Interim Report
1 January to 30 September 2009

- **Sales decline of -9.8% year-on-year in third quarter significantly reduced as against first six months (-19.8%)**
- **EBT with €-4.3 million in third quarter almost on previous year's level despite sales decline**

Villeroy & Boch Group – Overview

	1 Jan. – 30 Sep.		Change	
	2009 € million	2008 € million	€ million	%
Revenue (total)	**529.2**	**635.1**	**-105.9**	**-16.7**
Germany	**144.0**	**138.4**	**5.6**	**4.0**
Abroad	**385.2**	**496.7**	**-111.5**	**-22.4**
EBIT before restructuring	**-10.4**	**15.2**	**-25.6**	
Non- recurring expenses for restructuring	**-60.0**	**-**		
EBIT	**-70.4**	**15.2**	**-85.6**	
EBT	**-78.5**	**9.3**	**-87.8**	
Consolidated result	**-78.5**	**6.5**	**-85.0**	
Investments	**11.7**	**12.9**	**-1.2**	**-9.3**
Employees (average)	**9,513**	**10,231**	**-718**	**-7.0**

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Interim Management Report of the Villeroy & Boch Group for the third quarter 2009

Global economic conditions

The third quarter of the current financial year has still been dominated by the continuing global recession that started in the previous year. As yet there has still been no tangible turnaround. However, there is a growing number of indications that the economy could bottom out in the coming months.

Measures to improve competitive capability and safeguard liquidity implemented as planned

There has been further progress in the implementation of the package of measures resolved in spring worth around €60 million. Agreements on headcount reductions and the associated redundancy schemes have been concluded at three locations. This has lead to a reduction in the workforce of 200 employees as of the balance sheet date.
It is expected that the negotiations currently being conducted at other locations will be concluded shortly. The full positive effect of these measures will not be seen until the 2012 financial year as some are scheduled for implementation in 2010 and 2011.

Report on profit or loss, financial position and assets and liabilities:

In the first nine months of the 2009 financial year, the Villeroy & Boch Group generated net sales of €529.2 million after €635.1 million in the same period of the previous year, corresponding to a total sales decline of -16.7%. However, at -9.8%, the drop in sales was a little more moderate in the third quarter of 2009 than it had been in the second (-22.2%) and first quarter (-17.5%) of the current financial year.

As of 30 September 2009, orders on hand for the Group as a whole amounted to €49.9 million (previous year €62.8 million).

An expense of €60.0 million was recognised in the income statement in the first quarter of 2009 as a provision for the resolved restructuring programme. Therefore, earnings before taxes (EBT) for the Villeroy & Boch Group in the reporting period amounted to €-78.5 million (previous year: €9.3 million).
After adjustment for this expense, EBT was down significantly on the previous year at €-18.5 million as a result of the decline in sales.
In spite of a drop in sales of -9.8% in the third quarter, EBT remained constant at the previous year's level. Above all, this is due to the continuing cost-cutting activities implemented early on.
As a result of the shorter working hours at the German locations and the reduction of 718 jobs around the world as against the previous year, staff costs were cut by around €17.0 million after adjustment for currencies. In addition to staff costs, considerable savings were also achieved in non-personnel-costs.

As of 30 September 2009, the net liquidity of the Villeroy & Boch Group rose by €15.0 million as against 30 June 2009 to €15.4 million. This is mainly due to the successful measures to reduce inventories (€-31.1 million on previous year’s reference date) and virtually stable day sales outstanding in spite of the economic crisis. Nonetheless, there was a drop of €7.5 million as against 31 December 2008 caused by the severe losses due to the sales level in the first quarter of this year.
As a result of the restructuring provision recognised in the first quarter of the financial year in particular, the equity ratio as of 30 September 2009 fell by 8.7 percentage points as against the end of 2008 to 34.2%.

Development in the Divisions

The information on the results of the Divisions relates to the operating results before restructuring expenses.

Bathroom & Wellness:

In the first nine months of 2009, sales in the Bathroom & Wellness Division amounted to €325.9 million, down on the previous year's figure of €407.6 million by €81.7 million or 20.0% (-17% after currency adjustment).
The drop in sales was felt on all key markets. However, the extent of the sales losses varied considerably. The decline on the German market was relatively insignificant at -2.3%. The biggest drops in sales were seen in the UK (-42%), Eastern Europe (-40%) and France (-15%).
The Gulf States, Russia and countries in the Far East where property business was booming also posted more extensive sales declines as a result of the general postponement of major construction projects to later years. In the US and Mexico the reluctance to engage in new construction and renovation activities that has prevailed since the start of the real estate crisis is still lingering.

The operating result of the Bathroom & Wellness Division has been hit massively by the effects of the global economic crisis described above, amounting to €-6.1 million as of the end of September (previous year: €12.3 million).

The new products for 2009 have got off to a good start and the planned placements at customer exhibitions have already gone ahead.
The novelties ("LaBelle" bathroom collection, the patented new fastening technology for wall-mounted WCs "SupraFix", the new "Nautic" fittings line and the "Squaro" wellness series) will support a positive sales performance.

Tableware:

In the first nine months of 2009, sales in the Tableware Division amounted to €203.3 million, down €-24.2 million or -10.7% on the previous year.
The effects of the crisis were felt particularly keenly in Eastern Europe (down 39%), overseas and in the US (down 14%). In Western Europe, the effects were mainly witnessed on the Scandinavian markets (down 24%), Spain (down 70%) and, owing to the exchange rate, in the UK (down 23%). However, the key German market enjoyed growth in sales of 13.3%.
In the first nine months of the 2009 financial year, the operating result of the Tableware Division declined from €2.9 million in the previous year to €-4.3 million, due mainly to the decline in sales.

Investments

The Villeroy & Boch Group invested a total of €11.7 million (previous year: €12.9 million) in the first three quarters of the 2009 financial year. The international share amounted to 72.5% (69.6 % in the previous year).

Outlook for the 2009 financial year

The results for the 2009 financial year will be largely affected by the costs of the programme of measures resolved in the spring to increase competitive capability and guarantee liquidity. A provision of €60 million was recognised for this in the first quarter. In terms of operations, no significant sales impetus is anticipated in the remaining months of the year. However, an easing of the rates of decline to date, the seasonal recovery of Tableware business in the Christmas period and the ongoing cost-cutting measures should ensure that earnings before taxes (EBT) for the fourth quarter should be roughly in line with the two preceding quarters.

Report on opportunities and risks

The risks described in the 2008 Annual Report remain unaltered. The consequences of a longer-lasting of the current economic crisis can still not be specified. Since duration and extent are still not foreseeable.

Report on major related party transactions

V&B Fliesen GmbH is considered a related party. Additional information can be found on page 15 of this report.

The Villeroy & Boch share

Villeroy & Boch's preference share continued to gain ground in the third quarter. It began the quarter (1 July 2009) at €4.89, rising to its highest quoted price for the year to date of €5.70 by the end of third quarter.

Mettlach, October 2009

Villeroy & Boch Aktiengesellschaft

The Management Board

Financial calendar:

26 March 2010	Press conference on the 2009 annual financial statements
29 April 2010	Report on the first three months of 2010
12 May 2010	General Meeting of Shareholders in Merzig Town Hall
29 July 2010	Report on the first half of 2010
28 October 2010	Report on the first nine months of 2010

Villeroy & Boch Group

Consolidated balance sheet as of September 30th 2009

Assets

in Euro `000	Notes	30.09.2009	31.12.2008
Non-current assets			
Intangible assets	1	54,300	54,634
Property, plant and equipment	2	180,779	195,302
Investment properties		15,724	15,995
Investment accounted for using the equity method		1,057	1,212
Other financial assets	3	22,299	43,653
		274,159	310,796
Other non-current assets		533	43
Deferred tax assets	4	44,925	44,870
		319,617	355,709
Current assets			
Inventories	5	161,263	179,537
Trade receivables	6	127,090	126,580
Financial assets	7	41,536	21,392
Other current assets	8	21,834	26,412
Income tax claims		4,334	3,702
Cash and cash equivalents	9	44,929	58,978
		400,986	416,601
Total Assets		720,603	772,310

Shareholders' Equity and Liabilities

TEuro	Notes	30.09.2009	31.12.2008
Equity attributable to Villeroy & Boch AG shareholders		245,693	330,450
Equity attributable to minority interests		698	487
Total equity		246,391	330,937
Non-current liabilities			
Provisions for pensions		149,641	151,249
Non-current provisions for personnel	11	16,731	18,417
Other non-current provisions		3,905	4,052
Non-current financial liabilities	13	50,000	70,000
Other non-current financial liabilities	14	3,043	3,293
Deferred tax liabilities		14,610	14,640
		237,930	261,651
Current liabilities			
Current provisions for personnel	11	8,163	8,415
Other current provisions	12	73,692	19,588
Current financial liabilities	13	21,040	7,490
Other current liabilities	14	77,349	84,098
Trade payables		53,243	56,636
Income Tax liabilities		2,795	3,495
		236,282	179,722
Total liabilities		474,212	441,373
Total equity and liabilities		720,603	772,310

Villeroy & Boch Group

Consolidated Income Statement from January 1st to September 30th 2009

in Euro `000	Notes	1st - 3rd quarter 2009	1st - 3rd quarter 2008
Revenue		529,185	635,092
Costs of sales		-327,536	-385,585
Gross profit		**201,649**	**249,507**
Selling, marketing and development costs	15	-173,592	-190,150
General and administrative expenses		-33,328	-38,041
Other operating income/expenses		-65,517	-6,203
(Thereof from restructuring)		(- 60,000)	-
Result of associates accounted for using the equity method		344	90
Operating result (EBIT)		**-70,444**	**15,202**
(Operating result before restructuring, interest and taxes)		**(- 10,444)**	**(15,202)**
Financial results	16	-8,036	**-5,941**
Earnings before taxes		**-78,480**	**9,261**
Income taxes	17	0	-2,779
Result after tax (group)		**-78,480**	**6,482**
Thereof attributable to minority interests		54	-5
OF WHICH GROUP EQUITY HOLDERS ARE ENTITLED OF (CONSOLIDATED RESULT)		**-78,426**	**6,477**
EARNINGS PER SHARE in Euros			
Eearnings per ordinary share		-2.99	0.22
Earnings per preference share		-2.94	0.27

Villeroy & Boch Group

Consolidated Income Statement from April 1st to September 30th 2009

in Euro `000	Notes	3 rd quarter 2009	3 rd quarter 2008
Revenue		180,595	200,316
Costs of sales		-112,393	-126,604
Gross profit		**68,202**	**73,712**
Selling, marketing and development costs	15	-56,132	-61,971
General and administrative expenses		-11,406	-12,771
Other operating income/expense		-2,149	-1,027
(Thereof from restructuring)		(-)	(-)
Result of associates accounted for using the equity method		30	30
Operating result (EBIT)		**-1,455**	**-2,028**
Financial results	16	-2,879	**-2,048**
Earnings before taxes		**-4,334**	**-4,076**
Income taxes	17	0	1,223
Result after tax (group)		**-4,334**	**-2,853**
Thereof attributable to minority interests		33	-2
OF WHICH GROUP EQUITY HOLDERS ARE ENTITLED OF (CONSOLIDATED RESULT)		**-4,301**	**-2,855**
EARNINGS PER SHARE in Euros			
Eearnings per ordinary share		-0.19	-0.13
Earnings per preference share		-0.14	-0.08

Villeroy & Boch Group
Consolidated Statement of Equity as of September 30th 2009

	Equity attributable to Villeroy & Boch AG sharesholders							
in Euro '000 Notes	Issued capital	Capital surplus	treasury shares	Retained earnings	Valuatoin surplus 10	Total	**Minority interests**	**Total Equity**
As of 01.01.2008	**71,909**	**193,587**	**-14,099**	**95,891**	**-2,897**	**344,390**	**184**	**344,574**
Result after tax for the period				6,477		6,477	5	6,482
Other comprehensive income					-380	-380	-9	-389
Comprehensive income				**6,477**	**-380**	**6,097**	**-4**	**6,093**
Dividend				-10,388		-10,388	-8	-10,396
Reclassification adjustments						0	0	0
As of 30.09.2008	**71,909**	**193,587**	**-14,099**	**91,980**	**-3,277**	**340,099**	**172**	**340,271**
As of 01.01.2009	**71,909**	**193,587**	**-14,099**	**96,554**	**-17,501**	**330,450**	**487**	**330,937**
Result after tax for the period				**-78,426**		**-78,426**	**-54**	**-78,480**
Other comprehensive income					**2,737**	**2,737**	**-5**	**2,732**
Comprehensive income				**-78,426**	**2,737**	**-75,689**	**-59**	**-75,748**
Dividend				**-9,068**		**-9,068**	**0**	**-9,068**
Reclassification adjustments						**0**	**270**	**270**
As of 30.09.2009	**71,909**	**193,587**	**-14,099**	**9,060**	**-14,764**	**245,693**	**698**	**246,391**

Villeroy & Boch Group
Consolidated Statement of Comprehensive Income as of September 30th 2009

in TEuro	**2009**	2008
Consolidated result after tax for the period 01.01. - 30.09.	**-78,480**	**6,482**
Other comprehensive income for the period (c.p. Note 10)		
Effective result on hedging instruments in a cash flow hedge	**2,617**	-1,068
Gains and losses arising from translating the net investment in a foreign business operation	**-363**	274
Gains and losses arising from translating the financial statements of foreign operation	**393**	173
Gains and losses arising from deferred taxes	**85**	232
Total	**2,732**	-389
Comprehensive income (after tax)	**-75,748**	6,093
Thereof attributable to		
Villeroy & Boch AG shareholders	**-75,689**	6,097
Minority interests	**-59**	-4
	-75.748	6.093

Villeroy & Boch Group
Consolidated Cash Flow Statement as of September 30th 2009

in Euro '000	1st - 3rd quarter 2009	1st - 3rd quarter 2008
Result after tax	-78,480	6,483
Depreciation of non-current assets	26,602	28,231
Change in non-current provisions	-10,275	-9,187
Profit from disposal of fixed assets	-857	-215
Change in inventories, receivables and other assets	22,676	-32,075
Change in liabilities, current provisions and other liabilities	44,261	-17,864
Other non-cash income/expenses	6,562	11,176
Cash Flow from operating activities	**10,489**	**-13,451**
Purchase of intangible assets, property, plant and equipment	-10,404	-12,749
Investment in non-current financial assets and cash payments for the acquisition of consolidated companies	-1,608	-29,084
Cash payments for restricted deposits	-582	-6,669
Cash receipts for discontinued operations	0	7,857
Cash receipts from disposals of fixed assets	3.501	1.091
Cash Flow from investing activities	**-9,093**	**-39,554**
Change in financial liabilities	-6,402	-1,785
Dividend payments	-9,068	-10,389
Cash Flow from financing activities	**-15,470**	**-12,174**
Sum of cash flows	**-14,074**	**-65,179**
Changes due to exchange rates	25	55
Net increase in cash and cash equivalents	**-14,049**	**-65,124**
Balance of cash and cash equivalents as of 01.01.	58,978	75,091
Change in consolidated companies	0	74
Net increase in cash and cash equivalents	-14,049	-65,124
Balance of cash and cash equivalents as of 30.09.	44,929	10,041

Villeroy & Boch Group 1st - 3rd quarter Segment Report as of September 30th 2009

in Euro '000	BATHROOM & WELLNESS 2009	BATHROOM & WELLNESS 2008	TABLEWARE 2009	TABLEWARE 2008	TRANSITION / OTHER 2009	TRANSITION / OTHER 2008	VILLEROY & BOCH GROUP 2009	VILLEROY & BOCH GROUP 2008
Revenue								
Segment revenue from sales to external customers	**325,897**	407,564	**203,288**	227,528	**0**	0	**529,185**	635,092
Segment revenue from transactions with other segments	**470**	604	**8**	0	**-478**	-604	**0**	0
Result								
Segment result (before restructuring)	**-6,129**	12,336	**-4,315**	2,866	**0**	0	**-10,444**	15,202
Restructuring cost	**-40,923**	(-)	**-19,077**	(-)	**0**	(-)	**-60,000**	(-)
Segment result (incl. restructuring)	**-47,052**	12,336	**-23,392**	2,866	**0**	0	**-70,444**	15,202
Financial result					**-8,036**	-5,941	**-8,036**	-5,941
Other information								
Segment assets	**373,329**	414,716	**150,785**	175,458	**196,489**	200,875	**720,603**	791,049
Segment liabilities	**108,377**	146,378	**42,927**	43,523	**322,908**	260,877	**474,212**	450,778
Capital expenditures	**9,528**	13,842	**2,150**	3,638	**0**	0	**11,678**	17,480
Scheduled depreciation of segment assets	**16,802**	17,344	**9,788**	10,887	**0**	0	**26,590**	28,231

Villeroy & Boch Group 3rd quarter Segment Report as of September 30th 2009

in Euro '000	BATHROOM & WELLNESS 2009	BATHROOM & WELLNESS 2008	TABLEWARE 2009	TABLEWARE 2008	TRANSITION / OTHER 2009	TRANSITION / OTHER 2008	VILLEROY & BOCH GROUP 2009	VILLEROY & BOCH GROUP 2008
Revenue								
Segment revenue from sales to external customers	**105,865**	128,949	**74,730**	71,367	**0**	0	**180,595**	200,316
Segment revenue from transactions with other segments	**93**	191	**8**	0	**-101**	-191	**0**	0
Result								
Segment result	**-3,239**	-1,153	**1,784**	-875	**0**	0	**-1,455**	-2,028
(Thereof from restructuring)	**0**	(-)	**0**	(-)	**0**	(-)	**0**	(-)
Financial result					**-2,879**	-2,048	**-2,879**	-2,048
Other information								
Capital expenditures	**3,200**	7,796	**710**	1,588	**0**	0	**3,910**	9,384
Scheduled depreciation of segment assets	**5,648**	5,941	**3,089**	3,637	**0**	0	**8,737**	9,578

Notes to the Consolidated Financial Statements of the Villeroy & Boch Group for the Third Quarter of 2009

General information

Villeroy & Boch AG is a listed public company under German law based in Mettlach and acts as the parent company to the Villeroy & Boch Group. The Group is divided into the two operating Divisions of Bathroom & Wellness and Tableware.

This interim report covers the period from 1 January to 30 September 2009. It was approved for publication on 26 October 2009 after being discussed by the Management Board and the Audit Committee of the Supervisory Board. It was prepared in accordance with section 315a of the *Handelsgesetzbuch* (HGB – German Commercial Code), applying the IASC rules as endorsed by the European Commission. These interim financial statements have not been audited or reviewed by an audit company. In the opinion of the Management Board, these interim financial statements provide a true and fair view of the results of operations, financial position and net assets of the Group. The interim report contains condensed consolidated financial statements with selected explanatory notes in accordance with IAS 34. For this reason it should be read in conjunction with the consolidated financial statements as of 31 December 2008. In the reporting period, the accounting and consolidation methods described in the 2008 Annual Report were extended to include the accounting standards endorsed by the EU for the first time. These have had no material impact on this interim report.

Basis of consolidation

In the reporting period, one inactive company was liquidated and one sales company, currently still inactive, was founded in the Czech Republic.

Dividend distribution by the Villeroy & Boch Group for the 2008 financial year

The dividend of Villeroy & Boch AG approved by the General Meeting of Shareholders on 15 May 2009 of €0.32 per ordinary share (previous year: €0.37) and €0.37 per preference share (previous year: €0.42) was distributed on 18 May 2009. The payment of the dividend is shown separately in the cash flow statement.

Seasonal influences on business activities

The Tableware Division usually expects to generate higher sales and operating profits in the fourth quarter than in others on account of Christmas business. There are no other seasonal effects on the rest of the product portfolio.

Notes to selected items of the consolidated balance sheet

1. Intangible assets

The Villeroy & Boch Group acquired intangible assets of €1,446 thousand in the reporting period (previous year: €5,081 thousand). Essentially, emission allowances allocated free of charge were capitalised at market price on the date of issue (volume: €1,274 thousand). A contra item was recognised in the same amount on the liabilities side of the balance sheet under “Government grants” (see note 14). Amortisation on intangible assets amounted to €1,243 thousand (previous year: €1,119 thousand).

2. Property, plant and equipment

Property, plant and equipment in the amount of €10,232 thousand (previous year: €12,399 thousand) were acquired in the reporting period, mainly as part of replacement and rationalisation activities. These activities focused on the optimisation of production processes in the Netherlands, Germany and Thailand. Property, plant and equipment with a carrying amount €457 thousand (previous year: €625 thousand) were disposed of in the same period. This resulted in a net gain of €857 thousand (previous year: €215 thousand). Depreciation amounted to €24,742 thousand (previous year: €26,511 thousand). As of the reporting date, the Villeroy & Boch Group had obligations to acquire property, plant and equipment in the amount of €2,013 thousand (31 December 2008: €1,884 thousand).

3. Other financial assets

Other financial assets include:

€ thousand	30 Sep. 2009	31 Dec. 2008
Investments	12,280	12,280
Held-to-maturity uncallable bonds (a)	-	20,000
Loans to related parties (b)	8,337	9,528
Loans to third parties	1,682	1,845
Other financial assets	**22,299**	**43,653**

(a) The bond maturing on 27 June 2010 was reclassified to current financial assets (see note 7.). Interest in the amount of €1,215 thousand was recognised as scheduled.

(b) The decline in this item is due to a scheduled repayment of €1,191 thousand by V&B Fliesen GmbH as of 30 June 2009. A guarantee has been provided as collateral for the loan.

4. Deferred tax assets

The increase in this item of €55 thousand as against the balance sheet as of 31 December 2008 relates exclusively to deferred taxes from temporary differences. Deferred tax assets from tax loss carryforwards remained at the same level as 31 December 2008. The additional loss carryforwards incurred to date in 2009 were written down in full. This was done due to the current uncertainty as to the extent and duration of the financial crisis and the associated uncertainty regarding the timely use of these loss carryforwards for tax purposes.

€ thousand	30 Sep. 2009	31 Dec. 2008
Deferred tax assets from temporary differences		
Gross value	27,823	27,720
Impairment	-3,594	-3,546
Net value	24,229	24,174

€ thousand	30 Sep. 2009	31 Dec. 2008
Deferred tax assets from tax loss carryforwards		
Gross value	59,982	35,681
Impairment	-39,286	-14,985
Net value	20,696	20,696

5. Inventories

Inventories were composed as follows as of the balance sheet date:

€ thousand	30 Sep. 2009	31 Dec. 2008
Raw materials, supplies and merchandise	24,584	28,887
Work in progress	21,608	23,736
Finished goods	114,909	126,511
Advance payments	162	403
	161,263	**179,537**

Inventories declined by €10,719 thousand to €95,403 thousand in the Bathroom & Wellness Division as a result of shorter working hours. In addition to the cut in working hours, the €7,555 thousand drop in the Tableware Division was also due to the delivery of a major order (volume: €3.9 million) for which inventories had been reserved as of 31 December. Impairment losses on inventories recognised in profit and loss decreased by €240 thousand from €27,845 thousand to €27,605 thousand in the reporting period.

6. Trade receivables

The trade receivables break down according to region as follows:

€ thousand	30 Sep. 2009	31 Dec. 2008
Germany	79,933	77,195
Rest of Eurozone	8,764	12,283
Other international destinations	38,393	37,102
Trade receivables	**127,090**	**126,580**

Specific and portfolio-based impairment on trade receivables increased by a net amount of €275 thousand in the reporting period to €5,520 thousand.

7. Current financial assets

In addition to the bond maturing on 27 June 2010 previously recognised in the half-year report (see note 3a), €21,213 thousand was invested in fixed term deposits in the third quarter. The investments are protected by the deposit protection fund of the Association of German Banks and the Joint Liability Scheme of the Savings Bank Finance Group.

8. Other non-current and current assets

Other non-current and current assets developed as follows in the reporting period:

	Carrying amount	Remaining term		Carrying amount	Remaining term	
		Less than	More than		Less than	More than
€ thousand	30 Sep. 2009	one year	one year	31 Dec. 2008	one year	one year
Deposits and advance payments	**2,920**	2,913	7	**2,073**	2,066	7
Fair value of cash flow hedges (a)	**1,662**	1,168	494	**4,776**	4,776	-
Tax receivables (b)	**5,716**	5,716	-	**8,600**	8,600	-
Other assets	**12,069**	12,037	32	**11,006**	10,970	36
	22,367	**21,834**	**533**	**26,455**	**26,412**	**43**

(a) Currency forwards were concluded mainly for HUF, USD, SEK and RON for foreign currency transactions in the 2010 financial year. The acquisition of 720 tonnes of brass was secured in the first quarter. The contract ends on 30 December 2011.

(b) The change is primarily the result of a decrease in sales tax receivables.

9. Cash and cash equivalents

Cash and cash equivalents include:

€ thousand	30 Sep. 2009	31 Dec. 2008
Cash in hand including cheques	140	343
Current bank balances	312	3,430
Cash equivalents	44,477	55,205
	44,929	**58,978**

The bank balance reported corresponds to the net balance after being offset against matching liabilities in the amount of €4,402 thousand (31 December 2008: €1,448 thousand). The cash equivalents are fully covered by external guarantee systems.

10. Valuation surplus

The valuation surplus breaks down as follows:

€ thousand	30 Sep. 2009	Change	31 Dec. 2008
Revaluation of cash flow hedges	-2,713	2,617	-5,330
Currency translation of the financial statements of foreign operations	-5,907	398	-6,305
Reserve from net investment as per IAS 21.32	-6,209	-363	-5,846
Surplus for deferred taxes	65	85	-20
Total	**-14,764**	**2,737**	**-17,501**

11. Non-current and current provisions for personnel

The decrease in non-current staff provisions is largely due to the reserves for partial retirement (€-1,644 thousand).

12. Other non-current and current provisions

The increase in current provisions is mainly the result of the restructuring measures announced in March 2009.

13. Non-current and current financial liabilities

A bank loan of €20 million was reclassified to current financial liabilities in the reporting period as it is to be repaid on 25 June 2010. This also means that the non-current share declined to €50 million. The current interest portion is €1,040 thousand.

14. Other non-current and current liabilities

Other non-current and current liabilities break down as follows:

€ thousand	Carrying amount 30 Sep. 2009	Remaining term Less than one year	Remaining term More than one year	Carrying amount 31 Dec. 2008	Remaining term Less than one year	Remaining term More than one year
Advances received on orders	**1,183**	1,183	-	**1,281**	1,281	-
Bonus to customers (a)	**27,960**	27,960	-	**36,276**	36,276	-
Liabilities for personnel	**27,353**	26,708	645	**23,420**	22,775	645
Fair value of cash flow hedges (b)	**3,070**	3,062	8	**10,365**	10,195	170
Government grants	**1,933**	985	948	**1,286**	250	1,036
Tax liabilities (c)	**13,271**	13,271	-	**8,312**	8,312	-
Other liabilities	**5,622**	4,180	1,442	**6,451**	5,009	1,442
	80,392	**77,349**	**3,043**	**87,391**	**84,098**	**3,293**

(a) Decline due to sales

(b) New currency forwards were concluded for the 2010 financial year in the third quarter.

(c) The change in relation to the previous year is primarily due to the increase in sales tax liabilities.

Notes to selected items of the consolidated income statement

15. Selling, marketing and development costs

This item includes the following expenses for research and development in the reporting period:

€ thousand	2009		2008	
	Q1 - Q3	Q3	Q1 - Q3	Q3
Bathroom & Wellness	5,231	1,516	5,580	1,652
Tableware	1,519	504	2,109	728
	6,750	**2,020**	**7,689**	**2,380**

16. Financial result

The financial result breaks down as follows:

€ thousand	2009		2008	
	Q1 - Q3	Q3	Q1 - Q3	Q3
Interest income	2,832	643	5,600	1,800
Interest expenses	-4,009	-1,236	-5,146	-1,719
Interest component of provisions (mainly pensions)	-6,834	-2,277	-6,420	-2,142
Other financial income and expenses	-25	-9	25	13
	-8,036	**-2,879**	**-5,941**	**-2,048**

17. Income taxes

Income taxes break down as follows:

€ thousand	2009		2008	
	Q1 - Q3	Q3	Q1 - Q3	Q3
Current income taxes	0	0	1,028	1,615
Deferred taxes from temporary differences	0	0	-129	-25
Deferred taxes on loss carryforwards	0	0	-3,678	-367
Income taxes	**0**	**0**	**-2,779**	**1,223**

Taking into account the appropriation to the revaluation surplus in equity, the effects of the changes in deferred tax assets and liabilities offset each other in the income tax expense for the three quarters.

Other notes

18. Related party disclosures

No significant agreements were concluded with related parties in the reporting period. As of the balance sheet date, there are net receivables of €1,651 thousand from V & B Fliesen GmbH (previous year: €2,224 thousand) for accounting for various services. These services are accounted for as between unrelated parties. The long-term loan to V&B Fliesen GmbH is discussed in note 3b.

19. Events after the balance sheet date

No significant events occurred up to the time the interim financial statements were approved for publication.

Mettlach, 28 October 2009

Manfred Finger **Frank Göring** **Volker Pruschke**