



Experience growth.

H1 2012

HALF-YEARLY FINANCIAL REPORT OF THE K+S GROUP JANUARY TO JUNE

- + Very good business performance for potash and magnesium products
- + As expected, weak early stocking-up in salt business
- + Quarterly revenues rise by 21% to € 996.5 million
- + Operating earnings EBIT I reach € 219.8 million (+ 21%)
- + Outlook for financial year 2012 confirmed
- + Adjusted earnings per share from continued operations for 2012 of between € 2.85 and € 3.15 expected (2011: € 3.27)

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS) ¹		Q2/12	Q2/11	%	H1/12	H1/11	%
Revenues	€ million	996.5	821.7	+21.3	2,077.1	2,121.8	(2.1)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	275.8	237.0	+16.4	580.0	627.6	(7.6)
EBITDA margin	%	27.7	28.8	—	27.9	29.6	—
Operating earnings (EBIT I)	€ million	219.8	181.9	+20.8	468.6	516.6	(9.3)
EBIT margin	%	22.1	22.1	—	22.6	24.3	—
Result after operating hedges (EBIT II)	€ million	202.1	181.1	+11.6	476.1	546.0	(12.8)
Earnings before income taxes	€ million	177.9	166.0	+7.2	436.8	515.6	(15.3)
Earnings before income taxes, adjusted ²	€ million	195.6	166.8	+17.3	429.3	486.2	(11.7)
Group earnings from continued operations	€ million	128.6	119.9	+7.3	315.7	378.2	(16.5)
Group earnings from continued operations, adjusted ²	€ million	141.2	120.5	+17.2	310.3	357.1	(13.1)
Group earnings after taxes ³	€ million	138.1	28.6	>100	350.3	322.2	+8.7
Group earnings after taxes, adjusted ^{2,3}	€ million	150.8	29.2	>100	344.2	301.1	+14.3
Return on Capital Employed (LTM) ⁴	%	—	—	—	23.3	23.9	—
Gross cash flow	€ million	212.2	194.4	+9.2	476.7	499.7	(4.6)
Net indebtedness as of 30 June	€ million	—	—	—	741.8	768.6	(3.5)
Capital expenditure ⁵	€ million	77.7	48.0	+61.9	118.9	75.9	+56.7
Depreciation and amortisation ⁵	€ million	56.0	55.1	+1.6	111.4	111.0	+0.4
Working capital as of 30 June	€ million	—	—	—	1,067.3	725.3	+47.2

KEY FIGURES (IFRS) ¹ (CONTINUED)		Q2/12	Q2/11	%	H1/12	H1/11	%
Earnings per share from continued operations, adjusted ²	€	0.74	0.63	+17.5	1.62	1.87	(13.4)
Earnings per share, adjusted ^{2,3}	€	0.79	0.15	>100	1.80	1.57	+14.7
Gross cash flow per share	€	1.11	1.01	+9.9	2.49	2.61	(4.6)
Book value per share as of 30 June	€	—	—	—	16.97	13.72	+23.7
Total number of shares as of 30 June	million	—	—	—	191.40	191.40	—
Outstanding shares as of 30 June ⁶	million	—	—	—	191.40	191.40	—
Average number of shares ⁷	million	191.40	191.32	—	191.40	191.25	—
Employees as of 30 June ⁸	number	—	—	—	14,325	14,119	+1.5
Average number of employees ⁸	number	14,316	14,086	+1.6	14,321	14,063	+1.8
Personnel expenses ⁹	€ million	247.8	235.7	+5.1	491.2	478.1	+2.7
Closing price as of 30 June	XETRA, €	—	—	—	36.00	53.00	(32.1)
Market capitalisation as of 30 June	€ billion	—	—	—	6.9	10.1	(32.1)
Enterprise value as of 30 June	€ billion	—	—	—	7.6	10.9	(30.3)

FINANCIAL CALENDAR

2012/2013

Quarterly Financial Report 30 September 2012	13 November 2012
Report on business in 2012	14 March 2013
Press and analyst conference, Frankfurt am Main	14 March 2013
Annual General Meeting, Kassel	14 May 2013
Quarterly Financial Report 31 March 2013	14 May 2013
Dividend payment	15 May 2013
Half-yearly Financial Report 30 June 2013	13 August 2013

← Footnotes Key Figures (IFRS)

¹ Unless stated otherwise, information refers to the continued operations of the K+S Group. The income statement and the cash flow statement were adjusted in accordance to IFRS following the sale of K+S Nitrogen and the divestment of the COMPO business. The balance sheet and therefore the key figures of working capital, net indebtedness and book value per share as of 30 June 2011 were not adjusted and also include the discontinued operations of K+S Nitrogen.

² The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges. Related effects on deferred and cash taxes are also eliminated; tax rate for Q2/12: 28.5% (Q2/11: 28.3%).

³ Earnings from continued and discontinued operations.

⁴ Return on capital employed of the last twelve months as of 30 June.

⁵ Capital expenditure in or depreciation on property, plant and equipment, intangible and investment properties as well as depreciation on financial assets.

⁶ Total number of shares less the number of own shares held by K+S as of the balance sheet date.

⁷ Total number of shares less the average number of own shares held by K+S.

⁸ FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

⁹ Personnel expenses also include expenditures connected with partial and early retirement.

CONTENT

← Key Data Business Development U2

1 MANAGEMENT REPORT

1.1	Group Structure and Business Operations	3
1.2	Corporate Strategy and Enterprise Management	3
1.3	Overview of Course of Business	3
1.4	Earnings, Financial and Asset Position	7
1.5	Business Segments of the K+S Group	13
1.6	Employees	19
1.7	Research and Development	19
1.8	Subsequent Events	20
1.9	Risk Report	20
1.10	Opportunity Report	20
1.11	Forecast Report	20
1.12	Guarantee of the Legal Representatives of K+S Aktiengesellschaft	26

2 FINANCIAL SECTION

2.1	Income Statement	28
2.2	Balance Sheet	29
2.3	Cash Flow Statement	30
2.4	Statement of Changes in Equity	32
2.5	Notes	33
2.6	Summary by Quarter	40

MANAGEMENT REPORT

1

1.1	Group Structure and Business Operations	3	1.8	Subsequent Events	20
1.2	Corporate Strategy and Enterprise Management	3	1.9	Risk Report	20
1.3	Overview of Course of Business	3	1.10	Opportunity Report	20
1.4	Earnings, Financial and Asset Position	7	1.11	Forecast Report	20
1.5	Business Segments of the K+S Group	13	1.12	Guarantee of the Legal Representatives of K+S Aktiengesellschaft	26
1.6	Employees	19			
1.7	Research and Development	19			

1.1 GROUP STRUCTURE AND BUSINESS OPERATIONS

For a comprehensive description of our Group structure and business operations, including our products and services, please see the relevant passages in our Financial Report 2011 on page 59.

/ DETAILED INFORMATION REGARDING DISCONTINUED OPERATIONS can be found in the Notes on page 33.

In line with the strategy of the K+S GROUP, which provides for growth in the Potash and Magnesium Products and Salt business segments in particular and for focussing management resources and financial means on this, on 8 May 2012, we announced the sale of K+S NITROGEN to EUROCHEM. In accordance with IFRS, K+S NITROGEN is consequently disclosed as a "discontinued operation". Closing took place on 2 July 2012.

Changes in the scope of consolidation are presented in the Notes of this Quarterly Financial Report on page 33. Furthermore, in the second quarter, there were no significant changes in the Group structure and business operations described in the Financial Report 2011.

1.2 CORPORATE STRATEGY AND ENTERPRISE MANAGEMENT

There were no changes in the strategy of the Company and its enterprise management in the second quarter. For a detailed description of the corporate strategy and enterprise management, please see the relevant passages in our Financial Report 2011 on page 70.

1.3 OVERVIEW OF COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

After a slight improvement in the overall economic development at the start of 2012, growth in the global economy was significantly more muted in the second quarter of 2012. / TAB: 1.3.1

In Europe, there was a further escalation of the sovereign debt crisis. The economy continued to be weak,

total economic production stagnated and investments continued to decline.

In the United States, the stabilisation of the real estate sector and the banking system continued. Private consumption also increased further and led to a slight growth in the gross domestic product.

In the emerging market countries, economic development was also able to improve slightly. As against increased production in South East Asia, there was weaker growth in China.

Monetary policy remained strongly expansive. The EUROPEAN CENTRAL BANK (ECB) left its key interest rate still unchanged at 1% in the second quarter and the FEDERAL RESERVE BANK (FED) too continued to pursue its low interest rate policy.

The volatility of prices for raw materials significantly increased during the course of the second quarter. The oil price (Brent) declined in the wake of general uncertainty on the financial markets and indications of a

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT

TAB: 1.3.1

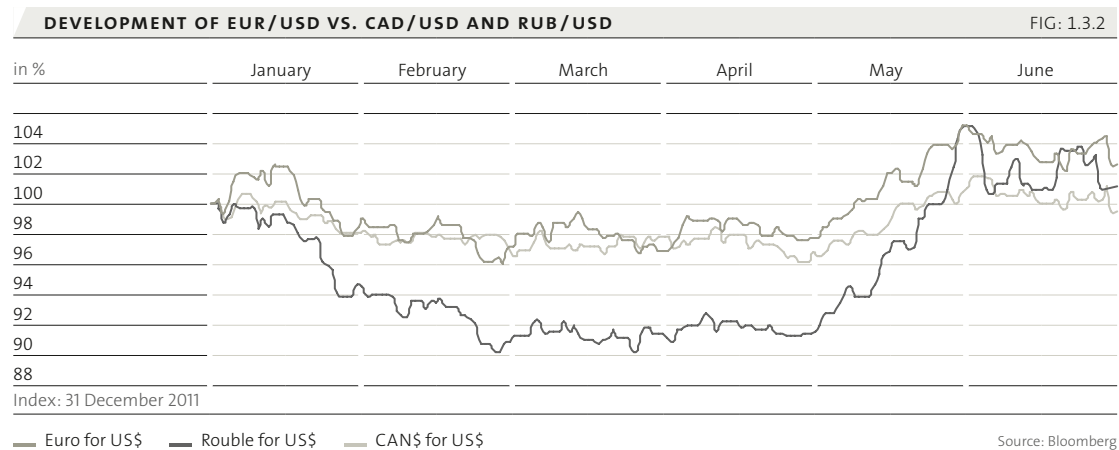
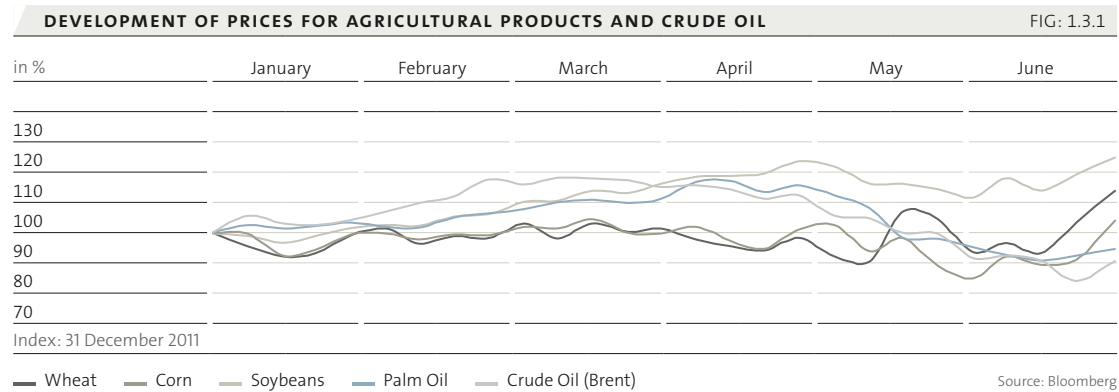
	2012e	2011	2010	2009	2008
in %; real					
Germany	+0.7	+3.0	+3.7	(4.7)	+1.3
European Union (EU-27)	(0.2)	+1.6	+1.9	(4.2)	+1.2
World	+3.2	+3.8	+5.1	(0.8)	+3.1

Source: Deka Bank

weaker global economy. A barrel cost about US\$ 98 on 30 June 2012. The price was both below the figure at the end of 2011 (31 December 2011: US\$ 107) and below the figure of the previous year (30 June 2011: US\$ 113).

Also, the average figure of the second quarter (US\$ 109) was below the figure of the previous year's quarter (US\$ 117). There were large price fluctuations for agricultural raw materials; towards the end of the second

quarter, prices rose significantly, after the persistent dry weather in the Midwest of the United States and in Russia resulted in tangibly lower harvest estimates. / FIG: 1.3.1



The us dollar strengthened against the euro in the course of the second quarter of 2012 and as of 30 June 2012, the exchange rate was 1.27 USD/EUR (31 December 2011: 1.30 USD/EUR; 30 June 2011: 1.45 USD/EUR). The weakness of the euro is mainly a consequence of again increasing uncertainty due to the European sovereign debt crisis. In terms of the average for the quarter too, at an exchange rate of 1.28 USD/EUR, the us dollar was far stronger than in the same quarter of the previous year (Q2/11: 1.44 USD/EUR). Moreover, apart from the USD/EUR exchange rate, a relative comparison between the euro and the currencies of our competitors (Canadian dollar, Russian rouble) each in relation to the us dollar is of importance for us. A strong us dollar normally has a positive impact on the earnings capacity of most of the world's potash producers in their respective local currency; this is due to the fact that the bulk of worldwide potash output lies outside the us dollar zone while almost all sales, with the exception of the European market, are invoiced in us dollars.

Figure 1.3.2 shows how the us dollar, during the second quarter of the year, has gained in strength against the euro. This also applied recently to its exchange rate against the currencies of our competitors from Canada and Russia. / FIG: 1.3.2

IMPACT ON K+S

The changes in the macroeconomic environment had the following main effects on the course of business for K+S in the second quarter:

- + The energy costs of the K+S GROUP are particularly affected by the purchase of gas. As a result of the energy supply clauses agreed with our suppliers, for example, changes in the oil price in the energy-intensive Potash and Magnesium Products business segment have until now normally been reflected in our cost accounting only with a delay of six to nine months (see page 21). Against this background, the further increased energy price level in the course of 2011 resulted in a significant price-related increase in the K+S GROUP's energy costs in the second quarter of 2012.
- + Options and futures are used to hedge expected incoming US dollar payments, which for 2012 define a worst-case scenario of about 1.34 USD/EUR including costs for planned revenues of the Potash and Magnesium Products business segment (exchange rate including hedging costs for 2011: 1.35 USD/EUR). Within the framework of translation hedging in the Salt business segment, hedging transactions also exist, which guarantee a worst-case translation of the hedged net position at 1.36 USD/EUR (exchange rate including hedging costs for 2011: 1.37 USD/EUR). The selected instruments also provide the K+S GROUP with the opportunity to participate to a certain extent in a stronger US dollar.

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

The conditions on important markets and the competitive positions of the individual business segments described in the section 'Group Structure and Business Operations' of the Financial Report 2011 on page 59 essentially remained unchanged.

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

After there was still cautious early stocking-up of fertilizers at the start of the year, the demand for potash and magnesium products developed positively during the second quarter of 2012. The relatively high price level for agricultural raw materials offered attractive income prospects for farmers and therefore an incentive to increase yields per hectare also through the optimal use of fertilizers. After the production cuts by North American and Russian producers at the start of the year, global capacities were again almost completely utilised in the course of the second quarter. Moreover, after the conclusion of the potash supply contracts with China at unchanged terms at the end of the first quarter, international prices for potassium chloride tended to be firmer and, in the second quarter of 2012, were tangibly above the level of the previous year's quarter.

SALT BUSINESS SEGMENT

DE-ICING SALT – WESTERN EUROPE

As a result of the very mild and partly dry weather conditions at the start of the year, stocks on both the

producer and customer sides are well filled. Consequently, in comparison to the same period of the previous year, a price decline in the early stocking-up business of the second quarter of 2012 was observed. While prices for the tenders for the winter season 2012/13 decreased, overall volumes in the contracts concluded to date stood at a relatively good level.

DE-ICING SALT – NORTH AMERICA

The de-icing salt regions on the East Coast of the United States and in Canada were also characterised by relatively high stocks due to the exceptionally mild winter at the start of the year. Most producers reacted to this situation with cutting back production. In the de-icing salt regions of the United States, both in the early stocking-up business in the second quarter and in the tenders for the winter season 2012/13, there were declines in prices and volumes, particularly in the Midwest.

INDUSTRIAL SALT

Demand for industrial salt was relatively stable both in Europe and South America. In North America, a certain reluctance to purchase could still be observed for water-softening products.

FOOD GRADE SALT

The demand for food grade salt in Europe as well as in South and North America was at a good level in the second quarter too. However, increased competition was to be observed in the European market.

SALT FOR CHEMICAL USE

The European market for salt for chemical use was characterised by oversupply in the second quarter despite a slight trend towards recovery. In the North and South American markets for salt for chemical use too, competitive pressure increased.

K+S ON THE CAPITAL MARKET

COURSE OF THE K+S SHARE PRICE IN Q2

- + Starting from a good € 39 at the start of the second quarter, the share price of K+S fell significantly at the beginning of April in light of the escalation of the sovereign debt crisis in Europe and temporarily somewhat weaker agricultural prices.
- + The figures for the first quarter of 2012 published on 9 May were above analysts' expectations, but this positive news was significantly concealed by the negative stock market environment, so that the share stood at only slightly above € 30 at the end of May.
- + At the start of June, continued dry weather in North America and Russia and the related expectation of harvest shortfalls led to a significant rise in agricultural prices. This and positive comments from analysts from important banks resulted in significant share price rises in the course of June.
- + On 30 June, the K+S share closed at € 36. It was thus 3% above the closing price of 2011. Disregarding the dividend deduction of € 1.30 per share, this resulted in a plus of 7%. DAX, MSCI WORLD and STOXX 600

rose over the same period by 9%, 4% and 3% respectively. / FIG: 1.3.3

In the second quarter, the positive price development of the shares of international fertilizer producers, observed in the first three months did not, initially, continue. Temporarily declining prices for important agricultural raw materials and the reduction in the market and earnings forecasts of some competitors initially led to share price declines. However, at the start of June, share prices partly rose again significantly in light of the already described development of agricultural prices. Since the start of the year, the share of our competitor COMPASS rose by 11%, followed by MOSAIC (+9%), YARA (+8%), POTASHCORP (+6%) and URALKALI (+6%). In the first six months, the K+S share rose by 3%, but in comparison to the competi-

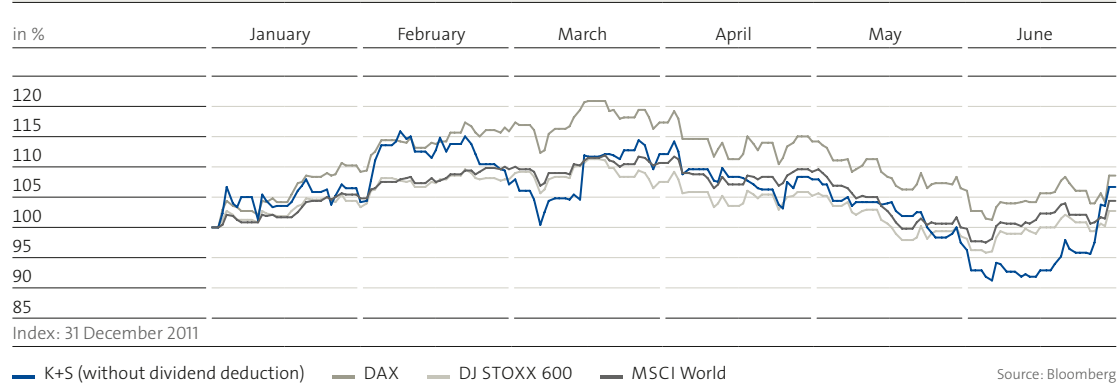
tors it had to absorb a high dividend deduction of 3.7%. Against this backdrop, the K+S share was able to maintain its position well against the Russian and Canadian competitors despite the debt crisis in Europe. / FIG: 1.3.4

In the last of the research surveys (30 July 2012) that we regularly carry out, 15 banks gave us a "buy/accumulate" recommendation, 6 a "hold/neutral" recommendation and 2 a "reduce/sell" recommendation. The average target price was about € 45.

SHAREHOLDER STRUCTURE

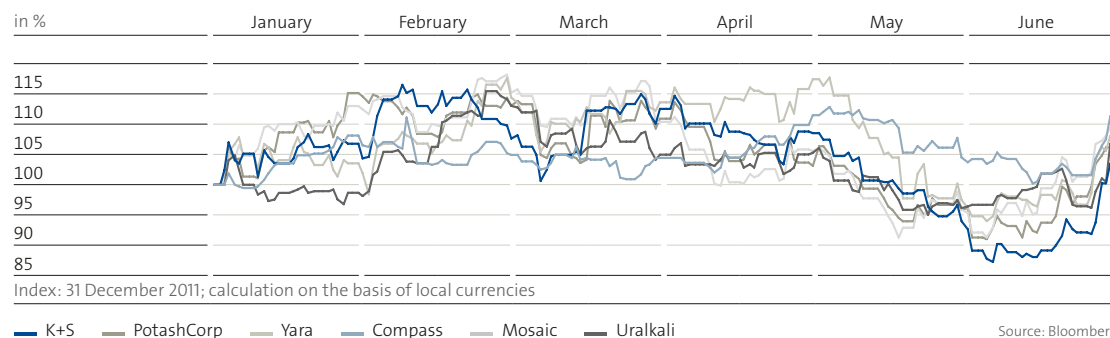
On 4 May 2012, BLACKROCK INC. and several subsidiaries informed us that they had fallen below the threshold of 5% of voting rights in K+S AKTIENGESELLSCHAFT and at that point in time held 4.98%. On 11 and 24 May 2012,

PERFORMANCE OF THE K+S SHARE IN RELATION TO DAX, DJ STOXX 600 AND MSCI WORLD FIG: 1.3.3



PERFORMANCE OF THE K+S SHARE IN RELATION TO PEERS

FIG: 1.3.4



BLACKROCK INC. and several subsidiaries then reported that they had again exceeded the threshold of 5% (5.08 and 5.15 % respectively). Furthermore, there were no changes in the shareholder structure beyond the 3 % threshold in the second quarter.

Thus, our shareholder structure was as follows as of 30 June:

- + MERITUS TRUST COMPANY LIMITED via EUROCHEM GROUP SE: 9.88 % (notification of 11 July 2011)
- + BLACKROCK: 5.15 % (notifications of 24 May 2012)
- + PRUDENTIAL PLC. via M&G INVESTMENT MANAGEMENT LIMITED: 3.00 % (notification of 2 November 2011 and correction notification as of 8 February 2012)

Under the free float definition applied by DEUTSCHE BÖRSE AG, the free float remains unchanged at about 90 %.

K+S BONDS

Against the background of the low interest rate level, on 12 June 2012, K+S AKTIENGESELLSCHAFT successfully issued a second corporate bond in the amount of € 500 million. The bond has a ten-year term and an interest coupon of 3.0 % p.a. The proceeds are to be used to refinance the already outstanding corporate bond, due in 2014 (issue volume: € 750 million; interest coupon: 5.00 % p.a.). This, the liquidity available and future cash flows serve to finance the Legacy Project in Canada as well as general corporate purposes. The new bond, which will mature in June 2022, was quoted at 99.830 % on 30 June 2012. The yield was 3.020 %. The bond, which will mature in September 2014, was quoted at 107.850 % on 30 June 2012. The yield was 1.388 % p.a. (31 December 2011: 107.732 % and 2.046 % p.a. respectively).

1.4 EARNINGS, FINANCIAL AND ASSET POSITION**K+S NITROGEN STATED AS DISCONTINUED OPERATION DUE TO ITS SALE**

The description of the earnings, financial and asset position relates, if not stated otherwise, to the continued operations of the K+S GROUP. Since the reporting about the second quarter of 2011, the COMPO business and, with this half-yearly report, also K+S NITROGEN is stated as a “discontinued operation” in line with IFRS. Detailed information can be found in the Notes on page 33. The income statement and the cash flow statement were adjusted accordingly. The balance sheet was not adjusted.

CURRENT AND FUTURE DEVELOPMENT OF ORDERS

Most of the business of the K+S GROUP is not covered by longer-term agreements concerning fixed volumes and prices.

In the Potash and Magnesium Products business segment, the proportion of the backlog of orders in relation to revenues is low, i.e. less than 10 %. This is customary in the industry. The business is characterised by long-term customer relationships as well as revolving framework agreements with non-binding volume and price indications.

In the Salt business segment, de-icing salt contracts for the public sector in Europe, Canada and the United States are issued by means of public invitations to tender. We take part in these every second and third quarter for the upcoming winter season, but also, to a certain extent, for the following winter. The contracts include both price and maximum volume agreements. However, as the actual volumes depend on the winter weather conditions and are therefore uncertain in advance, they cannot be classified as backlog of orders as such. This also applies to agreements with minimum purchasing obligations on the part of our customers, since they can normally be shifted to the following winter in the event of weak demand in a season.

For the above-mentioned reasons, the disclosure of the backlog of orders of the K+S GROUP and its business segments is of no relevance for assessing the short- and medium-term earnings capacity.

REVENUES AND EARNINGS POSITION

SECOND QUARTER REVENUES RISE BY 21%

At € 996.5 million, second quarter revenues were up € 174.8 million or 21% in comparison to the previous year. This can be attributed in particular to a volume-related revenue increase in the Potash and Magnesium Products business segment. Revenues in the Salt business segment were slightly up on the figure for the previous year due to currency effects. In the first half of the

year, revenues of the K+S GROUP fell slightly by 2% to € 2,077.1 million against the background of lower revenues in the Salt business segment in the first quarter due to weather conditions. / TAB: 1.4.1

In the first six months of the year, 60% of revenues were generated in the Potash and Magnesium Products business segment, followed by Salt (36%) and Complementary Business Segments (4%). In Europe, we generated a share in revenues of approximately 40%, followed by North America (26%), South America (19%) and Asia (13%). / FIG: 1.4.1, 1.4.2

DEVELOPMENT OF SELECTED COST TYPES

In the quarter under review, total costs rose by about 21% and therefore proportionately in comparison to revenues. The most important cost types developed as follows: personnel expenses amounted to € 247.8 million in the second quarter or about 25% of revenues and were thus slightly above the level of the same quarter in the previous year (for explanation, see page 19). Freight costs – measured in terms of revenues about 15% – were slightly above the level of the previous year's quarter. The material costs and the energy costs – measured in terms of revenues each about 10% – were on or, partly for price reasons, significantly above the previous year's quarter.

SECOND QUARTER EBITDA AT € 275.8 MILLION

During the second quarter of 2012, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 16% to € 275.8 million (Q2/11: € 237.0 million). In the

first half of the year, EBITDA reached € 580.0 million, representing a decrease of 8% (H1/11: € 627.6 million).

OPERATING EARNINGS EBIT I REACH € 219.8 MILLION

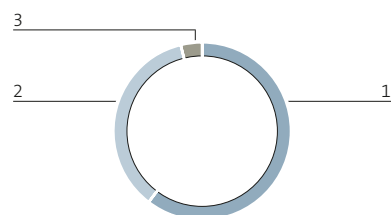
In the second quarter of 2012, operating earnings EBIT I reached € 219.8 million and thus increased by € 37.9 million or 21% in comparison to the same quarter of the previous year. At € 56.0 million, depreciation and amortisation taken into account in EBIT I were at about the level of the same quarter of the previous year (Q2/11: € 55.1 million). The Potash and Magnesium Products business segment managed to significantly improve its earnings in particular thanks to higher overseas volumes, while the earnings of the Salt business segment decreased against the backdrop of a weaker early stocking-up business for de-icing salt. In the first half of 2012, the K+S GROUP achieved operating earnings of € 468.6 million. This was 9% below the previous year's figure (H1/11: € 516.6 million).

VARIANCE ANALYSIS		TAB: 1.4.1	
	Q2/12	H1/12	
in %			
Change in revenues	+21.3	(2.1)	
volume/structure	+10.6	(10.0)	
prices/price-related	+5.0	+4.3	
exchange rates	+5.5	+3.4	
consolidation	+0.2	+0.2	

Detailed information on average prices and sales volumes can be found in tables 1.5.3 and 1.5.6.

REVENUES BY BUSINESS SEGMENT JANUARY – JUNE 2012

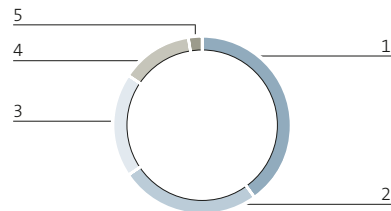
FIG: 1.4.1



	H1/12	H1/11
in %		
1 Potash and Magnesium Products	60.4	51.0
2 Salt	35.9	45.5
3 Complementary Business Segments	3.7	3.5

REVENUES BY REGION JANUARY – JUNE 2012

FIG: 1.4.2



	H1/12	H1/11
in %		
1 Europe	40.0	43.5
– of which Germany	13.8	15.9
2 North America	25.7	32.0
3 South America	18.8	13.9
4 Asia	13.1	8.3
5 Africa, Oceania	2.4	2.3

At € 111.4 million, depreciation and amortisation taken into account in EBIT I in the first half of the year were at the previous year's level (H1/11: € 111.0 million).

The result from operating forecast hedges included in EBIT I corresponds – due to the elimination of all fluctuations in the market value during the term – to the value of the hedge at the time of realisation (difference between the spot rate and hedged rate) less the premi-

ums paid or plus the premiums received in the case of option transactions. The changes in the market value of the operating forecast hedges still outstanding are, however, only taken into consideration in the result after operating hedges (EBIT II).

RESULT AFTER OPERATING HEDGES (EBIT II)

The result after operating hedges EBIT II reached € 202.1 million during the quarter under review after having

been € 181.1 million in the same quarter of the previous year (+12%). In the second quarter, due to a stronger US dollar, EBIT II was adversely affected by earnings effects resulting from operating forecast hedges of € 17.7 million (Q2/11: € (0.8) million). In the first six months of 2012, an EBIT II of € 476.1 million was achieved which was about 13% below the previous year's figure (H1/11: € 546.0 million). The included earnings effects resulting from operating forecast hedges amounted to € +7.5 million (H1/11: € +29.4 million).

Under IFRS, changes in the market value from hedging transactions have to be reported in the income statement. EBIT II includes all earnings arising from operating hedging transactions, i.e. both valuation effects as at the reporting date and earnings from realised operating hedging derivatives. Hedging transactions connected with financing activities are shown in the financial result.

**SECOND QUARTER FINANCIAL RESULT
ADVERSELY AFFECTED BY ONE-OFF EFFECT**

In the second quarter, the financial result was € (24.2) million after having been € (15.1) million in the same period of the previous year. This was principally due to a non-cash, extraordinary interest expense (€ 7.6 million) mainly for provisions for mining obligations. The reason for this was the necessary lowering of the average weighted discount factor for provisions in line with the long-term interest rate level which significantly decreased in recent months; for mining obligations of the K+S Group from 4.7% to 4.5%.

In addition to the interest expense for pension provisions (Q2/12: € (1.7) million), the financial result also includes the interest expense for other non-current provisions, mainly provisions for mining obligations (Q2/12: € (13.0) million); both are non-cash. In the first half of the year, the financial result amounted to € (39.3) million after having been € (30.4) million in the previous year's quarter. / FURTHER DETAILS OF THE FINANCIAL RESULT can be found in the Notes on page 38.

(ADJUSTED) EARNINGS BEFORE INCOME TAXES ABOVE PREVIOUS YEAR

In the quarter under review, earnings before income taxes totalled € 177.9 million (Q2/11: € 166.0 million). If the earnings are adjusted for the effects from operating forecast hedges, which were not yet recorded in operating earnings EBIT I (€ 17.7 million), this results in adjusted earnings before income taxes of € 195.6 million. This was € 28.8 million or 17% up on the same period in the previous year. In the first six months, earnings before income taxes were € 436.8 million (H1/11: € 515.6 million) and adjusted earnings before income taxes stood at € 429.3 million (H1/11: € 486.2 million).

(ADJUSTED) GROUP EARNINGS FROM CONTINUED OPERATIONS ALSO HIGHER

In the second quarter, Group earnings after taxes from continued operations reached € 128.6 million (Q2/11: € 119.9 million). In the quarter under review, tax expense totalling € 49.2 million were incurred including deferred, i.e. non-cash tax income in the amount of € 12.2 million

(Q1/11: tax expense of € 46.0 million, of which € 6.0 million was deferred tax income). Second quarter adjusted Group earnings from continued operations rose by € 20.7 million or 17% to € 141.2 million. In the first six months, Group earnings after taxes from continued operations of € 315.7 million (H1/11: € 378.2 million) were achieved. Tax expense in the first half of the year was € 120.8 million, including a deferred, i.e. non-cash tax income of € 22.7 million (income tax expense H1/11: € 137.2 million, of which € 5.3 million was a deferred tax expense). Adjusted Group earnings from continued operations of the first six months decreased in comparison to the corresponding period of the previous year by € 46.8 million or 13% to € 310.3 million.

ADJUSTED EARNINGS PER SHARE FROM CONTINUED OPERATIONS IN THE SECOND QUARTER AT € 0.74 (Q2/11: € 0.63)

In the quarter under review, adjusted earnings per share from continued operations reached € 0.74 and were thus about 18% higher than the figure for the previous year of € 0.63. This was computed on the basis of 191.40 million no-par value shares, being the average number of shares outstanding (Q2/11: 191.32 million no-par value shares). In the first six months of 2012, adjusted earnings per share from continued operations reached € 1.62, a decrease of 13% after having been € 1.87 in the previous year.

At the end of June, the total number of shares outstanding of the K+S GROUP was 191.40 million no-par value shares. We held no shares of our own as of 30 June 2012.

In the second quarter, the average domestic Group tax rate was 28.5% (Q2/11: 28.3%), while the adjusted Group tax rate from continued operations was stable at 27.8% in comparison to the same quarter of the previous year.

Undiluted, adjusted earnings per share are computed by dividing adjusted Group earnings after taxes and minority interests by the weighted average number of shares outstanding. As none of the conditions resulting in the dilution of earnings per share exist in the case of K+S at the present time, undiluted earnings per share correspond to diluted earnings per share.

ADJUSTED GROUP EARNINGS AND ADJUSTED EARNINGS PER SHARE

Adjusted Group earnings (including discontinued operations) in the second quarter reached € 150.8 million (Q2/11: € 29.2 million). Of this, € 9.6 million was attributable to the discontinued operations of K+S NITROGEN. In the first six months, adjusted Group earnings amounted to € 344.2 million (H1/11: € 301.1 million), while € 33.9 million was attributable to the discontinued operations.

Adjusted earnings per share (including discontinued operations) in the quarter under review reached € 0.79 (Q2/11: € 0.15). Of this, € 0.05 was attributable to the discontinued operations. Adjusted earnings per share

including discontinued operations of the first six months achieved € 1.80 after having been € 1.57 in the same period of the previous year, while € 0.18 was attributable to the discontinued operations.

/ DETAILED INFORMATION REGARDING DISCONTINUED OPERATIONS can be found in the Notes on page 33.

FINANCIAL POSITION

SECOND QUARTER CAPITAL EXPENDITURE UP SUBSTANTIALLY

In the second quarter of 2012, the K+S GROUP invested a total of € 77.7 million in the continued operations and thus almost 62% more than in the same quarter of the previous year (Q2/11: € 48.0 million). The majority of the capital expenditure was accounted for by the Potash and Magnesium Products business segment. Here, the increase is mainly attributable to capital expenditure for the package of measures on water protection in the Hesse-Thuringia potash district and for the Legacy Project, there primarily on infrastructure, water supply and engineering works. In the Salt business segment, the volume of capital expenditure rose especially due to the renovation of an evaporated salt facility of MORTON SALT in Hutchinson, United States. About two thirds of the capital expenditure made were attributable to measures relating to replacement and ensuring production. This share of about € 50 million was less than the depreciation of € 56.0 million. In the first half of the year, a total of € 118.9 million (H1/11: € 75.9 million) was invested,

of which about 70% was used for measures relating to replacement and ensuring production. In the first half of the year, this share of about € 80 million was thus less than the depreciation of € 111.4 million. / FIG: 1.4.3

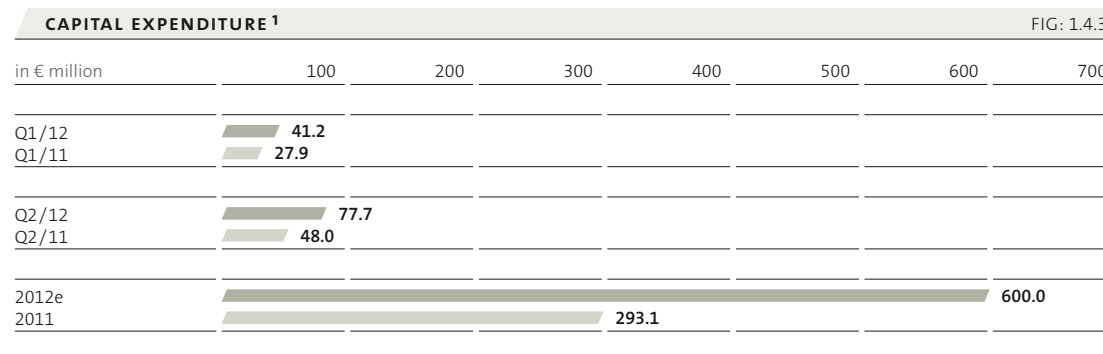
CASH FLOW FROM OPERATING ACTIVITIES CHARACTERISED BY MORE FUNDS BEING TIED UP IN WORKING CAPITAL

Gross cash flow declined by € 23.0 million and reached € 476.7 million in the first half of the year; thus it was slightly lower than the figure for the previous year (H1/11: € 499.7 million). The decrease followed the earnings trend. Lower operating earnings were counteracted by reduced income tax payments. / TAB: 1.4.2

Cash flow from operating activities (without out-financing of pension obligations) reached € 392.3 million dur-

ing the first six months, therefore remaining significantly below the figure for the previous year (H1/11: € 610.8 million). This is attributable to a higher tying up of funds in working capital; in the Potash and Magnesium business segment, receivables rose due to price and volume factors; in the Salt business segment, stocks remained at a high level due to the very mild winter, after in the same period of the previous year, the otherwise usual reduction of the salt inventories had taken place. Additionally, in comparison to the previous year, a higher reduction of liabilities had a slightly negative effect.

In the first six months, cash flow for investing activities (without investments in securities) came to € (129.3) million and was thus significantly below the level of the same period in the previous year (H1/11: € (320.8) million), which was affected by outgoing payments for the



¹ Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.

CASH FLOW OVERVIEW ¹		TAB: 1.4.2
	H1/12	H1/11
in € million		
Gross cash flow	476.7	499.7
Cash flow from operating activities ²	392.3	610.8
Cash flow for investing activities ³	(129.3)	(320.8)
– of which acquisitions/divestments	(4.2)	(242.8)
Free cash flow ^{2,3}	263.0	290.0
Free cash flow before acquisitions/divestments ^{2,3}	267.2	532.8
Cash flow from /for financing activities	247.3	(257.3)
Operational change in cash and cash equivalents ^{2,3}	+ 515.0	+24.2

¹ Information refers to the continued operations of the K+S Group.

² Without out-financing of pension obligations in the amount of € (6.9) million in H1/12 (H1/11: € (99.9) million).

³ Without purchases/disposals of securities and other financial investments in the amount of € (204.0) million net in H1/12 (H1/11: € (65.7) million).

acquisition of POTASH ONE (€ (242.8) million). Free cash flow (without out-financing of pension obligations and investments in securities) reached € 263.0 million (H1/11: € 290.0 million). Adjusted for acquisitions/divestments, free cash flow fell by € 265.6 million to € 267.2 million in comparison to the same period in the previous year.

During the first six months, cash flow from /for financing activities amounted to € 247.3 million (H1/11: € (257.3) million). The change is mainly attributable to the issuance of a second bond (€ 497.1 million). As at 30 June 2012, net cash and cash equivalents amounted to € 644.7

million (30 June 2011: € 553.4 million; 31 December 2011: € 437.3 million).

Net indebtedness, including provisions for pensions and mining obligations, as at the reporting date, fell further to € 741.8 million, compared to the figure as of 30 June 2011 (€ 768.6 million).

/ FURTHER INFORMATION REGARDING NET INDEBTEDNESS can be found in the Notes on page 39.

VERY SOLID FINANCING STRUCTURE

Compared with the end of 2011, the financing structure of the K+S GROUP continues to be very solid: The equity ratio persisted at a high level and on 30 June 2012, amounted to almost 48 % of the balance sheet total. The share of non-current debt including non-current provisions rose slightly to 36 %, while the share of current debt decreased to 16 %.

/ FURTHER DETAILS ON THE CHANGE IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 38.

As of 30 June 2012, the K+S GROUP'S debt consisted chiefly of financial liabilities (36 %), provisions (30 %) and accounts payable trade (6 %). As of 30 June 2012, financial liabilities amounted to € 1,271.6 million; of this, only € 6.3 million were to be classified as current. The reason for the increase in financial liabilities was the issuance of a second bond (issue volume: € 500 million). The main provisions of the K+S GROUP as of 30 June 2012 concern provisions for mining obligations (€ 617.8 million) as well as for pensions and similar obligations (€ 94.1 million). As com-

pared to 31 December 2011, these have risen by € 37.2 million and declined by € 1.2 million respectively. / FIG: 1.4.4

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

Off-balance sheet financing instruments in the sense of factoring transactions, asset-backed securities, sale and lease back transactions or contingent liabilities to special purpose entities not consolidated only exist to a negligible extent. We primarily use operating leases, for example for vehicles, storage capacity and IT accessories. Due to the chosen contractual structures, these items are not to be carried under fixed assets.

ASSET POSITION

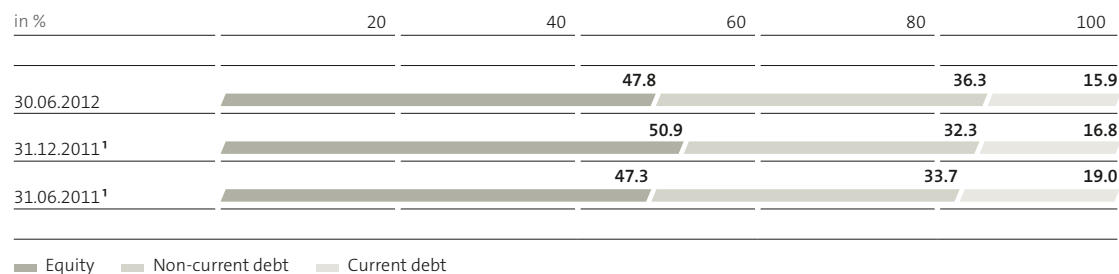
As of 30 June 2012, the balance sheet total of the K+S GROUP amounted to € 6,794.5 million. At 55:45, the ratio of non-current assets to current assets is, however, still balanced. At the end of the second quarter, cash and cash equivalents, current securities and other financial investments reached € 1,003.8 million (31 December 2011: € 757.8 million).

/ FURTHER DETAILS OF THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 38.

Including cash and cash equivalents (€ 643.2 million), non-current and current securities and other financial

EQUITY AND LIABILITIES

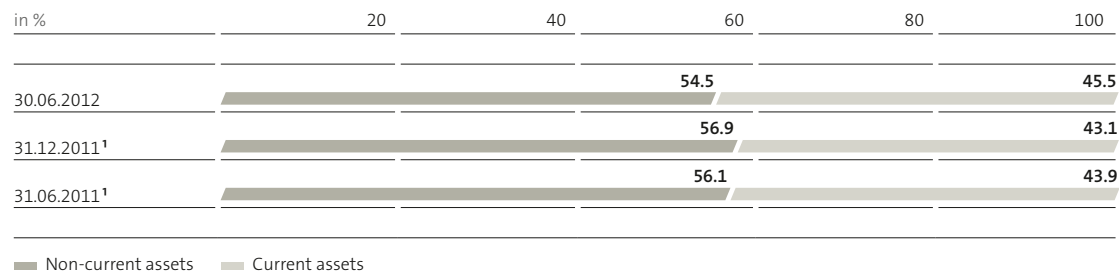
FIG: 1.4.4



¹ Information as of 30 June 2011 and 31 December 2011 has not been adjusted and also include the discontinued operations of K+S Nitrogen.

ASSETS

FIG: 1.4.5



¹ Information as of 30 June 2011 and 31 December 2011 has not been adjusted and also include the discontinued operations of K+S Nitrogen.

investments (€ 578.7 million), provisions for mining obligations and pensions (€ 617.8 million and € 94.1 million respectively) and financial liabilities (€ 1,271.6 million) and after taking into account claims for reim-

bursement in connection with a bond at MORTON SALT (€ 19.8 million), as of 30 June 2012, this results in net indebtedness of the K+S GROUP of € 741.8 million (31 December 2011: € 610.8 million). This decreased by

€ 26.8 million as compared to the figure for the previous year (30 June 2011: € 768.6 million). / FIG: 1.4.5

1.5 BUSINESS SEGMENTS OF THE K+S GROUP

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

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

REVENUES

In the second quarter, revenues of the Potash and Magnesium Products business segment reached € 669.5 million and were significantly higher than the figure for the previous year (€ 502.4 million). In addition to a significant increase in sales volumes, higher prices and positive foreign currency effects led to this increase. During the quarter under review, revenues for potassium chloride – our most significant product in terms of sales volumes – rose strongly by € 145.5 million to € 390.9 million (Q2/11: € 245.4 million); this is particularly attributable to higher sales volumes overseas. For fertilizer specialties, higher prices and positive foreign currency effects as well as slightly higher sales volumes resulted in an increase in revenues to € 204.7 million (Q2/11: € 186.4 million). Revenues for industrial products rose by 5% to € 73.9 million (Q2/11: € 70.6 million). Here, it proved

possible to make up for slightly lower sales volumes through higher prices and positive foreign currency effects. Sales volumes of potash and magnesium products in the second quarter increased by 19% to 1.96 million tonnes (Q2/11: 1.66 million tonnes). In the first half of the year, revenues increased by a total of 16% to € 1,251.4 million, while the sales volume was 3.74 million tonnes (H1/11: 3.67 million tonnes) and thus slightly above the previous year's level. Thus, it proved possible to more than make up for the decrease in sales volumes of the first quarter.

/ TAB: 1.5.1, 1.5.2, 1.5.3 / FIG: 1.5.1, 1.5.2

DEVELOPMENT OF EARNINGS

During the second quarter, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Potash and Magnesium Products business segment rose by 28% to € 263.7 million (Q2/11: € 205.9 million). In the first half of the year, EBITDA was € 495.1 million (H1/11: € 430.1 million), an increase of 15%.

VARIANCE ANALYSIS

TAB: 1.5.1

	Q2/12	H1/12
in %		
Change in revenues	+33.3	+15.7
volume/structure	+23.0	+3.0
prices/price-related	+5.5	+9.6
exchange rates	+4.8	+3.1
consolidation	—	—
Potassium chloride	+59.3	+27.9
Fertilizer specialities	+9.8	+6.9
Industrial products	+4.7	(2.7)

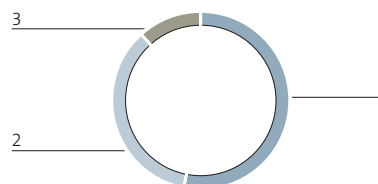
POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

TAB: 1.5.2

	Q2/12	Q2/11	%	H1/12	H1/11	%
in € million						
Revenues	669.5	502.4	+33.3	1,251.4	1,081.5	+15.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	263.7	205.9	+28.1	495.1	430.1	+15.1
Operating earnings (EBIT I)	240.7	184.4	+30.5	449.2	386.8	+16.1
Capital expenditure	54.1	30.0	+80.3	78.0	48.3	+61.5
Employees as of 30 June (number)	—	—	—	8,209	8,008	+2.5

REVENUES BY PRODUCT GROUP JANUARY – JUNE 2012

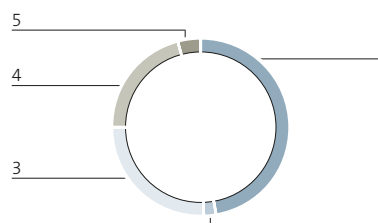
FIG: 1.5.1



	H1/12	H1/11
in %		
1 Potassium chloride	53.2	48.1
2 Fertilizer specialities	35.4	38.3
3 Industrial products	11.4	13.6

REVENUES BY REGION JANUARY – JUNE 2012

FIG: 1.5.2



	H1/12	H1/11
in %		
1 Europe	47.3	56.9
– of which Germany	12.6	15.8
2 North America	2.3	2.3
3 South America	25.6	20.4
4 Asia	20.9	16.3
5 Africa, Oceania	3.9	4.1

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION ¹

TAB: 1.5.3

		Q1/11	Q2/11	H1/11	Q3/11	Q4/11	2011	Q1/12	Q2/12	H1/12
Revenues	€ million	579.1	502.4	1,081.5	508.9	543.2	2,133.6	581.9	669.5	1,251.4
Europe	€ million	338.6	276.4	615.0	263.6	261.3	1,139.9	318.7	273.0	591.7
Overseas	US\$ million	329.0	325.6	654.6	346.1	380.1	1,380.8	345.0	508.1	853.1
Sales volumes	t eff. million	2.01	1.66	3.67	1.61	1.66	6.94	1.78	1.96	3.74
Europe	t eff. million	1.19	0.87	2.06	0.86	0.83	3.75	0.98	0.85	1.83
Overseas	t eff. million	0.82	0.79	1.61	0.75	0.83	3.19	0.80	1.11	1.91
Average prices	€/t eff.	287.8	302.2	294.3	316.1	327.2	307.6	327.4	340.8	334.4
Europe	€/t eff.	284.7	315.0	297.6	310.1	314.8	304.2	326.1	319.5	323.0
Overseas	US\$/t eff.	399.7	414.9	407.1	459.8	457.9	432.8	431.1	457.7	446.6

¹ Revenues include prices both inclusive and exclusive of freight costs and, in the case of overseas revenues, are based on the respective USD/EUR spot rates. For most of these revenues, hedging transactions have been concluded. The price information is also affected by the respective product mix and is therefore to be understood as providing a rough indication only.

It proved possible to increase operating earnings EBIT I in the second quarter by € 56.3 million or 31% to € 240.7 million. Volume- and price-related revenue increases more than offset in particular increased energy and material costs as well as volume-related higher freight costs. Operating earnings EBIT I include depreciation and amortisation of € 23.0 million (Q2/11: € 21.5 million). In the first half of the year, it proved possible to increase operating earnings EBIT I by 16% to € 449.2 million (H1/11: € 386.8 million); this includes depreciation and amortisation of € 45.9 million (H1/11: € 43.3 million).

OUTLOOK

The prospects for the development of demand for fertilizers containing potash and magnesium continue to be attractive particularly in the markets relevant to us, so that, from today's perspective, we regard a sales volume close to that of last year to be probable (2011: 6.9 million tonnes). In line with our customary, purely technical forecast policy, which maintains the currently achieved potash price level unchanged for the remaining months of 2012, an average price level that is moderately higher than that of the previous year is to be expected. On this basis,

revenues of the Potash and Magnesium Products business segment too should increase moderately in comparison to a year ago. On the cost side, a tangible increase is to be reckoned with overall. This is particularly attributable to a strong rise in energy costs, to costs for the Legacy Project and a negative foreign currency result, which had been positive last year. Against this backdrop, in the Potash and Magnesium Products business segment, we expect slightly rising operating earnings (previously: stable).

SALT BUSINESS SEGMENT

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

REVENUES

In the second quarter, Salt business segment revenues rose to € 287.7 million (Q2/11: € 282.4 million). In particular, currency-related revenue increases managed to more than make up for volume-related decreases. As far as de-icing salt is concerned, the very mild and partly dry weather conditions at the start of the year in Europe and North America resulted in lower sales volumes also in the early stocking-up business. This led, particularly in comparison to the high figures of the same period of the previous year, to a sharp decline in revenues to € 29.6 million (Q2/11: € 45.3 million). Second quarter revenues for food grade salt rose by 13% to € 86.0 million (Q2/11: € 76.1 million), as positive price and foreign currency effects more than offset primarily volume-related

decreases. Revenues of € 128.4 million were achieved with industrial salt. This was above the figure for the same quarter of the previous year (€ 119.1 million) due to price and foreign currency factors. It was possible to increase revenues with salt for chemical use by € 3.3 million to € 31.3 million due to volume and foreign currency effects. In the case of Others, revenues fell by € 1.5 million to € 12.4 million. Sales volumes of crystallised salt during the second quarter totalled 2.98 million tonnes and were down 7% on the previous year's level (Q2/11: 3.21 million tonnes). During the first six months, total revenues of the business segment declined by 23% to € 746.2 million (H1/11: € 964.9 million). The sales volume of crystallised salt in the first half of the year fell by 32% to 9.16 million tonnes against the background of a significantly below-average sales volume of de-icing salt (H1/11: 13.40 million tonnes).

/ TAB: 1.5.4, 1.5.5, 1.5.6 / FIG: 1.5.3, 1.5.4

VARIANCE ANALYSIS

TAB: 1.5.4

	Q2/12	H1/12
in %		
Change in revenues	+1.9	(22.7)
volume/structure	(10.6)	(25.8)
prices/price-related	+4.8	(1.2)
exchange rates	+7.5	+4.1
consolidation	+0.2	+0.2
Food grade salt	+13.0	+7.5
Industrial salt	+7.8	+1.5
Salt for chemical use	+12.2	+17.2
De-icing salt	(34.8)	(50.7)
Other	(10.8)	+3.2

SALT BUSINESS SEGMENT

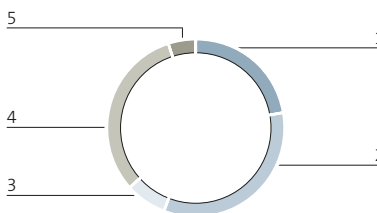
TAB: 1.5.5

	Q2/12	Q2/11	%	H1/12	H1/11	%
in € million						
Revenues	287.7	282.4	+1.9	746.2	964.9	(22.7)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	18.0	40.9	(56.0)	92.4	210.8	(56.2)
Operating earnings (EBIT I)	(11.4)	11.0	—	34.1	150.1	(77.3)
Capital expenditure	19.6	13.2	+48.5	33.4	20.2	+65.3
Employees as of 30 June (number)	—	—	—	5,172	5,226	(1.0)

REVENUES BY PRODUCT GROUP JANUARY – JUNE 2012

FIG: 1.5.3

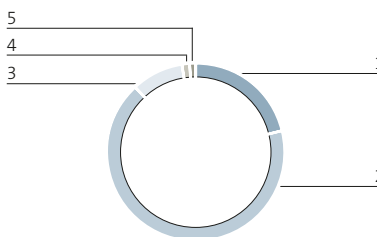
	H1/12	H1/11
in %		
1 Food grade salt	22.4	16.1
2 Industrial salt	33.5	25.5
3 Salt for chemical use	7.6	5.0
4 De-icing salt	31.7	49.8
5 Other	4.8	3.6



REVENUES BY REGION JANUARY – JUNE 2012

FIG: 1.5.4

	H1/12	H1/11
in %		
1 Europe	21.4	24.1
– of which Germany	8.5	10.9
2 North America	67.7	67.7
3 South America	9.4	7.7
4 Asia	1.4	0.1
5 Africa, Oceania	0.1	0.4



DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES¹

TAB: 1.5.6

		Q1/11	Q2/11	H1/11	Q3/11	Q4/11	2011	Q1/12	Q2/12	H1/12
De-icing salt										
Revenues	€ million	435.0	45.3	480.3	74.1	185.3	739.7	207.3	29.6	236.9
Sales volumes	t million	7.94	0.74	8.68	1.35	3.28	13.31	4.02	0.60	4.62
Average prices	€/t	55.6 ²	52.2 ²	55.3	55.0	56.6	55.6	51.5	49.6	51.3
Industrial salt, salt for chemical use and food grade salt										
Revenues	€ million	226.9	223.2	450.1	218.5	235.1	903.7	228.1	245.7	473.8
Sales volumes	t million	2.24	2.47	4.72	2.17	2.54	9.42	2.16	2.38	4.54
Average prices	€/t	101.2	90.3	95.5	100.7	92.6	95.9	105.8	103.2	104.4
Other										
Revenues	€ million	20.6	13.9	34.5	13.9	18.3	66.7	23.1	12.4	35.5
Salt business segment										
Revenues	€ million	682.5	282.4	964.9	306.5	438.7	1,710.1	458.5	287.7	746.2

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

² Adjusted for additional claims against customers in Europe, which had exceeded their contractually agreed volumes for de-icing salt in Q1/11. Unadjusted, the average price in Q1/11 is € 54.8 and, in Q2/11, € 61.0.

DEVELOPMENT OF EARNINGS

During the quarter under review, earnings before interest, taxes, depreciation and amortisation (EBITDA) in the Salt business segment fell by 56% to € 18.0 million. In the first half of the year, EBITDA reached € 92.4 million (H1/11: € 210.8 million).

In comparison to the earnings of the same period last year, second quarter operating earnings EBIT I fell by € 22.4 million to € (11.4) million. The strong decrease in earnings due to a lower early stocking-up business with de-icing salt was subdued by volume-related lower

freight costs and savings in maintenance and personnel costs. Operating earnings EBIT I include depreciation and amortisation of € 29.4 million (Q2/11: € 29.9 million). EBIT I of the first six months amounted to € 34.1 million after having been € 150.1 million in the previous year. This includes depreciation and amortization of € 58.3 million (H1/11: € 60.7 million).

In comparison to the long-term average de-icing salt business, earnings in the first half year were negatively impacted in the amount of € 45 million to € 55 million due to the very mild and dry winter.

OUTLOOK

As a result of the extraordinarily weak start of the de-icing salt business due to weather conditions, we expect tangibly lower revenues in 2012 for the Salt business segment in comparison to the previous year. Along with a largely stable overall revenue development in the food grade and industrial salt segments as well as the salt for chemical use segment, this forecast assumes a muted early stocking-up business in the third quarter as well as an average de-icing salt business in the fourth quarter, taking into account the high stocks at the customers. We currently expect sales volumes of 18 to 19 million tonnes of crystallised salt (previously: less than 19 million tonnes; 2011: 22.7 million tonnes), of which a good 9 million tonnes will be accounted for by de-icing salt (previously: less than 10 million tonnes; 2011: 13.3 million tonnes). Against this backdrop and in view of the higher share of fixed costs customary in the mining industry, from today's perspective, a strong decrease in earnings is to be expected. To cope with the weaker demand of de-icing salt, we are reacting with measures like extended production breaks, adjustment of working shifts and the usage of workforce flex accounts.

COMPLEMENTARY BUSINESS SEGMENTS

REVENUES

In the second quarter, revenues of the Complementary Business Segments with third parties stood at € 38.1 million (Q2/11: € 36.4 million). Including intersegment revenues, total revenues amounted to € 47.5 million as

compared to € 46.1 million in the same quarter of the previous year. In the first six months, the Complementary Business Segments attained revenues with third parties of € 77.2 million (H1/11: € 74.6 million), while total revenues came to € 95.0 million (H1/11: € 95.3 million).

In the second quarter, it proved possible to increase revenues of the logistics segment by 27% to € 4.2 million due to volume and structural factors. The animal hygiene segment increased its revenues for price and volume reasons by € 0.2 million to € 7.7 million, while the waste management and recycling segment saw its revenues rise by € 0.7 million to € 22.6 million due to structural and volume factors. The trading business was able to achieve almost stable revenues of € 3.6 million.

/ TAB: 1.5.7, 1.5.8 / FIG: 1.5.5, 1.5.6

VARIANCE ANALYSIS

TAB: 1.5.7

	Q2/12	H1/12
in %		
Change in revenues	+4.7	+3.5
volume/structure	+4.7	+3.2
prices/price-related	+0.5	+0.3
exchange rates	—	—
consolidation	(0.5)	—
<hr/>		
Waste Management and Recycling	+3.2	+0.2
Logistics	+27.3	+15.7
Animal hygiene products	+2.7	+6.1
Trading	(2.7)	+5.6

COMPLEMENTARY BUSINESS SEGMENTS

TAB: 1.5.8

	Q2/12	Q2/11	%	H1/12	H1/11	%
in € million						
Revenues	38.1	36.4	+4.7	77.2	74.6	+3.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	8.3	6.2	+33.9	16.8	15.9	+5.7
Operating earnings (EBIT I)	6.7	4.6	+45.7	13.6	12.7	+7.1
Capital expenditure	1.4	0.4	> 100	2.0	1.0	+100.0
Employees as of 30 June (number)	—	—	—	288	281	+2.5

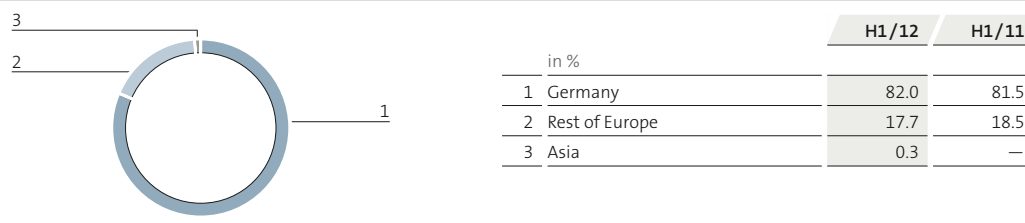
REVENUES BY SEGMENT JANUARY – JUNE 2012

FIG: 1.5.5



REVENUES BY REGION JANUARY – JUNE 2012

FIG: 1.5.6



DEVELOPMENT OF EARNINGS

The earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Complementary Business Segments in the second quarter amounted to € 8.3 million and were thus up € 2.1 million, or 34%, year on year. EBITDA of € 16.8 million in the first six months is € 0.9 million or 6% higher than the figure for the previous year of € 15.9 million.

Operating earnings EBIT I rose in the second quarter by 46% to € 6.7 million, which includes depreciation and amortisation of € 1.6 million (Q2/11: € 1.6 million). In particular, EBIT I of the logistics segment rose significantly against the background of increased order volumes. While the waste management and recycling segment managed to increase its EBIT I, earnings of the trading and animal hygiene segments declined. In the first half of the year, operating earnings EBIT I were able to be increased by € 0.9 million to € 13.6 million (H1/11: € 12.7 million), which includes depreciation and amortisation of € 3.2 million (H1/11: € 3.2 million).

OUTLOOK

For 2012 and from today's perspective, we assume stable revenues and moderately higher earnings after last year had been adversely affected by impairments (€ 4.6 million).

1.6 EMPLOYEES

NUMBER OF PERSONNEL SLIGHTLY UP

As of 30 June 2012, the K+S GROUP employed a total of 14,325 people. In comparison to 30 June 2011 (14,119 employees), the number has thus risen by 206 employees or almost 2%. This is primarily attributable to the increase in personnel in the Potash and Magnesium Products business segment in order to maintain the volume of crude salt extracted as well as for increased activities in the area of environmental protection and for the Legacy Project. As a quarterly average, 14,316 people were employed. In comparison to the figure for the

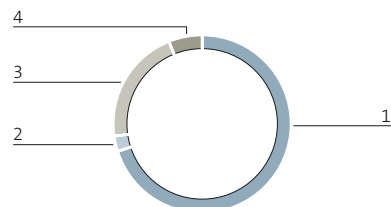
previous year, this also represents a slight increase of almost 2% (Q2/11: 14,086). As a result of the increased internationalisation of the K+S GROUP since 2006, almost one third of our employees are now located outside Germany and more than a quarter outside Europe. On 30 June 2012, the number of trainees in Germany was 462 and thus slightly below the high level of the previous year (30 June 2011: 473). / FIG: 1.6.1

PERSONNEL EXPENSES

Second quarter personnel expenses amounted to € 247.8 million and were thus slightly up on the level of a year ago (Q2/11: € 235.7 million). In the first half of the year, personnel expenses of the continued operations rose by € 13.1 million or 3% to € 491.2 million. Increased personnel expenses due to the hiring of new employees and higher expenses arising from collective agreement pay increases were contrasted with a lower deferral being set for performance-related remuneration.

EMPLOYEES BY REGION AS OF 30 JUNE 2012¹

FIG: 1.6.1



	2012	2011
in %		
1 Germany	70	69
2 Rest of Europe	3	3
3 North America	21	21
4 South America	6	7

1.7 RESEARCH AND DEVELOPMENT

Research and development costs of continued operations for the quarter under review came to € 5.6 million and were, as planned, higher than the level for the same quarter in the previous year (Q2/11: € 3.4 million). The increase can be attributed primarily to expenditure on the Legacy

¹ Information refers to the continued operations of the K+S Group.

Project. In the first half of 2012, research and development costs increased to € 13.7 million (H1/11: € 6.8 million). The R&D projects planned for 2012 and described in the Financial Report 2011 on page 137 have been executed according to plan or are being continued. As of 30 June 2012, there were 81 employees in the area of research and development of the K+S GROUP. Compared with the previous year, the number thus increased as intended (30 June 2011: 75).

/ FOR A COMPREHENSIVE DESCRIPTION OF THE RESEARCH AND DEVELOPMENT ACTIVITIES, please see the relevant passages in our Financial Report 2011 on pages 84 and 137.

1.8 SUBSEQUENT EVENTS

No material changes have occurred in the economic environment or in the position of our industry since the close of the quarter under review.

CLOSING OF THE DIVESTMENT OF K+S NITROGEN

On 2 July 2012, the divestment of K+S NITROGEN to EUROCHEM, announced on 8 May 2012, was completed successfully.

/ DETAILED INFORMATION ABOUT THE DIVESTMENT can be found in the Notes on page 33.

Apart from this, no other events of particular importance for the K+S GROUP requiring disclosure have occurred.

1.9 RISK REPORT

For a comprehensive presentation of the risk and opportunity management system as well as possible risks, please refer to the corresponding passages in our Financial Report 2011 on page 118. Only individual risks to which changes have occurred since then are described below.

RISKS THAT HAVE CEASED TO EXIST DUE TO THE DIVESTMENT OF K+S NITROGEN

Due to the divestment of K+S NITROGEN, all risks which were exclusively connected with the Nitrogen Fertilizers business segment have ceased to exist. These include the risks described in the Financial Report 2011 on page 128 arising from changes in strategic partnerships as well as risks from the price increase of ammonia and phosphate. The statements about the other risks described in the Financial Report 2011 essentially remain without change even after the divestment of K+S NITROGEN.

The risks to which the K+S GROUP is exposed, both in isolation or in conjunction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

1.10 OPPORTUNITY REPORT

For a comprehensive presentation of possible opportunities, please refer to the relevant passages in our Financial Report 2011 on page 146. There is no offsetting of opportunities and risks or their positive and negative changes.

1.11 FORECAST REPORT

FUTURE GROUP DIRECTION

NO CHANGE IN BUSINESS POLICY INTENDED

We do not intend to introduce any fundamental change in our business policy over the coming years. We want to expand our market positions in our business segments, especially by increasing sales of speciality products, enhance our efficiency through the exploitation of synergies, press ahead with the expansion of new potash capacities with the Legacy Project in Canada as well as grow both organically and externally in the Potash and Magnesium as well as Salt business segments in particular.

FUTURE MARKETS

/ A PRESENTATION OF THE FUTURE SALES MARKETS can be found in the Financial Report 2011 on pages 136 and 139.

FUTURE MACROECONOMIC SITUATION

The following discussion about the future macroeconomic situation is essentially based on forecasts of the KIEL INSTITUTE FOR THE WORLD ECONOMY (Kiel Discussion Papers: Weltkonjunktur im Sommer 2012, June 2012) as well as those of DEKA BANK (Makro Research, Volkswirtschaft Prognosen of 6 July 2012).

The growth of the global economy weakened tangibly in the middle of the year. It is to be expected that the economy will also lose momentum in the second half of the year. The further prospects depend mainly on the development of the sovereign debt crisis in the eurozone and the impact it has on demand and the financial markets. For the global economy, DEKA BANK assumes an increase in the gross domestic product of 3.2% for 2012 (previously: 3.3%). / TAB: 1.11.1

For the European Union, the KIEL INSTITUTE FOR THE WORLD ECONOMY forecasts that the phase of weakness will continue over the summer. Due to the situation of Greece and the Spanish banking sector, the European sovereign debt crisis is likely to persist. Overall, it is to be expected that regional differences will become more marked. In countries such as Greece, Spain, Portugal and Italy, the economy will probably shrink, in part significantly, while countries such as Germany, Finland or Austria should develop positively. For 2012, DEKA BANK expects a slight GDP decrease of (0.2)% in Europe (previously: stable).

In 2012, the growth rate in the United States should, according to estimates of DEKA BANK, be 2.1% (previously: 2.4%). The economy should slightly accelerate in the course of the year. Here, a recovery in purchasing power due to the significant decrease in crude oil prices should have a supporting effect.

For the emerging market countries, the KIEL INSTITUTE FOR THE WORLD ECONOMY continues to assume robust economic development.

After a further reduction in the key interest rate to 0.75% by the ECB in July 2012, the money market interest rates should continue to remain at a historically very low level. The FED also continues to see the necessity of continuing its low interest rate policy in the United States and has announced that the key interest rates are to remain within a range of 0% to 0.25% until mid-2014. Our corporate planning for 2012 is currently based on a USD/EUR exchange rate of an average 1.26 USD/EUR (previously: 1.33 USD/EUR) and an oil price level (Brent) of about US\$ 113 per barrel (previously: US\$ 115 per barrel).

The effects on the course of business of the K+S GROUP described on page 5 should therefore also persist under the forecast macroeconomic conditions. Only in the case of energy costs will the effects of oil price fluctuations be reflected less strongly in our cost accounting. The energy costs of the K+S GROUP are particularly impacted by the purchase of gas. Until now, the energy supply clauses in our contracts concluded for the German sites were predominantly tied to the oil price, and a change in the oil price had normally been reflected in our cost accounting with a delay of six to nine months. These agreements were restructured during the second quarter such that the dependency on the oil price is reduced significantly in future. The purchase of gas will therefore be split in a relatively equal relation between the following:

- + longer-term contracts for which fixed gas prices were agreed;
- + agreements tied to the oil price, which are reflected in our cost accounting with a delay of now only three to four months;
- + purchase on the spot market for gas.

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT

TAB: 1.11.1

	2012e	2011	2010	2009	2008
in %; real					
Germany	+0.7	+3.0	+3.7	(4.7)	+1.3
European Union (EU-27)	(0.2)	+1.6	+1.9	(4.2)	+1.2
World	+3.2	+3.8	+5.1	(0.8)	+3.1

Source: Deka Bank

The purchase of energy will thus be more strongly diversified in future, and we can seize opportunities arising on the energy markets.

Regardless of the impact of the described macroeconomic situation, the prosperity of the emerging market countries will tend to increase further. This should result in higher dietary expectations on the part of their populations. Moreover, the world's population continues to grow. Demand for agricultural products should therefore continue to grow largely independent of the economic situation. In the case of salt products, the impact of the general economic situation on demand is of minor importance, since the business in the de-icing salt sector is dependent on the weather and business with the other salts is largely independent of economic conditions.

FUTURE INDUSTRY SITUATION

The important sales markets and competitive positions of the individual business segments described in the Financial Report 2011 in the section 'Group Structure and Business Operations' on page 59 remain largely valid.

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

The medium- to long-term trends described in the Financial Report 2011 on page 140, which positively influence the demand for our products in the Potash

and Magnesium Products business segment, retain their validity.

After the demand for potash fertilizers was still muted in the first months of 2012, in mid-March 2012, the potash supply contracts concluded with China at unchanged terms towards the end of the first quarter led to a significant revival of the potash market. In the course of the second quarter too, the markets relevant for K+S continued to develop positively against the background of significantly increased prices for agricultural commodities. This positive demand development should continue over the coming months. For 2012 as a whole, we expect global potash sales volumes of about 56 million tonnes (previously: up to 58 million tonnes; 2011 estimate: 60.2 million tonnes).

SALT BUSINESS SEGMENT

The future industry situation in the Salt business segment described on page 141 of the Financial Report 2011 remains valid. As a result of the unusually mild weather conditions at the start of the year, the demand for de-icing salt both in Europe and North America should decline accordingly in 2012 in comparison to the above-average year 2011. In the food grade salt area, demand in the sales markets relevant to K+S should remain largely stable and decline somewhat in the industrial salt area, particularly in North America. While sales volumes of salt for chemical use should decrease moderately due to the economic slowdown in Europe, the demand from the chemical industry for salt for chemical use in North

America should increase slightly and remain stable in South America.

FUTURE EARNINGS, FINANCIAL AND ASSET POSITION

The following forecasts relate to the expected organic revenue and earnings development of the continued operations. The figures for the previous year were adjusted correspondingly due to the sale of K+S NITROGEN. Only in the case of the adjusted Group earnings and the adjusted earnings per share, the activities of K+S NITROGEN classified as discontinued operations are taken into consideration.

In line with the forecast policy discussed in the Financial Report on page 142, the outlook for the current year is quantified for the first time in the half-yearly financial report and ranges for the expectations regarding revenues, EBITDA, operating earnings EBIT, Group earnings and earnings per share are stated.

IN 2012, REVENUES SHOULD REACH BETWEEN € 3.9 BILLION AND € 4.2 BILLION

While in the Potash and Magnesium Products business segment, on the basis of the currently achieved potash price level, we assume a moderately increasing revenue development, in the Salt business segment, we expect tangibly lower revenues. Revenues of the K+S GROUP should reach a value of between € 3.9 billion and

€ 4.2 billion in 2012 as a whole (previous year: € 4.0 billion). The revenue forecast assumes an average US dollar exchange rate of 1.22 USD/EUR for the remaining months. This corresponds to an average annual rate of 1.26 USD/EUR (previous average annual rate: 1.33 USD/EUR; 2011: 1.39 USD/EUR).

COSTS WILL PROBABLY RISE MODERATELY

The following forecast of the development of costs is structured by cost type: The total costs of the K+S GROUP should rise moderately year on year. For personnel expenses, lower profit participation cannot completely compensate for the effects of new employees and pay settlements under collective bargaining agreements, so that a slight increase is to be expected. Material costs will probably decrease moderately, while energy costs should rise significantly due to price factors. In contrast, we expect moderately lower freight costs, while depreciation and amortisation should decrease slightly. Furthermore, a negative currency result is to be expected after last year had benefited from a positive hedging result.

OPERATING EARNINGS EBIT I SHOULD REACH BETWEEN € 820 MILLION AND € 900 MILLION

For the EBITDA of the K+S GROUP, we expect a figure of € 1,050 million to € 1,130 million (previous year: € 1,146.1 million) and operating earnings EBIT I of between € 820 million and € 900 million (previous year: € 906.2 million). In the Potash and Magnesium Products business segment, we expect a slight rise in operating earnings (previously: stable). In comparison to last year, which

had benefited from above-average volumes of de-icing salt, the operating earnings of the Salt business segment will probably decline strongly.

GROUP EARNINGS SHOULD BE IN LINE WITH THE DEVELOPMENT OF OPERATING EARNINGS

The adjusted Group earnings after taxes from continued operations should be in line with the development of operating earnings and reach a value of between € 540 million and € 600 million (previous year: € 625.6 million). This would correspond to adjusted earnings per share from continued operations of about € 2.85 to € 3.15 (previous year: € 3.27). Taking into consideration the discontinued operations including the expected accounting profit arising from the divestment of K+S NITROGEN, we assume adjusted Group earnings after taxes of € 630 million to € 690 million (previous year: € 581.8 million). This would correspond to adjusted earnings per share of about € 3.30 to € 3.60 (previous year: € 3.04). Besides the effects described for revenues and operating earnings, our estimate is based also on:

- + the expectation of consistently attractive agricultural prices;
- + our customary, purely technical forecast policy, which maintains the currently achieved potash price level unchanged for the remaining months of 2012;
- + a sales volume in the Potash and Magnesium Products business segment at about the same level as the previous year (2011: 6.9 million tonnes);
- + sales volumes of crystallised salt of 18 to 19 million tonnes (previously: less than 19; 2011: 22.7 mil-

lion tonnes), of which a good 9 million tonnes of de-icing salt (previously: less than 10; 2011: 13.3 million tonnes). For the fourth quarter, this, as customary, assumes the average of multi-year de-icing salt sales volumes;

- + a tangibly weaker financial result (previously: stable) particularly due to non-cash, extraordinary interest expenses for provisions for mining obligations resulting from the lowering of the average weighted discount factor;
- + a slightly higher adjusted Group tax rate of 27% to 28% (2011: 25.7%). / TAB: 1.11.3

PLANNED CAPITAL EXPENDITURE

The expected volume of capital expenditure for 2012 amounts to a good € 600 million. Of this, about CAD 230 million (about € 170 million) is accounted for by the Legacy Project; the allocation of the budgeted total expenditure to the individual years, however, still result in considerable shifts. Furthermore, the increase in the volume of capital expenditure (2011: € 293.1 million) can be attributed to the execution of the package of measures on water protection in the Hesse-Thuringia potash district (about € 100 million) and the planned construction of the saline water pipeline from the Neuhof site to the Werra plant (about € 40 million). In the Salt business segment, the volume of capital expenditure will rise especially due to the renovation of an evaporated salt facility of MORTON SALT in Hutchinson, United States. Additionally, the expansion of the sifting capacity at SPL, the

replacement of a ship at our Chilean shipping company EMPREMAR, the expansion of a brine field at FRISIA in Harlingen in the Netherlands and measures to optimally use shaft capacity at the Borth salt site in Germany should be mentioned. / TAB: 1.11.2

Measures relating to replacement and ensuring production will account for a good half of the volume of capital expenditure. Depreciation and amortisation is expected to total approximately € 230 million in 2012. / FIG: 1.11.1

EXPECTED DEVELOPMENT OF LIQUIDITY

The earnings development forecast for 2012 should also have a positive impact on the cash flow from operating activities. In 2012, despite significantly higher capital expenditure, we expect to be able to generate a positive free cash flow. Last year, the cash flow for investing

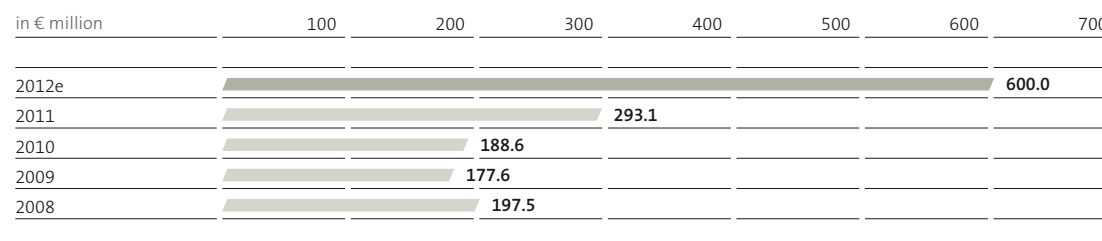
CAPITAL EXPENDITURE BY BUSINESS SEGMENT ¹		TAB: 1.11.2	
	2012e	2011	
in € million			
Potash and Magnesium Products	440 ²	162.1	
Salt	140	112.3	
Complementary Business Segments	5	4.3	
Reconciliation	15	14.4	
K+S Group	600	293.1	

¹ Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.

² The allocation of the budgeted total expenditure for the Legacy Project to the individual years may still result in considerable shifts.

CAPITAL EXPENDITURE¹

FIG: 1.11.1



¹ Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations. The years 2008 to 2009 include the discontinued operations of COMPO.

activities and thus the free cash flow had been influenced by disbursements for the purchase of securities and other financial investments in the amount of € 372.4 million.

NET INDEBTEDNESS SHOULD INCREASE SOMEWHAT

The K+S GROUP has a strong financial base, with net indebtedness of € 741.8 million (including non-current provisions) as of 30 June 2012 and a level of indebtedness of 39.1%. This and an expected high operating cash flow mean that we are able to respond flexibly to investment and acquisition opportunities. Our level of net indebtedness should rise somewhat in comparison to the previous year. This assumption takes into consideration the expected capital expenditure budget, including the Legacy Project, as well as the dividend paid in May 2012. Nonetheless, in 2012, we should report an

equity ratio of at least 50% and a level of indebtedness of under 30%.

FUTURE DIVIDEND POLICY

We pursue an essentially earnings-based dividend policy. According to this, a dividend payout ratio of between 40 and 50% of adjusted Group earnings after taxes (including discontinued operations) forms the basis for the amount of future dividend recommendations to be determined by the Board of Executive Directors and the Supervisory Board. For 2012, we see, on the basis of the described earnings expectations, opportunities for a higher dividend (previous year: € 1.30), since the book profit from the divestment of K+S NITROGEN and the cessation of the adverse effects from the divestment of the COMPO business should have a positive impact on Group earnings.

FUTURE NUMBER OF EMPLOYEES, FUTURE PERSONNEL EXPENSES

K+S increasingly has to compete for qualified employees. We want to bring younger as well as older and experienced people into the Company in order to respond to the demographic change.

K+S regards vocational training as an important investment into the future and continues to strive for a training ratio of about 6% for the German companies. Advanced education will also continue to be given special emphasis. Also in the years to come, we want to fill specialist and managerial positions with personnel from our own ranks as far as possible.

As for the end of 2012, we are still expecting the number of employees to be slightly higher than in the previous year (31 December 2011: 14,338). The average number of employees of the continued operations should also increase slightly this year to reach about 14,450 (2011: 14,155). The reasons for the increase are in particular an increase in the number of personnel for the implementation of the Legacy Project, for increased activities in the area of environmental protection and to maintain the volumes of crude salt mined in the Potash and Magnesium Products business segment. For personnel expenses (2011: € 962.0 million), we expect a slight increase, since lower profit participations will not quite be able to make up for higher expenditure resulting from new hires and pay settlements under collective bargaining agreements.

FUTURE RESEARCH AND DEVELOPMENT

In the future too, we will consequently continue to pursue our research and development goals laid out in

our Financial Report 2011 on page 84. In 2012, the total of research costs as well as capitalised development-related capital expenditure should be significantly above the level of the previous year. The increase can

DEVELOPMENT OF FORECASTS FOR 2012 AS A WHOLE

TAB: 1.11.3

		Actual 2011	Forecast Financial Report 2011 ¹	Forecast Q1/12 ¹	Forecast H1/12
K+S Group					
Revenues	€ billion	4.00	stable	stable	3.9 to 4.2
EBITDA	€ million	1,146.1	moderate decrease	moderate decrease	1,050 to 1,130
Operating earnings (EBIT I)	€ million	906.2	moderate decrease	moderate decrease	820 to 900
Financial result	€ million	(64.2)	stable	stable	tangible decrease
Group tax rate, adjusted	%	25.7	27 to 28	27 to 28	27 to 28
Group earnings from continued operations, adjusted	€ million	625.6	moderate decrease	moderate decrease	540 to 600
Earnings per share from continued operations, adjusted	€	3.27	moderate decrease	moderate decrease	2.85 to 3.15
Group earnings after taxes, adjusted ²	€ million	581.8	moderate decrease	moderate decrease	630 to 690
Earnings per share, adjusted ²	€	3.04	moderate decrease	moderate decrease	3.30 to 3.60
Dividend	€	1.30	at least stable	at least stable	increase
Capital expenditure	€ million	293.1	a good 600 ³	a good 600 ³	a good 600 ³
Depreciation and amortisation	€ million	239.9	240	230	230
Energy costs	€ million	277.0	significant increase	significant increase	significant increase
Personnel expenses	€ million	962.0	slight increase	stable	slight increase
Freight costs	€ million	742.1	moderate decrease	moderate decrease	moderate decrease
Potash and Magnesium Products business segment					
Sales volume	t million	6.94	at about the level of 2011	at about the level of 2011	at about the level of 2011
Salt business segment					
Sales volume crystallised salt	t million	22.73	a good 19	less than 19	18 to 19
— of which de-icing salt	t million	13.31	about 10	less than 10	a good 9

¹ Forecast still includes the discontinued operations of K+S Nitrogen.

² Earnings from continued and discontinued operations.

³ Of this, CAD 230 million (about € 170 million) should be accounted for by the Legacy Project; the allocation of the budgeted total expenditure to the individual years may, however, still result in considerable shifts.

be mainly attributed to expenditure for the brining out of the first cavern of the Legacy Project in Saskatchewan, Canada. The number of employees working in research should increase until the end of 2012, in order to particularly meet the challenges in the environmental area as well as to support the development in the area of solution mining; with this as a background, we expect to employ 85 people in research and development of the K+S GROUP (31 December 2011: 77 employees).

In 2012, we will focus our research and development activities in the potash and magnesium business segment on the following areas: Improvement of extraction and production processes in order to achieve increases in efficiency as well as reductions in solid and liquid production residues in potash production, research into the sustainability of nutrient management in the soil when using complex fertilizers, and issues related to the environmental relevance of the fertilizers applied. In the Salt business segment, research into processes to improve the quality of rock salt for industrial applications through collaboration between ESCO, SPL and MORTON SALT will be advanced. At MORTON SALT, the further development of product alternatives to reduce the content of sodium in food as well as product innovations in the area of de-icing salt will be the primary areas of focus.

FUTURE PRODUCTS AND SERVICES

/ A PRESENTATION OF THE FUTURE PRODUCTS AND SERVICES
can be found in the Financial Report 2011 on page 137.

1.12 GUARANTEE OF THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

To the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Kassel, 7 August 2012
K+S AKTIENGESELLSCHAFT
THE BOARD OF EXECUTIVE DIRECTORS

FORWARD-LOOKING STATEMENTS

This report contains facts and forecasts that relate to the future development of the K+S GROUP and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct or should certain risks – such as those referred to in the Risk Report – materialise, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements contained in the Management Report, save for the making of such disclosures as are required by the provisions of statute.

FINANCIAL SECTION

2

2.1	Income Statement	28
2.2	Balance Sheet	29
2.3	Cash Flow Statement	30
2.4	Statement of Changes in Equity	32
2.5	Notes	33
2.6	Summary by Quarter	40

INCOME STATEMENT ¹							TAB: 2.1.1
	Q2/12	Q2/11	H1/12	H1/11	LTM ⁶ /12	12M/11	
in € million							
Revenues	996.5	821.7	2,077.1	2,121.8	3,952.1	3,996.8	
Cost of sales	537.6	438.4	1,113.4	1,135.9	2,161.2	2,183.7	
Gross profit	458.9	383.3	963.7	985.9	1,790.9	1,813.1	
Selling expenses	182.1	154.3	375.7	376.6	741.5	742.4	
General and administrative expenses	48.3	41.9	93.2	85.6	185.9	178.3	
Research and development costs	5.6	3.4	13.7	6.8	23.9	17.0	
Other operating income	43.1	20.4	73.8	37.2	200.6	164.0	
Other operating expenses	40.4	31.1	73.7	51.1	181.6	159.0	
Income from investments, net	3.4	0.9	3.4	2.1	10.9	9.6	
Result from operating forecast hedges	(26.9)	7.2	(8.5)	40.9	(56.6)	(7.2)	
Result after operating hedges (EBIT II) ²	202.1	181.1	476.1	546.0	812.9	882.8	
Interest income	4.6	3.9	8.1	6.3	15.3	13.5	
Interest expenses	(27.5)	(18.7)	(47.9)	(36.5)	(90.1)	(78.7)	
Other financial result	(1.3)	(0.3)	0.5	(0.2)	1.7	1.0	
Financial result	(24.2)	(15.1)	(39.3)	(30.4)	(73.1)	(64.2)	
Earnings before income taxes	177.9	166.0	436.8	515.6	739.8	818.6	
Taxes on income	49.2	46.0	120.8	137.2	192.9	209.3	
– of which deferred taxes	(12.2)	(6.0)	(22.7)	5.3	(33.3)	(5.3)	
Earnings after taxes from continued operations	128.7	120.0	316.0	378.4	546.9	609.3	
Earnings after taxes from discontinued operations	9.5	(91.3)	34.6	(56.0)	46.1	(44.5)	
Net income	138.2	28.7	350.6	322.4	593.0	564.8	
Minority interests in earnings	0.1	0.1	0.3	0.2	0.6	0.5	
Group earnings after taxes and minority interests	138.1	28.6	350.3	322.2	592.4	564.3	
– thereof continued operations	128.6	119.9	315.7	378.2	546.3	608.8	
– thereof discontinued operations	9.5	(91.3)	34.6	(56.0)	46.1	(44.5)	
Earnings per share in € (undiluted ³ diluted)	0.72	0.15	1.83	1.68	3.09	2.95	
– thereof continued operations	0.67	0.62	1.65	1.97	2.86	3.18	
– thereof discontinued operations	0.05	(0.48)	0.18	(0.29)	0.24	(0.23)	
Average number of shares in million	191.40	191.32	191.40	191.25	191.40	191.33	
Operating earnings (EBIT I) ²	219.8	181.9	468.6	516.6	858.2	906.2	
Earnings before income taxes from continued operations, adjusted ³	195.6	166.8	429.3	486.2	785.1	842.0	

INCOME STATEMENT ¹ (CONTINUED)							TAB: 2.1.1
	Q2/12	Q2/11	H1/12	H1/11	LTM ⁶ /12	12M/11	
in € million							
Group earnings from continued operations, adjusted ³	141.2	120.5	310.3	357.1	578.8	625.6	
Earnings per share from continued operations in €, adjusted ³	0.74	0.63	1.62	1.87	3.02	3.27	
Group earnings after taxes, adjusted ^{3,4}	150.8	29.2	344.2	301.1	624.9	581.8	
Earnings per share in €, adjusted ^{3,4}	0.79	0.15	1.80	1.57	3.27	3.04	

STATEMENT OF COMPREHENSIVE INCOME ⁴							TAB: 2.1.2
	Q2/12	Q2/11	H1/12	H1/11	LTM ⁶ /12	12M/11	
in € million							
Net income	138.2	28.7	350.6	322.4	593.0	564.8	
Difference resulting from foreign currency translation	123.2	(32.9)	64.5	(150.2)	277.4	62.7	
Other earnings after taxes	123.2	(32.9)	64.5	(150.2)	277.4	62.7	
Comprehensive income of the period	261.4	(4.2)	415.1	172.2	870.4	627.5	
Minority interests in comprehensive income	0.1	0.1	0.3	0.2	0.6	0.5	
Group comprehensive income after taxes and minority interests	261.3	(4.3)	414.8	172.0	869.8	627.0	

OPERATING EARNINGS (EBIT I) ⁵							TAB: 2.1.3
	Q2/12	Q2/11	H1/12	H1/11	LTM ⁶ /12	12M/11	
in € million							
Result after operating hedges (EBIT II) ¹	202.1	181.1	476.1	546.0	812.9	882.8	
Income (-)/expenses (+) from market value changes of operating forecast hedges still outstanding	26.0	1.7	11.0	(27.0)	63.2	25.2	
Neutralising of market value changes of realised operating forecast hedges, recognised in earlier periods	(8.3)	(0.9)	(18.5)	(2.4)	(17.9)	(1.8)	
Operating earnings (EBIT I) ¹	219.8	181.9	468.6	516.6	858.2	906.2	

¹ The income statement was adjusted according to IFRS following the sale of K+S Nitrogen and the divestment of the COMPO business. Detailed information on the discontinued operations can be found in the Notes on page 33.

² Management of the K+S Group is handled, amongst others, on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded in table 2.1.3.

³ The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges. Related effects on deferred and cash taxes are also eliminated; tax rate for Q2/12: 28.5% (Q2/11: 28.3%).

⁴ Earnings from continued and discontinued operations.

⁵ Information on operating earnings refers to continued operations.

⁶ LTM = last twelve months (Q3/11 + Q4/11 + Q1/12 + Q2/12).

BALANCE SHEET – ASSETS¹

TAB: 2.2.1

	30.6.2012	30.6.2011	31.12.2011
in € million			
Intangible assets	1,032.9	935.0	1,020.9
– of which goodwill from acquisitions	668.9	591.3	651.4
Property, plant and equipment	2,292.9	2,014.3	2,227.0
Investment properties	7.7	7.7	7.8
Financial assets	16.0	23.2	15.9
Receivables and other assets	71.7	67.0	62.7
– of which derivative financial instruments	–	–	3.0
Securities and other financial investments	218.1	40.7	58.5
Deferred taxes	65.8	30.3	55.3
Reimbursement claims of income taxes	0.2	0.5	0.4
Non-current assets	3,705.3	3,118.7	3,448.5
Inventories	658.7	545.1	730.0
Accounts receivable – trade	727.3	766.6	928.8
Other receivables and assets	188.5	256.6	150.6
– of which derivative financial instruments	10.8	48.2	12.1
Reimbursement claims of income taxes	22.2	20.1	41.2
Securities and other financial investments	360.6	25.3	315.0
Cash on hand and balances with banks	643.2	550.8	442.8
Assets classified as held for sale	488.7	274.0	–
Current assets	3,089.2	2,438.5	2,608.4
ASSETS	6,794.5	5,557.2	6,056.9

¹ Information refers to the continued operations of the K+S Group. Due to the sale of K+S Nitrogen and the divestment of the COMPO business, these are in accordance with IFRS disclosed as “discontinued operations”. The balance sheets as of 30 June 2011 and 31 December 2011 were not adjusted and also include the discontinued operations of K+S Nitrogen.

BALANCE SHEET – EQUITY AND LIABILITIES¹

TAB: 2.2.1

	30.6.2012	30.6.2011	31.12.2011
in € million			
Subscribed capital	191.4	191.4	191.4
Additional paid-in capital	646.0	646.4	648.1
Other reserves and accumulated profit	2,407.6	1,786.1	2,242.0
Minority interests	3.4	2.8	3.1
Equity	3,248.4	2,626.7	3,084.6
Bank loans and overdrafts	1,265.3	767.7	769.8
Other liabilities	16.0	19.2	20.1
– of which derivative financial instruments	1.3	2.8	3.5
Provisions for pensions and similar obligations	94.1	97.7	95.3
Provisions for mining obligations	617.8	535.0	580.6
Other provisions	130.5	145.6	145.5
Deferred taxes	342.6	310.2	342.3
Non-current debt	2,466.3	1,875.4	1,953.6
Bank loans and overdrafts	6.3	2.4	0.8
Accounts payable – trade	205.8	429.7	613.8
Other liabilities	241.0	90.1	96.2
– of which derivative financial instruments	26.7	4.8	32.6
Income tax liabilities	52.8	75.7	23.2
Provisions	204.8	229.3	284.7
Liabilities directly associated with assets classified as held for sale	369.1	227.9	–
Current debt	1,079.8	1,055.1	1,018.7
EQUITY AND LIABILITIES	6,794.5	5,557.2	6,056.9

CASH FLOW STATEMENT ¹

TAB: 2.3.1

	Q2/12	Q2/11	H1/12	H1/11	LTM ² /12	12M/11
in € million						
Result after operating hedges (EBIT II)	202.1	181.1	476.1	546.0	812.9	882.8
Income (-)/expenses (+) from market value changes of operating forecast hedges still outstanding	26.0	1.7	11.0	(27.0)	63.2	25.2
Neutralisation of market value changes of realised operating forecast hedges, recognised in earlier periods	(8.3)	(0.9)	(18.5)	(2.4)	(17.9)	(1.8)
Operating earnings (EBIT I)	219.8	181.9	468.6	516.6	858.2	906.2
Depreciation (+)/write-ups (-) on intangible assets, property, plant and equipment and financial assets	56.0	55.1	111.4	111.0	240.2	239.8
Increase (+)/decrease (-) in non-current provisions (without interest rate effects)	(14.4)	4.8	(10.5)	8.5	8.6	27.6
Interests and dividends received and similar income	4.0	2.8	6.6	5.2	12.8	11.4
Gains (+)/losses (-) from the realisation of financial assets and liabilities	1.9	(2.5)	2.3	(2.6)	5.3	0.4
Interest paid (-)	(2.1)	(1.6)	(3.3)	(3.5)	(43.0)	(43.2)
Income taxes paid (-)	(52.3)	(49.8)	(95.6)	(132.4)	(245.6)	(282.4)
Other non-cash expenses (+)/income (-)	(0.7)	3.7	(2.8)	(3.1)	(0.5)	(0.8)
Gross cash flow from continued operations	212.2	194.4	476.7	499.7	836.0	859.0
Gross cash flow from discontinued operations	12.6	15.4	40.7	60.0	49.8	69.1
Gross cash flow	224.8	209.8	517.4	559.7	885.8	928.1

CASH FLOW STATEMENT ¹ (CONTINUED)

TAB: 2.3.1

	Q2/12	Q2/11	H1/12	H1/11	LTM ² /12	12M/11
in € million						
Gross cash flow	224.8	209.8	517.4	559.7	885.8	928.1
Gain (-)/loss (+) on the disposal of fixed assets and securities	(1.7)	1.8	(0.5)	1.7	(6.0)	(3.8)
Increase (-)/decrease (+) in inventories	(8.0)	(95.9)	5.1	34.6	(138.3)	(108.8)
Increase (-)/decrease (+) in receivables and other assets from operating activities	73.7	164.5	(53.0)	32.1	(168.3)	(83.2)
– of which premium volume for derivatives	3.3	1.7	12.4	12.3	2.3	2.2
Increase (+)/decrease (-) in liabilities from operating activities	12.2	(17.9)	(122.4)	(35.3)	31.4	118.5
– of which premium volume for derivatives	(2.0)	(1.6)	(7.0)	(2.4)	0.2	4.8
Increase (+)/decrease (-) in current provisions	(90.5)	(75.0)	(51.3)	(22.8)	(29.8)	(1.3)
Out-financing of plan assets	(3.2)	(13.6)	(6.9)	(99.9)	(17.0)	(110.0)
Cash flow from operating activities	207.3	173.7	288.4	470.1	557.8	739.5
– thereof continued operations	145.4	142.9	385.4	510.9	540.8	666.3
– thereof discontinued operations	61.9	30.8	(97.0)	(40.8)	17.0	73.2
Proceeds from disposals of fixed assets	3.2	(0.3)	5.7	1.6	20.6	16.5
Disbursements for intangible assets	(2.1)	(7.0)	(4.1)	(10.5)	(9.7)	(16.1)
Disbursements for property, plant and equipment	(75.5)	(43.0)	(126.4)	(68.9)	(312.9)	(255.4)
Disbursements for financial assets	–	–	–	(3.0)	(0.2)	(3.2)
Proceeds from the disposal of consolidated companies	–	–	–	–	90.6	90.6
Disbursements for the acquisition of consolidated companies	–	–	(4.2)	(242.8)	(4.2)	(242.8)
Proceeds from the disposal of securities and other financial investments	124.6	–	174.6	–	174.6	–
Disbursements for the purchase of securities and other financial investments	(269.6)	(65.7)	(378.6)	(65.7)	(685.3)	(372.4)
Cash flow for investing activities	(219.4)	(116.0)	(333.0)	(389.3)	(726.5)	(782.8)

CASH FLOW STATEMENT¹ (CONTINUED)

TAB: 2.3.1

	Q2/12	Q2/11	H1/12	H1/11	LTM ² /12	12M/11
in € million						
Cash flow for investing activities	(219.4)	(116.0)	(333.0)	(389.3)	(726.5)	(782.8)
– thereof continued operations	(219.9)	(114.5)	(333.3)	(386.5)	(813.9)	(867.1)
– thereof discontinued operations	0.5	(1.5)	0.3	(2.8)	87.4	84.3
Free cash flow	(12.1)	57.7	(44.6)	80.8	(168.7)	(43.3)
– thereof continued operations	(74.5)	28.4	52.1	124.4	(273.1)	(200.8)
– thereof discontinued operations	62.4	29.3	(96.7)	(43.6)	104.4	157.5
Dividends paid	(248.8)	(191.4)	(248.8)	(191.4)		
Disbursements for the acquisition of non-controlling interests	–	–	–	(59.3)		
Payments from other allocations to equity	5.1	4.8	5.1	4.8		
Purchase of own shares	(6.5)	–	(6.5)	(13.8)		
Sale of own shares	–	7.9	–	7.9		
Increase (+)/decrease (–) in liabilities from finance lease	(0.6)	(0.6)	(0.9)	(1.3)		
Taking out (+)/repayment of (–) loans	(1.9)	(0.6)	1.3	(6.4)		
Incoming payments (+)/repayments (–) from the issuing of bonds	497.1	–	497.1	–		
Cash flow from/for financing activities	244.4	(179.9)	247.3	(259.5)		
– thereof continued operations	244.4	(177.1)	247.3	(257.3)		
– thereof discontinued operations	–	(2.8)	–	(2.2)		
Change in cash and cash equivalents affecting cash flow	232.3	(122.2)	202.7	(178.7)		
– thereof continued operations	169.9	(148.7)	299.4	(132.9)		
– thereof discontinued operations	62.4	26.5	(96.7)	(45.8)		
Change in cash and cash equivalents resulting from exchange rates	9.2	(0.2)	4.7	(8.5)		
Change in cash and cash equivalents	241.5	(122.4)	207.4	(187.2)		

¹ The cash flow statement was adjusted according to IFRS following the sale of K+S Nitrogen and the divestment of the COMPO business. Detailed information on the discontinued operations can be found in the Notes on page 33.

² LTM = last twelve months (Q3/11 + Q4/11 + Q1/12 + Q2/12).

NET CASH AND CASH EQUIVALENTS

TAB: 2.3.2

	Q2/12	Q2/11	H1/12	H1/11
in € million				
Net cash and cash equivalents as of 1 January	–	–	437.3	740.6
Net cash and cash equivalents as of 30 June	–	–	644.7	553.4
– thereof cash on hand and balances with banks	–	–	643.2	550.8
– thereof cash invested with affiliated companies	–	–	21.7	77.7
– thereof account overdrafts	–	–	(2.2)	–
– thereof cash received from affiliated companies	–	–	(137.8)	(10.7)
– thereof net cash and cash equivalents from discontinued operations	–	–	119.8	(64.4)

Explanations to the cash flow statement can be found on page 11.

STATEMENT OF CHANGES IN EQUITY¹

TAB: 2.4.1

	Subscribed capital	Additional paid-in capital	Accumulated profit / revenue reserves	Differences from foreign currency translation	Total K+S AG shareholders' equity	Minority interests	Equity
in € million							
Balances as of 1 January 2012	191.4	648.1	2,040.9	201.1	3,081.5	3.1	3,084.6
Net income	—	—	350.3	—	350.3	0.3	350.6
Other comprehensive income (after taxes)	—	—	—	64.5	64.5	—	64.5
Comprehensive income of the period	—	—	350.3	64.5	414.8	0.3	415.1
Dividend for the previous year	—	—	(248.8)	—	(248.8)	—	(248.8)
Issuance of shares to employees	—	(2.1)	—	—	(2.1)	—	(2.1)
Other changes in equity	—	—	(0.4)	—	(0.4)	—	(0.4)
Balances as of 30 June 2012	191.4	646.0	2,142.0	265.6	3,245.0	3.4	3,248.4
Balances as of 1 January 2011	191.4	647.5	1,671.7	138.4	2,649.0	2.6	2,651.6
Net income	—	—	322.2	—	322.2	0.2	322.4
Other comprehensive income (after taxes)	—	—	—	(150.2)	(150.2)	—	(150.2)
Comprehensive income of the period	—	—	322.2	(150.2)	172.0	0.2	172.2
Dividend for the previous year	—	—	(191.4)	—	(191.4)	—	(191.4)
Issuance of shares to employees	—	(1.1)	—	—	(1.1)	—	(1.1)
Other changes in equity	—	—	(4.6)	—	(4.6)	—	(4.6)
Balances as of 30 June 2011	191.4	646.4	1,797.9	(11.8)	2,623.9	2.8	2,626.7

¹ Information refers to the continued operations of the K+S Group. Due to the sale of K+S Nitrogen and the divestment of the COMPO business these are in accordance with IFRS disclosed as "discontinued operations". The balance sheet and thus the development of changes in equity as of 30 June 2011 were not adjusted and also include the discontinued operations of K+S Nitrogen.

2.5 NOTES

EXPLANATORY NOTES; CHANGES IN THE LEGAL GROUP AND ORGANISATIONAL STRUCTURE

The interim report of 30 June 2012 is prepared in accordance with the INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) as well as the interpretations of the INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC), insofar as those have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34. The accounting and valuation principles used for this interim report correspond to those used for the consolidated financial statements 2011.

Foreign currency assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Income and expenses are translated applying the average exchange rates for the quarter.

Dr. Burkhard Lohr took over his position as Chief Financial Officer (CFO) of K+S AKTIENGESELLSCHAFT with effect from 1 June 2012. Furthermore, in the second quarter, there were no changes in the composition and responsibilities of the Board of Executive Directors and the Supervisory Board as described in the Financial Report 2011.

AUDITOR'S REVIEW

The interim financial statements and the interim management report were not reviewed by the auditor (Section 37w, Para. 5, Sent. 1 of the German Securities Trading Act).

CHANGES IN THE SCOPE OF CONSOLIDATION

In the second quarter of 2012, there were no material changes in the scope of consolidation.

DISCONTINUED OPERATIONS

The strategy of the K+S GROUP provides for growth in the Potash and Magnesium Products and Salt business segments in particular and for focussing management resources and financial means on this correspondingly.

DISCONTINUED OPERATIONS

TAB: 2.5.1

	Q2/12	Q2/11	H1/12	H1/11
in € million				
Revenues	296.7	347.5	657.8	834.5
Other income and expenses	(282.3)	(331.0)	(610.0)	(768.4)
EBIT II	14.4	16.5	47.8	66.1
Financial result	0.1	(0.5)	0.1	(1.1)
Earnings before taxes	14.5	16.0	47.9	65.0
Taxes on income	5.0	3.3	13.3	17.0
Earnings after income taxes for the period	9.5	12.7	34.6	48.0
Impairment deriving from the measurement of disposal group assets at fair value less costs to sell	—	(103.0)	—	(103.0)
Taxes on income	—	1.0	—	1.0
Impairment after income taxes deriving from the measurement of disposal group assets at fair value less costs to sell	—	(104.0)	—	(104.0)
Earnings after taxes from discontinued operations	9.5	(91.3)	34.6	(56.0)

Against this background, last year, K+S divested the business activities of COMPO to the investment company TRITON (detailed information can be found in the Financial Report 2011 of the K+S GROUP on page 169) and announced the sale of K+S NITROGEN to EUROCHEM on 8 May 2012.

After the EU cartel authority had approved the transaction on 25 June 2012, the divestment of K+S NITROGEN was successfully completed on 2 July 2012.

With the concluded sale agreement, the criteria under IFRS 5 "Non-current assets held for sale and discontinued operations" were met and K+S NITROGEN was therefore disclosed in the balance sheet as a disposal group held for sale and as a "discontinued operation". After last year's divestment of COMPO, the Nitrogen Fertilizers segment only consisted of the activities K+S NITROGEN. In accordance with internal reporting, the Nitrogen Fertilizers segment is no longer a part of the operating segments of the K+S GROUP, and segment reporting was adjusted accordingly.

DISCONTINUED OPERATIONS – THEREOF COMPO					TAB: 2.5.2
	Q2/12	Q2/11	H1/12	H1/11	
in € million					
Revenues	–	118.7	–	275.7	
Other income and expenses	–	(112.1)	–	(253.2)	
EBIT II	–	6.6	–	22.5	
Financial result	–	(0.5)	–	(1.1)	
Earnings before taxes	–	6.1	–	21.4	
Taxes on income	–	(0.3)	–	4.7	
Earnings after income taxes for the period	–	6.4	–	16.7	
Impairment deriving from the measurement of disposal group assets at fair value less costs to sell	–	(103.0)	–	(103.0)	
Taxes on income	–	1.0	–	1.0	
Impairment after income taxes deriving from the measurement of disposal group assets at fair value less costs to sell	–	(104.0)	–	(104.0)	
Earnings after taxes from discontinued operations	–	(97.6)	–	(87.3)	

All assets and liabilities of K+S NITROGEN were therefore reclassified and, until it had been disposed of, respectively disclosed in the consolidated balance sheet as a separate item “Assets classified as held for sale” and “Liabilities directly associated with assets classified as held for sale”. Comparative information for the balance sheet of the preceding periods was not adjusted in accordance with IFRS 5.

All income and expenses of K+S NITROGEN, classified as a discontinued operation, were reclassified and disclosed in a separate item “Earnings after taxes from discontinued operations”. Comparative periods were adjusted in accordance with IFRS 5.

DISCONTINUED OPERATIONS – THEREOF K+S NITROGEN					TAB: 2.5.3
	Q2/12	Q2/11	H1/12	H1/11	
in € million					
Revenues	296.7	228.8	657.8	558.8	
Other income and expenses	(282.3)	(218.9)	(610.0)	(515.2)	
EBIT II	14.4	9.9	47.8	43.6	
Financial result	0.1	0.0	0.1	0.0	
Earnings before taxes	14.5	9.9	47.9	43.6	
Taxes on income	5.0	3.6	13.3	12.3	
Earnings after income taxes for the period	9.5	6.3	34.6	31.3	
Impairment deriving from the measurement of disposal group assets at fair value less costs to sell	–	–	–	–	
Taxes on income	–	–	–	–	
Impairment after income taxes deriving from the measurement of disposal group assets at fair value less costs to sell	–	–	–	–	
Earnings after taxes from discontinued operations	9.5	6.3	34.6	31.3	

The cash flows of the discontinued operations are stated separately in the cash flow statement pursuant to IFRS 5. The comparative figures of the preceding periods for the cash flow statement were adjusted correspondingly.

The composition of the earnings after taxes from discontinued operations is as presented in table 2.5.1. / TAB: 2.5.1

The following table shows those assets and liabilities of K+S NITROGEN which are classified as being held for sale.

ASSETS AND LIABILITIES IN CONNECTION WITH ASSETS HELD FOR SALE		TAB: 2.5.4
	H1/12	
in € million		
Financial assets and other non-current assets	12.4	
Inventories	81.2	
Accounts receivable – trade	235.3	
Other current assets	148.8	
Cash on hand and balances with banks	11.0	
Assets held for sale	488.7	
Provisions for pensions and similar obligations	3.5	
Other non-current provisions	3.2	
Bank loans and overdrafts	–	
Accounts payable – trade	295.2	
Other liabilities	47.9	
Current provisions	19.3	
Liabilities in connection with assets held for sale	369.1	

After the closing on 2 July 2012, probable income from the sale of K+S NITROGEN (before taxes on income) of about € 68 million and probable income after taxes of about € 58 million will be achieved in the third quarter of 2012.

ACQUISITION POTASH ONE

The final fair values of the assets and liabilities taken over at the date of acquisition (21 January 2011) and the goodwill of POTASH ONE derived from them are shown in table 2.5.5.

POTASH ONE		TAB: 2.5.5
		Fair values as of the date of acquisition
in € million		
Property, plant and equipment		386.1
Deferred taxes		0.1
Non-current assets		386.2
Other receivables and assets		0.9
Securities		0.7
Cash on hand and balances with banks		20.4
Current assets		22.0
Assets		408.2
Deferred taxes		84.2
Non-current debt		84.2
Bank loans and overdrafts		19.5
Accounts payable – trade		0.8
Other liabilities		0.3
Current debt		20.6
Equity and liabilities		104.8
Net assets		303.4
Net assets of non-controlling interest of 18.4 %		55.7
Net assets of controlling interest of 81.6 %		247.7
Purchase price of 81.6% of shares		263.2
Conversion right arising from the convertible bond		2.8
Purchase price of 81.6% of shares including conversion right arising from the convertible bond		266.0
Goodwill		18.3

The main asset of POTASH ONE is the raw material deposit related to the Legacy Project; the existing resource basis for potassium chloride is a physical asset which is disclosed under the item 'raw material deposits' within property, plant and equipment.

A comparison of the acquisition costs and the revalued proportionate net assets results in a goodwill of € 18.3 million. The goodwill represents those assets that are not individually identifiable when allocating the purchase price and for which a future economic benefit is expected. The amount of goodwill is largely affected by the recognition of deferred taxes in connection with the re-measurement of assets and liabilities. The goodwill is assigned to the cash-generating unit Potash and Magnesium Products. A tax-deductible goodwill did not arise.

At the start of February 2011, a further 9.3 % of the shares were acquired for cash at a price of € 30.1 million (CAD 4.50 per share). The remaining 9.1% of POTASH ONE shares outstanding were acquired for cash in March 2011 by means of a compulsory acquisition within the framework of the Canada Business Corporations Act at a price of € 29.2 million (CAD 4.50 per share). The purchases made in February and March had to be stated as equity transactions in accordance with the regulations of IAS 27.

For a detailed description of the acquisition of POTASH ONE, which is fully incorporated in K+S POTASH CANADA GP since 31 March 2011, reference is made to the Financial Report 2011 on page 170.

ACQUISITION SMO

ESCO – EUROPEAN SALT COMPANY GMBH & CO. KG, a 100 % subsidiary of K+S AKTIENGESELLSCHAFT, acquired through its subsidiary ESCO INTERNATIONAL GMBH 100 % of the voting rights in the Czech salt processing company, SOLNÉ MLÝNY, A.S. (SMO), as of 3 January 2012. ESCO is acquiring SMO from the Czech trading group EQUUS which has been undergoing insolvency proceedings since mid-2010. The divestment was carried out by the appointed insolvency administrator in a bidding process.

SMO is a major supplier of salt products in the Czech Republic and is also active in other neighbouring European markets. The purchase price is € 4.4 million.

SMO has been operating the salt processing business in the eastern Czech city of Olomouc (Olmütz) since 1921 and employs about 70 people. Particularly in the food grade salt segment, the company has a brand that is well-known throughout the Czech Republic and enjoys a high level of recognition, and is established in the market with a wide product range of food grade, industrial and de-icing salts. In a normal year, SMO sells about 100,000 tonnes of various salt products and has already been a customer of ESCO.

The fair values of assets acquired and liabilities assumed from SMO, recognised at the time of acquisition (3 January 2012), are presented in the following table:

FAIR VALUES AS OF THE DATE OF ACQUISITION SMO

TAB: 2.5.6

in € million	Fair values as of the date of acquisition
Non-current assets	5.8
Inventories	1.9
Other current assets	1.9
Assets	9.6
Non-current debt	0.8
Bank loans and overdrafts	1.1
Other current debt	1.3
Equity and liabilities	3.2
Net assets (provisional)	6.4
Bargain purchase (provisional)	2.0
Purchase price	4.4

The final purchase price allocation will be made within a period of twelve months from the date of acquisition.

Since its inclusion as of 3 January 2012, SMO has contributed to the statement of income of the K+S GROUP as follows:

EARNINGS AFTER TAXES SMO

TAB: 2.5.7

in € million	2012
Revenues	2.1
EBIT	2.2
Earnings after taxes	2.2

From the comparison of the cost of the acquisition and the revalued proportional net assets results a bargain purchase of € 2 million, which was reversed through profit or loss as other operating income.

SEASONAL FACTORS

There are seasonal differences over the course of the year that affect the sales volumes of fertilizers and salt products. In the case of fertilizers, we generally attain our highest sales volumes in the first half of the year because of the spring fertilization in Europe. Sales volumes of salt products – especially of de-icing salt – largely depend on the respective wintry weather during the first and fourth quarters. In the aggregate, both these effects mean that revenues and particularly earnings are generally strongest during the first half of the year.

IMPORTANT KEY FIGURES (LTM¹)

TAB: 2.5.8

	LTM 2012	2011
in € million		
Revenues	3,952.1	3,996.8
EBITDA	1,098.5	1,146.1
EBIT I	858.2	906.2
Group earnings after taxes from continued operations, adjusted	578.8	625.6

¹ LTM = last twelve months (Q3/11 + Q4/11 + Q1/12 + Q2/12).

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

You will find such information in our Subsequent Events section on page 20.

FOREIGN CURRENCY HEDGING

Exchange rate fluctuations between the euro and the national currencies relevant to our business can lead to the value of the service performed not matching the value of the consideration received in transactions, because expenditure and income arise in different currencies (transaction risks). Exchange rate fluctuations, especially in relation to the us dollar, play an important role for the Potash and Magnesium Products business segment. For these transaction risks, options and, in some cases, also futures are concluded for the time the revenues are expected to arise (plan hedging). The us dollar receivables that arise after billing

are then, less expected us dollar expenditure, hedged for the agreed time of the incoming payment via futures (bill hedging).

US DOLLAR FOREIGN CURRENCY HEDGING POTASH AND MAGNESIUM BUSINESS SEGMENT

TAB: 2.5.9

	Q1/11	Q2/11	Q3/11	Q4/11	2011	Q1/12	Q2/12	2012e
USD/EUR exchange rate after premiums	1.35	1.34	1.35	1.38	1.35	1.34	1.31	1.34
Average USD/EUR spot rate	1.37	1.44	1.41	1.35	1.39	1.31	1.28	—

Furthermore, there are foreign currency risks arising from future outgoing payments in Canadian dollars for the Legacy Project. A part of these risks were hedged for 2013 by means of option transactions. In the Salt business segment, currency risks normally result from the translation of the earnings achieved by MORTON SALT and SPL, which are predominantly denominated in us dollars, into the Group currency, which is the euro. Analogous to the hedging strategy for the Potash and Magnesium Products business segment, options and, in some cases, futures are concluded in relation to these translation risks (plan hedging). Within the framework of translation hedging in the Salt business segment, hedging transactions exist until the end of the first quarter 2013; for 2012 exists a worst case scenario of 1.36 USD/EUR.

OTHER OPERATING INCOME/EXPENSES

The following significant items are included in other operating income and expenses:

OTHER OPERATING INCOME/EXPENSES

TAB: 2.5.10

	Q2/12	Q2/11	H1/12	H1/11
in € million				
Gains/losses on foreign exchange rates	5.3	(0.6)	3.8	(4.4)
Change in provisions	3.3	2.7	5.0	1.6
Other	(5.9)	(12.8)	(8.7)	(11.1)
Other operating income/expenses	2.7	(10.7)	0.1	(13.9)

FINANCIAL RESULT

The financial result includes the following significant items:

FINANCIAL RESULT		TAB: 2.5.11			
	Q2/12	Q2/11	H1/12	H1/11	
in € million					
Interest income	4.6	3.9	8.1	6.3	
Interest expenses	(27.5)	(18.7)	(47.9)	(36.5)	
– of which interest expenses for pension provisions	(1.7)	(1.0)	(3.3)	(2.6)	
– of which interest expenses for provisions for mining obligations	(13.0)	(6.59)	(19.3)	(11.0)	
Interest income, net	(22.9)	(14.8)	(39.8)	(30.2)	
Income from the realisation of financial assets/liabilities	1.9	(2.5)	2.3	(2.6)	
Income from the valuation of financial assets/liabilities	(3.2)	2.2	(1.8)	2.4	
Other financial result	(1.3)	(0.3)	0.5	(0.2)	
Financial result	(24.2)	(15.1)	(39.3)	(30.4)	

DISCOUNT FACTORS FOR PROVISIONS

The actuarial measurement of pension provisions is performed by applying the projected unit credit method in accordance with IAS 19. The average weighted discount factor for pensions and similar obligations amounted to 4.3 % (30.6.2011: 5.1 %, 31.12.2011: 4.8 %). The average weighted discount factor for mining obligations declined from 4.7 % in the same period of the previous year to 4.5 % on 30 June 2012. The lowering of the discount factors took place in line with the significant drop in the long-term level of interest rates that occurred in recent months. While this resulted in a non-cash increase in interest expenses for provisions for mining obligations (€ 6.6 million), the lowering of the discount factor for pensions and similar obligations due to the corridor method applied under IFRS neither had effects on the interest expense nor on equity.

TAXES ON INCOME

The following key items are included in taxes on income:

TAXES ON INCOME		TAB: 2.5.12			
	Q2/12	Q2/11	H1/12	H1/11	
in € million					
Corporate income tax	32.1	(10.9)	64.2	52.3	
Trade tax on income	23.1	50.7	54.3	50.7	
Foreign taxes on income	6.2	12.2	25.0	28.9	
Deferred taxes	(12.2)	(6.0)	(22.7)	5.3	
Taxes on income	49.2	46.0	120.8	137.2	

Non-cash deferred taxes result from tax loss carryforwards as well as other temporary tax-related measurement differences.

MATERIAL CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS

Compared with the 2011 annual financial statements, the balance sheet total as of 30 June 2012 increased by € 737.6 million. On the asset side, non-current assets increased by € 256.8 million and current assets by € 480.8 million. The increase in non-current assets was mainly due to an increase in fixed assets as well as in securities and other financial investments. The increase in current assets resulted chiefly from an increase in cash on hand and balances with banks resulting from the bond issue and an increase in securities and other financial investments. In the item “Assets held for sale” reclassified assets are stated due to the sale of K+S NITROGEN. On the equity and liabilities side, equity increased by € 163.8 million. This is primarily attributable to the positive earnings for the period in the first half of 2012 and to an increase in the differences arising from foreign currency translation. Debt has increased by € 573.8 million. This is principally attributable to the issue of a new bond and the related increase in non-current financial liabilities. The “Liabilities in connection with assets held for sale” are to be attributed to K+S NITROGEN.

MATERIAL CHANGES IN EQUITY

Equity is influenced by both transactions contributing to profit or loss and not recognised in profit or loss as well as by capital transactions with shareholders. Compared with the 2011 annual financial statements, accumulated profit and other reserves increased by € 101.1 million.

The increase is primarily due to the positive net income for the period of the first half of 2012 (after taxes and minority interests). Changes in equity without recognition in profit or loss also had to be accounted for, resulting from foreign currency translation of subsidiaries in the functional foreign currency (mainly the us dollar). Differences arising from foreign currency translation are recorded in a separate currency translation reserve; this has increased by € 64.5 million as of 30 June 2012 because of exchange rate fluctuations.

NET INDEBTEDNESS

TAB: 2.5.13

	H1/12	H1/11
in € million		
Net indebtedness as of 1 January	(610.8)	(732.5)
Cash on hand and balances with banks as of 30 June	643.2	550.8
Non-current securities and other financial investments as of 30 June	218.1	40.7
Current securities and other financial investments as of 30 June	360.6	25.3
Bank loans and overdrafts	(1,271.6)	(770.1)
Net financial liabilities as of 30 June	(49.7)	(153.3)
Provisions for pensions and similar obligations	(94.1)	(97.7)
Provisions for mining obligations	(617.8)	(535.0)
Reimbursement claim bond Morton Salt	19.8	17.4
Net indebtedness as of 30 June	(741.8)	(768.6)

CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities in comparison with the annual financial statements 2011 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. Besides transactions between K+S GROUP companies, business relations are maintained with non-consolidated subsidiaries as well as companies over which the K+S GROUP can exercise a significant influence (associated companies). Such relationships do not have a material influence on the consolidated financial statements of the K+S GROUP. In the K+S GROUP, related persons are mainly the Board of Executive Directors and the Supervisory Board. The remuneration received by this group of persons is disclosed annually in the Remuneration Report. There were no other material transactions with related parties.

TOTAL REVENUES Q2¹

TAB: 2.5.14

	Third-party revenues	Intersegment revenues	Total revenues
in € million			
Potash and Magnesium Products	669.5	13.7	683.2
Salt	287.7	1.3	289.0
Complementary Business Segments	38.1	9.4	47.5
Reconciliation	1.2	(24.4)	(23.2)
K+S Group Q2/12	996.5	—	996.5
Potash and Magnesium Products	502.4	13.2	515.6
Salt	282.4	1.1	283.5
Complementary Business Segments	36.4	9.7	46.1
Reconciliation	0.5	(24.0)	(23.5)
K+S Group Q2/11	821.7	—	821.7

¹ Information refers to the continued operations of the K+S Group.

TOTAL REVENUES H1¹

TAB: 2.5.15

	Third-party revenues	Intersegment revenues	Total revenues
in € million			
Potash and Magnesium Products	1,251.4	29.6	1,281.0
Salt	746.2	2.5	748.7
Complementary Business Segments	77.2	17.8	95.0
Reconciliation	2.3	(49.9)	(47.6)
K+S Group H1/12	2,077.1	—	2,077.1
Potash and Magnesium Products	1,081.5	28.7	1,110.2
Salt	964.9	2.3	967.2
Complementary Business Segments	74.6	20.7	95.3
Reconciliation	0.8	(51.7)	(50.9)
K+S Group H1/11	2,121.8	—	2,121.8

¹ Information refers to the continued operations of the K+S Group.

2.6 SUMMARY BY QUARTER ¹

REVENUES & OPERATING EARNINGS (IFRS)							TAB: 2.6.1			
	Q1/11	Q2/11	H1/11	Q3/11	Q4/11	2011	Q1/12	Q2/12	H1/12	
in € million										
Potash and Magnesium Products	579.1	502.4	1,081.5	508.8	543.3	2,133.6	581.9	669.5	1,251.4	
Salt	682.5	282.4	964.9	306.5	438.7	1,710.1	458.5	287.7	746.2	
Complementary Business Segments	38.2	36.4	74.6	37.7	38.1	150.4	39.1	38.1	77.2	
Reconciliation	0.3	0.5	0.8	0.5	1.4	2.7	1.1	1.2	2.3	
K+S Group revenues	1,300.1	821.7	2,121.8	853.5	1,021.5	3,996.8	1,080.6	996.5	2,077.1	
Potash and Magnesium Products	202.4	184.4	386.8	171.3	181.4	739.5	208.5	240.7	449.2	
Salt	139.1	11.0	150.1	13.3	48.0	211.4	45.5	(11.4)	34.1	
Complementary Business Segments	8.1	4.6	12.7	6.6	(1.4)	17.9	6.9	6.7	13.6	
Reconciliation	(14.9)	(18.1)	(33.0)	(9.4)	(20.2)	(62.6)	(12.1)	(16.2)	(28.3)	
K+S Group EBIT I	334.7	181.9	516.6	181.8	207.8	906.2	248.8	219.8	468.6	

INCOME STATEMENT (IFRS)							TAB: 2.6.2			
	Q1/11	Q2/11	H1/11	Q3/11	Q4/11	2011	Q1/12	Q2/12	H1/12	
in € million										
Revenues	1,300.1	821.7	2,121.8	853.5	1,021.5	3,996.8	1,080.6	996.5	2,077.1	
Cost of sales	697.5	438.4	1,135.9	492.6	555.2	2,183.7	575.8	537.6	1,113.4	
Gross profit	602.6	383.3	985.9	360.9	466.3	1,813.1	504.8	458.9	963.7	
Selling expenses	222.3	154.3	376.6	159.5	206.3	742.4	193.6	182.1	375.7	
General and administrative expenses	43.7	41.9	85.6	40.4	52.3	178.3	44.9	48.3	93.2	
Research and development costs	3.4	3.4	6.8	3.8	6.4	17.0	8.1	5.6	13.7	
Other operating income/expenses	(3.2)	(10.7)	(13.9)	11.4	7.5	5.0	(2.6)	2.7	0.1	
Income from investments, net	1.2	0.9	2.1	2.5	5.0	9.6	—	3.4	3.4	
Result from operating forecast hedges	33.7	7.2	40.9	(32.3)	(15.8)	(7.2)	18.4	(26.9)	(8.5)	
Result after operating hedges (EBIT II)	364.9	181.1	546.0	138.8	198.0	882.8	274.0	202.1	476.1	
Financial result	(15.3)	(15.1)	(30.4)	(14.1)	(19.7)	(64.2)	(15.1)	(24.2)	(39.3)	
Earnings before income taxes	349.6	166.0	515.6	124.7	178.3	818.6	258.9	177.9	436.8	
Taxes on income	91.2	46.0	137.2	36.9	35.2	209.3	71.6	49.2	120.8	
– of which deferred taxes	11.3	(6.0)	5.3	(8.1)	(2.5)	(5.3)	(10.5)	(12.2)	(22.7)	
Earnings after taxes from continued operations	258.4	120.0	378.4	87.8	143.1	609.3	187.3	128.7	316.0	
Earnings after taxes from discontinued operations	35.3	(91.3)	(56.0)	3.3	8.2	(44.5)	25.1	9.5	34.6	
Net income	293.7	28.7	322.4	91.1	151.3	564.8	212.4	138.2	350.6	

INCOME STATEMENT (IFRS) (CONTINUED)

TAB: 2.6.2

	Q1/11	Q2/11	H1/11	Q3/11	Q4/11	2011	Q1/12	Q2/12	H1/12
in € million									
Net income	293.7	28.7	322.4	91.1	151.3	564.8	212.4	138.2	350.6
Minority interests in earnings	0.1	0.1	0.2	0.1	0.2	0.5	0.2	0.1	0.3
Group earnings after taxes and minority interests	293.6	28.6	322.2	91.0	151.1	564.3	212.2	138.1	350.3
Operating earnings from continued operations (EBIT I)	334.7	181.9	516.6	181.8	207.8	906.2	248.8	219.8	468.6
Earnings before income taxes from continued operations, adjusted²	319.4	166.8	486.2	167.7	188.1	842.0	233.7	195.6	429.3
Group earnings from continued operations, adjusted²	236.6	120.5	357.1	118.6	149.9	625.6	169.1	141.2	310.3
Group earnings after taxes, adjusted^{2,3}	271.9	29.2	301.1	121.8	158.9	581.8	193.4	150.8	344.2

OTHER KEY DATA (IFRS)

TAB: 2.6.3

		Q1/11	Q2/11	H1/11	Q3/11	Q4/11	2011	Q1/12	Q2/12	H1/12
Capital expenditure ⁴	€ million	27.9	48.0	75.9	93.7	123.5	293.1	41.2	77.7	118.9
Depreciation and amortisation ⁴	€ million	55.9	55.1	111.0	55.4	73.4	239.8	55.4	56.0	111.4
Gross cash flow	€ million	305.3	194.4	499.7	148.6	210.7	859.0	264.5	212.2	476.7
Working capital	€ million	879.1	—	725.3	755.5	—	840.9	1,047.4	—	1,067.3
Net indebtedness	€ million	726.6	—	768.6	674.9	—	610.8	592.6	—	741.8
Earnings per share from continued operations, adjusted ²	€	1.24	0.63	1.87	0.62	0.78	3.27	0.88	0.74	1.62
Earnings per share, adjusted ^{2,3}	€	1.42	0.15	1.57	0.64	0.83	3.04	1.01	0.79	1.80
Gross cash flow per share	€	1.60	1.01	2.61	0.78	1.10	4.49	1.38	1.11	2.49
Book value per share	€	14.70	—	13.72	14.71	—	16.12	16.92	—	16.97
Number of shares outstanding ⁵	million	191.15	—	191.40	191.40	—	191.40	191.40	—	191.40
Average number of shares ⁶	million	191.20	191.32	191.25	191.40	191.40	191.33	191.40	191.40	191.40
Closing price	XETRA, €	53.27	—	53.00	39.58	—	34.92	39.23	—	36.00
Employees as of the reporting date	number	14,017	—	14,119	14,275	—	14,338	14,323	—	14,325

¹ Unless stated otherwise, information refers to the continued operations of the K+S Group. The income statement and the cash flow statement were adjusted according to IFRS following the sale of K+S Nitrogen and the divestment of the COMPO business. The balance sheet and therefore the key figures of working capital, net indebtedness and the book value per share as of 30 June 2011 were not adjusted and also include the discontinued operations of K+S Nitrogen.

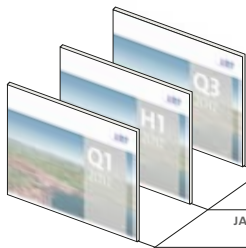
² The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges. Related effects on deferred and cash taxes are also eliminated; tax rate for Q2/12: 28.5% (Q2/11: 28.3%).

³ Earnings from continued and discontinued operations.

⁴ Capital expenditure in or depreciation on property, plant and equipment, intangible and investment properties as well as depreciation on financial assets.

⁵ Total number of shares less the number of own shares held by K+S as of the balance sheet date.

⁶ Total number of shares less the average number of own shares held by K+S.



THE FOOD CHALLENGE:

An explanation of the title can be found in the cover of the Financial Report 2011.

JAKARTA 2010 / Q3 2012

JAKARTA 1990 / H1 2012

JAKARTA 1975 / Q1 2012

K+S Aktiengesellschaft

Bertha-von-Suttner-Strasse 7
34131 Kassel, Germany
phone: +49 (0)561/9301-0
fax: +49 (0)561/9301-1753
Internet: www.k-plus-s.com

Investor Relations

phone: +49 (0)561/9301-1100
fax: +49 (0)561/9301-2425
e-Mail: investor-relations@k-plus-s.com

Communications

phone: +49 (0)561/9301-1722
fax: +49 (0)561/9301-1666
e-Mail: pr@k-plus-s.com

This report was published on
14 August 2012.

