Interim Report
January 1st to March 31st 2008

- **Consolidated sales in continued segments up by 6.3%**
- **Slight improvement in EBT compared with prior year**

Overview of the Villeroy & Boch Group

	01/01-03/31/2008 Euro million	01/01-03/31/2007 (1) Euro million	Change Euro million	Change %
Sales	220.9	207.9	13.0	6.3
Germany	46.4	48.2	-1.8	-3.7
Abroad	174.5	159.7	14.8	9.3
Result before				
Income tax and interest/EBIT	10.2	10.7	-0.5	-4.7
Income tax/EBT	8.3	8.0	0.3	3.8
Capital expenditures	3.2	4.0	-0.8	-20.0
Consolidated results per share (Euro)	0.22	0.21	0.01	4.8
Employees	9,331	9,151	180	2.0
(1) Prior year comparison: Continued segments				

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Cooling Down of the Global Economy

The global economy slowed down noticeably in spring 2008 due to the real estate crisis in the USA and the turmoil that this caused on the international financial markets.
Economic research institutes consider that there is considerable risk of the USA sliding into a recession. There has also been a slight weakening of the economy in Western Europe. Global economic development is also being curbed by the upsurge in prices witnessed over the past few months, as well as by the sustained increase in crude oil prices and the rise in the cost of food. This is causing a withdrawal of spending power on a global scale.
The expansion tempo of the global economy is nevertheless still considerable, mainly due to the substantial increase in production in the emerging nations.

The economy in Germany is expected to cool down in the course of 2008. On the one hand, Germany is profiting from accelerated domestic demand, due, in particular, to substantial increases in income in the wake of job creation measures; on the other hand, very little momentum will be provided by international demand in the face of the increasingly negative mood in the global economy and the upward revaluation of the Euro.

Sales and Net Income above Prior Year Level

The Villeroy & Boch Group achieved sales of €220.9 million in the first quarter of 2008, which is equivalent to a 6.3% improvement over the comparable prior year period for the continued operations.
Adjusted for currency influences resulting, in particular, from the weakness of the dollar, this equates to a 7.8% increase compared with the prior year, with the proportion of foreign sales reaching 79% (prior year 76.8%).

Orders on hand in the Villeroy & Boch Group as of March 31st 2008 stand at €74 million compared with €59.5 million at the beginning of the financial year. The increase of around €14.5 million is accounted for almost entirely by the Tableware Division and is mainly attributable to seasonal effects.

EBT for the first three months of 2008 stands at €8.3 million, which means that it has increased slightly compared with the prior year (€8.0 million; adjusted for the Tile Division).

Development in the Divisions

Bathroom and Wellness: Sales at Prior Year Level

The first three months of 2008 have seen sales achieved by the Bathroom and Wellness Division remain virtually constant at €136.4 million, compared with the corresponding prior year period. A comparison with the prior year should, however, take into account that the Easter break fell in the first quarter of 2008 this time and that it was not until April/May 2007 that the noticeable weakening of construction activity in Germany became evident.
The global sales regions show markedly different development:
Western Europe, without the old domestic markets of Germany and France, saw net sales increase by + 6%, whereas a prior year comparison for the two above-mentioned countries shows a clearly negative result at - 9%. In Germany the economic dip in the construction industry continues to persist. However, in most Western European markets, upscale new construction or renovation work continues to be at a good level.

In Northern Europe, particularly Sweden, intense competitive pressure arose at the end of last year, with the result that, overall, the region has not hitherto been able to record any growth rates in 2008.

By contrast, the Division was able to perform strongly in Eastern Europe again. Driven by Poland, Russia, the Czech Republic and Romania, the region increased sales by + 17%.

The positive development on the American continent is being severely impacted in 2008 in the USA by currency effects and the mortgage crisis. The weakening of the US dollar and the recessive economic development are significantly slowing down business in the Division. However, it was still possible to achieve another 8% sales increase in Mexico.

The highest growth rates, however, were achieved in the Asian countries, particularly in China. Furthermore, the growth rates in both Australia and the Gulf States in the Middle East were above-average.

Sanitary ware, furniture and Wellness innovations were put on show at the important Sanitär- und Handwerksmesse (Trade Fair for Sanitary Installation, Heating and Air Conditioning) in March, being well received by trade visitors from the wholesale sector and by plumbers alike. These innovations primarily involve natural additions to the range and a further offensive in the sphere of bathroom furniture.

In terms of product segments, branded goods were able to show a significant increase in all areas, with the product groups of furniture (+ 12%) and Wellness (+ 10%) deserving particular emphasis. The success of the high investment made in customer exhibitions in 2007 is now being revealed.

The measures for optimizing order processing and logistics processes started in the prior year and enabled significant improvements to be made in delivery punctuality and reliability, in the first quarter of 2008, which has met with a positive response from customers.

In the first quarter, the Bathroom & Wellness Division achieved an EBIT of €6.9 million, which was below the prior year result of €9.6 million, caused mainly by the increased costs incurred in opening up new markets as well as negative effects on currency and economy coming from the USA. In the further course of the year, however, the Division expects to see a slight recovery in sector activity in Germany, strengthening of the competitive position in Scandinavia and further sales successes with the furniture and Wellness innovations placed on the market in the last 12 months. A large-scale initiative involving local Wellness ranges is in the process of being launched and will give a positive boost to sales development. Eastern Europe and Asia will continue to make good progress, but the crisis in the USA will also have an impact on the entire year.

Tableware: Significant Increase in Sales and Net Income in a Difficult Market Environment

The Tableware Division was able to hold its own in the first quarter of 2008, even though the current market situation, which has been, and will doubtless continue to be, negatively influenced by uncertain consumer behavior in the wake of the US subprime crisis, provides a very difficult environment.

Sales achieved by the Tableware Division in the first quarter of 2008 were significantly above the prior year's reference values. However, sales are being heavily driven by special business activities in the area of advertising material. Comparable special business activities in financial year 2007 did not start until the second quarter of the year.

Sales in the first 3 months rose to €84.5 million, a €13.8 million or 19.5% increase compared with the prior year. It is particularly Eastern Europe (+60%), Russia (+38%), Poland (+34%) and the Middle East (+52%) that have witnessed a significant increase in sales. Compared with the prior year, sales in the German market also showed a positive development (+11%).
There were pleasing developments in the sales channels of external specialized trade, e-commerce and premium & incentive, due, in this case, to the special order, in particular.

Incoming orders in the first 3 months increased from €82.5 million to €98.7 million, an improvement of €16.2 million over the same period in the prior year. This is, however, influenced by the above-mentioned large-scale order in the advertising area. Adjusted for this effect, incoming orders were still 2% or €1.5 million above the pro rata prior year level. Extremely good orders are currently being placed in the markets of Eastern Europe (including Russia) and the Middle East. However, a good volume of orders has also been received in Italy, France, Austria and Germany, in comparison with the first quarter of 2007. By contrast, business in the UK / Ireland, Switzerland, USA and the Benelux countries has been slightly disappointing.
Operating income (EBIT) in the first quarter of €3.3 million is €2.2 million above that of the prior year's reference value of €1.1 million.

Investment Volume

The first quarter of 2008 saw the Villeroy & Boch Group invest a total of €3.2 million, compared with €4.0 million in the prior year period.
€3.1 million of this figure was accounted for by property, plant and equipment and €0.1 million by intangible assets. According to regions, around 34% was invested in Germany and 66% abroad.

Outlook for Financial Year 2008

The Villeroy & Boch Group will continue its internationalization strategy in 2008. The acquisition of 80% of shares in Nahm Sanitaryware Co. Ltd., the Thai sanitaryware producer, completed in April 2008, meant that another step was taken in the context of this strategy. The intention is to create a platform in the Asian region.
Villeroy & Boch expects to see an increase in sales revenue and net income over the entire year.

Villeroy & Boch Share

The Villeroy & Boch share closed the first quarter on March 31st 2008 at a price of €8.91. Compared with the closing price of financial year 2007, which was €12.32, this is equivalent to a fall of 27.7%. The comparative index of the "Prime Household" sector lost almost the same amount of value in the reporting period.

Mettlach, April 2008

Villeroy & Boch Aktiengesellschaft

The Management Board

Financial Calendar:

May 30th 2008	General Meeting of the Shareholders at Town Hall ("Stadthalle") in Merzig
July 29th 2008	Report on the first half of 2008
October 28th 2008	Report on the first nine months of 2008

Villeroy & Boch Group

Consolidated balance sheet as of March 31st 2008

in Euro `000	Notes	31/03/2008	31/12/2007
Assets			
Intangible assets	1	**47,946**	48,163
Property, plant and equipment	2	**198,552**	205,506
Investment properties		**16,370**	16,571
Investment accounted for using the equity method		**1,122**	1,092
Other financial assets	3	**24,840**	25,046
		288,830	296,378
Other non-current assets		**68**	78
Deferred tax assets		**43,473**	46,471
		332,371	342,927
Non-current assets			
Inventories	4	**176,364**	168,726
Trade receivables	5	**137,750**	135,008
Financial assets	6	**20,258**	45,219
Other current assets	7	**29,916**	32,632
Income tax claims		**6,193**	5,285
Cash and cash equivalents	8	**72,734**	75,091
		443,215	461,961
Total Assets		**775,586**	804,888

Shareholders' Equity and Liabilities

TEuro	Notes	31/03/2008	31/12/2007
Equity attributable to Villeroy & Boch AG shareholders			
Issued capital		**71,909**	71,909
Capital surplus		**193,587**	193,587
Retained earnings	9	**77,439**	71,723
Consolidated result		**5,834**	7,171
		348,769	344,390
Equity attributable to minority interests		**182**	184
Total equity		**348,951**	344,574
Non-current liabilities			
Provisions for pensions		**153,618**	154,326
Non-current provisions for personnel	10	**19,053**	19,372
Other non-current provisions	11	**5,198**	5,166
Non-current financial liabilities		**70,000**	70,000
Other non-current financial liabilities	12	**3,634**	3,717
Deferred tax liabilities		**15,088**	15,432
		266,591	268,013
Current liabilities			
Current provisions for personnel	10	**3,720**	8,234
Other current provisions	11	**22,201**	24,290
Current financial liabilities		**2,895**	1,972
Other current liabilities	12	**64,762**	83,750
Trade payables		**59,580**	66,782
Income Tax liabilities	13	**6,886**	7,273
		160,044	192,301
Total liabilities		**426,635**	460,314
Total equity and liabilities		**775,586**	804,888

Consolidated Income Statement

as of December 31st 2008

in Euro '000	Notes	2008 01.01.-31.03.	2007 01.01.-31.03.
CONTINUED OPERATIONS			
Revenue	14	**220,928**	**207,877**
Costs of sales		-132,069	-119,854
Gross profit		**88,859**	**88,023**
Selling, marketing and development costs	15	-64,642	-62,254
General and administrative expenses		-12,007	-12,028
Other operating income/expense		-2,089	-3,096
Result of associates accounted for using the equity method		30	30
Operating result (EBIT)		**10,151**	**10,675**
Financial results	16	**-1,818**	**-2,638**
Earnings before taxes		**8,333**	**8,037**
Income taxes		-2,500	-2,495
Net income from continued operations		**5,833**	**5,542**
SOLD OPERATIONS			
Net income from sold operations		**0**	**280**
RESULT AFTER TAX (GROUP)		**5,833**	**5,822**
Thereof attributable to minority interests		1	-4
OF WHICH GROUP EQUITY HOLDERS ARE ENTITLED OF (CONSOLIDATED RESULT)		**5,834**	**5,818**
EARNINGS PER SHARE in Euros			
Consolidated net earnings per ordinary share		0.20	0.20
Consolidated net earnings per preference share		0.25	0.25
Thereof continued opertions			
Net earnings per ordinary share		0.20	0.19
Net earnings per preference share		0.25	0.24

There were no share dilutions effects in the reporting periods.

Consolidated Statement of Equity
as of March 31st 2008

in Euro '000	Issued capital	Capital surplus	Retained earnings	Consolidated result	Equity attributable to Villeroy & Boch AG shareholders	Equity attributable to minority interests	Total Equity
Notes			9				
As of 01.01.2007	**71,909**	**193,587**	**67,556**	**17,037**	**350,089**	**310**	**350,399**
Dividend					0		0
Reclassification of prior-year			17,037	-17,037	0		0
Consolidated result 01.01. - 31.03.				5,818	5,818	4	5,822
Subsequent measurement IAS 39			650		650		650
Acquisition of minority interests					0		0
Currency adjustment			-1,511		-1,511		-1,511
Other changes in equity					0	-86	-86
As of 31.03.2007	**71,909**	**193,587**	**83,732**	**5,818**	**355,046**	**228**	**355,274**
As of 01.01.2008	**71,909**	**193,587**	**71,723**	**7,171**	**344,390**	**184**	**344,574**
Dividend					0		0
Reclassification of prior-year			7,171	-7,171	0		0
Consolidated result 01.01. - 31.03.				5,834	5,834	-1	5,833
Subsequent measurement IAS 39			539		539		539
Acquisition of minority interests					0		0
Currency adjustment			-1,857		-1,857	-1	-1,858
Other changes in equity			-137		-137		-137
As of 31.03.2008	**71,909**	**193,587**	**77,439**	**5,834**	**348,769**	**182**	**348,951**

Consolidated Cash Flow Statement as of March 31st 2008

in Euro '000	**01.01.-31.03. 2008**	01.01.-31.03. 2007
Result after taxes	**5,833**	5,822
Depreciation of non-current assets	**9,362**	10,828
Change in non-current provisions	**-3,135**	-2,725
Profit from dispoal of fixed assets	**1**	-303
Change in inventories, receivables and other assets	**-12,424**	3,762
Change in liabilities, current provisions and other liabilities	**-31,841**	-27,883
Other non-cash income/expenses	**5,247**	2,389
Cash Flow from operating activities	**-26,957**	**-8,110**
Purchase of intangible assets, property, plant and equipment	**-3,219**	-4,574
Investment in non-current financial assets and cash payments for the acquisition of consolidated companies	**-4,351**	-1,423
Cash payments for restricted cash	**24,961**	0
Cash receipts for sold operations	**6,666**	0
Cash receipts from disposals of fixed assets	**316**	3,329
Cash Flow from investing activities	**24,373**	**-2,668**
Change in financial liabilities/other	**0**	4,737
Dividend payments	**0**	0
Cash Flow from financing activities	**0**	**4,737**
Sum of cash flows	**-2,584**	**-6,041**
Changes due to exchange rates	*227*	***99***
Net increase in cash and cash equivalents	**-2,357**	**-5,942**
Balance of cash and cash equivalents as of 01.01.	**75,091**	11,596
Change in consolidated companies	**0**	0
Net increase in cash and cash equivalents	**-2,357**	-5,942
Balance of cash and cash equivalents as of 31.03.	**72,734**	5,654

The balance of cash and cash equivalents consists of the items 'Cash at bank' and 'Cash on hand (including cheques)'.

Group Segment Reporting as of March 31st 2008

Segment report according to division - Primary segments

	BATHROOM & WELLNESS		TABLEWARE		TRANSITION / OTHER		CONTINUED BUSINESS SEGMENT		SOLD BUSINESS SEGMENT	
in Euro '000	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Revenue										
Segment revenue from sales to external customers	**136,411**	137,175	**84,517**	70,702	**0**	0	**220,928**	207,877	**-**	40,041
Segment revenue from transactions with other segments	**196**	324	**0**	0	**-196**	-324	**0**	0	**-**	0
Result										
Segment result	**6,907**	9,576	**3,244**	1,099	**0**	0	**10,151**	10,675	**-**	280
Financial result					**-1,818**	-2,638	**-1,818**	-2,638	**-**	0
Other information										
Segment assets	**387,822**	390,690	**171,120**	176,165	**216,644**	101,737	**775,586**	668,592	**-**	99,886
Segment liabilities	**112,265**	106,126	**41,298**	40,538	**273,072**	230,211	**426,635**	376,875	**-**	36,329
Capital expenditures	**2,221**	2,794	**998**	1,244	**0**	0	**3,219**	4,038	**-**	535
Scheduled depreciation of segment assets	**5,746**	5,613	**3,616**	4,032	**0**	0	**9,362**	9,645	**-**	1,222
Number of employees (average)	**6,003**	5,878	**2,907**	2,825	**421**	448	**9,331**	9,151	**-**	946

Villeroy & Boch Group Notes
to the First Quarterly Report of 2008

General Information

Villeroy & Boch AG, headquartered in Mettlach, is a public limited company under German law. It is quoted on the German stock market and acts as parent company to the Villeroy & Boch Group. The network of companies is divided into the two operational divisions of Bathroom and Wellness and Tableware.

The interim report for the period from January 1st to March 31st, 2008 was released for publication by resolution of the Management Board. It was prepared in accordance with section 315a of the German Commercial Code, applying the IASC rules adopted by the European Commission. In the view of the Management Board, the interim financial statements presented give a true and fair view of the results of operations, financial position and net assets. Pursuant to IAS 34, the interim report contains condensed consolidated statements with selected explanatory notes. For this reason, it should be read in conjunction with the consolidated financial statements as of December 31st, 2007. The accounting, valuation and consolidation methods described in the 2007 Annual Report were continued unaltered in the reporting period. The Annual Report of the Villeroy & Boch Group for 2007 is available on the following webpage:
http://www.villeroy-boch.com/kkm/download/consumer/ir/berichte/geschaeft/VB_Geschaeftsbericht2007_en.pdf.
An audit or inspection of these interim financial statements has not yet been conducted by an auditing company.

Consolidation Companies

Villeroy & Boch AG and fully consolidated companies:	Germany	Abroad	Total
As of January 1st, 2008	16	45	61
Additions due to share purchases	-	1	1
Reductions due to amalgamations	-	-2	-2
As of March 31st, 2008	16	44	60

An umbrella company, headquartered in Hong Kong, was acquired to prepare the way for further expansion in Asia. To optimize the ownership structure within the Villeroy & Boch Group, Villeroy & Boch Wellness AB, Växjö, and Product Design Växjö Aktiebolag, Växjö, were merged into Villeroy & Boch Gustavsberg AB, Gustavsberg.

Acquisitions / Disinvestments / Discontinued Operations

On April 10th 2008, the Villeroy & Boch Group acquired 80 percent of shares in the Thai sanitaryware producer Sanitaryware Co. Ltd., headquartered in Bangkok. Closing requires the approval of the Thai Board of Investment. The Group made a payment to a trust account in March 2008.

Dividend Proposal by Villeroy & Boch AG for the Financial Year 2007

Supervisory Board and Management Board propose that the following dividends should be distributed to voting shareholders:

Dividends on ordinary share certificates Euro 0.37 (2006: Euro 0.37)

Dividends on preference share certificates Euro 0.42 (2006: Euro 0.42)

The ordinary shareholders will vote on this proposal in the General Meeting of the Shareholders on May 30th, 2008.

Seasonal Influences on Business Activity

Easter-related business in the first quarter and, in particular, Christmas-related business in the fourth quarter lead the Tableware Division to regularly expect to attain higher sales and operating profits in these two quarters than in the two others. These influences are also evident at Group level, since no other seasonal effects are identifiable in the remaining product portfolio. In each of the last two years, the fourth quarter enjoyed the biggest growth in sales and profits.

Notes to the Consolidated Balance Sheet

This section describes the composition of selected balance sheet items.

Fixed Assets

Movement of fixed assets in the reporting period was as follows:

In Euro '000 Text reference	Intangible assets 1	Property, plant and equipment 2	Investment property	Investment accounted for using the equity method	Other financial assets 3	Total
Accumulated cost						
As of 01/01/2008	**61,493**	**733,157**	**67,852**	**1,092**	**33,051**	**896,645**
Currency adjustment	36	-2,299	0	0	-5	-2,268
Additions	103	3,116	0	30	3	3,252
Disposals	0	-500	0	0	-204	-704
Transfer	3	-3	0	0	0	0
As of 03/31/2008	**61,635**	**733,471**	**67,852**	**1,122**	**32,845**	**896,925**
Accumulated depreciation						
As of 01/01/2008	**13,330**	**527,651**	**51,281**	**0**	**8,005**	**600,267**
Currency adjustment	-4	-1,145	0	0	0	-1,149
Scheduled depreciation	363	8,798	201	0	0	9,362
Disposals	0	-385	0	0	0	-385
As of 03/31/2008	**13,689**	**534,919**	**51,482**	**0**	**8,005**	**608,095**
Net book values						
as of 03/31/2008	**47,946**	**198,552**	**16,370**	**1,122**	**24,840**	**288,830**
as of 12/31/2007	48,163	205,506	16,571	1,092	25,046	296,378

1. Intangible Assets

The change in value of the capitalized goodwill of the Villeroy & Boch Group in the Bathroom and Wellness Division, which amounted to Euro 0.024 million compared with the year-end, is purely exchange rate dependent. The Group acquired intangible assets in the amount of Euro 0.103 million in the reporting period (prior year: Euro 0.085 million). Mainly software licenses from German companies were capitalized.

2. Property, Plant and Equipment

Items of property, plant and equipment in the amount of Euro 3.116 million (prior year: Euro 4.488 million) were acquired during the reporting period, with the foreign share amounting to 68.1%. The focus was on optimizing production processes in Mexico and the Czech Republic. Molds for innovations were acquired in the Netherlands. In Germany, the Group invested Euro 0.994 million, which included optimizing the production processes in Torgau. The same period saw the disposal of property, plant and equipment with a book value of Euro 0.115 million (prior year: Euro 0.226 million). The scheduled depreciation amounted to Euro 8.798 million. The comparative period saw an accumulation of scheduled depreciation in the amount of Euro 10.439 million, with Euro 0.207 million being accounted for by buildings reclassified as “Investment property” in the fourth quarter.
A significant currency effect results from the volatility of the Hungarian forint, which caused the acquisition costs to fall by Euro 1.316 million and depreciation by Euro 0.762 million.
At the time of reporting, the Villeroy & Boch Group had liabilities relating to the acquisition of property, plant and equipment to the amount of Euro 0.535 million (as of 12/31/2007: Euro 1.034 million).

3. Other Financial Assets

Other financial assets comprise securities held on a long-term basis, investments and loans.

in Euro ‘000	03/31/2008	12/31/2007
Available-for-sale financial assets		
Equity instruments of unrelated companies (at cost investments)	12,280	1,280
Loans measured at costs		
Loans to related companies	10,719	10,719
Loans to 3rd parties	1,841	2,047
Other financial assets	**24,840**	**25,046**

4. Inventories

On the balance sheet date, inventories comprise:

in Euro ‘000	03/31/2008	12/31/2007
Raw materials and supplies	28,016	29,103
Work in progress	29,420	28,306
Finished goods	118,329	110,178
Advance payments	572	1,138
Emission allowances	27	1
	176,364	**168,726**

Value adjustments on inventories increased by Euro 1.967 million, from Euro 23.329 million on January 1st to Euro 25.296 million, which had an effect on the operating result. Euro 0.599 million (as of 12/31/2007: Euro 1,139 million) of the inventories reported on the balance sheet date are accounted for at net realizable value.

5. Trade Receivables

For sales of goods and merchandise, payment terms are granted specific to the respective countries and industries. Regionally, these receivables are distributed as follows:

in Euro '000	03/31/2008	Remaining term more than 1 year	12/31/2007	Remaining term more than 1 year
Germany	**84,373**	73	**76,771**	74
Rest of Eurozone	**10,835**	0	**32,965**	0
Other international destinations	**42,542**	0	**25,272**	0
Trade receivables	**137,750**	73	**135,008**	74

The reporting period saw the individual and portfolio-based allowances on trade receivables increase, on balance, by Euro 0.085 million to Euro 5.475 million. With respect to receivables that are neither impaired nor delinquent, there is, as of the balance-sheet date, no indication of a possible default by the debtor.

6. Current Financial Assets

Time deposits with a maximum term of up to 12 months are reported as current financial assets. The banks are located in the following regions:

in Euro '000	03/31/2008	12/31/2007
Germany	20,258	20,000
Rest of Eurozone	0	25,219
Book value	20,258	45,219

Within the first quarter of 2008, Euro 25.219 million became due; the remaining time deposits will be redeemed by no later than November 2008.

7. Non-Current and Current Other Assets

The changes which non-current and current other assets underwent in the reporting period were as follows:

	Book value	Remaining term		Book value	Remaining term	
in Euro '000	03/31/2008	up to 1 year	over 1 year	12/31/2007	up to 1 year	over 1 year
Original financial instruments						
Security deposits	**960**	960	0	**974**	974	0
Advance payments	**987**	987	0	**2,043**	2,043	0
Receivables from associates	**3,742**	3,742	0	**5,037**	5,037	0
Remaining other assets	**11,908**	11,877	31	**13,675**	13,644	31
Derivative financial instruments						
Currency futures	**3,824**	3,824	0	**2,099**	2,099	0
Commodities futures	**36**	36	0	**0**	0	0
Other items						
Other tax receivables	**6,090**	6,090	0	**6,684**	6,684	0
Prepaid expenses	**2,437**	2,400	37	**2,198**	2,151	47
	29,984	**29,916**	**68**	**32,710**	**32,632**	**78**

8. Cash and Cash Equivalents

On the balance sheet date, cash and cash equivalents comprise the following:

in Euro '000	03/31/2008	12/31/2007
Cash on hand and checks	177	900
Cash in demand accounts with banks	19,691	29,064
Cash equivalents	52,866	45,127
	72,734	75,091

At the time of reporting, the Group holds 81% of all cash in Germany. The cash balance in banks for the entire Group was consolidated by Villeroy & Boch AG with bank liabilities in the amount of Euro 1.626 million (prior year: Euro 1.371 million), since the necessary netting facts and conditions and the intention of net settlement are present (IAS 32.42).

9. Retained Earnings

The following revaluation surpluses are accounted for in retained earnings, pursuant to IAS 39:

in Euro '000	12/31/2007	Increase	Reduction	03/31/2008
Revaluation of currency futures	2,001	2,092	-1,577	2,516
Revaluation of interest rate swaps	-248	24	0	-224
	1,753	**2,116**	**-1,577**	**2,292**

In addition, this takes into account exchange rate-based changes in loans which were classified as net investment in foreign Group companies:

in Euro '000	12/31/2007	Increase	Reduction	03/31/2008
Currency translation pursuant to IAS 21.32	-4,341	0	-698	-5,039

Essentially, this effect is based on the exchange rate movement of the Mexican peso. This results in a reduction in equity, totaling Euro 0.636 million.

10. Non-Current and Current Personnel Provisions

Movement in non-current and current personnel provisions in the reporting period was as follows:

in Euro '000	03/31/2008	12/31/2007
Non-current personnel provisions	**19,053**	**19,372**
Thereof from partial retirement	10,078	10,470
anniversary bonuses	5,179	5,115
severance payments	3,796	3,787
Current personnel provisions	**3,720**	**8,234**
Thereof from royalties, bonuses and similar obligations	3,487	7,889
other matters	233	345

11. Non-Current and Current Other Provisions

Movement in non-current and current other provisions in the reporting period, was as follows:

in Euro '000		03/31/2008	12/31/2007
Non-current other provisions		**5,198**	**5,166**
Thereof from	recultivation projects	3,818	3,818
	other matters	1,380	1,348
Current other provisions		**22,201**	**24,290**
Thereof from	guarantees	11,082	11,266
	restructuring	4,013	4,513
	sales commission	1,108	897
	other taxes (excluding income taxes)	979	1,008
	other matters	5,019	6,606

12. Other Non-Current and Current Liabilities

Non-current and current liabilities comprise the following items:

in Euro '000	Book value 03/31/2008	Remaining term up to 1 year	Remaining term over 1 Year	Book value 12/31/2007	Remaining term up to 1 year	Remaining term over 1 year
Original financial instruments						
Advances received on purchase orders	**1,129**	1,129	0	**5,213**	5,312	0
Bonuses and rebates	**20,737**	20,737	0	**37,057**	37,057	0
Other liabilities	**4,973**	3,615	1,358	**6,680**	5,223	1,358
Derivative financial instruments						
Interest rate swaps	**224**	80	144	**1.007**	793	214
Currency futures	**501**	501	0	**60**	60	0
Commodities futures	**183**	183	0	**666**	666	0
Other items						
Personnel liabilities	**28,785**	28,101	684	**25,683**	24,999	684
Other tax liabilities	**9,739**	9,739	0	**8,868**	8,868	0
Government grants	**1,270**	198	1,072	**1,283**	198	1,085
Deferred income	**855**	479	376	**950**	574	376
	68,396	**64,762**	**3,634**	**87,467**	**83,750**	**3,717**

13. Non-Current and Current Income Tax Liabilities

Non-current and current income tax liabilities comprise:

in Euro '000	Book value 03/31/2008	Remaining term up to 1 year	Remaining term over 1 year	Book value 12/31/2007	Remaining term up to 1 year	Remaining term over 1 year
Income tax liabilities	12	12	0	795	795	0
Income tax provisions	6,874	6,874	0	6,478	6,478	0
	6,886	**6,886**	**0**	**7,273**	**7,273**	**0**

Notes to the Consolidated Income Statement

14. Revenue

Sales revenue is itemized in segment reporting.

15. Selling, Marketing and Development Costs

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

in Euro '000	2008 1st quarter	2007 1st quarter
Bathroom and Wellness	1,916	1,780
Tableware	670	558
	2,586	**2,338**

16. Financial Results

The financial results are itemized as follows:

in Euro '000	2008 1st quarter	2007 1st quarter
Interest income	1,949	1,414
Interest expenses	-1,770	-1,315
Total net interest income	**179**	**99**
Interest from changes to the provisions for pensions and other obligations	-2,139	-2,125
Other financial income	142	1
	-1,818	**-2,025**

Other Notes

17. Financial Instruments

The derivative financial instruments accounted for at fair value are reported in No. 7 if they have positive market values and in No. 12 if they have negative market values. Reclassifications between the individual valuation categories were not carried out in the first quarter. In the reporting period, there were neither changes to risk exposures faced by the Villeroy & Boch Group nor changes in the way in which risk is controlled and measured.

18. Events after the Balance Sheet Date

No significant events emerged up to the time the interim financial statements were released.

Mettlach, April 28th 2008

Manfred Finger   Frank Göring   Volker Pruschke