QUARTERLY REPORT Q1/08

January – March

Best first quarter in the history of the K+S Group
At € 1.21 billion, revenues rise 28 %
Operating earnings (EBIT I) reach € 226.3 million (+ 119 %)
US dollar double-barrier options weigh on EBIT II for the last time
Adjusted earnings per share at € 3.95 (+ 160 %)
2008 outlook: Trebling of EBIT I possible

Experience growth.

Key Data Business Development

Key figures (IFRSs)

€ million	Q1/08	Q1/07	%
Revenues	1,213.0	944.7	+ 28.4
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	258.8	134.3	+ 92.7
EBITDA margin in %	21.3	14.2	
Operating earnings (EBIT I)	226.3	103.3	> 100.0
Operating EBIT margin in %	18.7	10.9	
Earnings after market value changes (EBIT II)	118.6	106.3	+ 11.6
Earnings before income taxes	116.3	96.5	+ 20.5
Earnings before income taxes, adjusted [1)]	224.0	93.5	> 100.0
Group earnings after taxes	84.8	64.5	+ 31.5
Group earnings after taxes, adjusted [1)]	162.6	62.6	> 100.0
Gross cash flow	243.0	104.1	> 100.0
Net debt as of 31 March [2)]	1,002.8	713.1	+ 40.6
Capital expenditure [3)]	24.2	25.2	(4.0)
Depreciation and amortisation [3)]	32.5	31.0	+ 4.8
Working capital as of 31 March	733.7	677.6	+ 8.3
Earnings per share, adjusted [1)] (€)	3.95	1.52	> 100.0
Gross cash flow per share (€)	5.90	2.53	> 100.0
Book value per share as of 31 March, adjusted [1)] (€)	24.12	26.96	(10.5)
Total number of shares as of 31 March (million)	41.25	41.25	–
Outstanding shares as of 31 March (million) [4)]	41.21	41.19	–
Average number of shares (million) [5)]	41.21	41.21	–
Employees as of 31 March (number) [6)]	12,141	11,956	+ 1.5
Average number of employees [6)]	12,133	11,950	+ 1.5
Personnel expenses	180.0	171.5	+ 5.0
Closing price (XETRA) as of 31 March (€)	207.31	82.34	> 100.0
Market capitalisation as of 31 March	8,543.2	3,391.6	> 100.0
Enterprise value as of 31 March	9,546.0	4,104.7	> 100.0

[1)] adjusted for the effect of market value changes in hedging transactions; in the case of adjusted Group earnings, the resulting tax effects were also eliminated
[2)] including provisions for pensions and mining obligations
[3)] for or in connection with intangible assets as well as property, plant and equipment
[4)] total number of shares less the own shares held by K+S on the reporting date
[5)] total number of shares less the average number of own shares held by K+S over the period
[6)] total workforce including temporary employees (without students and interns), measured on full-time equivalent basis (FTE)

Management Report

Macroeconomic environment

Considering the first three months, the forecasts concerning the macroeconomic environment made in the Financial Report 2007 remain valid to the greatest possible extent: Global economic expansion has slowed appreciably under the impact of the real estate crisis in the United States and the turbulence on the international financial markets prompted by it. The financial crisis has weighed on the economies of the industrialised countries primarily as a result of the rise in financing costs for companies and households. By contrast, the pace of growth in emerging market countries continued unabated.

The US currency increasingly weakened in relation to the euro and was quoted at just under USD/EUR 1.58 at the end of March. Prices for industrial raw materials continued to rise in the first quarter. In March, the price of crude oil reached more than US$ 100 per barrel. In the period under review, the average price of crude oil was, at about US$ 96, significantly higher than a year ago (US$ 59).

Impact on K+S

The macroeconomic environment had the following impact on the course of business for K+S in the first quarter:

- The continuing economic upturn in emerging-market countries is particularly improving the standard of living of the populations of those countries. This is raising per capita consumption of food, including meat, and also increased the pressure in the first quarter on agricultural systems to meet this challenge. The Southern American industrial salt and salt for chemical use market, which is important for our Chilean subsidiary SPL, also continued to grow in line with local population and economic trends.
- Following the steep increase in energy prices, which is reflected in our cost bill with a delay of about half a year, our energy costs rose markedly during the first three months.
- At the end of 2007, we revised our US dollar hedging system. Now, options are used which prescribe a worst-case scenario for 2008 of somewhat above 1.50 USD/EUR incl. costs, but give the K+S Group the opportunity to participate in a US dollar that may eventually become stronger again. Compared with the first quarter of 2007, the average hedging rate in the Potash and Magnesium Products business segment is thus significantly weaker (Q1/2007: 1.08 USD/EUR).

Industry-specific framework conditions

The industry environment of the individual business segments can be found in the description of K+S Group business segments on page 15 et seqq.

Fertilizer and Plant Care Sector

The constant rise in demand for agricultural products has further reduced inventories worldwide and thus exacerbated scarcity on international markets for agricultural products: As a result, prices for agricultural products have risen significantly. Concern that food may become unaffordable has already prompted unrest in some countries in the world. Across the world, politicians saw themselves having to respond either with politically questionable export restrictions or to blame the increasing production of bioenergy for these problems although the agricultural land used for that only accounts for a few percent worldwide. Scarcity on international agricultural markets can, to a much greater extent, be attributed to the following causes:

Increasing prosperity, particularly in Asian emerging-market countries, is resulting in local populations having greater expectations of their diet and in changes in traditional eating habits, especially in the increasing consumption of meat. The production of a kilogramme of meat requires several times that amount of feed, e. g. corn and soybeans. The demand for agricultural products and thus also fertilizers has therefore been growing disproportionately in these regions of the world for some years. In addition, economic success in these countries is boosting urbanisation, which tends to decrease the amount of land available for agriculture.

This challenge can only be mastered through more intensive and professional farming. Against this background, farmers feel induced to invest by expanding the land available to them and to intensify its use so as to be able to produce sufficient food for a growing global population: Both these factors result in the greater use of fertilizers.

Thus, the first quarter of 2008 saw a further, tangible increase in global fertilizer demand and, against a backdrop of bottlenecks as well as higher purchase costs, to significantly higher prices for nitrogen, phosphate and potash fertilizers.

Salt Business Sector

The Western European de-icing salt market during the first quarter was marked by a warm winter once again. The North American de-icing salt market, especially in January, was also influenced by mild weather conditions. In the food grade and industrial salt segments, business in Europe was stable while demand for salt for chemical use remained on a high level. The South American market for industrial salt and salt for chemical use grew in line with local population development and received additional support from the robust economic upturn.

Products and Services

For a comprehensive description of our products and services, please see the relevant passages in our Financial Report and Corporate Report for 2007. Since then, there have been no changes in the range of products and services that have had a significant influence on the business performance of the K+S Group.

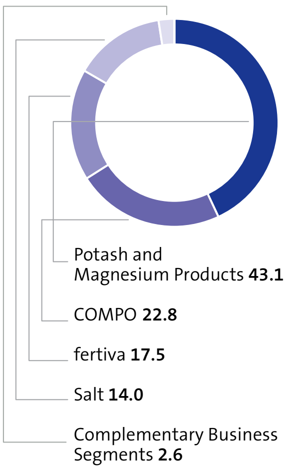
Revenues and Earnings position

Variance analysis in %	Q1/08
Change in revenues	**+ 28.4**
- volume/structure	(3.2)
- prices	+ 35.2
- exchange rates	(3.7)
- consolidation	+ 0.1

Revenues rise about 28 % in first quarter

At € 1,213.0 million, first quarter revenues exceeded the figure for the same period last year by € 268.3 million or 28 %: The increase was attributable to positive price effects that could more than offset moderate currency- and volume-related revenue declines. Pleasing revenue gains were achieved by the Potash and Magnesium Products, COMPO and fertiva business segments. The weaker de-icing salt business in the United States attributable to the weather did, however, cause a slight decrease in Salt business segment revenues.

Revenues by business segment
Jan. – March 2008
(in %)



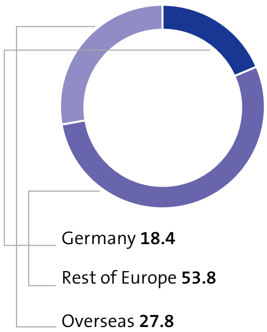
About 72 % of Group revenues are generated in Europe, with the largest business segment, Potash and Magnesium Products, accounting for 43 % of revenues.

At € 226.3 million, first quarter operating earnings more than double

EBIT I is free of non-cash changes in the market value of the currency options that we use to hedge the US dollar exchange rate and only include the gains actually achieved as result of exchange rate hedging for the period under review. Operating earnings also do not include the effects of the exercise, expiry and valuation of the double-barrier options that are no longer used for hedging purposes.

In the first quarter of 2008, EBIT I rose by € 123.0 million or 119 % compared with a year ago to € 226.3 million; in addition to the positive course of business for COMPO and fertiva, this was mainly attributable to substantial earnings increases in the Potash and Magnesium Products business segment. Thus, the lower contribution to earnings made by the Salt business segment as a result of very low de-icing salt sales in North America and Europe could be significantly more than made up for.

Revenues by region
Jan. – March 2008
(in %)



Weak dollar results in loss of double-barrier options

Under IFRSs, changes in the market value of the currency options that we use to hedge the US dollar exchange rate are reported in the income statement. While the cash gains from options already exercised are included in operating earnings EBIT I, we report non-cash changes in the market value of options that are still outstanding as well as losses from forfeited options with a due date in future periods by reconciliation to EBIT II.

EBIT II, earnings after market value changes, attained € 118.6 million in the quarter under review, and thus rose by 12%; it could not, however, replicate the much more positive trend in EBIT I. The key factor in this regard was that most of the double-barrier options for future periods still in existence at the beginning of the year forfeited because of the weakness of the dollar. As almost all the double-barrier options under the US dollar exchange rate hedging system that was discontinued at the end of last year were either exercised, sold or forfeited, only slight market value changes for hedging instruments can be expected in the future.

Financial result improves in first quarter

At € (2.3) million, the financial result for the first quarter was up € 7.5 million on the level of a year ago; non-recurrent income from the disposal of financial investments could more than make up for a weaker interest result. Under the IFRSs, in addition to the interest portion for pension provisions (Q1/2008: € (1.0) million) the financial result also includes the interest portion for other long-term provisions which mainly relate to mining obligations (Q1/2008: (4.0) million); both are non-cash. Further details can be found in the Notes.

Adjusted earnings before and after taxes increase substantially in first quarter

Given their limited economic meaningfulness as well as the considerable fluctuations to which the market values of our currency options are subject, we report earnings before taxes as well as after taxes following adjustment for these effects. The latter will also take account of the impact of changes in market values on deferred taxes.

Adjusted earnings before taxes for the first quarter amounted to € 224.0 million, which represents an increase of € 130.5 million or 140% against last year. Under IFRSs, deferred, that is, non-cash income taxes are reported. In the first quarter, € 12.9 million of total income taxes of € 31.5 million were deferred (Q1/2007 income tax expense: € 31.9 million, of which € 4.6 million were deferred).

After-tax Group earnings adjusted for the effect of market value changes could be increased by 160% to € 162.6 million in the first quarter.

Adjusted earnings per share for the first quarter at € 3.95 (+ 160 %)

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

For the quarter under review, adjusted earnings per share amounted to € 3.95 and were thus up 160 % on the same period last year (€ 1.52). They were computed on the basis of the same average number of outstanding shares as a year ago (41.21 million no-par value shares).

As of 31 March 2007, we held 40,000 of our shares in connection with an employee share ownership programme; thus, the total number of K+S Group shares outstanding at the end of March amounted to 41.21 million non-par value shares (31 March 2007: 41.19 million).

Financial position and Capital expenditure

€ million	Q1/08	Q1/07
Cash flow from operating activities	130.3	39.2
Cash flow for investing activities	(24.7)	(24.2)
Free cash flow before acquisitions/ divestments	105.6	15.5
Cash flow from financing activities	(107.7)	1.7

Cash flow figures rise significantly in first quarter

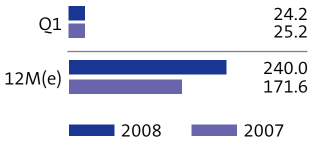
At € 243.0 million, gross cash flow for the first quarter was up € 138.9 million or 133 % on the figure for the same period last year. Above all, higher operating earnings had a positive impact in this regard.

Cash flow from operating activities for the months January to March amounted to € 130.3 million and consequently improved by € 91.1 million on the same period last year. Working capital grew to a greater extent than a year ago; this is mainly attributable to a lower decline in inventories and a more modest increase in payables due to changes in billing options. The exercise and sale of double-barrier options that are no longer used for hedging purpose yielded inflows of € 46.6 million.

First quarter cash flow from investing activities amounted to € (24.7) million and was thus on about the same level as a year ago (Q1/2007: € (24.2) million).

Free cash flow attained € 105.6 million in the months January to March compared with € 15.0 million a year ago. After taking into account cash flow from financing activities of € (107.7) million, which mainly includes the settlement of financial liabilities totalling € 101.5 million, we report net indebtedness, including provisions, totalling € 1,002.8 million as of 31 March 2008 (previous year: € 713.1 million).

Capital expenditure (€ million)



Capital expenditure on about the same level as a year ago

At € 24.2 million, the volume of capital expenditure for the first quarter was on about the same level as a year ago. Most of the capital expenditure was accounted for by the Potash and Magnesium Products business segment, with a focus on the replacement and expansion of underground infrastructure and measures to increase industrial product capacity at the Zielitz site. A further important project in the first quarter was the increasing of processing capacity for taking delivery of waste in dust form.

For 2008, we continue to expect a volume of capital expenditure of about € 240 million. The focus will be on the acquisition of a freight ship for SPL, projects aimed at increasing exploitation, process optimisation and minimising solid and liquid production residues in the Potash and Magnesium Products business segment as well as the further expansion of waste processing at Zielitz. In 2008, 60 % of the total volume of capital expenditure is expected to relate to replacement and the safeguarding or production capacity; it should therefore be on the level of the anticipated depreciation charges of about € 140 million.

Research and Development

€ million	2008e	2007
Research costs	17.0	15.5
Capitalized development investment	5.0	2.7
Employees as of 31 March (number)	59	58

There has been no significant change in the goals and focal points of research and development as described in the Financial Report 2007. During the quarter under review, research and development expenses totalled € 4.3 million and were thus up slightly on the same period last year (Q1/2007: € 4.0 million). The increase is attributable to further increased efforts to develop new and optimise existing production processes for minimising solid and liquid production residues in potash production as well as the development of plant protection products in cooperation with Syngenta.

For 2008, we expect research costs to total about € 17 million (2007: € 15.5 million). At about € 5 million, development investment should also surpass previous year’s level (2007: € 2.7 million). Research into the effect of potash products on soil water efficiency, the further development of plant protection products as well as cooperation in the Dutch public research project "Wetsus" on the possible use of renewable energy will be among the most significant research projects.

Slight increase in headcount

As at 31 March 2008, a total of 12,141 people were employed by the K+S Group, which means that their number was slightly higher than a year ago. At the end of 2008, the number of employees should increase again slightly – as forecast in the Financial Report 2007 – to just under 12,200. There were 509 trainees as of 31 March 2008 – a further increase of 13 compared with same period last year.

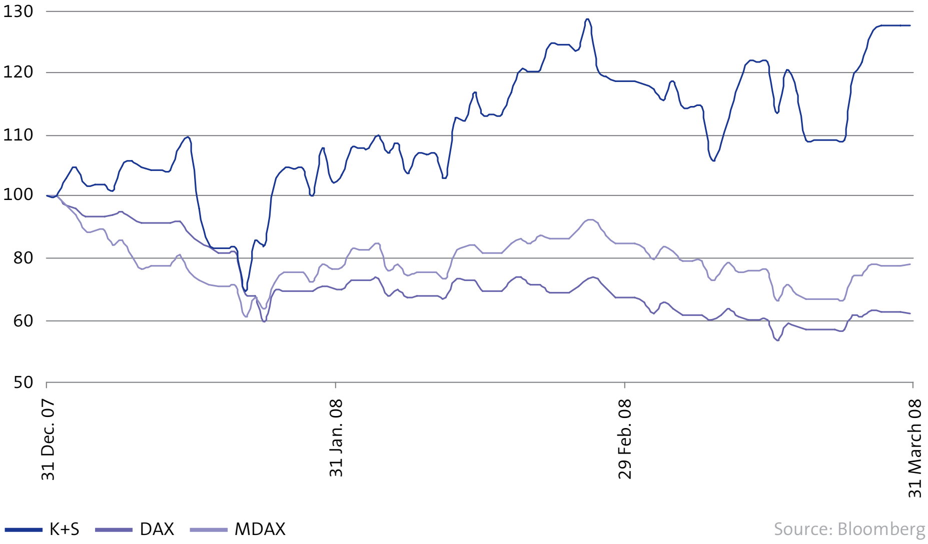
Personnel expenses for the first quarter totalled € 180.0 million, up 5 % on the previous year. The increase is due to the collective agreement pay rises in the Potash and Magnesium Products as well as Salt business segments that came into force on 1 January 2008 and to a slight increase in the headcount. For 2008 as a whole, we continue to expect personnel expenses to rise by about € 40 million and thus, an increase in the single-digit percentage range (2007: € 687.3 million).

Course of K+S share price in the first quarter

- The announcement of further price increases for potash at the end of December impacted positively on the share price in the first two weeks of January with the result that the K+S share price of € 163 reached just under € 178 in the middle of January 2008.
- As a result of further, greater uncertainty on the capital market on account of the real estate credit crisis in America, our share price fell significantly at the end of January and was quoted at about € 138, its low for the quarter, on 21 January 2008.
- However, the share price recovered quickly from this decrease and significantly outperformed the market as a whole. With analysts raising their estimates, in part significantly, this was one factor that caused the K+S share to attain a first quarter high of € 209 on 26 February 2008.
- After this robust performance, however, the price fell back to € 176 in the wake of general market turbulence and increased profit-taking.
- At the beginning of March, this level was evidently used by investors as an opportunity to buy the share at more attractive prices. In addition, further announcements of more price increases for potash and the outlook published on 13 March impacted positively on the price.
- The conclusion of contracts between Canadian and Russian potash producers and Indian customers, which were closely followed by the capital market, gave the share price a further boost, so that it closed on at € 207 on 31 March 2008.
- Thus, the K+S share gained 27.4 % in the first quarter. It outperformed the DAX by about 46 percentage points and the MDAX by about 38 percentage points. In the last of the surveys that we carry out regularly, 13 banks gave us a “buy/accumulate” recommendation and four a “hold/neutral” recommendation. One study arrived at a “reduce/sell” investment assessment.

The “Investors Relations” section of our homepage provides regular consensus forecasts for revenues and earnings.

Performance of the K+S Share in relation to the DAX and MDAX in the first quarter of 2008
(indexed; Performance in %)



Shareholder structure

There were no significant changes in our shareholder structure in the first quarter. BASF SE holds about 10.3 % of our shares. In addition, MCC Holding Ltd. (Linea Ltd) holds 7.28 %. It is an investment company that manages the industrial shareholdings of Andrey Melnichenko and also holds a majority of shares in the Russian agro-chemical company EuroChem.

Furthermore, the following investment companies informed us that they exceeded the reportable thresholds of 3 %:

- Fidelity (FMR LLC.): 4.97 %
- Capital Group with its subsidiary Capital Research & Management: 4.871 %
- Janus Capital Group: 4.79 %
- The Bank of New York Mellon Corporation with its subsidiary Newton Management Ltd.: 3.08 %

Under the free float definition applied by Deutsche Börse AG, the free float amounts to a good 82 %.

Subsequent events

Following the close of the quarter under review, no significant changes have occurred in the economic environment or in the situation of our industry and nor have any other events occurred of material importance for the K+S Group such as would require disclosure.

Risk report

For a comprehensive description of the risk and opportunity management system or possible risks, please refer to the relevant passages in our Financial Report 2007. Only changes that have occurred since then are described below. The statements about the other risks described in the Financial Report essentially remain without change. The risks to which the K+S Group is exposed, both in isolation or in conjunction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

Economic performance risks – Production and the environment

In the Potash and Magnesium Products business segment, liquid residues (saline water) among others arise from ongoing production and from tailings pile precipitation. They are disposed of by means of discharge, approved under water law, into surface water or sinking into underground layers of rock. This also requires compliance with thresholds and conditions imposed by government agencies in addition to legal requirements. The determination of a significant reduction in the sinking capacity hitherto forecast or the premature, full use of approved sinking space could result in the partial or even complete withdrawal of sinking permits for the disposal of liquid residues and in substantial additional costs or, in an extreme case, to a significant scaling back of production at the sites concerned. Thus, for example, the Neuhof Ellers potash plant had to discontinue the sinking of saline water into the dolomite layer after fully utilising the sinking space. To ensure the proper disposal of tailings pile water arising there, saline water is transported, until the completion of the saline water pipeline already applied for in July 2007, by rail and lorry to the nearest site in accordance with valid permits.

From today's perspective, it is also uncertain whether an unchanged extension can be attained following the expiry of the current sinking and discharge permits. In such case too, a new disposal concept that would be eligible for approval and should ensure sustainable disposal security on the basis of new permits or knowledge would result in significant additional costs. Reducing solid and liquid production residues in potash production is one of the focal points of our R&D activity. All conceivable disposal concepts are checked with the participation of independent experts

Opportunity report

For a comprehensive description of possible opportunities, please see the relevant passages in our Financial Report 2007. The statements about the other opportunities described in the Financial Report essentially remain without change. There is no offsetting of opportunities and risks as well as positive and negative changes in them.

Outlook

Future macroeconomic situation

With regard to the further course of 2008, we do not expect any significant changes in relation to the first quarter macroeconomic environment already described: The slackening of the pace of global economic growth can, as a result, be expected to continue in the industrialised countries in particular. By contrast, in the developing and emerging-market countries we expect economic expansion to continue and that this will further increase international demand for fertilizers, which should impact positively on the business success of the K+S Group in a sustainable manner.

Thus, the hitherto effects on the course of business of the K+S Group described on page 3 should therefore also persist under the macroeconomic conditions forecast.

Future industry situation

The reasons for the future growth in demand for fertilizers described in the Financial Report 2007 remain valid: In the case of potash fertilizers in particular, it can be expected that the global demand will continue to grow appreciably by at least 4 % per annum. It is also becoming increasingly apparent that the growth in potash industry capacity in the coming years will at best keep pace with this growth in demand, which is why we remain convinced that potash will remain scarce at least over the medium term. As the world's fourth-largest single producer, K+S should participate in this appreciably: High barriers to market entry as well as long lead times for capacity expansion should ensure that K+S will, at full utilisation of capacity, occupy a similarly important market position in the future too.

The future industry situation in the Salt business segment as described in the Financial Report 2007 continues to apply. In addition, the salt business in the fourth quarter will once again depend largely on winter weather conditions. In this respect, we base our assumptions on average sales figures for a good many years in the case of both the European and North American markets which, however, will not be able to make up for the current shortfalls in sales of de-icing salt.

Future earnings position

In financial year 2008, the revenues of the K+S Group should increase significantly in comparison to the previous year. This estimate is based in particular on higher revenues in the Potash and Magnesium Products, COMPO and fertiva business segments as a result of steep price increases on the global markets for potash and nitrogen fertilizers. Contrary currency and volume effects will only have a disproportionately lower impact.

We estimate that EBIT I for financial year 2008 will be much higher than in the previous year – that it might triple appears possible in the meantime. This is primarily due to the already described sharply increasing average prices in the Potash and Magnesium Products business segment, which clearly exceed the rise in costs. Even a possible further weakening of the US dollar exchange rate should not result in a change in this assessment: With the fundamental reorganisation of our US dollar exchange rate hedging system in December of last year, the "worst case" for 2008 entails a hedged rate that is somewhat above 1.50 USD/EUR.

The adjusted Group earnings after taxes should increase significantly during this year in line with the development of operating earnings. Our forecast is based on the following circumstances that are to be expected at the current point in time:

- A largely unchanged financial result compared with the previous year.
- Under the reform of German corporate taxation, the level of corporate income tax was cut from 25 % to 15 %, starting from 2008. This will result in a tangible reduction in our income tax burden. The domestic Group rate of income tax to be applied in accordance with IFRSs will decline from 37.2 % to 27.8 %. The Group tax rate – without the effects of measuring our hedging transactions – should decline to between 27 % and 29 % (2007: 29.9 %).

Our outlook for 2008 is essentially based on the following premises:

- strong global demand for potash fertilizers and high utilisation of potash capacity,
- an average US dollar exchange rate of 1.50 USD/EUR,
- oil and gas prices that will remain at their current levels as well as
- average de-icing salt business in Europe and North America in the fourth quarter.

Moreover, further growth in our core business sectors remains the focal point of our strategy and encompasses both acquisitions and cooperation arrangements.

Future dividend policy

We pursue an earnings-based dividend policy. The K+S share should remain an investment offering strong growth and high yields in the future too. A distribution level of between 40 % and 50 %, taking into account the customarily high free cash flow, forms the basis for future dividend recommendations to be determined jointly with the Supervisory Board. The marked rise in adjusted Group earnings after taxes expected for 2008 should also impact positively on future dividend distributions.

Future financing structure

With net indebtedness (including long-term provisions) of € 1,002.8 million, the K+S Group has a strong financial base as a result of the anticipated high operating and free cash flows. This means that we are able to respond flexibly to investment and acquisition opportunities. In view of the expected significant increase in earnings and without taking into account possible acquisitions, share repurchase transactions or CTA allocations, the level of our financial debts should fall substantially towards the end of the year; subject to these conditions, we will, in all likelihood, display an equity ratio of 35 % to 40 %, and the level of indebtedness should again fall significantly below 100 %.

Assurance from the legal representatives of K+S Aktiengesellschaft

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group 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 for the remaining months of the financial year.

The Board of Executive Directors, 6 May 2008

Forward-looking statements

This report contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct, actual events may deviate from those expected at the present time.

Business Segments of the K+S Group

Potash and Magnesium Products Business Segment

Variance analysis in %	Q1/08
Change in revenues	+ 41.8
- volume/structure	(13.2)
- prices	+ 59.9
- exchange rates	(4.9)
- consolidation	–

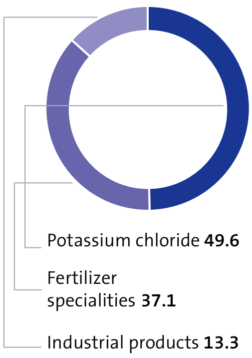
€ million	Q1/08	Q1/07	%
Revenues	522.5	368.5	+ 41.8
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	190.3	71.6	> 100.0
Operating earnings (EBIT I)	170.9	52.8	> 100.0
Capital expenditure	13.4	11.1	+ 20.7
Employees as of 31 March (number)	7,645	7,545	+ 1.3

Potassium chloride	+ 44.1
Fertilizer specialities	+ 34.9
Industrial products	+ 54.6

Market environment

The good environment for the agriculture industry worldwide resulted in the continuation of the constant rise in demand for potash fertilizers also in the first quarter. It encountered in what was already the full utilisation of global potash capacity and resulted in availability bottlenecks on the part of all producers of potash fertilizers. Consequently, the international price level for potash rose steeply once again. In addition, further substantial price increases have already been implemented or announced for the coming months.

Revenues by product group Jan. – March 2008 (in %)



Revenues

First quarter revenues were up almost 42 % to € 522.5 million. The increase is attributable to substantial price increases and more than made up for negative volume effects as well as a weaker US dollar. In the potassium chloride segment, higher prices could markedly offset volume decreases related to the sale structure; revenues rose by 44 % to € 259.3 million. Fertilizer specialities revenues reached € 194.0 million and were thus up 35% on the same period last year due to prices. Revenues generated by industrial products rose by 55 % to € 69.2 million as a result of positive price effects.

Development of earnings

First quarter operating earnings totalled € 170.9 million and thus more than tripled. Higher average prices for potash and magnesium products could clearly more than make up for price-driven higher costs, especially in the case of energy and personnel, as well as a weaker currency result.

Outlook

The prices for potash fertilizers currently attained are significantly higher than last year’s average prices. The resulting price effect on revenues should amount to at least 60 %. We expect sales to amount to just under 8 million tonnes of goods in 2008 (2007: 8.22 million tonnes of goods). While currency and volume effects will have a dampening impact, the anticipated price effect should markedly offset these effects as well as the increase in operating costs. Thus, a quadrupling of operating earnings appears possible.

COMPO Business Segment

Variance analysis in %	Q1/08
Change in revenues	**+ 27.1**
- volume/structure	+ 12.7
- prices	+ 13.7
- exchange rates	(0.1)
- consolidation	+ 0.9

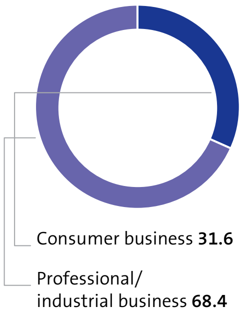
€ million	Q1/08	Q1/07	%
Revenues	275.9	217.1	+ 27.1
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	38.6	21.7	+ 77.9
Operating earnings (EBIT I)	35.9	19.2	+ 87.0
Capital expenditure	1.3	2.5	(48.0)
Employees as of 31 March (number)	1,288	1,279	+ 0.7

Consumer business	+ 5.2
Professional/ industrial business	+ 40.6

Market environment

The consumer products' spring business during the first two months of the year was very promising but was depressed somewhat by the spell of winter weather in March. Competition remains intense. The professional business, however, was once again characterised by high demand and significant price rises.

Revenues by segment
Jan. – March 2008
(in %)



Revenues

First quarter revenues rose by 27 % to € 275.9 million as a result of both price and volume factors. In the consumer sector, higher sales caused revenues to rise by about 5 % to € 87.2 million. Revenues generated by professional products rose by 41 % to € 188.7 million on account of price and volume factors.

Development of earnings

At € 35.9 million, operating earnings improved by 87 % in the first quarter; higher revenues could markedly offset higher acquisition costs for the raw materials phosphate, ammonia and potash. Current increases in the prices of raw materials have yet to be fully reflected in first quarter costs.

Outlook

In the meantime, we expect a substantial increase in revenues in 2008. In addition to higher sales of consumer products, especially of plant protection products, significant increases in prices and sales in the professional sector should contribute to this above all. Against this backdrop, operating earnings should rise significantly despite the steep rise in raw material prices.

fertiva Business Segment

Variance analysis in %	Q1/08
Change in revenues	**+ 41.2**
- volume/structure	–
- prices	+ 46.0
- exchange rates	(4.8)
- consolidation	–

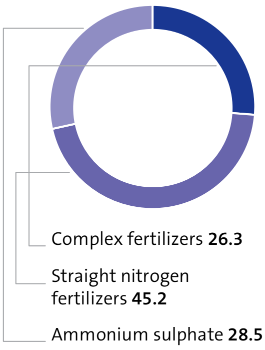
€ million	Q1/08	Q1/07	%
Revenues	212.5	150.5	+ 41.2
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	6.8	4.5	+ 51.1
Operating earnings (EBIT I)	6.7	4.4	+ 52.3
Capital expenditure	0.1	1.0	(90.0)
Employees as of 31 March (number)	70	61	+ 14.8

Complex fertilizers	+ 13.8
Straight nitrogen fertilizers	+ 42.8
Ammonium sulphate	+ 78.1

Market environment

The first quarter was marked by high demand for nitrogenous fertilizers both in Europe and overseas. Against the backdrop of availability bottlenecks as well as rising ammonia, potash and phosphate prices, further significant price increases were implemented.

REVENUES BY PRODUCT GROUP
JAN. – MARCH 2008
(IN %)



Revenues

In the first quarter, business segment revenues rose by 41% to € 212.5 million as a result of price factors. This price effect could markedly offset a weaker US dollar. Revenues generated by complex fertilizers reached € 56.0 million and thus rose by 14% because of price factors. In the case of straight nitrogen fertilizers, revenues rose to € 96.0 million, representing an increase of just under 43%. In the case of ammonium sulphate too, higher prices caused revenues to rise by 78% to € 60.5 million.

Development of earnings

The fertiva business segment posted operating earnings of € 6.7 million for the first quarter, thus representing a plus of 52%. Markedly higher raw material acquisition costs could be more than offset by higher prices.

Outlook

In 2008, we expect a substantial increase in revenues, which will be primarily attributable to higher average prices for nitrogenous fertilizers. Following the outstanding result for the previous year, we expect, despite an anticipated steep rise in raw material costs as well as a probable increase in import pressure from countries with cheap supplies of gas, operating earnings that will also be up appreciably in comparison with last year.

Salt Business Segment

Variance analysis in %	Q1/08
Change in revenues	(3.6)
- volume/structure	(5.4)
- prices	+ 7.0
- exchange rates	(5.2)
- consolidation	–

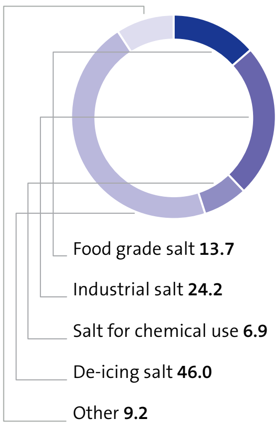
€ million	Q1/08	Q1/07	%
Revenues	170.3	176.6	(3.6)
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	22.0	31.9	(31.0)
Operating earnings (EBIT I)	14.7	25.0	(41.2)
Capital expenditure	5.5	5.5	–
Employees as of 31 March (number)	2,331	2,268	+ 2.8

Food grade salt	+ 7.1
Industrial salt	(0.9)
Salt for chemical use	(7.1)
De-icing salt	(9.9)
Other	+ 14.8

Market environment

During the first quarter, the Western European de-icing salt market was characterised by a warm winter once again. The North American de-icing salt market, especially on the East Coast, was also influenced by mild weather conditions. In the food grade and industrial salt segments, business in Europe was stable while demand for salt for chemical use remained on a high level. The South American market for industrial salt and salt for chemical use is continuing to grow in line with local population and economic trends.

REVENUES BY PRODUCT GROUP
JAN. – MARCH 2008
(IN %)



Revenues

In the first quarter, business segment revenues amounted to € 170.3 million and were down just under 4% on the same period last year; negative volume and currency effects could not be fully offset by a price-driven rise in revenues. Food grade salt revenues rose by 7% to € 23.3 million as a result of volume factors. In the industrial salt segment, volume-related revenue increases in Europe and higher prices almost made up for decreases in sales overseas; at € 41.3 million, revenues were on approximately the same level as a year ago. In the case of salt for chemical use, revenues totalled € 11.8 million; the tangible decline in revenues was mainly due to volume effects and to a revenue shift between the quarters. De-icing salt revenues were € 78.3 million, down 10% on the same period last year; higher prices in North America and slightly higher sales in Europe failed to make up for lower volume in the United States. The revenue increase under "Other" of € 2.0 million to € 5.6 million mainly resulted from higher sales for other de-icing agents.

Development of earnings

At € 14.7 million, first quarter operating earnings were down about 41% on the same period last year; in addition to lower revenues, this also reflected a lower currency result as well as higher costs, especially for energy and freight.

Outlook

Despite the weather-related muted start for de-icing salt both in Europe and in North America, we expect a moderate rise in revenues in 2008. This year's costs will be impacted by higher expenditure on energy and freight, and also by a lower currency result in overseas business. Thus, operating earnings should see an appreciable decline.

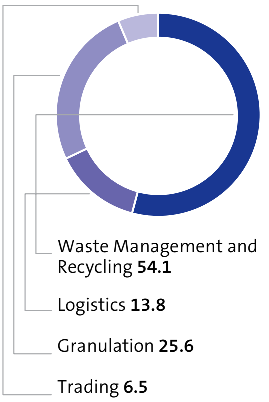
Complementary Business Segments

Variance analysis in %	Q1/08
Change in revenues	**(0.6)**
- volume/structure	–
- prices	+ 0.9
- exchange rates	–
- consolidation	(1.5)
Waste Mgmt. and Recycling	(2.5)
Logistics	(2.9)
Granulation	+ 7.7
Trading	+ 20.6

€ million	Q1/08	Q1/07	%
Revenues	31.7	31.9	(0.6)
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	8.5	12.6	(32.5)
Operating earnings (EBIT I)	7.1	10.0	(29.0)
Capital expenditure	3.8	4.9	(22.4)
Employees as of 31 March (number)	272	287	(5.2)

Because of the low level of third-party revenues, our IT service activities are shown in the reconciliation since the beginning of the year; the previous year's figures have been adjusted accordingly. K+S Consulting GmbH has been deconsolidated with effect from 1 January 2008. After we sold biodata ANALYTIK GmbH in September 2007, this company is also no longer a consolidated part of the K+S Group.

Revenues by segment
Jan. – March 2008
(in %)



Revenues

At € 31.7 million, complementary business segments' revenues in the first quarter of 2008 were on about the same level as a year ago. In accordance with IFRSs, the revenues deriving from services rendered to K+S Group companies, especially in the case of logistics, are not included in these figures. Including such revenues, total revenues for the first quarter amounted to € 43.7 million (Q1/2007: € 45.4 million). At € 17.2 million, revenues for Waste Management and Recycling were down just under 3 % on the same period last year; positive price effects could not fully make up for revenue decreases in the disposal and recycling sectors. In the logistics area, revenues were € 4.4 million, down slightly on the same period last year, while trading business revenues rose by € 0.4 million to € 2.0 million. In the granulation area, revenues rose by just under 8 % to € 8.1 million.

Development of earnings

At € 7.1 million, first quarter business segment operating earnings were down € 2.9 million on the same period last year; this was mainly due to lower earnings contributions from the Waste Management and Recycling as well as logistics segments.

Outlook

The revenues of the complementary business segments should remain stable over 2008 as a whole. While flue gas cleaning residue volume will be higher for Waste Management and Recycling, third-party revenues in the logistics area will be lower. With respect to operating earnings, we expect a significant decrease compared with the previous year as a result of a lower level of overseas deliveries that can be expected; the previous year's figure also had benefited from the proceeds of the sale of biodata ANALYTIK GmbH, which amounted to a good € 3 million.

Financial Section

Income statement

€ million	Q1/08	Q1/07
Revenues	**1,213.0**	**944.7**
Cost of sales	711.5	624.6
Gross profit	**501.5**	**320.1**
Gross margin in %	41.3	33.9
Selling expenses	216.0	203.8
General and administrative expenses	23.1	20.0
Research and development costs	4.3	4.0
Other operating income/expenses	(32.0)	10.8
Income from investments, net	0.2	0.2
Operating earnings (EBIT I)	**226.3**	**103.3**
Operating EBIT margin in %	18.7	10.9
Market value changes from hedging transactions	(107.7)	3.0
Earnings after market value changes (EBIT II)	**118.6**	**106.3**
Interest income, net	(12.1)	(9.1)
Other financial result	9.8	(0.7)
Financial result	**(2.3)**	**(9.8)**
Earnings before income taxes	**116.3**	**96.5**
Earnings before income taxes, adjusted*	**224.0**	**93.5**
Taxes on income	31.5	31.9
- of which deferred taxes	12.9	4.6
Earnings after taxes	**84.8**	**64.6**
Minority interests in earnings	–	0.1
Group earnings after taxes and minority interests	**84.8**	**64.5**
Elimination of market value changes after taxes	77.8	(1.9)
Group earnings after taxes, adjusted*	**162.6**	**62.6**
Earnings per share in € (undiluted ≙ diluted)	2.06	1.57
Earnings per share in €, adjusted*	**3.95**	**1.52**
Average number of shares (million)	41.21	41.21

* adjusted for the effect of market value changes in hedging transactions; for adjusted Group earnings, the resulting tax effects were also eliminated

Statement of changes in equity

€ million	Subscribed capital	Additional paid-in capital	Profit retained/ revenue reserves	Differences from foreign currency translation	Revaluation reserve	Minority interests	Equity
Balance as of 1 January 2008	108.8	7.6	829.8	(35.4)	20.2	0.8	931.8
Consolidation-related effects	–	–	0.6	–	–	–	0.6
Other neutral changes	–	–	(7.2)	(27.0)	(20.3)	–	(54.5)
Total	–	–	(6.6)	(27.0)	(20.3)	–	(53.9)
Earnings after taxes for the period	–	–	84.8	–	–	–	84.8
Balance as of 31 March 2008	108.8	7.6	908.0	(62.4)	(0.1)	0.8	962.7
Balance as of 1 January 2007	108.8	7.9	997.5	(15.7)	25.3	0.6	1,124.4
Market valuation of securities	–	–	–	–	(0.2)	–	(0.2)
Other neutral changes	–	–	–	(12.7)	0.1	–	(12.6)
Total	–	–	–	(12.7)	(0.1)	–	(12.8)
Earnings after taxes for the period	–	–	64.5	–	–	0.1	64.6
Balance as of 31 March 2007	108.8	7.9	1,062.0	(28.4)	25.2	0.7	1,176.2

Balance sheet - assets

€ million	31.03.2008	31.03.2007	31.12.2007
Intangible assets	163.0	185.0	172.5
- of which goodwill from acquisitions	94.0	101.2	99.7
Property, plant and equipment	1,099.4	1,070.0	1,124.8
Investment properties	7.9	8.1	7.9
Financial assets	19.5	19.2	17.8
Receivables and other assets	10.6	4.6	9.5
Securities	–	41.9	37.1
Deferred taxes	73.1	61.7	70.1
Recoverable income taxes	0.5	0.6	0.5
Non-current assets	**1,374.0**	**1,391.1**	**1,440.2**
Inventories	357.8	305.9	368.6
Accounts receivable – trade	995.4	845.7	757.2
Other receivables and assets	163.9	375.2	308.7
- of which derivative financial instruments	60.7	254.6	205.3
Recoverable income taxes	24.4	10.5	37.0
Securities	3.9	13.1	3.7
Cash on hand and balances with banks	54.6	63.8	49.4
Current assets	**1,600.0**	**1,614.2**	**1,524.6**
ASSETS	**2,974.0**	**3,005.3**	**2,964.8**

Balance sheet - equity and liabilities

€ million	31.03.2008	31.03.2007	31.12.2007
Subscribed capital	108.8	108.8	108.8
Additional paid-in capital	7.6	7.9	7.7
Other revenue reserves and profit retained	845.4	1,058.8	814.5
Minority interests	0.9	0.7	0.8
Equity	**962.7**	**1,176.2**	**931.8**
Bank loans and overdrafts	267.2	175.0	360.2
Other liabilities	13.9	13.8	15.1
Provisions for pensions and similar obligations	97.3	128.3	125.7
Provisions for mining obligations	360.3	340.4	357.6
Other provisions	126.1	125.6	123.9
Deferred taxes	37.7	93.5	21.7
Non-current debt	**902.5**	**876.6**	**1,004.2**
Bank loans and overdrafts	327.4	183.1	328.1
Accounts payable – trade	429.8	388.0	409.1
Other liabilities	86.4	98.8	85.4
- of which derivative financial instruments	20.2	49.7	16.9
Income tax liabilities	13.4	30.4	6.2
Provisions	251.8	252.2	200.0
Current debt	**1,108.8**	**952.5**	**1,028.8**
EQUITY AND LIABILITIES	**2,974.0**	**3,005.3**	**2,964.8**

Net debt

€ million	Q1/08	Q1/07
Net debt as of 1 January	(1,086.5)	(718.2)
Cash on hand and balances with banks	54.6	63.8
Liabilities due to banks < 3 months	(203.5)	(25.6)
Cash received from affiliated companies*	(9.1)	(5.1)
Net cash and cash equivalents as of 31 March	**(158.0)**	**33.1**
Securities	3.9	55.0
Liabilities due to banks > 3 months	(391.1)	(332.5)
Provisions for pensions and similar obligations	(97.3)	(128.3)
Provisions for mining obligations	(360.3)	(340.4)
Net debt as of 31 March	**(1,002.8)**	**(713.1)**

* companies not included in the scope of consolidation

Cash flow statement

€ million	Q1/08	Q1/07
Operating earnings (EBIT I)	**226.3**	**103.3**
Depreciation on fixed assets*	32.5	31.0
Increase(+)/decrease(-) in non-current provisions (without interest rate effects)	0.7	1.2
Interest, dividends and similar income received	0.8	1.6
Realised gains(+)/losses(-) on the disposal of financial assets and securities	11.0	–
Interest paid	(7.8)	(5.2)
Other financing income(+)/expenses(-)	–	(0.5)
Income tax received(+)/paid(-)	(18.5)	(27.3)
Other non-cash expenses(+)/income(-)	(2.0)	–
Gross cash flow	**243.0**	**104.1**
Gains(-)/losses(+) on the disposal of fixed assets and securities	(10.9)	(1.1)
Increase(-)/decrease(+) in inventories	10.8	64.3
Increase(-)/decrease(+) in receivables and other assets from operating activities	(225.7)	(234.1)
- of which: premium volume for derivatives	(2.3)	2.5
Payments from the exercise and sale of options	46.6	–
Increase(+)/decrease(-) in liabilities from operating activities	15.6	48.2
- of which: premium volume for derivatives	–	(1.4)
Increase(+)/decrease(-) of current provisions	52.9	60.3
Out-financing of provisions	(2.0)	(2.5)
Cash flow from(+)/for(-) operating activities	**130.3**	**39.2**
Proceeds from disposals of fixed assets	0.6	2.0
Disbursements for intangible assets	(0.6)	(3.0)
Disbursements for property, plant and equipment	(23.6)	(22.6)
Disbursements for financial assets	(1.1)	(0.1)
Disbursements for the acquisition of consolidated companies	–	(0.5)
Cash flow for investing activities	**(24.7)**	**(24.2)**
Free cash flow	**105.6**	**15.0**
Purchase of own shares	(6.1)	(5.2)
Increase(+)/decrease(-) in liabilities from finance leases	(0.1)	–
Taking out(+)/repayment (-) of loans	(101.5)	6.9
Cash flow from(+)/for(-) financing activities	**(107.7)**	**1.7**
Change in cash and cash equivalents affecting cash flow	**(2.1)**	**16.7**
Change in value of cash and cash equivalents	(2.1)	–
Consolidation-related changes	(2.4)	–
Change in cash and cash equivalents	**(6.6)**	**16.7**

* on intangible assets as well as on property, plant and equipment, including investments

Notes

Explanatory notes; changes in the legal Group ad organisational structure

The interim reports of the K+S Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) since 2005. The measurement principles applied in these quarterly financial statements correspond to those applied to the corresponding period. The legal Group and organisational structure as described in the Financial Report 2007 changed slightly as of 31 March 2008: As was already explained in the Financial Report, the Waste Management and Recycling business segment was grouped together with the service activities bundled in the Services and Trading business segment as of 1 January 2008 under the name “Complementary Business Segments”. In this context, K+S Consulting GmbH was deconsolidated. In addition, our IT subsidiary data process GmbH was renamed IT Services GmbH and shown in the reconciliation since 1 January 2008 as a result of the low level of third-party revenues. After we sold biodata ANALYTIK GmbH in September 2007, this company is also no longer a consolidated part of the K+S Group. The company fertiva latino-americana was consolidated for the first time in the first quarter on account of increased business activity.

There have been no changes in the composition and responsibilities of the Board of Executive Directors and Supervisory Board as described in the Financial Report 2007.

Material changes in individual balance sheet items

The balance sheet total as of 31 March 2008 increased slightly by € 9.2 million compared with the annual financial statements for 2007. On the asset side, the decline in non-current assets of € 66.2 million was more than offset by the increase in current assets of € 75.4 million. The decline in non-current assets is primarily due to the transfer of securities to the Contractual Trust Arrangement (CTA) for securing pension obligations; the rise in current assets is mainly attributable to an increase in accounts receivable trade as a result of higher revenues. On the liabilities side, equity rose by € 30.9 million; this is mainly because of the positive result for the current quarter. Debt decreased by € 21.7 million; this was in part due to the new CTA allocation, which produced a reduction in the pension obligations to be reported (offset).

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 the shareholders. Compared with the annual financial statements for 2007, profit retained and other revenue reserves increased by € 78.2 million. The increase is mainly due to the positive first quarter result of € 84.8 million. Changes in equity that do not affect profit or loss arise from, for example, currency translation for subsidiaries. Differences from currency translation are recorded in a separate currency translation reserve; this declined by € 27.0 million in the first quarter of 2008 because of exchange rate fluctuations. Furthermore, the revaluation of available-for-sale securities and their subsequent contribution to the Contractual Trust Arrangement resulted in a revaluation reserve of € 20.3 million being derecognised.

€ million	LTM* 2008	2007
Revenues	3,612.4	3,344.1
EBIT I	408.7	285.7
Group earnings after taxes, adj.	275.3	175.3

* LTM = last twelve months (April – Dec. 2007 + Q1 2008)

Seasonal factors

There are seasonal differences over the course of the year that affect sales of fertilizers and salt products. In the case of fertilizers, we generally attain our highest revenues in the first half of the year because of the use of fertilizers in Europe during the spring. This effect can either be enhanced or diminished by overseas sales. Sales of salt products – especially of de-icing salt – largely depend on winter weather conditions during the first and fourth quarters. In the aggregate, both these effects mean that revenues and earnings are generally greatest during the first half of the year. To improve the forecast quality by eliminating seasonal effects, the figures for the last twelve months (LTM) can be compared with the previous year's figures (see left table).

Development of revenues, volumes and average prices by region

Potash and Magnesium Products Business Segment

Region	Unit	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08
Revenues*	€ million	**368.5**	**339.7**	**313.5**	**386.3**	**1,408.0**	**522.5**
- Europe	€ million	231.6	194.7	191.0	237.2	854.5	349.3
- Overseas	US$ million	179.4	195.4	169.1	215.1	759.0	259.2
Volumes	million tonnes	**2.30**	**2.08**	**1.78**	**2.06**	**8.22**	**2.11**
- Europe	million tonnes	1.41	1.21	1.11	1.30	5.03	1.43
- Overseas	million tonnes	0.89	0.88	0.67	0.76	3.19	0.68
Average prices	per tonne in €	**160.6**	**163.1**	**175.9**	**187.7**	**171.3**	**247.2**
- Europe	per tonne in €	164.4	161.6	171.8	182.1	170.0	244.4
- Overseas	per tonne in US$	202.5	222.7	252.0	284.6	237.9	379.6

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

Foreign currency result in EBIT I

At the turn of the year, we reorganised our US dollar exchange rate hedging system. We will now hedge the expected US dollar receipts in coming years purely from the point of view of risk limitation. Thus, the "worst case" for 2008 entails a hedged exchange rate of somewhat above 1.50 USD/EUR incl. costs, but participating in a US dollar that may eventually become stronger again is also possible. For 2008, we hedged USD 932 million for the Potash and Magnesium Products business segment (2007: USD 475 million hedged using double-barrier options). Average hedged rates per quarter for the Potash and Magnesium Products business segment are as follows:

Potash and Magnesium Products Business Segment

	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	Q2/08	Q3/08	Q4/08	2008
USD/EUR hedged rate after premiums*	1.08	1.00	1.13	2.61	1.33	1.48	1.50	1.52	1.52	1.51
Average USD/EUR spot rate	1.31	1.35	1.37	1.45	1.37	1.50	–	–	–	–

* The hedged exchange rates given for 2008 represent the relevant "worst case" for the respective quarter. An appreciating US dollar could result in the conversion rates actually attained being more favourable than those reported here.

Other operating income/expenses

€ million	Q1/08	Q1/07
Foreign currency result (from measurement and hedging)	(16.9)	12.9
Change in provisions	(11.7)	(5.8)
Other	(3.4)	3.7
Other operating income/expenses	**(32.0)**	**10.8**

Financial result

€ million	Q1/08	Q1/07
Interest income	0.8	1.6
Interest expense	(12.9)	(10.7)
- of which interest expense for pension provisions	(1.0)	(1.8)
- of which interest expense for provisions for mining obligations	(4.0)	(3.7)
Interest income, net	**(12.1)**	**(9.1)**
Other financing income/costs	–	(0.5)
Income from the disposal of financial assets	11.0	–
Income from the measuring of financial assets	(1.2)	(0.2)
Other financial result	**9.8**	**(0.7)**
Financial result	**(2.3)**	**(9.8)**

The actuarial valuation of pension provisions is performed using the projected unit credit method in accordance with IAS 19. The following parameters were applied in computing pension provisions:

- Trend in salary increases: 1.8 %
- Trend in pension increases: 1.8 %
- Discount factor: 4.6 %

The following parameters were taken into account in computing a large portion of the provisions for mining obligations:

- Trend in price increases: 1.5 %
- Discount factor: 5.0 %

Taxes on income

€ million	Q1/08	Q1/07
Corporate income tax	3.9	10.0
Trade tax on income	1.6	7.8
Foreign income taxes	13.1	9.5
Deferred taxes	12.9	4.6
Taxes on income	**31.5**	**31.9**

Non-cash deferred taxes result from tax loss carryforwards as well as other temporary tax-related measurement differences, especially changes in the market value of our options.

Contingent liabilities
There have been no significant changes in contingent liabilities in comparison with the annual financial statements 2007 and they can be classified as immaterial overall.

Related parties
Within the K+S Group, deliveries are made and services rendered on customary market terms. Transactions and open items between K+S Group companies are eliminated from the consolidated financial statements insofar as the companies are consolidated. In addition, business relations are maintained with non-consolidated subsidiaries as well as companies over which the K+S Group can exercise a significant influence (associated companies). Such relationships do not have a material influence on the consolidated financial statements of the K+S Group. In the 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.

Auditors' review
The quarterly financial statements and the interim management report were not reviewed by the auditors. (Section 37w, paragraph 5, sentence 1 of the German Securities Trading Act)

Summary by Quarter

Revenues & operating earnings (IFRSs)

€ million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	%
Potash and Magnesium Products	368.5	339.7	313.5	386.3	1,408.0	522.5	+ 41.8
COMPO	217.1	156.9	115.9	127.5	617.4	275.9	+ 27.1
fertiva	150.5	154.0	164.0	179.5	648.0	212.5	+ 41.2
Salt	176.6	98.6	101.0	168.9	545.1	170.3	(3.6)
Complementary Business Segments	31.9	29.3	32.5	31.4	125.1	31.7	(0.6)
Reconciliation	0.1	0.1	0.2	0.1	0.5	0.1	–
K+S Group revenues	**944.7**	**778.6**	**727.1**	**893.7**	**3,344.1**	**1,213.0**	**+ 28.4**
Potash and Magnesium Products	52.8	55.9	65.0	4.2	177.9	170.9	> 100.0
COMPO	19.2	9.0	–	3.8	32.0	35.9	+ 87.0
fertiva	4.4	5.5	5.2	10.2	25.3	6.7	+ 52.3
Salt	25.0	1.7	3.2	17.9	47.8	14.7	(41.2)
Complementary Business Segments	10.0	8.0	11.9	7.8	37.7	7.1	(29.0)
Reconciliation	(8.1)	(10.7)	(5.9)	(10.3)	(35.0)	(9.0)	(11.1)
K+S Group EBIT I	**103.3**	**69.4**	**79.4**	**33.6**	**285.7**	**226.3**	**> 100.0**

Income statements (IFRSs)

€ million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	%
Revenues	**944.7**	**778.6**	**727.1**	**893.7**	**3,344.1**	**1,213.0**	**+ 28.4**
Cost of sales	624.6	533.1	472.2	582.1	2,212.0	711.5	+ 13.9
Gross profit	320.1	245.5	254.9	311.6	1,132.1	501.5	+ 56.7
Selling expenses	203.7	181.8	162.7	204.1	752.3	216.0	+ 6.0
General and administrative expenses	20.1	25.4	19.1	24.8	89.4	23.1	+ 14.9
Research and development costs	4.0	3.5	3.9	4.1	15.5	4.3	+ 7.5
Other operating income/expenses	10.8	34.4	6.3	(45.3)	6.2	(32.0)	(396.3)
Income from investments, net	0.2	0.2	3.9	0.3	4.6	0.2	–
Operating earnings (EBIT I)	**103.3**	**69.4**	**79.4**	**33.6**	**285.7**	**226.3**	**> 100.0**
Market value changes from hedging transactions	3.0	9.0	(233.5)	(171.1)	(392.6)	(107.7)	–
Earnings after market value changes (EBIT II)	106.3	78.4	(154.1)	(137.5)	(106.9)	118.6	+ 11.6
Financial result	(9.8)	(6.3)	(8.4)	(11.2)	(35.7)	(2.3)	+ 76.5
Earnings before income taxes	96.5	72.1	(162.5)	(148.7)	(142.6)	116.3	+ 20.5
Earnings before income taxes, adjusted [1)]	**93.5**	**63.1**	**71.0**	**22.4**	**250.0**	**224.0**	**> 100.0**
Taxes on income	31.9	24.2	(54.1)	(51.5)	(49.5)	31.5	(1.3)
- of which deferred taxes	4.6	6.5	(42.2)	(37.8)	(68.9)	12.9	> 100.0
Minority interests in earnings	0.1	–	–	0.1	0.2	–	(100.0)
Group earnings after taxes and minority interests [2)]	64.5	47.9	(108.4)	(97.3)	(93.3)	84.7	+ 31.3
Group earnings after taxes, adjusted [1, 2)]	**62.6**	**42.2**	**47.6**	**22.9**	**175.3**	**162.6**	**> 100.0**

Other key data (IFRSs)

	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	%
Capital expenditure (€ million) [2)]	25.2	25.6	45.4	75.4	171.6	24.2	(4.0)
Depreciation and amortisation (€ million) [2)]	31.0	31.0	31.2	35.0	128.2	32.5	+ 4.8
Gross cash flow (€ million)	104.1	67.1	116.5	84.4	372.1	243.0	> 100.0
Net debt (€ million)	713.1	741.6	830.3	–	1,086.5	1,002.8	+ 40.6
Earnings per share, adjusted (€) [1)]	1.52	1.02	1.15	0.56	4.25	3.95	> 100.0
Gross cash flow per share (€)	2.53	1.63	2.82	2.05	9.02	5.90	> 100.0
Book value per share, adjusted (€) [1)]	26.96	26.08	26.62	–	27.24	24.12	(10.5)
Total number of shares (million)	41.25	41.25	41.25	–	41.25	41.25	–
Number of shares outstanding (million) [3)]	41.19	41.25	41.25	–	41.25	41.21	–
Average number of shares (million) [4)]	41.21	41.23	41.25	41.25	41.24	41.21	–
Closing price (XETRA, €)	82.34	114.06	128.56	–	162.75	207.31	> 100.0
Employees as of the reporting date (number)	11,956	11,912	11,980	–	12,033	12,141	+ 1.5

[1)] adjusted for the effect of market value changes in hedging transactions; in the case of adjusted Group earnings, the resulting tax effects were also eliminated
[2)] for or in connection with intangible assets as well as property, plant and equipment
[3)] total number of shares less the own shares held by K+S on the reporting date
[4)] total number of shares less the average number of own shares held by K+S over the period

FINANCIAL CALENDAR

	2008/2009
Interim report 30 June 2008	13 August 2008
Interim report 30 September 2008	12 November 2008
Report on business 2008	12 March 2009
Press and analyst conference, Frankfurt am Main	12 March 2009
Annual General Meeting, Kassel	13 May 2009
Interim report 31 March 2009	13 May 2009
Dividend payment	14 May 2009
Interim report 30 June 2009	13 August 2009

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