Q1/2010

JANUARY – MARCH

QUARTERLY FINANCIAL REPORT

Very good start with fertilizers and salt in the first quarter

At € 1.5 billion, quarterly revenues rise 43 %

Operating earnings reach € 267.7 million (+ 54 %)

Adjusted earnings per share at € 0.92 (Q1/09: € 0.74)

Significant increase in revenues and earnings for 2010 expected

K+S

Experience growth.

KEY DATA BUSINESS DEVELOPMENT

Key Figures (IFRS)

€ million	Q1/10	Q1/09	%
Revenues	1,533.6	1,075.7	+ 42.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	333.1	209.1	+ 59.3
EBITDA margin in %	21.7	19.4	–
Operating earnings (EBIT I)	267.7	174.0	+ 53.9
Operating EBIT margin in %	17.5	16.2	–
Result after operating hedges (EBIT II)	262.9	152.9	+ 71.9
Earnings before income taxes	232.7	144.5	+ 61.0
Earnings before income taxes, adjusted [1]	237.5	165.6	+ 43.4
Group earnings	172.3	107.3	+ 60.6
Group earnings, adjusted [1]	175.8	122.5	+ 43.5
Return on Capital Employed (LTM) in % [2]	11.2	57.1	–
Gross cash flow	266.0	172.3	+ 54.4
Net indebtedness as of 31 March	1,048.6	535.6	+ 95.8
Capital expenditure [3]	27.3	29.1	(6.2)
Depreciation and amortisation [3]	65.4	35.1	+ 86.3
Working capital as of 31 March	956.4	1,064.1	(10.1)
Earnings per share, adjusted (€) [1]	0.92	0.74	+ 24.3
Gross cash flow per share (€)	1.39	1.05	+ 32.4
Book value per share as of 31 March, adjusted (€) [1]	12.54	11.31	+ 10.9
Total number of shares as of 31 March (million)	191.40	165.00	+ 16.0
Outstanding shares as of 31 March (million) [4]	191.20	164.84	+ 16.0
Average number of shares (million) [5]	191.23	164.84	+ 16.0
Employees as of 31 March (number) [6]	15,164	12,334	+ 22.9
Average number of employees [6]	15,188	12,351	+ 23.0
Personnel expenses	251.4	186.9	+ 34.5
Closing price (XETRA) as of 31 March (€) [7]	44.93	34.93	+ 28.6
Market capitalisation as of 31 March (€ billion)	8.6	5.8	+ 48.3
Enterprise value as of 31 March (€ billion)	9.6	6.3	+ 52.4

[1] The adjusted key figures only contain the earnings actually realised on operating forecast hedges for 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. Any resulting effects on deferred and cash taxes are also eliminated; tax rate Q1/10: 27.9 % (Q1/09: 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] Since the capital increase in December 2009, the price of the K+S share has been traded ex subscription right. Historical values were not adjusted.

MANAGEMENT REPORT

Business Environment

Macroeconomic environment

As forecast in our Financial Report 2009, the recovery of the global economy has continued moderately; the development in the industrial nations has been slow, while the developing countries have seen dynamic growth. Against this backdrop, the Deka Bank forecasts that the increase in the global gross domestic product (GDP) over the year as a whole will be 4.0 %.

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT
(real in %)

Year	Germany	EU-25/ EU-27	World
2010e	**+ 1.4**	**+ 0.8**	**+ 4.0**
2009	(5.0)	(4.2)	(1.1)
2008	+ 1.3	+ 1.2	+ 3.1
2007	+ 2.5	+ 3.1	+ 4.8
2006	+ 2.9	+ 3.3	+ 5.3

Source: Deka Bank

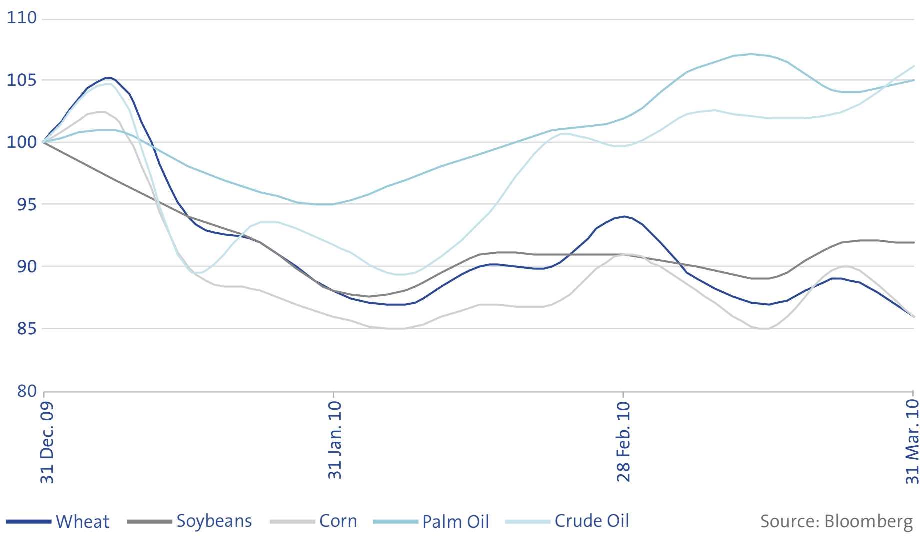
In comparison to the United States, economic development in the eurozone has slowed down in recent months. There were influences of a lower level of investment, a reduction in monetary stimuli, and a curbing of production due to strong inventory drawdowns. Private consumption, however, remained at a constant level, and the situation on the employment market stabilised or improved. GDP growth is expected to be 0.8 % in the eurozone.

In the United States, the upturn, which was mainly buoyed by national economic programmes, continued. Gross domestic product is anticipated to grow by 3.4 % during the year as a whole.

In the emerging market countries, the economic recovery was significantly more dynamic than in the industrialised nations. While some important Asian countries already implemented recovery programmes to a significantly lesser extent, Brazil continued to profit from comprehensive government economic stimuli and from private consumption.

The European Central Bank (ECB) and the Federal Reserve Bank (FED) pursued their expansive monetary policies. As a result of the not yet sustainable stabilisation of the economy, the Kiel Institute for the World Economy assumes that the main refinancing rate will not be raised until mid-2011.

DEVELOPMENT OF PRICES FOR AGRICULTURAL PRODUCTS AND CRUDE OIL
Index: 31 December 2009, in %



Source: Bloomberg

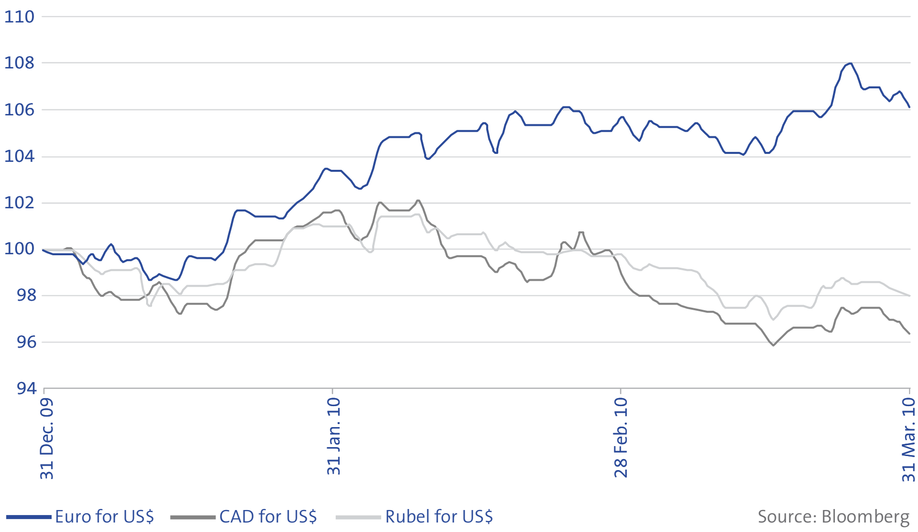
The raw materials markets performed unevenly during the first quarter. This was characterised by a 3 % hike in the oil price to just under US$ 83 at the end of the first quarter, while the prices of agricultural raw materials, such as wheat, soybeans and corn, generally tended to be lower; however, the price of palm oil rose steadily.

The US dollar got stronger against the euro during the first quarter of 2010 and, on 31 March 2010, stood at 1.35 USD/EUR against 1.43 USD/EUR at the end of 2009. This trend is, to a large degree, attributable to the tense debt situation of some European countries, in particular Greece. In addition to the USD/EUR relationship, also a relative comparison of the euro and the currencies of our competitors (Canadian dollar, Rubel) each in relation to the US dollar is of importance for us. A strong US dollar has a positive impact on the earnings capacity of most of the world's potash producers in their respective local currencies; this is due to the fact that the major part of the global potash production lies outside the US dollar zone whereas almost all sales, with the exception of the European market, are invoiced in US dollar.

The following graph shows that, in the fertilizer business, we profited from the strength of the US dollar against the euro during the first quarter, while the dollar grew weaker against the currencies of important competitors.

Development of EUR/USD versus CAD/USD and RUB/USD

Index: 31 December 2009, in %



Source: Bloomberg

Impact on K+S

The changes in the macroeconomic environment impacted on the course of business for K+S:

- In comparison to the same quarter a year ago, for the Potash and Magnesium Products business segment an average of 1.39 USD/EUR including hedging costs due to the strength of the US dollar described on page 4 meant the exchange rate was significantly more favourable than it had been in the previous year. If the US dollar weakens again during the course of the year, the options used by us will hedge a worst case of about 1.43 USD/EUR including costs for 2010 as a whole.
- Our production costs are affected by energy costs to a not inconsiderable extent, in particular for gas. As a result of the energy purchase clauses agreed with our suppliers, changes in energy prices will only be reflected in our costs with a delay of six to nine months. Against this backdrop, during the first quarter we were still profiting from the lower level of energy prices prevailing in the middle of last year.

Industry-specific framework and conditions

Fertilizer business sector

The first quarter of 2010 was characterised by a significant revival in demand for fertilizers. Trade sector demand in the northern hemisphere, particularly in the case of potash fertilizers and complex fertilizers, rose again considerably in preparation for the spring season, following last year's purchasing restraint; the positive demand for straight nitrogen fertilizers, that has persisted since the middle of 2009, continued. The contracts concluded by some potash suppliers with Chinese and Indian customers at the end of last year and the beginning of this year supported confidence in the stability of prices that has again been achieved and therefore supported demand. As far as nitrogen fertilizers are concerned, prices rose significantly against the backdrop of higher input costs. The majority of potash producers were back at almost fully utilising their production capacities, and the European production facilities for nitrogen fertilizers were also running at full capacity again. However, primarily in the northern hemisphere, logistical problems, partly due to extreme wintry weather conditions, restricted the flow of goods to some extent.

Salt business sector

In the Western European de-icing salt market, the exceptionally long winter in the first quarter resulted in very high demand, which could not be completely met even with maximum utilisation of all the available local production capacities. Against this backdrop, there were more imports from the Mediterranean region (mainly Morocco, Tunisia, Egypt) and from Eastern Europe (mainly Poland, Romania, Ukraine), and additionally both food grade salt and industrial salt were used as de-icing agents. While the winter in the United States passed relatively normally during the first quarter, Canada experienced a very mild winter overall. The North American price level for de-icing salt was lower than during the same period of the previous year, which had benefited from supply bottlenecks. Furthermore, reluctance on the part of North American consumers due to the recession resulted in lower consumption of water softening products, whereas demand for salt for chemical use slightly improved.

Group structure and business operations

For a comprehensive overview of our group structure and business operations, please see the relevant passages on pages 58 et seqq. of the Financial Report 2009. In the first quarter there were no changes in the Group structure and business operations described there.

Corporate strategy and enterprise management

For a comprehensive overview of our corporate strategy and enterprise management, please see the relevant passages on pages 71 et seqq. of the Financial Report 2009. In the first quarter there were no changes in the corporate strategy and enterprise management described there.

Products and services

For a comprehensive overview of our Business Segments' products and services, please see the relevant passages on pages 59 et seqq. of the Financial Report 2009.

Research and development

Research costs for the quarter under review totalled € 3.7 million and were practically on the level for the same quarter in the previous year (Q1/09: € 4.0 million). Increased efforts to further optimise production processes for reducing solid and liquid production residue in potash production again accounted for the major part of the research costs. As of 31 March 2010, there was a total of 78 employees in research and development. Compared to the previous year, the number thus increased by ten employees, primarily as a result of consolidation effects.

For a comprehensive description of the research and development activities, please see the relevant passages in our Financial Report 2009 on pages 80 et seqq. and pages 142 et seq.

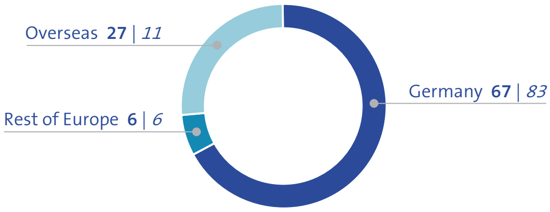
Employees

Number of employees increased by 23 % due to the acquisition of Morton Salt

As of 31 March 2010, the K+S Group employed a total of 15,164 people. Compared with 31 March 2009 (12,334 employees), the number increased by 2,830 employees or 23 %. The increase is attributable exclusively to the acquisition of Morton Salt; adjusted for this consolidation-related effect, the number of employees in the K+S Group would have declined by 83 employees particularly as a result of personnel reductions in the Potash and Magnesium Products and the Nitrogen Fertilizers business segments. At the end of the first quarter, the number of trainees was 519 and thus slightly higher than that of the previous year (31 March 2009: 516).

The situation was similar in terms of averages: In the quarter under review, an average of 15,188 people were employed by K+S – 2,837 employees or 23 % more than in the first quarter of 2009 primarily due to the inclusion of Morton Salt.

Employees by region
in %; previous year's figures in italics



Personnel expenses

First quarter personnel expenses totalled € 251.4 million and were thus up € 64.5 million or 34 % on the same period in the previous year (Q1/09: € 186.9 million). The increase is particularly attributable to the consolidation of Morton Salt; this accounts for about € 50 million. Additionally, there were effects from higher personnel costs as a consequence of production in the Potash and Magnesium Products business segment increasing again and of higher accruals for performance-related remuneration.

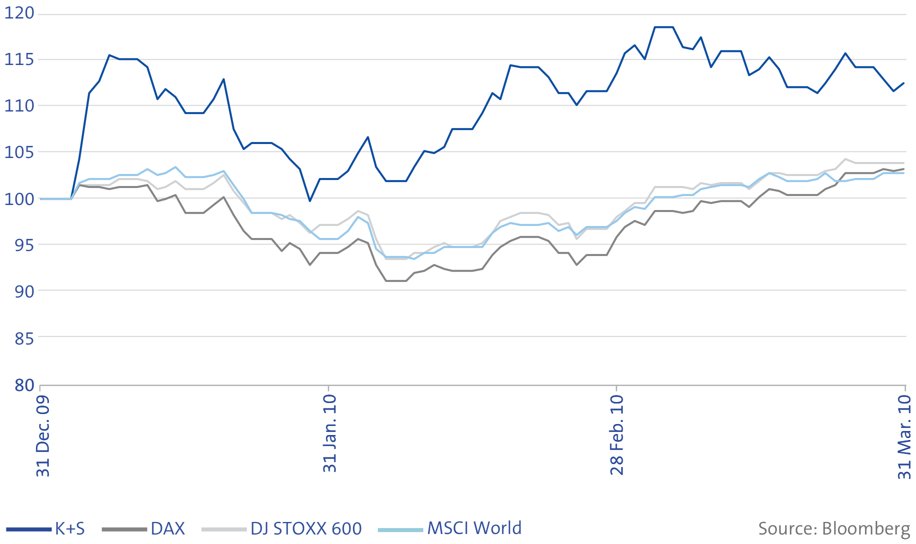
K+S on the capital market

Course of the K+S share price in the first quarter

- At the beginning of the first quarter, the K+S share was quoted at about € 40. Supported by positive comments by analysts regarding the prospects of the fertilizer business in 2010, the contract concluded with China and the price stabilisation anticipated against the background of this, the share recovered significantly until the middle of January.
- Following a brief phase of weakness at the end of January, the share rose until the beginning of March, hitting a high of € 47.18. In addition to the favourable market environment, the cold weather conditions in Europe and thus the prospects of a good result in our Salt business segment also contributed to this.
- Following publication of the figures for the financial year 2009 on 11 March, which were in line with expectations, the K+S share price initially moved sideways.
- In the last week of March, the share came under some pressure in the wake of falling prices for agricultural products and closed on 31 March at € 44.93. It was thus 12.4 % above the closing price of 2009, while the DAX only put on 3.3% during the same period, the STOXX 3.8 % and the MSCI World 2.7 %.

Performance of the K+S Share in relation to DAX, DJ STOXX 600 and MSCI World

Index: 31 December 2009, in %

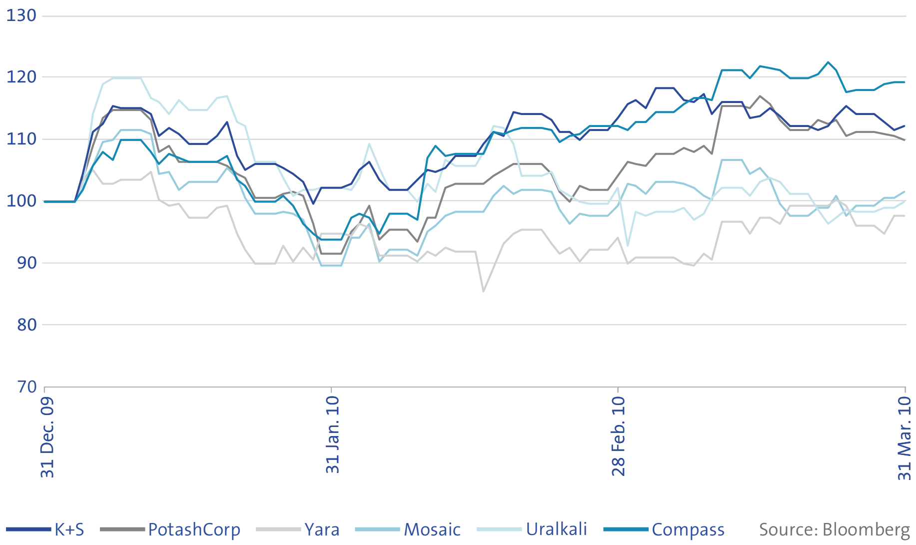


Source: Bloomberg

As a result of the improving market environment, the shares of fertilizer and salt producers worldwide mostly developed positively during the first months of the year. The K+S share, up 12.4 %, performed best in the first quarter in comparison to our fertilizer competitors. Only the stock of the North American salt producer Compass Minerals managed to perform even slightly better during this period.

Performance of the K+S Share in relation to peers

Index: 31 December 2009, in %



Source: Bloomberg

In the last (30 April 2010) of the research surveys that we carry out regularly, ten banks gave us a "buy/accumulate" recommendation, seven a "hold/neutral", and seven a "reduce/sell" recommendation. The average target price was just under € 46.

Shareholder structure

There were no significant changes in our shareholder structure in the first quarter of 2010. According to notifications in accordance with § 21 of the German Securities Trading Act (WpHG), the Bank of N.T. Butterfield and Son Limited, Bermuda, continues to own about 15 % of the shares via MCC Holding Public Limited Company and its attributable subsidiaries. MCC manages the industrial shareholdings of Andrey Melnichenko on a fiduciary basis. BASF SE continues to hold about 10 % of our shares. In addition, BlackRock Inc. announced that it had exceeded the 3 % reporting threshold. Under the free float definition applied by Deutsche Börse AG, the free float unchangedly amounts to just under 75 %.

The K+S Bond

In spite of better economic data, the bond market continues not to appear to be assuming an end to the historic low-interest phase. Against this backdrop, unchanged low risk premiums for corporate bonds contributed to the K+S bond being quoted at 107.663 % on 31 March 2010, which corresponds to an increase of 2.357 percentage points since the end of 2009. This means that the return as at the balance sheet date was 3.13 % p.a.

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 percentage 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 non-binding volume and price indications.

Thus, the disclosure of the Group's and its business segments' backlog of orders is of no relevance for assessments of the short- and medium-term earnings capacity.

Revenues and earnings position

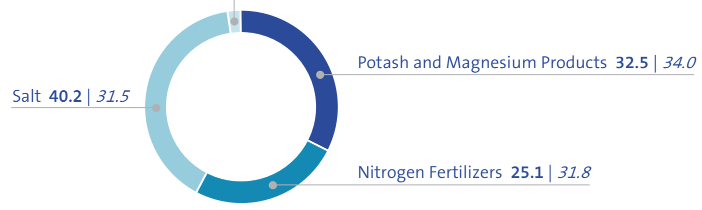
Variance analysis in %	Q1/10
Change in revenues	**+ 42.6**
- volume	+ 56.2
- structure	(21.1)
- prices	(16.2)
- exchange rates	(1.4)
- consolidation	+ 25.1

First quarter revenues up substantially

At € 1,533.6 million, revenues for the first quarter were up € 457.9 million or 42.6 % on the figure for the same period last year. The increase was attributable to volume and consolidation effects, which more than made up for structural and price-related decreases in revenues. The Salt business segment far exceeded previous year's revenues as a result of the consolidation of Morton Salt in the first quarter. The Potash and Magnesium Products and Nitrogen Fertilizers business segments also achieved significant growth in revenues.

Revenues by business segment Jan. – March 2010

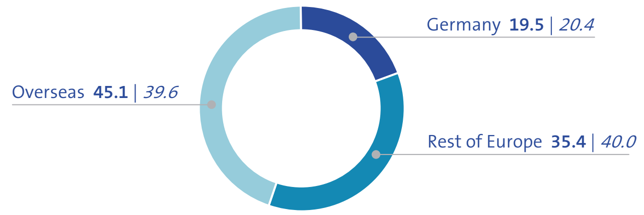
in %; previous year's figures in italics



40 % of revenues were generated in the Salt business segment, followed by Potash and Magnesium Products and Nitrogen Fertilizers. About 55 % of total revenues were generated in Europe and 45 % overseas.

Revenues by region Jan. – March 2010

in %; previous year's figures in italics



Development of selected cost items

Details of the most important cost items are as follows: At € 251.4 million, personnel expenses of the K+S Group increased by € 64.5 million or 34 % in the first quarter as opposed to the same period in the preceding year. The increase is particularly attributable to the consolidation of Morton Salt, which accounts for about € 50 million. Energy costs too rose during the first quarter of 2010 due to consolidation factors. Without the inclusion of Morton Salt, the energy costs of the K+S Group would have declined. Relief in terms of prices more than made up for higher costs as a result of volume factors. Freight costs increased on account of significantly higher sales volumes and the first-time consolidation of Morton Salt. Depreciation and amortisation amounted to € 65.4 million and were thus € 30.3 million higher in comparison to the previous year. Of this increase, € 25.4 million were accounted for by Morton Salt; this includes depreciation of € 16.2 million on value adjustments to be made within the framework of the purchase price allocation.

First quarter operating earnings increased by 54 %

At € 267.7 million, operating earnings (EBIT I) in the first quarter of 2010 were significantly higher than the prior year's earnings of € 174.0 million. The Potash and Magnesium Products and Nitrogen Fertilizers business segments improved their results due to the significantly higher demand for fertilizers in the first quarter. The Salt business segment managed to achieve a significant growth in earnings, primarily due to consolidation factors (€ 32.4 million).

Operating earnings (EBIT I) include the realised hedging result of the respective reporting period achieved from the operating derivatives used for the hedging of future payment positions (mainly revenues in US dollars) or future translation risks. The realised hedging result corresponds to the exercise value of the derivative at the time of maturity (difference between the spot rate and 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, taken into consideration in the earnings after operating hedging transactions (EBIT II).

Result after operating hedges (EBIT II)

At € 262.9 million in the first quarter (Q1/09: € 152.9 million), earnings after operating hedges (EBIT II) were also very significantly higher than in the previous year. In the current year, EBIT II was adversely impacted by earnings effects arising from operating forecast hedges totalling € 4.8 million, after an adverse effect in the previous year of € 21.1 million. The burden of € 4.8 million corresponds to the part of the earnings from operating forecast hedges which was not yet 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 of the financial sector are shown in the financial result.

EBITDA reaches € 333.1 million (+ 59 %)

During the first quarter of 2010, earnings before interest, taxes, depreciation and amortisation increased by € 124.0 million to € 333.1 million. Depreciation and amortisation amounted to € 65.4 million and were thus € 30.3 million higher in comparison to the previous year. Of this increase, € 25.4 million were accounted for by the inclusion of Morton Salt. This, in turn, includes depreciation of € 16.2 million on value adjustments to be made within the framework of the purchase price allocation. Against this backdrop, greater importance will be ascribed to the EBITDA in future when assessing the operating earnings capacity.

First quarter financial result down on the same period last year

In the first quarter, the financial result amounted to € (30.2) million. In addition to higher interest expenses connected with financing of the acquisition of Morton Salt, one-off expenses totalling € 7.9 million within the framework of an early repayment of a loan resulted in a significantly lower financial result (Q1/09: € (8.4) million). Under IFRS, in addition to the interest expenses for pension provisions (Q1/10: € 1.6 million), the financial result also includes the interest expense for other non-current provisions, mainly provisions for mining obligations (Q1/10: € 5.6 million); both are non-cash. Further details of the financial result can be found in the Notes on page 35.

Earnings before income taxes and adjusted earnings before income taxes

In the quarter under review, earnings before income taxes totalled € 232.7 million. If the earnings are adjusted for the effects of operating forecast hedges, which have not already been recorded as realised earnings in EBIT I (€ (4.8) million), this results in adjusted earnings before income taxes of € 237.5 million and thus, an increase of € 71.9 million or 43.4 % year on year. € 15.8 million of this is attributable to the consolidation effect of Morton Salt.

Group earnings and adjusted Group earnings after taxes

Group earnings after taxes and minority interests in the first quarter reached € 172.3 million (Q1/09: € 107.3 million). The domestic Group tax rate to be applied in accordance with IFRS remained 27.9 %.

Tax expense totalled € 60.2 million in the first quarter. This includes deferred, i.e. non-cash tax income of € 15.7 million, which mainly arose within the framework of the purchase price allocation of Morton Salt (Q1/09: tax expense of € 37.1 million, of which € 4.5 million deferred tax income). The adjusted consolidated tax rate amounted to 26% as in the previous year.

For reasons of comparison, we additionally report adjusted Group earnings, which only contain realised earnings from operating forecast hedges of the respective reporting period. Market value changes of the still outstanding operating forecast hedges are not taken into consideration here, so that the adjusted Group earnings reflect the result free from market value changes of these derivatives on the balance sheet date. Furthermore, the effects resulting from the adjustment on deferred and cash taxes are also eliminated.

Adjusted Group earnings after taxes in the first quarter could be increased by 43.5 % to € 175.8 million (Q1/09: € 122.5 million). The consolidation effect as a result of the inclusion of Morton Salt was positive and amounted to € 12.2 million.

Adjusted earnings per share in the first quarter at € 0.92 (Q1/09: € 0.74 per share)

For the quarter under review, adjusted earnings per share amounted to € 0.92 and were thus significantly higher than the previous year's value of € 0.74; the first-time consolidation of Morton Salt accounted for € 0.06 of this. It was computed on the basis of 191.23 million no-par value shares, being the average number of shares outstanding (previous year: 164.84 million no-par value shares).

As of 31 March 2010, we held 200,000 shares of our own within the framework of an employee share ownership programme. At the end of March, the total number of shares outstanding of the K+S Group was 191.20 million no-par value shares.

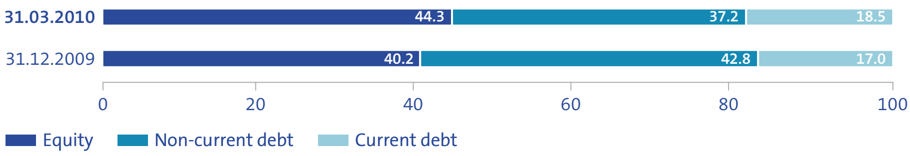
Undiluted, adjusted earnings per share are computed by dividing adjusted Group earnings after taxes and minority interests by the weighted average number of shares outstanding. As none of the conditions resulting in the dilution of earnings per share exist in the case of K+S at the present time, undiluted earnings per share correspond to diluted earnings per share. Neither abandoned business segments nor changes in accounting treatment had to be taken account of separately in the earnings per share.

Financial position and capital expenditure

Financing structure

In comparison to the end of 2009, the financing structure of the K+S Group only changed slightly: Equity has risen in absolute terms and the equity ratio increased from 40.2 % to 44.3 % of the balance sheet total. At 37.2 %, the proportion of non-current debt, including non-current provisions, has declined (31 December 2009: 42.8 % of the balance sheet total). The proportion of the current debt increased from 17.0 % to 18.5 %.

EQUITY AND LIABILITIES
in %



As of 31 March 2010, about 31 % of the K+S Group's debt consisted of financial liabilities, about 40 % of provisions and approximately 13 % of accounts payable trade. The main provisions of the K+S Group concern provisions for mining obligations (Q1/10: € 426.3 million) as well as for pensions and similar obligations (Q1/10: € 191.1 million). As of 31 March 2010, financial liabilities amounted to € 935.7 million, of which € 64.6 million can be classified as current.

Free cash flow before acquisitions reaches € 326.5 million

€ million	Q1/10	Q1/09
Gross cash flow	266.0	172.3
Cash flow from operating activities *	354.5	64.2
Cash flow for investing activities	(28.0)	(29.5)
Free cash flow before acquisitions/divestitures *	326.5	34.7
Cash flow for financing activities	(366.6)	(74.4)

* Adjusted for the change in the tie-up of funds for hedging transactions (Q1/10: € 10.4 million; Q1/09: € 10.9 million).

Gross cash flow reached € 266.0 million in the quarter under review and was thus € 93.7 million up on the figure for the previous year (Q1/09: € 172.3 million). This is particularly attributable to the higher earnings.

Adjusted cash flow from operating activities reached € 354.5 million compared to € 64.2 million a year ago. This increase of € 290.3 million was thus significantly higher than in the case of the gross cash flow, attributable to lower inventories and increasing liabilities, which, in total, were higher than the increase in receivables triggered by the upturn in the operating business.

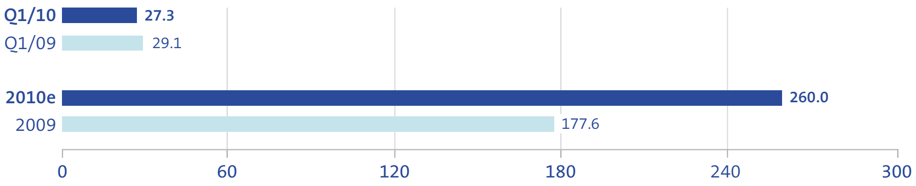
Cash flow for investing activities amounted to € (28.0) million in the first quarter of 2010 and was thus slightly below the level of the previous year (Q1/09: € (29.5) million).

Adjusted free cash flow before acquisitions/divestitures reached € 326.5 million in the period under review, after € 34.7 million in the previous year. After taking into consideration the cash flow for financing activities of € (366.6) million, which primarily includes the settlement of financial liabilities to the amount of € 358.1 million, we are reporting net indebtedness including provisions of aggregate € 1,048.6 million as of 31 March 2010. It thus proved possible to reduce this amount significantly in comparison to 31 December 2009. Further information about the net indebtedness can be found in the Notes on page 37.

First quarter capital expenditure almost at the level of the previous year

At € 27.3 million, capital expenditure in the first quarter of 2010 was € 1.8 million down on the previous year; Morton Salt accounted for € 7.9 million of this. A major part of the investments were made in the Potash and Magnesium Products business segment; energy projects at the Zielitz site as well as projects aimed at reducing solid and liquid production residues at the Neuhof-Ellers site and at increasing raw material exploitation and process optimisation remained in the focus here. In the Nitrogen Fertilizers business segment, the construction of the third facility for coated fertilizers in Krefeld was continued. In the Salt business segment, the modernisation of a shaft winding engine at the Borth site, the extension of the useful life of some of Empremar's ships, the refurbishment of a loading terminal on the Bahamas and the installation of higher-performance crystallisation plants at the Grand Saline site in Texas numbered among the most important projects. About two thirds of the investments made were in measures relating to replacement and ensuring production; this share was thus less than the depreciation of € 65.4 million.

Capital Expenditure*
in € million



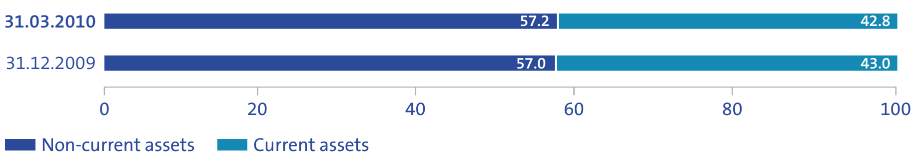
* Cash-effective capital expenditure on property, plant and equipment

Asset position

The K+S Group balance sheet total rose by 3.1 % to € 5,372.5 million as of 31 March 2010 compared to the end of 2009. At 57:43, the ratio of non-current assets to current assets is still very balanced. At the end of the first quarter, cash and cash equivalents and current securities totalled € 504.5 million (31 December 2009: € 529.1 million).

After the inclusion of cash and cash equivalents, the provisions for pension and mining obligations (€ 191.1 million and € 426.3 million respectively) as well as financial liabilities (€ 935.7 million), K+S Group indebtedness as at 31 March 2010 amounted to € 1,048.6 million (31 December 2009: € 1,338.9 million).

Assets
in %



Subsequent Events

No material changes have occurred in the economic environment or in the position of our industry since the close of the financial year. No other events of material importance for the K+S Group requiring disclosure have occurred.

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 2009 on pages 122 et seqq. The statements concerning the other risks described in the Financial Report essentially remain without change. The risks to which the K+S Group is exposed, both in isolation or in conjunction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

Opportunity Report

For a comprehensive description of possible opportunities, please see the relevant passages in our Financial Report 2009 on pages 156 et seqq. There is no offsetting of opportunities and risks as well as their positive and negative changes.

Forecast Report

Future business environment

Future macroeconomic situation

The following discussion about the future macroeconomic situation is essentially based on forecasts of the Kiel Institute for the World Economy (Kieler Diskussionsbeiträge: Weltkonjunktur im Frühjahr 2010, April 2010) as well as those of Deka Bank (Makro Research, Volkswirtschaft Prognosen, 1 April 2010).

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT
(real in %)

Year	Germany	EU-27	World
2010e	+ 1.4	+ 0.8	+ 4.0
2009	(5.0)	(4.2)	(1.1)
2008	+ 1.3	+ 1.2	+ 3.1
2007	+ 2.5	+ 3.1	+ 4.8

Source: Deka Bank

Leading economic research institutes agree that the economic momentum in 2010 will probably be moderate in the industrialised countries. The Asian emerging market countries should, on the other hand, once again exhibit a higher speed of growth. The forecasts of Deka Bank for the global economy assume growth in the gross domestic product of 4.0%.

The economic development of the eurozone should also improve in the coming quarters, but with less momentum. This forecast is based on the planned end of limited-term economic stimulus programmes, the debt crises of individual member countries and a continued low level of private consumption. For the financial year 2010 as a whole, Deka Bank expects a gross domestic product increase of 0.8%.

Private consumption in the United States, to which approximately 70% of the gross domestic product can be attributed, will be restricted in the longer term by the need for households to consolidate debt. Economic development in the USA is therefore also expected to be less dynamic, with an estimated growth rate of 3.4%.

On the other hand, in the Asian emerging market countries the recovery should be more powerful than in the eurozone or in the USA. Exports have developed positively and are expected to increase further, assuming moderate growth in the industrialised countries.

As a result of the current low risk of inflation, it may be assumed that the central banks will continue to pursue an expansionist course. The Federal Reserve Bank will probably raise key interest rates earlier than the European Central Bank, since the US economy is developing more strongly. Our expectations regarding the USD/EUR exchange rate, which underlie our corporate planning, are about 1.36 USD/EUR for 2010, while we assume an oil price level of a good US$ 80 per barrel.

The previous effects on the course of business of the K+S Group described on page 4 et seq. also hold under the forecast macroeconomic conditions. In addition, the prosperity of the emerging market countries will also tend to increase further. This should also result in higher dietary expectations on the part of their populations. Moreover, the growth in the world's population remains unchanged. As could already be observed during earlier periods of crisis, demand for agricultural products should therefore develop largely independently of economic conditions.

Future industry situation

Fertilizer Business Sector

The medium- to long-term trends described in the Financial Report 2009 on pages 146 et seqq., which positively influence demand for our products in the Fertilizers business sector, remain valid.

Against the backdrop of some potash suppliers having concluded agreements with Chinese and Indian customers at the end of last year and the beginning of this one, at US$/t 350 and US$/t 370 respectively for potassium chloride standard including freight, and the resulting increase in confidence in price stability, a stable price level of up to US$/t 385 for potassium chloride standard and US$/t 400 for granulated potassium chloride, both including freight, was also established on the other overseas markets. At the start of 2010, K+S announced the new price for Europe for granulated potassium chloride of €/t 285 including freight and simultaneously announced an increase of €/t 12 from March 2010.

In 2010, demand for fertilizers and in particular for potash fertilizers, should increase significantly due to the meanwhile lower stocks of single-nutrient fertilizers in the trade sector and due to the lower potash content of the soil following two very good harvests and the reduced application of fertilizers since autumn 2008. Since it has become clear in the meantime that the volumes demanded by the trade sector in Europe during the first quarter were also used by farmers, we are now expecting global potash sales volumes of 45 to 50 million tonnes for 2010 as a whole (previous forecast: about 45 million tonnes; 2009: 32 million tonnes).

Salt Business Sector

The future industry situation in the Salt business sector described in the Financial Report 2009 remains valid: While demand for food grade and industrial salt in Europe and North America should remain stable, the South American industrial and food grade salt market will probably develop constantly in line with the regional population trend. Demand from the chemical industry for salt for chemical use will remain depressed for the time being due to the global economic crisis both in Europe and South America; sales volumes, however, should increase moderately again in light of the emerging economy recovery. In the fourth quarter, the de-icing salt business will be influenced decisively by wintry weather conditions in Europe and North America. Both for the European and the North American markets, we are assuming a long-term average level of sales volumes.

Future research and development

In the future too, we will consistently pursue research and development goals defined in close consultation with marketing and production.

€ million	2010e	2009
Research costs	20.7	18.7
Capital expenditure in development	3.6	1.8
Employees as of 31 December (number)	76	78

As a result of the first-time inclusion of Morton Salt for the entire year, research expenditure in the current year, 2010, should be somewhat over € 20 million and thus slightly higher than in 2009. Our forecast for development-related capital expenditure is € 3.6 million. In 2010, the number of employees working in K+S Group research will probably remain at about the same level, while in 2011, the number will be increased in order to meet the coming challenges, particularly in relation to the environment. The focus of our R&D activities will again be on efforts to develop new and to optimise existing production processes for minimising solid and liquid production residue in potash production as well as on a research cooperation as to the effects of the optimal application of fertilizers on the efficiency of water use by the soil/plant system. Further main focuses will be the development of plant protection products in the COMPO consumer business in cooperation with company Syngenta, new developments in the sphere of stabilised fertilizers and partially coated fertilizers for application on green areas, as well as energy optimisations of brine works. At Morton Salt, research will focus on new exploration borehole drilling processes as well as on drainage and drying processes for evaporated salt products.

Future employees, future personnel expenses

For the current year, we are expecting the number of employees to remain about the same number employed at the end of 2009 (15,208). With the inclusion for the entire year of the employees of Morton Salt, the average number of employees should, however, increase significantly to about 15,160 in 2010 (2009: 13,044; employees of Morton Salt were included for the first time from 1 October 2009). Personnel expenses should also increase significantly in 2010 correspondingly.

Despite the economic crisis, K+S continues to regard vocational training an important investment in the future and will therefore make no fundamental changes to its training policy. For our German companies, our objective continues to be a trainee ratio of about 6 %.

Future earnings position

Significant increase in revenues expected

Following up the estimates in the Forecast Report of the Financial Report 2009 and against the backdrop of the demand and price trends emerging during the course of the first quarter of 2010, revenues of the K+S Group should rise significantly in financial year 2010 against the previous year. While we assume a tangible increase in revenues in the Potash and Magnesium Products business segment, we even expect significantly higher levels of revenues in the Nitrogen Fertilizers and Salt business segments. Alone as a result of the first-time inclusion of Morton Salt for a whole year, a consolidation effect of over € 500 million is anticipated. The revenue forecast assumes an average US dollar exchange rate of about 1.36 USD/EUR (2009: 1.39 USD/ EUR).

Costs expected to rise less than proportionally

As the effect of the consolidation of Morton Salt is very marked, the main items in our income statement will increase significantly in comparison to the previous year.

The following forecast of the expected development of costs is structured by cost type: The total costs of the K+S Group should rise significantly year on year. This is mainly due to the first-time inclusion of Morton Salt for the whole year. If this consolidation-related effect, which impacts all cost types, is eliminated from the analysis, the following picture emerges: As far as personnel expenses are concerned, in light of the expected higher utilisation of capacity and the entry into force of the second stage of the pay agreement concluded in 2009, we anticipate a moderate increase. In the course of projected higher sales volumes we anticipate a correspondingly significant increase in freight costs as well as material and energy costs, an increase which, however, is likely to be somewhat more moderate. We expect depreciation and amortisation charges – without the inclusion of Morton Salt, it should be noted – to rise slightly.

The increase in total costs is thus explained both by the first-time inclusion of Morton Salt for a whole year as well as the expected increase in sales volumes, with the consolidation effect being by far the main factor.

Operating earnings should increase significantly

For the financial year 2010, we are forecasting significantly higher operating earnings EBIT I in comparison to last year's figure. This is connected to the already described consolidation effect in the Salt business segment, the incipient turnaround in earnings in the Nitrogen Fertilizers business segment, and the expected increase in earnings in the Potash and Magnesium Products business segment. On the basis of our US dollar estimate of 1.36 USD/EUR (average rate for 2009: 1.39 USD/EUR) should result in a slightly positive currency-related effect in comparison to last year.

Group earnings after taxes should also significantly exceed the figure for last year

The adjusted Group earnings after taxes should also be significantly higher in 2010 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:

- in spite of higher interest expenses, a somewhat better financial result, after this had been negatively impacted by special effects in the previous year;
- a domestic Group tax rate to be applied in accordance with IFRS of 27.9% and an overall adjusted Group tax ratio derived from this of about 26% (2009: 23.7%).

Future dividend policy

We pursue a dividend policy that is in principle earnings-based. With this measure, a distribution level of between 40% and 50% of adjusted Group earnings forms the basis for the amount of future dividend recommendations to be determined by the Board of Executive Directors and the Supervisory Board. The significant increase in adjusted Group earnings after taxes expected for 2010 should also have a corresponding effect on the future dividend payment.

Expected financial position

Significant reduction of indebtedness expected

With a net indebtedness (including non-current provisions) of currently € 1,048.6 million, respectively a level of indebtedness of 44.1%, and as a result of high operating and free cash flows expected this year, 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 view of the expected earnings development and without taking into account possible acquisitions, share repurchase transactions or CTA allocations, the development of the level of our financial debt should be significantly regressive compared with the previous year; subject to these conditions, we will, in all likelihood, also in 2010 achieve our capital structure targets with an equity ratio of more than 40% and a level of indebtedness of under 50%.

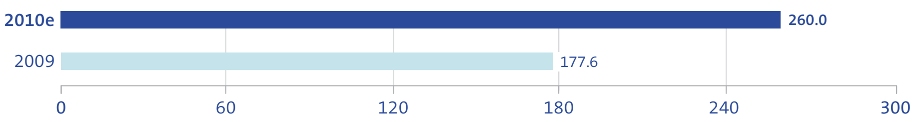
Planned capital expenditure

As forecast in the Financial Report 2009, the level of capital expenditure for 2010 should be about € 260 million (2009: € 177.6 million). The increase is mainly attributable to the extensive package of measures on water protection as well as to the first-time inclusion of Morton Salt for the whole year.

In the Potash and Magnesium Products business segment, infrastructure measures for the faster utilisation of mine sites and energy projects at the Zielitz site as well as projects aimed at increasing raw material exploitation, process optimisation and reducing solid and liquid production residues will be the main focuses in 2010.

In the Nitrogen Fertilizers business segment, we will continue to invest in the construction of a third facility for coated fertilizers in Krefeld. In the Salt business segment, the modernisation of a shaft winding engine at the Borth site, the extension of the useful life of some of Empremar's ships, the extension of sieving capacities at SPL, the refurbishment of a loading terminal on the Bahamas and the installation of a higher-performance crystallisation plant at the Grand Saline site in Texas numbered among the most important projects. Investments in replacement and ensuring production will probably account for about 70% of the total volume of capital expenditure.

Capital Expenditure
in € million



Expected development of liquidity

For the current year, we are anticipating a positive development of liquidity; the projected development of earnings should also have an impact on the cash flow provided by operating activities. The latter will probably tangibly exceed outlays connected with capital expenditure, so that we can expect to generate a substantial positive free cash flow in 2010.

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, 5 May 2010

K+S Aktiengesellschaft
The Board of Executive Directors

Business Segments of the K+S Group

Potash and Magnesium Products Business Segment

Variance analysis in %	Q1/10
Change in revenues	**+ 36.2**
- volume	+ 134.3
- structure	(62.9)
- prices	(33.1)
- exchange rates	(2.2)
- consolidation	–

Potassium chloride	+ 73.0
Fertilizer specialities	+ 35.8
Industrial products	(23.4)

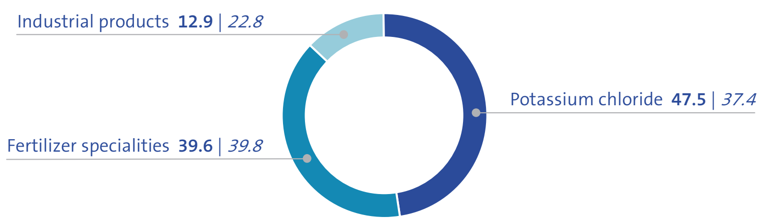
€ million	Q1/10	Q1/09	%
Revenues	498.4	366.0	+ 36.2
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	171.5	117.1	+ 46.5
Operating earnings (EBIT I)	150.6	97.0	+ 55.3
Capital expenditure	12.3	21.0	(41.4)
Employees as of 31 March (number)	7,766	7,849	(1.1)

Market environment

Demand for potash fertilizers, in particular from the trade sector, considerably picked up again in the first quarter of 2010, as efforts were made to rebuild inventories in preparation for the spring season in the northern hemisphere. In Brazil and Asia too, demand normalised visibly. The contracts concluded by some potash suppliers with Chinese and Indian customers at the end of last year and the beginning of this one, at US$/t 350 and US$/t 380 respectively for potassium chloride standard, including freight, supported confidence in the stability of prices that therefore supported the revival in demand. Against this backdrop, a stable price level of up to US$/t 385 for potassium chloride standard and US$/t 400 for granulated potassium chloride, both including freight, was also established on the other overseas markets. At the start of 2010, K+S announced the new price for Europe for granulated potassium chloride of €/t 285 including freight, and simultaneously announced an increase of €/t 12 from March 2010. The majority of potash producers were back at almost fully utilising their production capacities again. However, primarily in the northern hemisphere, logistical problems, partly due to wintry weather conditions, restricted the flow of goods to some extent.

Revenues by product group Jan. – March 2010

in %; previous year's figures in italics

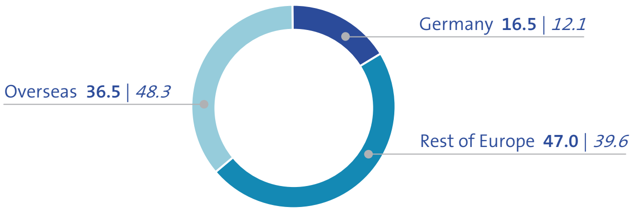


Revenues

In the first quarter, the significant revival in demand for potash also resulted in our production capacities being almost fully utilised. As a consequence, revenues of the business segment rose by € 132.4 million or 36 % to € 498.4 million. In the areas of potassium chloride and fertilizer specialities, the sharp increase in volumes was able to far more than make up for negative and structural effects. Against this backdrop, potassium chloride achieved a revenue growth of 73 % to € 236.7 million, and revenues for fertilizer specialities increased by € 52.1 million to € 197.6 million (+36 %).

In the area of industrial products, revenues declined by 23 % to € 64.1 million (Q1/09: € 83.7 million) after the expiry of longer-term contracts, primarily due to price factors. First quarter sales volumes totalled 1.94 million tonnes, more than double the figure for the same period in the previous year (Q1/09: 0.90 million tonnes). A detailed overview of revenues, sales volumes and prices by quarter and region can be found in the Notes on page 33.

REVENUES BY REGION JAN. – MARCH 2010
in %; previous year's figures in italics



Development of earnings

Operating earnings amounted to € 150.6 million and were thus € 53.6 million or 55 % up on the same period last year. The significantly higher revenues were able to more than make up for the volume-related higher total costs, which rose to a lesser extent, however, as a result of fixed cost degression.

At € 171.5 million (Q1/09: € 117.1 million), EBITDA reflected this earnings trend, due to an almost constant depreciation and amortisation level.

Outlook

In the first quarter, demand for potash and magnesium products was mainly supported by the need of the trade sector to again increase their low inventories in preparation for the spring season in Europe. It has become clear in the meantime that the volumes demanded by the trade sector were also used by farmers. Against this backdrop, we have adjusted our previous sales volume forecast of just under 6 to a good 6.5 million tonnes of product (2009: 4.3 million tonnes). On this basis, and in light of our existing production capacity of just under 8 million tonnes of potash and magnesium products, a fractional production cutback in the second half of the year is likely. Assuming current potash prices, a significantly lower average price level than in the previous year is however expected. Against this background, 2010 revenues of the Potash and Magnesium Products business segment should increase tangibly in comparison to a year ago. Despite the expected higher production output, the total costs will probably rise to a less than full extent, due to the high proportion of fixed costs and the cost-reduction measures already launched last year. The operating earnings of the business segment should therefore significantly exceed the previous year's result.

Variance analysis in %	Q1/10
Change in revenues	**+ 12.7**
- volume	+ 28.1
- structure	+ 1.1
- prices	(16.0)
- exchange rates	(0.5)
- consolidation	–

Consumer	(4.4)
Expert	+ 41.7
Complex fertilizers	+ 8.9
Straight nitrogen fertilizers	+ 9.6
Ammonium sulphate	+ 50.2

Nitrogen Fertilizers Business Segment

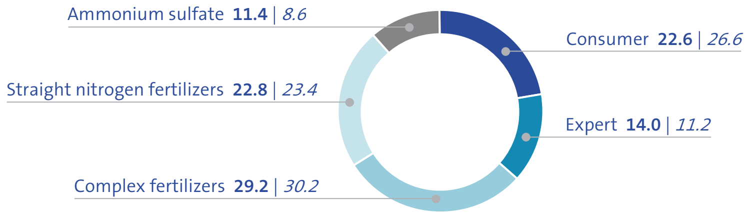
€ million	Q1/10	Q1/09	%
Revenues	385.5	342.1	+ 12.7
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	17.3	10.9	+ 58.7
Operating earnings (EBIT I)	14.5	8.1	+ 79.0
Capital expenditure	2.5	1.1	+ 127.3
Employees as of 31 March (number)	1,264	1,314	(3.8)

Market environment

In the case of complex fertilizers, following last year's reluctance to buy fertilizers, trade sector demand rose again in preparation for the spring application. In the case of straight nitrogen fertilizers, the positive demand trend that has already persisted since the middle of 2009 continued and was accompanied by a significant increase in prices in comparison to the end of 2009. Throughout Europe, the plants of almost all fertilizer producers were back at operating at full capacity again. In the COMPO consumer area, however, there was a substantial delay in spring business as a result of the unusually strong winter in Europe.

REVENUES BY PRODUCT GROUP JAN. – MARCH 2010

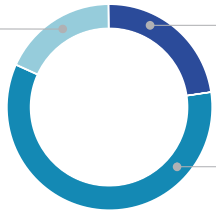
in %; previous year's figures in italics



Revenues

For us too, in the first quarter, the significant revival in demand led to a significantly higher utilisation of production capacity year-on-year. As a consequence, revenues in the Nitrogen Fertilizers business segment rose by 13% to € 385.5 million in the first quarter. Revenues for complex fertilizers totalled € 112.6 million (Q1/09: € 103.4 million), for straight nitrogen fertilizers € 87.8 million (Q1/09: € 80.1 million) and for ammonium sulphate € 44.0 million (Q1/09: € 29.3 million). In comparison to the same quarter in the previous year, positive volume effects managed to compensate for negative price effects. Sales volumes of complex fertilizers, straight nitrogen fertilizers and ammonium sulphate totalled 1.35 million tonnes in the first quarter. At € 87.1 million, revenues in the consumer area were 4% down on the previous year (Q1/09: € 91.1 million). This was the result of a deferred early procurement due to the extended cold winter weather and unchanged intensive competition in the business in France. At € 54.0 million, revenues in the expert area were 41% up year-on-year (Q1/09: € 38.1 million). Rising sales volumes here were sufficient to significantly more than make up for price-related declines in revenues. Sales volumes in the expert area totalled 0.07 million tonnes.

REVENUES BY REGION JAN. – MARCH 2010
in %; previous year's figures in italics



Development of earnings

The operating earnings of the Nitrogen Fertilizers business segment totalled € 14.5 million in the first quarter, after € 8.1 million in the same quarter of 2009, an increase of just under 80 %. It is necessary to bear in mind that the previous year was adversely affected by expenditure on restructuring measures within the framework of the restructuring of the business with nitrogenous fertilizers.

At € 17.3 million (Q1/09:€ 10.9 million), EBITDA reflected this earnings trend, due to an almost constant depreciation and amortisation level.

Outlook

In financial year 2010, revenues of the Nitrogen Fertilizers business segment should increase significantly. While there are a high level of competitive pressure in the consumer area and lower average mineral fertilizer prices in comparison to the previous year, sales volumes for nitrogen fertilizers should increase significantly. While the Nitrogen Fertilizers business segment was still adversely impacted last year by high raw material costs, a low level of capacity utilisation due to weak demand for speciality mineral and stabilised fertilizers as well as high one-time costs, for the current year we anticipate a more favourable raw material cost basis and an increasing utilisation of capacity as a result of growing demand for fertilizers. After the large losses of the previous year, a moderately positive result should therefore be possible this year.

Salt Business Segment

Variance analysis in %	Q1/10
Change in revenues	**+ 82.2**
- volume	+ 4.2
- structure	(0.4)
- prices	+ 0.3
- exchange rates	(1.6)
- consolidation	+ 79.8
Food grade salt	+ 233.5
Industrial salt	+ 178.9
Salt for chemical use	+ 19.1
De-icing salt	+ 57.5
Other	+ 26.4

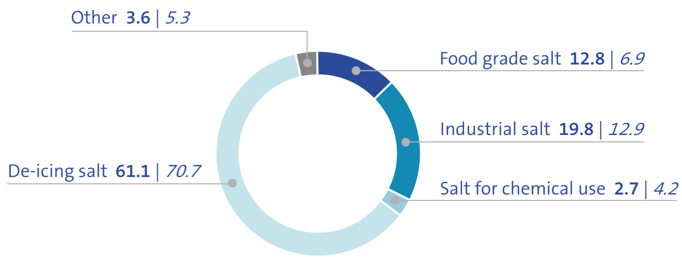
€ million	Q1/10	Q1/09	%
Revenues	616.4	338.3	+ 82.2
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	146.4	89.0	+ 64.5
Operating earnings (EBIT I)	107.9	80.2	+ 34.5
Capital expenditure	11.1	4.9	+ 126.5
Employees as of 31 March (number)	5,268	2,348	+ 124.4

Market environment

In the Western European de-icing salt market, the exceptionally long winter in the first quarter resulted in very high demand, which could not be completely met even with maximum utilisation all the available local production capacities. Against this backdrop, there were more imports from the Mediterranean region (mainly Morocco, Tunisia, Egypt) and from Eastern Europe (mainly Poland, Romania, Ukraine), and both food grade salt and industrial salt were additionally used as de-icing agents. While the winter in the United States passed relatively normally during the first quarter, Canada experienced a very mild winter overall. The North American price level for de-icing salt was lower than during the same period of the previous year, which, however, had benefited from supply bottlenecks. Furthermore, reluctance on the part of North American consumers due to the recession resulted in lower consumption of water softening products, whereas demand for salt for chemical use improved somewhat.

Revenues by product group Jan. – March 2010

in %; previous year's figures in italics

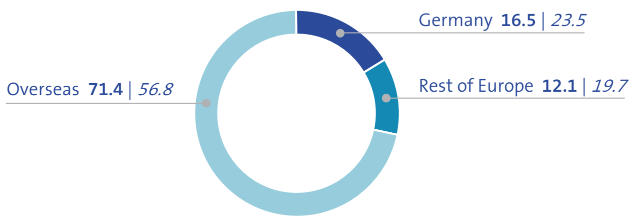


Revenues

In the first quarter, revenues of the business segment rose by € 278.1 million or 82.2 % to € 616.4 million mainly due to consolidation and volume factors; the consolidation of Morton Salt contributed € 269.8 million. In the case of de-icing salt, revenues increased by 58 % to € 376.5 million, this being primarily attributable to the harsh winter in Europe and the inclusion of Morton Salt (Q1/10: € 142.5 million). As far as food grade salt is concerned, positive price effects were able to make up for negative volume-related and structural effects. Moreover, Morton Salt contributed € 52.1 million to revenues, so that these rose by 234 % to € 78.7 million. In the case of industrial salt, revenues amounted to € 121.9 million and were thus 179 % higher than the level of the previous year due to consolidation-related and volume factors, with Morton Salt accounting for € 68.3 million. At € 16.8 million, revenues with salt for chemical use were up € 2.7 million or 19 % year on year (of which Morton Salt: € 3.3 million) and the Others segment rose by € 4.7 million or 26 % to € 22.5 million (of which Morton Salt: € 3.6 million). Sales volumes of crystallised salt during the first quarter totalled 9.25 million tonnes and were therefore up 85 % on the previous year's level. Of this, 3.87 million tonnes were sold by Morton Salt. A detailed overview of revenues, sales volumes and prices by quarter can be found in the Notes on page 34.

Revenues by Region Jan. – March 2010

in %; previous year's figures in italics



Development of earnings

First quarter operating earnings amounted to € 107.9 million and were thus € 27.7 million above the same period in the previous year. The effect of the consolidation of Morton Salt was € 32.4 million. One-time effects from the revaluation and consolidation within the framework of the inventory measurement according to IFRS (€ 12.0 million) reduced this contribution to earnings. Moreover, depreciation on the value adjustments to be made within the framework of purchase price allocation (€ 16.2 million) weighed on earnings. Additionally, the earnings of esco in Europe were adversely affected by one-time effects to the value of about € 21 million. These are mainly connected with the planned closure of an uneconomic site in France and unscheduled depreciation on property, plant and equipment in the Netherlands.

Against the backdrop of the described effects from the consolidation of Morton Salt, the EBITDA is the more meaningful earnings figure for assessing the earnings capacity of the Salt business segment. EBITDA of the business segment thus increased very significantly from € 89.0 million to € 146.4 million.

Outlook

As a result of the first-time inclusion of Morton Salt for a whole year, a consolidation effect of over € 500 million is expected in the revenues for 2010. Morton Salt was included for the first time as of 1 October 2009. The weather-related good start with de-icing salt in Europe was, so far, able to make up for a slightly lower-than-average business with de-icing salt in North America. Overall, we anticipate a significant increase in revenues in the Salt business segment, mainly as a result of consolidation factors. This forecast takes into consideration an average de-icing salt business in the fourth quarter as well as a relatively stable development in revenues in the food grade and industrial salt segments. Regarding salt for chemical use, we again expect a moderate sales volume increase in view of the emerging economic recovery. In addition to the consolidation effect, moderately increasing energy costs should impact on the cost side. The adverse effects felt in 2009 resulting from one-off effects in connection with the acquisition of Morton Salt will probably be less severe. Also in light of the fact that the integration process is going according to plan, for the current year, we only anticipate costs in relation to this to be in the middle of the single-digit millions range. The operating earnings should therefore be significantly higher than for the previous year, mainly due to consolidation factors.

Complementary Business Segments

€ million	Q1/10	Q1/09	%
Revenues	33.2	29.1	+ 14.1
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	7.9	3.6	+ 119.4
Operating earnings (EBIT I)	6.4	2.0	+ 220.0
Capital expenditure	0.4	1.1	(63.6)
Employees as of 31 March (number)	280	283	(1.1)

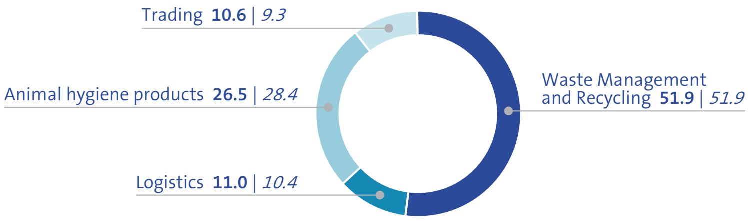
Variance analysis in %	Q1/10
Change in revenues	+ 14.1
- volume	+ 12.4
- structure	–
- prices	+ 1.7
- exchange rates	–
- consolidation	–
Waste Management and Recycling	+ 13.9
Logistics	+ 23.3
Animal Hygiene Products	+ 6.0
Trading	+ 29.6

Revenues

In the first quarter, revenues of the Complementary Business Segments with third parties stood at € 33.2 million and were thus 14 % up on the previous year (€ 29.1 million). Including internal revenues, total revenues amounted to € 42.6 million (Q1/09: € 37.3 million).

Revenues by product group Jan. – March 2010

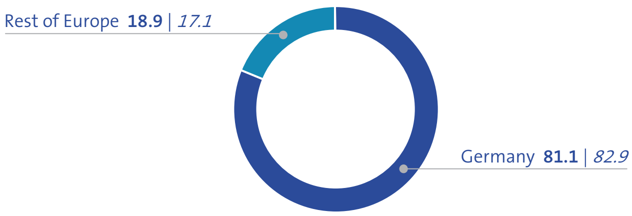
in %; previous year's figures in italics



It proved possible to increase revenues in all assigned areas, in some cases significantly. In particular in the trade business, growth of 30 % to € 3.5 million was achieved. As a result of a higher volume of transport in connection with rising demand for fertilizers, logistics revenues increased by 23 % to € 3.7 million. Furthermore, revenues in the Waste Management and Recycling area grew by 14 % to € 17.2 million due to volume, structural and price factors, while volume factors boosted revenues of the Animal Hygiene Products area by 6 % to € 8.8 million.

Revenues by Region Jan. – March 2010

in %; previous year's figures in italics



Development of earnings

First quarter operating earnings totalled € 6.4 million after having been € 2.0 million in the previous year. In the Logistics segment, this increase is particularly the result of higher volumes being handled at the Hamburg "Kalikai", while in the Waste Management and Recycling segment it can particularly be attributed to the positive development of the recycling business for the secondary aluminium industry. In the trade sector, the newly launched nitric acid made a positive earnings contribution; it also proved possible to grow earnings in the Animal Hygiene Products segment.

At € 7.9 million (Q1/09: € 3.6 million), EBITDA reflected this earnings trend, due to an almost constant depreciation and amortisation level.

Outlook

In the Complementary Business Segments we expect a slight increase in revenues. The Waste Management and Recycling and the Logistics segments in particular should manage to bring about growth. For operating earnings, we expect a strong increase compared with the previous year, which primarily should result from the higher contributions to earnings deriving from Waste Management and Logistics.

FINANCIAL SECTION

Statement of income for the period

€ million	Q1/10	Q1/09
Revenues	**1,533.6**	**1,075.7**
Cost of sales	893.0	663.5
Gross profit	**640.6**	**412.2**
Selling expenses	294.2	188.5
General and administrative expenses	39.8	27.1
Research and development costs	3.7	4.0
Other operating income	45.1	46.0
Other operating expenses	69.7	52.4
Income from investments, net	1.1	0.4
Result from operating forecast hedges	(16.5)	(33.7)
Result after operating hedges (EBIT II) [1]	**262.9**	**152.9**
Interest income	1.1	1.0
Interest expenses	(30.8)	(9.2)
Other financial result	(0.5)	(0.2)
Financial result	**(30.2)**	**(8.4)**
Earnings before income taxes	**232.7**	**144.5**
Taxes on income	60.2	37.1
- of which deferred taxes	(15.7)	(4.5)
Net income	**172.5**	**107.4**
Minority interests in earnings	0.2	0.1
Group earnings after taxes and minority interests	**172.3**	**107.3**
Earnings per share in € (undiluted ≙ diluted)	0.90	0.65
Operating earnings (EBIT I)	**267.7**	**174.0**
Earnings before income taxes, adjusted [2]	**237.5**	**165.6**
Group earnings, adjusted [2]	**175.8**	**122.5**
Earnings per share in €, adjusted [2]	**0.92**	**0.74**
Average number of shares (million)	191.23	164.84

Statement of comprehensive income for the period

€ million	Q1/10	Q1/09
Net income	**172.5**	**107.4**
Foreign currency translation	121.6	16.7
Earnings without recognition in profit or loss	**121.6**	**16.7**
Comprehensive income	**294.1**	**124.1**
Minority interests in comprehensive income	0.2	0.1
Group comprehensive income after taxes and minority interests	**293.9**	**124.0**

Operating earnings (EBIT I)

€ million	Q1/10	Q1/09
Result after operating hedges (EBIT II) [1]	**262.9**	**152.9**
+/- Result from operating “anticipative” hedges	16.5	33.7
+/- Realized earnings from operating forecast hedges	(11.7)	(12.6)
Operating earnings (EBIT I)	**267.7**	**174.0**

[1] Management of the K+S Group is handled on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded below the income statement.

[2] The adjusted key figures only contain the earnings actually realised on operating forecast hedges for 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. Any resulting effects on deferred and cash taxes are also eliminated; tax rate Q1/10: 27.9 % (Q1/09: 27.9 %).

Statement of cash flows for the period

€ million	Q1/10	Q1/09
Result after operating hedges (EBIT II)	**262.9**	**152.9**
Income(-)/expenses(+) from market value changes of hedging transactions not yet due	9.3	25.3
Neutralising previous market value changes of derecognised hedging transactions	(4.5)	(4.2)
Operating earnings (EBIT I)	**267.7**	**174.0**
Depreciation (+)/write-ups (-) on intangible assets, property, plant and equipment and financial assets	65.4	35.1
Increase(+)/decrease(-) in non-current provisions (without interest rate effects)	7.4	6.8
Interest, dividends and similar income received	2.1	1.0
Realised gains(+)/losses(-) on the disposal of financial assets and securities	(1.2)	0.1
Interest paid	(5.3)	(2.9)
Income taxes paid(-)/received(+)	(75.9)	(41.6)
Other non-cash expenses(+)/income(-)	5.8	(0.2)
Gross cash flow	**266.0**	**172.3**
Gain(-)/loss(+) on the disposal of fixed assets and securities	(0.4)	–
Increase(-)/decrease(+) in inventories	131.1	104.0
Increase(-)/decrease(+) in receivables and other assets from operating activities	(157.0)	(95.9)
- of which premium volume for derivatives	7.7	5.8
Increase (+)/decrease (-) in liabilities from operating activities	80.3	(163.1)
- of which premium volume for derivatives	2.7	5.1
Increase(+)/decrease(-) of current provisions	46.8	57.8
Out-financing of provisions	(1.9)	–
Cash flow from operating activities	**364.9**	**75.1**
Proceeds from disposals of fixed assets	1.4	0.5
Disbursements for intangible assets	(0.4)	(0.9)
Disbursements for property, plant and equipment	(26.9)	(28.2)
Disbursements for financial assets	(2.1)	(0.9)
Cash flow for investing activities	**(28.0)**	**(29.5)**
Free cash flow	**336.9**	**45.6**
Purchase of own shares	(8.4)	(6.5)
Increase(+)/decrease(-) in liabilities from finance lease	(0.1)	–
Proceeds from(+)/repayment of(-) loans	(358.1)	(67.9)
Cash flow for financing activites	**(366.6)**	**(74.4)**
Change in cash and cash equivalents affecting cash flow	**(29.7)**	**(28.8)**
Change in cash and cash equivalents resulting from exchange rates	7.9	1.2
Consolidation-related changes	–	–
Change in cash and cash equivalents	**(21.8)**	**(27.6)**
Net cash and cash equivalents as of 1 January	**520.1**	**160.5**
Net cash and cash equivalents as of 31 March	**498.3**	**132.9**

Balance Sheet - assets

€ million	31.03.2010	31.03.2009	31.12.2009
Intangible assets	969.5	181.2	915.3
- of which goodwill from acquisitions	587.4	109.0	548.0
Property, plant and equipment	1,762.2	1,256.6	1,728.3
Investment properties	8.0	7.8	7.9
Financial assets	24.4	23.0	22.4
Receivables and other assets	263.3	17.9	264.3
- of which derivative financial instruments	2.1	2.3	–
Deferred taxes	43.7	52.0	32.7
Recoverable income taxes	0.5	0.5	0.5
Non-current assets	**3,071.6**	**1,539.0**	**2,971.4**
Inventories	569.4	580.5	680.4
Accounts receivable – trade	1,047.9	995.3	849.6
Other receivables and assets	166.5	145.4	152.2
- of which derivative financial instruments	6.5	29.4	19.6
Recoverable income taxes	12.6	31.3	29.8
Cash and bank balances	504.5	140.2	529.1
Current assets	**2,300.9**	**1,892.7**	**2,241.1**
ASSETS	**5,372.5**	**3,431.7**	**5,212.5**

Statement of changes in equity for the period

€ million	Subscribed capital	Additional paid-in capital	Accumulated profit/ other reserves
Balances as of 1 January 2010	191.4	648.8	1,263.0
Comprehensive income	–	–	172.3
Other changes in equity	–	–	(8.8)
Balances as of 31 March 2010	**191.4**	**648.8**	**1,426.5**
Balances as of 1 January 2009	165.0	4.5	1,564.2
Comprehensive income	–	–	107.3
Other changes in equity	–	–	(5.6)
Balances as of 31 March 2009	**165.0**	**4.5**	**1,665.9**

Balance Sheet - equity and liabilities

€ million	31.03.2010	31.03.2009	31.12.2009
Subscribed capital	191.4	165.0	191.4
Additional paid-in capital	648.8	4.5	648.8
Other reserves and accumulated profit	1,537.8	1,665.9	1,252.7
Minority interests	2.0	1.4	1.8
Equity	**2,380.0**	**1,836.8**	**2,094.7**
Bank loans and overdrafts	871.1	103.7	1,146.4
Other liabilities	18.0	20.7	18.6
- of which derivative financial instruments	4.7	7.9	4.5
Provisions for pensions and similar obligations	191.1	92.9	181.8
Provisions for mining obligations	426.3	381.8	419.2
Other provisions	231.7	108.6	220.1
Deferred taxes	258.7	62.0	245.2
Non-current debt	**1,996.9**	**769.7**	**2,231.3**
Bank loans and overdrafts	64.6	97.4	120.5
Accounts payable – trade	387.2	284.7	346.9
Other liabilities	112.6	68.9	77.4
- of which derivative financial instruments	16.1	13.3	3.3
Income tax liabilities	76.6	29.0	41.6
Provisions	354.6	345.2	300.1
Current debt	**995.6**	**825.2**	**886.5**
EQUITY AND LIABILITIES	**5,372.5**	**3,431.7**	**5,212.5**

Differences from foreign currency translation	Total K+S AG shareholders' equity	Minority interests	Equity
(10.3)	2,092.9	1.8	2,094.7
121.6	293.9	0.2	294.1
–	(8.8)	–	(8.8)
111.3	**2,378.0**	**2.0**	**2,380.0**
(16.7)	1,717.0	1.3	1,718.3
16.7	124.0	0.1	124.1
–	(5.6)	–	(5.6)
–	**1,835.4**	**1.4**	**1,836.8**

NOTES

Explanatory Notes; changes in the legal Group and organisational structure

The interim report of 31 March 2010 is prepared in accordance with the International Financial Reporting Standards (IFRSs) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), insofar as those have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34. With the exception of adjustments made as a result of changes to accounting standards, the accounting and valuation principles used for this interim report correspond to those used for the consolidated financial statements as of 31 December 2009.

Accounting standards and interpretations to be applied in the financial year 2010 for the first time are of no relevance to the consolidated financial statements of the K+S Group.

The legal Group and organisational structure presented in the Financial Report 2009 did not change as of 31 March 2010.

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 2009.

Seasonal factors

There are seasonal differences over the course of the year that affect the sales volume 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. This effect can either be enhanced or diminished by overseas sales volumes. 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.

€ million	LTM* 2010	2009
Revenues	4,031.7	3,573.8
EBITDA	535.8	411.8
EBIT I	331.7	238.0
Group earnings, adjusted	146.9	93.6

* LTM = last twelve months (Q2/09 + Q3/09 + Q4/09 + Q1/10); Q4/09 + Q1/10 including Morton Salt

Notes on non-comparable figures for the corresponding previous year period

The effects of the acquisition of Morton International Inc. (Morton Salt) on 1 October 2009 on the earnings position in the first three months of 2010 are presented in the following table.

Morton Salt

€ million	Q1/10
Revenues	269.8
EBITDA	57.8
Operating earnings (EBIT I) *	32.4
Earnings before income taxes, adjusted	15.8
Group earnings after income taxes, adjusted	12.2
Earnings per share, adjusted (€)	0.06

* After one-time effects from the revaluation and consolidation within the framework of the inventory valuation according to IFRSs (€ 12.0 million) and depreciation on the value adjustments to be made within the framework of purchase price allocation (€ 16.2 million).

Development of revenues, sales volumes and average prices

Potash and Magnesium Products Business Segment

	Unit	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10
Revenues*	€ million	**366.0**	**354.3**	**340.8**	**360.6**	**1,421.7**	**498.4**
- Europe	€ million	189.1	134.3	141.7	159.1	624.2	316.6
- Overseas	US$ million	229.9	301.6	287.1	297.7	1,116.3	250.5
Sales volumes	t million	**0.90**	**1.05**	**1.11**	**1.29**	**4.35**	**1.94**
- Europe	t million	0.45	0.37	0.46	0.60	1.88	1.26
- Overseas	t million	0.45	0.68	0.65	0.69	2.47	0.68
Average prices	€/t	**409.2**	**337.4**	**305.4**	**280.1**	**327.1**	**256.2**
- Europe	€/t	425.0	362.1	304.8	266.4	332.3	250.6
- Overseas	US$/t	511.6	444.0	441.1	431.2	452.0	367.5

* Revenues include prices both inclusive and exclusive freight costs and are based on the respective USD/EUR spot rates in the case of overseas revenues. Hedging transactions were concluded for most of these revenues (see page 34). The information on prices is to be understood solely as providing a rough indication.

Salt Business Segment [1)]

	Unit	Q1/09	Q2/09	Q3/09	Q4/09	2009	Reconciliation [2)]	2009	Q1/10
De-icing salt									
Revenues	€ million	239.1	14.6	25.7	218.1	497.5	0.1	497.6	376.5
Sales volume	t million	3.95	0.33	0.57	4.11	8.96	–	8.96	7.05
Average price	€/t	60.6 [3)]	44.1	44.8	53.1	55.5	–	55.5	53.4
Industrial salt, salt for chemical use and food grade salt									
Revenues	€ million	81.3	76.1	83.3	204.9	445.6	7.9	453.5	217.4
Sales volume	t million	1.20	1.10	1.29	2.26	5.85	–	5.85	2.20
Average price	€/t	67.7	69.5	64.5	90.5	76.2	–	77.5	98.9
Other									
Revenues	€ million	17.8	12.0	14.2	18.7	62.8	0.7	63.5	22.5
Salt Business Segment									
Revenues	€ million	338.3	102.7	123.2	441.7	1,005.9	8.7	1,014.6	616.4
Reconciliation [2)]	€ million	–	(3.4)	(1.5)	13.6	8.7	–	–	–
Revenues total	€ million	338.3	99.3	121.7	455.3	1,014.6	–	1,014.6	616.4

1) Starting from Q4/09 including Morton Salt.
2) In 2009, the conversion of the revenues generated by those companies with a different functional currency is shown here applying the respective average exchange rate for the quarter, whereas in the consolidated financial statements of the K+S Group, expenses and income are translated at the average exchange rate for the year or, in the case of interim financial statements, at the cumulative average exchange rate. The adjustment to segment revenues in relation to third parties is shown in the column “Reconciliation”.
3) Average prices in the first quarter of 2009 had benefitted from spot transactions as a result of bottlenecks at other suppliers, particularly in North America.

Foreign currency hedging

In the Potash and Magnesium Products business segment, currency risks normally result from the fact that proceeds and incoming payments denominated in US dollar are substantially higher than costs and outgoing payments denominated in US dollar. For these transaction risks, options and, in some cases, futures are concluded on the basis of expected net items at 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).

Potash and Magnesium Products Business Segment

	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10 [1)]	2010e [1, 2)]
USD/EUR exchange rate after premiums	1.41	1.43	1.53	1.50	1.48	1.39	1.43
Average USD/EUR spot rate	1.31	1.36	1.43	1.48	1.39	1.38	–

1) The first quarter of 2010 was additionally adversely affected by a one-off effect, which is attributable to the preceding year in economic terms. If this effect is taken into account, the exchange rate for Q1/10 would be 1.50 USD/EUR and the “worst case” for the year as a whole 1.46 USD/EUR.
2) The exchange rate stated represents the worst case. A comparably stronger US dollar could result in the exchange rate actually achieved being more attractive than the one given here.

In the Salt business segment, currency risks normally result from the translation of the earnings achieved by Morton Salt and SPL, predominantly denominated in US dollar, into the Group currency, which is the euro. Similarly to the hedging strategy for the Potash and Magnesium Products business segment, options and, in some cases, futures transactions 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 2010 with a worst case at 1.45 USD/EUR.

Other operating income/expenses

€ million	Q1/10	Q1/09
Gains/losses on foreign currency exchange rates	9.8	11.8
Change in provisions	(18.5)	(13.1)
Other	(15.9)	(5.1)
Other operating income/expenses	(24.6)	(6.4)

Financial result

€ million	Q1/10	Q1/09
Interest income	1.1	1.0
Interest expenses	(30.8)	(9.2)
- of which interest expenses for pension provisions	(1.6)	(1.7)
- of which interest expenses for provisions for mining obligations	(5.6)	(4.7)
Interest income, net	**(29.7)**	**(8.2)**
Income from the realisation of financial assets/liabilities	(1.2)	0.1
Income from the valuation of financial assets/liabilities	0.7	(0.3)
Other financial result	(0.5)	(0.2)
Financial result	(30.2)	(8.4)

The actuarial measurement of pension provisions is performed applying the projected unit credit method in accordance with IAS 19. The following parameters have been applied in computing provisions for pensions:

in % (weighted average)	2010 Germany	2010 Outside Germany	2009 Germany	2009 Outside Germany
Discount factor	5.3	6.1	5.3	6.1
Anticipated annual increase in earnings	1.8	4.0	1.8	4.0
Anticipated annual increase in pension benefits	1.8	–	1.8	–
Anticipated yield on plan assets	6.0	8.0	6.0	8.0

For commitments for medical provision similar to pensions, the following annual cost increases were additionally assumed:

- Canada: 9 % / starting from 2015: 5 %
- USA: 7 % / starting from 2012: 5 %
- Bahamas: 4.5 %

The weighted average interest rate for pensions and similar liabilities for the K+S Group amounts to 5.7 %.

The following parameters have been taken into account in computing provisions for mining obligations:

- Trend in price increases: 1.5 % (2009: 1.5 %)
- Discount factor Europe: 5.6 % (2009: 5.6 %)
- Discount factor USA: 5.8 % (2009: –)
- Discount factor Canada: 6.2 % (2009: –)

The weighted average discount factor for mining provisions for the K+S Group amounts to 5.6 %.

Taxes on income

€ million	Q1/10	Q1/09
Corporate income tax	27.3	17.6
Trade tax on income	22.6	13.9
Foreign income taxes	26.0	10.1
Deferred taxes	(15.7)	(4.5)
Taxes on income	60.2	37.1

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

The balance sheet total as of 31 March 2010 increased by € 160.0 million compared with the 2009 annual financial statements. On the assets side, non-current assets increased by € 100.2 million, and current assets by € 59.8 million. The increase in non-current assets mainly results from a currency-related increase in intangible assets and property, plant and equipment. The increase in current assets is chiefly based on higher accounts receivable trade of € 198.3 million. In contrast, inventories declined by € 111.0 million against 31 December 2009.

On the equity and liabilities side, equity increased by € 285.3 million; this is attributable primarily to the positive net income for the period of the first quarter 2010. Debt fell by € 125.3 million; this is mainly attributable to the repayment of financial liabilities.

Material changes in equity

Equity is influenced by transactions and events whether recognised in profit or loss or not as well as by capital transactions with shareholders. Compared with the annual financial statements for 2009, retained profit and other reserves increased by € 285.1 million. The increase is mainly due to the positive net income for the period of the first quarter 2010 (after taxes and minority interests) of € 172.3 million. Furthermore, changes in equity not recognised in profit or loss had to be taken into consideration, resulting from foreign currency translation of subsidiaries in a functional foreign currency (mainly US dollar). Differences arising from currency translation are recorded in a separate currency translation reserve; this increased by € 121.6 million as of 31 March 2010 as a result of exchange rate fluctuations.

Net indebtedness

€ million	Q1/10	Q1/09
Net indebtedness as of 1 January	(1,338.9)	(570.0)
Cash and bank balances	504.5	140.2
Overdrafts towards financial institutions	–	(0.1)
Net cash and cash equivalents as of 31 March*	**504.5**	**140.1**
Bank loans and overdrafts	(935.7)	(201.0)
Net financial liabilities as of 31 March*	**(431.2)**	**(60.9)**
Provisions for pensions and similar obligations	(191.1)	(92.9)
Provisions for mining obligations	(426.3)	(381.8)
Net indebtedness as of 31 March*	**(1,048.6)**	**(535.6)**

* Without cash invested with respectively received from affiliated companies.

Information concerning material events since the end of the interim reporting period

You will find such information on page 15 of our Subsequent Events section.

Contingent liabilities

There have been no significant changes in contingent liabilities in comparison with the annual financial statements 2009 and they can be classified as immaterial overall.

Total Revenues

€ million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	498.4	23.3	521.7
Nitrogen Fertilizers	385.5	3.2	388.7
Salt	616.4	1.1	617.5
Complementary Business Segments	33.2	9.4	42.6
Reconciliation	0.1	(37.0)	(36.9)
K+S Group Q1/10	**1,533.6**	**–**	**1,533.6**
Potash and Magnesium Products	366.0	27.1	393.1
Nitrogen Fertilizers	342.1	1.9	344.0
Salt	338.3	1.1	339.4
Complementary Business Segments	29.1	8.2	37.3
Reconciliation	0.2	(38.3)	(38.1)
K+S Group Q1/09	**1,075.7**	**–**	**1,075.7**

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 case of 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.

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).

Summary by Quarter

Revenues & operating earnings (IFRS)

€ million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	%
Potash and Magnesium Products	366.0	354.3	340.8	360.6	1,421.7	498.4	+ 36.2
Nitrogen Fertilizers	342.1	257.4	204.5	212.2	1,016.2	385.5	+ 12.7
Salt	338.3	99.3	121.7	455.3	1,014.6	616.4	+ 82.2
Complementary Business Segments	29.1	27.6	30.9	33.1	120.7	33.2	+ 14.1
Reconciliation	0.2	0.1	0.2	0.1	0.6	0.1	(50.0)
K+S Group revenues	**1,075.7**	**738.7**	**698.1**	**1,061.3**	**3,573.8**	**1,533.6**	**+ 42.6**
Potash and Magnesium Products	97.0	53.8	54.0	26.9	231.7	150.6	+ 55.3
Nitrogen Fertilizers	8.1	(26.6)	(47.3)	(42.3)	(108.1)	14.5	+ 79.0
Salt	80.2	(0.6)	13.5	47.3	140.4	107.9	+ 34.5
Complementary Business Segments	2.0	3.2	4.3	5.7	15.2	6.4	+ 220.0
Reconciliation	(13.3)	(11.7)	(15.1)	(1.1)	(41.2)	(11.7)	+ 12.0
K+S Group EBIT I	**174.0**	**18.1**	**9.4**	**36.5**	**238.0**	**267.7**	**+ 53.9**

Income statement (IFRS)

€ million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	%
Revenues	1,075.7	738.7	698.1	1,061.3	3,573.8	1,533.6	+ 42.6
Cost of sales	663.5	473.5	474.3	732.6	2,343.9	893.0	+ 34.6
Gross profit	**412.2**	**265.2**	**223.8**	**328.7**	**1,229.9**	**640.6**	**+ 55.4**
Selling expenses	188.5	160.3	155.7	207.9	712.4	294.2	+ 56.1
General and administrative expenses	27.1	32.5	23.6	39.9	123.1	39.8	+ 46.9
Research and development costs	4.0	4.5	5.6	4.6	18.7	3.7	(7.5)
Other operating income/expenses	(6.4)	(39.3)	(20.0)	(33.1)	(98.8)	(24.6)	(284.4)
Income from investments, net	0.4	0.4	2.0	(1.9)	0.9	1.1	+ 175.0
Result from operating forecast hedges	(33.7)	8.7	(3.5)	(7.4)	(35.9)	(16.5)	+ 51.0
Result after operating hedges (EBIT II)	**152.9**	**37.7**	**17.4**	**33.9**	**241.9**	**262.9**	**+ 71.9**
Financial result	(8.4)	(76.6)	(11.7)	(18.7)	(115.4)	(30.2)	(259.5)
Earnings before income taxes	**144.5**	**(38.9)**	**5.7**	**15.2**	**126.5**	**232.7**	**+ 61.0**
Taxes on income	37.1	(8.8)	1.9	(0.6)	29.6	60.2	+ 62.3
- of which deferred taxes	(4.5)	(2.3)	13.0	(14.9)	(8.7)	(15.7)	(248.9)
Net income/loss	**107.4**	**(30.1)**	**3.8**	**15.8**	**96.9**	**172.5**	**+ 60.6**
Minority interests in earnings	0.1	0.1	0.1	0.2	0.5	0.2	+ 100.0
Group earnings after taxes and minority interests	**107.3**	**(30.2)**	**3.7**	**15.6**	**96.4**	**172.3**	**+ 60.6**
Operating earnings (EBIT I)	**174.0**	**18.1**	**9.4**	**36.5**	**238.0**	**267.7**	**+ 53.9**
Earnings before income taxes, adjusted [1]	**165.6**	**(58.5)**	**(2.3)**	**17.8**	**122.6**	**237.5**	**+ 43.4**
Group earnings, adjusted [1]	**122.5**	**(44.3)**	**(2.1)**	**17.5**	**93.6**	**175.8**	**+ 43.5**

Other key data (IFRS)

	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	%
Capital expenditure (€ million) [2]	29.1	41.5	43.5	63.5	177.6	27.3	(6.2)
Depreciation and amortisation (€ million) [2]	35.1	35.0	35.9	67.8	173.8	65.4	+ 86.3
Gross cash flow (€ million)	172.3	41.4	19.0	91.2	323.9	266.0	+ 54.4
Working Capital (€ million)	1,064.1	907.3	828.8	–	985.7	956.4	(10.1)
Net indebtedness (€ million)	535.6	827.6	833.1	–	1,338.9	1,048.6	+ 95.8
Earnings per share, adjusted (€) [1]	0.74	(0.27)	(0.01)	0.10	0.56	0.92	+ 24.3
Gross cash flow per share (€)	1.05	0.25	0.11	0.54	1.95	1.39	+ 32.4
Book value per share, adjusted (€) [1]	11.31	8.50	8.19	–	10.99	12.54	+ 10.9
Number of shares outstanding (million) [3]	164.84	165.00	165.00	–	191.40	191.20	+ 16.0
Average number of shares (million) [4]	164.84	164.90	165.00	169.84	166.15	191.23	+ 16.0
Closing price (XETRA, €) [5]	34.93	40.03	37.29	–	39.99	44.93	+ 28.6
Employees as of the reporting date (number)	12,334	12,233	12,378	–	15,208	15,164	+ 22.9

[1] The adjusted key figures only contain the earnings actually realised on operating forecast hedges for 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. Any resulting effects on deferred and cash taxes are also eliminated; tax rate Q1/10: 27.9 % (Q1/09: 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.

[5] The price of the K+S share since the capital increase in December 2009 has been traded ex subscription right. Historical values were not adjusted.

Financial calendar	2010/2011
Half-yearly Financial Report, 30 June 2010	12 August 2010
Quarterly Financial Report, 30 September 2010	11 November 2010
Report on business in 2010	10 March 2011
Press and analyst conference, Frankfurt am Main	10 March 2011
Annual General Meeting, Kassel	11 May 2011
Quarterly Financial Report, 31 March 2011	11 May 2011
Dividend payment	12 May 2011

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