Interim Report
1 January to 31 March 2007

- **Group sales up 5.2% on previous year**
- **Operating result improved on previous year in all divisions**

<u>Overview of Villeroy & Boch Group</u>

	1.1. - 31.03.2007 million euro	1.1. - 31.03.2006 million euro	Change million euro	Change %
Sales				
Domestic	69.9	72.1	-2.2	-3.1
International	178.0	163.5	14.5	8.9
Total	247.9	235.6	12.3	5.2
Result prior to				
Income taxes and interest/EBIT	11.0	9.8	1.2	12.2
Income taxes/EBT	8.3	7.3	1.0	13.7
Capital expenditure	4.6	5.6	-1.0	-17.9
Consolidated earnings per share (euro)	0.22	0.19	0.03	15.8
Employees	10,097	9,297	800	8.6
Employees (without acquisition in Mexico/USA)	9,107	9,297	-190	-2.0

Securities Identification Numbers: 765 720, 765 723

ISIN: DE0007657207, DE0007657231

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Economic trend remains positive

In the first months of 2007 the positive economic expectations were confirmed. After strong worldwide growth in 2006, a slightly diluted, yet robust growth is anticipated for 2007 as a whole. As a result, the Kiel Institute for Economic Research (IfW) recently upgraded its forecast for the growth rate in global production, from 4.4% in September last year to 4.7% now. The basis for this optimistic expectation is formed by growth in production potential, in particular from the further integration of China and India into the world economy.

Improved capacity utilization should lead to a rise in real gross domestic product for the euro zone by a further 2.7% this year.

With regard to Germany, a strong, though by comparison with the previous year a slightly slower economic upturn is assumed. The five leading economic research institutes recently predicted a 2.4% increase in GDP, thereby raising forecasts considerably.

Sales up on previous year

Sales for the Villeroy & Boch Group were 5.2% higher after the first quarter of the 2007 financial year, at €247.9 million, by comparison with the same period in the previous year.
Overall, increased sales in foreign markets - by 8.9% - made the primary contribution to this satisfying development. Domestically however, sales were 3.1% lower than last year.

As of 31 March 2007, the backlog of orders at the Villeroy & Boch Group amounted to €83.3 million, as against €62.8 million at the beginning of the financial year. The largest share - 53.5% - was accounted for by the Bathroom and Wellness Division. The share of the Tableware Division was 32.7% and of the Tiles Division 13.8%.

Profit before income taxes (EBT) increased by 13.7% to €8.3 million in the first three months of 2007, compared to the same period in the previous year (€7.3 million).

Divisional developments

***Bathroom and Wellness:* Increased sales and profit**

The Bathroom and Wellness Division increased sales by a total of 15%, to €137.2 million, in the first three months of 2007 by comparison with the same period in the previous year. Without including sanitary plants acquired in Mexico, the increase in sales comes to 3.9%.

The operating result of €9.9 million for the Division is €0.5 million higher than the previous year.

With regard to regions, it should be highlighted that, alongside individual markets that are still stagnating, sales of German bathroom fittings continue to grow satisfactorily. The strongest growth though is noted in Northern and Eastern Europe, the Alpine countries and the Far East. Thus for example the region of Russia, the Baltic States and Ukraine jointly increased sales by 30%. Similarly high growth was achieved in Hungary and Romania, where Villeroy & Boch dominates the market with its own plants. The strongest increase was achieved in the Far East Asian countries, with extra sales of 37%.

Villeroy & Boch presented some novelties and product innovations for all units at the world's largest Sanitary and Heating Trade Fair (ISH), held in Frankfurt in March this year. With regard to ceramics, this included the high-quality "Lifetime" collection, fitted with all necessary conveniences, the "Variable" ceramic washstand cabinet, which can be tailored to the right size, and attractive product supplements for existing successful series.
A large number of new products were designed in the Wellness Division. Innovative novelties such as the "Squaro" shower partition, the "Invisible Jets" in system tubs, extra-flat shower trays made from Quaryl® and colour fittings finished in aluminium laid the foundations for future sales. These innovations were given a very positive assessment by customers, as reflected in the contractually agreed exhibition placements.

The Bathroom and Wellness Division anticipates further growth in sales, and corresponding profit developments for 2007 as a whole, including the North American business, acquired on 1 July 2006, over the entire year.

<u>Tiles:</u> Satisfying increases in sales and profits on previous year

Business development was satisfactory for the Tiles Division in the 1st quarter of 2007.
Sales were up 4.2% on the previous year, at €40 million.
The growth in sales results disproportionately from exports. Increases in this area sometimes reached double figures in terms of percentages, while sales in Germany fell back slightly (-1.5%).
The second largest market - France -, which showed signs of weakening in January, closed up 2.5% on the previous year in the first quarter of 2007.

EBIT improved on the previous year from €-0.7 million to €-0.2 million, due to positive sales development and the continued cost saving programme.

The first quarter was characterised by the successful introduction of innovations in 2007.

With the assistance of the program set up for 2007 in order to make use of further processes and thereby cost improvements, a positive result is anticipated in 2007.

<u>Tableware: Result improved despite decline in sales</u>

Sales of €70.7 million in the Tableware Division were down around €7 million, or 9.2%, in the first quarter of 2007, by comparison with the same period in the previous year. In the previous year a large order of around €5 million was concluded in the Tableware Division. Without this, sales would be down 3.6% on the previous year. A difficult market environment is responsible for this. The positive results in the UK, Italy and Russia were not able to offset the weaknesses in Germany, USA and Benelux completely.

The Ambiente Spring Fair, held in February, proved a resounding success - in particular with the launch of the new VIVO brand. Other innovations by the Villeroy & Boch VIVIAN, MARLENE, and MY GARDEN brands, and the new decoration varieties - New Wave (ETHNO) and New Wave Caffé (COLOURS OF AFRICA) - proved to be outstanding successes.

The operating result (EBIT) of the Tableware Division reached €1.3 million, around €0.2 million higher than the previous year. This can be attributed to higher margins and improved capacity utilization at its plants.

This trend is likely to continue for the remainder of the year, especially given that the personnel adjustment measures, introduced in 2006, are now taking full effect.

<u>Investment volume</u>

The Villeroy & Boch Group invested a total of €4.6 million in the first three months of 2007, as against €5.6 million in the same period of the previous year. The domestic share of capital expenditure was 35.4% and the international share 64.6%.

<u>Prospects for the 2007 financial year</u>

After the satisfactory progress in the first quarter of 2007, Villeroy & Boch is expecting an increase in revenue for the financial year as a whole in the Bathroom and Wellness, and Tableware Divisions.
The sale of a 51% shareholding in V&B Fliesen GmbH to the Turkish Eczacibasi Group - not likely to take effect before 30 June 2007 - will result, by virtue of the final consolidation of this company, in a reduction in revenues over a half-year period.
For the entire year sales of approx. €940 million are expected, linked to a corresponding increase in the operating result. This is supported by cost savings effects, which will have an effect over the entire financial year, by comparison with the previous year.

Villeroy & Boch Share

Starting out from a closing price of €13.37 in the 2006 financial year, the stock was quoted at €14.85 on 31 March 2007, which is equivalent to a price rise of 11.1%. This extremely satisfying development in the Villeroy&Boch share was in line with the general trend of the SDAX. By comparison with the end of 2006 however, the SDAX clearly lagged behind with an increased rate of around 8.7%. If we examine the development of the relevant Prime Consumer and Prime Household Appliances & Houseware comparative index, it can be discerned that the trend of this index shows similar progress, though it is more clearly lagging behind.

Mettlach, April 2007

Villeroy & Boch AG

Board of Directors

Financial calendar:

1 June 2007	General Meeting at Merzig City Hall
26 July 2007	Report on the First Half of 2007
30 October 2007	Report on the First Nine Months of 2007

Villeroy & Boch consolidated balance sheet

	Notes	31.03.2007 Euro million	31.12.2006 Euro million
Assets			
Intangible assets	1	47.2	47.7
Property, plant and equipment	2	246.0	253.2
Investment properties		1.4	1.4
Investment accounted for at equity		1.1	1.1
Other financial assets	3	2.0	2.5
		297.7	**305.9**
Other non-current assets	7	0.1	0.2
Deferred tax assets		51.8	51.9
Non-current assets		**349.6**	**358.0**
Inventories	4	211.2	205.8
Trade receivables	5	169.6	163.5
Financial assets	6	0.0	10.3
Other current assets	7	18.3	24.2
Tax claims	8	14.1	16.0
Cash and cash equivalents	9	5.7	11.6
Current assets		**418.9**	**431.4**
Total Assets		**768.5**	**789.4**

	Notes	31.03.2007 Euro million	31.12.2006 Euro million
Shareholders' Equity and Liabilities			
Issued capital		71.9	71.9
Capital surplus		193.6	193.6
Retained earnings	10	83.8	67.6
Consolidated result		5.8	17.0
Equity attributable to minority interest	11	0.2	0.3
Total shareholders' equity		**355.3**	**350.4**
Provisions for pensions and similar obligations	12	186.6	187.0
Other non-current provisions	13	9.3	9.3
Non-current financial liabilities	14	0.0	0.0
Other non-current financial liabilities	15	3.4	3.6
Deferred tax liabilities		19.0	19.0
Non-current liabilities		**218.3**	**218.9**
Other current provisions	13	25.6	31.7
Current financial liabilities	14	4.7	0.0
Other current liabilities	15	70.6	89.6
Trade payables	16	73.5	82.4
Tax liabilities	17	20.5	16.4
Current liabilities		**194.9**	**220.1**
Total shareholders' equity and liabilities		**768.5**	**789.4**

Statement of Shareholders' Equity

Euro million	Issued capital	Capital surplus	Retained earnings	Consolidated result	Equity attributable to minority interests	Total equity
As of 01.01.2006	**71.9**	**193.6**	**62.5**	**13.1**	**3.6**	**344.7**
Dividend						0.0
Reclassification of prior-year			13.1	-13.1		0.0
Consolidated result 01.01. - 31.03.				5.3	-0.1	5.2
Subsequent valuation IAS 39			0.0			0.0
Currency change			-2.2		0.0	-2.3
Other changes in shareholders' equity			0.0			0.0
As of 31.03.2006	**71.9**	**193.6**	**73.3**	**5.3**	**3.5**	**347.7**
As of 01.01.2007	**71.9**	**193.6**	**67.6**	**17.0**	**0.3**	**350.4**
Dividend						0.0
Reclassification of prior-year			17.0	-17.0		0.0
Consolidated result 01.01. - 31.03.				5.8	0.0	5.8
Subsequent valuation IAS 39			0.7			0.7
Currency change			-1.5			-1.5
Other changes in shareholders' equity					-0.1	-0.1
As of 31.03.2007	**71.9**	**193.6**	**83.8**	**5.8**	**0.2**	**355.3**

Villeroy & Boch Consolidated Profit and Loss Statement

	Notes	**1st quarter 2007** Euro million	**1st quarter 2006** Euro million
Revenue	18	247.9	235.6
Costs of sales		-148.6	-141.9
Gross profit		**99.3**	**93.7**
Selling, marketing and development costs	19	-71.5	-70.2
General and administrative expenses		-13.4	-12.8
Other operating income/expense		-3.4	-0.9
Result from investments in associates		0.0	0.0
Operating result (EBIT)		**11.0**	**9.8**
Financial results	**20**	**-2.7**	**-2.5**
Earnings before taxes		**8.3**	**7.3**
Taxes on income		-2.5	-2.1
Net income		**5.8**	**5.2**
of which attributable to minority interests	21	0.0	0.1
Consolidated result		**5.8**	**5.3**
Earnings per ordinary share in Euros		0.20	0.18
Earnings per preference share in Euros		0.25	0.23

Villeroy & Boch Consolidated Cash Flow Statement

	1st quarter 2007 Euro million	**1st quarter 2006** Euro million
Profit after tax	5.8	5.2
Depreciation of non-current assets	10.8	11.0
Change in non-current provisions	-2.7	-2.4
Profit from disposal of fixed assets	-0.3	0.0
Change in inventories, accounts receivable and other assets	3.8	-26.0
Change in liabilities, current provisions and other liabilities	-27.9	-29.2
Other non-cash income/expenses	2.4	3.5
Cash Flow from operating activities	**-8.1**	**-37.9**
Purchase of intangible assets, property, plant and equipment	-4.6	-5.6
Investment in non-current financial assets and cash payments for the acquisition of consolidated companies	3.3	2.3
Cash receipt frome disposals of fixed assets	-1.4	-0.1
Cash Flow from investing activities	**-2.7**	**-3.4**
Change in financial liabilities	4.7	0.0
Deposits due to sale of/payment for the acquisition of treasury stock	0.0	0.0
Dividend payments	0.0	0.0
Cash Flow from financing activities	**4.7**	**0.0**
Sum of cash flows	**-6.1**	**-41.3**
Changes due to exchange rates	0.2	0.2
Net increase in cash and cash equivalents	**-5.9**	**-41.1**
Balance of cash and cash equivalents as of 01.01.	**11.6**	**58.5**
Change in consolidated companies	0.0	0.0
Net increase in cash and cash equivalents	-5.9	-41.1
Balance of cash and cash equivalents as of 31.03.	**5.7**	**17.4**

Key segment data	Bathroom and Wellness	Tile	Tableware	Transition Other	Villeroy & Boch Group
1st quarter 2007					
External revenue (net)	137.2	40.0	70.7		247.9
EBIT	9.9	-0.2	1.3		11.0
Financial result				-2.7	-2.7
Depreciation	5.5	1.4	4.0		10.9
Capital expenditure	2.8	0.6	1.2		4.6
Net operating assets	284.6	80.1	135.6	-145.0	355.3
Number of employees	5,878	946	2,825	448	10,097
1st quarter 2006					
External revenue (net)	119.3	38.4	77.9		235.6
EBIT	9.4	-0.7	1.1		9.8
Financial result				-2.5	-2.5
Depreciation	5.4	1.4	4.2		11.0
Capital expenditure	3.1	0.4	2.1		5.6
Net operating assets	228.8	83.5	154.7	-116.1	350.9
Number of employees	4,746	1,023	3,100	428	9,297

(Figures in Euro millions; number of employees: average for the period under review)

Notes on the consolidated financial statement of the Villeroy & Boch Group for the first quarter of 2007

General information

Villeroy & Boch AG, with its registered seat at Mettlach, Saaruferstrasse, is a listed public limited company, pursuant to German law, which fulfils the role of parent company to the Villeroy & Boch Group. The corporate group comprises three operational divisions: bathroom and wellness, tableware and tiles.

The interim financial statement for the period from 1 January to 31 March 2007 was cleared for publication by means of a Board of Directors resolution. The interim consolidated financial statement was compiled with consideration for Article 315a of the German Commercial Code (“HGB”), and employing the IASC regulations adopted by the European Commission. This interim financial statement has not been subject to audit or review by an auditing company.

In the view of the Board of Directors, the interim financial statement presented herein outlines the income, financial and assets situation in conformity with actual conditions. In applying IAS 34, the interim financial statement does not contain any explanations and data prescribed for the annual financial statement, and should therefore be read in conjunction with the consolidated financial statement as of 31 December 2006.

The accounting, valuation and consolidation methods described in the annual report for 2006 continued to be employed without any alterations in the reporting period.

Unless stated to the contrary, data provided are specified in thousand euros (Euro ‘000).

Consolidated companies

Villeroy & Boch AG and fully consolidated enterprises:	Domestic	International	Total
Position as of 1 January 2007	20	51	71
Additions through start-ups	-	1	1
acquisition of interests	-	-	-
Disposals through mergers	-	-	-
liquidation	-	-3	-3
Position as of 31 March 2007	20	49	69
Enterprises accounted for at equity			
Position as of 31 March 2007 - unchanged -	1	-	1

In order to optimise the corporate structure, Villeroy & Boch Gustavsberg AB was founded in Sweden. Two inactive companies were liquidated in France and one in the Netherlands.

Proposed dividends for Villeroy & Boch AG

The Supervisory Board and Board of Directors hereby propose the following dividends for shareholders with voting rights:

dividends on ordinary shares 0.37 euro (2005: 0.32 euro)

dividends on preferential shares 0.42 euro (2005: 0.47 euro)

Ordinary shareholders shall vote on this proposal at the General Meeting to be held on 1 June 2007.

Acquisitions / disinvestments / discontinued units

Villeroy & Boch AG sold 51% of shares in V & B Fliesen GmbH to the Turkish Eczacibasi Group on 26 March 2007, and thereby gained a cooperating partner in the Tiles Division. Closure is not expected before 30 June 2007. A license agreement assures the future of the “House of Villeroy & Boch” integrated marketing concept. The land and buildings required for tile production shall remain under the ownership of the Villeroy & Boch Group. Factory locations in Germany and France shall continue with their operations.

With regard to this quarterly financial statement, the Villeroy & Boch Group would relinquish the net assets specified in the table below.

Euro ‘000	31 March 2007	31 Dec. 2006
Property, plant and equipment	15,216	15,679
Inventories	51,514	51,085
Other current and non-current assets	28,667	23,719
Assets inherited from the buyer	95,397	90,483
Pensions and similar obligations	8,521	8,417
Other current provisions	965	1,780
Other liabilities	30,475	31,006
Liabilities inherited from the vendor	39,961	41,203
Current value of outgoing net assets for reconciliation	55,436	49,280

The increase in net assets compared with the end of the year is essentially accounted for by the rise in trade receivables.

As a result of the sale of 51% of shares in V & B Fliesen GmbH, full consolidation shall be switched to “at equity” consolidation upon closure. This means that any fully incorporated assets and liabilities shall be replaced at this time by a share in proportion to the amount of equity.

Based on the financial year of 2007, this transaction is expected to involve a reduction in consolidated revenue of around 80 million euro.

Seasonal impacts on business activity

In the Tableware Division, revenues and operating profits are routinely anticipated to be higher in the first quarter, due to Easter trading, and especially in the fourth quarter, as a result of Christmas trading, than in the other two quarters. Such impacts can also be seen at Group level, given that no other seasonal effects can be identified in the rest of the product portfolio. The fourth quarter has shown the largest sales figures and profit growth in each of the past two years.

Explanatory notes on the balance sheet

The composition of selected balance sheet items is described below.

Fixed assets

Fixed assets developed as follows in the reporting period:

Euro '000 Footnote	Intangible assets 1	Property, plant and equipment 2	Investment properties	Investment accounted for at equity	Other financial assets 3	Total
Accumulated acquisition cost						
Position as of 1 Jan. 2007	**60,512**	**918,430**	**1,360**	**1,058**	**2,739**	**984,099**
Currency adjustment	-147	-377	0	0	-2	-526
Adjustment (not affecting net income) of financial assets to market values	0	0	0	0	0	0
Changes in consolidated companies	0	0	0	0	0	0
Additions	85	4,488	1	30	16	4,620
Disposals	-48	-1,018	0	0	-602	-1,668
Rebooking items	27	-27	0	0	0	0
Position as of 31 March 2007	**60,429**	**921,496**	**1,361**	**1,088**	**2,151**	**986,525**
Accumulated depreciation and impairment						
Position as of 1 Jan. 2007	**12,831**	**665,240**	**0**	**0**	**211**	**678,282**
Currency adjustment	3	580	0	0	0	583
Changes in consolidated companies	0	0	0	0	0	0
Scheduled depreciation	389	10,439	0	0		10,828
Disposals	-26	-792	0	0	-42	-860
Write-ups	0	0	0	0	0	0
Rebooking	0	0	0	0	0	0
Position as of 31 March 2007	**13,197**	**675,467**	**0**	**0**	**169**	**688,833**
Residual book values						
Position as of 31 March 2007	**47,232**	**246,029**	**1,361**	**1,088**	**1,982**	**297,692**
Position as of 31 Dec. 2006	47,681	253,190	1,360	1,058	2,528	305,817

1. Intangible assets

The capitalized goodwill of the Villeroy & Boch Group has been assigned to the Bathroom and Wellness Division, as a unit that generates cash and cash equivalents. Pursuant to IFRS 3, goodwill shall be audited on an annual basis for value retention. The change in value of this item of 150,000 euro in comparison with the end of the year relates purely to market rates.

The Group acquired 85,000 euro in intangible assets in the reporting period (previous year: 298,000 euro). With a 90% share, the focal point for investment was Germany.

2. Property, plant and equipment

During the reporting period, 4,488,000 euro (previous year: 4,977,000 euro) was invested in property, plant and equipment. This had an international focus in the first quarter of 2007, primarily in the optimisation of production processes in Hungary, Romania and Sweden. The Group invested 1,543,000 euro in Germany, primarily in tools for innovations, the modernisation of the Merzig warehouse and environmental protection. In the same period, property, plant and equipment were disposed of in a book value amount of 226,000 euro (previous year: 231,000 euro). Scheduled depreciation in the first quarter of 2007 amounted to 10,439,000 euro (previous year: 10,689,000 euro).

At the time of the report, the Villeroy & Boch Group had obligations to acquire property, plant and equipment in an amount of 2,870,000 euro (as of 31 December 2006: 1,034,000 euro).

3. Other financial assets

Fixed-interest securities shown on 31 December 2006 in the "*Financial assets available for sale*" category and shares in a special fund in an amount of 359,000 euro were sold during the first quarter. The resultant profit of 347,000 euro is included in the financial result.

4. Inventories

On the balance sheet date, inventories included:

Euro '000	31 March 2007	31 Dec. 2006
Raw materials and supplies	37,204	35,046
Goods in process	31,013	30,966
Finished goods and products	141,274	138,523
Deposits paid	1,381	923
Issue rights	328	301
	211,200	**205,759**

5. Trade receivables

The following values have been accounted in trade receivables:

Euro ‘000	31 March 2007	of which residual term is over 1 year	31 Dec. 2006	of which residual term is over 1 year
Trade receivables	**169,632**	88	**163,486**	88

6. Current financial assets

During the reporting period, within this item an accounted loan against borrower’s note was paid back in due time on 5 February 2007.

7. Other current and non-current assets

In the reporting period, other current and non-current assets were subject to the following changes:

	Book value	Residual term		Book value	Residual term	
		up to	over		up to	over
Euro ‘000	31 March 2007	1 year	1 year	31 Dec. 2006	1 year	1 year
Accounts receivable from associates	**666**	666	0	**666**	666	0
Remaining other assets	**14,062**	14,029	33	**21,353**	21,133	220
Accrued income	**3,681**	3,636	45	**2,405**	2,385	20
	18,409	**18,331**	**78**	**24,424**	**24,184**	**240**

The reduction in other assets is effectively the result of the decline in accounts receivable from properties sold in the previous year.

8. Tax claims

Claims from tax refunds developed as follows:

	Book value	Residual term		Book value	Residual term	
		up to 1	over 1		up to 1	over 1
Euro ‘000	31 March 2006	year	year	31 Dec. 2006	year	year
Claims from income tax	**4,907**	4,907	0	**4,883**	4,883	0
Other tax claims	**9,178**	9,178	0	**11,134**	11,134	0
	14,085	**14,085**	**0**	**16,017**	**16,017**	**0**

9. Cash and cash equivalents

No cash equivalents were held at the Villeroy & Boch Group on the balance sheet date. Accounts receivable from and liabilities to credit institutions were shown in balance in an amount of 3,496,000 euro (as of 31 December 2006: 11,220,000 euro), since the necessary offset factors and the object of the transaction have been provided on a net basis (IAS 32.80).

10. Retained earnings

Villeroy & Boch AG holds own shares in an unchanged amount of 1,683,029. Retained earnings include:

Euro '000	31 Dec. 2006	Increase	Reduction	31 March 2007
Surplus for own shares pursuant to IAS 32.33	-14,099	0	0	-14,099

The following valuation reserves are balanced in retained earnings, pursuant to IAS 39:

Euro '000	31 Dec. 2006	Increase	Reduction	31 March 2007
Revaluation of foreign exchange futures	-1,667	1,332	-945	-1,280
Revaluation of interest swaps	-779	161	0	-618
	-2,446	**1,493**	**-945**	**-1,898**

Furthermore, changes in valuations of loans that are classified as net investment in international Group enterprises have been allowed for:

Euro '000	31 Dec. 2006	Increase	Reduction	31 March 2007
Currency conversion pursuant to IAS 21.32	-1,028	0	-646	-1,673

11. Equity attributable to minority interests

Interests of third parties in the equity of subsidiaries are shown in the item "Equity attributable to minority interests". As of 31 March 2007, this amounted to 228,000 euro (as of 31 December 2006: 310,000 euro).

12. Provisions for pensions and similar obligations

Provision for pensions and similar obligations consists of:

Euro '000	31 March 2007	31 Dec. 2006
Provisions for pensions	171,341	171,643
Provisions for similar obligations	15,307	15,402
	186,648	**187,045**

13. Other current and non-current provisions

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

Euro '000	Non-current provisions	Current provisions for					Total amount
		Personal sector	Guarantees	Restructuring	Others	Total	
Position as of 1 Jan. 2007	**9,253**	**9,333**	**9,173**	**5,683**	**7,471**	**31,660**	**40,913**
Currency	-57	3	-47	17	-97	-124	-181
Usage	-55	-7,668	-34	-1,182	-1,778	-10,662	-10,717
Cancellation	0	0	-26	0	-50	-76	-76
Allocation	128	2,424	149	924	1,323	4,820	4,948
Position as of 31 March 2007	**9,269**	**4,092**	**9,215**	**5,442**	**6,869**	**25,618**	**34,887**

The decline in provisions in the Personnel sector is essentially related to outstanding bonus payments as a result of usage of provisions.

14. Current and non-current financial liabilities

The Villeroy & Boch Group has revealed current liabilities in an amount of 4,737,000 euro (as of 31 December 2006: 0 euro). Accounts receivable in or liabilities to credit institutions were shown in balance of 3,496,000 euro (as of 31 December 2006: 11,220,000 euro).

15. Other current and non-current liabilities

Other current and non-current liabilities include remaining liabilities and deferred items.

Euro '000	Book value 31 March 2007	Residual term up to 1 year	Residual term over 1 year	Book value 31 Dec. 2006	Residual term up to 1 year	Residual term over 1 year
Payments received on orders	**892**	892	0	**1,055**	1,055	0
Wage and salary accounting	**32,463**	32,463	0	**28,785**	28,785	0
Bonuses and rebates	**26,124**	26,124	0	**45,574**	45,574	0
Other liabilities	**12,211**	10,335	1,876	**15,233**	13,166	2,067
Public subsidies	**1,367**	224	1,143	**1,371**	208	1,163
Deferred expenses	**940**	564	376	**1,229**	853	376
	73,997	**70,602**	**3,395**	**93,247**	**89,641**	**3,606**

The significant change in this position results from the regulation of bonus obligations.

16. Trade payables

This item consists of outstanding trade payables.

Euro '000	Book value 31 March 2007	Residual term up to 1 year	over 1 year	Book value 31 Dec. 2006	Residual term up to 1 year	over 1 year
Trade payables	**73,489**	73,489	0	**82,391**	82,391	0

17. Current and non-current tax liabilities

Current and non-current tax liabilities include tax obligations and tax provisions.

Euro '000	Book value 31 March 2007	Residual term up to 1 year	over 1 year	Book value 31 Dec. 2006	Residual term up to 1 year	over 1 year
Tax obligations	15,362	15,362	0	10,659	10,659	0
Tax provisions	5,136	5,136	0	5,702	5,702	0
	20,498	20,498	0	16,361	16,361	0

Explanatory notes on the profit and loss statement

18. Revenue

Revenues are itemized in Group segment reporting.

19. Sales, marketing and development costs

This item contains the costs of sales, agents, advertising and logistical expenses, license expenditure, and research and development costs.

The following expenditure was incurred on research and development in the reporting period.

Euro '000	1st quarter 2007	1st quarter 2006
Tiles	426	433
Bathroom and Wellness	1,780	1,900
Tableware	558	724
	2,764	**3,057**

20. Financial result

Euro '000	1st quarter 2007	1st quarter 2006
Other interest and similar income	1,285	905
Interest and similar expenditure	-1,504	-985
Total result on interest	-219	-80
Result of other financial operations	-82	10
	-301	**-70**

21. Profit after tax attributable to minority shareholders

Minority interests in profit after tax amount to -4,000 euro (1st quarter of 2006: 96,000 euro). This decline was accounted for by the acquisition of further shares in Villeroy & Boch Hungary RT.

Other explanatory notes

22. Financial instruments

Derivative financial instruments accounted by the Villeroy & Boch Group include:

	31 March 2007		31 Dec. 2006	
Euro '000	Book value	Market value	Book value	Market value
Foreign exchange futures	422	422	435	435
Securing supply of raw materials (first time since 02/2007)	254	254	0	0
Financial assets	676	676	435	435
Interest swap	617	617	1,623	1,623
Foreign exchange futures	2,319	2,319	1,342	1,342
Financial liabilities	2,936	2,936	2,965	2,965

Interest swaps are accounted annually on 30 March. The accounting result is contained in the financial result.

23. Relationships with affiliated companies and persons

During the reporting period no contracts of material importance were entered into with affiliated companies and persons.

24. Events after the balance sheet date

At the time of release of the interim financial statement, no significant events were known.

Mettlach, 26 April 2007

Wendelin von Boch-Galhau Manfred Finger Frank Göring