders. Re-orders are typically shipped in December and January. Racquet Sports and Diving product revenues also experience seasonality, but to a lesser extent than Winter Sports revenues. During the first nine months of any calendar year, we typically generate more than 75% of our Racquet Sports and Diving product revenues, but only 45% of our Winter Sports revenue. Thus, we typically generate approximately 65% of our total year gross profit in the first nine months of the year, but we incur approximately 75% of fixed general and administration and marketing expenses in this period.

After a slow beginning of the 2002/03 season due to a lack of snow in certain areas of Europe and Eastern North America and the difficult economic environment in the two important markets of Germany and Japan, the overall market for skis showed some recovery at the end of the 2002/03 season as well as during the beginning of the 2003/04 season. The worldwide market in tennis has shown a decline as a result of various factors, including customer reaction to a slowing economy and reduced interest in the sport. However, the introduction of the Head Liquidmetal racquets in August 2003 resulted in some reversal of this trend starting in the third quarter of 2003, primarily in the United States and Japan. The market for tennis balls is generally perceived to have declined. The overall market for diving equipment also generally is perceived to have declined primarily due to fewer people traveling worldwide to dive centers and resorts and making corresponding purchases of equipment. Industry observers expect the diving market to recover when customers feel that the threat of terrorism is sufficiently contained. We are successfully introducing diving products in new geographical areas such as Eastern Europe and Southeast Asia and focusing on reducing the number of offered products in order to have a simpler and more efficient line that continues to fulfill divers' needs.

We operate in a multi-currency environment and are subject to currency translation risk and, to a lesser extent, currency transaction risk, principally between the euro and U.S. dollar. Currency translation risk arises because we measure and record the financial condition and results of operations of each of our subsidiaries in their functional currency and then translate these amounts into U.S. dollars, our reporting currency. The functional currency of our European operations is the euro. Fluctuations in the value of the euro with respect to the U.S. dollar have had, and may continue to have, a significant impact on our financial condition and results of operations. We are subject to currency transaction risk whenever one of our subsidiaries enters into a transaction using a currency other than its functional currency. We reduce this risk, however, by seeking to match our revenues and costs, as well as assets and liabilities, in each currency. In addition, as described below, we hedge part of our firm commitments for sales to Japan, Switzerland and Canada through forward contracts and options with Austrian banks.

Factors Affecting Revenues

As a manufacturer and distributor of branded sporting goods, our revenues are affected by the overall economic trends of our principal geographic markets, mainly Europe, but also the United States and Japan, and related changes in consumer confidence. Weather can also affect our revenues. For example, a lack of snow in a particular area in a particular season will result in fewer purchases of skiing and snow boarding equipment, and poor weather at a diving location may reduce interest in the sport and related equipment purchases. We believe our global geographic penetration and diversification of sports products help to mitigate any localized adverse impacts from weather. Other factors that can affect our revenues are consumer preferences based on technical innovations, and general popularity of the sports for which we produce equipment. In addition, the rate of leisure travel can affect our revenues as purchases of our equipment are often tied to travel to ski and diving destinations.

Most of our revenues are denominated in euro. As our historical consolidated financial statements are reported in U.S. dollars, they are affected by movements in the exchange rate of the U.S. dollar against the euro. Our revenues are also affected by fluctuations in the value of the currency in which the products are sold relative to the value of the currencies of the countries from which the products were shipped. For example, appreciation of the euro against the U.S. dollar may adversely affect the revenues or margins from our products manufactured on an euro-cost basis and sold in the United States as our products become less price competitive on a U.S. dollar basis or sell for lower prices on a euro basis, which reduces our margins.

Factors Affecting Expenses

We separate our principal expenses into:

- cost of sales;
- selling and marketing expenses;
- general and administrative expenses; and
- interest expense.

The major components of cost of sales are raw materials and payroll and energy expenses related to the manufacturing of our products. Depreciation of our manufacturing equipment and production sites, as well as research and development expenses associated with the development of our products, are also included in this category.

Selling and marketing expenses are comprised primarily of advertising expenses (including the sponsorship of professional athletes) and payroll expenses related to the selling department. Also included in this category are commission payments to sales teams. General and administration expenses include warehousing expenses and various administrative costs.

Approximately 70% of our annual capital expenditures are for maintenance of our facilities and equipment, including molds and tools. Some product lines change annually as new products are introduced, while others are in use for several years.

In connection with ordinary share options granted to officers we have incurred a non-cash compensation expense of approximately $1.6 million and $0.7 million in the 2002 and 2003 fiscal years, respectively. As of December 31, 2003, deferred non-cash compensation relating to previously granted stock options amounted to approximately $1.7 million. This amount will be recognized as an expense over the remaining vesting terms of the options. Any further stock option grants will result in additional non-cash compensation expense being recognized.

Our expenses, as reported in U.S., dollars are also affected by movements in the exchange rate of the U.S. dollars against the currencies of the countries in which we operate and sell our goods. Of our cost of goods sold and other operating expenses 35% is generated in U.S. dollars whereas 48% is generated in euros. Because a portion of our U.S. dollar revenues are generated from products manufactured on an euro-cost basis, the appreciation of the euro against the U.S. dollar has increased our expenses when translated into U.S. dollar and adversely affected our margins.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements required us to make estimates and assumptions that affected reported amounts of assets and liabilities and the results during the reporting period. On an on-going basis, we evaluate our estimates and judgements, including those related to product returns, bad debts, inventories, tangible and intangible long-lived assets, income taxes and warranty obligations. The estimates and judgements are based on historical experiences and on various other factors that are believed to be reasonable under the circumstances.

Allowance For Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. We specifically analyze accounts receivables and evaluate historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. These estimations are continually reviewed. In 2003, we recorded one significant additional provision due to a sudden decline in the customer's credit worthiness. Recoveries related to changes in reserves did not occur during 2003.

Impairment Of Long Lived Assets

Property, plant and equipment are initially stated at cost. Depreciation on property, plant and equipment is computed using the straight-line method over their estimated useful lives. We have determined useful lives of property, plant and equipment after consideration of historical results and anticipated results based on our current plans. Our estimated useful lives represent the period the asset remains in service assuming normal routine maintenance. We review the estimated useful lives assigned to property, plant and equipment when our business experience suggests that they do not properly reflect the consumption of the economic benefits embodied in the property, plant or equipment nor result in the appropriate matching of cost against revenue. Factors that lead to such a conclusion may include physical observation of asset usage, examination of realized gains and losses on asset disposals and consideration of market trends such as technological obsolescence or change in market demand.

When events or changes in circumstances indicate that the carrying amount may not be recoverable, property, plant and equipment are reviewed for impairment. When such assets' carrying value is greater than the undiscounted cash flows estimated to be generated by those assets, an impairment loss is recognized equal to the difference between the fair value of the assets and their carrying value. Factors we consider important, which could trigger an impairment review, include the following:

- significant underperformance relative to historical or projected future results;
- significant changes in the manner of our use of the acquired assets or the strategy for the related business; and
- significant negative industry or economic trends.

The assessment of tangible and intangible long-lived assets for possible impairment requires certain judgements and estimates to be made by us, primarily related to our projected cash flows. Our projected cash flows reflect a number of assumptions including sales volume, prices, and terminal values of tangible long-lived assets, which are based on the expected life of products and forecasted life cycle. While we believe that our assumptions are appropriate, such estimates could differ materially from what will actually occur in the future.

In 2003, the Company decided to shutdown its Penn tennis ball plant in Ireland at the end of March 2004 due to the high cost of production in an euro country versus a market of falling average prices compared to the Company's competitors producing in the Far East and transferring these operations to its existing, under-utilized plant in Phoenix, Arizona. Some plant equipment will be shipped to Phoenix. Future cash flows for the remaining three months of production in Ireland, sales proceeds of plant equipment and land and building less dismantling costs resulted in an amount lower than the book value of the plant and equipment as of December 31, 2003 and made an impairment of $2.6 to fair value million necessary. The actual cash flows could differ from the amounts included in our estimate.

In accordance with SFAS 142, we also perform impairment reviews of our goodwill and trademarks at least annually. We test goodwill for impairment using the two-step process prescribed in SFAS 142. The first step is a screen for potential impairment, while the second step measures the amount of impairment, if any. Our trademark impairment test involves comparing the fair value of the trademark to its carrying value.

This review is based upon our projections of anticipated future cash flows. The most significant variables in determining cash flows are discount rates, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. While we believe that our assumptions are appropriate, such amounts estimated could differ materially from what will actually occur in the future.

Liabilities For Product Warranties

We provide for the estimated cost of product warranties and product returns at the time revenue is recognized. Our warranty provision is established based on our best estimates of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Our product return provisions are based on our historical experiences. While we believe that our warranty and product return provisions are adequate and that the judgment applied is appropriate, such amounts estimated to be due and payable could differ materially from what will actually transpire in the future. We update these estimated charges periodically. The actual product performance and/or field expense profiles may differ, and in those cases we adjust our warranty reserves accordingly. Future warranty expenses may exceed our estimates, which could lead to an increase in our cost of sales. Significant differences from
our estimates did not occur in the past.

Inventory Obsolescence

Our chosen markets are competitive and subject to fluctuations in demand and technological obsolescence. We periodically review our inventory for obsolescence and declines in market value below cost. Estimated obsolescence or unmarketable inventory led to write-downs of our inventory to the estimated market value based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favourable than those projected by us, additional inventory write-downs may be required. No significant write downs were recognized in 2003.

Realizability Of Tax Loss Carryforwards

We record a valuation allowance to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made. Changes in local income tax rates may also effect deferred tax assets.

As of December 31, 2003, we had approximately $394.5 million (net of restricted portion due to the EC decision) of net operating tax loss carry forwards, primarily in Austria. Austria allows an unlimited carryover of net operating losses. Accordingly, we believe it is more likely than not that we will utilize $371.1 million of net operating loss carryforwards to lower cash taxes on future taxable income (see Note 18 to the consolidated financial statements). The realization of operating loss carry forwards is ultimately dependent upon our ability to generate future earnings in the respective jurisdictions. There can be no guarantee that we will generate future earnings.

Recent Accounting Pronouncements

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" which requires companies to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset. SFAS 143 is effective for financial statements for fiscal years beginning after June 15, 2002. The adoption of SFAS 143 had no impact on the Company's financial position and results of consolidated operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. This standard has been adopted from January 1, 2003 and applied for exit and disposal activities entered into in 2003.

In January 2003, the Emerging Issues Task Force (EITF) issued EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables". EITF 00-21 addresses the issues of (1) how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting; and (2) how arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. EITF 00-21 does not change otherwise applicable revenue recognition criteria. EITF 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. EITF 00-21 had no impact on our financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a liability to be recognized at the time a company issues a guarantee for the fair value of the obligations assumed under certain guarantee agreements, such as certain indemnity provisions and guarantees of third party debt. The provisions for initial recognition and measurement of guarantee agreements are effective on a prospective basis for guarantees that are issued or modified after December 31, 2002. Management has adopted FIN 45 and there was no impact on our financial position or results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46) "Consolidation of Variable Interest Entities, an interpretation of ARB 51". FIN 46 addresses the consolidation of entities for which control is achieved through means other than through voting rights ("variable interest entities" or "VIE") by clarifying the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements" to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 provides guidance on how to determine when and which business enterprise (the "primary beneficiary") should consolidate the VIE. In addition, FIN 46 requires that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures. The disclosure provisions of FIN 46 are effective in all financial statements initially issued after January 31, 2003. FIN 46 is required to be immediately applied by all entities with a variable interest in a VIE created after January 31, 2003. A public entity with a variable interest in a VIE created before February 1, 2003 is required to apply FIN 46 to that entity no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003.

In December 2003, the FASB revised FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46) and codified certain FASB Staff Positions (FSPs) previously issued for FIN 46 in FASB Interpretation No. 46, Revised (FIN 46R). FIN 46 as originally issued and as revised by FIN46R, establishes consolidation criteria for entities for which control is not easily discernable under ARB 51. The adoption of FIN 46 and FIN 46R in 2003 did not have a material impact on our financial position or result of operations.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 amends SFAS No. 133 to provide clarification on the financial accounting and reporting of derivative instruments and hedging activities and requires that contracts with similar characteristics be accounted for on a comparable basis. The provisions of SFAS 149 are effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. Management has assessed the impact of the adoption of SFAS 149 and concluded that there was no material impact on our results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards on the classification and measurement of certain financial instruments with characteristics of both liability and equity. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and to all other instruments that exist as of the beginning of the first interim period beginning after June 15, 2003. Management has assessed the impact and concluded that there was no impact on the adoption of SFAS No. 150.

In December 2003, the FASB issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits". This Statement establishes standards on additional disclosures to those in the original Statement 132 about the assets, obligations, cash flows, and net periodic costs of defined benefit pension plans and other defined postretirement plans separately for pension plans and other postretirement benefit plans. SFAS No. 132 (revised 2003) is effective for financial statements with fiscal years ending after December 15, 2003. The standard has been adopted.

Results of Operations

Year Ended December 31, 2002 Compared to Year Ended December 31, 2003

The following table sets forth each line item of our consolidated statement of operations as a percentage of total revenues for the periods shown:

	For the Years Ended December 31, 2002		2003		Change
	$	%	$	%	$
	(in thousands, except percentages)				
Total revenues	387,487	100.0%	431,208	100.0%	43,722
Cost of sales	233,402	60.2%	266,023	61.7%	32,621
Gross profit	154,084	39.8%	165,186	38.3%	11,101
Selling and marketing expense	102,619	26.5%	117,071	27.1%	14,452
General and administrative expense (excluding					
non-cash compensation expense)	32,081	8.3%	38,847	9.0%	6,767
Non-cash compensation expense	1,632	0.4%	654	0.2%	(978)
Restructuring costs	–	–	8,368	1.9%	8,368
Operating income	17,753	4.6%	245	0.1%	(17,508)
Interest expense	(11,677)	(3.0%)	(13,999)	(3.2%)	(2,322)
Interest income	940	0.2%	1,050	0.2%	110
Foreign exchange loss	(7,387)	(1.9%)	(1,103)	(0.3%)	6,284
Other income (expense), net	387	0.1%	(18)	(0.0%)	(405)
Income (loss) from operations before income taxes	15	0.0%	(13,825)	(3.2%)	(13,840)
Income tax expense	(2,630)	(0.7%)	(832)	(0.2%)	1,798
Net Loss	(2,615)	(0.7%)	(14,657)	(3.4%)	(12,043)

Total Revenues. For the twelve months ended December 31, 2003, total revenues increased by $43.7 million, or 11.3%, due to higher sales volumes of winter sports products and a positive impact from the strengthening of the euro against the U.S. dollar, partially offset by lower sales volumes of racquet sports and diving products.

The following table sets forth revenues for each of our product categories for each of the years ended December 31, 2002 and 2003:

	For the Years Ended December 31, 2002	2003	% Change
	(in thousands, except percentages)		
Product Category			
Winter Sports	$ 144,667	$ 188,768	30.5%
Racquet Sports	168,822	166,417	(1.4)%
Diving	65,600	66,322	1.1%
Licensing	8,398	9,701	15.5%
Total revenues	$ 387,487	$ 431,208	11.3%

Winter Sports revenues increased by $44.1 million, or 30.5%, due to higher sales volumes across all product lines and the strengthening of the euro against the US dollar.

Racquet Sports revenues decreased by $2.4 million, or 1.4%, mainly because of lower sales volumes and average selling prices of tennis racquets and balls. The tennis industry as a whole suffered a decline in 2002 and

2003, due to consumer reaction to a slowing economy. During the fourth quarter 2003 we saw some recovery in sales volumes relative to each of the previous three quarters.

Diving product revenues increased by $0.7 million, or 1.1%, due to the strengthening of the euro against the U.S. dollar, partially offset by a decrease in sales volumes. We believe that the diving market is suffering from both consumer reaction to the perceived threat of terrorism and the general downturn in the economy, which has resulted in fewer people traveling worldwide to dive centers and resorts and making corresponding purchases of equipment.

Licensing revenues increased by $1.3 million, or 15.5%, due to the strengthening of the euro against the U.S. dollar.

Gross Profit. Gross profit increased by $11.1 million to $165.2 million in 2003 from $154.1 million in 2002. Gross margin decreased to 38.3% in 2003 from 39.8% in 2002 due to lower average prices, the inclusion of costs associated with various reorganization programs, and the strengthening of the euro against the U.S. dollar which adversely affected our euro-denominated cost. To lower our expenses, we initiated a cost reduction program in 2003 that, in part, involved migrating certain operations out of higher-cost countries. Please see "Item 4.B Business Overview – Our Strategy – Reduce Costs" for a description of our cost reduction program.

In 2003, we have transferred all of our manufacturing operations in Tallinn, Estonia, which manufacture ski boots and certain diving products, to a recently purchased plant in Litovel, Czech Republic. We expect lower overhead costs for these manufacturing operations as they will share administrative and management resources with our existing infrastructure in Austria. We have also transferred some of our ski manufacturing from our plant in Kennelbach, Austria to our existing plant in Budejovice, Czech Republic where production costs are considerably lower. For these activities we recognized $1.6 million of additional costs primarily related to inventory disposals and additional preproduction costs which increased our cost of sales and $0.6 million restructuring costs (see below).

Selling and Marketing Expense. Selling and marketing expense increased by $14.5 million, or 14.1%, due to exchange rate effects on these predominantly euro-denominated costs and an increase of the allowances for bad debts amounting to $1.9 million as a result of the illiquidity of an Italian customer.

General and Administrative Expense. General and administrative expense increased by $6.8 million, or 21.1%, mainly due to exchange rate effects on these predominantly euro-denominated costs, as well as $1.4 million termination costs and other reorganization costs.

Non-Cash Compensation Expense. Non-cash compensation expense is due to the grant of stock options under our stock option plans of 1998 and 2001, and the resulting amortization expense. We record stock-based compensation expense based on the grant-date fair values of the stock options, computed using the Black-Scholes option pricing model. Stock-based compensation expense is recognized over the vesting term of the options. No new option grants occurred in 2002 and 2003 due to the declining performance of our stocks and the Management and Supervisory Boards' focus on improving our cost structure.

Restructuring. We announced a restructuring program in the United States, Ireland and Estonia which is expected to result in $10.5 million, of which $8.4 million was incurred in 2003. Please see "Item 4.B Business Overview – Our Strategy – Reduce Costs" for a description of our cost reduction program. The most significant component of this program is aimed at increasing the utilization of our tennis ball production capabilities in the United Sates. Accordingly, we are in the process of closing our tennis ball production facility in Mullingar, Ireland and transferring these operations to the existing, under-utilized plant in Phoenix, Arizona. We recognized restructuring costs totaling $7.0 million relating to this program consisting of an impairment of $2.6 million and employee severance costs of $4.4 million. The continual decline in the tennis ball market has adversely affected our ability to efficiently operate two facilities. We expect our decision to consolidate our facilities to have a favorable impact on the cost to produce tennis balls. The full benefit of this plan is expected to begin as early as the second half of 2004.

In order to increase utilization our U.S. warehouse facilities and to centralize U.S. headquarter functions, we recorded restructuring costs of $0.4 million consisting of termination benefits incurred for the movement of our U.S. winter sports organization to our U.S. headquarters, the shutdown of current warehouse facilities, the closing of the related office, and other costs associated with the restructuring program. Additionally, we shut down our U.S. warehouse for diving products. Upon discontinuing use of the facility we expensed $0.4 million for excess rent. In 2003 we have realized $2.1 million as a benefit from this program.

Our production of ski boots and certain diving products in Estonia has been transferred to our new Litovel, Czech Republic facility. In 2003, we incurred $0.6 million related to excess rent and other exit costs.

Operating Income. As a result of the foregoing factors, including the costs of the restructuring program as well as the strengthening of the euro against the U.S. dollar which adversely affected our euro-denominated costs, operating income for the twelve months ended December 31, 2003 decreased by $17.5 million, or 98.6%.

Interest Expense. Interest expense increased by $2.3 million or 19.9% to $14.0 million in 2003 from $11.7 million in 2002. The increase was due to the strength of the euro against the U.S. dollar, in particular with respect to interest on our euro-denominated 10.75% senior notes. In January 2004, one of our subsidiaries sold these 8.5% unsecured Senior Notes due 2014 and, with the proceeds, redeemed the outstanding 10.75% senior notes as well as certain short-term loans. As a result of this new Senior Notes issuance interest costs are expected to increase in 2004. The Company's interest expenses are mostly in euro.

Interest Income. Interest income increased by $0.1 million, or 11.7%, due to higher cash on hand during this period.

Foreign Exchange Loss. We recorded a foreign currency exchange loss of $1.1 million, compared to a loss of $7.4 million in 2002. This reduction was primarily due to the reclassification of non-euro denominated intercompany accounts receivable at one of our euro based subsidiaries to permanently-invested intercompany receivables. We made this decision in 2003 because of our focus to use cash flows to fund the subsidiary's operations and future growth.

Other Income (Expense), net. Other income, net, decreased by $0.4 million to a net expense of $0.02 million in 2003 from a net income of $0.4 million in 2002.

Income Tax Expense. In 2003, income tax expense decreased by $1.8 million to $0.8 million in 2003 from $2.6 million in 2002. The change in tax expense is mainly attributed to an increase of deferred tax assets, primarily in Germany and Austria due to current year losses under local tax law.

Net Income (Loss). As a result of the foregoing factors, we had a net loss of $14.7 million in 2003, compared to a net loss of $2.6 million in 2002.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2002

The following table sets forth each line item of our consolidated statement of operations as a percentage of total revenues for the periods shown:

	For the Years Ended December 31,				Change
	2001		2002		
	$	%	$	%	$
	(in thousands, except percentages)				
Total revenues	392,021	100.0%	387,487	100.0%	(4,534)
Cost of sales	233,971	60.4%	233,402	60.2%	(569)
Gross profit	158,050	40.8%	154,084	39.8%	(3,966)
Selling and marketing expense	102,094	26.3%	102,619	26.5%	525
General and administrative expense (excluding non-cash compensation expense)	33,972	8.8%	32,081	8.3%	(1,891)
Non-cash compensation expense	2,025	0.5%	1,632	0.4%	(393)
Restructuring costs	838	--	--	--	--
Earnings per share-diluted	19,959	5.2%	17,753	4.6%	(2,206)
Interest expense	(11,275)	(2.9%)	(11,677)	(3.0%)	(402)
Interest income	892	0.2%	940	0.2%	48
Foreign exchange gain (loss)	5,828	1.5%	(7,387)	(1.9%)	(13,215)
Other income (expense), net	7	0.0%	387	0.1%	380
Income from operations before income taxes	15,411	4.0%	15	0.0%	(15,396)
Income tax expense	(4,032)	(1.0%)	(2,630)	(0.7%)	1,402
Share of loss from equity investment, net of tax	(1,117)	(0.3%)	--	--	1,117
Net income (loss)	10,262	2.6%	(2,615)	(0.7%)	(12,877)

Total Revenues. For the twelve months ended December 31, 2002, total revenues decreased by $4.5 million, or 1.2%. This was caused by significantly lower sales of racquet sports, due primarily to conversion of our footwear business into a licensing agreement, and lower sales of diving equipment, partially offset by the strengthening of the euro against the U.S. dollar.

The following table sets forth revenues for each of our product categories for each of the years ended December 31, 2001 and 2002:

	For the Years Ended December 31,		
	2001	2002	% Change
	(in thousands, except percentages)		
Product Category			
Winter Sports	$135,421	$144,667	6.8%
Racquet Sports	180,108	168,822	(6.3)
Diving	68,480	65,600	(4.2)
Licensing	8,012	8,398	4.8
Total revenues	$ 392,021	$ 387,487	(1.2)%

Winter Sports revenues increased by $9.2 million, or 6.8%. The main reason for the increase in sales was the strengthening of the euro against the US dollar and increased sales volumes of our snowboard equipment.

Racquet Sports revenues decreased by $11.3 million, or 6.3%. This decrease in revenues was primarily due to conversion of our footwear business into a licensing agreement from the beginning of 2002, partially offset by the strengthening of the euro against the U.S. dollar. To a lesser extent, it also resulted from lower sales volumes and average selling prices, due to a decline in the number of recreational players, poor weather conditions in certain regions during the peak selling season and consumer reaction to a slowing economy, which caused the racquet industry as a whole to suffer a decline in 2001 and 2002.

Diving product revenues decreased by $2.9 million, or 4.2%. We believe that the diving market has suffered from U.S. consumer reaction to the event of September 11, 2001 and the general downturn in the global economy, which has resulted in fewer people traveling worldwide to dive centers and resorts and making corresponding purchases of equipment. This decline in sales volumes was partially offset the strengthening of the euro against the U.S. dollar.

Licensing revenues increased by $0.4 million, or 4.8%. This increase was due to additional revenues from the licensing of footwear products, offset in part by the sales by our UK subsidiary of sports bags, which previously were licensed. Both of these changes took place at beginning of 2002.

Gross Profit. Gross profit decreased by $4.0 million to $154.1 million from $158.0 million in 2001. Gross margin decreased to 39.8% in 2002 from 40.3% in 2001. The decline in gross profit reflected lower volumes and lower average prices across our Racquet Sports and Diving products, and by unfavorable currency impacts on our Winter Sports revenues. The decline in gross margin reflected higher material and energy costs, lower average prices as well as unfavorable currency impacts.

Selling and Marketing Expense. Selling and marketing expense increased by $0.5 million, or 0.5%. This decrease was due primarily to unexpectedly high success-based endorsement fees in 2001. This impact was partly offset by planned increased departmental selling expense in connection with our new distribution unit in the United Kingdom.

General and Administrative Expense. General and administrative expense decreased by $2.7 million, or 7.8%, to $32.1 million in 2001 from $34.8 million in 2001. In 2001, amortization of goodwill and trademarks of $1.0 million was recorded. In accordance with SFAS 142, in 2002, goodwill and trademarks were no longer amortized. The further decrease was due to additional cost cutting measures, including head count reductions, which was offset by the strength of the euro against the U.S. dollar as our general and administrative expenses are mostly in euro.

Non-Cash Compensation Expense. We also recorded $2.0 million and $1.6 million for the year ended December 31, 2001 and 2002, respectively, as non-cash compensation expense due to the grant of stock options under our stock option plans 1998 and 2001 and the resulting amortization expense.

Restructuring. In 2001, we also recorded a charge of $0.8 million in connection with an employee termination.

Operating Income. As a result of the foregoing factors, operating income decreased by $1.4 million, or 7.2%, to $17.8 million in 2002 from $ 19.1 million in 2001.

Interest Expense. Interest expense increased by $0.4 million or 3.6%. The increase was due to the strength of the euro against the U.S. dollar. Our interest expenses are mostly in euro.

Interest Income. Interest income remained broadly unchanged at $0.9 million for each of 2002 and 2001.

Foreign Exchange Gain (Loss). We recorded a foreign currency exchange loss of $7.4 million in 2002, compared to a gain of $5.8 million in 2001. The loss was primarily associated with our U.S. dollar denominated receivables of our European subsidiaries as the euro strengthened against the U.S. dollar during the year. We operate in a multi-currency environment and are subject to the effects of fluctuation in exchange rates.

Other Income (Expense), net. Other income, net increased by $0.4 million due to a gain on sales of various small assets.

Income Tax Benefit (Expense). Income tax expense decreased by $1.4 million. The decrease in tax expense was mainly attributed to lower pretax income, offset by an increase of current income tax expense primarily in Austria and Italy.

Share of loss from equity investment, net of tax. This represented our share of loss from an equity investment in a distribution company purchased at the end of 2000. Our share of loss from this equity investment was $1.1 million. On December 14, 2001, we withdrew our investment and since then we have had no further involvement.

Net Income (Loss). As a result of the foregoing factors, we had a net loss of $2.6 million in 2002 compared to net income of $9.4 million in 2001.

Liquidity and Capital Resources

Our liquidity needs arise principally from working capital requirements, capital expenditures and asset acquisitions. Given the nature of winter sports, and to a lesser extent racquet sports, our operating cash flow and working capital needs are highly seasonal. See "Factors Affecting Revenues". Our need for cash is greater in the third and fourth quarters when cash generated from operating activities, together with draw downs from our bank lines, are invested in inventories and receivables. Historically, our primary sources of liquidity have been cash provided from operating activities, proceeds from the issuance of debt and equity securities and borrowings under various credit facilities.

Net cash provided by from operating activities decreased from $23.3 million in 2002 to $17.3 million in 2003. This decrease is a result of lower net income and a higher level of accounts receivable partially offset by a greater reduction of inventories. The cash flows from operating activities were primarily used to purchase property, plant and equipment of $16.9 million and to repurchase treasury stock of $1.2 million.

As of December 31, 2003, we had $41.3 million in unrestricted cash and cash equivalents and aggregate undrawn credit facilities of $8.7 million under operating credit lines, Austrian bank loans, and other lines of credit. In addition, $15.0 million was available under the U.S. loan agreement.

In 2002, net cash provided by operating activities decreased to $23.3 million from $35.9 million in 2001. This decrease was primarily the result of a net loss of $2.6 million in 2002 compared to a net income of $9.4 million in 2001 and a lower level of accounts payable, partially offset by a lower level of receivables. The cash flows from operating activities and proceeds from sale of property were used to pay a dividend of $5.2 million to our shareholders and to purchase property, plant and equipment of $20.7 million.

For the year ended December 31, 2003, net cash used for financing activities was $2.0 million, resulting from a repayment of long-term debt of $1.2 million, a repurchase of treasury stock of $1.2 million and an increase in restricted cash of $2.7 million partially offset by a change in short-term borrowings, net of $1.4 million and proceeds from long-term debt of $1.6 million.

Net cash provided by financing activities for the year ended December 31, 2002 of $2,000 resulted from an increase in long-term debt of $16.6 million, which included proceeds of $11.0 million from a sale leaseback of our property in Schwechat, Austria and Neusiedl/Zaya, Austria and proceeds of $4.8 million from a mortgage on our Penn Phoenix property. Cash was used to pay a dividend of $5.2 million to our shareholders, repay long-term debt of $4.3 million (including $3.5 million of the existing 10.75% Senior Notes due 2006), to purchase treasury stock of $3.0 million and repay $2.9 million of short-term borrowings.

As described above, we operate in a multi-currency environment and are subject to currency translation risk and, to a lesser extent, currency transaction risk. We incur transaction risk whenever one of our subsidiaries enters into a transaction using a currency other than its functional currency. In order to reduce this risk, we seek to match our revenues and costs in each currency. We also hedge part of our firm commitments for sales to Japan, Switzerland and Canada through forward contracts and options with Austrian banks. As of December 31, 2003, we had eight forward contracts on Japanese yen totaling $9.4 million, four Canadian dollar option contracts totaling $2.6 million, and one Japanese yen option contract totaling $1.9 million. We recorded a foreign exchange gain of $5.8 million in 2001 and foreign exchange losses of $7.4 and $1.1 million in 2002 and 2003, respectively.

We finance our operations through short- and long-term borrowings under agreements available to us and our subsidiaries as well as other debt.

Total debt as of December 31, 2003, was $184.8 million, consisting of short-term borrowings of $69.3 million, other long-term debt of $32.6 million and 10.75% Senior Notes of $82.9 million.

Based upon current operations and our historical results, we believe that our cash flow from operations will be adequate to meet our anticipated requirements for working capital, capital expenditures and scheduled interest payments. In January 2004, we sold €135 million of these 8.5% senior notes. With the proceeds of this sale, we redeemed all of our outstanding 10.75% senior notes, paid back certain other debts and retained the remaining funds for working capital and general corporate purposes. As a result of the repayment of certain debt, our available credit facilities will be reduced. Additional financing may be required to fund unanticipated capital and working capital expenditures. Although we believe that we will have enough money available to fund our planned working capital and capital expenditures for the next several years, we cannot assure you that we will not require additional financing for our operations.

Treatment of Bank Waivers Under SFAS No. 15

SFAS No. 15, Accounting by Debtors and Creditors for Troubled Debt Restructurings, establishes standards for reporting information about bank waivers received in connection with a debt restructuring. SFAS No. 15 requires that a debtor account for the effects of a restructuring prospectively from the time of the restructuring, and not change the carrying amount of the payable unless the carrying amount exceeds future cash payments (interest and face amounts) specified by the new terms. If total cash payments are less than the carrying amount of the payable at the date of the restructuring, the carrying amount of the payable shall be reduced to an amount equal to the sum of the future interest and principal cash payments, and a gain equal to the amount of the reduction shall be recognized. Thereafter, all cash payments shall be accounted for as a reduction of the carrying amount of the payable and no interest expense shall be recognized for any period between the restructuring and maturity of the payable. As a result of the application of SFAS No. 15, we recognized an extraordinary gain of approximately $58.2 million (net of debt restructuring expenses of approximately $3.6 million) for the year ended December 31, 1998 and $3.0 million (net of $1.6 million in taxes) for the year ended December 31, 2000.

Loan Agreements

Please refer to "Description of Other Indebtedness" for a description of our other indebtedness that will be outstanding after completion of the offering and the application of the proceeds therefrom.

Disclosures about Contractual Obligations and Commercial Commitments

Obligations to make future payments under contracts for the periods indicated were as follows as of December 31, 2003 (in thousands).

Contractual Obligations	**Less than 1** Year	1-3 years	4-5 years	After 5 years	**Total**
Sale-Leaseback	$ 138	305	349	12,438	$ 13,230
Mortgage	197	440	506	3,395	4,538
10.75% Senior Notes due 2006	- -	82,925	- -	- -	82,925
Other Long-Term Debt	3,058	5,122	4,571	2,124	14,875
Operating Leases	4,700	7,360	5,480	596	18,136

In connection with our benefit plans we are required to meet certain funding requirements, which could require us to make certain cash payments in the future.

In January 2004, one of our subsidiaries sold €135.0 million of these 8.5% unsecured senior notes due 2014. With the proceeds from the sale, all of our outstanding 10.75% senior notes due 2006 were redeemed.

Research and Development, Patents and Licenses

We believe that we are an industry leader in the development of innovative and technologically advanced sports equipment. Our research and development groups identify consumer needs and shifts in consumer preferences in order to develop new product ideas and concepts. In addition, we encourage cross-fertilization of ideas among divisions, which has led to further product innovations. In 2003, 2002 and 2001, we spent approximately $13.6 million, $11.0 million and $9.5 million, respectively, on engineering, research and development and $0.7 million, $1.0 million and $0.6 million, respectively, for patents and licenses. To ensure quality and precision, the majority of our products are designed on our own computer-aided design and manufacturing (CAD/CAM) systems.

Capital Expenditures; Research and Development

We expect to spend approximately $55 million on investment in property, plant and equipment and $36 million on research and development in the 2004 to 2006 period, primarily for the design and manufacturing of products that are scheduled to be introduced and existing products which we expect to continue selling during the period.

INDUSTRY

Winter Sports Market

We define the winter sports market as the market for alpine skis, ski boots and bindings, and snowboard equipment. We estimate that there are 50 million skiers and 8 million snowboarders active worldwide and that the market for winter sports equipment in 2003 was approximately $1.49 billion at the wholesale level, consisting of $525 million of skis, $195 million of bindings, $360 million of boots and $410 million of snowboard equipment. The ski market is split predominantly among Europe, the United States and Japan, with Europe in 2003 constituting approximately 60% of the world market, the United States approximately 17% and Japan approximately 14%. The snowboard market is led by North America, followed by Europe and then Japan.

Ski sales have traditionally been the primary component of the winter sports market, with ski sales patterns having a relational effect on the sales of bindings, ski boots and other ski accessories. The market for skis, however, has undergone a transformation in the past decade by declining from an estimated 6.5 million pairs sold per year worldwide in the late 1980's to approximately 4.2 million pairs sold per year in 2003. The reduction in ski sales resulted primarily from a shift in consumer preference from skiing to snowboarding in the early 1990's, an absence of significant product innovation prior to the introduction of the carving ski and the severe decline in the Japanese market, caused by the economic difficulties experienced there in recent years. In the last ten years, the snowboard market developed into a new form of winter sport, and the market has increased from 800,000 boards sold in 1995 to a peak of 1.6 million in 2000. In 2003, 1.4 million boards were sold.

Globally in 2002 the winter sports market experienced a decrease of approximately 5% caused by late snow in some important markets in Europe and the west of North America and the recessionary global economy. For 2003 the market remained stagnant at this level.

The decline in the market for skis has had a corollary effect on the market for bindings, ski boots and other accessories. The bindings market declined from approximately 5.9 million pairs sold per year in the early 1990's to approximately 4.2 million pairs in 2003. The ski boots market suffered a significant decline from 3.9 million pairs sold in 2000 to 3.6 million pairs sold in 2003 with lower average prices in constant value. We believe this decline in price was due to oversupply resulting from late manufacturers' reaction to a slowing of the replacement cycle for ski boots.

The ski and snowboard industries have faced pricing pressures as a consequence of the market decline and, to a lesser extent, as a result of increasing concentration of sales to sporting goods specialty chains, resulting in a phase of consolidation within the industry as weaker brands are acquired or go out of business. The ability of a manufacturer to offer packages of skis, bindings and boots has become more important.

Carving skis have proved popular with skiers. We estimate sales of carving skis increased to approximately $525 million or 100% of total industry-wide ski sales at wholesale in 2003, from an estimated $40 million in 1995. Carving is designed to capture the feel of snowboarding with greater control and allows for turns to be executed at high speed making skiing a more effortless and easier experience for skiers of all abilities. Based on our market knowledge and experience we expect that these features will make skiing more fashionable for all groups, that carving will continue to dominate the category at the expense of traditional skis and that some snowboarders will shift to carving skis. Industry observers also believe that growth in carving skis has helped to stabilize the overall ski market, thereby partially offsetting the declining industry trend.

In 2003, consolidation continued in the snowboard industry of the winter sports market. Traditional ski distributors and retailers replaced many of the snowboard specialists in the marketplace. We expect this trend to continue.

Racquet Sports Market

We define the racquet sports market as the market for tennis, squash and racquetball racquets and tennis balls and racquetball balls. We estimate that the market for tennis racquets in 2003 was approximately 9.1 million units, with a value of approximately $347 million at the wholesale level. We believe the markets contracted by approximately 8% in revenue in 2003. The market is divided predominantly among the United States, Europe and Japan. The United States and Europe each represents more than 25% of the 2003 world market.

Measured in unit volume, the worldwide tennis racquet market has declined from its peak in the early 1990's, as a result of various factors, including reduced interest in the sport, particularly from younger people. The decline in interest is believed to be due to competing leisure activities, such as alternative sports, computer games and the Internet. In 2003 the tennis market was also impacted by consumer uncertainty about general economic activities and the deterioration of the labor market globally.

We estimate worldwide sales of tennis balls at approximately $220 million at wholesale in 2003, with approximately 22.8 million dozen tennis balls sold. Of these sales, the US and Europe accounted for approximately 42% and 28% in units, respectively, representing the two largest markets for tennis balls. In 2003, the market for tennis balls was generally perceived to have a decline overall by approximately 2%.

Diving Market

We define the diving market as the market for diving equipment, wetsuits, drysuits and diving accessories. In 2003, the overall diving market was generally perceived to have declined by 3%, with the important US and Japanese markets showing, according to some estimates, a downturn in demand of up to respectively 1% and 20%. This overall decline was, we believe, principally due to the decrease in international travel to diving destinations and, to a lesser extent, the general worldwide economic slowdown. Only certain markets in areas such as South East Asia and Eastern Europe showed some improvement generally across the industry in 2002.

We estimate the market at the end of 2003 to have been approximately $470 million based on new market estimations. We expect the diving market to recover when customers feel that the threat of terrorism is sufficiently contained. The popularity of the sport is becoming significant in many emerging countries like Russia, Poland, Croatia, Serbia, Ukraine, Thailand and South Africa with significant increase in sales especially as far as diving centers are concerned. The market can be divided into a lower segment sold through chain stores with lower average prices and an upper segment sold through specialty stores. The lower segment of the market consists primarily of equipment for snorkeling while the upper segment of the market consists of equipment for scuba diving.

The diving industry is fragmented with well over 30 brands. While there are various companies which produce a number of diving products, Mares is the only company which designs and manufactures a complete line of products under one trademark.

BUSINESS

Overview

We are a leading global manufacturer and marketer of branded sporting goods serving the skiing, tennis and diving markets. We own a portfolio of brands — *Head* (skis and ski boots, snowboard equipment, tennis, squash and racquetball racquets, athletic and outdoor footwear, apparel and accessories), *Penn* (tennis and racquetball balls), *Tyrolia* (ski bindings) and *Mares* and *Dacor* (diving equipment). Our key products have attained leading market positions and have gained visibility through their use by many of today's top athletes.

With a broad product offering marketed mainly to middle to high price points, we supply 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. Our products are sold through over 32,000 customers in over 80 countries and target sports enthusiasts of varying levels of ability and interest ranging from the novice to the professional athlete. Our strongest presence has traditionally been in Europe, and we have recently been successful in building market share in the United States, the next largest market for our products after Europe.

Over the last 54 years, we believe we have earned a reputation as a leading developer and manufacturer of innovative, high-quality and technologically advanced sporting equipment. Our focus continues to be our core products of skiing, tennis and diving equipment. In order to expand market share and maximize profitability, we have increased our emphasis on marketing and new product development, leveraging further our brands, global distribution network and traditional strength in manufacturing, and we have initiated a program to reduce our fixed costs and streamline our organizational structure.

Our Competitive Advantages

We have a leading market share in key product areas. We believe we hold leading market position in skiing, tennis and diving products.

- *Skis.* In 2003, we believe, based on our market knowledge and experience, that *Head* skis were the number two selling skis in Europe, the largest market for ski equipment in the world, and we believe we held the number three position globally or 13% of the market based on units sold.

- *Bindings. Tyrolia* bindings also have long been a market leader, and we believe, based on our market knowledge and experience, that *Tyrolia* was the top selling brand of ski bindings in 2002, in terms of numbers of units sold. In the 2003 season, we believe we were the largest manufacturer of ski bindings worldwide in terms of numbers of units produced (including ski bindings manufactured for others).

- *Racquets.* In tennis, we believe Head maintained the number one market position in Europe and the number two position globally in retail sales in 2003.

- *Balls.* Penn is the world's leading manufacturer of tennis and racquetball balls in volume sold. In 2003, we estimate that Penn sold over half the tennis balls sold in the United States and held 30% of the tennis ball market worldwide in volume. In 2003, we estimate we held 75% of the racquetball ball market in the United States, which we believe accounted for 90% of the worldwide market.

- *Diving.* Mares is one of the largest producers and marketers of diving equipment in the world. We also own Dacor Corporation, a U.S.-based seller of a selected range of diving equipment. We believe that in 2003 Mares and Dacor together held 17% of the worldwide market in diving equipment.

We have a strong brand identity. Our principal brands — *Head, Penn, Tyrolia* and *Mares* — are among the most widely recognized names in their markets. We reinforce the strength of our brands through a program of endorsements with high profile athletes and sponsorship of major tournaments and other events.

- *Winter Sports.* Hannes Trinkl, the 2001 Downhill World champion, endorses *Head* skis as well as the up and coming star Maria Riesch, from Germany. In snowboarding, we have received endorsements from the German athlete, Jan Michaelis, who won the overall 2001/2002 world championship title in Halfpipe and his Finnish teammate, Jukka Erätuli, who won the 2001/2002 and 2002/2003 overall world championship title in the Big Air discipline.

- *Racquet Sports.* Andre Agassi endorses our Head tennis racquets and used our Head Liquidmetal racquet in the 2003 U.S. Open. Gustavo Kuerten and Goran Ivanisevic both won 2001 Grand Slam tournaments using a *Head Intelligence* racquet. *Penn* is the official tennis ball of many major tennis tournaments worldwide, including ATP Tour and WTA Tour events and the Tennis Masters Series and Tennis Masters Cup.

- *Diving.* We believe most free diving world records, including those set by Francisco "Pipin" Ferreras at 170 meters and Gianluca Genoni, have been set using *Mares* equipment.

This strong brand identity allows our products to command higher prices and fosters brand loyalty. We believe the strong identity and visibility of our brands have been instrumental in increasing licensing opportunities for apparel and other products, as well as enabling us to introduce new product lines and enter new markets more effectively.

We are at the forefront of product development and innovation. We have been and continue to be at the forefront of the development of innovative and technologically advanced sporting equipment.

- In 2003 we introduced Head Liquidmetal racquets, which *Fortune* magazine and *Business Week* recently declared to be one of the 25 best products of the year 2003. Three months after their introduction, 3 of our Head Liquidmetal lines of racquets were in the top four best-selling racquets in the U.S. Pro/Specialty channel of distribution. In addition, our Head Liquidmetal *"LM Radical"* racquet was the best selling racquet of all brands in Japan in the September to December 2003 sales period. In 2000, we introduced our *Head Intelligence* and *Head Intelligence X* racquets, which, along with *Head Titanium* racquets (launched in 1997), significantly increased our overall U.S. market share in terms of revenues from 9% in 1997 to 24% in 2003.

- In our *Head Intelligence* skis and snowboards, we have utilized the technology originally developed for our *Head Intelligence* line of tennis racquets. *Head Intelligence* skis and snowboards transfer the energy created by contact with surface of the snow through *Intellifibers* to absorb vibration and adjust the stiffness of the skis and snowboards based upon speed and snow conditions. Major ski magazines and trade journals have rated the skis highly and we gained added visibility when the skis were used at the 2002 Winter Olympics in Salt Lake City, Utah and in World Cup ski races 2002/2003. We have also been a leader in the development of carving skis, and we introduced the first bindings specifically designed for carving skis, which include carving plates and other features designed to improve performance.

- *Mares* is a leader in technological innovation in the diving market and holds several key patents on regulators, diving computers and other related products. Both the U.S. Navy and the European Union have certified many of these products.

We employ an integrated marketing program. We consider our marketing approach to be key to promoting and reinforcing the strength of our brands worldwide. Each of our products is supported by an integrated marketing program which is designed to be responsive to the demands of our targeted trade customers.

- Our marketing techniques include the hosting of training programs and clinics for in-store personnel, participation in trade fairs, preparation of in-store promotional materials and a strong advertising program, including print advertising and point-of-sale merchandising such as displays and samples. As a result, we believe that we have built a strong presence in specialized ski, tennis and diving retail outlets in a number of our key geographic markets.

- In addition, we operate a strong grassroots program, introducing our products to instructors, coaches and other professionals who are in a position to generate interest in a product and influence the decision of the ultimate consumer.

- We believe the breadth of products we offer in our chosen markets makes us more attractive to customers because it allows them to reduce their number of suppliers, as well as to end users because it simplifies their purchase decision.

We design and develop the manufacturing technology for our high-end products in-house. In addition to designing our products, we have made a strategic decision to design and develop the manufacturing technology for our high-end sports products at our own technologically advanced manufacturing plants. In this way, we protect the quality, image and workmanship associated with our products and ensure that we move new products quickly from development to the marketing and selling stages. By maintaining control throughout every facet of the development and manufacturing process of our high-end products, we also seek to protect our proprietary technology and thereby prevent imitations of our products. We believe that this manufacturing strategy provides us with a significant competitive advantage. When we do not believe that a product's quality or proprietary technology will be compromised, we outsource the product to third-party manufacturers in order to reduce costs and improve unit profitability.

Our Strategy

Our business strategy is to capitalize on our competitive strengths in order to increase revenues while improving cash flow and profitability through market share expansion, new product introductions and cost reductions.

Expand Market Share. We intend to expand our market share, particularly in the United States and Japan, by focusing on innovative products such as our Head Liquidmetal racquets and *Head Intelligence* skis and snowboards and strong-selling products such as *Penn* tennis balls.

- We intend to build market share in most European markets through continued product innovation and brand marketing.

- We intend to increase our penetration of the U.S. market for tennis racquets and other Head products through continued innovations in racquets and an exclusive endorsement agreement with the US Professional Tennis Association (racquets and balls) and a non-exclusive endorsement agreement with the Professional Tennis Registry (racquets only), the two largest teaching organizations globally. Our goal is to become the leading supplier of tennis products and add significantly to the presence of Head racquets in the United States.

- We intend to expand sales of our snowboard equipment by leveraging our sales, marketing and distribution networks.

- We intend to increase our penetration of the U.S. market for diving equipment by introducing new products into the *Mares* line.

- We intend to increase business in emerging markets such as Asia, Latin America and Eastern Europe through a combination of higher brand awareness, product innovations and increasing sales and marketing resources.

Rapidly Develop and Launch New Products. We intend to continue our tradition of product innovation and development by identifying new product opportunities and moving quickly to launch these products successfully. After we identify a new product opportunity, we rely on our in-house research and development department and the manufacturing facilities available to us to produce the desired product concept. Thereafter, through a combination of our integrated marketing program, high brand awareness and global distribution organization efficiency we are able to introduce the new products to the market rapidly. Recent examples of this are our *Head Intelligence* skis and snowboards and *Head* Liquidmetal tennis racquets. In 2003, 2002 and 2001, we incurred $13.6 million, $11.0 million and $9.5 million, respectively, on engineering, research and development.

Reduce Costs. We are implementing the following cost reduction program, which we believe will result in cost savings and increased operating income:

- We have transferred all of our manufacturing operations of ski boots and fins in Tallinn, Estonia to a recently purchased plant in Litovel, Czech Republic. We expect lower overhead costs for these manufacturing operations as they will share administrative and management resources with our existing infrastructure in Austria. We have already ceased production at our Estonia plant in preparation for its closing, currently scheduled for the end of 2004 with its subsequent sale.

- We have transferred some of our ski manufacturing from our plant in Kennelbach, Austria to our existing plant in Budejovice, Czech Republic where production costs are considerably lower. We also have transferred much of our racquet production in Kennelbach to Budejovice.

- We are in the process of closing our tennis ball production facility in Mullingar, Ireland and transferring these operations to our existing, under-utilized plant in Phoenix, Arizona.

- We are centralizing our European distribution organizations for Winter Sports and Racquet Sports products so that Head International GmbH will operate as a single distribution company for key markets. Head International invoices and ships products from one European distribution center in Klaus, Austria to our customers in Switzerland, Germany, Italy and Austria since January 1, 2004. From January 1, 2005, we intend for Head International to invoice products to our customers in France and the UK. As a result, all of our invoicing to the customers in these markets and to third-party distributors worldwide will occur from Head International. The former related European distribution companies will thereafter function only as sales agencies. We already completed the consolidation of our U.S. warehouses from three locations to one location and streamlining the management of our U.S. diving, winter and racquet sports businesses.

We are investigating additional cost savings. Where we are confident that quality and proprietary technology will not be compromised, we intend to look for and secure further arrangements to manufacture our products in low-cost regions, including expanding our outsourced manufacturing in China. We aim to decrease our overhead and production costs over the next five years as we identify and implement new measures such as additional relocation of production plants and outsourcing arrangements.

Our Products

Statements regarding our competitive position consist of estimates based on industry reports concerning market share, market position and industry data for our various lines of business compiled by industry analysts for our major markets, our knowledge of our sales and markets, and claims by other sporting goods products manufacturers.

Winter Sports

Winter Sports products accounted for 43.8% of our total revenues in 2003.

Head Ski

Our *Head* ski brand is one of the leading ski brands in the world. We estimated 13% market share of our skis in 2003. We sell a broad range of carving skis designed for all levels of skiers, from the novice to the professional racer. Our ski products represented 39.4% of our total Winter Sports revenues in 2003.

The following table sets forth our principal *Head* ski models:

Line	Target Market	Number of Models	Features
Racing Carver	Expert skiers and racers	4	Extreme stability and precision for racing and high performance skiing
Freeride	Advanced to expert skiers	6	Maximum lift in powder snow and maneuverability for off piste and extreme skiing
Allround Carve	Intermediate to advanced skiers	9	Easy-turning and maneuverability for all types of terrain
New School	Advanced to expert skiers	3	Shock-absorbing reinforced construction for mogul, freestyle skiing and jumps
All-Mountain Cruise	Beginner to intermediate skiers	3	Shorter length and easy-turning suitable for learning and hobby skiers
Junior	Young skiers	7	Radical side cuts designed for easy handling for younger skiers of all abilities
Rental	All skiers	6	Added durability
Accessories	All skiers	18	Includes ski poles, carrying bags and

other items

Technology. We believe that we are an industry leader in the development of innovative and technologically advanced carving skis. Our carving skis are not only different in appearance from conventional skis, but are also differentiated from various other carving skis by patented technical features and directional stability. In February 2002, we introduced a patented "ski management" system — *Head Intelligence* skis. This product line utilizes the technology we introduced in 2000 with our *Head Intelligence* line of tennis racquets and incorporates the piezoelectric *Intellifiber* and *Head Chipsystem. Head Intelligence* skis transfer the energy created by contact with surface of the snow through the Intellifibers to absorb vibration and adjust the stiffness of the skis based upon speed and snow conditions. This gives the skier more control with less effort. Major ski magazines and trade journals have rated the skis highly and we gained added visibility through the skis being used at the 2002 Winter Olympics in Salt Lake City, Utah and in World Cup ski races 2002/2003 and 2003/2004.

Market Share. We estimate that the global ski market was approximately $525 million at wholesale in 2003. We believe, based on our market knowledge and experience, that in 2003, Head skis were the number two selling skis in Europe and that we held the number three position worldwide based on units sold. We estimate our market share for skis worldwide was 13% in 2003, an increase of approximately 60% from an estimated 8% in 1996.

We believe that demand for carving skis will continue to increase and that carving ski sales represented 100% of total industry-wide ski sales in 2003. We expect to increase our market share through geographic expansion and focused product offerings. We plan to pursue market share growth in the United States and expect to have further opportunities in developing ski markets such as Eastern Europe and to a lesser extent, South America.

Positioning. We were the first ski manufacturer to introduce a fully integrated line of carving skis, boots and bindings. We believe that this integrated product offering is key to maintaining preferred relationships with trade customers and increasing our global market share. In addition, through this integrated offering, we achieve synergies in distribution and engage in joint product development among our internal product groups in the development of new carving products and other products.

Manufacturing. We manufacture *Head* skis at our manufacturing plants in Kennelbach, Austria and Budejovice, Czech Republic, where we use a computerized manufacturing system. As part of our efforts to reduce costs, we have transferred some of our ski manufacturing from our plant in Kennelbach, Austria to our plant in Budejovice, Czech Republic. We outsource the manufacture of some models of junior skis to a third party. Through factory automation, we have been able to greatly improve our labor productivity. We use some excess capacity to manufacture high performance and carving skis for other branded ski companies.

Bindings

We believe that *Tyrolia* was the top selling brand in the worldwide ski bindings market in 2003, based on units sold. Our bindings business represented 30.4% of our total Winter Sports revenues in 2003.

The following table sets forth the principal *Tyrolia* binding products:

Line	Target Market	Number of Models	Features
Racing	Expert and professional skiers	3	Innovative *Free Flex PLUS* Technology (patented)
Rail Flex	Beginners and advanced skiers	3	Integration system with double free-flex, boot center adjustment and tool free mounting
Light Diagonal	Carving skiers	3	Different systems featuring *Cyber Free Flex* Technology (patented) or Carve Flex Technology and different integrated stand heights
Super Light	All skiers	4	SL Super light and LD Light diagonal technology with different integrated stand height

Junior	Young skiers	4	Provides safety features for juniors and children
Rental	Rental market	8	Adjustable toe and heel parts with unique Single Code System. Chip technology for Sym Pro
Carving Plates	Carving skiers	4	Two-piece plates, pre-drilled for *Tyrolia* models, different stand heights and damping systems

Technology. We believe that the *Tyrolia* brand has consistently offered outstanding performance in safety and reliability while introducing technological innovations. In 1996, we were the first to introduce a carving binding line to complement the performance characteristics of the *Cyber* ski. *Free Flex* technology allows the heel of the skier to glide freely as the ski bends, optimizing edge grip and ski contour, which facilitates a higher degree of angulations throughout a turn. In 2000, we introduced a new racing technology, *Free Flex* PLUS, which provides improved traction performance at high speed by eliminating the counterflex motion of the ski.

In 1999, we introduced the SL 100, a super lightweight binding (25% weight reduction compared to equivalent bindings) with a modern design for the middle and lower price point in different model variations. We believe that the SL 100 became the largest selling binding in the worldwide market and accounted for over one-third of our binding sales worldwide in units in 2003. The launch of the SL 100 bindings helped us gain what we believe to be a leading position in the worldwide bindings market.

In 2002, Tyrolia introduced *Rail Flex,* an integrated tool free binding system.

In our Rental line, we introduced the innovative chip system in 2001, targeted at the Rental business. It provides simplified and complete data integration together with special software, and precise and quick adjustment of the bindings, thus saving time and increasing the safety of our products. These bindings are now offered together with pre-mounted *Head* Rental skis and *Head* Rental boots, which also include the chip.

Market Share. We estimate that the market for bindings worldwide was approximately $195 million at wholesale in 2003. We estimate our market share worldwide for bindings in units was approximately 32% in 2003 and believe that *Tyrolia* was the top selling brand in 2003, in terms of numbers of units sold.

We expect growing demand for integrated bindings systems, specific features for shaped skis as well as new plate technology. We intend to continue marketing our carving bindings as part of our unique, integrated Cyber line of carving skis, boots and bindings, as well as carving plates, to increase their brand appeal and market share. We also intend to respond to the growing demands for so-called "systems", by developing complete new and innovative solutions of integrated binding-ski systems to enhance the coordination of movement and forces of all products, as well as to offer convenient mounting technology for our dealers.

Manufacturing. All of our *Tyrolia* bindings are manufactured at our technologically advanced plants in Schwechat (production) and Neusiedl (assembly), Austria or under our supervision in the Czech Republic. *Tyrolia* bindings consist of over 100 separate components, many of which are made in-house and then assembled automatically with the assistance of robotics. Assembly not performed by robotics is outsourced to plants in the Czech Republic.

Ski Boots

We market our ski boots under the *Head* and *Munari* brand names. Our new and high price point ski boots are marketed under the *Head* brand name due to *Head*'s high level of brand awareness. We also supply private label boots marketed to lower price points. Our ski boot business represented 20.9% of our total Winter Sports revenues in 2003.

The following table sets forth our principal categories of ski boots:

Line	Target Market	Number of Models	Features
Head			
Racing/Freeride	Racers, experts and freeriders	11	Project introduced in 2001 with full

	professional skiers		bi- injection technology and high performance construction to maximize energy transmission. A totally new buckling system incorporates two innovative patented solution, to improve performance
All Mountain Performance	Experts to intermediate skiers	10	New range introduced in 2002, with a wide range of models targeted to the expert and advanced skier. Intended to provide an outstanding level of performance and comfort
New Concept	Extra comfort	4	New range targeted at the skier looking for maximum comfort and ease of use featuring a completely new technology
Sport/Comfort	Intermediate and beginners	6	EZ-on shell, Double Power Buckle and Autoski Walk intended to create maximum ease of use and comfort
Junior	Young skiers (all segments)	5	Junior boots for racers to beginners
Rental	Rental	9	High comfort and reliability for intermediates and beginners
Munari			
Sport Comfort	Intermediate and beginners	4	Easy walk adjustment, light and user-friendly boots
Comfort	Beginners	4	Easy step-in and high comfort boots
Junior	Young skiers (all segments)	7	Junior boot line for good, intermediate and beginner skiers

Technology. In 2003, we introduced a new range, the E-Fit line, which we believe allowed us to increase the market share in the comfort segment.

The *Edge* and *EZON* boots have become our best-selling ski boots in terms of number of units sold. The Edge boot allowed us to increase the market share in the middle and higher price segment and this line was successfully sold at retail level.

Market Share. We estimate that the market for boots worldwide was approximately $360 million in 2003. We believe, based on our market knowledge and experience, that the *Head* ski boots held the number three position worldwide in 2003 based on units sold. We estimate that our market share (*Head* and *Munari* together) in 2003 was approximately 14%, which was a positive trend in comparison to the 2002 season.

We aim to increase unit sales of our boots worldwide by leveraging our brand names and extending the top end product line described above. Our expectation for 2004 is a stable global market and a concentration of brands at dealer level, from which we should benefit.

Manufacturing. All of our ski boots will be manufactured at our recently purchased plant in Litovel, Czech Republic, starting with the 2004/2005 collection. Until 2003 ski boots were produced in our factory in Estonia (approx. 94%) and in Italy (6%). The new factory will allow us to improve our efficiency and service and reduce fixed costs as well.

Snowboards

We market our snowboard products under the *Head* brand. These products accounted for 9.4% of our total Winter Sports revenues in 2003.

The following table sets forth our principal categories of snowboarding products:

Line	Target Market	Number of Models	Features
Boards	Freestyle/Freeride	14	*Intelligence* Chip Technology and *Intellifiber*

			Technology, Dimensional concept: perfect boot-binding-board match *Free Flex* rail system: innovative binding fixation
Softboots	Freestyle/Freeride	8	*ThermoFit liners*: individually customizable fit Double Lasted Sole: integrated EVA midsole
Softbindings	Freestyle/Freeride	7	Powerframe concept: better board flex — better transmission Auto-Open straps: reentry improvement Auto-Lock highback: automatic fixation of highback to heelcup
Step in bindings & Boots	Freeride/Freestyle	1	Step-X4: 4 point fixation for best power transmission and control
Rental	Freeride/Freestyle		*Head* "Rent'n Ride in 58 Seconds Program" Dimensional concept: perfect boot-binding match Chip system: faster registration of rental equipment Powerbase toolfree: first toolfree stance & angle adjustable rental softbinding Step-X4 toolfree: first toolfree stance & angle adjustable step in rental binding

Technology. In 2003, we introduced *Head Intelligence* with *Head Chip System* in our snowboards and took advantage of the momentum already created in skis at dealers and media. We also introduced complete new lines of snowboard boots and snowboard bindings featuring the "Dimensional Concept". This concept aims to perfectly match snowboarding boot size with board, avoiding toe and heeldrag, or low leverage. We believe no other snowboard company has dealt with this common problem in the systematic way Head does. In every product category, *Head* offers unique features, like *Free Flex* rails in the board line, *Powerframe* with bindings, ThermoFit liners and Double Lasted soles with boots. We believe that the *Head* "Rent'n Ride in 58 Seconds Program" is still the fastest and most versatile rental system offered to the market.

Market Share. We estimate that the global market of snowboard, bindings and boots was approximately 1.4 million units in 2003 and that our market share was approximately 5.9% worldwide.

Manufacturing. We source all of our products except the Step-X4 bindings that are manufactured by Tyrolia.

Racquet Sports

Racquet Sports products accounted for 38.6% of our total revenues in 2003. Under the Head brand name, we design, engineer and manufacture a broad offering of tennis, squash and racquetball racquets. We also sell tennis accessories under the Head brand and tennis balls and racquetball balls under the Penn brand name.

Head Racquets

We estimate that in 2003 our Head racquets were the number two brand worldwide, comprising 20% and 24% of the world retail market in units and revenue respectively. Revenues from racquets and accessories amounted to 61.5% of our total Racquet Sports revenues in 2003.

The following table sets forth the principal Head racquet product lines:

Category	Line	Target Market	Number of Models	Features
Tennis	Head Liquidmetal Series	Tennis enthusiasts at all level of Play	5	Performance racquets featuring Head Liquidmetal for perfect energy transfer
	Intelligence Series	All levels of play	9	Racquets featuring Intellifibers

				(piezoelectric material), Top model with Chip system (chip powered and electronically dampened racquets)
	Titanium and *Performance* racquets	Entry level players	16	Lightweight value products for short and medium swings
	Junior Series	Young players	9	Lightweight racquets for juniors from ages 6 to 14
Squash		All players	20	Racquets for all skill levels and price points
Racquetball		All players	11	Racquets for all skill levels and price points
Accessories		All players	*	Tennis bags, racquet strings and grips, racquetball gloves and other tennis accessories

* Not meaningful.

Technology. We have gained technological leadership in the tennis market with both the *Head Titanium* and the *Head Intelligence* Technology, which were launched in 1997 and 2000 respectively. In August 2003, we once more introduced innovative racquet technology with Head Liquidmetal. Leading global tennis publications such as "U.S. Tennis Magazine" and the German "Tennis Magazin" have thoroughly playtested our Head Liquidmetal racquets against relevant competitor products and rated the Head Liquidmetal racquets the highest. The *LM 4* and the LM Instinct were the U.S. Tennis Magazine's "editor's choice" racquets.

Market Share. We estimate that the market for tennis racquets worldwide was approximately 9.1 million units and $347 million at wholesale level in 2003. We believe, based on our market knowledge and experience, that Head brand tennis racquets were number one in Europe and number two on a worldwide level in 2003. We estimate that market share of overall revenues generated for 2003 was approximately 24% worldwide and that our European market share was 32%. Due to the first time availability of substantial third party quantitative market research data for Europe, market and market share information cannot be reconciled back to 2002 reporting and may vary substantially.

We believe that since the early 1990s, our worldwide unit market share of racquet products has grown substantially, despite a significant decline in the size of the market. Unit sales of Head tennis products increased from 0.8 million in 1993 to 1.8 million in 2003. We believe these market share gains occurred in all major markets around the world and were largely due to the introduction of proprietary premium technologies such as *Titanium* and *Intelligence* and their subsequent and successful use by some of the most popular athletes in tennis. On a long-term basis, due to our continued investment in research and development, global sales, marketing and distribution network and high level of market penetration, we expect to continue to grow our global market share for our tennis racquet products, with an increased presence in the U.S. and Japan and opportunities in developing markets such as Asia, South America and Eastern Europe, where a growing middle class is showing an increasing interest in tennis.

We believe that our significant global market share is partly a result of our strong presence on the professional tennis circuit. Based upon the December 2003 ATP Tour Entry-List Rankings, Head racquets were used by more than 30 of the top-rated 100 professional male players, including career grand slam champion and 2003 Australian Open winner Andre Agassi, 2001 French Open Champion Gustavo Kuerten, and 2001 Wimbledon Champion Goran Ivanisevic, making Head the number one racquet brand used on the ATP Tour. A number of tennis players on the WTA Tour, such as Anastasia Myskina, Patty Schnyder and Chanda Rubin and ATP Senior Tour players such as Björn Borg and highly reputed coaches including Bob Brett and Dennis van der Meer also use Head tennis products. In addition, we operate a strong grassroots program, introducing our products to leading instructors, coaches and other professionals who are in a position to generate interest in a product and influence ultimate customer decisions.

The Head Titanium, Head Intelligence and *Head Intelligence X* tennis racquets have, we believe, significantly increased our overall U.S. market share (in terms of revenues) from 9.0% in 1997 to 24% in 2003.

We cross-leveraged these technologies to create line extensions in *Head* Squash and Racquetball and the *Titanium* and *Intelligence* models which we believe improved our position in other racquet sports markets as well. In 2003, we estimate that we finished the year slightly down in the U.S. racquetball market share. However we estimate that we were the number two brand of the racquetball racquet market in 2003.

Manufacturing. As part of our cost-cutting program, we now only partially manufacture our high-end racquets in our facility in Kennelbach, Austria, because we have transferred the labor intensive racquet finishing production from Kennelbach to our facility in Budejovice, Czech Republic. All other racquets, accounting for approximately 75% of all racquets sold, are outsourced to manufacturers in China.

Penn

We believe that Penn is one of the world's leading manufacturers and marketers of tennis and racquetball balls. Revenues from our Penn division amounted to 37.8% of our total Racquet Sports revenues in 2003.

The following table sets forth the principal Penn product lines:

Line	Target Market	Number of Models	Features
Tennis Balls			
Championship	Frequent players	5	Models designed for specific courts surfaces
Pro Penn USPTA	Teaching professionals	5	Highest quality felt/premium rubber balls made for specific court surfaces
Tennis Masters Series and ATP Tour	Top professionals and serious tournament players	6	Balls for tournament play made of long- wearing felt and rubber-coated for moisture/stain resistance; New balls: Prestige specifically for Germany and Marathon for International Markets
Stars	Beginners (sold to clubs and teaching pros)	2	Manufactured with less pressure
Titanium	Premium3	3	New in 1998; titanium enhanced core
Court One	Casual/Recreational	1	Non USTA approved
Private Label	Casual/Recreational	1	Special orders
Racquetball Balls			
Pro	Tournament players	1	Premium price/performance
Ultra-Blue	All players	1	Flagship brand
Titanium	All players	1	New in 1998; titanium enhanced core

Technology. Penn has introduced many innovations, including:

- "play related" tennis balls for different court surfaces and high altitude play;
- optical yellow tennis balls, which have become industry standard;
- the pull ring can with plastic lid;
- recyclable plastic tennis ball containers; and
- Smart Optic felt with 19% more visibility.

Market Share. We estimate that the market for tennis balls is approximately $220 million worldwide, with approximately 22.8 million dozen tennis balls sold in 2003. We believe *Penn* was the market leader in 2003, with an estimated market share of 31% worldwide and of over 52% (based on volume) in the United States, the world's largest market in 2003. Along with the general decline in the market we estimate that Penn sales have declined during recent years. Due to the first time availability of substantial third party quantitative market research data for Europe market and market share information cannot be reconciled back to 2002 reporting and may vary substantially.

We believe that *Penn*'s strong market position is a result of the superior quality of our products, economies of scale through the largest tennis plant globally in Phoenix/Arizona and close affiliation with the professional tennis circuit. *Penn* is the official ball used in many major tennis tournaments globally, including the Tennis Masters Cup and Tennis Masters Series events, ATP Tour and the WTA tour events, and some Davis Cup and Federation Cup ties. We are the exclusive tennis ball sponsor of the Masters Series tournaments, the highest profile tournaments in tennis outside the Grand Slam events. This exclusive sponsorship will provide live broadcast brand exposure globally during the season as well as merchandising opportunities.

The market for racquetball balls is concentrated mainly in the United States, which we estimate accounts for over 90% of the world market. In the United States, we estimate our market share was approximately 75% (based on volume) in 2003. Since the early 1990s, annual racquetball balls sales, including Penn racquetball balls sales, have been declining, and we expect this trend to continue.

Manufacturing. We currently manufacture our tennis balls and racquetball balls (with the exception of less than 5% of the low end products) at our facilities in Phoenix, Arizona and Mullingar, Ireland. In 2002, a key automation project was successfully implemented in both Phoenix and Mullingar. This resulted in some cost savings in 2002. As part of our cost-cutting program we are in the process of closing our tennis ball production facility in Ireland effective March 31st, 2004 and will transfer these operations to our existing, under-utilized plant in Arizona.

Several years ago, we entered into an agreement with a South American company, which manufactures and distributes Penn tennis balls in Argentina exclusively for the South American markets.

Mares and Dacor Diving

We believe, based on our market knowledge and experience, that our diving products had an estimated global market share of approximately 17% in 2003. The Mares and Dacor products cover the upper and middle market segments and include several models of air regulators, buoyancy compensator jackets, diving fins, diving masks, snorkels, exposure suits and diving computers.

Each of these brands has different product features and is aimed to cover the various international market needs, with Dacor being particularly strong in the United States. In addition, we offer a variety of air tanks and valves, diving boots and gloves, underwater flashlights, equipment bags, knives and various other accessories and diving instruments. Our diving business represented 15.4% of our total revenues in 2003.

The following table sets forth the principal Mares and Dacor products:

Line	Number of Models	Features
Regulators	20	Lightweight, durable; high performing
Air tanks	3	High resistance to impact and aging
Valve sets	2	Designed to guarantee optimal air flows at any pressure
Buoyancy compensator jackets	19	Devices for airflow control and better buoyancy
Wetsuits	20	Designed to ensure warmth and comfort
Wetsuit accessories	9	Gloves, boots and socks
Fins	23	Designed to provide maximum power using minimum effort
Masks and goggles	35	Includes single, two and four lens models, with maximum visibility
Snorkels	24	Designed to provide easy and dry breathing
Computers	9	Designed to provide enhanced performance and

		safety
Other accessories	54	Knives, spearguns, flashlights, bags, etc.

Technology. Mares historically has been the industry's technological leader and has introduced many ground-breaking diving products ahead of the competition, including plastic fins, underwater guns and high-performance regulators. A large part of Mares' sales is dependent on patented technology, including air regulators, diving fins and diving masks and a new generation of buoyancy control vests (HUB) to provide maximum freedom during diving and, just recently, a new algorithm for decompression.

Market Share. We estimate that the market for diving equipment was approximately $470 million in 2003 based on exchange rates at that time. We believe, based on our market knowledge and experience, that our Mares brand of diving equipment had one of the best market positions in Europe and worldwide in 2002 at wholesale. Our market share worldwide for the Mares and Dacor brands for 2003 is estimated at 17%.

We are working to expand our presence in key markets such as the United States, where, we believe, *Mares* and *Dacor* combined held a 12% market share, and in South Asia, where both brands combined had an estimated 7% market share in 2003. We also expect to grow our global market share through new product introductions and the addition of advanced technological features in our existing products. Many new patents have been introduced in 2002, thus strengthening our products offering. In addition, we expect the fragmented nature of the diving industry to provide increased opportunity for growth.

Manufacturing. We currently manufacture the majority of our diving products, including Dacor products, in Italy. Until recently, we also manufactured certain diving products in Tallinn, Estonia. We are in the process of transferring all of our diving production in Tallinn, Estonia to a recently purchased plant in Litovel, Czech Republic. We are focused on in-house production of our high-technology products, such as regulators and computers, and outsource the remainder of our products to manufacturers in countries such as Italy and Thailand. We have made a number of improvements to our manufacturing processes in the last three years to reduce cost and improve efficiency. In addition, we outsource the assembly of a number of products.

Licensing

In 1996, we formed a licensing division to capitalize on opportunities resulting from the worldwide brand recognition of the *Head* name, which has existed for over 50 years. We believe the *Head* brand name is associated with innovative, high quality, well-designed, high performance products. Licensing enables us to expand the *Head* name to additional product categories and we believe that some of our other brands such as *Penn* and *Mares* have licensing potential. Revenues from licensing amounted to 2.2% of our total revenues in 2003.

From the 1st of January 2002, the *Head* footwear business which used to be part of our Racquet Sports division became a licensed business and our UK bags business which was previously licensed out, has been brought in-house and is managed by our UK sales and distribution subsidiary.

Head Apparel contributes approximately two thirds of the total Royalty Income and is licensed in all important markets worldwide (e.g. Europe, UK, USA, Canada, Japan and China). We also grant rights to the Head brand for other product categories such as footwear, luggage, eyewear, watches, equipment, bikes and accessories. Licensing generated $9.7 million of revenues in 2003 for the *Head, Mares* and *Penn* brands. Wholesale licensee revenues amounted to approximately $130 million. We intend to explore other licensing opportunities for products suitable to the image of our brands. South America is a region which still offers potential.

We believe that substantial licensing growth opportunity exists by capitalizing on the success of our strong-selling products as well as through improved leveraging of our brand portfolio. We also intend to protect and maintain the premium image of our brands by licensing only high quality goods within compatible product lines.

Sales and Distribution

Our products are sold in approximately 80 countries to over 32,000 accounts. Our worldwide sales force comprised approximately 360 people as of December 31, 2003. In addition, we utilize sales representatives and independent distributors to serve specialized markets and related distribution channels.

Europe

Sales to customers within Europe accounted for 59.1% of our 2003 net sales. We are centralizing our European distribution organizations for Winter Sports and Racquet Sports products so that Head International GmbH, will operate as a single distribution company for several key markets. Head International invoices and ships products from one European distribution center in Klaus, Austria to our customers in Switzerland, Germany, Italy and Austria since January 1, 2004. From January 1, 2005, we intend for Head International to invoice products also to our customers in France and the UK. As a result, all of our invoicing to customers in these markets, and to third-party distributors worldwide, will occur from Head International. The related former European distribution companies thereafter function only as sales agencies.

North America

Sales to customers in North America accounted for 28.1% of our 2003 net sales. We distribute *Head, Tyrolia, Penn* and *Mares/Dacor* through the company-owned Head USA subsidiary. Under Head USA's leadership, Winter Sports, Racquet Sports and Diving have separate sales/marketing organizations and sales forces but share all administrative and logistical functions. A new U.S. distribution center was founded in Curtis Bay, Maryland and commences shipping all *Head, Tyrolia, Penn* and *Mares/Dacor* products in January of 2004. We expect the consolidation of the different warehouse locations into one to generate savings beginning in 2004. Our goal is to improve distribution to increase penetration in North America and reestablish *Head* and *Tyrolia* brand names in the U.S. winter sports market.

The success of our *Head Titanium* and *Intelligence* and Head Liquidmetal racquets has helped to significantly raise Head's profile as a tennis brand in North America. We hope to further heighten this profile through the endorsement by the US Professional Tennis Association, the world's largest association of tennis-teaching professionals, and other sales and marketing efforts.

Asia

Sales to customers in Asia accounted for 9.6% of our 2003 net sales. In Japan, our largest market in Asia, our Winter Sports products are distributed by our own subsidiary distribution unit, while our Racquet Sports and Diving products are distributed by third parties. The cooperation with World Commerce Corporation in Japan for the distribution of our Racquet Sports products as well as the successful launch of the *Head Titanium, Intelligence* and Liquidmetal racquets have increased our tennis market share in Japan from 3.6% to 10% in 2003. Our products are sold in the rest of Asia only to independent importers or distributors on a wholesale basis.

Other Markets

Sales to customers in other markets accounted for 3.1% of our 2003 net sales. These markets mainly consist of Latin America, Eastern Europe and Australia. We believe the number of countries in these markets in which sales were made exceeded 50 in 2003. Sales of our products to these regions are made by independent importers/distributors. We intend to continue to pursue strategies to broaden our presence in these emerging markets.

Marketing

We consider the marketing function to be key to promoting our brand names worldwide. Our marketing strategy is centered around the *Head, Tyrolia, Penn* and *Mares* brands. We believe that there are significant opportunities to continue to build these brands and that increased coordination between our marketing and product development teams has greatly improved our ability to efficiently develop products consistent with consumer preferences. As a result, we have been able to increase the frequency and efficiency of our product innovations as well as the depth of our product lines in each of our key categories. Consumer research has become an integral part of product development and advertising campaigns. Each of our products is fully supported by a consistent, integrated marketing program, which is designed to be responsive to the demands of our target customers.

We attribute our consistently successful product launches to our strong emphasis on marketing in all of our divisions. We use marketing strategies directed at retailers, as well as the ultimate consumer, to increase demand. Our marketing strategy for retailers is aimed at educating them on the technical features of our products. We hold clinics for retailers and sales people to inform them about the various product lines. We provide retailers with videotapes, CD-ROMs and product brochures to further educate and assist the retail sales team.

We currently operate several websites including www.head.com, www.ridehead.com, www.tyrolia.com, www.pennracquet.com, www.mares.com and www.divedacor.com, which advertise our products and list our distributors. In recognition of the penetration of the internet and growth in e-commerce, we have set up a project to expand our usage and reliance on the internet. As part of this project, we:

- are re-designing our websites to generate more "hits" from search engines;
- have implemented an "Online Management System", allowing retailers to place and track orders and review credit status;
- are expanding website content to cover sports and related information. We expect that this project will improve brand recognition and generate incremental sales.

In addition, to create consumer interest, we use product promotions and point of sale advertising with sporting goods chains and through our dealers in each of our product categories. Our website (www.head.com) communication continues to take a more dominant role in our overall advertising.

- We devote significant marketing resources to our ski business, including training by an in-house winter sports specialist to educate retail salespersons so they can sell Head skis more effectively. We also coordinate with retailers to improve display of Head products and place in-store promotional materials such as consumer catalog, banners and posters. *Head* participates in a number of trade fairs annually in order to launch its new products and advertises its skis in leading specialty ski publications.
- In order to promote use of the carving ski, we host promotional activities such as *Cyber* promotional days, *Cyber* "demo" days and *Cyber* test sessions. With respect to the marketing of *Tyrolia* bindings, we utilize international advertising and promotional activities with a strong focus on brand awareness, new product presentations, dealer promotion tools (catalogs, racing folders, consumer leaflets), point of sale materials, product visibility and media advertising.
- Our snowboarding products are promoted through our sponsorship of top caliber riders, international snowboard camps, special interest media events, snowboarding videos and internet sites. We also have promotions in ski resorts in Europe in which potential customers can try our snowboarding equipment. Sales to end-users are supported by in-store training and point of sale materials.
- Our Racquet Sports division conducts a variety of marketing programs targeted to a broad range of players, including demonstration programs for consumers and, in coordination with retailers, in-store promotions and dealer incentive programs. We advertise our racquets in specialty tennis magazines and participate in advertising programs with specific sporting goods chains.
- We operate a strong grassroots program, introducing our tennis products to instructors, coaches and other opinion leaders who are in a position to generate interest and influence the decision of the ultimate customer. For example, through *Head* and *Penn*, we participate in the US "Tennis Welcome Center" program, sponsored by the Tennis Industry Association (TIA) and the United States Tennis Association (USTA), which is designed to introduce consumers to tennis through free coaching sessions, equipment and access to courts.
- Our Diving division advertises in a number of specialized publications worldwide and conducts promotions and media campaigns in stores, diving centers and tourist resorts. *Mares* and *Dacor* are getting high visibility on all major specialized magazines but also larger mass media thanks to focused partnership with diving resorts, aquariums and athletes. Special attention is dedicated to *Mares* website (www.mares.com) which is considered one of the best in the industry and is hosting over half a million visitors per year.

To complement our marketing strategies, we cultivate the endorsement and promotion of our products among athletes. These endorsements emphasize technical performance and increase brand awareness.

- In Winter Sports, we maintain a strong program of endorsements by high profile athletes, such as Hannes Trinkl, the 2001 Downhill World Champion, Maria Riesch, Florian Eckert, Franco Cavegn, Marco Büchel, Alain Baxter and former champions such as "legend" Franz Klammer, the 1976 Olympic Champion. We also have an endorsement arrangement with the Austrian national ski team. In snowboarding, we have received endorsements from the German athlete, Jan Michaelis, who won the overall 2002 world championship title in Halfpipe and his Finnish teammate, Jukka Erätuli, who won the 2001/2002 and 2002/2003 overall world championship title in the Big Air discipline.

- Our tennis racquet endorsement program is focused and highly selective. It includes current top level ATP players popular among the youth market such as Andre Agassi, Marat Safin, Rainer Schuettler, Sebastien Grosjean and Gustavo Kuerten, WTA players such as Patty Schnyder, Chanda Rubin and Anastasia Myskina, as well as players from the ATP Senior Tour popular among mature players, including "legends" Thomas Muster, Björn Borg, Guillermo Vilas and Ilie Nastase. In addition, since January 2003, we are the official tennis racquet of the US Professional Tennis Association with over 10,000 members. Over 3,000 of these members have already signed exclusive contracts with HEAD. For the previous 7 years, Wilson was the official racquet of this important organization. We are also the key racquet sponsor of the Professional Tennis Registry, the leading global teaching organization.

- *Penn* is the official tennis ball for many major tennis tournaments worldwide, including ATP tour and WTA Tour events, the Tennis Masters Series and Tennis Masters Cup. *Penn* is the exclusive sponsor/supplier of the US Professional Tennis Association as well.

- Most free diving world records, including those set by Francisco "Pipin" Ferreras and Gianluca Genoni, have been set using Mares equipment. The last record set by Gianluca Genoni in Liguria was of 132 meters, variable ballast, with a very large, worldwide recognition. In 2002, "Tauchen" magazine awarded Mares the first prize for the best Buoyancy Compensator line of the year at the Düsseldorf Boat Show. "Dive-Oz", Australia's biggest online scuba resource, awarded Mares the "Golden Star Award" for the X-Vision mask. Also, in 2002 Dacor signed a sponsorship agreement with the underwater explorer and shipwreck hunter Barry Clifford, to heavily promote Dacor products in his new US television series, "Adventure, Inc", which is broadcasted nationwide on all major national TVs. We signed a sponsorship agreement in 2002 with Paramount to use Mares/Dacor equipment in the movie Tomb Raider II, which was released in 2003.

Research and Development

We believe that we are an industry leader in the development of innovative and technologically advanced sports equipment. Our research and development groups identify consumer needs and shifts in consumer preferences in order to develop new product ideas and concepts to satisfy such needs or preferences. To ensure quality and precision, the majority of our products are designed on our own computer-aided design and manufacturing (CAD/CAM) systems.

We believe that our high level of expertise is evident in all our product lines. Since Howard Head developed the first metal ski in 1950, we have consistently introduced new materials and processes into the manufacture of skis, including fiberglass, graphite, aluminum and titanium and led the industry with the introduction of a complete line of carving skis. We utilize sophisticated manufacturing processes to integrate torsion rib systems in all *Head* skis in order to produce a torsionally stiff ski without losing softer flexing properties. We have also developed an exponential dampening system for skis and traction plates to promote top performance for all types of skiers. In 2002, we successfully adapted the piezoelectric *Head Intellifiber* and *Head Chip System* to skis and launched *Head Intelligence* skis and *Head Intelligence* Snowboards in 2003.

Head ski boots has well established research and development resources and is one of the leading innovators, with a long history in ski boot manufacturing. In the area of bindings, we continually introduce new technical features for improved performance, safety and comfort such as new *Free Flex* systems, the unique safety "ABS" anti-friction toeplates, new and lighter designs of our unique Diagonal safety feature, new integrative solutions with new mounting processes (*Railflex* System), innovative light-weight constructions, as well as changes in styling and appearance in each two- to three-year product cycle.

Our expertise in tennis racquet design resulted in the 1997 launching of the *Head Titanium* Tennis series and in 2000 the *Head Intelligence* racquet technology. Some of these racquets feature a Microchip design, which converts mechanical energy into electrical energy and the result is the first chip-powered, electronically dampened tennis racquet. In 2002 we launched *Head Intelligence X,* further advancing the performance benefits of the proprietary *Head Intelligence* technology. In 2003 we introduced the Head Liquidmetal technology in our racquets, which "Fortune" magazine and "Business Week" recently declared to be one of the best 25 products of the year 2003. Tennis magazines in the United States and Germany also have recognized the state-of-the-art design of this proprietary technology.

Penn has long been a major source of innovation in the tennis ball market, improving tennis balls through such innovations as the introduction of "play related" tennis balls for different court surfaces and altitudes; optical yellow tennis balls, which have become industry standard; and recyclable plastic tennis ball containers with pull ring and plastic lid.

Mares has a 53 year history of product innovation and we believe is one of the most advanced R&D centers in the industry. In 2002, *Mares* invented the new airtrim system for BCs which eliminates the old style inflators. By doing so, *Mares* has renewed some key elements in the area of diving. A new series of minimal weight regulators with performance is now under testing by the US Navy Seals for heavy conditions use. In addition, the new state-of-the-art watch computer "Nemo" is achieving considerable interest. We expect to release it on the market in 2004.

Customers

We sell our products to approximately 32,000 specialty sporting goods stores, chain stores and department stores in over 80 countries. Our customers vary depending on where our products are sold. Our largest customers include Price Costco, The Sports Authority and Wal Mart in the United States; Victoria, Alpen and Xebio in Japan; Intersport International, a voluntary buying group which distributes our products predominantly in Europe; and Decathlon in France and other European countries. No single customer accounted for more than 4% of our 2003 net sales.

Competition

The sporting goods industry is highly competitive. We compete primarily on the basis of product features, brand recognition, quality and price. We compete with numerous international and national companies that manufacture and distribute sporting goods and related equipment. We are generally in a favorable position as the sports equipment market consolidates across all of our product lines.

We compete in individual market segments against various competitors.

- The main competitors to our *Head* ski brand, are Rossignol, which is owned by Rossignol S.A.; Salomon, which is owned by Salomon AG; Atomic, which is owned by Amer Group Plc; Fischer, which is owned by Fischer GmbH; K2, which is owned by K2 Inc., and a number of smaller ski manufacturers. Our *Tyrolia* bindings division competes primarily with Salomon, Marker and Atomic. With respect to *Head* ski boots, our main competitors are Salomon; Nordica, Technica and Dolomite, all of which are owned by the Technica-Lowa-Dolomite Group; and Lange and Rossignol, part of Rossignol S.A.

- The principal competitors of the *Head* tennis racquet division are Wilson Sporting Goods Co., which is owned by Amer Group Plc, and Prince Sports Group Inc., which is owned by a partnership of the Prince Senior Management and the Lincolnshire Equity Fund II, L.P.

- The principal competitors of *Penn* tennis balls are Wilson Sporting Goods Co., and Dunlop Slazenger International. In racquetball balls, our principal competitor is Ektelon which is owned by Prince Sports Group, Inc.

- Competitors of the *Mares* and *Dacor* diving division include Scubapro, Uwatec (computers only), Aqualung Group which includes the U.S. Divers and Sea Quest brands, and Cressi.

Some of our competitors, notably Salomon, which is part of adidas-Salomon AG, are larger and have greater financial and other resources than we do. For the most part, we compete on a product-by-product basis, and are retaining market share as against our larger competitors and acquiring market share from smaller companies as the sporting goods industry consolidates.

Seasonality

As many of our goods, especially winter sports goods, are shipped during a specific part of the year, we experience highly seasonal revenue streams. Following industry practice, we begin to receive orders from our customers in the Winter Sports division from March until June, during which time we book approximately three quarters of our orders for the year. We typically begin shipment of skis, boots, bindings and snowboard equipment in July and August, with the peak shipping period occurring in October and November. At this time, we will begin to receive re-orders from customers, which constitute the remaining quarter of our yearly orders. Re-orders are typically shipped in December and January. 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, we typically generate more than half of our Racquet Sports and Diving product revenues, but only about 10% of our Winter Sports revenues. In preparation for the second-half increase in winter product revenues, we incur most of our winter product costs in the first half of the year.

Materials

We source our raw materials from multiple suppliers under purchase orders, and where appropriate, we negotiate contracts for up to one year forward at fixed rates to hedge our production cost. Our primary raw materials are plastics, rubber, steel and felt. We have not experienced extreme volatility of raw material prices.

Patents and Trademarks

Our major trademarks are registered in the United States, throughout the European Union and in several other countries, and we consider trademark protection to be very important to our business. Significant trademarks include *Head, Tyrolia, Penn, Mares* and *Dacor*. We believe that these trademarks are important in identifying our products and the trademarks are often incorporated prominently in product designs. Other trademarks include *Sporasub, Munari, Cyber* and *San Marco*. We do not own the trademark "Liquidmetal" but rather license the name pursuant to an agreement we have with Liquidmetal Technologies, Inc. This agreement has an initial term of four years commencing January 1, 2003, and the parties have agreed to make best efforts to extend the agreement thereafter for a similar duration under similar terms.

We utilize some proprietary or patented technologies in the formulation or manufacturing of a number of our products, including *Free Flex* technology in the manufacture of our precision bindings, *Dimple* and *Shock Stop* technology in the manufacture of our tennis racquets, *Autowalk* and *Double Power* buckles in the manufacture of *Head* ski boots and various other proprietary technologies used in the manufacture of our diving products. We also use patents in connection with our *Head Titanium* tennis racquets and with *Head Intelligence* technology, particularly the *Chip System* technology. We believe our proprietary information to be among our most important and valuable assets, and generally seek patent protection for our products in countries where significant existing or potential markets for our products exist. We believe we have taken adequate measures to protect our proprietary information in all of our major markets. We consider our proprietary technology and patent protection to be important to our business.

However, we are not dependent on any one patent or set of patents. Some of our recently introduced products like *Titanium, Intelligence* and Liquidmetal tennis racquets, the *Mares* and *Dacor* HUB system and *Tyrolia* "Super Light" bindings have patents that have many years to run.

Organizational Structure

Head N.V. was formed as a public company with limited liability in 1998 and indirectly holds 100% of the issued and outstanding share capital of the Issuer, HTM Sport- und Freizeitgeräte AG, which is Head N.V.'s primary operating subsidiary and owns all of our worldwide operating and distribution subsidiaries.

The following is a list of Head N.V.'s significant (direct and indirect) subsidiaries and their country of incorporation:

Significant Subsidiary	Domicile	Proportion of Issued Capital Held
HTM Sport- und Freizeitgeräte AG	Austria	100%
Head Holding Unternehmensbeteiligung GmbH	Austria	100%
Head International GmbH	Austria	100%
Head Sport AG	Austria	100%
Head Tyrolia GmbH (to be renamed Head Austria GmbH)	Austria	100%
Head Technology GmbH	Austria	100%
Tyrolia Technology GmbH	Austria	100%
Head/Tyrolia Sports Canada Inc	Canada	100%
Head Sport s.r.o	Czech Republic	100%
OÜ HTM Sport Eesti	Estonia	100%
Head Tyrolia Sports S.A	France	100%
Head Germany GmbH (formerly HTM Deutschland GmbH)	Germany	100%
Head UK Ltd	Great Britain	100%
Penn Racquet Sports Co	Ireland	100%
HTM Sport S.p.A	Italy	100%
HTM Sports Japan KK	Japan	99.6%
HTM Head Tyrolia Mares Iberica S.L	Spain	100%
Head Switzerland (formerly HTM Sports Corp.)	Switzerland	100%
HTM USA Holdings Inc	USA	100%
Head USA Inc	USA	100%
Penn Racquet Sports Inc	USA	100%

Property, Plants and Equipment

The following table sets forth information as of December 31, 2003 with respect to the manufacturing, production, warehousing and office facilities used by us in our business:

Location	Description	Owned/ Leased	Area (in square meters)
Kennelbach, Austria	Ski and tennis manufacturing	Leased	13,139
	Administration, marketing, research and development	Leased	4,186
Klaus, Austria	Warehousing	Leased	8,710
Schwechat, Austria	Binding manufacturing	Leased	12,709
	Warehousing	Leased	5,510
	Administration, marketing, research and development	Leased	1,472
Neusiedl, Austria	Binding assembly and warehousing	Leased	2,973
Maser, Italy	Ski boot manufacturing, research and development	Leased	6,490
Tallinn, Estonia	Former ski boot and diving products manufacturing	Owned	29,574
Litovel, Czech Republic	Ski boots and diving products manufacturing	Owned	11,700
Budejovice, Czech Republic	Tennis racquets assembly and ski manufacturing	Owned	7,375
Rapallo, Italy	Manufacturing	Owned	1,200
	Warehousing, administration, research and development	Owned	4,800
Casarza, Italy	Warehousing	Owned	7,300
	Manufacturing and warehousing	Owned	7,708
Phoenix, Arizona	Tennis and racquetball ball administration, manufacturing, research and development	Owned	13,009
Mullingar, Ireland	Tennis ball manufacturing, warehouse	Owned	3,094
	Administration	Owned	386
	Warehouse	Leased	1,747

In addition, to the facilities described above, we own and lease additional facilities in various areas throughout the world. Our leased facilities have remaining terms generally ranging from one to four years.

Substantially all leases contain renewal options pursuant to which we may extend the lease terms in increments of one to four years. We do not anticipate any difficulty in renewing our leases as they expire.

Management considers our facilities to be well maintained and satisfactory for our operations, and believes that our facilities provide sufficient capacity for our current and expected production requirements.

Environmental Matters

Our operations are subject to European Union, federal, state and local laws, regulations and ordinances relating to the operation and removal of underground storage tanks and the storage, handling, generation, treatment, emission, release, discharge and disposal of various materials, substances and wastes. The nature of our operations exposes us to the risk of claims with respect to environmental matters and we cannot assure you that material costs or liabilities will not be incurred in connection with such claims.

Based on our experience to date, we believe that future cost of compliance with environmental laws, regulations and ordinances, or exposure to liability for environmental claims, will not have a material adverse effect on our business, operations, financial position or liquidity. However, future events, such as changes in existing laws and regulations, or unknown contamination of sites owned or operated by us (including contamination caused by prior owners and operators of such sites), may give rise to additional compliance costs which could have an adverse effect on our financial condition.

Legal Proceedings

In the normal course of business, we are party to various lawsuits, legal proceedings and claims arising out of our business. We cannot predict the outcome of these lawsuits, legal proceedings and claims with certainty. Nevertheless, we believe that the outcome of any existing or known threatened proceedings, even if determined adversely, should not have a material adverse effect on our business, financial condition or results of operations.

MANAGEMENT

HTM Sport- und Freizeitgeräte AG

Management Board and Supervisory Board

HTM is organized as a joint stock corporation (*Aktiengesellschaft*) under Austrian law. HTM is subject to a two-tier management structure, consisting of a Management Board (*Vorstand*) and a Supervisory Board (*Aufsichtsrat*). The Supervisory Board is vested with the authority to appoint and remove for cause the members of the Management Board and to supervise the business conducted by the Management Board and the general affairs of HTM. Although the Supervisory Board does not actively manage HTM, both the Austrian Stock Corporation Act (*Aktiengesetz*) and HTM's articles of association (the "Articles of Association") together with the Management Board's rules of procedure, require the consent of the Supervisory Board before the Management Board takes certain actions.

Management Board (Vorstand)

Under the Articles of Association, any two members of the Management Board, or any one member of the Management Board jointly with one authorized signatory holding a general power-of-attorney (*Prokurist*) may legally bind HTM. The Supervisory Board may also resolve to grant single signing authority to a particular member of the Management Board.

The Management Board may consist of up to three members appointed by the Supervisory Board. Currently the Management Board of HTM consists of two members.

Decisions of the Management Board are taken unanimously.

The Management Board manages the company on a day-to-day basis within the limitations set forth by law, the Articles of Association, the Management Board's rules of procedure, the Supervisory Board and specific shareholders' resolutions.

The current members of the Management Board are:

Name	Age	Position	Business Address
Ralf Bernhart	52	Member of the Management Board with single signing authority	HTM Sport- und Freizeitgeräte AG Tyroliaplatz 1, A-2320 Schwechat, Austria
Edgar Pöllmann	59	Member of the Management Board	HTM Sport AG Wuhrkopfweg 1, 6921 Kennelbach, Austria

Set forth below is a brief biographical description of the members of the Management Board:

Mr. Ralf Bernhart has served as the Chief Financial Officer of the Head group of companies since March 1996. He was a member of the HTM Supervisory Board in 1995 prior to becoming a member of the HTM Management Board in 1996. He has been a Managing Director of Head Holding Unternehmensbeteiligung GmbH since July 19, 1999 and in October 2000, he became a member of the Management Board of Head N.V. Prior to joining Head N.V., from 1990 to 1995, Mr. Bernhart was a member of the Executive Board of Hafslund Nycomed Pharma AG, Austria, a leading pharmaceutical company.

Mr. Edgar Pöllmann has served as General Manager of the Tyrolia bindings division of HTM, since 1996. In November 2002, he was appointed Managing Director of Global Operations. From 1995 to 1996 he was an industrial consultant for HTM responsible for the restructuring and turn-around program of the Tyrolia binding division of HTM. Prior to HTM he served as Managing Director of Steyr Auto GesmbH (the national importer and distributor of Fiat, Lancia and Alfa Romeo automobiles) from 1981 to 1993 and as industrial consultant for various companies from 1994 to 1995.

Supervisory Board

The Articles of Association require that the Supervisory Board consist of at least three members and a maximum of ten members elected at the shareholders' meeting. In addition HTM's works council is entitled to delegate members (as described below) in accordance with mandatory provisions of the Austrian Labour Constitutional Act (*Arbeitsverfassungsgesetz*).

Austrian law provides that the works council(s) may designate one of its members for every two members elected at the shareholders' meeting, and in case of an uneven number of elected members, another works council member. These works council members have substantially the same rights and obligations as the other members of the Supervisory Board. Should the works councils fail to fill some or all of their allotted seats on the Supervisory Board, these seats will remain vacant. The works council members of the Supervisory Board can only be removed by the works council itself. Unlike the members of the Supervisory Board elected by the shareholders' meeting, the members designated by the works council are employees of HTM.

No elected members of the Supervisory Board may be appointed for a longer period than until the annual shareholders' meeting deciding on the discharge of the board members for the fourth financial year following the financial year of their appointment.

If elected members of the Supervisory Board retire before the end of their term of office, the election of a replacement member is immediately required only if the number of elected members of the Supervisory Board falls below three. Each member of the Supervisory Board may resign from office without stating any reasons by giving a notice period of four weeks. Such resignation needs to be notified in writing to the chairman or deputy chairman of the Supervisory Board.

The Supervisory Board elects one chairman and one or two deputy chairmen. HTM's Articles of Association require that at least half of the members of the Supervisory Board, including three elected members and the Board's chairman or deputy chairman, be present at a meeting in order to constitute a quorum. Resolutions of the Supervisory Board are passed by a simple majority of the votes cast. The chairman or, in case of his absence, deputy chairman casts the deciding vote in case of a tie.

The current members of the Supervisory Board are:

Name	Age	Position	Business Address
Johan Eliasch...............	42	Chairman	Head Holdings 71 South Audley Street London W1K 1JA United Kingdom
Benedikt Spiegelfeld ...	53	Deputy Chairman	Cerha Hempel Spiegelfeld Hlawati A-1010 Vienna, Parkring 2 Austria
Erhart Weiss	64	Member	Dr. Erhart Weiss Rechtsanwalt Kohlmarkt 1 A-1010 Vienna Austria
Franz Klammer............	50	Member	Franz Klammer Foundation Stubenring 4/11, A-1010 Vienna, Austria
Lorenz Bettstein	57	Member (employee representative)	HTM Sport- und Freizeitgeräte AG Tyroliaplatz 1, A-2320 Schwechat,

			Austria
Alfred Ehmann	51	Member (employee representative)	HTM Sport- und Freizeitgeräte AG Tyroliaplatz 1, A-2320 Schwechat, Austria
Gerhard Rückschloss ...	29	Member (employee representative)	HTM Sport- und Freizeitgeräte AG Tyroliaplatz 1, A-2320 Schwechat, Austria

Set forth below is a brief biographical description of the elected members of the Supervisory Board of HTM:

Mr. Johan Eliasch has served as Chairman of the Management Board of Head N.V. and Group Chief Executive Officer since September 1995 and has been, along with family members, the ultimate beneficial owner of Head N.V.'s controlling shareholder, Head Sports Holdings N.V. or predecessors, since January 1996. He has been Managing Director of Head Holding Unternehmensbeteiligung GmbH since September 10, 1998 and a member of the Supervisory Board of HTM since 2000. Since 1991, he has been Chairman of Equity Partners Limited. Mr. Eliasch also serves as a Special Advisor to the Shadow Foreign Secretary and is deputy chairman of the Conservative Foundation. Mr. Eliasch is a member of the advisory board of the International Peace Foundation, the sports advisory board of the Shimon Peres Peace Foundation, the advisory board of BrazilInvest and the board of the Special Olympics Committee.

Mr. Benedikt Spiegelfeld has served as Deputy Chairman of the Supervisory Board of HTM since 2000. He has been a partner at the Austrian law firm Cerha Hempel Spiegelfeld Hlawati, Vienna since 1980. Cerha Hempel Spiegelfeld Hlawati specializes in international business law and Mr. Spiegelfeld's areas of expertise include mergers & acquisitions, take-over law, general company law, franchising and distribution law, real estate transactions, maritime law and arbitration.

Mr. Erhart Weiss is a lawyer and graduated from the University of Vienna in 1962. After postgraduate studies at Oxford and legal practice in London he was admitted to the bar at the end of 1972. He has a general practice, specializing in commercial and corporation law including tax, currency and industrial property matters. Mr. Weiss has been member of the Supervisory Board of HTM in its current corporate structure since 2000.

Mr. Franz Klammer is one of the most successful Austrian skiers. During his skiing career between 1971 and 1985 he won 25 world cup skiing races and was overall worldcup winner in downhill four times in a row. In the Olympic Games of 1976 he received the gold medal for downhill. From 1988 until 1998 he participated in professional skiing races in the United States and won twice the Tournament of champions and 7 titles in downhill and parallel slalom. Mr. Klammer is still active in the sporting business as consultant and spokesperson for a number of skiing institutions. In 1998 Mr. Klammer founded the Franz Klammer foundation, a private foundation that actively supports athletes in need. Mr. Klammer is also Ambassador for the United Nations and member of the Board of the World Sports Award in Monte Carlo. Mr. Klammer has been a member of HTM's supervisory board since 2000.

Compensation of Management Board and Supervisory Board Members

Supervisory Board members' expenses are reimbursed by HTM. HTM's annual shareholders' meeting may resolve upon an additional compensation for Supervisory Board members. In 2000, 2001 and 2002 Supervisory Board members did not receive any compensation. For certain services rendered (such as consulting services or marketing agreements), Supervisory Board Members receive separate compensation from HTM.

The compensation of members of the Management Board is included in the section about Head N.V.

Head N.V.

Management Board and Executive Officers

Head N.V.'s amended articles of association provide for a Management Board that is charged with Head N.V.'s management under the general supervision of the Supervisory Board. Head N.V.'s Management Board currently has four members, whose names and biographies are set forth below.

The following table sets forth information with respect to Head N.V.'s Management Board and other key executive officers in and managers to our consolidated group.

Name	Age	Title
Johan Eliasch	42	Chairman of the Management Board, and Chief Executive Officer
Ralf Bernhart	52	Member of the Management Board and Chief Financial Officer
George F. Nicolai	51	Member of the Management Board
Robert van de Voort	48	Member of the Management Board
David Haggerty	46	President, Penn Racquet Sports Inc.
Klaus Hotter	48	Executive Vice President, Ski Division (Managing Director of Head Sport AG)
Georg Kröll	55	Executive Vice President, Licensing Division (Managing Director of Head Sport AG)
Robert Marte	50	Executive Vice President, Operations and Racquet Sports Division (Managing Director of Head Sport AG)
Edgar Pöllmann	59	Executive Vice President, Bindings Division (Managing Director of HTM Sport- und Freizeitgeräte AG)
Stefano di Martino	38	Managing Director, Diving Division (Managing Director of HTM Sport S.p.A.)
Gerald Skrobanek	38	Vice President, Operations Division (Managing Director of Head Sport AG)
Clare Vincent	35	Head of Corporate Finance
Kevin Kempin	45	Vice President, Sales/Marketing Racquet Sports U.S. and Penn Worldwide
Jacques Altimani	57	Vice President, European Distribution (Managing Director of Head International GmbH)

Mr. Johan Eliasch has served as Chairman of the Management Board of Head N.V. and Group Chief Executive Officer since September 1995 and has been, along with family members, the ultimate beneficial owner of Head N.V.'s controlling shareholder, Head Sports Holdings N.V. or predecessors, since January 1996. He has been Managing Director of Head Holding Unternehmensbeteiligung GmbH since September 10, 1998 and a member of the Supervisory Board of HTM since 2000. Since 1991, he has been Chairman of Equity Partners Limited. Mr. Eliasch also serves as a Special Advisor to the Shadow Foreign Secretary and is deputy chairman of the Conservative Foundation. Mr. Eliasch is a member of the advisory board of the International Peace Foundation, the sports advisory board of the Shimon Peres Peace Foundation, the advisory board of BrazilInvest and the board of the Special Olympics Committee.

Mr. Ralf Bernhart has served as the Chief Financial Officer of the Head group of companies since March 1996. He was a member of the HTM Supervisory Board in 1995 prior to becoming a member of the HTM Management Board in 1996. He has been a Managing Director of Head Holding Unternehmensbeteiligung GmbH since July 19, 1999 and in October 2000, he became a member of the Management Board of Head N.V. Prior to joining Head N.V., from 1990 to 1995, Mr. Bernhart was a member of the Executive Board of Hafslund Nycomed Pharma AG, Austria, a leading pharmaceutical company.

Mr. George F. Nicolai, born in 1953, has been a member of the management team of MeesPierson Trust B.V. from 1989 until 2003, and will continue as a non-executive director of the latter. After finishing his law degree at the University of Utrecht, he joined Pierson Heldring & Pierson (now Fortis Bank) serving in a variety of executive positions, both in the Netherlands and abroad. He currently also serves as a member of the board of several Dutch subsidiaries of international companies such as Valentino, Rothschilds, Volvo, National Grid and Pirelli and as chairman of several foundations.

Mr. Robert van de Voort is a lawyer and is the co-founder and managing director of the TMF Group of companies. This group is active in a wide range of financial services including corporate and structured finance.

Mr. van de Voort has a number of other board directorships and is a member of the supervisory board of Bank of America.

Mr. David Haggerty was named President of Head/Penn Racquet Sports in January 2001. In November 2002, he was appointed as Chief Executive Officer of Head N.V.'s business in the USA. From January 1999 until taking this position, he was chief operating officer of Head USA, and Vice President/ General Manager of Head USA Racquet Sports from August 1998 until January 1999. Mr. Haggerty was President of Dunlop Sports from August 1996 to August 1998 and President of Dunlop Slazenger Racquet Sports from October 1994 to August 1996. From 1980 to 1993, he held various management positions with Prince Sports Products, Inc.

Mr. Klaus Hotter has served as Vice President of Head Sport AG since 1986 and managed our ski division. In November 2002, he was appointed Managing Director of Head Sport AG and assumed full responsibility for the Winter Sports Division. He managed European distribution at Blizzard from 1981 to 1986.

Mr. Georg Kröll has served as Vice President of Head Sport AG since 1990 and was appointed Managing Director of Head Sport AG in November 2002. In 1996, he became the Division Manager for Licensing. From 1990 to 1995, he was the Division Manager for the Footwear Division of HTM. Prior to joining Head in 1981 where he managed distribution for Head in Germany, Austria and International Trade, he served as General Manager for Kneissl of America.

Mr. Robert Marte has served as Vice President of Head Sport AG since 1987. He manages our Racquet Sports Division and was appointed Managing Director of Head Sport AG in November 2002. He began with HTM in 1980 as a product manager.

Mr. Edgar Pöllmann has served as General Manager of the Tyrolia bindings division of HTM since 1996. In November 2002, he was appointed Managing Director of Global Operations. From 1995 to 1996, he was an industrial consultant for HTM responsible for the restructuring and turn-around program of the Tyrolia binding division of HTM. Prior to joining HTM, he served as Managing Director of Steyr Auto GesmbH (the national importer and distributor of Fiat, Lancia and Alfa Romeo automobiles) from 1981 to 1993 and as industrial consultant for various companies from 1994 to 1995.

Mr. Stefano di Martino, has served as Managing Director of the Diving Division of HTM Sport S.p.A since January 2, 2004. After having had a successful experience as professional runner, Mr. Martino joined Nike Italy in 1989 and spent his professional experience in Nike in various management positions including Director of Footwear Sales for Nike Europe. Prior to joining HTM Sport S.p.A. he was European Footwear Sales Director and Energy/Trend General Manager for Nike Europe, Middle East, Africa.

Mr. Gerald Skrobanek joined Head Sport AG in September 2000. After having managed IT and Global Supply Chain Management for more than two years, Mr. Skrobanek took over the responsibility for Head Sport AG's global operations. Prior to joining Head, Mr. Skrobanek served as Chief Information Officer for Vianova Resins, an international chemical company and Wienerberger, a leading building material producer.

Mrs. Clare Vincent joined the Head Group in 1999, became Head of Corporate Finance in 2002 and has been a member of the Executive Committee since 2003. Her role includes investor relations and corporate development. Prior to joining us, Mrs. Vincent was in Corporate Development at Rexam PLC. Clare is a chartered accountant and trained at PricewaterhouseCoopers.

Mr. Kevin Kempin joined the Head Group in 1993 as Vice President of Key Accounts in our U.S. Racquet Sport business. Before joining Head, Mr. Kempin was Director of Tennis at the University of Utah in 1983-84, and thereafter served for six years as a key sales manager and then vice president at Prince Sports. Mr. Kempin is currently Vice President of Sales and Marketing for our U.S. Racquet Sports business and for Penn Worldwide.

Mr. Jacques Altimani joined our group in 1975 and was responsible for building up our French subsidiary, now Head Tyrolia Sports S.A. In addition to acting as Managing Director of our French subsidiary, he took over the responsibility for our European Distribution and was appointed Managing Director of Head International GmbH in 2002. Prior to joining us, Mr. Altimani worked as area manager for the North American market for Hart skis, Ramy skis, bindings and ski poles.

In November 2002, an Executive Committee was established. This Committee includes Johan Eliasch, Ralf Bernhart, Klaus Hotter, Robert Marte, Edgar Pöllmann, Stefano di Martino, Georg Kröll, Gerald Skrobanek and Clare Vincent. It is the highest consultative body and it was formed to ensure that business issues and practices are shared across Head N.V. and to define and implement common policies.

Supervisory Board

The Supervisory Board is responsible for overseeing Head N.V.'s Management Board and the general course of affairs of Head N.V.'s business. Head N.V.'s Supervisory Board currently has four members, whose names and biographies are set forth below.

The following table sets forth information with respect to Head N.V.'s Supervisory Board.

Name	Age	Title
Karel Vuursteen......	62	Chairman of the Supervisory Board
William S. Cohen ...	63	Member of the Supervisory Board
Jurgen Hintz	61	Member of the Supervisory Board
Viktor Klima	56	Member of the Supervisory Board

Mr. Karel Vuursteen was the Chairman of the Executive Board of Heineken N.V. from 1993 until his resignation in 2002. Mr. Vuursteen joined Heineken N.V. in 1991. Prior to this, he worked for Philips for 23 years, serving in a variety of executive positions. Mr. Vuursteen is Chairman of the Supervisory Board of Royal Ahold N.V. and of Randstad N.V. He also serves on the Supervisory Boards of Gucci N.V., Electrolux AB, Sweden, ING N.V., Akzo Nobel N.V. and Heineken Holding N.V. He is Chairman of the World Wildlife Fund in the Netherlands and of the Stichting Het Concertgebouw Fonds, Netherlands.

Mr. William S. Cohen has been a Member of the Supervisory Board of Head N.V. since May 2001. He is currently the Chairman and CEO of The Cohen Group, an international strategic business consulting firm based in Washington, DC. He is also a co-director at Empower America, a prominent public policy advocacy group and chairman of the William S. Cohen Center for International Policy and Commerce at the University of Maine. Secretary Cohen has other directorships with NASDAQ and IDT and serves on the advisory boards of large multinational firms including Intel, Barrick Gold International and BrazilInvest. He is a former U.S. Secretary of Defense and has served in both the U.S. Senate and House of Representatives.

Mr. Jurgen Hintz has been a Member of the Supervisory Board of Head N.V. since May 2003. He is the Group Chief Executive Officer of Novar plc, an international group with core activities in Intelligent Building Systems, Aluminum Extrusion Solutions, and Security Printing Services with an annual turnover of £1.5 billion. Prior to this he was President and Chief Executive of Carnaud/Metalbox until October 1995, Executive Vice-President and member of the main Board of Procter & Gamble Company and non-Executive Director of Inchcape plc and Apple Computers Inc.

Mr. Viktor Klima served as Chancellor of the Republic of Austria from January 1997 until his resignation February 2000. In this capacity Mr. Klima held the Presidency of the European Union in the second half of 1998. Prior to serving as Chancellor, he served as Minister of Finance 1996-97 and Minister of Economy 1992-96. Prior to his political career, he was a member of the management board of the OMV oil company, responsible for finance, capital markets and acquisitions. Prior to this position he held various management positions within OMV. Mr. Klima took up a senior management position with Volkswagen in October 2000.

Compensation

The table below shows the aggregate compensation of the Management Board and Supervisory Board for the year ended December 31, 2003 (in thousands):

	Paid	Accrued for future payments
Management Board ..	$1,207	$ 39
Supervisory Board....	40	—

For the year ended December 31, 2003, the aggregate compensation paid by us to our executive officers, excluding the members of the Directors' Board, was $3.8 million. The expense for accrued compensation was $0.3 million. Under the Head Tyrolia Mares Group Executive Stock Option Plan 1998 described below under

"Stock Option Plans," we have issued options to purchase an aggregate of 1,699,392 depositary receipts representing ordinary shares to some of our executive officers and Supervisory Board members. Stock-based compensation amounted to $0.3 million for the year ended December 31, 2003. Options vest over a period of four years and are subject to the Company meeting specified earnings performance targets during this period. These options were exercisable beginning on January 1, 2002, but the shares were subject to a lock-up until October 3, 2002. Each option may be exercised for a nominal price.

Under the Head N.V. Executive Stock Option Plan 2001 described below under "Stock Option Plans", we have issued options to purchase an aggregate of 3,275,486 depositary receipts representing ordinary shares to some of our executive officers and Supervisory Board members. For the year ended December 31, 2003, stock-based compensation amounted to $0.2 million. The exercise price for all stock options granted under the 2001 Plan was fixed at inception of the Plan. The vesting period varies from 0 to 6 years.

The table below shows the details of both Executive Option Plans for current and former Directors' and Supervisory Board members:

	Exercise price at the issuance	Number of non-exercised shares at beginning of the year	Number of written shares	Number of exercised shares	Exercise price	Number of non-exercised shares at the end of the year
Option Plan 1998						
Ralf Bernhart	--	175,714	--	--	--	175,714
Christoph Henkel	--	3,636	--	--	--	3,636
René Jäggi	--	3,636	--	--	--	3,636
Option Plan 2001						
Johan Eliasch	4.31	1,426,470	--	--	--	1,426,470
Karel Vursteen	4.31	40,002	15,000	--	--	55,002
Christoph Henkel	4.31	40,002	15,000	--	--	55,002
Viktor Klima	4.31	40,002	15,000	--	--	55,002
William S. Cohen	4.31	40,002	15,000	--	--	55,002
René Jäggi	4.31	40,002	--	--	--	40,002
Jürgen Hintz	4.31	--	25,002	--	--	25,002

The total amount accrued by the Company and its subsidiaries to provide pension, retirement or similar benefits was $1.6 million for the year ended December 31, 2003.

Board Practices

Prior to the adoption of the US Sarbanes-Oxley Act of 2002, Head N.V. maintained formal and informal procedures that were designed to ensure that it complied with its various disclosure obligations. In response to the Sarbanes-Oxley Act, Head N.V. continued to use such procedures but also evaluated and, where necessary, formalized them in order to ensure that it is in compliance with the US SEC and NYSE regulations, Dutch law and the rules set out by the Vienna Stock Exchange and to facilitate improvement of the internal control framework. Such procedures were and are intended to assist the Management Board of Head N.V. by ensuring that the disclosure in all filed reports is accurate, complete, timely, understandable and that it fairly presents the condition of the group.

As a Dutch company listed on both the Vienna Stock exchange and the NYSE, we must consider different corporate governance systems. On December 9, 2003 a corporate governance code ("Dutch CGC") was presented which will become effective to Dutch listed companies as per the financial year beginning on or after January 1, 2004. The Dutch CGC specifically states that a company may choose to not comply with certain of its provisions if the deviation is explained to and approved by the general meeting of shareholders. In Austria a voluntary self-regulatory Code of Corporate Governance was drafted in October 2002, which shall provide corporations with a framework for the management and control of enterprises. This Code of Corporate Governance recommends Austrian stock listed companies to voluntarily adhere to such Code or parts of it. We are listed on the Vienna Stock Exchange, but as a Dutch company we are not subject to such Code's recommendations. Since we are not listed in the Netherlands and have much stronger connections to the US, it seems appropriate to focus on specifically the NYSE and SEC rules on corporate governance. Therefore, we believe that it would be appropriate to ask the shareholders at our next annual general meeting to approve that we will apply the NYSE and SEC rules of corporate governance and not specifically the rules of the Dutch CGC. We believe that by complying with the NYSE and SEC rules, and our current internal Code of Conduct setting out general standards for ethical behaviour, we should also meet many of the requirements of the Austrian Code of Corporate Governance.

None of our directors have service contracts that provide for benefits upon termination of employment.

All members of the Supervisory Board are non-executive and independent and envisage setting up an audit committee which will consist of current and possibly new members of the Supervisory Board.

Employees

The table below shows the number of employees by geographic location at the years ended December 31, 2001, 2002 and 2003:

	For the years ended December 31,		
	2001	2002	2003
Location			
Austria	919	871	861
Italy	454	444	357
Other (Europe)	1,007	921	681
North America	454	411	357
Other	42	44	45
Total	2,876	2,691	2,301

Share Option Ownership

Head Sports Holdings N.V., a Netherlands Antilles corporation, is controlled by Johan Eliasch and his family members. Head Sports Holdings N.V. held 18,987,344, or 47.7%, of Head N.V.'s issued shares as of March 31, 2004. Mr. Eliasch also owned 45,900 of Head N.V.'s shares directly as of this date and is eligible to receive all options issued under the 1998 Plan that do not vest to current participants in the 1998 Plan. None of the remaining officers and directors own or hold options under which the underlying shares amount to one percent or more of the Company's share capital.

The exercise price for all stock options granted under the 1998 Plan was fixed at inception of the Plan and increases at the rate of 10% per annum until the options are exercised. As of December 31, 2003, the exercise price was $0.32. Options generally are vested over a period of 4 years and are subject to the Company meeting certain earnings performance targets during this period. Options vested under the 1998 Plan were not exercisable prior to the end of the two year lock-up period following the initial public offering completed on October 3, 2000. Options have a maximum term of 10 years. The weighted average remaining contractual life of the outstanding stock option is 5.6 years, and options representing 664,412 shares have been exercised. As of December 31, 2003, options representing 770,528 shares are vested and exercisable.

As of December 31, 2003, no other shares were available for grant under the 2001 Plan.

The exercise price for all stock options granted under the 2001 Plan was fixed at inception of the Plan at $4.31. The vesting period varies from 0 to 6 years. Johan Eliasch, our Chairman and Chief Executive Officer, received 1,426,470 options under this grant, which vested immediately. Options have a maximum term of 10 years. The weighted average remaining contractual life of the outstanding stock option is 8.8 years, and 1,701,480 options are exercisable under the 2001 Plan.

Stock Option Plans

The Stichting Head Option Plan. Head N.V. has established a Dutch foundation, the Stichting Head Option Plan (the "Stichting"), the Board of which is controlled by Head Sports Holdings N.V., an entity controlled by Johan Eliasch and his family members, that holds certain of Head N.V.'s ordinary shares and issues depositary receipts to its employees, executive officers, Supervisory Board members and other third parties. The Stichting is the shareholder and therefore votes, collects dividends on behalf of the holders of depositary receipts and may also buy and sell shares in its own name and for its own account. Holders of the depositary receipts issued by the Stichting have no voting rights. The Stichting's sole corporate body is its Board; it does not have any members or shareholders. The named Administrator, Head Sports Holdings N.V., decides on the composition of the Board and has the sole power to appoint any successor administrator.

Options are granted by means of an agreement between the participant, the Stichting and Head N.V. Upon the exercise of an option, the option price is paid to Head N.V., and Head N.V. issues the shares or transfers to the Stichting listed shares that it has purchased, which issues the same number of depositary receipts to the participant. Holders of depositary receipts are entitled to proceeds of the sales of their shares upon request to the Stichting. However, a lockup on such shares was in effect for two years following the initial public offering on October 3, 2000.

As of December 31, 2003, the Stichting had rights to acquire 4,219,162 ordinary shares at the exercise price, to enable the Stichting to issue depositary receipts representing ordinary shares upon the exercise of options. Through December 31, 2003, 2,041,300 shares have been acquired by the Stichting. As of December 31, 2003, 664,412 shares were sold so that the Stichting held 1,376,888 shares.

1998 Stock Option Plan. In November 1998, Head N.V.'s Management Board approved the Head Tyrolia Mares Group Executive Stock Option Plan (the "1998 Plan"). The 1998 Plan calls for the grant of options to officers and key employees to purchase for a nominal fee depositary receipts representing ordinary shares of Head N.V. The 1998 Plan provides for the issuance of a maximum aggregate number of options equal to 10% of the then outstanding shares of Head N.V., on a fully-diluted basis, subject to adjustments upon the occurrence of a stock split or dividend or in the event of a merger, reorganization or other similar event.

Upon exercise of the options, option holders receive depositary receipts rather than shares in Head N.V. Depositary receipts issued under the 1998 Plan will be administered by the Stichting. Holders of depositary receipts may, upon request, receive from the Stichting the proceeds from the sale of the shares represented by the relevant depositary receipts. However, a lock-up period was in effect for two years following the initial public offering on October 3, 2000.

Options granted under the Plan vest over a four-year period, each year being a "performance period", and may each be exercised at a nominal price within a period of 10 years from the date of grant. With respect to each "performance period", the options vest depending on the participant's performance, expressed as the "overall performance percentage" (as defined in the 1998 Plan). For purposes of determining such overall performance percentage, the administrator of the 1998 Plan has determined, for each participant and for each performance period, performance targets which comprise a minimum target, a maximum target and a relative target weight. The exercise period for options which vest prior to January 1, 2002, began on January 1, 2002. The exercise period for options which vest after January 1, 2002, began at the date of vesting.

Under the 1998 Plan, options to purchase 2,278,394 depositary receipts have been granted including options to purchase 14,544 depositary receipts to members of Head N.V.'s Supervisory Board. No further options will be granted under the 1998 Plan.

2000 Stock Option Plan. In August 2000, Head N.V.'s Management Board adopted the Head N.V. Executive Stock Option Plan 2000, but that plan has not been implemented.

2001 Stock Option Plan. In September 2001, Head N.V.'s Management Board adopted the Head N.V. Executive Stock Option Plan 2001 (the "2001 Plan"). The 2001 Plan provides for grants of stock options to officers and employees of Head N.V. and its subsidiaries to purchase for $4.31 depositary receipts representing ordinary shares of Head N.V. On September 28, 2001, a total of 3,982,068 options were granted under the terms of the 2001 Plan. Upon exercise of the options, option holders receive depositary receipts rather than shares in Head N.V. Depositary receipts issued under the 2001 Plan will be administered by the Stichting. Holders of depositary receipts may, upon request, receive from the Stichting the proceeds from the sale of the shares represented by the relevant depositary receipts.

The exercise price for all options granted under the 2001 Plan was fixed at inception of the 2001 Plan. The vesting period varies from 0 to 6 years. All options that have been vested shall become immediately exercisable. Johan Eliasch, Head N.V.'s Chairman and Chief Executive Officer, received 1,426,470 options under this grant, which vested immediately. Head N.V. assumes that all options granted will become fully vested. Options have a maximum term of 10 years. As of December 31, 2003, no other shares were available for grant under the 2001 Plan.

PRINCIPAL SHAREHOLDER

Head Sports Holdings N.V., a Netherlands Antilles corporation, is controlled by Johan Eliasch and his family members. Prior to the initial public offering on October 3, 2000 Head Sports Holdings N.V. held 96.0% of our issued and outstanding shares. Head Sports Holdings N.V. held 18,987,344, or 47.7%, of Head N.V.'s issued shares as of April 13, 2004. Mr. Eliasch also owned 45,900 of Head N.V.'s shares directly as of this date. Berno, Gambal & Barbee, Inc. held 2,252,800, or 6.0%, of Head N.V.'s issued shares as of April 13, 2004. Neither Head Sports Holdings N.V. nor Berno, Gambal & Barbee, Inc. have different voting rights than other shareholders. As of April 13, 2004 no other person is known to us to hold 5% or more of our issued shares.

RELATED PARTY TRANSACTIONS

On June 15, 1999, entities controlled by our majority shareholder, chairman and chief executive officer contributed all of the outstanding share capital of London Films Ltd., valued at the date of contribution at $20.5 million, to us. The transaction was accounted for on an "as if pooling" basis and, accordingly, the combined financial statements were presented for all periods in which common control existed. We issued 4,227,820 shares against this contribution in kind. London Films Ltd., a company duly established in London, England, owns or has the rights to over 125 feature films and television programs, which it markets on a world-wide basis.

In August 2000, we granted an option to receive all outstanding shares of London Films Ltd. as a shareholder distribution to Head Sports Holdings N.V., an entity beneficially owned by Johan Eliasch and his family members. On October 31, 2000, London Films Ltd. was distributed in accordance with this option. London Films had net assets of $0.6 million at the time the shares were distributed. As a result, London Films is presented as a discontinued operation in our financial statements for the years ending December 31, 1998, 1999 and 2000.

In September 2000, we concluded a management agreement with Mr. Johan Eliasch, our Chairman and Chief Executive Officer, with respect to the management activities carried out by Mr. Johan Eliasch for the benefit of our company. In accordance with this management agreement, Mr. Johan Eliasch will receive an annual compensation of €545,000.

We receive administrative services from a corporation which is ultimately owned by our majority shareholder. Administrative expenses paid to this entity amounted to approximately $1.2 million, $1.2 million and $3.5 million for the years ended December 31, 2001, 2002 and 2003.

In 2002 and 2003, one of our subsidiaries leased its office building from its general manager. Rental expenses amounted to approximately $0.1 million and $0.04 million for the year ended December 31, 2002 and 2003.

RECENT DEVELOPMENTS AND PROSPECTS

We operate in mature markets that, after a period of decline, have in the past several years been stable and in 2002 and much of 2003 showed a market decline. The industry trend has been toward consolidation, which has benefited us because we are a leading company in our core sectors.

The slowdown in the U.S. economy in 2002 and much of 2003 had an effect on consumer spending worldwide. Our products are targeted towards sports enthusiasts who, based on available market data, tend to have comparatively high disposable income. We believe that the purchase of new sports equipment among this group tends to be influenced more by product innovation than by economic conditions.

Currency Fluctuations. While we report our results in U.S. dollars, a significant portion of our revenues is in euros and our expenses are predominantly euro-based. As a consequence, currency fluctuations have an effect upon our reported results. Within a given period, the appreciation of the euro against the dollar will be reflected in higher revenues and costs on a translation basis, and conversely, when it depreciates, we would expect to show lower revenues and costs.

Product Outlook. In Winter Sports, we see a significant trend in Europe towards integrated, better coordinated ski-binding-boot systems, high performance, higher priced equipment, based on an increase in average selling prices. We are concentrating on improving product mix, especially on extending our high end product line, as we expect the consumer preference for high performance sports products to continue. We will extend our integrated line of ski products and concentrate on improving the ski product mix. For those products for which there is high demand, such as our best-selling recently introduced SL 100 bindings, we will focus on increased profitability. We continually introduce new technical features for improved performance, safety and comfort such as new Free Flex systems, the unique safety "ABS" anti-friction toeplates, new and lighter designs of our unique Diagonal safety feature, new integrative solutions with new totally integrated tool free systems (Railflex System), innovative light-weight constructions, as well as changes in styling and appearance in each two- to three-year product cycle.

In snowboards we are still outsourcing our products with the exception of Step-X4 bindings that are manufactured by Tyrolia.

In ski boots we will maintain our cost efficiency in means of production and concentrate on improving our product mix.

In Racquet sports, we have experienced a decline which we partially compensated with our successful product line extension of our Intelligence X series. We will continue to complement the existing Intelligence X line with new, exciting products and simultaneously re-position the Titanium-series for the "value consumer".

In Diving, we are successfully introducing our products in new geographical areas such as Eastern European countries and Southern Asia. We have also given attention to reducing the number of offered products in order to have a simpler and more efficient line that is still able to fulfill all divers' needs.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a brief description of the basic terms governing our material financing arrangements that will be outstanding after completion of this note offering and the application of the proceeds therefrom. None of the financing arrangements described below require us to satisfy financial ratio tests or contain covenants that significantly restrict our operating or financial flexibility.

Long-Term Debt. As of December 31, 2003, Head Sport AG and HTM Sport- und Freizeitgeräte AG had an aggregate amount of approximately $0.4 million long-term debt owed to several Austrian government agencies. This debt is denominated in euro and had a weighted average interest rate on outstanding borrowings of approximately 4.3% at December 31, 2003. This long-term debt is payable over several years, with the final payments scheduled in 2005.

Sale-Leaseback. We entered into an agreement on June 28, 2002, whereby we sold land and building to an unrelated bank and leased it back over a 15 year term. The proceeds of this sale were €10.6 million. We have the obligation to purchase the property back after 15 years for €8.2 million. We may also repurchase the property at our option from the first until the tenth year of the arrangement for the present value of the future lease payments and the remaining residual value. We are also required to pay the bank a monthly deposit of €0.01 million, which will be repaid to us, plus interest of 6.7%, at the time of repurchase. Because of our continuing involvement, this transaction has been accounted for as a financing such that we have recorded €10.6 million of cash and long-term borrowings. As of December 31, 2003, we had outstanding debt under the sale-leaseback agreement of $13.2 million.

Oesterreichische Kontrollbank Aktiengesellschaft. As of December 31, 2003, we had outstanding borrowings under this line of credit of $18.9 million with Austrian banks in the context of Austrian export promotion programs administered by Oesterreichische Kontrollbank Aktiengesellschaft. The weighted average interest rate on this indebtedness was 2.15% at December 31, 2003. These loans had been made in form of credits for specific exports. The amounts owed are secured by bills of exchange and by all Austrian trade receivables. No more credit facilities are available under these terms of commitment.

Mortgage Agreement. One of our subsidiaries entered into a mortgage agreement secured by the Penn property in Phoenix with an unrelated financial institution of $4.8 million over a 15 year term at an interest rate of 7.33%. At December 31, 2003, the amount owed under this agreement was $4.5 million.

Other Long-Term Debt. As of December 31, 2003, we had outstanding amounts of other long-term debt of $14.5 million with several Italian banks and one bank in each of the Czech Republic and Estonia, of which $7.0 million was secured. The weighted average interest rate on borrowings outstanding under the loans was 2.8% at December 31, 2003. These loans terminate between January 2005 and 2009.

Japanese Bank Loans. As of December 31, 2003, HTM Sports Japan KK, one of our Japanese subsidiaries, had short-term credit lines with Sumitomo Bank of approximately $18.5 million that are renewed annually. We guarantee the payments to Sumitomo Bank in the amount of the outstanding debt. The weighted average interest rate on these loans was 3.0% at December 31, 2003.

DESCRIPTION OF THE NOTES

The definitions of certain terms used in this description are set forth under the sub-heading "— Certain Definitions." In this "Description of the Notes," the words "Issuer," "we," "our," "ours," or "us" refer only to HTM Sport- und Freizeitgeräte AG. References to "the Company" refer to Head N.V. and not its Subsidiaries. References to the "Guarantors" are to Head N.V., Head Holding Unternehmensbeteiligung GmbH, Head Sport AG, HTM Sport S.p.A., Penn Racquet Sports Inc., Head Sport s.r.o., Head USA Inc., Head /Tyrolia Sports Canada Inc., Head International GmbH and any Restricted Subsidiary of ours that incurs a Guarantee, and not to the Guarantors' respective Subsidiaries. Each of the Guarantors (other than the Company) is a direct or indirect Wholly Owned Restricted Subsidiary. In addition, all references to "Notes" include "book-entry interests" in the Notes, as defined herein.

We will issue and the Guarantors will guarantee, on the basis described below, the notes offered hereby (the "Notes") under an indenture dated as of January 29, 2004 (the "Indenture") among us, the Company, the Guarantors and The Bank of New York, as trustee (the "Trustee"). The terms of the Notes include those set forth in the Indenture. The Indenture, in turn, includes certain provisions of the U.S. Trust Indenture Act of 1939 (the "Trust Indenture Act") that are incorporated by reference in the Indenture. The Indenture is not required to be, nor will it be, qualified under the Trust Indenture Act.

The following description is a summary of the material terms of the Indenture. It does not, however, restate the Indenture in its entirety, and where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Notes and the Indenture. We urge you to read the Indenture because it contains additional information and because it and not this description defines your rights as a Holder. A copy of the form of the Indenture may be obtained by requesting it from us at the address indicated under "General Information."

We have made an application to list the Notes on the Luxembourg Stock Exchange. We can provide no assurance that this application will be accepted. If and so long as the Notes are listed on the Luxembourg Stock Exchange, we will maintain a special agent, or, as the case may be, a paying or transfer agent, in Luxembourg. See "— Payments on the Notes; Paying Agent."

General

The Notes

The Notes:

(a) are general unsecured obligations of the Issuer;

(b) will mature on February 1, 2014; and

(c) are guaranteed by the Guarantors as described below.

The Guarantees

Under the Indenture, the Guarantors have agreed to guarantee the due and punctual payment of all amounts payable under the Notes, including principal, premium, if any, interest and all other amounts payable under the Notes. The obligations of each Guarantor under its Guarantee will be limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law.

None of the obligations of any Guarantor incorporated under the laws of Austria (an "Austrian Guarantor") (other than *Head Holding Unternehmensbeteiligung GmbH*) as Guarantor pursuant to this Agreement or the Guarantor's obligations to indemnify the initial purchaser as described in "Plan of Distribution," in the aggregate shall be construed to create any obligation on an Austrian Guarantor to act in violation of the mandatory Austrian Capital Maintenance Rules (Kapitalerhaltungsvorschriften) pursuant to Austrian company law ("Austrian Capital Maintenance Rules"), including without limitation Section 82 of the Austrian Act on Limited Liability Companies (*Gesetz über Gesellschaften mit beschränkter Haftung*) and Section 52 of the Austrian Act on Stock Corporations (*Aktiengesetz*), and all obligations of each Austrian Guarantor under this Agreement shall be limited in accordance with Austrian Capital Maintenance Rules. In the event that any obligation of an

Austrian Guarantor under this Agreement would violate or contradict Austrian Capital Maintenance Rules and therefore be held invalid or unenforceable, such obligation shall be replaced by an obligation of a similar nature which is in compliance with Austrian Capital Maintenance Rules and which in its essential purpose comes as close as possible to the invalid or unenforceable provision and, if required by Austrian Capital Maintenance Rules, the amount payable by such Austrian Guarantor under this Agreement shall be reduced to such amount which is permitted pursuant to Austrian Capital Maintenance Rules. Without prejudice to any future changes in law or the interpretation by the courts in relation to Austrian Capital Maintenance Rules and based on current interpretation of Austrian Capital Maintenance Rules the amount which may be guaranteed in favour of (indirect) shareholders depends essentially (i) on the economic and operational benefits received by the guaranteeing entity and (ii) an adequate and limited risk for the guarantor resulting from the guarantee. It is possible but not certain, that a court would consider benefits received by an Austrian Guarantor's Subsidiaries in evaluating the economic benefits to such Guarantor. Courts could also consider the assets of the Austrian Guarantor at the time the Guarantee was issued.

In addition to the preceding paragraph, the aggregate of the guarantee obligations of Head International GmbH in its capacity as an Austrian Guarantor and its indemnification obligations as described in "Plan of Distribution" shall not exceed the amounts (plus potentially accrued interest) internally forwarded (directly or indirectly) from the proceeds of the issuance of the Senior Notes by the Issuer to Head International GmbH, which is expected to be €75,000,000.

The Guarantee to be provided by Head Sport s.r.o. will be limited in accordance with any mandatory Czech laws setting out or implying any capital maintenance requirements (the "Czech Rules"), including, without limitation, Section 196a of the Czech Commercial Code. In the event that any obligation of Head Sport s.r.o. under the Indenture would violate or contradict the Czech Rules and therefore be held invalid or unenforceable, such obligation will be replaced by an obligation of a similar nature which is in compliance with such rules.

The Guarantee to be provided by HTM Sport S.p.A. will be limited to the value of its assets which are not encumbered to secure existing indebtedness. In light of recent corporate scandals in Europe, the Italian Government is discussing a possible reform of the Italian securities laws. Although no official draft of the possible reform has been circulated yet, an unofficial text of this new possible law has been published recently in financial newspapers. This unofficial draft provides, among other things, for a limitation on the issuance of guarantees by Italian companies. Pursuant to the proposed regulation, Italian companies would not be able to guarantee the issuance of bonds by a foreign company (either their subsidiary or controlling company) for an amount exceeding twice their shareholders' equity. Under the current rule, such limitation only applies to the direct issuance of bonds and not to guarantees given. We cannot exclude that this proposed reform, if and when enacted, will have retroactive effect and reduce, by operation of law, the value of guarantees given before its enactment to the new statutory limitation.

Each Guarantor may consolidate with or merge into or sell its assets to the Company, the Issuer or another Guarantor without limitation, or with other Persons upon the terms and conditions set forth in the Indenture. See "— Certain Covenants — Limitations on Mergers and Certain Other Transactions."

A Guarantee will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect) in connection with the sale or disposition (including through merger or consolidation) of the Capital Stock, or all or substantially all of the assets, of the applicable Guarantor, if such sale is made in compliance with the Indenture (including the covenant described under "— Certain Covenants — Disposition of Proceeds of Asset Sales").

In addition, a Guarantee shall also be automatically released (1) upon a legal defeasance as described under the caption "— Defeasance" or discharged as described under the caption "— Satisfaction and Discharge", (2) upon the designation by the Company of the Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture or (3) upon payment in full of the aggregate principal amount of all Notes then outstanding and all other financial obligations under such Guarantee then due and owing.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, if a company incurs a Guarantee, we will provide a supplemental offering memorandum to the Luxembourg Stock Exchange and publish a notice of such additional Guarantor in a newspaper having general circulation in Luxembourg (which we expect to be the *Luxemburger Wort*).

Principal, Maturity and Interest

The Notes will mature on February 1, 2014 unless redeemed prior thereto as described herein. The Issuer will issue the Notes in the aggregate principal amount of €135,000,000. Subject to compliance with the covenant described under "— Certain Covenants — Limitation on Additional Indebtedness," we are permitted to issue additional Notes under the Indenture ("Additional Notes") from time to time. The Notes and any Additional Notes that are actually issued will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, references to the "Notes" for all purposes of the Indenture and in this "Description of the Notes" include references to any Additional Notes that we actually issue.

Each Note will bear interest at the rate per annum shown on the cover page of this offering memorandum semi-annually from the Issue Date or from the most recent interest payment date to which interest has been paid or provided for, whichever is the later. Interest will be payable on each Note on August 1 and February 1 of each year, commencing on August 1, 2004. We will pay interest on each Note in respect of the principal amount thereof outstanding as of the immediately preceding February 1 or August 1, as the case may be. We will compute interest on the basis of a 360-day year comprised of twelve 30-day months and will pay interest on overdue principal and, to the extent permitted by law, on other overdue amounts at the same rate.

Form of Notes

The Notes will be issued on the date of the Indenture only in fully registered form without coupons and only in denominations of €1,000 and any integral multiple thereof.

The Notes will initially be represented by one or more global notes (the "Global Notes"). The Global Notes will be deposited with a common depositary for Euroclear and Clearstream Banking, or a nominee of such common depositary. Ownership of interests in the Global Notes, referred to as "book-entry interests," will be limited to persons that have accounts with Euroclear or Clearstream Banking or their respective participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream Banking and their participants. The terms of the Indenture will provide for the issuance of definitive registered Notes in certain circumstances. See "Book-Entry; Delivery and Form."

Transfer and Exchange

The Notes may be transferred in accordance with the Indenture, which will provide for, among other things, the transfer of the Notes by the transfer agent in Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require. All transfers of book-entry interests between participants in Euroclear or Clearstream Banking will be effected by Euroclear or Clearstream Banking pursuant to customary procedures and subject to applicable rules and procedures established by Euroclear or Clearstream Banking and their respective participants. See "Book-Entry; Delivery and Form."

The Notes will be subject to certain restrictions on transfer and certification requirements, as described under "Notice to Investors."

Payments on the Notes; Paying Agent

The Issuer will make all payments, including principal of, premium, if any, and Additional Amounts and interest on, the Notes through an agent in London, England that the Issuer will maintain for these purposes. Initially that agent will be the corporate trust office of the Trustee and, so long as the Notes are listed on the Luxembourg Stock Exchange, the offices of the paying agent in Luxembourg (each a "Paying Agent"). The Bank of New York (Luxembourg) S.A. will initially act as Paying Agent in Luxembourg, where payments may also be made. The Issuer may change the paying agent without prior notice to the Holders. The Issuer will make payments on the Global Notes to the common depositary as the registered holder of the Global Notes.

The Issuer will make all payments in same-day funds. No service charge will be made for any registration of transfer, exchange or redemption of the Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection with any such registration of transfer or exchange.

Payments of principal and interest on the definitive registered Notes may be made through the office of the Paying Agent in Luxembourg if and so long as such notes are listed on the Luxembourg Stock Exchange. Distributions of principal and interest on the registered notes will be made to noteholders whose names the registered notes were registered to at the close of business on July 15 and January 15 of each year. Distributions will be made by wire, transfer or by cheque mailed to the address of such noteholder as it appears on the register maintained by the Registrar. The final payment on any definitive registered note, however, will be made only upon presentation, and surrender of such Certificated Note at the office of the Paying Agent in Luxembourg on a Payment date that is a Business day in the place of presentation.

Ranking

The Notes will be general unsecured obligations of the Issuer and will be: (a) senior in right of payment to all of the Issuer's existing and future indebtedness that expressly provides that it is subordinated in right of payment to the Notes; (b) equal in right of payment with all of the Issuer's existing and future unsubordinated and unsecured indebtedness; (c) effectively subordinated to all of the Issuer's existing and future secured indebtedness to the extent of the assets securing such indebtedness; and (d) structurally subordinated to all of the Issuer's Subsidiaries' (other than, to the extent of the Guarantees, the Guarantors') existing and future indebtedness, as described under "Risk Factors — Your notes are unsecured obligations and, although they are referred to as "senior notes," they will be effectively subordinated to debt and other liabilities of HTM's subsidiaries which are not guarantors."

The Guarantees will be general unsecured obligations of each Guarantor and will be: (a) senior in right of payment to all of such Guarantor's existing and future indebtedness that expressly provides that it is subordinated in right of payment to the Guarantees; (b) equal in right of payment with all of such Guarantor's existing and future unsubordinated and unsecured indebtedness; (c) effectively subordinated to all of such Guarantor's existing and future secured indebtedness to the extent of assets securing such indebtedness; and (d) structurally subordinated to all of such Guarantor's Subsidiaries' existing and future indebtedness.

At September 30, 2003, on a pro forma basis after giving effect to the offering of the Notes and the application of the proceeds therefrom as described under "Use of Proceeds" and after excluding intercompany balances:

(a) on a consolidated basis, the Issuer would have had total Indebtedness of $221.2 million (€189.8 million); and

(b) our Subsidiaries other than the Guarantors would have had (i) $18.2 million (€15.6 million) of Indebtedness; and (ii) no Subordinated Indebtedness.

The Indenture permits the Company and its Restricted Subsidiaries to incur additional Indebtedness, a portion of which may be secured.

Intercompany Note

It is expected that approximately €75,000,000 of the net proceeds from the offering of the Notes will be loaned by the Issuer to Head International GmbH (the "Intercompany Note"). The Intercompany Note will mature on February 1, 2014. Interest on the Intercompany Note will be payable semi-annually and will bear interest at a rate per annum equal to the interest on the Notes. The Issuer will not accept prepayment of the Intercompany Note if the aggregate principal amount of the then outstanding Notes (after giving effect to the payment of any principal on Notes then due) would exceed the aggregate principal amount of the Intercompany Note.

Additional Amounts

All payments that the Issuer makes under or with respect to the Notes or that the Guarantors make under or with respect to the Guarantees will be made free and clear of, and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature (collectively, "Taxes") imposed or levied by or on behalf of the government of Austria or by or within any department or political subdivision thereof or within any other jurisdiction in which the Issuer, the Guarantors or any Surviving Entity are organized or resident for tax purposes or from or through which payment is made (each a "Relevant Taxing Jurisdiction"), unless the Issuer or the Guarantors, as the case may be, are required to withhold or deduct Taxes by law or by the interpretation or administration of law. If the Issuer or the Guarantors are required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Notes, the Issuer or the Guarantors, as the case may be, will pay, to the extent permitted by law, additional amounts ("Additional Amounts") as may be necessary to ensure that the net amount received by each Holder of the Notes (including Additional Amounts) after such withholding or deduction will be not less than the amount the Holder would have received if such Taxes had not been required to be withheld or deducted.

Neither the Issuer nor the Guarantors will, however, pay Additional Amounts to a Holder or beneficial owner in respect or on account of:

(a) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of the Holder's or beneficial owner's present or former connection with such Relevant Taxing Jurisdiction (other than the mere receipt or holding of Notes or by reason of the receipt of payments thereunder or the exercise or enforcement of rights under any Notes or the Indenture);

(b) any Taxes that are imposed or levied by reason of the failure of the Holder or beneficial owner of Notes, following the Issuer's written request addressed to the Holder (and made at a time which would enable the Holder or beneficial owner acting reasonably to comply with that request), to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of withholding or deduction of, Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction);

(c) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(d) any Tax which is payable otherwise than by withholding or deduction from payments made under or with respect to the Notes;

(e) Taxes imposed on or with respect to any payment by the Issuer or the Guarantors to the Holder if such Holder is a fiduciary or partnership or person other than the sole beneficial owner of such Note to the extent that Taxes would not have been imposed on such Holder had such Holder been the sole beneficial owner of such Note;

(f) any Tax that is imposed or levied by reason of the presentation (where presentation is required in order to receive payment) of such Notes for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the Holder or beneficial owner thereof would have been entitled to Additional Amounts had the Notes been presented for payment on any date during such 30 day period;

(g) any Tax that is imposed on or with respect to a payment made to a Holder or beneficial owner who would have been able to avoid such withholding or deduction by presenting the relevant Notes to another paying agent in a Member State of the European Union; or

(h) any withholding or deduction in respect of any Taxes imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive otherwise implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive.

The Issuer and the Guarantors will also (i) make such withholding or deduction as is required by applicable law and (ii) remit the full amount deducted or withheld to the relevant taxing authority in accordance with applicable law.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer or the Guarantors will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), the Issuer or the Guarantors will deliver to the Trustee an Officers' Certificate stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date. The Issuer will promptly publish a notice in accordance with the provisions set forth in "— Notices" stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

In addition, the Issuer will pay any present or future stamp, issue, registration, documentation, excise or property taxes or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by any Relevant Taxing Jurisdiction in respect of the execution, issue, delivery or registration of the Notes or any other document or instrument referred to thereunder and any such taxes, charges or duties imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

Whenever the Indenture or this "Description of the Notes" refers to, in any context, the payment of principal, interest, if any, or any other amount payable under or with respect to any Note, such reference includes the payment of Additional Amounts, if applicable.

Currency Indemnity

Euro is the sole currency of account and payment for all sums payable under the Notes, the Guarantees and the Indenture. Any amount received or recovered in respect of the Notes or the Guarantees in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of our company, any Subsidiary or otherwise) by a Holder in respect of any sum expressed to be due to such Holder from the Issuer or the Guarantors will constitute a discharge of the Issuer's obligation only to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in such other currency on the date of that receipt or recovery (or, if it is not possible to purchase euro on that date, on the first date on which it is possible to do so). If the euro amount to be recovered is less than the euro amount expressed to be due to the recipient under any Note, the Issuer or the Guarantors will indemnify the recipient against the cost of making any further purchase of euro in an amount equal to such difference. For the purposes of this paragraph, it will be sufficient for the Holder to certify that it would have suffered a loss had the actual purchase of euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro on that date had not been possible, on the first date on which it would have been possible). These indemnities, to the extent permitted by law:

(a) constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations;

(b) give rise to a separate and independent cause of action;

(c) apply irrespective of any waiver granted by any Holder; and

(d) will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

Redemption

Optional Redemption. The Notes are redeemable, in whole or in part, at the option of the Issuer, at any time on or after February 1, 2009, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest to the redemption date, if redeemed during the 12-month period beginning on February 1 of the years indicated below:

Year	Percentage
2009	104.250%
2010	102.830%
2011	101.417%
2012 and thereafter ...	100.000%

Optional Redemption upon Public Equity Offerings. At any time, or from time to time, on or prior to February 1, 2007, the Company or the Issuer may, at its option, use the Net Proceeds of one or more Public

Equity Offerings (as defined below) to redeem up to 35% of the Notes at a redemption price equal to 108.5% of the principal amount thereof to the redemption date; provided, that at least 65% of the aggregate principal amount of Notes originally issued remains outstanding immediately after any such redemption (it being expressly agreed that for purposes of determining whether this condition is satisfied, Notes owned by the Issuer or any of its Affiliates shall be deemed not to be outstanding). In order to effect the foregoing redemption with the proceeds of any Public Equity Offering, the Company or the Issuer shall make such redemption not more than 90 days after receipt of the proceeds of any such Public Equity Offering.

As used in the preceding paragraph, "Public Equity Offering" means an offering by the Company of its Qualified Capital Stock where such Qualified Capital Stock is listed or quoted on a recognized securities exchange or inter dealer quotation system in any current member state of the European Union or the United States.

Redemption for Changes in Withholding Tax.

If, as a result of:

(a) any amendment after the date of the Indenture to, or change after the date of the Indenture in, the laws or regulations of any Relevant Taxing Jurisdiction; or

(b) any change after the date of the Indenture in the official application or official interpretation of the laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of any Relevant Taxing Jurisdiction applicable to the Issuer,

the Issuer would be obligated to pay, on the next date for any payment and as a result of that amendment or change, Additional Amounts as described above under "— Additional Amounts" with respect to the Relevant Taxing Jurisdiction, which the Issuer cannot avoid by the use of reasonable measures available to the Issuer, then the Issuer may redeem all, but not less than all, of the Notes, at any time thereafter, upon not less than 30 nor more than 60 days' notice, at a redemption price of 100% of the principal amount, plus accrued interest, if any, to the redemption date. Prior to the giving of any notice of redemption described in this paragraph, the Issuer will deliver to the Trustee:

(a) an Officers' Certificate of the Issuer stating that the obligation to pay such Additional Amounts cannot be avoided by taking reasonable measures available to the Issuer; and

(b) an Opinion of Counsel to the effect that the Issuer has or will become obligated to pay such Additional Amounts as a result of a change, amendment, official interpretation or application described above.

The Issuer will publish a notice of any optional redemption of the Notes described above in accordance with the provisions of the Indenture described under "— Notices."

Selection and Notice

The Issuer will inform the Luxembourg Stock Exchange of the principal amount of the Notes that have not been redeemed in connection with any optional redemption. If fewer than all the Notes are to be redeemed at any time, the Trustee will select the Notes by a method that complies with the requirements, as certified to the Trustee by the Issuer, of the principal securities exchange, if any, on which the Notes are listed at such time or, if the Notes are not listed on a securities exchange, pro rata, by lot or by such other method as the Trustee in its sole discretion shall deem fair and appropriate; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than €1,000.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions "— Change of Control" and "— Certain Covenants — Disposition of Proceeds of Asset Sales." The Company and any Restricted Subsidiary may at any time and from time to time purchase

Notes in the open market or otherwise. The Issuer is not obligated to cancel any Notes so purchased, although they may not be reissued.

Change of Control

The Indenture will provide that upon the occurrence of a Change of Control (the date of such occurrence being the "Change of Control Date") the Company or the Issuer will notify the Holders in writing of such occurrence and will make an offer to purchase (the "Change of Control Offer"), on a Business Day (the "Change of Control Payment Date") not later than 60 Business Days following the Change of Control Date, all Notes then outstanding at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the Change of Control Payment Date. All Notes properly tendered pursuant to such Change of Control Offer and not withdrawn pursuant thereto will be purchased on the Change of Control Payment Date.

Notice of a Change of Control Offer will be mailed by the Company or the Issuer to the Holders not less than 30 calendar days nor more than 60 calendar days before the Change of Control Payment Date. The Company or the Issuer will cause a copy of such notice to be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). The Change of Control Offer is required to remain open for at least 20 Business Days and until the close of business on the Change of Control Payment Date. Holders electing to have a Note purchased pursuant to a Change of Control Offer will be required to surrender such Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Trustee at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date. Holders will be entitled to withdraw their tendered Notes and their election to require the Company or the Issuer to purchase such Notes, provided that the Trustee receives, no later than the close of business on the last day of the offer period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount at maturity of Notes tendered for purchase and a statement that such Holder is withdrawing his or her tendered Notes and his or her election to have such Notes purchased. Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount at maturity to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to €1,000 in principal amount or an integral multiple thereof. Unless the Issuer defaults in the payment of the Change of Control payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date. Any Note not properly tendered will remain outstanding and continue to accrue interest.

The Company or the Issuer will comply with any applicable laws, rules and regulations in connection with any Change of Control Offer. To the extent that the provisions of any such laws, rules and regulations conflict with the "Change of Control" provisions of the Indenture, the Company or the Issuer will comply with such applicable laws, rules and regulations and will not be deemed to have breached its obligations under the "Change of Control" provisions of the Indenture by virtue thereof.

Provision of Financial Information

The Indenture will provide that the Company shall provide the Trustee with (1) its annual financial statements and related notes thereto for the most recent fiscal year prepared in accordance with GAAP, together with an audit report thereon, together with a discussion of the "Results of Operations and Liquidity" for such fiscal years prepared in a manner substantially consistent with the "Management's Discussion and Analysis of Financial Conditions and Results of Operations" appearing herein, a description of "Related Party Transactions" and a "Description of Other Indebtedness," within 120 days of the end of each fiscal year; *provided, however,* that the filing of a Form 20-F with the Commission will fulfill the content requirements of this clause (1); and (2) quarterly financial information as of and for the period from the beginning of each year to the close of each quarterly period (other than the fourth quarter), together with comparable information for the corresponding period of the preceding year, and a summary "Management's Discussion and Analysis of Financial Conditions and Results of Operations" providing a brief discussion of the results of operations for the period within 60 days following the end of the fiscal quarter.

To the extent that the Company is not then filing reports pursuant to Section 13 or 15(d) of the Exchange Act, contemporaneously with the provision of each report discussed above, the Company will also file a press release with the appropriate internationally recognized wire services with respect to such report and post such press release on the Company's website.

If and so long as the Notes are listed on the Luxembourg Stock Exchange, copies of such reports shall also be available at the specified office of the Paying Agent and transfer agent in Luxembourg.

In addition, so long as the Notes remain outstanding and during any period when the Issuer or the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company will furnish to any Holder or beneficial owner of Notes initially offered and sold in the United States to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act of 1933 pursuant to such rule and any prospective purchaser in the United States designated by such Holder or beneficial owner, upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act of 1933.

Certain Covenants

Set forth below are certain covenants which will be contained in the Indenture.

Limitation on Additional Indebtedness. The Indenture will provide that the Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, Incur any Indebtedness (including any Acquired Indebtedness) except for Permitted Indebtedness; *provided,* that the Issuer and the Guarantors will be allowed to Incur Indebtedness (including Acquired Indebtedness) and any Restricted Subsidiary that is not a Guarantor will be allowed to Incur Acquired Indebtedness, if, after giving *pro forma* effect to such Incurrence and any concurrent financing (including the application of the net proceeds therefrom), the Consolidated Fixed Charge Coverage Ratio of the Company would be greater than 2.0 to 1.0.

The foregoing limitation will not prohibit the Incurrence of the following Indebtedness ("Permitted Indebtedness"):

(i) Indebtedness represented by the Notes issued on the Issue Date;

(ii) Credit Facility Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount at any time outstanding not to exceed the greater of (a) €100,000,000 and (b) the sum of (x) 85% of the total book value of accounts receivable and (y) 50% of the total book value of inventory, in each case as reflected on the Company's most recent consolidated financial statements prepared in accordance with GAAP less (z) €100,000,000;

(iii) Indebtedness (other than Credit Facility Indebtedness) of the Company and any Restricted Subsidiary outstanding on the Issue Date;

(iv) Interest Rate Protection Agreements of the Company or any Restricted Subsidiary covering Indebtedness of the Company or any Restricted Subsidiary to the extent that the notional principal amount of such Interest Rate Protection Agreement does not exceed the principal amount of the Indebtedness to which such Interest Swap Obligation relates;

(v) any Indebtedness under Currency Protection Agreements of the Company or any Restricted Subsidiary; *provided,* that in the case of Currency Protection Agreements which relate to Indebtedness, such Currency Protection Agreements do not increase the outstanding Indebtedness of the Company or any Restricted Subsidiary other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(vi) Indebtedness of the Issuer or any Guarantor owed to and held by any Restricted Subsidiary which is not a Guarantor for so long as such Indebtedness is held by such Restricted Subsidiary subject to no Lien; *provided,* that (a) any such Indebtedness is subordinated in right of payment to the Notes and (b) any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or a Restricted Subsidiary) shall be deemed the Incurrence of Indebtedness not constituting Permitted Indebtedness;

(vii) Indebtedness of the Company or a Restricted Subsidiary owed to and held by the Company or any Restricted Subsidiary (other than the Indebtedness described in clause (vi) above) for so long as such

Indebtedness is held by the Company or such Restricted Subsidiary, in each case subject to no Lien held by a Person other than the Company or a Restricted Subsidiary; *provided,* that any subsequent of such Indebtedness (other than to the Company or a Restricted Subsidiary) shall be deemed the Incurrence of Indebtedness not constituting Permitted Indebtedness;

(viii) Indebtedness of the Company or any Restricted Subsidiary in order to finance insurance premiums and other Indebtedness represented by letters of credit for the account of the Company or such Restricted Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements, all in the ordinary course of business;

(ix) obligations in respect of performance and surety bonds and completion guarantees provided by the Company or any Restricted Subsidiary in the ordinary course of business in accordance with customary industry practice, in amounts and for purposes customary in the industry of the Company and its Subsidiaries;

(x) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for adjustment of purchase price, earn out or other similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets, or a Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided,* that the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and any Restricted Subsidiary in connection with such disposition;

(xi) Capitalized Lease Obligations and Purchase Money Obligations of the Company and Restricted Subsidiary Incurred in the ordinary course of business not to exceed €15,000,000 at any one time outstanding;

(xii) Acquired Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount not to exceed €5,000,000 at any one time outstanding;

(xiii) replacements, renewals, refinancings and extensions of the Indebtedness Incurred under the first paragraph of this covenant and under the preceding clauses (i) and (iii) (including, in the case of Indebtedness Incurred under clause (iii), repayments and subsequent re-Incurrences thereof); *provided,* that (in the case of Indebtedness Incurred under the first paragraph of this covenant and under the preceding clause (i)) any such renewal, refinancing or extension (A) is scheduled to mature either (i) no earlier than the Indebtedness being replaced, renewed, refinanced or extended, or (ii) after the maturity date of the Notes, (B) the portion, if any, of such replacement, renewal, refinancing or extension that is scheduled to mature on or prior to the maturity date of the Notes has a weighted average life to maturity at the time such Indebtedness is Incurred that is equal to or greater than the weighted average life to maturity of the portion of the Indebtedness being replaced, renewed, refinanced or extended that is scheduled to mature on or prior to the maturity date of the Notes, (C) shall not exceed the principal amount (plus accrued interest and prepayment premium, if any) of the Indebtedness being replaced, renewed, refinanced or extended and the amount of customary fees, expenses and costs related to the Incurrence of such Indebtedness and (D) is Incurred by the same entity that is the obligor (or could have been a Guarantor) on the Indebtedness being replaced, renewed, refinanced or extended or by a Guarantor;

(xiv) guarantees constituting an Investment in the Sporting Industry; provided that after giving *pro forma* effect to such Investments, the Consolidated Fixed Charge Coverage Ratio of the Company would be greater than 2.0 to 1.0; and

(xv) additional Indebtedness of the Company and the other Guarantors in an aggregate principal amount not to exceed €20,000,000 at any one time outstanding.

Each of the foregoing clauses (i) through (xv) shall be given independent effect and Indebtedness which may be Incurred pursuant to two or more of the foregoing clauses may be classified or reclassified under each such clause at the option of the Company or the Issuer.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments. The Indenture will provide that the Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, make any Restricted Payment, unless:

(a) no Default or Event of Default will have occurred and be continuing under the Indenture at the time of or after giving effect to such Restricted Payment;

(b) immediately after giving effect to such Restricted Payment, the aggregate of all Restricted Payments declared or made after the Issue Date does not exceed the sum of:

(i) 50% of the Company's cumulative Consolidated Net Income accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2004 and ending on the last day of the most recent full fiscal quarter ending on or prior to the date of such Restricted Payment for which financial statements are available (or in the event Consolidated Net Income shall be a deficit, minus 100% of such deficit); *plus*

(ii) the aggregate Net Proceeds in the form of cash received by the Company from capital contributions to, or from the issuance or sale of Capital Stock of, the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Company) after the Issue Date; *plus*

(iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Issue Date, of such Indebtedness into Capital Stock (other than Disqualified Capital Stock) of the Company (less the amount of any cash, or the fair market value of any other property, distributed by the Company or any Restricted Subsidiary upon such conversion or exchange); *plus* (iv) (a) 100% of the net reduction in Investments (other than Permitted Investments) resulting from payments of interests on Indebtedness, dividends, return of capital, repayments of loans or advances or other transfers of assets, in each case, to the Company or any Restricted Subsidiary, from the Person in whom such Investment was made (except to the extent any such amount is included in the calculation of Consolidated Net Income) and (b) upon redesignation of an Unrestricted Subsidiary as a Restricted subsidiary, the fair market value of such Subsidiary; *provided,* that the sum of clauses (iv)(a) and (b) shall not exceed the amount of Investments previously made (and treated as a Restricted Payment) by the Company or any Restricted Subsidiary in such Person; and

(c) at the time of such Restricted Payment, the Company could Incur €1.00 of additional Indebtedness pursuant to the first paragraph of the "— Limitation on Additional Indebtedness" covenant.

The provisions of this covenant will not prohibit the following (each a "Permitted Payment"): (i) the payment of any dividend within 60 calendar days after the date of declaration thereof, if at such date of declaration such payment would comply with the provisions of the Indenture; (ii) the payment, defeasance, purchase, redemption, prepayment, acquisition or retirement of any Capital Stock of the Company or Indebtedness of the Issuer or the Guarantors that is subordinate in right of payment to the Notes or the Guarantees, respectively, by conversion into or by an exchange for, Capital Stock of the Company that is not Disqualified Capital Stock or out of the Net Proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company and other than such issuances or sales financed directly or indirectly by the Company or its Subsidiaries except to the extent such financing has been repaid) of other Capital Stock (other than Disqualified Capital Stock) of the Company; *provided,* that such proceeds are not included in paragraph (b)(ii) above; (iii) the redemption or retirement of Indebtedness of the Issuer or the Guarantors that is subordinate in right of payment to the Notes or the Guarantees, respectively, in exchange for, by conversion into, or out of the Net Proceeds of, a substantially concurrent sale of Indebtedness of the Issuer or the Guarantors (other than to a Subsidiary of the Company) that is contractually subordinated in right of payment to the Notes and that is permitted to be Incurred in accordance with the "— Limitation on Additional

Indebtedness" covenant; (iv) dividend or distribution payments to minority shareholders of a Restricted Subsidiary made in connection with pro rata or greater dividend or distribution payments made to the Company or any Restricted Subsidiary; (v) the purchase of any Subordinated Indebtedness at a purchase price not greater than 101% of the principal amount thereof in the event of a change in control under the terms of any such Subordinated Indebtedness, in accordance with the provisions contained in the instruments governing any such Subordinated Indebtedness; *provided*, that any such provisions are substantially similar to the "Change of Control" provisions contained in the Indenture and *provided, further*, that prior to such purchase the Company has made the Change of Control Offer in accordance with the Indenture with respect to the Notes and has purchased all Notes validly tendered for payment in connection with such Change of Control Offer; (vi) the purchase of Capital Stock of the Issuer or the Company from members of the management of the Issuer or the Company in an aggregate amount not to exceed €1,000,000; (vii) payments or distributions in respect of the Company's Capital Stock in an amount not to exceed €3,000,000 in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years) and (viii) additional Restricted Payments in an aggregate amount outstanding not to exceed €8,500,000.

In determining the amount of Restricted Payments permissible under clause (b) above, only amounts expended pursuant to clauses (i) and (viii) in the preceding paragraph shall be included, but without duplication, as Restricted Payments.

Limitation on Liens. The Indenture will provide that the Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, Incur, assume or suffer to exist any Lien (other than a Permitted Lien) of any kind upon any of its property or assets now owned or hereafter acquired by it, which secures Indebtedness of the Company or any Restricted Subsidiary of the Company, unless the Notes are equally and ratably secured by such Lien; *provided*, that if the Indebtedness secured by such Lien is subordinate or junior in right of payment to the Notes or the Guarantees then the Lien securing such Indebtedness shall be subordinate or junior in priority to the Lien securing the Notes or the Guarantees, as applicable, at least to the same extent as such Indebtedness is subordinate or junior to the Notes or the Guarantees.

Limitation on Sale-Leaseback Transactions. The Indenture will provide that the Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any Sale-Leaseback Transaction unless either (i) after giving effect to such Sale-Leaseback Transaction on a *pro forma* basis, the Company is in compliance with the "— Limitation on Liens" covenant and could Incur Indebtedness pursuant to the "— Limitation on Additional Indebtedness" covenant (including Permitted Indebtedness) in an amount at least equal to the Attributable Debt associated with such Sale-Leaseback Transaction or (ii) the lease is between the Company and a Restricted Subsidiary or between Restricted Subsidiaries.

Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries. The Indenture will provide that the Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective or enter into any agreement with any Person that would cause any consensual encumbrance or restriction (after giving effect to any applicable exceptions thereto) of any kind on the ability of any Restricted Subsidiary to (a) pay dividends, in cash or otherwise, or make any other distributions on its Capital Stock or any other interest or participation in, or measured by, its profits owned by the Issuer or a Subsidiary of the Issuer (other than an Unrestricted Subsidiary), (b) make any loans or advances to or pay any Indebtedness owed to the Issuer or any Subsidiary of the Issuer (other than an Unrestricted Subsidiary) or (c) transfer any of its properties or assets to the Issuer or to any Subsidiary of the Issuer (other than an Unrestricted Subsidiary), except for (i) encumbrances or restrictions existing under or contemplated by or by reason of the Notes and the Indenture, (ii) encumbrances or restrictions existing under or contemplated by agreements as in effect on the Issue Date, (iii) encumbrances or restrictions with respect to a Person that is not a Restricted Subsidiary on the Issue Date, in existence at the time such Person becomes a Restricted Subsidiary (but not created in contemplation of such Person becoming a Restricted Subsidiary), (iv) encumbrances or restrictions existing under or by reason of applicable law, (v) encumbrances or restrictions existing under or by reason of customary non-assignment provisions of agreements entered into in the ordinary course of business and consistent with past practices, (vi) encumbrances or restrictions existing by reason of any Lien permitted under the "Limitations on Liens" covenant, (vii) encumbrances or restrictions existing under any agreement for the sale or disposition of assets of the Company or any Restricted Subsidiary, or the Capital Stock of any Restricted Subsidiary permitted by the "Disposition of Proceeds of Asset Sales" covenant, in each case, pending the closing of such sale or disposition, (viii) encumbrances or restrictions contained in agreements governing Indebtedness that are no more restrictive in any material respect than those contained in the Notes in the judgment of the Board of Directors, (ix) customary limitations on the distribution or disposition of assets or property in joint venture agreements entered into in good faith; provided that such encumbrance or restriction is applicable only to such Restricted Subsidiary and provided that: (A) the encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable agreements in the judgment of the Board of Directors; and (B) any such encumbrance or restriction will not materially affect the ability of the Issuer to make any anticipated principal or interest payments on the Notes, (x) encumbrances or restrictions existing under any agreement that refinances, replaces, renews or extends an agreement containing a restriction permitted by clause (i), (ii) or (iii) above; *provided*, that the terms and conditions of any such encumbrances or restrictions are not materially less favorable to the Holders than those under or pursuant to the agreement being replaced or the agreement evidencing the Indebtedness refinanced, (xi) encumbrances or restrictions created under any agreements with respect to Indebtedness of the Company or any Restricted Subsidiary permitted to be incurred pursuant to the "— Limitation on Additional Indebtedness" covenant, including encumbrances or restrictions contained in agreements governing Credit Facility Indebtedness or any guarantee thereof; *provided*, that any such encumbrances or restrictions are ordinary and customary with respect to the type of Indebtedness being Incurred (under the relevant circumstances) and will not materially affect the ability of the Issuer to make any anticipated principal or interest payments on the Notes, in the judgment of the Board of Directors; (xii) in the case of (c) above, encumbrances or restrictions that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license, conveyance or contract or similar agreement, arising by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or asset of the Company or any Restricted Subsidiary not otherwise prohibited by the terms of the Indenture or arising from or agreed to in the ordinary course of business that, in such case, does not individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company and its Restricted Subsidiaries, taken as a whole and (xiii) encumbrances or restrictions contained in any instrument governing Acquired Indebtedness, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired.

Disposition of Proceeds of Asset Sales. The Indenture will provide that the Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Sale unless (i) the consideration received in respect of such Asset Sale is at least equal to the Fair Market Value of the assets subject to such Asset Sale and (ii) at least 75% of the value of the consideration therefrom received by the Company or such Restricted Subsidiary is in the form of any combination of the following: (A) cash or Cash Equivalents, (B) assets to be owned by and used in the business of the Company or any Restricted Subsidiary or (C) the assumption by the Person acquiring the assets in such Asset Sale of Indebtedness or trade payables of the Company or any Restricted Subsidiary with the effect that none of the Company or its Restricted Subsidiaries will have any further obligation with respect to such Indebtedness. The Company or the applicable Restricted Subsidiary, as the case may be, will either (w) within 365 calendar days apply the Net Asset Sale Proceeds from such Asset Sale to permanently repay secured Indebtedness of the Issuer or the Guarantors or, in the event of any Asset Sale by a Restricted Subsidiary which is not a Guarantor, to permanently repay Indebtedness of such Restricted Subsidiary or (x) within 365 calendar days of such Asset Sale apply the Net Asset Sale Proceeds from such Asset Sale to invest in a Permitted Related Investment or (y) within 365 calendar days from such Asset Sale apply the Net Asset Sale Proceeds from such Asset Sale to repurchase Notes acquired by the Company in the open market or (z) apply any Net Asset Sale Proceeds from any Asset Sale that are not applied pursuant to clause (w), (x) or (y) above (such amounts, "Excess Proceeds") as provided below.

When the aggregate amount of Excess Proceeds equals or exceeds €10,000,000, the Company or the Issuer will make an offer to purchase (an "Asset Sale Offer") from all Holders of the Notes and other unsubordinated Indebtedness of the Issuer and the Guarantors (to the extent the terms of such other unsubordinated Indebtedness so require), pro rata, not more than 60 calendar days thereafter (the "Excess Proceeds Payment Date") that portion of outstanding Notes and other unsubordinated Indebtedness purchasable with such Excess Proceeds, at a price in cash equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to the purchase date. To the extent that the Asset Sale Offer is not fully subscribed, the Company may use the unutilized portion of such Excess Proceeds for general corporate purposes. If the aggregate principal amount, plus accrued and unpaid interest, if any, thereon of Notes and other unsubordinated Indebtedness validly tendered and not withdrawn by holders thereof exceeds the Excess Proceeds, Notes and other unsubordinated Indebtedness to be purchased will be selected on a pro rata basis based upon amounts tendered. Upon completion of such Asset Sale Offer, the amount of Excess Proceeds will be reset to zero. Notice of an Asset Sale Offer will be mailed to the Holders as shown on the register of Holders not less than 30 calendar days nor more than 60 calendar days before the Excess Proceeds Payment Date, with a copy to the Trustee, and will comply with the procedures set forth in the Indenture. The Company will cause a copy of such notice to be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Upon receiving notice of the Asset Sale Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of €1,000 principal amount in exchange for cash. An Asset Sale Offer shall remain open for a period of 20 Business Days or such longer period as may be required by law.

If an offer is made to repurchase the Notes in an Asset Sale Offer, the Company or the Issuer will comply with any tender offer rules under any applicable laws, rules and regulations in connection with any such offer. To the extent that the provisions of any applicable laws, rules and regulations conflict with the "Asset Sale" provisions of the Indenture, the Company or the Issuer shall comply with the applicable laws, rules and regulations and shall not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by virtue thereof.

Limitations on Transactions with Affiliates. The Indenture will provide that the Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service or the lending of any funds) with or for the benefit of any of its Affiliates (each an "Affiliate Transaction"), other than such transactions as are entered into and conducted in good faith and which are on terms no less favorable to the Company or such Restricted Subsidiary than those that could have been obtained in a comparable transaction on an arm's-length basis from a Person that is not an Affiliate. All Affiliate Transactions or series of Affiliate Transactions involving aggregate payments or other market value in excess of €2,000,000 must also be approved, prior to the consummation thereof, by a majority of the disinterested members of the Board of Directors of the Company and evidenced by a Board Resolution. Any Affiliate Transaction or series of Affiliate Transactions involving aggregate payments or other market value in excess of €5,000,000 or as to which there are no disinterested directors, is also subject to the further requirement that the Company obtain an opinion of an Independent Financial Advisor with experience in appraising the terms and conditions of the relevant type of transaction (or series of transactions) stating that the transaction (or a series of transactions) is fair, from a financial point of view, to the Company or such Restricted Subsidiary.

The foregoing restrictions will not apply to (i) transactions solely between the Company and any Restricted Subsidiary or among its Restricted Subsidiaries, (ii) reasonable and customary fees and compensation and indemnification and similar arrangements and transactions pursuant to contracts with officers, directors, employees or consultants of the Company and its Subsidiaries and payments thereunder, (iii) arrangements in effect on the Issue Date and amendments or renewals thereof that are not more disadvantageous to the Holders in any material respect than the original agreements as in effect on the Issue Date, (iv) transactions permitted by, and complying with the provisions of the covenant described under "— Limitation on Mergers and Certain Other Transactions," (v) Restricted Payments (including Permitted Payments) made in accordance with the "— Limitation on Restricted Payments" covenant and (vi) the issuance and sale of Capital Stock (other than Disqualified Capital Stock) of the Company for cash.

Designation of Restricted and Unrestricted Subsidiaries. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary if (a) the Subsidiary to be so designated (the "Designee") does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary (other than a direct or indirect Subsidiary of the Designee; *provided*, that any such direct or indirect Subsidiary of the Designee shall otherwise comply with clauses (a) through (e) of this covenant), (b) the Subsidiary to be so designated is not obligated under any Indebtedness, Lien or other obligation that, if in default, would result (with the passage of time or notice or otherwise) in a default on any Indebtedness of the Issuer or of any Subsidiary (other than the Designee or a Subsidiary of the Designee that is an Unrestricted Subsidiary), (c) the Company certifies that such designation complies with the covenant described under "— Certain Covenants — Limitation on Restricted Payments," (d) such Subsidiary, either alone or in the aggregate with all other Unrestricted Subsidiaries, does not operate, directly or indirectly all or substantially all of the business of the Company and its Subsidiaries; and (e) such Subsidiary is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe for additional Capital Stock or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date. For purposes of making any such designation, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid in cash) in the Subsidiary will be deemed to be Restricted

Payments at the time of such designation and will reduce the amount available for Restricted Payments under clause (b) of the first paragraph under the covenant described under "Certain Covenants — Limitation on Restricted Payments." Such designation shall only be permitted if such Restricted Payment would be permitted at such time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary, if immediately after giving *pro forma* effect to such designation (a) the Company could Incur €1.00 of additional Indebtedness under paragraph (a) of the covenant described under "— Certain Covenants — Limitation on Additional Indebtedness" and (b) no Default or Event of Default shall have occurred and be continuing or would result therefrom.

Any such designation or redesignation by the Board of Directors will be evidenced to the Trustee by filing with the Trustee a Board Resolution giving effect to such designation or redesignation and an Officers' Certificate (a) certifying that such designation or redesignation complies with the foregoing provisions and (b) giving the effective date of such designation or redesignation, such filing with the Trustee to occur within 45 days after the end of the fiscal quarter of the Company in which such designation or redesignation is made (or, in the case of a designation or redesignation made during the last fiscal quarter of the Company's fiscal year, within 90 days after the end of such fiscal year). Unless designated as an Unrestricted Subsidiary as herein *provided*, each Subsidiary of the Company shall be a Restricted Subsidiary. Except as provided herein, no Restricted Subsidiary shall be designated as an Unrestricted Subsidiary.

Ownership of Capital Stock of Restricted Subsidiaries. The Indenture will provide that the Company will not sell or otherwise dispose of, and will not permit any Restricted Subsidiary to issue, sell or otherwise dispose of any Capital Stock of any Restricted Subsidiary; *provided,* that this covenant shall not prohibit (i) the ownership by directors of directors' qualifying shares or the ownership by other Persons of shares required to be owned pursuant to applicable law; (ii) the sale of Capital Stock at any Restricted Subsidiary in compliance with "— Disposition of Proceeds of Asset Sales" above if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and, treating the remaining ownership interest of the Company or the Restricted Subsidiary in such Restricted Subsidiary as a Restricted Payment, such payment would be permissible under the "Limitation on Restricted Payments" covenant; (iii) the issuance and sale of all, but not less than all, of the issued and outstanding Capital Stock of any Restricted Subsidiary owned by the Company and the Restricted Subsidiaries in compliance with "— Disposition of Proceeds of Asset Sales" above; or (iv) any issuance of shares of Capital Stock of a Restricted subsidiary if, after giving effect to such issuance, the Company directly or indirectly maintains its percentage ownership of such Restricted Subsidiary.

Limitation on Mergers and Certain Other Transactions. The Indenture will provide that the Issuer will not consolidate with or merge with or into or sell, assign, convey, lease or transfer all or substantially all of its properties and assets as an entirety to any Person in a single transaction or through a series of transactions, unless: (a) the Issuer shall be the continuing Person or the Person formed by such consolidation or into which the Company is merged or transferred or to which its assets are transferred (the "Surviving Entity") shall be a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia or of any country in the European Union (as it exists on the Issue Date); (b) the Surviving Entity shall expressly assume, by a supplemental indenture executed and delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, all of the obligations of the Issuer under the Notes and the Indenture; (c) immediately before and immediately after giving effect to such transaction, or series of transactions (including, without limitation, any Indebtedness Incurred or anticipated to be Incurred in connection with or in respect of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing; (d) immediately after giving *pro forma* effect to such transaction or series of transactions, the Issuer or the Surviving Entity could Incur €1.00 of additional Indebtedness pursuant to the first paragraph of the "— Limitation on Additional Indebtedness" covenant; and (e) the Company or such Surviving Entity shall have delivered to the Trustee an Officers' Certificate stating that such consolidation, merger, sale, assignment, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction or series of transactions, such supplemental indenture, complies with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction or series of transactions have been satisfied. Notwithstanding the foregoing clauses (b) through (e), any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company or another Restricted Subsidiary.

The Indenture will provide that the Company will not and will not permit any of the other Guarantors to consolidate with or merge with or into or sell, assign, convey, lease or transfer all or substantially all of its properties and assets as an entirety to any Person in a single transaction or through a series of transactions, unless: (a) the Surviving Entity shall be a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia or of any country in the European Union (as it exists on the Issue Date) or the jurisdiction of formation of such Guarantor; (b) such entity assumes by supplemental indenture all of the obligations of such Guarantor in its Guarantee; (c) immediately before and immediately after giving effect to such transaction, or series of transactions (including, without limitation, any Indebtedness Incurred or anticipated to be Incurred in connection with or in respect of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing; (d) immediately after giving *pro forma* effect to such transaction or series of transactions, the Issuer or the Surviving Entity could Incur €1.00 of additional Indebtedness pursuant to the first paragraph of the "— Limitation on Additional Indebtedness" covenant and (e) the Company or such Surviving Entity shall have delivered to the Trustee an Officers' Certificate stating that such consolidation, merger, sale, assignment, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction or series of transactions, such supplemental indenture, complies with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction or series of transactions have been satisfied. Notwithstanding the foregoing clauses (b) through (e), any Guarantor may consolidate with, merge into or transfer all or part of its properties and assets to the Issuer or a Guarantor.

Additional Guarantees

To the extent not prohibited by applicable law, if any Guarantor transfers or causes to be transferred (including by way of an Investment), in one transaction or a series of related transactions, any property to any Subsidiary of the Company that is not a Guarantor, then such transferee Subsidiary shall: (a) execute and deliver to the Trustee a supplemental indenture in form reasonably satisfactory to the Trustee pursuant to which such Subsidiary shall guarantee all of the Issuer's obligations under the Notes and the Indenture on the terms set forth in the Indenture; and (b) deliver to the Trustee an Opinion of Counsel that such supplemental indenture has been duly authorized, executed and delivered by such Subsidiary and constitutes a legal, valid, binding and enforceable obligation of such Subsidiary. Thereafter, such Subsidiary shall be a Guarantor for all purposes of the Indenture. The foregoing is not applicable to Permitted Transfers.

Events of Default

The following will be Events of Default under the Indenture:

(a) Default in the payment of interest on the Notes when due and the continuance of such Default for a period of 30 calendar days;

(b) Default in the payment of the principal of or premium, if any, on the Notes when due at maturity, upon optional redemption, upon required repurchase or otherwise;

(c) the failure of the Company to comply with any of the terms or provisions of "— Limitation on Mergers and Certain Other Transactions";

(d) Default in the performance, or breach, of any covenant in the Indenture (other than defaults specified in clauses (a), (b) or (c) above), and continuance of such Default or breach for a period of 30 calendar days after written notice specifying the Default to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Notes;

(e) failure by the Company or any Significant Subsidiary (i) to make payment at maturity with respect to any other Indebtedness under one or more classes or issues of Indebtedness in an aggregate principal amount of €5,000,000 or more; or (ii) to perform any term, covenant, condition, or provision of one or more classes or issues of Indebtedness in an aggregate principal amount of €5,000,000 or more, which failure, in the case of this clause (ii), results in an acceleration of the maturity thereof;

(f) one or more judgments, orders or decrees for the payment of money in excess of €5,000,000 (not covered by insurance), either individually or in an aggregate amount, shall be entered against the Company or any Significant Subsidiary or any of their respective properties and shall not be discharged and there shall have been a period of 60 calendar days during which a stay of enforcement of such judgment or order, by reason of pending appeal or otherwise, shall not be in effect;

(g) any Guarantee shall cease to be in full force and effect in accordance with its terms for any reason except as provided by the terms of the Indenture or the satisfaction in full of all the obligations thereunder or shall be declared invalid or unenforceable other than as contemplated by its terms, or any Guarantor shall repudiate, deny or disaffirm any of its obligations thereunder or under the Indenture; or

(h) certain events of bankruptcy or insolvency with respect to the Company or any Significant Subsidiary of the Company shall have occurred.

If an Event of Default (other than an Event of Default specified in clause (h) with respect to the Issuer) occurs and is continuing, then the Trustee or the Holders of at least 25% in aggregate principal amount at maturity of the outstanding Notes may, by written notice to the Issuer and the Trustee, which notice shall specify the respective Event of Default, declare the entire principal amount of all the outstanding Notes to be due and payable immediately, together with all accrued and unpaid interest and premium, if any, thereon (such aggregate principal amount, together with accrued and unpaid interest and premium, if any, thereon, the "Default Amount"). Upon any such declaration, the Default Amount shall become due and payable immediately. Notwithstanding the foregoing, if an Event of Default specified in clause (h) occurs with respect to the Issuer and is continuing, then the Default Amount shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

After a declaration of acceleration, the Holders of a majority in aggregate principal amount of outstanding Notes may, by notice to the Trustee, rescind such declaration of acceleration if all existing Events of Default have been cured or waived (other than nonpayment of the Default Amount that has become due solely as a result of such acceleration) and if the rescission of acceleration would not conflict with any judgment or decree. The Holders of a majority in aggregate principal amount of the outstanding Notes also have the right to waive past defaults under the Indenture except a default in the payment of the principal of, or interest or premium, if any, on any Note which cannot be waived without the consent of the Holder of such Note.

No Holder has any right to institute any proceeding with respect to the Indenture or any remedy thereunder, unless the Holders of at least 25% in aggregate principal amount of the outstanding Notes have made written request, and offered indemnity satisfactory to the Trustee, to the Trustee to institute such proceeding as Trustee, the Trustee has failed to institute such proceeding within 60 calendar days after receipt of such notice and the Trustee has not within such 60-day period received directions inconsistent with such written request by Holders of a majority in aggregate principal amount of the outstanding Notes.

During the continuance of an Event of Default, the Trustee is required to exercise such rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise thereof as a prudent Person would exercise under the circumstances in the conduct of such Person's own affairs. Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee is not under any obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee. Subject to certain provisions of the Indenture concerning the rights of the Trustee, the Holders of a majority in aggregate principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

Defeasance

The Issuer may at any time terminate all of its obligations with respect to the Notes ("legal defeasance"), except for certain obligations, including those regarding any trust established for a legal defeasance and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes, and to maintain agencies in respect of the Notes. The Issuer may at any time terminate its obligations under certain covenants set forth in the Indenture, some of which are described under "— Certain Covenants" above, and any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Notes ("covenant defeasance"). In order to exercise either legal defeasance or covenant defeasance, the Issuer must irrevocably deposit in trust with the Trustee, for the benefit of the Holders, euro, in such amount as will be sufficient to pay the principal of, interest and premium, if any, on the Notes to maturity and comply with certain other conditions, including the delivery of an Opinion of Counsel as to certain tax matters.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of Notes) as to all outstanding Notes when either (a) all Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation; or (b)(i) all such Notes not theretofore delivered to the Trustee for cancellation have become due and payable and the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for that purpose an aggregate amount of money sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal, interest and premium, if any; (ii) the Issuer has paid all sums payable by it under the Indenture; and (iii) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity. In addition, the Issuer must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been complied with.

Amendments and Waivers

From time to time the Issuer, when authorized by a Board Resolution, and the Trustee may, without the consent of the Holders, amend, waive or supplement the Indenture and the Notes, for certain specified purposes, including, among other things, curing ambiguities, defects or inconsistencies, or making any other change that does not adversely affect the rights of any Holder; *provided*, that the Trustee may rely on the reasonable and good faith determination of the Board of Directors of the Issuer (evidenced by a Board Resolution) as to the foregoing. Other amendments and modifications of the Indenture or the Notes may be made by the Issuer and the Trustee with the consent of the Holders of not less than a majority of the aggregate principal amount of the outstanding Notes; *provided*, that no such modification or amendment may, without the consent of the Holder of each outstanding Note affected thereby, (i) reduce the principal of, change the fixed maturity of, alter the provisions in any manner adverse to the Holders relating to the payment of Additional Amounts on or alter the redemption provisions of, the Notes, (ii) change the currency in which the principal of any Note or the accrued interest or premium (if any) thereon is payable, (iii) reduce the percentage in principal amount of outstanding Notes whose Holders must consent to an amendment, supplement or waiver or consent to take any action under the Indenture or the Notes, (iv) impair the right set forth in the Indenture of each Holder to institute suit for the enforcement of any payment on or with respect to the Notes (other than any such payment that has become due solely as a result of the acceleration of the maturity of the Notes), (v) waive a Default in payment with respect to the Notes, (vi) reduce the rate of or change the time for payment of interest (including Additional Amounts, if any) on the Notes, (vii) adversely affect the ranking of the Notes or (viii) amend, change or modify, in any material respect, the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate an Asset Sale Offer in the event of an Asset Sale or modify, in any material respect, any of the provisions or definitions with respect thereto after a Change of Control or an Asset Sale, as the case may be, has occurred.

Notices

Notices regarding the Notes will be:

(a) (i) published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*), (ii) through the newswire service of Bloomberg or, if Bloomberg does not then operate, any similar agency, and (iii) if and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*); and

(b) in the case of certificated Notes, mailed to holders of such Notes by first-class mail at their respective addresses as they appear on the registration books of the registrar.

Notices given by first-class mail will be deemed given five calendar days after mailing and notices given by publication will be deemed given on the first date on which publication is made.

If and so long as the Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange.

The Trustee

The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will exercise such rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture and provisions of the Trust Indenture Act expressly incorporated by reference therein contain limitations on the rights of the Trustee under the Indenture in the event the Trustee becomes our creditor. These include limitations on the Trustee's rights to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise.

The Holders of a majority in principal amount of the outstanding Notes may remove the Trustee or any Agent by so notifying the Issuer and the Trustee or such Agent, as the case may be, in writing and may appoint a successor Trustee or Agent, with the Issuer's consent. The Issuer may remove the Trustee or an Agent if: (1) the Trustee or Agent, as the case may be, fails to maintain eligibility requirements under the Indenture or is disqualified due to conflicting interests; (2) the Trustee or Agent, as the case may be, is adjudged a bankrupt or an in-solvent or an order for relief is entered with respect to the Trustee or Agent, as the case may be, under any Bankruptcy Law or under any other applicable law; (3) a receiver or public officer takes charge of the Trustee or Agent, as the case may be, or its respective property or affairs; or (4) the Trustee or Agent, as the case may be, becomes incapable of acting with respect to its duties under the Indenture. Pursuant to the rules of the Luxembourg Stock Exchange, in case of replacement of the Trustee the Company or the Issuer will cause a copy of such notice to be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort).

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Enforceability of Judgments

Service of process upon the Issuer in an action to enforce the Indenture or the Notes may be obtained within the United States by service upon the Trustee or CT Corporation System, the Company's designated agent. Since substantially all of the Issuer's assets are outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, if any, and interest on the Notes, may not be collectible within the United States.

The Indenture will provide that the Issuer and each of the Guarantors will appoint CT Corporation System as the Issuer's and such Guarantor's agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes or the Guarantees and for actions brought under United States federal or state securities laws brought in any United States federal or state court located in the City of New York and submit to such jurisdiction.

Although the Issuer will agree under the terms of the Indenture, to accept service of process in the United States by an agent designated for such purpose, it may not be possible for investors to (i) effect service of process within the United States upon the Issuer's officers and directors and (ii) realize in the United States upon judgments against such persons obtained in such courts predicated upon civil liabilities of such persons, including any judgments predicated upon United States federal securities laws, to the extent such judgments exceed such person's United States assets.

Certain Definitions

Set forth below is a summary of defined terms used herein and certain defined terms to be used in the Indenture. Reference is made to the Indenture for the full definition of all such terms to be used therein.

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any Restricted Subsidiary or assumed in connection with the acquisition of assets from such Person and in each case not Incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, merger or consolidation.

"Additional Amounts" has the meaning ascribed to such term under "— Additional Amounts."

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Affiliate Transaction" has the meaning ascribed to such term under "— Certain Covenants — Limitations on Transactions with Affiliates."

"Asset Acquisition" means (a) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary, or shall be merged with or into the Company or any Restricted Subsidiary, or (b) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprise any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"Asset Sale" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value by the Company or any Restricted Subsidiary (including any Sale and Leaseback Transaction) to any Person other than the Company or a Restricted Subsidiary of (a) any Capital Stock of any Restricted Subsidiary (other than director's qualifying shares and shares required to be owned by Persons pursuant to applicable law); or (b) any other property or assets of the Company or any Restricted Subsidiary other than in the ordinary course of business of the Company or such Restricted Subsidiary; *provided*, that Asset Sales shall not include (i) a transaction or series of related transactions for which the Company or its Subsidiaries receive aggregate consideration of less than €1,000,000, (ii) the sale, lease, conveyance, disposition or other transfer of all or substantially all of the assets of the Company as permitted under the covenant "— Limitations on Mergers and Certain Other Transactions," (iii) for purposes of the "Disposition of Proceeds of Asset Sales" covenant only, any disposition consisting of a Permitted Investment or Restricted Payment permitted under the "— Limitations on Restricted Payments" covenant, (iv) the disposal or replacement of obsolete or worn out equipment in the ordinary course of business and (v) a disposition by a Restricted Subsidiary to the Company or to another Restricted Subsidiary.

"Asset Sale Offer" has the meaning ascribed to such term under "— Certain Covenants — Disposition of Proceeds of Asset Sales."

"Attributable Debt" means, in respect of a Sale-Leaseback Transaction, as at the time of determination, the present value (discounted at the effective interest rate borne by the Notes, compounded semi-annually) of the total net obligations of the lessee for rental payments during the remaining term of the lease included in such arrangement (including any period for which such lease has been extended).

"Austria" means the Republic of Austria.

"Board of Directors" means, as to any Person, the board of directors or management or supervisory board of such Person, as the case may be, or any duly authorized committee thereof.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by a representative of management of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day on which the Trans-European Automated Real Time Gross Settlement Express System is operating, excluding Saturday, Sunday and any day which is a legal holiday under the laws of London, United Kingdom or the Republic of Austria or is a day on which banking institutions therein located are authorized or required by law or other governmental action to close.

"Capital Stock" means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person and including any warrants, options or rights to acquire any of the foregoing and instruments convertible into any of the foregoing, and (ii) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person.

"Capitalized Lease Obligation" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations on the balance sheet of such Person under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"Cash Equivalents" means (i) marketable direct obligations issued by, or unconditionally guaranteed by, the government of the United States, Japan or any member of the European Union on the Issue Date or issued by any agency thereof and backed by the full faith and credit of the United States, Japan or any such member of the European Union on the Issue Date, in each case maturing within one year from the date of acquisition thereof; (ii) marketable direct obligations issued by any state of the United States of America, Japan or any member of the European Union on the Issue Date or any political subdivision of any such jurisdiction or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from S&P or Moody's or the equivalent rating by comparable rating agencies in Japan or any such member of the European Union; (iii) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's; (iv) deposits, certificates of deposit or bankers' acceptances maturing within one year from the date of acquisition thereof issued by any bank organized under the laws of the United States of America or any state thereof or the District of Columbia, Japan or any member of the European Union on the Issue Date having at the date of acquisition thereof combined capital and surplus of not less than €250,000,000; (v) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (i) above entered into with any bank meeting the qualifications specified in clause (iv) above; and (vi) investments in money market funds which invest substantially all their assets in securities of the types described in clauses (i) through (v) above.

"Change of Control" means the occurrence of one or more of the following events: (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a "Group") or to any Affiliates thereof (whether or not otherwise in compliance with the provisions of the Indenture) other than to a Guarantor; (ii) the approval by the holders of the Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of the Indenture); (iii) any Person or Group (other than the Permitted Holder(s)) shall become the owner, directly or indirectly, beneficially or of record, of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Company or (iv) the replacement of a majority of the directors on the Board of Directors of the Company over a two-year period from the directors who constituted the Board of Directors of the Company at the beginning of such period, and such replacement shall not have been approved by a vote of at least a majority of the Board of Directors of the Company then still in office who either were members of such Board of Directors at the beginning of such period or whose election as a member of such Board of Directors was previously so approved.

"Change of Control Date" has the meaning ascribed to such term under "— Change of Control."

"Change of Control Offer" has the meaning ascribed to such term under "— Change of Control."

"Change of Control Payment Date" has the meaning ascribed to such term under "— Change of Control."

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of, such Person's common stock, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock.

"Consolidated EBITDA" means, with respect to any Person, for any period, the sum (without duplication) of (i) Consolidated Net Income and (ii) to the extent Consolidated Net Income has been reduced thereby, (A) all income taxes of such Person and its Restricted Subsidiaries paid or accrued in accordance with GAAP for such period (other than income taxes attributable to extraordinary or non-recurring gains or losses or taxes attributable to sales or dispositions outside the ordinary course of business), (B) Consolidated Interest Expense, (C) Consolidated Non-cash Charges, (D) items classified as discontinued operations on the Company's consolidated financial statements prepared in accordance with GAAP less any non-cash items increasing Consolidated Net Income for such period, all as determined on a consolidated basis for such Person and its Restricted Subsidiaries determined in accordance with GAAP and (E) unrealized currency exchange gains and losses.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to the Company, the ratio of Consolidated EBITDA of the Company during the four full fiscal quarters (the "Four Quarter Period") ending on or prior to the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio (the "Transaction Date") to Consolidated Fixed Charges of the Company for such Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a *pro forma* basis for the period of such calculation to (i) the Incurrence or repayment of any Indebtedness of the Company or any Restricted Subsidiary (and the application of the proceeds thereof) giving rise to the need to make such calculation and any Incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the Incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such Incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period and (ii) any Asset Sales or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of the Company or one of its Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of the Asset Acquisition) Incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Consolidated EBITDA attributable to the assets which are the subject of the Asset Acquisition or Asset Sale during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such Asset Sale, Asset Acquisition (including the Incurrence, assumption or liability for any such Acquired Indebtedness) occurred on the first day of the Four Quarter Period. If the Company or any Restricted Subsidiary, directly or indirectly, guarantees Indebtedness of a third Person the preceding sentence shall give effect to the Incurrence of such guaranteed Indebtedness as if the Company or any Restricted Subsidiary had directly Incurred or otherwise assumed such guaranteed Indebtedness; *provided*, that where the Company and one or more of its Restricted Subsidiaries are, or two or more of the Company's Restricted Subsidiaries are, liable for the same Indebtedness, whether as principal or guarantors, the above sentence shall be calculated to avoid duplication. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Protection Agreement applicable to such Indebtedness if such Interest Rate Protection Agreement has a remaining term in excess of 12 months).

"Consolidated Fixed Charges" means, with respect to the Company for any period, the sum (without duplication) of (i) Consolidated Interest Expense, plus (ii) the product of (x) the amount of all dividend payments on any series of Preferred Stock of the Company (other than dividends paid in Capital Stock (other than Disqualified Capital Stock)) paid, accrued or scheduled to be paid or accrued during such period times (y) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated federal, state and local tax rate of the Company, expressed as a decimal.

"Consolidated Interest Expense" means, with respect to the Company for any period, the sum (without duplication) of: (i) the aggregate of the interest expense of the Company and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation, (a) any amortization of debt discount and amortization or write-off of deferred financing costs, (b) the net costs under Interest Rate Protection Agreements, (c) all capitalized interest and (d) the interest portion of any deferred payment obligation less interest expense which is historically allocated to discontinued operations (including without limitation, operations disposed of during such period whether or not such operations were classified as discontinued) but only in the case of which the Company maintained separate books and records with respect to such discontinued operations or such disposed operations; and (ii) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Company and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP; *provided*, that (x) the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a *pro forma* basis and (A) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period, (B) which was not outstanding during the period for which the computation is being made but which bears, at the option of the Company, a fixed or floating rate of interest, may be computed by applying, at the option of the Company, either the fixed or floating rate, and (C) notwithstanding clause (A) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by Interest Rate Protection Agreements, shall be deemed to accrue at the rate per annum resulting after giving effect to such agreements and (y) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the period.

"Consolidated Net Income" means, with respect to the Company, for any period, the aggregate net income (or loss) of the Company and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; *provided*, that there shall be excluded therefrom (a) after-tax gains or losses from Asset Sales or abandonments or reserves relating thereto, (b) after-tax items classified as extraordinary or non-recurring gains or losses, (c) for purposes of the "Limitation on Restricted Payments" covenant, the net income of the Company acquired in a "pooling of interests" transaction accrued prior to the date it becomes a Restricted Subsidiary of the referent Person or is merged or consolidated with the referent Person or any Restricted Subsidiary, (d) the net income (but not loss) of any Restricted Subsidiary which is not a Guarantor to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is restricted by a contract, operation of law or otherwise, except (x) to the extent of cash dividends or distributions paid to the Company or to a Restricted Subsidiary by the Company and (y) for any such restrictions contained in agreements governing Credit Facility Indebtedness; *provided*, that any such Credit Facility Indebtedness is Incurred in compliance with the Indenture, and such restrictions are permitted under the Indenture; (e) the net income of any Person, other than a Restricted Subsidiary, except to the extent of cash dividends or distributions paid to the Company or to a Restricted Subsidiary by the Company, (f) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date, and (g) for purposes of the "Limitation on Restricted Payments" covenant, in the case of a successor to the Company by consolidation or merger or as a transferee of the Company's assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets.

"Consolidated Net Tangible Assets" means total assets (less accumulated depreciation and valuation reserves and other reserves and items deductible from gross book value of specific asset accounts under GAAP) after deducting therefrom (1) all current liabilities and (2) all goodwill, trade names, trademarks, patents, unamortized debt discount, organization expenses and other like intangibles, all as set forth on the most recent balance sheet of the Company and its consolidated Restricted Subsidiaries and computed in accordance with GAAP.

"Consolidated Non-cash Charges" means, with respect to any Person, for any period, the aggregate depreciation, amortization and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charge which requires an accrual of or a reserve for cash charges for any future period).

"covenant defeasance" has the meaning ascribed to such term under "— Defeasance."

"Credit Facility Indebtedness" means Indebtedness of the Company and its Restricted Subsidiaries Incurred under any credit facility that is primarily intended to provide working capital financing.

"Currency Protection Agreements" means agreements under any foreign exchange contract, currency swap agreement, or other similar agreement or arrangement designed to protect the Company and its Subsidiaries against fluctuations in currency values.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Default Amount" has the meaning ascribed to such term under "— Events of Default."

"Designee" has the meaning ascribed to such term under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries."

"Disqualified Capital Stock" means any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable, at the sole option of the holder thereof, for Indebtedness or Disqualified Capital Stock of such Person or (iii) is redeemable, in whole or in part, in each case at the sole option of the holder thereof on or prior to the final maturity date of the Notes (other than due solely to the occurrence of a change of control).

"Euro Equivalent" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in the Financial Times in the "Exchange Rates" column under the heading "Currency Trading" (or, if the Financial Times is no longer published, or if such information is no longer available in the Financial Times, such source as may be selected in good faith by the Company) on the date of such determination.

"Event of Default" has the meaning ascribed to such term under "— Events of Default."

"Excess Proceeds" has the meaning ascribed to such term under "— Certain Covenants — Disposition of Proceeds of Asset Sales."

"Excess Proceeds Payment Date" has the meaning ascribed to such term under "— Certain Covenants — Disposition of Proceeds of Asset Sales."

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and successor statute or statutes thereto.

"Fair Market Value" or "fair value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value shall be determined, in good faith, by the Board of Directors of the Company or, as applicable, its Restricted Subsidiaries.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America. If at any time after the Issue Date, the Company elects to apply for all purposes of this Agreement IFRS, in lieu of GAAP, and, upon any such election, references herein to GAAP shall be construed to mean IFRS; provided that (1) any such election once made shall be irrevocable, (2) all financial statements and reports required to be provided, after such election, pursuant to this Agreement shall be prepared on the basis of IFRS (with appropriate reconciliation to GAAP for two years) and (3) from and after such election, all ratios, computations and other determinations based on IFRS contained in this Agreement shall be computed in conformity with IFRS (except as otherwise provided in the definition of "Restricted Payments").

"Governmental Authority" means any nation or government, any region, state or other political subdivision thereof, and any entity, including any self-administered entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Group of Persons" has the meaning ascribed to such term in the definition of "Change of Control."

"Guarantee" means a guarantee of the Notes by a Guarantor.

"Holder," "holder of Securities," "Securityholders" or other similar terms mean the registered holder of any Security.

"Incur" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, Incur (by conversion, exchange or otherwise), assume, guarantee or otherwise become liable in respect of such Indebtedness or other obligation or the recording, as required pursuant to GAAP or otherwise, of any such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence," "Incurred," "Incurrable" and "Incurring" shall have meanings correlative to the foregoing); *provided*, that any Indebtedness of a Person existing at the time such Person becomes (after the Issue Date) a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary.

"Indebtedness" means, with respect to any Person, (without duplication) (i) all indebtedness, obligations and liabilities of such Person for borrowed money, (ii) all indebtedness, obligations and liabilities of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all Capitalized Lease Obligations of such Person, (iv) all obligations and liabilities of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all indebtedness, obligations and liabilities under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business), (v) all indebtedness, obligations and liabilities for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction, (vi) guarantees and other contingent obligations in respect of Indebtedness of other Persons referred to in clauses (i) through (v) above and clauses (viii) through (x) below, (vii) all indebtedness, obligations and liabilities of any other Person of the type referred to in clauses (i) through (vi) which are secured by any lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the fair market value of such property or asset or the amount of the Indebtedness so secured, (viii) the net amount of all indebtedness, obligations and liabilities under Currency Protection Agreements and Interest Rate Protection Agreements of such Person, (ix) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any and (x) all Attributable Debt of such Person. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock.

"Independent Financial Advisor" means an accounting, appraisal, auditing or investment banking firm (i) which does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in the Company or any Subsidiary of the Company and (ii) which, in the judgment of the Board of Directors of the Company, is otherwise independent and qualified to perform the task for which it is to be engaged.

"Intercompany Note" has the meaning ascribed to such term under "— Intercompany Note."

"Interest Rate Protection Agreements" means any arrangement with any other Person whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Investment" means any capital contributions (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), advances or loans to, or investments in (including by way of guarantee), or purchases of Capital Stock or other securities of, any Person. For purposes of the definition of "Unrestricted Subsidiary," the definition of "Restricted Payment," and the "Limitation on Restricted Payments" covenant, (i) "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

"Issue Date" means January 29, 2004.

"legal defeasance" has the meaning ascribed to such term under "— Defeasance."

"Lien" means, with respect to any Person, any mortgage, deed of trust, pledge, lien, lease, encumbrance, easement, restriction, covenant, right-of-way, charge or adverse claim affecting title or resulting in an encumbrance against real or personal (tangible or intangible) property or any interest therein of such Person, or a security interest of any kind (including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, any option, right of first refusal or other similar agreement to sell, in each case securing obligations of such Person, and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute or statutes) of any jurisdiction other than to reflect ownership by a third party of property leased to the referent Person or any of its Restricted Subsidiaries under a lease that is not in the nature of a conditional sale or title retention agreement).

"Maturity Date" means February 1, 2014.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Asset Sale Proceeds" means, with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (except to the extent that such obligations with respect to Indebtedness are financed or sold with recourse to the Company or any of its Restricted Subsidiaries) net of (i) brokerage commissions and other reasonable fees and expenses (including reasonable fees and expenses of counsel and investment bankers) Incurred in connection with such Asset Sale; (ii) provisions for all taxes payable as a result of such Asset Sale; and (iii) appropriate amounts to be provided by the Company or any of its Restricted Subsidiaries, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any of its Restricted Subsidiaries, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale.

"Net Proceeds" means (a) in the case of any capital contributions or any sale of Capital Stock by the Company, the aggregate net proceeds received by the Company, after payment of expenses, commissions and the like Incurred in connection therewith, whether such proceeds are in cash, marketable securities or in property (valued at the Fair Market Value thereof at the time of receipt) and (b) in the case of any exchange, exercise, conversion or surrender of outstanding securities of any kind for or into shares of Capital Stock of the Company which is not Disqualified Capital Stock, the net book value of such outstanding securities on the date of such exchange, exercise, conversion or surrender (plus any additional amount required to be paid by the holder upon such exchange, exercise, conversion or surrender, less any and all payments made to the holders, e.g., on account of fractional shares and less all expenses Incurred by the Company or its Restricted Subsidiaries in connection therewith).

"Notes" means the 8 ½% Senior Notes due 2014 of the Issuer issued under the Indenture.

"Officer" means, with respect to any Person, the Chairman of the Board, the President, any Vice President, the Chief Financial Officer, the Controller, the Treasurer or the Secretary of such Person or any other person holding a corresponding or similar position of responsibility.

"Officers' Certificate" means, as applied to any corporation, a certificate executed on behalf of such corporation by two Officers; *provided*, that every Officers' Certificate with respect to the compliance with the Indenture hereunder shall include (i) a statement that the officers making or giving such Officers' Certificate have read such condition and any definitions or other provisions contained in the Indenture relating thereto, (ii) a statement that, in the opinion of the signers, they have made or have caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such condition has been complied with, and (iii) a statement as to whether, in the opinion of the signers, such condition has been complied with.

"Opinion of Counsel" means a written opinion from legal counsel reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

"Permitted Holder" means, collectively, (i) Johan Eliasch and (ii) any Affiliate or Related Person of any such Permitted Holder, and any successor to any such Permitted Holder, Affiliate or Related Person.

"Permitted Investment" means any (i) Investments by the Company in or to any Restricted Subsidiary and Investments by a Restricted Subsidiary in or to the Company (including, without limitation, the Intercompany Note) or another Restricted Subsidiary (or by the Company or a Restricted Subsidiary in or to a person who, as a result of such Investment, becomes a Restricted Subsidiary or who merges or consolidates with or into the

Company or a Restricted Subsidiary); (ii) Investments represented by accounts receivable created or acquired in the ordinary course of business and Investments received in respect thereof upon the bankruptcy, reorganization or insolvency of the payor; (iii) Investments under or pursuant to Interest Rate Protection Agreements or Currency Protection Agreements; (iv) the making of Investments in joint ventures, partnerships or Persons that are not Restricted Subsidiaries in an aggregate amount that, together with all other outstanding Investments made pursuant to this clause (iv) after the Issue Date does not exceed €20,000,000, plus any amounts received in cash as a return of capital or income with respect to any such Investment (but not in excess of the amount of the initial Investment); (v) Investments in another Person which were received as consideration for an Asset Sale made in compliance with the "Disposition of Proceeds of Asset Sales" covenant; (vi) Investments in Cash Equivalents; (vii) loans and advances to employees in the ordinary course of business not in excess of €2,000,000 at any one time outstanding; (viii) Investments acquired solely in exchange for the issuance of Capital Stock (other than Disqualified Capital Stock) of the Company; (ix) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary or in satisfaction of judgments; (x) Investments permitted to be made in accordance with the "— Limitation on Restricted Payments" covenant; and (xi) Investments in any Person in the Sporting Industry.

"Permitted Liens" means (i) Liens in favor of the Company, or a Restricted Subsidiary, or Liens on the Notes; (ii) Liens existing on the Issue Date after giving effect to the use of proceeds from the sale of the Notes; (iii) Liens on accounts receivable, inventory and other current assets securing Credit Facility Indebtedness; *provided,* that the Incurrence of such Indebtedness is otherwise permitted under the Indenture; (iv) Liens securing Capitalized Lease Obligations and Purchase Money Obligations incurred in accordance with the terms of the Indenture, *provided,* that (A) the Incurrence of such Indebtedness is otherwise permitted under the Indenture, (B) the related Capitalized Lease Obligation or Purchase Money Indebtedness shall not exceed the cost of such property or assets, (C) any such Lien does not extend to any other property or assets of the Company or a Restricted Subsidiary other than the property or assets that are the subject of such Capitalized Lease Obligations or Purchase Money Indebtedness and (D) the Lien securing such Indebtedness shall be created within 180 days of such acquisition; (v) Liens on assets of a Person when it becomes a Restricted Subsidiary and Liens securing Acquired Indebtedness Incurred in accordance with the "— Limitation on Additional Indebtedness" covenant; *provided,* that in each case (A) such Liens secured such assets or Acquired Indebtedness at the time of and prior to such Person becoming a Restricted Subsidiary or the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and (B) such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary; (vi) Liens to secure Indebtedness of the Company or a Restricted Subsidiary consisting of Interest Rate Protection Obligations and Currency Protection Obligations; *provided,* that the Incurrence of such Indebtedness is otherwise permitted under the Indenture; (vii) Liens to secure Indebtedness of the Company or a Restricted Subsidiary Incurred to extend, renew, refinance or refund (or successive extensions, renewals, refinancings or refundings), in whole or in part, Indebtedness of the Company or a Restricted Subsidiary secured by any Lien so long as (A) such Lien does not extend to any property or assets of the Company or any Restricted Subsidiary other than the property and assets that were subject to the Lien securing the Indebtedness being extended, renewed, refinanced or refunded and (B) the principal amount of Indebtedness so secured is not increased and (viii) Liens with respect to obligations that do not exceed €20,000,000 at any one time outstanding.

"Permitted Payments" has the meaning ascribed to such term under "— Certain Covenants — Limitation on Restricted Payments."

"Permitted Related Investment" means the acquisition or construction or improvement of property or assets, or an interest in any Person that is merged with the Company or a Restricted Subsidiary or becomes a Restricted Subsidiary, in each case, in lines of business reasonably related to the business of the Company and its Restricted Subsidiaries at the time of such acquisition or construction or improvement.

"Permitted Transfers" means (a) transfers at any time after the Issue Date in a cumulative aggregate amount of not more than 10% of the Consolidated Net Tangible Assets of the Company and its Restricted Subsidiaries, as reflected on its most recent financial statements, (b) transfers in connection with the Company's cost reduction program as described in the Offering Memorandum dated January 26, 2004, including (i) transfers of manufacturing operations from Tallinn, Estonia to Litovel, Czech Republic; (ii) transfers of certain ski manufacturing and racquet production from Kennelbach, Austria to Budejovice, Czech Republic; (iii) transfer of tennis ball production from Mullingar, Ireland to Phoenix, Arizona; and (iv) centralization of the Company's European distribution organizations and (c) transfers of accounts receivable, inventory and other current assets.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Preferred Stock" of any Person means any Capital Stock of such Person that has preferential rights to any other class of Capital Stock of such Person with respect to dividends or redemptions or upon liquidation or otherwise.

"Purchase Money Obligations" of any Person means any obligations of such Person or any of its Restricted Subsidiaries to any seller or any other Person Incurred or assumed in connection with the purchase of real or personal property to be used in the business of such Person or any of its Restricted Subsidiaries within 180 days of such purchase.

"Related Person" with respect to any Permitted Holder means: (i) any controlling equityholder or majority (or more) owned Subsidiary of such Person; or (ii) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or (iii) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons or any thereof constitute the beneficiaries, stockholders, partners or owners thereof; or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

"Restricted Payment" means any of the following: (i) the declaration or payment of any dividend or any other distribution on Capital Stock or any Restricted Subsidiary or any payment made to the direct or indirect holders (in their capacities as such) of Capital Stock of the Company or any Restricted Subsidiary (other than (x) dividends or distributions payable solely in Capital Stock of the Company (other than Disqualified Capital Stock) or in options, warrants or other rights to purchase Capital Stock of the Company (other than Disqualified Capital Stock), and (y) in the case of any Restricted Subsidiary, dividends or distributions payable to the Company or to a Restricted Subsidiary); (ii) the purchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company; (iii) the making of any principal payment on, purchase, defeasance, redemption, prepayment, decrease or other acquisition or retirement for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, of any Indebtedness of the Issuer or the Guarantors that is subordinate or junior in right of payment to the Notes or the Guarantees, respectively, (other than Indebtedness acquired in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition); and (iv) the making of any Investment other than a Permitted Investment.

If after the Issue Date the Company adopts IFRS, for purposes of this definition, "Consolidated Net Income" shall be equal to the sum of (x) the Consolidated Net Income of the Company and any Restricted Subsidiary for the relevant period prior to the adoption of IFRS and (y) the Consolidated Net Income of the Company and any Restricted Subsidiary for the relevant period after the adoption of IFRS.

"Restricted Subsidiary" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"Sale-Leaseback Transaction" means any arrangement, or series of related arrangements, with any Person or to which any Person is a party, providing for the leasing to the Company or to a Restricted Subsidiary of the Company of any property, whether owned by the Company or by any Restricted Subsidiary of the Company at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary of the Company to such Person and the amount of such lease payment is to be calculated to amortize the purchase price of such property substantially over the useful life thereof.

"S&P" means Standard & Poor's Ratings Group and its successors.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Significant Subsidiary" with respect to any Person, means any Restricted Subsidiary of such Person that satisfies the criteria for a "significant subsidiary" set forth in Rule 1.02(w) of Regulation S-X under the Exchange Act.

"Sporting Industry" means any business that is related, ancillary or complementary to (i) the design, manufacture or distribution of sporting equipment and accessories and sporting apparel or (ii) the marketing or development of sporting equipment and accessories, sporting apparel or sporting events; provided that the determination of what constitutes a Sporting Industry shall be made in good faith by the Board of Directors of the Company.

"Subordinated Indebtedness" means any Indebtedness of the Issuer or the other Guarantors which is expressly subordinated in right of payment to the Notes or the Guarantees, respectively.

"Subsidiary," with respect to any Person, means (i) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person or any Subsidiary of such Person or (ii) any other Person (other than a corporation) including a partnership in which the Person in question, a Subsidiary of the Person in question or the Person in question and a Subsidiary of the Person in question, directly or indirectly, at the date of determination thereof, has at least a majority voting ownership interest.

"Surviving Entity" has the meaning ascribed to such term under "— Certain Covenants — Limitations on Mergers and Certain Other Transactions."

"Taxes" has the meaning ascribed to such term under "— Additional Amounts."

"Taxing Authority" means any government or any other political subdivision or territory or possession of any government or any authority or agency therein or thereof having the power to tax.

"Trust Indenture Act" means the U.S. Trust Indenture Act of 1939, as amended.

"Trustee" has the meaning ascribed to such term in the first paragraph under the caption "Description of the Notes."

"Unrestricted Subsidiary" means (i) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Company in the manner provided above under "Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" and (ii) any Subsidiary of an Unrestricted Subsidiary.

"Wholly Owned Restricted Subsidiary" means any Restricted Subsidiary of which all the outstanding voting securities (other than in the case of a Restricted Subsidiary incorporated or organized under the laws of any jurisdiction other than the United States of America, any State or territory thereof or the District of Columbia, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) are owned by the Company or any Wholly Owned Restricted Subsidiary.

BOOK-ENTRY; DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act will be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Notes sold to non-U.S. persons in reliance on Regulation S under the Securities Act will be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream Banking.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream Banking, or persons that hold interests through such participants. Euroclear and Clearstream Banking will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream Banking and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream Banking, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and/or Clearstream Banking, and indirect participants must rely on the procedures of Euroclear, Clearstream Banking and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream Banking, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream Banking, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream Banking, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream Banking will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of €1,000 principal amount or less may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the common depositary or its nominee for Euroclear and Clearstream Banking, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of Notes — Additional Amounts." If any such deduction or withholding is required to be made, then, to the extent described under "Description of Notes — Additional Amounts" above, we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global

Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee will treat the registered holder of the Global Notes (*e.g.*, Euroclear or Clearstream Banking (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee or any of our or its respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream Banking or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream Banking or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or

- Euroclear, Clearstream Banking or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream Banking have advised us that they will take any action permitted to be taken by a Holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream Banking will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, each of Euroclear and Clearstream Banking reserves the right to exchange the Global Notes for definitive registered Notes in certificated form ("Definitive Registered Notes"), and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream Banking will be effected in accordance with Euroclear and Clearstream Banking rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell notes to persons in states which require physical delivery of securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream Banking and in accordance with the procedures set forth in the indenture governing the Notes.

The Global Note for Rule 144A Book-Entry Interests will have a legend to the effect set forth under "Notice to Investors." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors."

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream Banking notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days;

- if Euroclear or Clearstream Banking so requests following an Event of Default under the Indenture; or

- if the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream Banking following an Event of Default under the Indenture.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar or a Transfer Agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than €1,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (a) the record date for any payment of interest on the Notes, (b) any date fixed for redemption of the Notes or (c) the date fixed for selection of the Notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any Notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of a Transfer Agent, we will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect ourselves, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we, in our discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "Notice to Investors."

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, we will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which we expect to be the *Luxemburger Wort*). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of our paying agent in Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require.

Information Concerning Euroclear and Clearstream Banking

We understand as follows with respect to Euroclear and Clearstream Banking. Euroclear and Clearstream Banking hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream Banking provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream Banking interface with domestic securities markets.

Euroclear and Clearstream Banking participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream Banking is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream Banking participant, either directly or indirectly.

CERTAIN TAX CONSIDERATIONS

Prospective purchasers of the notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the notes or any interest therein.

Austrian Taxation

Austrian Residents

Income derived from the notes by individuals with a domicile (*Wohnsitz*) or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria or by corporate investors with their corporate seat or place of management in Austria ("residents") is taxable pursuant to the Austrian Income Tax Act (*Einkommensteuergesetz)* or the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*).

Generally, income arising from the notes will qualify as capital income from debt-securities (*Kapitalerträge aus Forderungswertpapieren*). Capital income arising from the notes includes interest payments as well as capital income realized upon redemption or prior redemption (being the difference between the issue price and the redemption amount) or realized upon the sale of the notes (*i.e.*, accrued interests reflected in the proceeds).

If such capital income is paid out by a coupon paying agent (*kuponauszahlende Stelle*) located in Austria (where the coupon paying agent is the bank, including an Austrian branch of a non-Austrian bank, or the Austrian issuer paying out such capital income to the holder of the notes), it is subject to 25% Austrian withholding tax (*Kapitalertragsteuer*).

Provided that the notes have been offered to the public for the purpose of section 97 of the Austrian Income Tax Act, the 25% withholding tax constitutes a final taxation (*Endbesteuerung*) for all individuals, no matter whether they act as private investors or hold the notes as business property. Final taxation means that no further income tax will be assessed and the capital income is not to be included in the investor's income tax return. If the individual's rate of income tax is lower than the 25% withholding tax, the withholding tax will, if requested, be credited against the income tax liability and the excess amount shall be refunded. As a consequence of the final taxation, expenses in connection with the notes are not deductible.

For corporate investors holding the notes as business property, the 25% withholding tax is not treated as a final taxation and the income from the notes remains taxable at the corporate income tax rate of 34%. However, such corporate investors may avoid the application of withholding tax by filing a declaration of exemption.

For corporate investors who receive income from the notes as income from capital investment (*Einkünfte aus Kapitalvermögen*), the 25% withholding tax constitutes a final taxation.

Private Trusts established pursuant to Austrian law (*Privatstiftung*) are exempt from the 25% withholding tax. Income from capital investment derived from the notes by Private Trusts is subject to 12.5% interim corporate income tax. This 12.5% interim corporate income tax may be credited against tax due on distributions of the Private Trust.

Where there is no deduction of Austrian withholding tax because the income from the notes is not received in Austria (not paid out by a coupon paying agent located in Austria) Austrian investors will have to include the income derived from the notes in their income tax returns pursuant to the Income Tax Act. For individuals, no matter whether they act as private investors or hold the notes as business property, as well as for corporate investors with other income than business income, a special 25% flat tax rate is available. As a consequence, expenses in connection with the notes are not deductible.

Non-residents

Income derived from the notes by individuals who do not have a domicile or their habitual abode in Austria or by corporate investors who do not have their corporate seat or their place of management in Austria ("**non-residents**") is not taxable in Austria unless the income is connected with an Austrian trade or business.

Thus, non-resident holders of the notes — in case they receive income from the notes through a coupon paying agent located in Austria — may avoid the application of the 25% Austrian withholding tax if they keep the notes in an Austrian deposit account and evidence their non resident-status vis-à-vis the paying agent by disclosing their identity and address. Non-residents who are Austrian citizens or citizens of a neighboring country will have to confirm their non-resident status in writing. The provision of evidence that the holder of the notes is not subject to Austrian withholding tax is the responsibility of the holder.

If any Austrian withholding tax has been deducted by the coupon paying agent, the tax withheld shall be credited or refunded to the non-resident holder upon his/her application, which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the withholding tax.

Where non-residents receive income from the notes as part of business income taxable in Austria, they will be subject to the same tax treatment as resident investors.

EU Directive on Taxation of Savings Income

The EU Council Directive 2003/48/EC on taxation of savings income in the form of interest payments is under certain conditions to be applied with effect from January 1, 2005. This directive requires EU Member States to implement an exchange of information between their competent authorities regarding interest payments made in one Member State to beneficial owners who are individuals and resident for tax purposes in another Member State.

During a transitional period, Austria, — instead of being required to provide information to the authorities of the other Member States — may levy a withholding tax at a rate of 15% during the first 3 years, 20% for the subsequent 3 years and 35% thereafter. Under certain circumstances the directive enables investors to avoid such withholding tax.

Inheritance and Gift Tax

Inheritance and gift tax is levied on inheritances, gifts and special purpose donations, as defined in the Austrian Inheritance and Gift Tax Act (*Erbschafts- und Schenkungssteuergesetz*). The tax rate varies from 2% to 60% depending upon the value of the transferred notes and upon the relationship of the beneficiary to the deceased or the donor.

Notes held by private investors are exempt from inheritance tax if they qualify for final (income) taxation or for the special 25% flat tax rate on the date of the private investor's death. This exemption is restricted to inheritance tax and does not apply in cases of gifts and special purpose donations.

Notes held by non-resident investors are not subject to Austrian inheritance and gift tax if they are transferred (whether by reason of death, gift or special purpose donation) to another non-resident. Non-residents include Austrian citizens (except public servants) if they have not been domiciled in Austria for at least two years and have had their permanent abode during this period outside Austria. Foreign citizens having a domicile or habitual abode within Austria on the date of their death or accession to inheritance or of the donation qualify as Austrian residents for purposes of inheritance and gift tax.

United States Federal Income Tax Considerations

General

The following summary describes the material U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes by U.S. Holders (as defined below) who purchase the notes in this offering at their "issue price", which will be equal to the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the notes is sold for money. This summary addresses only U.S. federal income tax considerations for U.S. Holders that will hold the notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the notes. In particular, this summary does not address tax considerations applicable to U.S. Holders that may be subject to special tax rules including, without limitation, U.S. expatriates, banks, financial institutions, insurance companies, dealers or traders in securities or currencies, tax-exempt entities, persons that will hold notes as part of a straddle or a hedging or conversion transaction, persons that have a functional currency other than the U.S. dollar, regulated investment companies, and persons that hold the notes through partnerships or other pass-through entities. Further, this summary does not address alternative minimum tax consequences.

This summary is based on the Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations, rulings, judicial decisions and administrative pronouncements, all as in effect on the date of this offering memorandum. All of the foregoing are subject to change or differing interpretation, which change or interpretation could apply retroactively and could affect the tax consequences described below.

U.S. Holders should consult their own tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of Notes. U.S. Holders should also review the discussion under "Austrian Taxation" for a discussion of the Austrian tax consequences to a U.S. Holder of the ownership of notes.

For purposes of this summary a "U.S. Holder" is a beneficial owner of notes that is a citizen or individual resident of the United States for U.S. federal income tax purposes; a corporation (or other entity treated as a corporation) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); an estate the income of which is subject to U.S. federal income taxation regardless of its source; or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more U.S. persons have the authority to control all substantial decisions of the trust.

Payments of Interest

Interest (including any additional amounts) paid on a note will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes and the rules described below relating to payments received in foreign currency.

A U.S. Holder who uses the cash method of tax accounting will be required to include in income the U.S. dollar value of the euro payment received (determined on the basis of the spot rate in effect on the date the payment is received), regardless of whether the payment is in fact converted to U.S. dollars at that time. No exchange gain or loss will be realized with respect to the receipt of such interest payment, other than exchange gain or loss that is attributable to the disposition of the euros so received.

A U.S. Holder who uses the accrual method of tax accounting will accrue interest income on the notes in euro and translate that amount into U.S. dollars based on the average rate of exchange in effect for the interest accrual period (or, with respect to an interest accrual period that spans two taxable years, at the average rate for the partial period within the taxable year). The average rate of exchange for an interest accrual period is the simple average of the spot exchange rates for each business day of such period (or other average rate that is reasonably derived and consistently applied by the Holder). Alternatively, an accrual-basis U.S. Holder may elect to translate interest income into U.S. dollars at the spot rate on the last day of the interest accrual period (and, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the last day of the interest accrual period is within five business days of the date of receipt or payment, at the spot rate on the date of receipt or payment. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the U.S. Internal Revenue Service (the "IRS"). A U.S. Holder that uses the accrual method generally will realize exchange gain or loss with respect to accrued interest income on the date the interest payment is actually received. The amount of exchange gain or loss recognized will equal the difference between the U.S. dollar value of the euro payment received (determined on the basis of the spot rate on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above).

Interest will be treated as foreign source income for purposes of calculating a U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, the interest on a note should generally constitute "passive income," or in the case of certain U.S. Holders, "financial services income," which may be relevant for certain U.S. Holders.

Disposition of a Note

Upon the sale, exchange, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize capital gain or loss equal to the difference between the U.S. dollar value of the amount realized on such disposition (except to the extent any amount realized is attributable to accrued but unpaid interest, which will be treated as interest income as described above) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the U.S. dollar cost of the euro paid for the note to such Holder determined at the spot rate on the date of purchase. If the note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the cost of the note at the spot rate on the settlement date of the purchase. If the note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar equivalent of the amount realized on a sale of the note by translating that amount at the spot rate on the settlement date of the sale. If an accrual method taxpayer makes such an election, the election must be applied consistently to all debt instruments from year to year and the taxpayer cannot change the election without the consent of the IRS.

Except as discussed below with respect to exchange gain or loss, any gain or loss realized by a U.S. Holder on the disposition of a note will be U.S. source capital gain or loss, and will be treated as long-term capital gain or loss if the note has been held for more than one year at the time of the disposition of the note. If the U.S. holder is an individual, any capital gain generally will be subject to U.S. federal income tax at preferential rates if specified minimum holding periods are met. The deductibility of capital losses is subject to significant limitations.

Gain or loss realized upon the sale, exchange, redemption or other taxable disposition of a note that is attributable to fluctuations in currency exchange rates will be treated as ordinary income or loss and generally will not be treated as interest income or expense except to the extent provided by administrative pronouncements of the IRS. Gain or loss attributable to fluctuations in currency exchange rates will equal the difference between (i) the U.S. dollar value of the euro principal amount of the note (and, for an accrual method U.S. Holder, any payment with respect to accrued interest), determined on the date payment is received or the note is disposed of, and (ii) the U.S. dollar value of the euro principal amount of the note, determined on the date the U.S. Holder acquired the note (and, for an accrual method U.S. Holder, the U.S. dollar value of the accrued interest received, determined by translating such interest at the average exchange rate (or spot rate elected, as described above) for the accrual period). The exchange gain or loss will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange, redemption or other taxable disposition of the note. Generally, the exchange gain or loss will be U.S. source ordinary income or loss. Any gain or loss realized in excess of the exchange gain or loss will be treated as capital gain or loss.

Information Reporting and Backup Withholding

Interest payments made to a Holder and proceeds paid from the sale, exchange, or other disposition of notes may be subject to information reporting to the IRS. U.S. federal backup withholding generally is imposed at a current rate of 28% on specified payments to persons who fail to furnish required information. Backup withholding will not apply to a Holder who furnishes a correct taxpayer identification number or certificate of foreign status and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. persons who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification). Non-U.S. Holders generally will not be subject to U.S. information reporting or backup withholding. However, these Holders may be required to provide certification of non-U.S. status (generally on IRS Form W-8BEN) in connection with payments received in the United States or through certain U.S.-related financial intermediaries. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a Holder's U.S. federal income tax liability. A Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated January 26, 2004, the initial purchaser named below agreed to purchase, and we agreed to sell to that initial purchaser, the principal amount of the notes set forth opposite the initial purchaser's name.

Initial Purchaser	Principal Amount
Citigroup Global Markets Limited	€ 135,000,000
Total	€ 135,000,000

The purchase agreement provided that the obligations of the initial purchaser to purchase the notes were subject to approval of legal matters by counsel and to other conditions. The initial purchaser was required to purchase all of the notes if it purchased any of the notes. Accordingly, the initial purchaser purchased all of the notes.

At the time of the offering, we were advised that the initial purchaser proposed to resell the notes at the offering price set forth on the cover page of this offering memorandum within the United State to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Notice to Investors."

The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Notice to Investors."

The initial purchaser has represented, warranted and agreed that: (i) it has not offered or sold and, prior to a period of six months from the issue date, will not offer or sell, any notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and (iii) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

The notes will constitute a new class of securities with no established trading market. Application has been made to list the notes on the Luxembourg Stock Exchange. However, we cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market in the notes will develop and continue after this offering. The initial purchaser has advised us that it currently intends to make a market in the notes. However, it is not obligated to do so and it may discontinue any market-making activities with respect to the notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the U.S. Securities Exchange Act of 1934. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the notes.

In connection with the offering, Citigroup may over-allot or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail for a limited period. However, Citigroup has no obligation to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

The initial purchaser or its affiliates have in the past engaged, and may in the future engage, in transactions with and perform services for, including commercial banking, financial advisory and investment banking services, us and our affiliates in the ordinary course of business.

We have agreed to indemnify the initial purchaser against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchaser may be required to make because of any of those liabilities.

NOTICE TO INVESTORS

The notes have not been registered under the Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and in offshore transactions in reliance on Regulation S under the Securities Act.

Each purchaser of notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the initial purchaser as follows:

1. It understands and acknowledges that the notes have not been registered under the Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the Securities Act or any other securities law, including sales pursuant to Rule 144A under the Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

2. It is not an "affiliate" (as defined in Rule 144 under the Securities Act) of ours or acting on our behalf and it is either:

(a) a Qualified Institutional Buyer, or QIB, within the meaning of Rule 144A under the Securities Act and is aware that any sale of notes to it will be made in reliance on Rule 144A under the Securities Act, of which the acquisition will be for its own account or for the account of another QIB; or

(b) an institution that, at the time the offer to purchase the notes was made and at the time the buy order for the notes was originated, was outside the United States within the meaning of Regulation S under the Securities Act.

3. It acknowledges that neither we nor the initial purchaser, nor any person representing us or the initial purchaser, has made any representation to it with respect to the offering or sale of any notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the notes. It has had access to such financial and other information concerning us and the notes as it has deemed necessary in connection with its decision to purchase any of the notes.

4. It is purchasing the notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such notes pursuant to Rule 144A, Regulation S or any exemption from registration available under the Securities Act.

5. If an Austrian resident, it is an institutional investor within the meaning of Section 3/1/11 of the Austrian Capital Markets Act as amended.

Each holder of notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the notes, and each subsequent holder of the notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such notes prior to the date that is two years after the later of the date of the original issue and the last date on which the issuer or any of our affiliates was the owner of such notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to us, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) for so long as the notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (d) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act or (e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. Each purchaser acknowledges that the issuer and the trustee under the indenture for the notes reserve the right prior to any offer, sale or other transfer prior to the Resale Restriction Termination Date of the notes pursuant to clause (e) above to require the delivery of an opinion of counsel, certification and/or other information satisfactory to us and the trustee. Each purchaser acknowledges that each Rule 144A note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OF 1933. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT OF 1933, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933 ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933 OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

6. It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

7. It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

8. It acknowledges that the trustee will not be required to accept for registration of transfer any notes except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth therein have been complied with.

It acknowledges that we, the initial purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify the initial purchaser. If it is acquiring any notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are a joint stock corporation (*Aktiengesellschaft*) registered and organized under the laws of the Republic of Austria. The Supervisory Board members, Management Board members and substantially all senior officers are residents of the Republic of Austria or other European Union member states and all or a substantial portion of the assets of such persons and of our company are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such other persons or to enforce against them in United States courts judgments obtained in such courts based on the civil liability provisions of the United States securities laws. The indenture for the notes provides that we will appoint as agent for service of process in any suit, action or proceeding with respect to the indenture or the notes and for actions brought under federal or state securities laws brought in any federal or state court located in The City of New York, and that we will submit to the jurisdiction of such courts in connection with these suits, actions or proceedings. In general, the enforceability in Austrian courts of a final judgment of a United States court would require retrial of the case in the Republic of Austria.

LEGAL MATTERS

Certain legal matters with respect to the notes offered hereby will be passed upon for us by Shearman & Sterling LLP, and Hahn Loeser & Parks LLP with respect to matters of United States law; Morano & Associati with respect to matters of Italian law; Cerha Hempel Spiegelfeld Hlawati, Austria, with respect to matters of Austrian law; Procházka, Randl, Kubr as to matters of Czech law; Allen & Overy as to matters of Dutch law; and Blake, Cassels & Graydon LLP as to matters of Canadian law. Certain legal matters will be passed upon for the initial purchaser by Cahill Gordon & Reindel LLP with respect to matters of United States law and Dorda Brugger Jordis Rechtsanwälte GmbH with respect to matters of Austrian law.

INDEPENDENT AUDITORS

The audited consolidated financial statements of Head N.V. and its subsidiaries as of December 31, 2001, 2002 and 2003 and for each of the years in the three period ended December 31, 2003, included in this offering memorandum, have been audited by PwC Wirtschaftsprüfung AG, independent auditors, as stated in their report appearing herein.

ADDITIONAL INFORMATION

Each purchaser of the notes from the initial purchaser will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum acknowledges that:

1.1. such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

1.2. such person has not relied on the initial purchaser or any person affiliated with the initial purchaser in connection with its investigation of the accuracy of such information or its investment decision; and

1.3. except as provided above, no person has been authorized to give any information or to make any representation concerning the notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchaser.

This offering memorandum contains summaries, believed to be accurate in all material respects, of certain terms of certain agreements, but reference is made to the actual agreements (copies of which will be made available upon request to us or the initial purchaser) for complete information with respect thereto, and all such summaries are qualified in their entirety by this reference. While any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144A(d)(4) under the Securities Act during any period in which we are not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting under Rule 12g3-2(b) of the Exchange Act. Requests for such information and requests for the agreements summarized herein should be directed to Ralf Bernhart, HTM Sport- und Freizeitgeräte AG, Tyroliaplatz 1, A-2320 Schwechat, Austria, or at fax number + 43 1 707 89 40.

Our website can be found at www.head.com. Upon request, this information can also be made available at the office of the paying agent at The Bank of New York (Luxembourg) S.A., Aerogolf Center, 1A, Hoehenhof, L-1736 Senningerberg, Luxembourg.

LISTING AND GENERAL INFORMATION

Application has been made to list the notes on the Luxembourg Stock Exchange. In connection with that application, the Articles of Association (or equivalent organizational documents) of the Issuer (or "HTM"), Head N.V. and Head Holding Unternehmensbeteiligung GmbH (the "Parent Guarantors") and the Subsidiary Guarantors and a legal notice (*Notice Légale*) relating to the issue of the notes will have been deposited prior to listing with the Trade and Companies Register (*Régistre de Commerce et des Sociétés*) in Luxembourg, where copies thereof may be obtained on request.

HTM's issue of the notes was authorized pursuant to resolutions of its management board and supervisory board on January 27, 2004. The guarantees of the notes by the Parent Guarantors and the Subsidiary Guarantors were authorized by resolutions of the board of directors or the shareholders of each Guarantor, as the case may be, on the following dates:

Guarantor	Date
Head N.V.	January 22, 2004
Head Holding Unternehmensbeteiligung GmbH	January 27, 2004
Head Sport AG	January 27, 2004
Head International GmbH	January 28, 2004
HTM Sport S.p.A.	January 8, 2004
Head USA Inc.	January 27, 2004
Penn Racquet Sports Inc.	January 27, 2004
Head Sport s.r.o.	February 2, 2004
Head/Tyrolia Sports Canada Inc.	January 19, 2004

(1) Except as disclosed herein, there has been no material adverse change in the consolidated financial position of Head N.V. and its subsidiaries that is material in the context of the issue and offering of the notes since December 31, 2003, the date of its last audited consolidated financial statements.

(2) Except as disclosed herein, none of the Issuer, the Parent Guarantors or the Subsidiary Guarantors is involved in, or has knowledge of a threat of, any litigation, administrative proceedings or arbitration which is or may be material in the context of the issue and offering of the notes.

(3) So long as the notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, copies of the Issuer's, Head N.V.'s, Head Holding's and each of the Subsidiary Guarantor's Articles of Association (or equivalent organizational documents) and the Indenture governing the notes will be available at the specified office of the Trustee and the Paying Agent in Luxembourg. So long as the notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, copies of the audited annual consolidated financial statements of Head N.V. and its consolidated subsidiaries or of HTM and its consolidated subsidiaries for fiscal years subsequent to 2002 (to the extent available) will be available during normal business hours on any weekday at the offices of such Paying Agent in Luxembourg.

(4) HTM has appointed The Bank of New York (Luxembourg) S.A. as its Paying Agent and Listing Agent in Luxembourg. HTM reserves the right to vary that appointment. So long as the notes are listed on the Luxembourg Stock Exchange, HTM will maintain a paying and transfer agent in Luxembourg.

(5) HTM Sport- und Freizeitgeräte AG, or HTM, is a joint stock corporation (*Aktiengesellschaft*) organized under the laws of Austria on September 21, 1993 and is registered at the Commercial Register in Korneuburg, Austria, under registration number 49060 y. Head Holding Unternehmensbeteiligung GmbH holds all of the issued and outstanding share capital of HTM. HTM's corporate seat is in Schwechat, Austria, and its registered business address is Tyroliaplatz 1, A-2320 Schwechat, Austria. Its telephone number is + 43 1 701 79 0. The objects of HTM under clause 2 of its articles of association are: the development, manufacturing and distribution of sporting goods and accessories, leasing of property, plants and machinery and the trade in goods.

(6) Head N.V. was organized in The Netherlands on August 26, 1998 as a public limited liability company under the laws of The Netherlands (with registered number 24286737). Head N.V.'s seat is in Rotterdam, its

office is located at Rokin 55, 1012 KK Amsterdam, The Netherlands, and its telephone number is + 31 20 521 4812.

(7) Head Holding Unternehmensbeteiligung GmbH was organized in Austria on September 10, 1998 as a limited liability company under the laws of Austria (with registered number 174403 a). It acts as a holding company. Head Holding Unternehmensbeteiligung GmbH's registered office is located at Parkring 2, A-1010 Vienna, Austria. The objects of Head Holding Unternehmensbeteiligung GmbH under clause 2 of its articles of association are: the acquisition of and holding of participations in companies, in particular the holding of participations of Head Group and of the shares of HTM Sport- und Freizeitgeräte AG.

(8) Copies of the Indenture and the Paying and Transfer Agency Agreement may be freely obtained at the specified office of the Listing Agent in Luxembourg for as long as the notes are listed on the Luxembourg Stock Exchange.

(9) The auditors of Head N.V. are PwC Wirtschaftsprüfung AG, who have audited Head N.V.'s consolidated financial statements for the fiscal years included in this offering memorandum, as stated in their report appearing herein.

(10)The Regulation S notes and the 144A notes have been accepted for clearance through Euroclear and Clearstream. The ISIN for the Regulation S notes is XS0184717956, and the ISIN for the Rule 144A notes is XS0184719143. The common code for the Regulation S notes is 018471795, and the common code for the Rule 144A notes is 018471914.

(11)Certain additional information about the Subsidiary Guarantors:

Head Sport AG is a joint stock corporation (*Aktiengesellschaft*) organized under the laws of Austria on August 19, 1991 and is registered at the Commercial Register in Feldkirch, Austria, under registration number 64824 f. It is primarily engaged in the manufacturing and distribution of sports equipment. HTM holds all of the issued and outstanding share capital of Head Sport AG. Its corporate seat is in Kennelbach, and its registered business address is Wuhrkopfweg 1, 6921 Kennelbach, Austria. The objects of Head Sport AG under clause 2 of its articles of association are: the development, manufacturing and distribution of sporting goods and accessories, leasing of property, plants and machinery and the trade in goods.

Head International GmbH is a company with limited liability organized under the laws of Austria on December 18, 2002 and is registered at the Commercial Register in Feldkirch, Austria, under registration number 229958 z. It is engaged in the distribution of sports equipment. Head Sport AG holds all of the issued and outstanding share capital of Head International GmbH. Its corporate seat is in Kennelbach, and its registered business address is Wuhrkopfweg 1, 6921 Kennelbach, Austria. The objects of Head International GmbH under clause 3 of its articles of association are: distribution and trade of articles of all kinds, in particular sporting and recreational goods, articles and wear, manufactured under the trade mark "HEAD" and holding of Participations in other companies.

HTM Sport S.p.A. is a stock corporation organized under the laws of Italy on December 19, 1989 and is registered at the Court of Chiavari, under registration number 6529 in the Genoa Chamber of Commerce. It is primarily engaged in the manufacturing of sports equipment. Head Sport AG holds all of the issued and outstanding share capital of HTM Sport S.p.A. Its corporate seat is in Rapallo, and its registered business address is Salita Bonsen 4, 16035 Rapallo, Italy. The objects of HTM Sport S.p.A. under clause 4 of its articles of association are: the engineering, production, planning, development, sale and purchase, the exchange and commercial utilization in whatever form of industrial equipment in general and of underwater and seamanship products, underwater fishing equipment and other sporting goods and accessories; production and any kind of commercialization of sport and industrial equipments and apparatus for production and maintenance of durable goods and also electronic control equipments; and the import/export and commercialization of shoes, apparel and includes also reparation, preparation, maintenance and subcontracting.

Head USA Inc. was incorporated as a private company with limited liability under the laws of Delaware and is registered at the Secretary of State of the State of Delaware in Dover, Delaware, under registration number 2348536. Its registered office is located at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States. It is engaged in the distribution of sports equipment. HTM USA Holdings Inc. owns all of the issued and outstanding share capital of Head USA Inc. Head Sport AG owns all of the issued and outstanding share capital of HTM USA Holdings Inc. The object of

Head USA Inc. under clause 3 of its certificate of incorporation is: to engage in any lawful act or activity for which corporations may be organized under Delaware corporation law.

Penn Racquet Sports Inc. was incorporated as a private company with limited liability under the laws of Ohio and is registered at the Secretary of State of the State of Ohio in Columbus, Ohio, under registration number 1046137. Its registered office is located at HL Statutory Agent, Inc., 3300 BP Tower, 200 Public Square, Cleveland, Ohio 44114, United States. It is engaged in the manufacturing of sports equipment. HTM USA Holdings Inc. owns all of the issued and outstanding share capital of Penn Racquet Sports Inc. The object of Penn Racquet Sports Inc. under clause 3 of its articles of incorporation is: to engage in any lawful act or activity for which corporation may be formed under Ohio corporation law.

Head Sport s.r.o. is a company with limited liability organized under the laws of the Czech Republic, registered on June 30, 1992 into the Commercial Register maintained by the Regional Court in Céské Budejovice, part C, entry 1668, identification number 46682201. It is primarily engaged in the manufacturing of sports equipment. Head Sport AG holds all of the registered capital of Head Sport s.r.o. Its corporate seat is in Céské Budejovice, and its registered business address is Dobrovodska 2107 Céské Budejovice, CZ-37001, Czech Republic. The objects of Head Sport s.r.o. under clause 3 of its articles of association are: production of plastic and components for materials of cars, airplanes and sporting goods; trade with goods of all kinds.

Head/Tyrolia Sports Canada Inc. was organized as a private company with limited liability under the laws of Canada and is registered at the Industry and Science Department of Canada in Toronto, Ontario, under registration number 298784-8. Its registered office is located at 360 Michener Road, Unit A, Guelph, Ontario N1K 1E4, Canada. It is engaged in the distribution of sports equipment. Head Sport AG owns all of the issued and outstanding ordinary share capital of Head/Tyrolia Sports Canada Inc. Head/Tyrolia Sports Canada Inc.'s articles of association do not specify the activities it can engage in.

The information regarding the issued capital of the Issuer and the Guarantors is as follows:

Company	Amount of issued capital	Number and classes of securities	Principal characteristics
HTM Sport- und Freizeitgeräte AG	Euro 7,267,200.--	10,000 shares with no par value	ordinary shares, no principal characteristics
Head Holding Unternehmensbeteiligung GmbH	ATS 500,000.--	1 share	holding company
Head Sport AG	Euro 4,359,630.--	6.005 shares with no par value	ordinary shares, no principal characteristics
Head International GmbH	Euro 35,000.--	1 share	no principal characteristics
HTM Sport S.p.A.	Euro 14,925,694,--	28,900 shares in the amount of Euro 516.46 each	no principal characteristics
Head Sport s.r.o.	CSK 40,000,000.--	1 share	no principal characteristics
Head USA Inc.	USD 105.--	1,000 Common Shares 1,000 Preferred Series A	holders of preferred shares have dividend rights, but no voting rights.
Penn Racquet Sports Inc.	The Company has issued 100 common shares, but they have no par value.	1,000 Common Shares	no pre-emptive rights

Head/Tyrolia Sports Canada Inc.	Can$ 13,290,000.--	2 classes of securities: 5,000,000 class A special shares and 8,000,090 common shares	unlimited number of redeemable, non-voting class A special shares and unlimited number of common shares

The capital of the Issuer and the Guarantors is fully paid-up.

According to Chapter VI, Article 3, point A/II/2 of the rules and regulations of the Luxembourg Stock Exchange the securities shall be freely transferable, insofar as the rules and regulations of the Luxembourg Stock Exchange are concerned, and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled by such Exchange on the basis of its own rules and regulations.

Head N.V. prepares unaudited consolidated financial statements on a quarterly basis and audited consolidated financial statements on an annual basis. Head N.V. also prepares annual unaudited non-consolidated financial statements. Head Sport AG prepares annual audited non-consolidated financial statements. Head Holding Unternehmensbeteiligung GmbH prepares annual unaudited non-consolidated financial statements. HTM Sport S.p.A. prepares annual unaudited non-consolidated financial statements. Head Sport s.r.o prepares annual audited non-consolidated financial statements. Head International GmbH, Head USA Inc., Penn Racquet Sports Inc. and Head/Tyrolia Sports Canada Inc. do not prepare separate financial statements.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
of Head N.V. :

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Head N.V. and its subsidiaries at December 31, 2002 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with generally accepted accounting principles in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 3 to the consolidated financial statements, Head N.V., in accordance with the requirements of SFAS 142, changed its method of accounting for goodwill and indefinite life intangible assets in 2002.

PwC Wirtschaftsprüfung AG
Vienna, Austria
March 31, 2004

HEAD N.V. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2003
	(in thousands, except share data)	
ASSETS:		
Cash and cash equivalents	$ 37,598	$ 41,312
Restricted cash	--	2,842
Accounts receivable, net of allowance for doubtful accounts of $11,834 and $15,822	161,109	195,998
Inventories, net	77,638	81,200
Prepaid expense and other current assets	16,441	17,764
Total current assets	292,786	339,116
Marketable securities	2,316	2,826
Property, plant and equipment, net	73,156	76,694
Intangible assets, net	20,236	20,236
Deferred income taxes	78,148	92,060
Other non-current assets	7,212	6,653
Total assets	$ 473,853	$ 537,586
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Accounts payable	$ 33,069	$ 39,468
Accrued expenses and other current liabilities	39,388	51,892
Short-term borrowings	58,773	37,490
Current portion of long-term debt	2,349	3,392
Total current liabilities	133,579	132,241
Long-term debt	93,771	143,951
Other long-term liabilities	16,670	19,669
Total liabilities	244,020	295,861
Minority interest	9	9
Commitments and contingencies (Note 15)		
Stockholders' Equity:		
Ordinary shares: EUR 0.20 par value; 39,820,677 shares issued	7,067	7,067
Additional paid in capital	137,237	137,909
Treasury stock at cost: 1,843,460 and 2,421,235 shares	(4,334)	(5,485)
Retained earnings	67,741	53,084
Accumulated other comprehensive income	22,114	49,142
Total stockholders' equity	229,824	241,716
Total liabilities and stockholders' equity	$ 473,853	$ 537,586

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

HEAD N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2001	2002	2003
	(in thousands, except share data)		
REVENUES:			
Product revenues	$ 384,010	$ 379,089	$ 421,507
Licencing revenues	8,011	8,398	9,701
Total revenues	392,021	387,487	431,208
Cost of sales	233,971	233,402	266,023
Gross profit	158,050	154,084	165,186
Selling and marketing expense	102,094	102,619	117,071
General and administrative expense (excluding non-cash compensation expense)	34,810	32,081	38,847
Non-cash compensation expense	2,025	1,632	654
Restructuring costs (Note 28)	--	--	8,368
Operating income	19,121	17,753	245
Interest expense	(11,275)	(11,677)	(13,999)
Interest income	892	940	1,050
Foreign exchange gain (loss)	5,828	(7,387)	(1,103)
Other income (expense), net	7	387	(18)
Income (loss) from operations before income taxes	14,573	15	(13,825)
Income tax benefit (expense):			
Current	(2,169)	(2,410)	(2,278)
Deferred	(1,863)	(220)	1,446
Income tax expense	(4,032)	(2,630)	(832)
Share of loss from equity investment, net of tax (Note 26)	(1,117)	--	--
Net income (loss)	$ 9,424	$ (2,615)	$ (14,657)
Earnings per share-basic			
Net income (loss)	0.25	(0.07)	(0.40)
Earnings per share-diluted			
Net income (loss)	0.24	(0.07)	(0.40)
Weighted average shares outstanding			
Basic	38,083	37,356	36,285
Diluted	39,816	37,356	36,285

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

HEAD N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Ordinary Shares		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
	(in thousands, except share data)						
Balance at December 31, 2000	38,864,377	$ 7,067	$ 143,999	$ (5,211)	$ 75,620	$ 8,512	$ 229,988
Dividend paid	--	--	--	--	(9,455)	--	(9,455)
Stock-based compensation	--	--	2,025	--	--	--	2,025
Purchase of treasury stock	(1,085,000)	--	--	(5,378)	--	--	(5,378)
Transfer of treasury stock (Note 17)	--	--	(10,589)	10,589	--	--	--
Net income	--	--	--	--	9,424	--	9,424
Other comprehensive income:							
Cumulative effect of adoption of SFAS 133	--	--	--	--	--	1,850	1,850
Unrealized gain on derivatives instruments (net of tax of $88)	--	--	--	--	--	950	950
Reclassification adjustment for derivative gains recorded in net income (net of tax of $629)	--	--	--	--	--	(1,850)	(1,850)
Foreign currency translation adjustment	--	--	--	--	--	(15,195)	(15,195)
Comprehensive loss							(4,821)
Balance at December 31, 2001	37,779,377	7,067	135,435	--	75,590	(5,732)	212,359
Dividend paid	--	--	--	--	(5,233)	--	(5,233)
Stock-based compensation	--	--	1,632	--	--	--	1,632
Purchase of treasury stock (Note 17)	(1,247,050)	--	--	(3,046)	--	--	(3,046)
Repurchase of shares from exercised options	--	--	167	(1,288)	--	--	(1,121)
Proceeds from executed option	11,212	--	3	--	--	--	3
Net loss	--	--	--	--	(2,615)	--	(2,615)
Other comprehensive income:							
Unrealized losses on marketable securities, (net of tax of $65)	--	--	--	--	--	(138)	(138)
Unrealized gain on derivatives instruments (net of tax of $54)	--	--	--	--	--	640	640
Reclassification adjustment for derivative gains recorded in net loss (net of tax of $506)	--	--	--	--	--	(1,488)	(1,488)
Foreign currency translation adjustment	--	--	--	--	--	28,832	28,832
Comprehensive income	--	--	--	--	--		25,231
Balance at December 31, 2002	36,543,539	7,067	137,237	(4,334)	67,741	22,114	229,824
Stock-based compensation	--	--	654	--	--	--	654
Purchase of treasury stock (see Note 17)	(577,775)	--	--	(1,151)	--	--	(1,151)
Proceeds from executed option	56,790	--	17	--	--	--	17
Net loss	--	--	--	--	(14,657)	--	(14,657)
Other comprehensive income:							
Unrealized losses on marketable securities, (net of tax of $16)	--	--	--	--	--	(33)	(33)
Unrealized gain on derivatives instruments (net of tax of $558)	--	--	--	--	--	1,083	1,083
Reclassification adjustment for derivative gains recorded in net loss (net of tax of $295)	--	--	--	--	--	(572)	(572)
Foreign currency translation adjustment	--	--	--	--	--	26,550	26,550
Comprehensive income	--	--	--	--	--	--	12,370
Balance at December 31, 2003 (unaudited)	36,022,554	$ 7,067	$ 137,909	$ (5,485)	$ 53,084	$ 49,142	$ 241,716

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

HEAD N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2001	2002	2003
	For the Years Ended December 31, (in thousands)		
OPERATING ACTIVITIES:			
Net income (loss)	$ 9,424	$ (2,615)	$ (14,657)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	14,896	15,946	19,239
Amortization of debt issuance cost	1,039	1,092	1,232
Impairment (Note 28)	--	--	2,625
Share of loss from equity investment, net of tax	1,117	--	--
Provision (release) for leaving indemnity and pension benefits	823	883	(348)
Restructuring costs (Note 28)	--	--	4,800
(Gain) loss on sale of property, plant and equipment	(867)	(774)	85
Non cash compensation expense	2,025	1,632	654
Deferred tax (benefit) expense	1,863	220	(1,446)
Changes in operating assets and liabilities:			
Accounts receivable	2,071	2,657	(12,058)
Inventories	9,402	9,101	13,755
Prepaid expense and other assets	(2,535)	1,494	3,071
Accounts payable, accrued expenses and other liabilities	(3,338)	(6,356)	390
Net cash provided by operating activities	35,921	23,279	17,342
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(16,314)	(20,746)	(16,914)
Proceeds from sale of property, plant and equipment	1,080	2,105	258
Other acquisitions	(4,130)	--	--
Equity investment (Note 26)	(684)	--	--
Maturities (purchases) of marketable securities, net	135	(164)	102
Net cash used for investing activities	(19,913)	(18,804)	(16,554)
FINANCING ACTIVITIES:			
Change in short-term borrowings, net	15,135	(2,853)	1,419
Proceeds from long-term debt	807	16,592	1,656
Payments on long-term debt	(716)	(4,340)	(1,249)
Purchase of treasury stock	(5,378)	(3,046)	(1,151)
Payments to repurchase shares from exercised options	--	(1,121)	--
Proceeds from exercised options	--	3	17
Dividend paid	(9,455)	(5,233)	--
Change in restricted cash	--	--	(2,699)
Net cash provided by (used for) financing activities	393	2	(2,007)
Effect of exchange rate changes on cash and cash equivalents	(10,122)	10,994	4,932
Net increase in cash and cash equivalents	6,279	15,470	3,714
Cash and cash equivalents at beginning of period	15,848	22,128	37,598
Cash and cash equivalents at end of period	$ 22,128	$ 37,598	$ 41,312
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	$ 10,426	$ 10,736	$ 12,597
Cash paid for income taxes	$ 2,208	$ 1,747	$ 1,340

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

HEAD N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - The Company

Head N.V. ("Head" or the "Company") was incorporated in Rotterdam, Netherlands, on August 24, 1998. With effect from this date, Head Holding Unternehmensbeteiligung GmbH ("Head Holding") merged with a wholly owned subsidiary of the Company in a transaction treated as a merger of entities under common control and accounted for on an "as if pooling" basis.

On January 1, 1996, Head Holding acquired 100% of the outstanding shares of HTM Sport- und Freizeitgeräte AG ("HTM"). The acquisition has been accounted for as a purchase and accordingly the operating results of HTM have been included in the Company's consolidated financial statements since the date of acquisition.

The Company is a global manufacturer and marketer of branded sporting goods serving the skiing, tennis and diving markets. Head N.V. has created or acquired a portfolio of brands — *Head* (alpine skis, ski boots and snowboard products, tennis, racquetball and squash racquets), *Penn* (tennis balls and racquetball balls), *Tyrolia* (ski bindings), *Mares* and *Dacor* (diving equipment).

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Company and its subsidiaries maintain their accounting records in accordance with their local regulations and have made certain adjustments to these records to present the accompanying financial statements in conformity with generally accepted accounting principles in the United States of America. In addition, the Company publishes its statutory financial statements in accordance with Dutch corporate regulations.

Consolidation Policies

The consolidated financial statements of Head include the accounts of all majority-owned subsidiaries and entities otherwise controlled by the Company. All intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and short-term, highly liquid investments with an original maturity of three months or less.

Restricted Cash

Restricted cash comprises deposits pledged as collateral on outstanding lines of credit. The amounts are collateralized with one financial institution and earn interest while in deposit.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on a first-in first-out basis.

Marketable Securities

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and reported at amortized cost. Debt and equity securities held principally for selling in the near term are classified as trading and reported at fair value, with unrealized gains and losses included in earnings. Debt and equity securities not classified as either held-to-maturity or trading are classified as available-for-sale and are reported at fair value, with unrealized gains and losses reported in other comprehensive income.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures which substantially increase the useful lives of the plant and equipment are capitalized . The cost of maintenance, repair and minor renewals is expensed as incurred. When plant and equipment is retired or otherwise disposed, the cost and related accumulated depreciation are eliminated, and any gain or loss on disposition is recognized in earnings. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Impairment

The Company accounts for impairments subsequent to January 1, 2002, in accordance with the Statement of Financial Accounting Standards No. 144 ("SFAS 144"), Accounting for the Impairment or Disposal of Long-Lived Assets, and previously in accordance with SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long Lived Assets to Be Disposed Of". Both standards require that long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, a loss is recognized for the difference. The Company's review involves comparing current and future operating flows to the carrying value of the assets. Long-lived assets to be disposed of, if any, are reported at the lower of their carrying amount or fair value less cost to sell.

Intangible Assets

Identifiable intangible assets comprise trademarks and goodwill. Prior to the Company's adoption of SFAS 142, Goodwill and Other Intangible Assets ("SFAS 142"), trademarks were amortized using the straight-line method over a period of 20 to 40 years. Goodwill was amortized using the straight-line method over a period of 15 to 30 years. The Company periodically reviewed the carrying value of its intangibles based primarily upon an analysis of undiscounted cash flows. Any impairment would have been recognized when the expected future operating cash flows derived from such intangible assets was less than their carrying value. The impairment to be recognized was measured by the amount by which the carrying amount of the asset exceeded the fair value of the asset.

The Company applied SFAS 142, beginning July 1, 2001, for goodwill and intangible assets acquired in business combinations initiated after June 30, 2001, and beginning January 1, 2002, for all other goodwill and intangible assets. The on-going impact is that goodwill and intangible assets with an indefinite life are no longer amortized, but instead are tested at least annually, in the fourth quarter, for impairment. The goodwill impairment test consists of a two-step test. First, each reporting unit's (which generally represents one level below an operating segment) carrying value is compared to its fair value. Second, where the reporting unit's carrying value exceeds its fair value, an impairment loss is recognized to the extent that the goodwill carrying value exceeds the reporting unit's implied goodwill, which is calculated as the difference between the reporting unit's fair value and the fair value of the reporting unit's recognized and unrecognized assets and liabilities. The impairment test for indefinite-lived intangible assets requires that an impairment loss be recognized equal to the excess of its carrying value over its fair value.

Revenue Recognition

Revenues from product sales are recognized at the time of product shipment, which represents transfer of title to the customer. Revenues from each licensing agreement are recognized over the license term for the fixed license revenue portion and based on underlying customer sales once minimum contractual sales volumes are met for the variable license revenue portion. Provisions are recorded for estimated product returns at the time revenues are recognized. Costs associated with product shipment and handling are classified in selling and marketing expense in the consolidated statement of operations.

Translation of Foreign Currency

Finished goods sales to customers in Austria, Italy, Germany, Japan, France, Switzerland, Canada, Spain, Netherlands, United Kingdom and the United States of America are generally billed in local currency. The local currency is the functional currency of the subsidiaries in these countries. Foreign currency (functional currency) assets and liabilities are translated into U.S. dollars (the reporting currency) at the exchange rate on the balance sheet date, with resulting translation adjustments recorded in other comprehensive income. Revenues and expenses are translated at average rates prevailing during the year. Foreign exchange gains and losses arising from transactions denominated in a currency other than the functional currency are included in income. The effect of exchange rate changes on intercompany transactions of a long-term investment nature are included in other comprehensive income. Head N.V. has a functional currency of the Euro.

Financial Instruments

On January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), Accounting for Derivative Instruments and Hedging Activities, as amended. SFAS 133 requires that the Company record all derivatives on the balance sheet at fair value. The Company uses derivative instruments, specifically foreign exchange forwards and option contracts, to hedge the foreign exchange risk related to its forecasted and firmly committed foreign currency denominated cash flows. On the date on which a derivative contract is transacted, the Company designates the derivative as a hedging instrument as either a fair value hedge or a cash flow hedge. Changes in derivative fair values that are designated, effective and qualify as fair value hedges are recognized in earnings as offsets to the related earnings effects of changes in fair value of related hedged assets, liabilities and firm commitments attributable to the hedged risk. Changes in derivative fair values that are designated, effective and qualify as cash flow hedges will be deferred and recorded as a component of accumulated other comprehensive income (AOCI) until the hedged transactions affect earnings, at which time the deferred gains and losses on the derivative designated as cash flow hedges are recognized in earnings, and classified in accordance with the classification of the hedged item. The Company excludes the time value component of the derivatives' change in fair value from the assessment of hedge effectiveness. The Company enters into hedging relationships to limit the foreign exchange rate risk for periods generally not to exceed one year. The Company does not utilize financial instruments for trading or speculative purposes.

Research and Development Costs

Research and development costs are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred.

Stock-Based Compensation

The company accounts for its stock option plan using the fair value method in accordance with Statement of Financial Accounting Standards No. 123 ("SFAS 123"), Accounting for Stock-Based Compensation.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized over the term of the debt.

Income Taxes

The provision for income taxes is based on income recognized for financial statement purposes and includes the effects of temporary differences between such income and that recognized for tax return purposes. With the exception of Head Holding Unternehmensbeteiligung GmbH, all of the Company's Austrian subsidiaries are included in a consolidated Austrian federal income tax return. Separate provisions for income taxes have been prepared for the Company's other subsidiaries. Deferred taxes are calculated by using the prevailing tax rates.

The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Computation of Net Income (Loss) per Share

Net income (loss) per share is computed under Statement of Financial Accounting Standards No. 128 ("SFAS 128"), Earnings per Share. Basic net income per share is computed by dividing the net income for the period by the weighted average number of ordinary shares outstanding during the period. Diluted net income per share is computed by dividing the net income for the period by the weighted average number of ordinary shares and potential ordinary shares outstanding during the period. Potential ordinary shares are composed of incremental shares issuable upon the exercise of share options, and are included in diluted net income per share to the extent such shares are dilutive.

The following table sets forth the computation of diluted weighted average shares outstanding for the periods indicated:

	For the Years Ended December 31,		
	2001	2002	2003
		(in thousands)	
Weighted average shares outstanding - basic	38,083	37,356	36,285
Dilutive effect of stock options	1,733	--	--
Weighted average shares outstanding – diluted	39,816	37,356	36,285

For the years ended December 31, 2002 and 2003, the diluted weighted average shares outstanding exclude the incremental effect of 1,789,490 and 1,347,773 stock options, respectively because it would have been anti-dilutive for these periods.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant of these estimates are impairments, allowances for doubtful accounts, product warranties and returns, inventory obsolescence and valuation allowances on deferred tax assets. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" which requires companies to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset. SFAS 143 is effective for financial statements for fiscal years beginning after June 15, 2002. The adoption of SFAS 143 had no impact on the Company's financial position and results of consolidated operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. This standard has been adopted from January 1, 2003 and applied for exit and disposal activities entered into in 2003.

In January 2003, the Emerging Issues Task Force (EITF) issued EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables". EITF 00-21 addresses the issues of (1) how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting; and (2) how arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. EITF 00-21 does not change otherwise applicable revenue recognition criteria. EITF 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. EITF 00-21 had no impact on our financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a liability to be recognized at the time a company issues a guarantee for the fair value of the obligations assumed under certain guarantee agreements, such as certain indemnity provisions and guarantees of third party debt. The provisions for initial recognition and measurement of guarantee agreements are effective on a prospective basis for guarantees that are issued or modified after December 31, 2002. Management has adopted FIN 45 and there was no impact on our financial position or results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46) "Consolidation of Variable Interest Entities, an interpretation of ARB 51". FIN 46 addresses the consolidation of entities for which control is achieved through means other than through voting rights ("variable interest entities" or "VIE") by clarifying the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements" to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 provides guidance on how to determine when and which business enterprise (the "primary beneficiary") should consolidate the VIE. In addition, FIN 46 requires that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures. The disclosure provisions of FIN 46 are effective in all financial statements initially issued after January 31, 2003. FIN 46 is required to be immediately applied by all entities with a variable interest in a VIE created after January 31, 2003. A public entity with a variable interest in a VIE created before February 1, 2003 is required to apply FIN 46 to that entity no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003.

In December 2003, the FASB revised FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46) and codified certain FASB Staff Positions (FSPs) previously issued for FIN 46 in FASB Interpretation No. 46, Revised (FIN 46R). FIN 46 as originally issued and as revised by FIN46R, establishes consolidation criteria for entities for which control is not easily discernable under ARB 51. The adoption of FIN 46 and FIN 46R in 2003 did not have a material impact on our financial position or result of operations.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 amends SFAS No. 133 to provide clarification on the financial accounting and reporting of derivative instruments and hedging activities and requires that contracts with similar characteristics be accounted for on a comparable basis. The provisions of SFAS 149 are effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. Management has assessed the impact of the adoption of SFAS 149 and concluded that there was no material impact on our results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards on the classification and measurement of certain financial instruments with characteristics of both liability and equity. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and to all other instruments that exist as of the beginning of the first interim period beginning after June 15, 2003. Management has assessed the impact and concluded that there was no impact on the adoption of SFAS No. 150.

In December 2003, the FASB issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits". This Statement establishes standards on additional disclosures to those in the original Statement 132 about the assets, obligations, cash flows, and net periodic costs of defined benefit pension plans and other defined postretirement plans separately for pension plans and other postretirement benefit plans. SFAS No. 132 (revised 2003) is effective for financial statements with fiscal years ending after December 15, 2003. The standard has been adopted.

Note 3 - Goodwill and Other Intangible Assets

Effective January 1, 2002, the Company adopted SFAS No. 142, Goodwill and Other Intangible Assets, and ceased amortization of purchased goodwill and trademarks, which were determined to be indefinite-lived.

Intangible assets consist of the following (in thousands):

	December 31,	
	2002	2003
Trademarks	$ 19,066	$ 19,066
Goodwill	3,926	3,926
	22,992	22,992
Less: Accumulated amortization of trademarks	(2,529)	(2,529)
Less: Accumulated amortization of goodwill	(227)	(227)

Total Intangible assets, net	$ 20,236	$ 20,236

The Company completed the transitional impairment tests for goodwill and indefinite-lived intangibles as of January 1, 2002, and the annual impairment test, in the fourth quarter of 2002 and 2003, as required by SFAS No. 142. In doing so, the Company determined that goodwill and trademarks are not impaired; therefore no impairment charge was recorded.

The effects of adopting the new standards on net income (loss) and basic and diluted earnings per share for the years ended December 31, 2001, 2002 and 2003, are as follows (in thousands, except share data):

	Net Income		
Year Ended December 31,	2001	2002	2003
Net Income (Loss)	$ 9,424	$ (2,615)	$ (14,657)
Add: Goodwill amortization	58	--	--
Trademark amortization	858	--	--
Adjusted Net Income (Loss)	$ 10,340	$ (2,615)	$ (14,657)

	Earnings per Share					
	Basic			Diluted		
Year Ended December 31,	2001	2002	2003	2001	2002	2003
Net Income (Loss)	$ 0.25	$ (0.07)	$ (0.40)	$ 0.24	$ (0.07)	$ (0.40)
Add: Goodwill amortization	0.00	--	--	0.00	--	--
Trademark amortization	0.02	--	--	0.02	--	--
Adjusted Net Income (Loss)	$ 0.27	$ (0.07)	$ (0.40)	$ 0.26	$ (0.07)	$ (0.40)

Note 4 – Accounts Receivable

Accounts receivable consist of the following (in thousands):

	December 31,	
	2002	2003
Trade debtors	$ 160,835	$ 198,110
Other receivables	12,109	13,710
Allowance for doubtful accounts	(11,834)	(15,822)
Accounts receivable, net	$ 161,109	$ 195,998

Note 5 – Inventories

Inventories consist of the following (in thousands):

	December 31, 2002	December 31, 2003
Raw materials and supplies	$ 18,526	$ 21,545
Work in process	6,486	9,388
Finished goods	67,766	66,421
Provisions	(15,140)	(16,154)
Total inventories, net	$ 77,638	$ 81,200

Note 6 - Marketable Securities

Marketable securities consist of the following (in thousands):

Available-for-Sale	December 31, 2002	2003
Austrian government debt securities	$ 114	$ 137
Corporate debt securities	340	410
Other securities	2,264	2,602
Total Marketable securities available-for-sale	2,718	3,149
Less: Short-term portion	(402)	(323)
Total Long-term marketable securities	$ 2,316	$ 2,826

The following table is a summary of the Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a unrealized loss position, at December 31, 2003.

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Austrian government debt securities	$ --	$ --	$ 137	$ 0	$ 137	$ 0
Corporate debt securities	--	--	410	0	410	0
Subtotal, debt securities	--	--	547	0	547	0
Other securities	323	0	2,279	208	2,602	208
Total temporarly impaired securities	$ 323	$ 0	$ 2,826	$ 208	$ 3,149	$ 208

Maturities of debt securities are as follows (in thousands):

	December 31, 2003
Mature within 1 year	$ --
Mature between one year and five years	547

Mature between five years and ten years	--
Mature after ten years	--
Total Marketable securities	$ 547

Marketable securities with a maturity of less than one year are included in other current assets in the accompanying consolidated balance sheets.

Note 7 – Property, Plant and Equipment

Property, plant and equipment consist of the following (in thousands):

	December 31,	
	2002	2003
Land	$ 4,150	$ 4,490
Buildings	26,800	36,214
Machinery and equipment	133,531	164,013
	164,481	204,718
Less: Accumulated depreciation	(91,325)	(128,024)
Total Property, plant and equipment, net	$ 73,156	$ 76,694

The useful lives used in computing depreciation are as follows:

	Years
Buildings	10 – 48
Machinery and equipment	2 – 20

Note 8 – Credit Risk Concentrations

Financial instruments which potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, marketable securities and accounts receivable. The Company places cash with high quality financial institutions. The Company's customers are concentrated in the retail industry however, concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of customers and their dispersion across many geographic areas. The Company generally performs credit reviews and sometimes obtains credit insurance before extending credit.

Note 9 - Fair Value of Financial Instruments

The carrying value of the Company's financial instruments approximates fair value at December 31, 2002 and 2003. The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximate fair value due to the short maturity of these instruments and the floating interest rates of the short-term borrowings. The carrying amounts of marketable securities are equal to fair value on quoted market prices at December 31, 2002 and 2003 (see Note 6).

The carrying value of the Company's senior notes and other long-term debt approximates fair value based on current rates offered and quoted market price of debt with similar terms.

As a result of adopting SFAS 133 and in accordance with the transition provisions of that standard, the Company recorded a one-time net-of-tax unrealized gain of $1.9 million to AOCI as of January 1, 2001. The Company reclassified a gain of $1.9 million from AOCI to earnings during the year ended December 31, 2001 due to the realization of the underlying transactions.

The Company recorded the change in fair market value of derivatives related to cash flow hedges to AOCI of $0.6 million and $1.1 million, net of tax, for year ended December 31, 2002 and 2003, respectively, all of which is expected to be reclassified to earnings during the next twelve months. The time value component excluded from effectiveness testing was not material for the periods presented.

For the year ended December 31, 2002 and 2003, the Company reclassified a gain from AOCI to earnings of $1.5 million and $0.6 million, net of tax, respectively.

The following table provides information regarding the Company's foreign exchange forward and option contracts as of December 31, 2002 and 2003. 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 December 31, 2002		
	Contract amount	Carrying value	Fair value
Forward foreign exchange contracts	$ 13,566	$ 140	$ 140
Foreign exchange option contracts	$ 1,854	$ 33	$ 33

	As of December 31, 2003		
	Contract amount	Carrying value	Fair value
Forward foreign exchange contracts	$ 11,997	$ 811	$ 811
Foreign exchange option contracts	$ 1,870	$ 86	$ 86

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions. The Company links all derivatives that are designated as hedging instruments in foreign currency cash flow hedges to forecasted transactions or firm commitments. In accordance with the provision of SFAS 133, the Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are designated in hedging qualifiying relationship are highly effective in off setting changes in fair values or cash flows of hedged items. When it is determined that a derivative is no longer highly effective as a hedge, the Company discontinues hedge accounting prospectively.

The counterparties to the foreign currency contracts are major international banks. Such contracts are generally for one year or less.

Note 10 – Short-Term Borrowings

Short-term borrowings before reclassification of $31.8 million to long-term debt (see note 29) consist of the following (in thousands):

	December 31,	
	2002	2003
Lines of credit	$ 58,773	$ 69,265

In the second quarter of 2001, the Company's subsidiaries entered into a new financing agreement providing multiple revolving credit lines with the "Raiffeisenzentralbank" ("RZB"), "Erste Bank" and "Österreichische Kontrollbank" ("OEKB") which were renegotiated in 2003, in the total amount of €25.0 million ($31.6 million) secured by all Austrian trade receivables. In addition, the Company has lines of credit with several banks in Italy, France, Austria, Czech Republic, Canada and Japan of $51.3 million. Further, the Company has a $15.0 million credit line with Fleet Capital Corporation. As of December 31, 2003, $0.2 million was restricted under this agreement. As of December 31, 2003, $23.5 million was available under these credit lines and $4.9 million have been pledged for certain agreements. The weighted average interest rate on outstanding short-term borrowings was 3.7% and 3.2% as of December 31, 2002 and 2003, respectively.

The Company intends and has the ability to repay $31.8 million of its short-term loans by senior notes, therefore they have been reclassified to long-term debt as of December 31, 2003 (see note 29).

Note 11 – Accounts Payable

Accounts payable consist of the following (in thousands):

	December 31,	
	2002	2003
Accounts payable - trade	$ 21,815	$ 24,123
Salaries and wages	1,952	2,172
Allowances and Warranty	510	894
Customs duties	36	1,469
Fiscal authorities	2,377	3,697
Social institutions	1,021	1,626
Other	5,358	5,487
	$ 33,069	$ 39,468

Note 12 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	December 31,	
	2002	2003
Employee compensation and benefits	$ 6,643	$ 9,568
Accrued warranties and allowances	8,055	8,305
Advertising	1,896	2,718
Legal, auditing and consulting fees	1,994	2,423
Fiscal authorities	2,366	328
Commissions	1,380	4,199
Accrued interest	3,564	4,442
Restructuring	--	4,800
Other	13,490	15,109
	$ 39,388	$ 51,892

The restructuring accruals include those for severance and excess rent. (See Note 28).

Product Warranties

Included in accrued warranties and allowances are product warranties that have a probable likelihood of loss and are estimated based on weighted prior year experiences for recognized revenues. As of December 31, 2003, accruals for warranties consist of the following (in thousands):

	December 31, 2003
Balance at the beginning of the period	$ 2,484
Current year provision	2,859
Settlements made during the period	(2,707)
Reversal	(25)
Translation adjustment	492
Balance at the end of the period	$ 3,103

Note 13 - Long-Term Debt

Long-term debt before reclassification consists of the following (in thousands):

	December 31, 2002	December 31, 2003
Senior notes	68,852	82,925
Other long-term debt	27,268	32,642
Total long-term borrowings	96,120	115,567
Less current portion	(2,349)	(3,392)
Long-term portion	$ 93,771	$ 112,175

As of December 31, 2003, $31.8 million of its short-term loans have been reclassified due to the Company's intention and ability to refinance it by senior notes (see note 29).

Senior Notes

On July 15, 1999, one of the Company's wholly-owned subsidiaries, Head Holding issued €100.0 million of senior notes. The notes bear interest of 10.75% per annum, which is payable semi-annually and mature in total on July 15, 2006. Among other restrictions, the notes include certain restrictive terms regarding investments, distributions and incurrence of additional indebtedness by the Company.

On January 5, 2000, a registration statement for the exchange of the original 10.75% senior notes for new 10.75% senior notes was made effective by the U.S. Securities Exchange Commission (SEC). On February 9, 2000, this Exchange Offer was consummated.

In October 2000, the Company repurchased €30.9 million of its senior notes in a series of transactions using part of the proceeds of the Company's initial public offering. In July 2002, the Company repurchased another €3.6 million of its senior notes. The remaining balance of €65.7 million ($82.9 million) at December 31, 2003, has been repaid with the proceeds of the senior notes offered in 2004 (see note 29).

Sale-Leaseback Transaction

The Company entered into an agreement on June 28, 2002, whereby it sold land and building to an unrelated bank and leased it back over a 15 year term. The proceeds of this sale were €10.6 million. The Company has the obligation to purchase the property back after 15 years for €8.2 million. The Company may also repurchase the property at its option from the first until the tenth year of the arrangement for the present value of the future lease payments and the remaining residual value.

The Company is also required to pay the bank a monthly deposit of €0.01 million, which will be repaid to the Company, plus interest of 6.7%, at the time of repurchase.

Because of the Company's continuing involvement, this transaction has been accounted for as a financing such that the Company has recorded €10.6 million of cash and long-term borrowings.

The Company's future minimum lease payments as of December 31, 2003, are as follows:

	(in thousands)
2004	$ 1,014
2005	1,014
2006	1,014
2007	1,014
2008	1,014
Thereafter	18,929
Total minimum payments	24,001
Amount representing interest	(10,772)
Obligations under financing activity	13,230
Obligations due within one year	(138)
Long-term obligations under financing activity	$ 13,092

As of December 31, 2003 the net book value of land and building under the sale-leaseback arrangement consists of the following (in thousands):

	Land	Building
Cost	$ 1,288	$ 10,593
Less: Accumulated depreciation	--	(8,540)
Net book value	$ 1,288	$ 2,053

Mortgage Agreement

In 2002, one of the Company's subsidiaries entered into a mortgage agreement secured by the Penn Phoenix property with an unrelated financial institution of $4.8 million over a 15 year term at an interest rate of 7.33%.

Other Long-Term Debt

Other long-term debt comprises secured loans in Austria, Italy and Czech Republic outstanding with several banks. The weighted average interest rate on outstanding borrowings was 3.9% and 2.7% as of December 31, 2002 and 2003, respectively. Borrowings mature at various dates through 2009.

Maturities of Long-Term Debt

Aggregate maturities of long-term debt, other than the sale-leaseback transaction and before reclassification are as follows (in thousands):

	December 31, 2003
2004	$ 3,254
2005	3,003
2006	85,483
2007	2,604
2008	5,869
Thereafter	2,124
	$ 102,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 14 – Pension and Other Postretirement Benefit Plans

The Company funds leaving indemnities and pension liabilities paid to employees at some Austrian and other European locations. The indemnities are based upon years of service and compensation levels and are generally payable upon retirement or dismissal in some circumstances, after a predetermined number of years of service. The Company maintains sufficient assets to meet the minimum funding requirements set forth by the regulations in each country.

The table below shows the obligations and funded status as of December 31, 2002 and 2003 (in thousands):

	Pension Benefits		Other Benefits	
	2002	2003	2002	2003
Change in benefit obligation				
Benefit obligation at beginning of year	$ 6,850	$ 8,301	$ 11,775	$ 14,318
Service cost	449	541	1,408	1,643
Interest cost	346	444	351	456
Plan amendments	--	(22)	--	--
Actuarial loss (gain)	(39)	(268)	260	138
Benefit payments	(251)	(275)	(1,152)	(2,808)
Translation adjustment	945	1,671	1,676	2,849
Benefit obligation at end of year	8,301	10,392	14,318	16,595
Change in plan assets				
Fair value of plan assets at beginning of year	4,108	4,490	--	--
Actual return on plan assets	(380)	201	--	--
Employer contribution	198	185	--	--
Benefit payments	(69)	(57)	--	--
Plan participants' contributions	138	114	--	--
Asset transferred out	--	(10)	--	--
Translation adjustment	495	808	--	--
Fair value of plan assets at end of year	4,491	5,730	--	--
Funded status	3,810	4,661	14,318	16,595
Unrecognized net actuarial gain	(737)	(849)	(1,931)	(2,109)
Unrecognized prior service cost	126	96	--	--
Unrecognized net transition obligation	48	56	19	--
Translation adjustment	(61)	(81)	(328)	(277)
Net amount recognized	$ 3,186	$ 3,884	$ 12,077	$ 14,210

Amounts recognized in the statement of financial positions consists of (in thousands):

	Pension Benefits		Other Benefits	
	2002	2003	2002	2003
Other assets	$ (343)	$ (404)	$ --	$ --
Accrued benefit cost	3,589	4,355	12,077	14,210
Accumulated other comprehensive income	(60)	(67)	--	--
Net amount recognized	$ 3,186	$ 3,884	$ 12,077	$ 14,210

As of December 31, 2002 and 2003 pension plans with an accumulated benefit obligation excess of plan assets consist of the following (in thousands).

	December 31	
	2002	2003
Projected benefit obligation	$ 832	$ 884
Fair Value of plan assets	383	465

The Company's assets consist of equity funds at December 31, 2002 and 2003.

As of December 31, 2002 and 2003, the components of net periodic benefit costs consist of the following (in thousands):

	Pension Benefits		Other Benefits	
	2002	2003	2002	2003
Service cost	$ 449	$ 541	$ 1,408	$ 1,643
Interest cost	346	444	351	456
Expected return on plan assets	(256)	(306)	--	--
Amortization of transition asset	--	(3)	--	--
Amortization of prior service cost	--	(22)	--	--
Recognized actuarial loss	16	14	58	264
Net periodic benefit cost	$ 555	$ 668	$ 1,818	$ 2,363

As of December 31, 2002 and 2003 the weighted average assumptions used to determine benefit obligations are as follows:

	Pension Benefits		Other Benefits	
	2002	2003	2002	2003
Discount rate	5.3%	5.0%	5.0%	5.0%
Rate of compensation increase	3.2%	3.0%	3.0%	3.0%

As of December 31, 2002 and 2003 the weighted average assumptions used to determine net periodic benefit cost are as follows:

	Pension Benefits		Other Benefits	
	2002	2003	2002	2003
Discount rate	4.8%	4.7%	5.0%	5.0%
Expected long-term return on plan assets	5.8%	5.3%	--	--
Rate of compensation increase	2.9%	2.7%	3.0%	3.0%

Note 15 - Commitments and Contingencies

Operating Leases

The Company leases certain office space, warehouse facilities, transportation and office equipment under operating leases which expire at various dates through 2009. Rent expense was approximately $2.3 million, $3.1 million and $3.6 million for the years ended December 31, 2001, 2002 and 2003, respectively.

Future minimum payments under non-cancelable operating leases with initial or remaining lease terms in excess of one year are as follows as of December 31, 2003 (in thousands):

		December 31, 2003
2004	$	4,700
2005		3,997
2006		3,363
2007		2,969
2008		2,511
Thereafter		596
	$	18,136

Litigation

From time to time the Company and its subsidiaries are involved in legal proceedings, claims and litigation arising in the ordinary course of business. In the opinion of management it is not possible to reasonably estimate the outcome of current legal proceedings, claims and litigation. However, management believes that the resolution of these matters will not materially affect the Company's financial position.

Note 16 – Accumulated Other Comprehensive Income Balance

The following table shows the components of AOCI:

	For the Year Ended December 31, 2003				
	Foreign Currency Translation Adjustment	Unrealized Gains on Derivative Instruments	Minimum Pension Liabilities	Unrealized Loss on Securities	Accumulated Other Comprehensive Income
	(in thousands)				
Beginning balance	$ 22,210	$ 102	$ (60)	$ (138)	$ 22,114
Current-period changes	26,543	511	--	33	27,087
Translation Adjustments	--	(20)	(7)	(32)	(59)
Ending balance	$ 48,753	$ 592	$ (67)	$ (137)	$ 49,142

Note 17 – Shareholders' Equity

The Company is a Naamloze Vennootschap ("N.V."), a limited liability company under Dutch law. The registered capital of a N.V. is in the form of shares which represent negotiable securities. The minimum registered and authorised capital requirement is €225,000 (approximately $0.24 million) and the minimum paid in capital requirement for a N.V. is €45,000 (approximately $0.05 million).

At December 31, 2002 and 2003, 39,820,677 shares were issued, respectively.

Dividends

The Company declared and paid a dividend of €0.14 (approximately $0.13) per share during the year ended December 31, 2002. In 2003, due to the current economic environment the Company did not consider it prudent to pay a dividend.

Treasury Stock

On May 28, 2002, the Board of Management was granted the authority to repurchase shares representing up to 10% of the Company's issued share capital was extended until November 28, 2003. Pursuant to this resolution between August 15, 2002 and October 21, 2002 the Company purchased 1,247,050 shares of treasury stock at the prevailing price in the total amount of $3.0 million.

Pursuant to resolutions which were approved on May 20, 2003 the Board of Directors is authorized to buy back a maximum of 30% of the Company's issued share capital during a period of 18 months, although the Company will not hold more than 10% of the Company's issued shares at any time. For the year ended December 31, 2003, the Company has purchased 577,775 shares of treasury stock at the prevailing price in the total amount of $1.2 million.

As of December 31, 2002 and 2003, the Company held 1,843,460 and 2,421,235 treasury shares, respectively.

Stichting

The Stichting Head Option Plan (the "Stichting") is a Dutch foundation, the Board of which is Head Sports Holdings N.V., an entity that is ultimately controlled by Johan Eliasch and his family members. The Stichting holds, votes, and receives dividends on certain of the Company's ordinary shares. In conjunction with the Company's option plans (see Note 27), the Stichting also issues depository receipts to option holders, upon exercise of the option. Holders of depositary receipts are entitled to dividends paid on the Company's shares and to proceeds on the sales of their shares upon request to the Stichting. However, such holders have no voting rights.

On May 25, 2001, Head N.V. transferred 2,041,300 shares, with an original cost of $10.6 million, to the Stichting. The Stichting will use these shares to fulfill the Company's obligations under the Head Tyrolia Mares Group Executive Stock Option Plan 1998. The Stichting intends to remit proceeds from the exercise of employee stock options to the Company. Such shares have been recorded as a reduction of the Company's equity.

In 2002, option holders exercised 607,622 options under "Plan 1998". The Company repurchased certain of these shares via the Stichting at a market price of $1.3 million.

In 2003, 56,790 options under our stock option plan 1998 were exercised at a price between $0.29 and $0.31 per share.

As of December 31, 2002 and 2003, the Stichting held 1,433,678 and 1,376,888 treasury shares, respectively.

Note 18 – Income Taxes

The following table summarizes the significant differences between the Dutch federal statutory tax rate and the Company's effective tax rate for financial statement purposes.

	For the Years Ended December 31,		
	2001	2002	2003
Dutch statutory tax rate	35.0%	34.5%	34.5%
Tax rate differential	(0.4)	159.1	(0.1)
Other	(2.9)	26,437.7	(6.9)
Foreign rate differentials	0.4	(1,127.7)	0.7
Valuation allowance	(4.5)	(7,970.3)	(34.2)
Effective tax rate	27.6%	17,533.3%	(6.0%)

In 2002, the Dutch statutory tax rate differed from the effective tax rate primarily due to significant incremental income tax in Austria and Italy.

Deferred tax assets (liabilities) consist of the following as of December 31, 2002 and 2003 (in thousands):

	December 31,	
	2002	2003
Short-term:		
Deferred tax assets:		
Tax loss carried forward	$ 3,306	$ 4,437
Inventory reserve	4,690	5,387

Reserve for doubtful accounts		1,420		2,441
Other		2,093		3,536
Total Short-term deferred tax assets		11,509		15,800
Deferred tax liabilities:				
Deferred expenses	$	(1,473)		(1,291)
Accrued liabilities		(265)		(240)
Other		(454)		(3,006)
Total Short-term deferred tax liabilities		(2,192)		(4,537)
Total Short-term deferred tax assets, net	$	9,317	$	11,262

The short-term deferred tax assets, net is classified in prepaid expenses.

	December 31,			
		2002		2003
Long-term:				
Deferred tax assets:				
Tax loss carried forward	$	102,094	$	130,134
Intangible assets		1,533		617
Fixed assets		596		833
Lease obligations		3,773		4,498
Other		730		887
Total Long-term deferred tax assets		108,726		136,969
Deferred tax liabilities:				
Investments	$	(16,291)		(18,820)
Fixed assets		(1,608)		(1,952)
Other		(1,046)		(778)
Total Long-term deferred tax liabilities		(18,945)		(21,551)
Valuation allowance		(11,633)		(23,358)
Total Long-term deferred tax asset, net	$	78,148	$	92,060

The Company has net operating loss carryforwards of approximately $307.2 million and $394.5 million as of December 31, 2002 and 2003, respectively. These net operating losses are available in the following jurisdictions (in thousands):

	December 31,			
		2002		2003
Austria	$	276,233	$	348,791
Germany		8,648		19,184
Other Europe		812		4,615
Japan		318		--
North America		21,204		21,916
	$	307,215	$	394,506

The table below shows income (loss) before income taxes by geographic region (in thousands):

	For the Years Ended December 31,		
	2001	2002	2003
Austria	$ 10,505	$ 2,420	$ 1,497
Germany	(233)	129	5
Other Europe	(3,441)	(289)	(15,123)
Japan	1,134	1,276	1,198
North America	6,608	(3,520)	(1,401)
Total	$ 14,573	$ 15	$ (13,825)

In July 1996, commensurate with the European Commission's (EC) decision allowing the contribution received by HTM Sport- und Freizeitgeräte AG (HTM) from Austria Tabak (former owner) as restructuring aid, the EC limited the utilization of certain net operating losses (approximately $65.5 million as of December 31, 2003). These net operating losses and any related deferred tax asset are not included in the above amounts due to the limitation.

In light of the Company's profitability, the Company released a substantial portion of the valuation allowance in 2001 relating to net operating loss carryforwards.

Austria and Germany allow an unlimited carryover of net operating losses, whereas Japan and the United States allow 5 and 15 year carryovers, respectively.

Note 19 – Employee Termination and Other Related Costs

The company accrued a one time employee termination benefit and other related costs of $ 0.8 million in the first quarter of 2001 which is included in general and administrative expense in the accompanying consolidated financial statements of operations.

Note 20 - Research and Development Expense

The Company incurred research and development expense in the amount of $9.5 million, $11.0 million and $13.6 million for the years ended December 31, 2001, 2002 and 2003, respectively. Research and development expense is included in cost of sales in the accompanying statements of operations.

Note 21 – Advertising Expense

The Company incurred advertising costs of $35.7 million, $32.8 million and $36.9 million for the years ended December 31, 2001, 2002 and 2003, respectively. Advertising expenses are included in selling and marketing expense in the accompanying consolidated statement of operations.

Note 22 - Segment Information

The Company operates in one industry segment, Sporting Goods. The tables below show revenues from external customers and long-lived assets by geographic region based on the location of the Company's subsidiaries (in thousands):

	For the Years Ended December 31,		
	2001	2002	2003
Revenues from External Customers:			
Austria	$ 67,753	$ 61,151	$ 85,511
Italy	63,924	60,554	60,778
Germany	41,818	41,845	47,946
France	29,077	27,885	33,212
United Kingdom / Ireland	8,345	17,923	20,590
Japan	17,940	20,098	21,697
Other (Europe)	31,254	34,235	40,632
North America	131,911	123,794	120,843
Total revenues	$ 392,021	$ 387,487	$ 431,208

	December 31,	
	2002	2003
Long-lived assets:		
Austria	$ 20,722	$ 24,242
Italy	21,553	22,953
Germany	1,019	841
France	199	218
United Kingdom / Ireland	6,102	3,992
Japan	1,516	1,625
Other (Europe)	9,857	12,360
North America	32,426	30,699
Total Assets	$ 93,393	$ 96,930

Note 23 - 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 $1.2 million, $1.2 million and $3.5 million for the years ended December 31, 2001, 2002 and 2003, respectively. The company is based in the Netherlands and provides investor relations, corporate finance, legal and consulting services.

In 2002 and 2003, one of the Company's subsidiaries leased its office building from its general manager. Rental expenses amounted to approximately $0.1 million and $0.04 million for the years ended December 31, 2002 and 2003.

Note 24 – Invested Intercompany Loans

As of January 2, 2003 one of the Company's euro-based subsidiaries reclassified non-euro denominated intercompany accounts receivable to permanently invested intercompany receivables of $36.1 million and recorded foreign exchange losses of $6.6 million in other comprehensive income.

Note 25 – Gain on sale of Property

In 2001 and 2002, the Company sold in parts the building used in its Italian operations for $1.1 million and $0.6 million, respectively, resulting in a gain of $0.9 million in 2001 and $0.4 million in 2002.

The Company's total proceeds on the sale of property were $1.1 million, $2.1 million and $0.3 million resulting in gains of $0.9 million, $0.8 million and a loss $0.1 million for the years ended December 31, 2001, 2002 and

2003, respectively. These gains (loss) are included in general and administrative expense in the accompanying consolidated statements of operations.

Note 26 – Equity investment

The Company owned an interest in a distribution company which was accounted for under the equity method of accounting. During 2001, the Company wrote down its investment and note receivable balance and recorded an additional liability associated with the Company's $1.1 million share of the investment's net loss, due to a $0.7 million guarantee provided to the investment. On December 14, 2001, the Company divested the distribution company with no further obligations.

Note 27 – Stock Option Plans

The Company accounts for its stock options in accordance with SFAS 123. Accordingly, the Company records stock-based compensation expense based on the grant-date fair values of the stock options computed using the Black-Scholes option pricing model. Stock-based compensation expense is recognized over the vesting term of the options and amounted to $2.0 million, $1.6 million and $0.7 million for the years ended December 31, 2001, 2002 and 2003, respectively.

Plan 1998

In November 1998, the Company adopted the Head Tyrolia Mares Group Executive Stock Option Plan (the "Plan"). A total of 2,424,242 options were reserved to be granted under the terms of the Plan. The Plan provided for grants of stock options to officers and key employees of Head N.V. and its subsidiaries. The exercise price for all stock options granted under the Plan was fixed at inception of the Plan and increases at the rate of 10% per annum until the options are exercised. Options generally vest over a period of 4 years and are subject to the Company meeting certain earnings performance targets during this period. Options vested under the plan were not exercisable prior to the end of the two year lock-up period following the initial public offering. Options have a maximum term of 10 years. As of December 31, 2003, 145,848 shares were available for grant under the Plan.

The weighted average grant-date fair values using the Black-Scholes option pricing model was $5.42 and $8.84 per share for options granted in 1999 and 2000, respectively.

The fair values of options granted during 1999 and 2000 were estimated on the date of grant using the following weighted average assumptions: no dividends; expected volatility of 0% (all options granted prior to IPO); expected terms of 3.6 and 4.0 years, respectively; and risk free interest rates of 5.76% and 6.63%, respectively. The Company has also assumed that all performance targets will be achieved and all options granted will become fully vested.

As of December 31, 2003, the weighted average remaining contractual life of the outstanding stock options is 5.6 years, and 770,528 options are vested and exercisable.

	Exercise Price Less Than Grant Date Stock Fair Value	
	Number of of shares	Weighted average exercise price
Balance, December 31, 1998	1,465,686	$ 0.32
Granted	783,620	0.32
Balance, December 31, 1999	2,249,306	0.32

Granted	29,088	0.32
Balance, December 31, 2000 and 2001	2,278,394	0.32
Exercised (see Note 17)	(607,622)	0.32
Balance, December 31, 2002	1,670,772	0.32
Exercised (see Note 17)	(56,790)	0.32
Balance, December 31, 2003	1,613,982	$ 0.32

Plan 2001

In September 2001, the Company adopted the Head N.V. Executive Stock Option Plan 2001 (the "Plan 2001"). The Plan 2001 provides for grants of stock options to officers and employees of Head N.V. and its subsidiaries. On September 28, 2001, a total of 3,982,068 options were granted under the terms of the Plan 2001. In accordance with SFAS No. 123, the Company records stock-based compensation expense on the grant-date fair values of the stock options computed using the Black-Scholes option pricing model. As of December 31, 2001, the weighted-average fair value of the grant was $0.77, which was estimated using the following assumptions: no dividends, expected volatility of 28%, expected term of 5.6 years, and risk-free interest rate of 3.6%.

The exercise price for all stock options granted under the Plan was fixed at inception of the Plan 2001. The vesting period varies from 0 to 6 years. The Chairman and Chief Executive Officer received 1,426,470 options under this grant, which vested immediately. The Company assumes that all options granted will become fully vested. Options have a maximum term of 10 years. As of December 31, 2003 no shares were available for grant under the Plan 2001.

	Exercise Price Greater Than Grant Date Stock Fair Value	
	Number of of shares	Weighted average exercise price
Balance, December 31, 2000	0	$ --
Granted	3,982,068	4.31
Balance, December 31, 2001, 2002 and 2003	3,982,068	$ 4.31

As of December 31, 2003, the weighted average remaining contractual life of the outstanding stock options is 7.7 years, and 1,701,480 options are exercisable under the Plan 2001.

Note 28 – Restructuring Costs

In 2003 the Company announced a number of restructuring initiatives.

US facility consolidation

In order to increase utilization of the Company's warehouse facilities and to centralize headquarter functions the Company recorded restructuring costs $0.4 million consisting of termination benefits incurred for the movement of our US winter sports organization to our US headquarters, the shutdown of current warehouse facilities and, the closing of the office, and other costs associated with the restructuring program. As of December 31, 2003, these restructuring activities were completed and no additional costs are expected to be incurred.

Additionally, the Company shut down its US warehouse for diving products. Upon discontinuing use of the facility we expensed $0.4 million for excess rent. This restructuring process was finalized in January 2004.

Ireland facility closure

Further to improve utilization of the Company's production capabilities, the Company announced and is in the process of closings its tennis ball production facility in Mullingar, Ireland and transferring these operations to its existing, under-utilized plant in Phoenix, Arizona. We recognized costs totaling $7.0 million relating to this program consisting of an impairment and employee severance costs. The closing of the plant is scheduled for March 2004. In connection with these efforts we expect to incur additional costs of $2.1 million.

Estonia closure

The Company has transferred all of its manufacturing operations in Tallinn, Estonia, which manufacture ski boots and certain diving products, to a recently purchased plant in Litovel in the Czech Republic and expensed $0.6 million. The Company has already ceased production at its Estonia plant in preparation for the closing, currently scheduled for the end of 2004, and the subsequent sale of the property.

Impairment, restructuring charges and other related restructuring program costs incurred in 2003 are summarized as follows (in thousands):

	Impairment	Employee termination benefits	Excess rent	Other related restructuring program costs	Total impairment, restructuring charges and other related restructuring program
US facility consolidation	$ --	$ 427	$ 380	$ --	$ 807
Ireland facility closure	2,625	4,362	--	--	6,988
Estonia closure	--	386	--	187	573
	2,625	5,175	380	187	8,368
Identified restructuring and future related program costs	--	--	--	2,111	2,111
Total restructuring costs	$ 2,625	$ 5,175	$ 380	$ 2,298	$ 10,479
Restructuring costs					
accrued	$ --	$ 4,420	$ 380	$ --	$ 4,800
paid/incurred	2,625	755	--	187	3,567
Restructuring costs incurred in 2003	$ 2,625	$ 5,175	$ 380	$ 187	$ 8,368

Note 29 – Subsequent Events

In January 2004, one of the Company's subsidiaries sold €135.0 million of 8.5% unsecured senior notes due 2014, guaranteed by Head N.V. and certain of its subsidiaries. An application has been made to list the notes on the Luxembourg Stock Exchange.

With the proceeds from the sale, all of the Company's outstanding 10.75% senior notes due 2006 were redeemed. The total redemption payment was €70.1 million of which €3.5 million represents the redemption premium. In addition, the Company expects to use a portion of the remaining proceeds to repay €31.5 million of other outstanding debt. As of December 31, 2003, €25.1 million ($31.8 million) short-term loans have been reclassified to long-term debt due to the Company's intention to refinance them by senior notes. The remainder of the proceeds will be used for working capital and general corporate purposes.

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€135,000,000

HTM Sport- und Freizeitgeräte AG

8 ½% Senior Notes due 2014

HEAD

OFFERING MEMORANDUM

Citigroup

June 22, 2004

HEAD N.V.
BALANCE SHEET AT DECEMBER 31, 2003
(before appropriation of results)

	December 31, 2003	December 31, 2002
	(in thousands)	
Fixed assets:		
Financial fixed assets	$ 239,523	$ 232,097
Total fixed assets	239,523	232,097
Current assets:		
Debtors	513	186
Amounts receivables from shareholders and from other participating interests	474	433
Prepaids	24	137
VAT to be received	(36)	(7)
Cash	2,199	393
Total current assets	3,174	1,142
Current liabilities (due within one year):		
Amounts owed to group companies	4,516	3,849
Trade creditors	27	88
Accruals	1,046	638
Current assets less current liabilities	(2,415)	(3,433)
Total assets less current liabilities	237,108	228,664
Net assets	237,108	228,664
Shareholders' equity:		
Share capital	10,059	8,352
Share premium	144,336	145,829
Foreign currency translation adjustment	40,500	12,434
Retained earnings	59,827	65,722
Result for the year	(17,614)	(3,673)
Shareholders' equity	$ 237,108	$ 228,664

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

HEAD N.V.
STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2003

	For the Years Ended December 31,	
	2003	2002
	(in thousands)	
Net income from participating interest	$ (14,291)	$ (1,054)
Net other loss	(3,323)	(2,619)
Net income /(loss)	$ (17,614)	$ (3,673)

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

HEAD N.V.
NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

Note 1 – Summary of Significant Accounting Policies

The assets and liabilities are stated using the same accounting principles as disclosed in the notes to the consolidated financial statements for the year ended December 31, 2003.

Note 2 – Statement of Income of Parent Company

The parent company's financial particulars have been included in the consolidated financial statements. Accordingly Article 402, Title 9, Book 2 on the Civil Dutch Code has been applied in respect of the parent company's statement of income.

Note 3 - Investments in Subsidiaries

The following investment is stated under the equity method:

Name of investment	Legal Seat
Head Holding Unternehmensbeteiligung GmbH	Vienna, Austria

Note 4 - Cash and Cash Equivalents

Cash and cash equivalents consists of the following (in thousands):

	December 31, 2003	December 31, 2002
MeesPierson EUR	$ 1,406	$ 217
MeesPierson USD	682	101
Morgan Stanley USD	10	35
Morgan Stanley EUR	87	23
Creditanstalt	1	1
Goldmann Sachs	13	13
Other	--	3
	$ 2,199	$ 393

Note 5 - Financial Fixed Assets

Financial fixed assets consist of the following (in thousands):

	Book value Jan 1, 2003	Cost of assets acquired	Book value of disposed assets	Income from participating interest	Translation adjustments	Book value Dec 31, 2003
Financial fixed assets	$ 232,097	$ --	$ --	$ (14,291)	$ 21,718	$ 239,523

HEAD N.V.
NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

Note 6 – Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following (in thousands):

	December 31, 2003	December 31, 2002
Management and administration fee	$ 35	$ 94
Audit, consulting and legal fee	85	88
Creditors	27	88
Credits against group companies	4,516	3,849
Accrued expenses	926	456
	$ 5,589	$ 4,575

Note 7 - Income from Investment in Subsidiary

Income from investment in subsidiary is as follows (in thousands):

	For the Years Ended December 31, 2003	2002
Head Holding Unternehmensbeteiligung GmbH	$ (14,291)	$ (1,054)

Note 8 - Net Other Income

Other income and expenses consist of the following (in thousands):

	For the Years Ended December 31, 2003	2002
Net turnover	$ 148	$ 117
Financial results	262	149
Consultancy charges	(3,081)	(1,213)
Other	(652)	(1,672)
Net other loss	$ (3,323)	$ (2,619)

HEAD N.V.
NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

Note 9 – Directors' Remuneration

The Company has four managing directors and four supervisory board directors. The table below shows the remuneration of the directors of the group for the year ended December 31, 2003 (in thousands):

	Paid	Accrued for future payments
Directors' Board		
Johan Eliasch	$ 644	$ --
Ralf Bernhart	541	39
George Nicolai	11	–
Robert van de Voort	11	–
	$ 1,207	$ 39
Supervisory Board		
Karel Vuursteen	$ 10	$ –
Viktor Klima	10	–
William S. Cohen	10	–
Jürgen Hintz	10	–
	$ 40	$ –

The company did not record or pay any pension or termination charges, profit sharing or bonuses during the year.

Under the Head Tyrolia Mares Group Executive Stock Option Plan 1998 we have issued options to purchase depositary receipts representing ordinary shares to our Management and Supervisory Board members. Options vest over a period of four years and are subject to the Company meeting specified earnings performance targets during this period. These options were exercisable beginning on January 1, 2002.

The exercise price for all stock options granted under the 1998 Plan was fixed at inception of the Plan and increases at the rate of 10% per annum until the options are exercised.

As of December 31, 2003, 175,714 and 7,272 options were granted to our Management and Supervisory Board members, respectively. The exercise price was $0.32.

Under the Head N.V. Executive Stock Option Plan 2001 we have issued options to purchase an aggregate of 2,201,474 depositary receipts representing ordinary shares to our Management and Supervisory Board members. The exercise price for all stock options granted under the 2001 Plan was fixed at inception of the Plan at $4.31. The vesting period varies from 0 to 6 years. Options have a maximum term of 10 years. As of December 31, 2003, 1,426,470 and 220,008 options were granted to our Management and Supervisory Board members, respectively.

The table below shows the details of both Executive Option Plans:

	Exercise price at the issuance	Number of non-exercised shares at beginning of the year	Number of written shares	Number of exercised shares	Exercise price	Number of non-exercised shares at the end of the year
Option Plan 1998						
Ralf Bernhart..	--	175,714	--	--	--	175,714
Christoph Henkel..................................	--	3,636	--	--	--	3,636
René Jäggi..	--	3,636	--	--	--	3,636
Option Plan 2001						
Johan Eliasch..	4.31	1,426,470	--	--	--	1,426,470
Karel Vuursteen....................................	4.31	40,002	15,000	--	--	55,002
Christoph Henkel..................................	4.31	40,002	15,000	--	--	55,002
Viktor Klima...	4.31	40,002	15,000	--	--	55,002
William S. Cohen..................................	4.31	40,002	15,000	--	--	55,002
René Jäggi..	4.31	40,002	--	--	--	40,002
Jürgen Hintz...	4.31	--	25,002	--	--	25,002

Note 10 – Shareholders' Equity

The Company is a Naamloze Vennootschap ("N.V."), a limited liability company under Dutch law. The registered capital of a N.V. is in the form of shares which represent negotiable securities. The minimum registered and authorised capital requirement is €225,000 (approximately $0.24 million) and the minimum paid in capital requirement for a N.V. is €45,000 (approximately $0.05 million).

At December 31, 2002 and 2003, 39,820,677 shares were authorized and issued, respectively.

Dividends

The Company declared and paid a dividend of €0.14 (approximately $0.13) per share during the year ended December 31, 2002. In 2003, due to the current economic environment the Company did not consider it prudent to pay a dividend.

Treasury Stock

On May 28, 2002, the Board of Management was granted the authority to repurchase shares representing up to 10% of the Company's issued share capital was extended until November 28, 2003. Pursuant to this resolution between August 15, 2002 and October 21, 2002 the Company purchased 1,247,050 shares of treasury stock at the prevailing price in the total amount of $3.0 million.

Pursuant to existing resolutions which were approved on May 20, 2003 the Board of Directors is authorized to buy back a maximum of 30% of the Company's issued share capital during a period of 18 months, although the Company will not hold more than 10% of the Company's issued shares at any time. For the year ended December 31, 2003, the Company has purchased 577,775 shares of treasury stock at the prevailing price in the total amount of $1.2 million.

HEAD N.V.
NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

As of December 31, 2002 and 2003, the Company held 1,843,460 and 2,421,235 treasury shares, respectively.

	Ordinary Shares		Share	Retained	Result for	Foreign Translation Currency	Total Stockholders'
	Shares	Amount	Premium	Earnings	the year	Adjustment	Equity
			(in thousands, except shares)				
Balance at December 31, 2001	39,820,677 $	7,019 $	131,475 $	66,166 $	9,424	(2,674) $	211,409
Result 2001	–	–	– $	9,424 $	(9,424)	–	–
Dividend paid	–	–	–	(5,233)	–	–	(5,233)
Stock-based compensation	–	–	1,632	–	–	–	1,632
Purchase of treasury stock	(1,843,460)	–	–	(4,334)	–	–	(4,334)
Proceeds from executed option	–	–	170	–	–	–	170
Net loss 2002	–	–	–	–	(3,673)	–	(3,673)
Foreign currency translation adjustment	–	1,333	12,552	(301)	–	15,108	28,693
Balance at December 31, 2002	37,977,217 $	8,352 $	145,829 $	65,722 $	(3,673)	12,434 $	228,664
Result 2002	–	–	– $	(3,673) $	3,676	–	–
Stock-based compensation	–	–	654	–	–	–	654
Purchase of treasury stock	(577,775)	–	–	(1,151)	–	–	(1,151)
Proceeds from executed option	–	–	17	–	–	–	17
Net loss 2003	–	–	–	–	(17,614)	–	(17,614)
Foreign currency translation adjustment	–	1,707	(2,164)	(1,070)	–	28,066	26,539
Balance at December 31, 2003	37,399,442 $	10,059 $	144,336 $	59,827 $	(17,614)	40,500 $	237,108

Stichting Head Option Plan

The Stichting Head Option Plan (the "Stichting") is a Dutch foundation, the Board of which is Head Sports Holdings N.V., an entity that is ultimately controlled by Johan Eliasch and his family members. The Stichting holds, votes, and receives dividends on certain of the Company's ordinary shares. In conjunction with the Company's option plans (see Note 23), the Stichting also issues depository receipts to option holders, upon exercise of the option. Holders of depositary receipts are entitled to dividends paid on the Company's shares and to proceeds on the sales of their shares upon request to the Stichting. However, such holders have no voting rights.

On May 25, 2001, Head N.V. transferred 2,041,300 shares, with an original cost of $10.6 million, to the Stichting. The Stichting will use these shares to fulfill the Company's obligations under the Head Tyrolia Mares Group Executive Stock Option Plan 1998. The Stichting intends to remit proceeds from the exercise of employee stock options to the Company. Such shares have been recorded as a reduction of the Company's equity.

In 2002, option holders exercised 607,622 options under "Plan 1998". The Company repurchased certain of these shares via the Stichting at a market price of $1.3 million.

In 2003, 56,790 options under our stock option plan 1998 were exercised at a price between $0.29 and $0.31 per share.

As of December 31, 2002 and 2003, the Stichting held 1,433,678 and 1,376,888 treasury shares, respectively and was consolidated in the annual financial statements of Head NV and subsidiaries.

HEAD N.V.
NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

Exchange rate for 2003 € 0.791766 = USD 1
Exchange rate for 2002 € 0.953562 = USD 1

Rotterdam,
March 31, 2004

Johan Eliasch	Ralf Bernhart	George Nicolai	Robert van de Voort
Chief Executive Officer	Chief Financial Officer	Managing Director	Managing Director

HEAD NV
OTHER INFORMATION

Auditors' Report

The report of the auditors, PriceWaterhouseCoopers Accountants N.V., is presented on page 41 of this report.

Appropriation of Result – Provisions in Company's Statutes

The Company's articles of association provide that the appropriation of profit is at the disposal of the Board of Management.

HEAD N.V.
BALANCE SHEET AT DECEMBER 31, 2002
(before appropriation of results)

	December 31, 2002	December 31, 2001
Fixed assets:	*(in thousands)*	
Financial fixed assets	$ 232,097	$ 212,098
Total fixed assets	232,097	212,098
Current assets:		
Debtors	186	133
Amounts receivables from shareholders and from other participating interests	433	555
Prepaids	137	85
VAT to be received	(7)	18
Cash	393	896
Total current assets	1,142	1,687
Current liabilities (due within one year):		
Amounts owed to group companies	3,849	1,573
Trade creditors	88	60
Accruals	638	743
Current assets less current liabilities	(3,433)	(689)
Total assets less current liabilities	228,664	211,409
Net assets	228,664	211,409
Shareholders' equity:		
Share capital	8,352	7,019
Share premium	145,829	131,475
Foreign currency translation adjustment	12,434	(2,674)
Retained earnings	65,722	66,166
Result for the year	(3,673)	9,424
Shareholders' equity	$ 228,664	$ 211,409

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

HEAD N.V.
STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2002

	For the Years Ended December 31,	
	2002	2001
	(in thousands)	
Net income from participating interest	$ (1,054)	$ 11,452
Net other loss	(2,619)	(2,028)
Net income /(loss)	$ (3,673)	$ 9,424

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

HEAD N.V.
NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

Note 1 – Summary of Significant Accounting Policies

The assets and liabilities are stated using the same accounting principles as disclosed in the notes to the consolidated financial statements for the year ended December 31, 2002.

Note 2 – Statement of Income of Parent Company

The parent company's financial particulars have been included in the consolidated financial statements. Accordingly Article 402, Title 9, Book 2 on the Civil Dutch Code has been applied in respect of the parent company's statement of income.

Note 3 - Investments in Subsidiaries

The following investment is stated under the equity method:

Name of investment	Legal Seat
Head Holding Unternehmensbeteiligung GmbH	Vienna, Austria

Note 4 - Cash and Cash Equivalents

Cash and cash equivalents consists of the following (in thousands):

	December 31, 2002	December 31, 2001
MeesPierson EUR	$ 217	$ 590
MeesPierson USD	101	141
Morgan Stanley USD	35	1
Morgan Stanley EUR	23	150
Creditanstalt	1	--
Goldmann Sachs	13	14
Other	3	--
	$ 393	$ 896

Note 5 - Financial Fixed Assets

Financial fixed assets consist of the following (in thousands):

	Book value Jan 1, 2002	Cost of assets acquired	Book value of disposed assets	Income from participating interest	Translation adjustments	Book value Dec 31, 2002
Financial fixed assets	$ 212,098	$ –	$ –	$ (1,054)	$ 21,054	$ 232,097

Note 6 – Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following (in thousands):

	December 31, 2002	December 31, 2001
Management and administration fee	$ 94	$ 9
Tax advisor charges	--	32
Audit, consulting and legal fee	88	112
Creditors	88	60
Credits against group companies	3,849	1,573
Accrued expenses	456	590
	$ 4,575	$ 2,376

Note 7 - Income from Investment in Subsidiary

Income from investment in subsidiary is as follows (in thousands):

	For the Years Ended December 31, 2002	For the Years Ended December 31, 2001
Head Holding Unternehmensbeteiligung GmbH	$ (1,054)	$ 11,452

HEAD N.V.
NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

Note 8 - Net Other Income

Other income and expenses consist of the following (in thousands):

		2002		2001
Net turnover	$	117	$	104
Financial results		149		834
Consultancy charges		(1,213)		(1,371)
Other		(1,672)		(1,595)
Net other loss	$	(2,619)	$	(2,028)

Note 9 – Directors' Remuneration

The Company has four managing directors and four supervisory board directors. The table below shows the remuneration of the directors of the group for the year ended December 31, 2002 (in thousands):

		Paid		Accrued for future payments
Directors' Board				
Johan Eliasch	$	524	$	–
Ralf Bernhart		410		31
George Nicolai		11		–
Robert van de Voort		11		–
	$	956	$	31
Supervisory Board				
Karel Vursteen	$	10	$	–
Christoph Henkel		10		–
Viktor Klima		10		–
William S. Cohen		10		–
	$	40	$	--

The company did not record or pay any pension or termination charges, profit sharing or bonuses during the year.

Under the Head Tyrolia Mares Group Executive Stock Option Plan 1998 we have issued options to purchase depositary receipts representing ordinary shares to our Management and Supervisory Board members. Options vest over a period of four years and are subject to the Company meeting specified earnings performance targets during this period. These options were exercisable beginning on January 1, 2002. However, a lock-up period was in effect for two years following the initial public offering on October 3, 2000.

The exercise price for all stock options granted under the 1998 Plan was fixed at inception of the Plan and increases at the rate of 10% per annum until the options are exercised.

As of December 31, 2002, 575,010 and 14,544 options were granted to our Management and Supervisory Board members, respectively. The exercise price was $0.26.

Under the Head N.V. Executive Stock Option Plan 2001 we have issued options to purchase an aggregate of 2,201,474 depositary receipts representing ordinary shares to our Management and Supervisory Board members. The exercise price for all stock options granted under the 2001 Plan was fixed at inception of the Plan at $4.31. The vesting period varies from 0 to 6 years. Options have a maximum term of 10 years. As of December 31, 2002, 1,626,474 and 175,714 options were granted to our Management and Supervisory Board members, respectively.

The table below shows the details of both Executive Option Plans:

	Exercise price at the issuance	Number of non exercised options at beginning of year	Number of written options	Number of exercised options	Number of shares	Exercise price	Number of non exercised options at the end of the year
Option Plan 1998							
Ralf Bernhart	--	175,714	--	--	--	--	175,714
Christoph Henkel	--	3,636	--	--	--	--	3,636
René Jäggi	--	3,636	--	--	--	--	3,636
Option Plan 2001							
Johan Eliasch	4.31	1,426,470	--	--	--	--	1,426,470
Karel Vursteen	4.31	25,002	15,000	--	--	--	40,002
Christoph Henkel	4.31	25,002	15,000	--	--	--	40,002
Viktor Klima	4.31	25,002	15,000	--	--	--	40,002
William S. Cohen	4.31	25,002	15,000	--	--	--	40,002
René Jäggi	4.31	25,002	15,000	--	--	--	40,002

Note 10 – Shareholders' Equity

The Company is a Naamloze Vennootschap ("N.V."), a limited liability company under Dutch law. The registered capital of a N.V. is in the form of shares, which represent negotiable securities. The minimum registered and authorised capital requirement is €225,000 (approximately $0.24 million) and the minimum paid in capital requirement for a N.V. is €45,000 (approximately $0.05 million).

At December 31, 2001 and 2002, 39,820,677 shares were authorized and issued, respectively.

Dividends

The Company declared and paid a dividend of €0.28 (approximately $0.25) per share and €0.14 (approximately $0.13) per share during the year ended December 31, 2001 and 2002, respectively.

HEAD N.V.
NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

Treasury Stock

Pursuant to existing resolutions, which were approved in August 2000, the Board of Directors was authorized to buy back 10% of the Company's outstanding share capital over the next fifteen months to support its share price. Between November 12, 2000 and May 21, 2001 the Company purchased 2,041,300 shares in the open market at the prevailing price in the total amount of $10.6 million.

On May 28, 2002, the Board of Management was granted the authority to repurchase shares representing up to 10% of the Company's issued share capital until November 28, 2003. Pursuant to this resolution between August 15, 2002 and October 21, 2002 the Company purchased 1,247,050 shares of treasury stock at the prevailing price in the total amount of $3.0 million.

Stichting

The Stichting Head Option Plan (the "Stichting") is a Dutch foundation, the Board of which is Head Sports Holdings N.V., an entity that is ultimately beneficially owned and controlled by Johan Eliasch and his family members The Stichting holds, votes, and receives dividends on certain of the Company's ordinary shares. In conjunction with the Company's option plans (see Note 28), the Stichting also issues depository receipts to optionholders, upon exercise of the option. Holders of depositary receipts are entitled to dividends paid on the Company's shares and to proceeds on the sales of their shares upon request to the Stichting. However, such holders have no voting rights.

On May 25, 2001, Head N.V. transferred 2,041,300 shares, with an original cost of $10.6 million, to the Stichting. The Stichting will use these shares to fulfill the Company's obligations under the Head Tyrolia Mares Group Executive Stock Option Plan 1998. The Stichting intends to remit proceeds from the exercise of employee stock options to the Company. Such shares have been recorded as a reduction of the Company's equity.

In October 2002, optionholders exercised 596,410 options under "Plan 1998." The Company repurchased these shares via the Stichting at market price of $1.3 million.

In December 2002, an additional 11,212 options under "Plan 1998" were exercised.

The authorized share capital of the company as at December 31, 2001 amount to $17,546,981 and consists of 99,551,692 ordinary shares of €0.20 each. Issued share capital amounts to $7,018,793 and consists of 39,820,677 ordinary shares with a nominal value of €0.20 each.

Share capital is translated at the foreign currency exchange rate at balance sheet date:

Exchange rate for 2002: € 0.95356 = USD 1
Exchange rate for 2001: € 1.13470 = USD 1

HEAD N.V.
OTHER INFORMATION

	Ordinary Shares		Additional	Treasury	Retained	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Paid-in Capital	Stock	Earnings	Income	Equity
	(in thousands, except shares)						
Balance at December 31, 2001	39,820,677 $	7,019 $	131,475 $	–	75,590 $	(2,674) $	211,409
Dividend paid	–	–	–	–	(5,233)	–	(5,233)
Stock-based compensation	–	–	1,632	–	–	–	1,632
Purchase of treasury stock	(1,843,460)	–	–	(4,334)	–	–	(4,334)
Proceeds from executed option	–	–	170		–	–	170
Net loss	–	–	–	–	(3,673)	–	(3,673)
Foreign currency translation adjustment	–	1,333	12,552	(301)	–	15,108	28,693
Balance at December 31, 2002	37,977,217 $	8,352 $	145,829 $	(4,634)	66,683 $	12,434	228,664

Rotterdam,
February 24, 2003

Johan Eliasch	Ralf Bernhart	George Nicolai	Robert van de Voort
Chief Executive Officer	Chief Financial Officer	Managing Director	Managing Director

HEAD N.V.
OTHER INFORMATION

Auditors' Report

The report of the auditors, PriceWaterhouseCoopers Accountants N.V., is presented on page 38 of this report.

Appropriation of Result – Provisions in Company's Statutes

The Company's articles of association provide that the appropriation of profit is at the disposal of the Board of Management.

HTM Sport- und Freizeitgeräte Aktiengesellschaft, Schwechat

Jahresabschluss zum 31. Dezember 2003, Lagebericht und Bestätigungsvermerk

FN 49060 y

HTM Sport- und Freizeitgeräte Aktiengesellschaft

BILANZEN zum 31. 12. 2003 und 31. 12. 2002

AKTIVA

	EUR 2003	EUR 2002
A. Anlagevermögen		
I. Immaterielle Vermögensgegenstände		
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile	729.968,00	686.841,00
2. Verschmelzungsmehrwert	187.239,52	561.718,35
	917.207,52	1.248.559,35
II. Sachanlagen		
1. Grundstücke, grundstücksgleiche Rechte und Bauten	189.126,00	202.010,00
2. technische Anlagen und Maschinen	1.845.096,57	2.211.808,17
3. Werkzeuge, Betriebs- und Geschäftsaustattung	6.973.414,77	4.520.461,09
4. geleistete Anzahlungen und Anlagen in Bau	81.751,88	1.811.956,77
	9.089.389,22	8.746.236,03
III. Finanzanlagen		
1. Anteile an verbundenen Unternehmen	71.631.785,09	71.569.658,18
2. Beteiligungen	103.690,71	103.690,71
3. Wertpapiere des Anlagevermögens	2.487.344,46	2.461.357,36
	74.222.820,26	74.134.706,25
B. Umlaufvermögen		
I. Vorräte		
1. Roh-, Hilfs- und Betriebsstoffe	1.264.868,76	886.297,52
2. unfertige Erzeugnisse	3.977.712,87	2.993.616,86
3. fertige Erzeugnisse und Waren	1.162.796,89	1.432.686,04
	6.405.378,52	5.312.600,42
II. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen aus Lieferungen und Leistungen	2.064.343,32	1.265.614,51
2. Forderungen gegenüber verbundenen Unternehmen	26.440.714,28	24.380.036,93
3. sonstige Forderungen und Vermögensgegenstände	1.662.935,02	1.813.246,09
	30.167.992,62	27.458.897,53
III. Kassenbestand, Schecks, Guthaben bei Kreditinstituten	17.719.491,65	19.733.535,12
C. Rechnungsabgrenzungsposten		
1. sonstige	186.596,74	359.838,89
	186.596,74	359.838,89
	138.708.876,53	136.994.573,59

PASSIVA

		EUR 2003	EUR 2002
A. Eigenkapital			
I. Grundkapital		7.267.200,00	7.267.200,00
II. Kapitalrücklagen			
1. gebundene		83,42	83,42
2. nicht gebundene		83.384.675,04	83.384.675,04
III. Gewinnrücklagen			
1. gesetzliche Rücklage		726.728,34	726.728,34
IV. Bilanzgewinn		29.317.326,44	22.061.940,90
davon Gewinnvortrag	22.061.940,90		
		120.696.013,24	113.440.827,70
B. Unversteuerte Rücklagen			
1. sonstige unversteuerte Rücklagen		330.495,61	613.567,51
		330.495,61	613.567,51
C. Rückstellungen			
1. Rückstellungen für Abfertigungen		3.021.637,00	2.715.725,00
2. Rückstellungen für Steuern		60.272,46	94.910,77
3. sonstige Rückstellungen		4.751.498,35	4.003.278,81
		7.833.407,81	6.813.914,58
D. Verbindlichkeiten			
1. Verbindlichkeiten gegenüber Kreditinstituten		5.000.000,00	5.000.000,00
2. erhaltene Anzahlungen auf Bestellungen		0,00	558.213,02
3. Verbindlichkeiten aus Lieferungen und Leistungen		1.112.272,94	603.193,17
4. Verbindlichkeiten gegenüber verbundenen Unternehmen		2.256.010,15	8.773.598,65
5. sonstige Verbindlichkeiten		1.480.676,78	1.191.458,96
davon aus Steuern 2003:	316.306,02		
2002:	260.874,04		
davon im Rahmen der soz. Sicherheit 2003:	369.428,28		
2002:	265.695,95		
		9.848.959,87	16.126.463,80
		138.708.876,53	136.994.573,59
Eventualverbindlichkeiten aus Haftungsverhältnissen		14.914.629,56	17.735.734,52

HTM Sport- und Freizeitgeräte Aktiengesellschaft

Tyroliaplatz 1
2320 Schwechat

Gewinn- und Verlustrechnungen
für die Zeiträume vom
1. Jänner bis 31. Dezember 2003
und vom 1. Jänner bis 31. Dezember 2002

		2003 EUR	2002 EUR
1.	Umsatzerlöse	43.901.676,14	36.824.396,80
2.	Veränderung des Bestandes an fertigen und unfertigen Erzeugnissen	721.499,86	(13.530,18)
3.	im Anlagevermögen berücksichtigte Eigenleistungen	1.466.003,31	1.141.224,88
4.	sonstige betriebliche Erträge		
	a) Erträge aus dem Abgang vom Anlagevermögen mit Ausnahme der Finanzanlagen	21.484,41	7.118.136,42
	b) Erträge aus der Auflösung von Rückstellungen	0,00	36.352,86
	c) Kursdifferenzen	187.491,28	0,00
	d) übrige	4.479.569,62	5.368.595,91
	Betriebliche Erträge	50.777.724,62	50.475.176,69
5.	Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
	a) Materialaufwand	(13.466.463,97)	(9.638.360,24)
	b) Aufwendungen für bezogene Leistungen	(3.080.819,42)	(1.863.215,12)
		(16.547.283,39)	(11.501.575,36)
6.	Personalaufwand		
	a) Löhne	(3.768.058,98)	(3.264.327,32)
	b) Gehälter	(8.105.072,54)	(7.530.900,00)
	c) Aufwendungen für Abfertigungen	(563.094,68)	(536.371,98)
	d) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	(3.273.658,38)	(2.848.113,22)
	e) sonstige Sozialaufwendungen	(226.199,73)	(147.077,00)
		(15.936.084,31)	(14.326.789,52)
7.	Abschreibungen		
	a) auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	(4.089.573,19)	(3.865.605,74)
8.	sonstige betriebliche Aufwendungen		
	a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen	(2.224,16)	(16.757,37)
	b) übrige	(13.096.723,69)	(11.539.816,62)
	c) Kursdifferenzen	0,00	(219.437,08)
		(13.098.947,85)	(11.776.011,07)
9.	**Zwischensumme aus Z 1 bis 8 (Betriebserfolg)**	1.105.835,88	9.005.195,00

Gewinn- und Verlustrechnungen

für die Zeiträume vom

1. Jänner bis 31. Dezember 2003

und vom 1. Jänner bis 31. Dezember 2002

				2003 EUR	2002 EUR
	Übertrag (Betriebserfolg)			1.105.835,88	9.005.195,00
10.	Erträge aus Beteiligungen			4.694.102,76	6.184.009,63
	davon aus verbundenen Unternehmen	2003	4.687.688,39		
		2002	6.175.710,81		
11.	Erträge aus anderen Wertpapieren des Finanzanlagevermögens			217.587,69	135.476,46
	davon aus verbundenen Unternehmen	2003	161.250,00		
		2002	73.906,00		
12.	sonstige Zinsen und ähnliche Erträge,			1.337.120,99	1.743.119,13
	davon aus verbundenen Unternehmen	2003	949.976,03		
		2002	1.402.185,04		
13.	Erträge aus der Zuschreibung zu Finanzanlagen			25.987,10	0,00
	a) davon Zuschreibungen	2003	25.987,10		
14.	Aufwendungen aus Finanzanlagen			0,00	(544.551,41)
	a) davon Abschreibungen	2003	0,00		
		2002	(82.984,35)		
15.	Zinsen und ähnliche Aufwendungen,			(311.570,80)	(365.920,63)
	davon betreffend verbundene Unternehmen	2003	(76.568,18)		
		2002	(78.991,07)		
16.	**Zwischensumme aus Z 10 bis 15 (Finanzerfolg)**			5.963.227,74	7.152.133,18
17.	**Ergebnis der gewöhnlichen Geschäftstätigkeit**			**7.069.063,62**	**16.157.328,18**
18.	Steuern vom Einkommen und vom Ertrag			(96.749,98)	(113.882,77)
19.	**Jahresüberschuss**			**6.972.313,64**	**16.043.445,41**
20.	Auflösung unversteuerter Rücklagen				
	a) Bewertungsreserve aufgrund von Sonderabschreibungen			0,00	125.758,65
	b) Investitionsfreibeträge			283.071,90	248.282,60
				283.071,90	374.041,25
21.	Gewinnvortrag aus dem Vorjahr			22.061.940,90	5.644.454,24
22.	**Bilanzgewinn**			**29.317.326,44**	**22.061.940,90**

HTM Sport- und Freizeitgeräte Aktiengesellschaft

Anhang zum Jahresabschluss 2003

Inhaltsverzeichnis

ANHANG ZUM JAHRESABSCHLUSS 2003
der
HTM Sport- und Freizeitgeräte Aktiengesellschaft

I. Bilanzierungs-und Bewertungsmethoden

1. Allgemeine Angaben zu den Ausweis- und Bewertungsmethoden

a) Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren gegliedert. Die Gliederung der Bilanz und der Gewinn- und Verlustrechnung blieb gegenüber dem Vorjahr unverändert.

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsgemäßer Buchführung und Bilanzierung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, auf Grundlage der gegenwärtigen gültigen Bestimmungen des österreichischen Handelsgesetzbuches aufgestellt. Insbesonders wurden die Grundsätze der Unternehmensfortführung, der Einzelbewertung und des Imparitätsprinzips angewendet.

Alle Beträge sind in Euro (EUR) ausgewiesen.

b) Umrechnung von Fremdwährungsbeträgen

Die Bewertung von Aktivposten der Bilanz in Fremdwährung erfolgte zum Geldkurs des Entstehungstages oder zum niedrigeren Geldkurs zum Bilanzstichtag, soweit sie nicht kursgesichert sind.

Die Bewertung von Passivposten der Bilanz in Fremdwährung erfolgte zum Briefkurs des Entstehungstages oder zum höheren Briefkurs des Bilanzstichtages.

2. Anlagevermögen

a) Immaterielle Vermögensgegenstände

Der Verschmelzungsmehrwert resultiert aus der verschmelzenden Umwandlung der AMF Sport-und Freizeitgeräte Aktiengesellschaft gemäß den Bestimmungen des Umwandlungsgesetzes auf die Gesellschaft als Alleingesellschafterin im Jahre 1989. Dieser wurde im Geschäftsjahr 1995 außerordentlich abgeschrieben. Der verbleibende Buchwert entspricht den aus dem Liegenschaftsvermögen stammenden stillen Reserven.
Dieser zum 31.12.1995 verbliebene Wert von EUR 3.183.070,13 wird auf die Differenz zu den ursprünglichen 15 Jahren in 8 1/2 Jahren per anno mit EUR 374.478,83 abgeschrieben.

b) Sachanlagen

Die planmäßige Abschreibung bei den Sachanlagen erfolgte aufgrund der betriebsgewöhnlichen Nutzungsdauer.

Die geringwertigen Vermögensgegenstände werden im Zugangsjahr voll abgeschrieben und in der Entwicklung des Anlagevermögens als Zugang, Abgang und Abschreibung dargestellt.

c) Finanzanlagen

Die Beteiligungen an den verbundenen Unternehmen wurden zum Anschaffungskurs zuzüglich Anschaffungsnebenkosten bewertet.
Die nach § 204 Abs. 2 HGB notwendigen Abschreibungen wurden vorgenommen.
Die Bewertung der Wertpapiere erfolgte nach dem Niederstwertprinzip.

3. Umlaufvermögen

a) Vorräte

Roh-, Hilfs- und Betriebsstoffe, zugekaufte Teile und Handelswaren werden zu Anschaffungskosten bewertet. Unfertige und fertige Erzeugnisse werden zu Herstellungskosten bewertet, die neben den direkten Material- und Lohnkosten auch Materialgemeinkosten und Teile der Fertigungsgemeinkosten enthalten. Veraltete und ungängige Vorräte wurden, wie auch in den Vorjahren, abgeschrieben.

b) Forderungen

Die Bewertung der Forderungen erfolgte nach dem strengen Niederstwertprinzip. Erforderliche Abwertungen wurden vorgenommen. Im Geschäftsjahr wurden bei den Forderungen aus Lieferungen und Leistungen Einzelwertberichtigungungen gebildet.

c) Abgrenzungsposten gemäß § 198 Abs. 10 HGB

Vom Wahlrecht, latente Gewinnsteuern auf temporäre Differenzen zwischen dem handelsrechtlichen und dem steuerlichen Ergebnis zu aktivieren, wurde nicht Gebrauch gemacht. Der gemäß § 198 Abs. 10 HGB aktivierbare Betrag beträgt EUR 10.601.047 (Vorjahr: EUR 12.904.418).

4. Unversteuerte Rücklagen

Die sonstigen unversteuerten Rücklagen stammen aus der Bildung von Investitionsfreibeträgen des Jahres 2000.

5. Rückstellungen und Verbindlichkeiten

Die Rückstellungen wurden unter Bedachtnahme auf den Vorsichtsgrundsatz in Höhe des voraussichtlichen Anfalles gebildet. Rückstellungen aus Vorjahren wurden, soweit sie nicht verwendet wurden und der Grund für ihre Bildung weggefallen ist, über sonstige betriebliche Erträge aufgelöst.

a) Rückstellungen für Abfertigungen und Jubiläumsgelder

Diese Rückstellungen wurden nach finanzmathematischer Methode unter Anwendung eines Rechnungszinssatzes von 3,5 % unter Berücksichtigung von Fluktuationsabschlägen ermittelt. Als Pensionseintrittsalter wurde 56 Jahre für Frauen und 61 Jahre für Männer angesetzt.

b) Verbindlichkeiten

Die Verbindlichkeiten sind mit dem Rückzahlungsbetrag unter Bedachtnahme auf den Grundsatz der Vorsicht bewertet.

II. Aufgliederungen und Erläuterungen zu Posten der Bilanz

AKTIVA

A. Anlagevermögen

Die Entwicklung der einzelnen Positionen des Anlagevermögens ist im Anlagespiegel (Seite 11) dargestellt.

I. Immaterielle Vermögensgegenstände

Der Verschmelzungsmehrwert stammt aus der verschmelzenden Umwandlung der AMF Sport- und Freizeitgeräte Aktiengesellschaft im Jahre 1989. Die Abschreibung erfolgte bis zum Jahr 1995 linear über einen Zeitraum von 15 Jahren. Im Jahre 1995 wurde eine außerordentliche Abschreibung im Ausmaß von EUR 24.043.225,80 vorgenommen. Der zum 31.12.1995 verbliebene Wert von EUR 3.183.070,13 wird auf die Differenz zu den ursprünglichen 15 Jahren in 8 1/2 Jahren per anno mit EUR 374.478,83 abgeschrieben.

II. Finanzanlagen

		Anteil am Grund bzw. Stammkapital in lokaler Währung		Eigenkapital 31.12.2003 in lokaler Währung	Ergebnis 2003 in lokaler Währung
Gesellschaft	Währung	Gesamtes Nennkapital	%	Betrag	Betrag
HTM Deutschland GmbH, Feldkirchen, Deutschland	EUR	255.646,00	100	6.101.946,00	18.359,00
Head Tyrolia Sports S.A., Eybens, Frankreich	EUR	6.555.307,00	100	7.107.989,00	330.000,00
HTM Sports Japan K.K., Tokyo, Japan	JPY	348.000.000,00	96	286.276.049,00	51.498.538,00
Head Tyrolia GmbH, Schwechat	EUR	363.364,17	100	436.037,00	0,00
Tyrolia Technology GmbH, Schwechat	EUR	35.000,00	100	416.801,56	0,00
Head Austria GmbH, Schwechat	EUR	35.000,00	100	34.654,58	(345,42)
Penn Europe GmbH, Feldkirchen, Deutschland	EUR	25.564,59	100	1)	
HTM Sport s.r.o. Litovel, Litovel, Tschechische Republik	CZK	200.000,00	10	1)	
Head Sport AG, Kennelbach	EUR	4.359.630,00	100	99.800.404,06	0,00

1) Bei diesen Gesellschaften lag zum Zeitpunkt der Erstellung des Jahresabschlusses kein lokales Ergebnis und lokales Eigenkapital vor.

B. Umlaufvermögen

I. Forderungen und sonstige Vermögensgegenstände

1. Forderungen aus Lieferungen und Leistungen

	Brutto	Einzelwertberichtigung	Bilanzwert 31.12.2003	Davon aus Lieferung	Fristigkeit bis ein Jahr	Bilanzwert 31.12.2002
Forderungen aus Lieferungen und Leistungen	2.105.103,36	(40.760,04)	2.064.343,32	2.064.343,32	2.064.343,32	1.265.614,51

2. Forderungen gegenüber verbundenen Unternehmen

Forderung gegenüber verbundenen Unternehmen	Brutto Forderung Wert in EUR	abzüglich Abzinsung	Bilanzwert 31.12.	davon aus		Fristigkeit	
				Liefer.-Leistung	Finanzierung	bis ein Jahr	über ein Jahr
31.12.2003	26.440.714,28	0,00	26.440.714,28	13.769.598,98	12.671.115,30	19.451.162,32	6.000.000,00
31.12.2002	24.380.036,93	0,00	24.380.036,93	14.448.240,84	9.931.796,09	14.880.036,93	9.500.000,00

3. Sonstige Forderungen und Vermögensgegenstände

	31.12.2003	Fristigkeit bis ein Jahr	über ein Jahr	Vergleich 31.12.2002
Finanzamt für Körperschaften	919.930,69	919.930,69		1.283.145,41
Noch nicht Abzugsfähige Einfuhrumsatzsteuer	174.024,40	174.024,40		69.747,37
Finanzamt Bonn: Deutschland Mehrwertsteuer Refundierung	2.114,21	2.114,21		1.939,60
Finanzamt: Holland Niederlande Mehrwertsteuer Refundierung	175.133,86	175.133,86		171.000,00
Debitorische Kreditoren	15.310,85	15.310,85		12.826,60
Forderung : Zinsenertrag aus Wertpapieren	89.011,16	89.011,16		89.011,16
Forderung Eigene Mitarbeiter	40.506,29	40.506,29		75.839,20
Forderungen aus Termingeschäften	25.621,00	25.621,00		17.609,00
Forderung Kaution	184.224,63		184.224,63	59.602,84
Diverse Forderungen	37.057,93	37.057,93		32.524,91
GESAMTSUMME	**1.662.935,02**	1.478.710,39	184.224,63	1.813.246,09

In den sonstigen Forderungen und Vermögensgegenständen sind Erträge in der Höhe von EUR **114.632,16**
enthalten, die erst nach dem Abschlussstichtag zahlungswirksam werden. Vorjahr: 106.620,16

II. Kassenbestand, Schecks, Guthaben bei Kreditinstituten

	31.12.2003	31.12.2002
Kassenbestände	33.500,03	6.330,28
Schecks in Besitz	4.281.632,25	3.806.023,67
Kontokorrent Bankguthaben	13.404.359,37	15.921.181,17
GESAMTSUMME	**17.719.491,65**	**19.733.535,12**

PASSIVA

A. Eigenkapital

I. Grundkapital

Das Grundkapital beträgt EUR 7.267.200,- und ist in 10.000 Inhaberaktien im Nennbetrag von je EUR 726,72 zerlegt. Es existiert kein genehmigtes Kapital. Die exakte Umrechnung in Euro ergab ursprünglich ein Nennkapital von EUR 7.267.283,42. Laut Beschluss der Hauptversammlung vom 30. Mai 2001 wurde das Grundkapital auf 7.267.200,- gerundet. Die Differenz von EUR 83,42 wurde in eine gebundene Kapitalrücklage eingestellt.

II. Kapitalrücklagen

	Stand 01.01.2003	Zuweisung	Auflösung	Stand 31.12.2003
1. Gebundene Kapitalrücklage	**83,42**	0,00	0,00	**83,42**
2. Nicht gebundene Kapitalrücklage	**83.384.675,04**	0,00	0,00	**83.384.675,04**

B. Unversteuerte Rücklagen

Investitionsfreibeträge gemäß § 10 EStG

	Stand 01.01.2003	Auflösung Zeitablauf	Auflösung Ausscheidung	Stand 31.12.2003
IFB 1999	282.666,38	(282.370,83)	(295,55)	**0,00**
IFB 2000	330.901,13	0,00	(405,52)	**330.495,61**
GESAMTSUMME	613.567,51	(282.370,83)	(701,07)	**330.495,61**

C. Rückstellungen

Sonstige Rückstellungen

	Stand 01.01.2003	Verbrauch	Zuführung	Stand 31.12.2003	Davon Langfristig über 1 Jahr
Gehälter/Löhne und Sozialabgaben	231.811,10	(231.811,10)	490.142,61	490.142,61	
Personalprämien	377.288,70	(377.288,70)	457.507,05	457.507,05	
Nicht konsumierte Urlaube	962.092,00	0,00	225.526,00	1.187.618,00	
Strom	267.089,65	(267.089,65)	41.050,00	41.050,00	
Gas	6.240,00	(6.240,00)	6.700,00	6.700,00	
Telefon	10.467,00	(10.467,00)	57.165,00	57.165,00	
Nicht durchgeführte Reparaturen	100.000,00	(100.000,00)	150.000,00	150.000,00	
Instandhaltung	500,00	(500,00)	0,00	0,00	
Reisekosten / Werksverkehr	408,95	(408,95)	1.308,00	1.308,00	
Sonstige Dienstleistungen	120.285,08	(120.285,08)	303.150,70	303.150,70	
Rechts-, Prüfung-, Beratungsk.	266.122,00	(266.122,00)	300.002,00	300.002,00	
Bundeswirtschaftskammer	15.972,00	(15.972,00)	17.124,00	17.124,00	
Provisionen	138.698,97	(138.698,97)	120.000,00	120.000,00	
Gutschriften	0,00	0,00	52.286,29	52.286,29	
Werbekosten	99.200,00	(99.200,00)	157.341,25	157.341,25	
Ausgangsfrachten	1.860,00	(1.860,00)	4.500,00	4.500,00	
Garantien	182.000,00	(36.140,99)	72.140,99	218.000,00	
Produkthaftpflicht	744.731,57	(87.654,13)	9.225,01	666.302,45	
Jubiläumsgelder	376.037,00	(37.357,00)	102.036,00	440.716,00	440.716,00
Versicherungen	34.309,29	(34.309,29)	47.825,00	47.825,00	
Skonto	7.600,00	(7.600,00)	3.300,00	3.300,00	
Autokosten	172,66	(172,66)	1.995,00	1.995,00	
Kursverluste	19.813,00	(19.813,00)	0,00	0,00	
Depot/Bereitstellungsgebühr	40.579,84	(40.579,84)	27.465,00	27.465,00	
	4.003.278,81	(1.899.570,36)	2.647.789,90	**4.751.498,35**	440.716,00

D. Verbindlichkeiten

		31.12.2003	davon mit einer Restlaufzeit bis zu einem Jahr	von mehr als einem Jahr	von mehr als 5 Jahren	31.12.2002
1.	Verbindlichkeiten gegenüber Kreditinstituten	5.000.000,00	5.000.000,00	0,00	0,00	5.000.000,00
2.	Erhaltene Anzahlungen	0,00	0,00	0,00	0,00	558.213,02
3.	Verbindlichkeiten aus Lieferungen und Leistungen	1.112.272,94	1.112.272,94	0,00	0,00	603.193,17
4.	Verbindlichkeiten gegenüber verbundenen Unternehmen	2.256.010,15	2.256.010,15	0,00	0,00	8.773.598,65
5.	Sonstige Verbindlichkeiten	1.480.676,78	852.783,25	627.893,53	0,00	1.191.458,96
	GESAMTSUMME	9.848.959,87	9.221.066,34	627.893,53	0,00	16.126.463,80

Zur Sicherstellung eines Exportförderungskredites wurde die Abtretung von Forderungen aus Warenlieferungen an eine Bank vereinbart.

zu 5. Sonstige Verbindlichkeiten

	31.12.2003	davon mit einer Restlaufzeit bis zu einem Jahr	von mehr als einem Jahr	von mehr als 5 Jahren	31.12.2002
Verbindlichkeit Steuern	316.306,02	316.306,02		0,00	260.874,04
Verbindlichkeit (soziale Sicherheit)	389.428,28	389.428,28		0,00	285.895,95
Kredite von Nichtbanken 1)	710.581,60	82.688,07	627.893,53	0,00	599.408,32
Diverse Sonstige Verbindlichkeiten	64.360,88	64.360,88		0,00	45.280,65
GESAMTSUMME	1.480.676,78	852.783,25	627.893,53	0,00	1.191.458,96

1)	Wohnbauwiederaufbaufonds	248,26
	Forschungsförderungsfonds	710.333,34
		710.581,60

In den sonstigen Verbindlichkeiten sind Aufwände in der Höhe von EUR **482.951,78** enthalten, die erst nach dem Abschlussstichtag zahlungswirksam werden.
Vorjahr: 427.519,80

Eventualverbindlichkeiten

Die Eventualverbindlichkeiten aus Garantien und Haftungen gliedern sich zum 31.12.2003 wie folgt:

	Whg	Betrag
Haftung als Bürge und Zahler gegenüber der Sumitomo Mitsui Banking Corp. zugunsten der HTM Sports Japan K.K.	JPY	3.000.000.000
davon ausgenützt per 31.12.2003	JPY	1.982.900.000
Gesamtsumme Eventualverbindlichkeiten:		**1.982.900.000**

Werte in EUR

BRIEFKURS	31.12.2003
132,95	14.914.629,56

Vergleich 2002 EUR 17.735.734,52

In den Eventualverbindlichkeiten sind Garantien in Höhe von **14.914.629,56** EUR enthalten, die für verbundene Unternehmen eingegangen worden sind.
Vorjahr: 17.735.734,52

III. Aufgliederungen und Erläuterungen zu Posten der Gewinn und Verlustrechnung

1. Umsatzerlöse 2003

	Inland	Export	Gesamt
EIGENE ERZEUGNISSE	25.886.993,33	17.064.386,32	42.951.379,65
Handelsware	26.231,75	575.163,60	601.395,35
Lohnarbeit	350.562,72	(20.721,40)	329.841,32
Betriebliche Nebenerlöse	38.295,60	38.865,68	77.161,28
HANDELSWARE und SONSTIGE	415.090,07	593.307,88	1.008.397,95
SKONTOAUFWAND	(12.641,74)	(45.459,72)	(58.101,46)
SUMME	26.289.441,66	17.612.234,48	**43.901.676,14**

Vergleich: Umsatzerlöse 2002

	Inland	Export	Gesamt
EIGENE ERZEUGNISSE	13.346.308,41	22.438.215,75	35.784.524,16
Handelsware	3.827,62	555.167,69	558.995,31
Lohnarbeit	405.562,83	0,00	405.562,83
Betriebliche Nebenerlöse	25.392,66	122.632,48	148.025,14
HANDELSWARE und SONSTIGE	434.783,11	677.800,17	1.112.583,28
SKONTOAUFWAND	(14.626,09)	(58.084,55)	(72.710,64)
SUMME	13.766.465,43	23.057.931,37	**36.824.396,80**

2. Sonstige betriebliche Aufwendungen

Übrige betriebliche Aufwendungen

		2003		2002	
Kommunikationsaufwand		676.899,17		586.914,66	
KFZ-Aufwand		261.299,57		221.559,08	
Rechts-, Prüfungs-, Beratungskosten, sonstige Dienstleistung		4.157.996,37		4.128.892,40	
Reisespesen		579.979,50		659.293,10	
Marktforschung		46.350,00		68.019,19	
Produkthaftpflicht		135.587,62		0,00	
Sonstige Versicherungen		489.686,38		252.138,88	
Garantieleistungen		72.140,99		51.394,53	
Werbeaufwand		1.757.817,18		2.066.053,97	
Repräsentationsspesen		51.440,45		49.427,57	
Frachtspesen		340.365,29		348.387,98	
Provisionen		118.388,49		161.130,92	
Geldverkehrsaufwand		35.598,71		44.901,41	
Instandhaltung		1.552.891,71		1.247.876,83	
Patent- und Lizenzgebühren		0,00		99.721,52	
Patent- und Lizenzgebühren	Konzern	869.765,53		197.530,02	
Uneinbringliche Forderungen		86,54		0,00	
Gas, Wasser, Heizöl, Fernwärme		236.679,13		214.027,94	
Büromaterial, Literatur, Arbeitsbehelfe		66.307,80		66.480,56	
Muster, Modelle		103.003,73		83.524,84	
Beiträge Berufsvertretung		38.030,17		32.577,20	
Abschreibung Werkzeugkostenbeitrag		116.882,82		100.232,39	
Sonstiger Aufwand		316.280,41		301.606,70	
Leihpersonal		151.619,48		0,00	
Miete, Leasing		847.860,42		532.236,77	
Personalsuchkosten		73.766,23		25.888,16	
	Summe Punkt 8b		13.096.723,69		11.539.816,62
Kursdifferenzen			0,00		219.437,08

IV. Sonstige Angaben

1. Beschäftigte

Die Anzahl der Beschäftigten betrug im Jahr durchschnittlich:

Jahr	2003	2002
Angestellte	164	160
Arbeiter	131	125

2. Verbundene Unternehmen

Seit dem Geschäftsjahr 1998 ist die Gesellschaft HTM Sport- und Freizeitgeräte Aktiengesellschaft ein verbundenes Unternehmen der Head N.V., Rotterdam, Niederlande, welche einen Konzernabschluss für den kleinsten und größten Kreis von Unternehmen aufstellt, der beim Handelsgericht Wien hinterlegt wird. Die Bestimmungen der Befreiungsverordnung - betreffend befreiende Konzernabschlüsse und Konzernlageberichte -wurden gemäß § 245 (4) in Verbindung mit § 245 (1) HGB in Anspruch genommen.

Mit der Head Sport AG, Kennelbach, Head Tyrolia GmbH, Schwechat, sowie der Tyrolia Technology GmbH, Schwechat, als Organgesellschaften besteht ein Ergebnisabführungsvertrag gemäß § 9 (4) KStG.

3. Organe der Gesellschaft

Vorstand:

Mag. Ralf Bernhart

Ing. Edgar Pöllmann

Aufsichtsrat:

Johan Eliasch (Vorsitzender)
Dr. Benedikt Spiegelfeld (Vorsitzender Stvr)
Franz Klammer
Dr. Erhart Weiss

als Arbeitnehmervertreter entsandt:

Lorenz Bettstein
Gerhard Rückschloss
Alfred Ehmann

Die Aufwendungen für Abfertigungen betragen im Geschäftsjahr:

a) Für den Vorstand und für leitende Angestellte gemäß § 80 Abs. 1 AktG. 1965:

Abfertigung: **17.746** EUR Vorjahr: 131.211 EUR

b) für andere Arbeitnehmer:

Abfertigung: **545.349** EUR Vorjahr: 405.161 EUR

Aktienoptionen für Arbeitnehmer, leitende Angestellte sowie Organmitglieder (§ 239 (1) Z.5 HGB) wurden dem Vorstand sowie einigen leitenden Angestellten auf Aktien der Muttergesellschaft Head N.V., Niederlande, eingeräumt und teilweise ausgeübt. Optionen betreffend Aktien der HTM Sport- und Freizeitgeräte Aktiengesellschaft wurden im bilanzrelevanten Geschäftsjahr weder eingeräumt noch ausgeübt.

Von der Schutzklausel gemäß § 241 HGB Abs. 4 wird Gebrauch gemacht.

Die Verpflichtungen aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen für das Jahr 2004 betragen aus KFZ-Leasing EUR 104.869,59 (Vorjahr: EUR 113.405,27) und aus unserem Gebäudeleasing- Finanzierungsprojekt EUR 803.227,56 (Vorjahr: EUR 803.227,56). Der Gesamtbetrag der folgenden 5 Jahre beträgt EUR 60.418,87 (Vorjahr: EUR 240.417,75) für KFZ-Leasing und EUR 4.016.137,80 (Vorjahr: EUR 4.016.137,80) für das Gebäudeleasing-Finanzierungsprojekt.

Schwechat, am 23. Februar 2004

Der Vorstand:

Mag. Ralf Bernhart

Ing. Edgar Pöllmann

ANLAGESPIEGEL

	Anschaffungs-kosten 01.01.2003	Zugänge	Abgänge	Umbuchungen	Anschaffungs-kosten 31.12.2003	kumulierte Abschreibungen	Buchwert 31.12.2003	Buchwert 31.12.2002	Abschreibungen Zuschreibung 2003
I. Immaterielle Vermögensgegenstände									
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile									
Software	1.203.443,42	306.624,40	0,00	0,00	1.510.067,82	(780.099,82)	729.968,00	686.841,00	(263.497,40)
Vertriebsrechte	9.877.727,96	0,00	0,00	0,00	9.877.727,96	(9.877.727,96)	0,00	0,00	0,00
Zwischensumme	*11.081.171,38*	*306.624,40*	*0,00*	*0,00*	*11.387.795,78*	*(10.657.827,78)*	*729.968,00*	*686.841,00*	*(263.497,40)*
2. Verschmelzungsmehrwert	*42.988.861,77*	*0,00*	*0,00*	*0,00*	*42.988.861,77*	*(42.801.622,25)*	*187.239,52*	*561.718,35*	*(374.478,83)*
Summe	***54.070.033,15***	***306.624,40***	***0,00***	***0,00***	***54.376.657,55***	***(53.459.450,03)***	***917.207,52***	***1.248.559,35***	***(637.976,23)***
II. Sachanlagen									
1. Grundstücke, grundstücksgleiche Rechte und Bauten									
Investitionen in fremde Gebäude	212.642,25	9.062,71	0,00	0,00	221.704,96	(32.578,96)	189.126,00	202.010,00	(21.946,71)
Zwischensumme	*212.642,25*	*9.062,71*	*0,00*	*0,00*	*221.704,96*	*(32.578,96)*	*189.126,00*	*202.010,00*	*(21.946,71)*
2. technische Anlagen und Maschinen	*17.390.547,87*	*203.061,33*	*(9.285,28)*	*0,00*	*17.584.323,92*	*(15.739.227,35)*	*1.845.096,57*	*2.211.808,17*	*(569.772,93)*
3. Werkzeuge, Betriebs- und Geschäfts-ausstattung									
Werkzeuge	16.516.501,10	2.901.451,68	0,00	1.803.108,09	21.221.060,87	(15.687.374,27)	5.533.686,60	2.881.840,60	(2.052.713,77)
Betriebs- und Geschäftsausstattung	6.607.745,77	376.287,63	(45.896,35)	8.848,68	6.946.985,73	(5.507.257,56)	1.439.728,17	1.638.620,49	(579.208,63)
Geringwertige WG	0,00	227.956,92	(227.956,92)	0,00	0,00	0,00	0,00	0,00	(227.956,92)
Zwischensumme	*23.124.246,87*	*3.505.696,23*	*(273.853,27)*	*1.811.956,77*	*28.168.046,60*	*(21.194.631,83)*	*6.973.414,77*	*4.520.461,09*	*(2.859.877,32)*
4. geleistete Anzahlungen und Anlagen in Bau									
Werkzeuge in Bau	1.803.108,09	24.903,88	0,00	(1.803.108,09)	24.903,88	0,00	24.903,88	1.803.108,09	0,00
Anzahlungen für Sachanlagen	8.848,68	56.848,00	0,00	(8.848,68)	56.848,00	0,00	56.848,00	8.848,68	0,00
Zwischensumme	*1.811.956,77*	*81.751,88*	*0,00*	*(1.811.956,77)*	*81.751,88*	*0,00*	*81.751,88*	*1.811.956,77*	*0,00*
Summe	***42.539.393,76***	***3.799.572,15***	***(283.138,55)***	***0,00***	***46.055.827,36***	***(36.966.438,14)***	***9.089.389,22***	***8.746.236,03***	***(3.451.596,96)***
III. Finanzanlagen									
1. Anteile an verbundenen Unternehmen	317.961.687,13	62.126,91	0,00	0,00	318.023.814,04	(246.392.028,95)	71.631.785,09	71.569.658,18	0,00
2. Beteiligungen	103.690,71	0,00	0,00	0,00	103.690,71	0,00	103.690,71	103.690,71	0,00
3. Wertpapiere des Anlagevermögens									
zur Deckung der Vorsorge für Abfertigungen	994.341,71	0,00	0,00	0,00	994.341,71	(27.247,25)	967.094,46	966.307,36	787,10
gegenüber verbundenen Unternehmen	1.550.000,00	0,00	0,00	0,00	1.550.000,00	(29.750,00)	1.520.250,00	1.495.050,00	25.200,00
Zwischensumme	*2.544.341,71*	*0,00*	*0,00*	*0,00*	*2.544.341,71*	*(56.997,25)*	*2.487.344,46*	*2.461.357,36*	*25.987,10*
Summe	***320.609.719,55***	***62.126,91***	***0,00***	***0,00***	***320.671.846,46***	***(246.449.026,20)***	***74.222.820,26***	***74.134.706,25***	***25.987,10***
SUMME ANLAGEVERMÖGEN	**417.219.146,46**	**4.168.323,46**	**(283.138,55)**	**0,00**	**421.104.331,37**	**(336.874.914,37)**	**84.229.417,00**	**84.129.501,63**	**(4.063.586,09)**

HTM SPORT- UND FREIZEITGERÄTE AG

Lagebericht des Vorstandes für das Geschäftsjahr 2003

Geschäftsverlauf

Für das Jahr 2003 konnte eine signifikante **Umsatzsteigerung** von € 36,8 Mio. auf € 43,9 Mio. erzielt werden.

Mit € 7,0 Mio. **Jahresüberschuss** wurde ein deutlich positives Resultat erzielt.

Dem Auftreten neuer Konkurrenten und dem verstärkten Trend zu preisgünstigen Setangeboten konnten wir auf Grund einer Neuorientierung unserer Strategie erfolgreich entgegentreten.

Unser Know-how und unsere Kostenführerschaft im Bindungsbereich resultierten in einer Kooperationsvereinbarung mit **Fischer**, die zur Entwicklung und zur Produktion einer eigenen Bindungskollektion für Fischer führte. Bereits im ersten Produktionsjahr konnte damit ein Umsatz von € 8,0 Mio. erzielt werden.

Eine Kooperation mit einem weiteren Marktteilnehmer, der slowenischen Firma **Elan**, wird in den nächsten Jahren zu einer weiteren Stärkung unserer Position als Nummer 1 im weltweiten Skibindungsmarkt führen.

Durch diese Zusammenarbeit mit Drittfirmen konnte unser Umsatz sowohl mengenmäßig als auch wertmäßig bedeutend angehoben werden und sichert uns auch in Zukunft Umsätze und Betriebsergebnisse, die ohne diese Kooperation an Mitbewerber verloren gegangen wären.

Forschung und Entwicklung

Entwicklung von neuen Produkten im Jahr 2003 für Saison 2004/05:

Für das sehr erfolgreiche Rail Flex System wurde eine **Rail Flex-Demo Version** entwickelt. Dies ist eine Bindung zum Aufschieben auf das RF-System welche für Skitest eingesetzt wird und schnell, einfach und ohne Verwendung eines Werkzeuges an die unterschiedlichen Sohlenlängen eingestellt werden kann.
Um die Herstellkosten der **Rail Flex Inline** (2003/2004) zu reduzieren, wurden Veränderungen am Verhängungssystem und der Platte durchgeführt.
Die im Jahre 1999 eingeführte **SL 100** wurde überarbeitet und mit einem **neuen Design** versehen.

Für den ersten Ski-Preispunkt haben wir die **RF Integrationsplatte mit Ski** entwickelt. Dafür wurden die Voruntersuchungen 2002 durchgeführt. Das ist das erste wirklich integrierte Ski/Bindungssystem am Markt, da die RF-Führunsplatte beim Verpressen des Skis mit eingearbeitet wird. Vorteil ist geringeres Gewicht und Herstellkosten. Auf das System können alle Produkte unserer Rail Flex Bindungsreihe aufgeschoben werden.

Für die **FISCHER** Kollektion wurde das Rail Flex System zum Ski angepasst.

Darüber hinaus haben wir eine Bindungskollektion für **ELAN** entwickelt.

Marktlage

2003 war von einer guten Wintersaison in Nordamerika und Europa geprägt:

In den **USA**, dem inzwischen wieder größten Wintersportmarkt, konnten wir sowohl die Menge um etwa 7% als auch den Umsatz um etwa 9% steigern. Trotz dieses Erfolges beträgt der Tyrolia-Marktanteil in USA nur 11% und ist damit noch deutlich schlechter als in anderen Ländern.
In **Canada** verlor Tyrolia mengenmäßig etwa 5%, der Umsatz konnte jedoch durch höhere Durchschnittspreise in etwa auf dem Niveau von 2002 gehalten werden.

In **Europa** hat die lange Wintersaison bis April 2003 dazu geführt, dass die Händler ihre Lagerware abverkaufen konnten und damit für die Saison 2003/04 Platz für neue Produkte vorhanden war. Dies hat sich in einem Anstieg der Grundorders ab April niedergeschlagen. Produkte der Marke Tyrolia haben in den meisten Ländern leicht mengenmäßig verloren und wertmäßig gewonnen.
Insgesamt konnten in Europa, zusammen mit den OEM- Fischer Bindungen, Marktanteile sowohl wert- als auch mengenmäßig dazu gewonnen werden

In **Japan** ist der Markt als Folge der andauernden Rezession weiter mengenmäßig gesunken. Zusätzlich waren bis Ende Dezember die Temperaturen überdurchschnittlich hoch, so dass es in den meisten Skigebieten nur wenig bis keinen Schnee gab. Tyrolia hat dadurch 25% weniger Bindungen verkauft als im Jahr davor. Dennoch konnte Tyrolia seine hervorragende Nr. 1 Position stabil halten, vor allem aufgrund der sehr guten Beziehungen zu den in Japan wichtigen Key Accounts.

Das **weltweite Marktvolumen** ist um etwa 10% von 3,8 Mio. Paar auf € 4,2 Mio. Paar gestiegen und hat damit das Niveau von 2001 wieder erreicht. Der generelle Markttrend zu vermehrten Set- und Systemverkäufen sowie integrierten Bindungen hat sich fortgesetzt und verstärkt. Durch die Produktion von OEM- Bindungen für Fischer haben wir unsere Produktionsmenge um 19% auf 1,4 Mio. Bindungen gegenüber 2002 gesteigert.
Damit konnte auch der Mengenverlust der Tyrolia-Bindungen von 5% durch den kleiner werdenden Markt für Ski ohne eigene Bindung mehr als kompensiert werden.

Der mengenmäßige **Marktanteil** hat sich durch das OEM Business insgesamt auf etwa 33% erhöht, der der Marke Tyrolia hat sich durch mehr Marken am Markt auf etwa 27% reduziert. Damit haben wir die weltweite **Nr.1 Position** weiter ausgebaut.

Vermögens-, Finanz- und Ertragslage

Trotz der deutlichen Umsatzsteigerung reduzierte sich der **Betriebserfolg** von € 9,0 Mio. im Jahr 2002 auf € 1,1 Mio. im Jahr 2003.

Rechnet man allerdings die Sondererträge durch ein im Jahr 2002 abgewickeltes Gebäudeleasing Finanzierungsprojekt in der Höhe von € 7,1 Mio. und die dadurch erhöhten laufenden Leasingaufwendungen im Jahr 2003 heraus, ergibt sich nur eine geringfügige Reduktion des Betriebserfolges.
Diese ergibt sich einerseits durch verringerte Margen bedingt durch den scharfen Wettbewerb, andererseits aus geringeren Erlösen aus weiterverrechneten Kosten an Konzernfirmen sowie aus Anlaufkosten für die Übernahme der Schischuhproduktion im Jahr 2004..

Die Reduktion des Finanzerfolges von € 7,2 Mio. auf € 6,0 Mio. ist im wesentlichen auf den Rückgang der Organverrechnung aus der Beteiligung an der Head Sport AG zurückzuführen.

Die **Bilanzsumme** blieb mit € 138,7 Mio. gegenüber dem Vorjahr beinahe unverändert.

Auch die **Bilanzstruktur** blieb, abgesehen von einer weiteren Stärkung des Eigenkapitals von € 113,4 Mio. auf € 120,7 Mio. , unverändert.

Vorgänge nach dem Schluss des Geschäftsjahres

Ende Jänner 2004 wurde durch die Emission einer Unternehmensanleihe in der Höhe von € 135 Mio. die Konzernfinanzierung und die Finanzierung der HTM Sport –und Freizeitgeräte AG auf eine neue, gesicherte Basis gestellt.

Gegenüber dem Bilanzstichtag 31.12. 2003 ergeben sich aus heutiger Sicht keine nennenswerte Vorgänge oder Ereignisse, die nicht schon zum Zeitpunkt der Bilanzerstellung bekannt gewesen wären und keine Berücksichtigung gefunden hätten.

PRICEWATERHOUSECOOPERS

Bestätigungsvermerk

Wir haben den vom Vorstand der HTM Sport- und Freizeitgeräte Aktiengesellschaft, Schwechat, nach den in Österreich geltenden handelsrechtlichen Vorschriften erstellten Jahresabschluss und Lagebericht zum 31. Dezember 2003 unter Beachtung der in Österreich berufsüblichen Grundsätze geprüft und erteilen dem Jahresabschluss den folgenden uneingeschränkten Bestätigungsvermerk:

„Die Buchführung und der Jahresabschluss entsprechen nach unserer pflichtgemäßen Prüfung den gesetzlichen Vorschriften. Der Jahresabschluss vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht im Einklang mit dem Jahresabschluss."

Wien, 23. Februar 2004

PwC Wirtschaftsprüfung AG
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Mag. Dr. Aslan Milla
Wirtschaftsprüfer

Catasta

Mag. Dr. Christine Catasta
Wirtschaftsprüfer

10204/WGA

PRICEWATERHOUSECOOPERS

HTM Sport- und Freizeitgeräte
Aktiengesellschaft,
Schwechat

Bericht
über die
Prüfung des Jahresabschlusses
zum 31. Dezember 2002

Inhaltsverzeichnis

Anlagenverzeichnis

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Vorstand und die Mitglieder des Aufsichtsrates der
HTM Sport- und Freizeitgeräte Aktiengesellschaft
Tyroliaplatz 1
2320 Schwechat

BERICHT ÜBER DIE PRÜFUNG DES JAHRESABSCHLUSSES ZUM 31. DEZEMBER 2002

A. Auftrag und Auftragsdurchführung

Aufgrund des Beschlusses der ordentlichen Hauptversammlung vom 21. Mai 2002 hat uns der Aufsichtsrat der Gesellschaft mit Schreiben vom 4. Dezember 2002 beauftragt, den Jahresabschluss samt Lagebericht zum 31. Dezember 2002 zu prüfen und darüber in berufsüblicher Weise Bericht zu erstatten. Bei dieser Prüfung handelt es sich um eine Pflichtprüfung gemäß § 268 HGB.

Die Prüfung erstreckte sich darauf, ob die gesetzlichen Vorschriften sowie ergänzende Bestimmungen der Satzung eingehalten worden sind. Die Überwachung der Gebarung, die Überprüfung der Angemessenheit des Versicherungsschutzes und die planmäßige Aufdeckung etwaiger Unregelmäßigkeiten waren nicht Gegenstand des Auftrages.

Wir haben die Prüfung vom 21. Oktober 2002 bis 23. Jänner 2003 mit Unterbrechungen in den Geschäftsräumen der Gesellschaft in Schwechat durchgeführt.

Bei der Durchführung des Auftrages haben wir die geltenden gesetzlichen Bestimmungen und die einschlägigen vom Berufsstand ausgearbeiteten Fachgutachten und Richtlinien beachtet. Als Grundlage für unsere Prüfung dienten die Buchführung, die Belegsammlung, Bestandsverzeichnisse sowie der von der Gesellschaft erstellte Jahresabschluss samt Lagebericht zum 31. Dezember 2002. Wir erhielten Einsicht in Urkunden, Verträge und in den Schriftverkehr der Gesellschaft.

Die erforderlichen Auskünfte wurden vom Vorstand sowie den zuständigen Sachbearbeitern erteilt. Eine vom Vorstand zum Jahresabschluss auf den 23. Jänner 2003 abgegebene Vollständigkeitserklärung haben wir zu unseren Akten genommen.

Für die Durchführung des Auftrages und unsere Verantwortlichkeit, auch im Verhältnis zu Dritten, sind vereinbarungsgemäß die vom Vorstand der Kammer der Wirtschaftstreuhänder herausgegebenen Allgemeinen Auftragsbedingungen für Abschlussprüfungen vom 8. März 2000, maßgebend (siehe Anlage 5).

B. Rechtliche und steuerliche Verhältnisse

1. Rechtliche Verhältnisse

Gründung:	Gesellschaftsvertrag vom 13. Juli 1989 Eintragung ins Firmenbuch am 29. August 1989 (als HTM Sport- und Freizeitgeräte Gesellschaft m.b.H.)
Firma:	HTM Sport- und Freizeitgeräte Aktiengesellschaft
Firmenbuch:	Landesgericht Korneuburg, FN 49060 y
Satzung:	vom 30. Mai 2001 Die letzten Satzungsänderungen datieren auf den 30. Mai 2001 und betrafen die Umstellung des Grundkapitals und der Aktiennennbeträge auf Euro nach den Bestimmungen des 1. Euro-Justiz-Begleitgesetzes.
Sitz und Geschäftsleitung:	Schwechat
Grundkapital:	EUR 7.267.200, voll eingezahlt.
Unternehmensgegenstand:	Gegenstand des Unternehmens sind 1. die Entwicklung, Erzeugung und Vertrieb von Sport- und Freizeitgeräten, Sport- und Freizeitartikeln sowie Sport- und Freizeitbekleidung; 2. die Vermietung (Leasing) von unbeweglichen Gütern, Produktionsanlagen und Maschinen; 3. der Handel mit Waren aller Art; Die Aktiengesellschaft ist zu allen Handlungen und Maßnahmen berechtigt, die zur Erreichung des Gesellschaftszweckes im Rahmen der gesetzlichen Bestimmungen förderlich und nützlich sind; ihre Tätigkeit erstreckt sich auf das In- und Ausland.

Aktionär:	Alleinaktionär war zum 31. Dezember 2002: HEAD Holding Unternehmensbeteiligung GmbH
Vorstand:	Zusammensetzung: Mag. Ralf Bernhart, Limberg, Österreich (vertritt selbständig) Ing. Edgar Pöllmann, Wien, Österreich (vertritt seit 1. Jänner 2003 gemeinsam mit einem kollektiv vertretungsbefugten Vorstandsmitglied oder gemeinsam mit einem Gesamtprokuristen) Der Aufsichtsrat kann einzelnen Vorstandsmitgliedern selbständige Vertretungsbefugnis erteilen.
Aufsichtsrat:	Zusammensetzung: gewählte Mitglieder: - Johan Eliasch, London, Großbritannien, Vorsitzender - Dr. Benedikt Spiegelfeld, Wien, Österreich, stellvertretender Vorsitzender - Franz Klammer, Wien, Österreich - Dr. Erhart Weiss, Wien, Österreich vom Betriebsrat entsandte Mitglieder: - Günther Bachleitner, Klein-Neusiedl, Österreich - Lorenz Bettstein, Zistersdorf, Österreich - Gerhard Rückschloss, Himberg, Österreich
Prokuristen:	- Ing. Edgar Pöllmann, Wien, Österreich (vertritt bis 31. Dezember 2002) - Ing. Stefan Wollner, Baden, Österreich - Ing. Helmut Brandt, Leopoldsdorf, Österreich (vertritt seit 1. Jänner 2003) - Dipl. Ing. Gerald Skrobanek, Vösendorf, Österreich (vertritt seit 1. Jänner 2003) - Dipl. Ing. Herwig Schretter, Wien, Österreich (vertritt seit 1. Jänner 2003) Die Gesamtprokuristen vertreten gemeinsam mit einem kollektiv vertretungsbefugten Vorstandsmitglied oder einem weiteren Gesamtprokuristen.

Haupt-versammlung:

In der **ordentlichen Hauptversammlung** vom 21. Mai 2002 wurden folgende wesentliche Beschlüsse gefasst:

- Zurkenntnisnahme des Jahresabschlusses des Geschäftsjahres 2001

- Feststellung des Bilanzergebnisses des Geschäftsjahres 2001 und Beschlussfassung über die Verwendung des Bilanzgewinnes 2001:

	EUR
Bilanzgewinn zum 31. Dezember 2001	65.644.454,24
Dividendenausschüttung	60.000.000,00
Vortrag auf neue Rechnung	5.644.454,24

- Entlastung des Vorstandes und des Aufsichtsrates für das Geschäftsjahr 2001

- Bestellung der PwC Wirtschaftsprüfung AG (vormals Price Waterhouse AG), Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, zum Abschlussprüfer für das Geschäftsjahr 2002

In der **außerordentlichen Hauptversammlung** vom 9. August 2002 wurden folgende wesentliche Beschlüsse gefasst:

- Abspaltung des Teilbetriebs „Tyrolia Technology" von der HTM Sport- und Freizeitgeräte Aktiengesellschaft als übertragende Gesellschaft gemäß den Bestimmungen des Spaltungs- und Übernahmevertrages im Wege der Gesamtrechtsnachfolge durch Abspaltung zur Aufnahme gemäß §17 SpaltG und gemäß Artikel VI UmgrStG und Übertragung auf die Tyrolia Technology GmbH als übernehmende Gesellschaft

- Genehmigung des Spaltungs- und Übernahmevertrages vom 20. Juni 2002

- Feststellung und Genehmigung der Übernahmebilanz des Teilbetriebes „Tyrolia Technology" zum 31. Dezember 2001

- Feststellung und Genehmigung der Spaltungsbilanz der übertragenden Gesellschaft zum 1. Jänner 2002

Aufsichtsrats-sitzungen:

12. April 2002

- Feststellung des Jahresabschlusses des Geschäftsjahres 2001
- Annahme des Berichtes des Aufsichtsrates über seine Tätigkeit im Geschäftsjahr 2001 an die Hauptversammlung

21. Juni 2002

- Beschluss über die beabsichtigte Abspaltung von Teilbetrieben

20. September 2002

13. Dezember 2002

- Genehmigung des Jahresbudgets, des Finanzplanes und des Investitionsplanes 2003
- Widerruf der Gesamtprokura von Ing. Edgar Pöllman per 31. Dezember 2002
- Bestellung von Ing. Edgar Pöllman zum Vorstandsmitglied per 1. Jänner 2003 für die Dauer eines Jahres mit der Möglichkeit einer Verlängerung
- Erteilung der Gesamtprokura an Ing. Helmut Brandt, Dipl. Ing. Herwig Schretter und Dipl. Ing. Gerald Skrobanek mit Wirkung vom 1. Jänner 2003
- Änderung der Vertretungsbefugnis des Gesamtprokuristen Ing. Stefan Wollner dahingehend, dass dieser nunmehr gemeinsam mit einem kollektiv zeichnungsberechtigten Vorstandsmitglied oder einem weiteren Gesamtprokuristen zeichnungsberechtigt ist

Umlaufbeschluss des Aufsichtsrates vom 27. Jänner/4. Februar 2003

- Verlängerung des Vorstandsmandates von Ing. Edgar Pöllmann auf eine Dauer von dreieinhalb Jahren vom 1. Jänner 2003 bis 30. Juni 2006

Größenklasse: Die Gesellschaft ist eine **große Kapitalgesellschaft** nach § 221 Abs 3 HGB.

Wesentliche langfristige Verträge und Verpflichtungen:

Spaltungs- und Übernahmevertrag:

Mit Wirkung zum 31. Dezember 2001 wurde zwischen der HTM Sport- und Freizeitgeräte AG, Tyroliaplatz 1, 2320 Schwechat, als übertragende Gesellschaft und der Tyrolia Technology GmbH, Tyroliaplatz 1, 2320 Schwechat, als übernehmende Gesellschaft ein Spaltungs- und Übernahmevertrag abgeschlossen. Mit diesem Vertrag überträgt die HTM Sport- und Freizeitgeräte AG den Teilbetrieb „Tyrolia Technology" im Wege der Gesamtrechtsnachfolge gemäß §1 Abs 2 Z 2 SpaltG auf die Tyrolia Technology GmbH. Übertragen werden unter Fortbestand der übertragenden Gesellschaft alle Rechte und Pflichten, die wirtschaftlich dem übertragenden Teilbetrieb zuzuordnen sind.

Lizenzvertrag:

Mit Wirkung zum 12. Oktober 2002 wurde zwischen der Tyrolia Technology GmbH als Lizenzgeberin und der HTM Sport- und Freizeitgeräte AG als Lizenznehmerin ein Vertrag abgeschlossen, dementsprechend die Lizenznehmerin das Recht besitzt, die angeführten Patente zu nutzen und die Marken nach den Bedingungen dieses Vertrages im Zusammenhang mit der Produktion, dem Verkauf und dem Vertrieb der Produkte zu verwenden. Von der Lizenznehmerin ist eine Lizenzgebühr von 2% ihres jeweiligen Umsatzes an die Lizenzgeberin zu zahlen.

Gebäudeleasing-Finanzierungs-Projekt:

Am 28. Juni 2002 wurden zwischen der HTM Sport- und Freizeitgeräte AG als Verkäufer und der Firma EVA-Immobilienvermietungs- und -verwertungsgesellschaft m.b.H. als Käufer Verträge über den Verkauf von Liegenschaften in Neusiedl an der Zaya und Schwechat abgeschlossen. Mit Wirkung zum 28. Juni 2002 wurden zwischen den beiden Vertragsparteien ebenfalls Mietverträge abgeschlossen, entsprechend denen die HTM Sport- und Freizeitgeräte AG als Mieter die oben genannten Liegenschaften von der Firma EVA-Immobilienvermietungs- und -verwertungsgesellschaft m.b.H. als Vermieter über eine Laufzeit von 15 Jahren zurückmietet.

Finanzierungsvereinbarungen:

Die HTM Sport- und Freizeitgeräte AG erhielt von der Österreichischen Kontrollbank AG eine Kreditlinie. Zur Sicherstellung dieser Kreditlinie dient eine Globalzession für Forderungen der Head Tyrolia GmbH, Head Sport AG und der HTM Sport- und Freizeitgeräte AG.

Die Gesellschaften Head Sport AG, HTM Sport- und Freizeitgeräte AG, Head Tyrolia GmbH, Tyrolia Technology GmbH und Head Technology GmbH erhielten weiters von der Erste Bank AG und der RZB (Raiffeisen Zentralbank Österreich AG) Kreditlinien zur Finanzierung der Unternehmen, für die alle begünstigten Gesellschaften solidarisch haften.

2. Steuerliche Verhältnisse

Finanzamt:	für den 23. Bezirk in Wien	
Steuernummer:	273/2452	
Stand der Veranlagungen		bis
zum Bilanzstichtag:	Körperschaftsteuer	2001
	Umsatzsteuer	2001

Prüfung durch die Finanzbehörden: Körperschaftsteuer, Umsatzsteuer, KFZ-Steuer, Straßenbenützungsabgabe, Kammerumlage, Kapitalertragsteuer, bezogen auf die Geschäftsjahre 1995 - 1998, und Energieabgabenvergütung, bezogen auf die Geschäftsjahre 1996 - 1998. Die Prüfung wurde in den Jahren 2001 und 2002 durchgeführt.

Organschaft: Die Gesellschaft ist körperschaft- und umsatzsteuerlicher Organträger folgender Konzerngesellschaften:

Head Sport AG, Kennelbach, Wuhrkopfweg 1, Ergebnisabführungsvertrag vom 20. September 1991

Head Tyrolia GmbH, 2320 Schwechat, Tyroliaplatz 1, Ergebnisabführungsvertrag vom 22. Dezember 1998

Tyrolia Technology GmbH, 2320 Schwechat, Tyroliaplatz 1, Ergebnisabführungsvertrag vom 7. Oktober 2002

anhängige Rechtsmittel: Keine

steuerliche Verlustvorträge:

Zum 1. Jänner 2002 verfügte die Gesellschaft über folgende körperschaftsteuerliche Verlustvorträge (einschließlich Verluste der Organgesellschaften):

Entstehungsjahr	Gesamtverlust	davon ausgleichsfähig	davon Wartetastenverluste
	EUR	EUR	EUR
1989 [1]	359.885	359.885	0
1990 [2]	1.287.622	1.287.622	0
1994	122.659.673	122.659.673	0
1995	126.938.193	126.938.193	0
1996	15.178.601	15.178.601	0
1997	22.604.984	22.604.984	0
	289.028.958	289.028.958	0

1) In den Jahren 1998 bis 2002 zu je einem Fünftel ausgleichsfähig, wobei in den Jahren 1998 bis 2001 von EUR 1.799.424 bereits jeweils ein Fünftel verbraucht wurde (ds EUR 1.439.539).

2) In den Jahren 1998 bis 2002 zu je einem Fünftel ausgleichsfähig, wobei in den Jahren 1998 bis 2001 von EUR 6.438.106 bereits jeweils ein Fünftel verbraucht wurde (ds EUR 5.150.484).

C. Wirtschaftliche Lage des Unternehmens

1. Geschäftstätigkeit der Gesellschaft

Die Haupttätigkeit der Gesellschaft liegt in der Produktion von Alpin- und Snowboardbindungen.

Die Produktpalette des Unternehmens umfasst unter dem Markennamen „Tyrolia" Alpinschi- und Snowboardbindungen.

2. Beziehungen im Konzern

Die Gesellschaft ist seit 1998 ein verbundenes Unternehmen im Sinne von § 228 HGB iVm § 244 HGB im Rahmen des Konzerns der Head N.V., Rotterdam, Niederlande, die den Konzernabschluss nach holländischen Rechnungslegungsgrundsätzen für den kleinsten und größten Kreis von Unternehmen aufstellt. Dieser Abschluss wird beim Handelsgericht Wien in deutscher Sprache eingereicht.

Die Gesellschaft hat daher von § 1 Abs 1 und Abs 2 der VO des BMfJ über befreiende Konzernabschlüsse und Konzernlageberichte (Befreiungsverordnung) vom 20. Dezember 1994, BGBl. 1994/997 Gebrauch gemacht und gem § 245 HGB keinen eigenen Teilkonzernabschluss aufgestellt.

Die Beziehungen zu Unternehmen im Konzernverbund bestehen im Wesentlichen in Lizenzverträgen und Liefer- und Leistungsbeziehungen.

Die HTM Sport- und Freizeitgeräte AG als Organträger hat eine körperschaft- und umsatzsteuerliche Organschaft mit der Head Sport AG, der Head Tyrolia GmbH sowie der Tyrolia Technology GmbH (siehe Anschnitt B.2.).

3. Entscheidung der Europäischen Kommission vom 30. Juli 1996

Mit Entscheidung vom 30. Juli 1996 hat die Europäische Kommission einen Kapitalzuschuss der Austria Tabakwerke AG im Gesamtbetrag von ATS 1.590 Mio (EUR 115,55 Mio) im Zusammenhang mit dem Verkauf der HTM-Gruppe an die Head Holding Unternehmensbeteiligung GmbH als staatliche Beihilfen im Sinne von Artikel 92 Abs 1 EG-Vertrag genehmigt.

Um die Vereinbarkeit der Beihilfe mit dem gemeinsamen Markt zu gewährleisten, wurden bestimmte Bedingungen gestellt, die, soweit sie bis zum jetzigen Zeitpunkt erfüllbar waren, erfüllt wurden. Über die Nichtverwendung der in der Vergangenheit erlittenen Verluste zur Verringerung des steuerpflichtigen Gewinnes bis zu einer Höhe von ATS 1.590 Mio (EUR 115,55 Mio) muss weiterhin an die Republik Österreich berichtet werden.

Im Jahr 1997 wurden zwei Klagen von den Konkurrenzunternehmen Salomon und Kneissl beim Europäischen Gerichtshof gegen die Entscheidung der Europäischen Kommission vom 30. Juli 1996 eingebracht. Die Klagen der Wettbewerber wurden aufgrund des Urteils des Gerichts 1. Instanz der Europäischen Gemeinschaften vom 6. Oktober 1999 rechtskräftig abgewiesen.

4. Vermögenslage

Bei der Erstellung der nachfolgenden Daten kam ein EDV-Programm mit automatischer Rundungsroutine zum Einsatz. Es können sich daher in Einzelpositionen geringfügige Rundungsdifferenzen ergeben.

	31.12.2002		31.12.2001		Veränderung	
	TEUR	%	TEUR	%	TEUR	%
Immaterielle Vermögensgegenstände	1.249	0,9	1.531	0,9	-282	-18,4
Sachanlagen	8.746	6,4	10.171	5,9	-1.425	-14,0
Finanzanlagen	74.135	54,1	72.231	42,0	1.904	2,6
Anlagevermögen	84.130	61,4	83.933	48,8	197	0,2
langfristige Forderungen	9.500	6,9	10.500	6,1	-1.000	-9,5
Vorräte	5.313	3,9	5.107	3,0	206	4,0
Kundenforderungen	1.266	0,9	1.965	1,1	-699	-35,6
Konzernforderungen	14.880	10,9	64.042	37,2	-49.162	-76,8
sonstige Forderungen + RAP	2.172	1,6	2.363	1,4	-191	-8,1
flüssige Mittel	19.734	14,4	4.131	2,4	15.603	377,7
Umlaufvermögen + RAP	43.365	31,7	77.608	45,1	-34.243	-44,1
Summe Aktiva	136.995	100,0	172.041	100,0	-35.046	-20,4
Grundkapital	7.267	5,3	7.267	4,2	0	0,0
Rücklagen	84.112	61,4	84.112	48,9	0	0,0
Bilanzgewinn	22.062	16,1	65.644	38,2	-43.582	-66,4
Eigenkapital	113.441	82,8	157.023	91,3	-43.582	-27,8
unversteuerte Rücklagen	614	0,4	989	0,6	-375	-37,9
Rückstellungen für Abfertigungen	2.716	2,0	2.560	1,5	156	6,1
sonstige langfristige Rückstellungen	376	0,3	409	0,2	-33	-8,1
langfristige Verbindlichkeiten	2.561	1,9	2.298	1,3	263	11,4
langfristiges Fremdkapital	5.653	4,2	5.267	3,0	386	7,3
sonstige Rückstellungen	3.722	2,7	4.949	2,9	-1.227	-24,8
Bankverbindlichkeiten	5.000	3,7	484	0,3	4.516	933,1
erhaltene Anzahlungen	559	0,4	26	0,6	533	2.050,0
Lieferantenverbindlichkeiten	603	0,4	1.017	0,9	-414	-40,7
Konzernverbindlichkeiten	6.768	4,9	1.635	0,4	5.133	313,9
sonstige Verbindlichkeiten + RAP	635	0,5	651	5,1	-16	-2,5
übriges Fremdkapital	17.287	12,6	8.762	5,1	8.525	97,3
Fremdkapital insgesamt	22.940	16,8	14.029	8,1	8.911	63,5
Summe Passiva	136.995	100,0	172.041	100,0	-35.046	-20,4

Der Rückgang im Bereich des **Sachanlagevermögens** ist im Wesentlichen auf einen Verkauf von Grund und Gebäude und einem daraus resultierenden Buchwertabgang in Höhe von TEUR 2.852 zurückzuführen.

Die **Finanzanlagen** sind vor allem aufgrund der aus der Abspaltung der Tyrolia Technology GmbH resultierenden Erhöhung der Beteiligung um TEUR 399 sowie durch Zugänge von Wertpapieren gegenüber verbundenen Unternehmen in Höhe von TEUR 1.550 gestiegen.

Die Reduktion der **langfristigen Konzernforderungen** ist auf eine Darlehensrückzahlung in Höhe von TEUR 1.000 durch die HTM Sport SpA, Italien, zurückzuführen.

Die **kurzfristigen Konzernforderungen** sind im Wesentlichen aufgrund der Verrechnung der Forderung gegenüber der Head Sport AG in Höhe von TEUR 32.857 mit der Verbindlichkeit gegenüber der Head Holding Unternehmensbeteiligung GmbH aus dem Nettobetrag der Dividendenzahlung an die Head Holding Unternehmensbeteiligung GmbH in Höhe von TEUR 60.000 und der Forderung gegenüber der Head Holding Unternehmensbeteiligung GmbH in Höhe von TEUR 23.192 gesunken. Aufgrund dieser Verrechnung drehte sich die Forderung gegenüber der Head Sport AG aus dem Geschäftsjahr 2001 in eine Verbindlichkeit, woraus auch der Anstieg der **Verbindlichkeiten gegenüber verbundenen Unternehmen** resultiert.

Der Anstieg der **flüssigen Mittel** ist im Wesentlichen auf einen Verkaufserlös durch den Abgang von Grund und Gebäude in Höhe von TEUR 10.000 sowie die Ausnützung des Exportförderungskredits in Höhe von TEUR 5.000 zurückzuführen. Die Ausnützung des Exportförderungskredits erklärt gleichzeitig auch den Anstieg der **Verbindlichkeiten gegenüber Kreditinstituten.**

Die **sonstigen Rückstellungen** sind im Wesentlichen aufgrund der gesunkenen Rückstellung für Produkthaftpflicht durch eine geringere Anzahl von Schadensfällen sowie aufgrund der Auflösung der Steuerrückstellung in Höhe von TEUR 400 durch das im Vergleich zum Vorjahr gesunkene Ergebnis zurückgegangen.

Durch zeitliche Verschiebungen der Zahlungsmodalitäten wurde ein Rückgang der **Verbindlichkeiten aus Lieferung und Leistung** verzeichnet.

5. Finanzlage

Die Liquidität der Gesellschaft wird durch die Entwicklung des Fonds der flüssigen Mittel in Form einer Kapitalflussrechnung dargestellt. Im Fonds sind Kassenbestände und Bankguthaben berücksichtigt.

		2002 TEUR	2001 TEUR
	Ergebnis der gewöhnlichen Geschäftstätigkeit	16.157	18.459
+	Abschreibungen Sachanlagen und immaterielle Vermögensgegenstände	3.866	3.559
+	Abschreibungen Finanzanlagen	83	0
-	Nicht zahlungswirksame Übernahme der Organschaftsverrechnung	-5.715	0
-	Erträge aus dem Abgang von Sachanlagen	-7.118	10
+	Verlust aus dem Abgang von Finanzanlagen	1	-5
+	Erhöhung langfristiger Rückstellungen	148	290
+/-	Verminderung/Erhöhung Forderungen aus Lieferungen und Leistungen	475	-384
+	Verminderung Forderungen gegenüber verbundenen Unternehmen aus Lieferung und Leistung	7.600	2.544
+	Verminderung der sonstigen Forderungen inkl. ARA	189	310
+/-	Verminderung/Erhöhung der Vorräte, netto	-210	244
+/-	Erhöhung/Verminderung kurzfristiger Rückstellungen	-816	-622
+/-	Erhöhung/Verminderung Verbindlichkeiten aus Lieferungen und Leistungen	-415	-1.280
+	Erhöhung Verbindlichkeiten gegenüber verbundenen Unternehmen aus Lieferung und Leistung	467	0
+	Erhöhung sonstiger Verbindlichkeiten inkl. PRA	750	149
=	**Nettogeldfluss aus der gewöhnlichen Geschäftstätigkeit**	**15.462**	**23.274**
-	Zahlungen für Ertragssteuern	-515	-113
	Nettogeldfluss aus der laufenden Geschäftstätigkeit	**14.947**	**23.161**
=	Auszahlungen für Zugang von Sachanlagen und immateriellen Vermögensgegenständen	-5.408	-3.832
-	Auszahlungen für Finanzanlagenzugang	-1.827	-338
+	Einzahlungen aus Abgang von Sachanlagen	10.126	29
+	Einzahlungen aus Abgang von Finanzanlagen	240	434
=	**Nettogeldfluss aus der Investitionstätigkeit**	**3.131**	**-3.707**
-	Dividende	-60.000	-12.354
+/-	Erhöhung/Verminderung kurzfristiger Verbindlichkeiten gegenüber Kreditinstituten	4.517	-23
+	Organschaftsverrechnung	10.937	31.170
+	Verminderung von Forderungen gegenüber verbundenen Unternehmen aus Finanzierung	31.190	-35.315
+	Erhöhung von Verbindlichkeiten gegenüber verbundenen Unternehmen aus Finanzierung	10.880	943
=	**Nettogeldfluss aus der Finanzierungstätigkeit**	**-2.476**	**-15.579**
	Zahlungswirksame Veränderung des Finanzmittelbestandes	**15.602**	**3.875**
	Endbestand liquide Mittel	19.733	4.131
-	Anfangsbestandbestand liquide Mittel	4.131	256

6. Ertragslage

	2002		2001		Veränderung	
	TEUR	%	TEUR	%	TEUR	%
Umsatzerlöse	36.824	97,0	40.470	98,6	-3.646	-9,0
Bestandsveränderung	-14	0,0	-110	-0,3	96	-87,3
aktivierte Eigenleistungen	1.141	3,0	693	1,7	448	64,6
Betriebsleistung	37.951	100,0	41.053	100,0	-3.102	-7,6
Material- und Leistungsaufwand	-11.501	-30,3	-11.952	-29,1	451	-3,8
Rohertrag	26.450	69,7	29.101	70,9	-2.651	-9,1
sonstige betriebliche Erträge	12.523	33,0	5.806	14,1	6.717	115,7
Personalaufwand	-14.326	-37,7	-14.179	-34,5	-147	1,0
Abschreibungen	-3.866	-10,2	-3.559	-8,7	-307	8,6
sonstige betriebliche Aufwendungen	-11.776	-31,0	-10.637	-25,9	-1.139	10,7
Betriebsergebnis	9.005	23,8	6.532	15,9	2.473	37,9
Zinsensaldo	1.377	3,6	908	2,2	469	51,7
sonstiges Finanzergebnis	-409	-1,1	-192	-0,5	-217	113,0
Beteiligungsergebnis	6.184	16,3	11.211	27,3	-5.027	-44,8
Finanzergebnis	7.152	18,8	11.927	29,0	-4.775	-40,0
Ergebnis der gewöhnlichen Geschäftstätigkeit	16.157	42,6	18.459	44,9	-2.302	-12,5
Ertragsteuern	-113	-0,3	-279	-0,7	166	-59,5
Jahresüberschuss	16.044	42,3	18.180	44,2	-2.136	-11,7
Veränderung Rücklagen	374	1,0	17.156	41,8	-16.782	-97,8
Jahresgewinn	16.418	43,3	35.336	86,0	-18.918	-53,5
Gewinnvortrag	5.644	14,9	30.308	73,8	-24.664	-81,4
Bilanzgewinn	22.062	58,2	65.644	159,8	-43.582	-66,4

Die **Umsatzerlöse** sind aufgrund der schlechten Wintersaison 2002, der zunehmenden Konkurrenz im Schibindungssektor sowie starker Rückgänge der Umsätze mit verbundenen Unternehmen, vor allem mit Italien und Japan, um TEUR 3.646 gesunken.

Der aus dem Verkauf von Grund und Boden resultierende Ertrag von TEUR 7.148 führte im Wesentlichen zum Anstieg der **sonstigen betrieblichen Erträge.**

Der Anstieg der **sonstigen betrieblichen Aufwendungen** ist auf den Anstieg der Miet- und Leasingaufwendungen um TEUR 499 durch den Abschluss des Gebäudeleasing-Finanzierungs-Projektes, erhöhte Instandhaltungsaufwendungen um TEUR 302 und erhöhte Beratungsaufwendungen um TEUR 207 zurückzuführen.

Die Auflösung von Kapitalrücklagen in Höhe von TEUR 17.000 im Jahr 2001 begründet die **Veränderung der Rücklagen** im Vergleich zum Geschäftsjahr 2002 um TEUR 16.782.

D. Berichterstattung

Gemäß § 273 HGB iVm § 236 HGB sind Aufgliederung und Erläuterungen zu einzelnen Posten des Jahresabschlusses im Anhang enthalten. Dieser Anhang stellt einen integrierten Bestandteil des Prüfberichtes dar (vgl. Anlage 3). Auf eine gesonderte Darstellung weiterer Aufgliederungen und Erläuterungen wird in Abstimmung mit der Geschäftsleitung verzichtet.

E. Organisation des Rechnungswesens

Das Rechnungswesen ist dem Finanzvorstand zugeordnet. Gesamtverantwortlich ist Herr Mag. Wolfgang Kräftner. Das Rechnungswesen gliedert sich in die Bereiche Buchhaltung und Kostenrechnung. Die Abteilung besteht aus neun Mitarbeitern.

Die Buchhaltung wird auf einer HP Anlage geführt. Als Software wurde das Programm SAP R/3 verwendet.

Für die Betriebsbuchhaltung und Kostenrechnung wird das Programm SAP R/3, und für die Lohnverrechnung das Programm Dialogdata verwendet.

F. Prüfungshandlungen

Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden Grundsätze ordnungsgemäßer Durchführung von Abschlussprüfungen durchgeführt. Diese Standards erfordern, die Prüfung so zu planen und durchzuführen, dass ein hinreichend sicheres Urteil darüber abgegeben werden kann, ob der Jahresabschluss und der Lagebericht frei von wesentlich falschen Aussagen sind.

Im Sinne einer risikoorientierten Vorgangsweise und zur Sicherung der Prüfungseffizienz haben wir einen unternehmensspezifischen Prüfplan unter Berücksichtigung der Bedeutung der Prüfungsgebiete und der Wirkungsweise des eingerichteten internen Kontrollsystems erstellt. Die Prüfung schließt eine stichprobengestützte Prüfung der Nachweise für Wertansätze und Angaben im Jahresabschluss ein. Sie beinhaltet ferner die Beurteilung der angewandten Rechnungslegungsgrundsätze und der wesentlichen durch die Unternehmensleitung vorgenommenen Schätzungen sowie eine Würdigung der Gesamtaussage des Abschlusses.

Unter anderem haben wir folgende, uns im gegebenen Fall erforderlich erscheinende Prüfungshandlungen durchgeführt:

- Einholung von Saldenbestätigungen von Kunden und Lieferanten zum 30. November 2002;
- Einholung externer Bestätigungen von Banken, Rechtsanwälten und Steuerberater zum 31. Dezember 2002;
- Teilnahme an der körperlichen Inventur am 14., 19. und 20. Dezember 2002.

Wir haben die Unternehmensleitung auf die Notwendigkeit der Verfügbarkeit von Datenträgern im Sinne der BAO hingewiesen, deren Begutachtung und Überprüfung jedoch nicht Gegenstand der Abschlussprüfung waren.

Wir sind der Auffassung, dass unsere Prüfung eine hinreichende Grundlage für unser Prüfungsurteil abgibt.

G. Prüfungsergebnis und Bestätigungsvermerk

1. Zusammengefasste Feststellungen

Wir haben den beigefügten Jahresabschluss samt Lagebericht der HTM Sport- und Freizeitgeräte Aktiengesellschaft zum 31. Dezember 2002 geprüft. Aufstellung und Inhalt dieses Jahresabschlusses liegen in der Verantwortung des Vorstandes der Gesellschaft, zu dessen Aufgaben auch die Führung eines Rechnungswesens und internen Kontrollsystems, die den Anforderungen des Unternehmens entsprechen, gehört. Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Abschluss auf der Grundlage unserer Abschlussprüfung.

Das Rechnungswesen ist unter Beachtung entsprechender Anforderungen eines internen Kontrollsystems eingerichtet und entspricht den Grundsätzen ordnungsgemäßer Buchführung sowie den in Österreich geltenden gesetzlichen Bestimmungen. Buchführung und Belegwesen bildeten eine geeignete Grundlage zur Aufstellung des Jahresabschlusses.

Die Ableitung des Jahresabschlusses erfolgte vollständig aus den Büchern unter Anwendung der Grundsätze ordnungsmäßiger Bilanzierung. Die Bestandsnachweise der Aktiva und Passiva wurden in gebotener bzw erwünschter Form und Umfang erbracht. Die Gliederungs- und Bewertungsvorschriften der §§ 195 bis 211 und 222 bis 235 HGB wurden befolgt.

Die Prüfung des Anhanges ergab, dass er die vom Gesetz geforderten Erläuterungen und sonstigen Angaben enthält. Die Darstellungen im Lagebericht entsprechen den Erfordernissen des § 243 HGB.

2. Besondere Berichtspflichten gemäß § 273 HGB

2a. Hinweise gemäß § 273 (2) 1. Satz HGB

Wir haben keine Tatsachen festgestellt, die den Bestand des geprüften Unternehmens gefährden oder seine Entwicklung wesentlich beeinträchtigen können, oder die schwerwiegende Verstöße der gesetzlichen Vertreter gegen Gesetz oder Satzung erkennen lassen.

2b. Hinweise gemäß § 273 (2) 2. Satz HGB

URG-Kennzahlen:	31.12.2002	31.12.2001
Eigenmittelquote (§ 23 URG) (mindestens 8 %)	83,6 %	91,8 %
fiktive Schuldentilgungsdauer (§ 24 URG) (höchstens 15 Jahre)	0,2 Jahre	0,5 Jahre

Die Voraussetzungen für die Vermutung eines Reorganisationsbedarfs gemäß § 22 Abs 1 Z 1 URG lagen zum Bilanzstichtag nicht vor.

3. Bestätigungsvermerk

Wir haben den vom Vorstand der HTM Sport- und Freizeitgeräte Aktiengesellschaft, Schwechat, nach den in Österreich geltenden handelsrechtlichen Vorschriften erstellten Jahresabschluss und Lagebericht zum 31. Dezember 2002 unter Beachtung der in Österreich berufsüblichen Grundsätze geprüft und erteilen dem Jahresabschluss den folgenden uneingeschränkten Bestätigungsvermerk:

„Die Buchführung und der Jahresabschluss entsprechen nach unserer pflichtgemäßen Prüfung den gesetzlichen Vorschriften. Der Jahresabschluss vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht im Einklang mit dem Jahresabschluss."

Wien, 23. Jänner 2003

PwC Wirtschaftsprüfung AG
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Mag. Dr. Aslan Milla	Mag. Dr. Christine Catasta
Wirtschaftsprüfer	Wirtschaftsprüfer

Eine von den gesetzlichen Vorschriften abweichende Offenlegung, Veröffentlichung und Vervielfältigung im Sinne des § 281 Abs 2 HGB in einer von der bestätigten Fassung abweichenden Form unter Beifügung unseres Bestätigungsvermerks ist nicht zulässig. Im Fall des bloßen Hinweises auf unsere Prüfung bedarf dies unserer vorherigen schriftlichen Zustimmung.

ANLAGEN

BILANZ 2002

GEWINN und VERLUSTRECHNUNG 2002

sowie ANHANG 2002

HTM Sport- und Freizeitgeräte AG

HTM Sport- und Freizeitgeräte Aktiengesellschaft

BILANZEN zum 31. 12. 2002 und 31. 12. 2001

AKTIVA

	EUR 2002	EUR 2001
A. Anlagevermögen		
I. Immaterielle Vermögensgegenstände		
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen	686.841,00	594.451,00
2. Verschmelzungsmehrwert	561.718,35	936.197,18
	1.248.559,35	1.530.648,18
II. Sachanlagen		
1. Grundstücke, grundstücksgleiche Rechte und Bauten	202.010,00	2.921.275,63
2. technische Anlagen und Maschinen	2.211.808,17	1.927.310,85
3. Werkzeuge, Betriebs- und Geschäftsaustattung	4.520.461,09	3.841.741,46
4. Geleistete Anzahlungen und Anlagen in Bau	1.811.956,77	1.480.338,53
	8.746.236,03	10.170.666,47
III. Finanzanlagen		
1. Anteile an verbundenen Unternehmen	71.569.658,18	71.170.359,62
2. Beteiligungen	103.690,71	103.690,71
3. Wertpapiere des Anlagevermögens	2.461.357,36	957.293,29
	74.134.706,25	72.231.343,62
B. Umlaufvermögen		
I. Vorräte		
1. Roh-, Hilfs- und Betriebsstoffe	886.297,52	676.070,97
2. unfertige Erzeugnisse	2.993.616,86	3.070.083,45
3. fertige Erzeugnisse und Waren	1.432.886,04	1.360.846,84
	5.312.800,42	5.107.001,26
II. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen aus Lieferungen und Leistungen	1.265.614,51	1.965.071,33
2. Forderungen gegenüber verbundenen Unternehmen	24.380.036,93	74.542.046,66
3. sonstige Forderungen und Vermögensgegenstände	1.813.246,09	2.162.561,08
	27.458.897,53	78.669.679,07
III. Kassenbestand, Schecks und Guthaben bei Kreditinstituten	19.733.535,12	4.131.411,78
C. Rechnungsabgrenzungsposten		
1. sonstige	359.838,89	199.952,47
	359.838,89	199.952,47
	136.994.573,59	**172.040.702,85**

PASSIVA

		EUR 2002	EUR 2001
A. Eigenkapital			
I. Grundkapital		7.267.200,00	7.267.200,00
II. Kapitalrücklagen			
1. gebundene		83,42	83,42
2. nicht gebundene		83.384.675,04	83.384.675,04
III. Gewinnrücklagen			
1. gesetzliche Rücklage		726.728,34	726.728,34
IV. Bilanzgewinn		22.061.940,90	65.644.454,24
Ausschüttung	60.000.000,00		
davon Gewinnvortrag	5.644.454,24		
		113.440.627,70	157.023.141,04
B. Unversteuerte Rücklagen			
1. Bewertungsreserve auf Grund von Sonderabschreibungen		0,00	125.758,65
2. sonstige unversteuerte Rücklagen		613.567,51	863.510,27
		613.567,51	989.268,92
C. Rückstellungen			
1. Rückstellungen für Abfertigungen		2.715.725,00	2.560.183,71
2. Steuerrückstellungen		94.910,77	495.566,79
3. sonstige Rückstellungen		4.003.278,81	4.861.376,81
		6.813.914,58	7.917.127,31
D. Verbindlichkeiten			
1. Verbindlichkeiten gegenüber Kreditinstituten		5.000.000,00	483.391,01
2. Erhaltene Anzahlungen auf Bestellungen		558.213,02	26.474,19
3. Verbindlichkeiten aus Lieferungen und Leistungen		603.193,17	1.017.744,91
4. Verbindlichkeiten gegenüber verbundenen Unternehmen		8.773.598,65	3.602.315,09
5. sonstige Verbindlichkeiten		1.191.458,96	981.240,38
davon aus Steuern 2002:	260.874,04		
2001:	311.344,24		
davon im Rahmen der soz. Sicherheit 2002:	285.895,95		
2001:	328.232,40		
		16.126.463,80	6.111.165,58
		136.994.573,59	**172.040.702,85**
Eventualverbindlichkeiten aus Haftungsverhältnissen		17.735.734,52	19.779.478,40

HTM Sport- und Freizeitgeräte AG

Tyroliaplatz 1
2320 Schwechat

Gewinn- und Verlustrechnungen
für die Zeiträume vom
1. Jänner bis 31. Dezember 2002
und vom 1. Jänner bis 31. Dezember 2001

		2002 EUR	2001 EUR
1.	Umsatzerlöse	36.824.396,80	40.469.506,09
2.	Veränderung des Bestandes an fertigen und unfertigen Erzeugnissen	(13.530,18)	(109.562,35)
3.	Im Anlagevermögen berücksichtigte Eigenleistungen	1.141.224,88	692.571,89
4.	sonstige betriebliche Erträge		
	a) Erträge aus dem Abgang von Anlagevermögen mit Ausnahme der Finanzanlagen	7.118.136,42	0,00
	b) Erträge aus der Auflösung von Rückstellungen	36.352,86	36.843,04
	c) Kursdifferenzen	0,00	200.655,52
	d) übrige	5.368.595,91	5.568.132,25
	Betriebliche Erträge	50.475.176,69	46.858.146,44
5.	Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
	a) Materialaufwand	(9.638.360,24)	(10.159.556,14)
	b) Aufwendungen für bezogene Leistungen	(1.863.215,12)	(1.792.864,74)
		(11.501.575,36)	(11.952.420,88)
6.	Personalaufwand		
	a) Löhne	(3.264.327,32)	(3.622.952,03)
	b) Gehälter	(7.530.900,00)	(7.044.903,64)
	c) Aufwendungen für Abfertigungen	(536.371,98)	(424.367,26)
	d) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	(2.848.113,22)	(2.889.845,38)
	e) sonstige Sozialaufwendungen	(147.077,00)	(196.634,82)
		(14.326.789,52)	(14.178.703,13)
7.	Abschreibungen		
	a) auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	(3.865.605,74)	(3.558.574,56)
8.	sonstige betriebliche Aufwendungen		
	a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen	(16.757,37)	(16.745,89)
	b) übrige	(11.539.816,62)	(10.620.270,56)
	c) Kursdifferenzen	(219.437,08)	0,00
		(11.776.011,07)	(10.637.016,45)
9.	**Zwischensumme aus Z 1 bis 8 (Betriebserfolg)**	9.005.195,00	6.531.431,42

Gewinn- und Verlustrechnungen
für die Zeiträume vom
1. Jänner bis 31. Dezember 2002
und vom 1. Jänner bis 31. Dezember 2001

				2002 EUR	2001 EUR
	Übertrag (Betriebserfolg)			9.005.195,00	6.531.431,42
10.	Erträge aus Beteiligungen			6.184.009,63	11.210.657,17
	davon aus verbundenen Unternehmen	2002	6.175.710,81		
		2001	11.202.143,31		
11.	Erträge aus anderen Wertpapieren des Finanzanlagevermögens			135.476,46	68.451,42
	davon aus verbundenen Unternehmen	2002	73.906,00		
		2001	0,00		
12.	sonstige Zinsen und ähnliche Erträge,			1.743.119,13	1.655.514,41
	davon aus verbundenen Unternehmen:	2002	1.402.185,04		
		2001	1.387.965,78		
13.	Erträge aus dem Abgang von Finanzanlagen			0,00	4.992,05
14.	Aufwendungen aus Finanzanlagen			(544.551,41)	(264.660,74)
	a) davon Abschreibungen	2002	(82.984,35)		
		2001	0,00		
15.	Zinsen und ähnliche Aufwendungen,			(365.920,63)	(748.294,86)
	davon betreffend verbundene Unternehmen:	2002	(78.991,07)		
		2001	(281.410,33)		
16.	**Zwischensumme aus Z 10 bis 15 (Finanzerfolg)**			7.152.133,18	11.926.659,45
17.	**Ergebnis der gewöhnlichen Geschäftstätigkeit**			**16.157.328,18**	**18.458.090,87**
18.	Steuern vom Einkommen und vom Ertrag			(113.882,77)	(277.578,08)
19.	**Jahresüberschuss**			16.043.445,41	18.180.512,79
20.	Auflösung unversteuerter Rücklagen				
	a) Bewertungsreserve aufgrund von Sonderabschreibungen			125.758,65	6.130,53
	b) Investitionsfreibeträge			248.282,60	247.005,45
				374.041,25	253.135,98
21.	Auflösung von Kapitalrücklagen			0,00	17.000.000,00
22.	Zuweisung zu unversteuerten Rücklagen				
	a) Investitionsfreibetrag			0,00	(96.835,52)
23.	Gewinnvortrag aus dem Vorjahr			5.644.454,24	30.307.640,99
24.	**Bilanzgewinn**			**22.061.940,90**	**65.644.454,24**

HTM Sport- und Freizeitgeräte AG

Anhang zum Jahresabschluss 2002

Inhaltsverzeichnis

ANHANG ZUM JAHRESABSCHLUSS 2002
der
HTM Sport- und Freizeitgeräte AG

I. Bilanzierungs-und Bewertungsmethoden

1. Allgemeine Angaben zu den Ausweis- und Bewertungsmethoden

a) Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren gegliedert. Die Gliederung der Bilanz und der Gewinn- und Verlustrechnung blieb gegenüber dem Vorjahr unverändert.

Der Jahresabschluß wurde unter Beachtung der Grundsätze ordnungsgemäßer Buchführung und Bilanzierung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, auf Grundlage der gegenwärtigen gültigen Bestimmungen des österreichischen Handelsgesetzbuches aufgestellt. Insbesonders wurden die Grundsätze der Unternehmensfortführung, der Einzelbewertung und des Imparitätsprinzips angewendet.

Alle Beträge sind in Euro (EUR) ausgewiesen.

b) Umrechnung von Fremdwährungsbeträgen:

Die Bewertung von Aktivposten der Bilanz in Fremdwährung erfolgte zum Geldkurs des Entstehungstages oder zum niedrigeren Geldkurs zum Bilanzstichtag, soweit sie nicht kursgesichert sind.

Die Bewertung von Passivposten der Bilanz in Fremdwährung erfolgte zum Briefkurs des Entstehungstages oder zum höheren Briefkurs des Bilanzstichtages.

2. Anlagevermögen

a) Immaterielle Vermögensgegenstände

Der Verschmelzungsmehrwert resultiert aus der verschmelzenden Umwandlung der AMF Sport-und Freizeitgeräte Aktiengesellschaft gemäß den Bestimmungen des Umwandlungsgesetzes auf die Gesellschaft als Alleingesellschafterin im Jahre 1989. Dieser wurde im Geschäftsjahr 1995 außerordentlich abgeschrieben. Der verbleibende Buchwert entspricht den aus dem Liegenschaftsvermögen stammenden stillen Reserven.
Dieser zum 31.12.1995 verbliebene Wert von EUR 3.183.070,13 wird auf die Differenz zu den ursprünglichen 15 Jahren in 8 1/2 Jahren per anno mit EUR 374.478,83 abgeschrieben.

b) Sachanlagen

Die planmäßige Abschreibung bei den Sachanlagen erfolgte aufgrund der betriebsgewöhnlichen Nutzungsdauer.

Die geringwertigen Vermögensgegenstände werden im Zugangsjahr voll abgeschrieben und in der Entwicklung des Anlagevermögens als Zugang, Abgang und Abschreibung dargestellt.

c) Finanzanlagen

Die Beteiligungen an den verbundenen Unternehmen wurden zum Anschaffungskurs zuzüglich Anschaffungsnebenkosten bewertet.

Die nach § 204 Abs. 2 HGB notwendigen Abschreibungen wurden vorgenommen.

Die Bewertung der Wertpapiere erfolgte nach dem Niederstwertprinzip.

3. Umlaufvermögen

a) Vorräte

Roh-, Hilfs- und Betriebsstoffe, zugekaufte Teile und Handelswaren werden zu Anschaffungskosten bewertet. Unfertige und fertige Erzeugnisse werden zu Herstellungskosten bewertet, die neben den direkten Material- und Lohnkosten auch Materialgemeinkosten und Teile der Fertigungsgemeinkosten enthalten. Veraltete und ungängige Vorräte wurden, wie auch in den Vorjahren, abgeschrieben.

b) Forderungen

Die Bewertung der Forderungen erfolgte nach dem strengen Niederstwertprinzip. Erforderliche Abwertungen wurden vorgenommen. Im Geschäftsjahr wurden bei den Forderungen aus Lieferungen und Leistungen Einzelwertberichtigungungen gebildet.

c) Abgrenzungsposten gemäß § 198 Abs. 10 HGB

Vom Wahlrecht, latente Gewinnsteuern auf temporäre Differenzen zwischen dem handelsrechtlichen und dem steuerlichen Ergebnis zu aktivieren, wurde nicht Gebrauch gemacht. Der gemäß § 198 Abs. 10 HGB aktivierbare Betrag beträgt 12.904.418,29 EUR.

4. Unversteuerte Rücklagen

Die Bewertungsreserve aufgrund von Sonderabschreibungen ergab sich aufgrund der Abschreibung der Gebäude gemäß § 122 EStG 1972. Durch den Verkauf der Gebäude im Rahmen unseres Gebäudeleasing-Finanzierungsprojektes wurde die Bewertungsreserve vollständig aufgelöst.

Die sonstigen unversteuerten Rücklagen stammen aus der Bildung von Investitionsfreibeträgen der Jahre 1999 - 2000, sowie einer Dotierung von Investitionsfreibeträgen im Jahr 2001 aufgrund einer steuerlichen Betriebsprüfung.

5. Rückstellungen und Verbindlichkeiten

Die Rückstellungen wurden unter Bedachtnahme auf den Vorsichtsgrundsatz in Höhe des voraussichtlichen Anfalles gebildet. Rückstellungen aus Vorjahren wurden, soweit sie nicht verwendet wurden und der Grund für ihre Bildung weggefallen ist, über sonstige betriebliche Erträge aufgelöst.

a) Rückstellung für Abfertigungen und Jubiläumsgelder

Diese Rückstellungen wurden nach finanzmathematischer Methode unter Anwendung eines Rechnungszinssatzes von 3,5 % unter Berücksichtigung von Fluktuationsabschlägen ermittelt. Als Pensionseintrittsalter wurde 56 Jahre für Frauen und 61 Jahre für Männer angesetzt.

b) Verbindlichkeiten

Die Verbindlichkeiten sind mit dem Rückzahlungsbetrag unter Bedachtnahme auf den Grundsatz der Vorsicht bewertet.

6. Abspaltung

Die im Folgenden unter Abspaltung gezeigten Veränderungen diverser Bilanzpositionen betreffen die Übertragung des Teilbetriebes "Tyrolia Technology" von der HTM Sport- und Freizeitgeräte AG auf die Tyrolia Technology GmbH mit 1. Jänner 2002 (Spaltungs- und Übernahmevertrag vom 20. Juni 2002).

II. Aufgliederungen und Erläuterungen zu Posten der Bilanz

AKTIVA

A. Anlagevermögen

Die Entwicklung der einzelnen Positionen des Anlagevermögens ist in dem beiliegenden Anlagespiegel (Seite 11) dargestellt.

I. Immaterielle Vermögensgegenstände

Der Verschmelzungsmehrwert stammt aus der verschmelzenden Umwandlung der AMF Sport- und Freizeitgeräte Aktiengesellschaft im Jahre 1989. Die Abschreibung erfolgte bis zum Jahr 1995 linear über einen Zeitraum von 15 Jahren. Im Jahre 1995 wurde eine außerordentliche Abschreibung im Ausmaß von EUR 24.043.225,80 vorgenommen. Der zum 31.12.1995 verbliebene Wert von EUR 3.183.070,13 wird auf die Differenz zu den ursprünglichen 15 Jahren in 8 1/2 Jahren per anno mit EUR 374.478,83 abgeschrieben.

II. Finanzanlagen

		Anteil am Grund bzw. Stammkapital in lokaler Währung		Eigenkapital 31.12.2002 in lokaler Währung	Ergebnis 2002 in lokaler Währung
Gesellschaft	Währung	Gesamtes Nennkapital	%	Betrag	Betrag
HTM Deutschland GmbH Feldkirchen, BRD	EUR	255.646,00	100	6.083.588,00	36.959,00
Head Tyrolia Sports S.A. Eybens, F	EUR	6.555.307,00	100	6.788.029,00	424.000,00
HTM Sports Japan K.K. Tokyo, J	JPY	348.000.000,00	96	234.777.511,00	72.922.513,00
Head Tyrolia GmbH Schwechat, A	EUR	363.364,17	100	436.037,00	0,00
Tyrolia Technology GmbH Schwechat, A	EUR	35.000,00	100	416.801,56	0,00
Head Sport AG Kennelbach, A	EUR	4.359.630,00	100	124.934.605,64	0,00

B. Umlaufvermögen

II. Forderungen und sonstige Vermögensgegenstände

1. Forderungen aus Lieferungen und Leistungen

	Brutto	Einzelwertberichtigung	Bilanzwert 31.12.2002	Davon aus Lieferung	Fristigkeit bis ein Jahr	Bilanzwert 31.12.2001
Forderungen aus Lieferungen und Leistungen	1.388.362,82	(122.748,31)	**1.265.614,51**	1.265.614,51	1.265.614,51	1.965.071,33

2. Forderungen gegenüber verbundenen Unternehmen

Forderungen gegenüber verbundenen Unternehmen	Brutto Forderung Wert in EUR	abzüglich Abzinsung	Bilanzwert 31.12.	davon aus Liefer.-Leistung	davon aus Finanzierung	Fristigkeit bis ein Jahr	Fristigkeit über ein Jahr
31.12.2002	24.380.036,93	0,00	24.380.036,93	14.448.240,84	9.931.796,09	14.880.036,93	9.500.000,00
31.12.2001	74.822.108,41	(280.061,75)	74.542.046,66	22.048.301,51	52.493.745,15	64.042.046,66	10.500.000,00

3. Sonstige Forderungen und Vermögensgegenstände

	31.12.2002	Fristigkeit bis ein Jahr	über ein Jahr	Vergleich 31.12.2001
Finanzamt für Körperschaften	1.283.145,41	1.283.145,41		1.511.363,85
Noch nicht Abzugsfähige Einfuhrumsatzsteuer	69.747,37	69.747,37		79.169,77
Finanzamt Bonn: BRD Mehrwertsteuer Refundierung	1.939,60	1.939,60		2.954,26
Finanzamt: Holland NL Mehrwertsteuer Refundierung	171.000,00	171.000,00		173.627,14
Debitorische Kreditoren	12.826,60	12.826,60		14.849,80
Forderung : Zinsenertrag aus Wertpapieren	89.011,16	89.011,16		21.480,24
Forderung Eigene Mitarbeiter	75.839,20	75.839,20		60.847,10
Forderungen aus Termingeschäften	17.609,00	17.609,00		244.843,00
Forderung Kaution	59.602,84		59.602,84	
Diverse Forderungen	32.524,91	32.524,91		53.425,92
GESAMTSUMME	**1.813.246,09**	1.753.643,25	59.602,84	2.162.561,08

In den sonstigen Forderungen und Vermögensgegenständen sind Erträge in der Höhe von EUR **106.620,16** enthalten, die erst nach dem Abschlussstichtag zahlungswirksam werden.

III. Kassenbestand , Schecks und Guthaben bei Kreditinstituten

	31.12.2002	31.12.2001
Kassenbestände	6.330,28	6.698,39
Schecks in Besitz	3.806.023,67	0,00
Kontokorrent Bankguthaben	15.921.181,17	4.124.713,39
GESAMTSUMME	**19.733.535,12**	**4.131.411,78**

II. Aufgliederungen und Erläuterungen zu Posten der Bilanz (Fortsetzung)

PASSIVA

A. Eigenkapital

I. Grundkapital

Das Grundkapital beträgt EUR 7.267.200,- und ist in 10.000 Inhaberaktien im Nennbetrag von je EUR 726,72 zerlegt. Es existiert kein genehmigtes Kapital. Die exakte Umrechnung in EUR ergab ursprünglich ein Nennkapital von 7.267.283,42 EUR. Laut Beschluss der Hauptversammlung vom 30. Mai 2001 wurde das Grundkapital auf 7.267.200,- gerundet. Die Differenz von EUR 83,42 wurde in eine gebundene Kapitalrücklage eingestellt.

II. Kapitalrücklagen

	Stand 01.01.2002	Zuweisung	Auflösung		Stand 31.12.2002
1. Gebundene Kapitalrücklage	**83,42**	0,00	0,00		**83,42**
2. Nicht gebundene Kapitalrücklage	**83.384.675,04**	0,00	0,00		**83.384.675,04**

B. Unversteuerte Rücklagen

1. Bewertungsreserve aufgrund von Sonderabschreibungen

	Stand 01.01.2002	Zuweisung	Auflösung		Stand 31.12.2002
Gebäude gemäß § 122 EStG 1972	**125.758,65**	0,00	(125.758,65)		**0,00**

2. Investitionsfreibeträge gemäß § 10 EStG

	Stand 01.01.2002	Abspaltung	Auflösung Zeitablauf	Zuweisung	Auflösung Ausscheidung	Stand 31.12.2002
IFB 1998	210.693,72	0,00	(206.176,74)	0,00	(4.516,98)	**0,00**
IFB 1999	296.301,96	(506,04)	0,00	0,00	(13.129,54)	**282.666,38**
IFB 2000	356.514,59	(1.154,12)	0,00	0,00	(24.459,34)	**330.901,13**
GESAMTSUMME	863.510,27	(1.660,16)	(206.176,74)	0,00	(42.105,86)	**613.567,51**

Aufgrund der vorzeitigen Auflösung des Investitionsfreibetrages und der Auflösung der unversteuerten Rücklagen für Bewertungs-reserve aufgrund von Sonderabschreibungen erhöht sich die Steuer vom Einkommen und vom Ertrag um EUR 14.268,48.

C. Rückstellungen

3. Sonstige Rückstellungen

	Stand 01.01.2002	Abspaltung	Verbrauch	Zuführung Auflösung	Stand 31.12.2002	Davon Langfristig über 1 Jahr
Gehälter/Löhne und Sozialabgaben	146.796,64		(146.796,64)	231.811,10	231.811,10	
Personalprämien	455.323,48		(455.323,48)	377.288,70	377.288,70	
Nicht konsumierte Urlaube	797.706,51	(9.764,47)	0,00	174.149,96	962.092,00	
Strom	111.490,00		(111.490,00)	267.089,65	267.089,65	
Gas	0,00		0,00	6.240,00	6.240,00	
Telefon	10.459,00	(186,00)	(10.273,00)	10.467,00	10.467,00	
Nicht durchgeführte Reparaturen	150.000,00		(150.000,00)	100.000,00	100.000,00	
Instandhaltung	69.693,25		(69.693,25)	500,00	500,00	
Reisekosten / Werksverkehr	3.171,00		(3.171,00)	408,95	408,95	
Sonstige Dienstleistungen	397.808,44		(397.808,44)	120.285,08	120.285,08	
Rechts-, Prüfung-, Beratungsk.	353.120,00		(353.120,00)	266.122,00	266.122,00	
Bundeswirtschaftskammer	15.812,00		(15.812,00)	15.972,00	15.972,00	
Zinsen	44.576,49		(44.576,49)	0,00	0,00	
Provisionen	123.544,00		(123.544,00)	138.698,97	138.698,97	
Werbekosten	312.710,83		(312.710,83)	99.200,00	99.200,00	
Ausgangsfrachten	5.813,82		(5.813,82)	1.860,00	1.860,00	
Garantien	200.000,00		(69.394,53)	51.394,53	182.000,00	
Produkthaftpflicht	1.117.667,10		(158.173,70)	(214.761,83)	744.731,57	
Jubiläumsgelder	407.950,92	(5.779,53)	(35.303,48)	9.169,09	376.037,00	376.037,00
Versicherungen	23.085,53		(23.085,53)	34.309,29	34.309,29	
Skonto	12.034,10		(12.034,10)	7.600,00	7.600,00	
Lizenzen	5.953,00		(5.953,00)	0,00	0,00	
Miete	444,00		(444,00)	0,00	0,00	
Autokosten	0,00		0,00	172,66	172,66	
Kursverluste	37.699,00		(37.699,00)	19.813,00	19.813,00	
Depot/Bereitstellungsgebühr	58.517,70		(58.517,70)	40.579,84	40.579,84	
	4.861.376,81	(15.730,00)	(2.600.737,99)	1.758.369,99	**4.003.278,81**	376.037,00

D. Verbindlichkeiten

		31.12.2002	davon mit einer Restlaufzeit bis zu einem Jahr	von mehr als einem Jahr	von mehr als 5 Jahren	31.12.2001
1.	Verbindlichkeiten gegenüber Kreditinstituten	5.000.000,00	5.000.000,00	0,00	0,00	483.391,01
2.	Erhaltene Anzahlungen	558.213,02	558.213,02	0,00	0,00	26.474,19
3.	Verbindlichkeiten aus Lieferungen und Leistungen	603.193,17	603.193,17	0,00	0,00	1.017.744,91
4.	Verbindlichkeiten gegenüber verbundenen Unternehmen	8.773.598,65	6.769.036,54	2.004.562,11	0,00	3.602.315,09
5.	Sonstige Verbindlichkeiten	1.191.458,96	635.277,36	556.181,60	0,00	981.240,38
	GESAMTSUMME	**16.126.463,80**	13.565.720,09	2.560.743,71	0,00	6.111.165,58

Zur Sicherstellung eines Exportförderungskredites wurde die Abtretung von Forderungen aus Warenlieferungen an eine Bank vereinbart.

zu 5. Sonstige Verbindlichkeiten

	31.12.2002	davon mit einer Restlaufzeit bis zu einem Jahr	von mehr als einem Jahr	von mehr als 5 Jahren	31.12.2001
Verbindlichkeit Steuern	260.874,04	260.874,04	0,00	0,00	311.344,24
Verbindlichkeit (soziale Sicherheit)	285.895,95	285.895,95	0,00	0,00	328.232,40
Kredite von Nichtbanken 1)	599.408,32	43.226,72	556.181,60	0,00	330.373,72
Diverse Sonstige Verbindlichkeiten	45.280,65	45.280,65	0,00	0,00	11.290,02
GESAMTSUMME	**1.191.458,96**	**635.277,36**	**556.181,60**	**0,00**	981.240,38

1)	Wohnbauwiederaufbaufond	452,66
	Forschungsförderungsfond	598.955,66
		599.408,32

In den sonstigen Verbindlichkeiten sind Aufwendungen in der Höhe von EUR 427.519,80 enthalten, die erst nach dem Abschlußstichtag zahlungswirksam werden.

Eventualverbindlichkeiten

Die Eventualverbindlichkeiten aus Garantien und Haftungen gliedern sich zum 31.12.2002 wie folgt:

	Whg	Betrag
Haftung als Bürge und Zahler gegenüber der Sumitomo Mitsui Banking Corp. zugunsten der HTM Sports Japan K.K.	JPY	3.000.000.000
davon ausgenützt per 31.12.2002	JPY	2.191.250.000
Gesamtsumme Eventualverbindlichkeiten:		**2.191.250.000**

Werte in EUR

BRIEFKURS	31.12.2002
123,55	**17.735.734,52**

Vergleich 2001 EUR 19.779.478,40

In den Eventualverbindlichkeiten sind Garantien in Höhe von 17.735.734,52 EUR enthalten, die für verbundene Unternehmen eingegangen worden sind.

III. Aufgliederung und Erläuterungen zu Posten der Gewinn und Verlustrechnung

1. Umsatzerlöse 2002

	Inland	Export	Gesamt
EIGENE ERZEUGNISSE	13.346.308,41	22.438.215,75	35.784.524,16
Handelsware	3.827,62	555.167,69	558.995,31
Lohnarbeit	405.562,83	0,00	405.562,83
Betriebliche Nebenerlöse	25.392,66	122.632,48	148.025,14
HANDELSWARE und SONSTIGE	434.783,11	677.800,17	1.112.583,28
SKONTOAUFWAND	(14.626,09)	(58.084,55)	(72.710,64)
SUMME	13.766.465,43	23.057.931,37	**36.824.396,80**

Vergleich: Umsatzerlöse 2001

	Inland	Export	Gesamt
EIGENE ERZEUGNISSE	9.071.094,27	30.784.064,91	39.855.159,18
Handelsware	3.956,45	32.589,84	36.546,29
Lohnarbeit	253.821,44	349.292,93	603.114,37
Betriebliche Nebenerlöse	29.533,26	0,00	29.533,26
HANDELSWARE und SONSTIGE	287.311,15	381.882,77	669.193,92
SKONTOAUFWAND	(12.911,07)	(41.935,94)	(54.847,01)
SUMME	9.345.494,35	31.124.011,74	**40.469.506,09**

8. Sonstige betriebliche Aufwendungen

b Übrige betriebliche Aufwendungen

	2002		2001	
Kommunikationsaufwand (inkl. Internetkosten 2002)	586.914,66		132.024,09	
Internetkosten			306.772,73	
KFZ Aufwand	221.559,08		217.476,66	
Rechts-, Prüfungs-, Beratungskosten, sonstige Dienstleistung	4.128.892,40		3.921.665,19	
Reisespesen	659.293,10		680.366,47	
Marktforschung	68.019,19		64.820,84	
Sonstige Versicherungen	252.138,88		263.886,77	
Garantieleistungen	51.394,53		0,00	
Werbeaufwand	2.066.053,97		2.305.374,39	
Repräsentationsspesen	49.427,57		42.092,93	
Frachtspesen	348.387,98		252.594,25	
Provisionen	161.130,92		175.027,94	
Geldverkehrsaufwand	44.901,41		53.213,74	
Instandhaltung	1.247.876,83		945.504,71	
Patent- und Lizenzgebühren	99.721,52		104.659,28	
Patent- und Lizenzgebühren Konzern	197.530,02		0,00	
Uneinbringliche Forderungen	0,00		(150,85)	
Dotierung / Auflösung WB zu Forderungen	0,00		30.631,30	
Gas, Wasser, Heizöl, Fernwärme	214.027,94		183.796,85	
Büromaterial, Literatur, Arbeitsbehelfe	66.480,56		78.100,04	
Muster, Modelle	83.524,84		276.237,46	
Beiträge Berufsvertretung	32.577,20		31.922,37	
Abschreibung Werkzeugkostenbeitrag	100.232,39		154.867,56	
Sonstiger Aufwand	301.606,70		328.719,45	
Miete, Leasing	532.236,77		33.355,68	
Personalsuchkosten	25.888,16		27.207,20	
		11.539.816,62		**10.610.167,05**
zuzüglich Aufwendungen Anlagenabgang		0,00		10.103,51
Summe Punkt 8b		**11.539.816,62**		**10.620.270,56**
c Kursdifferenzen		219.437,08		0,00

IV. Sonstige Angaben

1. Beschäftigte

Die Anzahl der Beschäftigten betrug im Jahr durchschnittlich:

Jahr	2002	2001
Angestellte	160	147,5
Arbeiter	125	141,5
Lehrlinge	0	0

2. Verbundene Unternehmen

Seit dem Geschäftsjahr 1998 ist die Gesellschaft HTM Sport- und Freizeitgeräte AG ein verbundenes Unternehmen der Head NV, Rotterdam, Niederlande, welche einen Konzernabschluß für den kleinsten und größten Kreis von Unternehmen aufstellt, der beim Handelsgericht Wien hinterlegt wird. Die Bestimmungen der Befreiungsverordnung - betreffend befreiende Konzernabschlüsse und Konzernlageberichte - wurden gemäß § 245 (4) in Verbindung mit § 245 (1) HGB in Anspruch genommen.

Mit der Head Sport AG, Kennelbach, Head Tyrolia GmbH, Schwechat sowie der Tyrolia Technology GmbH, Schwechat als Organgesellschaften besteht ein Ergebnisabführungsvertrag gemäß § 9 (4) KStG.

3. Organe der Gesellschaft

Vorstand:

Mag. Ralf Bernhart
Ing. Edgar Pöllmann (seit 1. Jänner 2003)

Aufsichtsrat:

Johan Eliasch (Vorsitzender)
Dr. Benedikt Spiegelfeld (Vorsitzender Stvr)
Franz Klammer
Dr. Erhart Weiss

als Arbeitnehmervertreter entsandt:

Lorenz Bettstein
Gerhard Rückschloss
Günter Bachleitner

Die Aufwendungen für Abfertigungen betragen im Geschäftsjahr:

a) Für den Vorstand und für leitende Angestellte gemäß § 80 Abs. 1 AktG. 1965:
Abfertigung: **131.211** EUR Aufwand

b) für andere Arbeitnehmer:
Abfertigung: **405.161** EUR Aufwand

Aktienoptionen für Arbeitnehmer, leitende Angestellte sowie Organmitglieder (§ 239 (1) Z.5 HGB) wurden dem Vorstand sowie einigen leitenden Angestellten auf Aktien der Muttergesellschaft Head N.V., Niederlande eingeräumt und teilweise ausgeübt. Optionen betreffend Aktien der HTM Sport- und Freizeitgeräte AG wurden im bilanzrelevanten Geschäftsjahr weder eingeräumt noch ausgeübt.

Von der Schutzklausel gemäß § 241 HGB Abs. 4 wird Gebrauch gemacht.

Die Verpflichtungen aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen für das Jahr 2003 betragen aus KFZ-Leasing EUR 113.405,27 und aus unserem Gebäudeleasing-Finanzierungsprojekt EUR 803.227,56. Der Gesamtbetrag der folgenden 5 Jahre beträgt EUR 240.417,75 für KFZ-Leasing und EUR 4.016.137,80 für das Gebäudeleasing-Finanzierungsprojekt.

ANLAGESPIEGEL

	Anschaffungs-kosten 01.01.2002	Abspaltung	Zugänge	Abgänge	Umbuchungen	Anschaffungs-kosten 31.12.2002	kumulierte Abschreibungen	Buchwert 31.12.2002	Buchwert 31.12.2001	Abschreibungen 2002
I. Immaterielle Vermögensgegenstände										
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile										
Software	917.888,56	(19.085,26)	304.840,12	0,00	0,00	1.203.443,42	(516.602,42)	686.841,00	594.451,00	(196.660,12)
Vertriebsrechte	9.877.727,96	0,00	0,00	0,00	0,00	9.877.727,96	(9.877.727,96)	0,00	0,00	0,00
Zwischensumme	*10.795.616,52*	*(19.085,26)*	*304.840,12*	*0,00*	*0,00*	*11.081.171,38*	*(10.394.330,38)*	*686.841,00*	*594.451,00*	*(196.660,12)*
2. Verschmelzungsmehrwert	*42.988.861,77*	*0,00*	*0,00*	*0,00*	*0,00*	*42.988.861,77*	*(42.427.143,42)*	*561.718,35*	*936.197,18*	*(374.478,83)*
Summe	***53.784.478,29***	***(19.085,26)***	***304.840,12***	***0,00***	***0,00***	***54.070.033,15***	***(52.821.473,80)***	***1.248.559,35***	***1.530.648,18***	***(571.138,95)***
II. Sachanlagen										
1. Grundstücke, grundstücksgleiche Rechte und Bauten										
Grund und Boden	1.020.157,84	0,00	0,00	(1.020.157,84)	0,00	0,00	0,00	0,00	1.020.157,84	0,00
Gebäude	8.518.972,93	0,00	0,00	(8.518.972,93)	0,00	0,00	0,00	0,00	1.901.117,79	(69.153,59)
Im Bau befindliche Gebäude	0,00	0,00	191.826,71	0,00	(191.826,71)	0,00	0,00	0,00	0,00	0,00
Investitionen in fremde Gebäude	0,00	0,00	20.815,54	0,00	191.826,71	212.642,25	(10.632,25)	202.010,00	0,00	(10.632,25)
Zwischensumme	*9.539.130,77*	*0,00*	*212.642,25*	*(9.539.130,77)*	*0,00*	*212.642,25*	*(10.632,25)*	*202.010,00*	*2.921.275,63*	*(79.785,84)*
2. Technische Anlagen und Maschinen	*17.952.367,25*	*(200.000,00)*	*858.584,94*	*(1.475.000,32)*	*254.596,00*	*17.390.547,87*	*(15.178.739,70)*	*2.211.808,17*	*1.927.310,85*	*(606.356,34)*
3. Werkzeuge, Betriebs- und Geschäftsausstattung										
Werkzeuge	14.441.115,42	0,00	1.368.543,37	(487.858,84)	1.196.701,15	16.516.501,10	(13.634.660,50)	2.881.840,60	2.055.274,54	(1.736.677,52)
Betriebs- und Geschäftsausstattung	6.776.129,22	(34.314,99)	827.455,80	(761.524,26)	0,00	6.607.745,77	(4.969.125,28)	1.638.620,49	1.786.466,92	(616.075,94)
Geringwertige WG	0,00	0,00	255.571,15	(255.571,15)	0,00	0,00	0,00	0,00	0,00	(255.571,15)
Zwischensumme	*21.217.244,64*	*(34.314,99)*	*2.249.570,32*	*(1.504.954,25)*	*1.196.701,15*	*23.124.246,87*	*(18.603.785,78)*	*4.520.461,09*	*3.841.741,46*	*(2.608.324,61)*
4. Geleistete Anzahlungen und Anlagen in Bau										
Werkzeuge in Bau	1.225.742,53	0,00	1.774.066,71	0,00	(1.196.701,15)	1.803.108,09	0,00	1.803.108,09	1.225.742,53	0,00
Anzahlungen für Sachanlagen	254.596,00	0,00	8.848,68	0,00	(254.596,00)	8.848,68	0,00	8.848,68	254.596,00	0,00
Zwischensumme	*1.480.338,53*	*0,00*	*1.782.915,39*	*0,00*	*(1.451.297,15)*	*1.811.956,77*	*0,00*	*1.811.956,77*	*1.480.338,53*	*0,00*
Summe	***50.189.081,19***	***(234.314,99)***	***5.103.712,90***	***(12.519.085,34)***	***0,00***	***42.539.393,78***	***(33.793.157,73)***	***8.746.236,03***	***10.170.666,47***	***(3.294.466,79)***
III. Finanzanlagen										
1. Anteile an verbundenen Unternehmen	317.562.388,57	0,00	399.298,56	0,00	0,00	317.961.687,13	(246.392.028,95)	71.569.658,18	71.170.359,62	0,00
2. Beteiligungen	103.690,71	0,00	0,00	0,00	0,00	103.690,71	0,00	103.690,71	103.690,71	0,00
zur Deckung der Vorsorge für Abfertigungen	957.293,29	0,00	277.483,99	(240.435,57)	0,00	994.341,71	(28.034,35)	966.307,36	957.293,29	(28.034,35)
gegenüber verbundene Unternehmen	0,00	0,00	1.550.000,00	0,00	0,00	1.550.000,00	(54.950,00)	1.495.050,00	0,00	(54.950,00)
Zwischensumme	957.293,29	0,00	1.827.483,99	(240.435,57)	0,00	2.544.341,71	(82.984,35)	2.461.357,36	957.293,29	(82.984,35)
Summe	***318.623.372,57***	***0,00***	***2.226.782,55***	***(240.435,57)***	***0,00***	***320.609.719,55***	***(246.475.013,30)***	***74.134.706,25***	***72.231.343,62***	***(82.984,35)***
SUMME ANLAGEVERMÖGEN	**422.596.932,05**	**(253.400,25)**	**7.635.135,57**	**(12.759.520,91)**	**0,00**	**417.219.146,46**	**(333.089.644,83)**	**84.129.501,63**	**83.932.658,27**	**(3.948.590,09)**

HTM SPORT- UND FREIZEITGERÄTE AG

Lagebericht des Vorstandes für das Geschäftsjahr 2002

Geschäftsverlauf

Auch für das Jahr 2002 konnten ähnlich erfreuliche Ergebnisse wie in den Vorjahren erreicht werden. Bei einem Umsatz von € 36,8 Mio. konnte ein Betriebserfolg von € 9,0 Mio. erzielt werden. Der **Jahresüberschuss** konnte mit € 16,0 Mio. gegenüber dem Vorjahreswert von € 18,2 auf ähnlich hohem Niveau gehalten werden.

Auf Grund unserer **Kostenführerschaft** im Bindungsmarkt konnten wir dem Auftreten neuer Konkurrenten und dem verstärkten Trend zu preisgünstigen Setangeboten erfolgreich entgegentreten, wenngleich Abstriche im Umsatz und bei den Deckungsbeiträgen in Kauf genommen werden mußten.

Im operativen Bereich festigten die bewährte Produktfamilie der SL 100 sowie das neu eingeführte **Railflexsystem** zusammen mit der ebenfalls neu auf den Markt gekommenen LD Produktfamilie unsere Marktposition.

Im Finanzbereich konnte infolge der **hohen Eigenkapitalausstattung** und des wenngleich auch gegenüber dem Vorjahr deutlich reduzierten Ertrages aus der Beteiligung an der Head Sport AG ein positives Finanzergebnis von € 7,2 Mio. erzielt werden.

In der außerordentlichen Hauptversammlung der HTM Sport- und Freizeitgeräte AG sowie der außerordentlichen Generalversammlung der Tyrolia Technology GmbH, beide vom 9. August 2002, wurde die Abspaltung des Teilbetriebes **Tyrolia Technology** der HTM Sport- und Freizeitgeräte AG zur Aufnahme auf die Tyrolia Technology GmbH als übernehmende Gesellschaft auf Basis der Schlussbilanz der HTM Sport- und Freizeitgeräte AG zum 31. Dezember 2001 unter Inanspruchnahme der Begünstigungen des Art VI UmgrStG beschlossen.

Für den Skihersteller Fischer wurde im Rahmen einer Kooperationsvereinbarung eine Kollektion von Bindungsmodellen entworfen, wobei zwei Modelle (Backen und Fersen) auf Tyrolia Technik basierend, aber designmäßig abgewandelt, neu entwickelt wurden.

Forschung und Entwicklung

Die Entwicklung neuer innovativer Produkte soll für die Saison 2003/2004 unsere führende Marktposition weiterhin gewährleisten.

Neben der Entwicklung der Bindungskollektion für Fischer war die Weiterentwicklung des Verleihbindungssystems ein Schwerpunkt. Damit wird den Anforderungen des Verleihers (schnelles Verstellen, Einfachheit und Robustheit des Systems) noch stärker Rechnung getragen.

Die Railflex Bindungskollektion wurde um ein Bindungsmodell (SL Rail) erweitert, wofür eine neue Ferse entwickelt werden musste.

Vorentwickelt wurde eine Ski-Bindungsintegration , bei der die Railplatten nicht mehr geschraubt sind sondern ein Bindungsanschluss als integrierter Bestandteil des Skis (Eigenschaften wie Steifigkeit werden optimiert) realisiert wurde. Erste Prototypen konnten gebaut und erfolgreich getestet werden. Dabei sollen durch Computersimulation die Skifahreigenschaften des Systems beim Carven berechnet und die Prototypenphase teilweise durch Simulation ersetzt werden. An der Weiterentwicklung des Simulationsmodells wird in Zusammenarbeit mit der TU Wien und der UNI Innsbruck noch gearbeitet.

Marktlage

2002 war stark von der schlechten Wintersaison 2001/02 geprägt:

In den **USA** waren die schlechte Schneelage im Osten in der vorigen Saison, dann wiederum der schneearme Westen am Jahresende, weiters die allgemeine Wirtschaftsflaute Faktoren für einen leichten Marktrückgang. Tyrolia konnte sich in den USA leicht steigern und Marktanteile gewinnen.
In Canada konnte Tyrolia sogar um 20% seinen Umsatz steigern.

In **Japan** ist der Markt als Folge der andauernden Rezession mengenmäßig gesunken, aber besonders wertmäßig ist eine starke Tendenz nach unten durch den Fokus auf günstigere Ware zu beobachten. Dennoch konnte Tyrolia seine Nr. 1 Position stabil halten, vor allem aufgrund der sehr guten Beziehungen zu den in Japan wichtigen Key Accounts.

Europa hatte an der schlechten Wettersituation der Saison 2001/02 zu leiden. Die Alpenländer hatten aufgrund der zu hohen Lagerbestände im Handel und des reduzierten Abverkaufes Rückgänge von 15-20% in der Grundorder. Durch die Schneearmut am Jahresende, sowie den konjunkturellen Pessimismus konnte selbst diese Ware nicht genügend abfließen.
Daher musste Tyrolia besonders in Italien, Frankreich und Österreich seine Umsätze zurücknehmen. In der Schweiz, aber besonders in Deutschland konnte das Vorjahresergebnis gehalten werden, d.h. Marktanteile von den Mitbewerbern gewonnen werden.

Das **weltweite Marktvolumen** ist 2002 um etwa 5% von 4,2 Mio auf 4,0 Mio gesunken. Der generelle Markttrend zu Set- und Systemverkäufen sowie integrierten Bindungen, aber auch das vermehrte Anbieten von bisher „leeren“ Skimarken mit eigenen Bindungen bot Tyrolia zunehmende Hürden in der Marktbearbeitung. Dennoch konnte nach unserer Einschätzung der mengenmäßige **Marktanteil** gehalten bzw. sogar ausgebaut werden.

Vermögens-, Finanz- und Ertragslage

Auf Grund der schwierigen Wettbewerbssituation reduzierte sich der **Umsatz** von € 40,5 Mio. im Jahr 2002 auf € 36,8 Mio. im Jahr 2002.
Der hohe **Betriebserfolg** von € 9,0 Mio. wurde durch ein erfolgreich abgewickeltes Gebäudeleasing Finanzierungsprojekt erreicht, welches durch die Veräußerung unserer Liegenschaften in Schwechat und Neusiedl € 7,1 Mio. an Erträgen aus dem Abgang von Anlagevermögen beisteuerte.

Die **Bilanzsumme** verringerte sich von € 172,0 Mio. auf € 137,0 Mio. Die an die HEAD Holding Unternehmensbeteiligung GmbH erfolgte Ausschüttung in Höhe von € 60,0 Mio. und der damit zusammenhängende Abbau von Forderungen gegenüber verbundenen Unternehmen um € 50,2 Mio. waren dafür hauptverantwortlich. Die **liquiden Mittel** erhöhten sich von € 4,1 Mio. auf € 19,7 Mio.

Die Zugänge zum Sachanlagevermögen in der Höhe von € 5,1 Mio. lagen, bedingt durch die zusätzlich notwendigen Werkzeuginvestitionen für die Fischer Bindungsmodelle und infolge verstärkter Investitionen zur Effizienzsteigerung in der Produktion und im Werkzeugbau, über dem Schnitt der Vorjahre.

Vorgänge nach dem Schluss des Geschäftsjahres

Gegenüber dem Bilanzstichtag 31.12.2002 ergeben sich aus heutiger Sicht keine nennenswerte Vorgänge oder Ereignisse, die nicht schon zum Zeitpunkt der Bilanzerstellung bekannt gewesen wären und keine Berücksichtigung gefunden hätten.

Allgemeine Auftragsbedingungen für Abschlussprüfungen

Auszug aus den vom Vorstand der Kammer der Wirtschaftstreuhänder mit Beschluss vom 8.3.2000 zur Anwendung empfohlenen Allgemeinen Auftragsbedingungen für Wirtschaftstreuhandberufe, umfassende Teile der Präambel und die Punkte 1 bis 16 des I. Teiles. Adaptiert vom Arbeitskreis für Honorarfragen und Auftragsbedingungen am 23.5.2002.

Präambel

(1) Wird nicht abgedruckt.

(2) Für alle Teile der Auftragsbedingungen gilt, dass, falls einzelne Bestimmungen unwirksam sein sollten, dies die Wirksamkeit der übrigen Bestimmungen nicht berührt. Die unwirksame Bestimmung ist durch eine gültige, die dem angestrebten Ziel möglichst nahe kommt, zu ersetzen.

(3) Für alle Teile der Auftragsbedingungen gilt weiters, dass der zur Ausübung eines Wirtschaftstreuhandberufes Berechtigte verpflichtet ist, bei der Erfüllung der vereinbarten Leistung nach den Grundsätzen ordnungsgemäßer Berufsausübung vorzugehen. Er ist berechtigt, sich zur Durchführung des Auftrages hiefür geeigneter Mitarbeiter zu bedienen.

(4) Für alle Teile der Auftragsbedingungen gilt schließlich, daß ausländisches Recht vom Berufsberechtigten nur bei ausdrücklicher schriftlicher Vereinbarung zu berücksichtigen ist.

I.TEIL

1. Geltungsbereich

(1) Die Auftragsbedingungen des I. Teiles gelten für Verträge über (gesetzliche und freiwillige) Prüfungen mit und ohne Bestätigungsvermerk, Gutachten, gerichtliche Sachverständigentätigkeit, Erstellung von Jahres- und anderen Abschlüssen, Steuerberatungstätigkeit und über andere im Rahmen eines Werkvertrages zu erbringende Tätigkeiten mit Ausnahme der Führung der Bücher, der Vornahme der Personalsachbearbeitung und der Abgabenverrechnung.

(2) Die Auftragsbedingungen gelten, wenn ihre Anwendung ausdrücklich oder stillschweigend vereinbart ist. Darüber hinaus sind sie mangels anderer Vereinbarung Auslegungsbehelf.

(3) Punkt 8 gilt auch gegenüber Dritten, die vom Beauftragten zur Erfüllung des Auftrages im Einzelfall herangezogen werden.

2. Umfang und Ausführung des Auftrages

(1) Auf die Absätze 3 und 4 der Präambel wird verwiesen.

(2) Ändert sich die Rechtslage nach Abgabe der abschließenden beruflichen Äußerung, so ist der Berufsberechtigte nicht verpflichtet, den Auftraggeber auf Änderungen oder sich daraus ergebende Folgerungen hinzuweisen. Dies gilt auch für abgeschlossene Teile eines Auftrages.

3. Aufklärungspflicht des Auftraggebers; Vollständigkeitserklärung

(1) Der Auftraggeber hat dafür zu sorgen, daß dem Berufsberechtigten auch ohne dessen besondere Aufforderung alle für die Ausführung des Auftrages notwendigen Unterlagen rechtzeitig vorgelegt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrages von Bedeutung sein können. Dies gilt auch für die Unterlagen, Vorgänge und Umstände, die erst während der Tätigkeit des Berufsberechtigten bekannt werden.

(2) Der Auftraggeber hat dem Berufsberechtigten die Vollständigkeit der vorgelegten Unterlagen sowie der gegebenen Auskünfte und Erklärungen im Falle von Prüfungen, Gutachten und Sachverständigentätigkeit schriftlich zu bestätigen. Diese Vollständigkeitserklärung kann auf den berufsüblichen Formularen abgegeben werden.

4. Sicherung der Unabhängigkeit

Der Auftraggeber ist verpflichtet, alle Vorkehrungen zu treffen, um zu verhindern, dass die Unabhängigkeit der Mitarbeiter des Berufsberechtigten gefährdet wird, und hat selbst jede Gefährdung dieser Unabhängigkeit zu unterlassen. Dies gilt insbesondere für Angebote auf Anstellung und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

5. Berichterstattung

(1) Bei Prüfungen und Gutachten ist, soweit nichts anderes vereinbart wurde, ein schriftlicher Bericht zu erstatten.

(2) Gibt der Berufsberechtigte über die Ergebnisse seiner Tätigkeit eine schriftliche Äußerung ab, so haftet er für mündliche Erklärungen über diese Ergebnisse nicht. Für schriftlich nicht bestätigte Erklärungen und Auskünfte von Mitarbeitern haftet der Berufsberechtigte nicht.

6. Schutz des geistigen Eigentums des Berufsberechtigten

(1) Der Auftraggeber ist verpflichtet, dafür zu sorgen, dass die im Rahmen des Auftrages vom Berufsberechtigten erstellten Berichte, Gutachten, Organisationspläne, Entwürfe, Zeichnungen, Berechnungen und dergleichen nur für Auftragszwecke (z.B. gemäß § 44 Abs 3 EStG 1988) verwendet werden. Im Übrigen bedarf die Weitergabe beruflicher Äußerungen des Berufsberechtigten an einen Dritten

zur Nutzung der schriftlichen Zustimmung des Berufsberechtigten. Eine Haftung des Berufsberechtigten dem Dritten gegenüber wird dadurch nicht begründet.

(2) Die Verwendung beruflicher Äußerungen des Berufsberechtigten zu Werbezwecken ist unzulässig; ein Verstoß berechtigt den Berufsberechtigten zur fristlosen Kündigung aller noch nicht durchgeführten Aufträge des Auftraggebers.

(3) Dem Berufsberechtigten verbleibt an seinen Leistungen das Urheberrecht. Die Einräumung von Werknutzungsbewilligungen bleibt der schriftlichen Zustimmung des Berufsberechtigten vorbehalten.

7. Mängelbeseitigung

(1) Der Berufsberechtigte ist berechtigt und verpflichtet, nachträglich hervorkommende Unrichtigkeiten und Mängel in seiner beruflichen Äußerung zu beseitigen, und verpflichtet, den Auftraggeber hievon unverzüglich zu verständigen. Er ist berechtigt, auch über die ursprüngliche Äußerung informierte Dritte von der Änderung zu verständigen.

(2) Der Auftraggeber hat Anspruch auf die kostenlose Beseitigung von Unrichtigkeiten, sofern diese durch den Auftragnehmer zu vertreten sind; dieser Anspruch erlischt sechs Monate nach erbrachter Leistung des Berufsberechtigten bzw. – falls eine schriftliche Äußerung nicht abgegeben wird – sechs Monate nach Beendigung der beanstandeten Tätigkeit des Berufsberechtigten.

(3) Der Auftraggeber hat bei Fehlschlägen der Nachbesserung etwaiger Mängel Anspruch auf Minderung. Soweit darüber hinaus Schadenersatzansprüche bestehen, gilt Punkt 8.

8. Haftung

(1) Der Berufsberechtigte haftet nur für vorsätzliche und grob fahrlässig verschuldete Verletzung der übernommenen Verpflichtungen.

(2) Im Falle grober Fahrlässigkeit ist die Ersatzpflicht des Berufsberechtigten über die Mindestversicherungssumme der Berufshaftpflichtversicherung gemäß § 11 Wirtschaftstreuhandberufsgesetz (WTBG), BGBl I Nr.58/1999 hinaus auf das Neunfache dieser Mindestversicherungssumme begrenzt.

(3) Gilt für Tätigkeiten § 275 HGB kraft zwingenden Rechtes, so gelten statt der vorstehenden Absätze die Haftungsnormen des § 275 HGB, und zwar auch dann, wenn an der Durchführung des Auftrages mehrere Personen beteiligt gewesen oder mehrere zum Ersatz verpflichtende Handlungen begangen worden sind, und ohne Rücksicht darauf, ob andere Beteiligte vorsätzlich gehandelt haben.

(4) Jeder Schadenersatzanspruch kann nur innerhalb von sechs Monaten nachdem der oder die Anspruchsberechtigten von dem Schaden Kenntnis erlangt haben, spätestens aber innerhalb von drei Jahren nach dem anspruchsbegründenden Ereignis gerichtlich geltend gemacht werden, soferne nicht in gesetzlichen Vorschriften zwingend andere Verjährungsfristen festgesetzt sind. In Fällen, in denen ein förmlicher Bestätigungsvermerk erteilt wird, beginnt die anzuwendende Verjährungsfrist spätestens mit Erteilung des Bestätigungsvermerkes zu laufen.

(5) Wird die Tätigkeit unter Einschaltung eines Dritten, z.B. eines datenverarbeitenden Unternehmens, durchgeführt und der Auftraggeber hievon benachrichtigt, so gelten nach Gesetz und den Bedingungen des Dritten entstehende Gewährleistungs- und Schadenersatz-ansprüche gegen den Dritten als an den Auftraggeber abgetreten. Der Berufsberechtigte haftet nur für Verschulden bei der Auswahl des Dritten.

(6) Auf Punkt 6 Abs 1 letzter Satz wird verwiesen.

9. Verschwiegenheitspflicht, Datenschutz

(1) Der Berufsberechtigte ist gemäß § 91 WTBG verpflichtet, über alle Angelegenheiten, die ihm im Zusammenhang mit seiner Tätigkeit für den Auftraggeber bekannt werden, Stillschweigen zu bewahren, es sei denn, dass der Auftraggeber ihn von dieser Schweigepflicht entbindet oder gesetzliche Äußerungspflichten entgegen stehen.

(2) Der Berufsberechtigte darf Berichte, Gutachten und sonstige schriftliche Äußerungen über die Ergebnisse seiner Tätigkeit Dritten nur mit Einwilligung des Auftraggebers aushändigen, es sei denn, dass eine gesetzliche Verpflichtung hiezu besteht.

(3) Der Berufsberechtigte ist befugt, ihm anvertraute personenbezogene Daten im Rahmen der Zweckbestimmung des Auftrages zu verarbeiten oder durch Dritte gemäß Punkt 8 Abs 5 verarbeiten zu lassen. Der Berufsberechtigte gewährleistet gemäß § 15 Datenschutzgesetz die Verpflichtung zur Wahrung des Datengeheimnisses. Dem Berufsberechtigten überlassenes Material (Datenträger, Daten, Kontrollzahlen, Analysen und Programme) sowie alle Ergebnisse aus der Durchführung der Arbeiten werden grundsätzlich dem Auftraggeber gemäß § 11 Datenschutzgesetz zurück-gegeben, es sei denn, dass ein schriftlicher Auftrag seitens des Auftraggebers vorliegt, Material bzw. Ergebnis an Dritte weiterzugeben. Der Berufsberechtigte verpflichtet sich, Vorsorge zu treffen, dass der Auftraggeber seiner Auskunftspflicht laut § 26 Datenschutzgesetz nachkommen kann. Die dazu notwendigen Aufträge des Auftraggebers sind schriftlich an den Berufsberechtigten weiterzugeben. Sofern für solche Auskunftsarbeiten kein Honorar vereinbart wurde, ist nach tatsächlichem Aufwand an den Auftraggeber zu verrechnen. Der Verpflichtung zur Information der Betroffenen bzw. Registrierung im Datenverarbeitungsregister hat der Auftraggeber nachzukommen, soferne nichts Anderes ausdrücklich schriftlich vereinbart wurde.

10. Kündigung

(1) Soweit nicht etwas Anderes schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist, können die Vertragspartner den Vertrag jederzeit mit sofortiger Wirkung kündigen. Der Honoraranspruch bestimmt sich nach Punkt 12.

(2) Ein – im Zweifel stets anzunehmender – Dauerauftrag (auch mit Pauschalvergütung) kann allerdings, soweit nichts Anderes schriftlich vereinbart ist, ohne Vorliegen eines wichtigen Grundes (vergleiche § 88 Abs. 4 WTBG) nur unter Einhaltung einer Frist von drei Monaten zum Ende eines Kalendermonats gekündigt werden.

(3) Bei einem gekündigten Dauerauftragsverhältnis zählen - außer in Fällen des Abs 5 - nur jene einzelnen

Werke zum verbleibenden Auftragsstand, deren vollständige oder überwiegende Ausführung innerhalb der Kündigungsfrist möglich ist, wobei Jahresabschlüsse und Jahressteuererklärungen innerhalb von 2 Monaten nach Bilanzstichtag als überwiegend ausführbar anzusehen sind. Diesfalls sind sie auch tatsächlich innerhalb berufsüblicher Frist fertigzustellen, soferne sämtliche erforderlichen Unterlagen unverzüglich zur Verfügung gestellt werden und soweit nicht ein wichtiger Grund iSd § 88 Abs 4 WTBG vorliegt.
(4) In jedem Falle der Kündigung gemäß Abs 2 ist dem Auftraggeber innerhalb Monatsfrist schriftlich bekannt zu geben, welche Werke im Zeitpunkt der Beendigung des Auftragsverhältnisses noch zum fertig zu stellenden Auftragsstand zählen.

(5) Wären bei einem Dauerauftragsverhältnis im Sinne der Abs 2 und 3 - gleichgültig aus welchem Grunde - mehr als 2 gleichartige, üblicherweise nur einmal jährlich zu erstellende Werke (z.B. Jahresabschlüsse, Steuer-erklärungen etc.) fertig zu stellen, so zählen die darüber hinaus gehenden Werke nur bei ausdrücklichem Einverständnis des Auftraggebers zum verbleibenden Auftragsstand. Auf diesen Umstand ist der Auftraggeber in der Mitteilung gemäß Abs 4 gegebenenfalls ausdrücklich hinzuweisen.

11. Annahmeverzug und unterlassene Mitwirkung des Auftraggebers

Kommt der Auftraggeber mit der Annahme der vom Berufsberechtigten angebotenen Leistung in Verzug oder unterlässt der Auftraggeber eine ihm nach Punkt 3 oder sonstwie obliegende Mitwirkung, so ist der Berufsberechtigte zur fristlosen Kündigung des Vertrages berechtigt. Seine Honoraransprüche bestimmen sich nach Punkt 12. Annahmeverzug sowie unterlassene Mitwirkung seitens des Auftraggebers begründen auch dann den Anspruch des Berufsberechtigten auf Ersatz der ihm hiedurch entstandenen Mehraufwendungen sowie des verursachten Schadens, wenn der Berufsberechtigte von seinem Kündigungsrecht keinen Gebrauch macht.

12. Honoraranspruch

(1) Unterbleibt die Ausführung des Auftrages (z.B. wegen Kündigung), so gebührt dem Berufsberechtigten gleichwohl das vereinbarte Entgelt, wenn er zur Leistung bereit war und durch Umstände, deren Ursache auf Seiten des Bestellers liegen, daran verhindert worden ist (§ 1168 ABGB); der Berufsberechtigte braucht sich in diesem Fall nicht anrechnen zu lassen, was er durch anderweitige Verwendung seiner und seiner Mitarbeiter Arbeitskraft erwirbt oder zu erwerben unterlässt.

(2) Unterbleibt die Ausführung des Auftrages durch Umstände, deren Ursache auf Seiten des Berufsberechtigten einen wichtigen Grund darstellen, so hat der Berufsberechtigte nur Anspruch auf den seinen bisherigen Leistungen entsprechenden Teil des Honorars.

(3) Unterbleibt die Ausführung des Auftrages durch Umstände, deren Ursache auf Seiten des Berufsberechtigten keinen wichtigen Grund darstellen, so gilt Abs 2 nur dann, wenn seine bisherigen Leistungen trotz der Kündigung für den Auftraggeber verwertbar sind. Kündigt der Berufsberechtigte ohne wichtigen Grund zur Unzeit, so hat er dem Auftraggeber den daraus entstandenen Schaden nach Maßgabe des Punktes 8 zu ersetzen.

(4) Ist der Auftraggeber – auf die Rechtslage hingewiesen – damit einverstanden, dass sein bisheriger Vertreter den Auftrag ordnungsgemäß zu Ende führt, so ist der Auftrag auch auszuführen.

13. Honorar

Soferne nicht ausdrücklich Unentgeltlichkeit, aber auch nichts Anderes vereinbart ist, richtet sich die Höhe des Honorars gemäß §1152 ABGB nach dem angemessenen Entgelt, als das die vom Arbeitskreis für Honorarfragen und Auftragsbedingungen bei der Kammer der Wirtschaftstreuhänder gesammelten allgemeinen Honorargrundsätze angesehen werden.

14. Sonstiges

(1) Der Berufsberechtigte hat neben der angemessenen Gebühren- oder Honorarforderung Anspruch auf Ersatz seiner Auslagen. Er kann entsprechende Vorschüsse verlangen und die Auslieferung des Leistungsergebnisses von der vollen Befriedigung seiner Ansprüche abhängig machen. Auf das gesetzliche Zurückbehaltungsrecht (§ 471 ABGB, § 369 HGB) wird in diesem Zusammenhang verwiesen. Wird das Zurückbehaltungsrecht zu Unrecht ausgeübt, haftet der Berufsberechtigte im Falle leichter Fahrlässigkeit nicht, bei grober Fahrlässigkeit nur bis zur Höhe seiner noch offenen Forderung. Bei Dauerverträgen darf die Erbringung weiterer Leistungen bis zur Bezahlung früherer Leistungen verweigert werden. Bei Vereinbarung von Teilleistungen und Teilhonorierung gilt dies sinngemäß.

(2) Eine Beanstandung der Arbeiten des Berufsberechtigten berechtigt, außer bei offenkundigen wesentlichen Mängeln, nicht zur Zurückhaltung der ihm nach Abs 1 zustehenden Vergütungen.

(3) Eine Aufrechnung gegen Forderungen des Berufsberechtigten auf Vergütungen nach Abs 1 ist nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

(4) Der Berufsberechtigte hat auf Verlangen und Kosten des Auftraggebers alle Unterlagen herauszugeben, die er aus Anlass seiner Tätigkeit von diesem erhalten hat. Dies gilt jedoch nicht für den Schriftwechsel zwischen dem Berufsberechtigten und seinem Auftraggeber und für die Schriftstücke, die dieser in Urschrift besitzt. Der Berufsberechtigte kann von Unterlagen, die er an den Auftraggeber zurückgibt, Abschriften oder Fotokopien anfertigen oder zurückbehalten.

(5) Der Berufsberechtigte bewahrt die im Zusammenhang mit der Erledigung eines Auftrages ihm übergebenen und die von ihm selbst angefertigten Unterlagen sowie den über den Auftrag geführten Schriftwechsel nach den Vorschriften des Handelsrechtes über die Aufbewahrungspflicht auf.

(6) Der Berufsberechtigte ist berechtigt, fällige Honorarforderungen mit etwaigen Depotguthaben, Verrechnungsgeldern oder anderen in seiner Verfügung befindlichen liquiden Mitteln auch bei ausdrücklicher Inverwahrungnahme zu kompensieren.

15. Anzuwendendes Recht, Erfüllungsort, Gerichtsstand

(1) Für den Auftrag, seine Durchführung und die sich hieraus ergebenden Ansprüche gilt nur österreichisches Recht.

(2) Erfüllungsort ist der Ort der beruflichen Niederlassung des Berufsberechtigten.

(3) Für Streitigkeiten ist das Gericht des Erfüllungsortes zuständig.

16. Ergänzende Bestimmungen für Prüfungen

(1) Bei Abschlussprüfungen, die mit dem Ziel der Erteilung eines förmlichen Bestätigungsvermerkes durchgeführt werden (wie z.B. §§ 268ff HGB) erstreckt sich der Auftrag, soweit nicht anderweitige schriftliche Vereinbarungen getroffen worden sind, nicht auf die Prüfung der Frage, ob die Vorschriften des Steuerrechts oder Sondervorschriften, wie z.B. die Vorschriften des Preis-, Wettbewerbsbeschränkungs- und Devisenrechts, eingehalten sind. Die Abschlussprüfung erstreckt sich auch nicht auf die Prüfung der Führung der Geschäfte hinsichtlich Sparsamkeit, Wirtschaftlichkeit und Zweckmäßigkeit. Im Rahmen der Abschlussprüfung besteht auch keine Verpflichtung zur Aufdeckung von Buchfälschungen und sonstigen Unregelmäßigkeiten.

(2) Bei Abschlussprüfungen ist der Jahresabschluss, wenn ihm der uneingeschränkte oder eingeschränkte Bestätigungsvermerk beigesetzt werden kann, mit jenem Bestätigungsvermerk zu versehen, der der betreffenden Unternehmensform entspricht.

(3) Wird ein Jahresabschluss mit dem Bestätigungsvermerk des Prüfers veröffentlicht, so darf dies nur in der vom Prüfer bestätigten oder in einer von ihm ausdrücklich zugelassenen anderen Form erfolgen.

(4) Widerruft der Prüfer den Bestätigungsvermerk, so darf dieser nicht weiterverwendet werden. Wurde der Jahresabschluss mit dem Bestätigungsvermerk veröffentlicht, so ist auch der Widerruf zu veröffentlichen.

(5) Für sonstige gesetzliche und freiwillige Abschlussprüfungen sowie für andere Prüfungen gelten die obigen Grundsätze sinngemäß.

Head Sport Aktiengesellschaft,
Kennelbach

Jahresabschluss zum 31. Dezember 2003,
Lagebericht und Bestätigungsvermerk
FN 64824 f

HEAD SPORT AKTIENGESELLSCHAFT, KENNELBACH
B I L A N Z zum 31. Dezember 2003

(Vorjahr zum Vergleich)

AKTIVA

	EUR	31.12.2003 EUR	31.12.2002 TEUR
A. Anlagevermögen			
I. Sachanlagen			
1. Bauten auf fremdem Grund	580.055,41		574
2. Technische Anlagen und Maschinen	3.138.181,83		3.541
3. Werkzeuge, Betriebs- und Geschäftsausstattung	2.185.689,99		2.246
4. geleistete Anzahlungen	33.946,06		303
		5.937.873,29	6.664
II. Finanzanlagen			
1. Anteile an verbundenen Unternehmen	89.846.150,06		89.534
2. Wertrechte	711.410,00		561
3. Wertpapiere des Anlagevermögens	1.157.998,96		1.152
		91.715.559,02	101.247
		97.653.432,31	107.911
B. Umlaufvermögen			
I. Vorräte			
1. Roh-,Hilfs-, und Betriebsstoffe	3.310.051,23		3.134
2. unfertige Erzeugnisse	2.418.808,98		2.602
3. fertige Erzeugnisse und Waren	7.603.042,28		10.272
		13.331.902,49	16.008
II. Forderungen und sonstige Vermögensgegenstände			
1. Forderungen aus Lieferungen und Leistungen	2.333.649,65		5.755
2. Forderungen gegenüber verbundenen Unternehmen	65.799.755,16		71.910
3. Sonstige Forderungen und Vermögensgegenstände	2.222.503,94		1.584
		70.355.908,75	79.249
III. Kassenbestand, Guthaben bei Kreditinstituten		420.863,31	4.732
		84.108.674,55	99.989
C. Rechnungsabgrenzungsposten		2.304.283,39	2.926
		184.066.390,25	210.826

PASSIVA

	EUR	31.12.2003 EUR	31.12.2002 TEUR
A. Eigenkapital			
I. Grundkapital		4.359.630,00	4.360
II. Kapitalrücklagen			
1. gebundene Kapitalrücklagen	4.373,69		4
2. nicht gebundene Kapitalrücklagen	95.000.000,00		120.894
		95.004.373,69	
III. Gewinnrücklagen			
gesetzliche Rücklage		436.400,37	436
IV. Bilanzgewinn	–		
davon Gewinnvortrag	–	–	–
		99.800.404,06	125.694
B. Unversteuerte Rücklagen			
sonstige unversteuerte Rücklagen	373.237,56		534
		373.237,56	534
C. Rückstellungen			
1. Rückstellungen für Abfertigungen	3.232.897,00		3.417
2. Rückstellungen für Pensionen	1.240.220,00		1.146
3. Steuerrückstellung	26.900,32		17
4. sonstige Rückstellungen	6.718.116,99		7.659
		11.217.934,31	12.239
D. Verbindlichkeiten			
1. Verbindlichkeiten gegenüber Kreditinstituten	11.535.618,22		10.226
2. erhaltene Anzahlungen auf Bestellungen	21.237,23		423
3. Verbindlichkeiten aus Lieferungen und Leistungen	3.569.820,12		3.413
4. Verbindlichkeiten gegenüber verbundenen Unternehmen	55.139.284,94		0 / 56.325
5. sonstige Verbindlichkeiten	2.408.853,81		1.972
davon aus Steuern EUR -- (VJ: EUR --) davon im Rahmen der sozialen Sicherheit EUR 1.124.216 (VJ: EUR 1.360.274)		72.674.814,32	72.359
		184.066.390,25	210.826
Haftungsverhältnisse		2.963.600,00	2.999

Unterzeichnet durch den Vorstand gemäß § 194 HGB:

Kennelbach, 23. Februar 2004

HEAD SPORT AKTIENGESELLSCHAFT, KENNELBACH
GEWINN-und VERLUSTRECHNUNG
für den Zeitraum vom
1. Jänner bis 31. Dezember 2003
(Vorjahr zum Vergleich)

	EUR	2003 EUR	2002 TEUR
1. Umsatzerlöse		155.116.853,79	142.498
2. Veränderung des Bestandes an fertigen und unfertigen Erzeugnissen		(3.482.227,45)	1.956
3. andere aktivierte Eigenleistungen		786.373,88	860
4. sonstige betriebliche Erträge			
a) Erträge aus dem Abgang von Anlagevermögen mit Ausnahme der Finanzanlagen	–		414
b) übrige	3.279.462,36		3.203
		3.279.462,36	3.617
5. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen			
a) Materialaufwand	(82.922.558,89)		(73.551)
b) Aufwendungen für bezogene Leistungen	(5.589.089,19)		(6.135)
		(88.511.648,08)	(79.686)
6. Personalaufwand			
a) Löhne	(7.533.220,51)		(10.256)
b) Gehälter	(7.584.693,09)		(7.691)
c) Aufwendungen für Abfertigungen	(1.115.859,30)		(649)
d) Aufwendungen für Altersversorgung	(122.861,28)		(128)
e) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	(4.685.469,32)		(5.633)
f) sonstige Sozialaufwendungen	(294.182,15)		(299)
		(21.336.265,65)	(24.656)
7. Abschreibungen			
a) auf Sachanlagen	(3.153.078,12)		(3.236)
		(3.153.078,12)	(3.236)
8. sonstige betriebliche Aufwendungen			
a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen	(91.600,81)		–
b) übrige	(41.155.195,70)		(30.613)
		(41.246.796,51)	(30.613)
9. Zwischensumme aus Z 1 bis 8 (Betriebserfolg)		**1.452.654,22**	**10.740**
10. Erträge aus Beteiligungen davon aus verbundenen Unternehmen EUR – (VJ; EUR 687.474)		–	687
11. sonstige Zinsen und ähnliche Erträge, davon aus verbundenen Unternehmen EUR 1.971.739 (VJ: EUR 1.131.567)		2.060.897,34	1.222
12. Erträge aus der Zuschreibung zu Finanzanlagen		28.270,30	–
13. Aufwendungen aus Finanzanlagen davon aus a) Abschreibungen EUR (18.787.404) (VJ: EUR (165.992)) b) Aufwendungen aus verbundenen Unternehmen EUR (20.730.815) (VJ: (1.421.655))		(20.730.815,06)	(1.588)
14. Zinsen und ähnliche Aufwendungen davon betreffend verbundene Unternehmen EUR (4.195.751) (VJ: EUR (4.010.912))		(4.721.099,51)	(4.761)
15. Zwischensumme aus Z 10 bis 14 (Finanzerfolg)		**(23.362.746,93)**	**(4.440)**
16. Ergebnis der gewöhnlichen Geschäftstätigkeit		**(21.910.092,71)**	**6.300**
17. Steuern vom Einkommen und vom Ertrag		(352.101,59)	(347)
18. Jahresüberschuss		**(22.262.194,30)**	**5.953**
19. Auflösung unversteuerter Rücklagen			
a) Investitionsfreibeträge infolge Anlagenabgang	10.611,00		12
b) Investitionsfreibeträge infolge Zeitablauf	150.000,92		211
		160.611,92	223
20. Auflösung von Kapitalrücklagen		25.894.022,58	–
21. Ergebnisabführung		(3.792.440,20)	(6.176)
22. Bilanzgewinn		–	–

Unterzeichnet durch den Vorstand gemäß § 194 HGB:

Kennelbach, 23. Februar 2004

Anlage 3

INHALTSVERZEICHNIS

HEAD SPORT

AKTIENGESELLSCHAFT,

KENNELBACH

ANHANG ZUM JAHRESABSCHLUSS PER 31. DEZEMBER 2003

1. ALLGEMEINE ANGABEN ZUR BILANZIERUNG UND BEWERTUNG

Der Jahresabschluss zum 31. Dezember 2003 wurde gemäß den Bestimmungen des Handelsgesetzbuches (HGB) in der geltenden Fassung erstellt. Die Grundsätze ordnungsmäßiger Buchführung sowie die Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage zu vermitteln, wurden beachtet.

Insbesondere wurde bei der Bewertung von der Fortführung des Unternehmens ausgegangen sowie der Grundsatz der Einzelbewertung von Vermögensgegenständen und Schulden beachtet. Dem Vorsichtsprinzip wurde durch Berücksichtigung aller erkennbarer Risiken und drohender Verluste Rechnung getragen. Nur die am Abschlussstichtag realisierten Gewinne wurden ausgewiesen. Die bisher angewandten Bewertungsmethoden wurden beibehalten.

Alle Abschlussposten sind mit den Angaben des Vorjahres vergleichbar.

Fallen Vermögensgegenstände oder Verbindlichkeiten unter mehrere Posten der Bilanz, erfolgt die Angabe bei den entsprechenden Posten.

Bei der Erstellung dieses Jahresabschlusses kam ein EDV-Programm mit automatischer Rundungsroutine zum Einsatz. Es können sich daher in Einzelfällen geringfügige Rundungsdifferenzen ergeben.

2. WESENTLICHE BILANZIERUNGSGRUNDSÄTZE

2.1. Anlagevermögen

2.1.1. Sachanlagen

Die Anlagenzugänge wurden mit den Anschaffungs- oder Herstellungskosten zuzüglich Anschaffungsnebenkosten, reduziert um eventuelle Skonti und Rabatte, aktiviert.

Die Sachanlagen werden aufgrund der betriebsgewöhnlichen Nutzungsdauer mit folgenden Sätzen linear abgeschrieben:

Bauten auf fremdem Grund	4 - 10 %
technische Anlagen und Maschinen	20 %
Werkzeuge, Betriebs- und Geschäftsausstattung	20 - 33,3 %

Für Zugänge in der ersten Hälfte des Wirtschaftsjahres wird entsprechend den steuerlichen Bestimmungen der volle, während der zweiten Hälfte des Wirtschaftsjahres der halbe jährliche Abschreibungssatz verwendet.

Geringwertige Wirtschaftsgüter gemäß § 13 EStG 1988 werden im jeweiligen Anschaffungsjahr voll abgeschrieben.

2.1.2. Finanzanlagen

Die nach § 204 Abs. 2 erforderlichen Abschreibungen wurden vorgenommen.

Die Position „Wertrechte" umfasst das aktivierte Deckungskapital aus einer Rückversicherung für Pensionsansprüche.

Die der Deckung der Abfertigungs- und Pensionsrückstellung dienenden Wertpapiere des Anlagevermögens wurden nach dem Niederstwertprinzip bewertet.

2.2. Umlaufvermögen und Rechnungsabgrenzungsposten

2.2.1. Vorräte

Roh-, Hilfs- und Betriebsstoffe, zugekaufte Teile und Handelswaren werden zu Anschaffungskosten unter Beachtung des Niederstwertprinzipes bewertet. Halbfertig- und Fertigerzeugnisse werden zu Herstellungskosten bewertet, die neben direkten Material- und Lohnkosten auch Materialgemeinkosten und Teile der Fertigungsgemeinkosten enthalten.

Veraltete und ungängige Vorräte wurden entweder voll abgeschrieben oder entsprechend wertberichtigt.

2.2.2. Forderungen

Forderungen aus Lieferungen und Leistungen, Forderungen gegenüber verbundenen Unternehmen und sonstige Forderungen resultieren mit Ausnahme der in Anlage 3.2.2.2. (Forderungen gegenüber verbundenen Unternehmen) angegebenen Forderungen aus laufender Verrechnung und verstehen sich als kurzfristig.

Neben den erforderlichen Einzelwertberichtigungen wurden pauschale Einzelwertberichtigungen für überfällige Forderungen in Abhängigkeit ihrer Fristigkeit gebildet.

Die Fremdwährungsforderungen werden zu Entstehungskursen bzw. zu den niedrigeren Devisengeldkursen am Bilanzstichtag bewertet.

2.2.3. Abgrenzungsposten gemäß § 198 Abs. 10 HGB

Eine Berechnung von aktiven oder passiven latenten Steuern gemäß § 198 Abs. 10 HGB ist aufgrund des Ergebnisabführungsvertrages mit der HTM Sport- und Freizeitgeräte Aktiengesellschaft für die Head Sport Aktiengesellschaft nicht notwendig.

2.3. Unversteuerte Rücklagen

Die unversteuerten Rücklagen stammen aus der Bildung von Investitionsfreibeträgen des Jahres 2000.

2.4. Rückstellungen

2.4.1. Rückstellungen für Abfertigungen

Die Abfertigungsrückstellungen wurden finanzmathematisch unter Anwendung eines Berechnungszinssatzes von 3,5 % unter Berücksichtigung von Fluktuationsabschlägen ermittelt. Die ausgewiesenen Abfertigungsrückstellungen belaufen sich bei Angestellten auf 57,4 % und bei Arbeitern auf 62,9 % der theoretischen Ansprüche zum Bilanzstichtag.

Die gesetzlich vorgeschriebene Wertpapierdeckung war das ganze Jahr hindurch gegeben.

2.4.2. Rückstellungen für Pensionen

Die Höhe der Rückstellungen für Pensionen zum 31. Dezember 2003 wurde durch ein versicherungsmathematisches Gutachten nach den Rechnungsgrundlagen AVÖ 1999 - P (Ang.) mit einem Zinsfuß von 6 % mittels Teilwertverfahrens gemäß den Bestimmungen des § 211 Abs. 2. HGB ermittelt.

Von der Übergangsbestimmung gemäß Artikel X Abs. 3 Rechnungslegungsgesetz wurde nicht Gebrauch gemacht.

Die gesetzlich vorgeschriebene Wertpapierdeckung war das ganze Jahr hindurch gegeben.

2.4.3. Sonstige Rückstellungen

Die sonstigen Rückstellungen berücksichtigen alle erkennbaren Risiken und ungewissen Verbindlichkeiten in Höhe jenes Betrages, der nach kaufmännischer Beurteilung erforderlich ist.

Die Rückstellungen für Jubiläumsgelder wurden finanzmathematisch unter Anwendung eines Rechnungszinsfußes von 3,5 % sowie unter Berücksichtigung der Fluktuation durch entsprechende Abschläge errechnet. Ansprüche auf Jubiläumsgelder bestehen ausschließlich auf Grund kollektivvertraglicher Vereinbarungen.

2.5. Verbindlichkeiten

Verbindlichkeiten sind zu ihrem voraussichtlichen Rückzahlungsbetrag angesetzt. Im Rahmen der Bewertung wurde auf den Grundsatz der Vorsicht Bedacht genommen.

Verbindlichkeiten in Fremdwährungen werden gemäß dem Höchstwertprinzip mit den Entstehungskursen bzw. den höheren Devisenbriefkursen am Bilanzstichtag bewertet.

3. AUFGLIEDERUNGEN UND ERLÄUTERUNGEN ZU DEN POSTEN DER BILANZ

3.1. Anlagevermögen

Die Entwicklung der einzelnen Positionen des Anlagevermögens ist im beiliegenden Anlagenspiegel (Tabelle I) dargestellt.

Vermögensgegenstände, deren Anschaffungskosten EUR 400 im Einzelfall nicht übersteigen („geringwertige Wirtschaftsgüter" gem. § 13 EStG), werden unter der Position „Werkzeuge, Betriebs- und Geschäftsausstattung" als Zugänge, Abgänge und Abschreibungen ausgewiesen. Im Geschäftsjahr beliefen sich die entsprechenden Abschreibungen auf EUR 192.115.

3.1.1. Zusatzangaben zu Sachanlagen

Die Zugänge bei den Sachanlagen betrugen EUR 2.693.103. Der Schwerpunkt der Investitionen betraf die Rationalisierung und Optimierung der Produktion.

Die Werte der Position „Bauten auf fremdem Grund" beinhalten keine Grundwerte.

Die Abgänge betreffen die Veräußerung und Verschrottung von altersbedingt nicht mehr notwendigen Maschinen bzw. Betriebs- und Geschäftseinrichtungen.

3.1.2. Zusatzangaben zu Finanzanlagen

3.1.2.1. Anteile an verbundenen Unternehmen

Die Entwicklung der einzelnen Beteiligungen ist im beiliegenden Beteiligungsspiegel (Tabelle III) dargestellt.

3.1.2.2. Wertrechte

Diese Position in der Höhe von EUR 711.410 umfasst das aktivierte Deckungskapital aus einer Rückversicherung für Pensionsansprüche.

3.2. Umlaufvermögen

3.2.1. Forderungen und sonstige Vermögensgegenstände

3.2.1.1. Forderungen aus Lieferungen und Leistungen

Zusammensetzung:

	31. Dez. 2003 EUR	31. Dez. 2002 EUR	Veränderung absolut
aus Lieferungen und Leistungen			
aus Inlandslieferungen	47.734	459.365	-411.631
aus Auslandslieferungen	3.475.743	6.836.550	-3.360.807
	3.523.477	**7.295.915**	**-3.772.438**
Einzelwertberichtigung			
Inland	--	-500	500
Ausland	-1.109.457	-1.531.057	421.600
	-1.109.457	**-1.531.557**	**422.100**
Gruppenwertberichtigung			
Inland	--	--	--
Ausland	-80.370	-9.120	-71.250
	-80.370	**-9.120**	**-71.250**
Summe	**2.333.650**	**5.755.238**	**-3.421.588**

Im Forderungsstand sind keine durch Wechsel verbrieften Forderungen enthalten.

3.2.1.2. Sonstige Forderungen und Vermögensgegenstände

Zusammensetzung:

	31. Dez. 2003 EUR	31. Dez. 2002 EUR	Veränderung absolut
Forderung Finanzamt	770.886	261.303	509.583
Sonstige Kostenzuschüsse und Verrechnungen, die erst nach dem Bilanzstichtag zahlungswirksam werden	36.824	36.906	-82
Guthaben Lieferanten	199.466	230.445	-30.979
Sonstige	1.215.328	1.055.893	159.435
Summe	**2.222.504**	**1.584.547**	**637.957**

Die sonstigen Forderungen aus sonstigen Kostenzuschüssen und Verrechnungen (EUR 36.824) sowie die Position „Sonstige" (EUR 1.215.328) betreffen Erträge, welche erst nach dem Abschlussstichtag zahlungswirksam werden (§ 225 Abs. 3 HGB).

3.2.1.3. Zusatzangaben gem. § 225 (3), (4), § 226 (5) HGB

	Bilanzwert am 31. Dez. 2003 EUR	davon Restlaufzeit mehr als ein Jahr EUR	davon wechselmäßig verbrieft EUR
Forderungen aus Lieferungen und Leistungen	2.333.650	--	--
Forderungen gegenüber verbundenen Unternehmen	65.799.755	28.481.267	--
Sonstige Forderungen und Vermögensgegenstände	2.222.504	--	--
Summe	**70.355.909**	**28.481.267**	--

In den Forderungen gegenüber verbundenen Unternehmen resultieren EUR 33.158.488 (2002: EUR 59.514.654) aus Lieferungen und Leistungen.

3.3. Eigenkapital

3.3.1. Grundkapital

Aktiengattung	Anzahl in Stück	Nominale EUR
Aktien Nominale EUR 7,26	600.500	4.359.630
Summe		**4.359.630**

Sämtliche Aktien lauten auf den Inhaber. Der Stand ist gegenüber dem Vorjahr unverändert.

3.3.2. Kapitalrücklagen

3.3.2.1. nicht gebundene Kapitalrücklagen

	1. Jän. 2003 EUR	Zugang EUR	Auflösung EUR	31. Dez. 2003 EUR
nicht gebundene Kapitalrücklagen	120.894.023	--	-25.894.023	95.000.000

3.4. Unversteuerte Rücklagen

3.4.1. sonstige unversteuerte Rücklagen

Investitionsfreibetrag gemäß § 10 EStG

	1. Jän. 2003 EUR	Zuführung EUR	Auflösung Ausscheidung EUR	Auflösung Zeitablauf EUR	31. Dez. 2003 EUR
IFB 1999	152.439	--	-2.439	-150.000	--
IFB 2000	381.410	--	-8.172	--	373.238
Summe	**533.849**	**--**	**-10.611**	**-150.000**	**373.238**

Die Veränderung der unversteuerten Rücklagen hat aufgrund des Ergebnisabführungsvertrages mit der HTM Sport- und Freizeitgeräte Aktiengesellschaft, Schwechat, keine Auswirkung auf den Posten „Steuern vom Einkommen und vom Ertrag".

3.5. Rückstellungen

3.5.1. sonstige Rückstellungen

Zusammensetzung:

	1. Jän. 2003 EUR	Verwendung/ Auflösung EUR	Zuführung EUR	31. Dez. 2003 EUR
Garantieleistungen	1.507.800	-1.401.875	1.457.675	1.563.600
Nicht kons. Urlaube, Gleitzeitguthaben, Altersteilzeit	1.179.560	-165.909	320.123	1.333.774
Werbeaufwendungen	1.197.840	-1.197.840	679.216	679.216
Prämien	507.000	-442.000	572.000	637.000
Skonti und Rabatte	172.300	-172.300	66.429	66.429
Lizenzaufwendungen	424.335	-424.335	259.084	259.084
Rechts-, Prüfungs- und Beratungsaufwand	705.339	-630.339	451.167	526.167
Jubiläumsgelder	650.047	-126.365	–	523.682
Sonstige	1.314.742	-894.742	709.165	1.129.165
Summe	**7.658.963**	**-5.455.705**	**4.514.859**	**6.718.117**

3.6. Verbindlichkeiten

3.6.1. sonstige Verbindlichkeiten

Zusammensetzung:

	31. Dez. 2003 EUR	31. Dez. 2002 EUR	Veränderung absolut
Löhne und Gehälter	389.358	558.371	-169.013
Gebietskrankenkasse	414.246	467.653	-53.407
Zollämter	988.786	292.791	695.995
Lohnabhängige Abgaben Finanzamt	281.617	290.801	-9.184
Kredit Wasserwirtschaftsfonds	--	6.362	-6.362
Kredit Forschungsförderungsfonds	295.851	295.851	--
Kommunalsteuer	33.949	37.342	-3.393
Lohn- und Gehaltsexekution	2.819	3.307	-488
Gewerkschaftsbund	1.248	1.555	-307
UNIQA Krankenversicherung	969	1.233	-264
Betriebskosten	11	11	--
Sonstige	--	16.841	-16.841
Summe	**2.408.854**	**1.972.118**	**436.736**

Die sonstigen Verbindlichkeiten gegenüber der Gebietskrankenkasse (EUR 226.173), aus Löhnen und Gehältern (EUR 389.358), lohnabhängige Abgaben Finanzamt (EUR 70.854), Zollämter (EUR 80.453), UNIQA Krankenversicherung (EUR 969) sowie Kommunalsteuer (EUR 33.949) betreffen Aufwendungen, die erst nach dem Abschlussstichtag zahlungswirksam werden (§ 225 Abs. 6 HGB).

3.6.2. Restlaufzeit von Verbindlichkeiten

Zusammensetzung:

	Restlaufzeit bis 1 Jahr EUR	Restlaufzeit 1 bis 5 Jahre EUR	Restlaufzeit mehr als fünf Jahre EUR	31. Dez. 2003 Gesamt EUR	31. Dez. 2002 Gesamt EUR
Verbindlichkeiten gegenüber Kreditinstituten	11.535.618	--	--	11.535.618	10.226.015
erhaltene Anzahlungen auf Bestellungen	21.237	--	--	21.237	422.609
Verbindlichkeiten aus Lieferungen und Leistungen	3.569.820	--	--	3.569.820	3.412.709
Verbindlichkeiten gegenüber verbundenen Unternehmen	55.139.285	--	--	55.139.285	56.325.587
sonstige Verbindlichkeiten	2.370.265	38.589	--	2.408.854	1.972.118
Summe	**72.636.225**	**38.589**	**–**	**72.674.814**	**72.359.038**

Zur Absicherung der Bankverbindlichkeiten bei der Kontrollbank Aktiengesellschaft und der RZB (Raiffeisenzentralbank Österreich AG) wurde eine Globalzession auf die Forderungen der Head Sport Aktiengesellschaft als Sicherheit gestellt.

Von den Verbindlichkeiten gegenüber verbundenen Unternehmen resultieren EUR 2.763.305 (2002: EUR (161.358)) aus der Verrechnung von Lieferungen und Leistungen.

3.7. Haftungsverhältnisse

Zusammensetzung:

	31. Dez. 2003 EUR
a. Bankgarantie zugunsten „San Paolo IMI S.p.A. Roma"	2.537.900
b. Bankgarantie zugunsten Head UK Ltd., Großbritannien, bei „The National Westminster Bank"	425.700
Summe	**2.963.600**

Die gesamten Eventualverbindlichkeiten in der Höhe von EUR 2.963.600 wurden für verbundene Unternehmen eingegangen.

4. Aufgliederungen und Erläuterungen zu Posten der Gewinn- und Verlustrechnung

Umsatzerlöse

	Inland EUR	Ausland EUR	31. Dez. 2003 EUR	31. Dez. 2002 EUR
Eigenproduktion				
Squash	25.693	645.888	671.581	2.256.857
Tennis	3.162.453	21.651.051	24.813.503	32.840.007
Accessoires Tennis	9.739	107.428	117.167	142.125
Ski	9.737.468	38.264.808	48.002.276	42.572.933
	12.935.353	60.669.174	73.604.527	77.811.923
Handelswaren				
Squash und Hüllen	335.583	4.796.040	5.131.624	5.845.528
Tennis und Hüllen	1.936.555	17.646.875	19.583.430	26.714.714
Accessoires Tennis	1.342.694	7.143.561	8.486.256	8.506.126
Accessoires Ski	296.074	1.095.811	1.391.885	1.128.175
Ski Bindungen u. Platten	39.765	8.088.603	8.128.368	4.556.076
Tennisbälle	1.471	999.568	1.001.039	441.754
Schuhe	(2.418)	(60.480)	(62.898)	(43.304)
Snowboard Division	1.203.335	9.667.060	10.870.395	9.776.532
Skischuhe u. Accessories	2.744.912	17.210.210	19.955.123	9.007
Sonstiges	34.015	--	34.015	25.756
	7.931.987	66.587.249	74.519.237	56.960.365
Lizenzerlöse	--	7.521.729	7.521.729	8.511.588
Bruttoerlöse	20.867.341	134.778.152	155.645.493	143.283.876
Rabatte und dgl.	(14.735)	(105.888)	(120.623)	(163.157)
Kundenskonti	(14.152)	(393.864)	(408.017)	(622.638)
Umsatzerlöse netto	20.838.453	134.278.400	155.116.854	142.498.080

	EUR	31. Dez. 2003 EUR	EUR	31. Dez. 2002 EUR
sonstige betriebliche Aufwendungen				
a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen				
übrige		(91.601)		382
b) übrige				
Patent- und Markenrechtskosten	1.999.265		1.884.271	
Instandhaltungen	1.987.606		2.336.837	
Gebäudemieten	593.540		628.948	
Provisionen	270.098		324.932	
Werbung und Verkaufsförderung	12.882.147		8.869.799	
Lagerabwicklung	2.279.191		2.083.859	
Ausgangsfrachten, Transporte	1.211.612		1.284.434	
Garantieaufwand	1.517.857		918.591	
Reisespesen	880.623		830.811	
Kfz-Aufwand	347.122		294.777	
Rechts-, Prüfungs- und Beratungskosten und Dienstleistungsaufwendungen	9.865.756		4.353.790	
EDV-Kosten	93.598		89.063	
Bewachung	123.985		120.294	
Post, Telefon, Telefax, Telex	137.646		130.656	
Miete bewegliche Anlagen	50.267		18.051	
Versicherungen	292.994		230.157	
Beiträge zu Berufsvertretungen	88.574		113.553	
Büromaterial, Drucksorten, Fachliteratur	64.341		50.010	
Forderungsverluste	138.286		312.578	
Geldverkehrsspesen	170.449		211.584	
Müll, Reinigungskosten	350.984		418.378	
Personalsuche	76.567		46.693	
Aufwand aus dem Abgang von Sachanlagen	74.787		0	
Kursverluste	5.598.800		5.053.932	
übrige	59.098	(41.155.196)	7.476	(30.613.475)
		(41.246.797)		(30.613.093)

5. SONSTIGE ANGABEN

5.1. Konzernverhältnis

Die Gesellschaft ist eine 100%ige Tochtergesellschaft der HTM Sport- und Freizeitgeräte Aktiengesellschaft, Schwechat, und steht dadurch mit ihrer Gesellschafterin sowie deren verbundenen Unternehmen in einem Konzernverhältnis. Die HTM Sport- und Freizeitgeräte Aktiengesellschaft ist Organträgerin, mit welcher ein Ergebnisabführungsvertrag gemäß § 9 (4) KStG besteht.

Die Head N.V., Niederlande, stellt einen Konzernabschluss für den kleinsten und größten Kreis von Unternehmen nach holländischen Rechnungslegungsgrundsätzen auf, der anschließend im Firmenbuch beim Handelsgericht in Wien veröffentlicht wird. Daher wurde gemäß § 1 (1) und (2) der VO des BMfJ über befreiende Konzernabschlüsse und Konzernlageberichte (Befreiungsverordnung) vom 20. Dezember 1994 i.V.m. § 245 HGB kein eigener Teilkonzernabschluss aufgestellt.

5.2. Beschäftigte

Die Anzahl der Beschäftigten betrug zum Jahresende 2003 173 (2002: 177) Angestellte und 310 (2002: 391) Arbeiter.

5.3. Organe der Gesellschaft

Vorstand:

Mag. Ralf Bernhart, Limberg, A, selbständig
Ing. Klaus Hotter, Bregenz, A, kollektiv
Georg Kröll, Bregenz, A, kollektiv
Robert Marte, Götzis, A, kollektiv
DI Gerald Skrobanek, Schwarzach, A, kollektiv

Aufsichtsrat:

Johan Eliasch, London, GB (Vorsitzender)

Dr. Benedikt Spiegelfeld, Wien, A (Stellvertreter des Vorsitzenden)

Franz Klammer, Wien, A

Dr. Erhart Weiss, Wien, A

Peter Indlekofer, Doren, A (vom Betriebsrat delegiert)

Josef Zündel, Wolfurt, A (vom Betriebsrat delegiert), bis 25. Sept. 2003

Bernd Kartnaller, Höchst, A (vom Betriebsrat delegiert), ab 26. Sept. 2003

Die Aufwendungen für Abfertigungen und Pensionen betrugen im Geschäftsjahr 2003

- für leitende Angestellte gemäß § 80 Abs. 1 AktG EUR 186.658.
- für andere Arbeitnehmer EUR 1.052.062.

Aktienoptionen für Arbeitnehmer, leitende Angestellte sowie Organmitglieder (§ 239 (1) Z 5 HGB) wurden dem Vorstand sowie einigen leitenden Angestellten auf Aktien der Muttergesellschaft, der Head N.V., Niederlande, eingeräumt. Optionen betreffend Aktien der HTM Sport- und Freizeitgeräte Aktiengesellschaft und der Head Sport Aktiengesellschaft wurden im Geschäftsjahr 2003 weder eingeräumt noch ausgeübt.

Die Gesamtbezüge des Vorstandes betrugen im Geschäftsjahr 2003 EUR 774.636.
An den Aufsichtsrat wurden im Geschäftsjahr 2003 keine Bezüge ausbezahlt.

5.4. Verpflichtung aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen

Die Verpflichtungen aus Leasingverträgen betragen für das folgende Jahr EUR 0,187 Mio. und die folgenden 5 Jahre EUR 0,462 Mio. Die Kosten für die zum Bilanzstichtag bestehenden Mietverträge für Gebäude betragen für das folgende Jahr EUR 0,908 Mio. und die folgenden 5 Jahre EUR 5,890 Mio.

Kennelbach, am 23. Februar 2004

Der Vorstand

Mag. Ralf Bernhart

Ing. Klaus Hotter

Georg Kröll

Robert Marte

DI Gerald Skrobanek

Tabelle I

ANLAGENSPIEGEL

	Anschaffungs-/Herstellungskosten								
	Stand am 1.1.2003 EUR	Umbuchungen EUR	Zugänge EUR	Abgänge EUR	Stand am 31.12.2003 EUR	kumulierte Abschreibungen EUR	Buchwert 31.12.2003 EUR	Buchwert 31.12.2002 EUR	Zuschreibungen (Abschreibungen) 2003 EUR
I. Sachanlagen									
1. Bauten auf fremdem Grund	2.061.690,12	6.223,93	83.292,28	59.972,61	2.091.233,72	1.511.178,31	580.055,41	574.530,41	(83.991,21)
2. Technische Anlagen und Maschinen	17.738.409,09	148.564,70	948.541,85	723.696,85	18.111.818,79	14.973.636,96	3.138.181,83	3.540.780,07	(1.447.072,79)
3. Werkzeuge, Betriebs- und Geschäftsausstattung	11.442.942,69	145.691,95	1.457.278,84	655.505,98	12.390.407,50	10.204.717,51	2.185.689,99	2.245.778,46	(1.622.014,12)
4. geleistete Anzahlungen	302.812,60	(300.480,58)	203.989,93	172.375,89	33.946,06	--	33.946,06	302.812,60	--
Zwischensumme	31.545.854,50	--	2.693.102,90	1.611.551,33	32.627.406,07	26.689.532,78	5.937.873,29	6.663.901,54	(3.153.078,12)
II. Finanzanlagen									
1. Anteile an verbundenen Unternehmen	149.207.561,90	--	9.100.000,00	--	158.307.561,90	68.461.411,84	89.846.150,06	99.533.554,21	(18.787.404,15)
2. Wertrechte	561.229,84	--	150.180,16	--	711.410,00	--	711.410,00	561.229,84	--
3. Wertpapiere des Anlagevermögens	1.380.058,86	--	--	29.130,18	1.350.928,68	192.929,72	1.157.998,96	1.151.808,66	28.270,30
Zwischensumme	151.148.850,60	--	9.250.180,16	29.130,18	160.369.900,58	68.654.341,56	91.715.559,02	101.246.592,71	(18.759.133,85)
Summe	182.694.705,10	--	11.943.283,06	1.640.681,51	192.997.306,65	95.343.874,34	97.653.432,31	107.910.494,25	(21.912.211,97)

Vermögensgegenstände, deren Anschaffungskosten EUR 400 im Einzelfall nicht übersteigen ("Geringwertige Wirtschaftsgüter" gemäß § 13 EStG) werden unter der Position I.3 als Zugänge, Abgänge und Abschreibungen ausgewiesen. Im Geschäftsjahr 2003 beliefen sich die entsprechenden Aufwendungen auf EUR 192.114,92.

Tabelle II

PFLICHTANGABEN ZU BETEILIGUNGEN

	Anteil am Grund- bzw. Stammkapital in lokaler Währung			Eigenkapital 2003 in lokaler Währung	Ergebnis 2003 in lokaler Währung
	%	Währung	Betrag		
HTM Sports Corporation, Baar, Schweiz	100	CHF	4.500.000	1)	1)
HTM Sports S.p.A., Rapallo, Italien	99,9	EUR	14.925.604	1)	1)
Head Tyrolia Sports Canada Inc., Guelph, Kanada	100	CAD	13.290.000	1)	1)
HTM USA Holdings Inc., Norwalk, U.S.A.	100	USD	10	1)	1)
HTM Sports Iberica, Barcelona, Spanien	99,9	EUR	1.724.905	1)	1)
Head Sport s.r.o., Budweis, Tschechische Republik	100	CZK	40.000.000	1)	1)
Head UK Ltd., Kendal, Großbritannien	100	GBP	1.000	1)	1)
Head Technology GmbH, Kennelbach, Österreich	100	EUR	35.000	1.032.291	--
Head Bulgaria EOOD, Pazardjik, Bulgarien	100	BGN	50.000	1)	1)
Head International GmbH, Kennelbach, Österreich	100	EUR	35.000	33.374	--
OÜ HTM Sport Eesti, Tallinn, Estland	100	EEK	91.392.200	1)	1)

1) Bei diesen Gesellschaften lag zum Zeitpunkt der Erstellung des Jahresabschlusses kein lokales Ergebnis und lokales Eigenkapital vor.

BETEILIGUNGSSPIEGEL

Tabelle III

	Anteil in %	Anschaffungskosten: Stand am 1.1.2003 EUR	Neuerwerb/ Gründung EUR	Kapital-erhöhungen EUR	Abgang EUR	Stand am 31.12.2003 EUR	kumulierte Abschreibungen EUR	Buchwert 31.12.2003 EUR	Buchwert 31.12.2002 EUR	Abschreibung 2003 EUR
Anteile an verbundenen Unternehmen										
HTM Sports Corporation, Baar, Schweiz	100	5.096.380,89	--	--	--	5.096.380,89	--	5.096.380,89	5.096.380,89	--
HTM Sports S.p.A., Rapallo, Italien	99,9	25.254.729,18	--	--	--	25.254.729,18	19.254.729,11	6.000.000,07	6.000.000,07	--
Head Tyrolia Sports Canada Inc., Guelph, Kanada	100	5.514.959,70	--	--	--	5.514.959,70	--	5.514.959,70	5.514.959,70	--
HTM USA Holdings Inc., Norwalk, U.S.A.	100	109.206.682,73	--	--	--	109.206.682,73	49.206.682,73	60.000.000,00	78.787.404,15	(18.787.404,15)
HTM Sports Iberica, Barcelona, Spanien	99,9	1.764.843,35	--	--	--	1.764.843,35	--	1.764.843,35	1.764.843,35	--
Head Sport s.r.o., Budweis, Tschechische Republik	100	1.157.953,35	--	--	--	1.157.953,35	--	1.157.953,35	1.157.953,35	--
Head UK Ltd., Kendal, Großbritannien	100	1.591,09	--	--	--	1.591,09	--	1.591,09	1.591,09	--
Head Technology GmbH Kennelbach, Österreich	100	1.036.152,87	--	--	--	1.036.152,87	--	1.036.152,87	1.036.152,87	--
Continuum Control Corporation Massachusetts, U.S.A.	1	113.468,74	--	--	--	113.468,74	--	113.468,74	113.468,74	--
Head Bulgaria EOOD Pazardjik, Bulgarien	100	25.800,00	--	--	--	25.800,00	--	25.800,00	25.800,00	--
Head International GmbH Kennelbach, Österreich	100	35.000,00	--	--	--	35.000,00	--	35.000,00	35.000,00	--
OÜ HTM Sport Eesti Tallinn, Estland	100	--	9.100.000,00	--	--	9.100.000,00	--	9.100.000,00	--	--
TOTAL		149.207.561,90	9.100.000,00	--	--	158.307.561,90	68.461.411,84	89.846.150,06	99.533.554,21	(18.787.404,15)

HEAD Sport AG

Lagebericht des Vorstandes für das Geschäftsjahr 2003

Geschäftsverlauf:

Das Jahr 2003 war geprägt von einem nach wie vor schwierigen weltwirtschaftlichen Umfeld. Im Racket Bereich war das Konsumverhalten weiter sehr gebremst. Im Winter Bereich führte die massive Erstarkung des Euro zu einer gravierenden Verschlechterung der Ertragslage.

Die Schwierigkeiten am Absatzmarkt und damit einhergehende Anpassungsmaßnahmen bei den Produktionskapazitäten im Tennisbereich verschlechterten das Ergebnis der Head Sport AG erheblich. Der Betriebserfolg sinkt im Vergleich zum Vorjahreszeitraum von 10,7 Mio. auf 1,5 Mio. €.

Im **Racket** Bereich reduzierte sich der Absatz wertmäßig um 23%. Wie erwähnt, waren Preisdruck und Margenerosion die Ursachen für diesen Rückgang.
Steigerungen im **Winter** Bereich konnten diesem Einbruch nur teilweise entgegen wirken. Der Absatz im Skisegment konnte jedoch gegenüber dem Vorjahr um 12 %, im Snowboard um 11% gesteigert werden. Diese Steigerungen sind auf die gute Positionierung der Produkte und damit einhergehende Gewinne an Marktanteilen zurückzuführen.
Auch im **Lizenz** Bereich machten sich die negativen Währungseinflüsse bemerkbar. Durch das Hauptgewicht an Dollar Einnahmen reduzierte sich der Umsatz um 12%.

Zusätzliche Umsätze mit geringer Marge (Skischuhe und Bindungen), die durch konzerninterne Verlagerung generiert wurden, führen gesamthaft zu einer Umsatzsteigerung auf 155,1 Mio. € (VJ: 142,5 Mio. €), tragen aber wenig zum Ergebnis bei.

Produkte, Forschung und Entwicklung

Speziell in schwierigen Zeiten ist es die Strategie der Head Gruppe sich durch noch intensivere Bemühungen im Bereich Produktentwicklung und Marketing vom Mitbewerb abzusetzen. Mit den neuen Kollektionen, die im Sommer 2003 (Tennis) und mit Beginn 2004 (Ski) vorgestellt wurden, scheint dies nachhaltig gelungen zu sein.

Im Tennis Bereich wurde die neue „Liquidmetal" Technologie lanciert. Die Verwendung eines neuartigen, in den USA entwickelten Werkstoffes, einer Legierung aus mehreren Metallen, wurde vom Markt hervorragend angenommen. Die Rackets aus diesem Bereich führen weltweit die Verkaufshitlisten an und wurden in den Zeitschriften „Fortune Magazine" und „Business Week" zu den „heißesten 25 Konsumartikeln des Jahres 2003" gekürt.

Im Winter Bereich wurde die überaus erfolgreiche „Intelligence" Technologie weiter entwickelt und vermarktet. Die bestechenden Produkteigenschaften und die positive Marktresonanz ermöglichten den Zugewinn von Umsatz und Marktanteilen sowohl im Ski, als auch im Snowboard Bereich.

Vermögens-, Finanz- und Ertragslage

Die Bewertung der Vermögensgegenstände in der Bilanz 2003 erfolgte nach denselben Prinzipien wie in den Vorjahren. Der Beteiligungsansatz an der HTM USA Holdings musste aufgrund mangelnder Werthaltigkeit um 18,8 Mio. € nach unten korrigiert werden.

Neben den oben erwähnten Schwierigkeiten beim Absatz führten diese Wertberichtigung und zusätzliche Fremdwährungsverluste aufgrund der Dollar Schwäche zu einem Jahresfehlbetrag von 22,3 Mio. € (VJ: Überschuss 6,0 Mio. €).

Nach Auflösung von Kapitalrücklagen und unversteuerten Rücklagen in Höhe von 26,1 Mio. € wurden 3,8 Mio. € per Organschaftsverrechnung an die HTM Sport- und Freizeitgeräte AG abgeführt.

Dadurch reduziert sich die Bilanzsumme auf 184 Mio. € (VJ: 211 Mio. €), die Eigenkapitalquote liegt bei 54%.

Vorgänge nach dem Schluß des Geschäftsjahres

Ende Jänner 2004 wurde durch die Emission einer Unternehmensanleihe der HTM Sport- und Freizeitgeräte AG in der Höhe von € 135 Mio. die Konzernfinanzierung auf eine neue, gesicherte Basis gestellt. Für diese Anleihe hat die Head Sport AG eine unbesicherte Garantie abgegeben.

Gegenüber dem Bilanzstichtag 31.12.2003 ergeben sich aus heutiger Sicht keine nennenswerten Vorgänge oder Ereignisse, die nicht schon zum Zeitpunkt der Bilanzerstellung bekannt gewesen wären.

PRICEWATERHOUSECOOPERS

Bestätigungsvermerk

Wir haben den vom Vorstand der Head Sport Aktiengesellschaft, Kennelbach, nach den in Österreich geltenden handelsrechtlichen Vorschriften erstellten Jahresabschluss samt Lagebericht zum 31. Dezember 2003 unter Beachtung der in Österreich berufsüblichen Grundsätze geprüft und erteilen dem Jahresabschluss den folgenden uneingeschränkten Bestätigungsvermerk:

„Die Buchführung und der Jahresabschluss entsprechen nach unserer pflichtgemäßen Prüfung den gesetzlichen Vorschriften. Der Jahresabschluss vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht im Einklang mit dem Jahresabschluss."

Wien, den 23. Februar 2004

PwC Wirtschaftsprüfung AG
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Milla　　Catasta

Mag. Dr. Aslan Milla
Wirtschaftsprüfer

Mag. Dr. Christine Catasta
Wirtschaftsprüfer

10205/WGA

PRICEWATERHOUSECOOPERS

Head Sport Aktiengesellschaft,
Kennelbach

Bericht
über die
Prüfung des Jahresabschlusses
zum 31. Dezember 2002

PRICEWATERHOUSECOOPERS

Inhaltsverzeichnis

Anlagenverzeichnis

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An den
Vorstand und die Mitglieder des
Aufsichtsrates der
Head Sport Aktiengesellschaft
Wuhrkopfweg 1
A-6921 Kennelbach

BERICHT ÜBER DIE PRÜFUNG DES JAHRESABSCHLUSSES ZUM 31. DEZEMBER 2002

A. Auftrag und Auftragsdurchführung

Aufgrund des Beschlusses der ordentlichen Hauptversammlung vom 21. Mai 2002 hat uns der Aufsichtsrat der Gesellschaft mit Schreiben vom 4. Dezember 2002 beauftragt, den Jahresabschluss samt Lagebericht zum 31. Dezember 2002 zu prüfen und darüber in berufsüblicher Weise Bericht zu erstatten. Bei dieser Prüfung handelt es sich um eine Pflichtprüfung gemäß § 268 HGB.

Die Prüfung erstreckte sich darauf, ob die gesetzlichen Vorschriften sowie ergänzende Bestimmungen der Satzung eingehalten worden sind. Die Überwachung der Gebarung, die Überprüfung der Angemessenheit des Versicherungsschutzes und die planmäßige Aufdeckung etwaiger Unregelmäßigkeiten waren nicht Gegenstand des Auftrages.

Wir haben die Prüfung vom 2. Dezember 2002 bis 23. Jänner 2003 mit Unterbrechungen in den Geschäftsräumen der Gesellschaft in Kennelbach durchgeführt.

Bei der Durchführung des Auftrages haben wir die geltenden gesetzlichen Bestimmungen und die einschlägigen vom Berufsstand ausgearbeiteten Fachgutachten und Richtlinien beachtet. Als Grundlage für unsere Prüfung dienten die Buchführung, die Belegsammlung, Bestandsverzeichnisse sowie der von der Gesellschaft erstellte Jahresabschluss samt Lagebericht zum 31. Dezember 2002. Wir erhielten Einsicht in Urkunden, Verträge und in den Schriftverkehr der Gesellschaft.

Die erforderlichen Auskünfte wurden vom Vorstand sowie den zuständigen Sachbearbeitern erteilt. Eine vom Vorstand zum Jahresabschluss auf den 23. Jänner 2003 abgegebene Vollständigkeitserklärung haben wir zu unseren Akten genommen.

Für die Durchführung des Auftrages und unsere Verantwortlichkeit, auch im Verhältnis zu Dritten, sind vereinbarungsgemäß die vom Vorstand der Kammer der Wirtschaftstreuhänder herausgegebenen Allgemeinen Auftragsbedingungen für Abschlussprüfungen vom 8. März 2000, maßgebend (siehe Anlage 5).

B. Rechtliche und steuerliche Verhältnisse

1. Rechtliche Verhältnisse

Gründung:	Satzung vom 29. Juli 1991 Eintragung ins Firmenbuch am 19. August 1991
Firma:	Head Sport Aktiengesellschaft
Firmenbuch:	Landesgericht Feldkirch, FN 64824 f
Satzung:	25. November 2002 Die Satzungsänderungen im laufenden Geschäftsjahr betreffen die Bestimmung über die Anzahl der Vorstände und die Bestellung von Prokuristen.
Sitz und Geschäftsleitung:	Kennelbach
Grundkapital:	EUR 4.359.630, voll einbezahlt
Unternehmensgegenstand:	Gegenstand des Unternehmens ist: (1) Entwicklung, Erzeugung und Vertrieb von Sport- und Freizeitgeräten, Sport- und Freizeitartikeln sowie Sport- und Freizeitbekleidung; (2) Vermietung (Leasing) von unbeweglichen Gütern, Produktionsanlagen und Maschinen; (3) Handel mit Waren aller Art: Die Aktiengesellschaft ist zu allen Handlungen und Maßnahmen berechtigt, die zur Erreichung des Gesellschaftszweckes im Rahmen der gesetzlichen Bestimmungen förderlich und nützlich sind; ihre Tätigkeit erstreckt sich auf das In- und Ausland.

Aktionär: Alleinaktionär war zum 31. Dezember 2002 die HTM Sport- und Freizeitgeräte Aktiengesellschaft.

Vorstand:

- Mag. Ralf Bernhart, Limberg, Österreich
- Ing. Klaus Hotter, Bregenz, Österreich (seit 1. Jänner 2003)
- Georg Kröll, Bregenz, Österreich (seit 1. Jänner 2003)
- Robert Marte, Götzis, Österreich (seit 1. Jänner 2003)
- Dipl. Ing. Gerald Skrobanek, Vösendorf, Österreich (seit 1. Jänner 2003)

Mag. Ralf Bernhart vertritt selbstständig, die anderen Vorstandsmitglieder vertreten gemeinsam mit einem kollektiv vertretungsbefugten Vorstandsmitglied oder mit einem weiteren vertretungsbefugten Prokuristen.

Aufsichtsrat: Gewählte Mitglieder:

- Johan Eliasch, London, Großbritannien, Vorsitzender
- Dr. Benedikt Spiegelfeld, Wien, Österreich, Stellvertreter des Vorsitzenden
- Franz Klammer, Wien, Österreich
- Dr. Erhart Weiss, Wien, Österreich

vom Betriebsrat entsandte Mitglieder

- Peter Indlekofer, Doren, Österreich
- Josef Zündel, Wolfurt, Österreich

Prokuristen:

- Ing. Helmut Umlauft, Hard, Österreich (bis 31. Dezember 2002)
- Georg Kröll, Bregenz, Österreich (bis 31. Dezember 2002)
- Robert Marte, Götzis, Österreich (bis 31. Dezember 2002)
- Ing. Klaus Hotter, Bregenz, Österreich (bis 31. Dezember 2002)
- Mag. Stefan Girardi, Bregenz, Österreich
- Dipl. Ing. Herwig Schretter, Wien, Österreich (seit 1. Jänner 2003)
- Mag. Bernhard Zwischenbrugger, Bizau, Österreich (seit 1. Jänner 2003)

Die Gesamtprokuristen vertreten gemeinsam mit einem kollektiv vertretungsbefugten Vorstandsmitglied oder mit einem anderen Gesamtprokuristen.

Hauptversammlung: In der **ordentlichen Hauptversammlung** vom 21. Mai 2002 wurden folgende Beschlüsse gefasst:

- Zurkenntnisnahme des Jahresabschlusses des Geschäftsjahres 2001
- Entlastung des Vorstandes und des Aufsichtsrates für das Geschäftsjahr 2001
- Beschlussfassung, den Mitgliedern des Aufsichtrates keine Vergütung für ihre Tätigkeit im Geschäftsjahr 2001 zu zahlen
- Bestellung der Price Waterhouse AG (nunmehr PwC Wirtschaftsprüfung AG), Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, zum Abschlussprüfer für das Geschäftsjahr 2002

In der **außerordentlichen Hauptversammlung** vom 9. August 2002 wurden folgende Beschlüsse gefasst:

- Abspaltung des Teilbetriebes „Head Technology" von der Head Sport Aktiengesellschaft als übertragende Gesellschaft gemäß den Bestimmungen des Spaltungs- und Übernahmevertrages im Wege der Gesamtrechtsnachfolge durch die Abspaltung zur Aufnahme gemäß § 17 SpaltG und gemäß Artikel VI UmgStrG und Übertragung auf die Head Technology GmbH als die übernehmende Gesellschaft
- Genehmigung des Spaltungs- und Übernahmevertrags vom 9. August 2002
- Feststellung und Genehmigung der Übernahmebilanz des zu übertragenden Teilbetriebes „Head Technology" zum 31. Dezember 2001
- Feststellung und Genehmigung der Spaltungsbilanz der übertragenden Gesellschaft zum 1. Jänner 2002

In der **außerordentlichen Hauptversammlung** vom 25. November 2002 wurden folgende Beschlüsse gefasst:

- Beschlussfassung über die Änderung der Satzung in § 6 Abs 1 und in § 13 j

Aufsichtsratsitzungen:	**12. April 2002**

- Feststellung des Jahresabschlusses des Geschäftsjahres 2001.
- Annahme des Berichtes des Aufsichtsrates über seine Tätigkeit im Geschäftsjahr 2001 an die Hauptversammlung.

21. Juni 2002

- Beschluss über die beabsichtigte Abspaltung des Teilbetriebes „Head Technology".

20. September 2002

13. Dezember 2002

- Genehmigung des Jahresbudgets, des Finanz- und Investitionsplanes 2003.
- Bestellung der neuen Vorstandsmitglieder Ing. Klaus Hotter, Georg Kröll, Robert Marte und Dipl. Ing. Gerald Skrobanek mit Wirkung 1. Jänner 2003.
- Widerruf der Gesamtprokura von Ing. Klaus Hotter, Georg Kröll, Robert Marte und Ing. Helmut Umlauft mit Wirkung 31. Dezember 2002.
- Erteilung der Gesamtprokura an Dipl. Ing. Herwig Schretter und Mag. Bernhard Zwischenbrugger mit Wirkung 1. Jänner 2003.
- Änderung der Vertretungsbefugnis des Gesamtprokuristen Mag. Stefan Girardi dahingehend, dass dieser nunmehr gemeinsam mit einem kollektiv vertretungsbefugten Vorstandsmitglied oder einem weiteren Prokuristen zeichnungsberechtigt ist.

Größenklasse: Die Gesellschaft ist eine **große Kapitalgesellschaft** nach § 221 Abs 3 HGB.

Wesentliche langfristige Verträge und Verpflichtungen:

Spaltungs- und Übernahmevertrag:

Mit Wirkung zum 31. Dezember 2001 wurde zwischen der Head Sport Aktiengesellschaft, Wuhrkopfweg 1, 6921 Kennelbach, als übertragende Gesellschaft und der Head Technology GmbH, Wuhrkopfweg 1, 6921 Kennelbach, als übernehmende Gesellschaft ein Spaltungs- und Übernahmevertrag abgeschlossen. Mit diesem Vertrag überträgt die Head Sport Aktiengesellschaft den Teilbetrieb „Head Technology" im Wege der Gesamtsrechtsnachfolge gemäß § 1 Abs 2 Z 2 SpaltG auf die Head Technology GmbH. Übertragen werden unter Fortbestand der übertragenden Gesellschaft alle Rechte und Pflichten, die wirtschaftlich dem übertragenden Teilbetrieb zuzuordnen sind.

Finanzierungsvereinbarungen:

Die Gesellschaften Head Sport AG, HTM Sport- und Freizeitgeräte AG, Head Tyrolia GmbH, Tyrolia Technology GmbH und Head Technology GmbH erhielten von der Erste Bank AG, der RZB (Raiffeisenzentralbank Österreich AG) und der Kontrollbank AG Kreditlinien zur Finanzierung der Unternehmen. Als Sicherstellung der Kreditlinien der Kontrollbank AG dient eine Globalzession für Forderungen.

Lizenzverträge:

Head Sport Aktiengesellschaft als Lizenznehmerin und Head Technology GmbH als Lizenzgeberin haben zum 27. September 2002 einen Lizenzvertrag mit Wirkung vom 1. Oktober 2002 zur Nutzung der Marke HEAD und aller Patente der Head Technology GmbH abgeschlossen.

Wesentliche **Lizenzverträge** zur Verwendung der Marke HEAD bestehen mit dem verbundenen Unternehmen HTM Sport SpA, Italien, und mit folgenden dritten Unternehmen:

The Sports Authority, Ft. Lauderdale, USA
Gilbert and Polland Sports Ltd., St. Albans, Großbritannien
HS International Inc., Tokyo, Japan
Kolon International Corp., Seoul, Korea
Romika GmbH, Trier, Deutschland
Crescent Hosiery Mills Inc., Niota, USA

Wesentliche Verträge zur Nutzung von Patenten Dritter bestehen mit den Unternehmen:

Continuum Control Corp., Billerica, USA
Active Control Experts Inc., Cambridge, USA

2. Steuerliche Verhältnisse

Organschaft:	Die Gesellschaft als Organgesellschaft bildet mit der HTM Sport- und Freizeitgeräte AG als Organträger eine körperschafts- und umsatzsteuerliche Organschaft. Ergebnisabführungsvertrag mit HTM Sport- und Freizeitgeräte AG vom 20. September 1991. Die Gesellschaft ist körperschaft- und umsatzsteuerlicher Organträger folgender Konzerngesellschaft: Head Technology GmbH, Wuhrkopfweg 1, 6921 Kennelbach Ergebnisabführungsvertrag vom 1. Oktober 2002.
Steuernummer:	010/3458
Prüfung durch die Finanzbehörden:	Die zuletzt durchgeführte abgabenbehördliche Prüfung fand in den Geschäftsjahren 2001 und 2002 statt und betraf Körperschaftsteuer, Umsatzsteuer, Kfz-Steuer, Straßenbenützungsabgabe, Kammerumlage, Kapitalertragsteuer, bezogen auf die Geschäftsjahre 1995 bis 1998, und Energieabgabenvergütung, bezogen auf die Geschäftsjahre 1996 bis 1998.
anhängige Rechtsmittel:	Keine
steuerliche Verlustvorträge:	Zum 1. Jänner des Geschäftsjahres verfügte die Gesellschaft aufgrund der Organschaft mit der HTM Sport- und Freizeitgeräte AG über keine körperschaftsteuerlichen Verlustvorträge.

C. Wirtschaftliche Lage des Unternehmens

1. Geschäftstätigkeit der Gesellschaft

Die Haupttätigkeit der Gesellschaft liegt in der Produktion von Sportartikeln und dem Handel mit solchen Produkten.

Die Produktpalette des Unternehmens umfasst im Wesentlichen unter den entsprechenden Markennamen folgende Artikel:

- Alpinschi
- Tennis- und Squashschläger
- Snowboardschuhe und -bindungen
- Snowboards

2. Beziehungen im Konzern

Die Gesellschaft ist seit 1998 ein verbundenes Unternehmen im Sinne von § 228 HGB iVm § 244 HGB im Rahmen des Konzerns der Head N.V. Rotterdam, Niederlande, die den Konzernabschluss nach holländischen Rechnungslegungsgrundsätzen für den kleinsten und größten Kreis von Unternehmen aufstellt. Dieser Abschluss wird beim Handelsgericht Wien in deutscher Sprache hinterlegt.

Die Gesellschaft hat daher von § 1 Abs 1 und Abs 2 der VO des BMfJ über befreiende Konzernabschlüsse und Konzernlageberichte (Befreiungsverordnung) vom 20. Dezember 1994, BGBl. 1994/997 Gebrauch gemacht und gem. § 245 HGB keinen eigenen Teilkonzernabschluss aufgestellt.

Die Beziehungen zu Unternehmen im Konzernverbund bestehen im Wesentlichen in Lizenzverträgen und Liefer- und Leistungsbeziehungen.

Mit dem verbundenen Unternehmen HTM Sport- und Freizeitgeräte AG als Organträger besteht eine körperschaft- und umsatzsteuerliche Organschaft. Mit dem verbundenen Unternehmen Head Technology GmbH besteht ebenfalls eine körperschaft- und umsatzsteuerliche Organschaft.

3. Vermögenslage

Bei Erstellung der nachfolgenden Daten kam ein EDV-Programm mit automatischer Rundungsroutine zum Einsatz. Es können sich daher in Einzelpositionen geringfügige Rundungsdifferenzen ergeben.

	31. Dez. 2002		31. Dez. 2001		Veränderung	
	TEUR	%	TEUR	%	TEUR	%
Immaterielle Vermögensgegenstände	0	0,0	760	0,4	(760)	(100)
Sachanlagen	6.664	3,2	7.212	3,4	(548)	(8)
Finanzanlagen	101.247	48,0	100.007	47,5	1.240	1,2
Anlagevermögen	107.911	51,2	107.979	51,3	(68)	(0)
Konzernforderungen	12.395	5,9	14.197	6,7	(1.802)	(13)
langfristige Forderungen	12.395	5,9	14.197	6,7	(1.802)	(13)
Vorräte	16.008	7,7	12.604	6,0	3.404	27,0
Kundenforderungen	5.755	2,7	6.637	3,2	(882)	(13)
Konzernforderungen	59.515	28,2	62.025	29,4	(2.510)	(4)
sonstige Forderungen + RAP	4.510	2,1	4.944	2,3	(434)	(9)
flüssige Mittel	4.732	2,2	2.416	1,1	2.316	95,9
kurzfristiges Umlaufvermögen + RAP	90.520	42,9	88.626	42,0	1.894	2,1
Summe Aktiva	210.826	100,0	210.802	100,0	24	0,0
Grundkapital	4.360	2,1	4.360	2,1	0	0,0
Rücklagen	121.334	57,6	121.334	57,6	0	0,0
Bilanzgewinn	0	0,0	0	0,0	0	0,0
Eigenkapital	125.694	59,7	125.694	59,7	0	0,0
unversteuerte Rücklagen	534	0,2	757	0,4	(223)	(29)
Rückstellung für Abfertigungen und Pensionen	4.563	2,2	4.309	2,0	254	5,9
sonstige langfristige Rückstellungen	650	0,3	619	0,3	31	5,0
Bankverbindlichkeiten	0	0,0	135	0,1	(135)	(100)
Konzernverbindlichkeiten	15.363	7,3	22.000	10,4	(6.637)	(30)
sonstige Verbindlichkeiten	296	0,1	135	0,1	161	119,3
langfristiges Fremdkapital	20.872	9,9	27.198	12,9	(6.326)	(23)
sonstige Rückstellungen	7.026	3,3	7.446	3,5	(420)	(6)
Bankverbindlichkeiten	10.226	4,9	10.367	4,9	(141)	(1)
Lieferantenverbindlichkeiten	3.413	1,6	3.883	1,8	(470)	(12)
Konzernverbindlichkeiten	40.963	19,4	32.957	15,6	8.006	24,3
sonstige Verbindlichkeiten	2.098	1,0	2.500	1,2	(402)	(16)
kurzfristiges Fremdkapital	63.726	30,2	57.153	27,0	6.573	11,5
Fremdkapital insgesamt	84.598	40,1	84.351	39,9	247	0,3
Summe Passiva	210.826	100,0	210.802	100,0	24	0,0

Der Rückgang der **immateriellen Vermögensgegenstände** ist auf die Abspaltung der Marken- und Lizenzrechte an die Head Technology GmbH zurückzuführen.

Der Rückgang des **Sachanlagevermögens** ist im Wesentlichen auf die Abschreibung zurückzuführen.

Im Bereich **Finanzanlagevermögen** stieg der Beteiligungsansatz der Head Technology GmbH um TEUR 1 Mio aufgrund der Übertragung des Reinvermögens aus der Abspaltung des Entwicklungs- und Forschungsbereiches. Weiters wurden zwei neue Tochtergesellschaften, die Head Bulgaria EOOD und die Head International GmbH gegründet und eine Beteiligung an der Continuum Control Corporation erworben.

Der Rückgang der **langfristigen Forderungen gegenüber verbundenen Unternehmen** ist im Wesentlichen auf die Darlehensrückzahlung der HTM Sport SpA zurückzuführen.

Die Erhöhung der **Vorräte** ist im Wesentlichen auf die Übernahme des Lagers für die HTM Deutschland GmbH in Höhe von TEUR 2,5 Mio sowie einen um 1 Monat früheren Produktionszyklus im Schibereich zurückzuführen.

Die **kurzfristigen Forderungen gegenüber verbundenen Unternehmen** betreffen Forderungen aus Lieferungen und Leistungen, die aufgrund der Umsatzentwicklung vor allem durch den Wegfall des Footwear Business, das nun in Lizenz vergeben wurde, weggefallen sind.

Der Rückgang der **sonstigen Vermögensgegenstände** ist im Wesentlichen auf zeitliche Verschiebungen zurückzuführen.

Die **langfristigen Konzernverbindlichkeiten** reduzieren sich vor allem durch die Tilgung des Darlehens der Head Holding Unternehmensbeteiligung GmbH in Höhe von TEUR 4.286.

Der Rückgang der **sonstigen Rückstellungen** ist durch eine Anpassung des Prozentsatzes der Garantierückstellung für Schiumsätze an die derzeitigen Erfahrungswerte bedingt.

Die **kurzfristigen Konzernverbindlichkeiten** haben sich aufgrund eines Anstiegs des Darlehens gegenüber der Head Holding Unternehmensbeteiligung GmbH erhöht.

4. Finanzlage

Die Liquidität der Gesellschaft wird durch die Entwicklung des Fonds der flüssigen Mittel in Form einer Kapitalflussrechnung dargestellt. Im Fonds sind Kassenbestände und Bankguthaben berücksichtigt.

		2002 TEUR	2001 TEUR
	Ergebnis der gewöhnlichen Geschäftstätigkeit	6.301	11.498
+	Abschreibungen Sachanlagen	3.236	3.074
+	Abschreibungen immaterielle Vermögensgegenstände	0	1.520
+	Abschreibungen Finanzanlagen	166	0
+	Nicht zahlungswirksame Übernahme der Organschaftsverrechnung	1.422	0
+	Wertberichtigung Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	0	486
-/+	Gewinn/Verlust aus dem Abgang von Sachanlagen	(414)	62
+	Erhöhung langfristiger Rückstellungen	296	243
+	Verminderung Forderungen aus Lieferungen und Leistungen	815	985
-/+	Erhöhung/Verminderung Forderungen verbundene Unternehmen	3.186	(25.365)
-/+	Erhöhung/Verminderung der sonstigen Forderungen inkl. ARA	433	(1.525)
-	Erhöhung der Vorräte	(3.411)	(539)
-	Verminderung kurzfristiger Rückstellungen	(413)	(445)
+/-	Erhöhung/Verminderung Verbindlichkeiten aus Lieferungen und Leistungen	(471)	418
+/-	Erhöhung/Verminderung Verbindlichkeiten gegenüber verbundenen Unternehmen	(895)	28.799
+/-	Erhöhung/Verminderung sonstiger Verbindlichkeiten	(240)	336
=	Nettogeldfluss aus der gewöhnlichen Geschäftstätigkeit	10.011	19.547
-	Zahlungen von Ertragsteuern	(331)	(286)
=	**Nettogeldfluss aus laufender Geschäftstätigkeit**	9.680	0
+	Einzahlungen aus Anlagenabgang (ohne Finanzanlagen)	887	0
-	Auszahlungen für Anlagenzugang (ohne Finanzanlagen)	(3.382)	(3.332)
-	Auszahlungen für Finanzanlagenzugang	(387)	(1.324)
=	**Nettogeldfluss aus der Investitionstätigkeit**	(2.882)	(4.656)
+	Einzahlungen aus der Aufnahme von Finanzkrediten	0	10.000
-	Verminderung kurzfristiger Verbindlichkeiten gegenüber Kreditinstituten	(276)	(4.242)
+	Einzahlungen aus gegebenen Darlehen	0	12.859
-	Auszahlung für gegebene Darlehen	(5.049)	(321)
-	Auszahlungen für die Tilgung von Anleihen und Finanzkrediten	0	(5.290)
+	Einzahlungen aus der Aufnahme von Finanzkrediten an verbundenen Unternehmen	12.044	0
-	Auszahlungen aus der Organschaftsverrechnung	(11.202)	(30.814)
=	**Nettogeldfluss aus der Finanzierungstätigkeit**	(4.483)	(17.808)
	Zahlungswirksame Veränderung des Finanzmittelbestandes	2.315	(3.204)
	Endbestand liquide Mittel	4.732	2.416
	Anfangsbestand liquide Mittel	2.416	5.620

5. Ertragslage

	12/2002		12/2001		Veränderung	
	TEUR	%	TEUR	%	TEUR	%
Umsatzerlöse	142.498	95,7	159.236	91,5	(16.738)	(10,5)
Bestandsveränderung	1.956	1,3	307	0,2	1.649	537,1
aktivierte Eigenleistungen	860	0,6	703	0,4	157	22,3
sonstige betriebliche Erträge	3.617	2,4	13.730	7,9	(10.113)	(73,7)
Betriebsleistung	148.931	100,0	173.976	100,0	(25.045)	(14,4)
Material- und Leistungsaufwand	79.686	53,5	82.120	47,2	(2.434)	(3,0)
Personalaufwand	24.656	16,5	25.372	14,6	(716)	(2,8)
Abschreibungen	3.236	2,2	4.594	2,6	(1.358)	(29,6)
sonstige betriebliche Aufwendungen	30.613	20,6	50.953	29,3	(20.340)	(39,9)
betriebliche Aufwendungen	138.191	92,8	163.039	93,7	(24.848)	(15,2)
Betriebsergebnis	10.740	7,2	10.937	6,3	(197)	(1,8)
Erträge aus Beteiligungen	687	0,5	677	0,4	10	1,5
Zinsenerträge	1.221	0,8	5.331	3,1	(4.110)	(77,1)
Abschreibungen auf sonstige FA	(1.588)	(1,1)	(863)	(0,6)	(725)	84,0
Zinsen und ähnliche Aufwendungen	(4.760)	(3,2)	(4.584)	(2,6)	(176)	3,8
Finanzergebnis	(4.440)	(3,0)	561	0,3	(5.001)	(891,4)
Ergebnis der gewöhnlichen Geschäftstätigkeit	6.300	4,2	11.498	6,6	(5.198)	(45,2)
Ertragsteuern	(347)	(0,2)	(286)	(0,2)	(61)	21,3
Jahresüberschuss	5.953	4,0	11.212	6,4	(5.259)	(46,9)
Auflösung unversteuerter Rücklagen	223	0,1	134	0,1	89	66,4
Zuweisung zu Gewinnrücklagen	0	0,0	(144)	(0,1)	144	(100,0)
Ergebnisabführung	(6.176)	(4,1)	(11.202)	(6,4)	5.026	(44,9)
Bilanzgewinn	0	0,0	0	0,0	0	0,0

Die **Umsatzerlöse** sind im Wesentlichen aufgrund des Wegfalls des Footwear Business, das in Lizenz vergeben wurde, zurückgegangen.

Der Rückgang bei den **sonstigen betrieblichen Erträgen** lässt sich auf im Vorjahr entstandene Wechselkursgewinne, die sich durch die Änderung des Euro-Dollar-Kurses heuer in Wechselkursverluste wandelten, zurückführen.

Der Rückgang im Bereich **Material- und Leistungsaufwand** ist im Wesentlichen auf den reduzierten Umsatz sowie eine Kollektionsumstellung auf höherwertige Materialien im Schibereich sowie den Wegfall des Handelswareneinsatzes für das Footwear Business zurückzuführen.

Die **Abschreibungen** reduzieren sich durch den Wegfall der Abschreibung für Marken- und Lizenzrechte durch die Übertragung der Marken- und Lizenzrechte an die Head Technology GmbH im Zuge der Abspaltung.

Der Rückgang der **sonstigen betrieblichen Aufwendungen** ist im Wesentlichen auf den im Vorjahr gegebenen Werbekostenzuschuss in der Höhe von EUR 20 Mio an die Head USA Inc. zurückzuführen.

Der Rückgang der **Zinsenerträge** steht im Zusammenhang mit dem Forderungsverzicht gegenüber den amerikanischen Tochtergesellschaften im Juli 2001.

Der Anstieg der **Zinsenaufwendungen** ist im Wesentlichen auf die Zinsenbelastungen für den kurzfristigen Kredit der Head Holding Unternehmensbeteiligung GmbH zurückzuführen. Weiters stiegen die Zinsen für Exportkredite.

D. Berichterstattung

Gemäß § 273 Abs 1 iVm § 236 HGB sind Aufgliederungen und Erläuterungen zu einzelnen Posten des Jahresabschlusses im Anhang enthalten. Dieser Anhang stellt einen integrierten Bestandteil des Prüfungsberichtes dar (vgl. Anlage 3). Auf eine gesonderte Darstellung weiterer Aufgliederungen und Erläuterungen wird in Abstimmung mit der Geschäftsleitung verzichtet.

E. Organisation des Rechnungswesens

Das Rechnungswesen ist dem Finanzvorstand Mag. Ralf Bernhart zugeordnet. Gesamtverantwortlich ist Herr Mag. Stefan Girardi. Das Rechnungswesen gliedert sich in die Bereiche Buchhaltung und Controlling. Die Abteilung besteht aus 9 Mitarbeitern.

Die Buchhaltung wird auf einer externen HP-Anlage geführt. Als Software wird das Programm SAP R/3 verwendet.

Für die Personalverrechnung wird das Programm Weinhofer verwendet, für alle anderen Bereiche ist SAP im Einsatz.

F. Prüfungshandlungen

Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden Grundsätze ordnungsgemäßer Durchführung von Abschlussprüfungen durchgeführt. Diese Standards erfordern, die Prüfung so zu planen und durchzuführen, dass ein hinreichend sicheres Urteil darüber abgegeben werden kann, ob der Jahresabschluss und der Lagebericht frei von wesentlichen falschen Aussagen sind.

Im Sinne einer risikoorientierten Vorgangsweise und zur Sicherung der Prüfungseffizienz haben wir einen unternehmensspezifischen Prüfplan unter Berücksichtigung der Bedeutung der Prüfungsgebiete und der Wirkungsweise des eingerichteten internen Kontrollsystems erstellt. Die Prüfung schließt eine stichprobengestützte Prüfung der Nachweise für Wertansätze und Angaben im Jahresabschluss ein. Sie beinhaltet ferner die Beurteilung der angewandten Rechnungslegungsgrundsätze und der wesentlichen durch die Unternehmensleitung vorgenommenen Schätzungen sowie eine Würdigung der Gesamtaussage des Abschlusses.

Unter anderem haben wir folgende, uns im gegebenen Fall erforderlich erscheinende Prüfungshandlungen durchgeführt:

- Einholung von Saldenbestätigungen von Kunden und Lieferanten zum 30. November 2002.
- Einholung externer Bestätigungen von Banken, Rechtsanwälten und Steuerberater.
- Teilnahme an den körperlichen Inventuren am 13./17. und am 28. Dezember 2002.

Wir haben die Unternehmensleitung auf die Notwendigkeit der Verfügbarkeit von Datenträgern im Sinne der BAO hingewiesen, deren Begutachtung und Überprüfung jedoch nicht Gegenstand der Abschlussprüfung waren.

Wir sind der Auffassung, dass unsere Prüfung eine hinreichende Grundlage für unser Prüfungsurteil abgibt.

G. Prüfungsergebnis und Bestätigungsvermerk

1. Zusammengefasste Feststellungen

Wir haben den beigefügten Jahresabschluss samt Lagebericht der Head Sport Aktiengesellschaft, Kennelbach, zum 31. Dezember 2002 geprüft. Aufstellung und Inhalt dieses Jahresabschlusses liegen in der Verantwortung des Vorstandes der Gesellschaft, zu dessen Aufgaben auch die Führung eines Rechnungswesens und internen Kontrollsystems, die den Anforderungen des Unternehmens entsprechen, gehört. Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Abschluss auf der Grundlage unserer Abschlussprüfung.

Das Rechnungswesen ist unter Beachtung entsprechender Anforderungen eines internen Kontrollsystems eingerichtet und entspricht den Grundsätzen ordnungsgemäßer Buchführung sowie den in Österreich geltenden gesetzlichen Bestimmungen. Buchführung und Belegwesen bildeten eine geeignete Grundlage zur Aufstellung des Jahresabschlusses.

Die Ableitung des Jahresabschlusses erfolgte vollständig aus den Büchern unter Anwendung der Grundsätze ordnungsmäßiger Bilanzierung. Die Bestandsnachweise der Aktiva und Passiva wurden in gebotener bzw erwünschter Form und Umfang erbracht. Die Gliederungs- und Bewertungsvorschriften der §§ 195 bis 211 und 222 bis 235 HGB wurden befolgt.

Die Prüfung des Anhanges ergab, dass er die vom Gesetz geforderten Erläuterungen und sonstigen Angaben enthält. Die Darstellungen im Lagebericht entsprechen den Erfordernissen des § 243 HGB.

2. Besondere Berichtspflichten gemäß § 273 HGB

2a. Hinweise gemäß § 273 (2) 1. Satz HGB

Wir haben keine Tatsachen festgestellt, die den Bestand des geprüften Unternehmens gefährden oder seine Entwicklung wesentlich beeinträchtigen können oder die schwerwiegende Verstöße der gesetzlichen Vertreter gegen Gesetz oder Satzung erkennen lassen.

2b. Hinweise gemäß § 273 (2) 2. Satz HGB

URG-Kennzahlen:	31.12.2002	31.12.2001
Eigenmittelquote (§ 23 URG) (mindestens 8 %)	60,0 %	60,1%
Fiktive Schuldentilgungsdauer (§ 24 URG) (höchstens 15 Jahre)	8,6 Jahre	5,1 Jahre

Die Voraussetzungen für die Vermutung eines Reorganisationsbedarfs gemäß § 22 Abs 1 Z 1 URG lagen zum Bilanzstichtag nicht vor.

3. Bestätigungsvermerk

Wir haben den vom Vorstand der Head Sport Aktiengesellschaft nach den in Österreich geltenden handelsrechtlichen Vorschriften erstellten Jahresabschluss samt Lagebericht zum 31. Dezember 2002 unter Beachtung der in Österreich berufsüblichen Grundsätze geprüft und erteilen dem Jahresabschluss den folgenden uneingeschränkten Bestätigungsvermerk.

„Die Buchführung und der Jahresabschluss entsprechen nach unserer pflichtgemäßen Prüfung den gesetzlichen Vorschriften. Der Jahresabschluss vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht im Einklang mit dem Jahresabschluss."

Wien, 23. Jänner 2003

PwC Wirtschaftsprüfung AG
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Milla — Catasta

Mag. Dr. Aslan Milla — Wirtschaftsprüfer

Mag. Dr. Christine Catasta — Wirtschaftsprüfer

Eine von den gesetzlichen Vorschriften abweichende Offenlegung, Veröffentlichung und Vervielfältigung im Sinne des § 281 Abs 2 HGB in einer von der bestätigten Fassung abweichenden Form unter Beifügung unseres Bestätigungsvermerks ist nicht zulässig. Im Fall des bloßen Hinweises auf unsere Prüfung bedarf dies unserer vorherigen schriftlichen Zustimmung.

ANLAGEN

HEAD SPORT AG

B I L A N Z zum 31. Dezember 2002

(Vorjahr zum Vergleich)

AKTIVA

	EUR	31.12.2002 EUR	31.12.2001 TEUR
A. Anlagevermögen			
I. Immaterielle Vermögensgegenstände			
1. Konzessionen, gewerbliche Schutzrechte und daraus abgeleitete Lizenzen		--	760
II. Sachanlagen			
1. Grundstücke	--		23
2. Bauten auf fremdem Grund	574.530,41		593
3. Technische Anlagen und Maschinen	3.540.780,07		4.190
4. Werkzeuge, Betriebs- und Geschäftsausstattung	2.245.778,46		2.337
5. geleistete Anzahlungen	302.812,60		69
		6.663.901,54	7.212
III. Finanzanlagen			
1. Anteile an verbundenen Unternehmen	99.533.554,21		98.341
2. Wertrechte	561.229,84		432
3. Wertpapiere des Anlagevermögens	1.151.808,66		1.234
		101.246.592,71	100.007
		107.910.494,25	107.978
B. Umlaufvermögen			
I. Vorräte			
1. Roh-,Hilfs-, und Betriebsstoffe	3.134.398,24		2.674
2. unfertige Erzeugnisse	2.602.002,44		3.565
3. fertige Erzeugnisse und Waren	10.272.126,16		6.365
		16.008.526,84	12.604
II. Forderungen und sonstige Vermögensgegenstände			
1. Forderungen aus Lieferungen und Leistungen	5.755.238,41		6.637
2. Forderungen gegenüber verbundenen Unternehmen	71.909.506,59		76.222
3. Sonstige Forderungen und Vermögensgegenstände	1.584.546,94		1.612
		79.249.291,94	84.472
III. Kassenbestand, Guthaben bei Kreditinstituten		4.731.579,86	2.416
		99.989.398,64	99.491
C. Rechnungsabgrenzungsposten		2.926.245,76	3.332
		210.826.138,65	210.802

PASSIVA

	EUR	31.12.2002 EUR	31.12.2001 TEUR
A. Eigenkapital			
I. Grundkapital		4.359.630,00	4.360
II. Kapitalrücklagen			
1. gebundene Kapitalrücklagen	4.373,69		4
2. nicht gebundene Kapitalrücklagen	120.894.022,58		120.894
		120.898.396,27	
III. Gewinnrücklagen			
1. gesetzliche Rücklage		436.400,37	436
IV. Bilanzgewinn	--		
davon Gewinnvortrag	--	--	--
		125.694.426,64	125.694
B. Unversteuerte Rücklagen			
I. sonstige unversteuerte Rücklagen	533.849,48		757
		533.849,48	757
C. Rückstellungen			
1. Rückstellungen für Abfertigungen	3.417.038,00		3.272
2. Rückstellungen für Pensionen	1.145.979,00		1.037
3. Steuerrückstellung	16.644,74		
4. sonstige Rückstellungen	7.658.962,93		8.065
		12.238.624,67	12.374
D. Verbindlichkeiten			
1. Verbindlichkeiten gegenüber Kreditinstituten	10.226.014,67		10.502
2. erhaltene Anzahlungen auf Bestellungen	422.608,65		524
3. Verbindlichkeiten aus Lieferungen und Leistungen	3.412.709,36		3.883
4. Verbindlichkeiten gegenüber verbundenen Unternehmen	56.325.586,51		54.957
5. sonstige Verbindlichkeiten	1.972.118,47		2.111
davon aus Steuern EUR -- (VJ: EUR --) davon im Rahmen der sozialen Sicherheit EUR 1.360.274 (VJ: EUR 1.461.754)		72.359.037,86	71.976
		210.826.138,65	210.802
Haftungsverhältnisse		2.999.100,00	3.031

Unterzeichnet durch den Vorstand gemäß § 194 HGB:

Kennelbach, 23. Jänner 2003

HEAD SPORT AG
GEWINN-und VERLUSTRECHNUNG
für den Zeitraum vom
1. Jänner bis 31. Dezember 2002
(Vorjahr zum Vergleich)

	EUR	2002 EUR	2001 TEUR
1. Umsatzerlöse		142.498.080,11	159.236
2. Veränderung des Bestandes an fertigen und unfertigen Erzeugnissen		1.955.851,41	307
3. andere aktivierte Eigenleistungen		859.890,97	703
4. sonstige betriebliche Erträge			
a) Erträge aus dem Abgang vom Anlagevermögen mit Ausnahme der Finanzanlagen	414.113,94		--
b) Erträge aus der Auflösung von Rückstellungen	--		415
c) übrige	3.203.062,35		13.315
		3.617.176,29	13.730
5. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen			
a) Materialaufwand	(73.550.780,80)		(77.108)
b) Aufwendungen für bezogene Leistungen	(6.135.144,07)		(5.012)
		(79.685.924,87)	(82.120)
6. Personalaufwand			
a) Löhne	(10.255.913,74)		(10.462)
b) Gehälter	(7.690.833,38)		(8.143)
c) Aufwendungen für Abfertigungen	(649.115,42)		(608)
d) Aufwendungen für Altersversorgung	(128.170,52)		(204)
e) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	(5.633.277,97)		(5.730)
f) sonstige Sozialaufwendungen	(298.580,18)		(225)
		(24.655.891,21)	(25.372)
7. Abschreibungen			
a) auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	(3.235.696,28)		(4.594)
		(3.235.696,28)	(4.594)
8. sonstige betriebliche Aufwendungen			
a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen	381,54		(169)
b) übrige	(30.613.474,84)		(50.784)
		(30.613.093,30)	(50.953)
9. Zwischensumme aus Z 1 bis 8 (Betriebserfolg)		**10.740.393,12**	**10.937**
10. Erträge aus Beteiligungen davon aus verbundenen Unternehmen EUR 687.474 (VJ: EUR 677.461)		687.474,22	677
11. Sonstige Zinsen und ähnliche Erträge, davon aus verbundenen Unternehmen EUR 1.131.567 (VJ: EUR 5.200.576)		1.221.235,10	5.331
12. Aufwendungen aus Finanzanlagen davon aus a) Abschreibungen EUR (165.992) (VJ: EUR (27.187)) b) Aufwendungen aus verbundenen Unternehmen EUR (1.421.655) (VJ: EUR (766.938))		(1.587.646,54)	(863)
13. Zinsen und ähnliche Aufwendungen davon betreffend verbundene Unternehmen EUR 4.010.912 (VJ: EUR 3.858.720)		(4.760.751,98)	(4.585)
14. Zwischensumme aus Z 10 bis 13 (Finanzerfolg)		**(4.439.689,20)**	**561**
15. Ergebnis der gewöhnlichen Geschäftstätigkeit		**6.300.703,92**	**11.498**
16. Steuern vom Einkommen und vom Ertrag		(347.933,19)	(286)
17. Jahresüberschuss		**5.952.770,73**	**11.212**
18. Auflösung unversteuerter Rücklagen			
a) Investitionsfreibeträge infolge Anlagenabgang	11.778,54		9
b) Investitionsfreibeträge infolge Zeitablauf	211.161,54		125
		222.940,08	134
19. Zuweisung zu unversteuerten Rücklagen			
a) Investitionsfreibetrag	--		(144)
		--	(144)
20. Organverrechnung		(6.175.710,81)	(11.202)
21. Bilanzgewinn		–	--

Unterzeichnet durch den Vorstand gemäß § 194 HGB:

Kennelbach, 23. Jänner 2003

INHALTSVERZEICHNIS

HEAD SPORT
AKTIENGESELLSCHAFT

ANHANG ZUM JAHRESABSCHLUSS PER
31. DEZEMBER 2002

1. ALLGEMEINE ANGABEN ZUR BILANZIERUNG UND BEWERTUNG

Der Jahresabschluss zum 31. Dezember 2002 wurde gemäß den Bestimmungen des Handelsgesetzbuches (HGB) in der geltenden Fassung erstellt. Die Grundsätze ordnungsmäßiger Buchführung sowie die Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage zu vermitteln, wurden beachtet.

Insbesondere wurde bei der Bewertung von der Fortführung des Unternehmens ausgegangen sowie der Grundsatz der Einzelbewertung von Vermögensgegenständen und Schulden beachtet. Dem Vorsichtsprinzip wurde durch Berücksichtigung aller erkennbarer Risiken und drohender Verluste Rechnung getragen. Nur die am Abschlussstichtag realisierten Gewinne wurden ausgewiesen. Die bisher angewandten Bewertungsmethoden wurden beibehalten.

Alle Abschlussposten sind mit den Angaben des Vorjahres vergleichbar.

Fallen Vermögensgegenstände oder Verbindlichkeiten unter mehrere Posten der Bilanz, erfolgt die Angabe bei den entsprechenden Posten.

Bei der Erstellung dieses Jahresabschlusses kam ein EDV-Programm mit automatischer Rundungsroutine zum Einsatz. Es können sich daher in Einzelfällen geringfügige Rundungsdifferenzen ergeben.

Die im Folgenden unter Abspaltung gezeigten Veränderungen diverser Bilanzpositionen betreffen die Übertragung des Teilbetriebes „Head Technology" von der Head Sport AG auf die Head Technology GmbH mit 1. Jänner 2002 (Spaltungs- und Übernahmevertrag vom 9. August 2002).

2. WESENTLICHE BILANZIERUNGSGRUNDSÄTZE

2.1. Anlagevermögen

2.1.1. Immaterielle Vermögensgegenstände

Die Marken- und Lizenzrechte wurden mit 1. Jänner 2002 auf die Head Technology GmbH übertragen.

2.1.2. Sachanlagen

Die Anlagenzugänge wurden mit den Anschaffungs- oder Herstellungskosten zuzüglich Anschaffungsnebenkosten, reduziert um eventuelle Skonti und Rabatte, aktiviert.

Die Sachanlagen werden aufgrund der betriebsgewöhnlichen Nutzungsdauer mit folgenden Sätzen linear abgeschrieben:

Bauten auf fremdem Grund	4 - 10 %
Maschinen und maschinelle Anlagen	20 %
Werkzeuge, Betriebs- und Geschäftsausstattung	20 - 33,3 %

Für Zugänge in der ersten Hälfte des Wirtschaftsjahres wird entsprechend den steuerlichen Bestimmungen der volle, während der zweiten Hälfte des Wirtschaftsjahres der halbe jährliche Abschreibungssatz verwendet.

Geringwertige Wirtschaftsgüter gemäß § 13 EStG 1988 werden im jeweiligen Anschaffungsjahr voll abgeschrieben.

2.1.3. Finanzanlagen

Die nach § 204 Abs. 2 erforderlichen Abschreibungen wurden vorgenommen.

Die Position Wertrechte umfasst das aktivierte Deckungskapital aus einer Rückversicherung für Pensionsansprüche.

Die der Deckung der Abfertigungs- und Pensionsrückstellung dienenden Wertpapiere des Anlagevermögens wurden nach dem Niederstwertprinzip bewertet.

2.2. Umlaufvermögen und Rechnungsabgrenzungsposten

2.2.1. Vorräte

Roh-, Hilfs- und Betriebsstoffe, zugekaufte Teile und Handelswaren werden zu Anschaffungskosten unter Beachtung des Niederstwertprinzipes bewertet. Halbfertig- und Fertigerzeugnisse werden zu Herstellungskosten bewertet, die neben direkten Material- und Lohnkosten auch Materialgemeinkosten und Teile der Fertigungsgemeinkosten enthalten.

Veraltete und ungängige Vorräte wurden entweder voll abgeschrieben oder entsprechend wertberichtigt.

2.2.2. Forderungen

Forderungen aus Lieferungen und Leistungen, Forderungen gegen verbundene Unternehmen und sonstige Forderungen resultieren mit Ausnahme der in Anlage 3.2.1.3. (Forderungen gegenüber verbundenen Unternehmen) angegebenen Forderungen aus laufender Verrechnung und verstehen sich als kurzfristig.

Neben den erforderlichen Einzelwertberichtigungen wurden pauschale Einzelwertberichtigungen für überfällige Forderungen in Abhängigkeit ihrer Fristigkeit gebildet.

Die Fremdwährungsforderungen werden zu Entstehungskursen bzw. zu den niedrigeren Devisengeldkursen am Bilanzstichtag bewertet.

2.2.3. Abgrenzungsposten gemäß § 198 Abs. 10 HGB

Eine Berechnung von aktiven oder passiven latenten Steuern gemäß § 198 Abs. 10 HGB ist aufgrund des Ergebnisabführungsvertrages mit der HTM Sport- und Freizeitgeräte AG für die Head Sport AG nicht notwendig.

2.3. Unversteuerte Rücklagen

Die unversteuerten Rücklagen stammen aus der Bildung von Investitionsfreibeträgen der Jahre 1999 und 2000.

2.4. Rückstellungen

2.4.1. Rückstellungen für Abfertigungen

Die Abfertigungsrückstellungen wurden finanzmathematisch unter Anwendung eines Berechnungszinssatzes von 3,5 % unter Berücksichtigung von Fluktuationsabschlägen ermittelt. Die ausgewiesenen Abfertigungsrückstellungen belaufen sich bei Angestellten auf 55,8 % und bei Arbeitern auf 62,6 % der theoretischen Ansprüche zum Bilanzstichtag.

Die gesetzlich vorgeschriebene Wertpapierdeckung war das ganze Jahr hindurch gegeben.

2.4.2. Rückstellungen für Pensionen

Die Höhe der Rückstellungen für Pensionen zum 31. Dezember 2002 wurde durch ein versicherungsmathematisches Gutachten nach den Rechnungsgrundlagen AVÖ 1999 – P (Ang.) mit einem Zinsfuß von 6 % mittels Teilwertverfahrens gemäß den Bestimmungen des § 211 Abs. 2. HGB ermittelt.

Von der Übergangsbestimmung gemäß Artikel X Abs. 3 Rechnungslegungsgesetz wurde nicht Gebrauch gemacht.

Die gesetzlich vorgeschriebene Wertpapierdeckung war das ganze Jahr hindurch gegeben.

2.4.3. Sonstige Rückstellungen

Die sonstigen Rückstellungen berücksichtigen alle erkennbaren Risiken und ungewissen Verbindlichkeiten in Höhe jenes Betrages, der nach kaufmännischer Beurteilung erforderlich ist.

Die Rückstellungen für Jubiläumsgelder wurden finanzmathematisch unter Anwendung eines Rechnungszinsfußes von 3,5 % sowie unter Berücksichtigung der Fluktuation durch entsprechende Abschläge errechnet. Ansprüche auf Jubiläumsgelder bestehen ausschließlich auf Grund kollektivvertraglicher Vereinbarungen.

2.5. Verbindlichkeiten

Verbindlichkeiten sind zu ihrem voraussichtlichen Rückzahlungsbetrag angesetzt. Im Rahmen der Bewertung wurde auf den Grundsatz der Vorsicht Bedacht genommen.

Verbindlichkeiten in Fremdwährungen werden gemäß dem Höchstwertprinzip mit den Entstehungskursen bzw. den höheren Devisenbriefkursen am Bilanzstichtag bewertet.

3. AUFGLIEDERUNGEN UND ERLÄUTERUNGEN ZU DEN POSTEN DER BILANZ

3.1. Anlagevermögen

Die Entwicklung der einzelnen Positionen des Anlagevermögens ist im beiliegenden Anlagespiegel (Tabelle I) dargestellt.

Vermögensgegenstände, deren Anschaffungskosten EUR 400 im Einzelfall nicht übersteigen ("geringwertige Wirtschaftsgüter" gem. § 13 EStG) werden unter der Position "Werkzeuge, Betriebs- und Geschäftsausstattung" als Zugänge, Abgänge und Abschreibungen ausgewiesen. Im Geschäftsjahr beliefen sich die entsprechenden Abschreibungen auf EUR 184.894.

3.1.1. Zusatzangaben zu Sachanlagen

Die Zugänge bei den Sachanlagen betrugen EUR 3.381.758. Der Schwerpunkt der Investitionen betraf die Rationalisierung der Produktion und die Modernisierung von Vertrieb und Verwaltung.

Die Werte der Position "Bauten auf fremdem Grund" beinhalten keine Grundwerte.

Die Abgänge betreffen die Veräußerung und Verschrottung von altersbedingt nicht mehr notwendigen Maschinen bzw. Betriebs- und Geschäftseinrichtungen.

3.1.2. Zusatzangaben zu Finanzanlagen

3.1.2.1. Beteiligungen

Die Entwicklung der einzelnen Beteiligungen ist im beiliegenden Beteiligungsspiegel (Tabelle III) dargestellt.

3.1.2.2. Wertrechte

Diese Position in der Höhe von EUR 561.230 umfasst das aktivierte Deckungskapital aus einer Rückversicherung für Pensionsansprüche.

3.2. Umlaufvermögen

3.2.1. Forderungen und sonstige Vermögensgegenstände

3.2.1.1. Forderungen aus Lieferungen und Leistungen

Zusammensetzung:

	31. Dez. 2002 EUR	31. Dez. 2001 EUR	Veränderung absolut
aus Lieferungen und Leistungen			
aus Inlandslieferungen	459.365	62.497	396.868
aus Auslandslieferungen	6.836.550	7.808.912	-972.362
	7.295.915	**7.871.409**	**-575.494**
Einzelwertberichtigung			
Inland	-500	-6.560	6.060
Ausland	-1.531.057	-1.211.190	-319.867
	-1.531.557	**-1.217.750**	**-313.807**
Gruppenwertberichtigung			
Inland	--	-8.450	8.450
Ausland	-9.120	-8.010	-1.110
	-9.120	**-16.460**	**7.340**
Summe	**5.755.238**	**6.637.199**	**-881.961**

Im Forderungsstand sind keine durch Wechsel verbriefte Forderungen enthalten.

Die zur Gänze wertberichtigte Forderung gegenüber der Head Sportswear GmbH, Ellwangen, Deutschland, die per 31. Dez. 2001 unter Forderungen gegenüber Unternehmen mit Beteiligungsverhältnis gezeigt wurde, ist per 31. Dez. 2002 in den Forderungen aus Lieferungen und Leistungen enthalten, da kein Beteiligungsverhältnis mehr besteht.

3.2.1.2. Sonstige Forderungen und Vermögensgegenstände

Zusammensetzung:

	31. Dez. 2002 EUR	31. Dez. 2001 EUR	Veränderung absolut
Forderung Finanzamt	261.303	234.607	26.696
Sonstige Kostenzuschüsse und Verrechnungen, die erst nach dem Bilanzstichtag zahlungswirksam werden	36.906	34.156	2.750
Guthaben Lieferanten	230.445	270.443	-39.998
Sonstige	1.055.893	1.072.712	-16.819
Summe	**1.584.547**	**1.611.918**	**-27.371**

Die Forderungen Finanzamt (EUR 240.616), die sonstigen Forderungen aus sonstigen Kostenzuschüssen und Verrechnungen (EUR 36.906) sowie die Position Sonstige (EUR 1.055.893) betreffen Erträge, welche erst nach dem Abschlussstichtag zahlungswirksam werden (§ 225 Abs. 3 HGB).

3.2.1.3. Zusatzangaben gem. § 225 (3), (4), § 226 (5) HGB

	Bilanzwert am 31. Dez. 2002 EUR	davon Restlaufzeit mehr als ein Jahr EUR	davon wechselmäßig verbrieft EUR
Forderungen aus Lieferungen und Leistungen	5.755.238	--	--
Forderungen gegenüber verbundenen Unternehmen	71.909.507	12.394.853	--
Sonstige Forderungen und Vermögensgegenstände	1.584.547	--	--
Summe	**79.249.292**	**12.394.853**	--

In den Forderungen gegenüber verbundenen Unternehmen resultieren EUR 59.514.654 (2001: EUR 62.025.766) aus Lieferungen und Leistungen.

3.3. Eigenkapital

3.3.1. Grundkapital

Aktiengattung	Anzahl in Stück	Nominale EUR
Aktien Nominale EUR 7,26	600.500	4.359.630
Summe		**4.359.630**

Sämtliche Aktien lauten auf den Inhaber. Der Stand ist gegenüber dem Vorjahr unverändert.

3.3.2. Kapitalrücklagen

Die Kapitalrücklagen blieben im Vergleich zum Vorjahr unverändert.

3.4. Unversteuerte Rücklagen

3.4.1. Investitionsfreibetrag gemäß § 10 EStG

	1. Jän. 2002 EUR	Zuführung EUR	Auflösung Ausscheidung EUR	Auflösung Zeitablauf EUR	31. Dez. 2002 EUR
IFB 1998	218.289	--	-7.127	-211.162	--
IFB 1999	153.519	--	-1.080	--	152.439
IFB 2000	384.981	--	-3.571	--	381.410
Summe	**756.790**	**--**	**-11.779**	**-211.162**	**533.849**

Die Veränderung der unversteuerten Rücklagen hat aufgrund des Ergebnisabführungsvertrages mit der HTM Sport- und Freizeitgeräte AG, Schwechat, keine Auswirkung auf den Posten „Steuern vom Einkommen und Ertrag".

3.5. Rückstellungen

3.5.1. Sonstige Rückstellungen

Zusammensetzung:

	1. Jän. 2002 EUR	Abspaltung EUR	Verwendung/ Auflösung EUR	Zuführung EUR	31. Dez. 2002 EUR
Garantieleistungen	1.929.700	--	-1.322.291	900.391	1.507.800
Nicht kons. Urlaube	1.222.886	-15.773	-357.260	329.707	1.179.560
Werbeaufwendungen	1.234.249	--	-1.234.249	1.197.840	1.197.840
Prämien	559.145	-8.352	-550.793	507.000	507.000
Skonti und Rabatte	171.600	--	-171.600	172.300	172.300
Lizenzaufwendungen	431.186	--	-431.186	424.335	424.335
Rechts-, Prüfungs- und Beratungsaufwand	693.657	--	-433.491	445.173	705.339
Jubiläumsgelder	619.245	--	--	30.802	650.047
Sonstige	1.203.457	--	-850.807	962.092	1.314.742
Summe	**8.065.125**	**-24.125**	**-5.351.677**	**4.969.640**	**7.658.963**

3.6. Verbindlichkeiten

3.6.1. Sonstige Verbindlichkeiten

Zusammensetzung:

	31. Dez. 2002 EUR	31. Dez. 2001 EUR	Veränderung absolut
Löhne und Gehälter	558.371	649.310	-90.939
Gebietskrankenkasse	467.653	483.466	-15.813
Zollämter	292.791	480.571	-187.780
Lohnabhängige Abgaben Finanzamt	290.801	284.840	5.961
Kredit Wasserwirtschaftsfonds	6.362	18.804	-12.442
Kredit Forschungsförderungsfonds	295.851	147.926	147.925
Kommunalsteuer	37.342	38.583	-1.241
Lohn- und Gehaltsexekution	3.307	2.330	977
Gewerkschaftsbund	1.555	1.998	-443
UNIQA Krankenversicherung	1.233	1.205	28
Betriebskosten	11	22	-11
Sonstige	16.841	1.591	15.250
Summe	**1.972.118**	**2.110.646**	**-138.528**

Die sonstigen Verbindlichkeiten gegenüber der Gebietskrankenkasse (EUR 259.303), aus Löhnen und Gehältern (EUR 558.371), lohnabhängige Abgaben Finanzamt (EUR 69.842), Zollämter (EUR 25.950), UNIQA Krankenversicherung (EUR 1.233) sowie Kommunalsteuer (EUR 37.342) betreffen Aufwendungen, die erst nach dem Abschlussstichtag zahlungswirksam werden (§ 225 Abs. 6 HGB).

3.6.2. Restlaufzeit von Verbindlichkeiten

Zusammensetzung:

	Restlaufzeit bis 1 Jahr EUR	Restlaufzeit 1 bis 5 Jahre EUR	Restlaufzeit mehr als fünf Jahre EUR	31. Dez. 2002 Gesamt EUR	31. Dez. 2001 Gesamt EUR
Verbindlichkeiten gegenüber Kreditinstituten	10.226.015	--	--	10.226.015	10.501.602
Erhaltene Anzahlungen auf Bestellungen	422.609	--	--	422.609	523.730
Verbindlichkeiten aus Lieferungen und Leistungen	3.412.709	--	--	3.412.709	3.883.253
Verbindlichkeiten gegenüber verbundenen Unternehmen	40.962.721	15.362.866	--	56.325.587	54.956.881
Sonstige Verbindlichkeiten	1.676.267	295.851	--	1.972.118	2.110.646
Summe	**56.700.321**	**15.658.717**	**--**	**72.359.038**	**71.976.112**

Zur Absicherung der Bankverbindlichkeiten bei der Kontrollbank AG wurde eine Globalzession auf die Forderungen der Head Sport AG als Sicherheit gestellt.

Von den Verbindlichkeiten gegenüber verbundenen Unternehmen resultieren EUR (161.358) (2001: EUR 733.318) aus der Verrechnung von Lieferungen und Leistungen.

3.7. Haftungsverhältnisse

Zusammensetzung:

	31. Dez. 2002 EUR
a. Bankgarantie zugunsten „San Paolo IMI S.p.a. Roma"	2.537.900
b. Bankgarantie zugunsten Head UK Ltd., Grossbritannien bei „The National Westminster Bank"	461.200
Summe	**2.999.100**

Die gesamten Eventualverbindlichkeiten in der Höhe von EUR 2.999.100 wurden für verbundene Unternehmen eingegangen.

4. AUFGLIEDERUNGEN UND ERLÄUTERUNGEN ZU DEN POSTEN DER GEWINN- UND VERLUSTRECHNUNG

4.1 Umsatzerlöse

	Inland EUR	Ausland EUR	31. Dez. 2002 EUR	31. Dez. 2001 EUR
Eigenproduktion				
Squash	5.537	2.251.321	2.256.857	2.600.520
Tennis	1.019.036	31.820.972	32.840.007	40.376.370
Accessoires Tennis	780	141.345	142.125	296.981
Ski	5.154.557	37.418.376	42.572.933	45.308.715
Accessoires Ski	--	--	–	1.043.718
	6.179.909	71.632.014	77.811.923	89.626.303
Handelswaren				
Squash und Hüllen	39.497	5.806.031	5.845.528	4.945.183
Tennis und Hüllen	503.721	26.210.993	26.714.714	22.908.759
Accessoires Tennis	269.388	8.236.739	8.506.126	8.445.872
Ski	–	--	--	–
Accessoires Ski	85.881	1.042.294	1.128.175	1.220.852
Ski Bindungen u. Platten	10.654	4.545.422	4.556.076	–
Tennisbälle	--	441.754	441.754	–
Schuhe	5.016	(48.320)	(43.304)	12.685.133
Snowboard Division	647.807	9.128.725	9.776.532	11.405.543
Skischuhe	9.007	–	9.007	4.897
Sonstiges	25.756	–	25.756	--
	1.596.727	55.363.637	56.960.365	61.616.239
Lizenzerlöse	–	8.511.588	8.511.588	8.728.885
Bruttoerlöse	7.776.636	135.507.239	143.283.876	159.971.427
Rabatte und dgl.	--	(163.157)	(163.157)	(177.819)
Kundenskonti	(12.018)	(610.620)	(622.638)	(557.337)
Umsatzerlöse netto	7.764.618	134.733.462	142.498.080	159.236.272

4.2 sonstige betriebliche Aufwendungen

	31. Dez. 2002		31. Dez. 2001	
	EUR	EUR	EUR	EUR
a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen				
übrige		382		(168.983)
b) übrige				
Patent- und Markenrechtskosten	1.884.271		2.013.812	
Instandhaltungen	2.336.837		2.374.598	
Gebäudemieten	628.948		890.462	
Provisionen	324.932		251.418	
Werbung und Verkaufsförderung	8.869.799		31.545.412	
Lagerabwicklung	2.083.859		2.270.601	
Ausgangsfrachten, Transporte	1.284.434		1.394.255	
Garantieaufwand	918.591		1.492.896	
Reisespesen	830.811		862.595	
Kfz-Aufwand	294.777		232.921	
Rechts-, Prüfungs- und Beratungskosten und Dienstleistungsaufwendungen	4.353.790		4.440.711	
EDV-Kosten	89.063		146.776	
Bewachung	120.294		120.607	
Post, Telefon, Telefax, Telex	130.656		133.622	
Miete bewegliche Anlagen	18.051		10.619	
Versicherungen	230.157		236.980	
Beiträge zu Berufsvertretungen	113.553		130.043	
Büromaterial, Drucksorten, Fachliteratur	50.010		55.849	
Forderungsverluste	312.578		347.754	
Dotierung Wertberichtigung zu Forderungen	--		6.548	
Dotierung Wertberichtigung zu Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	--		485.727	
Geldverkehrsspesen	211.584		236.498	
Müll, Reinigungskosten	418.378		386.467	
Personalsuche	46.693		84.478	
Aufwand aus dem Abgang von Sachanlagen	--		32.493	
Kursverluste	5.053.932		--	
übrige	7.476	(30.613.475)	600.203	(50.784.346)
		(30.613.093)		(50.953.328)

5. SONSTIGE ANGABEN

5.1. Konzernverhältnis

Die Gesellschaft ist eine 100 %ige Tochtergesellschaft der HTM Sport- und Freizeitgeräte AG, Schwechat und steht dadurch mit ihrer Gesellschafterin sowie deren verbundenen Unternehmen in einem Konzernverhältnis. Die HTM Sport- und Freizeitgeräte AG ist Organträgerin, mit welcher ein Ergebnisabführungsvertrag gemäß § 9 (4) KStG besteht.

Die Head N.V., Niederlande stellt einen Konzernabschluss für den kleinsten und größten Kreis von Unternehmen nach holländischen Rechnungslegungsgrundsätzen auf, der anschließend im Firmenbuch beim Handelsgericht in Wien veröffentlicht wird. Daher wurde gemäß § 1 (1) und (2) der VO des BMfJ über befreiende Konzernabschlüsse und Konzernlageberichte (Befreiungsverordnung) vom 20. Dezember 1994 i.V.m. § 245 HGB kein eigener Teilkonzernabschluss aufgestellt.

5.2. Beschäftigte

Die Anzahl der Beschäftigten betrug zum Jahresende 2002 177 (2001: 168) Angestellte und 391 (2001: 454) Arbeiter.

5.3. Organe der Gesellschaft

Vorstand:

Mag. Ralf Bernhart, Limberg, A, selbständig
Ing. Klaus Hotter, Bregenz, A, kollektiv, ab 1. Jänner 2003
Georg Kröll, Bregenz, A, kollektiv, ab 1. Jänner 2003
Robert Marte, Götzis, A, kollektiv, ab 1. Jänner 2003
DI Gerald Skrobanek, Vösendorf, A, kollektiv, ab 1. Jänner 2003

Aufsichtsrat:

Johan Eliasch, London, UK (Vorsitzender)

Dr. Benedikt Spiegelfeld, Wien, A (Stellvertreter des Vorsitzenden)

Franz Klammer, Wien, A

Dr. Erhart Weiss, Wien, A

Peter Indlekofer, Doren, A (vom Betriebsrat delegiert)

Josef Zündel, Wolfurt, A (vom Betriebsrat delegiert)

Die Aufwendungen für Abfertigungen und Pensionen betrugen im Geschäftsjahr 2002

- für leitende Angestellte gemäß § 80 Abs. 1 AktG EUR 178.293
- für andere Arbeitnehmer EUR 598.993

Aktienoptionen für Arbeitnehmer, leitende Angestellte sowie Organmitglieder (§ 239 (1) Z 5 HGB) wurden dem Vorstand sowie einigen leitenden Angestellten auf Aktien der Muttergesellschaft, der Head N.V., Niederlande, eingeräumt. Optionen betreffend Aktien der HTM Sport- und Freizeigeräte AG und der Head Sport AG wurden im Geschäftsjahr 2002 weder eingeräumt noch ausgeübt.

Von der Schutzklausel gemäß § 241 Abs. 4 HGB wird Gebrauch gemacht.

5.4. Verpflichtung aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen

Die Verpflichtungen aus Leasingverträgen betragen für das folgende Jahr EUR 0,117 Mio. und die folgenden 5 Jahre EUR 0,312 Mio. Die Kosten für die zum Bilanzstichtag bestehenden Mietverträge für Gebäude betragen für das folgende Jahr EUR 1,333 Mio. und die folgenden 5 Jahre EUR 5,32 Mio.

Kennelbach, 23. Jänner 2003

Der Vorstand:

Mag. Ralf Bernhart   Ing. Klaus Hotter   Georg Kröll   Robert Marte   DI Gerald Skrobanek

Tabelle I

	2	Buchwert 31.12.2001 EUR	(Abschreibungen) 2002 EUR
I. Immaterielle Vermögensgegenstände			
1. Konzessionen, gewerbliche Schutzrechte und daraus abgeleitete Lizenzen	--	759.821,00	--
Zwischensumme	--	759.821,00	--
II. Sachanlagen			
1. Unbebaute Grundstücke	--	22.564,92	--
2. Bauten auf fremdem Grund	),41	592.981,54	(79.020,57)
3. Technische Anlagen und Maschinen	),07	4.189.690,07	(1.605.383,25)
4. Werkzeuge, Betriebs- und Geschäftsausstattung	',46	2.336.937,53	(1.551.292,46)
5. Geleistete Anzahlungen	',60	69.339,07	--
Zwischensumme	,54	7.211.513,13	(3.235.696,28)
III. Finanzanlagen			
1. Anteile an verbundenen Unternehmen	',21	98.340.632,60	--
2. Wertrechte	',84	432.428,59	
3. Wertpapiere des Anlagevermögens	',66	1.233.800,58	(165.991,92)
Zwischensumme	',71	100.006.861,77	(165.991,92)
Summe	',25	107.978.195,90	(3.401.688,20)

Vermögensgegenstände, deren Anschaffu
als Zugänge, Abgänge und Abschreibunge

* Abspaltung der Head Technology GmbH

Tabelle II

PFLICHTANGABEN ZU BETEILIGUNGEN

	Anteil am Grund bzw. Stammkapital in lokaler Währung			Eigenkapital 2002 in lokaler Währung	Ergebnis 2002 in lokaler Währung
	%	Währung	Betrag		
HTM Sports Corporation, Baar, Schweiz	100	CHF	4.500.000	1)	1)
HTM Sports S.p.A., Rapallo, Italien	99,9	EUR	14.925.604	1)	1)
Head Tyrolia Sports Canada Inc., Guelph, Kanada	100	CAD	13.290.000	1)	1)
HTM USA Holdings Inc., Norwalk, U.S.A.	100	USD	10	150.133.000	--
HTM Sports Iberica, Barcelona, Spanien	99,9	EUR	1.724.905	1)	1)
Head Sport s.r.o., Budweis, Tschechien	100	CZK	40.000.000	27.509.725	(1.673.092)
Head UK Ltd., Kendal, England	100	GBP	1.000	1)	1)
Head Technology GmbH, Kennelbach, Österreich	100	EUR	35.000	1.792.112	--
Head Bulgaria EOOD, Pazardjik, Bulgarien	100	BGN	50.000	(20.068)	(70.243)
Head International GmbH, Kennelbach, Österreich	100	EUR	35.000	35.000	(1.626)

1) Bei diesen Gesellschaften lag zum Zeitpunkt der Erstellung des Jahresabschlusses kein lokales Ergebnis und lokales Eigenkapital vor.

BETEILIGUNGSSPIEGEL

Tabelle III

	Anteil in %	Anschaffungskosten Stand am 1.1.2002 EUR	Neuerwerb/ Gründung EUR	Kapital- erhöhungen EUR	Abgang EUR	Stand am 31.12.2002 EUR	kumulierte Abschreibungen EUR	Buchwert 31.12.2002 EUR	Buchwert 31.12.2001 EUR	Abschreibung 2002 EUR
Anteile an verbundenen Unternehmen										
HTM Sports Corporation, Baar, Schweiz	100	5.096.380,89	- -	- -	- -	5.096.380,89	- -	5.096.380,89	5.096.380,89	- -
HTM Sports S.P.A., Rapallo, Italien	99,9	25.254.729,18	- -	- -	- -	25.254.729,18	19.254.729,11	6.000.000,07	6.000.000,07	- -
Head Tyrolia Sports Canada Inc., Guelph, Kanada	100	5.514.959,70	- -	- -	- -	5.514.959,70	- -	5.514.959,70	5.514.959,70	- -
HTM USA Holdings Inc., Norwalk, U.S.A.	100	109.206.682,73	- -	- -	- -	109.206.682,73	30.419.278,58	78.787.404,15	78.787.404,15	- -
HTM Sports Iberica, Barcelona, Spanien	99,9	1.764.843,35	- -	- -	- -	1.764.843,35	- -	1.764.843,35	1.764.843,35	- -
Head Sport s r.o., Budweis, Tschechien	100	1.157.953,35	- -	- -	- -	1.157.953,35	- -	1.157.953,35	1.157.953,35	- -
Head UK Ltd., Kendal, England	100	1.591,09	- -	- -	- -	1.591,09	- -	1.591,09	1.591,09	- -
Head Technology GmbH Kennelbach, Österreich	100	17.500,00	- -	1.018.652,87	- -	1.036.152,87	- -	1.036.152,87	17.500,00	- -
Continuum Control Corporation Massachusetts, U.S.A.	1	- -	113.468,74	- -	- -	113.468,74	- -	113.468,74	- -	- -
Head Bulgaria EOOD Pazardjik, Bulgarien	100	- -	25.800,00	- -	- -	25.800,00	- -	25.800,00	- -	- -
Head International GmbH Kennelbach, Österreich	100	- -	35.000,00	- -	- -	35.000,00	- -	35.000,00	- -	- -
TOTAL		**148.014.640,29**	**174.268,74**	**1.018.652,87**	**0,00**	**149.207.561,90**	**49.674.007,69**	**99.533.554,21**	**98.340.632,60**	**- -**

HEAD Sport AG

Lagebericht des Vorstandes für das Geschäftsjahr 2002

Geschäftsverlauf:

Auch das Jahr 2002 war geprägt durch ein schwieriges weltwirtschaftliches Umfeld. Das Verbraucherverhalten hat sich weiter zum Negativen verändert. Die Einschränkung im privaten Konsum machte sich insofern bemerkbar, dass zum einen die Märkte stagnierten und zum anderen den preisgünstigeren Produkten der Vorrang gegeben wurde.
Dies und ein zusätzlich schwieriges Währungsumfeld durch den erstarkten Euro brachten das Geschäft erheblich unter Druck.

Das Ergebnis der gewöhnlichen Geschäftstätigkeit sinkt daher im Vergleich zum Vorjahr auf 6,3 Mio. €. (VJ: 11,5 Mio. €)

Im **Tennisbereich** reduzierte sich der Absatz wertmäßig um 16,9%. Preisdruck und negative Währungseinflüsse verursachten diesen Rückgang.

Im **Winterbereich** reduzierte sich der Absatz gegenüber dem Vorjahr um nur 1,6 %. Dies ist auf den nach wie vor steigenden Absatz bei Snowboards zurückzuführen und auf den guten Verkauf der neuen Head „Intelligence" Ski Produktlinie. In Anbetracht eines fast schneelosen Winters bis Jahresende konnte somit erfolgreich dem schwierigen Umfeld entgegengesteuert werden.

Im **Lizenzbereich** konnten die negativen Währungseinflüsse durch Zusatzgeschäft teilweise kompensiert werden. Der Umsatz verringerte sich dennoch um 2,5%.

In der außerordentlichen Hauptversammlung der Head Sport AG sowie der außerordentlichen Generalversammlung der Head Technology GmbH, beide vom 9. August 2002, wurde die Abspaltung des Teilbetriebes **Head Technology** der Head Sport AG zur Aufnahme auf die Head Technology GmbH als übernehmende Gesellschaft auf Basis der Schlussbilanz der Head Sport AG zum 31. Dezember 2001 unter Inanspruchnahme der Begünstigungen des Art VI UmgrStG beschlossen.

Produkte, Forschung und Entwicklung

Die „Intelligence Technologie" im Ski und die Nachfolge Technologie im Tennis (Intelligence X) dominierten die Produktlinien des Jahres 2002.

Die von Head gemeinsam mit dem Massachusetts Institute of Technology (MIT) entwickelte Technologie wandelt mittels piezoelektronischem Fasermaterial mechanische Energie in elektrischen Strom um. Aufprallenergie am Tennisschläger beziehungsweise mechanische Krafteinwirkung am Ski werden umgewandelt in elektrische Impulse, die am richtigen Ort eingesetzt, die optimale Wirkung erzielen.

Erhöhte Steifigkeit bei niedrigem Gewicht beziehungsweise verbesserte Torsionsstabilität und geringe Vibrationen geben dem Sportgerät optimale Charakteristiken.

Im Snowboard Bereich zeigte die im Jahr 2001 vollzogene Markenumstellung weiter ihre Wirkung. Der Produktauftritt zum Endverbraucher erfolgt seit damals unter der Marke Head. Trotz hart umkämpftem Marktumfeld konnte der Außenabsatz im Vergleich zum Vorjahr um 30% gesteigert werden.

Vermögens-, Finanz- und Ertragslage

Die Bewertung der Vermögensgegenstände in der Bilanz 2001 erfolgte nach den selben Prinzipien wie in den Vorjahren.

Die Bilanzstruktur hat sich im Vergleich zum Vorjahr nur unwesentlich verändert. Die Eigenkapitalquote liegt bei 60,0%.

Der Jahresüberschuss in Höhe von 6,0 Mio. € wurde zur Gänze per Organschaftsverrechnung an die HTM Sport- und Freizeitgeräte AG abgeführt.

Vorgänge nach dem Schluss des Geschäftsjahres

Gegenüber dem Bilanzstichtag 31.12.2002 ergeben sich aus heutiger Sicht keine nennenswerten Vorgänge oder Ereignisse, die nicht schon zum Zeitpunkt der Bilanzerstellung bekannt gewesen wären.

Allgemeine Auftragsbedingungen für Abschlussprüfungen

Auszug aus den vom Vorstand der Kammer der Wirtschaftstreuhänder mit Beschluss vom 8.3.2000 zur Anwendung empfohlenen Allgemeinen Auftragsbedingungen für Wirtschaftstreuhandberufe, umfassende Teile der Präambel und die Punkte 1 bis 16 des I. Teiles. Adaptiert vom Arbeitskreis für Honorarfragen und Auftragsbedingungen am 23.5.2002.

Präambel

(1) Wird nicht abgedruckt.

(2) Für alle Teile der Auftragsbedingungen gilt, dass, falls einzelne Bestimmungen unwirksam sein sollten, dies die Wirksamkeit der übrigen Bestimmungen nicht berührt. Die unwirksame Bestimmung ist durch eine gültige, die dem angestrebten Ziel möglichst nahe kommt, zu ersetzen.

(3) Für alle Teile der Auftragsbedingungen gilt weiters, dass der zur Ausübung eines Wirtschaftstreuhandberufes Berechtigte verpflichtet ist, bei der Erfüllung der vereinbarten Leistung nach den Grundsätzen ordnungsgemäßer Berufsausübung vorzugehen. Er ist berechtigt, sich zur Durchführung des Auftrages hiefür geeigneter Mitarbeiter zu bedienen.

(4) Für alle Teile der Auftragsbedingungen gilt schließlich, daß ausländisches Recht vom Berufsberechtigten nur bei ausdrücklicher schriftlicher Vereinbarung zu berücksichtigen ist.

I.TEIL

1. Geltungsbereich

(1) Die Auftragsbedingungen des I. Teiles gelten für Verträge über (gesetzliche und freiwillige) Prüfungen mit und ohne Bestätigungsvermerk, Gutachten, gerichtliche Sachverständigentätigkeit, Erstellung von Jahres- und anderen Abschlüssen, Steuerberatungstätigkeit und über andere im Rahmen eines Werkvertrages zu erbringende Tätigkeiten mit Ausnahme der Führung der Bücher, der Vornahme der Personalsachbearbeitung und der Abgabenverrechnung.

(2) Die Auftragsbedingungen gelten, wenn ihre Anwendung ausdrücklich oder stillschweigend vereinbart ist. Darüber hinaus sind sie mangels anderer Vereinbarung Auslegungsbehelf.

(3) Punkt 8 gilt auch gegenüber Dritten, die vom Beauftragten zur Erfüllung des Auftrages im Einzelfall herangezogen werden.

2. Umfang und Ausführung des Auftrages

(1) Auf die Absätze 3 und 4 der Präambel wird verwiesen.

(2) Ändert sich die Rechtslage nach Abgabe der abschließenden beruflichen Äußerung, so ist der Berufsberechtigte nicht verpflichtet, den Auftraggeber auf Änderungen oder sich daraus ergebende Folgerungen hinzuweisen. Dies gilt auch für abgeschlossene Teile eines Auftrages.

3. Aufklärungspflicht des Auftraggebers; Vollständigkeitserklärung

(1) Der Auftraggeber hat dafür zu sorgen, daß dem Berufsberechtigten auch ohne dessen besondere Aufforderung alle für die Ausführung des Auftrages notwendigen Unterlagen rechtzeitig vorgelegt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrages von Bedeutung sein können. Dies gilt auch für die Unterlagen, Vorgänge und Umstände, die erst während der Tätigkeit des Berufsberechtigten bekannt werden.

(2) Der Auftraggeber hat dem Berufsberechtigten die Vollständigkeit der vorgelegten Unterlagen sowie der gegebenen Auskünfte und Erklärungen im Falle von Prüfungen, Gutachten und Sachverständigentätigkeit schriftlich zu bestätigen. Diese Vollständigkeitserklärung kann auf den berufsüblichen Formularen abgegeben werden.

4. Sicherung der Unabhängigkeit

Der Auftraggeber ist verpflichtet, alle Vorkehrungen zu treffen, um zu verhindern, dass die Unabhängigkeit der Mitarbeiter des Berufsberechtigten gefährdet wird, und hat selbst jede Gefährdung dieser Unabhängigkeit zu unterlassen. Dies gilt insbesondere für Angebote auf Anstellung und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

5. Berichterstattung

(1) Bei Prüfungen und Gutachten ist, soweit nichts anderes vereinbart wurde, ein schriftlicher Bericht zu erstatten.

(2) Gibt der Berufsberechtigte über die Ergebnisse seiner Tätigkeit eine schriftliche Äußerung ab, so haftet er für mündliche Erklärungen über diese Ergebnisse nicht. Für schriftlich nicht bestätigte Erklärungen und Auskünfte von Mitarbeitern haftet der Berufsberechtigte nicht.

6. Schutz des geistigen Eigentums des Berufsberechtigten

(1) Der Auftraggeber ist verpflichtet, dafür zu sorgen, dass die im Rahmen des Auftrages vom Berufsberechtigten erstellten Berichte, Gutachten, Organisationspläne, Entwürfe, Zeichnungen, Berechnungen und dergleichen nur für Auftragszwecke (z.B. gemäß § 44 Abs 3 EStG 1988) verwendet werden. Im Übrigen bedarf die Weitergabe beruflicher Äußerungen des Berufsberechtigten an einen Dritten

zur Nutzung der schriftlichen Zustimmung des Berufsberechtigten. Eine Haftung des Berufsberechtigten dem Dritten gegenüber wird dadurch nicht begründet.

(2) Die Verwendung beruflicher Äußerungen des Berufsberechtigten zu Werbezwecken ist unzulässig; ein Verstoß berechtigt den Berufsberechtigten zur fristlosen Kündigung aller noch nicht durchgeführten Aufträge des Auftraggebers.

(3) Dem Berufsberechtigten verbleibt an seinen Leistungen das Urheberrecht. Die Einräumung von Werknutzungsbewilligungen bleibt der schriftlichen Zustimmung des Berufsberechtigten vorbehalten.

7. Mängelbeseitigung

(1) Der Berufsberechtigte ist berechtigt und verpflichtet, nachträglich hervorkommende Unrichtigkeiten und Mängel in seiner beruflichen Äußerung zu beseitigen, und verpflichtet, den Auftraggeber hievon unverzüglich zu verständigen. Er ist berechtigt, auch über die ursprüngliche Äußerung informierte Dritte von der Änderung zu verständigen.

(2) Der Auftraggeber hat Anspruch auf die kostenlose Beseitigung von Unrichtigkeiten, sofern diese durch den Auftragnehmer zu vertreten sind; dieser Anspruch erlischt sechs Monate nach erbrachter Leistung des Berufsberechtigten bzw. – falls eine schriftliche Äußerung nicht abgegeben wird – sechs Monate nach Beendigung der beanstandeten Tätigkeit des Berufsberechtigten.

(3) Der Auftraggeber hat bei Fehlschlägen der Nachbesserung etwaiger Mängel Anspruch auf Minderung. Soweit darüber hinaus Schadenersatzansprüche bestehen, gilt Punkt 8.

8. Haftung

(1) Der Berufsberechtigte haftet nur für vorsätzliche und grob fahrlässig verschuldete Verletzung der übernommenen Verpflichtungen.

(2) Im Falle grober Fahrlässigkeit ist die Ersatzpflicht des Berufsberechtigten über die Mindestversicherungssumme der Berufshaftpflichtversicherung gemäß § 11 Wirtschaftstreuhandberufsgesetz (WTBG), BGBl I Nr.58/1999 hinaus auf das Neunfache dieser Mindestversicherungssumme begrenzt.

(3) Gilt für Tätigkeiten § 275 HGB kraft zwingenden Rechtes, so gelten statt der vorstehenden Absätze die Haftungsnormen des § 275 HGB, und zwar auch dann, wenn an der Durchführung des Auftrages mehrere Personen beteiligt gewesen oder mehrere zum Ersatz verpflichtende Handlungen begangen worden sind, und ohne Rücksicht darauf, ob andere Beteiligte vorsätzlich gehandelt haben.

(4) Jeder Schadenersatzanspruch kann nur innerhalb von sechs Monaten nachdem der oder die Anspruchsberechtigten von dem Schaden Kenntnis erlangt haben, spätestens aber innerhalb von drei Jahren nach dem anspruchsbegründenden Ereignis gerichtlich geltend gemacht werden, soferne nicht in gesetzlichen Vorschriften zwingend andere Verjährungsfristen festgesetzt sind. In Fällen, in denen ein förmlicher Bestätigungsvermerk erteilt wird, beginnt die anzuwendende Verjährungsfrist spätestens mit Erteilung des Bestätigungsvermerkes zu laufen.

(5) Wird die Tätigkeit unter Einschaltung eines Dritten, z.B. eines datenverarbeitenden Unternehmens, durchgeführt und der Auftraggeber hievon benachrichtigt, so gelten nach Gesetz und den Bedingungen des Dritten entstehende Gewährleistungs- und Schadenersatz-ansprüche gegen den Dritten als an den Auftraggeber abgetreten. Der Berufsberechtigte haftet nur für Verschulden bei der Auswahl des Dritten.

(6) Auf Punkt 6 Abs 1 letzter Satz wird verwiesen.

9. Verschwiegenheitspflicht, Datenschutz

(1) Der Berufsberechtigte ist gemäß § 91 WTBG verpflichtet, über alle Angelegenheiten, die ihm im Zusammenhang mit seiner Tätigkeit für den Auftraggeber bekannt werden, Stillschweigen zu bewahren, es sei denn, dass der Auftraggeber ihn von dieser Schweigepflicht entbindet oder gesetzliche Äußerungspflichten entgegen stehen.

(2) Der Berufsberechtigte darf Berichte, Gutachten und sonstige schriftliche Äußerungen über die Ergebnisse seiner Tätigkeit Dritten nur mit Einwilligung des Auftraggebers aushändigen, es sei denn, dass eine gesetzliche Verpflichtung hiezu besteht.

(3) Der Berufsberechtigte ist befugt, ihm anvertraute personenbezogene Daten im Rahmen der Zweckbestimmung des Auftrages zu verarbeiten oder durch Dritte gemäß Punkt 8 Abs 5 verarbeiten zu lassen. Der Berufsberechtigte gewährleistet gemäß § 15 Datenschutzgesetz die Verpflichtung zur Wahrung des Datengeheimnisses. Dem Berufsberechtigten überlassenes Material (Datenträger, Daten, Kontrollzahlen, Analysen und Programme) sowie alle Ergebnisse aus der Durchführung der Arbeiten werden grundsätzlich dem Auftraggeber gemäß § 11 Datenschutzgesetz zurück-gegeben, es sei denn, dass ein schriftlicher Auftrag seitens des Auftraggebers vorliegt, Material bzw. Ergebnis an Dritte weiterzugeben. Der Berufsberechtigte verpflichtet sich, Vorsorge zu treffen, dass der Auftraggeber seiner Auskunftspflicht laut § 26 Datenschutzgesetz nachkommen kann. Die dazu notwendigen Aufträge des Auftraggebers sind schriftlich an den Berufsberechtigten weiterzugeben. Sofern für solche Auskunftsarbeiten kein Honorar vereinbart wurde, ist nach tatsächlichem Aufwand an den Auftraggeber zu verrechnen. Der Verpflichtung zur Information der Betroffenen bzw. Registrierung im Datenverarbeitungsregister hat der Auftraggeber nachzukommen, soferne nichts Anderes ausdrücklich schriftlich vereinbart wurde.

10. Kündigung

(1) Soweit nicht etwas Anderes schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist, können die Vertragspartner den Vertrag jederzeit mit sofortiger Wirkung kündigen. Der Honoraranspruch bestimmt sich nach Punkt 12.

(2) Ein – im Zweifel stets anzunehmender – Dauerauftrag (auch mit Pauschalvergütung) kann allerdings, soweit nichts Anderes schriftlich vereinbart ist, ohne Vorliegen eines wichtigen Grundes (vergleiche § 88 Abs. 4 WTBG) nur unter Einhaltung einer Frist von drei Monaten zum Ende eines Kalendermonats gekündigt werden.

(3) Bei einem gekündigten Dauerauftragsverhältnis zählen - außer in Fällen des Abs 5 - nur jene einzelnen

Werke zum verbleibenden Auftragsstand, deren vollständige oder überwiegende Ausführung innerhalb der Kündigungsfrist möglich ist, wobei Jahresabschlüsse und Jahressteuererklärungen innerhalb von 2 Monaten nach Bilanzstichtag als überwiegend ausführbar anzusehen sind. Diesfalls sind sie auch tatsächlich innerhalb berufsüblicher Frist fertigzustellen, soferne sämtliche erforderlichen Unterlagen unverzüglich zur Verfügung gestellt werden und soweit nicht ein wichtiger Grund iSd § 88 Abs 4 WTBG vorliegt.
(4) In jedem Falle der Kündigung gemäß Abs 2 ist dem Auftraggeber innerhalb Monatsfrist schriftlich bekannt zu geben, welche Werke im Zeitpunkt der Beendigung des Auftragsverhältnisses noch zum fertig zu stellenden Auftragsstand zählen.

(5) Wären bei einem Dauerauftragsverhältnis im Sinne der Abs 2 und 3 - gleichgültig aus welchem Grunde - mehr als 2 gleichartige, üblicherweise nur einmal jährlich zu erstellende Werke (z.B. Jahresabschlüsse, Steuer-erklärungen etc.) fertig zu stellen, so zählen die darüber hinaus gehenden Werke nur bei ausdrücklichem Einverständnis des Auftraggebers zum verbleibenden Auftragsstand. Auf diesen Umstand ist der Auftraggeber in der Mitteilung gemäß Abs 4 gegebenenfalls ausdrücklich hinzuweisen.

11. Annahmeverzug und unterlassene Mitwirkung des Auftraggebers

Kommt der Auftraggeber mit der Annahme der vom Berufsberechtigten angebotenen Leistung in Verzug oder unterlässt der Auftraggeber eine ihm nach Punkt 3 oder sonstwie obliegende Mitwirkung, so ist der Berufsberechtigte zur fristlosen Kündigung des Vertrages berechtigt. Seine Honoraransprüche bestimmen sich nach Punkt 12. Annahmeverzug sowie unterlassene Mitwirkung seitens des Auftraggebers begründen auch dann den Anspruch des Berufsberechtigten auf Ersatz der ihm hiedurch entstandenen Mehraufwendungen sowie des verursachten Schadens, wenn der Berufsberechtigte von seinem Kündigungsrecht keinen Gebrauch macht.

12. Honoraranspruch

(1) Unterbleibt die Ausführung des Auftrages (z.B. wegen Kündigung), so gebührt dem Berufsberechtigten gleichwohl das vereinbarte Entgelt, wenn er zur Leistung bereit war und durch Umstände, deren Ursache auf Seiten des Bestellers liegen, daran verhindert worden ist (§ 1168 ABGB); der Berufsberechtigte braucht sich in diesem Fall nicht anrechnen zu lassen, was er durch anderweitige Verwendung seiner und seiner Mitarbeiter Arbeitskraft erwirbt oder zu erwerben unterlässt.

(2) Unterbleibt die Ausführung des Auftrages durch Umstände, deren Ursache auf Seiten des Berufsberechtigten einen wichtigen Grund darstellen, so hat der Berufsberechtigte nur Anspruch auf den seinen bisherigen Leistungen entsprechenden Teil des Honorars.

(3) Unterbleibt die Ausführung des Auftrages durch Umstände, deren Ursache auf Seiten des Berufsberechtigten keinen wichtigen Grund darstellen, so gilt Abs 2 nur dann, wenn seine bisherigen Leistungen trotz der Kündigung für den Auftraggeber verwertbar sind. Kündigt der Berufsberechtigte ohne wichtigen Grund zur Unzeit, so hat er dem Auftraggeber den daraus entstandenen Schaden nach Maßgabe des Punktes 8 zu ersetzen.

(4) Ist der Auftraggeber – auf die Rechtslage hingewiesen – damit einverstanden, dass sein bisheriger Vertreter den Auftrag ordnungsgemäß zu Ende führt, so ist der Auftrag auch auszuführen.

13. Honorar

Soferne nicht ausdrücklich Unentgeltlichkeit, aber auch nichts Anderes vereinbart ist, richtet sich die Höhe des Honorars gemäß §1152 ABGB nach dem angemessenen Entgelt, als das die vom Arbeitskreis für Honorarfragen und Auftragsbedingungen bei der Kammer der Wirtschaftstreuhänder gesammelten allgemeinen Honorargrundsätze angesehen werden.

14. Sonstiges

(1) Der Berufsberechtigte hat neben der angemessenen Gebühren- oder Honorarforderung Anspruch auf Ersatz seiner Auslagen. Er kann entsprechende Vorschüsse verlangen und die Auslieferung des Leistungsergebnisses von der vollen Befriedigung seiner Ansprüche abhängig machen. Auf das gesetzliche Zurückbehaltungsrecht (§ 471 ABGB, § 369 HGB) wird in diesem Zusammenhang verwiesen. Wird das Zurückbehaltungsrecht zu Unrecht ausgeübt, haftet der Berufsberechtigte im Falle leichter Fahrlässigkeit nicht, bei grober Fahrlässigkeit nur bis zur Höhe seiner noch offenen Forderung. Bei Dauerverträgen darf die Erbringung weiterer Leistungen bis zur Bezahlung früherer Leistungen verweigert werden. Bei Vereinbarung von Teilleistungen und Teilhonorierung gilt dies sinngemäß.

(2) Eine Beanstandung der Arbeiten des Berufsberechtigten berechtigt, außer bei offenkundigen wesentlichen Mängeln, nicht zur Zurückhaltung der ihm nach Abs 1 zustehenden Vergütungen.

(3) Eine Aufrechnung gegen Forderungen des Berufsberechtigten auf Vergütungen nach Abs 1 ist nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

(4) Der Berufsberechtigte hat auf Verlangen und Kosten des Auftraggebers alle Unterlagen herauszugeben, die er aus Anlass seiner Tätigkeit von diesem erhalten hat. Dies gilt jedoch nicht für den Schriftwechsel zwischen dem Berufsberechtigten und seinem Auftraggeber und für die Schriftstücke, die dieser in Urschrift besitzt. Der Berufsberechtigte kann von Unterlagen, die er an den Auftraggeber zurückgibt, Abschriften oder Fotokopien anfertigen oder zurückbehalten.

(5) Der Berufsberechtigte bewahrt die im Zusammenhang mit der Erledigung eines Auftrages ihm übergebenen und die von ihm selbst angefertigten Unterlagen sowie den über den Auftrag geführten Schriftwechsel nach den Vorschriften des Handelsrechtes über die Aufbewahrungspflicht auf.

(6) Der Berufsberechtigte ist berechtigt, fällige Honorarforderungen mit etwaigen Depotguthaben, Verrechnungsgeldern oder anderen in seiner Verfügung befindlichen liquiden Mitteln auch bei ausdrücklicher Inverwahrungnahme zu kompensieren.

15. Anzuwendendes Recht, Erfüllungsort, Gerichtsstand

(1) Für den Auftrag, seine Durchführung und die sich hieraus ergebenden Ansprüche gilt nur österreichisches Recht.

(2) Erfüllungsort ist der Ort der beruflichen Niederlassung des Berufsberechtigten.

(3) Für Streitigkeiten ist das Gericht des Erfüllungsortes zuständig.

16. Ergänzende Bestimmungen für Prüfungen

(1) Bei Abschlussprüfungen, die mit dem Ziel der Erteilung eines förmlichen Bestätigungsvermerkes durchgeführt werden (wie z.B. §§ 268ff HGB) erstreckt sich der Auftrag, soweit nicht anderweitige schriftliche Vereinbarungen getroffen worden sind, nicht auf die Prüfung der Frage, ob die Vorschriften des Steuerrechts oder Sondervorschriften, wie z.B. die Vorschriften des Preis-, Wettbewerbsbeschränkungs- und Devisenrechts, eingehalten sind. Die Abschlussprüfung erstreckt sich auch nicht auf die Prüfung der Führung der Geschäfte hinsichtlich Sparsamkeit, Wirtschaftlichkeit und Zweckmäßigkeit. Im Rahmen der Abschlussprüfung besteht auch keine Verpflichtung zur Aufdeckung von Buchfälschungen und sonstigen Unregelmäßigkeiten.

(2) Bei Abschlussprüfungen ist der Jahresabschluss, wenn ihm der uneingeschränkte oder eingeschränkte Bestätigungsvermerk beigesetzt werden kann, mit jenem Bestätigungsvermerk zu versehen, der der betreffenden Unternehmensform entspricht.

(3) Wird ein Jahresabschluss mit dem Bestätigungsvermerk des Prüfers veröffentlicht, so darf dies nur in der vom Prüfer bestätigten oder in einer von ihm ausdrücklich zugelassenen anderen Form erfolgen.

(4) Widerruft der Prüfer den Bestätigungsvermerk, so darf dieser nicht weiterverwendet werden. Wurde der Jahresabschluss mit dem Bestätigungsvermerk veröffentlicht, so ist auch der Widerruf zu veröffentlichen.

(5) Für sonstige gesetzliche und freiwillige Abschlussprüfungen sowie für andere Prüfungen gelten die obigen Grundsätze sinngemäß.

BILANZ 2003

GEWINN und VERLUSTRECHNUNG 2003

sowie Anhang 2003

Head Holding Unternehmensbeteiligung GmbH

Head Holding Unternehmensbeteiligung GmbH

BILANZEN zum 31. 12. 2003 und 31. 12. 2002

AKTIVA

	EUR 2003	EUR 2002
A. Anlagevermögen		
I. Finanzanlagen		
1. Anteile an verbundenen Unternehmen	120.515.656,40	120.515.656,40
2. Wertpapiere	15.578.735,37	20.242.195,64
	136.094.391,77	140.757.852,04
B. Umlaufvermögen		
I. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen gegenüber verbundenen Unternehmen	31.768.084,63	33.600.452,31
2. Sonstige Forderungen und Vermögensgegenstände	2,07	80,78
II. Kassenbestand, Schecks, Guthaben bei Kreditinstitute	507.152,63	493.124,06
	168.369.631,10	174.851.509,19

PASSIVA

		EUR 2003	EUR 2002
A. Eigenkapital			
I. Stammkapital		36.336,42	36.336,42
davon nicht eingeforderte ausstehende Einlagen		(18.168,21)	(18.168,21)
II. Kapitalrücklagen			
1. nicht gebundene Kapitalrücklagen		46.000.000,00	46.000.000,00
III. Bilanzgewinn		49.379.307,22	57.422.206,54
Dividende an Head NV (EUR 5 Mill.)	5.000.000,00		
Davon Gewinntvortrag	52.422.206,54		
		95.397.475,43	103.440.374,75
B. Rückstellungen			
1. Sonstige Rückstellungen		3.311.371,19	3.311.390,46
		3.311.371,19	3.311.390,46
C. Verbindlichkeiten			
1. Anleihen		67.207.000,00	67.207.000,00
2. Verbindlichkeiten gegenüber verbundenen Unten		2.453.784,48	892.743,98
		69.660.784,48	68.099.743,98
		168.369.631,10	174.851.509,19

Head Holding Unternehmensbeteiligung GmbH

Wien

Gewinn- und Verlustrechnungen

für die Zeiträume vom

1. Jänner bis 31. Dezember 2003

und vom 1. Jänner bis 31. Dezember 2002

				2003 EUR	2002 EUR
1.	Übrige betriebliche Erträge				
	a.Kursdifferenzen			554,93	0,00
	b.Erträge aus der Auflösung von Rückstellungen			0,00	19.723,21
	Betriebliche Erträge			554,93	19.723,21
2.	Sonstige betriebliche Aufwendungen				
	a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen			(114,00)	0,00
	b) übrige				
	Übrige Aufwendungen			(26.664,83)	(7.672,94)
				(26.778,83)	(7.672,94)
3.	**Zwischensumme (Betriebserfolg)**			(26.223,90)	12.050,27
4.	Erträge aus Beteiligungen			0,00	60.000.000,00
	davon aus verbundenen Unternehmen	*2003*	*0,00*		
		2002	*60.000.000,00*		
5.	Erträge aus anderen Wertpapieren des Finanzanlagevermögens			2.274.878,05	2.884.611,19
	davon aus verbundenen Unternehmen	*2003*	*2.274.878,05*		
		2002	*2.884.611,19*		
6.	sonstige Zinsen und ähnliche Erträge			1.934.949,03	1.143.884,78
	davon aus verbundenen Unternehmen	*2003*	*1.920.872,70*		
		2002	*1.126.301,12*		
7.	Zinsen und ähnliche Aufwendungen			(7.224.752,50)	(7.417.352,37)
	davon aus verbundenen Unternehmen	*2003*	*0,00*		
		2002	*0,00*		
8.	**Zwischensumme aus Z 3 bis 8 (Finanzerfolg)**			(3.014.925,42)	56.611.143,60
9.	**Ergebnis der gewöhnlichen Geschäftstätigkeit**			(3.041.149,32)	56.623.193,87
10.	Steuern vom Einkommen und vom Ertrag			(1.750,00)	(1.750,00)
11.	**Jahresüberschuß**			(3.042.899,32)	56.621.443,87
12.	Auflösung von Kapitalrücklagen			0,00	0,00
13.	Gewinn/Verlustvortrag aus dem Vorjahr			52.422.206,54	800.762,67
14.	**Bilanzgewinn**			49.379.307,22	57.422.206,54

INHALTSVERZEICHNIS

HEAD HOLDING UNTERNEHMENSBETEILIGUNG GMBH
WIEN
ANHANG ZUM JAHRESABSCHLUSS ZUM 31. DEZEMBER 2003

A. ALLGEMEINE ANGABEN

a) Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren gegliedert. Die Gliederung der Bilanz und der Gewinn- und Verlustrechnung blieb gegenüber dem Vorjahr unverändert.

Der Jahresabschluß wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und Bilanzierung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, auf Grundlage der gegenwärtig gültigen Bestimmungen des österreichischen Handelsgesetzbuches aufgestellt. Insbesonders wurden die Grundsätze der Unternehmensfortführung, der Einzelbewertung, und des Imparitätsprinzips angewendet.

Alle Beträge sind in Euro (EUR) ausgewiesen.

b) Umrechnung von Fremdwährungsbeträgen:

In der Bilanz zum 31.12 befinden sich keine Positionen, denen eine Fremdwährung zu Grunde liegt.

1. Konzernverhältnisse

Die Gesellschaft ist gemäß § 228 HGB ein verbundenes Unternehmen im Rahmen des Konzerns der Head N.V., Rotterdam, Niederlande, die den Konzernabschluß für den kleinsten und größten Kreis von Unternehmen aufstellt. Daher hat die Gesellschaft von § 1(1) und (2) der Vo des BMfJ über befreiende Konzernabschlüsse (Befreiungsverordnung) vom 20. Dezember 1994, BGBL. 1994/997 Gebrauch gemacht und gem. § 245 HGB keinen eigenen Teilkonzernabschluß aufgestellt

Verbindlichkeiten gegenüber anderen im Konzernverbund eingegliederten Gesellschaften werden als solche gegenüber verbundenen Unternehmen ausgewiesen.

2. Finanzanlagen

Die Entwicklung des Finanzanlagevermögens ist unter Punkt A.I. des Anhangs dargestellt.

3. Forderungen und sonstige Vermögensgegenstände

Forderungen und sonstige Vermögensgegenstände sind zu Nennwerten angesetzt.

4. Rückstellungen

Bei der Berechnung der sonstigen Rückstellungen ist entsprechend den gesetzlichen Erfordernissen allen erkennbaren Risiken und ungewissen Verbindlichkeiten ausreichend Rechnung getragen worden

5. Verbindlichkeiten

Verbindlichkeiten sind mit ihrem Rückzahlungsbetrag angesetzt.

C. ZUSATZANGABEN

Während des Berichtszeitraumes waren keine Arbeitnehmer beschäftigt.

Geschäftsführer

Johan Eliasch, seit 10. September 1998
Der Geschäftsführer vertritt selbständig.

Ralf Bernhart, seit dem 19.Juli 1999
Der Geschäftsführer vertritt gemeinsam mit einem zweiten Geschäftsführer.

D. AUFGLIEDERUNGEN UND ERLÄUTERUNGEN ZU POSTEN DES ABSCHLUSSES

I. BILANZ Aktiva

A. Anlagevermögen

Gliederung und Entwicklung des Anlagevermögens

1. Finanzanlagen

	Anschaffungs/Herstellungskosten					
	Stand am 1.1.03	Zugänge	Abgänge	Kumulierte Abschreibung	Buchwert 31.12.03	Buchwert 31.12.02
1. Anteile an verbundenen Unternehmen	120.515.656,40	0,00	0,00	0,00	120.515.656,40	120.515.656,40
2. Wertpapiere des Anlagevermögens	20.242.195,64		4.663.460,27	0,00	15.578.735,37	20.242.195,64
Summe	140.757.852,04	0,00	4.663.460,27	0,00	136.094.391,77	140.757.852,04

Bei den Anteilen an verbundenen Unternehmen handelt es sich um eine 100%ige Beteiligung an der HTM Sport- und Freizeitgeräte AG.

Bei den Wertpapieren des Anlagevermögens handelt es sich um Forderung aus einer gezeichneten Schuldverschreibung gegenüber der Head Sport AG, Kennelbach, Österreich.

B. Umlaufvermögen

I. Forderungen und sonstige Vermögensgegenstände

1. Forderung gegen verbundene Unternehmen	Bilanzwert	davon aus Finanzierung	Fristigkeit	
			bis ein Jahr	über ein Jahr
31.12.2003	31.768.084,63	31.768.084,63	31.768.084,63	0,00
31.12.2002	33.600.452,31	33.600.452,31	33.600.452,31	0,00

2 Sonstige Forderungen und Vermögensgegenstände	Bilanzwert 31.12.03	Fristigkeit bis ein Jahr	über ein Jahr	Vergleich 31.12.02
Sonstige Forderungen	2,07	2,07	0,00	80,78
Summe	2,07	2,07	0,00	80,78

II. BILANZ Passiva

A. Eigenkapital

II. Kapitalrücklagen

1. Nicht gebundene Kapitalrücklage

	Stand 01.01.2003	Zuweisung	Auflösung	Stand 31.12.2003
Nicht gebundene Kapitalrücklage	46.000.000,00		0,00	46.000.000,00

B. Rückstellungen

1. Sonstige Rückstellungen

	Stand 01.01.2003	Verbrauch/ Auflösung	Zuführung	Stand 31.12.2003	Davon Langfristig über 1 Jahr
Rückstellung Zinsen Bond	3.311.344,90	(3.311.344,90)	3.311.344,90	3.311.344,90	0,00
Rst. Steuerberatung/Wirtschaftsprüfung	0,00	0,00	26,29	26,29	0,00
Rst. Sonstiges	45,56	(45,56)	0,00	0,00	0,00
Summe	3.311.344,90	(3.311.344,90)	3.311.371,19	3.311.371,19	0,00

C. Verbindlichkeiten

			davon mit einer Restlaufzeit			
		31.12.2003	bis zu einem Jahr	von mehr als einem Jahr	von mehr als 5 Jahren	Bilanzwert 31.12.2002
1.	Verbindlichkeiten Anleihe (15.07.1999/2006)	67.207.000,00	0,00	67.207.000,00		67.207.000,00
2.	Verbindlichkeiten gegenüber verbundenen Unternehmen	2.453.784,48	2.453.784,48	0,00	0,00	892.743,98
	Summe	69.660.784,48	2.453.784,48	67.207.000,00	0,00	68.099.743,98

B. Umlaufvermögen

Interne Detaillierung

Forderung gegen verbundene Unternehmen	Brutto Forderung Wert in ATS	abzüglich Abwertung	Bilanzwert	davon aus Finanzierung	Fristigkeit bis ein Jahr	Fristigkeit über ein Jahr
Zinsenverrechnung Head Sport AG	956.794,00		956.794,00	956.794,00	956.794,00	
kurzfristige Ausleihung Head Sport AG	30.811.290,63		30.811.290,63	30.811.290,63	30.811.290,63	
31.12.2003	31.768.084,63	0,00	31.768.084,63	31.768.084,63	31.768.084,63	0,00
31.12.2002	33.600.452,31		33.600.452,31	33.600.452,31	33.600.452,31	

C. Verbindlichkeiten

		31.12.2003	davon mit einer Restlaufzeit bis zu einem Jahr	von mehr als einem Jahr	von mehr als 5 Jahren	Bilanzwert 31.12.2002
1.	Verbindlichkeiten Anleihe (15.07.1999/2006)	67.207.000,00	0,00	67.207.000,00		67.207.000,00
2.	Verbindlichkeiten gegenüber verbundenen Unternehmen HTM	2.453.784,48	2.453.784,48	0,00	0,00	892.743,98
	GESAMTSUMME	69.660.784,48	2.453.784,48	67.207.000,00	0,00	68.099.743,98

Interne Details

III. Aufgliederung und Erläuterungen zu Posten der Gewinn- und Verlustrechnung

1. Übrige betriebliche Erträge

	2003		Vergleich 2002	
a Kursdifferenzen	554,93	554,93	0,00	0,00
b Erträge aus der Auflösung von Rückstellungen	0,00	0,00	19.723,21	19.723,21
Summe Punkt 1		554,93		19.723,21

2. Sonstige betriebliche Aufwendungen

	2003		Vergleich 2002	
a Steuern, soweit sie nicht unter Steuern aus Einkommen und Ertrag fallen	114,00	114,00	0,00	0,00
a Übrige Aufwendungen				
Spesen des Geldverkehrs	106,70		45,56	
Steuerberatung/Wirtschaftsprüferkosten	0,00		0,00	
Sonstige Dienstleistungen	26.558,13	26.664,83	7.627,38	7.672,94
Summe Punkt 2		26.778,83		7.672,94

4. Erträge aus Beteiligungen

	2003		Vergleich 2002	
Dividendenzahlung HTM AG	0,00		10.000.000,00	
Dividendenforderung an HTM AG	0,00	0,00	50.000.000,00	60.000.000,00

5. Erträge aus anderen Wertpapieren des Finanzanlagevermögens

	2003	Vergleich 2002
Zinsenerträge aus Schuldverschreibung	2.274.878,05	2.884.611,19

6. sonstige Zinsen und ähnliche Erträge

	2003		Vergleich 2002	
Zinsenerträge Bankguthaben	14.076,33		17.583,66	
Zinserträge kurzfristige Ausleihung Head Sport AG	1.920.872,70		1.126.301,12	
Summe Punkt 6		1.934.949,03		1.143.884,78

7. Zinsen und ähnliche Aufwendungen

	2003		Vergleich 2002	
Zinsenaufwand Anleihe	7.224.752,50		7.337.891,77	
Kursaufschlag Rückkauf Anleihe	0,00		79.460,60	
Summe Punkt 8		7.224.752,50		7.417.352,37

BILANZ 2002

GEWINN und VERLUSTRECHNUNG 2002

sowie Anhang 2002

Head Holding Unternehmensbeteiligung GmbH

Head Holding Unternehmensbeteiligung GmbH

BILANZEN zum 31. 12. 2002 und 31. 12. 2001

AKTIVA

	EUR 2002	EUR 2001
A. Anlagevermögen		
I. Finanzanlagen		
1. Anteile an verbundenen Unternehmen	120.515.656,40	120.515.656,40
2. Wertpapiere	20.242.195,64	24.527.990,23
	140.757.852,04	145.043.646,63
B. Umlaufvermögen		
I. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen gegenüber verbundenen Unternehmen	33.600.452,31	1.506.427,40
2. Sonstige Forderungen und Vermögensgegenstände	80,78	0,00
II. Kassenbestand, Schecks, Guthaben bei Kreditinstitutei	493.124,06	475.621,18
	174.851.509,19	147.025.695,21

PASSIVA

		EUR 2002	EUR 2001
A. Eigenkapital			
I. Stammkapital		36.336,42	36.336,42
davon nicht eingeforderte ausstehende Einlagen		(18.168,21)	(18.168,21)
II. Kapitalrücklagen			
1. nicht gebundene Kapitalrücklagen		46.000.000,00	46.000.000,00
III. Bilanzgewinn		57.422.206,54	10.800.762,67
Dividende an Head NV (EUR 10 Mill.)	10.000.000,00		
Davon Verlustvortrag	800.762,67		
		103.440.374,75	56.818.930,88
B. Rückstellungen			
1. Sonstige Rückstellungen		3.311.390,46	3.439.882,46
		3.311.390,46	3.439.882,46
C. Verbindlichkeiten			
1. Anleihen		67.207.000,00	69.150.000,00
2. Verbindlichkeiten gegenüber verbundenen Unterr		892.743,98	17.616.881,87
		68.099.743,98	86.766.881,87
		174.851.509,19	147.025.695,21

Head Holding Unternehmensbeteiligung GmbH

Wien

Gewinn- und Verlustrechnungen
für die Zeiträume vom
1. Jänner bis 31. Dezember 2002
und vom 1. Jänner bis 31. Dezember 2001

				2002 EUR	2001 EUR
1.	Übrige betriebliche Erträge				
	a.Kursdifferenzen			0,00	5.076,43
	b.Erträge aus der Auflösung von Rückstellungen			19.723,21	0,00
	Betriebliche Erträge			19.723,21	5.076,43
2.	Sonstige betriebliche Aufwendungen				
	a) übrige				
	Übrige Aufwendungen			(7.672,94)	(55.477,21)
				(7.672,94)	(55.477,21)
3.	**Zwischensumme (Betriebserfolg)**			12.050,27	(50.400,78)
4.	Erträge aus Beteiligungen			60.000.000,00	12.354.381,81
	davon aus verbundenen Unternehmen	*2002*	*60.000.000,00*		
		2001	*12.354.381,81*		
5.	Erträge aus anderen Wertpapieren des Finanzanlagevermögens			2.884.611,19	3.440.466,73
	davon aus verbundenen Unternehmen	*2002*	*2.884.611,19*		
		2001	*3.440.466,73*		
6.	sonstige Zinsen und ähnliche Erträge			1.143.884,78	20.497,62
	davon aus verbundenen Unternehmen	*2002*	1.126.301,12		
		2001	*0,00*		
7.	Zinsen und ähnliche Aufwendungen			(7.417.352,37)	(7.433.625,01)
	davon aus verbundenen Unternehmen	*2002*	*0,00*		
		2001	*0,00*		
8.	**Zwischensumme aus Z 3 bis 8 (Finanzerfolg)**			56.611.143,60	8.381.721,15
9.	**Ergebnis der gewöhnlichen Geschäftstätigkeit**			56.623.193,87	8.331.320,37
10.	Steuern vom Einkommen und vom Ertrag			(1.750,00)	(1.447,83)
11.	**Jahresüberschuß**			56.621.443,87	8.329.872,54
12.	Auflösung von Kapitalrücklagen			0,00	2.470.890,13
13.	Gewinn/Verlustvortrag aus dem Vorjahr			800.762,67	0,00
14.	**Bilanzgewinn**			57.422.206,54	10.800.762,67

INHALTSVERZEICHNIS

HEAD HOLDING UNTERNEHMENSBETEILIGUNG GMBH
WIEN
ANHANG ZUM JAHRESABSCHLUSS ZUM 31. DEZEMBER 2002

A. ALLGEMEINE ANGABEN

a) Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren gegliedert. Die Gliederung der Bilanz und der Gewinn- und Verlustrechnung blieb gegenüber dem Vorjahr unverändert.

Der Jahresabschluß wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und Bilanzierung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, auf Grundlage der gegenwärtig gültigen Bestimmungen des österreichischen Handelsgesetzbuches aufgestellt. Insbesonders wurden die Grundsätze der Unternehmensfortführung, der Einzelbewertung, und des Imparitätsprinzips angewendet.

Alle Beträge sind in Euro (EUR) ausgewiesen.

b) Umrechnung von Fremdwährungsbeträgen:
In der Bilanz zum 31.12 befinden sich keine Positionen, denen eine Fremdwährung zu Grunde liegt.

1. Konzernverhältnisse

Die Gesellschaft ist gemäß § 228 HGB ein verbundenes Unternehmen im Rahmen des Konzerns der Head N.V., Rotterdam, Niederlande, die den Konzernabschluß für den kleinsten und größten Kreis von Unternehmen aufstellt. Daher hat die Gesellschaft von § 1(1) und (2) der Vo des BMfJ über befreiende Konzernabschlüsse (Befreiungsverordnung) vom 20. Dezember 1994, BGBL. 1994/997 Gebrauch gemacht und gem. § 245 HGB keinen eigenen Teilkonzernabschluß aufgestellt

Verbindlichkeiten gegenüber anderen im Konzernverbund eingegliederten Gesellschaften werden als solche gegenüber verbundenen Unternehmen ausgewiesen.

2. Finanzanlagen

Die Entwicklung des Finanzanlagevermögens ist unter Punkt A.I. des Anhangs dargestellt.

3. Forderungen und sonstige Vermögensgegenstände

Forderungen und sonstige Vermögensgegenstände sind zu Nennwerten angesetzt.

4. Rückstellungen

Bei der Berechnung der sonstigen Rückstellungen ist entsprechend den gesetzlichen Erfordernissen allen erkennbaren Risiken und ungewissen Verbindlichkeiten ausreichend Rechnung getragen worden

5. Verbindlichkeiten

Verbindlichkeiten sind mit ihrem Rückzahlungsbetrag angesetzt.

C. ZUSATZANGABEN

Während des Berichtszeitraumes waren keine Arbeitnehmer beschäftigt.

Geschäftsführer

Johan Eliasch, seit 10. September 1998
Der Geschäftsführer vertritt selbständig.

Ralf Bernhart, seit dem 19.Juli 1999
Der Geschäftsführer vertritt gemeinsam mit einem zweiten Geschäftsführer.

D. AUFGLIEDERUNGEN UND ERLÄUTERUNGEN ZU POSTEN DES ABSCHLUSSES

I. BILANZ Aktiva

A. Anlagevermögen

Gliederung und Entwicklung des Anlagevermögens

I. Finanzanlagen

	Anschaffungs/Herstellungskosten					
	Stand am 1.1.02	Zugänge	Abgänge	Kumulierte Abschreibung	Buchwert 31.12.02	Buchwert 31.12.01
1. Anteile an verbundenen Unternehmen	120.515.656,40	0,00	0,00	0,00	120.515.656,40	120.515.656,40
2. Wertpapiere des Anlagevermögens	24.527.990,23		4.285.794,59	0,00	20.242.195,64	24.527.990,23
Summe	145.043.646,63	0,00	4.285.794,59	0,00	140.757.852,04	145.043.646,63

Bei den Anteilen an verbundenen Unternehmen handelt es sich um eine 100%ige Beteiligung an der HTM Sport- und Freizeitgeräte AG.

Bei den Wertpapieren des Anlagevermögens handelt es sich um Forderung aus einer gezeichneten Schuldverschreibung gegenüber der Head Sport AG, Kennelbach, Österreich.

B. Umlaufvermögen

I. Forderungen und sonstige Vermögensgegenstände

1. Forderung gegen verbundene Unternehmen	Bilanzwert	davon aus Finanzierung	Fristigkeit	
			bis ein Jahr	über ein Jahr
31.12.2002	33.600.452,31	33.600.452,31	33.600.452,31	0,00
31.12.2001	1.506.427,40	1.506.427,40	1.506.427,40	0,00

2 Sonstige Forderungen und Vermögensgegenstände	Bilanzwert 31.12.02	Fristigkeit bis ein Jahr	über ein Jahr	Vergleich 31.12.01
Sonstige Forderungen	80,78	80,78	0,00	0,00
Summe	80,78	80,78	0,00	0,00

D. AUFGLIEDERUNGEN UND ERLÄUTERUNGEN ZU POSTEN DES ABSCHLUSSES (Fortsetzung)

II. BILANZ Passiva

A. Eigenkapital

II. Kapitalrücklagen

1. Nicht gebundene Kapitalrücklage

	Stand 01.01.2002	Zuweisung	Auflösung	Stand 31.12.2002
Nicht gebundene Kapitalrücklage	46.000.000,00		0,00	46.000.000,00

B. Rückstellungen

1. Sonstige Rückstellungen

	Stand 01.01.2002	Verbrauch/ Auflösung	Zuführung	Stand 31.12.2002	Davon Langfristig über 1 Jahr
Rückstellung Zinsen Bond	3.407.078,13	(3.407.078,13)	3.311.344,90	3.311.344,90	0,00
Rst. Steuerberatung/Wirtschaftsprüfung	32.804,33	(32.804,33)	0,00	0,00	0,00
Rst. Sonstiges	0,00	0,00	45,56	45,56	0,00
Summe	3.439.882,46	(3.439.882,46)	3.311.344,90	3.311.344,90	0,00

C. Verbindlichkeiten

			davon mit einer Restlaufzeit			
		31.12.2002	bis zu einem Jahr	von mehr als einem Jahr	von mehr als 5 Jahren	Bilanzwert 31.12.2001
1.	Verbindlichkeiten Anleihe (15.07.1999/2006)	67.207.000,00	0,00	67.207.000,00		69.150.000,00
2.	Verbindlichkeiten gegenüber verbundenen Unternehmen	892.743,98	892.743,98	0,00	0,00	17.616.881,87
	Summe	68.099.743,98	892.743,98	67.207.000,00	0,00	86.766.881,87

III. Aufgliederung und Erläuterungen zu Posten der Gewinn- und Verlustrechnung

1. Übrige betriebliche Erträge

	2002		Vergleich 2001	
a Kursdifferenzen	0,00	0,00	5.076,43	5.076,43
b Erträge aus der Auflösung von Rückstellungen	19.723,21	19.723,21	0,00	0,00
Summe Punkt 1		19.723,21		5.076,43

2. Sonstige betriebliche Aufwendungen

	2002		Vergleich 2001	
a Übrige Aufwendungen				
Spesen des Geldverkehrs	45,56		1.340,11	
Steuerberatung/Wirtschaftsprüferkosten	0,00		41.449,54	
Sonstige Dienstleistungen	7.627,38	7.672,94	12.687,56	55.477,21
Summe Punkt 2		7.672,94		55.477,21

4. Erträge aus Beteiligungen

	2002		Vergleich 2001	
Dividendenzahlung HTM AG für 2001	10.000.000,00		12.354.381,81	
Dividendenforderung an HTM AG für 2002	50.000.000,00	60.000.000,00	0,00	12.354.381,81

5. Erträge aus anderen Wertpapieren des Finanzanlagevermögens

	2002	Vergleich 2001
Zinsenerträge aus Schuldverschreibung	2.884.611,19	3.440.466,73

6. sonstige Zinsen und ähnliche Erträge

	2002		Vergleich 2001	
Zinsenerträge Bankguthaben	17.583,66		20.497,62	
Zinserträge kurzfristige Ausleihung Head Sport AG	1.126.301,12		0,00	
Summe Punkt 6		1.143.884,78		20.497,62

7. Zinsen und ähnliche Aufwendungen

	2002		Vergleich 2001	
Zinsenaufwand Anleihe	7.337.891,77		7.433.625,01	
Kursaufschlag Rückkauf Anleihe	79.460,60		0,00	
Summe Punkt 8		7.417.352,37		7.433.625,01

HTM SPORT SPA

Sede in Salita Bonsen 4 - RAPALLO GE
Capitale sociale EURO 14.925.694,00 i.v.
Canc. Trib. Chiavari N. 6529 - Fasc. N. 6570
Codice Fiscale 03112680107

Balance at 31/12/2002

Assets statement	31/12/2002	31/12/2001
B) Immobilizations		
I. Intangible assets		
2) Research, development and advertising	95.355	176.362
4) Licenses, patterns and marks	820.313	915.263
5) Goodwill	8.425	66.079
7) Other intangible assets	816.290	1.284.642
	1.740.383	2.442.346
II. Fixed assets		
1) Land and buildings	9.447.696	9.746.780
2) Plants and machinaries	848.592	957.535
3) Tools and moulds	7.521.106	8.149.686
4) Others	473.081	553.638
5) Fixed assets in progress and advances	57.394	65.642
	18.347.869	19.473.281
III. Financials		
1) Investments in		
a) controlled subsidiaries	9.083.450	9.083.450
b) uncontrolled subsidiaries	0	682
c) other companies	1.353	155
	9.084.803	9.084.287
	9.084.803	9.084.287
Total immobilizations	29.173.055	30.999.914
C) Working capital		
I. Inventory		
1) Raw materials and consumables	8.428.389	9.959.407
2) Work in progress	2.107.346	2.492.324
4) Finished goods	12.795.100	13.045.040
5) Advances	95.519	269.283
	23.426.354	25.766.054

II. Credits		
1) Accounts receivables		
- in the next 12 months	51.744.222	56.809.014
- over the next 12 months	–	–
	51.744.222	56.809.014
2) Controlled subsidiaries		
- in the next 12 months	1.304.707	865.339
- over the next 12 months	920.325	920.325
	2.225.032	1.785.664
4) Shareholders		
- in the next 12 months	11.630	29.880
- over the next 12 months	–	–
	11.630	29.880
5) Others		
- in the next 12 months	1.999.888	1.248.994
- over the next 12 months	322.768	382.001
	2.322.656	1.630.995
	56.303.540	60.255.553
IV Cash and banks		
1) Cash in banks	1.278.208	3.809.737
3) Petty cash	9.091	11.305
	1.287.299	3.821.042
Total working capital	81.017.193	89.842.649
D) Deferred charges and prepaid		
- miscellaneous	371.455	313.240
	371.455	313.240
Total assets	**110.561.703**	**121.155.803**

Liability statement	31/12/2002	31/12/2001
LIABILITIES		
A) Net equity		
I. Capital stock	14.925.694	14.925.694
III. Revaluation reserve	774.206	774.206
IV. Legal reserve	162.930	158.616
VII Other reserves	7.174.920	7.174.918
VIII. Retained earnings (losses) opening	-778.414	-860.389
IX. Profit (loss) of the year	199.645	86.290
Total	22.458.981	22.259.335
B) Reserves for risks and legal obbligations		
2) Reserves for taxes	1.272.998	1.229.851
3) Other reservers	843.366	494.560
Total	*2.116.364*	*1.724.411*
C) Severance reserve	5.824.125	5.343.635
D) Payables		
3) Banks overdrafts		
-due in the next 12 months	25.179.908	23.993.397
-due over the next 12 months		7.197.643
	25.179.908	31.191.040
4) Other financing entities		
-due in the next 12 months	0	0
-due over the next 12 months	9.500.000	10.500.000
	9.500.000	10.500.000
6) Suppliers		
-due in the next 12 months	23.416.733	27.885.003
-due over the next 12 months	--	--
	23.416.733	27.885.003
8) Controlled companies		
-due in the next 12 months	0	0
-due over the next 12 months	--	--
	0	0

10) Controlling companies		
-due in the next 12 months	5.413.956	3.056.177
-due over the next 12 months	9.888.809	12.388.809
	15.302.765	15.444.986
11) Taxes		
-due in the next 12 months	653.873	599.851
-due over the next 12 months	--	--
	653.873	599.851
12) Social security institutions		
-due in the next 12 months	671.847	671.130
-due over the next 12 months	--	--
	671.847	671.130
13) Other payables		
-due in the next 12 months	3.392.714	5.112.352
-due over the next 12 months	--	--
	3.392.714	5.112.352
Total	78.117.840	91.404.362

E) Accrued liabilities

- Miscellaneous	2.044.393	424.060
	2.044.393	424.060
Total liabilities and equity	**110.561.703**	**121.155.803**

Memo accounts	**31/12/2002**	**31/12/2001**
2) Pledges and guarantees	13.748.593	14.221.354
Total memo accounts	**13.748.593**	**14.221.354**

Profit & Loss Statement	31/12/2002	31/12/2001
A) Production value		
1) Revenue	105.198.800	117.430.545
2) Inventory variance-work in progress and finished goods	-634.919	-3.380.121
4) Internal work capitalized	191.324	115.116
5) Other revenue:		
miscellaneous	1.228.788	1.157.013
	1.228.788	1.157.013
Total production realized value	105.983.993	115.322.553
B) Production costs		
6) Raw material and consumables	58.660.550	65.719.822
7) Production services	20.690.071	22.449.100
8) Rents and leasing	973.212	1.135.321
9) Personnel		
a) Payroll	10.856.740	10.926.476
b) Social charges	3.567.956	3.539.906
c) Severance provision	968.663	862.764
e) Others	192.676	200.829
	15.586.035	15.529.975
10) Depreciation and devaluation		
a) Amortization of intangible assets	1.128.023	1.410.626
b) Fixed assets depreciation	4.334.174	3.411.873
d) Bad debt accrual	1.035.954	162.736
	6.498.151	4.985.235
11) Inventory variance raw material and consumables	1.531.018	2.385.672
13) Other accruals	49.608	354.352
14) Miscellaneous charges	245.502	318.681
Total production costs	104.234.147	112.878.158
Differences A-B	**1.749.846**	**2.444.395**

C) Financial income and expenses

16) Other financial income:		
a) Others	55.220	466.195
b) From intercompany	965.131	379.176
d) Others	646.484	1.556.669
	646.484	1.556.669
	1.666.835	2.402.040
17) Interests expenses		
From intercompany	1.041.396	1.750.992
From others (banks)	3.187.379	3.535.305
	4.228.775	5.286.297
Total financial income and expenses	-2.561.940	-2.884.257

E) Extraordinary income expenses

20) Profits:		
Profit from sale of assets	1.647.244	1.073.551
Others	655.590	1.349.003
	2.302.834	2.422.554
21) Losses:		
Loss from sale of assets	5.273	3.305
Others	263.268	345.315
	268.541	348.620
Total of extraordinary income expenses	2.034.293	2.073.934
Pretax (A–B±C±D±E)	**1.222.199**	**1.634.072**
22) a) Current tax on income	561.830	1.239.737
b) Deferred taxation	460.724	308.045
23) Profit (Loss) of the year	**199.645**	**86.290**

Rapallo, 26 marzo 2003

Il Presidente del Consiglio di Amministrazione

Claudio FERRANTINO

PROXY

[illegible] SPOLEČNOST PRO [illegible] DAŇOVÉ A EKONOMICKÉ PORADENSTVÍ

ZPRÁVA AUDITORA

o ověření roční účetní závěrky
k 31. 12. 2002

BERICHT DES WIRTSCHAFTSPRÜFERS

über die Prüfung des Jahresabschlusses
zum 31. 12. 2002

Head Sport, s.r.o.
Dobrovodská 2107, České Budějovice

Výtisk č.: 1 / Exemplar Nr.: 1

PROXY a. s.
Bozdělovka [illegible]
150 00 Praha [illegible]
IČO: [illegible]
[illegible] zapsaná u Městského soudu v Praze pod b 612

tel.: 00420 / 2 / 96 33 24 11
fax: 00420 / 2 / 96 32 54 20
e-mail: proxyprg@comp.cz

PROXY a. s. - pobočka
nám. Přemysla Otakara II. / 36
370 01 České Budějovice

tel.: 00420 / 38 / 61 000 11
fax: 00420 / 38 / 61 000 22
e-mail: proxybud@cb.ipex.cz

PROXY

Zpráva auditora společníkům společnosti

HEAD SPORT, s.r.o.

Provedli jsme audit přiložené účetní závěrky společnosti Head Sport, s.r.o. k 31. prosinci 2002. Za sestavení účetní závěrky odpovídá statutární orgán společnosti. Naší úlohou je vydat na základě provedeného auditu výrok k této účetní závěrce.

Náš audit účetní závěrky jsme provedli v souladu se zákonem o auditorech a s auditorskými směrnicemi Komory auditorů České republiky. Tyto auditorské směrnice požadují naplánovat a provést audit tak, abychom získali přiměřené ujištění o tom, že účetní závěrka neobsahuje významné nesprávnosti.

Audit zahrnuje výběrovým způsobem provedené ověření úplnosti a průkaznosti částek a informací uvedených v účetní závěrce a posouzení správnosti a vhodnosti účetních postupů a významných odhadů provedených účetní jednotkou a rovněž posouzení celkové prezentace účetní závěrky. Jsme přesvědčeni, že provedený audit poskytuje přiměřený podklad pro vydání našeho výroku.

Výrok auditora

„Podle našeho názoru účetní závěrka podává ve všech významných ohledech věrný a poctivý obraz aktiv, závazků, vlastního kapitálu a finanční situace společnosti Head Sport, s. r.o. k 31. prosinci 2002 a výsledku hospodaření za rok 2002 v souladu se zákonem o účetnictví a příslušnými předpisy České republiky."

Výroční zpráva včetně zprávy o vztazích mezi propojenými osobami nebyla předložena."

V Praze dne 31.01.2003

PROXY, a.s.
číslo osvědčení 242

Ing. Miroslav Mrázek
číslo osvědčení 1442

Übersetzung aus dem Tschechischen

Bericht des Wirtschaftsprüfers für die Gesellschafter der Gesellschaft

HEAD SPORT , s.r.o.

Wir haben die Prüfung des Jahresabschlusses der Gesellschaft Head Sport, s.r.o. zum 31.12.2002 durchgeführt. Für die Erstellung des Jahresabschlusses ist das Statutarorgan der Gesellschaft verantwortlich. Unsere Aufgabe ist es, aufgrund der durchgeführten Prüfung eine Stellungnahme zu diesem Jahresabschluss abzugeben.

Wir haben die Prüfung in Einklang mit dem Wirtschaftsprüfergesetz und mit den Prüfungsrichtlinien der Wirtschaftsprüferkammer der Tschechischen Republik durchgeführt. Diese Richtlinien verlangen eine solche Prüfungsplanung und -durchführung, bei der der Wirtschaftsprüfer ausreichend Sicherheit gewinnt, dass der Jahresabschluss keine wesentlichen Unrichtigkeiten enthält.

Im Rahmen der Wirtschaftsprüfung wurden stichprobenweise die im Jahresabschluss enthaltenen Beträge und Angaben auf Vollständigkeit und Nachweisbarkeit geprüft. Eingebunden in die Prüfung war die Beurteilung der Richtigkeit und Eignung der von der Gesellschaft vorgenommenen Buchungsschritte und bedeutsamen Schätzungen wie auch der Gesamtpräsentation des Jahresabschlusses. Aufgrund unserer Prüfung erteilen wir dem Jahresabschluss der Head Sport, s.r.o. den folgenden

Bestätigungsvermerk

„Nach unserem Erachten vermittelt der Jahresabschluss unter Einhaltung der in der Tschechischen Republik gültigen Gesetze und Rechnungslegungs-vorschriften in allen wesentlichen Punkten ein getreues Bild des Vermögens, der Verbindlichkeiten und des Eigenkapitals sowie der finanziellen Lage der Gesellschaft Head Sport, s.r.o. zum 31.12.2002 und des Wirtschaftsergebnisses für 2002.

Der Jahresbericht einschließlich Beherrschungsbericht wurde nicht vorgelegt.“

Prag, den 31.1.2003

PROXY, a.s.
Lizenz Nr. 242

Ing. Miroslav Mrázek
Lizenz Nr. 1442

BILANCE k 31.12.2002 / BILANZ zum 31.12.2002
(v Kč) / (in CZK)

Head Sports s.r.o.

AKTIVA / AKTIVA		v tis. Kč/ in TCZK 2001	PASIVA / PASSIVA		v tis. Kč/ in TCZK 2001
A. POHLEDÁVKY ZA UPSANÝ VLASTNÍ KAPITÁL / AUSSTEHENDE EINLAGEN AUF DAS EIGENKAPITAL	**0,00**	*0*	**A. VLASTNÍ KAPITÁL / EIGENKAPITAL**	**30 299 724,67**	*29 371*
			I. Základní kapitál / Stammkapital	40 000 000,00	*40 000*
B. STÁLÁ AKTIVA / ANLAGEVERMÖGEN	**148 899 956,69**	*87 635*	II. Kapitálové fondy / Kapitalfonds	0,00	*0*
I. Dlouhodobý nehm. majetek / Immaterielles Anlagevermögen	0,00	*0*	III. Fondy ze zisku a převedené hospodářské výsledky / Fonds aus Gewinnen und vorgetragene Wirtschaftsergebnisse	120 185,16	*120*
II. Dlouhodobý hmotný majetek / Materielles Anlagevermögen	148 899 956,69	*87 635*	IV. Hospodářský výsledek minulého období / Wirtschaftsergebnis des Vorjahres	-8 147 368,05	*-6 180*
III. Dlouhodobý finanční majetek / Finanzanlagen	0,00	*0*			
			V. Hospodářský výsledek běžného období / Wirtschaftsergebnis des Geschäftsjahres	-1 673 092,44	*-4 569*
C. OBĚŽNÁ AKTIVA / UMLAUFVERMÖGEN	**14 034 255,39**	*20 722*	**B. CIZÍ ZDROJE / FREMDKAPITAL**	**132 090 110,00**	*70 950*
I. Zásoby / Vorräte	263 227,00	*1 595*	I. Rezervy/ Rückstellungen	-3 246 590,00	*265*
II. Dlouhodobé pohledávky / Langfristige Forderungen	0,00	*0*	II. Dlouhodobé závazky / Langfristige Verbindlichkeiten	69 520 000,00	*47 549*
III. Krátkodobé pohledávky / Kurzfristige Forderungen	4 303 965,46	*5 086*	III. Krátkodobé závazky / Kurzfristige Verbindlichkeiten	8 733 575,20	*8 745*
IV. Finanční majetek / Finanzvermögen	9 467 062,93	*14 041*	IV. Bankovní úvěry a výpomoci / Bankkredite	57 083 124,80	*14 391*
D. OSTATNÍ AKTIVA - přechodné účty aktiv / SONSTIGE AKTIVA - aktive Übergangskonten	**56 658,10**	*306*	**C. OSTATNÍ PASIVA - přechodné účty pasiv / SONSTIGE PASSIVA - passive Übergangskonten**	**601 035,51**	*8 342*
I. Časové rozlišení / Rechnungsabgrenzung	56 658,10	*306*	I. Časové rozlišení / Rechnungsabgrenzung	0,00	*6 800*
II. Dohadné účty aktivní / Geschätzte Aktivposten	0,00	*0*	II. Dohadné účty pasivní / Geschätzte Passivposten	601 035,51	*1 542*
SUMA AKTIV / SUMME AKTIVA	**162 990 870,18**	*108 663*	**SUMA PASIV / SUMME PASSIVA**	**162 990 870,18**	*108 663*

Proxy, a.s.

Head Sport s.r.o.

VÝKAZ ZISKŮ A ZTRÁT za období od 1.1.2002 do 31.12.2002 / GEWINN- UND VERLUSTRECHNUNG für den Zeitraum von 1.1.2002 bis 31.12.2002

VÝNOSY / NÁKLADY / ERLÖSE / AUFWENDUNGEN	2002		*2001 v tis. Kč / in TCZK*
I. Tržby za prodej zboží / Erlöse aus Warenverkauf	208 777,00		*269*
Obchodní marže / Handelsspanne		**208 777,00**	*269*
II. Výkony / Leistungen	117 394 170,52		*108 050*
B. Výkonová spotřeba / Betriebliche Aufwendungen	24 584 968,88		*24 039*
Přidaná hodnota / Rohertrag		**93 017 978,64**	***84 280***
C. Osobní náklady / Personalkosten	86 780 740,48		*71 995*
D. Daně a poplatky / Steuern und Gebühren	59 714,39		*38*
E. Odpisy dlouhodobého nehmotného a hmotného majetku / Abschreibungen des immateriellen und materiellen Anlagevermögens	8 768 799,00		*6 716*
III. Výnosy z prodeje dlouhodobého majetku a materiálu / Erträge aus Verkauf von Anlagevermögen und Material	1 025,00		*686*
F. Zůstatková cena prodaného dlouhodobého majetku a materiálu / Restbuchwert des verkauften Anlagevermögens und Materials	0,00		*2 582*
IV. Zúčtování rezerv a časového rozlišení provozních výnosů / Auflösung der Rückstellungen und Rechnungsabgrenzungen zu betriebl. Erträgen	1 445 040,00		*0*
G. Tvorba rezerv a časového rozlišení provozních nákladů / Bildung von Rückstellungen und Rechnungsabgrenzungen zu betriebl. Aufwendungen	0,00		*975*
H. Zúčtování opravných položek do provozních nákladů / Bildung von Wertberichtigungen zu betrieblichen Aufwendungen	0,00		*43*
VI. Ostatní provozní výnosy / Sonstige betriebliche Erträge	322 691,00		*85*
I. Ostatní provozní náklady / Sonstige betriebliche Aufwendungen	3 032 889,64		*2 596*
Provozní hospodářský výsledek / Betriebsergebnis		**-3 855 408,87**	***106***
IX. Výnosy z finančního dlouhodobého majetku / Erträge aus Finanzanlagen	1 147 036,00		*0*
X. Výnosy z krátkodobého finančního majetku / Erträge aus kurzfristigem Finanzvermögen	3 602,13		*23*
XI. Zúčtování rezerv do finančních výnosů / Auflösung der Rückstellungen in Finanzerträge	264 666,70		*0*
L. Tvorba rezerv na finanční náklady / Bildung von Rückstellungen für Finanzaufwendungen	0,00		*265*
XIII. Výnosové úroky / Zinserträge	104 700,72		*83*
N. N. Nákladové úroky / Zinsaufwendungen	3 327 962,29		*2 879*
XIV. Ostatní finanční výnosy / Sonstige Finanzerträge	8 814 608,98		*105*
O. Ostatní finanční náklady / Sonstige Finanzaufwendungen	5 469 321,81		*2 004*

VÝKAZ ZISKŮ A ZTRÁT za období od 1.1.2002 do 31.12.2002 / GEWINN- UND VERLUSTRECHNUNG für den Zeitraum von 1.1.2002 bis 31.12.2002

Hospodářský výsledek z finančních operací / Finanzergebnis		**1 537 330,43**	*-4 938*
R. Daň z příjmů za běžnou činnost / Einkommensteuer aus laufender Tätigkeit	-644 986.00		*0*
Hospodářský výsledek za běžnou činnost / Wirtschaftsergebnis aus laufender Tätigkeit		**-1 673 092,44**	*-4 832*
XVI. Mimořádné výnosy / Außerordentliche Erträge	0,00		*263*
Mimořádný hospodářský výsledek / Außerordentliches Ergebnis		**0,00**	*263*
Hospodářský výsledek za účetní období / Wirtschaftsergebnis des Geschäftsjahres		**-1 673 092.44**	***-4 569***

BILANCE k 31.12.2002 / BILANZ zum 31.12.2002
Vysvětlivky - Aktiva / Erläuterungen - Aktiva

Číslo účtu/ Konto - Nr.	AKTIVA	Brutto	Oprávky a opr. položky/ Wertberichtigungen	Netto
			v Kč/ in CZK	
	AKTIVA CELKEM / AKTIVA GESAMT	**189 563 980,18**	**26 573 110,00**	**162 990 870,18**
	Stav k 1.1.2002 / Stand zum 1.1.2002			***108 663 282,01***
	B. STÁLÁ AKTIVA / ANLAGEVERMÖGEN	**175 473 066,69**	**26 573 110,00**	**148 899 956,69**
	Stav k 1.1.2002 / Stand zum 1.1.2002			***87 635 276,84***
	II. Dlouhodobý hmotný majetek / Materielles Anlagevermögen	**175 473 066,69**	**26 573 110,00**	**148 899 956,69**
	Stav k 1.1.2002 / Stand zum 1.1.2002			***87 635 276,84***
031000	Pozemky / Grundstücke	1 956 634,00	0,00	1 956 634,00
021000	Stavby / Bauten	56 951 180,81	13 562 343,00	43 388 837,81
021010	Stavby-lyže / Bauten - Ski	52 228 851,21	434 808,00	51 794 043,21
022000	Samostatné movité věci / Bewegliche Sachen	20 884 038,24	10 777 596,00	10 106 442,24
022010	Samostatné movité věci-lyže / Bewegliche Sachen-Ski	36 158 678,60	1 467 724,00	34 690 954,60
022020	Drobný dlouh.hmotný majetek-tenis / Langfristige mat. GWG-Tennis	93 950,00	69 974,00	23 976,00
022030	Drobný dlouh.hmotný majetek-lyže / Langfristige mat. GWG-Ski	765 111,40	0,00	765 111,40
042000	Pořízení dlouh.hmotného majetku / Materielle Anlagegüter im Bau	1 043 391,65	0,00	1 043 391,65
042010	Stroje ostatní HIM / Sonstige Maschine	64 795,50	0,00	64 795,50
042020	Stará stavba / Alte Bau	2 936 568,70	0,00	2 936 568,70
042060	Kumunikace / Komunikation	608 369,00	0,00	608 369,00
042070	Investice - lyže / Investition - Ski	732 980,00	0,00	732 980,00
042170	Investice - lyže stroje / Investition - Ski Maschienen	405 793,58	0,00	405 793,58
098000	Opravná položka k nabytému majetku/ Wertberichtigung zu erworbenem Vermögen	642 724,00	260 665,00	382 059,00
		175 473 066,69	26 573 110,00	148 899 956,69
	C. OBĚŽNÁ AKTIVA / UMLAUFVERMÖGEN	**14 034 255,39**	**0,00**	**14 034 255,39**
	Stav k 1.1.2002 / Stand zum 1.1.2002			***20 721 657,95***
	I. Zásoby / Vorräte	**263 227,00**	**0,00**	**263 227,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002			***1 595 050,83***
	I.2. Nedokončená výroba a polotovary / Unfertige Produktion und Halbfabrikate	**263 227,00**	**0,00**	**263 227,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002			*317 704,00*
121000	Nedokončená výroba / Unfertige Produktion	263 227,00	0,00	263 227,00
		263 227,00	0,00	263 227,00
	I.3. Výrobky / Erzeugnisse	**0,00**	**0,00**	**0,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002			*1 277 346,83*

BILANCE k 31.12.2002 / BILANZ zum 31.12.2002
Vysvětlivky - Aktiva / Erläuterungen - Aktiva

	III. Krátkodobé pohledávky / Kurzfristige Forderungen		**4 303 965,46**	**0,00**	**4 303 965,46**
	Stav k 1.1.2002 / Stand zum 1.1.2002				*5 085 620,70*
	III. 1. Pohledávky z obchodního styku/ Forderungen aus Lieferungen und Leistungen		**836 927,14**	**0,00**	**836 927,14**
	Stav k 1.1.2002 / Stand zum 1.1.2002				*490 616,25*
311000	Odběratelé / Abnehmer		21 713,94	0,00	21 713,94
	**Planet Planung und Produktions*	*(68,31 EUR) 2 158,6*			
	**Planet Planung und Produktions*	*(618,84 EUR) 19 555,34*			
		21 713,94			
311020	Odběratelé - tuzemsko / Abnehmer - Inland		32 765,00	0,00	32 765,00
	**Profi*	*8 540,00*			
	**České dráhy*	*24 225,00*			
		32 765,00			
314000	Poskytnuté provozní zálohy / Geleistete betriebliche Anzahlungen		782 448,20	0,00	782 448,20
	**České Dráhy*	*657 290,00*			
	**CAC Leasing*	*65 296,20*			
	**Eurotel*	*9 470,00*			
	** Arcon Tech.*	*13 440,00*			
	** JČP*	*21 000,00*			
	• Krauskopfová	*8 000,00*			
	• Vogel Publicing CHIP	*2 934,00*			
	**ostatní / sonstige*	*5 018,00*			
		782 448,20			
			836 927,14	0,00	836 927,14
	III. 4. Stát - daňové pohledávky / Staat - Steuerforderungen		**1 020 487,00**	**0,00**	**1 020 487,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002				*1 450 970,00*
343300	DPH / MWSt	*11,12/2002*	1 017 162,00	0,00	1 017 162,00
345010	Silniční daň / Strassensteuer 2002		3 325,00	0,00	3 325,00
			1 020 487,00	0,00	1 020 487,00
351000	**III.6. Pohledávky v podnicích s rozhodujícím vlivem / Forderungen in Unternehmen mit beherrschendem Einfluss**		**2 446 551,32**	**0,00**	**2 446 551,32**
	Stav k 1.1.2002 / Stand zum 1.1.2002				*3 144 034,45*
	• EUR 77 422,51				
	IV. Finanční majetek / Finanzvermögen		**9 467 062,93**	**0,00**	**9 467 062,93**
	Stav k 1.1.2002 / Stand zum 1.1.2002				*14 040 986,42*
	IV.1. Peníze / Bargeld		**41 560,27**	**0,00**	**41 560,27**
	Stav k 1.1.2002 / Stand zum 1.1.2002				*76 192,31*
211010	Pokladna Kč / Kasse CZK		9 897,70	0,00	9 897,70
211020	Pokladna Eur / Kasse EUR		31 662,57	0,00	31 662,57
	• EUR 1 001,98		41 560,27	0,00	41 560,27

BILANCE k 31.12.2002 / BILANZ zum 31.12.2002

Vysvětlivky - Aktiva / Erläuterungen - Aktiva

	IV.2. Účty v bankách / Bankguthaben	**9 425 502,66**	**0,00**	**9 425 502,66**
	Stav k 1.1.2002 / Stand zum 1.1.2002			*888 594,11*
221010	Bankovní účty / Bankonten ČSOB 01-16242360 *EUR 96,07*	3 035,81	0,00	3 035,81
221020	Bankovní účty / Bankonten ČSOB 01-1642000	2 676,78	0,00	2 676,78
221030	Bankovní účty / Bankkonten HVB Czech Republic 30019001	27 914,46	0,00	27 914,46
221040	Bankovní účty / Bankkonten RaiffeisenBANK 1000005201	1 635 968,78	0,00	1 635 968,78
221050	Bankovní účty / Bankkonten RaiffeisenBANK 1000030685 *EUR 231 117,58*	7 303 315,53	0,00	7 303 315,53
221060	Bankovní účty / Bankkonten ABN AMBRO CZK	345 995,23	0,00	345 995,23
	Bankovní účty / Bankkonten ABN AMBRO EUR *EUR 66,66*	2 106,46	0,00	2 106,46
221090	Bankovní účty / Bankonten HVB Czech Republic 30019079	31 291,27	0,00	31 291,27
221110	Bankovní účty / Bankonten Česká spořitelna CZK	1 811,41	0,00	1 811,41
221090	Bankovní účty / Bankonten Česká spořitelna EUR	71 386,93	0,00	71 386,93
	* *EUR 2 259,08*	9 425 502,66	0,00	9 425 502,66

	IV.3. Krátkodobý finanční majetek / Kurzfristiges Finanzvermögen	**0,00**	**0,00**	**0,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002			*13 076 200,00*

	D. OSTATNÍ AKTIVA - přechodné účty aktiv / SONSTIGE AKTIVA - aktive Übergangskonten	**56 658,10**	**0,00**	**56 658,10**
	Stav k 1.1.2002 / Stand zum 1.1.2002			***306 347,22***
	I. Časové rozlišení / Rechnungsabgrenzung	**56 658,10**	**0,00**	**56 658,10**
	Stav k 1.1.2002 / Stand zum 1.1.2002			***306 347,22***
	I.1. Náklady příštích období / Aufwendungen künftiger Perioden	**10 935,10**	**0,00**	**10 935,10**
	Stav k 1.1.2002 / Stand zum 1.1.2002			*25 513,10*
381000	Náklady příštích období / Aufwendungen künftiger Perioden	10 935,10	0,00	10 935,10

Poradce zákony 03 / Gesetze 03	*1 236,10*
* *Ekonom-předplatné /Abonnement*	*4 508,50*
* *CAC povinné ručení / Haftplichtversicherung CAC*	*4 566,70*
• *Předplatné / Abonnement*	*623,80*
	10 935,10

		10 935,10	0,00	10 935,10
385000	**I.2. Příjmy příštích období / Einnahmen künftiger Perioden**	**45 723,00**	**0,00**	**45 723,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002			*13 987,62*
	• *Přefakturace nájemného / Weiterverrechnung Miete*			
386000	**I.3. Kurzové rozdíly aktivní / Aktive Kursdifferenzen**	**0,00**	**0,00**	**0,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002			*266 846,50*

BILANCE k 31.12.2002 / BILANZ zum 31.12.2002
Vysvětlivky - Pasiva / Erläuterungen - Passiva

Číslo účtu/ Konto - Nr.	PASIVA / PASSIVA	Stav k 31.12.2002 / Stand zum 31.12.2002
		v Kč / in CZK
	PASIVA CELKEM / PASSIVA GESAMT	**162 990 870,18**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***108 663 282,01***
	A. VLASTNÍ KAPITÁL / EIGENKAPITAL	**30 299 724,67**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***29 371 213,11***
	I. Základní kapitál / Stammkapital	**40 000 000,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***40 000 000,00***
411000	Základní kapitál / Stammkapital	40 000 000,00
	III. Fondy ze zisku / Gewinnrücklagen	**120 185,16**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***120 185,16***
421000	Zákonný rezervní fond / Gesetzlicher Reservefonds	120 185,16
		120 185,16
	IV. Hospodářský výsledek minulých let / Wirtschaftsergebnis aus Vorjahren	**-8 147 368,05**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***-6 179 914,69***
428000	Nerozdělený zisk minulých let / Gewinnvortrag	638 287,00
428020	Nerozdělený zisk minulých let r. 2000 / Gewinnvortrag J. 2000	1 103 104,68
428030	Odložená daň 2001 / Latente Steuer 2001	2 790 000,00
429000	Neuhrazená ztráta minulých let / Verlustvortrag	-4 902 871,55
429010	Neuhrazená ztráta minulých let r. 1999 / Verlustvortrag J. 1999	-3 018 434,82
429030	Neuhrazená ztráta 2001 / Verlustvortrag 2001	-4 569 057,36
429040	Odložená daň z rozh. UZC a DZC k 31.12.01/ Latente Steuer aus der Differenz zwischen buch.und steuerl. Restbuchwerten zum 31.12.2001	-188 396,00
		-8 147 368,05
	V. Hospodářský výsledek běžného účetního období / Wirtschaftsergebnis	**-1 673 092,44**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***-4 569 057,36***
431000	Ztráta k 31.12.2002 / Verlust zum 31.12.2002	-1 673 092,44
	B. CIZÍ ZDROJE / FREMDKAPITAL	**132 090 110,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***70 949 896,16***

BILANCE k 31.12.2002 / BILANZ zum 31.12.2002
Vysvětlivky - Pasiva / Erläuterungen - Passiva

I.Rezervy / Rückstellungen -3 246 590,00
Stav k 1.1.2002 / Stand zum 1.1.2002 264 666,70

454000 **I.2. Rezerva na kurzové ztráty / Rückstellung für Kursverluste** 0,00
Stav k 1.1.2002 / Stand zum 1.1.2002 264 666,70

481000 **I.4. Odložená daňová pohledávka / Latente Steuerforderung** -3 246 590,00
Stav k 1.1.2002 / Stand zum 1.1.2002 0,00

Druh rezervy / Art der Rückstellung	Stav k / Stand zum 1.1.	Rozpuštění / Auflösung	Tvorba / Dotierung	Stav k / Stand zum 31.12.
Odložený daňový závazek (pohl.)	0,00	0,00	-3 246 590,00	-3 246 590,00
				0,00
Celkem / Gesamt	0,00	0,00	-3 246 590,00	-3 246 590,00

II. Dlouhodobé závazky / Langfristige Verbindlichkeiten 69 520 000,00
Stav k 1.1.2002 / Stand zum 1.1.2002 47 549 040,00

471000 **II.2. Závazky k podnikům s podstatným vlivem / Verbindlichkeiten gegenüber Unternehmen mit maßgeblichem Einfluss** 69 520 000,00
Stav k 1.1.2002 / Stand zum 1.1.2002 0,00

- EUR 2.200.000,- HEAD SPORT AG

II.6. Jiné dlouhodobé závazky / Sonstige langfristige Verbindlichkeiten 0,00
Stav k 1.1.2002 / Stand zum 1.1.2002 47 549 040,00

III. Krátkodobé závazky / Kurzfristige Verbindlichkeiten 8 733 575,20
Stav k 1.1.2002 / Stand zum 1.1.2002 8 745 189,46

III.1. Závazky z obchodního styku / Verbindlichkeiten aus Lieferungen und Leistungen 1 712 480,16
Stav k 1.1.2002 / Stand zum 1.1.2002 2 785 001,60

321010 Dodavatelé - tuzemsko / Lieferanten - Inland 1 201 317,61

**HBT Holboj*	*6 857,00*
**Hejl Stanislav*	*4 058,00*
**EM Grafika*	*16 395,00*
**Dílna*	*10 093,10*
**VL Orlita*	*14 689,50*
**Aliatel*	*8 162,01*
**Proxy*	*94 500,00*
**KHS*	*27 662,00*
**David Servis*	*278 101,00*
**Biller Burda*	*7 799,80*
**1.JVS*	*16 503,30*
**České Dráhy*	*29 710,70*
**Dopravní sl. Vondra*	*13 307,30*
**Jiřina Gottwaldová*	*63 402,00*
**Dolomit*	*8 497,00*

BILANCE k 31.12.2002 / BILANZ zum 31.12.2002
Vysvětlivky - Pasiva / Erläuterungen - Passiva

*D.I.M.	45 857,70
*Monarcha	25 000,00
*CSC Computer	11 663,70
*Esprit-M	266 863,10
* Telecom	20 510,60
*JČE	110 186,00
*Roubal J.	46 482,00
*CAC Leasing	-41 688,70
*ASA	59 722,50
* JČP	16 945,80
* Terms	5 982,60
*ostatní / sonstige	20 614,60
	1 201 317,61

321030	Dodavatelé - zahraničí / Lieferanten - Ausland		511 162,55
	*Sporttechnik EUR 16 176,03		
			1 712 480,16

III.3. Závazky k zaměstnancům / Verbindlichkeiten gegenüber Arbeitnehmern — **4 227 304,00**

Stav k 1.1.2002 / Stand zum 1.1.2002 — *3 766 385,00*

331000	Zaměstnanci / Arbeitnehmer	12/2002	4 226 923,00
331020	Nevyzvednuté mzdy / Nicht abgeholte Löhne		381,00
			4 227 304,00

III.4. Závazky ze sociálního zabezpečení / Verbindlichkeiten aus Sozialversicherung — **2 010 868,00**

Stav k 1.1.2002 / Stand zum 1.1.2002 — *1 536 621,00*

336010	Zúčtování s institucemi sociálního zabezpečení / Verrechnung mit Sozialversicherungsträgern	12/2002	1 312 722,00
336020	Zúčtování se zdravotní pojišťovnou / Verrechnung mit Krankenkassen	12/2002	698 146,00
			2 010 868,00

III.5. Stát - daňové závazky a dotace / Staat - Steuerverbindlichkeiten und Zuschüsse — **607 265,00**

Stav k 1.1.2002 / Stand zum 1.1.2002 — *441 108,00*

342000	Ostatní přímé daně / Sonstige direkte Steuern	mzdy 12/2002 / Löhne 12/2002	607 265,00
			607 265,00

III.7. Závazky k podnikům s rozhodujícím vlivem / Verbindlichkeiten gegenüber Unternehmen mit beherrschendem Einfluss — **133 655,04**

Stav k 1.1.2002 / Stand zum 1.1.2002 — *121 307,86*

361000	Závazky k podnikům ve skupině / Verbindlichkeiten gegenüber verbundenen Unternehmen		133 655,04
	* HTM Sport - Software EUR 4 229,59		133 655,04

III.9. Jiné závazky / Sonstige Verbindlichkeiten — **42 003,00**

Stav k 1.1.2002 / Stand zum 1.1.2002 — *94 766,00*

379020	Obstávky na plat / Pfändung für Lohn		36 592,00
379040	Odbory-srážky / Gewerkschaften - Abzüge		5 411,00
			42 003,00

BILANCE k 31.12.2002 / BILANZ zum 31.12.2002

Vysvětlivky - Pasiva / Erläuterungen - Passiva

	IV. Bankovní úvěry a výpomoci / Bankkredite und Aushilfen	**57 083 124,80**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***14 391 000,00***
	IV. 1. Bankovní úvěry dlouhodobé / Langfristige Bankkredite	**45 707 124,80**
	Stav k 1.1.2002 / Stand zum 1.1.2002	*0,00*
461000	Bankovní úvěry ČS a.s./ Bankkredite ČS a.s.	45 707 124,80

Poskytovatel úvěru/ Kreditgeber	Stav k/ Stand zum 1.1.	Čerpání/ Aufnahme	Splátky firmy/ Tilgung	Stav k/ Stand zum 31.12.	úroková sazba
Česká Spořitelna,a.s.	0	45 707 124,80	0,00	45 707 124,80	EURIBOR + 0,9%

	IV.2. Běžné bankovní úvěry / Laufende Bankkredite	**11 376 000,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002	*14 391 000,00*
231000	Krátkodobé bankovní úvěry / Kurzfristige Bankkredite	11 376 000,00
		11 376 000,00

	C. OSTATNÍ PASIVA - přechodné účty pasiv / SONSTIGE PASSIVA - passive Übergangskonten	**601 035,51**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***8 342 172,74***
	I. Časové rozlišení / Rechnungsabgrenzung	**0,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***6 799 927,24***
383000	**I. 1. Výdaje příštích období / Ausgaben künftiger Perioden**	**0,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002	*45 371,63*
384000	**I. 2. Výnosy příštích období / Erträge künftiger Perioden**	**0,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002	*13 500,00*
387000	**I. 3. Kurzové rozdíly pasivní / Passive Kursdifferenzen**	**0,00**
	Stav k 1.1.2002 / Stand zum 1.1.2002	*6 741 055,61*
389000	**II. Dohadné účty pasivní / Geschätzte Passivposten**	**601 035,51**
	Stav k 1.1.2002 / Stand zum 1.1.2002	***1 542 245,50***

• *Prémie 2002 včetně sociálního a zdravotního pojištění / Prämie 2002 einschließlich Sozial- und Gesundheitsversicherung*	*445 500,00*
• *Podíl na postižené zaměstnance / Abgabe für Behinderte Mitarbeiter*	*120 000,00*
• *České Dráhy energie / České Dráhy Stromverbrauch*	*23 290,00*
• *Silniční daň / Strassensteuer 2002*	*3 500,00*
•*Eurotel mobil 12 / Eurotel Händy 12*	*8 745,51*
	601 035,51

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Číslo účtu / Konto-Nr.	VÝNOSY / NÁKLADY / ERTRÄGE / AUFWENDUNGEN	Rok 2002 / Jahr 2002

I. Tržby za prodej zboží / Erlöse aus Warenverkauf — **208 777,00**

	Výnosy / Erträge	2001	2002
604000	Tržby za prodej zboží / Erlöse aus Warenverkauf	*268 427,26*	208 777,00
	Celkem / Gesamt	*268 427,26*	208 777,00

Obchodní marže / Handelsspanne — **208 777,00**

II. Výkony / Leistungen — **117 394 170,52**

	1. Tržby za prodej vlastních výrobků a služeb / Erlöse aus Verkauf eigener Waren und Dienstleistungen	2001	2002
602000	Tržby z prodeje služeb / Erlöse aus Dienstleistungsverkauf	*106 099 988,63*	0,00
602010	Tržby z prodeje / Erlöse aus Verkauf	*81 023,04*	106 536 599,43
602020	Tržby za obědy / Erlöse für Mittagessen	*409 158,09*	485 805,71
602030	Pronájem vyplétacích strojů / Vermietung von Maschenen	*84 000,00*	84 000,00
602040	České dráhy -vodné, stočné / České dráhy - Wasserabgabe	*26 148,90*	154 992,29
602050	Tržby z tel.automatu / Erlöse aus Minzentetelefonautomat	*0,00*	7 435,32
602090	Vícenáklady / Mehrkosten	*0,00*	11 457 161,60
	Celkem / Gesamt	*106 700 318,66*	118 725 994,35

	2. Změna stavu vnitropodnikových zásob vlastní výroby / Bestandsveränderung innerbetrieblicher Vorräte	2001	2002
611000	Změna stavu zásob nedokončené výroby / Bestandsveränderung der unfertigen Produktion	*72 656,00*	-54 477,00
613000	Změna stavu výrobků/Bestandsveränderung der Fertigerzeugnisse	*1 277 346,83*	-1 277 346,83
	Celkem / Gesamt	*1 350 002,83*	-1 331 823,83

B. Výkonová spotřeba / Betriebliche Aufwendungen — **24 584 968,88**

	1. Spotřebované nákupy / Verbrauchte Einkäufe	2001	2002
501010	Režijní materiál pro výrobní spotřebu/Gemeinkostenmaterial für Herstellungsverbrauch	*305 202,49*	473 675,98
501020	Hygienické prostředky/Hygienemittel	*60 009,94*	99 460,02
501030	Kancelářské potřeby/Büromaterial	*184 826,81*	206 956,88
501040	ND na opravy / Ersatzteile für Reparaturen	*397 121,03*	144 501,60
501060	Ochranné prostředky/Schutzmittel	*52 557,34*	119 146,56
501070	Benzín/Petrol	*128 437,18*	84 233,73
501080	Cartridge, tonery, PC vybavení / Cartridge, PC Ausrüstung	*112 362,16*	157 061,55
501090	Ostatní spotřeba materiálu/Sonstiger Materialverbrauch	*29 010,24*	295 134,90
501100	Spotřeba mat. Bohemia Color/Materialverbrauch Bohemia Color	*314 973,14*	225 269,26
501110	EWAC Spotřeba materiálu/EWAC Materialverbrauch	*1 930 338,78*	2 230 709,90
501120	Spotřeba materiálu - tmel, kyt / Materialverbrauch - Kitt	*381 479,75*	252 862,40
501130	Nářadí / Werkzeuge	*25 119,04*	0,00
501140	HEAD AG - materiál, rukavice / HEAD AG - Material, Handschuhe	*256 112,62*	388 589,03
501150	DKP pro výrobu/Geringwertige Wirtschaftsgüter für Herstellung	*344 485,10*	971 324,72
501160	Propan butan, CO2 / Propangas, Butan, CO2	*21 005,61*	28 289,40
501170	Literatura, zákony / Literatur, Gesetze	*12 110,30*	39 783,86

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501180	Štočky, rakle / Druckstöcke	*170 935,00*	**198 866,90**
501250	DKP pro administrativu/Geringwertige Wirtschaftsgüter für Administration	*137 661,44*	**26 875,04**
502020	Spotřeba elektrické energie / Stromverbrauch	*1 355 803,30*	**1 884 344,05**
502030	Spotřeba vody / Wasserverbrauch	*105 121,47*	**257 018,76**
502040	Spotřeba energie - plyn/Gasverbrauch	*972 186,69*	**1 141 652,49**
	Celkem / Gesamt	*7 296 859,43*	**9 225 757,03**

	2. Služby / Dienstleistungen	*2001*	**2002**
511010	Opravy a udržování strojů/ Reparaturen und Instandhaltung der Maschinen	*403 072,02*	**369 761,25**
511020	Opravy a udržování budov / Reparaturen und Instandhaltung - Gebäude	*277 703,90*	**385 660,00**
511030	Opravy a udržování strojů-Roubal/ Reparaturen und Instandhaltung der Maschinen - Roubal	*10 580,00*	**21 640,00**
511040	Opravy PC, kancelářské techniky / Reparaturen PC, Bürotechnik	*36 509,92*	**9 293,98**
511060	Opravy a udržování Opel Vectra/Rep.und Instandh.-Opel Vectra	*41 262,98*	**138 383,43**
511090	Opravy a udržování / Reparaturen und Instandhaltung	*16 133,10*	**131 739,05**
512010	Cestovné tuzemské / Reisespesen Inland	*68 954,50*	**67 781,60**
512020	Cestovné zahraniční/Reisespesen Ausland	*97 567,49*	**237 763,66**
513000	Náklady na reprezentaci / Repräsentationsaufwendungen	*78 096,90*	**107 832,50**
518010	Internet / Internet	*72 230,00*	**72 940,00**
518020	Telefon /Telefon	*458 598,86*	**372 888,65**
518030	Ostatní služby / Sonstige Dienstleistungen	*223 045,05*	**390 101,65**
518040	Služby kuchyně Eurest, Dolomit/Leistungen-Küche Eurest,Dolomit	*369 242,70*	**302 372,91**
518050	Odpady ROS/Abfälle ROS	*494 555,00*	**269 140,00**
518070	Poštovné/Postgebühr	*14 412,19*	**11 403,00**
518080	PROFI/PROFI	*5 786 922,00*	**6 027 116,00**
518090	Dopravné Vondra/Transportkosten Vondra	*1 187 966,50*	**508 507,50**
518100	Stočné / Wasserverbrach - Dienstleistung	*74 282,99*	**177 729,50**
518120	Odpady ASA/Abfälle ASA	*715 135,10*	**893 007,45**
518130	Překladatelské služby Skřivánek / Übersetzung - Skřivánek	*83 163,20*	**80 869,70**
518140	Úklid/Reinigung	*551 473,00*	**716 446,50**
518150	Nájemné - leasing Omega / Miete - Leasing Omega	*286 164,00*	**286 164,00**
518160	Programy a jejich úpravy / Programms und ihre Bearbeitungen	*215 814,05*	**243 487,79**
518180	Poradenská činnost Kršková/Beratungkosten Kršková	*76 000,00*	**74 000,00**
518190	Poradenská činnost Vondra/Beratungkosten Vondra	*317 850,00*	**32 000,00**
518200	Poradenská činnost Monarcha/Beratungkosten Monarcha	*84 000,00*	**0,00**
518210	Poradenská činnost Proxy/Beratungkosten Proxy	*292 823,37*	**435 014,78**
518220	Poradenská činnost ostatní/Sontige Beratungkosten	*142 058,80*	**17 423,80**
518260	EM Grafika - ostsní sl. Pro výrobu / EN Grafik	*4 003 878,12*	**2 495 557,00**
518280	Příprava sít K a K / Vobereitung des Siebs K und K	*1 776,00*	**0,00**
518290	ÚDO Daňové poradenství / ÚDO Steuerberatung	*73 000,00*	**77 000,00**
518300	Inzeráty / Anzeigen	*52 700,00*	**13 840,00**
518310	Školení, výuka NJ / Schulungen, Deutschkurse	*53 603,40*	**69 648,96**
518320	Pronájem, reklama / Vermietung, Werbung	*63 137,80*	**85 129,44**
518330	Transoft - programové služby / Transoft - Programmsdienstleist.	*4 900,00*	**14 563,40**
518340	Lékařské prohlídky / Ärztliche Untersuchungen	*0,00*	**3 159,60**
518350	Poplatky rozhlas / Gebühre Rundfunk	*0,00*	**333,00**
518370	Ostatní služby pro výrobu / Sonstige Leistungen für Produktion	*0,00*	**219 511,75**
	Celkem / Gesamt	*16 742 351,94*	**15 359 211,85**

Přidaná hodnota / Rohertrag **93 017 978,64**

C. Osobní náklady / Personalaufwand **86 780 740,48**

	1. Osobní náklady / Personalaufwand	*2001*	**2002**
521010	Mzdové náklady D/ Lohnkosten - Arbeiter	*46 588 999,00*	**55 867 270,00**
521020	Mzdové náklady THP/ Lohnkosten - Fachkraft	*6 189 976,00*	**7 943 435,00**
	Celkem / Gesamt	*52 778 975,00*	**63 810 705,00**

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	3. Náklady na sociální zabezpečení / Aufwendungen für Sozialversicherung	2001	2002
524010	Zákonné sociální pojištění D/ Gesetzl. Sozialversicherung Arbeiter	12 023 668,00	14 233 232,00
524020	Zákonné sociální pojištění THP/ Gesetzliche Sozialversicherung - Fachkraft	1 469 962,00	1 949 537,00
524029	Zákonné sociální náklady nedaňové / Gesetzliche Sozialversicherung st. nicht abzugsfähig	0,00	115 500,00
524030	Zákonné zdravotní pojištění D/ Gesetzliche Gesundheitsversicherung - Arbeiter	4 139 113,00	4 901 675,00
524040	Zákonné zdravotní pojištění THP/ Gesetzliche Gesundheitsversicherung - Fachkraft	508 826,00	671 842,00
	Celkem / Gesamt	18 141 569,00	21 871 786,00

	4. Sociální náklady / Sozialaufwand	2001	2002
527000	Zákonné sociální náklady / Gesetzliche Sozialaufwendungen	0,00	247 949,93
527010	Zákonné sociální náklady Eurest, Dolomit / Gesetzliche Sozialaufwendungen Eurest, Dolomit	910 300,00	832 971,55
527020	Zákonné sociální náklady - penzijní připojištění / Gesetzliche Sozialaufwendungen - Pensionszusatzversicherung	12 500,00	17 328,00
527030	Zákonné sociální náklady - pojištění pro nemoc a úraz Gesetzliche Sozialaufwendungen - Versich. für Krankheit u. Unfall	151 373,00	0,00
	Celkem / Gesamt	1 074 173,00	1 098 249,48

D. Daně a poplatky / Steuern und Gebühren — 59 714,39

		2001	2002
531000	Daň silniční / Straßensteuer	3 125,00	3 500,00
532000	Daň z nemovitostí / Grundsteuer	11 692,00	26 397,00
538000	Ostatní nepřímé daně a poplatky / Sonstige indirekte Steuern und Gebühren	23 303,56	29 817,39
	Celkem / Gesamt	38 120,56	59 714,39

E. Odpisy dlouhodobého nehmotného a hmotného majetku / Abschreibungen des immateriellen und materiellen Anlagevermögens — 8 768 799,00

		2001	2002
551000	Odpisy dlouhodobého nehmotného a hmotného majetku / Abschreibung - immaterielles und materielles Anlagevermögen	6 710 712,00	0,00
551010	Odpis DNM a DHM -tenis / Abschreibung - lanfr. mat u. immat. Anlagevermögen-Tennis	5 549,00	6 830 909,00
551020	Odpis DNH a DHM - lyže Abschreibung - lanfr. mat u. immat. Anlagevermögen-Ski	0,00	1 937 890,00
	Celkem / Gesamt	6 716 261,00	8 768 799,00

III. Tržby z prodeje dlouhodobého majetku a materiálu/ Erlöse aus Verkauf von AV und Material — 1 025,00

		2001	2002
641000	Tržby z prodeje dlouhodobého nehmotného a hmotného majetku / Erlöse aus Verkauf von materiellem und immateriellem AV	672 050,00	0,00
642000	Tržby z prodeje materiálu / Erlöse aus Materialverkauf	13 770,00	0,00
642010	Tržby z prodeje odpadu / Erlöse aus Abfallverkauf	0,00	1 025,00
	Celkem / Gesamt	685 820,00	1 025,00

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F. Zůstatková cena prodaného dlouhodobého majetku a materiálu/ Restbuchwert des verkauften AV und Materials **0,00**

		2001	2002
541000	Zůstatková cena prodaného dlouhodobého nehm. a hm. majetku / Restbuchwert des verkauften materiellen und immateriellen AV	2 582 476,00	0,00
	Celkem / Gesamt	2 582 476,00	0,00

IV. Zúčtování rezerv a opravných položek provozních výnosů / Auflösung der Rückstellungen und WB zu betrieblichen Erträgen **1 445 040,00**

		2001	2002
654000	Zúčtování ostatních rezerv / Auflösung der sonstigen Rückstellungen	0,00	1 445 040,00
	Celkem / Gesamt	0,00	1 445 040,00

G. Tvorba rezerv a časového rozlišení provozních nákladů/ Bildung von Rückstellungen und Rechnungsabgrenzungen zu betriebl. Aufwendungen **0,00**

		2001	2002
554000	Tvorba ostatních rezerv / Bildung von sonstigen Rückstellungen	974 640,00	0,00
	Celkem / Gesamt	974 640,00	0,00

H. Zúčtování opravných položek do provozních nákladů / Bildung von Wertberichtigungen zu betrieblichen Aufwendungen **0,00**

		2001	2002
557000	Zúčtování oprávky k opravné položce k nabytému majetku / Bildung von Wertberichtigung zur Wertberichtigung zu erworbenem Vermögen	42 849,00	0,00
	Celkem / Gesamt	42 849,00	0,00

VI. Ostatní provozní výnosy / Sonstige betriebliche Erträge **322 691,00**

		2001	2002
648000	Ostatní provozní výnosy / Sonstige betriebliche Erträge	2 622,38	14 509,40
648010	Dotace od úřadu práce / Dotation vom Arbeitsamt	82 534,00	10 530,00
648020	Ubytování / Unterkunft	0,00	190 751,60
648030	Ostatní provozní výnosy-přeúčt./Sonst.betr. Erträge-Umbuchung	0,00	48 000,00
648990	Ostatní prov. výnosy ned./Sonst.betriebl.Erträge st.nicht abzugsfähig	0,00	58 900,00
	Celkem / Gesamt	85 156,38	322 691,00

I. Ostatní provozní náklady / Sonstige betriebliche Aufwendungen **3 032 889,64**

		2001	2002
543000	Dary / Geschenke	37 500,00	34 633,80
544000	Smluvní pokuty a úroky z prodlení / Vertragsstrafen und Verzugszinsen	0,00	34 307,90
545100	Pokuty a penále Finanční úřad / Strafen und Pönale Finanzamt	2 600,00	0,00
548000	Ostatní provozní náklady / Sonstige Betriebsaufwendungen	283,35	12,38
548010	Pojištění zaměstnanci / Versicherung Arbeitnehmer	0,00	256 951,00
548020	Úřad práce - ostatní náklady / Arbeitsamt - sonstige Aufwendung.	42 432,00	120 000,00
548030	Náklady na transformátor / Aufwendungen für Transformator	4 045,71	0,00
548040	Clo / Zoll	2 480 990,69	2 056 064,00
548050	Ubytování / Unterkunft	0,00	190 751,60
548990	Ostatní provozní náklady - nedaňové / Sonstige Betriebsaufwendungen - stuerlich nicht wirksam	27 808,39	340 168,96

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	Celkem / Gesamt	2 595 660,14	3 032 889,64

Provozní hospodářský výsledek / Betriebsergebnis -3 855 408,87

IX. Výnosy z dlouhodobého finančního majetku / Erträge aus Finanzanlagen 1 147 036,00

	3. Výnosy z ostatních finančních investic / Erträge aus sonstigen Finanzanlagen	2001	2002
667000	Výnosy z derivátových operací / Erträge aus Finanzanlagen	0,00	1 147 036,00
	Celkem / Gesamt	0,00	1 147 036,00

X. Výnosy z krátkodobého finančního majetku / Erträge aus kurzfristigem Finanzvermögen 3 602,13

		2001	2002
666000	Výnosy z krátkodobého finančního majetku / Erträge aus kurzfristigem Finanzvermögen	23 116,68	3 602,13
	Celkem / Gesamt	23 116,68	3 602,13

XI. Zúčtování rezerv do finančních výnosů / Auflösung der Rückstellungen in Finanzerträge 264 666,70

		2001	2002
674000	Zúčtování rezerv / Auflösung der Rückstellungen	0,00	264 666,70
	Celkem / Gesamt	0,00	264 666,70

L. Tvorba rezerv na finanční náklady / Bildung von Rückstellungen für Finanzaufwendungen 0,00

		2001	2002
574000	Tvorba rezervy na kurzové ztráty / Bildung von Rückstellungen für Kursverluste	264 666,70	0,00
	Celkem / Gesamt	264 666,70	0,00

XIII. Výnosové úroky / Zinserträge 104 700,72

		2001	2002
662000	Úroky přijaté / Erhaltene Zinsen	82 526,03	104 700,72
	Celkem / Gesamt	82 526,03	104 700,72

N. Nákladové úroky / Zinsaufwendungen 3 327 962,29

		2001	2002
562010	Úroky / Zinsen	166 940,14	590 661,08
562020	Úroky HEAD AG / Zinsen HEAD AG	2 712 093,59	2 241 794,50
562030	Úroky úvěr Č.S. a.s. / Zinsen aus Darlehen Č.S.a.s.	0,00	495 506,71
	Celkem / Gesamt	2 879 033,73	3 327 962,29

XIV. Ostatní finanční výnosy / Sonstige Finanzerträge 8 814 608,98

		2001	2002
663000	Kurzové zisky / Kursgewinne	104 558,65	8 814 608,98
	Celkem / Gesamt	104 558,65	8 814 608,98

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O. Ostatní finanční náklady / Sonstige Finanzaufwendungen **5 469 321,81**

		2001	2002
563000	Kurzové ztráty / Kursverluste	*1 674 690,50*	**4 919 832,52**
568010	Pojištění - zaměstnanci / Versicherung - Arbeitnehmer	*2 436,00*	**0,00**
568020	Bankovní výlohy / Bankspesen	*132 076,85*	**304 351,99**
568030	Clo/Zoll	*0,00*	**191 393,00**
568040	Pojištění budovy, haly/ Versicherung - Gebäude, Halle	*160 187,00*	**25 879,30**
568050	Pojištění auta / Versicherung des Autos	*31 384,00*	**27 865,00**
568990	Ostatni poplatky / Sonstige Gebühren	*3 674,00*	**0,00**
	Celkem / Gesamt	*2 004 448,35*	**5 469 321,81**

Hospodářský výsledek z finančních operací / Finanzergebnis **1 537 330,43**

R. Daň z příjmů z běžné činnosti / Einkommensteuer aus laufender Tätigkeit **-644 986,00**

	2. Odložená / Latente	2001	2002
592000	Daň z příjmů z běžné činnosti odložená / Einkommensteuer aus laufender Tätigkeit - latente	*0,00*	**-644 986,00**
	Celkem / Gesamt	*0,00*	**-644 986,00**

Hospodářský výsledek za běžnou činnost / Wirtschaftsergebnis aus laufender Tätigkeit **-1 673 092,44**

Mimořádný hospodářský výsledek / Wirtschaftsergebnis aus außerordentlicher Tätigkeit **0,00**

HOSPODÁŘSKÝ VÝSLEDEK ZA ÚČETNÍ OBDOBÍ / WIRTSCHAFTSERGEBNIS DES GESCHAFTSJAHRES **-1 673 092,44**

HOSPODÁŘSKÝ VÝSLEDEK PŘED ZDANĚNÍM/ WIRTSCHAFTSERGEBNIS VOR STEUER **-1 673 092,44**

PŘEHLED DLOUHODOBÉHO MAJETKU k 31.12.2002 / ANLAGESPIEGEL zum 31.12.2002

Dlouhodobý majetek/ Anlagevermögen	Pořiz. cena k/ Anschaffungs-preis zum 1.1.2002	Přírůstek/ Zugänge 2002	Úbytek/ Abgänge 2002	Pořiz. cena k/ Anschaffungs-preis zum 31.12.2002	Oprávky k/ AfA zum 1.1.2002	Účetní odpisy/ Handelsr. Abschreib. 2002	Úbytek oprávek/ Abnahme WB	Oprávky k/ AfA zum 31.12.2002	Stav k/ Stand zum 31.12.2002
B. Dlouhodobý hmotný majetek/ Materielles Anlagevermögen	**105 439 587,84**	**94 145 122,71**	**24 111 643,86**	**175 473 066,69**	**17 804 311,00**	**8 768 799,00**	**0,00**	**26 573 110,00**	**148 899 956,69**
I. Pozemky / Grundstücke	1 956 634,00	0,00	0,00	1 956 634,00	0,00	0,00	0,00	0,00	1 956 634,00
II. Stavby / Bauten	56 951 180,81	52 228 851,21	0,00	109 180 032,02	10 090 953,00	3 906 198,00	0,00	13 997 151,00	95 182 881,02
III. Samostatné movité věci a soubory movitých věcí / Bewegliche Sachen und Gesamtheiten bew. Sachen	18 928 086,17	38 114 630,67	0,00	57 042 716,84	7 489 993,00	4 755 327,00	0,00	12 245 320,00	44 797 396,84
VI. Drobný dlouhodobý hmotný majetek / Sonstiges materielles Anlagevermögen	39 950,00	819 111,40	0,00	859 061,40	5 549,00	64 425,00	0,00	69 974,00	789 087,40
VII. Nedokončený dlouhodobý hmotný majetek / Materielle Anlagegüter im Bau	20 485 737,96	2 982 529,43	17 676 368,96	5 791 898,43	0,00	0,00	0,00	0,00	5 791 898,43
VIII. Poskytnuté zálohy na dlouhodobý hmotný majetek / Geleistete Anzahlungen auf materielles Anlagevermögen	6 435 274,90	0,00	6 435 274,90	0,00	0,00	0,00	0,00	0,00	0,00
IX. Opravná položka k nabytému majetku / Wertberichtigungen zu erworbenem Vermögen	642 724,00	0,00	0,00	642 724,00	217 816,00	42 849,00	0,00	260 665,00	382 059,00
CELKEM/ GESAMT	**105 439 587,84**	**94 145 122,71**	**24 111 643,86**	**175 473 066,69**	**17 804 311,00**	**8 768 799,00**	**0,00**	**26 573 110,00**	**148 899 956,69**

1. Majetková struktura

Majetková struktura společnosti k 31.12.2002, členěná z hlediska likvidity, je porovnána s předchozími obdobími následovně:

AKTIVA	2002		2001		Změna 2002 - 2001		2000		Změna 2001 - 2000	
	tis. Kč	%	tis. Kč	%	tis. Kč	%	tis. Kč	%	tis. Kč	%
Dlouhodobý hmotný majetek	148 900	91,4%	87 635	80,6%	61 265	69,9%	64 977	87,5%	22 658	34,9%
Pozemky	1 957	1,2%	1 957	1,8%	0	0,0%	881	1,2%	1 076	122,1%
Stavby	95 182	58,4%	46 860	43,1%	48 322	103,1%	50 465	67,9%	-3 605	-7,1%
Samostatné movité věci a soubory movitých věcí	44 798	27,5%	11 438	10,5%	33 360	291,7%	12 426	16,7%	-988	-8,0%
Jiný dlouhodobý hmotný majetek	789	0,5%	34	0,0%	755	2220,6%	0	0,0%	34	100,0%
Nedokončený dlouhodobý hmotný majetek	5 792	3,6%	20 486	18,9%	-14 694	-71,7%	737	1,0%	19 749	2679,6%
Poskytnuté zálohy na dlouhodobý hmotný majetek	0	0,0%	6 435	5,9%	-6 435	-100,0%	0	0,0%	6 435	100,0%
Opravná položka k nabytému majetku	382	0,2%	425	0,4%	-43	-10,1%	468	0,6%	-43	-9,2%
Celkem stálá aktiva	148 900	91,4%	87 635	80,6%	61 265	69,9%	64 977	87,5%	22 658	34,9%
Celkem dlouhodobý majetek	148 900	91,4%	87 635	80,6%	61 265	69,9%	64 977	87,5%	22 658	34,9%
Celkem krátkodobého hmotného majetku	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
Oběžná aktiva										
Zásoby	263	0,2%	1 595	1,5%	-1 332	-83,5%	245	0,3%	1 350	551,0%
Nedokončená výroba a polotovary	263	0,2%	318	0,3%	-55	-17,3%	245	0,3%	73	29,8%
Výrobky	0	0,0%	1 277	1,2%	-1 277	-100,0%	0	0,0%	1 277	100,0%
Pohledávky a jiné majetkové předměty	4 305	2,6%	5 086	4,7%	-781	-15,4%	1 006	1,4%	4 080	405,6%
Pohledávky z obchodního styku	838	0,5%	491	0,5%	347	70,7%	259	0,3%	232	89,6%
Stát - daňové pohledávky	1 020	0,6%	1 451	1,3%	-431	-29,7%	747	1,0%	704	94,2%
Pohledávky v podnicích s rozhodujícím vlivem	2 447	1,5%	3 144	2,9%	-697	-22,2%	0	0,0%	3 144	100,0%
Finanční majetek	9 467	5,8%	14 041	12,9%	-4 574	-32,6%	8 033	10,8%	6 008	74,8%
Ostatní aktiva - přechodné účty aktiv	56	0,0%	306	0,3%	-250	-81,7%	37	0,0%	269	727,0%
Celkem oběžná aktiva	14 091	8,6%	21 028	19,4%	-6 937	-33,0%	9 321	12,5%	11 707	125,6%
Celkem krátkodobého majetku	14 091	8,6%	21 028	19,4%	-6 937	-33,0%	9 321	12,5%	11 707	125,6%
Suma majetku	162 991	100,0%	108 663	100,0%	54 328	50,0%	74 298	100,0%	34 365	46,3%

2. Finanční struktura

Porovnání vývoje finanční struktury společnosti vzhledem k minulým letům:

PASIVA	2002		2001		Změna 2002 - 2001		2000		Změna 2001 - 2000	
	tis. Kč	%	tis. Kč	%	tis. Kč	%	tis. Kč	%	tis. Kč	%
VLASTNÍ KAPITÁL										
Základní kapitál	40 000	24,5%	40 000	36,8%	0	0,0%	20 000	26,9%	20 000	100,0%
Fondy ze zisku	120	0,1%	120	0,1%	0	0,0%	0	0,0%	120	100,0%
Hospodářský výsledek minulého období	-8 148	-5,0%	-4 265	-3,9%	-3 883	-91,0%	0	0,0%	-4 265	100,0%
Hospodářský výsledek běžného účetního období	-1 671	-1,0%	-6 484	-6,0%	4 813	74,2%	-6 061	-8,2%	-423	-7,0%
Vlastní jmění celkem	**30 301**	**18,6%**	**29 371**	**27,0%**	**930**	**3,2%**	**13 939**	**18,8%**	**15 432**	**110,7%**
Cizí zdroje										
DLOUHODOBÉ CIZÍ ZDROJE										
Rezervy	**-3 247**	**-2,0%**	**265**	**0,2%**	**-3 512**	**-1325,3%**	**0**	**0,0%**	**265**	**100,0%**
Závazky se splatností > 1 rok	**69 520**	**42,7%**	**47 549**	**43,8%**	**21 971**	**46,2%**	**52 173**	**70,2%**	**-4 624**	**-8,9%**
Jiné dlouhodobé závazky	0	0,0%	47 549	43,8%	0	0,0%	52 173	70,2%	-4 624	0,0%
Dlouhodobé cizí zdroje celkem	**66 273**	**40,7%**	**47 814**	**44,0%**	**18 459**	**38,6%**	**52 173**	**70,2%**	**-4 359**	**-8,4%**
KRÁTKODOBÉ CIZÍ ZDROJE										
Závazky s dobou splatnosti < 1 rok	**8 733**	**5,4%**	**8 745**	**8,0%**	**-12**	**-0,1%**	**6 512**	**8,8%**	**2 233**	**34,3%**
Závazky z obchodního styku	1 712	1,1%	2 785	2,6%	-1 073	-38,5%	1 117	1,5%	1 668	149,3%
Závazky k zaměstnancům	4 227	2,6%	3 766	3,5%	461	12,2%	3 282	4,4%	484	14,7%
Závazky ze sociálního zabezpečení	2 011	1,2%	1 537	1,4%	474	30,8%	1 602	2,2%	-65	-4,1%
Stát - daňové závazky a dotace	607	0,4%	441	0,4%	166	37,6%	492	0,7%	-51	-10,4%
Závazky k podnikům s rozhodujícím vlivem	134	0,1%	121	0,1%	13	10,7%	10	0,0%	111	1110,0%
Jiné závazky	42	0,0%	95	0,1%	-53	-55,8%	9	0,0%	86	955,6%
Závazky vůči bankám	**57 083**	**35,0%**	**14 391**	**13,2%**	**-3 015**	**-21,0%**	**0**	**0,0%**	**14 391**	**100,0%**
Běžné bankovní úvěry	11 376	7,0%	14 391	13,2%	-3 015	-21,0%	0	0,0%	14 391	100,0%
Ostatní pasiva - přechodné účty pasiv	**601**	**0,4%**	**8 342**	**7,7%**	**-7 741**	**-92,8%**	**1 674**	**2,3%**	**6 668**	**398,3%**
Krátkodobé cizí zdroje celkem	**66 417**	**40,7%**	**31 478**	**29,0%**	**34 939**	**111,0%**	**8 186**	**11,0%**	**23 292**	**284,5%**
Cizí zdroje celkem	**132 690**	**81,4%**	**79 292**	**73,0%**	**53 398**	**67,3%**	**60 359**	**81,2%**	**18 933**	**31,4%**
Kapitál celkem	**162 991**	**100,0%**	**108 663**	**100,0%**	**54 328**	**50,0%**	**74 298**	**100,0%**	**34 365**	**46,3%**

3. Struktura výsledovky

VÝSLEDOVKA	2002		2001		Změna 2002 - 2001		2000		Změna 2001 - 2000	
	tis. Kč	%	tis. Kč	%	tis. Kč	%	tis. Kč	%	tis. Kč	%
Výkony	119 372	100,0%	109 089	100,0%	10 283	9,4%	92 611	100,0%	16 478	17,8%
Tržby za prodej zboží	209	0,2%	268	0,2%	-59	-22,0%	5	0,0%	263	5260,0%
Tržby z prodeje vlastních výrobků a služeb	118 726	99,5%	106 700	97,8%	12 026	11,3%	92 248	99,6%	14 452	15,7%
Změna stavu vnitropodnikových zásob vlastní výroby	-1 332	-1,1%	1 350	1,2%	-2 682	-198,7%	100	0,1%	1 250	1250,0%
Tržby z prodeje dlouh.. majetku a materiálu	1	0,0%	686	0,6%	-685	-99,9%	161	0,2%	525	326,1%
Ostatní provozní výnosy	323	0,3%	85	0,1%	238	280,0%	97	0,1%	-12	-12,4%
Provozní výkony	119 372	100,0%	109 089	100,0%	10 283	9,4%	92 611	100,0%	16 478	17,8%
Výkonová spotřeba	-24 585	-20,6%	-26 621	-24,4%	2 036	7,6%	-18 488	-20,0%	-8 133	-44,0%
Spotřeba materiálu a energie	-9 226	-7,7%	-7 297	-6,7%	-1 929	-26,4%	-5 695	-6,1%	-1 602	-28,1%
Služby	-15 359	-12,9%	-16 742	-15,3%	1 383	8,3%	-12 793	-13,8%	-3 949	-30,9%
Zůstatková cena prodaného dlouh. majetku a materiálu	0	0,0%	-2 582	-2,4%	2 582	100,0%	0	0,0%	-2 582	100,0%
Přidaná hodnota	94 787	79,4%	82 468	75,6%	12 319	17,1%	74 123	80,0%	8 345	-26,2%
Osobní náklady	-86 781	-72,7%	-71 995	-66,0%	-14 786	-20,5%	-64 259	-69,4%	-7 736	-12,0%
Mzdové náklady	-63 811	-53,5%	-52 779	-48,4%	-11 032	-20,9%	-47 167	-50,9%	-5 612	-11,9%
Náklady na sociální zabezpečení	-21 872	-18,3%	-18 142	-16,6%	-3 730	-20,6%	-16 368	-17,7%	-1 774	-10,8%
Sociální náklady	-1 098	-0,9%	-1 074	-1,0%	-24	-2,2%	-724	-0,8%	-350	-48,3%
Daně a poplatky	-60	-0,1%	-38	0,0%	-22	-57,9%	-32	0,0%	-6	-18,8%
Odpisy dlouh. nehmotného a hmotného majetku	-8 769	-7,3%	-6 716	-6,2%	-2 053	-30,6%	-6 003	-6,5%	-713	-11,9%
Tvorba rezerv a časového rozlišení provozních nákladů	0	0,0%	-975	-0,9%	975	100,0%	0	0,0%	-975	100,0%
Zúčtování oprav. položek do provozních nákladů	0	0,0%	-43	0,0%	43	100,0%	-43	0,0%	0	0,0%
Ostatní provozní náklady	-3 033	-2,5%	-2 596	-2,4%	-437	-16,8%	-18	0,0%	-2 578	-14322,2%
Provozní hospodářský výsledek	-3 856	-3,2%	105	0,1%	-3 961	-3772,4%	3 768	4,1%	-3 663	-97,2%
Výnosy z krátkodobého finančního majetku	4	0,0%	23	0,0%	-19	-82,6%	19	0,0%	4	21,1%
Tvorba rezerv na finanční náklady	0	0,0%	-265	-0,2%	265	100,0%	0	0,0%	-265	100,0%
Výnosové úroky	105	0,1%	83	0,1%	22	26,5%	41	0,0%	42	102,4%
Nákladové úroky	-3 328	-2,8%	-2 879	-2,6%	-449	-15,6%	0	0,0%	-2 879	100,0%
Ostatní finanční výnosy	8 814	7,4%	105	0,1%	8 709	8294,3%	117	0,1%	-12	-10,3%
Ostatní finanční náklady	-5 469	-4,6%	-2 004	-1,8%	-3 465	-172,9%	-2 798	-3,0%	794	28,4%
Hospodářský výsledek z finančních operací	1 538	1,3%	-4 937	-4,5%	6 475	131,2%	-2 621	-2,8%	-2 316	-88,4%
Mimořádné výnosy	0	0,0%	262	0,2%	-262	-100,0%	21	0,0%	241	1147,6%
Mimořádné náklady	0	0,0%	0	0,0%	0	0,0%	-7	0,0%	7	100,0%
Mimořádný hospodářský výsledek	0	0,0%	262	0,2%	-262	-100,0%	14	0,0%	248	1771,4%
Hospodářský výsledek za účetní období	-1 673	-1,9%	-4 570	-4,2%	2 897	63,4%	1 161	1,3%	1 736	149,5%

Minimální závazný výčet informací uvedený v Opatření MF č.j. 281/97 417/2001

Účetní jednotka doručí účetní závěrku současně s doručením daňového přiznání za daň z příjmů

1 x příslušnému finančnímu úřadu

ROZVAHA
v plném rozsahu

ke dni 31.12.2002

(V celých tisících Kč)

Obchodní firma nebo jiný název účetní jednotky

Head Sport spol. s r.o.

FINANČNÍ ÚŘAD v Českých Budějovicích

Došlo: 30 -06- 2003

Číslo j.: ....

Příloha: ....

Zpracoval

Rok	Měsíc	IČ
2002	1 2	4 6 6 8 2 2 0 1

Úč. zn.

Sídlo nebo bydliště účetní jednotky a místo podnikání liší-li se od bydliště

ul. Dobrovodská 2107
37001 České Budějovice 1

Označení a	AKTIVA b	Číslo řádku c	Běžné účetní období Brutto 1	Korekce 2	Netto 3	Minulé úč. období Netto 4
	AKTIVA CELKEM (ř.02+03+30+57)=ř.62	001	189 567	-26 573	162 994	108 683
A.	Pohledávky za upsaný vlastní kapitál	002				
B.	Stálá aktiva (ř.04+12+22)	003	175 474	-26 573	148 901	87 635
B.I.	Dlouhodobý nehmotný majetek (ř.05 až 11)	004				
B.I. 1.	Zřizovací výdaje	005				
2.	Nehmotné výsledky výzkumu a vývoje	006				
3.	Software	007				
4.	Ocenitelná práva	008				
5.	Jiný dlouhodobý nehmotný majetek	009				
6.	Nedokončený dlouhodobý nehmotný majetek	010				
7.	Poskytnuté zálohy na dlouhodobý nehmotný majetek	011				
B.II.	Dlouhodobý hmotný majetek (ř.13 až 21)	012	175 474	-26 573	148 901	87 635
B.II. 1.	Pozemky	013	1 957		1 957	1 957
2.	Stavby	014	109 180	-13 997	95 183	46 860
3.	Samostatné movité věci a soubory movitých věcí	015	57 867	-12 315	45 552	11 437
4.	Pěstitelské celky trvalých porostů	016				
5.	Základní stádo a tažná zvířata	017				
6.	Jiný dlouhodobý hmotný majetek	018				
7.	Nedokončený dlouhodobý hmotný majetek	019	5 827		5 827	20 521
8.	Poskytnuté zálohy na dlouhodobý hmotný majetek	020				6 435
9.	Opravná položka k nabytému majetku	021	643	-261	382	425
B.III.	Dlouhodobý finanční majetek (ř.23 až 29)	022				
B.III.1.	Podílové cenné papíry a podíly v podnicích s rozhodujícím vlivem	023				
2.	Podílové cenné papíry a podíly v podnicích s podstatným vlivem	024				
3.	Ostatní dlouhodobé cenné papíry a podíly	025				
4.	Půjčky podnikům ve skupině	026				
5.	Jiný finanční majetek	027				
6.	Nedokončený dlouhodobý finanční majetek	028				
7.	Poskytnuté zálohy na dlouhodobý finanční majetek	029				

PROXY akciová společnost AUDITOR evid. č. 242

Označení	AKTIVA	Číslo řádku	Běžné účetní období			Minulé úč. období
			Brutto	Korekce	Netto	Netto
			1	2	3	4
a	b	c				
C.	Oběžná aktiva (ř.31+38+44+52)	030	14 036		14 036	20 988
C.I.	Zásoby (ř.32 až 37)	031	263		263	1 595
C.I. 1.	Materiál	032				
2.	Nedokončená výroba a polotovary	033	263		263	318
3.	Výrobky	034				1 277
4.	Zvířata	035				
5.	Zboží	036				
6.	Poskytnuté zálohy na zásoby	037				
C.II.	Dlouhodobé pohledávky (ř.39 až 43)	038				
C.II. 1.	Pohledávky z obchodního styku	039				
2.	Pohledávky ke společníkům a sdružení	040				
3.	Pohledávky v podnicích s rozhodujícím vlivem	041				
4.	Pohledávky v podnicích s podstatným vlivem	042				
5.	Jiné pohledávky	043				
C.III.	Krátkodobé pohledávky (ř.45 až 51)	044	4 305		4 305	5 352
C.III.1.	Pohledávky z obchodního styku	045	837		837	491
2.	Pohledávky ke společníkům a sdružení	046				
3.	Sociální zabezpečení	047				
4.	Stát - daňové pohledávky	048	1 021		1 021	1 450
5.	Pohledávky v podnicích s rozhodujícím vlivem	049	2 447		2 447	3 144
6.	Pohledávky v podnicích s podstatným vlivem	050				
7.	Jiné pohledávky	051				267
C.IV.	Finanční majetek (ř.53 až 56)	052	9 468		9 468	14 041
C.IV. 1.	Peníze	053	42		42	76
2.	Účty v bankách	054	9 426		9 426	889
3.	Krátkodobý finanční majetek	055				13 076
4.	Nedokončený krátkodobý finanční majetek	056				
D.	Ostatní aktiva - přechodné účty aktiv (ř.58+61)	057	57		57	40
D.I.	Časové rozlišení (ř.59 až 60)	058	57		57	40
D.I. 1.	Náklady příštích období	059	11		11	26
2.	Příjmy příštích období	060	46		46	14
D.II.	Dohadné účty aktivní	061				

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značení	PASIVA	Číslo řádku	Stav v běžném účetním období	Stav v minulém účetním období
a	b	c	5	6
	PASIVA CELKEM (ř.63+81+107)=ř.001	062	162 994	108 663
A.	Vlastní kapitál (ř.64+68+73+77+80)	063	30 299	29 371
A.I.	Základní kapitál (ř.65 až 67)	064	40 000	40 000
A.I. 1.	Základní kapitál	065	40 000	40 000
2.	Vlastní akcie a vlastní obchodní podíly	066		
3.	Změny základního kapitálu	067		
A.II.	Kapitálové fondy (ř.69 až 72)	068		
A.II. 1.	Emisní ážio	069		
2.	Ostatní kapitálové fondy	070		
3.	Oceňovací rozdíly z přecenění majetku a závazků	071		
4.	*Oceňovací rozdíly z přecenění při přeměnách*	072		
A.III.	Fondy ze zisku (ř.74 až 76)	073	120	120
A.III.1.	Zákonný rezervní fond	074	120	120
2.	Nedělitelný fond	075		
3.	Statutární a ostatní fondy	076		
A.IV.	Výsledek hospodaření minulých let (ř.78+79)	077	-8 148	-6 180
A.IV.1.	Nerozdělený zisk minulých let	078	4 531	1 741
2.	Neuhrazená ztráta minulých let	079	-12 679	-7 921
A.V.	Výsledek hospodaření běžného účetního období ř.01-(64+68+73+77+81+107)	080	-1 673	-4 569
B.	Cizí zdroje (ř.82+87+94+103)	081	132 094	77 691
B.I.	Rezervy (ř.83 až 86)	082	-3 247	265
B.I. 1.	Rezervy zákonné	083		
2.	Rezerva na daň z příjmů	084		
3.	Ostatní rezervy	085		265
4.	Odložený daňový závazek (pohledávka)	086	-3 247	
B.II.	Dlouhodobé závazky (ř.88 až 93)	087	69 520	47 549
B.II. 1.	Závazky k podnikům s rozhodujícím vlivem	088	69 520	
2.	Závazky k podnikům s podstatným vlivem	089		
3.	Dlouhodobé přijaté zálohy	090		
4.	Emitované dluhopisy	091		
5.	Dlouhodobé směnky k úhradě	092		
6.	Jiné dlouhodobé závazky	093		47 549

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Označení	PASIVA	Číslo řádku	Stav v běžném účetním období	Stav v minulém účetním období
a	b	c	5	6
B.III.	Krátkodobé závazky (ř.95 až 102)	094	8 738	15 486
B.III.1.	Závazky z obchodního styku	095	1 716	2 786
2.	Závazky ke společníkům a sdružení	096		
3.	Závazky k zaměstnancům	097	4 227	3 766
4.	Závazky ze sociálního zabezpečení	098	2 011	1 537
5.	Stát - daňové závazky a dotace	099	608	440
6.	Závazky k podnikům s rozhodujícím vlivem	100	134	121
7.	Závazky k podnikům s podstatným vlivem	101		
8.	Jiné závazky	102	42	6 836
B.IV.	Bankovní úvěry a výpomoci (ř.104 až 106)	103	57 083	14 391
B.IV.1.	Bankovní úvěry dlouhodobé	104	45 707	
2.	Běžné bankovní úvěry	105	11 376	14 391
3.	Krátkodobé finanční výpomoci	106		
C.	Ostatní pasiva - přechodné účty pasiv (ř.108+111)	107	601	1 601
C.I.	Časové rozlišení (ř.109 až 110)	108		59
C.I. 1.	Výdaje příštích období	109		45
2.	Výnosy příštích období	110		14
C.II.	Dohadné účty pasivní	111	601	1 542

Sestaveno dne:		Podpisový záznam statutárního orgánu účetní jednotky nebo podpisový záznam fyzické osoby, která je účetní jednotkou
17.6.2003		
Právní forma účetní jednotky	Předmět podnikání	Pozn.:
společnost s ručením omezeným	Výroba z plastů a komp.materiálů	

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Minimální závazný výčet informací uvedený v Opatření MF č.j. 281/97 417/2001

Účetní jednotka doručí účetní závěrku současně s doručením daňového přiznání za daň z příjmů

1 x příslušnému finančnímu úřadu

VÝKAZ ZISKU A ZTRÁTY
v plném rozsahu

ke dni 31.12.2002

(V celých tisících Kč)

FINANČNÍ ÚŘAD v Českých Budějovicích

Došlo: 30 -06- 2003

Číslo j.: ....

Příloha: ....

Zpracovat

Rok	Měsíc	IČ
2002	1 2	4 6 6 8 2 2 0 1

Úkl. zn.

Obchodní firma nebo jiný název účetní jednotky

Head Sport spol. s r.o.

Sídlo nebo bydliště účetní jednotky a místo podnikání liší-li se od bydliště

ul. Dobrovodská 2107
37001 České Budějovice 1

Označení	TEXT	Číslo řádku	Skutečnost v účetním období	
			běžném	minulém
a	b	c	1	2
I.	Tržby za prodej zboží	01	209	268
A.	Náklady vynaložené na prodané zboží	02		
+	Obchodní marže (ř.01-02)	03	209	268
II.	Výkony (ř.05+06+07)	04	117 394	108 050
II. 1.	Tržby za prodej vlastních výrobků a služeb	05	118 726	106 700
2.	Změna stavu vnitropodnikových zásob vlastní výroby	06	-1 332	1 350
3.	Aktivace	07		
B.	Výkonová spotřeba (ř.09+10)	08	24 586	24 039
B. 1.	Spotřeba materiálu a energie	09	9 227	7 297
B. 2.	Služby	10	15 359	16 742
+	Přidaná hodnota (ř.03+04-08)	11	93 017	84 279
C.	Osobní náklady (ř.13 až 16)	12	86 781	71 995
C. 1.	Mzdové náklady	13	63 811	52 779
C. 2.	Odměny členům orgánu společnosti a družstva	14		
C. 3.	Náklady na sociální zabezpečení	15	21 872	18 142
C. 4.	Sociální náklady	16	1 098	1 074
D.	Daně a poplatky	17	60	38
E.	Odpisy dlouhodobého nehmotného a hmotného majetku	18	8 769	6 716
III.	Tržby z prodeje dlouhodobého majetku a materiálu	19	1	686
F.	Zůstatková cena prodaného dlouhodobého majetku a materiálu	20		2 582
IV.	Zúčtování rezerv a časového rozlišení provozních výnosů	21	1 445	
G.	Tvorba rezerv a časového rozlišení provozních nákladů	22		975
V.	Zúčtování opravných položek do provozních výnosů	23		
H.	Zúčtování opravných položek do provozních nákladů	24		43
VI.	Ostatní provozní výnosy	25	323	65
I.	Ostatní provozní náklady	26	3 033	2 596
VII.	Převod provozních výnosů	27		
J.	Převod provozních nákladů	28		
*	Provozní výsledek hospodaření [ř.11-12-17-18+19-20+21-22+23-24+25-26+(-27)-(-28)]	29	-3 857	105

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Označení	TEXT	Číslo řádku	Skutečnost v účetním období	
			běžném	minulém
a	b	c	1	2
VIII.	Tržby z prodeje cenných papírů a podílů	30		
K.	Prodané cenné papíry a podíly	31		
IX.	Výnosy z dlouhodobého finančního majetku (ř.33+34+35)	32		
IX. 1.	Výnosy z cenných papírů a podílů v podnicích ve skupině	33		
2.	Výnosy z ostatních dlouhodobých cenných papírů a podílů	34		
3.	Výnosy z ostatního dlouhodobého finančního majetku	35		
X.	Výnosy z krátkodobého finančního majetku	36	4	23
L.	Náklady z finančního majetku	37		
XI.	Výnosy z přecenění majetkových cenných papírů	38		
M.	Náklady z přecenění majetkových cenných papírů	39		
XII.	Zúčtování rezerv do finančních výnosů	40	265	
N.	Tvorba rezerv na finanční náklady	41		265
XIII.	Zúčtování opravných položek do finančních výnosů	42		
O.	Zúčtování opravných položek do finančních nákladů	43		
XIV.	Výnosové úroky	44	105	83
P.	Nákladové úroky	45	3 328	2 879
XV.	Ostatní finanční výnosy	46	9 962	105
Q.	Ostatní finanční náklady	47	5 469	2 004
XVI.	Převod finančních výnosů	48		
R.	Převod finančních nákladů	49		
*	Finanční výsledek hospodaření (ř.30-31+32+36-37+38-39+40-41+42-43+44-45+46-47+(-48)-(-49)	50	1 539	-4 937
S.	Daň z příjmů za běžnou činnost (ř.52+53)	51	-645	
S. 1.	splatná	52		
S. 2.	odložená	53	-645	
**	Výsledek hospodaření za běžnou činnost (ř.29+50-51)	54	-1 673	-4 832
XVII.	Mimořádné výnosy	55		263
T.	Mimořádné náklady	56		
U.	Daň z příjmů z mimořádné činnosti (ř.58+59)	57		
U. 1.	splatná	58		
2.	odložená	59		
*	Mimořádný výsledek hospodaření (ř.55-56-57)	60		263
W.	Převod podílu na výsledku hospodaření společníkům (+/-)	61		
***	Výsledek hospodaření za účetní období (+/-) (ř.54+60-61)	62	-1 673	-4 569
	Výsledek hospodaření před zdaněním (+/-) (ř.29+50+55-56)	63	-2 318	-4 569

Sestaveno dne:	Podpisový záznam statutárního orgánu účetní jednotky nebo podpisový záznam fyzické osoby, která je účetní jednotkou
17.6.2003	

Právní forma účetní jednotky	Předmět podnikání	Pozn.:
společnost s ručením omezeným	Výroba z plastů a komp.materiálů	

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