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Q1 2011

QUARTERLY FINANCIAL REPORT OF THE K+S GROUP / JANUARY – MARCH

VERY GOOD START TO THE YEAR for fertilizers and salt / Quarterly revenues rose by 16% to € 1.8 billion / Operating earnings EBIT I reach € 384.3 million (+44%) / Adjusted earnings per share at € 1.42 (Q1/10: € 0.92) / Outlook raised: Significant rise in revenues and strong rise in earnings expected for 2011

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS)

		Q1/11	Q1/10	%
Revenues	€ million	1,776.5	1,533.6	+15.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	443.1	333.1	+33.0
EBITDA margin	%	24.9	21.7	—
Operating earnings (EBIT I)	€ million	384.3	267.7	+43.6
Operating EBIT margin	%	21.6	17.5	—
Result after operating hedges (EBIT II)	€ million	414.5	262.9	+57.7
Earnings before income taxes	€ million	398.6	232.7	+71.3
Earnings before income taxes, adjusted[1]	€ million	368.4	237.5	+55.1
Group earnings after taxes	€ million	293.6	172.3	+70.4
Group earnings after taxes, adjusted[1]	€ million	272.0	175.8	+54.7
Return on Capital Employed (LTM)[2]	%	23.7	11.2	—
Gross cash flow	€ million	349.9	321.2	+8.9
Net indebtedness as of 31 March	€ million	726.6	1,048.6	(30.7)
Capital expenditure[3]	€ million	29.4	27.3	+7.7
Depreciation and amortisation[3]	€ million	58.8	65.4	(10.1)
Working capital as of 31 March	€ million	879.1	956.4	(8.1)
Earnings per share, adjusted[1]	€	1.42	0.92	+54.3
Gross cash flow per share	€	1.83	1.68	+8.9
Book value per share as of 31 March	€	14.70	12.45	+18.1
Total number of shares as of 31 March	million	191.40	191.40	—
Outstanding shares as of 31 March[4]	million	191.15	191.20	—
Average number of shares[5]	million	191.20	191.23	—
Employees as of 31 March[6]	number	15,244	15,164	+0.5
Average number of employees[6]	number	15,267	15,188	+0.5
Personnel expenses[7]	€ million	268.9	246.6	+9.0
Closing price as of 31 March	XETRA, €	53.27	44.93	+18.6
Market capitalisation as of 31 March	€ billion	10.2	8.6	+18.6
Enterprise value as of 31 March	€ billion	10.9	9.6	+13.5

FINANCIAL CALENDAR

	2011/2012
Half-yearly Financial Report, 30 June 2011	11 August 2011
Quarterly Financial Report 30 September 2011	10 November 2011
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

← Footnotes Key Figures (IFRS)

[1] The adjusted key figures unalteredly 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 Q1/11: 28.3 % (Q1/10: 27.9 %).
[2] Return on capital employed of the last twelve months as of 31 March.
[3] Cash-effective investments in or depreciation on property, plant and equipment, intangible assets.
[4] Total number of shares less the number of own shares held by K+S as of the balance sheet date.
[5] Total number of shares less the average number of own shares held by K+S.
[6] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.
[7] 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. Changes in the scope of consolidation and further information about the acquisition of POTASH ONE can be found in the Notes on page 31. Furthermore, in the first quarter, there were no significant changes in the Group structure or business activities described in the Financial Report 2010.

1.2 CORPORATE STRATEGY AND ENTERPRISE MANAGEMENT

There were no changes in the strategy of the Company or its enterprise management in the first 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 BUSINESS ENVIRONMENT

MACROECONOMIC ENVIRONMENT

The global economic recovery continued moderately in the first quarter, in line with the expectations in our Financial Report. / TAB: 1.3.1

In the eurozone, the economic upturn remained intact, borne by the good mood among companies and consumers. In addition to the strong growth in Germany, the economy in France, Belgium and the Netherlands now also gathered momentum, while e.g. in Greece and Portugal, there have been only few signs of a recovery thus far.

In the USA, economic growth slowed down somewhat in the first quarter, with unfavourable weather conditions impacting the situation on the employment market, industrial production and private investments.

The economies of the emerging market countries, however, proved to be relatively robust, even if, after the sharp upturn, a return to the long-term growth trend can be observed in Asia and Latin America.

In the first quarter, the price rise accelerated in particular due to higher prices for energy and food. However, in the first quarter, the EUROPEAN CENTRAL BANK (ECB) and the US FEDERAL RESERVE BANK (FED) continued to pursue their expansive monetary policy for the time being, although the ECB was holding out the prospect of a soon interest rate hike.

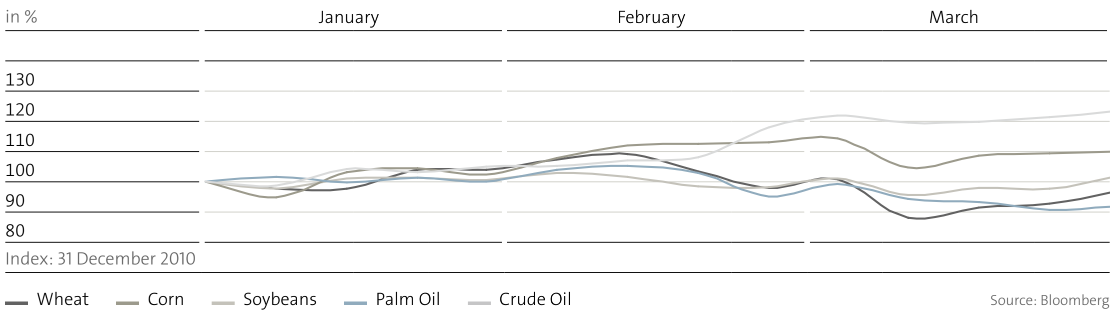
There was no uniform picture on the raw materials markets during the first quarter. While the prices for palm oil, wheat and soy beans fell somewhat from a high level, in particular the prices for crude oil and corn rose significantly. Against the background of persistent political unrest in North Africa and the Middle East, crude oil stood at about US$ 117 on 31 March 2011 and was thus far above the figure for the same time last year (31 March 2010: US$ 82.70) or the level at the end of 2010 (US$ 94.75). On average too, at US$ 105, the price for crude oil in the first quarter significantly exceeded that of the same quarter in the previous year (US$ 77). The corn price also rose due to low stocks worldwide and its increased use as a substitute product for crude oil. / FIG: 1.3.1

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.3.1

real in %	2011e	2010	2009	2008	2007
Germany	+2.7	+3.6	(4.7)	+1.3	+2.5
European Union (EU-27)	+1.7	+1.8	(4.2)	+1.2	+3.1
World	+4.1	+4.9	(0.8)	+3.1	+4.8

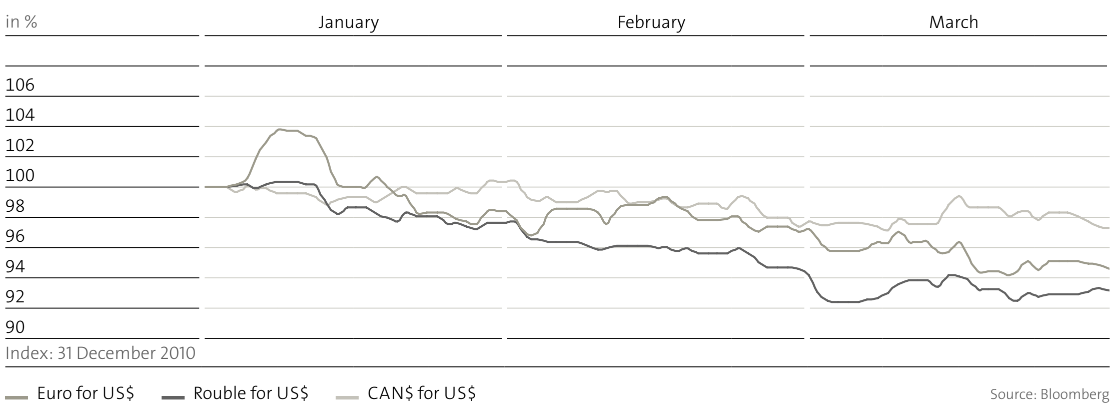
Source: Deka Bank

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



Source: Bloomberg

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



Source: Bloomberg

The US dollar weakened against the euro in the first quarter of 2011 after a temporarily stronger phase and as at 31 March 2011, the exchange rate was 1.42 USD/EUR (31 March 2010: 1.35 USD/EUR; 31 December 2010: 1.34 USD/EUR). This development is partly due to the capital markets' expectation of a base rate hike by the ECB. On average for the quarter, the US dollar stood at 1.37 USD/EUR and was at about the same level as the previous year (Q1/10: 1.38 USD/EUR). In addition to the USD/EUR currency relationship, a 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 for 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 sales, with the exception of the European market, are invoiced in US dollar.

Figures 1.3.2 shows that the weakness of the US dollar not only against the euro, but also in comparison to the currencies of our competitors from Canada and Russia, has tended to grow. / FIG: 1.3.2

IMPACT ON K+S

The impact of the changes in the macroeconomic environment on the course of business of K+S has been limited at present:

+ Our production costs are affected to a not inconsiderable extent by energy costs, in particular for 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 increase in energy prices experienced in the second half of 2010 did not yet have any significant effects on the K+S GROUP's energy costs in the first quarter.

+ Despite the weakness of the US dollar described above, thanks to the hedging instruments used by us for the Potash and Magnesium Products business segment with an average of 1.35 USD/EUR including hedging costs, it proved possible to achieve a more favourable conversion rate than in the same quarter of the previous year (Q1/10: 1.39 USD/EUR). Thanks to the hedging instruments used, the worst case for the US dollar rate for 2011 as a whole is about 1.36 USD/EUR including hedging costs. For the translation risk in the Salt business segment too, there are hedging transactions, which make a worst case of 1.37 USD/EUR possible for us 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 remain unchanged.

FERTILIZER BUSINESS SECTOR

After the normalisation of demand for fertilizers in 2010, the first quarter of 2011 was characterised by strong demand. The unchanged high level of agricultural prices favoured the earnings prospects of the agricultural sector, so that there is a significant incentive to raise yields per hectare through the increased use of fertilizers. For both potash and magnesium products and nitrogen fertilizers, this resulted in a very high utilisation of production capacities throughout the world. This environment favoured the development of prices for potassium chloride: In Europe, during the first quarter, K+S implemented the price increase announced in mid-December 2010 to 335 €/tonne for granulated potassium chloride. In mid-January, the Russian/Belarusian export organisation BPC and the North American export organisation CANPOTEX agreed contracts with Chinese importers regarding the supply of potassium chloride standard at 400 US$/tonne (previous year: 350 US$/tonne) including freight. At the start of February 2011, CANPOTEX announced prices of 460 US$/tonne for potassium chloride standard and 475 US$/tonne for granulated potassium chloride for Asia and Latin America. In mid-March, for the European market, K+S announced a further price increase for new orders of 18 €/tonne to 353 €/tonne of granulated potassium chloride with immediate effect. Due to existing supply commitments, price increases currently become effective with a delay of six to eight weeks.

SALT BUSINESS SECTOR

DE-ICING SALT – WESTERN EUROPE

In the West European de-icing salt market, the persistent wintry weather at the start of the year resulted in above-average demand, although this was significantly below the record level seen the previous year. There were more imports from abroad, as was the case at the end of the previous year. Overall, the European price level was tangibly above the high level seen a year ago.

DE-ICING SALT – NORTH AMERICA

The wintry weather on the East Coast of the United States triggered above-average demand for de-icing salt. In Canada, demand proved to be average. However, due to the mild winter of the previous year and the resulting relatively high stocks, the North American price level for de-icing salt was below that of the comparable period.

INDUSTRIAL SALT

While the European market for industrial salt was characterised by a positive demand trend overall, the business in South and North America was largely stable. Only in the case of water-softening products, a certain degree of reluctance to purchase due to a difficult economic environment was observed.

FOOD GRADE SALT

The demand for food grade salt in Europe and North America proved to be in good shape in the first quarter. In South America the situation on the market for food grade salt normalised, after demand had risen significantly at the start of the previous year due to the earthquake in Chile.

SALT FOR CHEMICAL USE

While demand for salt for chemical use stabilised at a high level in Europe, it rose in the North American market. In the South American market for salt for chemical use, demand was stable.

K+S ON THE CAPITAL MARKET

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

+ At the start of the first quarter, the K+S share was quoted at about € 56 and remained relatively stable during the first weeks of the year.
+ The announcement by US agriculture group CARGILL on 18 January 2011 that it intended to sell its 64 % share in K+S's competitor MOSAIC caused uncertainty among market participants with respect to the prospects of the potash market. Against this background, the K+S share temporarily fell to around € 52 before it again rose to about € 58 due to positive analysts' estimates.
+ At the start of February, K+S AKTIENGESELLSCHAFT announced the takeover of more than 90 % of the shares in the company POTASH ONE in Canada. This supported the share price in the coming weeks despite a deteriorating market environment in the wake of the Libya crisis and the rising oil price. The K+S share closed at just under € 56 at the end of February.
+ At the beginning of March, the decline in the prices of agricultural raw materials also had an effect on the share price development of fertilizer producers. The figures for financial year 2010, which were announced on 10 March and exceeded the expectations of the capital market, influenced the K+S share price positively for a short time only, since on the same day the major shareholder BASF announced to sell its 10.3 % equity interest in K+S. In the course of the share placement, the price fell to an annual low of about € 49 during the following days.
+ At the end of March, the K+S share stabilised due to repeatedly positive analysts' estimates, the announcement of price increases for potassium chloride and the final conclusion of the takeover of POTASH ONE, and closed at over € 53 on 31 March. It was thus 5 % below the closing price of 2010, while the DAX gained by 2 % and the MSCI WORLD by 4 % during the same period. By comparison, the STOXX 600 closed almost unchanged as compared to the end of 2010.
/ FIG: 1.3.3

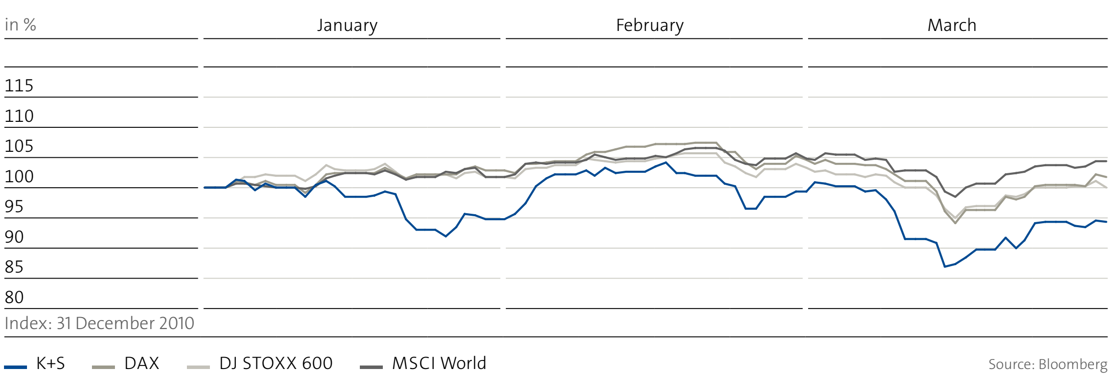
Against the background of a positive market environment in light of a good spring season and associated price increases, the shares of international fertilizer producers mainly performed positively. The share of our competitor URALKALI gained by 13 % as a result of the intended takeover of SILVINIT. This performance was only slightly bettered by that of POTASHCORP. The shares of our competitors COMPASS and MOSAIC performed slightly positively, while the share price of the nitrogen producer YARA lost about 17 % due to a profit warning. As already mentioned, the K+S share was temporarily weighed down by the share placement by BASF.
/ FIG: 1.3.4

In the last of the research surveys (2 May 2011) that we carry out regularly, 16 banks gave us a "buy / accumulate" recommendation, 3 a "hold / neutral" recommendation and 4 a "reduce / sell" recommendation.

SHAREHOLDER STRUCTURE

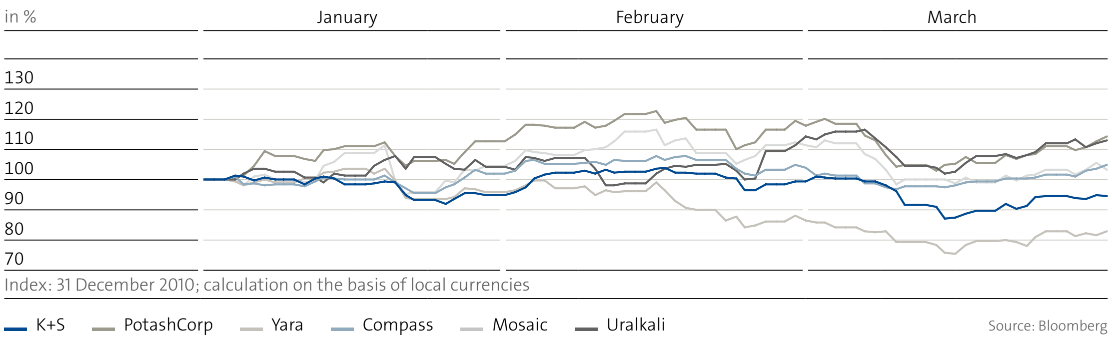
On 10 March 2011, BASF announced its intention to sell its 10.3 % equity interest in K+S AKTIENGESELLSCHAFT by means of a share placement. After the placement,

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



Index: 31 December 2010; calculation on the basis of local currencies

Source: Bloomberg

BASF informed us on 16 March that it no longer held any shares. On 16 March, the CAPITAL RESEARCH AND MANAGEMENT COMPANY, Los Angeles, informed us it held 3.13 % of K+S shares. Moreover, according to a notification of 22 March, BLACKROCK INC. stated that it had exceeded the threshold of 5 % and increased its holding to 5.46 %. On top of this, in the first quarter, there were no changes in the shareholder structure, which was as follows as at 31 March 2011:

+ MERITUS TRUST COMPANY LIMITED via EUROCHEM GROUP SE: 14.86 % (notification of 27 September 2010)
+ BLACKROCK INC.: 5.46 % (notification of 22 March 2011)
+ CAPITAL RESEARCH AND MANAGEMENT COMPANY: 3.13 % (notification of 16 March 2011)
+ AXA S. A.: 3.06 % (notification of 26 November 2010)

Under the free float definition applied by DEUTSCHE BÖRSE AG, the free float amounts to a good 85 %.

THE K+S BOND

Against the background of the global economic recovery and the expectation of rising base rates, yields on the bond market increased. On 31 March 2011, the K+S bond (issue volume: € 750 million; interest coupon: 5.00 % p.a.; maturity: September 2014) was quoted at 105.702 %. This corresponds to a decrease of 1.774 percentage points since the end of 2010. Thus, the yield as at the balance sheet date was 3.231 % p.a.

1.4 EARNINGS, FINANCIAL AND ASSET POSITION

DEVELOPMENT OF ORDERS

Most of the business of the K+S GROUP is not covered by long-term agreements concerning fixed volumes and prices. The small proportion of the backlog of orders in relation to revenues – for example, less than 10 % at the end of the year 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

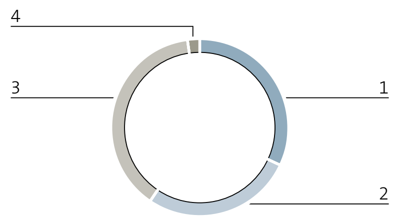
FIRST QUARTER REVENUES RISE BY 16 %

At € 1,776.5 million, revenues were up € 242.9 million or 16 % on the figure for the same period last year. This increase was mainly attributable to price and volume factors. The Potash and Magnesium Products and Nitrogen Fertilizers business segments achieved strong revenue increases, after the prices for fertilizers rose in comparison to the same quarter last year. The Salt business

VARIANCE ANALYSIS TAB: 1.4.1

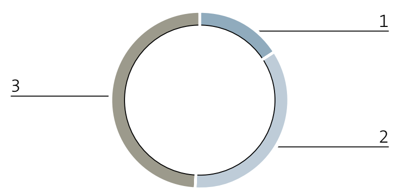
in %	Q1/11
Change in revenues	**+15.8**
volume/structure	+3.7
prices/price-related	+11.5
exchange rates	+0.6
consolidation	–

REVENUES BY BUSINESS SEGMENT JAN. – MARCH 2011 FIG: 1.4.1



	in %	Q1/11	Q1/10
1	Potash and Magnesium Products	32.2	32.5
2	Nitrogen Fertilizers	27.3	25.1
3	Salt	38.4	40.2
4	Complementary Business Segments	2.1	2.2

REVENUES BY REGION JAN. – MARCH 2011 FIG: 1.4.2



	in %	Q1/11	Q1/10
1	Germany	15.9	19.5
2	Rest of Europe	35.2	35.4
3	Overseas	48.9	45.1

segment managed to significantly increase its revenues due to volume and price factors. **/ TAB: 1.4.1 / FIG: 1.4.1**

In the first three months of the year, 38 % of revenues were generated in the Salt business segment, followed by Potash and Magnesium Products (32 %) and Nitrogen Fertilizers (27 %). The regional distribution of Group revenues is almost balanced between Europe and overseas. Thus, about 51 % of total revenues was generated in Europe and 49 % overseas. **/ FIG: 1.4.2**

DEVELOPMENT OF SELECTED COST ITEMS

For the quarter under review, total costs rose by 9 % as a result of higher input prices and increased sales volumes and thus increased only disproportionately in comparison to revenues, which gained by 16 % over the same period. The most important cost types have developed as follows: personnel expenses amounted to € 268.9 million in the first quarter or about 15 % of revenues. In comparison to the figure for the same quarter in the previous year, they increased by € 22.3 million or 9 % (for note, see page 13). Material, freight and energy costs, in terms of revenues about 20 %, 15 % and 5 % respectively, each increased moderately due to higher volumes and higher input prices as well as increased freight rates.

EBITDA REACHES € 443.1 MILLION (+33 %)

During the first quarter of 2011, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 33 % to € 443.1 million. As the EBITDA is not affected by depreciation on valuations made within the framework of purchase price allocations and as these have increased significantly after the acquisition of MORTON SALT, the EBITDA is now more important in assessing the operating earnings capacity, particularly in the Salt business segment.

OPERATING EARNINGS EBIT I RISE BY 44 % IN THE FIRST QUARTER

In the first quarter of 2011, operating earnings EBIT I reached € 384.3 million and were able to increase by € 116.6 million or 44 % in comparison to the same quarter of the previous year. At € 58.8 million, depreciation and amortisation taken into account in EBIT I decreased by € 6.6 million in comparison to the previous year's figure, which had been adversely affected by special depreciation.

All business segments managed to achieve an improvement year on year. While the Potash and Magnesium Products and Nitrogen Fertilizers business segments were able to grow their earnings due to fertilizer prices that were higher than in the same quarter of the previous year, in the Salt business segment, primarily the disappearance of one-time effects charged to earnings produced significantly higher earnings after the already very strong same quarter of the previous year.

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 the hedged rate), less the premiums paid in the case of option transactions. The changes in 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 € 414.5 million, in the first quarter (Q1/10: € 262.9 million), the result after operating hedges (EBIT II) was also very significantly higher than in the same period of the previous year. In the first quarter, EBIT II was favoured by earnings effects resulting from operating forecast hedges of € 30.2 million (Q1/10: € (4.8) million) which have not yet been recorded as realised earnings in EBIT I.

Under IFRS, changes in 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.

FIRST QUARTER FINANCIAL RESULT IMPROVES SIGNIFICANTLY

In the first quarter, the financial result was € (15.9) million after having been € (30.2) million in the same period of the previous year. This was impacted by lower interest expense due to the financial liabilities repaid in the last twelve months as well as the absence of one-time expenses of € 7.9 million arising from a refinancing undertaken in the previous year. In addition to the interest expenses for pension provisions (Q1/11: € (1.9) million), the financial result also includes the interest expenses for other non-current provisions, mainly provisions for mining obligations (Q1/11: € (4.5) million); both are non-cash.

/ **FURTHER DETAILS OF THE FINANCIAL RESULT** can be found in the Notes on page 33.

(ADJUSTED) EARNINGS BEFORE INCOME TAXES IMPROVE STRONGLY

In the quarter under review, earnings before income taxes totalled € 398.6 million (Q1/10: € 232.7 million). If the earnings are adjusted for the results from operating forecast hedges, which were not yet recorded as realised earnings in EBIT I (€ 30.2 million), this results in adjusted earnings before income taxes of € 368.4 million. It proved possible to increase this by € 130.9 million or 55 % in comparison to the same period in the previous year.

(ADJUSTED) GROUP EARNINGS AFTER TAXES INCREASED STRONGLY

In the first quarter, Group earnings after taxes and minority interests reached € 293.6 million (Q1/10: € 172.3 million). In the first quarter, tax expenses totalling € 104.9 million were incurred. These include a deferred, i.e. non-cash tax expense of € 11.3 million (Q1/10: tax expense of € 60.2 million, of which € 15.7 million was deferred tax income). It proved possible to increase adjusted Group earnings after taxes by € 96.2 million or 55 % to € 272.0 million during the first quarter.

The domestic Group tax rate to be applied in accordance with IFRS was 28.3 % (Q1/10: 27.9 %), while the adjusted Group tax ratio amounted to 26.2 % after having been 26.0 % in the same quarter of the previous year.

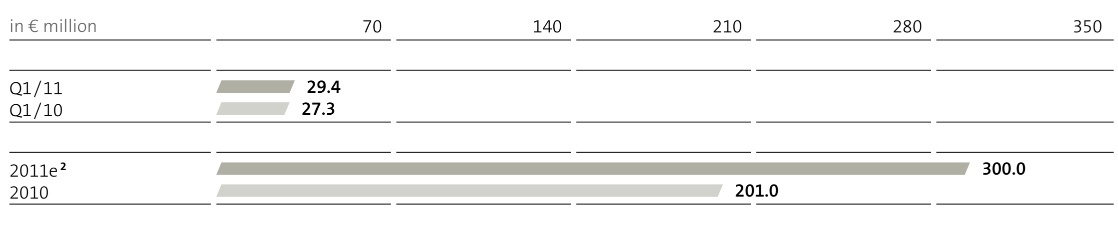
ADJUSTED EARNINGS PER SHARE IN THE FIRST QUARTER AT € 1.42 (Q1/10: € 0.92 PER SHARE)

For the quarter under review, adjusted earnings per share amounted to € 1.42 and were thus about 55 % higher than the figure for the previous year of € 0.92. It was computed on the basis of 191.20 million no-par value shares, being the average number of shares outstanding (Q1/10: 191.23 million no-par value shares).

As at 31 March 2011, we held 250,000 shares of our own which were acquired for the realisation of the employee share ownership programme. At the end of March, the total number of shares outstanding of the K+S GROUP was thus 191.15 million no-par value shares.

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. Neither discontinued activities nor changes in accounting treatment needed to be taken into account in earnings per share.

CAPITAL EXPENDITURE [1] FIG: 1.4.3



[1] Cash-effective investments in and depreciation on property, plant and equipment, intangible assets.
[2] Plus investments for the Legacy Project.

FINANCIAL POSITION

FIRST QUARTER CAPITAL EXPENDITURE APPROXIMATELY AT THE LEVEL OF THE PREVIOUS YEAR

In the first quarter of 2011, the K+S GROUP invested a total of € 29.4 million (Q1/10: € 27.3 million). The majority of the investments were made in the Potash and Magnesium Products business segment. Projects for improving the raw material exploitation and process optimisation were the focus here. Furthermore, € 5 million was accounted for by initial infrastructure investments for the Legacy Project in Canada. In the Salt business segment, the most important projects included the modernisation of a shaft winding engine at the Borth site in Germany, the expansion of storage capacity in Brazil 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 commenced at the Bernburg site. About three quarters of the investments made were in measures relating to replacement and ensuring production; this share was thus significantly less than the depreciation and amortisation of € 58.8 million. / FIG: 1.4.3

CASH FLOW IN THE FIRST QUARTER INFLUENCED BY PURCHASE PRICE PAYMENT FOR POTASH ONE AND FURTHER OUT-FINANCING OF PENSION PROVISIONS

Gross cash flow reached € 349.9 million in the first quarter and was therefore up € 28.7 million on the figure for the same period last year (Q1/10: € 321.2 million). Significantly increased operating earnings more than made up for higher income tax payments. / TAB: 1.4.2

Cash flow provided by operating activities fell by € 68.5 million to € 296.4 million in comparison to the same period in the previous year. This includes a further out-financing of pension provisions of € 86.3 million

CASH FLOW OVERVIEW TAB: 1.4.2

in € million	Q1/11	Q1/10
Gross cash flow	349.9	321.2
Cash flow from operating activities	296.4	364.9
Cash flow for investing activities	(273.3)	(28.0)
– of which acquisitions/divestments	(242.8)	–
Free cash flow	23.1	336.9
Free cash flow before acquisitions/divestments	**265.9**	**336.9**
Cash flow for financing activities	(79.6)	(366.6)
Change in cash and cash equivalents	(64.8)	(21.8)

(Q1/10: € 1.9 million), which was mainly accounted for by the domestic Contractual Trust Agreement (CTA) programme. Moreover, in the first quarter of this year, there was a somewhat lower release of working capital than in the corresponding period of the previous year.

Cash flow for investing activities amounted to € (273.3) million in the first quarter and was thus substantially above the level of the same quarter in the previous year (Q1/10: € (28.0) million). The increase is solely attributable to outgoing payments in connection with the acquisition of 81.6 % of the shares in and the associated takeover of control over the company POTASH ONE (€ (242.8) million).

Free cash flow before acquisitions fell by € 71.0 million to € 265.9 million in comparison to the same quarter in the previous year. Without taking account of the out-financing within the framework of the CTA programme, this would have risen by € 13.4 million. After the inclusion of the cash flow for financing activities of € (79.6) million (Q1/10: € (366.6) million), which primarily resulted from the acquisition of the remaining 18.4 % of shares in POTASH ONE (€ (59.3) million) and not, as in the previous year, from the repayment of financial liabilities, as at 31 March 2011, we disclose net indebtedness including provisions for pensions and mining obligations totalling € 726.6 million. This therefore remains almost constant in comparison with the figure on 31 December 2010 (€ 732.5 million).

/ **FURTHER INFORMATION REGARDING NET INDEBTEDNESS** can be found in the Notes on page 34.

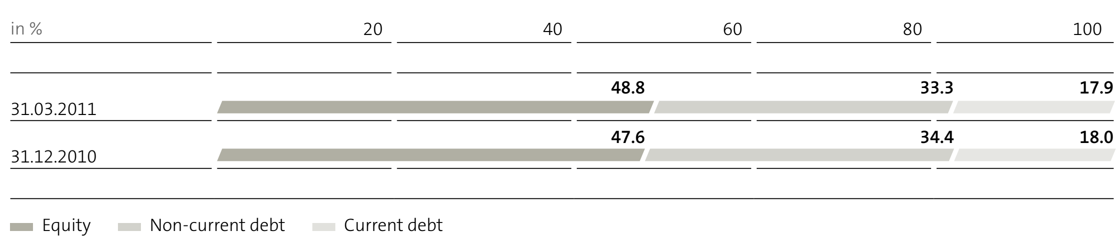
The payments shown in the cash flow statement within the framework of the takeover of POTASH ONE are split as follows: in the cash flow for investing activities the payment of € 242.8 million for taking over control of POTASH ONE is shown in the item "Disbursements for the acquisition of consolidated companies" (purchase price for 81.6 % of shares in the amount of € 263.2 million less acquired cash and cash equivalents 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.

/ **FURTHER INFORMATION REGARDING THE EFFECTS OF THE ACQUISITION OF POTASH ONE** can be found in the Notes on page 31.

SOLID FINANCING STRUCTURE

Compared with the end of 2010, the financing structure of the K+S GROUP has improved further: Equity increased mainly due to earnings-related factors and the equity ratio rose from 47.6 to 48.8 % of the balance sheet total. At 33.3 %, the proportion of non-current debt including non-current provisions has declined (31 December 2010: 34.4 % of the balance sheet total). The proportion of the current debt remained stable at 17.9 %. / **FIG: 1.4.4**

EQUITY AND LIABILITIES FIG: 1.4.4



/ **FURTHER DETAILS OF THE CHANGE IN INDIVIDUAL BALANCE SHEET ITEMS** can be found in the Notes on page 34.

Just under 26 % of the K+S GROUP's debt consisted of financial liabilities, about 39 % of provisions and approximately 17 % of accounts payable trade. The main provisions of the K+S GROUP as of 31 March 2011 concern provisions for mining obligations (€ 530.8 million) as well as for pensions and similar obligations (€ 118.6 million). As of 31 March 2011, financial liabilities amounted to € 779.1 million, of which only € 11.3 million was classified as current.

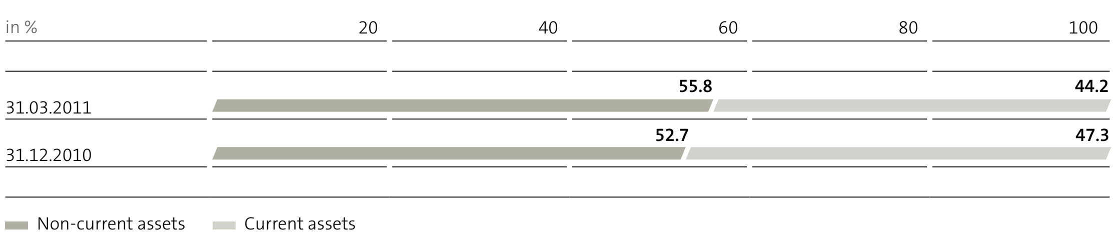
OFF-BALANCE SHEET FINANCING INSTRUMENTS/OFF-BALANCE SHEET ASSETS

Off-balance sheet financing instruments in the sense of factorisation, asset backed securities, sale and lease back transactions or contingent liabilities in relation 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

The K+S GROUP balance sheet total rose by a good 3 % to € 5,760.9 million as of 31 March 2011 in comparison to the year-end 2010. At 56:44, the ratio of non-current assets to current assets is still regarded as balanced. 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 € 2,108.2 million (31 December 2010: € 1,803.6 million). While at € 26.5 million, financial assets remained largely unchanged (31 December 2010: € 24.1 million), inventories decreased to € 593.9 million (31 December 2010: € 740.2 million). At the end of the first quarter, cash and cash equivalents totalled € 683.4 million (31 December 2010: € 748.4 million), despite the acquisition of POTASH ONE for cash.

ASSETS FIG: 1.4.5



/ **FURTHER DETAILS OF THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS** can be found in the Notes on page 34.

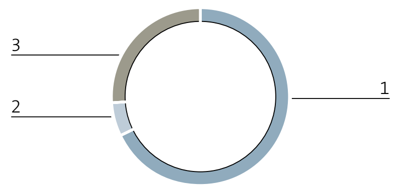
Including cash and cash equivalents (€ 683.4 million) and short-term securities (€ 0.7 million), provisions for pensions and mining obligations (€ 118.6 million and € 530.8 million respectively) as well as financial liabilities (€ 779.1 million) and after taking into account claims for reimbursement in connection with a bond at MORTON SALT (€ 17.8 million), as of 31 March 2011, this results in net indebtedness of the K+S GROUP of € 726.6 million (31 December 2010: € 732.5 million). In comparison to the figure for the previous year, net indebtedness thus decreased by € 322.0 million (31 March 2010: € 1,048.6 million). / FIG: 1.4.5

1.5 EMPLOYEES

NUMBER OF EMPLOYEES AT ABOUT THE LEVEL OF PREVIOUS YEAR

As of 31 March 2011, the K+S GROUP employed a total of 15,244 people. The number is therefore slightly higher than the figure for the previous year (31 March 2010: 15,164 employees). On average, at 15,267, the number of employees remained approximately stable when the quarters are compared (Q1/10: 15,188). As a result of the increased internationalisation of the K+S GROUP since 2006, almost one third of our employees are now employed outside Germany and more than a quarter

EMPLOYEES BY REGION AS OF 31 MARCH 2011 FIG: 1.5.1



	in %	2011	2010
1	Germany	68	67
2	Rest of Europe	6	6
3	Overseas	26	27

outside Europe. The number of trainees at the end of the first quarter was 519 and thus at the high level of the previous year (31 March 2010: 519). **/ FIG: 1.5.1**

PERSONNEL EXPENSES

First quarter personnel expenses amounted to € 268.9 million and were thus up € 22.3 million or 9 % on the figure for the same period in the previous year (Q1/10: € 246.6 million). 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 the quarter under review came to € 3.9 million and were thus roughly on the level for the same quarter in the previous year (Q1/10: € 3.7 million). Capitalised development-related capital expenditure amounted to € 0.5 million in the first quarter. The R&D projects planned for 2011 and described in the Financial Report 2010 on page 146 have been going according to plan and are being continued. As of 31 March 2011, there was a total of 81 employees in R&D of the K+S GROUP. Compared with the previous year, the number thus increased moderately as intended (31 March 2010: 78).

/ FOR A COMPREHENSIVE DESCRIPTION OF THE RESEARCH AND DEVELOPMENT ACTIVITIES, please see the relevant passages in our Financial Report 2010 on pages 95 and 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. No other events of material importance for the K+S GROUP requiring disclosure have occurred.

1.8 RISK REPORT

For a comprehensive description of our risk and opportunity management system as well as possible risks, please see the relevant passages in our Financial Report 2010 on page 129. The statements concerning the 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.

1.9 OPPORTUNITY REPORT

For a comprehensive description of possible opportunities, please see the relevant passages in our Financial Report 2010 on page 157. There is no offsetting of opportunities and risks as well as their positive and negative changes.

1.10 FORECAST REPORT

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

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.10.1

	2011e	2010	2009	2008	2007
real in %					
Germany	+2.7	+3.6	(4.7)	+1.3	+2.5
European Union (EU-27)	+1.7	+1.8	(4.2)	+1.2	+3.1
World	+4.1	+4.9	(0.8)	+3.1	+4.8

Source: Deka Bank

Discussion Papers: Weltkonjunktur im Frühjahr 2011 of March 2011) and of DEKA BANK (Makro Research, Volkswirtschaft Prognosen of 6 April 2011). / TAB: 1.10.1

After an accelerated upturn in the global economy in recent months, leading economic research institutes are predicting initially strong economic growth, which will, however, lose momentum over the course of the year. A tangible increase in macroeconomic production is being confronted by the damping effects of the steep increase in the oil price, the consolidation measures of financial policy and a gradual withdrawal of expansionary monetary policy. Supply bottlenecks due to restricted production after the natural disaster in Japan may also have a damping effect on the performance of the global economy. However, from today's perspective, an all too serious effect on the global economy is not expected. The forecasts of DEKA BANK for the global economy assume growth in the gross domestic product of 4.1 % for 2011 (previously: 4.2 %).

For the eurozone, following a relatively sharp increase in economic activity at the start of 2011, the INSTITUTE FOR THE WORLD ECONOMY KIEL forecasts a slowdown in development during the further course of the year. Supporting effects come from exports, the tangible increase in incoming orders for the industry as well as from private consumption favoured by attractive financing conditions, while public investments and public consumption should tend to have a rather dampening effect. For the year 2011, DEKA BANK expects a moderate GDP increase in Europe of 1.7 %.

In 2011, the growth rate in the USA should be at 3.0 % according to estimates of DEKA BANK. An expansion of private consumption continues to be faced by a high debt ratio, unemployment that is only declining slowly and a decrease in purchasing power due to rising energy costs. The persistent difficult situation on the property market involves risks of further credit defaults and of an associated adverse impact on the banking sector.

For the emerging market countries, leading economic institutes continue to predict powerful economic growth. However, restrictive measures adopted by Asian central banks aimed at dampening a sharp increase in prices will slow down economic growth.

Against the backdrop of rising inflation, in particular as a result of higher energy and food prices, the ECB raised the main European refinancing rate by 25 basis points to 1.25 % in April 2011. However, the FED continues to estimate inflationary risks as low, so that it can be assumed that the USA will continue to pursue a policy of low interest rates. The average USD/EUR exchange rate and the oil price, which underly our current corporate planning for 2011, amount to around 1.40 USD/EUR and around US$ 120 per barrel respectively.

The effects on the course of business of the K+S GROUP described on page 4 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 independent 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 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 'Group structure and business operations' section on page 77 essentially remain 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 Fertilizers business sector, retain their validity and have tended to accelerate during recent months.

After the normalization of demand for fertilizers in 2010, we expect a further increase in demand in the current year. The persistent high level of agricultural prices should continue to favour the earnings prospects of the agricultural sector and therefore continue to offer an incentive to raise yields per hectare through the increased use of fertilizers. Against this background, for 2011 as a whole, we assume global potash sales volumes of about 58 to 60 million tonnes (previous forecast: 57 to 60 million tonnes; 2010: 58.3 million tonnes). Correspondingly, a globally high level of utilization of production capacities also is to be expected during the further course of the year. In addition to the price development described on page 5, the following price increases were announced for the further course of the year: The Russian/Belarusian export organisation BPC and the North American export organisation CANPOTEX announced prices of 510 US$/tonne for potassium chloride standard and 520 US$/tonne for granulated potassium chloride in Asia and Latin America for deliveries starting from May 2011.

SALT BUSINESS SECTOR

The future industry situation in the Salt business sector described in the Financial Report 2010 remains valid. After the close of the first quarter, the further de-icing business in 2011 will be influenced decisively by wintry weather conditions in Europe and North America in the fourth quarter. 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 food grade and industrial salt in Europe and North America should be stable, the South American industrial and food grade salt market will probably grow further in line with the regional population trend. Demand on the part of the chemical industry for salt for chemical use should develop positively in light of the forecast economic growth.

FUTURE EARNINGS, FINANCIAL AND ASSET POSITION

The following forecasts relate exclusively to the expected organic development of revenues and earnings; changes resulting from possible acquisitions, cooperations or divestments are not taken into consideration.

In line with the forecast policy discussed on page 153 of the Financial Report, in the Quarterly Financial Report for the first quarter, the outlook for the current year is taken up and, if necessary, adjusted. In terms of quality, the outlook uses the expressions "slight", "moderate", "tangible", "significant" and "strong/substantial". The respective expressions normally follow an internal classification depending on the expected percentage change in comparison to the corresponding figures for the previous year.

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

Taking into consideration the estimates in the outlook of the Financial Report 2010 and against the backdrop of the positive demand and price trends emerging during the course of the first quarter of 2011, the revenues of the K+S GROUP should rise significantly (previously: tangibly) in financial year 2011 against the previous year. While in the Potash and Magnesium Products business segment, we are assuming a significant (previously: tangible) increase in revenues and in the Nitrogen Fertilizers business segment too a significant one, in the Salt business segment we expect stable revenues at a high level. The revenue forecast assumes an average US dollar exchange rate of 1.40 USD/EUR (previously: 1.35 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, collective agreement pay increases and a higher performance-related remuneration, we anticipate a tangible increase. Energy and freight costs too should rise tangibly and significantly, respectively, in relation to the preceding year. Finally, higher input prices will probably also result in a significant increase in material costs. At € 250 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 (previously: significantly) in comparison to the figures for the previous year. This is primarily due to a probably strong (previously: significant) growth in earnings in the Potash and Magnesium Products business segment as well as a tangible (previously: moderate) improvement in operating earnings in the Nitrogen Fertilizers business segment. However, the operating earnings of the Salt business segment will probably decline moderately. On the basis of our average US dollar estimate for 2011 of 1.40 USD/EUR (previously: 1.35 USD/EUR) and the hedging instruments used by us, this does not result in a material currency-related effect on earnings.

Our forecast is based on the following assumptions:

+ continued attractive agricultural prices;
+ in comparison to the previous year, higher average proceeds and stable sales volumes in the Potash and Magnesium Products business segment (expected sales volume: 7.0 million tonnes);
+ 22 to 23 million tonnes of crystallised salt sales volumes in the Salt business segment, of which 13 to 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;
+ significantly rising energy costs in 2011 on the basis of an oil price level of about 120 US$ (previously: 90 US$) per barrel. 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 reflected in our cost accounting only with a delay of six to nine months. Against this background, the expected oil price level should only affect the energy costs of the K+S GROUP in the second half of the year.

GROUP EARNINGS AFTER TAXES WILL PROBABLY IMPROVE STRONGLY

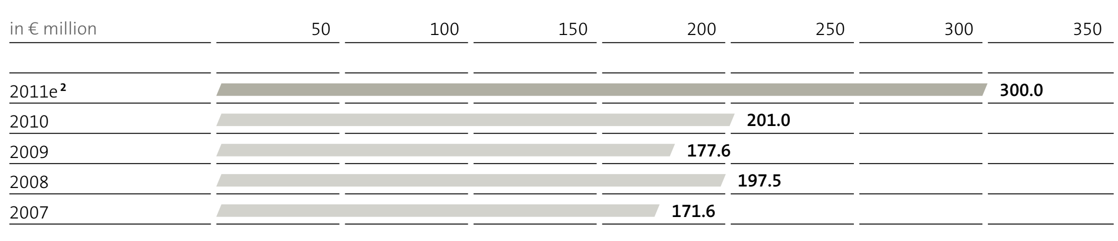
In 2011, adjusted Group earnings after taxes and adjusted earnings per share should also increase strongly (previously: significantly) in line with the development of operating earnings. Our projection is based not only on the effects described for revenues and operating earnings, but also on the following 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 26 to 27 % (2010: 26.2 %). / TAB: 1.10.2

PLANNED CAPITAL EXPENDITURE

As already forecast in the Financial Report 2010, the volume of capital expenditure for 2011 should be at least € 300 million (2010: € 201.0 million). Capital expenditure for the Legacy Project is not yet included in this figure. For the consistent continuation of the project, however, the first investments are already made in the infrastructure and the first drillings are carried out. Within this framework, € 5 million was invested in the first quarter of 2011. The determination of the investment funds necessary for the implementation of the first phase of expansion is planned for the second half of 2011. Investments of about € 35 million are taken into consideration for the package of measures on water protection in the

CAPITAL EXPENDITURE [1] FIG: 1.10.1



[1] Cash-effective investments in and depreciation on property, plant and equipment, intangible assets.
[2] Plus investments for the Legacy Project.

Hesse-Thuringia potash district. Investments relating to measures for replacement and ensuring production should account for about 80 % of the total amount; this share should be slightly below the expected depreciation and amortisation of about € 250 million.

In the Potash and Magnesium Products business segment, the focus will be on projects aimed at increasing raw material exploitation and process optimisation. On top of this, for environmental protection, the planned investment budget includes expenditure within the framework of the package of measures on water protection for reducing solid and liquid production residues. In the Salt business segment, the following measures will be among the most important projects: The modernisation of a shaft winding engine at the Borth site in Germany, the expansion of grinding mills at the Bernburg site in Germany, the brine field expansion at Frisia in Harlingen in the Netherlands, the modernisation of the evaporated salt facility at the Hutchinson site in Kansas, USA, the expansion of brine fields and mining claims at five sites in the USA, the expansion of the storage capacity at SPL in Brazil and the modernisation of a loading terminal and the expansion of sifting capacities in Chile. In the Waste Management and Recycling business segment, a further field for underground re-utilization is being developed at the Bernburg site. / 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 is likely to tangibly exceed the expenditure on investments (without POTASH ONE), the purchase price payment for POTASH ONE shares and the effects from out-financing within the framework of the CTA programme, so that in 2011, we should generate a positive free cash flow.

NET INDEBTEDNESS EXPECTED AT STABLE LEVEL DESPITE PURCHASE PRICE PAYMENT FOR POTASH ONE

With net indebtedness (including long-term provisions) of € 726.6 million as of 31 March 2011 and thus a level of indebtedness of only 25.9 % and as a result of a high operating cash flow, the K+S GROUP has a strong financial base. Both these factors mean that we are able 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 remain at a stable level. This assumption takes into consideration e.g. the investment budget expected

DEVELOPMENT OF FORECASTS FOR 2011 AS A WHOLE TAB: 1.10.2

		ACTUAL 2010	Forecast Financial Report 2010	Forecast Q1/11
K+S Group				
Revenues	€ billion	5.0	tangible increase	significant increase
EBITDA	€ million	975.2	significant increase	significant increase
Operating earnings (EBIT I)	€ million	726.9	significant increase	strong increase
Group earnings, adjusted	€ million	445.3	significant increase	strong increase
Earnings per share, adjusted	€	2.33	significant increase	strong increase
Capital expenditure [1, 2]	€ million	201.0	> 300	> 300
Depreciation and amortisation [1]	€ million	248.3	250	250
Energy costs	€ million	265.8	tangible increase	tangible increase
Personnel expenses	€ million	1,019.3	tangible increase	tangible increase
Costs of freight	€ million	790.0	significant increase	significant increase
Potash and Magnesium Products business segment				
Sales volume	million tonnes	6.99	7.0	7.0
Salt business segment				
Sales volume crystallised salt	million tonnes	22.53	22 to 23	22 to 23
– of which de-icing salt	million tonnes	13.49	13 to 14	13 to 14

[1] Cash-effective investments in and depreciation on property, plant and equipment, intangible assets.
[2] Plus investments for the Legacy Project.

for 2011, the purchase price payment for the POTASH ONE shares in the first quarter as well as the dividend amount resulting from the dividend proposal of the Board of Executive Directors and the Supervisory Board. It does not include capital expenditure for the Legacy Project, further acquisitions or share repurchase transactions. On the basis of these assumptions, with an equity ratio of about 50 % and a level of indebtedness of less than 30 %, we should once again achieve our unchanged capital structure goals defined in the Financial Report 2010.

FUTURE DIVIDEND POLICY

We pursue an essentially earnings-based dividend policy. According to this, a dividend payout ratio of between 40 to 50 % of the adjusted Group earnings forms the basis for future dividend proposals to be determined by the Board of Executive Directors and the Supervisory Board. The strong increase of the adjusted Group earnings after taxes expected for 2011 should have a corresponding impact on the future dividend payment.

FUTURE NUMBER OF EMPLOYEES, FUTURE PERSONNEL EXPENSES

In comparison to the number of people employed at the end of 2010 (15,241), for the end of 2011, we assume a slightly higher number of employees due to an increase in personnel in order to maintain the volume of crude salt extracted in the Potash and Magnesium Products business segment. The average number of employees should also increase slightly in 2011 (2010: 15,168). With regard to personnel expenses, we expect that the collective agreement pay increases, higher performance-related remuneration and the higher number of employees will result in a tangible increase.

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 R&D goals, defined in the Financial Report on page 95. At € 17 million, research spending for the current year 2011 should be somewhat above the level of 2010. Our forecast for development-related capital expenditure is about € 2.5 million. The number of people employed in research should also rise in 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 according to plan, to further expand the research institute of MORTON SALT in Elgin, USA, as well as to proceed with research in the area of solution mining. Against this background, over 90 employees should be working in R&D within the K+S GROUP at the end of the year. / TAB: 1.10.3

RESEARCH FIGURES TAB: 1.10.3

in € million	2011e	2010
Research costs	17.0	15.5
Capitalised development-related capital expenditure	2.5	2.2
Employees as of 31 Dec. (number)	92	78

In 2011, the following will be the main focuses of our R&D activities in the Fertilizers business sector: improvement of 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, the development of nitrogen fertilizers with new inhibitors, 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 as well as product innovations in the water softening and de-icing salt segments will be the focus.

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 asset, 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, 4 May 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

/ **INFORMATION REGARDING THE ACQUISITION OF POTASH ONE** can be found in the Notes on page 31.

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

REVENUES

In the first quarter, the strong demand for potash and magnesium fertilizers resulted in the revenues of the business segment increasing in comparison to the same quarter of the previous year both in terms of price and volume by € 73.3 million or 15 % to € 571.7 million. In the case of our most important product in terms of volume, potassium chloride, revenues rose by € 37.2 million or 16 % to € 273.9 million in the quarter under review. This is principally attributable to a significant increase in the average price as well as higher sales volumes overseas.

While revenues for fertilizer specialities increased in the first quarter primarily due to price factors by € 23.7 million to € 221.3 million (+12 %), at € 76.5 million, revenues for industrial products were up € 12.4 million or 19 % on the same quarter of the previous year, predominantly as a result of volume factors. Sales volumes of potash and magnesium products in the first quarter increased overall by just under 3 % and reached 1.99 million tonnes (Q1/10: 1.94 million tonnes).
/ TAB: 1.12.1, 1.12.2, 1.12.3 / FIG: 1.12.1, 1.12.2

DEVELOPMENT OF EARNINGS

In the first quarter, the business segment's earnings before interest, taxes, depreciation and amortisation (EBITDA) reached € 224.2 million and thus rose by 31 % (Q1/10: € 171.5 million).

It proved possible to increase operating earnings EBIT I in the Potash and Magnesium Products business segment by € 51.8 million or 34 % to € 202.4 million. This includes depreciation and amortisation of € 21.8 million which

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT TAB: 1.12.1

in € million	Q1/11	Q1/10	%
Revenues	571.7	498.4	+14.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	224.2	171.5	+30.7
Operating earnings (EBIT I)	202.4	150.6	+34.4
Capital expenditure	18.3	12.3	+48.8
Employees as of 31 March (number)	7,948	7,766	+2.3

VARIANCE ANALYSIS TAB: 1.12.2

in %	Q1/11
Change in revenues	**+14.7**
volume/structure	+4.3
prices/price-related	+10.1
exchange rates	+0.3
consolidation	–
Potassium chloride	+15.7
Fertilizer specialities	+12.0
Industrial products	+19.3

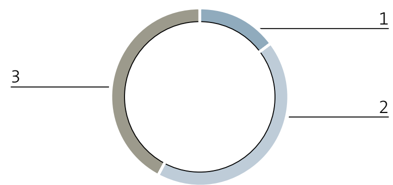
increased by € 0.9 million in comparison to those of the corresponding period of the previous year.

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 freight, materials, personnel and energy. The more favourable conversion rate of the US dollar in comparison to the same quarter of the previous year as a result of the hedging instruments used by the Potash and Magnesium Products business segment had a slightly positive impact on earnings.

OUTLOOK

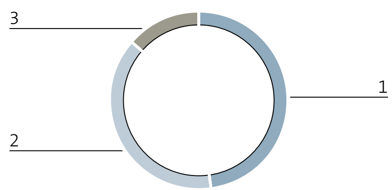
The prospects for the global development of demand for potash- and magnesium-containing fertilizers are currently very attractive, so that from today's perspective, for 2011, we expect a full utilisation of our plants and a sales volume of 7.0 million tonnes of goods (2010: 6.99

REVENUES BY REGION JAN. – MARCH 2011 FIG: 1.12.1



	in %	Q1/11	Q1/10
1	Germany	14.8	16.5
2	Rest of Europe	43.1	47.0
3	Overseas	42.1	36.5

REVENUES BY PRODUCT GROUP JAN. – MARCH 2011 FIG: 1.12.2



	in %	Q1/11	Q1/10
1	Potassium chloride	47.9	47.5
2	Fertilizers specialities	38.7	39.6
3	Industrial products	13.4	12.9

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

		Q1/10	Q2/10	Q3/10	Q4/10	2010	Q1/11
Revenues	**€ million**	**498.4**	**463.5**	**417.8**	**465.0**	**1,844.7**	**571.7**
Europe	€ million	316.6	233.4	224.8	248.4	1,023.1	331.2
Overseas	US$ million	250.5	292.4	249.2	294.3	1,086.4	329.0
Sales volumes	**t eff. million**	**1.94**	**1.73**	**1.58**	**1.74**	**6.99**	**1.99**
Europe	t eff. million	1.26	0.89	0.83	0.94	3.92	1.17
Overseas	t eff. million	0.68	0.84	0.75	0.80	3.07	0.82
Average prices	**€/t eff.**	**256.2**	**268.7**	**265.8**	**266.6**	**264.1**	**287.1**
Europe	€/t eff.	250.6	262.5	273.2	263.5	261.1	283.5
Overseas	US$/t eff.	367.5	350.0	332.6	367.0	354.1	399.7

[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.

million tonnes). On the basis of the currently achieved potash price level, a significantly (previously: tangibly) higher average price level is expected than in the previous year. On this basis, the revenues of the Potash and Magnesium Products business segment too should increase significantly (previously: tangibly) in comparison to a year ago. Even if energy costs were to rise significantly, the total costs would probably only increase moderately. The positive effect on revenues should more than make up for the expected rise in costs and enable strong (previously: significant) earnings growth.

NITROGEN FERTILIZERS BUSINESS SEGMENT

On 1 March 2011, BASF announced that it intends the sale of major parts of its fertilizer production facilities. 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 are terminable no earlier than by 31 December 2014. A purchase of the nitrogen fertilizer facilities has been ruled out by the Board of Executive Directors because the two-pillar strategy of the K+S GROUP provides for growth in the Potash and Magnesium Products and the Salt business segments in particular and for focussing management resources and financial means on this correspondingly. Against this background, in June 2010, K+S also initiated the examination of a sale of COMPO. In preparation, in the second half of 2010, K+S worked out and implemented a concept for a possible company-law and corporate carve-out of COMPO from the K+S GROUP. At the start of this year, contact was made with potentially interested parties, which received documents providing information at the start of February. A result should be forthcoming in the middle of 2011.

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

REVENUES

Revenues in the Nitrogen Fertilizers business segment rose by 26 % to € 484.1 million in the first quarter primarily due to price factors. For complex fertilizers, revenues totalled € 127.6 million (Q1/10: € 112.6 million), for straight nitrogen fertilizers € 136.8 million (Q1/10: € 87.8 million) and for ammonium sulphate € 63.6 million (Q1/10: € 44.0 million). For all three product sectors, a significant price increase in comparison to the same quarter of the previous year was more than able to make up for negative volume effects due to availability factors. The sales volumes of complex fertilizers, straight nitrogen fertilizers and ammonium sulphate reached 1.23 million tonnes in the first quarter (Q1/10: 1.35 million tonnes). Revenues in the Consumer area increased slightly to € 88.6 million (Q1/10: € 87.1 million). Rising revenues in Switzerland as well as a brightening market environment in France made a contribution to this. In the Expert area, positive volume and price effects more than made up for structure-related revenue decreases, so that revenues rose by 25 % to € 67.5 million. Sales volumes in the Expert area amounted to 0.10 million tonnes in the first quarter (Q1/10: 0.07 million tonnes). / TAB: 1.12.4, 1.12.5 / FIG: 1.12.3, 1.12.4

DEVELOPMENT OF EARNINGS

In the first quarter, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Nitrogen Fertilizers business segment reached € 52.4 million compared to € 17.3 million in the same quarter of the previous year.

Operating earnings EBIT I rose in the first quarter by € 35.1 million to € 49.6 million, which includes depreciation and amortisation of € 2.8 million (Q1/10: € 2.8 million). The significantly higher revenues due to price factors were able to more than make up for higher raw material and input costs. Furthermore, the increasing utilisation of capacity at COMPO had a positive impact on earnings.

OUTLOOK

In financial year 2011, revenues of the Nitrogen Fertilizers business segment should increase significantly. At

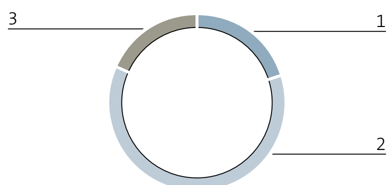
VARIANCE ANALYSIS TAB: 1.12.4

in %	Q1/11
Change in revenues	**+25.6**
volume/structure	(3.6)
prices/price-related	+28.9
exchange rates	+0.3
consolidation	—
Consumer	+1.7
Expert	+25.0
Complex fertilizers	+13.3
Straight nitrogen fertilizers	+55.8
Ammonium sulphate	+44.5

NITROGEN FERTILIZERS BUSINESS SEGMENT TAB: 1.12.5

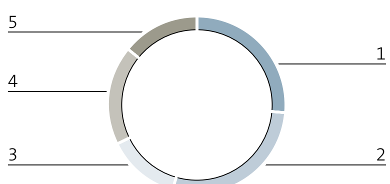
in € million	Q1/11	Q1/10	%
Revenues	484.1	385.5	+ 25.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	52.4	17.3	+ 202.9
Operating earnings (EBIT I)	49.6	14.5	+ 242.1
Capital expenditure	1.5	2.5	(40.0)
Employees as of 31 March (number)	1,228	1,264	(2.8)

REVENUES BY REGION JAN. – MARCH 2011 FIG: 1.12.3



	in %	Q1/11	Q1/10
1	Germany	20.2	22.8
2	Rest of Europe	61.5	58.9
3	Overseas	18.3	18.3

REVENUES BY SEGMENT JAN. – MARCH 2011 FIG: 1.12.4



	in %	Q1/11	Q1/10
1	Complex fertilizers	26.4	29.2
2	Straight nitrogen fertilizers	28.3	22.8
3	Ammonium sulphate	13.1	11.4
4	Consumer	18.3	22.6
5	Expert	13.9	14.0

COMPO, revenues are likely to be able to improve as a result of a high demand for complex fertilizers, principally in the Expert area. The revenues of K+S NITROGEN from straight nitrogen fertilizers, complex fertilizers and ammonium sulphate should develop positively overall, primarily due to price factors. A high level of capacity utilisation and attractive price prospects should also, despite increasing raw material costs, facilitate a tangible (previously: moderate) increase in operating earnings in comparison to good operating earnings in the previous year.

SALT BUSINESS SEGMENT

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

REVENUES

In the first quarter, the revenues of the Salt business segment rose by € 66.1 million or 11 % to € 682.5 million, primarily as a result of volume and price factors. In the case of de-icing salt, in particular higher sales volumes in North America resulted in an increase in revenues to € 435.0 million (Q1/10: € 376.5 million). Revenues with food grade salt rose in the first quarter by 1 % to € 79.1 million, while positive price effects in North America and Brazil were able to more than make up for slight price declines in Europe. Revenues of € 127.5 million were achieved with industrial salt. This was almost 5 % above the figure for the same quarter of the previous year (€ 121.9 million) due to price and volume factors. While at € 20.4 million, revenues with salt for chemical use were € 3.6 million or 21 % higher than a year ago due to volume factors, revenues in the Other sector fell by € 2.0 million to € 20.5 million. Sales volumes of crystallised salt during the first quarter

VARIANCE ANALYSIS TAB: 1.12.6

in %	Q1/11
Change in revenues	**+10.7**
volume/structure	+7.2
prices/price-related	+2.4
exchange rates	+1.1
consolidation	—
Food grade salt	+0.5
Industrial salt	+4.6
Salt for chemical use	+21.4
De-icing salt	+15.5
Other	(8.9)

totalled 10.18 million tonnes and were up 10 % on the previous year's level (Q1/10: 9.25 million tonnes).
/ TAB: 1.12.6, 1.12.7, 1.12.8 / FIG: 1.12.5, 1.12.6

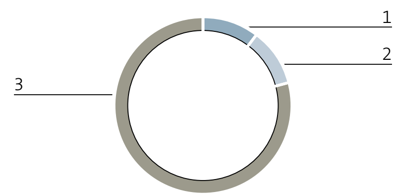
DEVELOPMENT OF EARNINGS

In the quarter under review, earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by almost 16 % to reach € 169.9 million. A higher importance is now assigned to the EBITDA in assessing the operating earnings capacity of the Salt business segment as it is not affected by depreciation on valuations made within the framework of purchase price allocations which has increased significantly after the acquisition of MORTON SALT.

SALT BUSINESS SEGMENT TAB: 1.12.7

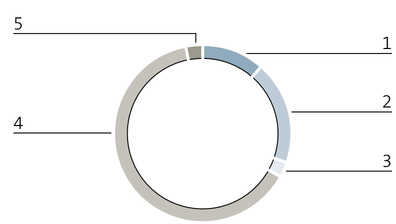
in € million	Q1/11	Q1/10	%
Revenues	682.5	616.4	+10.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	169.9	146.4	+16.1
Operating earnings (EBIT I)	139.1	107.9	+28.9
Capital expenditure	7.0	11.1	(36.9)
Employees as of 31 March (number)	5,185	5,268	(1.6)

REVENUES BY REGION JAN. – MARCH 2011 FIG: 1.12.5



	in %	Q1/11	Q1/10
1	Germany	10.3	16.5
2	Rest of Europe	10.7	12.1
3	Overseas	79.0	71.4

REVENUES BY PRODUCT GROUP JAN. – MARCH 2011 FIG: 1.12.6



	in %	Q1/11	Q1/10
1	Food grade salt	11.6	12.8
2	Industrial salt	18.7	19.8
3	Salt for chemical use	3.0	2.7
4	De-icing salt	63.7	61.1
5	Other	3.0	3.6

Operating earnings EBIT I increased by € 31.2 million or 29 % to € 139.1 million in the Salt business segment. It should be noted that the same quarter of the previous year was adversely affected to the extent of about € 31 million by non-recurrent effects in connection with the closure of an uneconomic site in France, by the revalua-

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

		Q1/10	Q2/10	Q3/10	Q4/10	2010	Q1/11
De-icing salt							
Revenues	€ million	376.5	26.8	58.1	277.8	739.2	435.0
Sales volumes	t million	7.05	0.49	1.10	4.85	13.49	7.94
Average prices	€/t	53.4	54.5	52.8	57.3	54.8	54.8
Industrial salt, salt for chemical use and food grade salt							
Revenues	€ million	217.4	232.0	228.2	227.4	905.0	226.9
Sales volumes	t million	2.20	2.26	2.23	2.35	9.04	2.24
Average prices	€/t	98.9	102.8	102.4	96.8	100.1	101.2
Other							
Revenues	€ million	22.5	16.5	18.9	26.6	84.5	20.6
Salt business segment							
Revenues	€ million	616.4	275.3	305.2	531.8	1,728.7	682.5

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

tion and first-time consolidation within the valuation of inventories in accordance with IFRS at MORTON SALT as well as by unscheduled depreciation of property, plant and equipment in the Netherlands. Operating earnings EBIT I include depreciation and amortisation of € 30.8 million (Q1/10: € 38.5 million). The profitability of our global salt business varies depending on the respective regional mix, the utilisation of capacity, the local margin and the exchange rates. Thus, for example, first-quarter earnings were favourably affected by € 20 million to € 30 million due to an above-average business with de-icing salt in comparison to the long-term average figure.

OUTLOOK

As a result of the good start to the de-icing business both in North America and Europe due to weather conditions, we are expecting stable revenues at a high level for the Salt business segment in 2011 in comparison to the record year 2010. This forecast assumes an average de-icing salt business in the fourth quarter as well as a relatively stable overall development in revenues in the food grade and industrial salt segments and the salt for chemical use segment. On this basis, for 2011, we expect a sales volume level in the Salt business segment of 22 to 23 million tonnes of crystallised salt in total, of which 13 to 14 million tonnes should be accounted for by de-icing salt (long-term average sales volume based on historical de-icing salt sales volumes: crystallised salt 21 million tonnes; of which de-icing salt 12 million tonnes). On the cost side, in particular higher freight costs as well as sales from stocks should result in moderately declining operating earnings.

COMPLEMENTARY BUSINESS SEGMENTS

REVENUES

In the first quarter, the revenues of the Complementary Business Segments with third parties stood at € 38.1 million and were thus 15 % up on the previous year (€ 33.2 million). Including intersegment revenues, total revenues amounted to € 49.4 million (Q1/10: € 42.7 million). / TAB: 1.12.9, 1.12.10 / FIG: 1.12.7, 1.12.8

In the first quarter, it proved possible to increase revenues of the Waste Management and Recycling segment by 30 % to € 22.3 million due to volume and price factors. With € 8.8 million and € 3.7 million respectively, in the Animal Hygiene and Logistics segments revenues at the level of the same quarter of the previous year were achieved. The trading business posted a moderate decline in revenues by € 0.2 million to € 3.3 million.

DEVELOPMENT OF EARNINGS

In the first quarter, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Complementary Business Segments reached € 9.7 million, an increase of € 1.8 million or 23 %.

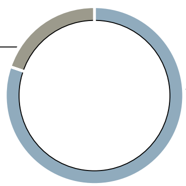
VARIANCE ANALYSIS TAB: 1.12.9

in %	Q1/11
Change in revenues	**+14.8**
volume/structure	+11.8
prices/price-related	+3.0
exchange rates	–
consolidation	–
Waste Management and Recycling	+29.7
Logistics	–
Animal hygiene products	–
Trading	(5.7)

COMPLEMENTARY BUSINESS SEGMENTS TAB: 1.12.10

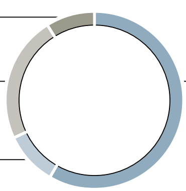
in € million	Q1/11	Q1/10	%
Revenues	38.1	33.2	+14.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	9.7	7.9	+22.8
Operating earnings (EBIT I)	8.1	6.4	+26.6
Capital expenditure	0.7	0.4	+75.0
Employees as of 31 March (number)	282	280	+0.7

REVENUES BY REGION JAN. – MARCH 2011 FIG: 1.12.7



	in %	Q1/11	Q1/10
1	Germany	80.3	81.1
2	Rest of Europe	19.7	18.9

REVENUES BY SEGMENT JAN. – MARCH 2011 FIG: 1.12.8



	in %	Q1/11	Q1/10
1	Waste Management and Recycling	58.5	51.9
2	Logistics	9.7	11.0
3	Animal hygiene products	23.1	26.5
4	Trading	8.7	10.6

Operating earnings EBIT I rose in the first quarter by 27 % to € 8.1 million, which includes depreciation and amortisation of € 1.6 million (Q1/10: € 1.5 million). The Waste Management and Recycling segment was able to double its earnings due to positive volume and price effects. The Animal Hygiene segment too achieved an increase in earnings due to a relieved cost situation. While earnings in the Logistics segment declined against the background of increased personnel expenses and decreasing prices for freight forwarding services, the earnings contribution of Trading business remained constant.

OUTLOOK

From today's perspective, for 2011, we assume moderately higher (previously: stable) revenues. Operating earnings should rise moderately (previously: decrease moderately) due to an improved margin situation in the Waste Management segment.

FINANCIAL SECTION

2

INCOME STATEMENT TAB: 2.1.1

in € million	Q1/11	Q1/10	LTM[3]/11	12M/10
Revenues	**1,776.5**	**1,533.6**	**5,236.7**	**4,993.8**
Cost of sales	1,041.5	904.6	3,212.5	3,075.6
Gross profit	**735.0**	**629.0**	**2,024.2**	**1,918.2**
Selling expenses	295.7	282.6	985.0	971.9
General and administrative expenses	47.7	39.8	191.5	183.6
Research and development costs	3.9	3.7	15.7	15.5
Other operating income	21.7	45.1	182.7	206.1
Other operating expenses	29.7	69.7	169.0	209.0
Income from investments, net	1.2	1.1	4.9	4.8
Result from operating forecast hedges	33.6	(16.5)	32.5	(17.6)
Result after operating hedges (EBIT II)[1]	**414.5**	**262.9**	**883.1**	**731.5**
Interest income	2.0	1.1	8.5	7.6
Interest expenses	(18.0)	(30.8)	(121.4)	(134.2)
Other financial result	0.1	(0.5)	3.7	3.1
Financial result	**(15.9)**	**(30.2)**	**(109.2)**	**(123.5)**
Earnings before income taxes	**398.6**	**232.7**	**773.9**	**608.0**
Taxes on income	104.9	60.2	203.3	158.6
– of which deferred taxes	11.3	(15.7)	6.4	(20.6)
Net income	**293.7**	**172.5**	**570.6**	**449.4**
Minority interests in earnings	0.1	0.2	0.7	0.8
Group earnings after taxes and minority interests	**293.6**	**172.3**	**569.9**	**448.6**
Earnings per share in € (undiluted ≙ diluted)	1.54	0.90	2.98	2.34
Operating earnings (EBIT I)[1]	**384.3**	**267.7**	**843.5**	**726.9**
Earnings before income taxes, adjusted[2]	**368.4**	**237.5**	**734.3**	**603.4**
Group earnings after taxes, adjusted[2]	**272.0**	**175.8**	**541.5**	**445.3**
Earnings per share in €, adjusted[2]	**1.42**	**0.92**	**2.83**	**2.33**
Average number of shares in million	191.20	191.23	191.33	191.34

STATEMENT OF COMPREHENSIVE INCOME TAB: 2.1.2

in € million	Q1/11	Q1/10	LTM[3]/11	12M/10
Net income	**293.7**	**172.5**	**570.6**	**449.4**
Foreign currency translation	(117.3)	121.6	(90.1)	148.8
Earnings without recognition in profit or loss (after taxes)	**(117.3)**	**121.6**	**(90.1)**	**148.8**
Comprehensive income of the period	**176.4**	**294.1**	**480.5**	**598.2**
Minority interests in comprehensive income	0.1	0.2	0.7	0.8
Group comprehensive earnings after taxes and minority interests	**176.3**	**293.9**	**479.8**	**597.4**

OPERATING EARNINGS (EBIT I) TAB: 2.1.3

in € million	Q1/11	Q1/10	LTM[3]/11	12M/10
Result after operating hedges (EBIT II)[1]	**414.5**	**262.9**	**883.1**	**731.5**
± Result after operating forecast hedges[1]	(33.6)	16.5	(32.5)	17.6
± Realised result from operating forecast hedges[1]	3.4	(11.7)	(7.1)	(22.2)
Operating earnings (EBIT I)[1]	**384.3**	**267.7**	**843.5**	**726.9**

[1] 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.
[2] The adjusted key figures unalteredly 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 Q1/11: 28.3 % (Q1/10: 27.9 %).
[3] LTM = last twelve months (Q2/10 + Q3/10 + Q4/10 + Q1/11)

CASH FLOW STATEMENT TAB: 2.2.1

in € million	Q1/11	Q1/10	LTM/11	12M/10
Result after operating hedges (EBIT II)	**414.5**	**262.9**	**883.1**	**731.5**
Income (–)/expenses (+) from market value changes of hedging transactions not yet due	(28.7)	9.3	(37.2)	0.8
Neutralising previous market value changes of derecognised hedging transactions	(1.5)	(4.5)	(2.4)	(5.4)
Operating earnings (EBIT I)	**384.3**	**267.7**	**843.5**	**726.9**
Depreciation (+)/write-ups (–) on intangible assets, property, plant and equipment and financial assets	58.8	65.4	241.7	248.3
Increase (+)/decrease (–) in non-current provisions (without interest rate effects)	3.9	7.4	29.7	33.2
Interests, dividends received and similar income	1.8	2.1	6.1	6.4
Gains (+)/losses (–) from the realisation of financial assets and liabilities	(0.1)	(1.2)	0.1	(1.0)
Interest paid (–)	(1.8)	(5.3)	(55.0)	(58.5)
Income taxes paid (–)	(90.0)	(20.7)	(192.5)	(123.2)
Other non-cash expenses (+)/income (–)	(7.0)	5.8	(14.7)	(1.9)
Gross cash flow	**349.9**	**321.2**	**858.9**	**830.2**
Gain (–)/loss (+) on the disposal of fixed assets and securities	(0.1)	(0.4)	(0.3)	(0.6)
Increase (–)/decrease (+) in inventories	130.5	131.1	(30.6)	(30.0)
Increase (–)/decrease (+) in receivables and other assets from operating activities	(132.4)	(174.2)	(76.3)	(118.1)
– of which premium volume for derivatives	10.6	7.7	(13.5)	(16.4)
Increase (+)/decrease (–) in liabilities from operating activities	(17.4)	42.3	112.7	172.4
– of which premium volume for derivatives	(0.8)	2.7	7.3	10.8
Increase (+)/decrease (–) of current provisions	52.2	46.8	11.7	6.3
Out-financing of provisions	(86.3)	(1.9)	(87.1)	(2.7)
Cash flow from operating activities	**296.4**	**364.9**	**789.0**	**857.5**

CASH FLOW STATEMENT (CONTINUED) TAB: 2.2.1

in € million	Q1/11	Q1/10	LTM/11	12M/10
Cash flow from operating activities	**296.4**	**364.9**	**789.0**	**857.5**
Proceeds from disposals of fixed assets	1.9	1.4	7.0	6.5
Disbursements for intangible assets	(3.5)	(0.4)	(21.2)	(18.1)
Disbursements for property, plant and equipment	(25.9)	(26.9)	(175.2)	(176.2)
Disbursements for financial assets	(3.0)	(2.1)	(3.3)	(2.4)
Disbursements for the acquisition of consolidated companies	(242.8)	—	(242.8)	—
Cash flow for investing activities	**(273.3)**	**(28.0)**	**(435.5)**	**(190.2)**
Free cash flow	**23.1**	**336.9**	**353.5**	**667.3**
Disbursements for the acquisition of non-controlling interests	(59.3)	—		
Purchase of own shares	(13.8)	(8.4)		
Increase (+)/decrease (–) in liabilities from finance lease	(0.7)	(0.1)		
Taking out (+)/repayment of (–) loans	(5.8)	(358.1)		
Cash flow for financing activities	**(79.6)**	**(366.6)**		
Change in cash and cash equivalents affecting cash flow	**(56.5)**	**(29.7)**		
Change in cash and cash equivalents resulting from exchange rates	(8.3)	7.9		
Change in cash and cash equivalents	**(64.8)**	**(21.8)**		
Net cash and cash equivalents as of 1 January	**740.6**	**520.1**		
Net cash and cash equivalents as of 31 March	**675.8**	**498.3**		

Explanations to the cash flow statement can be found on page 10.

BALANCE SHEET — ASSETS TAB: 2.3.1

in € million	31.3.2011	31.3.2010	31.12.2010
Intangible assets	965.8	969.5	999.7
– of which goodwill from acquisitions	605.0	587.4	615.3
Property, plant and equipment	2,108.2	1,762.2	1,803.6
Investment properties	7.8	8.0	7.8
Financial assets	26.5	24.4	24.1
Receivables and other assets	66.1	263.3	43.0
– of which derivate financial instruments	1.1	2.1	6.4
Deferred taxes	35.1	43.7	57.8
Reimbursement of income taxes	3.4	0.5	0.4
Non-current assets	**3,212.9**	**3,071.6**	**2,936.4**
Inventories	593.9	569.4	740.2
Accounts receivable – trade	1,052.4	1,047.9	949.8
Other receivables and assets	194.5	166.5	174.3
– of which derivate financial instruments	62.1	6.5	35.4
Reimbursement of income taxes	23.1	12.6	24.6
Securities	0.7	—	—
Cash on hand and balances with banks	683.4	504.5	748.4
Current assets	**2,548.0**	**2,300.9**	**2,637.3**
ASSETS	**5,760.9**	**5,372.5**	**5,573.7**

BALANCE SHEET — EQUITY AND LIABILITIES TAB: 2.3.1

in € million	31.3.2011	31.3.2010	31.12.2010
Subscribed capital	191.4	191.4	191.4
Additional paid-in capital	647.5	648.8	647.5
Other reserves and accumulated profit	1,967.6	1,537.8	1,810.1
Minority interests	2.7	2.0	2.6
Equity	**2,809.2**	**2,380.0**	**2,651.6**
Bank loans and overdrafts	767.8	871.1	769.1
Other liabilities	20.6	18.0	22.8
– of which derivative financial instruments	3.1	4.7	4.6
Provisions for pensions and similar obligations	118.6	191.1	184.8
Provisions for mining obligations	530.8	426.3	528.4
Other provisions	154.5	231.7	152.4
Deferred taxes	325.2	258.7	261.6
Non-current debt	**1,917.5**	**1,996.9**	**1,919.1**
Bank loans and overdrafts	11.3	64.6	17.5
Accounts payable – trade	492.7	387.2	511.2
Other liabilities	88.7	112.6	86.7
– of which derivative financial instruments	7.0	16.1	12.5
Income tax liabilities	87.4	76.6	82.4
Provisions	354.1	354.6	305.2
Current debt	**1,034.2**	**995.6**	**1,003.0**
EQUITY AND LIABILITIES	**5,760.9**	**5,372.5**	**5,573.7**

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	—	—	293.6	—	293.6	0.1	293.7
Earnings without recognition in profit or loss (after taxes)	—	—	—	(117.3)	(117.3)	—	(117.3)
Other changes in equity	—	—	(18.8)	—	(18.8)	—	(18.8)
Balances as of 31 March 2011	**191.4**	**647.5**	**1,946.5**	**21.1**	**2,806.5**	**2.7**	**2,809.2**
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	—	—	172.3	—	172.3	0.2	172.5
Earnings without recognition in profit or loss (after taxes)	—	—	—	121.6	121.6	—	121.6
Other changes in equity	—	—	(8.8)	—	(8.8)	—	(8.8)
Balances as of 31 March 2010	**191.4**	**648.8**	**1,426.5**	**111.3**	**2,378.0**	**2.0**	**2,380.0**

2.5 NOTES

EXPLANATORY NOTES; CHANGES IN THE LEGAL GROUP AND ORGANISATIONAL STRUCTURE

The interim report of 31 March 2011 is prepared in accordance with the INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) as well as the interpretations of the INTERNATIONAL FINANCIAL REPORTING INTERPRETATION 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

The information regarding the scope of consolidation presented in the Financial Report 2010 on page 174 was changed as follows as of 31 March 2011: Following the takeover of 100 % of the shares in POTASH ONE INC. by K+S CANADA HOLDINGS INC., POTASH ONE INC. including its major subsidiaries was merged into K+S CANADA HOLDINGS INC. as of 31 March 2011. Moreover, as a subsidiary of K+S CANADA HOLDINGS INC., K+S POTASH CANADA GP was included in the scope of consolidation. The following changes arose within the framework of a possible carve-out of COMPO under company law: K PLUS S ESPANOLA S.L. was renamed

COMPO IBERIA S.L., while the activities of K+S AGRICOLTURA S.P.A. were transferred into the newly founded company COMPO AGRO SPECIALTIES SRL. by way of an in-kind contribution.

ACQUISITION OF 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 has 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 CORP. (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 full reflected in K+S POTASH CANADA GP. K+S POTASH CANADA GP is being 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 costs.

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 2.5.1.

POTASH ONE TAB: 2.5.1

in € million	Fair values as of date of acquisition
Property, plant and equipment	386.1
Non-current assets	**386.1**
Other receivables and assets	0.9
Securities	0.7
Cash on hand and balances with banks	20.4
Current assets	**22.0**
Assets	408.1
Deferred taxes	89.6
Non-current debt	**89.6**
Bank loans and overdrafts	19.5
Accounts payable – trade	0.8
Other liabilities	0.3
Current debt	**20.6**
Equity and liabilities	110.2
Net assets (interim)	**297.9**
Net assets non-controlling interest of 18.4 % (interim)	**54.6**
Net assets controlling interest of 81.6 % (interim)	**243.3**
Goodwill (interim)	**22.7**
Purchase price of 81.6 % of interest	263.2
Conversion right arising from the convertible bond	2.8
Purchase price for 81.6 % of interest including conversion right arising from convertible bond	**266.0**

As a result of the short period between the date of acquisition and the time at which the quarterly financial report was prepared, no final purchase price allocation could yet be undertaken. The final purchase price allocation will take place within a period of twelve months from the date of acquisition. The main asset of POTASH ONE is 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 temporary goodwill of € 22.7 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 re-measurement 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 an compulsory acquisition within the framework of the Canada Business Corporations Act at a price of € 29.2 million (CAD 4.50 per share). The additional purchases made in February and March were stated as equity transactions in accordance with the regulations of IAS 27. Use was not made of the right of choice to identify goodwill in relation to the shares of other shareholders (full goodwill method).

Since its inclusion in the financial statements of the K+S GROUP, K+S POTASH CANADA GP has generated operating earnings EBIT I of € (0.3) million and earnings after income taxes of € (0.3) million.

It is not possible to determine earnings assuming that the POTASH ONE acquisition had already occurred at the beginning of the reporting period, 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: 2.5.2

in € million	LTM 2011	2010
Revenues	5,236.7	4,993.8
EBITDA	1,085.2	975.2
EBIT I	843.5	726.9
Group earnings, adjusted	541.5	445.3

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

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

You will find such information in our Subsequent Events section on page 13.

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 BUSINESS SEGMENT TAB: 2.5.3

	Q1/10	Q2/10	Q3/10	Q4/10	2010	Q1/11	2011e
USD/EUR exchange rate after premiums	1.39	1.29	1.33	1.39	1.35	1.35	1.36
Average USD/EUR spot rate	1.38	1.27	1.29	1.36	1.33	1.37	–

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 the first quarter 2012; for 2011 exists a worst case scenario of 1.37 USD/EUR.

OTHER OPERATING INCOME/EXPENSES

Other operating income/expenses include the following material items:

OTHER OPERATING INCOME/EXPENSES TAB: 2.5.4

in € million	Q1/11	Q1/10
Gains/losses on foreign currency exchange rates	(5.2)	9.8
Change in provisions	1.1	(18.5)
Other	(3.9)	(15.9)
Other operating income/expenses	**(8.0)**	**(24.6)**

FINANCIAL RESULT

The financial result includes the following material items:

FINANCIAL RESULT TAB: 2.5.5

in € million	Q1/11	Q1/10
Interest income	2.0	1.1
Interest expenses	(18.0)	(30.8)
– of which interest expenses for pension provisions	(1.9)	(1.6)
– of which interest expenses for provisions for mining obligations	(4.5)	(5.6)
Interest income, net	**(16.0)**	**(29.7)**
Income from the realisation of financial assets/liabilities	(0.1)	(1.2)
Income from the valuation of financial assets/liabilities	0.2	0.7
Other financial result	**0.1**	**(0.5)**
Financial result	**(15.9)**	**(30.2)**

DISCOUNT FACTORS FOR PROVISIONS

The actuarial measurement of pension provisions is performed 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 % (31 March 2010: 5.7 %). The average weighted discount factor for provisions for mining obligations was 4.7 % (31 March 2010: 5.6 %).

TAXES ON INCOME

Taxes on income include the following material items:

TAXES ON INCOME TAB: 2.5.6

in € million	Q1/11	Q1/10
Corporate income tax	39.1	27.3
Trade tax on income	32.0	22.6
Foreign income taxes	22.5	26.0
Deferred taxes	11.3	(15.7)
Taxes on income	**104.9**	**60.2**

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 financial statements, the balance sheet total as of 31 March 2011 increased by € 187.2 million. On the asset side, non-current assets increased by € 276.5 million, and current assets decreased by € 89.3 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. The decrease in current assets is chiefly based on a decrease in inventories of € 146.3 million. On the other hand, accounts receivable trade increased by € 102.6 million in comparison to 31 December 2010.

On the equity and liabilities side, equity increased by € 157.6 million; this is attributable primarily to the positive net profit for the period of the first quarter of 2011. Debt rose by € 29.6 million; this is mainly due to an increase in short-term other provisions.

MATERIAL CHANGES IN EQUITY

Equity is affected by transactions both contributing to profit or loss and those not recognised in profit or loss, as well as by capital transactions with shareholders. Compared with the 2010 financial statements, accumulated profit and other reserves increased by € 274.8 million. The increase is mainly due to the positive net profit for the period of the first quarter of 2011 (after taxes and minority interests) of € 293.6 million. Changes in equity without recognition in profit or loss also had to be accounted for, resulting from foreign currency translation of subsidiaries in the functional foreign currency (mainly the US dollar). Differences arising from currency translation are recorded in a separate currency translation reserve which decreased by € 117.3 million as at 31 March 2011 because of exchange rate fluctuations.

NET INDEBTEDNESS TAB: 2.5.7

in € million	Q1/11	Q1/10
Net indebtedness as of 1 January	(732.5)	(1,338.9)
Net cash and cash equivalents as of 31 March[1]	683.4	504.5
Securities as of 31 March	0.7	—
Bank loans and overdrafts	(779.1)	(935.7)
Net financial liabilities as of 31 March[1]	**(95.0)**	**(431.2)**
Provisions for pensions and similar obligations	(118.6)	(191.1)
Provisions for mining obligations	(530.8)	(426.3)
Reimbursement claim bond Morton Salt	17.8	—
Net indebtedness as of 31 March[1]	**(726.6)**	**(1,048.6)**

[1] Without cash invested with or received from affiliated companies.

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. Transactions and open items between K+S GROUP companies are eliminated from the consolidated financial statements insofar as the companies are consolidated. In addition, 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 TAB: 2.5.8

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	571.7	22.9	594.6
Nitrogen Fertilizers	484.1	2.6	486.7
Salt	682.5	1.2	683.7
Complementary Business Segments	38.1	11.3	49.4
Reconciliation	0.1	(38.0)	(37.9)
K+S Group Q1/11	**1,776.5**	**—**	**1,776.5**
Potash and Magnesium Products	498.4	23.2	521.6
Nitrogen Fertilizers	385.5	3.2	388.7
Salt	616.4	1.1	617.5
Complementary Business Segments	33.2	9.5	42.7
Reconciliation	0.1	(37.0)	(36.9)
K+S Group Q1/10	**1,533.6**	**—**	**1,533.6**

2.6 SUMMARY BY QUARTER

REVENUES & OPERATING EARNINGS (IFRS) TAB: 2.6.1

in € million	Q1/10	Q2/10	Q3/10	Q4/10	2010	Q1/11	%
Potash and Magnesium Products	498.4	463.5	417.8	465.0	1,844.7	571.7	+14.7
Nitrogen Fertilizers	385.5	287.4	306.1	307.2	1,286.2	484.1	+25.6
Salt	616.4	275.3	305.2	531.8	1,728.7	682.5	+10.7
Complementary Business Segments	33.2	32.2	31.8	36.5	133.7	38.1	+14.8
Reconciliation	0.1	0.1	0.3	0.0	0.5	0.1	—
K+S Group revenues	**1,533.6**	**1,058.5**	**1,061.2**	**1,340.5**	**4,993.8**	**1,776.5**	**+15.8**
Potash and Magnesium Products	150.6	119.2	79.4	126.7	475.9	202.4	+34.4
Nitrogen Fertilizers	14.5	26.0	2.6	12.6	55.7	49.6	+242.1
Salt	107.9	21.8	31.8	76.6	238.1	139.1	+28.9
Complementary Business Segments	6.4	6.2	4.3	4.3	21.2	8.1	+26.6
Reconciliation	(11.7)	(17.7)	(9.6)	(25.0)	(64.0)	(14.9)	(27.4)
K+S Group EBIT I	**267.7**	**155.5**	**108.5**	**195.2**	**726.9**	**384.3**	**+43.6**

INCOME STATEMENT (IFRS) TAB: 2.6.2

in € million	Q1/10	Q2/10	Q3/10	Q4/10	2010	Q1/11	%
Revenues	**1,533.6**	**1,058.5**	**1,061.2**	**1,340.5**	**4,993.8**	**1,776.5**	**+15.8**
Cost of sales	904.6	651.3	686.1	833.6	3,075.6	1,041.5	+15.1
Gross profit	**629.0**	**407.2**	**375.1**	**506.9**	**1,918.2**	**735.0**	**+16.9**
Selling expenses	282.6	229.4	217.3	242.6	971.9	295.7	+4.6
General and administrative expenses	39.8	44.5	38.2	61.1	183.6	47.7	+19.8
Research and development costs	3.7	3.8	3.1	4.9	15.5	3.9	+5.4
Other operating income/expenses	(24.6)	30.3	(6.1)	(2.5)	(2.9)	(8.0)	+67.5
Income from investments, net	1.1	0.7	1.4	1.6	4.8	1.2	+9.1
Result from operating forecast hedges	(16.5)	(34.4)	47.1	(13.8)	(17.6)	33.6	+303.6
Result after operating hedges (EBIT II)	**262.9**	**126.1**	**158.9**	**183.6**	**731.5**	**414.5**	**+57.7**
Financial result	(30.2)	(21.5)	(52.7)	(19.1)	(123.5)	(15.9)	+47.4
Earnings before income taxes	**232.7**	**104.6**	**106.2**	**164.5**	**608.0**	**398.6**	**+71.3**

INCOME STATEMENT (IFRS) (CONTINUED)

TAB: 2.6.2

in € million	Q1/10	Q2/10	Q3/10	Q4/10	2010	Q1/11	%
Earnings before income taxes	**232.7**	**104.6**	**106.2**	**164.5**	**608.0**	**398.6**	**+71.3**
Taxes on income	60.2	28.1	29.2	41.1	158.6	104.9	+74.3
– of which deferred taxes	(15.7)	7.0	0.6	(12.5)	(20.6)	11.3	+172.0
Net income	**172.5**	**76.5**	**77.0**	**123.4**	**449.4**	**293.7**	**+70.3**
Minority interests in earnings	0.2	0.2	0.2	0.2	0.8	0.1	(50.0)
Group earnings after taxes and minority interests	**172.3**	**76.3**	**76.8**	**123.2**	**448.6**	**293.6**	**+70.4**
Operating earnings (EBIT I)	**267.7**	**155.5**	**108.5**	**195.2**	**726.9**	**384.3**	**+43.6**
Earnings before income taxes, adjusted[1]	**237.5**	**134.0**	**55.8**	**176.1**	**603.4**	**368.4**	**+55.1**
Group earnings after taxes, adjusted[1]	**175.8**	**97.5**	**40.4**	**131.6**	**445.3**	**272.0**	**+54.7**

OTHER KEY DATA (IFRS)

TAB: 2.6.3

		Q1/10	Q2/10	Q3/10	Q4/10	2010	Q1/11	%
Capital expenditure[2]	€ million	27.3	34.4	45.5	93.8	201.0	29.4	+7.7
Depreciation and amortisation[2]	€ million	65.4	61.5	55.7	65.7	248.3	58.8	(10.1)
Gross cash flow	€ million	321.2	181.6	81.1	246.3	830.2	349.9	+8.9
Working Capital	€ million	956.4	954.5	897.9	—	959.4	879.1	(8.1)
Net indebtedness	€ million	1,048.6	862.1	789.1	—	732.5	726.6	(30.7)
Earnings per share, adjusted[1]	€	0.92	0.51	0.21	0.69	2.33	1.42	+54.3
Gross cash flow per share	€	1.68	0.95	0.42	1.29	4.34	1.83	+8.9
Book value per share	€	12.45	13.57	12.94	—	13.85	14.70	+18.1
Number of shares outstanding[3]	Mio.	191.20	191.40	191.40	—	191.40	191.15	—
Average number of shares[4]	Mio.	191.23	191.33	191.40	191.40	191.34	191.20	—
Closing price	XETRA, €	44.93	37.88	43.92	—	56.36	53.27	+18.6
Employees as of the reporting date	number	15,164	15,102	15,255	—	15,241	15,244	+0.5

[1] The adjusted key figures unalteredly 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 Q1 / 11: 28.3 % (Q1 / 10: 27.9 %).
[2] Cash-effective investments in or depreciation on property, plant and equipment, intangible assets.
[3] Total number of shares less the number of own shares held by K+S as of the balance sheet date.
[4] Total number of shares less the average number of own shares held by K+S.

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