H1
2015

Experience growth.

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

+ K+S rejects takeover proposal from PotashCorp

+ Outstanding performance in Salt
+ Higher average prices in the Potash and Magnesium Products business unit
+ Operating earnings (EBIT I) of € 179 million in the second quarter tangibly higher than in the previous year
+ ‘Fit for the Future’ delivers expected results

+ Outlook for 2015 confirmed: EBIT I is expected to increase significantly to € 780 – € 860 million
+ Attractive prospects in the medium-term: EBITDA of around € 1.6 billion by 2020

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS)

		Q2/15	Q2/14	%	H1/15	H1/14	%
Revenues	€ million	914.4	785.7	+ 16.4	2,291.5	1,974.7	+ 16.0
– of which Potash and Magnesium Products business unit	€ million	500.5	461.1	+ 8.5	1,108.9	968.5	+ 14.5
– of which Salt business unit	€ million	374.0	287.2	+ 30.2	1,101.0	928.2	+ 18.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	247.3	223.5	+ 10.6	630.3	503.3	+ 25.2
– of which Potash and Magnesium Products business unit	€ million	179.0	196.4	−8.9	396.2	361.9	+ 9.5
– of which Salt business unit	€ million	70.8	26.4	> 100	240.4	140.1	+ 71.6
Operating earnings (EBIT I)	€ million	179.2	157.3	+ 13.9	495.9	376.9	+ 31.6
– of which Potash and Magnesium Products business unit	€ million	143.9	159.2	−9.6	327.2	293.6	+ 11.4
– of which Salt business unit	€ million	42.6	1.7	> 100	184.5	90.8	> 100
EBIT I margin	%	19.6	20.0	–	21.6	19.1	–
– Potash and Magnesium Products business unit	%	28.8	34.5	–	29.5	30.3	–
– Salt business unit	%	11.4	0.6	–	16.8	9.8	–
Group earnings, adjusted [1]	€ million	118.7	81.1	+ 46.4	317.0	222.6	+ 42.4
Earnings per share, adjusted [1]	€	0.62	0.42	+ 46.4	1.66	1.16	+ 42.4
Capital expenditure [2]	€ million	355.5	271.6	+ 30.9	555.4	436.2	+ 27.3
Depreciation and amortisation [2]	€ million	68.1	66.3	+ 2.7	134.4	126.4	+ 6.3
Cash flow from operating activities	€ million	130.5	137.1	−4.8	439.5	516.4	−14.9
Adjusted free cash flow	€ million	−190.5	−49.4	> 100	−92.9	153.8	–
Net debt as of 30 June	€ million	–	–	–	2,019.1	1,098.2	+ 83.8
Net debt/EBITDA (LTM)		–	–	–	2.0	1.3	–
Equity ratio	%	–	–	–	51.9	45.6	–
Return on Capital Employed (LTM) [3]	%	–	–	–	13.8	13.4	–
Book value per share as of 30 June	€	–	–	–	22.54	18.68	+ 20.7
Average number of shares	million	191.4	191.4	–	191.4	191.4	–
Employees as of 30 June [4]	number	–	–	–	14,201	14,248	−0.3
Market capitalisation as of 30 June	€ billion	–	–	–	7.0	4.6	+ 51.3
Enterprise value (EV) as of 30 June	€ billion	–	–	–	9.0	5.7	+ 57.6

[1] The adjusted key figures include the result from operating forecast hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate in Q2/15: 28.6% (Q2/14: 28.6%).
[2] Capital expenditure in or depreciation and amortisation affecting net income on property, plant and equipment, intangible assets, investment properties and financial assets.
[3] Return on capital employed over the last twelve months as of 30 June.
[4] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

Rounding differences may arise in the percentages and numbers shown in this Half-Yearly Financial Report.

CONTENTS

MANAGEMENT REPORT

1

1.1 GROUP STRUCTURE AND BUSINESS OPERATIONS

Please see the relevant sections of our 2014 Financial Report (page 25) for a full description of our Group's legal and organisational structure and business operations, including products and services.

The section 'Changes in the scope of consolidation' can be found on page 34 in the Notes to this Half-Yearly Financial Report. There was no change to the Group structure and business operations described in the 2014 Financial Report.

1.2 CORPORATE STRATEGY AND ENTERPRISE MANAGEMENT

Philip Freiherr von dem Bussche and Dr Andreas Kreimeyer were appointed as members of the Company's Supervisory Board following the departure of Dr Bernd Malmström and Dr Rudolf Müller at the end of the Annual General Meeting on 12 May 2015.

There were no further changes to corporate strategy or enterprise management in the second quarter. Please see the section 'Declaration on Corporate Governance' (starting on page 32) and the relevant sections of the 2014 Financial Report (page 55) for a detailed description of corporate strategy and enterprise management.

1.3 OVERVIEW OF THE COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

The following discussion on the macroeconomic situation is based on forecasts by the Kiel INSTITUTE FOR THE WORLD ECONOMY and the INTERNATIONAL MONETARY FUND.

Global economic growth slowed down slightly during the first half of the year. Expansion rates remained low in the developed economies and emerging market countries.

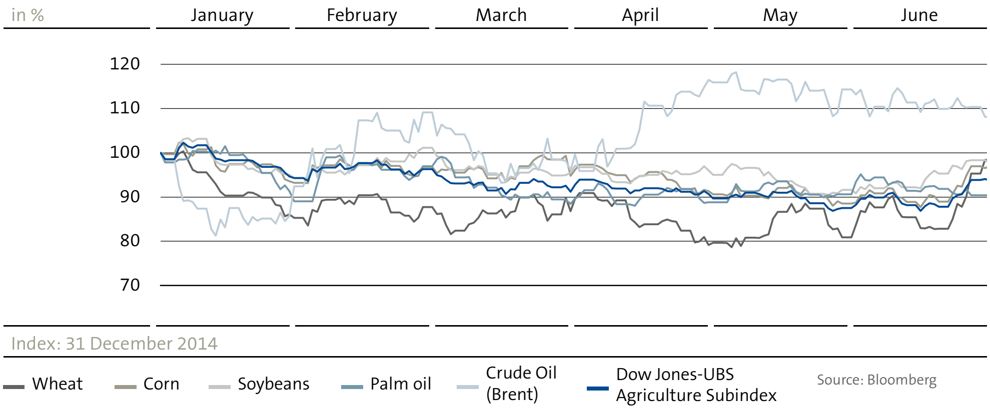
Economic recovery forged ahead in the European Union in spite of the uncertainties over Greece's continued membership of the Eurozone. There were positive trends in private consumption and investment activity whereas the unemployment rate remained on a high level at 9.6%. The relative weakness of the euro against the US dollar boosted exports.

Overall economic production slowed down slightly in the United States. Specific influences, such as unfavourable weather conditions and a lengthy strike by dock workers on the West Coast, essentially put pressure on economic growth. However, the job market remained buoyant. Private consumer spending increased on account of the positive job market situation and lower energy prices.

Overall, economic development in the emerging market countries was extremely restrained. The slower rate of expansion in China and the significant drop in raw material prices placed a strain on the economy and had a particularly negative effect on growth in Latin America and Russia.

The industrialised countries continued to pursue expansionary monetary policies during the second quarter of 2015. The EUROPEAN CENTRAL BANK (ECB) and the FEDERAL RESERVE BANK (FED) kept their respective key interest rate at 0.05% and between 0 and 0.25%. The ECB has been purchasing a large volume of bonds since March 2015 in order to reach its self-imposed inflation target.

DEVELOPMENT OF PRICES FOR AGRICULTURAL PRODUCTS AND CRUDE OIL FIG: 1.3.1

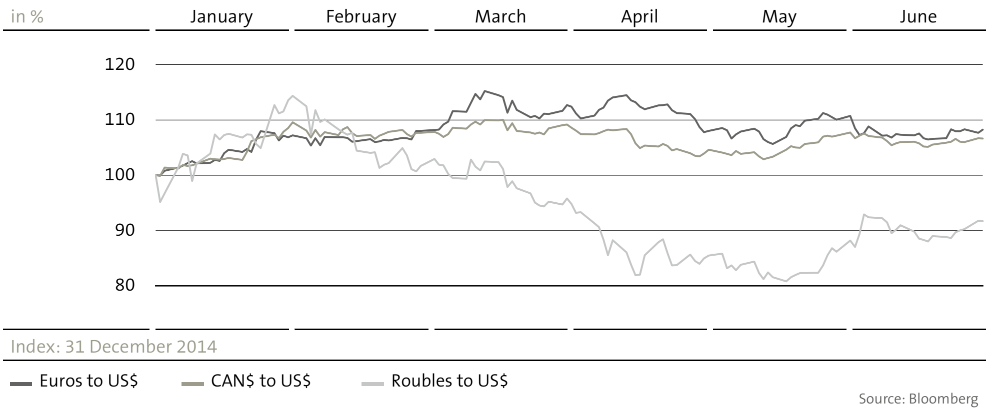


The prices of important soft commodities increased slightly towards the end of the second quarter as a result of lower harvest estimates. The DOW JONES-UBS AGRICULTURE SUBINDEX, which tracks developments in the prices of corn, soybeans, sugar, wheat, soy oil, cotton and coffee, was up by around 3% during the quarter under review.

The price of Brent crude oil rose several times tangibly over the quarter, but was only around US$ 62 a barrel at the end of June. The increase compared to the previous quarter (31 March 2015: US$ 55) was due mainly to the drop in supply capacities in the United States and improved global demand. However, the average price in the second quarter of 2015 of around US$ 63 was down significantly on the previous year's figure (Q2/14: USD 110). The NCG-Natural-Gas-Year-Future, which focuses primarily on Western and Southern Germany, remained stable in the quarter under review at around € 22/MWh. There was a tangible decrease in the average figure compared with the same quarter in the previous year (Q2/14: € 25/MWh).

The US dollar fell slightly against the euro over the quarter under review and was trading at 1.12 EUR/USD as of 30 June. In contrast, the average exchange rate of 1.11 EUR/USD was significantly lower than the figure of the previous year's quarter (Q2/14: 1.37 EUR/USD).

DEVELOPMENT OF EXCHANGE RATES FIG: 1.3.2



IMPACT ON K+S

Changes in the general economic environment had the following key effects on the course of business of K+S:

+ The K+S GROUP's energy costs are particularly affected by the cost of purchasing gas. However, our purchasing contracts give us a high degree of flexibility in terms of our procurement source. Overall, we were able once again to reduce our energy costs year-to-date compared with the previous year.
+ In addition to the EUR/USD exchange rate, the relative comparison between our competitors' currencies (Canadian dollar, Russian rouble) and the US dollar is important for us. A strong US dollar generally has a positive impact on the profitability 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 production lies outside the US dollar zone, while almost all sales, with the exception of those in Europe, are invoiced in US dollars. Figure 1.3.2 shows that the US dollar was down slightly against the euro, the Canadian dollar and the Russian rouble during the quarter under review. Overall, this did not result in any noteworthy effect for the K+S GROUP.
+ Foreign currency hedging system: The application of hedging instruments for the Potash and Magnesium Products business unit resulted in an average exchange rate in the second quarter of 1.21 EUR/USD, including hedging costs (Q2/14: 1.33 EUR/USD). In comparison to the same quarter in the previous year, the strength of the US dollar against the euro thus had positive results again.
+ In spite of recent price increases in important soft commodities, prices continued to trade at a comparatively low level. Sustained price pressure may result in a deterioration in farmers' earnings prospects, prompting them to implement cost-savings. Overall, expenditure on fertilizers accounts for around 30% of a farm's total costs, with expenditure on potash products accounting for just 2–4%. The current price level of soft commodities should therefore have only a slight impact on the demand for potash.

/ **FURTHER DETAILS ON THE FOREIGN CURRENCY HEDGING SYSTEM** can be found on page 73 of the 2014 Financial Report.

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

The conditions in the key sales regions and the competitive positions of the individual business units described in the 'Group Structure and Business Operations' section of the 2014 Financial Report (page 25) have remained virtually unchanged.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

Following the contracts concluded with Chinese and Indian customers, demand for potassium chloride also proved largely robust in the second quarter, but was below the strong level reached in the same quarter in the previous year, which benefited from particularly low initial inventories in the value chain.

While the strong US dollar was used by certain suppliers, particularly producers outside of Europe, to increase prices in this region, a weaker Brazilian real resulted in a drop in demand in Brazil, particularly against the backdrop of record demand in the previous year. The fertilizer specialties business was again extremely positive during the quarter under review.

SALT BUSINESS UNIT

Demand for de-icing salt in North America was again above average in the second quarter of 2015; inventories were at a very low level, primarily on the East Coast, due to the wintry weather at the beginning of the year. In Europe, another mild winter led only to a slight reduction in inventory levels.

High salt inventories among European producers in the second quarter of 2015 also led to greater competition in the salt for chemical use business. The industrial and food grade salt segments, however, continued to show stable trends. In South America, price levels were under pressure as a result of the further devaluation of the Brazilian real, although demand was the same as in the previous year. The North American industrial salt and salt for chemical use market showed positive trends in demand during the quarter under review. Demand remained stable in the food grade salt segment.

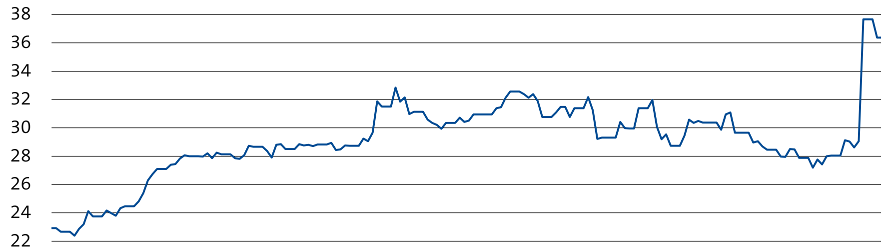
K+S ON THE CAPITAL MARKET

PERFORMANCE OF THE K+S SHARE PRICE IN THE SECOND QUARTER

/ THE CURRENT SHARE PRICE AND FURTHER INFORMATION ON SHARES IS AVAILABLE AT www.k-plus-s.com/de/ks-aktie.

+ Proceeding from a level of around € 30 at the beginning of the second quarter, the K+S share price rose to just under € 33 and then showed a sideways trend along with the whole market until the end of May.
+ In June, the K+S share price fell to around € 27 in the wake of an interim drop in soft commodity prices and a resetting of the entire market due to continuing uncertainties over Greece's membership of the Eurozone.
+ On 25 June, K+S disclosed that the POTASH CORPORATION OF SASKATCHEWAN had submitted a written proposal to take over all K+S AKTIENGESELLSCHAFT shares. This subsequently led to a significant price hike to around € 37.
+ On 30 June 2015, K+S shares closed at € 36.37 or roughly 59% above the closing price in 2014. In the same period, the DAX and DJ STOXX EUROPE 600 indexes rose by around 13%; the MSCI WORLD gained just under 2%.

K+S SHARE PRICE PERFORMANCE/MONTHLY HIGHS AND LOWS FIG: 1.3.3

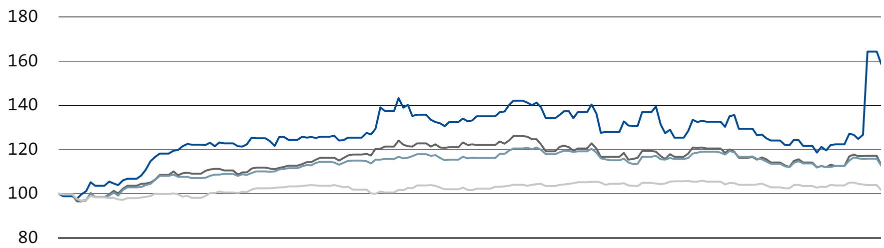


in %	January	February	March	April	May	June
Highest price	28.07	28.86	32.84	32.57	31.97	37.66
Lowest price	22.40	27.81	28.44	29.23	28.73	27.20

Source: Bloomberg

K+S SHARE PERFORMANCE IN COMPARISON WITH THE DAX, DJ STOXX EUROPE 600 AND MSCI WORLD FIG: 1.3.4

in %	January	February	March	April	May	June



Index: 31 December 2014

K+S DAX DJ STOXX Europe 600 MSCI World

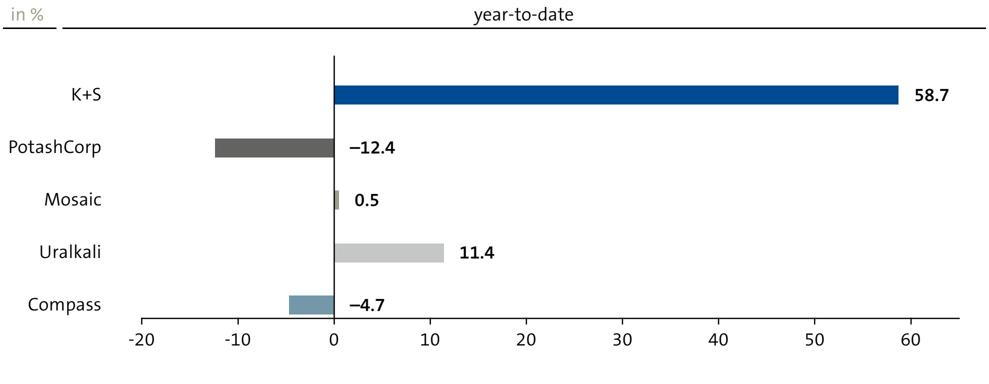
Source: Bloomberg

CAPITAL MARKET DATA TAB: 1.3.2

		Q2/15	Q2/14	%	H1/15	H1/14	%
Closing price as of 30 June	XETRA, €	–	–	–	36.37	24.02	+ 51.4
Highest price	XETRA, €	37.66	26.60	+ 41.6	37.66	26.60	+ 41.6
Lowest price	XETRA, €	27.20	22.77	+ 19.5	22.40	21.61	+ 3.7
Average price	XETRA, €	30.41	24.76	+ 22.8	29.12	24.14	+ 20.6
Market capitalisation as of 30 June	€ billion	–	–	–	7.0	4.6	+ 51.3
Enterprise value (EV) as of 30 June	€ billion	–	–	–	9.0	5.7	+ 57.6

Source: Bloomberg

K+S SHARE PRICE PERFORMANCE IN COMPARISON WITH COMPETITORS FIG: 1.3.5



Source: Bloomberg

According to Bloomberg, 12 banks assign to our stock a ‘buy/accumulate’, 16 a ‘hold/neutral’ and 5 a ‘reduce/sell’ recommendation as of 30 June. The average target price was € 38.33.

SHAREHOLDER STRUCTURE

The following shareholder notified us of holdings above the legal thresholds::

+ BLACKROCK INC.: 5.21% (as announced on 3 July 2015).

Under the free float definition applied by DEUTSCHE BÖRSE AG, the free float is approximately 100%.

K+S BONDS

As a result of the continued high liquidity supply from the ECB and other leading central banks, bond prices for borrowers with good credit ratings remained high on the capital market, while yields were comparatively low.

BOND PRICES AND YIELDS TAB: 1.3.3

	30.06.2015	
in %	Price	Yield
K+S bond (December 2018); coupon: 3.125 %	108.2	0.7
K+S bond (December 2021); coupon: 4.125 %	116.9	1.4
K+S bond (June 2022); coupon: 3.000 %	108.7	1.7

Source: Bloomberg

K+S REJECTS UNSOLICITED TAKEOVER PROPOSAL FROM POTASHCORP

On 2 July 2015, the Board of Executive Directors and the Supervisory Board of K+S AKTIENGESELLSCHAFT decided to reject the unsolicited proposal by Canadian fertilizer company, POTASH CORPORATION OF SASKATCHEWAN INC. (POTASHCORP) to acquire all outstanding K+S shares for € 41 per share.

Following a thorough review, both boards decided that the proposed transaction does not reflect the fundamental value of K+S and is not in the best interest of the Company. Also, this view has not changed after receiving another letter from POTASHCORP on 6 August 2015.

PROPOSAL OF € 41 NOT APPROPRIATE

The proposal took no account whatsoever of the Legacy Project. Furthermore, an appropriate value was not attached to the attractive growth prospects of our Potash and Magnesium Products or of the Salt business.

Legacy is the first greenfield project in Saskatchewan, Canada for almost 40 years. The project in which K+S has already invested over two billion euros, is on time and on budget. The first tonnes of potash are due to be produced there by the end of 2016 and positive cash flows are set to be generated from 2017. The book value alone is the equivalent of 11 euros per share; looking at future earnings, the project is worth up to 21 euros per share.

PROPOSAL NOT IN THE COMPANY'S BEST INTEREST

The Board of Executive Directors and the Supervisory Board also realised that the proposed transaction was not in the Company's best interest. Moreover, it did not take into account of the best interest of the employees working for K+S across the world or the regions in which the Company conducts its business responsibly.

Both boards are extremely concerned that POTASHCORP appears to have no sustained interest in continuing the strategically, technically and financially linked fertilizer and salt activities in their current structure. POTASHCORP has made no binding promises to protect the interests of the more than 14,000 people employed by K+S worldwide. In Germany alone, more than 30,000 jobs are directly or indirectly linked to local raw material extraction and the production of mineral nutrients by K+S.

ATTRACTIVE VALUE DEVELOPMENT OF THE K+S GROUP

Overall, K+S is expecting an increase in Group EBITDA to around € 1.6 billion by 2020 if market conditions remain essentially the same. Due mainly to the Legacy Project, the K+S GROUP is expecting annual operating cash flow growth of at least 10% on average by this date.

The Board of Executive Directors and the Supervisory Board continue to remain committed to its dividend policy to pay out of between 40 and 50% of adjusted Group earnings after taxes. The K+S GROUP shareholders can therefore also look forward to attractive dividend payments in future years subject to the approval of the Annual General Meeting.

The capital market is recognising the Group's potential increasingly, particularly in the Legacy Project. This should lead to a fundamental revaluation of the share. In our opinion, the value of the Legacy Project has only been partly refelected in the current share price to date.

AFFILIATED COMPANIES AND RELATED PARTIES

Please see the relevant sections in the Notes on page 37 for a detailed description of significant transactions with affiliated companies and related parties.

1.4 EARNINGS, FINANCIAL AND ASSET POSITION

DEVELOPMENT OF ORDERS

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

In the Potash and Magnesium Products business unit, the share of orders on hand in relation to revenues of less than 10% is low. 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 unit, de-icing salt contracts for the public sector in Europe, Canada and the United States are awarded through public tenders. We generally participate in these tenders from the second quarter for the coming winter season, but also, in some cases, for subsequent winter seasons. The contracts include agreements on both prices and maximum volumes. Where actual volumes are subject to fluctuations from the agreed volumes permitted by law according to weather conditions, these cannot be classified as orders on hand. This also applies if volumes can be carried forward to the following winter if demand is weak in a particular season.

For the reasons mentioned above, the reporting of orders on hand for the K+S GROUP is not relevant for the assessment of short-term and medium-term profitability.

EARNINGS POSITION

KEY FIGURES TAB: 1.4.1

in € million	Q2/15	Q2/14	%	H1/15	H1/14	%
Revenues	914.4	785.8	+ 16.4	2,291.5	1,974.7	+ 16.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	247.3	223.5	+ 10.6	630.3	503.3	+ 25.2
Operating earnings (EBIT I)	179.2	157.2	+ 14.0	495.9	376.9	+ 31.6
Capital expenditure	355.5	271.6	+ 30.9	555.4	436.2	+ 27.3
Employees as of 30 June (number)	–	–	–	14,201	14,248	−0.3

REVENUES OF THE K+S GROUP SIGNIFICANTLY ABOVE PREVIOUS YEAR

The K+S GROUP generated revenues of € 2,291.5 million in the first half of 2015 (H1/14: € 1,974.7 million); this corresponds to an increase of 16% compared with the same period in the previous year. Both business units benefited mainly from higher average prices and a favourable EUR/USD exchange rate. At € 914.4 million, revenues in the second quarter were up € 128.6 million or around 16% on the previous year's figure; the Salt business unit made a significant contribution here.

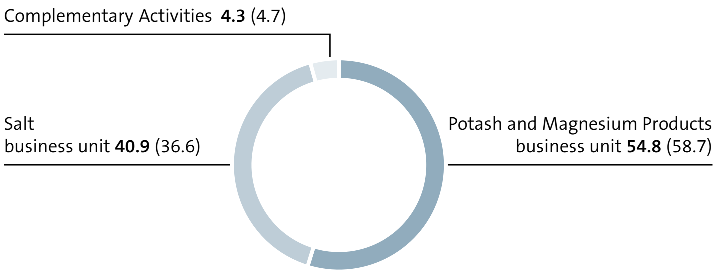
In the quarter under review, just under 55% of revenues was generated by the Potash and Magnesium Products business unit, followed by Salt with around 41% and Complementary Activities (4%). Europe accounted for a share in revenues of almost 44%, followed by North America (30%), South America (17%) and Asia (7%).

CHANGE YEAR-ON-YEAR TAB: 1.4.2

in %	Q2/15	H1/15
Change in revenues	**+ 16.4**	**+ 16.0**
- volume/structure-related	−1.8	−3.5
- price/pricing-related	+ 6.5	+ 8.3
- currency-related	+ 11.7	+ 11.2
- consolidation-related	–	–

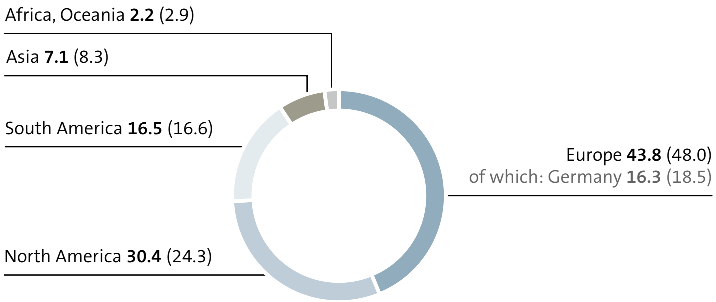
Detailed figures for average prices and sales volumes can be found in Tables 1.5.3 and 1.5.6.

REVENUES BY UNIT APRIL – JUNE 2015 (IN %) FIG: 1.4.1



Previous year's figures in brackets

REVENUES BY REGION APRIL – JUNE 2015 (IN %) FIG: 1.4.2



Previous year's figures in brackets

'FIT FOR THE FUTURE'

K+S continued its considerable efforts in the first half of 2015 to make the cost and organisational structures of the entire Group more efficient. We are striving for total cost savings of € 500 million between 2014 and 2016 compared with previous planning for this period. In addition to actual savings, this figure also includes expenses that were originally planned, but have been avoided. The beginning of the programme was very successful. In 2013, we were able to reduce actual costs by around € 30 million. We exceeded our targets for 2014: Compared with the 2013 financial year, we achieved a further improvement in earnings of a good € 120 million. We are assuming a slightly higher contribution to the result for 2015.

OPERATING EARNINGS EBITDA AND EBIT I

Earnings before interest, taxes and depreciation and amortisation (EBITDA) amounted to € 630.3 million after the first six months and consequently were up 25.2% on the previous year (H1/14: € 503.3 million). However, the operating earnings (EBIT I) of the K+S GROUP reached € 495.9 million thus exceeding the previous year's figure by € 119.0 million or around 32% (H1/14: € 376.9 million). Depreciation and amortisation to be taken into account in the first six months was € 134.4 million (H1/14: € 126.4 million).

EBITDA reached € 247.3 million during the quarter under review (Q2/14: € 223.5 million). EBIT I amounted to € 179.2 million compared with € 157.2 million in the previous year. Depreciation and amortisation of € 68.1 million to be taken into account was slightly above the figure in the previous year (Q2/14: € 66.3 million). The same quarter in the previous year for the Potash and Magnesium Products business unit was boosted by a special item relating to an insurance payment of € 30 million following the suspension of operations at the Unterbreizbach site.

This improvement in results is due primarily to price increases in de-icing salt in North America and the recovery of average prices in the Potash and Magnesium Products business unit. The EUR/USD exchange rate had a positive effect alongside this. The 'Fit for the Future' programme continued to contribute to the Company's success as expected.

RESULT AFTER OPERATING HEDGES (EBIT II)

An operating earnings EBIT II of € 495.8 million after operating hedges was generated in the first six months of 2015, compared with € 387.7 million in the previous year. The earnings effect from operating forecast hedges included in this figure was € – 0.1 million (H1/14: € + 10.8 million). At € 227.7 million, EBIT II in the quarter under review, which was boosted by € + 48.5 million as a result of effects arising from operating forecast hedges (Q2/14: € + 35.1 million) was up € 35.3 million or 18.3% on the previous year's figure (Q2/14: € 192.4 million).

In accordance with IFRS, fluctuations in market value from hedging transactions are reported in the income statement. EBIT II includes all results from hedging transactions, i.e., both reporting date-related valuation effects and results from any hedging derivatives realised. Any effects on earnings arising from the hedging of underlying transactions relating to financing that are not reflected in EBIT are reported in the financial result.

FINANCIAL RESULT

/ **FURTHER DETAILS OF THE FINANCIAL RESULT AND DISCOUNT FACTORS FOR PROVISIONS** can be found in the Notes on page 35.

The financial result in the first half of the year amounted to € – 54.2 million compared with € – 75.7 million in the previous year. The improvement resulted notably from the omission of interest expenses (€ 18.7 million) for the bond due in September 2014. In the quarter under review, the financial result amounted to € – 13.7 million (Q2/14: € – 48.3 million). In addition to the bond effect, the cause of the sharp drop compared with the previous year was primarily the omission arising from the adjustment of the discount rate for mining obligations (€ – 22.2 million) in the second quarter of 2014 and the capitalisation of interest on debt in the context of the Legacy Project. Along with the interest expenses for mining obligations (Q2/15: € – 7.4 million), the interest expenses for pension provisions (Q2/15: € – 1.3 million) are also taken into account in the financial result; both of these are non-cash expenses.

GROUP EARNINGS AND EARNINGS PER SHARE

Group earnings after taxes and minority interests reached € 316.9 million in the first half of the year (H1/14: € 230.3 million). Tax expenses for this period amounted to € 124.5 million, including a deferred, i.e., non-cash expense of € 2.2 million (income tax expense H1/14: € 81.5 million; of which € 0.6 million deferred tax expenses). In terms of earnings per share, this represents an increase of € 0.46 to € 1.66 (H1/14: € 1.20) compared with the previous year. An average number of 191.4 million outstanding no-par value shares was used as the basis for the calculation.

Group earnings after taxes and minority interests reached € 153.3 million in the second quarter (Q2/14: € 106.2 million); tax expenses amounted to € 60.6 million (of which € 7.5 million deferred tax expenses) compared with € 37.7 million in the previous year (of which € 9.3 million deferred tax income). In terms of earnings per share, this gives a figure of € 0.80 (Q2/14: € 0.55).

ADJUSTED GROUP EARNINGS AND ADJUSTED EARNINGS PER SHARE

Group earnings after taxes adjusted in accordance with changes in the market value of derivatives were € 317.0 million after the first six months (H1/14: € 222.6 million); this corresponds to an increase of € 94.4 million or 42.4%. Adjusted earnings per share were € 1.66 in the same period compared with € 1.16 in the previous year. An average number of 191.4 million outstanding no-par value shares was used as the basis for the calculation. Adjusted Group earnings after taxes amounted to € 118.7 million in the second quarter (Q2/14: € 81.1 million), resulting in a figure of € 0.62 per share compared with € 0.42 for the same quarter in the previous year.

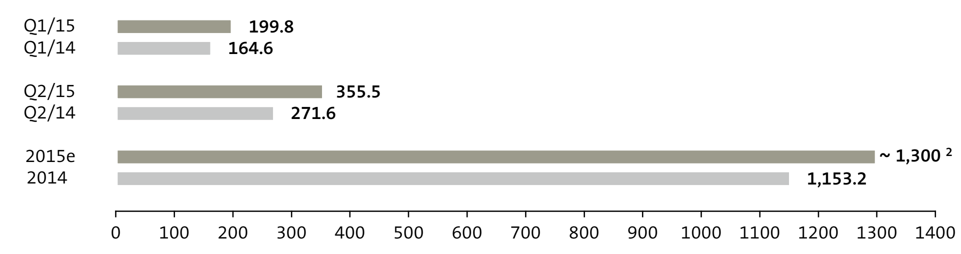
FINANCIAL POSITION

INVESTMENT ROSE IN THE SECOND QUARTER AS PLANNED

/ **FURTHER INFORMATION ON THE LEGACY PROJECT** can be found on page 17 under 'Potash and Magnesium Products business unit'.

The K+S GROUP invested € 355.5 million in the second quarter of 2015, roughly equivalent to a 31% increase on the same period in the previous year (Q2/14: € 271.6 million). The bulk of investment was in the Potash and Magnesium Products business unit. It related mainly to the Legacy Project in Canada. We also invested in the package of measures for water protection in the Hesse-Thuringia potash district. In the Salt business unit, the focus was on measures to secure production at Frisia Zout in Harlingen in the Netherlands, the expansion of the plant at Port Canaveral, USA to include production facilities and storage areas as well the optimisation of mining methods at the Fairport site in the USA.

CAPITAL EXPENDITURE [1] (IN € MILLION) FIG: 1.4.3



[1] Capital expenditure in property, plant and equipment, intangible and financial assets of continued operations.
[2] Further information regarding future capital expenditure can be found on page 23.

CASH FLOW FROM OPERATING ACTIVITIES BELOW FIGURE FOR PREVIOUS YEAR

CASH FLOW OVERVIEW TAB: 1.4.3

in € million	H1/15	H1/14
Cash flow from operating activities	439.5	516.4
Cash flow from investment activities	−174.5	−863.3
Free cash flow	**265.0**	**−346.9**
Adjustment for acquisitions and disposals of securities and other financial investments	−357.9	500.7
Adjusted free cash flow	**−92.9**	**153.8**

Cash flow from operating activities was € 439.5 million (H1/14: € 516.4 million). This drop is due primarily to larger amount of funds tied up in working capital.

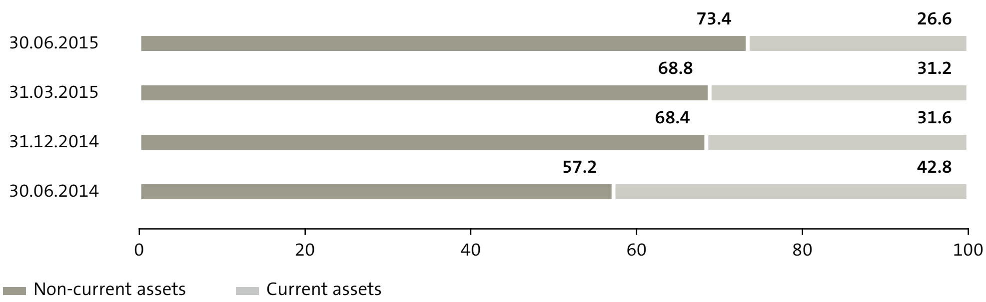
Cash flow from investment activities (excluding acquisitions/disposals of securities and other financial investments) amounted to € – 532.4 million (H1/14: € – 362.6 million). The increase is essentially due to planned increases in investment expenditure for the Legacy Project. Adjusted free cash flow reached € – 92.9 million compared with € 153.8 million in the previous year.

Cash flow from financing activities was € – 173.7 million (H1/14: € – 61.4 million) due to the higher dividend payment compared with 2014. As of 30 June 2015, net cash and cash equivalents amounted to € 472.1 million (30 June 2014: € 596.8 million; 31 December 2014: € 370.3 million). These capital investments relate mainly to term deposit investments, money market instruments and comparable securities with a residual term of less than three months.

ASSET POSITION

The balance sheet total of the K+S GROUP was € 8,312.3 million as of 30 June 2015 (31 December 2014: € 7,855.2 million). Fixed assets increased by € 620.8 million to € 4,733.5 million, mainly due to investments in the Legacy Project and a strong US dollar in relation to the euro (31 December 2014: € 4,112.7 million). Cash and cash equivalents also increased (€ + 103.3 million) whereas accounts receivable - trade fell (€ – 67.8 million). Consequently, the ratio of non-current to current assets shifted to 73:27. Cash and cash equivalents, current and non-current securities and other financial investments fell to € 687.4 million due to investments in the Legacy Project, which corresponds to a drop of around 27% since the start of the year (31 December 2014: € 943.3 million).

ASSETS (IN %) FIG: 1.4.4

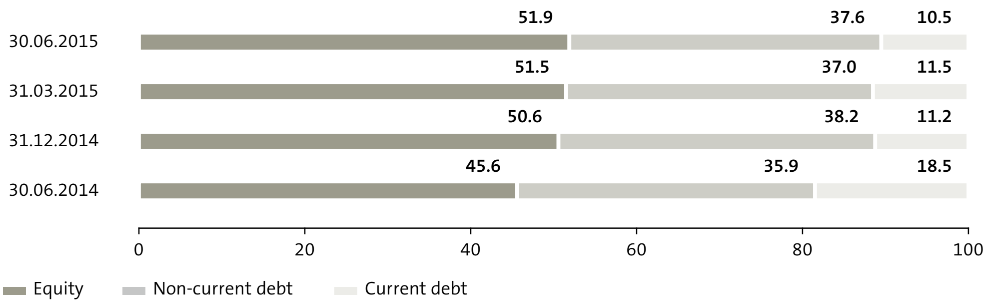


/ FURTHER DETAILS OF THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 36.

At € 4,312.8 million, equity available to the shareholders of K+S AKTIENGESELLSCHAFT was € 343.1 million higher than the value as of 31 December 2014 (€ 3,969.7 million). The increase stemmed primarily from the Group net income for the period. The equity ratio was 51.9% as of the reporting date.

As of 30 June 2015, the K+S GROUP's debt consisted mainly of financial liabilities (38%), provisions (30%) and trade payables (6%). As of 30 June 2015, financial liabilities amounted to € 1,519.9 million; of this, € 6.0 million were classified as current. As of 30 June 2015, the most significant provisions of the K+S GROUP related to mining provisions of € 1,053.9 million (€ + 128.6 million compared with 31 December 2014) as well as pensions and similar obligations of € 154.4 million (€ – 8.4 million compared with 31 December 2014). The increase in mining obligations was mainly due to the further reduction in the discount rate in the first quarter.

EQUITY AND LIABILITIES (IN %) FIG: 1.4.5



The net debt of the K+S GROUP was € 2,019.1 million as of the reporting date (31 December 2014: € 1,676.0 million). Net financial liabilities, i.e., not including provisions, amounted to € 832.5 million as of the reporting date, compared with € 102.3 million in the previous year.

NET DEBT TAB: 1.4.4

in € million	H1/15	H1/14
Cash and cash equivalents as of 30 June	478.5	602.8
Non-current securities and other financial investments as of 30 June	84.5	73.4
Current securities and other financial investments as of 30 June	124.4	1,465.8
Financial liabilities	−1,519.9	−2,244.3
Reimbursement claim Morton Salt bond	21.7	18.1
Net financial liabilities as of 30 June	**−810.8**	**−84.2**
Provisions for pensions and similar obligations	− 154.4	−153.2
Provisions for mining obligations	− 1,053.9	−860.8
Net debt as of 30 June	**−2,019.1**	**−1,098.2**

OFF-BALANCE SHEET FINANCING INSTRUMENTS/ ASSETS NOT SHOWN ON THE BALANCE SHEET

We use operating leases, for example for vehicles, storage capacity and IT accessories. Due to the chosen contractual structures, these items are not carried under fixed assets.

1.5 PRESENTATION OF SEGMENTS

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

KEY FIGURES TAB: 1.5.1

in € million	Q2/15	Q2/14	%	H1/15	H1/14	%
Revenues	500.5	461.1	+ 8.5	1,108.9	968.5	+ 14.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	179.0	196.4	−8.9	396.2	361.9	+ 9.5
Operating earnings (EBIT I)	143.9	159.2	−9.6	327.2	293.6	+ 11.4
Capital expenditure	330.8	251.3	+ 31.6	515.5	404.9	+ 27.3
Employees as of 30 June (number)	–	–	–	8,241	8,256	−0.2

REVENUES

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

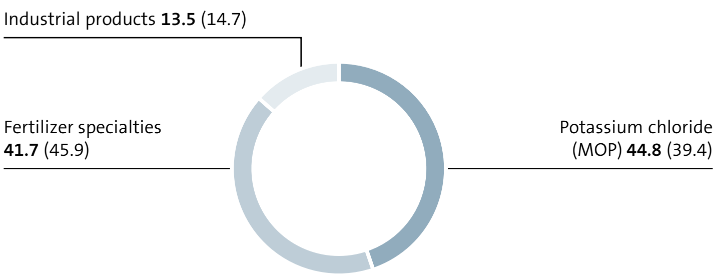
At € 1,108.9 million, revenues of K+S Aktiengesellschaft in the first half of 2015 were tangibly above the level in the same period in the previous year (H1/14: € 968.5 million). The reason for the increase in revenues was most notably a higher price level and a stronger US dollar in relation to the euro. The above-mentioned reasons also apply to the second quarter; overall, revenues of € 500.5 million in the quarter under review were moderately higher than the figure in the previous year (Q2/14: € 461.1 million).

Revenues for potassium chloride showed a currency and volume-related increase of around 23% to € 224.0 million (Q2/14: € 181.5 million). Revenues remained virtually unchanged in the fertilizer specialties segment and reached € 209.0 million compared with € 211.8 million in the previous year. A volume-related drop in revenues could only be partially offset by positive price effects. Revenues for industrial products remained virtually stable at € 67.5 million (Q2/14: € 67.8 million).

CHANGE YEAR-ON-YEAR TAB: 1.5.2

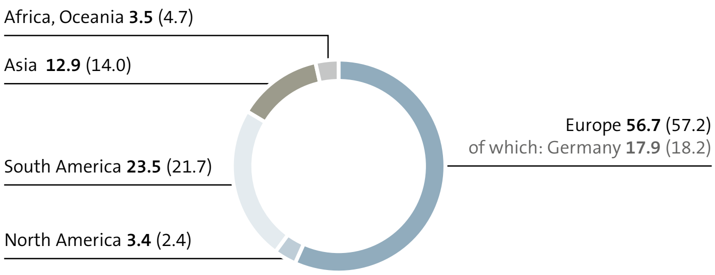
in %	Q2/15	H1/15
Change in revenues	**+ 8.5**	**+ 14.5**
- volume/structure-related	−8.6	−2.2
- price/pricing-related	+ 6.8	+ 8.5
- currency-related	+ 10.3	+ 8.2
- consolidation-related	–	–
Potassium chloride	+ 23.4	+ 21.8
Fertilizer specialties	−1.4	+ 10.0
Industrial products	−0.3	+ 8.2

REVENUES BY PRODUCT GROUP APRIL – JUNE 2015 (IN %) FIG: 1.5.1



Previous year's figures in brackets

REVENUES BY REGION APRIL – JUNE 2015 (IN %) FIG: 1.5.2



Previous year's figures in brackets

Sales volume of 1.61 million tonnes in the quarter under review was moderately below the figure in the previous year (Q2/14: 1.72 million tonnes). The drop in sales is due essentially to a postponement of deliveries to the third quarter.

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION [1] TAB: 1.5.3

		Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
Revenues	**€ million**	**507.4**	**461.1**	**968.5**	**451.0**	**464.5**	**1,884.0**	**608.4**	**500.5**	**1,108.9**
Europe	€ million	347.5	263.6	611.1	232.3	263.3	1,106.7	363.3	283.6	646.9
Overseas	US$ million	219.0	270.8	489.8	290.7	252.1	1,032.6	276.1	239.4	515.6
Sales volumes	**t million (product)**	**1.94**	**1.72**	**3.66**	**1.62**	**1.59**	**6.87**	**1.94**	**1.61**	**3.55**
Europe	t million (product)	1.27	0.92	2.19	0.80	0.89	3.88	1.21	0.90	2.11
Overseas	t million (product)	0.67	0.80	1.47	0.82	0.70	2.99	0.73	0.72	1.45
Average price	**€/t (product)**	**261.8**	**268.1**	**264.7**	**278.7**	**291.2**	**274.1**	**313.6**	**310.4**	**312.2**
Europe	€/t (product)	273.3	285.8	278.6	290.4	294.0	285.3	301.4	315.1	307.3
Overseas	US$/t (product)	328.5	339.3	334.4	351.2	360.3	345.0	375.6	336.3	356.3

[1] Revenues include prices both inclusive and exclusive of freight costs and, in the case of overseas revenues, are based on the respective EUR/USD spot rates. Hedging transactions were concluded for most of these sales revenues. Prices are also affected by the respective product mix and should therefore be taken as a rough indication only.

DEVELOPMENT OF EARNINGS

Operating earnings EBIT I amounted to € 327.2 million in the first half of the year (H1/14: € 293.6 million); these include depreciation and amortisation of € 69.0 million (H1/14: € 68.3 million). In the quarter under review EBIT I of € 143.9 million was moderately below the figure in the previous year (Q2/14: € 159.2 million). In both periods an increase in the global price level and positive exchange rate trends appeared. The quarter in the previous year was boosted by a special item relating to an insurance payment of € 30 million following the suspension of operations at the Unterbreizbach site. Adjusted for this, it was possible to tangibly exceed the figure in the previous year. The 'Fit for the Future' programme also had a positive effect on the result.

LEGACY PROJECT EN ROUTE TO COMMISSIONING NEXT YEAR

/ **A SHORT FILM ABOUT THE LEGACY PROJECT** is available on www.k-plus-s.com/legacy15en

Legacy is a greenfield project to set up solution mining-based potash production in the southern part of the Canadian province of Saskatchewan. Following its scheduled commissioning next summer, the plant will reach a production capacity of 2.86 million tonnes over the long-term. This will make K+S the only potash producer with its own large production sites on two continents. The new potash plant will expand the German production network significantly, reduce average production costs and extend the average useful life of the K+S potash mines. The Legacy Project will also increase competitiveness on the international market considerably, which is a positive outcome for the whole of the K+S GROUP.

The focus in the quarter under review was on completion of main components for evaporation, crystallization, drying and compacting and construction of the steel structure of the factory. Permanent gas and electricity supplies were also provided for the site. Work began on the construction of a new loading and storage facility for potash products in the harbour in Vancouver.

K+S is well on the way to commissioning the plant as scheduled from summer 2016 onwards and meeting the investment budget of 4.1 billion Canadian dollars. Around 65% of the total budget has been spent to date. Over 90% of the total investment amount is tied up in orders with our suppliers.

PERMANENT SOLUTION FOR DISPOSAL OF SALINE WASTEWATER

In September 2014, K+S agreed on guidelines with the Hessian Ministry for the Environment for a Four-Phase Plan for the permanent disposal of saline wastewater in the Werra potash district. The drafts of the management plans for Werra/Weser for the years 2015 to 2021 published in mid-March 2015 by the German states in the Weser River Basin Association (FGG Weser) for the purpose of a hearing essentially confirm the measures agreed to for this period between the state of Hesse and K+S.

The drafts of the management plans include the objectives and target values for the Werra/Weser river system for the period from 2021 to 2027, but there are currently no feasible measures for realising these objectives. It is therefore still currently unclear as to whether or not and how these targets can be achieved. K+S will also review further measures along the same lines with FGG Weser and the states affected.

This Four-Phase Plan continues to represent a plausible long-term solution for the disposal of saline wastewater in the Werra potash district. The aim of these measures, particularly the significant investments on the part of K+S, is to further reduce pressure on the environment in the unspoilt Werra/Weser area in line with European water legislation, to ensure the future viability of jobs and to secure the potash-producing locations in North Hesse and Thuringia.

SALT BUSINESS UNIT

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

KEY FIGURES TAB: 1.5.4

in € million	Q2/15	Q2/14	%	H1/15	H1/14	%
Revenues	374.0	287.2	+ 30.2	1,101.0	928.2	+ 18.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	70.8	26.4	> 100	240.4	140.1	+ 71.6
Operating earnings (EBIT I)	42.6	1.7	> 100	184.5	90.8	> 100
Capital expenditure	17.9	15.8	+ 13.3	30.7	23.2	+ 32.3
Employees as of 30 June (number)	–	–	–	5,065	5,053	+ 0.2

REVENUES

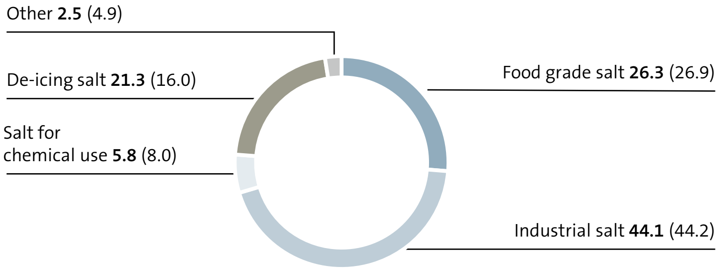
In the first half of the year, revenues for the Salt business unit were up significantly on the figure for the previous year at € 1,101.0 million (H1/14: € 928.2 million); in addition to a favourable EUR/USD exchange rate, higher prices for de-icing salt in North America also had a positive effect. In Europe, there was a volume-related increase in revenues in the winter road maintenance services business compared with the same period in the previous year. For industrial salt, salt for chemical use and food grade salt, revenues amounted to € 549.9 million thus showing a significant currency and price-related increase over the previous year (H1/14: € 457.7 million). The sales volumes of 12.70 million tonnes for crystallised salt were just under 7% below the extraordinary high figure for the previous year (H1/14: 13.63 million tonnes).

Revenues rose by around 30% to € 374.0 million in the quarter under review compared with € 287.2 million in the previous year. The reasons for the rise in revenues were positive volume and price effects in addition to the EUR/USD relationship. The sales volumes for crystallised salt were up a good 12% on the previous year's figure at € 3.59 million tonnes (Q2/14: 3.20 million tonnes).

CHANGE YEAR-ON-YEAR TAB: 1.5.5

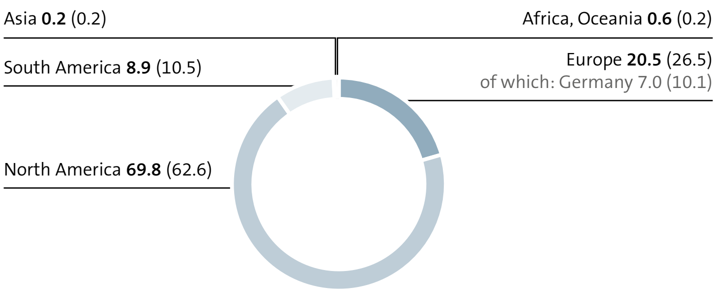
in %	Q2/15	H1/15
Change in revenues	**+ 30.2**	**+ 18.6**
- volume/structure-related	+ 8.0	−5.4
- price/pricing-related	+ 6.8	+ 8.5
- currency-related	+ 15.4	+ 15.5
- consolidation-related	–	–
Food grade salt	+ 27.3	+ 23.1
Industrial salt	+ 29.9	+ 24.4
Salt for chemical use	−5.7	−13.4
De-icing salt	+ 72.8	+ 19.3
Other	−32.1	−17.2

REVENUES BY PRODUCT GROUP APRIL – JUNE 2015 (IN %) FIG: 1.5.3



Previous year's figures in brackets

REVENUES BY REGION APRIL – JUNE 2015 (IN %) FIG: 1.5.4



Previous year's figures in brackets

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY PRODUCT GROUP [1] TAB: 1.5.6

		Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
De-icing salt										
Revenues	€ million	396.6	46.0	442.6	80.1	245.2	767.9	448.5	79.5	528.0
Sales volumes	t million	8.15	0.98	9.13	1.55	3.70	14.38	6.89	1.22	8.11
Average price	€/t	48.7	47.1	48.5	51.8	66.1	53.4	65.1	65.1	65.1
Industrial salt, salt for chemical use and food grade salt										
Revenues	€ million	230.4	227.3	457.7	243.7	258.5	959.9	264.9	285.0	549.9
Sales volumes	t million	2.28	2.22	4.50	2.34	2.40	9.24	2.23	2.37	4.59
Average price	€/t	100.9	102.4	101.7	104.1	107.9	103.9	118.8	120.3	119.8

[1] Revenues include prices both inclusive and exclusive of freight costs. Prices are also affected by exchange rate changes and the respective product mix and should therefore be taken as a rough indication only.

DEVELOPMENT OF EARNINGS

Operating earnings EBIT I for the Salt business unit more than doubled rising to € 184.5 million in the first half of the year compared with € 90.8 million in the previous year. These include depreciation and amortisation of € 55.9 million (H1/14: € 49.3 million). These improved results are essentially due to the price and cost-related higher margins in North America as well as positive currency effects. This more than offset a weather-related drop in sales volumes.

Prices displayed very positive trends both in the de-icing salt product segment and in the industrial and food grade salt segments. EBIT I of € 42.6 million was generated as a result (Q2/14: € 1.7 million). Savings associated with the 'Fit for the Future' programme also positively influenced the result.

COMPLEMENTARY ACTIVITIES

KEY FIGURES TAB: 1.5.7

in € million	Q2/15	Q2/14	%	H1/15	H1/14	%
Revenues	39.6	36.9	+ 7.3	80.9	77.2	+ 4.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	9.0	7.4	+ 21.6	19.0	17.1	+ 11.1
Operating earnings (EBIT I)	6.7	5.6	+ 19.6	14.4	13.6	+ 5.9
Capital expenditure	0.8	0.7	+ 14.3	1.2	1.2	–
Employees as of 30 June (number)	–	–	–	284	292	−2.7

REVENUES

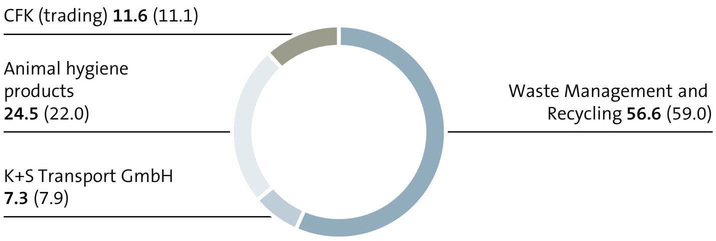
Complementary Activities posted third party revenues of € 80.9 million in the first half of the year (H1/14: € 77.2 million). Total revenues amounted to € 96.6 million (H1/14: € 94.0 million). Third-party revenues generated by Complementary Activities amounted to € 39.6 million in the second quarter (Q2/14: € 36.9 million), while total revenues amounted to € 46.7 million (Q2/14: € 45.1 million).

Revenues increased from € 8.1 million to € 9.7 million in the Animal Hygiene Products segment in the quarter under review mainly as a result of higher volumes. Revenues for K+S TRANSPORT GMBH remained constant at € 2.9 million. Revenues for the Waste Management and Recycling segment were up slightly to € 22.4 million (Q2/14: € 21.8 million). The CFK trading business posted revenues of € 4.6 million (Q2/14: € 4.1 million).

CHANGE YEAR-ON-YEAR TAB: 1.5.8

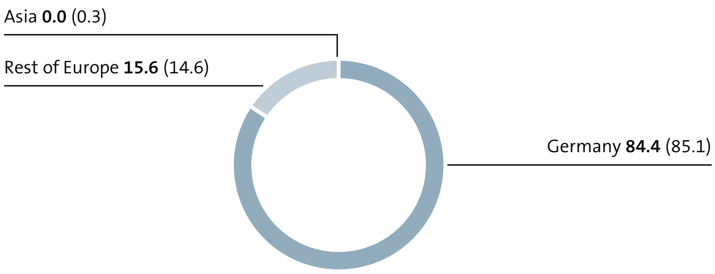
in %	Q2/15	H1/15
Change in revenues	**+ 7.3**	**+ 4.8**
- volume/structure-related	+ 6.2	+ 3.9
- price/pricing-related	+ 1.1	+ 0.9
- currency-related	–	–
- consolidation-related	–	–
Waste Management and Recycling	+ 2.8	+ 0.9
K+S Transport GmbH	–	+ 14.3
Animal Hygiene Products	+ 19.8	+ 9.8
CFK (Trading)	+ 12.2	+ 8.0

REVENUES BY UNIT APRIL – JUNE 2015 (IN %) FIG: 1.5.5



Previous year's figures in brackets

REVENUES BY REGION APRIL – JUNE 2015 (IN %) FIG: 1.5.6



Previous year's figures in brackets

DEVELOPMENT OF EARNINGS

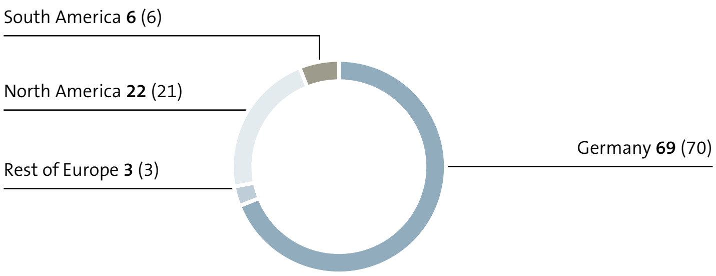
Operating earnings EBIT I increased moderately to € 14.4 million in the first six months (H1/14: € 13.6 million); these include depreciation and amortisation of € 4.6 million (H1/14: € 3.5 million). Operating earnings EBIT I amounted to € 6.7 million in the quarter under review, compared with € 5.6 million in the previous year. EBIT I included depreciation and amortisation of € 2.3 million (Q2/14: € 1.8 million). The increase in earnings is due mainly to an improved product mix in the Waste Management and Recycling business and was able to more than offset the drop in K+S TRANSPORT GMBH.

1.6 EMPLOYEES

NUMBER OF EMPLOYEES STABLE

As of 30 June 2015, the K+S GROUP employed a total of 14,201 people (full-time equivalents). The figure therefore remained more or less stable compared with 30 June 2014 (14,248 employees). The average number of people employed over the quarter was 14,190 (Q2/14: 14,281). As a result of the internationalisation of the K+S GROUP, just under a third of employees are now located outside Germany and more than a quarter outside Europe. The number of trainees in Germany was 479 on 30 June 2015, representing a slight drop from the previous year (30 June 2014: 497).

EMPLOYEES BY REGION AS OF 30 JUNE 2015 (IN %) FIG: 1.6.1



Previous year's figures in brackets

PERSONNEL EXPENSES

The personnel expenses of the K+S GROUP reached € 261.7 million in the second quarter compared with € 243.3 million in the previous year. The increase was due mainly to an increase in provisions for performance-related remuneration. In addition, the EUR/USD exchange rate led to higher personnel expenses in our North American subsidiaries reflected in our domestic currency. Personnel expenses totalled € 555.5 million in the first six months (H1/14: € 482.7 million), higher personnel expenses resulting from adjustments in collective agreements had an effect here.

1.7 RESEARCH & DEVELOPMENT

Research costs in the first half of the year amounted to € 7.4 million compared with € 5.8 million in the previous year; capitalised development-related expenditure amounted to € 0.9 million (H1/14: € 1.6 million). Research costs rose from € 2.8 million in the same period in the previous year to € 4.3 million during the quarter under review. This increase was due mainly to the intensification of internal research efforts in the Potash and Magnesium Products business unit; particular focus was placed on optimisations in analytical and process technology. Capitalised development-related capital expenditure of € 0.4 million (Q2/14: € 1.0 million) tapered off as planned with the progress of the cavern development project in Canada and the successful completion of other development projects. As of 30 June 2015, 81 people were employed in Research & Development (30 June 2014: 85).

Please see the relevant sections on page 59 of our 2014 Financial Report for a detailed description of research and development activities; the goals and areas of focus described there continue to apply.

1.8 RISK AND OPPORTUNITY REPORT

Please see the relevant comments from page 43 onwards and from page 86 onwards in our 2014 Financial Report for a detailed description of the risk and opportunity management system as well as potential risks. The risks and opportunities described there remain largely unchanged as of 30 June 2015.

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

There is no mutual offsetting of opportunities and risks or their positive and negative changes.

1.9 SUBSEQUENT EVENTS

On 2 July 2015, the Board of Executive Directors and the Supervisory Board of K+S AKTIENGESELLSCHAFT decided to reject the unsolicited proposal by Canadian fertilizer company, POTASH CORPORATION OF SASKATCHEWAN INC. (POTASHCORP) to acquire all outstanding K+S shares for € 41 per share. Also, this view has not changed after receiving another letter from POTASHCORP on 6 August 2015. Please see the relevant sections on page 8 for a detailed description.

Other than this, the K+S GROUP has experienced no significant changes in the economic environment or the situation of its industry since the end of the quarter under review, and no events of material importance require disclosure.

1.10 FORECAST REPORT

FUTURE MACROECONOMIC SITUATION

The following discussion of the future macroeconomic situation is based on forecasts from the KIEL INSTITUTE FOR THE WORLD ECONOMY (Kiel Discussion Papers: Weltkonjunktur im Sommer 2015, June 2015) and of the INTERNATIONAL MONETARY FUND (World Economic Outlook, July 2015).

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.10.1

	2015e	2014	2013	2012	2011
in %; real					
Germany	+ 1.6	+ 1.6	+ 0.2	+ 0.9	+ 3.4
European Union (EU–28)	+ 1.8	+ 1.4	+ 0.1	–0.4	+ 1.8
World	+ 3.3	+ 3.4	+ 3.4	+ 3.2	+ 3.9

Source: IMF

Prompted by the lower than expected increase in production in the United States in the first quarter, the INTERNATIONAL MONETARY FUND reduced its growth forecast for global gross domestic product for 2015 from 3.5% to 3.3%. However, in view of the continued expansionary monetary policies, progress in reducing debts in the private sector and a dramatic drop in the price of crude oil, economic activity in the developed countries should still gradually gain momentum. In the emerging market countries, the consistently low price level for raw materials and certain structural problems may slow down prospects for growth.

FUTURE INDUSTRY SITUATION

The medium to long-term trends described on pages 99–100 of the 2014 Financial Report, which positively influence the demand for K+S GROUP products, still apply.

POTASH AND MAGNESIUM PRODUCTS BUSINESS UNIT

A moderate downward trend in global potash demand is expected in 2015 compared with the record level in 2014, which benefited from particularly low initial inventories in the value chain. The robust demand in the first half of the year should continue over the coming months following the conclusion of contracts with Chinese and Indian customers. Overall, however, a repeat of last year's record sales volumes is not expected. The current general average price level should be stable over the course of the year.

SALT BUSINESS UNIT

Following high demand in the 2014/2015 season, inventories of de-icing salt were low, particularly on the East Coast of the USA. This should have a positive impact on the public tenders for the 2015/2016 season. In the Midwest on the other hand we are expecting a moderate normalisation of prices at a high level. In Europe we are expecting increasing price sensitivity in the second half of the year due to high product availability. Consumption should remain more or less stable for the year as a whole in the industrial salt and food grade salt segments. Demand in the chemical industry for salt for chemical use should continue to increase in the wake of the robust US economy and lower energy costs.

FUTURE EARNINGS, FINANCIAL AND ASSET POSITION

The following forecasts relate to the expected organic development of revenues and earnings of the K+S GROUP.

Our assessment for 2015 as a whole is based mainly on the following assumptions:

+ Potash and Magnesium Products business unit
  + Following the record demand in 2014, which also benefited from catch-up effects, we are expecting a moderate decrease in global potash sales volumes in 2015 (2014: around 68 million tonnes, including around 4 million tonnes of fertilizer specialties).
  + Since the average price in 2014 rose steadily from a low base starting point, the 2015 figures should represent a tangible increase over the previous year (2014: 274 €/t). In addition to the base effect, exchange rate effects should also have a positive impact.
  + Sales volumes should reach around 7 million tonnes (2014: 6.9 million tonnes).
+ Salt business unit
  + In 2015, sales volumes of de-icing salt should remain at the high level of the previous year due to the above-average winter in North America in the first quarter of the year and the expectation of profitable early fills for the next winter season (2014: 14 million tonnes). Due to this situation, sales of crystallised salt are also expected to reach the same level as in the previous year (2014: 24 million tonnes).
+ K+S Group
  + Average exchange rate for the year of 1.11 EUR/USD (2014: 1.33 EUR/USD) for the US dollar.

REVENUES AND EARNINGS FORECAST

The revenues of the K+S GROUP should be between € 4.35 billion and € 4.55 billion in the 2015 financial year (2014: € 3.82 billion). Both business units should profit from a higher year-on-year average price level, also as a result of exchange rate factors.

Hence, we are anticipating EBITDA for the K+S GROUP of between € 1.06 and € 1.14 billion and an EBIT I of between € 780 and 860 million (2014: € 896 million and € 641 million respectively), which confirms our previous outlook expecting a significant increase in operating results. This expectation includes an initial estimate of the significant costs that K+S AKTIENGESELLSCHAFT could incur as expenses in the current year on account of the unsolicited takeover proposal from POTASHCORP.

Following a successful start, we continued with the 'Fit for the Future' programme. The sustained improvement of cost and organisational structures aims to increase the efficiency of production and administration and sales functions. Compared with the previous year, we are assuming a slightly higher contribution to the result for 2015 (2014: a good € 120 million).

Adjusted Group earnings after taxes should follow developments in operating earnings and thus also be significantly higher than in the previous year (2014: € 367 million). We are anticipating a profit of between € 490 million and € 570 million. In addition to the effects already explained, a significantly improved financial result should also contribute to this (2014: € – 126 million). Relief came primarily from the low interest expenses following the repayment of a bond in September 2014 (€ 28 million) and the capitalisation of interest on debt in the context of the Legacy Project.

ANTICIPATED FINANCIAL POSITION AND PLANNED CAPITAL EXPENDITURE

INCREASE IN CAPITAL EXPENDITURE AS PLANNED

The K+S GROUP's anticipated capital expenditure for 2015 is around € 1.3 billion (2014: € 1.2 billion). Expenditure connected with the Legacy Project accounts for most of this figure. A large amount of capital expenditure is intended for the implementation of the package of measures for water protection in the Hesse-Thuringia potash district. Capital expenditure particularly in the Potash and Magnesium Products business unit should therefore moderately exceed the level in the previous year (2014: € 1.0 billion). Adjusted free cash flow (2014: € – 306 million) is therefore likely to be significantly negative again on account of this. The return on capital employed (ROCE) should be more or less the same as in the previous year in spite of a larger amount of capital being tied up (2014: 12.7%).

FUTURE NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES EXPECTED TO REMAIN AT PREVIOUS YEAR'S LEVEL

By the end of 2015, we expect the number of employees (full-time equivalents) to be roughly the same as in the previous year (31 December 2014: 14,295). This should also be the case for the average number of employees (2014: 14,295).

The anticipated increase in the number of personnel to implement the Legacy Project and maintain the extracted volumes of crude salt in the Potash and Magnesium Products business unit should be largely compensated for by the implementation of the 'Fit for the Future' and 'Potash 2.0' programmes.

EXPECTED DEVELOPMENT OF DIVIDENDS

RETURN TO LONG-TERM DIVIDEND POLICY

Since we deviated from our long-standing dividend policy in the previous year, the Board of Executive Directors and the Supervisory Board, mindful of the better than expected development of earnings in 2014, suggested a return to this usual dividend policy to the 2015 Annual General Meeting. The suggested dividend payment of € 0.90 per share (previous year: € 0.25 per share), which corresponds to a payout ratio of 47% (previous year: 11%), was well received by the Annual General Meeting.

Our earnings-related dividend policy is basically reflected in a payout ratio of 40 to 50% of adjusted Group earnings after taxes (including discontinued operations). Subject to the approval of the Annual General Meeting, the expectation of Group earnings that are significantly up on the previous year should be reflected in a correspondingly higher dividend payment.

MEDIUM-TERM FORECAST

ATTRACTIVE GROWTH PROSPECTS

For the first time on 2 July 2015 we published a medium-term forecast in conjunction with the rejection of the unsolicited proposal made by POTASHCORP, in order to illustrate the long-term attractiveness of the K+S GROUP to our shareholders.

Overall, we are expecting an increase in Group EBITDA to around € 1.6 billion by 2020 if market conditions essentially remain the same (2014: € 895.5 million). Due mainly to the Legacy Project, we are expecting average annual operating cash flow growth for the K+S GROUP of at least 10% by this date.

DEVELOPMENT OF FORECASTS FOR THE WHOLE OF 2015 TAB: 1.10.2

		Actual 2014	Forecast 2014 Financial Report	Forecast Q1/15	Forecast Q2/15
K+S Group					
Revenues	€ billion	3.82	moderate increase	significant increase	4.35 – 4.55
EBITDA	€ million	895.5	significantly above previous year	significantly above previous year	1.06 – 1.14
Operating earnings (EBIT I)	€ million	641.3	significantly above previous year	significantly above previous year	780 – 860
Group earnings after taxes, adjusted[1]	€ million	366.6	significantly above previous year	significantly above previous year	490 – 570
Capital expenditure [2]	€ million	1,153.2	about 1,300	about 1,300	about 1,300
Adjusted free cash flow	€ million	–306.3	significantly negative	significantly negative	significantly negative
ROCE	%	12.7	moderate decrease	at previous year's level	at previous year's level
EUR/USD exchange rate	EUR / USD	1.33	1.15	1.10	1.11
Number of employees	FTE	14,295	at previous year's level	at previous year's level	at previous year's level
Potash and Magnesium Products business unit					
Sales volumes	million tonnes	6.9	about 7	about 7	about 7
Salt business unit					
Sales volumes crystallised salt	million tonnes	23.6	moderately below previous year	at previous year's level	at previous year's level
- of which de-icing salt	million tonnes	14.4	multi-year average	at previous year's level	at previous year's level

[1] The adjusted key figures include the result from operating forecast hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate in Q2/15: 28.6% (Q2/14: 28.6%).

[2] Capital expenditure on property, plant and equipment, intangible assets and investment properties.

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 incorrect or should certain risks – such as those referred to in the Risk Report – materialise, actual developments and results 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 required by law.

1.11 RESPONSIBILITY STATEMENT FROM THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

To the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and accurate 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, 10 August 2015
K+S Aktiengesellschaft
Board of Executive Directors

FINANCIAL SECTION

2

2.1 INCOME STATEMENT

INCOME STATEMENT [1] TAB: 2.1.1

in € million	Q2/15	Q2/14	H1/15	H1/14	LTM[2]/15	12M/14
Revenues	**914.4**	**785.7**	**2,291.5**	**1,974.7**	**4,138.5**	**3,821.7**
Cost of sales	478.2	436.4	1,207.1	1,105.0	2,313.1	2,211.0
Gross profit	**436.2**	**349.3**	**1,084.4**	**869.7**	**1,825.4**	**1,610.7**
Selling expenses	183.1	174.9	432.1	417.7	810.6	796.2
General administrative expenses	54.5	45.1	105.6	90.2	205.9	190.5
Research and development costs	4.3	2.8	7.4	5.8	13.8	12.2
Other operating income	34.4	48.9	88.8	67.9	217.8	196.9
Other operating expenses	33.9	22.6	103.1	53.7	219.7	170.3
Income from investments, net	2.3	0.3	2.6	1.3	6.1	4.8
Result from operating forecast hedges	30.6	39.3	−31.8	16.2	−30.5	17.5
Result after operating hedges (EBIT II) [3]	**227.7**	**192.4**	**495.8**	**387.7**	**768.8**	**660.7**
Interest income	2.3	7.2	4.9	13.6	15.4	24.1
Interest expenses	15.6	56.5	61.4	88.7	125.6	152.9
Other financial result	−0.4	1.0	2.3	−0.6	5.7	2.8
Financial result	**−13.7**	**−48.3**	**−54.2**	**−75.7**	**−104.5**	**−126.0**
Earnings before income taxes	**214.0**	**144.1**	**441.6**	**312.0**	**664.2**	**534.6**
Taxes on income	60.6	37.7	124.5	81.5	196.4	153.4
– of which deferred taxes	7.5	−9.3	2.2	0.6	27.2	25.6
Net income	**153.3**	**106.4**	**317.0**	**230.5**	**467.7**	**381.2**
Minority interests in overall result	0.1	0.2	0.1	0.2	0.6	0.7
Group earnings after taxes and minority interests	**153.3**	**106.2**	**316.9**	**230.3**	**467.1**	**380.5**
Earnings per share in € (undiluted ≙ diluted)	**0.80**	**0.55**	**1.66**	**1.20**	**2.44**	**1.99**
Average number of shares (in millions)	191.40	191.40	191.40	191.40	191.40	191.40
Operating earnings (EBIT I) [3]	**179.2**	**157.3**	**495.9**	**376.9**	**760.3**	**641.3**
Earnings before income taxes, adjusted [4]	**165.5**	**109.0**	**441.7**	**301.2**	**655.7**	**515.2**
Group earnings, adjusted [4]	**118.7**	**81.1**	**317.0**	**222.6**	**461.0**	**366.6**
Earnings per share in €, adjusted [4]	**0.62**	**0.42**	**1.66**	**1.16**	**2.41**	**1.92**

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months (Q3/14 + Q4/14 + Q1/15 + Q2/15).
[3] The K+S Group is managed, inter alia, on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded in Table 2.1.3.
[4] The adjusted key figures include the result from operating forecast hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate in Q2/15: 28.6% (Q2/14: 28.6%).

STATEMENT OF COMPREHENSIVE INCOME [1]

TAB: 2.1.2

in € million	Q2/15	Q2/14	H1/15	H1/14	LTM[2]/15	12M/14
Net income	**153.3**	**106.4**	**317.0**	**230.5**	**467.7**	**381.2**
Items that may be reclassified subsequently as profit or loss	**−101.9**	**74.1**	**183.3**	**34.4**	**443.0**	**294.1**
Financial assets available for disposal	−0.9	0.5	−0.6	1.0	–	1.6
Difference resulting from foreign currency translation	−101.0	73.6	183.9	33.4	443.0	292.5
– of which change in unrealised gains/losses	−101.0	73.6	183.9	33.4	443.0	292.5
– of which realised gains/losses	–	–	–	–	–	–
Items that will not be reclassified as profit or loss	10.5	−38.8	12.3	−37.1	−0.2	−49.6
Revaluation of net debt/defined benefit pension plan assets	10.5	−38.8	12.3	−37.1	−0.2	−49.6
Other income after taxes	**−91.4**	**35.3**	**195.6**	**−2.7**	**442.8**	**244.5**
Overall result for the period	**61.9**	**141.7**	**512.6**	**227.8**	**910.5**	**625.7**
Minority interests in overall result	**–**	**0.2**	**0.1**	**0.2**	**0.6**	**0.7**
Overall Group result after taxes and minority interests	**61.9**	**141.5**	**512.5**	**227.6**	**909.9**	**625.0**

OPERATING EARNINGS (EBIT I) [1]

TAB: 2.1.3

in € million	Q2/15	Q2/14	H1/15	H1/14	LTM[2]/15	12M/14
Result after operating hedges (EBIT II)[3]	**227.7**	**192.4**	**495.8**	**387.7**	**768.8**	**660.7**
Income (–)/expenses (+) arising from fluctuations in the market value of outstanding operating forecast hedges	−39.2	−37.3	16.7	−19.3	11.9	−24.1
Neutralisation of fluctuations in market value recorded in prior periods of realised operating forecast hedging transactions	−6.8	5.2	−12.4	7.9	−11.3	9.0
Realised income (–)/expenses (+) arising from currency hedging for capital expenditure in Canada	−2.5	−3.0	−4.2	0.6	−9.1	−4.3
Operating earnings (EBIT I)[3]	**179.2**	**157.3**	**495.9**	**376.9**	**760.3**	**641.3**

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months (Q3/14 + Q4/14 + Q1/15 + Q2/15).
[3] The K+S Group is managed, inter alia, on the basis of operating earnings (EBIT I).

2.2 CASH FLOW STATEMENT

CASH FLOW STATEMENT [1] TAB: 2.2.1

in € million	Q2/15	Q2/14	H1/15	H1/14	LTM[2]/15	12M/14
Result after operating hedges (EBIT II)	**227.7**	**192.4**	**495.8**	**387.7**	**768.8**	**660.7**
Income (–)/ expenses (+) from market value changes of operating anticipatory hedges still outstanding	−39.2	−37.3	16.7	−19.3	11.9	−24.1
Neutralisation of fluctuations in market value recorded in prior periods of realised operating forecast hedging transactions	−6.8	5.2	−12.4	7.9	−11.3	9.0
Realised income (–)/expenses (+) arising from currency hedging for capital expenditure in Canada	−2.5	−3.0	−4.2	0.6	−9.1	−4.3
Operating earnings (EBIT I)	**179.2**	**157.3**	**495.9**	**376.9**	**760.3**	**641.3**
Write-downs (+)/write-ups (–) on intangible assets, property, plant and equipment and financial assets	68.1	66.3	134.4	126.4	262.4	254.4
Increase (+)/decrease (–) in non-current provisions (without interest rate effects)	−15.7	−17.6	−13.7	−23.0	10.5	1.2
Interests and dividends received and similar income	2.3	7.3	5.8	12.8	20.8	27.8
Gains (+)/losses (–) from the realisation of financial assets/liabilities	−0.9	4.7	18.6	−0.2	38.5	19.7
Interest paid (–)	−15.5	−15.4	−16.3	−17.1	−95.5	−96.3
Income taxes paid (–)	−41.7	−36.0	−82.1	−67.1	−178.8	−163.8
Other non-cash expenses (+)/income (–)	1.4	0.3	0.6	0.7	–	0.1
Gross cash flow	**177.2**	**166.9**	**543.2**	**409.4**	**818.2**	**684.4**
Gain (–)/loss (+) on the disposal of fixed assets and securities	−1.3	0.1	−1.4	−0.2	−3.1	−1.9
Increase (–)/decrease (+) in inventories	−100.6	−75.2	14.9	79.8	−61.5	3.4
Increase (–)/decrease (+) in receivables and other assets from operating activities	140.6	88.5	−0.5	110.6	−92.6	18.5
Increase (+)/decrease (–) in liabilities from operating activities	−0.8	−13.8	−96.1	−68.0	−36.9	−8.8
Increase (+)/decrease (–) in current provisions	−84.6	−26.4	−18.0	−11.8	12.3	18.5
Out-financing of plan assets	–	−3.0	−2.6	−3.4	−6.8	−7.6
Cash flow from operating activities	**130.5**	**137.1**	**439.5**	**516.4**	**629.6**	**706.5**
Proceeds from disposals of fixed assets	1.8	1.1	2.8	2.6	6.1	5.9
Disbursements for intangible assets	−0.8	−1.6	−1.6	−4.6	−5.6	−8.6
Disbursements for fixed assets	−321.8	−186.0	−533.4	−360.6	−1,182.8	−1,010.0
Disbursements for financial assets	−0.2	–	−0.2	–	−0.3	−0.1
Proceeds from the disposal of consolidated companies	–	–	–	–	–	–
Disbursements for the acquisition of consolidated companies	–	–	–	–	–	–
Proceeds from the disposal of securities and other financial investments	295.9	260.6	518.3	397.2	1,569.3	1,448.2
Disbursements for the purchase of securities and other financial investments	−26.5	−196.5	−160.4	−897.9	−270.2	−1,007.7
Cash flow from investment activities	**−51.6**	**−122.4**	**−174.5**	**−863.3**	**116.5**	**−572.3**
Free cash flow	**78.9**	**14.7**	**265.0**	**−346.9**	**746.1**	**134.2**

continued on next page

CASH FLOW STATEMENT [1] TAB: 2.2.2

in € million	Q2/15	Q2/14	H1/15	H1/14
Dividends paid	−172.3	−47.9	−172.3	−47.9
Disbursements for the acquisition of non-controlling interests	–	–	–	–
Payments from other allocations to equity	2.6	1.7	2.6	1.7
Purchase of own shares	−3.1	−2.1	−3.1	−2.1
Sales of own shares	–	–	–	–
Increase (+)/decrease (–) in liabilities from finance leases	−0.4	−0.2	−0.5	−0.4
Taking out (+)/repayment (–) of loans	–	0.1	−0.4	0.1
Repayments (–) of bonds	–	−1.6	–	−12.8
Incoming payments (+) from the issuing of bonds	–	–	–	–
Cash flow from financing activities	**−173.2**	**−50.0**	**−173.7**	**−61.4**
Change in cash and cash equivalents affecting cash flow	**−94.3**	**−35.3**	**91.3**	**−408.3**
Change in cash and cash equivalents resulting from exchange rates	−7.0	5.2	10.5	0.1
Change in cash and cash equivalents resulting from consolidation	–	–	–	–
Change in cash and cash equivalents	**−101.3**	**−30.1**	**101.8**	**−408.2**
Net cash and cash equivalents as of 1 January	**–**	**–**	**370.3**	**1,005.0**
Net cash and cash equivalents as of 30 June	**–**	**–**	**472.1**	**596.8**
– of which cash on hand and bank balances	–	–	478.5	602.8
– of which cash invested with affiliated companies	–	–	0.5	0.5
– of which account overdrafts	–	–	–	−0.4
– of which cash received from affiliated companies	–	–	−6.9	−6.1

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months (Q3/14 + Q4/14 + Q1/15 + Q2/15).

The notes to the cash flow statement can be found on page 12.

2.3 BALANCE SHEET

BALANCE SHEET – ASSETS [1] TAB: 2.3.1

in € million	30.06.2015	30.06.2014	31.12.2014
Intangible assets	1,070.8	936.3	1,015.6
– of which goodwill from acquisitions of companies	721.5	615.6	674.6
Property, plant and equipment	4,733.5	3,362.1	4,112.7
Investment properties	6.4	6.7	6.4
Financial assets	13.8	13.9	13.7
Receivables and other assets	137.1	63.3	116.9
– of which financial receivables and other assets	137.1	59.2	114.0
Securities and other financial investments	84.5	73.4	33.3
Deferred taxes	54.4	25.1	74.4
Claims for income tax refunds	0.1	0.1	0.2
Non-current assets	**6,100.6**	**4,480.9**	**5,373.2**
Inventories	583.6	475.1	578.8
Accounts receivable – trade	665.1	570.6	732.9
Other receivables and assets	290.7	205.4	186.2
– of which other financial receivables and assets	160.4	91.5	82.6
Claims for income tax refunds	69.4	34.4	74.1
Securities and other financial investments	124.4	1,465.8	534.8
Cash on hand and bank balances	478.5	602.8	375.2
Current assets	**2,211.7**	**3,354.1**	**2,482.0**
ASSETS	8,312.3	7,835.0	7,855.2

BALANCE SHEET – EQUITY AND LIABILITIES [1] TAB: 2.3.2

in € million	30.06.2015	30.06.2014	31.12.2014
Subscribed capital	191.4	191.4	191.4
Capital reserve	645.7	645.8	646.5
Other reserves and accumulated profit	3,475.7	2,733.7	3,131.8
Total K+S AG shareholders' equity	4,312.8	3,570.9	3,969.7
Minority interests	1.1	4.3	4.8
Equity	**4,313.9**	**3,575.2**	**3,974.5**
Financial liabilities	1,513.9	1,509.4	1,512.0
Other liabilities	33.3	12.5	18.1
– of which financial liabilities	28.2	8.4	14.3
Provisions for pensions and similar obligations	154.4	153.2	162.8
Provisions for mining obligations	1,053.9	860.8	925.3
Other provisions	93.6	101.8	105.8
Deferred taxes	276.3	175.4	275.8
Non-current debt	**3,125.4**	**2,813.1**	**2,999.8**
Financial liabilities	6.0	734.9	39.3
Accounts payable – trade	231.6	211.1	284.6
Other liabilities	131.6	109.6	94.2
– of which financial liabilities	98.4	84.7	67.4
Income tax liabilities	96.6	69.2	58.1
Provisions	407.2	321.9	404.7
Current debt	**873.0**	**1,446.7**	**880.9**
EQUITY AND LIABILITIES	8,312.3	7,835.0	7,855.2

[1] Rounding differences may arise in percentages and numbers.

2.4 STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY [1] TAB: 2.4.1

in € million	Subscribed capital	Capital reserve	Accu-mulated profit/ revenue reserves	Differences from foreign currency conversion	Financial assets available for disposal	Revaluations of defined benefit pension plans	Total Equity held by the shareholders of K+S AG	Shares held by other share-holders	Equity capital
Balance as of 1 January 2015	191.4	646.5	2,939.0	287.3	3.5	−98.0	3,969.7	4.8	3,974.5
Net income	–	–	316.9	–	–	–	316.9	0.1	317.0
Other income after taxes	–	–	–	183.9	−0.6	12.3	195.6	–	195.6
Overall result for the period	**–**	**–**	**316.9**	**183.9**	**−0.6**	**12.3**	**512.5**	**0.1**	**512.6**
Dividend for the previous year	–	–	−172.3	–	–	–	−172.3	–	−172.3
Issuance of shares to employees	–	−0.8	–	–	–	–	−0.8	–	−0.8
Transactions with non-controlling interests	–	–	3.8	–	–	–	3.8	−3.8	–
Other changes in equity	–	–	−0.1	–	–	–	−0.1	–	−0.1
Balance as of 30 June 2015	**191.4**	**645.7**	**3,087.3**	**471.2**	**2.9**	**−85.7**	**4,312.8**	**1.1**	**4,313.9**
Balance as of 1 January 2014	191.4	646.8	2,606.0	−5.2	1.9	−48.4	3,392.5	4.1	3,396.6
Net income	–	–	230.3	–	–	–	230.3	0.2	230.5
Other income after taxes	–	–	–	33.4	1.0	−37.1	−2.7	–	−2.7
Overall result for the period	**–**	**–**	**230.3**	**33.4**	**1.0**	**−37.1**	**227.6**	**0.2**	**227.8**
Dividend for the previous year	–	–	−47.9	–	–	–	−47.9	–	−47.9
Issuance of shares to employees	–	−1.0	–	–	–	–	−1.0	–	−1.0
Other changes in equity	–	–	−0.3	–	–	–	−0.3	–	−0.3
Balance as of 30 June 2014	**191.4**	**645.8**	**2,788.1**	**28.2**	**2.9**	**−85.5**	**3,570.9**	**4.3**	**3,575.2**

[1] Rounding differences may arise in percentages and numbers.

2.5 NOTES

EXPLANATORY NOTES

The interim report of 30 June 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS), insofar as these have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34.

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

AUDITOR'S REVIEW

The interim financial statements and the interim Management Report were not reviewed by the auditor (Section 37w (5) (1) of the German Securities Trading Act (WpHG)).

CHANGES IN THE SCOPE OF CONSOLIDATION

There were no material changes in the scope of consolidation in the second quarter of 2015.

SEASONAL FACTORS

There are seasonal differences over the course of the year that affect the sales of plant nutrients and salt products. In the case of plant nutrients, we generally achieve 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 wintry weather conditions during the first and fourth quarters. Overall, both these effects mean that revenues and particularly earnings are generally strongest during the first half of the year.

IMPORTANT KEY FIGURES (LTM [1]) TAB: 2.5.1

in € million	LTM 2015[1]	2014
Revenues	4,138.5	3,821.7
EBITDA	1,022.6	895.5
EBIT I	760.3	641.3
Group earnings, adjusted	461.0	366.6

[1] LTM = last twelve months (Q3/14 + Q4/14 + Q1/15 + Q2/15).

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

Any such information can be found in our Subsequent Events section on page 22.

OTHER OPERATING INCOME/EXPENSES

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

OTHER OPERATING INCOME/EXPENSES TAB: 2.5.2

in € million	Q2/15	Q2/14	H1/15	H1/14
Gains/losses on foreign exchange rates	−3.8	0.6	0.3	0.1
Change in provisions	19.2	12.1	20.1	14.1
Other	−14.9	13.6	−34.7	–
Other operating income/expenses	**0.5**	**26.3**	**−14.3**	**14.2**

FINANCIAL RESULT

The financial result includes the following significant items:

FINANCIAL RESULT TAB: 2.5.3

in € million	Q2/15	Q2/14	H1/15	H1/14
Interest income	2.3	7.2	4.9	13.6
Interest expenses	−15.6	−56.5	−61.4	−88.7
– of which: interest expenses for pension provisions	−1.3	−1.1	−2.6	−2.2
– of which: interest expenses for mining obligations	−7.4	−29.5	−38.4	−36.9
Interest income, net	**−13.3**	**−49.3**	**−56.5**	**−75.1**
Income from the realisation of financial assets/liabilities	−3.3	1.7	14.5	0.4
Income from the valuation of financial assets/debts	2.9	−0.7	−12.2	−1.0
Other financial result	**−0.4**	**1.0**	**2.3**	**−0.6**
Financial result	**−13.7**	**−48.3**	**−54.2**	**−75.7**

INTEREST RATE FOR PROVISIONS

The actuarial valuation of pension provisions uses the projected unit credit method in accordance with IAS 19. The average weighted interest rate for pensions and similar obligations was 3.2% on the reporting date (30 June 2014: 3.4%, 31 December 2014: 3.1%). The average weighted discount factor for mining obligations was 3.3% as of 30 June 2015 (30 June 2014: 3.8%, 31 December 2014: 3.6%).

TAXES ON INCOME

The following key items are included in taxes on income:

TAXES ON INCOME TAB: 2.5.4

in € million	Q2/15	Q2/14	H1/15	H1/14
Corporate income tax	24.5	23.5	53.4	37.3
Trade tax on income	19.7	18.9	43.3	29.8
Foreign taxes on income	8.9	4.6	25.6	13.8
Deferred taxes	7.5	−9.3	2.2	0.6
Taxes on income	**60.6**	**37.7**	**124.5**	**81.5**

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

FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of the Group's financial instruments:

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS TAB: 2.5.5

in € million	Valuation category according to IAS 39	30.06.2015 Carrying amount	30.06.2015 Fair value	31.12.2014 Carrying amount	31.12.2014 Fair value
Investments in affiliated companies and equity interests	Available for disposal	13.2	13.2	13.1	13.1
Loans	Loans and receivables	0.5	0.5	0.6	0.6
Financial assets		**13.8**	**13.8**	**13.7**	**13.7**
Accounts receivable – trade	**Loans and receivables**	**665.1**	**665.1**	**732.9**	**732.9**
Remaining receivables and non-derivative financial assets	Loans and receivables	205.2	205.2	140.4	140.4
Derivatives	Held for trade	92.3	92.3	56.2	56.2
Other assets	non-IFRS 7	130.3	130.3	106.5	106.5
Other receivables and assets		**427.8**	**427.8**	**303.1**	**303.1**
Securities and other financial investments	**Loans and receivables**	**155.1**	**155.3**	**461.6**	**461.7**
Securities and other financial investments	**Available for disposal**	**53.8**	**53.8**	**106.5**	**106.5**
Cash on hand and bank balances	**Loans and receivables**	**478.5**	**478.5**	**375.2**	**375.2**
Financial liabilities	**Financial liabilities at amortised cost**	**1,519.9**	**1,695.6**	**1,551.3**	**1,696.1**
Accounts payable – trade	**Financial liabilities at amortised cost**	**231.6**	**231.6**	**284.6**	**284.6**
Other non-derivative financial liabilities	Financial liabilities at amortised cost	48.3	48.3	38.7	38.7
Derivatives	Held for trade	75.2	75.2	39.9	39.9
Liabilities from finance leases	IFRS 7	3.0	3.0	3.0	3.0
Other liabilities	non-IFRS 7	38.3	38.3	30.6	30.6
Remaining and other liabilities		**164.8**	**164.8**	**112.2**	**112.2**

The fair values of the financial instruments were generally determined on the basis of the market information available on the balance sheet date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are classified based on prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are valued using input factors that can be derived from observable market data, or based on market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors that cannot be derived from observable market data. As of 30 June 2015, financial assets held for trading amounting to € 92.3 million and financial liabilities held for trading amounting to € 75.2 million are to be allocated to Level 2 of the fair value hierarchy. Securities and other financial investments in the 'Available for disposal' category are based on valuations at Level 1. There are no financial instruments at Level 3 of the fair value hierarchy.

MATERIAL CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS

Compared with the 2014 consolidated financial statements, the balance sheet total as of 30 June 2015 rose by € 457.1 million.

On the asset side, non-current assets increased by € 727.4 million and current assets fell by € 270.3 million. The rise in non-current assets is due essentially to an increase in property, plant and equipment resulting from the increased investment in the Legacy Project. The fall in current assets is largely due to a reduction of securities and other financial investments; the opposing increase in Other receivables and assets as well as Cash and cash equivalents was not able to compensate for this effect.

On the equity and liabilities side, equity rose by € 339.4 million. Non-current debt increased by € 125.6 million. This is mainly due to the increase in provisions for mining obligations following the reduction of the discount rate. Current debt fell by € 7.9 million. A decrease in Financial liabilities and Accounts payable – trade was countered by a more or less equivalent increase in Other liabilities, Tax liabilities from income taxes and Provisions.

MATERIAL CHANGES IN EQUITY

Equity is influenced by transactions with and without recognition in profit or loss, as well as by capital transactions with shareholders. Compared with the 2014 annual financial statements, accumulated profit and other reserves increased by € 343.9 million. The increase is due to the positive net income in the first half of the 2015 financial year. Furthermore, changes in equity not recognised in profit or loss resulting from foreign currency translation by subsidiaries in functional currencies (primarily the US dollar) had to be taken into account. Differences arising from foreign currency translation are recorded in a separate currency translation reserve; this reserve increased by € 183.9 million as of 30 June 2015 due to exchange rate fluctuations. Dividend payments totalling € 172.3 million had a particular impact on reducing equity.

CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities in comparison with the 2014 annual financial statements and they can generally be classified as immaterial.

AFFILIATED COMPANIES AND RELATED PARTIES

Within the K+S GROUP, deliveries are made and services provided in accordance with standard market terms. Besides transactions between K+S GROUP companies, business relations are maintained with non-consolidated subsidiaries as well as with companies over which the K+S GROUP can exercise a significant influence (associated companies). Such relationships have no significant influence on the consolidated financial statements of the K+S GROUP. In the K+S GROUP, related parties are mainly the members of the Board of Executive Directors and the Supervisory Board. There were no material transactions with this circle of persons.

TOTAL REVENUES Q2

TAB: 2.5.6

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products business unit	500.5	19.6	520.1
Salt business unit	374.0	1.5	375.5
Complementary Activities	39.6	7.2	46.7
Reconciliation	0.3	−28.3	−28.0
K+S Group Q2/15	**914.4**	**–**	**914.3**
Potash and Magnesium Products business unit	461.1	16.4	477.5
Salt business unit	287.2	1.4	288.6
Complementary Activities	36.9	8.2	45.1
Reconciliation	0.5	−26.0	−25.5
K+S Group Q2/14	**785.7**	**–**	**785.7**

TOTAL REVENUES H1

TAB: 2.5.7

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products business unit	1,108.9	40.1	1,149.0
Salt business unit	1,101.0	2.8	1,103.8
Complementary Activities	80.9	15.8	96.6
Reconciliation	0.7	−58.7	−58.0
K+S Group H1/15	**2,291.5**	**–**	**2,291.4**
Potash and Magnesium Products business unit	968.5	34.5	1,003.0
Salt business unit	928.2	3.3	931.5
Complementary Activities	77.2	16.8	94.0
Reconciliation	0.8	−54.6	−53.8
K+S Group H1/14	**1,974.7**	**–**	**1,974.7**

2.6 SUMMARY BY QUARTER

REVENUES AND OPERATING EARNINGS (IFRS) TAB: 2.6.1

in € million	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
Potash and Magnesium Products business unit	507.4	461.1	968.5	451.0	464.5	1,884.0	608.4	500.5	1,108.9
Salt business unit	641.0	287.2	928.2	335.0	515.3	1,778.5	727.0	374.0	1,101.0
Complementary Activities	40.3	36.9	77.2	40.9	40.2	158.3	41.3	39.6	80.9
Reconciliation	0.3	0.5	0.8	–	0.1	0.9	0.4	0.3	0.7
K+S Group revenues	**1,189.0**	**785.7**	**1,974.7**	**826.9**	**1,020.1**	**3,821.7**	**1,377.1**	**914.4**	**2,291.5**
Potash and Magnesium Products business unit	165.5	196.4	361.9	133.6	123.0	618.5	217.2	179.0	396.2
Salt business unit	113.7	26.4	140.1	50.3	85.6	276.0	169.6	70.8	240.4
Complementary Activities	9.8	7.4	17.1	9.9	7.2	34.3	10.0	9.0	19.0
Reconciliation	−9.2	−6.7	−15.8	−6.8	−10.6	−33.3	−13.7	−11.5	−25.3
K+S Group EBITDA	**279.8**	**223.5**	**503.3**	**187.0**	**205.2**	**895.5**	**383.1**	**247.3**	**630.3**
Potash and Magnesium Products business unit	134.4	159.2	293.6	110.8	84.4	488.8	183.2	143.9	327.2
Salt business unit	89.1	1.7	90.8	24.7	57.4	172.9	142.0	42.6	184.5
Complementary Activities	8.0	5.6	13.6	7.9	2.7	24.2	7.7	6.7	14.4
Reconciliation	−11.9	−9.2	−21.1	−9.4	−14.1	−44.6	−16.2	−14.0	−30.2
K+S Group EBIT I	**219.6**	**157.3**	**376.9**	**134.0**	**130.4**	**641.3**	**316.7**	**179.2**	**495.9**

INCOME STATEMENT (IFRS)

TAB: 2.6.2

in € million	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
Revenues	**1,189.0**	**785.7**	**1,974.7**	**826.9**	**1,020.1**	**3,821.7**	**1,377.1**	**914.4**	**2,291.5**
Cost of sales	668.6	436.4	1,105.0	487.5	618.5	2,211.0	728.9	478.2	1,207.1
Gross profit	**520.4**	**349.3**	**869.7**	**339.4**	**401.6**	**1,610.7**	**648.2**	**436.2**	**1,084.4**
Selling expenses	242.8	174.9	417.7	170.6	207.9	796.2	249.0	183.1	432.1
General administrative expenses	45.1	45.1	90.2	44.9	55.4	190.5	51.1	54.5	105.6
Research and development costs	3.0	2.8	5.8	2.8	3.6	12.2	3.1	4.3	7.4
Other operating income/expenses	−12.1	26.3	14.2	11.9	0.5	26.6	−14.8	0.5	−14.3
Income from investments, net	1.0	0.3	1.3	2.6	0.9	4.8	0.3	2.3	2.6
Result from operating forecast hedges	−23.1	39.3	16.2	16.2	−14.9	17.5	−62.4	30.6	−31.8
Result after operating hedges (EBIT II)	**195.3**	**192.4**	**387.7**	**151.8**	**121.2**	**660.7**	**268.1**	**227.7**	**495.8**
Financial result	−27.4	−48.3	−75.7	−24.1	−26.2	−126.0	−40.5	−13.7	−54.2
Earnings before income taxes	**167.9**	**144.1**	**312.0**	**127.7**	**94.9**	**534.6**	**227.6**	**214.0**	**441.6**
Taxes on income	43.8	37.7	81.5	38.5	33.4	153.4	63.9	60.6	124.5
– of which deferred taxes	9.9	−9.3	0.6	3.5	21.5	25.6	−5.3	7.5	2.2
Net income	**124.1**	**106.4**	**230.5**	**89.2**	**61.5**	**381.2**	**163.7**	**153.3**	**317.0**
Minority interests in overall result	–	0.2	0.2	0.2	0.3	0.7	0.1	0.1	0.1
Group earnings after taxes and minority interests	**124.1**	**106.2**	**230.3**	**89.0**	**61.2**	**380.5**	**163.6**	**153.3**	**316.9**
Operating earnings (EBIT I)	**219.6**	**157.3**	**376.9**	**134.0**	**130.4**	**641.3**	**316.7**	**179.2**	**495.9**
Earnings before income taxes, adjusted [1]	**192.2**	**109.0**	**301.2**	**109.9**	**104.1**	**515.2**	**276.2**	**165.5**	**441.7**
Group earnings, adjusted [1]	**141.5**	**81.1**	**222.6**	**76.3**	**67.7**	**366.6**	**198.3**	**118.7**	**317.0**

OTHER KEY DATA (IFRS)

TAB: 2.6.3

in € million	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
Capital expenditure [1]	164.6	271.6	436.2	294.8	422.2	1,153.2	199.8	355.5	555.4
Depreciation and amortisation [1]	60.2	66.2	126.4	53.1	74.7	254.3	66.4	68.1	134.4
Working capital	696.9	–	628.5	705.9	–	768.1	831.2	–	840.1
Net debt	831.9	–	1,098.2	1,305.0	–	1,676.0	1,653.1	–	2,019.1
Earnings per share, adjusted [2] (€)	0.74	0.42	1.16	0.40	0.36	1.92	1.04	0.62	1.66
Book value per share (€)	18.20	–	18.68	20.14	–	20.77	23.12	–	22.54
Average number of shares [3] (millions)	191.40	191.40	191.40	191.40	191.40	191.40	191.40	191.40	191.40
Closing price (XETRA, €)	23.85	–	24.02	22.46	–	22.92	30.41	–	36.37
Number of employees as of the reporting date [4]	14,330	–	14,248	14,334	–	14,295	14,248	–	14,201

[1] Capital expenditure in or depreciation and amortisation affecting net income on property, plant and equipment, intangible assets, investment properties and financial assets.
[2] The adjusted key figures include the result from operating forecast hedges in the respective reporting period, which eliminates effects from fluctuations in the market value of the hedges as well as effects from the exchange rate hedging of future capital expenditure in Canadian dollars (Legacy Project). Related effects on deferred and cash taxes are also eliminated; tax rate in Q2/15: 28.6% (Q2/14: 28.6%).
[3] Total number of shares less the average number of own shares held by K+S.
[4] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

FINANCIAL CALENDAR

FINANCIAL CALENDAR	TAB: 2.6.4
	2015/2016
Quarterly Financial Report, 30 September 2015	11 November 2015
Capital Markets Day	12 November 2015
Report on business in 2015	10 March 2016
Annual General Meeting, Kassel	11 May 2016
Quarterly Financial Report, 31 March 2016	11 May 2016
Dividend payment	12 May 2016
Half-yearly Financial Report, 30 June 2016	11 August 2016

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