Quarterly Report 02/04

April - June

esco Acquisition **Completed**

Half Year Revenues and EBIT **Rise Substantially**

At **€ 91.0 Million,** Earnings after Taxes up € 16.3 Million Year-on-Year Despite Higher Taxation

Significant Upward Revision of Forecasts for 2004

Experience growth.

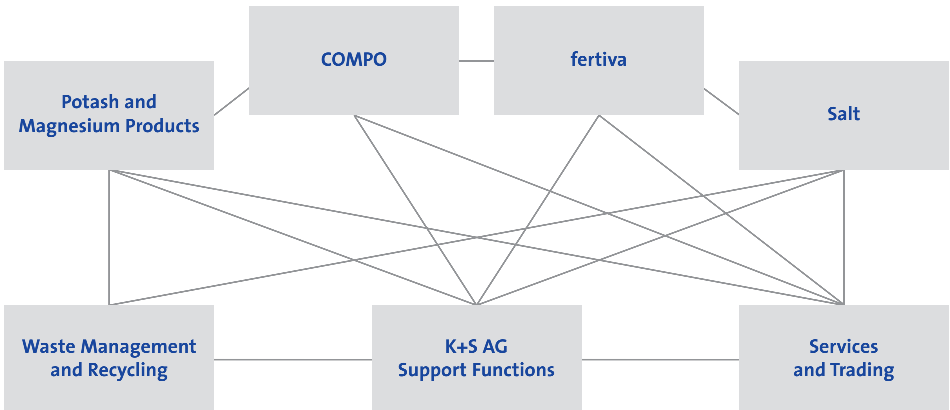
Key Data Business Development

Figures	April - June (Q2)			January - June (H1)		
€ million (2004: 100 % of esco, 2003: 62 % of esco)	2004	2003	%	2004	2003	%
Revenues	626.4	528.5	+ 18.5	1,387.0	1,244.7	+ 11.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	60.3	44.9	+ 34.3	166.8	140.5	+ 18.7
EBITDA margin in %	9.6	8.5		12.0	11.3	
Earnings before interest and taxes (EBIT)	30.7	18.3	+ 67.8	108.8	86.1	+ 26.4
EBIT margin in %	4.9	3.5		7.8	6.9	
Earnings before income taxes	29.4	22.7	+ 29.5	106.2	84.1	+ 26.3
Pre-tax return on revenues in %	4.7	4.3		7.7	6.8	
Earnings after taxes	25.5	20.1	+ 26.9	91.0	74.7	+ 21.8
Return on revenues in %	4.1	3.8		6.6	6.0	
DVFA earnings	15.3	11.7	+ 30.8	58.5	47.0	+ 24.5
Gross cash flow	51.6	35.7	+ 44.5	147.3	121.8	+ 20.9
Cash and cash equivalents as of 30 June	–	–	–	116.4	183.3	- 36.5
Capital expenditure [1]	27.4	23.4	+ 17.1	45.4	43.5	+ 4.4
Depreciation and amortization [1]	29.6	26.6	+ 11.3	58.0	54.4	+ 6.6
Earnings after taxes per share (€)	0.60	0.48	+ 25.0	2.14	1.80	+ 18.9
DVFA earnings per share (€)	0.36	0.28	+ 28.6	1.38	1.13	+ 22.1
Gross cash flow per share (€)	1.21	0.86	+ 40.7	3.47	2.93	+ 18.4
Book value per share as of 30 June (€)	–	–	–	13.49	13.90	- 2.9
Total number of shares as of 30 June (million)	–	–	–	42.5	42.5	–
Outstanding shares as of 30 June (million) [2]	–	–	–	42.5	41.5	+ 2.4
Average number of shares (million) [3]	42.5	41.5	+ 2.4	42.5	41.5	+ 2.4
Employees as of 30 June (number) [4] [5]	–	–	–	11,137	10,566	+ 5.4
Average number of employees [4] [5]	11,162	10,593	+ 5.4	11,189	10,627	+ 5.3
Personnel expenses	150.5	143.8	+ 4.7	297.6	288.6	+ 3.1
Closing price (XETRA) as of 30 June (€)	–	–	–	27.91	17.71	+ 57.6
Market capitalization as of 30 June	–	–	–	1,186.2	752.7	+ 57.6
Enterprise value as of 30 June	–	–	–	1,246.9	744.1	+ 67.6

1) For or in connection with tangible fixed and intangible assets.
2) Total number of shares less the own shares held by K+S on the reporting date.
3) Total number of shares less the average number of shares held by K+S over the period.
4) Workforce including temporary employees (without students and interns).
5) The number of employees for the year 2003 includes a prorated number of esco employees commensurate with the equity share of 62 % in esco held by K+S.

Interlinking of K+S business segments pays off

Our business segments are closely interconnected in terms of their strategic, technical and economic aspects. In this way, we are able to offer our customers an attractive product range as well as additional advisory and other services. At the same time, this deliberate form of interlinking also yields significant cost savings for our business processes, serving to improve our earnings.



Management's Analysis

	2004	
	Q2	H1
Revenues (€ million)	626.4	1,387.0
Change in revenues (€ million)	**+ 97.9**	**+ 142.3**
- resulting from volume/ structural factors	+ 58.0	+ 56.9
- resulting from prices	+ 32.6	+ 57.8
- resulting from exchange rates	- 16.8	- 43.1*
- resulting from consolidation	+ 24.1	+ 70.7

* thereof approx. € 13 million do not affect earnings in 2004

esco acquisition completed

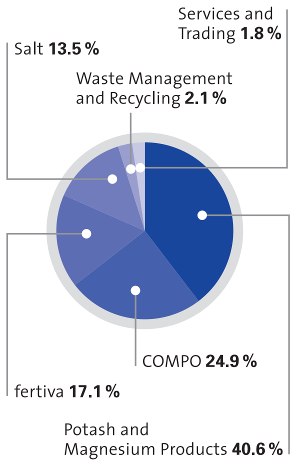
In June 2004, K+S Aktiengesellschaft and Solvay S.A., Brussels, signed an agreement whereby K+S acquired Solvay's 38 % interest in esco – european salt company. In the interim report as of 30 June 2004, esco is now fully consolidated with retroactive effect from 1 January 2004. While the figures for the first quarter of 2004 have been adjusted accordingly, the figures for the preceding year only reflect our 62 % interest in esco.

Second quarter revenues show clear rise

At € 626.4 million, second quarter revenues showed a clear rise year-on-year (up € 97.9 million or 19 %). A strong increase in volumes and pleasing improvements in prices for the Potash and Magnesium Products and fertiva business segments markedly made up for the somewhat lower rate at which the US dollar was hedged compared with last year. In addition, there was a consolidation-related effect of € 24.1 million resulting from the inclusion of all of esco in the K+S consolidated financial statements. Revenues for the first half of the year rose by € 142.3 million or 11 % to € 1,387.0 million. This figure included € 70.7 million attributable to the inclusion of the remaining 38 % share in esco.

The Salt business segment's share of total revenues of the K+S Group has risen to more than 13 %. Generating € 1,096.1 million in revenues, the Europe market region, where we can exploit logistical advantages over our competitors, accounted for about 80 % of total revenues.

Revenues by business segment
Jan. - June 2004



Second quarter earnings improve greatly

We succeeded in improving second quarter EBIT by € 12.4 million or 68 %, raising it to € 30.7 million. The biggest contribution to this increase came from the Potash and Magnesium Products business segment: In addition to business being good, the first successes resulting from our efficiency enhancement projects also had an effect in this regard. With the exception of the COMPO business segment, which suffered from ammonia costs remaining very high during the quarter under review, all the business segments posted earnings increases.

At € 108.8 million, EBIT was € 22.7 million or 26 % up year-on-year. As in the case of the second quarter, all the business segments with the exception of COMPO improved their earnings; the effect of the full consolidation of esco on a half-year basis amounted to € 13.6 million.

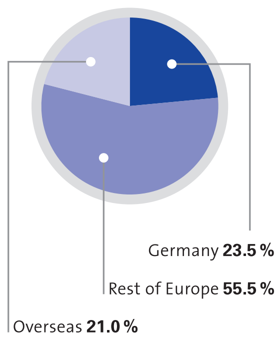
During the same period last year, high write-ups on securities impacted favourably on the effects of consolidation and that was why at € - 2.5 million they were significantly lower during the quarter under review (Q2 2003: € +3.3 million).

Financial result normalizes

The financial result for the second quarter amounted to € - 1.3 million, down significantly on the figure of € +4.4 million reported for the same period last year. This is attributable to the reversal that was necessary during Q2 2003 in respect of write-downs on securities recognized during Q1 2003. This had a very positive, one-off impact on the financial result for Q2 2003.

Taking a cumulative view as of 30 June, this effect of a year ago evens out again, yielding a financial result for the first half of 2004 at € - 2.6 million that is only slightly down year-on-year (H1 2003: € - 2.0 million).

Revenues by region
Jan. - June 2004



Strong rise in earnings before and after taxes, too

As a result of higher EBIT, earnings before taxes for the reporting quarter rose by € 6.7 million or 30 % to € 29.4 million. While income taxes were somewhat higher, earnings after taxes improved by € 5.4 million to € 25.5 million year-on-year.

Earnings before taxes for the first half of the year rose by € 22.1 million or 26 % to € 106.2 million. As a result of higher income taxes, which were mainly attributable to the effects of consolidation, earnings after taxes amounted to € 91.0 million, which represents an increase of € 16.3 million. About € 10.7 million was attributable to the esco consolidation effect.

Second quarter earnings per share up 25 %

At € 0.60 per share for shares entitled to dividend, earnings per share for the quarter under review were up 12 cents year-on-year. This figure has been arrived at on the basis of 42.5 million no-par value shares (Q2 2003: 41.5 million). In terms of the first half of 2004, earnings per share amounted to € 2.14, up 34 cents or 19 % year-on-year.

DVFA second quarter earnings amounted to € 0.36 per share, up 8 cents or 29 % on the figure for the same period last year. For the first half of the year, DVFA earnings amounted to € 1.38 per share, compared with € 1.13 for the preceding year.

We held no shares of our own as of 30 June 2004.

Gross cash flow up year-on-year
At € 51.6 million, second quarter gross cash flow was up € 15.9 million year-on-year with gross cash flow on a half-year basis climbing by € 25.5 million or 21 %. Second quarter operating cash flow decreased by € 41.0 million to € 81.1 million, as the seasonal decrease in the working capital tie-up was weaker than during the same period last year. Cash flow for the first half of the year displayed a similar trend, falling from € 138.1 million to € 73.2 million. After taking into account the disbursement related to the esco acquisition, second quarter free cash flow amounted to € - 30.8 million, down € 129.2 million on the same period last year. From a half-year perspective, free cash flow amounted to € - 61.1 million compared with € 98.6 million for the first six months of 2003.

Net cash and cash equivalents as of 30 June 2004 totalled € 116.4 million, which represents a decrease of € 66.9 million in relation to 30 June 2003 and is attributable to the acquisition of the remaining 38 % stake in esco.

Consolidation causes capital expenditure to rise
Second quarter capital expenditure amounted to € 27.4 million and thus was € 4.0 million up on the figure for the same period last year; € 2.9 million of the increase is attributable to esco being fully consolidated. Investing € 16.4 million during the second quarter, the Potash and Magnesium Products business segment accounted for the bulk of total capital expenditure once again. Further progress on installing the conveyor system needed to develop the rich Sylvinite deposit on the Werra and the construction of a new underground storage facility for crude salt were the most important projects also during the second quarter. The COMPO business segment continued to invest in the development of its Spanish logistics centre, and the Salt business segment successfully completed a second drilling operation connected with the expansion of a brine field. From a half-year perspective, capital expenditure amounted to € 45.4 million (€ +1.9 million). If esco had not been consolidated in its entirety, capital expenditure would have been down € 3.5 million.

Second quarter research and development costs totalled € 3.4 million and were on the same level as a year ago: These costs for the first six months of the year amounted to € 6.3 million and were slightly down on the same period last year (€ - 0.6 million).

Consolidation-related increase in personnel
As of 30 June 2004, the K+S Group employed 11,137 people worldwide, 571 more than a year ago. The inclusion of 100 % of esco resulted in a consolidation-related increase of 515 persons with the acquisition of Meiners AG during the first quarter resulting in an increase of 150 persons. Without these structural effects, there would have been 94 employees fewer in the workforce as of 30 June 2004. The above-average high number of trainees rose again by 34 to 452.

Second quarter personnel expenses amounted to € 150.5 million, up € 6.7 million year-on-year. The increase in personnel associated with the acquisition of the remaining 38 % stake in esco accounted for € 6.9 million of this figure alone, with the result that personnel expenses would have been down slightly without the esco acquisition. Personnel expenses for the first six months of 2004 totalled € 297.6 million, up 3.1 % year-on-year only as a result of consolidation effects, too. Without the acquisition of the 38 % stake in esco, personnel expenses would have declined by € 4.6 million or 1.6 %.

Improved prospects
As our business operations are developing well, we expect the positive trend in earnings to continue for 2004 as a whole. Strong global demand, especially for potash and magnesium fertilizers coupled with price increases that are in part significant will cause both revenues and margins to rise. As a result, decreases attributable to currency factors will be more than made up for. In addition, the acquisition of all of esco will boost revenues greatly.

With respect to EBIT, we now anticipate a significant improvement. Our largest business segment, Potash and Magnesium Products, will post a tangible increase in earnings. This is because the effects of our efficiency enhancement programmes are already beginning to have an impact alongside positive market trends. Furthermore, the acquisition of the remaining stake in esco will contribute approximately € 15 million to earnings. Despite a higher tax burden, primarily due to the introduction of a minimum tax in Germany during the year under review, net income for the year should be markedly up on 2003.

We are also very confident about the year 2005 mainly due to the good demand for potash fertilizers, the cost-cutting programme being implemented in full by then as well as the greater flexibility on working hours that has been agreed in conjunction with enhanced incentive models. With the additional Sylvinite capacities becoming available in 2005 and the related outlays no longer being required in the future, the earnings capacity of the K+S Group will be strengthened in a sustainable manner.

The Board of Executive Directors, 5 August 2004

Business Segments of the K+S Group

Potash and Magnesium Products	April - June (Q2)			January - June (H1)		
€ million	2004	2003	%	2004	2003	%
Revenues	276.2	247.0	+ 11.8	562.9	542.3	+ 3.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	31.6	21.3	+ 48.4	67.5	60.0	+ 12.5
EBITDA margin in %	11.4	8.6		12.0	11.1	
Earnings before interest and taxes (EBIT)	13.3	2.8	> 100	31.6	23.0	+ 37.4
EBIT margin in %	4.8	1.1		5.6	4.2	
Capital expenditure	16.4	15.0	+ 9.3	25.2	26.8	- 6.0
Employees as of 30 June (number)	–	–	–	7,455	7,566	- 1.5

	2004	
	Q2	H1
Revenues (€ million)	276.2	562.9
Change in revenues (€ million)	**+ 29.2**	**+ 20.6**
- Potassium chloride	+ 18.7	+ 18.1
- Fertilizer specialities	+ 9.3	+ 5.8
- Industrial products	+ 1.2	- 3.3

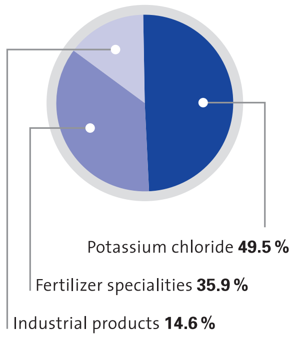
Global demand for potash fertilizers remained strong in the second quarter of 2004 keeping global inventories on a very low level. Together with sea freight rates remaining high, this development led to price increases.

Second quarter revenues rose by about 12% to € 276.2 million as a result of volume factors. The price increases achieved in the overseas business more than made up for the high sea freight costs and the currency-related decrease of revenues. At € 137.5 million, potassium chloride revenues were 16% higher year-on-year due to strong demand. Fertilizer specialities revenues profited from pleasing overseas business and at € 97.6 million were 11% up year-on-year. The industrial products business (€ 41.1 million) was also up on the same quarter last year (+3%) as a result of volume factors. Business segment revenues for the first six months were 4% higher.

Second quarter EBIT was up by € 10.5 million to total € 13.3 million. This increase was attributable to the positive trend in demand, higher potash prices as well as the successes of our efficiency enhancement projects. EBIT for the first six months of the year totalled € 31.6 million (+37%), thus attaining the level for 2003 as a whole after just six months.

Although the US dollar is hedged at a lower rate than a year ago, we expect revenues to rise in 2004 as a whole by a percentage figure in the single-digit range as a result of increases in prices and volume. Despite freight and energy costs remaining high, the increase in earnings should be more pronounced, as, in addition to higher revenues, we will reduce costs tangibly.

Revenues by product group
Jan. - June 2004



COMPO	April - June (Q2)			January - June (H1)		
€ million	2004	2003	%	2004	2003	%
Revenues	135.8	129.9	+ 4.5	344.9	322.2	+ 7.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	9.3	10.6	- 12.3	29.5	34.8	- 15.2
EBITDA margin in %	6.8	8.2		8.6	10.8	
Earnings before interest and taxes (EBIT)	6.1	7.6	- 19.7	23.4	28.9	- 19.0
EBIT margin in %	4.5	5.9		6.8	9.0	
Capital expenditure	1.3	1.6	- 18.8	2.9	3.8	- 23.7
Employees as of 30 June (number)	–	–	–	1,352	1,152	+ 17.4

	2004	
	Q2	H1
Revenues (€ million)	135.8	344.9
Change in revenues (€ million)	**+ 5.9**	**+ 22.7**
- Consumer business	- 3.2	- 6.4
- Professional/industrial business	+ 9.1	+ 29.1

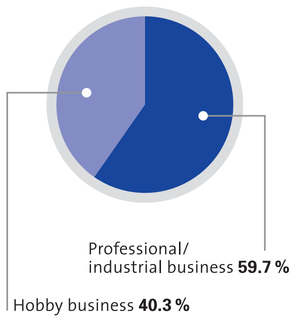
Trends in demand for COMPO products in the consumer and professional areas also varied during the second quarter. Cold and wet weather conditions resulted in moderate consumer business, with consumer restraint related to the economic situation also having a dampening effect on business. By contrast, the professional area was able to build on the successes of the first quarter.

Business segment revenues for the second quarter of 2004 were up € 5.9 million or 5% year-on-year, mainly as a result of volume factors. It was possible to increase sales in Germany and overseas in particular. Poor weather conditions in the second quarter and strains in the economic situation caused consumer area revenues to fall by € 3.2 million to € 60.1 million. Nevertheless, COMPO was able to continue improving its relative market position. The professional business with agriculture and industry grew by 14% to € 75.7 million as a result of a greater share of overseas business and continued strong demand for stabilised ENTEC® fertilizers. COMPO business segment revenues for the first six months of the year amounted to € 344.9 million and were thus € 22.7 million or 7% up year-on-year. The acquisition of Meiners AG in the first quarter of 2004 accounted for € 3.0 million of the increase in revenues.

COMPO business segment EBIT for the quarter under review amounted to € 6.1 million, down € 1.5 million year-on-year. EBIT for the first half of the year fell by € 5.5 million to € 23.4 million. Besides a slackening of the consumer business, these decreases were mainly due to a further significant increase in the world market price for ammonia compared to last year's quarter.

We expect the positive trend in the professional area to boost revenues for 2004 as a whole. As we no longer anticipate a fall in the price of ammonia this year, we do not expect to see EBIT improve on the preceding year. Higher market shares as well as cost reductions will contribute to an increase of earnings in the future once again, despite conditions being unfavourable at the present time.

Revenues by product group
Jan. - June 2004

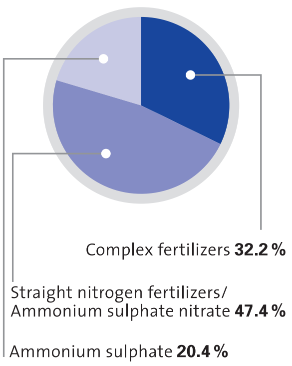


Business Segments of the K+S Group

	2004	
	Q2	H1
Revenues (€ million)	122.0	237.6
Change in revenues (€ million)	**+ 35.7**	**+ 26.2**
- Complex fertilizers	+ 6.9	+ 3.2
- Straight nitrogen fertilizers/ Ammonium sulphate nitrate	+ 19.9	+ 9.0
- Ammonium sulphate	+ 8.9	+ 14.0

fertiva	April - June (Q2)			January - June (H1)		
€ million	2004	2003	%	2004	2003	%
Revenues	122.0	86.3	+ 41.4	237.6	211.4	+ 12.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3.2	1.4	> 100	6.6	5.5	+ 20.0
EBITDA margin in %	2.6	1.6		2.8	2.6	
Earnings before interest and taxes (EBIT)	3.2	1.3	> 100	6.4	5.3	+ 20.8
EBIT margin in %	2.6	1.5		2.7	2.5	
Capital expenditure	0.3	–	–	0.4	–	–
Employees as of 30 June (number)	–	–	–	55	55	–

Revenues by product group
Jan. - June 2004



Demand for nitrogen fertilizers declined somewhat over the second quarter. This resulted in higher inventories across the industry and, consequently, price concessions by some producers.

Despite the industry trend described above, fertiva posted revenue growth of € 35.7 million or 41 % for the second quarter of 2004. This increase was heavily driven by volume but was also attributable to higher prices than a year ago. As a result of higher revenues overseas, revenues for complex fertilizers rose by 19 % to € 43.0 million. In the case of straight nitrogen fertilizers, the volume-related increase was even as high as 61 %, driving corresponding revenues up to € 52.4 million. The 50 % increase in ammonium sulphate revenues, which rose to € 26.6 million, was attributable to better prices. At € 237.6 million, fertiva business segment revenues for the first half of the year were up 12 % year-on-year, mainly price-related.

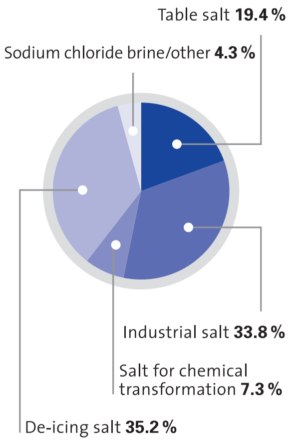
In June 2004, we concluded some contractual changes in a partnership agreement with BASF. Among other things the computation of fertiva earnings is affected: In practical terms, earnings within a range of plus/minus € 10.0 million will be divided equally between BASF and K+S as has been the case hitherto. With retroactive effect from 1 January 2004, we will receive an additional 25 % of fertiva profits in excess of € 10 million. For this reason, too, both second quarter EBIT (up € 1.9 million to € 3.2 million) as well as EBIT for the first half of the year (up € 1.1 million to € 6.4 million) were higher year-on-year.

Given that price levels remain significantly higher than a year ago, we expect revenues to rise slightly in 2004. As a result of the new rules governing the computation of earnings, EBIT should also be somewhat higher than a year ago.

	2004	
€ million	Q2	H1
Revenues (€ million)	65.4	186.5
Change in revenues (€ million)	**+ 28.4**	**+ 75.8**
- Table salt	+ 7.7	+ 14.5
- Industrial salt	+ 12.8	+ 27.2
- Salt for chemical transformation	+ 3.4	+ 6.3
- De-icing salt	+ 2.7	+ 24.5
- Sodium chloride brine/other	+ 1.8	+ 3.3

Salt (2004: 100 % esco, 2003: 62 % esco)	April - June (Q2)			January - June (H1)		
€ million	2004	2003	%	2004	2003	%
Revenues	65.4	37.0	+ 76.8	186.5	110.7	+ 68.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	5.9	0.3	> 100	45.3	23.0	+ 97.0
EBITDA margin in %	9.0	0.8		24.3	20.8	
Earnings before interest and taxes (EBIT)	1.4	- 2.3	–	35.8	17.8	+ 101.1
EBIT margin in %	2.1	–		19.2	16.1	
Capital expenditure	7.6	5.0	+ 52.0	14.1	8.1	+ 74.1
Employees as of 30 June (number)	–	–	–	1,328	841	+ 57.9

Revenues by product group
Jan. - June 2004



The acquisition of the remaining 38 % share in esco was contractually completed in June. That is why 100 % of esco is being included in our consolidated financial statements with retroactive effect from 1 January 2004. The comparative figures for the preceding year show our 62 % interest in esco.

Demand in the most regions of the Western European salt market remained good in the second quarter. However, rising imports from Poland have caused prices to come partially under pressure.

The rise in revenues by € 28.4 million to € 65.4 million for the quarter under review was largely attributable to the first-time full consolidation of esco. After adjustment for consolidation effects, the increase in revenues amounted to € 3.5 million. A large part of this came from volume-related increases in the revenues generated by table salt, industrial salt and salt for chemical transformation. Revenues of de-icing salt products rose slightly, profiting from the seasonal purchase business, which has already started up. Revenues for the period from January 2004 to June 2004 rose by € 75.8 million to € 186.5 million. Without the effects of consolidation, the increase would have amounted to € 4.9 million. As was the case in the first quarter, higher revenues and cost reductions in the second quarter produced a better result for the business segment. For the first six months of the year, the increase from business operations alone amounted to € 4.4 million and, in addition, esco's full consolidation contributed € 13.6 million to earnings, in total yielding EBIT of € 35.8 million (+ € 18.0 million).

We expect 2004 revenues to amount to significantly more than € 300 million. Earnings should be clearly higher than the already very good result of a year ago with respect to both business operations and the effects of consolidation.

Waste Management and Recycling	April - June (Q2)			January - June (H1)		
€ million	2004	2003	%	2004	2003	%
Revenues	15.2	14.1	+ 7.8	29.8	27.7	+ 7.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3.2	2.7	+ 18.5	6.5	5.2	+ 25.0
EBITDA margin in %	21.1	19.1		21.8	18.8	
Earnings before interest and taxes (EBIT)	2.2	1.7	+ 29.4	4.5	3.1	+ 45.2
EBIT margin in %	14.5	12.1		15.1	11.2	
Capital expenditure	0.2	–	–	0.3	–	–
Employees as of 30 June (number)	–	–	–	244	240	+ 1.7

	2004	
	Q2	H1
Revenues (€ million)	15.2	29.8
Change in revenues (€ million)	**+ 1.1**	**+ 2.1**
- Disposal	+ 1.8	+ 3.0
- Re-utilisation	+ 0.2	+ 0.4
- Recycling	- 0.9	- 1.3

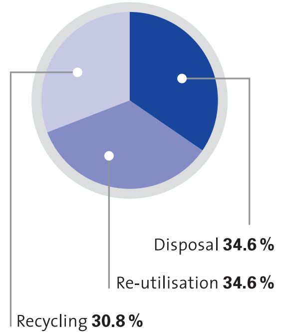
The second quarter saw no significant change in conditions for the waste management business. As a result of economic factors, the volume of waste is declining somewhat, causing prices to remain on a low level.

At € 15.2 million, revenues for the quarter under review were 8 % up year-on-year. The increase is attributable to the positive trend in business in the underground waste disposal segment. Special projects involving the clean-up of pre-existing environmental contamination caused revenues to rise by € 1.8 million to € 5.4 million as a result of volume factors. Underground waste re-utilisation rose slightly to € 5.3 million. By contrast, the recycling business posted somewhat lower revenues (down € 0.9 million to € 4.5 million). The figure for the corresponding period last year benefited from the absence of a competitor. Waste Management and Recycling business segment revenues for the first half of the year were up 8 % to € 29.8 million.

The business segment's earnings improved as a result of the special projects involving the clean-up of pre-existing environmental contamination. Second quarter EBIT was up € 0.5 million to € 2.2 million, while EBIT for the first six months increased by € 1.4 million to € 4.5 million.

Competitive pressure will persist over the second half of the year. Nevertheless, we expect a slight rise in revenues and a significant rise in EBIT for 2004 as a whole.

Revenues by segment
Jan. - June 2004



Services and Trading	April - June (Q2)			January - June (H1)		
€ million	2004	2003	%	2004	2003	%
Revenues	11.8	14.0	- 15.7	25.3	29.8	- 15.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8.5	5.6	+ 51.8	16.5	13.9	+ 18.7
EBITDA margin in %	72.0	40.0		65.2	46.6	
Earnings before interest and taxes (EBIT)	7.0	3.9	+ 79.5	13.5	10.4	+ 29.8
EBIT margin in %	59.3	27.9		53.4	34.9	
Capital expenditure	1.3	2.6	- 50.0	2.1	4.7	- 55.3
Employees as of 30 June (number)	–	–	–	387	390	- 0.8

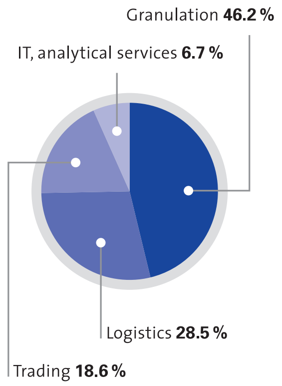
	2004	
	Q2	H1
Revenues (€ million)	11.8	25.3
Change in revenues (€ million)	**- 2.2**	**- 4.5**
- Granulation	- 0.3	- 0.6
- Logistics	- 0.4	- 1.1
- Trading	- 0.5	- 0.9
- IT, analytical services	- 1.0	- 1.9

Second quarter revenues for the Services and Trading business segment fell by € 2.2 million to € 11.8 million. In the logistics areas, a decrease in third-party business consisting in grain handling caused revenues to decline by € 0.4 million. At € 5.4 million, revenues generated by the production of CATSAN® (granulation) were down from € 5.7 million in the same period of last year. In the case of the trading business, too, revenues fell from € 2.1 million to € 1.6 million as a result of price and volume factors. Revenues for the IT and analysis areas were down € 1.0 million to € 1.1 million as a result of a decrease in project services. At € 25.3 million, half-year revenues for the Services and Trading business segment were 15 % down year-on-year.

Despite the decline in third-party business revenues, the business segment posted significantly higher EBIT for both the second quarter (up € 3.1 million to € 7.0 million) and for the first six months of the year (up € 3.1 million to € 13.5 million). This resulted from the higher contribution to earnings from additional logistics services rendered to the Potash and Magnesium Products business segment.

We assume that the course of business during financial year 2004 will remain stable. Revenues will probably be down slightly year-on-year, while EBIT should be higher as a result of additional intra-group services.

Revenues by segment
Jan. - June 2004



Financial Section

Explanatory notes; structural changes
This interim report has been prepared in accordance with Accounting Standard No. 6 (DRS 6) of the German Accounting Standards Committee (DRSC). The interim financial statements and the consolidated financial statements of the K+S Group have been prepared in accordance with the regulations contained in the German Commercial Code (HGB) and the Stock Corporation Act (AktG). The accounting and valuation principles used were the same as those employed for the consolidated financial statements of the K+S Group as of 31 December 2003 as well as the corresponding quarterly report for the second quarter of 2003. As of 1 January 2004, three companies are no longer consolidated on the grounds of immateriality while one company acquired in the first quarter of 2004 is consolidated. The esco holding is fully consolidated with retroactive effect from 1 January 2004: Last year it had been consolidated on a proportionate basis of 62 %.

Profit and loss account	April - June (Q2)		January - June (H1)	
€ million	**2004**	2003	**2004**	2003
Revenues	**626.4**	528.5	**1,387.0**	1,244.7
Cost of sales	412.0	344.3	883.3	811.0
Gross profit	**214.4**	184.2	**503.7**	433.7
Gross margin in %	34.2	34.9	36.3	34.8
Selling expenses	158.4	145.2	337.5	303.1
including: freight costs	86.4	72.1	181.3	164.2
General and administrative expenses	16.9	14.6	32.7	29.6
Research costs	3.4	3.6	6.3	6.9
Other operating income	12.4	24.5	27.6	40.4
Other operating expenses	17.4	27.0	46.0	48.4
EBIT	**30.7**	18.3	**108.8**	86.1
EBIT margin in %	4.9	3.5	7.8	6.9
Result from investment, net	0.9	0.7	0.9	0.7
Write-downs on financial assets and short-term securities	- 0.2	- 4.1	–	0.4
Interest income, net	- 2.4	- 0.4	- 3.5	- 2.3
Financial result	**- 1.3**	4.4	**- 2.6**	- 2.0
Result from ordinary operations/ earnings before income taxes	**29.4**	22.7	**106.2**	84.1
Pre-tax return on revenues in %	4.7	4.3	7.7	6.8
Taxes on income	3.9	2.6	15.2	9.4
Earnings after taxes	**25.5**	20.1	**91.0**	74.7
Return on revenues in %	4.1	3.8	6.6	6.0

Statement of Changes in Equity	Subscribed capital	Additional paid-in capital	Reserve for own shares	Profit retained/ other revenue reserves	Equity
€ million					
As of 1 January 2004	108.8	4.6	–	442.0	555.4
Surplus for the period	–	–	–	+ 91.0	+ 91.0
Dividend for previous year	–	–	–	- 42.5	- 42.5
Consolidation effects	–	- 4.6	–	- 46.7	- 51.3
As of 30 June 2004	**108.8**	**–**	**–**	**443.8**	**552.6**
As of 1 January 2003	115.2	–	60.4	337.8	513.4
Surplus for the period	–	–	–	+ 74.7	+ 74.7
Dividend for previous year	–	–	–	- 41.5	- 41.5
Cancellation of own shares	- 6.4	–	- 42.2	+ 5.2	- 43.4
Consolidation effects	–	–	–	+ 50.4	+ 50.4
As of 30 June 2003	108.8	–	18.2	426.6	553.6

Balance Sheet - Assets			
million €	30.06.2004	30.06.2003	31.12.2003
Intangible assets	33.6	31.9	33.9
Tangible fixed assets	670.1	601.5	625.9
Financial assets	62.8	84.2	76.0
Fixed assets	**766.5**	717.6	735.8
Inventories	208.4	207.4	237.3
Receivables and other current assets	676.7	570.6	543.4
Own shares	–	18.2	–
Other securities	94.8	103.2	104.3
Cash in hand, bank balances, cheques	61.2	79.2	130.5
Current assets	**1,041.1**	978.6	1,015.5
Deferred taxes	**–**	–	–
Prepaid expenses	**3.2**	2.4	3.2
ASSETS	**1,810.8**	1,698.6	1,754.5

Balance Sheet - Equity and Liabilities			
€ million	30.06.2004	30.06.2003	31.12.2003
Subscribed capital	108.8	108.8	108.8
Additional paid-in capital	–	–	4.6
Reserve for own shares	–	18.2	–
Other revenue reserves and profit retained	443.8	426.6	442.0
Equity	**552.6**	553.6	555.4
Balance on capital consolidation	**20.9**	37.0	29.5
Provisions for pensions and similar obligations	177.1	174.7	172.9
Provisions for mining obligations	323.0	307.5	311.6
Provisions for taxes	31.6	4.8	21.1
Other provisions	301.2	262.5	247.6
Provisions	**832.9**	749.5	753.2
Accounts payable - trade	278.4	244.5	304.4
Bank loans and overdrafts	39.6	17.3	19.4
Other liabilities	86.0	95.7	92.2
Liabilities	**404.0**	357.5	416.0
Deferred income	**0.4**	1.0	0.4
EQUITY AND LIABILITIES	**1,810.8**	1,698.6	1,754.5

Financial Section

Cash Flow Statement	April - June (Q2)		January - June (H1)	
€ million	2004	2003	2004	2003
Earnings after taxes	**25.5**	20.1	**91.0**	74.7
Depreciation (+) on fixed assets	29.6	27.0	58.0	54.8
Increase (+)/decrease (-) in long-term provisions	1.0	- 1.5	6.3	1.4
Release of liabilities-side consolidation difference	- 3.5	- 3.8	- 7.0	- 7.5
Write-ups (-)/write-downs (+) on short-term securities	- 1.0	- 6.1	- 1.9	- 1.6
Other non-cash items	–	–	0.9	–
Gross Cash Flow	**51.6**	35.7	**147.3**	121.8
Gain (-)/loss (+) on disposal of fixed assets	–	- 1.4	- 0.4	- 1.5
Increase (-)/decrease (+) in inventories	11.6	6.3	40.6	31.2
Increase (-)/decrease (+) in receivables from operating activities	92.0	143.8	- 89.0	- 42.5
Increase (+)/decrease (-) in short-term provisions	2.3	- 9.4	49.4	41.9
Increase (+)/decrease (-) in liabilities from operating activities	- 76.4	- 52.9	- 74.7	- 12.8
Cash flow provided by operating activities	**81.1**	122.1	**73.2**	138.1
Proceeds from disposal of fixed assets	4.1	13.0	5.0	27.7
Disbursements for intangible assets	- 0.4	–	- 0.9	- 1.4
Disbursements for tangible fixed assets	- 26.9	- 23.4	- 44.4	- 42.1
Disbursements for financial assets	- 0.5	- 13.3	- 0.6	- 23.7
Disbursements for acquisition of consolidated companies	- 88.2	–	- 93.4	–
Cash flow used in investing activities	**- 111.9**	- 23.7	**- 134.3**	- 39.5
Free cash flow	**- 30.8**	98.4	**- 61.1**	98.6
Cancellation of own shares	–	–	–	- 43.4
Payment of dividends	- 42.5	- 41.5	- 42.5	- 41.5
Cash flow used in financing activities	**- 42.5**	- 41.5	**- 42.5**	- 84.9
Change in cash and cash equivalents affecting cash flow	**- 73.3**	56.9	**- 103.6**	13.7
Change in cash and cash equivalents	0.9	6.1	1.8	1.6
Change in scope of consolidation	–	–	2.8	–
Change in cash and cash equivalents	- 72.4	63.0	- 99.0	15.3

Cash and Cash Equivalents	April - June (Q2)		January - June (H1)	
€ million	2004	2003	2004	2003
Opening balance	188.8	120.2	215.4	167.9
Own shares	–	18.2	–	18.2
Other short-term securities	94.8	103.2	94.8	103.2
Cash in hand, bank balances, cheques	61.2	79.2	61.2	79.2
Short-term financial liabilities	- 39.6	- 17.3	- 39.6	- 17.3
Balance as of 30 June	**116.4**	183.3	**116.4**	183.3

Summary by Quarter

The figures for the first quarter of 2004 were adjusted retroactively for an increase in the esco holding from 62 % to 100 %.

Revenues and Earnings	2003				2004		
€ million	Q1	Q2	Q3	Q4	Q1	Q2	%
Potash and Magnesium Products	295.3	247.0	226.3	236.1	286.7	**276.2**	+ 11.8
COMPO	192.3	129.9	74.2	94.0	209.1	**135.8**	+ 4.5
fertiva	125.1	86.3	121.2	141.5	115.6	**122.0**	+ 41.4
Salt	73.7	37.0	42.4	53.1	121.1	**65.4**	+ 76.8
Waste Management and Recycling	13.6	14.1	12.9	14.0	14.6	**15.2**	+ 7.8
Services and Trading	15.8	14.0	14.6	12.0	13.5	**11.8**	- 15.7
Reconciliation	0.4	0.2	0.3	0.5	–	**–**	
K+S Group revenues	716.2	528.5	491.9	551.2	760.6	**626.4**	+ 18.5
Potash and Magnesium Products	20.2	2.8	3.7	4.9	18.3	**13.3**	> 100
COMPO	21.3	7.6	- 1.7	- 1.8	17.3	**6.1**	- 19.7
fertiva	4.0	1.3	0.4	0.9	3.2	**3.2**	> 100
Salt	20.1	- 2.3	2.3	7.1	34.4	**1.4**	–
Waste Management and Recycling	1.4	1.7	0.4	0.7	2.3	**2.2**	+ 29.4
Services and Trading	6.5	3.9	5.2	1.4	6.5	**7.0**	+ 79.5
Reconciliation	- 5.7	3.3	0.2	5.9	- 3.9	**- 2.5**	
K+S Group EBIT	67.8	18.3	10.5	19.1	78.1	**30.7**	+ 67.8

Profit and Loss account	2003				2004		
€ million	Q1	Q2	Q3	Q4	Q1	Q2	%
Revenues	716.2	528.5	491.9	551.2	760.6	**626.4**	+ 18.5
Cost of sales	466.7	344.3	348.2	380.5	471.3	**412.0**	+ 19.7
Gross profit	249.5	184.2	143.7	170.7	289.3	**214.4**	+ 16.4
Selling expenses	157.9	145.2	117.8	134.0	179.1	**158.4**	+ 9.1
General and administrative expenses	15.0	14.6	11.7	15.1	15.8	**16.9**	+ 15.8
Research costs	3.3	3.6	3.0	3.3	2.9	**3.4**	- 5.6
Balance of other operating income/expenses	- 5.5	- 2.5	- 0.7	+ 0.8	- 13.4	**- 5.0**	- 100.0
EBIT	67.8	18.3	10.5	19.1	78.1	**30.7**	+ 67.8
Financial result	- 6.4	+ 4.4	- 1.8	- 0.3	- 1.3	**- 1.3**	–
Earnings before income taxes	61.4	22.7	8.7	18.8	76.8	**29.4**	+ 29.5
Taxes on income	6.8	2.6	0.3	0.6	11.3	**3.9**	+ 50.0
Earnings after taxes	54.6	20.1	8.4	18.2	65.5	**25.5**	+ 26.9

Other Key Data	2003				2004		
	Q1	Q2	Q3	Q4	Q1	Q2	%
Capital expenditure (€ million) [1]	20.1	23.4	45.8	37.3	18.0	**27.4**	+ 17.1
Depreciation and amortization (€ million) [1]	27.8	26.6	28.0	25.6	28.4	**29.6**	+ 11.3
Gross cash flow (€ million)	86.1	35.7	36.1	51.2	95.7	**51.6**	+ 44.5
Earnings after taxes per share (€)	1.32	0.48	0.20	0.43	1.54	**0.60**	+ 25.0
DVFA earnings per share (€)	0.85	0.28	0.08	0.32	1.02	**0.36**	+ 28.6
Gross cash flow per share (€)	2.07	0.86	0.87	1.21	2.25	**1.21**	+ 40.7
Book value per share (€)	13.91	13.90	13.95	13.76	13.98	**13.49**	- 2.9
Total number of shares (million)	42.5	42.5	42.5	42.5	42.5	**42.5**	–
Number of shares outstanding (million) [2]	41.5	41.5	42.3	42.5	42.5	**42.5**	+ 2.4
Average number of shares (million) [3]	41.5	41.5	41.7	42.4	42.5	**42.5**	+ 2.4
Employees (number)	10,655	10,566	10,638	10,627	11,197	**11,137**	+ 5.4
Closing price (XETRA, €)	17.01	17.71	18.60	21.76	25.95	**27.91**	+ 57.6

1) Tangible fixed and intangible assets.
2) Total number of shares less the own shares held by K+S on the reporting date.
3) Total number of shares less the average number of shares held by K+S over the period.

Dates	2004/05
Interim report 30 September 2004	15 November 2004
Analyst conference, Frankfurt am Main	15 November 2004
Report on business in 2004	17 March 2005
Press and analyst conference, Frankfurt am Main	17 March 2005
Annual General Meeting, Kassel	11 May 2005
Interim report 31 March 2005	11 May 2005
Dividend payment	12 May 2005

Contact

K+S Aktiengesellschaft
Bertha-von-Suttner-Str. 7
34131 Kassel (Germany)
phone: + 49 (0) 561/9 301-0
fax: +49 (0) 561/9 301-17 53
internet: www.k-plus-s.com

Investor Relations
phone: + 49 (0) 561/9 301-16 87
fax: + 49 (0) 561/9 301-24 25
email: investor-relations@k-plus-s.com

Communications
phone: + 49 (0) 561/9 301-17 22
fax: + 49 (0) 561/9 301-16 66
email: pr@k-plus-s.com

Please write to us or call us if you have any questions. We would be pleased to answer them and to send you additional information. You can also view important company announcements, the annual report and interim reports as well as other publications directly at www.k-plus-s.com/investor.cfm. The information and publications available on the Internet are identical to the printed versions.