01/2006 Quarterly Report

January – March

At € 855.5 million, first quarter revenues rise by 8%

Operating earnings (EBIT I) increase by 14% to € 113.1 million

Adjusted earnings per share reach € 1.73/share (+21%)

K+S signs agreement to acquire Chilean salt producer SPL

Outlook favourable for 2006

K+S

Experience growth.

Key Data Business Development

Key figures (IFRSs)	January - March (Q1)		
€ million	2006	2005	%
Revenues	**855.5**	795.1	+ 7.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**143.1**	131.2	+ 9.1
EBITDA margin in %	**16.7**	16.5	
Operating earnings (EBIT I)	**113.1**	99.4	+ 13.8
Operating EBIT margin in %	**13.2**	12.5	
Earnings after market value changes (EBIT II)	**164.8**	148.0	+ 11.4
Earnings before income taxes	**158.9**	144.0	+ 10.3
Earnings before income taxes, adjusted [1]	**107.2**	95.4	+ 12.4
Group earnings after taxes	**103.8**	91.3	+ 13.7
Group earnings after taxes, adjusted [1]	**71.2**	60.7	+ 17.3
Gross cash flow	**114.0**	108.2	+ 5.4
Net liquid funds as of 31 March	**187.7**	124.4	+ 50.9
Capital expenditure [2]	**15.8**	13.3	+ 18.8
Depreciation and amortisation [2]	**30.0**	31.8	(5.7)
Earnings per share, adjusted [1] (€)	**1.73**	1.43	+ 21.0
Gross cash flow per share (€)	**2.77**	2.55	+ 8.6
Book value per share as of 31 March [1] (€)	**23.88**	22.05	+ 8.3
Total number of shares as of 31 March (million)	**41.25**	42.50	(2.9)
Outstanding shares as of 31 March (million) [3]	**41.13**	42.44	(3.1)
Average number of shares (million) [4]	**41.20**	42.48	(3.0)
Employees as of 31 March (number) [5]	**10,979**	11,048	(0.6)
Average number of employees (number) [5]	**10,977**	11,077	(0.9)
Personnel expenses	**167.3**	167.3	+ 0.0
Closing price (XETRA) as of 31 March (€)	**66.60**	43.62	+ 52.7
Market capitalisation as of 31 March	**2,739.3**	1,851.2	+ 48.0
Enterprise value as of 31 March	**3,047.4**	2,267.8	+ 34.4

1) adjusted for the effect of market value changes in exchange rate hedging transactions; a tax rate of 37.0% is assumed for adjusted group earnings.
2) for or in connection with intangible assets, 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.
5) total workforce including temporary employees (without students and interns), measured on full-time equivalent basis (FTE).

Management Report

Variance (€ million)	Q1/06
Revenues	855.5
Change in revenues	**+ 60.4**
- volume/structure	+ 13.1
- prices	+ 34.1
- exchange rates	+ 13.2
- consolidation	+ 0.0

Revenues rise 8% in the first quarter
At € 855.5 million, revenues were up € 60.4 million or 8% on the figure for the same period last year. In addition to currency and volume effects, the increase was primarily attributable to price factors. Thanks to the exceptionally severe winter weather conditions in the first quarter, the Salt business segment managed to increase revenues once again despite the very good quarter of a year ago. The Potash and Magnesium Products, fertiva as well as Waste Management and Recycling business segments also posted significant revenue increases.

At € 694.8 million, more than 80% of group revenues were generated in Europe in the first quarter. At 39%, the Potash and Magnesium Products business segment accounted for the largest share of revenues once more.

First quarter operating earnings grow by 14 %
The operating earnings (EBIT I) exclude the noncash market value changes for the currency options that we use to hedge the US dollar exchange rate and only include the currency gains actually realised from hedging for the reporting period ended. We are convinced that the operating earnings (EBIT I) provide a better reflection of the operating earnings strength of the K+S Group than the earnings after market value changes (EBIT II).

We achieved an increase of € 13.7 million or 14% to € 113.1 million in operating earnings (EBIT I) for the first quarter of 2006. At € 47.5 million, the Salt business segment not only accounted for the largest share but also posted the biggest absolute increase (+ € 8.6 million or 22%).

Market values of hedging transactions clearly positive in the first quarter

Under IFRSs, changes in the market value of our double-barrier options used to hedge the US dollar exchange rate have to be reported in the income statement. While the cash currency gains from options already exercised are included in operating earnings (EBIT I), we report noncash changes in the market value of options that are still outstanding as reconciliation to EBIT II. Changes occurring in the market value of these options until they reach maturity date are irrelevant for the operating success of K+S. By means of active currency management, including the acceptance of additional premium payments to adjust the barriers if necessary, we can ensure that a hedge is essentially retained until the exercise date.

In the first quarter of 2006, earnings after market value changes (EBIT II) rose by € 16.8 million to € 164.8 million; the improvement in EBIT I was further enhanced by the positive trend in the market values of our double-barrier options compared with the same quarter last year. The level of market values on the reporting date depends on such factors as the USD/EUR spot rate, exchange rate volatility and option terms.

First quarter financial result weaker

At € (5.9) million, the financial result was € 1.9 million lower than for the same period last year; this was mainly due to lower gains on investment securities as well as lower interest income. Under IFRSs, not only interest expenses for pension provisions (Q1/2006: € (2.3) million) but also interest expenses for other non-current provisions, essentially provisions for mining obligations (Q1/2006: € (3.5) million), are disclosed in the financial result; both are noncash. Further information can be found in the Notes.

Clear rise in adjusted earnings before and after taxes

Given the limited economic meaningfulness as well as the significant degree of fluctuation in the market values of our currency option transactions, we also report earnings before and after taxes adjusted for these effects. The latter also takes account of the impact of market value changes on deferred taxes.

First quarter adjusted earnings before taxes amounted to € 107.2 million, which represents an increase of € 11.8 million or 12% compared with the same period last year. Under IFRSs, deferred income taxes are reported on a hypothetical basis, i.e. in the form of noncash taxes, despite the use of tax loss carryforwards. Of total income taxes of€ 55.1 million (Q1/2005: € 52.7 million), € 30.2 million were deferred taxes, i.e. noncash (Q1/2005: € 34.0 million). Further information about income taxes can be found in the Notes. After-tax group earnings adjusted for the effect of market value changes amounted to € 71.2 million in the first quarter, which represents a marked increase of € 10.5 million or 17%.

First quarter adjusted earnings per share up 21%

At € 1.73 per share, adjusted earnings per share for the reporting quarter were up 30 cents or 21% on the same period last year. As a result of the repurchase of shares that was completed in the fourth quarter of 2005 and the subsequent cancellation of the shares, this figure is based on a lower number of shares that averaged 41.2 million no-par value shares.

As of 31 March 2006, we temporarily held 120,000 of own shares in connection with our employee participation programme; thus, the total number of K+S Group shares outstanding at the end of March amounted to 41.13 million no-par value shares.

First quarter cash flow clearly positive

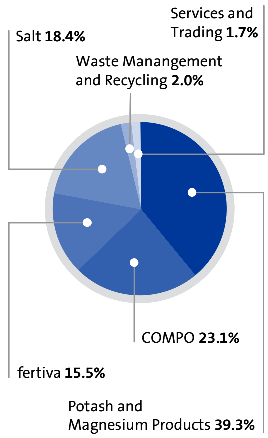
At € 114.0 million, first quarter gross cash flow was up a good 5% on the figure for the same period last year (Q1/2005: € 108.2 million). The increase in operating earnings could clearly more than make up for higher tax payments. First quarter cash flow from operating activities reached € 31.7 million and thus improved by € 97.6 million on the same period last year. A significantly lower level of working capital as a result of a smaller increase in receivables as well as markedly lower premium payments in connection with our currency option transactions were the key factors in this regard. Exceptionally, cash flow from investing activities was positive in the first quarter as a result of higher proceeds from the disposal of securities and despite higher disbursements for plant, property and equipment.

As a result of good operational development, the clear reduction in working capital as well as the special effect of disposals of securities, free cash flow for the first quarter improved greatly to € 39.5 million compared with € (70.6) million a year ago. Cash and cash equivalents as of 31 March 2006 amounted to a total of € 187.7 million, an increase of € 63.3 million year on year.

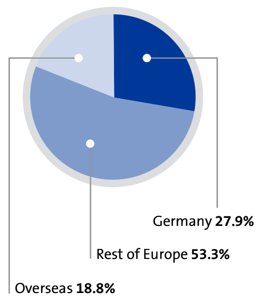
Capital expenditure rises by just under 20%

First quarter capital expenditure amounted to € 15.8 million and was thus € 2.5 million higher quarter on quarter. The increase is primarily attributable to surpluses from the previous year totalling about € 20 million. Most of the capital expenditure was accounted for by the Potash and Magnesium Products business segment and was particularly related to replacement and expansion investment in underground infrastructure as well as the successful completion of a tailings pile expansion.

Revenues by business segment
Jan. - Mar. 2006



Revenues by region
Jan. - Mar. 2006



Including the investment surpluses and not yet taking into account Sociedad Punta de Lobos (SPL) we expect the volume of capital expenditure for 2006 to amount to about € 150 million, of which about three quarters are earmarked for spending on replacement and safeguarding production capacity. We expect depreciation charges, also without SPL, to amount to about € 130 million.

At € 3.1 million, first quarter research and development costs were on about the level of the same period last year. We expect R&D costs of about € 13 million for 2006.

Headcount slightly lower

As of 31 March 2006, the K+S Group employed a total of 10,979 people. The figure is thus slightly lower than a year ago (11,048 employees). The headcount at the end of 2006 should remain on the current level, without taking into account the SPL workforce. There were 474 trainees as of 31 March 2006.

Personnel expenses for the first quarter amounted to € 167.3 million and thus attained exactly the same level as a year ago. For 2006, we expect a moderate percentage increase in personnel expenses – without taking into account SPL personnel expenses.

Subsequent events

On 22 April 2006, K+S signed an agreement to acquire Chilean salt producer Sociedad Punta de Lobos S.A. (SPL). Based on a debt-free enterprise value of US$ 480 million, K+S will acquire 99.3% of the SPL shares for a purchase price of US$ 477 million (just under € 390 million). SPL is South America's largest salt producer and achieved operating earnings of more than US$ 48 million on revenues of about US$ 350 million in 2005.

The business operations are to be transferred with economic effect on 1 May 2006. Subject to cartel authorities' approval, the closing of the transaction, i.e. the transfer of the shares and the payment of the purchase price, is expected to take place no later than in the second quarter of 2006. The acquisition of SPL should already impact positively on earnings per share for the K+S Group in 2006.

Outlook remains favourable

The first quarter has developed promisingly; The strategic integrated portfolio of the K+S Group successfully absorbed significant cost increases, especially for energy, which had a knock-on effect in the form of higher freight and raw material costs, and even managed to increase earnings. Despite these aggravating framework conditions, we assume that the positive trend will continue over the coming three quarters.

Without taking into account SPL, which will probably be included in the consolidation in the third quarter, we expect revenues of about € 2.9 billion for this year. Operating earnings should also continue to improve. The preconditions for this are that the trend in the US dollar exchange rate will not require any significant follow-up hedging, worldwide demand for potash fertilizers will stabilise in the second half of the year following a modest start, it will be possible to implement as planned further efficiency enhancement measures in the Potash and Magnesium Products and COMPO business segments, and that de-icing salt sales in the fourth quarter will be in keeping with the multi-year average.

The Board of Executive Directors, 3 May 2006

Business Segments of the K+S Group

Potash and Magnesium Products	January - March (Q1)		
€ million	2006	2005	%
Revenues	**336.0**	312.2	+ 7.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**61.5**	57.6	+ 6.8
Operating earnings (EBIT I)	**42.1**	36.7	+ 14.7
Operating EBIT margin in %	**12.5**	11.8	
Earnings after market value changes (EBIT II)	**93.0**	84.8	+ 9.7
Capital expenditure	**11.1**	8.9	+ 24.7
Employees as of 31 March (number)	**7,461**	7,538	(1.0)

Variance (€ million)	Q1/06
Revenues	336.0
Change in revenues	**+ 23.8**
- Potassium chloride	+ 6.2
- Fertilizer specialities	+ 11.0
- Industrial products	+ 6.6

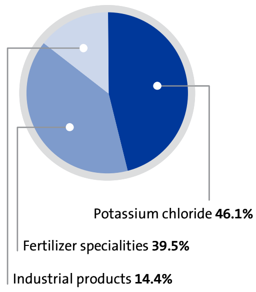
The first quarter of 2006 worldwide was characterised by rather muted demand for potash fertilizers overall. The protracted and still uncompleted price negotiations in the important export market, China, created a certain degree of uncertainty in segments of overseas markets. However, the production adjustments implemented by some producers as a result stabilised the price level. Towards the end of the first quarter, there were first indications that potash demand in South-East Asia and Latin America is picking up.

Revenues for the first quarter of 2006 rose by just under 8% to € 336.0 million. Most of the increase is attributable to price increases as well as a stronger US dollar. In the case of potassium chloride, revenues rose by 4% to € 155.0 million; higher prices more than made up for a decrease in sales volume. Fertilizer specialities generated revenues of € 132.8 million, thus posting the strongest increase as a result of price and currency factors; the positive volume and price development of potassium sulphate merits particular emphasis in this regard. In the case of industrial products, we were able to increase revenues (€ 48.3 million) by 16% on the same quarter last year mainly as a result of price factors.

First quarter operating earnings totalled € 42.1 million and thus rose by almost 15%. Despite a steep rise in energy costs, higher average prices were the key factor behind the earnings growth.

For 2006, we expect the Potash and Magnesium Products business segment to post higher revenues, mainly as a result of price effects coming into force this year. Despite high energy cost increases, operating earnings should also rise this year as a result of higher average prices as well as anticipated more favourable US dollar hedging.

Revenues by product group
Jan. - Mar. 2006



COMPO	January - March (Q1)		
€ million	2006	2005	%
Revenues	**197.7**	199.2	(0.8)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**18.7**	21.0	(11.0)
Operating earnings (EBIT I)	**16.3**	18.3	(10.9)
Operating EBIT margin in %	**8.2**	9.2	
Earnings after market value changes (EBIT II)	**17.2**	18.7	(8.0)
Capital expenditure	**1.9**	1.2	+ 58.3
Employees as of 31 March (number)	**1,295**	1,320	(1.9)

Variance (€ million)	Q1/06
Revenues	197.7
Change in revenues	**(1.5)**
- Consumer business	+ 2.9
- Professional/ industrial business	(4.4)

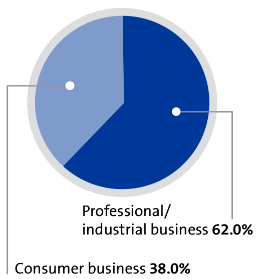
In the first quarter, the consumer business suffered from the exceptionally long and cold winter. Thus, the stocks held by the trade sector have only been reduced slightly so far. The professional business was also depressed by modest demand because of weather conditions and the high fertilizer prices resulting from higher raw material costs.

First quarter revenues fell by 1% to € 197.7 million; price increases almost completely made up for volume decreases. Consumer segment revenues rose by 4% to € 75.2 million, which, however, was attributable to a minor change in the definition applied to separate the professional/industrial segment from the consumer segment. Adjusted for this effect, consumer segment revenues would have fallen by about 7% related to volume factors as a result of the long winter. Professional revenues fell by 3.5% to about € 122.5 million. After adjustment for the redefinition effect, revenues would have risen by about 4%; slight declines in sales in Europe were more than made up for by higher prices.

First quarter operating earnings amounted to € 16.3 million (€ (2.0) million). This is attributable to lower revenues in strong-margin segments while cost levels remained almost unchanged overall.

Despite the hitherto modest start to the spring season, we expect revenues to rise slightly in 2006. The consumer segment should see a recovery in Europe's core markets and the revenues of the professional segment are growing pleasingly through speciality fertilizers outside Europe. Assuming that the price of ammonia will remain unchanged to the previous year, operating earnings should also increase. The efficiency enhancement measures already introduced last year should decisively contribute to this.

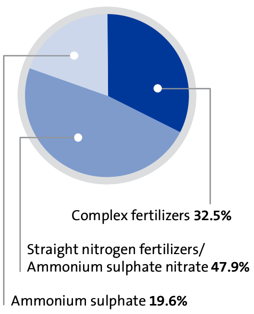
Revenues by product group
Jan. - Mar. 2006



Variance (€ million)	Q1/06
Revenues	132.2
Change in revenues	**+ 11.8**
- Complex fertilizers	+ 9.3
- Straight nitrogen fertilizers/ Ammonium sulphate nitrate	+ 6.0
- Ammonium sulphate	(3.5)

fertiva	January - March (Q1)		
€ million	2006	2005	%
Revenues	**132.2**	120.4	+ 9.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**3.9**	7.1	(45.1)
Operating earnings (EBIT I)	**3.8**	5.4	(29.6)
Operating EBIT margin in %	**2.9**	4.5	
Earnings after market value changes (EBIT II)	**3.8**	5.4	(29.6)
Capital expenditure	**0.0**	0.2	(100.0)
Employees as of 31 March (number)	**61**	55	+ 10.9

Revenues by product group
Jan. - Mar. 2006



First quarter demand for nitrogenous fertilizers was relatively modest due to speculative stocking up by the trade sector in the second half of 2005. Higher prices for the important input material ammonia are forcing competitors to implement price increases. Nevertheless, higher raw material costs could not be fully passed on through prices for end products.

fertiva achieved revenues of € 132.2 million for the first quarter of 2006, the increase of 10% being mainly attributable to higher availability and thus, greater volume. In the case of complex fertilizers, it was possible to achieve a revenue increase of just under 28% to € 43.0 million as a result of volume and price factors. In the straight nitrogen fertilizers segment, clearly higher prices at almost constant volumes produced a revenue increase of about 10% to € 63.3 million. By contrast, revenues of ammonium sulphate fell by 12% to € 25.9 million as expected; significantly lower prices could not be made up for by a slight increase in sales.

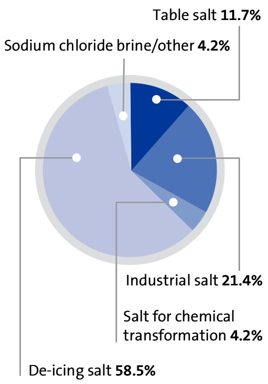
First quarter operating earnings totalled € 3.8 million and were thus down € 1.6 million on the same period last year. This was attributable to the steep increase in raw material costs as well as lower prices for ammonium sulphate.

We expect revenues to increase slightly in 2006 as a result of higher average prices for nitrogenous fertilizers. However, the price increases will probably not suffice to fully compensate the rise in raw material costs. Following last year's very good earnings, we therefore expect a decrease in operating earnings.

Variance (€ million)	Q1/06
Revenues	157.7
Change in revenues	**+ 21.6**
- Table salt	+ 0.2
- Industrial salt	+ 2.4
- Salt for chemical transformation	+ 1.2
- De-icing salt	+ 17.8
- Sodium chloride brine/ other	+ 0.0

Salt	January - March (Q1)		
€ million	2006	2005	%
Revenues	**157.7**	136.1	+ 15.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**53.0**	44.2	+ 19.9
Operating earnings (EBIT I)	**47.5**	38.9	+ 22.1
Operating EBIT margin in %	**30.1**	28.6	
Earnings after market value changes (EBIT II)	**47.5**	38.9	+ 22.1
Capital expenditure	**1.5**	1.5	+ 0.0
Employees as of 31 March (number)	**1,373**	1,361	+ 0.9

Revenues by product group
Jan. - Mar. 2006



As a result of the exceptionally long and cold winter in large parts of Northern Europe, the course of business for the European salt industry in the first quarter was marked by high demand for de-icing salt that was above average.

Business segment revenues for the period under review amounted to € 157.7 million and were thus up 16% on the same period last year, mainly as a result of volume factors. In the case of table salts (€ 18.4 million), revenues were up slightly on the corresponding figure of a year ago as to volume factors. In the industrial salt (€ 33.7 million) and salt for chemical transformation (€ 6.7 million) segments, sales and price increases caused revenues to rise by 8% and 22% respectively. The positive course of business in the first quarter was, however, dominated by the very robust de-icing salt business, which saw revenues rise by 24% to € 92.3 million as a result of clearly higher volume as well as better average prices.

The increase in first quarter operating earnings, which rose by 22% to € 47.5 million, was mainly attributable to the very good de-icing salt business.

Having made a very good start to the year as a result of weather conditions, the Salt business segment has already laid the groundwork for 2006 being another very good year. The revenue forecast for de-icing salt for 2006 as a whole is, however, below that of the outstanding year 2005 as we have assumed an average winter in the fourth quarter. In addition, we expect tangible revenue increases in the other product areas, especially as a result of price factors, and therefore assume that revenues will attain the previous year's level. 2006 EBIT is expected to be down slightly on the previous year, as high revenues and cost savings will probably not fully make up for the considerable price-related energy cost increases.

Business Segments of the K+S Group

Waste Management and Recycling	January - March (Q1)		
€ million	2006	2005	%
Revenues	**17.0**	12.5	+ 36.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**4.2**	2.1	+ 100.0
Operating earnings (EBIT I)	**3.6**	1.5	> 100.0
Operating EBIT margin in %	**21.2**	12.0	
Earnings after market value changes (EBIT II)	**3.6**	1.5	> 100.0
Capital expenditure	**0.3**	0.1	> 100.0
Employees as of 31 March (number)	**36**	34	+ 5.9

Variance (€ million)	Q1/06
Revenues	17.0
Change in revenues	**+ 4.5**
- Disposal	+ 0.3
- Reutilisation	+ 2.0
- Recycling	+ 2.2

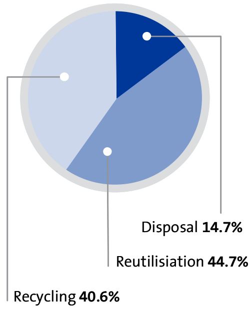
The disposal market in Germany saw very intense competition in the first quarter too. However, the capacity bottlenecks caused by the increase in flue gas cleaning residues from domestic waste incineration plants resulted in moderate price increases for waste reutilisation services.

During the quarter under review, revenues rose by 36% to € 17.0 million mainly as a result of volume factors. At € 2.5 million, revenues for underground waste disposal were about 14% up on the same period last year; in addition to volume increases, price increases also contributed to the increase in revenues. In the case of underground waste reutilisation, we achieved a primarily volume-related increase of 50% to € 7.5 million. This reflects the continued positive effects of last year's changes in the legal requirements that apply to the handling of domestic waste. In the first quarter, at € 6.9 million, the recycling business was up about 47% on the same period last year; revenues rose as a result of significantly higher volume as well as better average prices for sales of aluminium granulate.

Like revenues, first quarter operating earnings more than doubled to reach € 3.6 million.

We expect revenues for 2006 to be higher than last year. We anticipate higher volume of flue gas cleaning residues for underground reutilisation as well as a continued positive trend in the aluminium salt slag recycling business. Like the trend in revenues, we assume that operating earnings will also increase tangibly.

Revenues by product group
Jan. - Mar. 2006



Services and Trading	January - March (Q1)		
€ million	2006	2005	%
Revenues	**14.9**	14.7	+ 1.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**8.8**	7.6	+ 15.8
Operating earnings (EBIT I)	**7.3**	6.1	+ 19.7
Operating EBIT margin in %	**49.0**	41.5	
Earnings after market value changes (EBIT II)	**7.3**	6.1	+ 19.7
Capital expenditure	**1.0**	1.1	(9.1)
Employees as of 31 March (number)	**396**	386	+ 2.6

Variance (€ million)	Q1/06
Revenues	14.9
Change in revenues	**+ 0.2**
- Granulation	+ 0.7
- Logistics	+ 0.0
- Trading	(0.8)
- IT, analytical services	+ 0.3

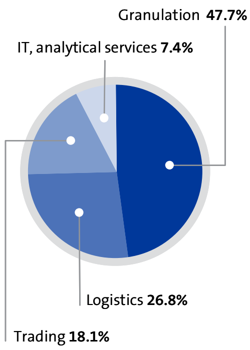
Services and Trading business segment revenues rose slightly to € 14.9 million in the first quarter of 2006. The internal revenues deriving from services supplied to K+S Group companies, especially in the case of logistics, are not included in this figure.

Logistics area revenues reached € 3.9 million and were thus on the same level as a year ago. In the case of the trading business, revenues fell by € 0.8 million to € 2.7 million as a result of changes in billing options without affecting profit or loss. Revenues for IT and analytical services (€ 1.1 million) were up € 0.3 million on the same period last year as a result of additional orders for analytical services. The revenue increase in the first quarter is mainly due to volume-related good business involving the production of CATSAN® (granulation), where revenues rose by about 12% to € 7.1 million.

At € 7.3 million, business segment operating earnings were up € 1.2 million on the same period last year; this was mainly because of the higher contribution to earnings made by logistics. The key factors in this regard were an increase in product handling and higher overseas exports for the Potash and Magnesium Products business segment.

We expect the course of business in the Services and Trading business segment to remain stable. Revenues and earnings for this year should once again attain the good levels of the previous year.

Revenues by product group
Jan. - Mar. 2006



Financial Section

Explanatory notes; structural changes
The interim reports of the K+S Group are prepared in accordance with International Financial Reporting Standards (IFRSs) since 2006. The corresponding period of the previous year has been adjusted accordingly. The measurement principles applied in these quarterly financial statements correspond to those applied to the corresponding period. The interim figures are unaudited.

There has been no change in the scope of consolidation in relation to the same period last year.

Group income statement	January - March (Q1)	
€ million	2006	2005
Revenues	**855.5**	795.1
Cost of sales	519.6	498.4
Gross profit	**335.9**	296.7
Gross margin in %	39.3	37.3
Selling expenses	201.2	186.5
including freight costs	122.3	107.7
General and administrative expenses	17.6	17.5
Research and development costs	3.1	3.2
Other operating income/expenses	(1.2)	9.9
Income from investments, net	0.3	0.0
Operating earnings (EBIT I)	**113.1**	99.4
Operating EBIT margin in %	13.2	12.5
Market value changes from exchange rate hedging transactions	51.7	48.6
Earnings after market value changes (EBIT II)	**164.8**	148.0
Interest income, net	(5.7)	(5.3)
Other financial result	(0.2)	1.3
Financial result	**(5.9)**	(4.0)
Earnings before income taxes	**158.9**	144.0
Earnings before income taxes, adjusted *	**107.2**	95.4
Taxes on income	55.1	52.7
of which deferred taxes	30.2	34.0
Earnings after taxes	**103.8**	91.3
Minority interests in earnings	0.0	0.0
Group earnings after taxes and minorities	**103.8**	91.3
Elimination of market value changes after taxes	(32.6)	(30.6)
Group earnings after taxes, adjusted *	**71.2**	60.7
Earnings per share in € (undiluted ≙ diluted)	2.52	2.15
Earnings per share in €, adjusted *	**1.73**	1.43
Average number of shares (million)	41.2	42.5

* Adjusted for the effect of market value changes in exchange rate hedging transactions; a tax rate of 37.0% is assumed for adjusted group earnings.

Statement of changes in equity	Subscribed capital	Additional paid-in capital	Profit retained/ revenue reserves	Differences from foreign currency translation	Other reserves not recognised in net profit/loss	Minorities	Equity
€ million							
Balance as of 1 January 2006	108.8	8.7	804.6	(0.2)	20.1	0.1	942.1
Dividend for previous year	–	–	–	–	–	–	–
Earnings after taxes for the period	–	–	103.8	–	–	–	103.8
Subscription of employee shares	–	–	(7.5)	–	–	–	(7.5)
Market value of securities	–	–	–	–	5.8	–	5.8
Consolidation effects	–	–	–	–	–	–	–
Other neutral changes	–	–	2.2	0.1	5.1	–	7.4
Balance as of 31 March 2006	**108.8**	**8.7**	**903.1**	**(0.1)**	**31.0**	**0.1**	**1,051.6**
Balance as of 1 January 2005	108.8	4.7	756.3	(1.4)	16.0	–	884.4
Dividend for previous year	–	–	–	–	–	–	–
Earnings after taxes for the period	–	–	91.3	–	–	–	91.3
Market value of securities	–	–	–	–	(0.1)	–	(0.1)
Consolidation effects	–	–	–	–	–	–	–
Other neutral changes	–	–	(1.5)	(0.3)	6.8	–	5.0
Balance as of 31 March 2005	108.8	4.7	846.1	(1.7)	22.7	–	980.6

Balance sheet - assets			
€ million	31.03.2006	31.03.2005	31.12.2005
Intangible assets	121.6	98.1	82.2
of which goodwill from acquisitions	13.9	13.9	13.9
Property, plant and equipment	778.5	804.8	791.9
Investment properties	11.2	11.1	11.2
Financial assets	19.0	21.6	19.3
Receivables and other assets	9.8	6.5	2.0
Securities	39.1	49.6	56.0
Deferred tax assets	47.5	81.6	58.2
Non-current assets	**1,026.7**	1,073.3	1,020.8
Inventories	271.2	239.8	281.3
Accounts receivable – trade	714.2	695.2	598.2
Other receivables and assets	259.7	186.4	206.2
of which derivative financial instruments	173.0	103.6	120.9
Recoverable income taxes	2.1	2.4	2.6
Securities	75.8	108.2	76.0
Cash and cash equivalents	107.8	54.0	74.0
Current assets	**1,430.8**	1,286.0	1,238.3
ASSETS	**2,457.5**	2,359.3	2,259.1

Balance sheet - equity and liabilities			
€ million	31.03.2006	31.03.2005	31.12.2005
Subscribed capital	108.8	108.8	108.8
Additional paid-in capital	8.7	4.7	8.7
Other revenue reserves and profit retained	934.0	867.1	824.6
Minority interests	0.1	0.0	0.0
Equity	**1,051.6**	980.6	942.1
Bank loans and overdrafts	6.2	15.6	6.0
Other liabilities	10.7	9.7	10.8
Provisions for pensions and similar obligations	171.9	217.7	171.7
Provisions for mining obligations	323.9	323.3	324.9
Other provisions	135.5	114.6	138.0
Deferred taxes	33.2	37.5	13.7
Non-current debt	**681.4**	718.4	665.1
Bank loans and overdrafts	24.6	68.4	23.5
Accounts payable – trade	332.1	273.5	354.0
Other liabilities	100.6	92.5	72.2
of which derivative financial instruments	28.9	9.5	27.7
Income tax liabilities	25.9	22.3	19.9
Provisions	241.3	203.6	182.3
Current liabilities	**724.5**	660.3	651.9
EQUITY AND LIABILITIES	**2,457.5**	2,359.3	2,259.1

Net liquid funds	January - March (Q1)	
€ million	2006	2005
Net liquid funds at the beginning of the period	172.6	205.1
Cash and cash equivalents	107.8	54.0
Liabilities due to banks < 3 months	–	(61.7)
Cash invested with affiliated companies*	–	–
Cash received from affiliated companies*	(4.3)	(3.4)
Net cash and cash equivalents as of 31 March	**103.5**	(11.1)
Securities	115.0	157.8
Liabilities due to banks > 3 months	(30.8)	(22.3)
Net liquid funds as of 31 March	**187.7**	124.4

* Companies not included in the scope of consolidation

Financial Section

Cash flow statement	January - March (Q1)	
€ million	2006	2005
Operating earnings (EBIT I)	**113.1**	99.4
Depreciation and amortisation on fixed assets*	30.0	31.8
Release of negative consolidation differences	0.0	(1.8)
Decrease(-)/increase(+) in non-current provisions (without interest rate effects)	(5.9)	(5.0)
Interest, dividends and similar income received	1.3	1.6
Gains/losses realised on the disposal of financial assets and securities	1.6	2.1
Interest paid	(1.2)	(1.2)
Income taxes paid	(24.9)	(18.7)
Other noncash items	–	–
Gross cash flow	**114.0**	108.2
Gain(-)/loss(+) on disposals of fixed assets	(3.0)	(3.9)
Increase(-)/decrease(+) in inventories	10.2	14.9
Increase(-)/decrease(+) in receivables and other assets from operating activities	(122.2)	(213.7)
Decrease(-)/increase(+) in liabilities from operating activities	(18.9)	(41.9)
Increase in current provisions	52.0	70.5
Out-financing of provisions	(0.4)	–
Cash flow provided by (+)/used in (-) operating activities	**31.7**	(65.9)
Proceeds from disposals of fixed assets	3.0	2.6
Disbursements for intangible assets	(0.9)	(0.5)
Disbursements for property, plant and equipment	(15.0)	(12.8)
Disbursements for financial assets	(0.1)	(1.1)
Disbursements for acquisition of consolidated companies	–	–
Proceeds from sale/disbursements for acquisition of securities	20.8	7.1
Cash flow used in investing activities	**7.8**	(4.7)
Free cash flow	**39.5**	(70.6)
Payment of dividend	–	–
Purchase of own shares	(7.5)	(2.6)
Taking out (+)/repayment of (-) loans	1.5	1.7
Out-financing of provisions (reclassification)	–	–
Cash flow provided by (+)/used in (-) financing activities	**(6.0)**	(0.9)
Change in cash and cash equivalents affecting cash flow	**33.5**	(71.5)
Change in value of cash and cash equivalents	0.2	–
Changes from consolidation	–	(1.5)
Change in cash and cash equivalents	**33.7**	(73.0)

* For intangible assets, property, plant and equipment

Notes

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 in particular are greatest during the first half of the year.

Geographical breakdown of revenues
In addition to the chart showing the geographical breakdown of K+S Group revenues as shown in the Management Report, the following table shows revenues, volumes and average prices for our largest business segment, Potash and Magnesium Products:

Potash and Magnesium Products Business Segment		Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06
Revenues*	€ million	312.2	306.4	261.4	317.2	1,197.2	336.0
- Europe	€ million	219.4	204.1	166.3	181.4	771.2	226.2
- Overseas	€ million	92.8	102.3	95.1	135.8	426.0	109.8
Volume	million tons	2.11	2.06	1.77	1.92	7.86	2.11
- Europe	million tons	1.48	1.42	1.13	1.20	5.23	1.45
- Overseas	million tons	0.63	0.64	0.64	0.72	2.63	0.66
Average price	per ton in €	148.0	148.7	147.7	165.2	152.3	159.2
- Europe	per ton in €	148.2	143.7	147.2	151.2	147.5	156.0
- Overseas	per ton in €	147.3	159.8	148.6	188.6	162.0	166.9

* Revenues include prices both inclusive and exclusive of freight costs 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, enabling us to achieve more attractive EUR revenues than indicated here. These effects are included in other operating income. The information on prices is to be understood solely as providing a rough indication.

Foreign currency result in EBIT I
Our exchange rates are generally hedged using double-barrier options. The terms of the derivatives employed vary and extend until 2008. It should be noted that hedging transactions are only effective as long as the USD/EUR spot rate remains within agreed barriers: If need be, these can be adjusted by paying additional premiums. For 2006, they currently lie between USD/EUR 1.12 and USD/EUR 1.35.

We have hedged a total of US$ 500 million for 2006 (2005: US$ 480 million). Average hedged rates per quarter for the Potash and Magnesium Products business segment are as follows:

Potash and Magnesium Products Business Segment	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06e	Q3/06e	Q4/06e	2006e
USD/EUR hedged rate after premiums	1.17	1.17	1.14	1.12	1.15	**1.13**	1.09	1.06	1.05	**1.07**
Average USD/EUR spot rate	1.31	1.26	1.22	1.19	1.24	**1.20**	–	–	–	**–**

*The values are projected ones as of Q2/06 and we assume that no follow-up hedging will be required.

Interest income, net		
€ million	Q1/06	Q1/05
Interest income	**1.3**	1.6
Interest expense	**(7.0)**	(6.9)
of which interest expense for pension provisions	**(2.3)**	(2.3)
of which interest expense for provisions for mining obligations	**(3.5)**	(3.3)
Interest income, net	**(5.7)**	(5.3)

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: 1.5%
- Trend in pension increases: 1.5%
- 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%

Income taxes		
€ million	Q1/06	Q1/05
Corporation tax	**8.0**	4.0
Trade tax on income	**12.9**	9.6
Foreign income taxes	**4.0**	5.1
Deferred taxes	**30.2**	34.0
Income taxes	**55.1**	52.7

Noncash 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 relation to the annual financial statements for 2005 and they can be classified as immaterial overall.

Summary by Quarter

Revenues and operating earnings (IFRSs)	2005					2006	
€ million	Q1	Q2	Q3	Q4	2005	Q1	%
Potash and Magnesium Products	312.2	306.4	261.4	317.2	1,197.2	**336.0**	+ 7.6
COMPO	199.2	144.8	89.9	107.8	541.7	**197.7**	(0.8)
fertiva	120.4	138.3	170.1	139.5	568.3	**132.2**	+ 9.8
Salt	136.1	65.2	75.1	121.6	398.0	**157.7**	+ 15.9
Waste Management and Recycling	12.5	14.8	13.7	15.0	56.0	**17.0**	+ 36.0
Services and Trading	14.7	12.7	12.2	14.9	54.5	**14.9**	+ 1.4
K+S Group revenues	795.1	682.2	622.4	716.0	2,815.7	**855.5**	+ 7.6
Potash and Magnesium Products	36.7	46.4	31.7	37.0	151.8	**42.1**	+ 14.7
COMPO	18.3	7.3	(1.4)	0.8	25.0	**16.3**	(10.9)
fertiva	5.4	5.3	2.5	1.6	14.8	**3.8**	(29.6)
Salt	38.9	2.0	4.4	17.4	62.7	**47.5**	+ 22.1
Waste Management and Recycling	1.5	3.2	1.8	1.6	8.1	**3.6**	> 100.0
Services and Trading	6.1	5.6	5.6	2.8	20.1	**7.3**	+ 19.7
Reconciliation	(7.5)	(5.7)	(6.0)	(12.4)	(31.6)	**(7.5)**	+ 0.0
K+S Group EBIT I	99.4	64.1	38.6	48.8	250.9	**113.1**	+ 13.8

Income statements (IFRSs)	2005					2006	
€ million	Q1	Q2	Q3	Q4	2005	Q1	%
Revenues	795.1	682.2	622.4	716.0	2,815.7	**855.5**	+ 7.6
Cost of sales	498.4	451.9	421.0	439.9	1,811.2	**519.6**	+ 4.3
Gross profit	296.7	230.3	201.4	276.1	1,004.5	**335.9**	+ 13.2
Selling expenses	186.5	164.7	143.6	178.2	673.0	**201.2**	+ 7.9
General and administrative expenses	17.5	18.5	17.6	18.1	71.7	**17.6**	+ 0.6
Research and development costs	3.2	3.2	3.5	3.1	13.0	**3.1**	(3.1)
Other operating income/expenses	9.9	16.6	1.0	(32.5)	(5.0)	**(1.2)**	–
Result from investment, net	0.0	3.6	0.9	4.6	9.1	**0.3**	–
Operating earnings (EBIT I)	99.4	64.1	38.6	48.8	250.9	**113.1**	+ 13.8
Market value changes resulting from hedging transactions	48.6	(43.8)	15.0	1.0	20.8	**51.7**	+ 6.4
Earnings after market value changes (EBIT II)	148.0	20.3	53.6	49.8	271.7	**164.8**	+ 11.4
Financial result	(4.0)	(1.1)	(2.1)	(4.9)	(12.1)	**(5.9)**	(47.5)
Earnings before taxes	144.0	19.2	51.5	44.9	259.6	**158.9**	+ 10.3
Earnings before taxes, adjusted*	95.4	63.0	36.5	43.9	238.8	**107.2**	+ 12.4
Taxes on income	52.7	5.7	18.2	8.6	85.2	**55.1**	+ 4.6
of which deferred taxes	34.0	(11.9)	13.1	0.3	35.5	**30.2**	(11.2)
Earnings after taxes	91.3	13.5	33.3	36.3	174.4	**103.8**	+ 13.7
Elimination of market value changes	(30.6)	27.6	(9.5)	(0.6)	(13.1)	**(32.6)**	(6.5)
Group earnings after taxes, adjusted*	60.7	41.1	23.8	35.7	161.3	**71.2**	+ 17.3

* Adjusted for the effect of market value changes in exchange rate hedging transactions; a tax rate of 37.0% is assumed for adjusted group earnings.

Other key data (IFRSs)	2005					2006	
€ million	Q1	Q2	Q3	Q4	2005	Q1	%
Capital expenditure (€ million) 1)	13.3	24.2	28.2	41.4	107.1	**15.8**	+ 18.8
Depreciation and amortisation (€ million) 1)	31.8	31.9	31.5	37.0	132.2	**30.0**	(5.7)
Gross cash flow (€ million)	108.2	68.9	60.4	104.0	341.5	**114.0**	+ 5.4
Earnings per share, adjusted (€) 2)	1.43	0.97	0.56	0.86	3.81	**1.73**	+ 20.9
Gross cash flow per share (€)	2.55	1.62	1.42	2.49	8.07	**2.77**	+ 8.6
Book value per share, adjusted (€) 2)	22.05	22.40	22.84	–	22.43	**23.88**	+ 8.3
Total number of shares (million)	42.50	42.50	42.50	–	42.50	**41.25**	(2.9)
Number of shares outstanding (million) 3)	42.44	42.50	42.50	–	41.25	**41.13**	(3.1)
Average number of shares (million) 4)	42.48	42.50	42.50	41.70	42.31	**41.20**	(3.0)
Employees as of the reporting date (number)	11,048	10,956	11,051	–	11,012	**10,979**	(0.6)
Closing price (XETRA, €)	43.62	45.78	58.74	–	51.05	**66.60**	+ 52.7

1) For or in connection with intangible assets, property, plant and equipment.
2) Adjusted for the effect of market value changes; 37.0% tax rate imputed.
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.

Dates	2006/2007
Interim report 30 June 2006	10 August 2006
Interim report 30 September 2006	14 November 2006
Analyst conference, Frankfurt am Main	14 November 2006
Report on business in 2006	15 March 2007
Press and analyst conference, Frankfurt am Main	15 March 2007
Annual General Meeting, Kassel	9 May 2007
Interim report 31 March 2007	9 May 2007
Dividend payment	10 May 2007
Interim report 30 June 2007	14 August 2007

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