HALF-YEARLY FINANCIAL REPORT H1/09

JANUARY – JUNE

Fertilizer demand still significantly down year-on-year

Quarterly revenues down 38 % year-on-year, at € 738.7 million

Operating earnings (EBIT I) reach € 18.1 million in the quarter ((95) %)

One-off charge in financial result leads to adjusted quarterly earnings per share of € (0.27) (Q2/08: € 1.40)

Free cash flow of € 104.3 million generated (Q2/08: € 179.7 million)

For the second half of the year, it is expected that the market environment will remain difficult and that earnings will fall sharply

K+S

Experience growth.

Key Data Business Development

Key figures (IFRSs)

€ million	Q2/09	Q2/08	%	H1/09	H1/08	%
Revenues	738.7	1,184.5	(37.6)	1,814.4	2,397.5	(24.3)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	53.1	360.2	(85.3)	262.2	619.0	(57.6)
EBITDA margin in %	7.2	30.4		14.5	25.8	
Operating earnings (EBIT I)	18.1	326.4	(94.5)	192.1	552.7	(65.2)
Operating EBIT margin in %	2.5	27.6		10.6	23.1	
Result after operating hedges (EBIT II)	37.7	319.6	(88.2)	190.6	438.2	(56.5)
Earnings before income taxes	(38.9)	307.7	–	105.6	424.0	(75.1)
Earnings before income taxes, adjusted [1]	(58.5)	314.5	–	107.1	538.5	(80.1)
Group earnings	(30.2)	226.2	–	77.1	311.0	(75.2)
Group earnings, adjusted [1]	(44.3)	231.1	–	78.2	393.7	(80.1)
Return on Capital Employed (LTM) in % [2]	–	–	–	48.0	33.8	+ 42.0
Gross cash flow	41.4	281.5	(85.3)	213.7	524.5	(59.3)
Net indebtedness as of 30 June [3]	–	–	–	827.6	902.3	(8.3)
Capital expenditure [4]	41.5	60.5	(31.4)	70.6	84.7	(16.6)
Depreciation and amortisation [4]	35.0	33.8	+ 3.6	70.1	66.3	+ 5.7
Working capital as of 30 June	–	–	–	643.8	795.6	(19.1)
Earnings per share, adjusted (€) [1, 5]	(0.27)	1.40	–	0.47	2.39	(80.1)
Gross cash flow per share (€) [5]	0.25	1.71	(85.4)	1.30	3.18	(59.1)
Book value per share as of 30 June, adjusted (€) [1, 5]	–	–	–	8.50	6.71	+ 26.7
Total number of shares as of 30 June (million) [5]	–	–	–	165.00	165.00	–
Outstanding shares as of 30 June (million) [5,6]	–	–	–	165.00	165.00	–
Average number of shares (million) [5, 7]	164.90	164.95	–	164.87	164.89	–
Employees as of 30 June (number) [8]	–	–	–	12,233	12,145	+ 0.7
Average number of employees [8]	12,262	12,139	+ 1.0	12,307	12,136	+ 1.4
Personnel expenses	197.4	187.5	+ 5.3	384.3	367.5	+ 4.6
Closing price (XETRA) as of 30 June (€) [5]	–	–	–	40.03	91.58	(56.3)
Market capitalisation as of 30 June (€ billion)	–	–	–	6.6	15.1	(56.3)
Enterprise value as of 30 June (€ billion)	–	–	–	7.4	16.0	(53.8)

[1] The adjusted figures only contain the result from hedging already realised during the current period. By contrast, changes in the market value of derivatives still outstanding are not taken into account. The effects on deferred and cash taxes are also eliminated; Q2/09 tax rate: 27.9 % (Q2/08: 27.7 %).
[2] Return on capital employed of the last twelve months as of 30 June.
[3] Including provisions for pensions and mining obligations.
[4] For or in connection with intangible assets as well as property, plant and equipment.
[5] Adjusted to share split in the ratio 1:4 (entry in Commercial Register: 24 June 2008; technical execution: 21 July 2008).
[6] Total number of shares less the own shares held by K+S on the reporting date.
[7] Total number of shares less the average number of own shares held by K+S over the period.
[8] Total workforce including temporary employees (without students and interns), measured on full-time equivalent basis (FTE).

Management Report

Macroeconomic Environment

The 2009 economic downturn forecast in the 2008 Financial Report also persisted in the second quarter. The early indicators published towards the end of the first half of the year do, however, point to stabilisation on a low level; nevertheless, this is not sufficient to signal a reversal in the decline in growth worldwide. Although central banks have cut interest rates to historically low levels in some cases, the ability of the financial sector to function remains limited, which continues to make it difficult for many companies to borrow, and this too, is an obstacle to recovery.

At the end of June, the US currency was quoted at 1.40 USD/EUR and was thus weaker than at the end of the first quarter (31 March 2009: 1.33 USD/EUR), but significantly stronger than a year ago (30 June 2008: 1.58 USD/EUR). The price of crude oil rose in the second quarter, with a barrel costing an average of US$ 60 (Q1/09: US$ 46), which is, nevertheless, one half of the price of oil compared against the same period a year ago. Prices for agricultural raw materials recovered appreciably until the middle of June, but came under renewed pressure in the final weeks of the quarter because of positive harvest forecasts prompted by weather conditions.

Impact on K+S

The changes in the macroeconomic environment during the second quarter impacted on the course of business for K+S as follows:

- Price volatility for agricultural products continued to give rise to tangible uncertainty in agriculture about the future earnings situation. Against a background of continued weak demand, K+S already reacted in the first half of the year by cutting output and introducing short-time working and by reducing output of potash and magnesium products by 2 million tonnes. Given that there were still no signs of demand picking up significantly, it was decided to reduce potash output in the second half of the year too, by up to 2 million tonnes of goods. Consequently, we also reduced our estimated sales volume for all of 2009 to about 4 million tonnes of goods.
- Energy prices fell sharply at the end of last year. However, since, on the basis of existing supply agreements, changes are only reflected in our costs after a delay of six to nine months, an easing of energy costs is not to be expected until the second half of 2009.
- At an average of 1.43 USD/EUR including hedging costs, the Potash and Magnesium Products business segment saw a somewhat better exchange rate compared with the same quarter a year ago (Q2/08: 1.50 USD/EUR). Should the US dollar exchange rate weaken further over the course of the year, the options we use provide hedging for a worst-case scenario of about 1.46 USD/EUR including costs.

Industry-specific Framework Conditions

Fertilizer Business Sector

Continued very low demand for fertilizers on almost all markets characterized the second quarter: Agriculture still saw restraint despite prices for agricultural products stabilising until the end of May. In the case of straight nitrogen fertilizers, however, severe price cuts towards the end of the quarter invigorated demand. Demand for potash fertilizers remained exceptionally weak nevertheless and against a backdrop that saw agreements yet to be concluded with India and China. While trade sector inventories continued to decline, producers report that they are reducing output once again to prevent their inventories from increasing further. In addition, during the course of June, it transpired that a price level of US$ 735 to US$ 750 per tonne of potassium chloride was unsustainable for larger volumes on important overseas markets. In view of this situation and the upcoming autumn fertilizing season, K+S introduced a corresponding reduction in the price per tonne of granulated potassium chloride in Europe, from the level of € 555 that applied since April to € 435.

Salt Business Sector

In Western Europe, the early procurement of de-icing salt produced no more than a normal level – despite low inventories on the customer side as a result of the severe and prolonged winter weather conditions at the beginning of the year. This is mainly attributable to the strains in public finances. On the other hand, however, the early procurement business in North America began very promisingly. While business in the food grade and industrial salt segments both in Europe as well as in South America was largely stable, demand for salt for chemical use remained weak because of the economic crisis.

Changes in the Board of Executive Directors

The term of office of Norbert Steiner as chairman of the Board of Executive Directors, which expires on 11 May 2010, was extended by a further five years at the Supervisory Board meeting held on 12 May 2009. Moreover, the Supervisory Board appointed Jan Peter Nonnenkamp as a new member of the Board of Executive Directors of K+S Aktiengesellschaft. Since 1 June 2009, he has taken over responsibility for financial matters, which was previously held in personal union by the chairman of the Board of Executive Directors. Furthermore, he will be responsible for the tax, audit, insurance and procurement departments.

Business Segments and Organisational Structure

On 2 April 2009, we signed an agreement on the acquisition of Morton International Inc. (Morton Salt) with Rohm and Haas, a subsidiary of The Dow Chemical Company. Morton Salt is one of the leading producers of consumer, industrial and de-icing salts in North America. The closing of the transaction, which has a value of US$ 1.675 billion, is expected to take place towards the end of the third quarter of 2009 and still requires the approval of the responsible anti-trust authorities. As a result of the acquisition of Morton Salt, K+S will become the largest salt producer worldwide and will occupy a leading position in North America. The impact of the intended acquisition has hitherto not been taken into account in the forecasts for the current business year; this will only become possible following the closing of the transaction.

Since 1 January 2009, COMPO and fertiva have been grouped together in reporting as the "Nitrogen Fertilizers business segment". Since 1 July 2009, the nitrogenous fertilizers previously distributed by fertiva have been combined with the ENTEC® and the sulphur-containing NITROPHOSKA® products hitherto distributed by COMPO under the "K+S Nitrogen" umbrella. COMPO and its units in Germany and abroad continue to distribute consumer products as well as slow-release fertilizers, coated fertilizers, NPK specialities and nutrient salts for sport and leisure facilities, golf, gardening and landscaping, nurseries and ornamental plants in the expert segment. Shifts arising from the reorganisation that came into force on 1 July 2009 will only occur within the Nitrogen Fertilizers business segment from the third quarter onwards.

There will be no other changes in the business segments nor in the organisational structure.

Products and Services

For a comprehensive overview of our products and services, please see the relevant sections of the Financial Report and the Corporate/Sustainability Report 2008.

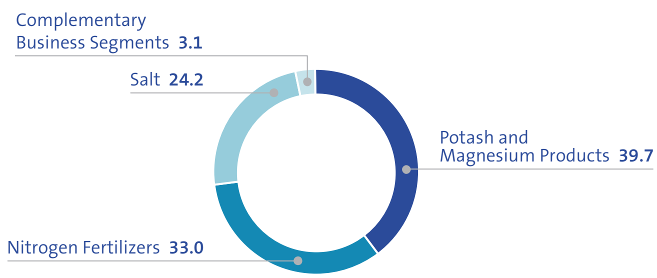
Revenues and Earnings Position

Q2 revenues down year-on-year mainly due to volume factors

Variance analysis in %	Q2/09	H1/09
Change in revenues	**(37.6)**	**(24.3)**
- volume	(30.8)	(30.8)
- structure	(10.3)	(16.7)
- prices	+ 1.3	+ 19.8
- exchange rates	+ 2.3	+ 3.4
- consolidation	–	–

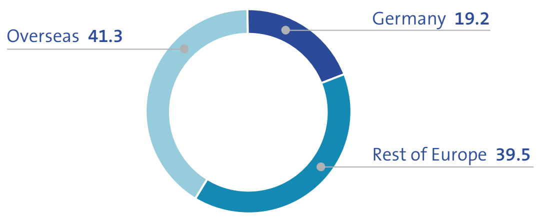
Q2 revenues were down € 445.9 million on the same period last year and reached € 738.7 million. This is mainly due to significant revenue decreases in the Potash and Magnesium Products and Nitrogen Fertilizers business segments. Above all, the revenue declines attributable to volume factors could not be offset by positive price and currency effects. In the first half of 2009, revenues fell to € 1,814.4 million ((24)%), which was due to volume and structural factors.

REVENUES BY BUSINESS SEGMENT JAN. – JUNE 2009
(IN %)



Just under 60 % of Group revenues were generated in Europe, with, at 40 %, the Potash and Magnesium Products business segment accounting for the largest share of revenues, followed by Nitrogen Fertilizers as well as Salt.

Revenues by Region Jan. – June 2009
(in %)



Q2 operating earnings fall to € 18.1 million

EBIT I for the second quarter of 2009 amounted to € 18.1 million, compared with € 326.4 million a year ago. Earnings fell particularly sharply in the Potash and Magnesium Products and Nitrogen Fertilizers business segments. A negative non-recurrent effect, totalling € 19.1 million, affected the Nitrogen Fertilizers business segment. An explanation in this regard can be found on page 18 et seq. Thus, K+S Group EBIT I for the first six months reached € 192.1 million, compared with € 552.7 million for the same period last year ((65)%).

EBIT I includes the realised result for the current period from the hedging of future payment positions (essentially US dollar revenues) by means of derivatives. The realised result from hedging corresponds to the exercise value of the derivative at the time of maturity (difference between the spot rate and hedging rate), in the case of option transactions, less premiums. By contrast, changes in the market value of the derivatives still outstanding are taken into account separately in EBIT II.

Earnings after operating hedging transactions (EBIT II)

At € 37.7 million, earnings after operating hedging transactions (EBIT II) for the quarter under review were down significantly on the figure for the same period last year (Q2/08: € 319.6 million) and thus approximately reflected the development of EBIT I. At € 190.6 million, K+S Group EBIT II for the first half of the year was down significantly on the figure for the same period last year (€ 438.2 million).

EBIT II includes all earnings effects arising from hedging transactions, especially the market valuation, through profit or loss, of derivatives still outstanding. By contrast, EBIT I only includes the result from hedging actually realised during the current period.

Q2 financial result influenced by hedging of the Morton Salt purchase price

At € (76.6) million, the financial result for the second quarter was down significantly on the same period last year (Q2/08: € (11.9) million). In order to hedge the Morton Salt purchase price, which will be payable in US dollars, hedging transactions were concluded in April 2009 on the basis of the US dollar exchange rate applicable at that time. As a consequence of the weaker US dollar as of 30 June 2009, the market value of these futures transactions still outstanding declined and reduced the financial result by € 69.5 million. This market value reduction is non-cash.

In addition to the interest expenses for pension provisions (Q2/09: € (1.7) million), under IFRSs, the financial result includes the interest expenses for other non-current provisions, essentially provisions for mining obligations (Q2/09: € (4.6) million); both are non-cash too. The financial result for the first six months amounted to € (85.0) million, compared with € (14.2) million for the same period last year. Further information about the financial result can be found in the Notes.

Adjusted earnings before and after taxes

Given the limited economic meaningfulness of unadjusted earnings before and after taxes, we additionally report adjusted earnings before and after taxes. They only include the result from hedging actually realised during the current period. By contrast, changes in the market value of derivatives still outstanding are not included in adjusted earnings before and after taxes. The effects on deferred and cash taxes are also eliminated.

As a result of the negative financial result discussed above, adjusted earnings before taxes for the second quarter amounted to € (58.5) million (Q2/08: € 314.5 million). Under IFRSs, deferred, i.e. non-cash, income taxes are reported. Tax income of € 8.8 million arose in the second quarter, with deferred tax income totalling € 2.3 million (Q2/08 income tax expense: € 81.4 million, of which € 27.2 million were deferred). For the first six months, adjusted earnings before taxes fell by € 431.4 million to € 107.1 million.

Adjusted Group earnings after taxes for the second quarter amounted to € (44.3) million (Q2/08: € 231.1 million). For the first half of 2009, adjusted Group earnings after taxes totalled € 78.2 million and were down 80 % on the corresponding figure for the same period last year.

Q2 adjusted earnings per share at € (0.27) (Q2/08: € 1.40 per share)

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

Adjusted earnings per share for the quarter under review were € (0.27), compared with € 1.40 a year ago. The current figure is based on an average 164.90 million shares outstanding (Q2/08: 164.95 million shares; adjusted to the share split in the ratio 1:4). Earnings per share for the first half of the year amounted to € 0.47, and were thus down € 1.92 on the same period last year. As of 30 June 2009, we did not hold any own shares. The total number of K+S Aktiengesellschaft shares outstanding at the end of June thus totalled 165.00 million no-par value shares.

€ million	H1/09	H1/08
Gross cash flow	213.7	524.5
Cash flow from operating activities *	199.3	331.1
Cash flow for investing activities	(70.3)	(85.5)
Free cash flow before acquisitions/divestitures *	129.0	245.6
Cash flow for financing activities	(340.2)	(376.6)

* Adjusted for the change in the tie-up of funds for hedging transactions.

Financial Position and Capital Expenditure

Free cash flow before acquisitions/divestitures reached € 129.0 million in H1/09

Gross cash flow for the first half of the year totalled € 213.7 million and was thus down € 310.8 million on the figure for the same period last year (H1/08: € 524.5 million); this is mainly attributable to the weaker operating earnings (EBIT I).

Adjusted cash flow from operating activities reached € 199.3 million for the first six months and was thus down € 131.8 million on the same period last year (H1/08: € 331.1 million). A liquidity inflow of € 179.0 million resulting from lower working capital requirements could not completely make up for the lower gross cash flow.

Expenditure on investment activities in the first half of the year totalled € 70.3 million and was thus down tangibly on the level of a year ago (H1/08: € 85.5 million).

Adjusted free cash flow before acquisitions/divestitures in the first half of the year reached € 129.0 million, compared with € 245.6 million a year ago. After taking into account cash flow from financing activities of € (340.2) million, which mainly comprises the dividend payment of € 396.0 million, we report net indebtedness, including provisions, totalling € 827.6 million as of 30 June 2009 (previous year: € 902.3 million). You can find further information about net indebtedness on page 29 of the Notes.

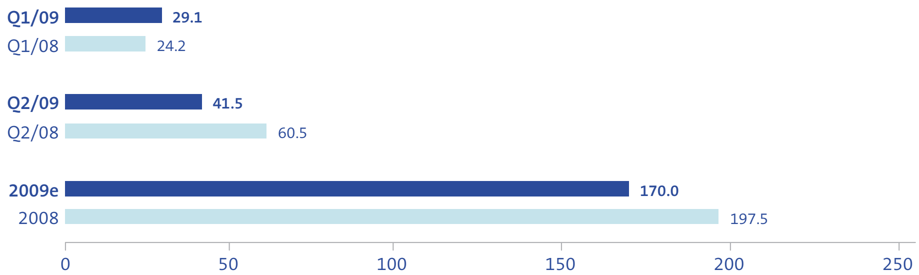
Second quarter capital expenditure down on the level of a year ago

At € 41.5 million, the volume of capital expenditure in the second quarter was down € 19.0 million on the same period last year. The bulk of the capital expenditure was accounted for by the Potash and Magnesium Products business segment, still mainly related to measures to expand capacity for industrial products at the Zielitz site, as well as projects aimed at increasing the exploitation of raw materials, to optimise processes and to reduce solid and liquid production residues. Additionally, the changeover of the energy supply at the Wintershall site was continued. In the Salt business segment, the focus in the second quarter was also on the basic overhauling of some of the ships belonging to the Empremar shipping company to extend their useful lives. Overall, about 67% of the volume of capital expenditure in the first half of the year was accounted for by investments related to replacement and ensuring production.

For 2009, we have reduced the hitherto forecast capital expenditure budget by about € 30 million to around € 170 million; this reduction takes account of the actually estimated course of business in the Fertilizer business sector in the second half of the year. In the Potash and Magnesium Products business segment, the focus will remain on projects aimed at increasing the exploitation of raw materials, to optimise processes and to reduce solid and liquid production residues.

In 2009, it is expected that just under two thirds of the total volume of capital expenditure will be accounted for by measures related to replacement and ensuring production; they should be below the level of the anticipated depreciation charges of about € 150 million.

CAPITAL EXPENDITURE
(IN € MILLION)



Research and Development

€ million	2009e	2008
Research costs	17.0	18.1
Capitalized development investment	5.4	2.8
Employees as of 31 December (number)	69	65

There has been no significant change in the goals and main focal points of our research and development as described in the Financial Report 2008. Research costs for the quarter under review totalled € 4.5 million and were thus on approximately the level of a year ago (Q2/08: € 4.3 million).

For 2009, we also expect research costs to be on the level of the previous year. The number of employees engaged in research should increase slightly on the previous year. This increase will be mainly attributable to increased activities in connection with the implementation of the extensive package of measures for water protection as well as continued research in the environmental protection field.

Employees

Headcount stable

As of 30 June 2009, the K+S Group employed a total of 12,233 persons, which means that the figure was up just under 1% on the same period last year. In view of the personnel measures at esco and COMPO as described below, the number of Group employees at the end of the year and in terms of the average for the year should be down slightly on the level for 2008. There were 483 trainees at the end of the second quarter – a significant increase of 31 trainees in relation to the same period last year. Despite the economic crisis, K+S continues to regard vocational training as an important investment into the future.

Personnel expenses up on the same period last year

Second quarter personnel expenses amounted to € 197.4 million and were thus up 5% on the figure for the same period last year. The savings produced by the short-time working introduced in connection with reductions in output have not, thus far, been able to make up for the additional costs resulting from the last collective agreement pay rise as well as higher provisions for semi-retirement. However, for the year as a whole, personnel expenses should decline appreciably against the background of continued short-time working.

Personnel measures at esco and COMPO

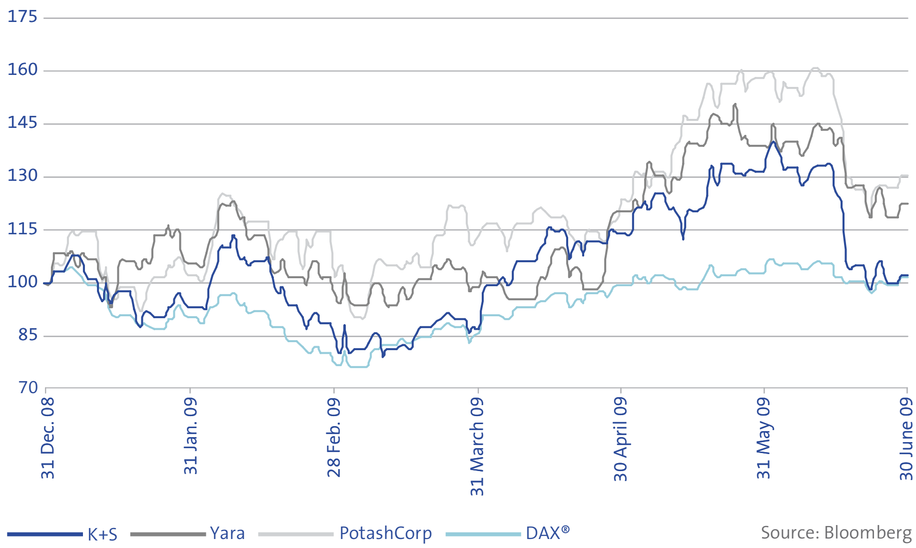
- In August 2008, esco concluded an agreement with the Works Councils and IG BCE trade union on securing its German esco sites over the long term. Initially, a cost optimisation programme, as part of a best practice approach, will enhance the efficiency of esco's sites. In addition, from 1 November 2008, the weekly working hours under collective bargaining agreements were increased by an average of two hours per week at the German sites. This does not involve direct wage-based compensation, but, however, the opportunity of additional profit participation. In total, these measures, which will be concluded in the first months of 2010, will effect about 110 full-time jobs across Europe. At the same time, it is intended that operations-related redundancies should be prevented wherever possible by providing further employment within the Group too.
- As part of the restructuring of the business with nitrogenous fertilizers, a corresponding reorganisation of COMPO was also announced. The efficiency improvements aimed for with these restructuring measures will involve a reduction in jobs. At the German sites, about 80 full-time jobs are affected. Ten of the employees concerned moved to K+S Nitrogen, to work in the nitrogenous fertilizer business there. In addition, operations-related redundancies could be largely avoided by concluding semi-retirement agreements and by arrangements agreed on the basis of mutual consent. As part of these measures, jobs have already been shed at COMPO's foreign companies in Belgium and France.

The K+S Share

Course of the K+S share price in the second quarter

- Having started the quarter at a share price of € 34.80, the announcement of the takeover of American salt producer Morton Salt on 2 April had a positive impact on the K+S share price. This development received support from the Q1 figures published on 13 May, which exceeded the expectations of the capital market. Despite an ex-dividend markdown of € 2.40 on 14 May, the K+S share rose to a level of over € 50 during the course of this month.
- The present high for the year of € 55.98 was reached on 2 June, before the ad hoc disclosure of 17 June concerning a lower revenue and earnings outlook prompted a significant share price decrease.
- On 30 June 2009, the K+S share was trading at € 40.03 and thus on about the level of the closing price for 2008 (€ 39.97). The DAX® lost 3.3% over the same period.
- In the last of the surveys that we carry out regularly (5 August 2009), 5 banks gave us a "buy/accumulate" recommendation, 11 a "hold" recommendation and 9 a "reduce/sell" recommendation. The average target price for these studies is € 39.

Performance of the K+S Share in relation to DAX® and peers in the first half of 2009
(indexed; Performance in %)



Shareholder structure

In the second quarter, no changes were reported to us in accordance with Section 21 of the German Securities Trading Act (WpHG), so that we assume that there has been no significant change in our shareholder structure. We thus know that Bank of N.T. Butterfield and Son Limited, Bermuda, continues to hold 15 % of our shares through MCC Holding Limited and subsidiaries attributable to the latter. MCC manages the industrial shareholdings of Andrej Melnichenko on a fiduciary basis. BASF SE continues to hold about 10 % of our shares. On 5 August 2009, The Bank of New York Mellon Corporation informed us that its holdings had fallen below 3 % and that it holds 2.9 % of the shares of K+S through its subsidiary MBC Investments Corporation. Under the free float definition applied by Deutsche Börse AG, the free float amounts to just under 75 %.

Subsequent Events

Following the close of the quarter under review, the following change occurred in the macroeconomic environment and our industry situation respectively: On 10 July 2009, the specialist press reported that the Indian state import company IPL and IPC, the export company of Russian potash producer Silvinit, concluded an agreement for the delivery of standard potassium chloride at a price of US$ 460 per tonne valid until March 2010. In the days that followed, the other potash producers including K+S, who deliver to India, agreed deliveries at this price level as well. This is significantly below the price agreed with India last year which prevailed on world markets until the beginning of July 2009 and is expected to have a spill-over effect on other overseas markets.

No other events of material importance for the K+S Group requiring disclosure have occurred.

Risk Report

For a comprehensive description of the risk and opportunity management system as well as possible risks, please see the relevant passages in our Financial Report 2008 on pages 105 et seqq. The statements about the risks described in the Financial Report essentially remain without change. The risks to which the K+S Group is exposed, both in isolation or in conjunction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

Opportunity Report

For a comprehensive description of possible opportunities, please see the relevant passages in our Financial Report 2008. There is no offsetting of opportunities and risks as well as positive and negative changes in them.

Forecast Report

The effects of the intended acquisition of Morton Salt have hitherto not been taken into account in the forecast issued for the current financial year. This will only be possible following the closing of the transaction.

Future macroeconomic situation

It is unlikely that the global economy will recover significantly over the further course of 2009. The early indicators published towards the end of the second quarter only point to stabilisation on a low level. There continues to be a high degree of uncertainty on the financial markets, which not only makes it difficult for businesses to borrow but also drags out investment and consumption decisions. The global economy is therefore expected to shrink by (1.7)% in 2009. In our Q1 report, which was published in the middle of May, we still expected a decline of (1.3)%.

The hitherto effects on the course of business for the K+S Group as described on page 3 continue to apply under the macroeconomic conditions that have been forecast too. In addition, there will be a tendency for prosperity in emerging market countries to continue to increase despite weaker global economic growth, albeit at a slower rate. This should lead to higher nutritional demands on the part of the populations of such countries. Moreover, the growth in the world's population remains unchanged. As could already be observed during earlier crises, demand for agricultural products is not dependent on economic conditions to a large extent.

Future industry situation

Fertilizer Business Sector: As we already stated in our ad hoc notification of 17 June 2009, we no longer assume that demand for potash fertilizers will normalise in the second half of the year and have thus lowered our estimate of the global volume of potash sales for 2009 as a whole to about 40 million tonnes (previously: 50 million tonnes; 2008: 54.8 million tonnes). With this decrease in demand, potash producers will cut back output by about 14 million tonnes in total; further cutbacks can be expected in the light of continued weak demand.

The agreement concluded with India in the middle of July at US$ 460 per tonne of standard potassium chloride could thus contribubte to dissipating the purchasing restraint that still exists on the part of customers. Even though the price did not come up to our expectations, it still sets an important point of orientation for the world markets.

It was and still is scarcely possible to forecast the potash price level over the medium term; on the supply side, however, a further reduction in the potash price would very probably result in the postponement or suspension of much new potash capacities that have only been planned thus far. This is because the economic viability of time-consuming and very capital-intensive new projects (greenfield mines) depends on a reasonable potash price level. By contrast, on the demand side, in addition to a rapid normalisation, a backlog in demand could be expected, which would confront the supply side – as already occurred in 2007/2008 – with enormous production challenges. The consequence would be renewed erratic price swings, that would not serve the goal of sustainable and balanced relationship between supply and demand. It is very apparent that future potash demand will not be met solely with the potash plants that have been in operation for decades. However, the realisation of new capacity at the low price level that still applied three to four years ago is not economically feasible. With the potash price remaining almost constant for decades until 2004 and the resulting capital expenditure backlog lasting decades, these facts need to be taken into account in a globalised world with its higher nutritional requirements. This is because those trends positively affecting the demand for fertilizers such as the continued growth in world population as well as changed eating habits will continue without interruption over the medium and long term despite the economic crisis.

Prices for agricultural producers, which fell sharply from the middle of 2008 in the wake of the financial crisis and recovered appreciably since the middle of June, have, however, come under renewed pressure in recent weeks. Should this situation continue and should farmers continue to respond to this by reducing the amount of land under cultivation and using less fertilizer, the below-average availability of cereals, corn and soy beans worldwide would intensify further.

Salt Business Sector: The future industry situation of the Salt business segment as described in the 2008 Financial Report continues to apply. In addition, the early procurement business in the third quarter should benefit from the reductions in inventories that occurred during the severe 2008/2009 winter. In the fourth quarter too, the salt business should be influenced significantly by winter weather conditions. In this respect, we are assuming that sales volumes will be on their average level for many years in both the European and North American markets.

Future earnings position

Given the current difficult industry situation in the fertilizer sector, we will in the outlook for this Half-yearly Financial Report H1/09 depart from our customary approach of providing, from the second quarter onwards, quantitative ranges for revenues and earnings for the year as a whole and provide a qualitative description of these figures for the time being.

In financial year 2009, the revenues of the K+S Group can be expected to decline significantly in relation to the previous year: In the fertilizer business sector, we expect both significantly lower volume as well as appreciably lower average prices. By contrast, the Salt business sector should report a significantly higher level of revenues because of the good start in the de-icing salt business, but this will not be enough to make up for the negative development of fertilizer revenues. The revenue forecast assumes an average US dollar exchange rate for 2009 of about 1.37 USD/EUR (2008: 1.47 USD/EUR).

The K+S Group's costs should decline appreciably in 2009 compared with the previous year: We expect that the savings resulting from short-time working will more than make up for the additional costs arising from the last collective agreement pay increase; personnel expenses should fall appreciably against this background. Energy costs should also be on a lower level than a year ago as a result of price and volume factors. We also see an easing of material and freight costs while depreciation/amortisation charges should increase by a rate in the mid-single-digit percentage range.

Thus, EBIT I operating earnings for the financial year 2009 will fall sharply in relation to the record result achieved last year. This is primarily due to the already described decreasing revenue level in the Potash and Magnesium Products business segment. Even a stronger US dollar exchange rate and higher earnings from Salt compared with last year can only check this trend to a limited degree.

The adjusted Group earnings after taxes should therefore also be down sharply for 2009 as a whole in line with the development of operating earnings.

Future dividend policy

We pursue a dividend policy that is in principal earnings-based. A dividend payout rate of between 40% and 50%, taking into account the free cash flow, forms the basis for future dividend recommendations to be determined jointly with the Supervisory Board. The sharp decrease in adjusted Group earnings after taxes expected for 2009 will have a corresponding impact on the future dividend payment.

Expected financing structure

With net indebtedness (including long-term provisions) of € 827.6 million and a level of indebtedness (= net indebtedness/equity) of 59.6%, the K+S Group has a strong financial base as a result of a positive free cash flow. In view of the anticipated development of earnings and taking into account the intended acquisition of Morton Salt, the level of our financial indebtedness this year will see a marked rise on the previous year. Against this backdrop, it is possible that we will temporarily fail to fulfil the stringent capital structure target values that we defined ourselves on page 84 of the 2008 Financial Report; in such case, we will endeavour to attain them again as quickly as possible.

Expected development of liquidity

Despite the anticipated sharp decrease in earnings, we expect markedly positive cash flow from operating activities this year. It should exceed the outlays connected with capital expenditure, so that we should generate positive free cash flow from our operating business in 2009. The intended acquisition of Morton Salt will, however, impact on the liquidity situation and temporarily produce a significant increase in net indebtedness.

Assurance from the legal representatives of K+S Aktiengesellschaft

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

The Board of Executive Directors, 6 August 2009

Forward-looking statements

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

Business Segments of the K+S Group

Potash and Magnesium Products Business Segment

Variance analysis in %	Q2/09	H1/09
Change in revenues	(42.2)	(36.6)
- volume	(50.1)	(54.0)
- structure	(13.7)	(32.7)
- prices	+ 16.9	+ 45.4
- exchange rates	+ 4.7	+ 4.8
- consolidation	–	–
Potassium chloride	(43.6)	(45.3)
Fertilizer specialities	(54.3)	(41.0)
Industrial products	+ 2.8	+ 11.6

€ million	Q2/09	Q2/08	%	H1/09	H1/08	%
Revenues	354.3	612.8	(42.2)	720.3	1,135.3	(36.6)
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	74.2	311.2	(76.2)	191.3	501.5	(61.9)
Operating earnings (EBIT I)	53.8	291.4	(81.5)	150.8	462.3	(67.4)
Capital expenditure	28.8	22.5	+ 28.0	49.8	35.9	+ 38.7
Employees as of 30 June (number)	–	–	–	7,767	7,615	+ 2.0

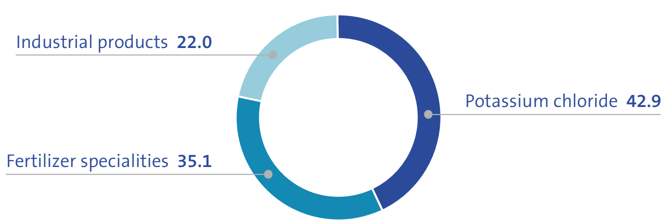
Market environment

Demand for potash fertilizers in the second quarter remained exceptionally weak, also against the backdrop that agreements were yet to be concluded with India and China. While trade sector inventories continued to decline, producers report that they are reducing output once again to prevent their inventories from increasing further. In addition, during the course of June, it transpired that a price level of US$ 735 to US$ 750 per tonne of potassium chloride was unsustainable for larger volumes on important overseas markets. In view of this situation and the upcoming autumn fertilizing season, K+S accordingly introduced a reduction in the price per tonne of granulated potassium chloride in Europe, from the level of € 555 that applied since April to € 435.

Revenues

In the second quarter, business segment revenues fell by 42 % or € 258.5 million to € 354.3 million. Decreases in sales volumes prompted by purchasing restraint as well as negative structural effects could only be partially offset by price and currency effects. In the case of potassium chloride, this resulted in a revenue decline of about 44 % to € 172.5 million and in the case of fertilizer specialities led to revenues that were down 54 % on the same period last year at € 106.9 million. Revenues could only be increased in the case of the industrial products segment, by 3 % to € 75.0 million, with higher prices more than offsetting the decrease in sales volumes. In the second quarter, volume amounted to 1.05 million tonnes (Q2/08: 2.02 million tonnes), yielding half-year volume of 1.95 million tonnes (H1/08: 4.13 million tonnes). In the first half of the year too, positive price effects could only partially offset decline in revenues prompted by volume and structural factors, with the result that revenues fell by 37 % to € 720.3 million.

Revenues by Product Group Jan. – June 2009
(in %)



Development of earnings

Second quarter operating earnings reached € 53.8 million and were thus down € 237.6 million or 82% on the level of a year ago. Lower freight and material costs compared with the previous year could only offset the effects of the steep decline in revenues attributable to volume factors to a very limited extent. An operating earnings contribution of € 150.8 million could be achieved for the first six months (H1/08: € 462.3 million).

Outlook

In 2009, we expect the sales volume to decline to about 4.0 million tonnes of goods (2008: 7.0 million tonnes) as well as moderately declining average prices compared with the previous year. Consequently, revenues for the Potash and Magnesium Products business segment should be down by about one half of the very good figure for last year. Having made greater use of weak demand in the first half of the year for measures to ensure future production, we expect comparatively greater decrease in operating expenses in the second half of the year. By contrast, however, a weaker currency result should have a negative impact. While, from the perspective of the year as a whole, business segment total costs should therefore fall appreciably in relation to the previous year, however, there will be a sharp decline in operating earnings.

Nitrogen Fertilizers Business Segment

Variance analysis in %	Q2/09	H1/09
Change in revenues	(40.7)	(35.0)
- volume	(15.9)	(27.5)
- structure	(3.2)	(2.8)
- prices	(24.1)	(6.9)
- exchange rates	+ 2.6	+ 2.1
- consolidation	–	–
Consumer business	+ 2.7	+ 3.7
Professional business	(36.3)	(36.7)
Complex fertilizers	(68.9)	(55.6)
Straight nitrogen fertilizers	(59.0)	(43.1)
Ammonium sulphate	(41.4)	(46.0)

€ million	Q2/09	Q2/08	%	H1/09	H1/08	%
Revenues	257.4	433.8	(40.7)	599.5	922.2	(35.0)
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	(23.7)	46.8	–	(12.8)	92.2	–
Operating earnings (EBIT I)	(26.6)	44.0	–	(18.5)	86.6	–
Capital expenditure	1.2	2.2	(45.5)	2.3	3.6	(36.1)
Employees as of 30 June (number)	–	–	–	1,277	1,362	(6.2)

Since 1 January 2009, COMPO and fertiva have been grouped together in reporting as the "Nitrogen Fertilizers business segment". Since 1 July 2009, the nitrogenous fertilizers previously distributed by fertiva have been combined with the ENTEC® and the sulphur-containing NITROPHOSKA® products hitherto distributed by COMPO under the "K+S Nitrogen" umbrella. COMPO and its units in Germany and abroad continue to distribute consumer products as well as slow-release fertilizers, coated fertilizers, NPK specialities and nutrient salts for sport and leisure facilities, golf, gardening and landscaping, nurseries and ornamental plants in the expert segment. Shifts arising from the reorganisation that came into force on 1 July 2009 will only occur within the Nitrogen Fertilizers business segment from the third quarter onwards.

Market environment

In the case of nitrogen fertilizers, the invigoration of demand, especially in Europe, sought by means of significant price cuts was not achieved initially; only the straight nitrogen fertilizer business saw the first signs of an improvement towards the end of the quarter. In the COMPO consumer area, favourable weather conditions, especially in April, caused demand to pick up despite the economic crisis.

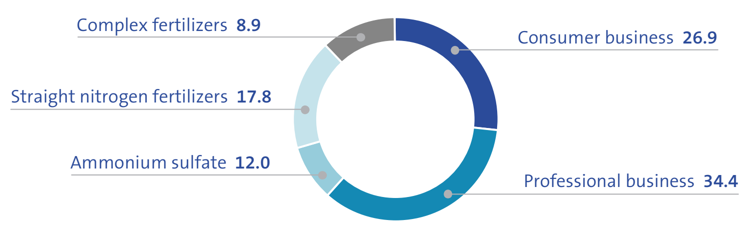
Revenues

For the second quarter, the Nitrogen Fertilizers business segment posted a price- and volume-related revenue decline of 41% to € 257.4 million. Of this figure, € 100.3 million were accounted for by the fertiva business segment (Q2/08: € 228.8 million), which was still reported separately in the previous year. The revenue decrease for complex fertilizers (€ 20.1 million), for straight nitrogen fertilizers (€ 37.7 million) and for ammonium sulphate (€ 42.5 million) is attributable to negative price and volume effects. Sales volume for the second quarter amounted to 0.79 million tonnes (Q2/08: 1.24 million tonnes), half-year volume to 1.49 million tonnes (H1/08: 1.92 million tonnes).

A further € 157.1 million of revenues were accounted for by the former COMPO business segment (Q2/08: € 205.0 million). In the consumer area, price effects caused revenues to rise by 3% to € 70.0 million. At € 87.1 million, professional business revenues were down 36% on the figure for the same period last year as a result of negative volume effects. Sales volumes of stabilised fertilizers, coated fertilizers, slow-release fertilizers and complex fertilizer specialities as well as nutrient salts in the professional sector amounted to 0.14 million tonnes in the second quarter and were thus significantly below the level for the same period last year (Q2/08: 0.24 million tonnes); volume for the first half of the year amounted to 0.34 million tonnes (H1/08: 0.65 million tonnes).

For the first six months, business segment revenues fell to € 599.5 million as a result of volume and price factors, compared with € 922.2 million for the same period last year.

Revenues by Segment Jan. – June 2009
(in %)



Development of earnings

The Q2 operating earnings of the Nitrogen Fertilizers business segment amounted to € (26.6) million, compared with € 44.0 million for the same quarter last year. In the second quarter, the earnings of the former fertiva business segment amounted to € (5.9) million (Q2/08: € 14.9 million). This decrease is due to negative volume and price effects in almost all product groups. In particular, high raw material costs for the production of complex fertilizers weighed on earnings. In addition, Q2 earnings were adversely affected to a considerable degree by an additional payment in respect of 2008 input costs totalling € 7.9 million made to the key European supplier.

The operating earnings of the COMPO business segment, which were also reported separately until 31 December 2008, amounted to € (20.7) million in Q2, down significantly on the result of € 29.1 million a year ago; this is attributable to demand decreases in the professional business as well as an additional payment in respect of input costs made to the same supplier and totalling € 11.2 million. For the first half of 2009, the earnings of the Nitrogen Fertilizers business segment amounted to € (18.5) million, compared with € 86.6 million for the same period last year.

Outlook

We expect the Nitrogen Fertilizers business segment to see a significant decline in revenues, attributable to both lower demand for nitrogenous fertilizers as well as to a markedly declining price level. In addition, the consumer segment should be increasingly influenced by a lower level of the propensity to consume as a result of the financial and economic crisis.

The anticipated significant decrease in revenues, the high raw material costs for the production of complex fertilizers, which will still have an impact in the fourth quarter, as well as the additional payment outside the period concerned will result in a significant operating loss for 2009.

Salt Business Segment

€ million	Q2/09	Q2/08	%	H1/09	H1/08	%
Revenues	99.3	108.0	(8.1)	437.6	278.3	+ 57.2
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	7.9	3.5	+ 125.7	96.9	25.5	+ 280.0
Operating earnings (EBIT I)	(0.6)	(4.2)	+ 85.7	79.6	10.5	+ 658.1
Capital expenditure	9.5	29.8	(68.1)	14.4	35.3	(59.2)
Employees as of 30 June (number)	–	–	–	2,319	2,347	(1.2)

Variance analysis in %	Q2/09	H1/09
Change in revenues	(8.1)	+ 57.2
- volume	+ 11.0	+ 46.9
- structure	(20.6)	–
- prices	+ 14.1	+ 7.3
- exchange rates	(12.6)	+ 3.0
- consolidation	–	–
Food grade salt	(7.4)	(4.4)
Industrial salt	(6.6)	(1.3)
Salt for chemical use	(14.6)	(9.9)
De-icing salt	+ 44.9	+ 190.9
Other	(30.4)	+ 4.3

Market environment

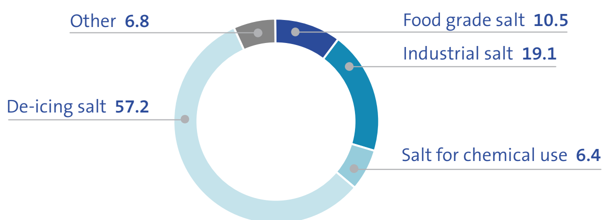
In Western Europe, the early procurement of de-icing salt produced no more than a normal level – despite low inventories on the customer side as a result of the severe and prolonged winter weather conditions at the beginning of the year. This is mainly attributable to the strains in public finances. On the other hand, however, the early procurement business in North America began very promisingly. While business in the food grade and industrial salt segments both in Europe as well as in South America was largely stable, demand for salt for chemical use remained weak because of the economic crisis.

Revenues

The Q2 revenues of the business segment fell appreciably to € 99.3 million mainly as a result of structural and currency factors. In the case of de-icing salt, it was possible to increase revenues by 45%, compared with the weak figure for a year ago, to € 11.2 million; this is mainly attributable to higher early procurement volumes overseas.

In the case of food grade salt, positive price effects on overseas markets could not fully make up for negative volume and currency effects, with the result that revenues declined by 7% to € 22.1 million. In the industrial salt segment, negative volume effects in Germany eclipsed positive price effects in South America, with the result that at € 40.0 million, revenues were down 7% on the figure for the same period last year. While at € 14.0 million, revenues generated by salt for chemical use were down 15% on the figure for the same period last year as a result of price and volume factors, in the Other sector, volume-related lower revenues for the logistics company Empremar caused revenues to decline by 30% to € 12.0 million. Sales of crystallised salt in the second quarter totalled 1.42 million tonnes and were thus on the level of a year ago. At € 437.6 million, total business segment revenues for the first half of the year were up significantly on the same period last year; crystallised salt sales also grew in the first half of the year, rising 80% to 6.58 million tonnes.

Revenues by Product Group Jan. – June 2009
(in %)



Development of earnings

At € (0.6) million, Q2 operating earnings were up € 3.6 million on the level of a year ago. In addition to an improved currency result, the robust overseas de-icing salt business made a contribution to the rise in earnings. Compared with the same period last year, EBIT I for the first six months saw an almost seven-fold increase to € 79.6 million; this was mainly due to the high contribution to earnings made by the de-icing salt sector as a result of the very good winter business in the first quarter.

Outlook

The effects of the intended acquisition of Morton Salt have hitherto not been taken into account in the forecast for the current financial year. This will only be possible following the closing of the transaction.

As a result of the very good start to the year for de-icing salt in both Europe and North America, we expect the Salt business segment to see a marked rise in revenues in 2009. This forecast is based on an average de-icing salt business in the fourth quarter as well as a largely stable development of revenues in the food grade and industrial salt segments. By contrast, in the case of salt for chemical use, we expect a significant decline in sales volumes in view of the marked economic downturn. On the costs side, this year, lower freight and energy prices will provide relief. Overall, operating earnings should be significantly above the level seen last year.

Variance analysis in %	Q2/09	H1/09
Change in revenues	**(6.8)**	**(7.5)**
- volume	(1.7)	(1.0)
- structure	(7.4)	(8.2)
- prices	+ 2.4	+ 1.6
- exchange rates	–	–
- consolidation	–	–
Waste Management and Recycling	(7.6)	(9.7)
Logistics	(24.5)	(27.9)
Granulation	(1.6)	+ 0.2
Trading	+ 21.4	+ 27.2

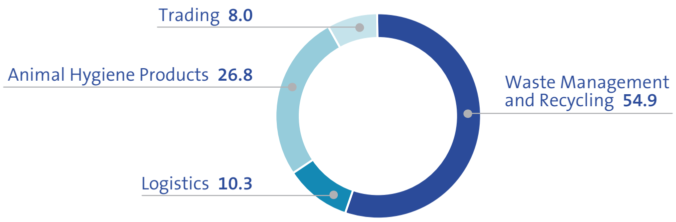
Complementary Business Segments

€ million	Q2/09	Q2/08	%	H1/09	H1/08	%
Revenues	27.6	29.6	(6.8)	56.7	61.3	(7.5)
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	4.7	8.5	(44.7)	8.3	17.0	(51.2)
Operating earnings (EBIT I)	3.2	7.1	(54.9)	5.2	14.2	(63.4)
Capital expenditure	0.2	2.2	(90.9)	1.3	6.0	(78.3)
Employees as of 30 June (number)	–	–	–	280	279	+ 0.4

Revenues

In the second quarter, third-party revenues generated by the Complementary Business segments amounted to € 27.6 million and were thus down 7 % on the figure for the same period last year. Including internal revenues, total revenues for the second quarter amounted to € 37.0 million (Q2/08: € 40.6 million). In the case of Waste Management and Recycling, revenues were down 8 % on the same period last year to € 16.0 million as a result of volume and price decreases in recycling. While Logistics revenues (€ 2.8 million) were down because of volume factors, revenues with animal hygiene products, at € 6.9 million, were about the same as in the same period last year and those generated by the trading business rose by 21 % to € 1.8 million as a result of price factors. Revenues generated by the Complementary Business segments for the first half of 2009 amounted to € 56.7 million (H1/08: € 61.3 million).

Revenues by Segment Jan. – June 2009
(in %)



Development of earnings

Q2 operating earnings reached € 3.2 million, compared with € 7.1 million a year ago. This decrease is largely due to changes in internal group netting procedures at the beginning of the year, lower average prices for Waste Management and Recycling as well as volume decreases in Logistics. While higher costs produced a decrease in earnings for the animal hygiene product segment, price increases in the trading business made a positive contribution to earnings. At € 5.2 million, the contribution to earnings for the first half of the year was significantly lower than a year ago.

Outlook

We expect to see a significant decrease in revenues for the Complementary Business segments, primarily attributable to volume decreases in the third-party logistics business as well as lower revenues for Waste Management and Recycling. The operating earnings should be down about one half on the previous year; this is also attributable to lower contributions to earnings from Logistics as well as Waste Management and Recycling.

Financial Section

For an explanation of the amendments to accounting standards that have been applied for the first time since the beginning of financial year 2009, please see page 26.

Statement of income for the period

€ million	Q2/09	Q2/08	H1/09	H1/08
Revenues	**738.7**	**1,184.5**	**1,814.4**	**2,397.5**
Cost of sales	473.5	635.4	1,137.0	1,346.9
Gross profit	**265.2**	**549.1**	**677.4**	**1,050.6**
Selling expenses	160.3	194.5	348.8	410.5
General and administrative expenses	32.5	28.0	59.6	51.1
Research and development costs	4.5	4.3	8.5	8.6
Other operating income	24.3	12.5	70.3	29.9
Other operating expenses	63.6	16.0	116.0	66.1
Income from investments, net	0.4	0.4	0.8	0.6
Result from operating "anticipative" hedges [1]	8.7	0.4	(25.0)	(106.6)
Result after operating hedges (EBIT II) [2]	**37.7**	**319.6**	**190.6**	**438.2**
Interest income	1.1	1.0	2.1	1.8
Interest expenses	(8.4)	(14.6)	(17.6)	(27.5)
Other financial result	(69.3)	1.7	(69.5)	11.5
Financial result	**(76.6)**	**(11.9)**	**(85.0)**	**(14.2)**
Earnings before income taxes	**(38.9)**	**307.7**	**105.6**	**424.0**
Taxes on income	(8.8)	81.4	28.3	112.9
- of which deferred taxes	(2.3)	27.2	(6.8)	40.1
Net income/loss	**(30.1)**	**226.3**	**77.3**	**311.1**
Minority interests in earnings	0.1	0.1	0.2	0.1
Group earnings after taxes and minority interests	**(30.2)**	**226.2**	**77.1**	**311.0**
Earnings per share in € (undiluted ≙ diluted) [3]	(0.18)	1.37	0.47	1.89
Operating earnings (EBIT I)	**18.1**	**326.4**	**192.1**	**552.7**
Earnings before income taxes, adjusted [4]	**(58.5)**	**314.5**	**107.1**	**538.5**
Group earnings, adjusted [4]	**(44.3)**	**231.1**	**78.2**	**393.7**
Earnings per share in €, adjusted [3, 4]	**(0.27)**	**1.40**	**0.47**	**2.39**
Average number of shares (million) [3]	164.90	164.95	164.87	164.89

Statement of comprehensive income for the period

€ million	Q2/09	Q2/08	H1/09	H1/08
Net income/loss	**(30.1)**	**226.3**	**77.3**	**311.1**
Available-for-sale financial assets	–	–	–	(20.2)
Foreign currency translation	(23.6)	1.2	(6.9)	(25.8)
Earnings without recognition in profit or loss	**(23.6)**	**1.2**	**(6.9)**	**(46.0)**
Comprehensive income	**(53.7)**	**227.5**	**70.4**	**265.1**
Minority interests in comprehensive income	0.1	0.1	0.2	0.1
Group comprehensive earnings after taxes and minority interests	**(53.8)**	**227.4**	**70.2**	**265.0**

Operating earnings (EBIT I)

€ million	Q2/09	Q2/08	H1/09	H1/08
Result after operating hedges (EBIT II) [2]	**37.7**	**319.6**	**190.6**	**438.2**
+/- Result from operating "anticipative" hedges	(8.7)	(0.4)	25.0	106.6
+/- Earnings from realised hedging transactions	(10.9)	7.2	(23.5)	7.9
Operating earnings (EBIT I)	**18.1**	**326.4**	**192.1**	**552.7**

[1] Last year includes earnings from derivatives that are no longer in operation.
[2] The K+S Group is managed on the basis of operating earnings (EBIT I). EBIT II is reconciled to operating earnings (EBIT I) below the income statement. The allocation of EBIT I to the individual business segments can be found in the summary by quarter on page 31.
[3] Adjusted to the share split in the ratio 1:4 (technical execution: 21 July 2008).
[4] The adjusted key figures only contain the result from hedging realised during the current period. By contrast, changes in the market value of derivatives still outstanding are not taken into account. The resulting effects on deferred and cash taxes are also eliminated. Q2/09 tax rate: 27.9 % (Q2/08: 27.7 %).

Statement of cash flows for the period

€ million	Q2/09	Q2/08	H1/09	H1/08
Result after operating hedges (EBIT II)	**37.7**	**319.6**	**190.6**	**438.2**
Income(-)/expenses(+) from market value changes of hedging transactions not yet due	(8.8)	8.3	16.5	(22.4)
Neutralising previous market value changes of derecognised hedging transactions	(10.8)	(0.5)	(15.0)	(1.1)
Income(-)/ expenses(+) from double-knock-out options	–	(1.0)	–	138.0
Operating earnings (EBIT I)	**18.1**	**326.4**	**192.1**	**552.7**
Depreciation (+)/write-ups (-) on fixed assets*	35.0	33.8	70.1	66.3
Increase(+)/decrease(-) in non-current provisions (without interest rate effects)	(16.0)	(14.4)	(9.2)	(13.7)
Interest, dividends and similar income received	1.1	1.0	2.1	1.8
Realised gains(+)/losses(-) on the disposal of financial assets and securities	0.2	0.3	0.3	11.3
Interest paid	(2.1)	(10.3)	(5.0)	(18.1)
Income tax paid(-)/received(+)	6.5	(54.3)	(35.1)	(72.8)
Other non-cash expenses(+)/income(-)	(1.4)	(1.0)	(1.6)	(3.0)
Gross cash flow	**41.4**	**281.5**	**213.7**	**524.5**
Gain(-)/loss(+) on the disposal of fixed assets and securities	0.1	0.3	0.1	(10.6)
Increase(-)/decrease(+) in inventories	15.0	(66.7)	119.0	(55.9)
Increase(-)/decrease(+) in receivables and other assets from operating activities	151.8	(6.4)	55.9	(232.1)
- of which premium volume for derivatives	10.8	(13.5)	16.6	(15.8)
Payments from the exercise and sale of options	–	8.9	–	55.5
Increase(+)/decrease(-) in liabilities from operating activities	(43.7)	39.7	(206.8)	55.3
- of which premium volume for derivatives	(0.8)	–	4.3	–
Increase(+)/decrease(-) of current provisions	(17.8)	(15.8)	40.0	37.1
Out-financing of provisions	(1.7)	(1.0)	(1.7)	(3.0)
Cash flow from operating activities	**145.1**	**240.5**	**220.2**	**370.8**
Proceeds from disposals of fixed assets	0.8	0.7	1.3	1.3
Disbursements for intangible assets	(0.5)	(1.8)	(1.4)	(2.4)
Disbursements for property, plant and equipment	(41.0)	(58.7)	(69.2)	(82.3)
Disbursements for financial assets	(0.1)	(1.0)	(1.0)	(2.1)
Cash flow for investing activities	**(40.8)**	**(60.8)**	**(70.3)**	**(85.5)**
Free cash flow	**104.3**	**179.7**	**149.9**	**285.3**
Dividends paid	(396.0)	(82.5)	(396.0)	(82.5)
Payments from allocations to equity	7.9	3.2	7.9	3.2
Purchase of own shares	(7.4)	–	(13.9)	(6.1)
Sale of own shares	–	0.7	–	0.7
Increase (+)/decrease (-) in liabilities from finance lease	(0.1)	–	(0.1)	(0.1)
Taking out(+)/repayment (-) of loans	129.8	(190.3)	61.9	(291.8)
Cash flow for financing activities	**(265.8)**	**(268.9)**	**(340.2)**	**(376.6)**
Change in cash and cash equivalents affecting cash flow	**(161.5)**	**(89.2)**	**(190.3)**	**(91.3)**
Change in value of cash and cash equivalents	(1.1)	(2.5)	0.1	(4.6)
Consolidation-related changes	0.9	–	0.9	(2.4)
Change in cash and cash equivalents	**(161.7)**	**(91.7)**	**(189.3)**	**(98.3)**
Net cash and cash equivalents as of 1 January	**–**	**–**	**160.6**	**(151.4)**
Net cash and cash equivalents as of 30 June	**–**	**–**	**(28.7)**	**(249.7)**

* On intangible assets as well as on property, plant and equipment (including equity interests).

Statement of financial position as at the end of the period - assets

€ million	30.06.2009	30.06.2008	31.12.2008
Intangible assets	172.8	162.6	177.2
- of which goodwill from acquisitions	103.5	94.3	104.8
Property, plant and equipment	1,243.9	1,127.0	1,246.4
Investment properties	7.7	7.8	7.8
Financial assets	22.5	20.2	22.3
Receivables and other assets	18.0	16.1	33.2
- of which derivative financial instruments	1.9	1.2	17.7
Deferred taxes	56.4	36.8	46.3
Recoverable income taxes	0.5	0.6	0.5
Non-current assets	**1,521.8**	**1,371.1**	**1,533.7**
Inventories	565.6	425.9	684.6
Accounts receivable – trade	808.4	996.6	901.5
Other receivables and assets	144.6	154.4	155.3
- of which derivative financial instruments	32.4	47.9	48.7
Recoverable income taxes	78.0	18.5	30.9
Cash on hand and balances with banks	42.8	61.9	167.8
Current assets	**1,639.4**	**1,657.3**	**1,940.1**
ASSETS	**3,161.2**	**3,028.4**	**3,473.8**

Statement of changes in equity for the period

in € million	Subscribed capital	Additional paid-in capital	Profit retained/ other reserves	Differences from foreign currency translation
Balance as of 1 January 2009	165.0	4.5	1,564.2	(16.7)
Comprehensive income	–	–	77.1	(6.9)
Dividend for the previous year	–	–	(396.0)	–
Subscription of employee shares	–	(3.3)	–	–
Other changes in equity	–	–	(0.2)	–
Balance as of 30 June 2009	165.0	1.2	1,245.1	(23.6)
Balance as of 1 January 2008	108.8	7.6	829.7	(35.4)
Comprehensive income	–	–	311.1	(25.8)
Capital increase out of retained earnings	56.2	–	(56.2)	–
Dividend for the previous year	–	–	(82.5)	–
Subscription of employee shares	–	(3.5)	–	–
Consolidation-related effects	–	–	0.6	–
Other changes in equity	–	–	(2.0)	–
Balance as of 30 June 2008	165.0	4.1	1,000.7	(61.2)

Statement of financial position as at the end of the period - equity and liabilities

€ million	30.06.2009	30.06.2008	31.12.2008
Subscribed capital	165.0	165.0	165.0
Additional paid-in capital	1.2	4.1	4.5
Other reserves and profit retained	1,221.5	939.5	1,547.5
Minority interests	1.5	0.9	1.3
Equity	**1,389.2**	**1,109.5**	**1,718.3**
Bank loans and overdrafts	29.6	110.3	107.1
Other liabilities	18.4	32.0	14.5
- of which derivative financial instruments	6.4	18.3	–
Provisions for pensions and similar obligations	92.8	95.5	93.1
Provisions for mining obligations	384.8	362.6	378.3
Other provisions	92.4	114.9	97.6
Deferred taxes	61.7	28.4	58.7
Non-current debt	**679.7**	**743.7**	**749.3**
Bank loans and overdrafts	363.2	395.8	159.3
Accounts payable – trade	245.9	439.5	465.4
Other liabilities	128.7	52.5	68.2
- of which derivative financial instruments	75.7	1.0	24.2
Income tax liabilities	27.3	51.5	25.8
Provisions	327.2	235.9	287.5
Current debt	**1,092.3**	**1,175.2**	**1,006.2**
EQUITY AND LIABILITIES	**3,161.2**	**3,028.4**	**3,473.8**

Available-for-sale financial assets	Total K+S AG shareholders' equity	Minority interests	Equity
–	1,717.0	1.3	1,718.3
–	70.2	0.2	70.4
–	(396.0)	–	(396.0)
–	(3.3)	–	(3.3)
–	(0.2)	–	(0.2)
–	**1,387.7**	**1.5**	**1,389.2**
20.3	931.0	0.8	931.8
(20.3)	265.0	0.1	265.1
–	–	–	–
–	(82.5)	–	(82.5)
–	(3.5)	–	(3.5)
–	0.6	–	0.6
–	(2.0)	–	(2.0)
–	**1,108.6**	**0.9**	**1,109.5**

Notes

Explanatory notes; changes in the legal Group and organisational structure

The interim report of 30 June 2009 is prepared in accordance with the International Financial Reporting Standards (IFRSs) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), insofar as those have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34.

In financial year 2009, the following amendments to accounting standards were applied for the first time:

- IFRS 8 – Operating Segments: Revised IFRS 8 requires the presentation of the segments corresponding to the internal financial reporting structure. The new rule has not resulted in any significant change in the presentation of the segments, as segment earnings were already disclosed in the internal controlling variable EBIT I before the standard was amended.
- IAS 1 – Disclosure of derivatives: Amended IAS 1 requires the disclosure of derivatives as non-current or current financial instruments depending on their anticipated time of settlement. Thus, the balance sheet disclosure of derivatives in the current period has changed; the previous year's figures have been adjusted accordingly.
- IAS 1 – Statement of Comprehensive Income: In addition to the actual income statement, amended IAS 1 requires reconciliation to comprehensive income. As well as net income per the income statement, comprehensive income includes income and expenses that are not recognised in profit or loss. In the statement of changes in equity, comprehensive income is only stated as a total.
- IAS 23 – Capitalisation of borrowing costs: Amended IAS 23 makes the previously optional capitalisation of borrowing costs obligatory. Consequently, borrowing costs that can be directly allocated to constructing or producing a so-called qualifying asset have to be capitalised. This new rule had no significant impact on the consolidated financial statements for the first half of 2009.

The legal Group and organisational structure presented in the Financial Report 2008 changed slightly as of 30 June 2009: As a result of a merger, the assets and liabilities of K+S Sal do Brasil Participacoes e Investimentos Ltda. and SPL Brasil Empreendimentos e Participacoes e Investimentos Ltda. were transferred to Salina Diamante Branco Ltda. at 27 February 2009. In addition, K+S Finance Belgium BVBA was included in the consolidated financial statements for the first time.

The following changes in the composition and responsibilities of the Board of Executive Directors and the Supervisory Board as described in the Financial Report 2008 occurred in the second quarter: The term of office of Norbert Steiner as chairman of the Board of Executive Directors, which expires on 11 May 2010, was extended by a further five years at the Supervisory Board meeting held on 12 May 2009. Moreover, the Supervisory Board appointed Jan Peter Nonnenkamp as a new member of the Board of Executive Directors of K+S Aktiengesellschaft. Since 1 June 2009, he has taken over responsibility for financial matters, which was previously held in personal union by the chairman of the Board of Executive Directors. Furthermore, he will be responsible for the tax, audit, insurance and procurement departments. There have been no other noteworthy changes.

€ million	LTM* 2009	2008
Revenues	4,211.3	4,794.4
EBIT I	982.1	1,342.7
Group earnings, adj.	663.8	979.3

* LTM = last twelve months (Q3/08 + Q4/08 + Q1/09 + Q2/09)

Seasonal factors

There are seasonal differences over the course of the year that affect sales of fertilizers and salt products. In the case of fertilizers, we generally attain our highest sales in the first half of the year because of the use of fertilizers in Europe during the spring. This effect can either be enhanced or diminished by overseas sales. Sales of salt products – especially of de-icing salt – largely depend on winter weather conditions during the first and fourth quarters. In the aggregate, both these effects mean that revenues and earnings are generally greatest during the first half of the year.

Development of revenues, volumes and average prices by region

Potash and Magnesium Products Business Segment

Region	Unit	Q1/08	Q2/08	H1/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	H1/09
Revenues*	€ million	**522.5**	**612.8**	**1,135.3**	**763.4**	**498.7**	**2,397.4**	**366.0**	**354.3**	**720.3**
- Europe	€ million	349.3	387.5	736.8	479.8	287.0	1,503.5	189.1	134.3	323.4
- Overseas	US$ million	259.2	351.0	610.2	429.9	295.2	1,335.4	229.9	301.6	531.5
Volumes	million tonnes	**2.11**	**2.02**	**4.14**	**1.70**	**1.16**	**6.99**	**0.90**	**1.05**	**1.95**
- Europe	million tonnes	1.43	1.33	2.76	1.05	0.64	4.45	0.45	0.37	0.82
- Overseas	million tonnes	0.68	0.69	1.38	0.64	0.53	2.54	0.45	0.68	1.13
Average prices	per tonne in €	**247.2**	**303.1**	**274.6**	**450.1**	**428.5**	**342.7**	**409.2**	**337.4**	**370.4**
- Europe	per tonne in €	244.4	291.4	267.0	455.2	450.9	337.9	425.0	362.1	396.4
- Overseas	per tonne in US$	379.6	507.4	443.9	669.6	560.0	524.9	511.6	444.0	470.9

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

Foreign currency hedging

For the year 2009, options have been used, hedging a worst-case scenario of about 1.51 USD/EUR including costs for a volume of US$ 1,320 million. Against the background of weak demand, this volume has been reduced to US$ 632 million through the sale of options. The negative consequences for the average exchange rate resulting from this reduction in volume could be more than offset by participating in an appreciating US dollar in the first half of the year, so that the worst case for the year as a whole is currently 1.46 USD/EUR including costs (2008 average exchange rate: 1.46 USD/EUR).

Average exchange rates per quarter for the Potash and Magnesium Products business segment are as follows:

Potash and Magnesium Products Business Segment

	Q1/08	Q2/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	Q3/09*	Q4/09*	2009
USD/EUR exchange rate after premiums	1.48	1.50	1.50	1.38	1.46	1.41	1.43	1.53	1.48	1.46
Average USD/EUR spot rate	1.50	1.56	1.50	1.31	1.47	1.31	1.36	–	–	–

* The exchange rates stated for coming quarters represent the worst case for the respective quarter. A stronger US dollar would result in the exchange rate actually achieved being more attractive than that given here.

Other operating income/expenses

€ million	Q2/09	Q2/08	H1/09	H1/08
Gains/losses on foreign currency exchange rates	(14.1)	(1.3)	(2.3)	(18.9)
Change in provisions	19.3	5.6	6.2	(6.1)
Other	(44.5)	(7.8)	(49.6)	(11.2)
Other operating income/expenses	**(39.3)**	**(3.5)**	**(45.7)**	**(36.2)**

Financial result

€ million	Q2/09	Q2/08	H1/09	H1/08
Interest income	1.1	1.0	2.1	1.8
Interest expenses	(8.4)	(14.6)	(17.6)	(27.5)
- of which interest expenses for pension provisions	(1.7)	(0.4)	(3.4)	(1.4)
- of which interest expenses for provisions for mining obligations	(4.6)	(4.0)	(9.3)	(8.0)
Interest income, net	**(7.3)**	**(13.6)**	**(15.5)**	**(25.7)**
Income from the disposal of financial investments, net	0.2	0.3	0.3	11.3
Income from the measuring of financial investments, net	(69.5)	1.4	(69.8)	0.2
Other financial result	**(69.3)**	**1.7**	**(69.5)**	**11.5**
Financial result	**(76.6)**	**(11.9)**	**(85.0)**	**(14.2)**

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

- Trend in salary increases: 1.8 %
- Trend in pension increases: 1.8 %
- Discount factor: 5.3 %

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

- Trend in price increases: 1.5 %
- Discount factor: 5.6 %

Taxes on income

€ million	Q2/09	Q2/08	H1/09	H1/08
Corporate income tax	(5.3)	36.0	12.3	39.9
Trade tax on income	(0.8)	17.1	13.1	18.7
Foreign income taxes	(0.4)	1.1	9.7	14.2
Deferred taxes	(2.3)	27.2	(6.8)	40.1
Taxes on income	**(8.8)**	**81.4**	**28.3**	**112.9**

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

Significant changes in individual balance sheet items

The balance sheet total as of 30 June 2009 decreased by € 312.6 million compared with the annual financial statements for 2008. On the assets side, non-current assets declined by € 11.9 million, while current assets fell by € 300.7 million. The decline in non-current assets is mainly attributable to the lower carrying amounts of the derivative financial instruments as well as to currency-related effects in the fixed assets; the decline in current assets is mainly due to a reduction in the inventories and cash and cash equivalents. On the liabilities side, equity declined by € 329.1 million; this was mainly due to the dividend payment of € 396.0 million made in May 2009. Debt rose by € 16.5 million; this is mainly due to an increase in current financial liabilities.

Significant changes in equity

Equity is influenced by transactions and events whether recognised in profit or not as well as by capital transactions involving shareholders. Compared with the annual financial statements for 2008, profit retained and other reserves decreased by € 326.0 million. This decline is mainly attributable to the dividend payment of € 396.0 million made in May 2009, which overcompensated for the positive result for the period (after taxes and minority interests) in the amount of € 77.1 million. Furthermore, changes in equity that are not recognised in profit or loss, e.g. from the currency translation of subsidiaries in a functional foreign currency, had to be taken into consideration.

Differences arising from currency translation are recorded in a separate currency translation reserve; this decreased by € 6.9 million as of 30 June 2009 because of exchange rate fluctuations.

Net indebtedness

€ million	H1/09	H1/08
Net indebtedness as of 1 January	(570.0)	(1,085.1)
Cash on hand and balances with banks	42.8	61.9
Overdrafts towards financial institutions	(66.4)	(305.3)
Net cash and cash equivalents as of 30 June*	**(23.6)**	**(243.4)**
Liabilities towards financial institutions	(326.4)	(200.8)
Cash and cash equivalents as of 30 June*	**(350.0)**	**(444.2)**
Provisions for pensions and similar obligations	(92.8)	(95.5)
Provisions for mining obligations	(384.8)	(362.6)
Net indebtedness as of 30 June*	**(827.6)**	**(902.3)**

* Without cash invested with respectively received from affiliated companies.

Total Revenues

€ million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	354.4	16.3	370.7
Nitrogen Fertilizers	257.4	6.1	263.5
Salt	99.2	1.6	100.8
Complementary Business Segments	27.6	9.4	37.0
Reconciliation	0.1	(33.4)	(33.3)
K+S Group Q2/09	738.7	–	738.7
Potash and Magnesium Products	612.8	23.3	636.1
Nitrogen Fertilizers	433.8	3.4	437.2
Salt	108.0	1.9	109.9
Complementary Business Segments	29.6	11.5	41.1
Reconciliation	0.3	(40.1)	(39.8)
K+S Group Q2/08	1,184.5	–	1,184.5

Total Revenues

€ million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	720.4	43.4	763.8
Nitrogen Fertilizers	599.5	8.0	607.5
Salt	437.5	2.7	440.2
Complementary Business Segments	56.7	17.6	74.3
Reconciliation	0.3	(71.7)	(71.4)
K+S Group H1/09	**1,814.4**	**–**	**1,814.4**
Potash and Magnesium Products	1,135.3	45.8	1,181.1
Nitrogen Fertilizers	922.2	12.4	934.6
Salt	278.3	2.1	280.4
Complementary Business Segments	61.3	23.0	84.3
Reconciliation	0.4	(83.3)	(82.9)
K+S Group H1/08	**2,397.5**	**–**	**2,397.5**

Contingent liabilities

There have been no significant changes in contingent liabilities in comparison with the annual financial statements 2008 and they can be classified as immaterial overall.

Related parties

Within the K+S Group, deliveries are made and services rendered on customary market terms. Transactions and open items between K+S Group companies are eliminated from the consolidated financial statements insofar as the companies are consolidated. In addition, business relations are maintained with non-consolidated subsidiaries as well as companies over which the K+S Group can exercise a significant influence (associated companies). Such relationships do not have a material influence on the consolidated financial statements of the K+S Group. In the case of the K+S Group, related persons are mainly the Board of Executive Directors and the Supervisory Board. The remuneration received by this group of persons is disclosed annually in the remuneration report. There were no other material transactions with related parties.

Auditor’s review

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

Summary by Quarter

Revenues & operating earnings (IFRSs)

€ million	Q1/08	Q2/08	H1/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	H1/09
Potash and Magnesium Products	522.5	612.8	1,135.3	763.4	498.7	2,397.4	366.0	354.3	720.3
Nitrogen Fertilizers	488.4	433.8	922.2	515.6	214.6	1,652.4	342.1	257.4	599.5
Salt	170.3	108.0	278.3	131.0	209.3	618.6	338.3	99.3	437.6
Complementary Business Segments	31.7	29.6	61.3	31.2	32.8	125.3	29.1	27.6	56.7
Reconciliation	0.1	0.3	0.4	0.2	0.1	0.7	0.2	0.1	0.3
K+S Group revenues	**1,213.0**	**1,184.5**	**2,397.5**	**1,441.4**	**955.5**	**4,794.4**	**1,075.7**	**738.7**	**1,814.4**
Potash and Magnesium Products	170.9	291.4	462.3	465.6	275.3	1,203.2	97.0	53.8	150.8
Nitrogen Fertilizers	42.6	44.0	86.6	40.0	(5.2)	121.4	8.1	(26.6)	(18.5)
Salt	14.7	(4.2)	10.5	8.5	26.2	45.2	80.2	(0.6)	79.6
Complementary Business Segments	7.1	7.1	14.2	5.1	5.8	25.1	2.0	3.2	5.2
Reconciliation	(9.0)	(11.9)	(20.9)	(17.0)	(14.3)	(52.2)	(13.3)	(11.7)	(25.0)
K+S Group EBIT I	**226.3**	**326.4**	**552.7**	**502.2**	**287.8**	**1,342.7**	**174.0**	**18.1**	**192.1**

Income statement (IFRSs)

€ million	Q1/08	Q2/08	H1/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	H1/09
Revenues	**1,213.0**	**1,184.5**	**2,397.5**	**1,441.4**	**955.5**	**4,794.4**	**1,075.7**	**738.7**	**1,814.4**
Cost of sales	711.5	635.4	1,346.9	737.3	468.7	2,552.9	663.5	473.5	1,137.0
Gross profit	501.5	549.1	1,050.6	704.1	486.8	2,241.5	412.2	265.2	677.4
Selling expenses	216.0	194.5	410.5	178.6	186.9	776.0	188.5	160.3	348.8
General and administrative expenses	23.1	28.0	51.1	25.8	27.4	104.3	27.1	32.5	59.6
Research and development costs	4.3	4.3	8.6	4.6	4.9	18.1	4.0	4.5	8.5
Other operating income/expenses	(32.7)	(3.5)	(36.2)	4.8	23.9	(7.5)	(6.4)	(39.3)	(45.7)
Income from investments, net	0.2	0.4	0.6	0.9	1.0	2.5	0.4	0.4	0.8
Result from operating “anticipative” hedges	(107.0)	0.4	(106.6)	(32.7)	(6.5)	(145.8)	(33.7)	8.7	(25.0)
Result after operating hedges (EBIT II)	118.6	319.6	438.2	468.1	286.0	1,192.3	152.9	37.7	190.6
Financial result	(2.3)	(11.9)	(14.2)	(8.1)	29.1	6.8	(8.4)	(76.6)	(85.0)
Earnings before income taxes	116.3	307.7	424.0	460.0	315.1	1,199.1	144.5	(38.9)	105.6
Taxes on income	31.5	81.4	112.9	126.3	88.5	327.7	37.1	(8.8)	28.3
- of which deferred taxes	12.9	27.2	40.1	5.9	15.4	61.4	(4.5)	(2.3)	(6.8)
Net income/loss	84.8	226.3	311.1	333.7	226.6	871.4	107.4	(30.1)	77.3
Minority interests in earnings	–	0.1	0.1	0.2	0.2	0.5	0.1	0.1	0.2
Group earnings after taxes and minority interests	84.8	226.2	311.0	333.5	226.4	870.9	107.3	(30.2)	77.1
Operating earnings (EBIT I)	**226.3**	**326.4**	**552.7**	**502.2**	**287.8**	**1,342.7**	**174.0**	**18.1**	**192.1**
Earnings before income taxes, adjusted [1)]	**224.0**	**314.5**	**538.5**	**494.1**	**316.9**	**1,349.5**	**165.6**	**(58.5)**	**107.1**
Group earnings, adjusted [1)]	**162.6**	**231.1**	**393.7**	**358.1**	**227.5**	**979.3**	**122.5**	**(44.3)**	**78.2**

Other key data (IFRSs)

	Q1/08	Q2/08	H1/08	Q3/08	Q4/08	2008	Q1/09	Q2/09	H1/09
Capital expenditure (€ million) [2)]	24.2	60.5	84.7	48.4	64.4	197.5	29.1	41.5	70.6
Depreciation and amortisation (€ million) [2)]	32.5	33.8	66.3	39.1	36.3	141.7	35.1	35.0	70.1
Gross cash flow (€ million)	243.0	281.5	524.5	456.8	196.6	1,177.9	172.3	41.4	213.7
Net indebtedness (€ million)	997.6	–	902.3	633.6	–	570.0	535.6	–	827.6
Earnings per share, adjusted (€) [1), 3)]	0.99	1.40	2.39	2.17	1.38	5.94	0.74	(0.27)	0.47
Gross cash flow per share (€) [3)]	1.47	1.71	3.18	2.77	1.19	7.14	1.05	0.25	1.30
Book value per share, adjusted (€) [1), 3)]	6.03	–	6.71	9.04	–	10.49	11.31	–	8.50
Number of shares outstanding (million) [3), 4)]	164.84	–	165.00	165.00	–	165.00	164.84	–	165.00
Average number of shares (million) [3), 5)]	164.84	164.95	164.89	165.00	165.00	164.95	164.84	164.90	164.87
Closing price (XETRA, €) [3)]	51.83	–	91.58	48.64	–	39.97	34.93	–	40.03
Employees as of the reporting date (number)	12,141	–	12,145	12,323	–	12,368	12,334	–	12,233

[1)] The adjusted key figures only contain the result from hedging realised during the current period. By contrast, changes in the market value of derivatives still outstanding are not taken into account. The effects on deferred and cash taxes are also eliminated; Q2/09 tax rate: 27.9 % (Q2/08: 27.7 %).

[2)] For or in connection with intangible assets as well as property, plant and equipment.

[3)] Adjusted to share split in the ratio 1:4 (entry in the Commercial Register: 24 June 2008; technical execution: 21 July 2008).

[4)] Total number of shares less the own shares held by K+S on the reporting date.

[5)] Total number of shares less the average number of the own shares held by K+S over the period.

Financial calendar	2009/2010
Quarterly Financial Report, 30 September 2009	12 November 2009
Report on business 2009	11 March 2010
Press and analyst conference, Frankfurt am Main	11 March 2010
Annual General Meeting, Kassel	11 May 2010
Quarterly Financial Report, 31 March 2010	11 May 2010
Dividend payment	12 May 2010
Half-yearly Financial Report, 30 June 2010	12 August 2010

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This report was published on 13 August 2009.

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