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Q3 2011

QUARTERLY FINANCIAL REPORT OF THE K+S GROUP

JULY – SEPTEMBER

FERTILIZER DEMAND WORLDWIDE at a high level / Quarterly revenues rise by 17 % to € 1.17 billion / Operating earnings EBIT I reach € 198.5 million in the third quarter (+ 69 %) / Adjusted earnings per share[1] at € 0.69 (Q3/10: € 0.25) / Adjusted earnings per share[1] for 2011 of between € 3.40 and € 3.60 expected (2010: € 2.34)

[1] from continued operations

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS)[1]

		Q3/11	Q3/10	%	9M/11	9M/10	%
Revenues	€ million	1,174.0	1,000.5	+17.3	3,850.7	3,347.4	+15.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	254.5	170.8	+49.0	926.9	691.6	+34.0
EBITDA margin	%	21.7	17.1	—	24.1	20.7	—
Operating earnings (EBIT I)	€ million	198.5	117.4	+69.1	758.8	515.9	+47.1
Operating EBIT margin	%	16.9	11.7	—	19.7	15.4	—
Result after operating hedges (EBIT II)	€ million	155.5	167.8	(7.3)	745.2	532.1	+40.0
Earnings before income taxes	€ million	141.6	116.1	+22.0	700.8	430.7	+62.7
Earnings before income taxes, adjusted[2]	€ million	184.6	65.7	+181.0	714.4	414.5	+72.4
Group earnings from continued operations	€ million	101.1	85.1	+18.8	510.6	316.8	+61.2
Group earnings from continued operations, adjusted[2]	€ million	131.9	48.7	+170.8	520.3	305.1	+70.5
Group earnings after taxes[3]	€ million	91.0	76.8	+18.5	413.2	325.4	+27.0
Group earnings after taxes, adjusted[2,3]	€ million	121.8	40.4	+201.5	422.9	313.7	+34.8
Return on Capital Employed (LTM)[4]	%	—	—	—	27.5	16.5	—
Gross cash flow	€ million	161.4	89.3	+80.7	695.5	563.0	+23.5
Net indebtedness as of 30 September	€ million	—	—	—	674.9	789.1	(14.5)
Capital expenditure[5]	€ million	94.2	43.0	+119.1	170.3	100.0	+70.3
Depreciation and amortisation[5]	€ million	56.0	53.4	+4.9	168.1	175.7	(4.3)
Working capital as of 30 September	€ million	—	—	—	755.5	897.9	(15.9)

KEY FIGURES (IFRS)[1] (CONTINUED)

		Q3/11	Q3/10	%	9M/11	9M/10	%
Earnings per share from continued operations, adjusted[2]	€	0.69	0.25	+176.0	2.72	1.59	+71.1
Earnings per share, adjusted[2,3]	€	0.64	0.21	+204.8	2.21	1.64	+34.8
Gross cash flow per share	€	0.85	0.46	+80.7	3.64	2.94	+23.5
Book value per share as of 30 September	€	—	—	—	14.71	12.94	+13.7
Total number of shares as of 30 September	million	—	—	—	191.40	191.40	—
Outstanding shares as of 30 September[6]	million	—	—	—	191.40	191.40	—
Average number of shares[7]	million	191.40	191.40	—	191.30	191.31	—
Employees as of 30 September[8]	number	—	—	—	14,433	14,197	+1.7
Average number of employees[8]	number	14,343	14,088	+1.8	14,263	14,057	+1.5
Personnel expenses[9]	€ million	231.6	221.0	+4.8	715.9	689.2	+3.9
Closing price as of 30 September	XETRA, €	—	—	—	39.58	43.92	(9.9)
Market capitalisation as of 30 September	€ billion	—	—	—	7.6	8.4	(9.9)
Enterprise value as of 30 September	€ billion	—	—	—	8.3	9.2	(9.8)

FINANCIAL CALENDAR

	2012
Report on business in 2011	15 March 2012
Press and analyst conference, Frankfurt am Main	15 March 2012
Quarterly Financial Report 31 March 2012	9 May 2012
Annual General Meeting, Kassel	9 May 2012
Dividend payment	10 May 2012
Half-yearly Financial Report 30 June 2012	14 August 2012
Quarterly Financial Report 30 September 2012	13 November 2012

← Footnotes Key Figures (IFRS)

[1] Unless stated otherwise, information refers to the continued operations of the K+S Group. Due to its sale, COMPO is in accordance with IFRS disclosed as "discontinued operations". The income statement and the cash flow statement of the previous year were restated accordingly, while the balance sheet and therefore the key figures of working capital, net indebtedness and the book value per share of the previous year were not restated and also include discontinued operations.
[2] The adjusted key figures only include the realised result from operating forecast hedges of the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account in the adjusted earnings. Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/11: 28.3 % (Q3/10: 27.9 %).
[3] Earnings from continued and discontinued operations.
[4] Return on capital employed of the last twelve months as of 30 September.
[5] Cash-effective capital expenditure in or depreciation on property, plant and equipment, intangible and financial assets of the continued operations.
[6] Total number of shares less the number of own shares held by K+S as of the balance sheet date.
[7] Total number of shares less the average number of own shares held by K+S.
[8] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.
[9] Personnel expenses also include expenditures connected with partial and early retirement.

CONTENT

MANAGEMENT REPORT

1

1.1 GROUP STRUCTURE AND BUSINESS OPERATIONS

For a comprehensive description of our Group structure and business operations, including our products and services, please see the relevant passages in our Financial Report 2010 on page 77.

According to the two-pillar strategy of the K+S GROUP, which provides for growth particularly in the Potash and Magnesium Products and Salt business segments and for a focus of management resources and financial means on this, on 20 June 2011, the sale of COMPO to the European private equity investor TRITON was announced. Consequently, since the reporting on the second quarter of 2011, COMPO is stated as a "discontinued operation" in accordance with IFRS. Closing took place on 18 October 2011.

/ **DETAILED INFORMATION ABOUT THE DISPOSAL** can be found in the Notes on page 37.

Changes in the scope of consolidation are presented in the Notes on page 37. Furthermore, in the third quarter, there were no significant changes in the Group structure and business operations described in the Financial Report 2010.

1.2 CORPORATE STRATEGY AND ENTERPRISE MANAGEMENT

There were no changes in the strategy of the Company and its enterprise management in the third quarter. For a detailed description of the corporate strategy and enterprise management, please see the relevant passages in our Financial Report 2010 on page 87.

1.3 OVERVIEW OF COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

In the third quarter, the global economic recovery slowed down to a greater extent than had been foreseen in the Financial Report 2010. / TAB: 1.3.1

In the eurozone, the pace of growth declined in comparison to the previous quarter. Burdens due to the debt crisis in Greece prompted declining economic dynamism in the core countries Germany and France. Uncertainty on the financial markets increasingly affected the real economy.

In the United States, the necessary raising of the debt ceiling led to a significantly more sombre mood in the third quarter. However, this only had a minor impact on economic activities. High investment dynamics by companies counteracted what continued to be a difficult employment market situation.

The emerging market countries also experienced a slowdown in economic development, due to falling demand on the part of the industrialised countries amongst other things.

At the beginning of July, the EUROPEAN CENTRAL BANK (ECB) increased its key interest rates by 25 basis points to 1.50 %. The FEDERAL RESERVE BANK (FED), however, continued to pursue its expansionary monetary policy.

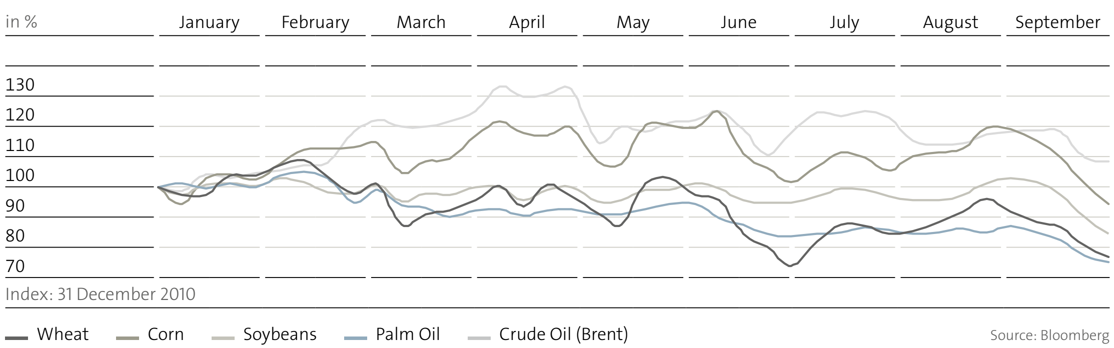
Prices for raw materials decreased in the third quarter. The oil price (Brent), which had increased strongly against the backdrop of unrest in North Africa and the Middle East in the first quarter, fell slightly due to the

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.3.1

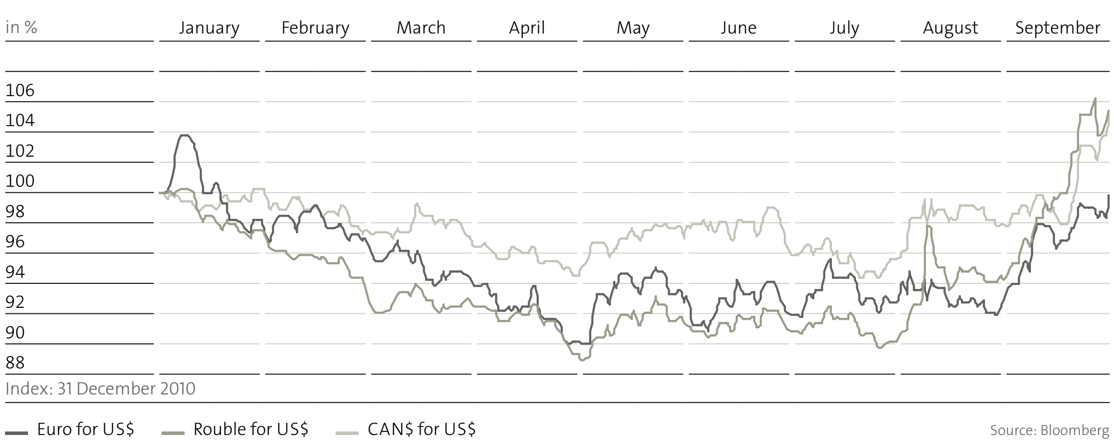
real; in %	2011e	2010	2009	2008	2007
Germany	+2.9	+3.7	(4.7)	+1.3	+2.5
European Union (EU-27)	+1.6	+1.9	(4.2)	+1.2	+3.1
World	+3.7	+5.1	(0.8)	+3.1	+4.8

Source: Deka Bank

DEVELOPMENT OF PRICES FOR AGRICULTURAL PRODUCTS AND CRUDE OIL FIG: 1.3.1



DEVELOPMENT OF EUR/USD VS. CAD/USD AND RUB/USD FIG: 1.3.2



blurring economy in the third quarter. A barrel cost approximately US$ 103 on 30 September 2011. However, the price remained significantly above the figures for the same quarter of the previous year (30 September 2010: US$ 82.31; 31 December 2010: US$ 94.75). In terms of averages too, in the third quarter, at US$ 112, the crude oil price significantly exceeded that of the same quarter a year before (US$ 77). As far as agricultural raw materials are concerned, in the third quarter, the prices for wheat and corn fell due to higher stock estimates by the US agricultural authority. As at 30 September 2011, the wheat price stood at about the high level of the previous year, the corn price was significantly higher. / FIG: 1.3.1

The US dollar strengthened against the euro towards the end of the third quarter of 2011 and as at 30 September 2011, the euro exchange rate was 1.35 USD/EUR (30 September 2010: 1.36 USD/EUR; 31 December 2010: 1.34 USD/EUR). This development can be partly attributed to the European sovereign debt crisis and the end to interest rate hikes announced by the ECB. In terms of the average for the quarter, at 1.41 USD/EUR, the US dollar was significantly lower than the figure for the previous year (Q3/10: 1.29 USD/EUR). In addition to the USD/EUR exchange rate, the relative comparison between the euro and the currencies of our competitors (Canadian dollar, Russian rouble) each in relation to the US dollar is also of importance to us. A strong US dollar normally has a positive impact on the earnings capacity of most of the world's potash producers in their respective local currency; this is due to the fact that the bulk of worldwide potash output lies outside the US dollar zone while all revenues, with the exception of the European market, are invoiced in US dollar.

Figure 1.3.2 shows that the US dollar in the third quarter, in contrast to the first half of the year, gained in strength against the euro. This also applies to the currencies of our competitors from Canada and Russia. / FIG: 1.3.2

IMPACT ON K+S

Thus far, the changes in the macroeconomic environment have only had a moderate impact on the course of business of K+S:

+ Energy costs of the K+S GROUP are affected in particular by the supply of gas. As a result of the energy supply clauses agreed with our suppliers, changes in energy prices in the Potash and Magnesium Products business segment are often only reflected in our cost accounting with a delay of six to nine months. Against this background, the higher energy price level observed in the second half of 2010 resulted in a slight price-related increase in the K+S GROUP's energy costs in the third quarter of 2011.
+ Thanks to the hedging instruments used by us, with an average of 1.35 USD/EUR including hedging costs, it proved possible to achieve a more favourable conversion rate for the Potash and Magnesium Products business segment than the average USD/EUR spot rate (1.41 USD/EUR). This was somewhat weaker than in the same quarter of the previous year (Q3/10: 1.33 USD/EUR including hedging costs). Thanks to the hedging instruments used by us, the worst case for the US dollar rate for 2011 as a whole is about 1.35 USD/EUR including hedging costs. Also for the translation risk in the Salt business segment hedging transactions exist, which make possible a worst case of 1.37 USD/EUR in 2011.

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

The conditions on important markets and the competitive positions of the individual business segments described in the section 'Group Structure and Business Operations' of the Financial Report 2010 on page 77 essentially remained unchanged.

FERTILIZER BUSINESS SECTOR

The third quarter of 2011 was characterised by strong demand for fertilizers. The high level of agricultural prices favoured the income prospects of the agricultural sector, so that there was a significant incentive to raise yields per hectare through the need-based use of fertilizers. For potash and magnesium products, this resulted in a very high utilisation of production capacities throughout the world. This environment favoured the price trend of potassium chloride: At the start of August, Indian importers agreed contracts with the Russian/Belarusian export organisation BPC regarding the supply of potassium chloride standard at 490 US$/tonne until the end of the first quarter of 2012 and with the North American export organisation CANPOTEX at 470 US$/tonne for the fourth quarter of 2011 and at 530 US$/tonne for the first quarter of 2012 (previous contract: 370 US$/tonne). In mid-August, BPC announced a price increase for potassium chloride standard to 535 US$/tonne in Asia and at the end of September a price increase to 580 US$/tonne for granulated potassium chloride for the Brazilian market, starting from the fourth quarter of 2011. In Europe, K+S announced a price increase in mid-September of 12 €/tonne to 375 €/tonne for granulated potassium chloride.

In the third quarter, the nitrogen fertilizer plants were also well utilised worldwide, and demand for complex fertilizers and straight nitrogen fertilizers as well as ammonium sulphate stood at a high level. Prices for nitrogen fertilizers rose significantly in comparison to the same quarter of last year, after significant price increases were also recorded for raw materials.

SALT BUSINESS SECTOR

DE-ICING SALT – WESTERN EUROPE

In the Western European pre-stocking business, the above-average wintry weather conditions in the 2010/11 season led to continued high demand for de-icing salt in the third quarter too. The price level has risen tangibly for the winter season 2011/12.

DE-ICING SALT – NORTH AMERICA

As a result of lower freight rates for salt imports, moderate price declines occurred in the local tenders on the East Coast of the United States. In the other de-icing salt regions of the United States important for K+S and in Canada too, the demand for de-icing salt improved in the third quarter in comparison to the previous year. Prices were stable in the Midwest, while a slight price increase was to be observed in Canada.

INDUSTRIAL SALT

In Europe and South America, the market for industrial salt was characterised by a stable demand trend and slight price increases. In the North American market and in particular in the case of water-softening products, the muted economic situation in the United States resulted in reluctance to purchase.

FOOD GRADE SALT

The demand for food grade salt in Europe as well as in South and North America proved to be in good shape in the third quarter too.

SALT FOR CHEMICAL USE

Persistent high demand for salts for chemical use in Europe facilitated tangible price increases in the third quarter too. Demand for salt for chemical use in the United States and in South America continued to be stable.

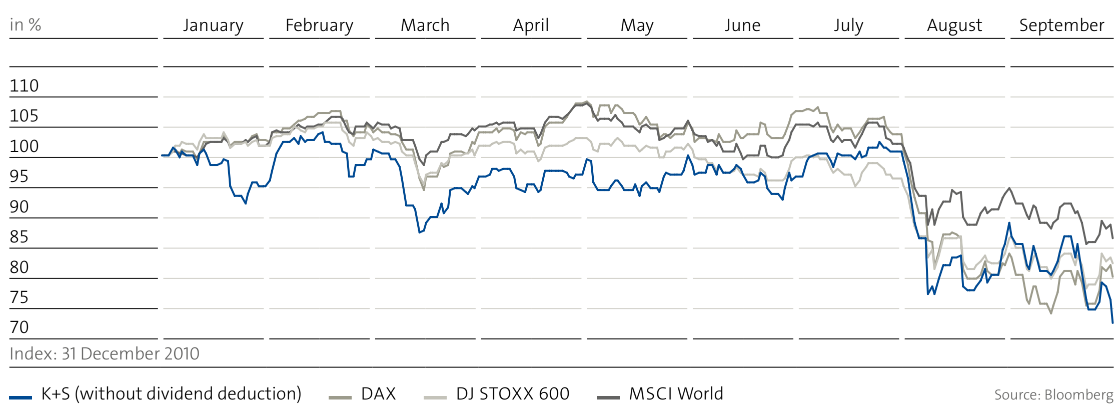
K+S ON THE CAPITAL MARKET

COURSE OF THE K+S SHARE PRICE IN THE THIRD QUARTER

+ Starting from € 53 at the start of July, the K+S share moved upwards until the end of July against the backdrop of rising potash prices and accompanying positive comments by analysts.
+ However, in the following days, in a difficult stock market environment, triggered in particular by the European sovereign debt crisis, there was a significant price decline. The K+S share closed at about € 42 on 8 August.
+ The outlook for the K+S GROUP published on 11 August within the framework of quarterly reporting and the supply contracts for potassium chloride concluded between the potash producers and Indian importers in mid-August were able to slightly positively impact the negative stock market trend in the following weeks. Against the background of rising prices for agricultural raw materials, the K+S share again reached € 49 on 31 August.
+ Downgrades of the chemical sector, worries about the global economic development and falling agricultural prices due to higher-than-expected estimated stocks for the most important agricultural raw materials by the US agricultural authority again had an adverse impact on the share price in September.
+ On 30 September, the K+S share closed at about € 40. It was thus 30 % below the closing price of 2010. Disregarding the dividend deduction of € 1.00 per share, this resulted in a minus of 28 %. Over the same period, the DAX, STOXX 600 and MSCI WORLD fell by 20 %, 18 % and 14 % respectively. / FIG: 1.3.3

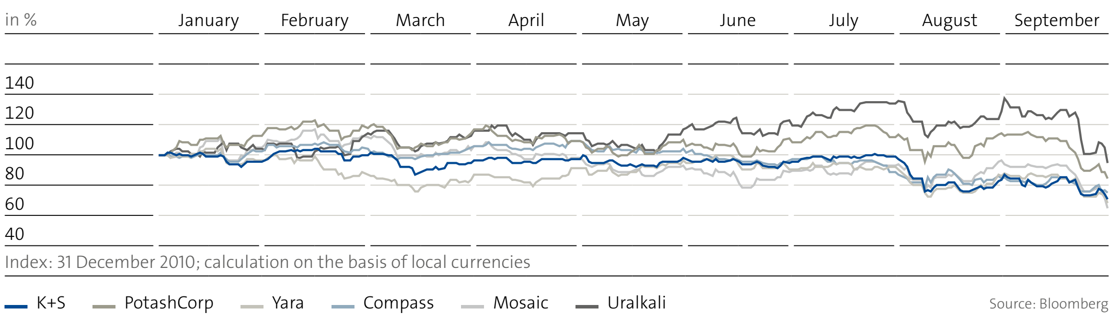
In the third quarter, the positive price development of the shares of international fertilizer producers could not continue. Increasing turmoil on the financial markets due to the debt situation in Europe, a slowdown in economic growth and declining prices for important agricultural raw materials, in particular soy beans, palm oil and corn, resulted in tangible price losses during the course of the third quarter. Since the start of the year, the share of our competitor URALKALI lost 6 %, followed

PERFORMANCE OF THE K+S SHARE IN RELATION TO DAX, DJ STOXX 600 AND MSCI WORLD FIG: 1.3.3



Source: Bloomberg

PERFORMANCE OF THE K+S SHARE IN RELATION TO PEERS FIG: 1.3.4



by POTASHCORP, which fell by 16 %. The share prices of our competitors COMPASS, YARA and MOSAIC also fell tangibly by as much as 36 %. The K+S share too was unable to escape the negative impact of the difficult stock market environment and declining raw material prices and also fell significantly by 30 %. / FIG: 1.3.4

In the last of the research surveys (1 November 2011) that we carry out regularly, 18 banks gave us a "buy / accumulate" recommendation, 4 a "hold / neutral" recommendation and 3 a "reduce / sell" recommendation. The average target share price was at € 55.

SHAREHOLDER STRUCTURE

On 11 July 2011, MERITUS TRUST COMPANY LIMITED informed us that it had fallen below the threshold of 10 % of voting rights in K+S AKTIENGESELLSCHAFT and at that point in time held 9.88 %. The CAPITAL RESEARCH AND MANAGEMENT COMPANY increased its holding as per notification of 5 August 2011 to 3.05 %. On top of that, in the third quarter, there were no changes in the shareholder structure beyond the 3 % threshold.

In light of this, our shareholder structure is currently as follows:

+ MERITUS TRUST COMPANY LIMITED via EUROCHEM GROUP SE: 9.88 % (notification of 11 July 2011)
+ BLACKROCK INC.: 5.46 % (notification of 22 March 2011)
+ CAPITAL RESEARCH AND MANAGEMENT COMPANY: 3.05 % (notification of 5 August 2011)
+ PRUDENTIAL PLC. via M&G INVESTMENT MANAGEMENT LIMITED: 3.00 % (notification of 2 November 2011)

Under the free float definition applied by DEUTSCHE BÖRSE AG, the free float therefore amounts to about 90 %.

THE K+S BOND

Against the backdrop of the sovereign debt crisis in the eurozone and concerns about a relapse into recession, in the third quarter, the yields of debtors with good credit ratings fell on the bond market. Thus, in the third quarter, the yield of the K+S bond (issue volume: € 750 million; interest coupon: 5.00 % p.a.; maturity: September 2014) also fell from 2.968 % p.a. to 2.845 % p.a. On 30 September 2011, the K+S bond was quoted at 106.053 % compared to 107.476 % at the end of 2010. This therefore results in a decline of 1.423 percentage points.

1.4 EARNINGS, FINANCIAL AND ASSET POSITION

COMPO STATED AS DISCONTINUED OPERATION DUE TO ITS SALE

If not stated otherwise, the description of the earnings, financial and asset position relates to the continued operations of the K+S GROUP without COMPO. In accordance with IFRS, due to its sale, COMPO is stated as a "discontinued operation". Detailed information about the disposal can be found in the Notes on page 37. The income statement and the cash flow statement of the previous year were adjusted accordingly. The balance sheet was not adjusted.

DEVELOPMENT OF ORDERS

Most of the business of the K+S GROUP is not covered by longer-term agreements concerning fixed volumes and prices. The small proportion of the backlog of orders in relation to revenues – for example, less than 10 % in the Potash and Magnesium Products business segment – is customary in the industry. The business is characterised by long-term customer relationships as well as revolving framework agreements with nonbinding volume and price indications.

Thus, the disclosure of the backlog of orders of the K+S GROUP and its business segments is of no relevance for assessing the short- and medium-term earnings capacity.

REVENUES AND EARNINGS POSITION

THIRD QUARTER REVENUES RISE BY 17 %

At € 1,174.0 million, third-quarter revenues were up € 173.5 million or 17 % on the figure for the same period last year. This increase is primarily attributable to price factors. The Potash and Magnesium Products and Nitrogen Fertilizers business segments achieved significant revenue increases due to higher prices. Revenues of the Salt business segment were stable at a high level. Revenues of the K+S GROUP in the first nine months of the year rose in particular due to price factors by 15 % and reached € 3,850.7 million. / TAB: 1.4.1 / FIG: 1.4.1

/ DETAILED INFORMATION ON AVERAGE PRICES AND SALES VOLUMES can be found in table 1.12.3 and 1.12.8.

In the first nine months of the year, 41 % of revenues were generated in the Potash and Magnesium Products business segment, followed by Salt (33 %) and Nitrogen Fertilizers (23 %). The regional distribution of Group revenues continues to be balanced: Thus, about 51 % of total revenues were generated in Europe and 49 % overseas. / FIG: 1.4.2

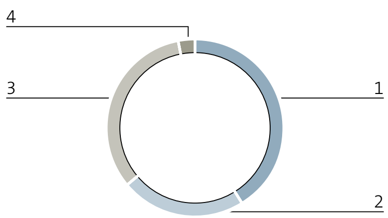
DEVELOPMENT OF SELECTED COST TYPES

For the quarter under review, total costs rose by 10 % and therefore disproportionately in comparison to revenues,

VARIANCE ANALYSIS TAB: 1.4.1

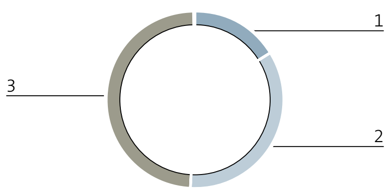
in %	Q3/11	9M/11
Change in revenues	**+17.3**	**+15.0**
volume/structure	+1.9	+2.6
prices/price-related	+19.2	+14.7
exchange rates	(3.8)	(2.3)
consolidation	—	—

REVENUES BY BUSINESS SEGMENT JANUARY – SEPTEMBER 2011 FIG: 1.4.1



	in %	9M/11	9M/10
1	Potash and Magnesium Products	41.3	41.7
2	Nitrogen Fertilizers	22.8	19.6
3	Salt	33.0	35.8
4	Complementary Business Segments	2.9	2.9

REVENUES BY REGION JANUARY – SEPTEMBER 2011 FIG: 1.4.2



	in %	9M/11	9M/10
1	Germany	16.3	17.1
2	Rest of Europe	34.5	33.1
3	Overseas	49.2	49.8

which gained by 17 % over the same period. The most important cost types have developed as follows: personnel expenses amounted to € 231.6 million in the third quarter or about 20 % of revenues and were thus 5 % above the level of the previous year's quarter (for note, see page 14). Material costs, measured in terms of revenues about 30 %, rose significantly as a result of higher input prices, in particular in the Nitrogen Fertilizers business segment. While freight costs, as a percentage of revenues about 15 %, were moderately below the level of the same quarter of the previous year, energy costs, which account for about 5 % of revenues, rose slightly.

EBITDA INCREASES BY 49 % TO € 254.5 MILLION

During the third quarter of 2011, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 49 % to € 254.5 million (Q3/10: € 170.8 million). In the first nine months, EBITDA achieved € 926.9 million, an increase of 34 % (9M/10: € 691.6 million).

OPERATING EARNINGS EBIT I RISE BY 69 % IN THE THIRD QUARTER

In the third quarter of 2011, operating earnings EBIT I reached € 198.5 million and were able to increase by € 81.1 million or 69 % in comparison to the same quarter of the previous year. At € 56.0 million, depreciation and amortisation taken into account in EBIT I were € 2.6 million above the figure for the previous year. The Potash and Magnesium Products business segment was able to strongly improve its result year on year. The significantly higher potash price level was the decisive factor here. In the Nitrogen Fertilizers business segment, rising prices more than made up for higher input costs. Against this backdrop, the result rose significantly here too. By contrast, the Salt business segment achieved a lower result than in the previous year. The decline can particularly be attributed to weather-related production losses on the Bahamas, higher costs for demurrage charges and negative currency effects. In the first nine months of 2011, the K+S GROUP achieved operating earnings of € 758.8 million. This exceeded the previous year's figure (9M/10: € 515.9 million) by 47 %. At € 168.1 million, depreciation and amortisation taken into account in the first nine months were € 7.6 million below the figure for the previous year, which had been adversely affected by special effects (€ 9.0 million).

Operating earnings EBIT I include the hedging result of the respective reporting period actually realised from the operating derivatives used for the hedging of planned currency positions (mainly revenues in US dollars) or future translation risks. The hedging result actually realised corresponds to the exercise value of the derivative at the day of maturity (difference between the spot rate and hedged rate), less the premiums paid in the case of option transactions. The changes in the market value of the operating forecast hedges still outstanding are, however, only taken into consideration in the result after operating hedges (EBIT II).

RESULT AFTER OPERATING HEDGES (EBIT II)

At € 155.5 million in the third quarter, the result after operating hedges EBIT II was lower than in the corresponding period of the previous year (Q3/10: € 167.8 million). In the third quarter, due to a stronger US dollar, the EBIT II was adversely affected by earnings effects resulting from operating forecast hedges of € (43.0) million (Q3/10: € +50.4 million), which have not yet been recorded as realised earnings in EBIT I. In the first nine months of 2011, an EBIT II of € 745.2 million was achieved. This exceeded the previous year's figure (9M/10: € 532.1 million) by about 40 %. The included earnings effects resulting from operating forecast hedges amounted to € (13.6) million (9M/10: € +16.2 million).

Under IFRS, changes in the market value from hedging transactions have to be reported in the income statement. EBIT II includes all earnings arising from operating hedging transactions, i.e. both valuation effects as at the reporting date and earnings from realised operating hedging derivatives. Hedging transactions connected with financing activities are shown in the financial result.

FINANCIAL RESULT IMPROVES SIGNIFICANTLY IN THE THIRD QUARTER

In the third quarter, the financial result was € (13.9) million after having been € (51.7) million in the same period of the previous year. It should be noted that the financial result in the previous year had been adversely affected by unplanned interest expenses for provisions for mining obligations (€ 23.1 million) due to the lowering of the average weighted discount rate. Furthermore, lower interest expenses due to the financial liabilities repaid in the last twelve months contributed to the improvement. In addition to the interest expenses for pension provisions (Q3/11: € (0.7) million), the financial result also includes the interest expenses for other non-current provisions, mainly provisions for mining obligations (Q3/11: € (4.7) million); both are non-cash. The financial result was € (44.4) million for the first nine months, after having been € (101.4) million in the same period of the previous year.

/ **FURTHER DETAILS OF THE FINANCIAL RESULT** can be found in the Notes on page 41.

ADJUSTED EARNINGS BEFORE INCOME TAXES IMPROVE STRONGLY

In the quarter under review, earnings before income taxes totalled € 141.6 million (Q3/10: € 116.1 million). If the earnings are adjusted for the results from operating forecast hedges, which were not yet recorded as realised earnings in EBIT I (€ (43.0) million), this results in adjusted earnings before income taxes of € 184.6 million. It proved possible to increase this by € 118.9 million or 181 % in comparison to the same period in the previous year. In the first nine months of the year, earnings before income taxes amounted to € 700.8 million (9M/10: € 430.7 million) and adjusted earnings before income taxes to € 714.4 million (9M/10: € 414.5 million).

ADJUSTED GROUP EARNINGS FROM CONTINUED OPERATIONS INCREASE STRONGLY

Group earnings after taxes from continued operations in the third quarter reached € 101.1 million (Q3/10: € 85.1 million). In the third quarter, tax expenses totalling € 40.4 million were incurred. These include a deferred, i.e. non-cash tax income of € 8.1 million (Q3/10: tax expense of € 30.8 million, of which € 2.9 million was deferred tax expense). It proved possible to increase adjusted Group earnings from continued operations by € 83.2 million or 171 % to € 131.9 million during the third quarter. In the first nine months, Group earnings from continued operations after taxes of € 510.6 million (9M/10: € 316.8 million) were achieved. Tax expense in the first nine months was € 189.9 million, of which € 2.8 million was deferred (income tax expense 9M/10: € 113.3 million, of which € 11.1 million was deferred tax income). Adjusted Group earnings from continued operations of the first nine months increased in comparison to the corresponding period of the previous year by € 215.2 million or 71 % to € 520.3 million.

ADJUSTED EARNINGS PER SHARE FROM CONTINUED OPERATIONS IN THE THIRD QUARTER AT € 0.69 (Q3/10: € 0.25) PER SHARE

For the quarter under review, adjusted earnings per share from continued operations amounted to € 0.69 and were thus about 176 % above previous year's figure of € 0.25. They were computed on the basis of 191.40 million no-par value shares, being the average number of shares outstanding (Q3/10: 191.40 million no-par value shares). In the first nine months of 2011, adjusted earnings per share from continued operations reached € 2.72, an increase of 71 % after having been € 1.59 in the previous year.

We held no shares of our own as of 30 September 2011. At the end of September, the total number of shares outstanding of the K+S GROUP was 191.40 million no-par value shares.

In the third quarter, the average domestic Group tax rate was 28.3 % (Q3/10: 27.9 %), and the adjusted Group tax rate from continued operations amounted to 28.5 % after having been 25.9 % in the same quarter of the previous year.

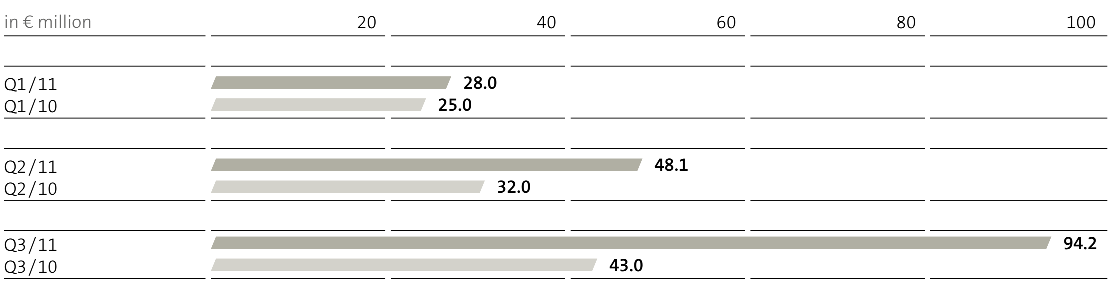
Undiluted, adjusted earnings per share are computed by dividing adjusted Group earnings after taxes and minority interests by the weighted average number of shares outstanding. As none of the conditions resulting in the dilution of earnings per share exist in the case of K+S at the present time, undiluted earnings per share correspond to diluted earnings per share. No changes in accounting treatment needed to be taken into account in earnings per share.

ADJUSTED GROUP EARNINGS AND ADJUSTED EARNINGS PER SHARE ROUGHLY TRIPLED

Adjusted Group earnings (including discontinued operations) in the third quarter reached € 121.8 million (Q3/10: € 40.4 million). Of this, € (10.1) million was attributable to the discontinued operations of COMPO. In the first nine months, adjusted Group earnings were € 422.9 million (9M/10: € 313.7 million), while € (97.4) million was attributable to the discontinued operations, which consisted of the impairment loss as at 30 September 2011 in the amount of € 108.3 million and the net earnings of COMPO of € 10.9 million.

Adjusted earnings per share (including discontinued operations) in the quarter under review reached € 0.64 (Q3/10: € 0.21). The discontinued operations of COMPO

CAPITAL EXPENDITURE [1] FIG: 1.4.3



[1] Cash-effective capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.

accounted for € (0.05). Adjusted earnings per share including discontinued operations of the first nine months achieved € 2.21 after having been € 1.64 in the same period of the previous year, while € (0.51) was attributable to the discontinued operations of COMPO.

/ **DETAILED INFORMATION ABOUT THE DISPOSAL OF COMPO** can be found in the Notes on page 37.

FINANCIAL POSITION

THIRD QUARTER CAPITAL EXPENDITURE UP STRONGLY

In the third quarter of 2011, the K+S GROUP invested € 94.2 million (Q3/10: € 43.0 million) in continued operations. The majority of capital expenditure was made in the Potash and Magnesium Products business segment. Projects for improving raw material exploitation and process optimisation were the focus here. The investments for the package of measures on water protection in the Hesse-Thuringia potash district amounted to € 7 million. Furthermore, in the third quarter, infrastructure investments of about € 8 million were made for the Legacy Project, a progressive greenfield project for the construction of solution mining in Saskatchewan, Canada, which was acquired with the takeover of POTASH ONE. At present, the existing feasibility study is being revised. Results of this revision are expected to be published in autumn/winter. In the Salt business segment, the most important projects included the replacement of a ship, the modernisation of a shaft winding engine and an increase in the capacity of the pharmaceutical salt production at the Borth site in Germany and the refurbishment of a loading terminal at SPL in Chile. In the Waste Management and Recycling business segment, the development of a further field for underground re-utilisation was continued at the German Bernburg site. About 80 % of the capital expenditure made concerned measures relating to replacement and ensuring production; this share in the amount of about € 75 million was significantly more than the depreciation of € 56.0 million. In the first nine months, a total of € 170.3 million (9M/10: € 100.0 million) was invested, of which about 80 % was in turn used for measures relating to replacement and ensuring production. In the first nine months, this share in the amount of about € 135 million was therefore significantly less than the depreciation of € 168.1 million. / **FIG: 1.4.3**

CASH FLOW FROM CONTINUED OPERATIONS IN THE FIRST NINE MONTHS INFLUENCED BY PURCHASE PRICE PAYMENT FOR POTASH ONE AND OUT-FINANCING OF PENSION PROVISIONS

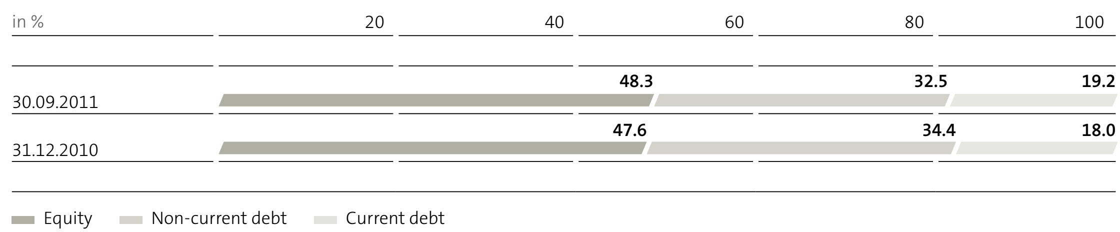
Gross cash flow for the first nine months reached € 695.5 million and was up € 132.5 million on the figure for

CASH FLOW OVERVIEW [1] TAB: 1.4.2

in € million	9M/11	9M/10
Gross cash flow	695.5	563.0
Cash flow from operating activities	618.4	689.7
Cash flow for investing activities	(471.4)	(99.3)
– of which acquisitions/divestments	(242.8)	–
Free cash flow	147.0	590.4
Free cash flow before acquisitions/divestments	**389.8**	**590.4**
Cash flow for financing activities	(259.3)	(436.5)
Change in cash and cash equivalents	(116.8)	159.3

[1] Information refers to the continued operations of the K+S Group.

EQUITY AND LIABILITIES [1] FIG: 1.4.4



[1] Due to its sale, debt of COMPO is currently disclosed under "discontinued operations" and shown as current debt in the position "liabilities directly associated with assets classified as held for sale"; information as of 31 December 2010 has not been restated.

the same period last year (9M/10: € 563.0 million). The increase was in line with the earnings development. Significantly increased operating earnings were confronted with higher income tax payments. **/ TAB: 1.4.2**

By contrast, cash flow from operating activities declined by € 71.3 million to € 618.4 million (9M/10: € 689.7 million) in the first nine months. This development counteracting the increase in gross cash flow can be attributed to the out-financing of pension provisions in the amount of € 105.8 million (9M/10: € 2.9 million) as well as to a significantly lower decrease in working capital tied up in comparison to the same period last year.

Cash flow for investing activities amounted to € (471.4) million in the first nine months and was thus very significantly above previous year's level (9M/10: € (99.3) million). The increase is mainly attributable to outgoing payments in connection with the acquisition of 81.6 % of the shares in and the associated takeover of control over POTASH ONE (€ (242.8) million). Furthermore, the purchase of securities and other financial investments (€ (65.7) million) contributed to the increase. These are investments, which continue to be available as a liquidity reserve. During the first nine months, free cash flow thus amounted to € 147.0 million, after having been € 590.4 million during the same period last year.

Free cash flow before acquisitions fell by € 200.6 million to € 389.8 million in comparison to the same period in the previous year. Disregarding the out-financing of pension provisions as well as the purchase of securities and other financial investments, the decline would have amounted to only € 32.0 million.

After the inclusion of the cash flow for financing activities of € (259.3) million (9M/10: € (436.5) million), cash and cash equivalents including exchange-rate-related effects declined by € 116.8 million. The cash flow for financing activities resulted almost exclusively from the dividend payment for financial year 2010 and the acquisition of the remaining 18.4 % of the shares in POTASH ONE (€ (59.3) million) and not, as in the previous year, from the repayment of financial liabilities. As at 30 September 2011, net cash and cash equivalents amounted to € 643.0 million (30 September 2010: € 704.8 million; 31 December 2010: € 740.6 million).

As at the reporting date, net indebtedness including provisions for pensions and mining obligations declined tangibly to € 674.9 million in comparison to the figure on 31 December 2010 (€ 732.5 million) despite the takeover of POTASH ONE.

/ FURTHER INFORMATION REGARDING NET INDEBTEDNESS can be found in the Notes on page 42.

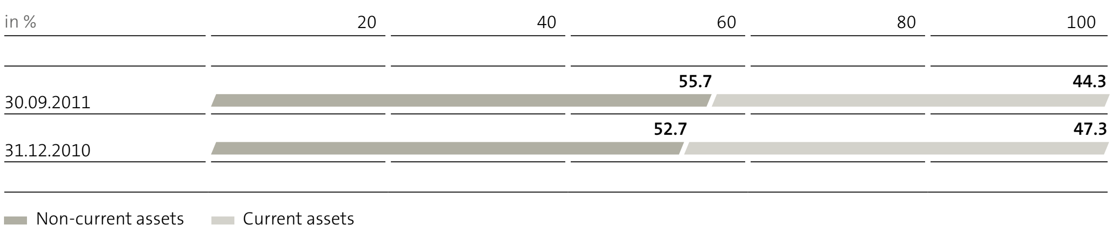
SOLID FINANCING STRUCTURE

The financing structure of the K+S GROUP has only changed immaterially in comparison to the end of 2010. The equity ratio is almost stable at 48 % of the balance sheet total. At 33 % and 19 % respectively, the proportion of non-current debt including non-current provisions as well as the proportion of current debt have also remained almost unchanged. **/ FIG: 1.4.4**

/ FURTHER DETAILS OF THE CHANGE IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 42.

As at 30 September 2011, the K+S GROUP's debt mainly consisted of bank loans and overdrafts (26 %), about 35 % of provisions and approximately 17 % of accounts payable trade. As of 30 September 2011, bank loans and over-

ASSETS [1] FIG: 1.4.5



[1] Due to its sale, assets of COMPO are currently disclosed under "discontinued operations" and shown as current assets in the position "assets classified as held for sale"; information as of 31 December 2010 has not been restated.

drafts amounted to € 771.2 million, of which only € 2.4 million was classified as current. The main provisions of the K+S GROUP as of 30 September 2011 concern provisions for mining obligations (€ 540.1 million) as well as for pensions and similar obligations (€ 91.4 million).

OFF-BALANCE SHEET FINANCING INSTRUMENTS/OFF-BALANCE SHEET ASSETS

Off-balance sheet financing instruments in the sense of factorisation, asset-backed securities, sale and lease back transactions or contingent liabilities to special purpose entities not consolidated only exist to a negligible extent. Operating lease contracts exist which relate, for example, to factory and office equipment and cars. Given the relevant contractual arrangements, these assets are not to be carried under fixed assets.

ASSET POSITION

As at 30 September 2011, the balance sheet total of the K+S GROUP amounted to € 5,824.6 million. At 56:44, the ratio of non-current assets to current assets is still balanced and has shifted somewhat in favour of non-current assets. All assets of COMPO were reclassified as current assets into the item 'Assets held for sale'. These amounted to € 216.0 million or just under 4 % of the balance sheet total as at 30 September 2011. Property, plant and equipment increased mainly due to a rise in recognised raw material deposits, which were acquired within the framework of the acquisition of POTASH ONE, to € 2,086.2 million (31 December 2010: € 1,803.6 million). This was counteracted by the changed disclosure of COMPO as a discontinued operation. While financial assets, securities and other financial investments increased to € 89.2 million (31 December 2010: € 24.1 million), inventories decreased to € 627.7 million (31 December 2010: € 740.2 million) primarily due to the changed disclosure of COMPO as a discontinued operation. At the end of the third quarter, cash on hand and balances with banks amounted to € 643.0 million (31 December 2010: € 748.4 million), despite the purchase price of POTASH ONE paid in cash. / FIG: 1.4.5

/ **FURTHER DETAILS OF THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS** can be found in the Notes on page 42.

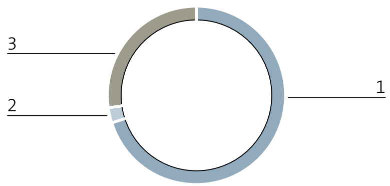
Including cash on hand and balances with banks (€ 643.0 million), non-current and current securities and other financial investments (€ 66.1 million), provisions for mining obligations and pensions (€ 540.1 million and € 91.4 million respectively) as well as bank loans and overdrafts (€ 771.2 million) and after taking into account claims for reimbursement in connection with a bond at MORTON SALT (€ 18.7 million), as of 30 September 2011, this results in net indebtedness of the K+S GROUP of € 674.9 million (31 December 2010: € 732.5 million). In comparison to the previous year's figure, this decreased by € 114.2 million (30 September 2010: € 789.1 million).

1.5 EMPLOYEES

NUMBER OF EMPLOYEES INCREASED SLIGHTLY AGAINST THE LEVEL OF LAST YEAR

As of 30 September 2011, the K+S GROUP employed a total of 14,433 people in continued operations. In comparison to 30 September 2010 (14,197 employees), the number has thus risen by 236 employees or almost 2 %.

EMPLOYEES BY REGION AS OF 30 SEPTEMBER 2011 [1] FIG: 1.5.1



	in %	2011	2010
1	Germany	70	68
2	Rest of Europe	3	4
3	Overseas	27	28

[1] Information refers to the continued operations of the K+S Group.

This is primarily attributable to an increase in personnel in the Potash and Magnesium Products business segment, which was necessary for the maintenance of the volume of crude salt extracted and for increased activities in the area of environmental protection. In terms of averages too, at 14,343, the number of employees increased compared to the previous year (Q3/10: 14,088). As a result of the increased internationalisation of the K+S GROUP since 2006, almost one third of our employees are now located outside Germany and more than a quarter outside Europe. On 30 September 2011, the number of trainees was 634 and thus slightly above the high level of the previous year (30 September 2010: 618). / FIG: 1.5.1

PERSONNEL EXPENSES

In the third quarter, personnel expenses from continued operations amounted to € 231.6 million and were therefore up € 10.6 million or 5 % above the level of the previous year. In the first nine months too, personnel expenses from continued operations increased by € 26.7 million or 4 % to € 715.9 million. Both in the third quarter and the first nine months, the increase is particularly attributable to collective agreement pay increases and to a higher deferral being set for performance-related remuneration due to the very positive earnings prospects for this year.

1.6 RESEARCH AND DEVELOPMENT

Research costs for continued operations for the quarter under review came to € 4.0 million and were thus higher than the level for the same quarter in the previous year (Q3/10: € 2.9 million). Capitalised development-related capital expenditure amounted to € 1.1 million in the third quarter. In the first nine months of 2011, research costs increased to € 10.7 million (9M/10: € 9.2 million), capitalised development-related capital expenditure to € 1.4 million (9M/10: € 0.1 million). The R&D projects planned for 2011 and described in the Financial Report 2010 on page 146 have been executed according to plan or are being continued. As of 30 September 2011, there was a total of 78 employees in the R&D of the K+S GROUP. Compared with the previous year, the number thus increased slightly as intended (30 September 2010: 76).

/ **FOR A COMPREHENSIVE DESCRIPTION OF THE RESEARCH AND DEVELOPMENT ACTIVITIES,** please see the relevant passages in our Financial Report 2010 on page 95 and page 146.

1.7 SUBSEQUENT EVENTS

No material changes have occurred in the economic environment or in the position of our industry since the close of the quarter under review.

CLOSING OF THE DISPOSAL OF COMPO

The sale of COMPO to the European private equity investor TRITON announced on 20 June 2011 was successfully completed on 18 October 2011. Since the reporting on the second quarter of 2011, COMPO is stated as a "discontinued operation" in accordance with IFRS.

/ **DETAILED INFORMATION ABOUT THE DISPOSAL** can be found in the Notes on page 37.

Apart from this, no other events of material importance for the K+S GROUP requiring disclosure have occurred.

1.8 RISK REPORT

For a comprehensive description of the risk and opportunity management system as well as possible risks, please refer to the relevant passages in our Financial Report 2010 on page 129. Only individual risks to which changes have occurred since then are described below. These individual risks have not changed in comparison to the reporting in the Half-yearly Financial Report H1/11. The statements about the other risks described in the Financial Report essentially remain without change. The risks to which the K+S GROUP is exposed, both in isolation or in conjunction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

RISKS ARISING FROM THE CHANGE OR REFUSAL OF OFFICIAL APPROVALS

TAILING PILES EXPANSION

This individual risk described in the Financial Report 2010 on page 136 does no longer apply, since the covering of the tailing pile of the Sigmundshall potash plant does not endanger the environment. With this decision, the judges of the Lower Saxony Higher Administrative Court in Lüneburg followed the argumentation of the LANDESAMT FÜR BERGBAU, ENERGIE UND GEOLOGIE (LBEG) and of K+S KALI GMBH. A different judgement of the Administrative Court of Hanover was overturned.

RISKS ARISING FROM THE REDUCTION IN ANTI-DUMPING PROTECTION

As described on page 137 of the Financial Report 2010, in the fertilizer business, the K+S GROUP also competes with producers from Russia and Belarus, which are either state-owned, receive considerable subsidies such as cheaper supplies of gas or subsidised rail transport or otherwise, directly or indirectly, enjoy the benefits of state financial support. These competitors could therefore offer their products on better terms than those manufacturers that do not receive comparable state support. In July 2006, the existing trade policy measures regarding the importation of potassium chloride from Russia and Belarus had therefore been correctly prolonged with adjustments by five years until 13 July 2011.

This April, the EUROPEAN POTASH PRODUCERS ASSOCIATION (APEP) submitted a timely application for the extension of these trade policy measures to the European Commission. Comprehensive consultations with the European Commission took place over the subsequent few weeks on the basis of this application. The outcome of this was that the structurally competition-distorting practices were superimposed by the currently positive market conditions in such a way that the chances of an extension of the trade policy measures had to be regarded as being small. The APEP has therefore withdrawn its application for the time being and will remain in a constructive dialogue with the European Commission. Due to the currently good overall state of the market, the potash producers grouped in the APEP consider the effects of the trade policy measures for potassium chloride, which expired in July, on the operating business to be moderate. The APEP is, however, reserving the right to once again submit an application for the re-introduction of trade policy measures for the protection against competition-distorting practices to the European Commission if the market situation changes. For this case, a prompt examination has already been promised to the APEP.

In the medium term, an increase in Russian and Belarusian delivery quantities above the level of previous deliveries to the EU is possible. Under the current market conditions, we assess the effects as moderate.

1.9 OPPORTUNITY REPORT

For a comprehensive presentation of possible opportunities, please refer to the relevant passages in our Financial Report 2010 on page 157. There is no offsetting of opportunities and risks or their positive and negative changes.

1.10 FORECAST REPORT

FUTURE GROUP DIRECTION

NO CHANGE IN BUSINESS POLICY INTENDED

We do not intend to introduce any fundamental change in our business policy over the coming years. We want to expand our market positions in our business segments, especially by increasing sales of speciality products, enhance our efficiency through the exploitation of synergies, press ahead with the expansion of new potash capacities with the Legacy Project in Canada as well as grow both organically and externally in our established business sectors.

FUTURE MARKETS

A presentation of the future sales markets can be found in the Financial Report 2010 on pages 145 and 149.

FUTURE MACROECONOMIC SITUATION

The following discussion about the future macroeconomic situation is essentially based on the assessments of the INSTITUTE FOR THE WORLD ECONOMY KIEL (Kiel Discussion Papers: Weltkonjunktur im Herbst 2011, October 2011) and of DEKA BANK (Makro Research, Volkswirtschaft Prognosen of 7 October 2011). / TAB: 1.10.1

After an accelerated upturn in the global economy in the first half of the year, leading economic research institutes are predicting a slowdown of the economy in the further course of 2011, although a global recession is currently regarded as little likely. Due to the European sovereign debt crisis, the forecasts are, however, characterised by a high degree of uncertainty. For the global economy, DEKA BANK assumes growth in the gross domestic product of 3.7 % for 2011 (previously: 4.2 %) and 3.6 % (previously: 4.3 %) for 2012.

For the eurozone, the INSTITUTE FOR THE WORLD ECONOMY KIEL – in contrast to other economic research institutes – forecasts a slide into recession for the remaining months of 2011. In addition to a restrictive financial policy, falling demand from abroad, a reduced readiness to invest on the part of companies and the reluctance to purchase on the part of consumers will probably lead to this development. For 2011 and 2012 overall, DEKA BANK expects a moderate GDP increase in Europe of 1.6 % (previously: 2.1 %) and 0.8 % (previously: 1.8 %) respectively.

In 2011, the growth rate in the United States should be 1.7 % (previously: 2.8 %) according to estimates of DEKA BANK. An expansion of private consumption continues to be hampered by a high rate of debt ratio and continued high unemployment, which slows down the growth of wages. The situation on the real estate market remains difficult. The increased uncertainty due to turmoil on the financial markets will probably lead to a postponement of corporate investments. Growth should amount to 2.1 % in 2012 (previously: 3.2 %).

For the emerging market countries, leading economic institutes continue to assume a strong economic development. However, the growth rate should slow down due to a tightening of the monetary policy and a more restrictive financial policy.

Against the background of the expected slowdown in growth in Europe, leading economic institutes predict a reversal of the two previous interest rates moves by the ECB in December 2011 and February 2012, so that the base rate would probably again be 1 %. The FED continues to see the necessity of continuing its low-interest-rate policy in the USA and has announced that it will be leaving key interest rates at a low level until mid-2013. Our corpo-

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.10.1

real; in %	2012e	2011e	2010	2009	2008	2007
Germany	+ 0.5	+ 2.9	+ 3.7	(4.7)	+ 1.3	+ 2.5
European Union (EU-27)	+ 0.8	+ 1.6	+ 1.9	(4.2)	+ 1.2	+ 3.1
World	+ 3.6	+ 3.7	+ 5.1	(0.8)	+ 3.1	+ 4.8

Source: Deka Bank

rate planning is currently based on a USD/EUR exchange rate of an average of 1.40 USD/EUR for the years 2011 and 2012 and an oil price level (Brent) of about 110 US$ per barrel for both years.

The effects on the course of business of the K+S GROUP described on page 5 should therefore also hold under the forecast macroeconomic conditions. Furthermore, the prosperity of the emerging market countries will tend to increase further. This should also result in higher dietary expectations on the part of their populations. Moreover, the world's population continues to grow. Demand for agricultural products should therefore continue to grow largely independently of the economic situation. In the case of salt products, the impact of the general economic situation on demand is of minor importance, since the business in the de-icing salt sector is dependent on the weather conditions and business with the other salts is largely independent of economic conditions.

FUTURE INDUSTRY SITUATION

The important sales markets and competitive positions of the individual business segments described in the Financial Report 2010 in the section 'Group Structure and Business Operations' on page 77 remain largely valid.

FERTILIZER BUSINESS SECTOR

The medium and long-term trends described in the Financial Report 2010 on page 149, which positively influence the demand for our products in the fertilizer sector, retain their validity.

After the normalisation of demand for fertilizers in 2010, we expect an increase in demand in the current year. Although the prices of some agricultural products decreased in the course of the year from having been very high, they nevertheless remain at a level, which should favour the income prospects of the agricultural sector and thus offer an incentive to increase the yield per hectare through a need-based use of fertilizers. However, uncertainties currently exist on the trading side, which, with the financial crisis 2008/09 still in mind, is rather cautiously attempting to manage its early stocking up for the end of the year. But apart from that, the trading sector tries to avoid not having enough products in stock for the coming application season, while cereal prices remain attractive. We after all assume unchanged global potash sales volumes of about 58 to 60 million tonnes for 2011 as a whole (2010: 58.3 million tonnes). Correspondingly, a globally high level of utilisation of production capacities is to be expected also during the remaining months of the year. Against this background, the price increases described on page 5 were announced at the end of the third quarter.

For 2012, we are assuming global potash sales volumes of at least 60 million tonnes. The estimate is based primarily on a continued level of prices for agricultural raw materials, which is attractive for the earnings prospects of the agricultural sector.

In the case of nitrogen fertilizers too, we assume high demand for the rest of 2011. The average prices of nitrogen fertilizers should be at a significantly higher level year-on-year which, however, contrasts with considerably higher raw material costs, especially for ammonia.

The positive development of demand should continue also in 2012 in the case of straight nitrogen fertilizers and complex fertilizers.

SALT BUSINESS SECTOR

The future industry situation in the Salt business sector described in the Financial Report 2010 remains valid. In the last months of 2011, the de-icing salt business will be influenced decisively by the wintry weather conditions in North America and Europe. In this respect, we are assuming that sales volumes will be on their multi-year average level in the case of both the European and North American markets. While demand for industrial salt should remain stable in Europe and South America, in the case of water softening products, we are assuming a certain degree of reluctance to purchase due to the muted economic situation in the United States. Demand for food grade salt in Europe and North America should also be stable. The South American market for food grade salt should, however, further grow in line with the population development there. The demand of the chemical industry for salts should develop stable in Europe, North and South America.

For 2012, we are assuming that sales volumes will be on their multi-year average level in the case of both the

North American and European markets for de-icing salt. After an above-average demand in Europe and on the East Coast of the United States in the first quarter of 2011, the sales volume of de-icing salt should correspondingly decrease to a normal level again in the first quarter of 2012. The consumption of food grade salt and industrial salt in Europe as well as in North and South America should be stable in 2012 too. The demand of the chemical industry for salt should rise moderately in our markets.

FUTURE EARNINGS, FINANCIAL AND ASSET POSITION

The following forecasts relate to the expected organic revenue and earnings development of the continued operations. Due to the sale of COMPO, the figures for the previous year were adjusted accordingly. Only in the case of the adjusted Group earnings and the adjusted earnings per share, the activities of COMPO classified as discontinued operations are taken into consideration.

In line with the forecast policy explained on page 153 of the Financial Report, ranges are specified for the expectations regarding revenues, EBITDA, operating earnings EBIT I, Group earnings and earnings per share. Furthermore, the qualitative outlook of the Financial Report for 2012 is taken up again and updated.

IN 2011, REVENUES SHOULD INCREASE SIGNIFICANTLY IN COMPARISON WITH THE PREVIOUS YEAR'S FIGURE

Following up the estimates in the outlook of the Financial Report 2010 and against the backdrop of the better than expected demand and price trends emerging during the first nine months of 2011, revenues of the K+S GROUP should rise significantly in financial year 2011 against the previous year. A figure of between € 5.00 billion and € 5.25 billion (previously: € 5.0 billion to € 5.3 billion; previous year: € 4.63 billion) seems realistic from today's perspective. While in the Potash and Magnesium Products business segment we are assuming a significant increase in revenues and in the Nitrogen Fertilizers business segment (without COMPO) a strong one, in the Salt business segment we expect a stable revenue trend at the high level of the previous year. The revenue forecast assumes an average US dollar exchange rate of 1.40 USD/EUR (previously: 1.42 USD/EUR; 2010: 1.33 USD/EUR).

COSTS WILL PROBABLY RISE TANGIBLY, BUT BY A LOWER PROPORTION

The following forecast of the development of costs is structured by cost type: The total costs of the K+S GROUP should rise tangibly year on year. As far as personnel expenses are concerned, in light of a slightly higher number of employees and the effects of pay settlements under collective bargaining agreements and higher performance-related remuneration, we anticipate a moderate increase. Energy costs should rise tangibly in comparison to the previous year, while freight costs should remain stable. Finally, higher input prices will result in a strong increase in material costs in the Nitrogen Fertilizers business segment. At € 230 million, depreciation/amortisation charges should remain stable in comparison to the previous year.

OPERATING EARNINGS LIKELY TO RISE STRONGLY

In financial year 2011, earnings before interest, taxes, depreciation and amortisation (EBITDA) and operating earnings EBIT I should increase strongly in comparison to the figures for the previous year. For the EBITDA of the K+S GROUP, we expect a figure of € 1.15 billion to € 1.25 billion (previously: € 1.15 billion to € 1.30 billion; previous year: € 953.0 million) and for operating earnings EBIT I a figure of between € 0.95 billion and € 1.00 billion (previously: € 0.95 billion to € 1.05 billion; previous year: € 714.5 million). This can be attributed to the strongly rising earnings in the Potash and Magnesium Products and Nitrogen Fertilizers business segments. However, the operating earnings of the Salt business segment will probably decline moderately. On the basis of our average US dollar estimate of 1.40 USD/EUR (previously: 1.42 USD/EUR; previously: 1.33 USD/EUR) for 2011 and the hedging instruments used by us, there is a significantly positive currency effect, which more than makes up for the currency-related revenue losses.

Our forecast is based on the following assumptions:
+ continued attractive agricultural prices;
+ in comparison to the previous year, significantly higher average prices and stable sales volumes in the Potash and Magnesium Products business segment (expected sales volume: about 7 million tonnes);

+ sales volume of a good 23 million tonnes of crystallised salt in the Salt business segment, of which about 14 million tonnes should be accounted for by de-icing salt. For the fourth quarter, this, as customary, assumes the average of multi-year de-icing salt sales volumes.

GROUP EARNINGS AFTER TAXES WILL PROBABLY IMPROVE STRONGLY

Following the development of operating earnings, the adjusted Group earnings after taxes of the continued operations should also increase strongly in 2011 and reach a value of between € 650 million and € 690 million (previously: € 650 million to € 720 million; previous year: € 447.8 million). This would correspond to adjusted earnings per share of the continued operations of about € 3.40 to € 3.60 (previously: € 3.40 to € 3.75; previous year: € 2.34). Taking into consideration the discontinued operations including the expected book loss arising from the disposal of COMPO, we assume adjusted Group earnings after taxes to reach € 550 million to € 590 million (previously: € 560 million to € 630 million; previous year: € 445.3 million). This would correspond to adjusted earnings per share of about € 2.90 to € 3.10 (previously: € 2.95 to € 3.30; previous year: € 2.33). Our projection is based not only on the effects described for revenues and operating earnings, but also on the following circumstances expected from today's perspective:

+ a significantly better financial result, after this had been negatively impacted by special effects in 2010;
+ a domestic Group tax rate of 28.3 % and an adjusted Group tax ratio of about 27 % (previously: 26 to 27 %; 2010: 26.2 %).

FORECAST FOR 2012

In the Financial Report 2010, we held out the prospect for 2012 that revenues would probably develop largely stable in comparison to 2011 and operating earnings would probably increase moderately. Since then, both our Potash and Magnesium Products as well as our Salt business segment have developed better than originally expected. The starting point for 2012 has therefore improved. The currently omnipresent uncertainty regarding the future economic development of the global economy has prompted us to be somewhat more cautious in respect of our estimate for 2012 and therefore take the lower visibility into account: Revenues for 2012 should develop stable in comparison to the high figure for the previous year. While in the Potash and Magnesium Products business segment we are assuming a tangible increase in revenues, in the Nitrogen Fertilizers business segment we expect a stable revenue development and in the Salt business segment moderately lower revenues. As for the costs of the K+S GROUP, moderately increasing personnel and significantly increasing energy costs contrast with stable material costs and depreciation/amortisation as well as tangibly declining freight costs. In total, we therefore expect a largely stable cost level. As far as operating earnings EBIT I of the K+S GROUP and adjusted Group earnings after taxes are concerned, from today's perspective, we see good opportunities for the coming year to carry forward them at the respectively high levels of 2011. In the Potash and Magnesium Products business segment, we assume a slightly increasing earnings development and in the Nitrogen Fertilizers business segment a largely stable one. However, operating earnings of the Salt business segment will probably decline significantly on the basis of a normal winter business that follows the long-term average of historical de-icing salt volumes. Our assessment for the coming year is based on a number of factors including the following:

+ continued attractive agricultural prices;
+ tangibly higher average prices and an expected sales volume of about 7 million tonnes in the Potash and Magnesium Products business segment;
+ at about 22 million tonnes, average and in comparison to the record sales of the previous year tangibly lower sales volumes of crystallised salt (of which de-icing salt: a good 12 million tonnes);
+ a US dollar exchange rate of 1.40 USD/EUR and a negative currency result (exchange rate after premiums weaker than the expected average USD/EUR spot rate);
+ a largely unchanged financial result;
+ a slightly higher adjusted Group tax ratio of 27 to 28 %.

/ TAB: 1.10.3

PLANNED CAPITAL EXPENDITURE

The investment budget described below refers solely to the continued operations of the K+S GROUP. The updated investment forecast for 2011 amounts to about

CAPITAL EXPENDITURE BY BUSINESS SEGMENT [1] TAB: 1.10.2

in € million	2011e	2010
Potash and Magnesium Products	160	97
Nitrogen Fertilizers	2	1
Salt	125	79
Complementary Business Segments	6	4
Reconciliation	7	8
K+S Group	300	189

[1] Cash-effective capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.

€ 300 million (continued operations 2010: € 188.6 million). This figure includes for the first time investments in the infrastructure as well as drilling for the Legacy Project in Canada of almost € 40 million. The resultant lower amount in comparison to the previous forecast of about € 280 million (plus € 40 million for the Legacy Project) can be attributed to delays in investment projects. For the package of measures on water protection in the Hesse-Thuringia potash district, investments of a good € 20 million are taken into consideration. / TAB: 1.10.2

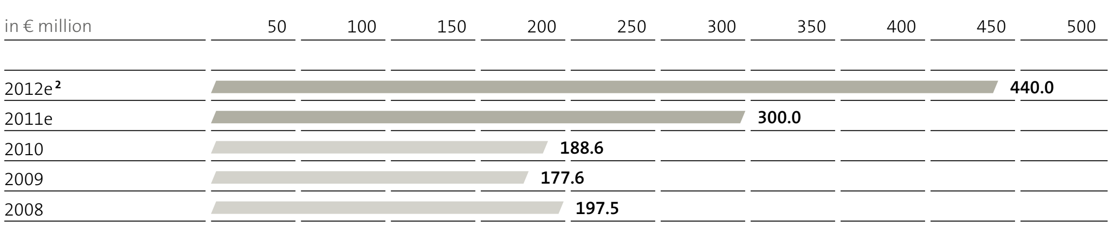
Capital expenditure relating to measures for replacement and ensuring production should account for about 75 % of the total amount; this share in the amount of just under € 230 million will thus be at about the same level as the expected depreciation of about € 230 million. The projects described on page 11 of the investment analysis will be continued as planned in the fourth quarter. Furthermore,

FORECASTS FOR THE YEARS 2011 AND 2012 TAB: 1.10.3

		Actual 2010	Development of forecasts for 2011: Forecast Financial Report 2010[1]	Forecast Q1/11[1]	Forecast H1/11	Forecast 9M/11	Forecasts for 2012
K+S Group							
Revenues	€ billion	4.63	tangible increase	significant increase	5.00 to 5.30	5.00 to 5.25	stable
EBITDA	€ million	953.0	significant increase	strong increase	1,150 to 1,300	1,150 to 1,250	stable
Operating earnings (EBIT I)	€ million	714.5	significant increase	strong increase	950 to 1,050	950 to 1,000	stable
Financial result	€ million	(120.0)	significantly better	significantly better	significantly better	significantly better	stable
Group tax rate, adjusted	%	24.7	26 to 27	26 to 27	26 to 27	about 27	27 to 28
Group earnings from continued operations, adjusted	€ million	447.8	significant increase	strong increase	650 to 720	650 to 690	stable
Earnings per share from continued operations, adjusted	€	2.34	significant increase	strong increase	3.40 to 3.75	3.40 to 3.60	stable
Group earnings after taxes, adjusted[2]	€ million	445.3	significant increase	strong increase	560 to 630	550 to 590	—
Earnings per share, adjusted[2]	€	2.33	significant increase	strong increase	2.95 to 3.30	2.90 to 3.10	—
Capital expenditure[3]	€ million	188.6	>300[4]	>300[4]	280[4]	300[5]	a good 440[4]
Depreciation and amortisation[3]	€ million	238.5	250	250	230	230	220 to 240
Energy costs	€ million	259.6	tangible increase	tangible increase	tangible increase	tangible increase	significant increase
Personnel expenses	€ million	938.3	tangible increase	tangible increase	moderate increase	moderate increase	moderate increase
Freight costs	€ million	838.5[6]	stable[6]	stable[6]	stable	stable	tangible decrease
Potash and Magnesium Products business segment							
Sales volume	t million	7.06	7.0	7.0	7.0	about 7	about 7
Salt business segment							
Sales volume crystallised salt	t million	22.53	22 to 23	22 to 23	about 23	a good 23	about 22
– of which de-icing salt	t million	13.49	13 to 14	13 to 14	about 14	about 14	a good 12

[1] Forecast still includes the discontinued operations of COMPO.
[2] Earnings from continued and discontinued operations.
[3] Cash-effective capital expenditure in and depreciation on property, plant and equipment, intangible and financial assets.
[4] Plus investments for the Legacy Project.
[5] Including investments for the Legacy Project of € 40 million in 2011.
[6] Freight costs for the year 2010 adjusted due to changed allocation of cost types.

CAPITAL EXPENDITURE [1] FIG: 1.10.1



[1] Cash-effective capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations. The years 2007 to 2009 include the discontinued operations of COMPO.
[2] Plus capital expenditure for the Legacy Project.

in the Salt business segment, the expansion of the grinding mills at the Bernburg site in Germany, the expansion of brine fields and mining claims at five sites in the United States and the expansion of sifting capacities in Chile will number among the most important projects.

In the Financial Report 2010, we have numbered a capital expenditure volume of the K+S GROUP of € 320 million for 2012. Due to the shift in investment projects, a concentration of outstanding capital expenditure for the package of measures to 2012 until 2015 and updated estimates of spending, we now assume a good € 440 million for investments in the coming year (disregarding capital expenditure for the Legacy Project). The increase in the volume of capital expenditure compared to the year 2011 is mainly attributable to expenditure in the Potash and Magnesium Products business segment for the package of measures on water protection in the Hesse-Thuringia potash district of just under € 100 million as well as for the planned construction of the saline water pipelines from the Neuhof site to the Werra plant of € 40 million. In the Salt business segment, the replacement of equipment for a ship at the shipping company EMPREMAR in Chile, the continuation of the expansion of the sifting capacities at SPL and measures for the optimal use of the shaft capacities at the Borth salt site in Germany will number among the most important projects. The level of depreciation and amortisation of the K+S GROUP is expected to be € 220 to 240 million (2011e: € 230 million) in the coming year. / FIG: 1.10.1

EXPECTED DEVELOPMENT OF LIQUIDITY

The earnings development forecast for 2011 should also have a positive impact on the cash flow from operating activities. This and the cash inflow from the disposal of COMPO are likely to tangibly exceed the capital expenditure (including initial investments for the Legacy Project), the purchase price payment for the POTASH ONE shares and the effects from the out-financing of pension provisions undertaken in the first nine months of 2011, so that in 2011, we should generate a positive free cash flow.

In 2012 too, we should generate a significantly positive free cash flow due to the forecast earnings development. Capital expenditure for the Legacy Project has not yet been taken into consideration in this.

NET INDEBTEDNESS SHOULD DECLINE SIGNIFICANTLY

With net indebtedness (including non-current provisions) of € 674.9 million as of 30 September 2011 and thus a level of indebtedness of only 27.4 % and as a result of a high operating cash flow the K+S GROUP has a strong financial base. This enables us to respond flexibly to investment and acquisition opportunities.

In light of the earnings development expected for 2011 in comparison to the previous year, our net indebtedness should decrease further significantly. This assumption takes into consideration among others the capital expenditure budget expected for 2011, the purchase price payment made for the POTASH ONE shares, the dividend amount paid out, the cash inflow expected from the disposal of COMPO and the initial capital expenditure for the Legacy Project. On the basis of these assumptions, with an equity ratio of about 50 % and a level of indebtedness of about 20 %, we should exceed our capital structure goals defined in the Financial Report 2010.

Subject to the capital expenditure in the Legacy Project, in 2012 too, a positive free cash flow should result in a further reduction in net debt, so that in the coming year we should also achieve our capital structure targets.

FUTURE DIVIDEND POLICY

We pursue an essentially earnings-based dividend policy. In accordance with this, a dividend payout ratio of between 40 % and 50 % of adjusted Group earnings after taxes (including discontinued operations) forms the basis for the amount of future dividend proposals to be determined by the Board of Executive Directors and the Supervisory Board.

The strong increase in the adjusted Group earnings after taxes including discontinued operations expected for 2011 should result in a higher dividend payout than that of the previous year (2010: € 1.00/share). For 2012, on the basis of the described earnings expectation, we see opportunities for a further raising of the dividend, since Group earnings will then no longer be adversely affected by the effects from the disposal of COMPO.

FUTURE NUMBER OF EMPLOYEES, FUTURE PERSONNEL EXPENSES

In comparison to the number of people employed at the end of 2010 in the continued operations (14,186), for the end of 2011, we assume a slightly higher number of employees due primarily to an increase in personnel in the Potash and Magnesium Products business segment in order to maintain the volume of crude salt extracted and for increased activities in the area of environmental protection. The average number of employees should also increase slightly in 2011 (2010: 14,091). For the year as a whole, we expect that the collective agreement pay increases, higher performance-related remuneration due to the improved earnings and the higher number of employees will result in a moderate increase of personnel expenses.

In 2012, the average number of employees should rise slightly against the backdrop of the already described increase in personnel in the Potash and Magnesium Products business segment and due to increased activities in the area of environmental protection. As a consequence of this and due to the additional costs to be expected arising from pay settlements under collective bargaining agreements, personnel expenses should increase moderately in the coming year.

K+S continues to regard vocational training as an important investment into the future. For our German companies, we continue to strive for a training ratio of about 6 %.

FUTURE RESEARCH AND DEVELOPMENT

In future too, we will consistently further pursue our research and development goals, defined in the Financial Report on page 95. At almost € 15 million, research spending of the continued operations for the current year should be somewhat above the level of 2010. Our forecast for capitalised development-related capital expenditure is about € 2.4 million. The number of people employed in research should also rise until the end of 2011 in particular in order to meet coming challenges in the area of the environment, to fill positions at the new Institute for Applied Plant Nutrition in Göttingen, Germany, according to plan, as well as to proceed further with research in the area of solution mining. Against this background, 85 employees should be working in research and development within the K+S GROUP at the end of the year. / TAB: 1.10.4

For 2012, we expect a stable number of employees working in research in comparison to this year. Research spending should increase among others due to research activities for the Legacy Project in Canada and the intensified activities of the Institute for Applied Plant Nutrition in Göttingen, Germany. Capitalised development-related capital expenditure should decrease

RESEARCH KEY FIGURES [1] TAB: 1.10.4

in € million	2011e	2010
Research costs	14.6	13.8
Capitalised development-related capital expenditure	2.4	0.7
Employees as of 31 Dec. (number)	85	73

[1] Information refers to the continued operations of the K+S Group.

compared to the previous year, since major development projects will be completed as scheduled in 2011. In 2012, the following will be the main focuses of our R&D activities in the Fertilizer business sector: improvements in extraction and production processes in order to enhance efficiency and reduction of solid and liquid production residue in potash production, works at the new Institute for Applied Plant Nutrition, the development of new products for the industrial sector in the Potash and Magnesium Products business segment as well as research into the sustainability of nutrient management of the soil using complex fertilizers. In the Salt business sector, research into processes for improving the quality of rock salt for industrial applications shall be advanced through the collaboration between ESCO, SPL and MORTON SALT. At MORTON SALT, the further development of product alternatives for the reduction of sodium content in food and product innovations in de-icing salt will be the focus. Finally, as a result of our "open innovation-initiative" and in response to the German federal funding programmes to promote renewable energy sources and energy storage, cooperation with other industrial companies will be intensified, in order to develop new sales potentials for our products in the changing energy sector.

FUTURE PRODUCTS AND SERVICES

A presentation of the future products and services can be found in the Financial Report 2010 on page 147.

1.11 GUARANTEE OF THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

To the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Kassel, 3 November 2011
K+S AKTIENGESELLSCHAFT
THE BOARD OF EXECUTIVE DIRECTORS

FORWARD-LOOKING STATEMENTS

This report contains facts and forecasts that relate to the future development of the K+S GROUP and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct or should certain risks – such as those referred to in the Risk Report – materialise, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements contained in the Management Report, save for the making of such disclosures as are required by the provisions of statute.

1.12 BUSINESS SEGMENTS OF THE K+S GROUP

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

/ **A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE FERTILIZER BUSINESS SECTOR** can be found on page 5 in the 'Industry-specific framework conditions' section.

/ **INFORMATION REGARDING THE ACQUISITION OF POTASH ONE** can be found in the Notes on page 38.

REVENUES

In the third quarter, revenues of the Potash and Magnesium Products business segment rose by € 86.1 million or 20 % to € 508.8 million. A significantly positive price development and moderate increases in sales volumes were able to more than compensate for countervailing currency effects. In the case of our most important product in terms of volumes, potassium chloride, revenues rose by € 63.9 million or 33 % to € 259.7 million in the quarter under review. This is mainly attributable to a significant increase in the average price as well as a moderate increase in sales volumes. As for fertilizer specialities, revenues rose by € 23.7 million to € 182.2 million (+15 %) primarily due to price and volume factors. As far as industrial products are concerned, revenues fell by € 1.5 million to € 66.9 million. The price increases achieved were unable to completely make up for negative volume- and currency-related effects. Sales volumes of potash and magnesium products in the third quarter were slightly above the previous year's figure and reached 1.61 million tonnes (Q3/10: 1.59 million tonnes). In the first nine months, revenues rose by a total of 14 % to € 1,589.2 million, while sales volumes at 5.28 million tonnes (9M/10: 5.30 million tonnes) stood at about the same level as for the previous year.
/ TAB: 1.12.1, 1.12.2, 1.12.3 / FIG: 1.12.1, 1.12.2

VARIANCE ANALYSIS TAB: 1.12.1

in %	Q3/11	9M/11
Change in revenues	**+20.4**	**+13.8**
volume/structure	+3.5	+1.0
prices/price-related	+20.5	+15.2
exchange rates	(3.6)	(2.4)
consolidation	—	—
Potassium chloride	32.6	16.9
Fertilizer specialities	15.0	12.9
Industrial products	(2.2)	6.0

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT TAB: 1.12.2

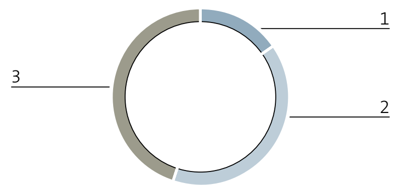
in € million	Q3/11	Q3/10	%	9M/11	9M/10	%
Revenues	508.8	422.7	+20.4	1,589.2	1,396.3	+13.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	192.8	100.0	+92.8	622.9	411.4	+51.4
Operating earnings (EBIT I)	171.3	79.4	+115.7	558.1	349.2	+59.8
Capital expenditure	46.5	23.7	+96.2	94.8	50.6	+87.4
Employees as of 30 September (number)	—	—	—	8,166	7,878	+3.7

DEVELOPMENT OF EARNINGS

In the third quarter, the Potash and Magnesium Products business segment's earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 93 % to € 192.8 million (Q3/10: € 100.0 million). In the first nine months, EBITDA amounted to € 622.9 million (9M/10: € 411.4 million), an increase of 51 %.

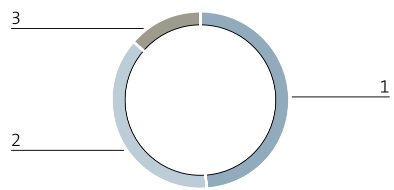
In the third quarter, it proved possible to increase operating earnings EBIT I by € 91.9 million or 116 % to € 171.3 million. This includes depreciation and amortisation of € 21.5 million which increased by only € 0.9 million in comparison to those of the corresponding period last year. The improvement in earnings can be attributed in particular to higher average prices for potash and magnesium products. In the first nine months, it proved possible to increase operating earnings EBIT I by 60 % to € 558.1 million (9M/10: € 349.2 million). This includes depreciation and amortisation of € 64.8 million (9M/10: € 62.2 million). Higher average prices for potash and magnesium products were able to more than make up for price- and volume-related cost increases, especially in the case of materials, personnel and energy.

REVENUES BY REGION JANUARY – SEPTEMBER 2011 FIG: 1.12.1



	in %	9M/11	9M/10
1	Germany	15.3	16.9
2	Rest of Europe	39.9	39.8
3	Overseas	44.8	43.3

REVENUES BY PRODUCT GROUP JANUARY – SEPTEMBER 2011 FIG: 1.12.2



	in %	9M/11	9M/10
1	Potassium chloride	49.0	47.8
2	Fertilizer specialities	37.5	37.8
3	Industrial products	13.5	14.4

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION [1] TAB: 1.12.3

		Q1/10	Q2/10	Q3/10	9M/10	Q4/10	2010	Q1/11	Q2/11	Q3/11	9M/11
Revenues	**€ million**	**504.6**	**468.9**	**422.8**	**1,396.3**	**470.7**	**1,867.0**	**578.0**	**502.4**	**508.8**	**1,589.2**
Europe	€ million	322.8	238.8	229.7	791.4	254.1	1,045.5	337.5	276.1	263.8	877.4
Overseas	US$ million	250.5	292.4	249.2	792.1	294.3	1,086.4	329.0	325.6	346.1	1,000.7
Sales volumes	**t eff. million**	**1.97**	**1.74**	**1.59**	**5.30**	**1.76**	**7.06**	**2.01**	**1.66**	**1.61**	**5.28**
Europe	t eff. million	1.29	0.91	0.84	3.03	0.96	3.99	1.19	0.87	0.86	2.92
Overseas	t eff. million	0.68	0.84	0.75	2.27	0.80	3.07	0.82	0.79	0.75	2.36
Average prices	**€/t eff.**	**256.6**	**269.0**	**266.2**	**263.6**	**267.1**	**264.4**	**287.6**	**302.3**	**316.8**	**301.2**
Europe	€/t eff.	251.3	263.1	273.8	261.0	264.5	261.8	284.4	314.7	309.3	300.8
Overseas	US$/t eff.	367.5	350.0	332.6	349.6	367.0	354.1	399.7	414.9	459.6	423.8

[1] Revenues include prices both inclusive and exclusive of freight costs and, in the case of overseas revenues, are based on the respective USD/EUR spot rates. For most of these revenues, hedging transactions have been concluded. The price information is also affected by the respective product mix and is therefore to be understood as providing a rough indication only.

OUTLOOK

The prospects for the global development of demand for potash and magnesium fertilizers continue to be attractive, so that for 2011 we expect sales volumes of about 7 million tonnes of goods (2010: 7.06 million tonnes). Based on the currently achieved potash price level, a significantly higher average price is expected than in the previous year. On this basis, revenues of the Potash and Magnesium Products business segment too should increase significantly in comparison to a year ago. Even if energy costs were to rise significantly in the fourth quarter, total costs might only increase moderately in 2011. The positive revenue effect should more than make up for the expected rise in costs and enable strong earnings growth.

Based on the currently achieved potash price level, the average price in 2012 should increase tangibly in comparison to the level expected for the current year. Against this background, from today's perspective, we assume a tangible improvement in the revenues of the business sector if sales volumes remain stable. The total costs will probably increase tangibly overall due to higher personnel and energy costs. Additionally, we assume a negative currency result. However, the positive revenue effect should more than make up for the expected rise in costs and enable a slight earnings growth compared to 2011.

NITROGEN FERTILIZERS BUSINESS SEGMENT

On 20 June 2011, the sale of COMPO to the European private equity investor TRITON was announced; the closing took place on 18 October 2011. Detailed information regarding the disposal can be found in the Notes on page 37. In accordance with IFRS, COMPO is stated as a "discontinued operation".

Furthermore, at the end of September 2011, BASF SE announced the sale of considerable parts of its fertilizer production facilities to the Russian fertilizer producer EUROCHEM. The existing contracts between BASF and K+S to supply K+S NITROGEN with complex fertilizers and straight nitrogen fertilizers are not affected by this and cannot be terminated before 31 December 2014.

/ A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE FERTILIZER BUSINESS SECTOR can be found on page 5 in the 'Industry-specific framework conditions' section.

REVENUES

In comparison to the same period last year, revenues in the Nitrogen Fertilizers business segment rose by 34 % to € 320.8 million in the third quarter primarily due to price factors. For complex fertilizers, revenues totalled € 115.8 million (Q3/10: € 96.8 million), for straight nitrogen fertilizers € 139.3 million (Q3/10: € 104.4 million) and for ammonium sulphate € 65.7 million (Q3/10: € 39.1 million). In all three product sectors, a significant price increase in comparison to the same quarter of the previous year could be achieved. While revenues for complex fertilizers also rose due to volume factors, in the case of straight nitrogen fertilizers and ammonium sulphate there was a slight volume decrease due to the lower availability of goods. The sales volumes of complex fertilizers, straight nitrogen fertilizers and ammonium sulphate reached 1.22 million tonnes in the third quarter (Q3/10: 1.25 million tonnes). In the first nine months, revenues increased by 34 % to € 877.4 million, while the sales volume was 3.43 million tonnes (9M/10: 3.53 million tonnes).

/ TAB: 1.12.4, 1.12.5 / FIG: 1.12.3, 1.12.4

DEVELOPMENT OF EARNINGS

In the third quarter, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Nitrogen Fertilizers business segment reached € 17.5 million after having been € 12.0 million in the same quarter of the previous year. In the first nine months, EBITDA more than doubled to € 62.1 million (9M/10: € 28.9 million).

Operating earnings EBIT I rose in the third quarter by € 5.3 million to € 16.8 million, which includes depreciation and amortisation of € 0.7 million (Q3/10: € 0.5 million). It proved possible to more than make up for higher input costs through price-related significantly higher revenues. In the first nine months, operating earnings EBIT I rose by € 33.1 million to € 60.4 million (9M/10: € 27.3 million). Depreciation and amortisation at € 1.7 million in comparison with the same period last year are more or less constant (9M/10: € 1.6 million).

OUTLOOK

For the Nitrogen Fertilizers business segment, the outlook refers exclusively to the continued operations.

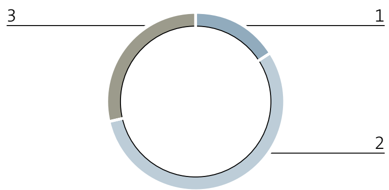
VARIANCE ANALYSIS TAB: 1.12.4

in %	Q3/11	9M/11
Change in revenues	+33.5	+33.7
volume/structure	(1.0)	(2.3)
prices/price-related	+36.4	+37.5
exchange rates	(1.9)	(1.4)
consolidation	—	—
Complex fertilizers	19.6	19.1
Straight nitrogen fertilizers	33.4	44.8
Ammonium sulphate	68.0	42.8

NITROGEN FERTILIZERS BUSINESS SEGMENT TAB: 1.12.5

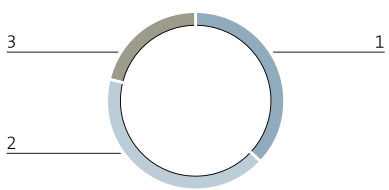
in € million	Q3/11	Q3/10	%	9M/11	9M/10	%
Revenues	320.8	240.3	+33.5	877.4	656.1	+33.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	17.5	12.0	+45.8	62.1	28.9	+114.9
Operating earnings (EBIT I)	16.8	11.5	+46.1	60.4	27.3	+121.2
Capital expenditure	0.5	0.2	+150.0	0.7	0.4	+75.0
Employees as of 30 September (number)	—	—	—	158	169	(6.5)

REVENUES BY REGION JANUARY – SEPTEMBER 2011 FIG: 1.12.3



	in %	9M/11	9M/10
1	Germany	16.1	15.0
2	Rest of Europe	55.5	53.4
3	Overseas	28.4	31.6

REVENUES BY SEGMENT JANUARY – SEPTEMBER 2011 FIG: 1.12.4



	in %	9M/11	9M/10
1	Complex fertilizers	37.0	41.6
2	Straight nitrogen fertilizers	41.9	38.6
3	Ammonium sulphate	21.1	19.8

VARIANCE ANALYSIS TAB: 1.12.6

in %	Q3/11	9M/11
Change in revenues	**+0.4**	**+6.2**
volume/structure	+0.8	+6.5
prices/price-related	+5.5	+2.6
exchange rates	(5.9)	(2.8)
consolidation	–	–
Food grade salt	(6.2)	(4.6)
Industrial salt	(4.3)	(1.7)
Salt for chemical use	3.7	13.8
De-icing salt	27.5	20.2
Other	(26.5)	(16.6)

COMPO is stated as a "discontinued operation" in accordance with IFRS. In financial year 2011, revenues should grow strongly in comparison to the adjusted figure for the previous year due to the price-related increase for straight nitrogen fertilizers, complex fertilizers and ammonium sulphate. The positive revenue effect should more than make up for the rise in input costs and enable strong earnings growth in comparison to last year.

In 2012, from today's perspective, revenues and operating earnings should remain largely stable.

SALT BUSINESS SEGMENT

/ **A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE SALT BUSINESS SECTOR** can be found on page 5 in the 'Industry-specific framework conditions' section.

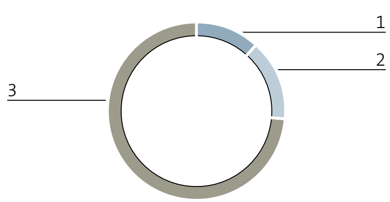
REVENUES

In the third quarter, revenues of the Salt business segment increased slightly by € 1.3 million to € 306.5 million. Positive price and volume effects counteracted negative currency effects. In the case of de-icing salt, higher sales volumes both in Europe and North America due to good demand as a result of an early stocking and rising prices resulted in an increase in revenues to € 74.1 million (Q3/10: € 58.1 million). Revenues with food grade salt fell in the third quarter by 6 % to € 79.1 million (Q3/10: € 84.3 million), as positive price effects were unable to make up for price losses primarily due to volume- and currency-related declines. Revenues of € 116.7 million were achieved with industrial salt. This was 4 % below the figure for the same quarter of the previous year (€ 122.0 million) due to currency factors. While at € 22.7 million, revenues with salt for chemical use were up on the previous year by € 0.8 million or 4 % due to price factors, revenues in the Others sector fell by € 5.0 million to € 13.9 million. Sales volumes of crystallised salt during the third quarter totalled 3.52 million tonnes and were up 6 % on the previous year's level (Q3/10: 3.33 million tonnes). Total revenues of the business segment rose by 6 % to

SALT BUSINESS SEGMENT TAB: 1.12.7

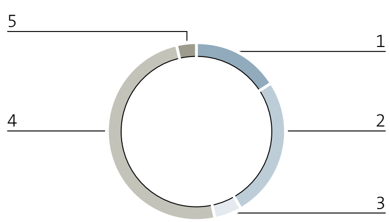
in € million	Q3/11	Q3/10	%	9M/11	9M/10	%
Revenues	306.5	305.2	+ 0.4	1,271.4	1,196.9	+ 6.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	43.6	60.8	(28.3)	254.4	263.5	(3.5)
Operating earnings (EBIT I)	13.3	31.8	(58.2)	163.4	161.5	+ 1.2
Capital expenditure	43.3	15.7	+ 175.8	63.5	41.7	+ 52.3
Employees as of 30 September (number)	—	—	—	5,209	5,283	(1.4)

REVENUES BY REGION JANUARY – SEPTEMBER 2011 FIG: 1.12.5



	in %	9M/11	9M/10
1	Germany	11.7	13.4
2	Rest of Europe	14.9	15.2
3	Overseas	73.4	71.4

REVENUES BY PRODUCT GROUP JANUARY – SEPTEMBER 2011 FIG: 1.12.6



	in %	9M/11	9M/10
1	Food grade salt	18.4	20.5
2	Industrial salt	28.6	30.9
3	Salt for chemical use	5.6	5.2
4	De-icing salt	43.6	38.6
5	Other	3.8	4.8

€ 1,271.4 million during the first nine months of the year, after having been € 1,196.9 million in the same period of the previous year. Sales volumes of crystallised salt rose by 10 % to 16.91 million tonnes in the first nine months thanks to an above-average sales volume of de-icing salt (9M/10: 15.33 million tonnes). / TAB: 1.12.6, 1.12.7, 1.12.8 / FIG: 1.12.5, 1.12.6

DEVELOPMENT OF EARNINGS

During the quarter under review, earnings before interest, taxes, depreciation and amortisation (EBITDA) fell by about 28 % to € 43.6 million. In the first nine months, EBITDA reached € 254.4 million (9M/10: € 263.5 million).

In the Salt business segment, operating earnings EBIT I fell by € 18.5 million to € 13.3 million in the third quarter. Higher earnings due to the good start to the new de-icing salt season were counteracted by weather-related production losses at the sea salt facility on the Bahamas, higher costs for demurrage charges due to the maintenance of our Patillos port terminal in Chile, negative currency effects as well as higher maintenance and packaging costs in North America. Operating earnings EBIT I include depreciation and amortisation of € 30.3 million (Q3/10: € 29.0 million). EBIT I of the first nine months amounted to € 163.4 million after having been € 161.5 million in the previous year. This includes depreciation and amortisation of € 91.0 million (9M/10: € 102.0 million). The profitability of our global salt business varies depending on the respective regional mix, the utilisation of capacities, the local margin as well as the foreign exchange rates. Thus, for example, earnings in the first nine months were favourably affected in the amount of € 45 million to € 55 million due to an above-average business with de-icing salt in comparison to the long-term average figure.

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES [1] TAB: 1.12.8

		Q1/10	Q2/10	Q3/10	9M/10	Q4/10	2010	Q1/11	Q2/11	Q3/11	9M/11
De-icing salt											
Revenues	€ million	376.5	26.8	58.1	461.4	277.8	739.2	435.0	45.3	74.1	554.4
Sales volumes	t million	7.05	0.49	1.10	8.64	4.85	13.49	7.94	0.74	1.35	10.03
Average prices	€/t	53.4	54.5	52.8	53.4	57.3	54.8	54.8	61.0	55.0	55.3
Industrial salt, salt for chemical use and food grade salt											
Revenues	€ million	217.4	232.0	228.2	677.6	227.4	905.0	226.9	223.2	218.5	668.6
Sales volumes	t million	2.20	2.26	2.23	6.69	2.35	9.04	2.24	2.47	2.17	6.88
Average prices	€/t	98.9	102.8	102.4	101.3	96.8	100.1	101.2	90.3	100.7	97.1
Other											
Revenues	€ million	22.5	16.5	18.9	57.9	26.6	84.5	20.6	13.9	13.9	48.4
Salt business segment											
Revenues	€ million	616.4	275.3	305.2	1,196.9	531.8	1,728.7	682.5	282.4	306.5	1,271.4

[1] Revenues include prices both inclusive and exclusive freight costs. The price information is also affected by changes of the exchange rates and the respective product mix and is therefore to be understood as providing a rough indication only.

OUTLOOK

As a result of the weather-related good start to the de-icing business both in North America and Europe, we are expecting stable revenues at a high level for the Salt business segment in 2011 in comparison to the peak year 2010. This forecast assumes an average de-icing salt business in the fourth quarter as well as an overall relatively stable development in revenues in the food grade, industrial salt and salt for chemical use segments. On this basis, we expect a sales volume level in the Salt business segment of, in total, a good 23 million tonnes of crystallised salt in 2011, of which about 14 million tonnes should be accounted for by de-icing salt. On the cost side, in particular, a lower building up of stocks should result in moderately declining operating earnings.

In comparison to the revenue level of 2011, on the basis of a normal winter business following the long-term average of historical de-icing salt sales volumes (assumption for crystallised salt sales volume 2012: about 22 million tonnes; of which a good 12 million tonnes of de-icing salt), we are anticipating moderately lower revenues and significantly lower operating earnings for the coming year as a result of lower capacity utilisation.

COMPLEMENTARY BUSINESS SEGMENTS

REVENUES

In the third quarter, revenues of the Complementary Business Segments with third parties stood at € 37.7 million and were thus 18 % up on the previous year (€ 31.9 million). Including intersegment revenues, total revenues amounted to € 46.3 million (Q3/10: € 42.2 million). In the first nine months, the business segment achieved revenues with third parties of € 112.3 million (9M/10: € 97.5 million), while total revenues amounted to € 142.2 million (9M/10: € 126.8 million).

/ TAB: 1.12.9, 1.12.10 / FIG: 1.12.7, 1.12.8

In the third quarter, due to volume and price factors, it proved possible to increase revenues of the waste management and recycling segment as well as of the animal hygiene segment by 21 % to € 21.7 million and by

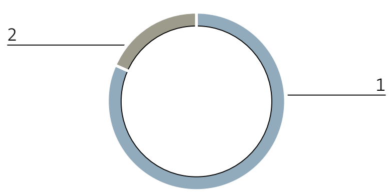
VARIANCE ANALYSIS TAB: 1.12.9

in %	Q3/11	9M/11
Change in revenues	+18.2	+15.2
volume/structure	+14.1	+11.6
prices/price-related	+4.1	+3.6
exchange rates	—	—
consolidation	—	—
Waste management and recycling	20.6	23.9
Logistics	32.1	7.0
Animal hygiene products	11.6	2.8
Trading	8.0	7.7

COMPLEMENTARY BUSINESS SEGMENTS TAB: 1.12.10

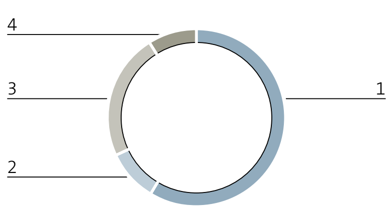
in € million	Q3/11	Q3/10	%	9M/11	9M/10	%
Revenues	37.7	31.9	+ 18.2	112.3	97.5	+ 15.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	8.2	5.8	+ 41.4	24.1	21.5	+ 12.1
Operating earnings (EBIT I)	6.6	4.3	+ 53.5	19.3	16.9	+ 14.2
Capital expenditure	1.2	1.9	(36.8)	2.2	3.7	(40.5)
Employees as of 30 September (number)	—	—	—	288	281	+ 2.5

REVENUES BY REGION JANUARY – SEPTEMBER 2011 FIG: 1.12.7



	in %	9M/11	9M/10
1	Germany	81.8	79.7
2	Rest of Europe	18.2	20.3

REVENUES BY SEGMENT JANUARY – SEPTEMBER 2011 FIG: 1.12.8



	in %	9M/11	9M/10
1	Waste management and recycling	58.7	54.6
2	Logistics	9.5	10.3
3	Animal hygiene products	23.1	25.8
4	Trading	8.7	9.3

12 % to € 9.6 million respectively. The trading and logistics business segments increased their revenues by € 0.2 million to € 2.7 million and by € 0.9 million to € 3.7 million respectively.

DEVELOPMENT OF EARNINGS

In the third quarter, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Complementary Business Segments reached € 8.2 million, an increase on the same quarter of the previous year of € 2.4 million or 41 %. EBITDA of € 24.1 million in the first nine months is € 2.6 million or 12 % higher than the figure for the previous year of € 21.5 million.

Operating earnings EBIT I rose in the third quarter by 54 % to € 6.6 million; depreciation and amortisation included in this remain at € 1.6 million largely constant against the same period last year (Q3/10: € 1.5 million). In comparison to the same quarter last year, the waste management and recycling segment was able to substantially increase its earnings due to positive volume and price effects. In the animal hygiene, logistics and trading segments too, a higher contribution to earnings was able to be achieved. In the first nine months, operating earnings EBIT I were increased by € 2.4 million to € 19.3 million (9M/10: € 16.9 million). This includes depreciation and amortisation of € 4.8 million (9M/10: € 4.6 million).

OUTLOOK

For 2011, we assume moderately higher revenues. Operating earnings should rise tangibly primarily due to an improved margin situation in the waste management segment.

In 2012, on the basis of a normalisation in the waste management business, we expect a moderately declining development for both revenues and earnings of the Complementary Business Segments.

FINANCIAL SECTION

2

INCOME STATEMENT [1]

TAB: 2.1.1

in € million	Q3/11	Q3/10	9M/11	9M/10	LTM[6]/11	12M/10
Revenues	**1,174.0**	**1,000.5**	**3,850.7**	**3,347.4**	**5,136.0**	**4,632.7**
Cost of sales	762.8	644.9	2,365.9	2,062.8	3,168.6	2,865.5
Gross profit	**411.2**	**355.6**	**1,484.8**	**1,284.6**	**1,967.4**	**1,767.2**
Selling expenses	188.7	192.3	611.7	621.2	827.0	836.5
General and administrative expenses	44.7	36.8	129.1	114.7	186.6	172.2
Research and development costs	4.0	2.9	10.7	9.2	15.3	13.8
Other operating income	39.4	28.5	84.5	143.2	121.5	180.2
Other operating expenses	28.0	32.0	85.9	149.2	129.0	192.3
Income from investments, net	2.5	0.6	4.6	2.4	6.3	4.1
Result from operating forecast hedges	(32.2)	47.1	8.7	(3.8)	(5.1)	(17.6)
Result after operating hedges (EBIT II) [2]	**155.5**	**167.8**	**745.2**	**532.1**	**932.2**	**719.1**
Interest income	2.3	1.9	8.3	5.8	11.0	8.5
Interest expenses	(16.7)	(57.1)	(53.0)	(108.0)	(76.3)	(131.3)
Other financial result	0.5	3.5	0.3	0.8	2.3	2.8
Financial result	**(13.9)**	**(51.7)**	**(44.4)**	**(101.4)**	**(63.0)**	**(120.0)**
Earnings before income taxes	**141.6**	**116.1**	**700.8**	**430.7**	**869.2**	**599.1**
Taxes on income	40.4	30.8	189.9	113.3	223.8	147.2
– of which deferred taxes	(8.1)	2.9	(2.8)	(11.1)	(21.6)	(29.9)
Earnings after taxes from continued operations	**101.2**	**85.3**	**510.9**	**317.4**	**645.4**	**451.9**
Earnings after taxes from discontinued operations	(10.1)	(8.3)	(97.4)	8.6	(108.5)	(2.5)
Net income	**91.1**	**77.0**	**413.5**	**326.0**	**536.9**	**449.4**
Minority interests in earnings	0.1	0.2	0.3	0.6	0.5	0.8
Group earnings after taxes and minority interests	**91.0**	**76.8**	**413.2**	**325.4**	**536.4**	**448.6**
– thereof continued operations	101.1	85.1	510.6	316.8	644.9	451.1
– thereof discontinued operations	(10.1)	(8.3)	(97.4)	8.6	(108.5)	(2.5)
Earnings per share in € (undiluted ≙ diluted)	0.48	0.40	2.16	1.70	2.80	2.34
– thereof continued operations	0.53	0.45	2.67	1.66	3.37	2.36
– thereof discontinued operations	(0.05)	(0.04)	(0.51)	0.04	(0.57)	(0.02)
Average number of shares in million	191.40	191.40	191.30	191.31	191.33	191.34

INCOME STATEMENT [1] (CONTINUED)

TAB: 2.1.1

in € million	Q3/11	Q3/10	9M/11	9M/10	LTM[6]/11	12M/10
Operating earnings (EBIT I) [2]	**198.5**	**117.4**	**758.8**	**515.9**	**957.4**	**714.5**
Earnings before income taxes from continued operations, adjusted [3]	**184.6**	**65.7**	**714.4**	**414.5**	**894.4**	**594.5**
Group earnings from continued operations, adjusted [3]	**131.9**	**48.7**	**520.3**	**305.1**	**663.0**	**447.8**
Earnings per share from continued operations in €, adjusted [3]	**0.69**	**0.25**	**2.72**	**1.59**	**3.47**	**2.34**
Group earnings after taxes, adjusted [3,4]	**121.8**	**40.4**	**422.9**	**313.7**	**554.5**	**445.3**
Earnings per share in €, adjusted [3,4]	**0.64**	**0.21**	**2.21**	**1.64**	**2.90**	**2.33**

STATEMENT OF COMPREHENSIVE INCOME [4]

TAB: 2.1.2

in € million	Q3/11	Q3/10	9M/11	9M/10	LTM[6]/11	12M/10
Net income	**91.1**	**77.0**	**413.5**	**326.0**	**536.9**	**449.4**
Foreign currency translation	97.8	174.2	(52.4)	97.5	(1.1)	148.8
Earnings without recognition in profit or loss (after taxes)	**97.8**	**174.2**	**(52.4)**	**97.5**	**(1.1)**	**148.8**
Comprehensive income of the period	**188.9**	**251.2**	**361.1**	**423.5**	**535.8**	**598.2**
Minority interests in comprehensive income	0.1	0.2	0.3	0.6	0.5	0.8
Group comprehensive earnings after taxes and minority interests	**188.8**	**251.0**	**360.8**	**422.9**	**535.3**	**597.4**

OPERATING EARNINGS (EBIT I) [5]

TAB: 2.1.3

in € million	Q3/11	Q3/10	9M/11	9M/10	LTM[6]/11	12M/10
Result after operating hedges (EBIT II) [2]	**155.5**	**167.8**	**745.2**	**532.1**	**932.2**	**719.1**
± Result from operating forecast hedges [2]	32.2	(47.1)	(8.7)	3.8	5.1	17.6
± Realised result from operating forecast hedges [2]	10.8	(3.3)	22.3	(20.0)	20.1	(22.2)
Operating earnings (EBIT I) [2]	**198.5**	**117.4**	**758.8**	**515.9**	**957.4**	**714.5**

[1] Due to its sale, COMPO is in accordance with IFRS disclosed retroactively as "discontinued operations". Detailed information on the disposal can be found in the notes on page 37.
[2] Management of the K+S Group is handled, amongst others, on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded in table 2.1.3.
[3] The adjusted key figures only include the realised result from operating forecast hedges of the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account in the adjusted earnings. Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/11: 28.3 % (Q3/10: 27.9 %).
[4] Earnings from continued and discontinued operations.
[5] Information on operating earnings refers to continued operations.
[6] LTM = last twelve months (Q4/10 + Q1/11 + Q2/11 + Q3/11).

BALANCE SHEET — ASSETS TAB: 2.2.1

in € million	30.9.2011	30.9.2010	31.12.2010
Intangible assets	978.5	968.9	999.7
– of which goodwill from acquisitions	620.7	599.4	615.3
Property, plant and equipment	2,086.2	1,771.4	1,803.6
Investment properties	7.7	7.8	7.8
Financial assets	23.1	26.1	24.1
Receivables and other assets	64.9	156.0	43.0
– of which derivative financial instruments	5.0	6.6	6.4
Securities and other financial investments	40.9	—	—
Deferred taxes	43.8	42.4	57.8
Reimbursement claims of income taxes	1.8	0.4	0.4
Non-current assets	**3,246.9**	**2,973.0**	**2,936.4**
Inventories	627.7	712.5	740.2
Accounts receivable – trade	813.1	787.0	949.8
Other receivables and assets	235.3	177.5	174.3
– of which derivative financial instruments	26.7	45.6	35.4
Reimbursement claims of income taxes	17.4	17.7	24.6
Securities and other financial investments	25.2	—	—
Cash on hand and balances with banks	643.0	713.1	748.4
Assets classified as held for sale	216.0	—	—
Current assets	**2,577.7**	**2,407.8**	**2,637.3**
ASSETS	5,824.6	5,380.8	5,573.7

BALANCE SHEET — EQUITY AND LIABILITIES TAB: 2.2.1

in € million	30.9.2011	30.9.2010	31.12.2010
Subscribed capital	191.4	191.4	191.4
Additional paid-in capital	646.4	646.2	647.5
Other reserves and accumulated profit	1,974.7	1,636.6	1,810.1
Minority interests	2.9	2.4	2.6
Equity	**2,815.4**	**2,476.6**	**2,651.6**
Bank loans and overdrafts	768.8	768.5	769.1
Other liabilities	22.1	22.7	22.8
– of which derivative financial instruments	5.4	3.0	4.6
Provisions for pensions and similar obligations	91.4	187.3	184.8
Provisions for mining obligations	540.1	512.7	528.4
Other provisions	150.6	239.6	152.4
Deferred taxes	320.7	253.6	261.6
Non-current debt	**1,893.7**	**1,984.4**	**1,919.1**
Bank loans and overdrafts	2.4	33.7	17.5
Accounts payable – trade	521.8	407.9	511.2
Other liabilities	101.5	69.5	86.7
– of which derivative financial instruments	28.8	5.4	12.5
Income tax liabilities	50.0	80.0	82.4
Provisions	259.4	328.7	305.2
Liabilities directly associated with assets classified as held for sale	180.4	—	—
Current debt	**1,115.5**	**919.8**	**1,003.0**
EQUITY AND LIABILITIES	5,824.6	5,380.8	5,573.7

CASH FLOW STATEMENT [1] TAB: 2.3.1

in € million	Q3/11	Q3/10	9M/11	9M/10	LTM[2]/11	12M/10
Result after operating hedges (EBIT II)	**155.5**	**167.8**	**745.2**	**532.1**	**932.2**	**719.1**
Income (–)/expenses(+) from market value changes of hedging transactions not yet due	40.6	(48.3)	13.6	(8.9)	23.3	0.8
Neutralising previous market value changes of derecognised hedging transactions	2.4	(2.1)	—	(7.3)	1.9	(5.4)
Operating earnings (EBIT I)	**198.5**	**117.4**	**758.8**	**515.9**	**957.4**	**714.5**
Depreciation (+)/write-ups (–) on intangible assets, property, plant and equipment and financial assets	56.0	53.4	168.1	175.7	230.9	238.5
Increase(+)/decrease (–) in non-current provisions (without interest rate effects)	0.6	12.7	9.3	6.7	35.5	32.9
Interests, dividends received and similar income	3.0	1.7	7.9	5.9	7.3	5.3
Gains (+)/losses (–) from the realisation of financial assets and liabilities	4.2	(3.0)	1.6	(5.0)	5.3	(1.3)
Interest paid (–)	(38.9)	(46.6)	(42.0)	(53.1)	(43.5)	(54.6)
Income taxes paid (–)	(74.5)	(24.1)	(217.6)	(68.1)	(272.3)	(122.8)
Other non-cash expenses(+)/income (–)	12.5	(22.2)	9.4	(15.0)	22.3	(2.1)
Gross cash flow from continued operations	**161.4**	**89.3**	**695.5**	**563.0**	**942.9**	**810.4**
Gross cash flow from discontinued operations	(5.3)	(8.2)	20.3	20.9	19.2	19.8
Gross cash flow	**156.1**	**81.1**	**715.8**	**583.9**	**962.1**	**830.2**

CASH FLOW STATEMENT [1] **(CONTINUED)** TAB: 2.3.1

in € million	Q3/11	Q3/10	9M/11	9M/10	LTM[2]/11	12M/10
Gross cash flow	**156.1**	**81.1**	**715.8**	**583.9**	**962.1**	**830.2**
Gain (–)/loss (+) on the disposal of fixed assets and securities	(3.3)	0.2	(1.6)	0.5	(2.7)	(0.6)
Increase (–)/decrease (+) in inventories	(57.1)	(75.4)	(22.5)	(15.1)	(37.4)	(30.0)
Increase (–)/decrease (+) in receivables and other assets from operating activities	(8.6)	20.2	23.5	80.2	(174.8)	(118.1)
– of which premium volume for derivatives	(10.1)	(4.2)	2.2	(6.6)	(7.6)	(16.4)
Increase (+)/decrease (–) in liabilities from operating activities	74.7	55.3	39.4	60.6	151.2	172.4
– of which premium volume for derivatives	5.2	0.2	2.8	7.0	6.6	10.8
Increase (+)/decrease (–) of current provisions	19.7	19.5	(3.1)	16.5	(13.3)	6.3
Out-financing of plan assets	(5.9)	(0.5)	(105.8)	(2.9)	(105.6)	(2.7)
Cash flow from operating activities	**175.6**	**100.4**	**645.7**	**723.7**	**779.5**	**857.5**
– thereof continued operations	**149.9**	**102.1**	**618.4**	**689.7**	**755.1**	**826.4**
– thereof discontinued operations	25.7	(1.7)	27.3	34.0	24.4	31.1
Proceeds from disposals of fixed assets	9.1	(0.8)	10.7	4.2	13.0	6.5
Disbursements for intangible assets	(2.4)	(1.6)	(12.9)	(3.9)	(27.1)	(18.1)
Disbursements for property, plant and equipment	(94.1)	(43.9)	(163.0)	(103.3)	(235.9)	(176.2)
Disbursements for financial assets	(0.1)	—	(3.1)	(4.3)	(1.2)	(2.4)
Disbursements for the acquisition of consolidated companies	—	—	(242.8)	—	(242.8)	—
Disbursements for the purchase of securities and other financial assets	—	—	(65.7)	—	(65.7)	—
Cash flow for investing activities	**(87.5)**	**(46.3)**	**(476.8)**	**(107.3)**	**(559.7)**	**(190.2)**
– thereof continued operations	**(84.7)**	**(44.7)**	**(471.4)**	**(99.3)**	**(549.8)**	**(177.7)**
– thereof discontinued operations	(2.8)	(1.6)	(5.4)	(8.0)	(9.9)	(12.5)
Free cash flow	**88.1**	**54.1**	**168.9**	**616.4**	**219.8**	**667.3**

CASH FLOW STATEMENT[1] (CONTINUED) TAB: 2.3.1

in € million	Q3/11	Q3/10	9M/11	9M/10	LTM[2]/11	12M/10
Free cash flow	**88.1**	**54.1**	**168.9**	**616.4**	**219.8**	**667.3**
– thereof continued operations	**65.2**	**57.4**	**147.0**	**590.4**	**205.3**	**648.7**
– thereof discontinued operations	22.9	(3.3)	21.9	26.0	14.5	18.6
Dividends paid	–	–	(191.4)	(38.3)		
Disbursements for the acquisition of non-controlling interests	–	–	(59.3)	–		
Payments from other allocations to equity	–	–	4.8	6.1		
Purchase of own shares	–	–	(13.8)	(8.4)		
Sale of own shares	–	–	7.9	0.5		
Increase (+)/decrease (–) in liabilities from finance lease	0.1	(0.2)	(1.2)	(1.1)		
Taking out (+)/repayment of (–) loans	(2.6)	1.8	(9.0)	(395.9)		
Cash flow for financing activities	**(2.5)**	**1.6**	**(262.0)**	**(437.1)**		
– thereof continued operations	**(2.0)**	**1.6**	**(259.3)**	**(436.5)**		
– thereof discontinued operations	(0.5)	–	(2.7)	(0.6)		
Change in cash and cash equivalents affecting cash flow	**85.6**	**55.7**	**(93.1)**	**179.3**		
– thereof continued operations	**63.2**	**59.0**	**(112.3)**	**153.9**		
– thereof discontinued operations	22.4	(3.3)	19.2	25.4		
Change in cash and cash equivalents resulting from exchange rates	4.0	(11.3)	(4.5)	5.4		
Change in cash and cash equivalents	**89.6**	**44.4**	**(97.6)**	**184.7**		

[1] Due to its sale, COMPO is in accordance with IFRS disclosed retroactively as "discontinued operations". Detailed information on the disposal can be found in the notes on page 37.
[2] LTM = last twelve months (Q4/10 + Q1/11 + Q2/11 + Q3/11).

NET CASH AND CASH EQUIVALENTS TAB: 2.3.2

in € million	9M/11	9M/10
Net cash and cash equivalents as of 1 January	**740.6**	**520.1**
Net cash and cash equivalents as of 30 September	**643.0**	**704.8**
– thereof cash on hand and balances with banks	643.0	713.1
– thereof cash invested with associated companies	65.0	–
– thereof bank overdrafts	(0.4)	(0.5)
– thereof cash received from associated companies	(22.6)	(7.8)
– thereof net cash and cash equivalents from discontinued operations	(42.0)	–

Explanations to the cash flow statement can be found on page 11.

STATEMENT OF CHANGES IN EQUITY

TAB: 2.4.1

in € million	Subscribed capital	Additional paid-in capital	Accumulated profit / other reserves	Differences from foreign currency translation	Total K+S AG shareholders' equity	Minority interests	Equity
Balances as of 1 January 2011	191.4	647.5	1,671.7	138.4	2,649.0	2.6	2,651.6
Net income	—	—	413.2	—	413.2	0.3	413.5
Earnings without recognition in profit or loss (after taxes)	—	—	—	(52.4)	(52.4)	—	(52.4)
Net income for the period	**—**	**—**	**413.2**	**(52.4)**	**360.8**	**0.3**	**361.1**
Dividend for the previous year	—	—	(191.4)	—	(191.4)	—	(191.4)
Issuance of shares to employees	—	(1.1)	—	—	(1.1)	—	(1.1)
Other changes in equity	—	—	(4.8)	—	(4.8)	—	(4.8)
Balances as of 30 September 2011	**191.4**	**646.4**	**1,888.7**	**86.0**	**2,812.5**	**2.9**	**2,815.4**
Balances as of 1 January 2010	191.4	648.8	1,263.0	(10.3)	2,092.9	1.8	2,094.7
Net income	—	—	325.4	—	325.4	0.6	326.0
Earnings without recognition in profit or loss (after taxes)	—	—	—	97.5	97.5	—	97.5
Net income for the period	**—**	**—**	**325.4**	**97.5**	**422.9**	**0.6**	**423.5**
Dividend for the previous year	—	—	(38.3)	—	(38.3)	—	(38.3)
Issuance of shares to employees	—	(2.6)	—	—	(2.6)	—	(2.6)
Other changes in equity	—	—	(0.7)	—	(0.7)	—	(0.7)
Balances as of 30 September 2010	**191.4**	**646.2**	**1,549.4**	**87.2**	**2,474.2**	**2.4**	**2,476.6**

2.5 NOTES

EXPLANATORY NOTES; CHANGES IN THE LEGAL GROUP AND ORGANISATIONAL STRUCTURE

The interim report of 30 September 2011 is prepared in accordance with the INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) as well as the interpretations of the INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC), insofar as those have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34. With the exception of adjustments made as a result of changes to accounting standards, the accounting and valuation principles used for this interim report correspond to those used for the consolidated financial statements 2010.

Foreign currency assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Income and expenses are translated applying the average exchange rates for the quarter.

Accounting standards and interpretations to be applied in the financial year 2011 for the first time are of no relevance to the consolidated financial statements of the K+S GROUP.

There were no noteworthy changes to the composition and responsibilities of the Board of Executive Directors and the Supervisory Board as described in the Financial Report 2010.

AUDITOR'S REVIEW

The interim financial statements and the interim management report were not reviewed by the auditor (Section 37w, Para. 5, Sent. 1 of the German Securities Trading Act).

CHANGES IN SCOPE OF CONSOLIDATION

In the third quarter of 2011, the scope of consolidation was changed as follows: K+S SALT OF THE AMERICAS HOLDING B.V. was renamed K+S NETHERLANDS HOLDING B.V. Furthermore, COMPO HORTICULTURE ET JARDIN SAS was renamed K+S HOLDING FRANCE SAS and its headquarters moved to Reims, France.

DISPOSAL OF COMPO

The strategy of the K+S GROUP provides for growth in the Potash and Magnesium Products and Salt business segments in particular and for focusing management resources and financial means on this. Against this background, last year, K+S initiated the examination of a disposal of COMPO. COMPO, based in Münster/Westphalia, is one of the leading suppliers of branded goods for home and garden and employs more than 1,000 employees globally.

On 20 June 2011, a sales agreement with an enterprise value of € 205 million was signed with the European private equity investor TRITON. After the EU antitrust authority granted the release of the transaction on 26 September, the disposal of COMPO was successfully completed on 18 October 2011. Of the expected cash inflow of about € 150 million, as at 30 September, a good € 50 million was already recorded as a result of the reduction of internal credit lines by COMPO.

With the concluded sale agreement, COMPO meets the criteria under IFRS 5 "Non-current assets held for sale and discontinued operations" and must therefore be carried on the balance sheet as a disposal group held for sale and as a discontinued operation.

All assets and liabilities of COMPO were therefore reclassified and disclosed in the consolidated balance sheet as separate items "Assets held for sale" and "Liabilities in connection with assets held for sale" respectively. Comparative information for the balance sheets of the preceding periods was not restated in accordance with IFRS 5.

All income and expenses of COMPO, classified as a discontinued operation, were reclassified and disclosed in a separate item "Earnings after taxes from discontinued operations". Comparative periods were restated in accordance with IFRS 5.

Pursuant to IFRS 5, the cash flows of the discontinued operation have to be stated separately in the cash flow statement. The comparative figures of the cash flow statement for the preceding periods were also restated correspondingly.

On the reporting date, 30 September 2011, an impairment loss of € 108.3 million after taxes is disclosed as a result of the valuation of assets of the disposal group COMPO at fair value less costs to sell. Until the date of the closing, the assets held for sale and the related liabilities changed. Therefore, the final loss from the disposal will be established not until the fourth quarter.

The composition of the earnings after taxes from discontinued operations is shown in table 2.5.1. / TAB: 2.5.1

EARNINGS AFTER TAXES FROM DISCONTINUED OPERATIONS TAB: 2.5.1

in € million	Q3/11	Q3/10	9M/11	9M/10
Revenues	**76.4**	**68.1**	**352.1**	**332.4**
Other income and expenses	(80.5)	(77.1)	(333.7)	(316.7)
EBIT	**(4.1)**	**(9.0)**	**18.4**	**15.7**
Financial result	(0.3)	(0.9)	(1.4)	(2.9)
Earnings before taxes	**(4.4)**	**(9.9)**	**17.0**	**12.8**
Taxes on income	1.4	(1.6)	6.1	4.2
Earnings after taxes for the period	**(5.8)**	**(8.3)**	**10.9**	**8.6**
Impairment deriving from the measurement of disposal group assets at fair value less costs to sell	(5.6)	—	(108.6)	—
Taxes on income	(1.3)	—	(0.3)	—
Impairment after income taxes deriving from the measurement of disposal group assets at fair value less costs to sell	**(4.3)**	**—**	**(108.3)**	**—**
Earnings after taxes from discontinued operations	**(10.1)**	**(8.3)**	**(97.4)**	**16.9**

Table 2.5.2 shows the assets and liabilities of COMPO, which are classified as held for sale. / TAB: 2.5.2

ASSETS AND LIABILITIES IN CONNECTION WITH ASSETS HELD FOR SALE TAB: 2.5.2

in € million	30.9.2011
Financial assets and other non-current assets	4.1
Inventories	98.6
Accounts receivable – trade	84.8
Other current assets	21.9
Cash on hand and balances with banks	6.6
Assets held for sale	**216.0**
Provisions for pensions and similiar obligations	17.5
Other non-current provisions	6.0
Bank loans and overdrafts	7.9
Accounts payable – trade	24.2
Other liabilities	82.6
Current provisions	42.2
Liabilities in connection with assets held for sale	**180.4**

ACQUISITION POTASH ONE

K+S CANADA HOLDINGS INC., an indirect wholly owned subsidiary of K+S AKTIENGESELLSCHAFT, took over control of 81.6 % of the shares of POTASH ONE INC. (Vancouver, Canada) with effect from 21 January 2011 under a public takeover bid. The purchase price paid in cash was € 263.2 million (CAD 4.50 per share). Acquisition-related ancillary costs of € 3.7 million were incurred up to the date of acquisition (21 January 2011), which were recognised as expenses (reported chiefly as other operating expenses); thereof, € 3.3 million were attributable to the fourth quarter of 2010 and € 0.4 million to the first quarter of 2011.

POTASH ONE holds several potash exploration licences in the Canadian province of Saskatchewan including the Legacy Project – an advanced greenfield project for the construction of a potash solution mine. The acquisition of POTASH ONE enables us to invest in low-cost deposits that are rich in raw materials, to increase our potash capacities and to participate in market growth over the medium to long term.

Ahead of the acquisition, on 24 November 2010, POTASH ONE issued a convertible bond at a nominal value of CAD 30 million, which was fully subscribed for by K+S CANADA HOLDINGS INC. The proceeds from this convertible bond are being used to finance water supply facilities for the Legacy Project. This financing measure enabled POTASH ONE to avoid delaying the development of its Legacy Project. The conversion right was disclosed as a derivative in the financial statements of the K+S GROUP as at 31 December 2010 and valued at € 2.8 million. The derivative remained unchanged until the date of acquisition. POTASH ONE had disclosed this derivative on a mirror-image basis in equity.

The following companies were taken over as part of the acquisition:

+ POTASH ONE INC. (merged into K+S CANADA HOLDINGS INC. on 31 March 2011)
+ POTASH NORTH RESOURCE CORPORATION (merged into K+S CANADA HOLDINGS INC. on 31 March 2011)
+ 0799833 B.C. LTD (merged into K+S CANADA HOLDINGS INC. on 31 March 2011)
+ ISX OIL & GAS INC.
+ K+S LEGACY GP INC.
+ K+S POTASH CANADA GP

The operating business of POTASH ONE is fully reflected in K+S POTASH CANADA GP. K+S POTASH CANADA GP has been consolidated for the first time as of 31 March 2011. From a Group perspective, ISX OIL & GAS INC. and K+S LEGACY GP INC. are of secondary importance and are being stated at their acquisition cost.

The fair values of the assets and liabilities taken over at the date of acquisition (21 January 2011) and the goodwill of POTASH ONE derived from them are shown in table 2.5.3. / TAB: 2.5.3

POTASH ONE TAB: 2.5.3

in € million	Fair values as of the date of acquisition
Property, plant and equipment	386.1
Deferred taxes	0.1
Non-current assets	**386.2**
Other receivables and assets	0.9
Securities	0.7
Cash on hand and balances with banks	20.4
Current assets	**22.0**
Assets	408.2
Deferred taxes	84.2
Non-current debt	**84.2**
Bank loans and overdrafts	19.5
Accounts payable – trade	0.8
Other liabilities	0.3
Current debt	**20.6**
Equity and liabilities	104.8
Net assets	**303.4**
Net assets of non-controlling interest of 18.4 %	**55.7**
Net assets of controlling interest of 81.6 %	**247.7**
Goodwill	**18.3**
Purchase price of 81.6 % of shares	263.2
Conversion right arising from the convertible bond	2.8
Purchase price of 81.6 % of shares including conversion right arising from the convertible bond	**266.0**

Compared with the second quarter of 2011, no adjustment of the purchase price allocation was made. The main asset of POTASH ONE are the raw material deposits related to the Legacy Project; the existing resource basis for potassium chloride is a physical asset, which is disclosed under the item raw material deposits within property, plant and equipment.

A comparison of the acquisition costs and the revalued proportionate net assets results in a goodwill of € 18.3 million. The goodwill represents those assets that are not individually identifiable when allocating the purchase price and for which a future economic benefit is expected. The amount of goodwill is largely affected by the recognition of deferred taxes in connection with the remeasurement of assets and liabilities. The goodwill is assigned to the cash-generating unit Potash and Magnesium Products. A tax-deductible goodwill did not arise.

At the start of February, a further 9.3 % of the shares were acquired for cash at a price of € 30.1 million (CAD 4.50 per share). The remaining 9.1 % of POTASH ONE shares outstanding were acquired for cash in March by means of a compulsory acquisition within the framework of the Canada Business Corporations Act at a price of € 29.2 million (CAD 4.50 per share). The purchases made in February and March, however, had to be stated as equity transactions in accordance with the regulations of IAS 27. Use was not made of the right of choice to identify a goodwill in relation to the shares of other shareholders (full goodwill method).

The payments shown in the cash flow statement within the framework of the takeover of POTASH ONE are split as follows: in the cash flow for investing activities, the payment of € 242.8 million for taking over control of POTASH ONE is shown in the item “Disbursements for the acquisition of consolidated companies” (purchase price for 81.6 % of shares in the amount of € 263.2 million less cash and cash equivalents acquired of € 20.4 million). The payments for the subsequent acquisition of the remaining, not yet controlling interests (18.4 %) in the amount of € 59.3 million are stated in accordance with IFRS in the cash flow for financing activities. Thus, the total purchase price for POTASH ONE amounted to € 322.5 million.

Since its inclusion in the financial statements of the K+S GROUP, K+S POTASH CANADA GP has generated operating earnings EBIT I and earnings after income taxes of € (4.1) million respectively.

It is not possible to determine earnings assuming that the POTASH ONE acquisition had already occurred at the beginning of the year, as no reliable IFRS figures are available for that period.

SEASONAL FACTORS

There are seasonal differences over the course of the year that affect the sales volumes of fertilizers and salt products. In the case of fertilizers, we generally attain our highest sales volumes in the first half of the year because of the spring fertilisation in Europe. Sales volumes of salt products – especially of de-icing salt – largely depend on the respective wintry weather during the first and fourth quarters. In the aggregate, both these effects mean that revenues and particularly earnings are generally strongest during the first half of the year.

IMPORTANT KEY FIGURES (LTM[1]) TAB: 2.5.4

in € million	LTM 2011	2010
Revenues	5,136.0	4,632.7
EBITDA	1,188.3	953.0
EBIT I	957.4	714.5
Group earnings after taxes from continued operations, adjusted	663.0	447.8

[1] LTM = last twelve months (Q4/10 + Q1/11 + Q2/11 + Q3/11)

INFORMATION CONCERNING MATERIAL EVENTS SINCE THE END OF THE INTERIM REPORTING PERIOD

You will find such information in our Subsequent Events section on page 14.

FOREIGN CURRENCY HEDGING

Exchange rate fluctuations between the euro and the national currencies relevant to our business can lead to the value of the service performed not matching the value of the consideration received in transactions, because expenditure and income arise in different currencies (transaction risks). Exchange rate fluctuations, especially in relation to the US dollar, play an important role for the Potash and Magnesium Products business segment. For these transaction risks, options and, in some cases, also futures are concluded for the time the revenues are expected to arise (plan hedging). The US dollar receivables that arise after billing are then, less expected US dollar expenditure, hedged for the agreed time of the incoming payment via futures (bill hedging).

FOREIGN CURRENCY HEDGING POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT TAB: 2.5.5	Q1/10	Q2/10	Q3/10	Q4/10	2010	Q1/11	Q2/11	Q3/11	2011e
USD/EUR exchange rate after premiums	1.39	1.29	1.33	1.39	1.35	1.35	1.34	1.35	1.35
Average USD/EUR spot rate	1.38	1.27	1.29	1.36	1.33	1.37	1.44	1.41	–

In the Salt business segment, currency risks normally result from the translation of the earnings achieved by MORTON SALT and SPL, which are predominantly denominated in US dollars, into the Group currency, which is the euro. Analogous to the hedging strategy for the Potash and Magnesium Products business segment, options and, in some cases, futures are concluded in relation to these translation risks (plan hedging). Within the framework of translation hedging in the Salt business segment, hedging transactions exist until the end of 2011 with a worst case scenario of 1.37 USD/EUR.

For a majority of the US dollar revenues expected in financial year 2012, already today, there are hedging transactions for plan hedging in the Potash and Magnesium Products business segment with a worst case scenario of 1.44 USD/EUR and for translation hedging in the Salt business segment, there are hedging transactions with a worst case scenario of 1.42 USD/EUR.

OTHER OPERATING INCOME/EXPENSES

Material items of other operating income/expenses are shown in table 2.5.6. / TAB: 2.5.6

OTHER OPERATING INCOME/EXPENSES TAB: 2.5.6	Q3/11	Q3/10	9M/11	9M/10
in € million				
Gains/losses on foreign exchange rates	2.6	(3.6)	(1.9)	5.5
Change in provisions	2.7	1.5	4.6	4.6
Other	6.1	(1.4)	(4.1)	(16.1)
Other operating income/expenses	**11.4**	**(3.5)**	**(1.4)**	**(6.0)**

FINANCIAL RESULT

Material items of the financial result are shown in table 2.5.7. / TAB: 2.5.7

FINANCIAL RESULT TAB: 2.5.7	Q3/11	Q3/10	9M/11	9M/10
in € million				
Interest income	2.3	1.9	8.3	5.8
Interest expenses	(16.7)	(57.1)	(53.0)	(108.0)
– of which interest expenses for pension provisions	(0.7)	(1.8)	(3.4)	(4.2)
– of which interest expenses for provisions for mining obligations	(4.7)	(27.8)	(15.7)	(38.5)
Interest income, net	**(14.4)**	**(55.2)**	**(44.7)**	**(102.2)**
Income from the realisation of financial assets/liabilities	4.1	(3.1)	1.5	(5.0)
Income from the valuation of financial assets/liabilities	(3.6)	6.6	(1.2)	5.8
Other financial result	**0.5**	**3.5**	**0.3**	**0.8**
Financial result	**(13.9)**	**(51.7)**	**(44.4)**	**(101.4)**

DISCOUNT FACTORS FOR PROVISIONS

The actuarial measurement of pension provisions is performed by applying the projected unit credit method in accordance with IAS 19. The average weighted discount factor for pensions and similar obligations was, unchanged compared to 31 December 2010, 5.1% (30 September 2010: 4.7 %). The average weighted discount factor for provisions for mining obligations was 4.7% (30 September 2010: 4.7 %).

TAXES ON INCOME

Material items of taxes on income are shown in table 2.5.8. / TAB: 2.5.8

TAXES ON INCOME TAB: 2.5.8

in € million	Q3/11	Q3/10	9M/11	9M/10
Corporate income tax	29.9	13.4	92.3	55.1
Trade tax on income	24.3	13.8	74.9	45.6
Foreign income taxes	(5.7)	0.7	25.5	23.7
Deferred taxes	(8.1)	2.9	(2.8)	(11.1)
Taxes on income	**40.4**	**30.8**	**189.9**	**113.3**

Non-cash deferred taxes result from tax loss carryforwards as well as other temporary tax-related measurement differences.

MATERIAL CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS

Compared with the 2010 annual financial statements, the balance sheet total as of 30 September 2011 increased by € 250.9 million. On the asset side, non-current assets increased by € 310.5 million and current assets decreased by € 59.6 million. The increase in non-current assets results mainly from an increase in raw material deposits in property, plant and equipment, which were acquired within the framework of the acquisition of POTASH ONE. This was counteracted by the sale of COMPO. The decrease in current assets chiefly results from a decrease in accounts receivable – trade in the amount of € 136.7 million. Of this, € 84.8 million resulted from the reclassification of the accounts receivable – trade of COMPO into the item "Assets held for sale". Furthermore, cash on hand and balances with banks have decreased by € 105.4 million. Of this, € 6.6 million were attributable to the reclassification of COMPO. Moreover, inventories decreased by € 112.5 million. The decrease of stock can be attributed to the disposal of the COMPO group and the subsequent reclassification into the item "Assets held for sale". In contrast, other receivables and assets have increased by € 61.0 million as compared to 31 December 2010.

On the equity and liabilities side, equity increased by € 163.8 million. The positive net income for the period of the first nine months of financial year 2011 has more than made up for the dividend payment of € 191.4 million. Debt rose by € 87.1 million. This is primarily due to an increase in deferred taxes of € 59.1 million which mainly resulted from the acquisition of POTASH ONE. This was counteracted by a decrease in provisions for pensions and similar obligations of € 93.4 million of which € 17.5 million accounted for the reclassification of COMPO.

MATERIAL CHANGES IN EQUITY

Equity is influenced by both transactions contributing to profit or loss and those not recognised in profit or loss, as well as by capital transactions with shareholders. Compared with the annual financial statements for 2010, accumulated profit and other reserves increased by € 217.0 million. The increase is mainly due to the positive net income for the period of the first nine months of financial year 2011 (after taxes and minority interests) of € 413.2 million, which was counteracted by the payment of the dividend of € 191.4 million. Changes in equity without recognition in profit or loss also had to be accounted for, resulting from foreign currency translation of subsidiaries in their functional foreign currency (mainly the US dollar). Differences arising from foreign currency translation are recorded in a separate currency translation reserve; this has decreased by € 52.4 million as of 30 September 2011 due to exchange rate fluctuations.

NET INDEBTEDNESS TAB: 2.5.9

in € million	9M/11	9M/10
Net indebtedness as of 1 January	(732.5)	(1,338.9)
Cash on hand and balances with banks as of 30 September	643.0	713.1
Non-current securities and other financial investments as of 30 September	40.9	—
Current securities and other financial investments as of 30 September	25.2	—
Bank loans and overdrafts	(771.2)	(802.2)
Net financial liabilities as of 30 September	**(62.1)**	**(89.1)**
Provisions for pensions and similar obligations	(91.4)	(187.3)
Provisions for mining obligations	(540.1)	(512.7)
Reimbursement claim bond Morton Salt	18.7	—
Net indebtedness as of 30 September	**(674.9)**	**(789.1)**

CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities in comparison with the annual financial statements 2010 and they can be classified as immaterial overall.

RELATED PARTIES

Within the K+S GROUP, deliveries are made and services rendered on customary market terms. Besides transactions between K+S GROUP companies, business relations are maintained with non-consolidated subsidiaries as well as companies over which the K+S GROUP can exercise a significant influence (associated companies). Such relationships do not have a material influence on the consolidated financial statements of the K+S GROUP. In the K+S GROUP, related persons are mainly the Board of Executive Directors and the Supervisory Board. The remuneration received by this group of persons is disclosed annually in the Remuneration Report. There were no other material transactions with related parties.

TOTAL REVENUES Q3[1] TAB: 2.5.10

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	508.8	14.3	523.1
Nitrogen Fertilizers	320.8	4.6	325.4
Salt	306.5	1.2	307.7
Complementary Business Segments	37.7	8.6	46.3
Reconciliation	0.2	(28.7)	(28.5)
K+S Group Q3/11	**1,174.0**	**—**	**1,174.0**
Potash and Magnesium Products	422.7	16.0	438.7
Nitrogen Fertilizers	240.3	2.2	242.5
Salt	305.2	1.1	306.3
Complementary Business Segments	31.9	10.3	42.2
Reconciliation	0.4	(29.6)	(29.2)
K+S Group Q3/10	**1,000.5**	**—**	**1,000.5**

TOTAL REVENUES 9M[1] TAB: 2.5.11

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	1,589.2	44.4	1,633.6
Nitrogen Fertilizers	877.4	6.5	883.9
Salt	1,271.4	3.5	1,274.9
Complementary Business Segments	112.3	29.9	142.2
Reconciliation	0.4	(84.3)	(83.9)
K+S Group 9M/11	**3,850.7**	**—**	**3,850.7**
Potash and Magnesium Products	1,396.3	45.1	1,441.4
Nitrogen Fertilizers	656.1	4.9	661.0
Salt	1,196.9	3.2	1,200.1
Complementary Business Segments	97.5	29.3	126.8
Reconciliation	0.6	(82.5)	(81.9)
K+S Group 9M/10	**3,347.4**	**—**	**3,347.4**

[1] Information refers to the continued operations of the K+S Group.

2.6 SUMMARY BY QUARTER [1]

REVENUES & OPERATING EARNINGS (IFRS)

TAB: 2.6.1

in € million	Q1/10	Q2/10	Q3/10	9M/10	Q4/10	2010	Q1/11	Q2/11	Q3/11	9M/11
Potash and Magnesium Products	504.7	468.9	422.7	1,396.3	470.7	1,867.0	578.0	502.4	508.8	1,589.2
Nitrogen Fertilizers	244.3	171.5	240.3	656.1	246.3	902.4	328.1	228.5	320.8	877.4
Salt	616.4	275.3	305.2	1,196.9	531.9	1,728.8	682.5	282.4	306.5	1,271.4
Complementary Business Segments	33.3	32.3	31.9	97.5	36.5	134.0	38.2	36.4	37.7	112.3
Reconciliation	0.1	0.1	0.4	0.6	—	0.5	0.1	0.1	0.2	0.4
K+S Group revenues	**1,398.8**	**948.1**	**1,000.5**	**3,347.4**	**1,285.4**	**4,632.7**	**1,626.9**	**1,049.8**	**1,174.0**	**3,850.7**
Potash and Magnesium Products	150.6	119.2	79.4	349.2	126.7	475.9	202.4	184.4	171.3	558.1
Nitrogen Fertilizers	6.4	9.4	11.5	27.3	16.0	43.3	33.7	9.9	16.8	60.4
Salt	107.9	21.8	31.8	161.5	76.6	238.1	139.1	11.0	13.3	163.4
Complementary Business Segments	6.4	6.2	4.3	16.9	4.3	21.2	8.1	4.6	6.6	19.3
Reconciliation	(11.7)	(17.7)	(9.6)	(39.0)	(25.0)	(64.0)	(14.9)	(18.0)	(9.5)	(42.4)
K+S Group EBIT I	**259.6**	**138.9**	**117.4**	**515.9**	**198.6**	**714.5**	**368.4**	**191.9**	**198.5**	**758.8**

INCOME STATEMENT (IFRS)

TAB: 2.6.2

in € million	Q1/10	Q2/10	Q3/10	9M/10	Q4/10	2010	Q1/11	Q2/11	Q3/11	9M/11
Revenues	**1,398.8**	**948.1**	**1,000.5**	**3,347.4**	**1,285.3**	**4,632.7**	**1,626.9**	**1,049.8**	**1,174.0**	**3,850.7**
Cost of sales	820.8	597.1	644.9	2,062.8	802.7	2,865.5	961.1	642.0	762.8	2,365.9
Gross profit	**578.0**	**351.0**	**355.6**	**1,284.6**	**482.6**	**1,767.2**	**665.8**	**407.8**	**411.2**	**1,484.8**
Selling expenses	242.2	186.7	192.3	621.2	215.3	836.5	249.0	174.0	188.7	611.7
General and administrative expenses	36.7	41.2	36.8	114.7	57.5	172.2	44.9	39.5	44.7	129.1
Research and development costs	3.1	3.2	2.9	9.2	4.6	13.8	3.4	3.3	4.0	10.7
Other operating income/expenses	(25.8)	23.3	(3.5)	(6.0)	(6.1)	(12.1)	(4.8)	(8.0)	11.4	(1.4)
Income from investments, net	1.1	0.7	0.6	2.4	1.7	4.1	1.3	0.8	2.5	4.6
Result from operating forecast hedges	(16.5)	(34.4)	47.1	(3.8)	(13.8)	(17.6)	33.6	7.3	(32.2)	8.7
Result after operating hedges (EBIT II)	**254.8**	**109.5**	**167.8**	**532.1**	**187.0**	**719.1**	**398.6**	**191.1**	**155.5**	**745.2**
Financial result	(29.3)	(20.4)	(51.7)	(101.4)	(18.6)	(120.0)	(15.2)	(15.3)	(13.9)	(44.4)
Earnings before income taxes	**225.5**	**89.1**	**116.1**	**430.7**	**168.4**	**599.1**	**383.4**	**175.8**	**141.6**	**700.8**
Taxes on income	58.3	24.2	30.8	113.3	33.9	147.2	100.0	49.5	40.4	189.9
– of which deferred taxes	(17.2)	3.2	2.9	(11.1)	(18.8)	(29.9)	11.3	(6.0)	(8.1)	(2.8)
Earnings after taxes from continued operations	**167.2**	**64.9**	**85.3**	**317.4**	**134.5**	**451.9**	**283.4**	**126.3**	**101.2**	**510.9**
Earnings after taxes from discontinued operations	5.4	11.5	(8.3)	8.6	(11.1)	(2.5)	10.3	(97.6)	(10.1)	(97.4)
Net income	**172.6**	**76.4**	**77.0**	**326.0**	**123.4**	**449.4**	**293.7**	**28.7**	**91.1**	**413.5**

INCOME STATEMENTS (IFRS) (CONTINUED)

TAB: 2.6.2

in € million	Q1/10	Q2/10	Q3/10	9M/10	Q4/10	2010	Q1/11	Q2/11	Q3/11	9M/11
Net income	**172.6**	**76.4**	**77.0**	**326.0**	**123.4**	**449.4**	**293.7**	**28.7**	**91.1**	**413.5**
Minority interests in earnings	0.2	0.2	0.2	0.6	0.2	0.8	0.1	0.1	0.1	0.3
Group earnings after taxes and minority interests	**172.4**	**76.2**	**76.8**	**325.4**	**123.2**	**448.6**	**293.6**	**28.6**	**91.0**	**413.2**
Operating earnings (EBIT I)	**259.6**	**138.9**	**117.4**	**515.9**	**198.6**	**714.5**	**368.4**	**191.9**	**198.5**	**758.8**
Earnings before income taxes from continued operations, adjusted [2]	**230.3**	**118.5**	**65.7**	**414.5**	**180.0**	**594.5**	**353.2**	**176.6**	**184.6**	**714.4**
Group earnings from continued operations, adjusted [2]	**170.5**	**85.9**	**48.7**	**305.1**	**142.7**	**447.8**	**261.6**	**126.8**	**131.9**	**520.3**
Group earnings after taxes, adjusted [2,3]	**175.8**	**97.5**	**40.4**	**313.7**	**131.6**	**445.3**	**271.9**	**29.2**	**121.8**	**422.9**

OTHER KEY DATA (IFRS)

TAB: 2.6.3

		Q1/10	Q2/10	Q3/10	9M/10	Q4/10	2010	Q1/11	Q2/11	Q3/11	9M/11
Capital expenditure [4]	€ million	25.0	32.0	43.0	100.0	88.6	188.6	28.0	48.1	94.2	170.3
Depreciation and amortisation [4]	€ million	63.0	59.3	53.4	175.7	62.8	238.5	56.5	55.6	56.0	168.1
Gross cash flow	€ million	310.6	163.1	89.3	563.0	247.4	810.4	332.4	201.7	161.4	695.5
Working Capital	€ million	956.4	954.5	—	897.9	—	959.4	788.1	725.3	—	755.5
Net indebtedness	€ million	1,048.6	862.1	—	789.1	—	732.5	708.8	768.6	—	674.9
Earnings per share from continued operations, adjusted [2]	€	0.89	0.45	0.25	1.59	0.75	2.34	1.37	0.66	0.69	2.72
Earnings per share, adjusted [2,3]	€	0.92	0.51	0.21	1.64	0.69	2.33	1.42	0.15	0.64	2.21
Gross cash flow per share	€	1.62	0.86	0.46	2.94	1.29	4.24	1.74	1.05	0.85	3.64
Book value per share	€	12.45	13.57	—	12.94	—	13.85	14.70	13.72	—	14.71
Number of shares outstanding [5]	million	191.20	191.40	—	191.40	—	191.40	191.15	191.40	—	191.40
Average number of shares [6]	million	191.23	191.33	191.40	191.31	191.40	191.34	191.20	191.32	191.40	191.30
Closing price	XETRA, €	44.93	37.88	—	43.92	—	56.36	53.27	53.00	—	39.58
Employees as of the reporting date	number	14,069	14,021	—	14,197	—	14,186	14,173	14,279	—	14,433

[1] Unless stated otherwise, information refers to the continued operations of the K+S Group. Due to its sale, COMPO is, in accordance with IFRS, disclosed as "discontinued operations". The income statement and the cash flow statement of the previous year were restated accordingly, while the balance sheet, and therefore the key figures of working capital, net indebtedness and the book value per share of the previous year were not restated and also include discontinued operations.

[2] The adjusted key figures only include the realised result from operating forecast hedges of the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account in the adjusted earnings. Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/11: 28.3% (Q3/10: 27.9%).

[3] Earnings from continued and discontinued operations.

[4] Cash-effective capital expenditure in or depreciation on property, plant and equipment, intangible and financial assets.

[5] Total number of shares less the number of own shares held by K+S as of the balance sheet date.

[6] Total number of shares less the average number of own shares held by K+S.

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