

Annual Financial Statements 2012*

K+S Aktiengesellschaft
Kassel

* The Management Report of K+S Aktiengesellschaft and the Group Management Report for the financial year 2012 are combined in the Financial Report 2012.

Income Statement

T€	2012	2011
Revenues	75,483	67,088
Cost of Sales	81,470	74,228
Gross profit	(5,987)	(7,140)
Selling expenses	4,355	4,217
General and administrative expenses	28,762	34,585
Research costs	3,932	5,114
Other operating income	127,369	53,808
Other operating expenses	68,137	70,416
Income from investments, net	789,699	702,427
Interest income, net	(35,110)	(56,525)
Write-downs of long-term financial assets and securities classified as current assets	(1,164)	-
Result from ordinary activities	769,621	578,238
Earnings before income taxes	769,621	578,238
Taxes on income	205,631	185,694
Net income for the year	563,990	392,544
Profit carried forward	11,231	34,292
Allocation to revenue reserves	281,006	166,785
Profit retained	294,215	260,051

Balance Sheet

T€	31.12.2012	31.12.2011
Intangible assets	79	100
Tangible assets	18,279	17,247
Long-term financial assets	3,074,255	2,647,581
Non-current assets	3,092,613	2,664,928
Inventories	1,433	1,187
Receivables and other assets	1,015,557	1,009,469
Securities	175,568	219,311
Cash and bank balances	136,314	141,754
Current assets	1,328,872	1,371,721
Prepaid expenses	3,944	1,857
Positive difference arising from offsetting of assets	15,414	-
ASSETS	4,440,843	4,038,506

T€	31.12.2012	31.12.2011
Subscribed capital	191,400	191,400
Capital reserve	701,616	701,616
Revenue reserves	733,000	452,000
Profit retained	294,215	260,051
Equity	1,920,231	1,605,067
Provisions for pensions and similar obligations	-	5,928
Provisions for taxes	21,889	-
Other provisions	164,780	160,338
Provisions	186,669	166,266
Liabilities	2,333,943	2,267,173
EQUITY AND LIABILITIES	4,440,843	4,038,506

Development of Non-current Assets

	Gross carrying amounts				Depreciation and amortisation					Net carrying amounts	
	Balance as of 01.01.2012	Additions	Disposals	Reclassifications	Balance as of 31.12.2012	Balance as of 01.01.2012	Additions	Disposals	Balance as of 31.12.2012	Balance as of 31.12.2012	Balance as of 31.12.2011
T€											
Intangible assets											
Acquired concessions, industrial and similar rights and assets, and licences in such rights and assets	6,114	36	3,454	11	2,707	6,025	57	3,454	2,628	79	89
Prepayments	11	-	-	(11)	-	-	-	-	-	-	11
	6,125	36	3,454	-	2,707	6,025	57	3,454	2,628	79	100
Tangible assets											
Land, land rights and buildings including buildings on third-party land	53,089	58	868	6	52,285	44,193	267	814	43,646	8,639	8,896
Technical equipment and machinery	29,861	1,445	414	4	30,896	25,965	783	412	26,336	4,560	3,896
Other equipment, operating and office equipment	18,759	1,824	387	56	20,252	14,479	1,518	375	15,622	4,630	4,280
Prepayments and assets under construction	175	345	4	(66)	450	-	-	-	-	450	175
	101,884	3,672	1,673	-	103,883	84,637	2,568	1,601	85,604	18,279	17,247
Long-term financial assets											
Shares in affiliated companies	2,588,204	56,200	77,557	-	2,566,847	26,537	-	-	26,537	2,540,310	2,561,667
Loans to affiliated companies	27,000	-	-	-	27,000	-	-	-	-	27,000	27,000
Other long-term equity investments	66	-	-	-	66	-	-	-	-	66	66
Loans to other long-term equity investments	290	-	80	-	210	-	-	-	-	210	290
Securities	16,000	457,345	25,231	-	448,114	-	941	-	941	447,173	16,000
Other loans and other long-term financial assets	42,569	67,524	50,560	-	59,533	11	37	11	37	59,496	42,558
	2,674,129	581,069	153,428	-	3,101,770	26,548	978	11	27,515	3,074,255	2,647,581
Non-current assets	2,782,138	584,777	158,555	-	3,208,360	117,210	3,603	5,066	115,747	3,092,613	2,664,928

Notes

General principles

The annual financial statements of K+S Aktiengesellschaft as of 31 December 2012 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch - HGB) and the German Stock Corporation Act (Aktiengesetz – AktG). In the interests of clearer presentation, individual captions in the balance sheet and in the income statement have been grouped together. These items are set out separately in the Notes and commented on. The individual captions contained in the annual financial statements are presented in € thousands (T€).

Accounting and valuation principles

Intangible assets

Acquired intangible assets are recognised at acquisition cost and systematically amortised on a straight-line basis over their expected useful lives. Software is reported as a disposal after it has completely been amortised. Unscheduled amortisation to the lower fair value is recorded in the event of a probable permanent impairment in value. Self-generated intangible assets are not capitalised.

Tangible assets

Tangible assets are measured at acquisition or manufacturing cost less scheduled depreciation. Besides directly attributable costs, the manufacturing costs of internally manufactured assets also include a pro rata share of material and production overheads, including depreciation. Interest on debt is not capitalised.

Movable assets acquired before 1 January 2010 are mainly depreciated by using the declining balance method. Movable assets acquired after 31 December 2009 as well as immovable assets are depreciated by using the straight-line method.

Depreciation rates depend on expected useful lives. For buildings these usually are 14 to 33 years, for technical equipment and machinery 3 to 25 years, and for other equipment, operating and office equipment 3 to 10 years. Low-value assets are completely written off in the year of purchase and reported as disposals after five years.

In the event of a probable permanent impairment in value, unscheduled depreciation is carried out. If the reasons for an unscheduled depreciation cease to exist, the asset is written up. Gallery and excavation work is not capitalised.

Long-term financial assets

Shares in affiliated companies, other long-term equity investments and securities are measured at acquisition cost or, in the case of a probable permanent impairment in value, at the lower fair value as of the balance sheet date.

Loans are recognised at acquisition cost or, in the case of non-interest-bearing or low-interest loans, at present value. Foreseeable risks are reflected by unscheduled write-downs.

Inventories

Inventories are recognised at acquisition or manufacturing cost, observing the lower of cost or market principle. Besides direct costs, manufacturing costs include appropriate portions of the necessary material and production overheads as well as the depreciation and amortisation of the non-current assets.

Receivables and other assets

Receivables are recognised at nominal or present value, depending on their maturity term. Individual risks are reflected by write-downs and general credit risk is reflected by a flat-rate value adjustment.

Other assets are recognised at the lower of cost or fair value.

Securities

Securities are measured at acquisition cost or at the lower of stock market price or fair value as at the balance sheet date.

Prepaid expenses

Use is made of the option provided by Sec. 250 Para. 3 of the German Commercial Code allowing for the deferral of discounts arising from the contracting of liabilities.

Set-off of assets, income and expenses

Assets that are used solely to discharge pension obligations and overdue semi-retirement obligations and to which all other creditors have no access (cover funds within the meaning of Sec. 246 Para. 2 Sent. 2 of the German Commercial Code) are valued at their fair value. In the income statement, income and expenses from these assets are set off against expenses arising from the interest accrual on the relevant liabilities, and the balance is stated under the net interest income. In the balance sheet, these assets are set off against the respective underlying liabilities. The resulting obligation overhangs are stated under provisions for pensions and similar obligations (pension obligations) and other provisions (overdue semi-retirement obligations). An overhang of assets is disclosed as a positive difference arising from the offsetting of assets.

Provisions for pensions and similar obligations

The amount of settlement of pension obligations is determined using the projected unit credit method, applying actuarial principles. The option provided by Sec. 253 Para. 2 Sent. 2 of the German Commercial Code is used to determine the maturity-congruent discount factor. Pension obligations are discounted on a lump-sum basis according to the average market interest rate over the previous seven years determined by the German Bundesbank, which results from an expected residual maturity of 15 years. As of the balance sheet date, this discount rate is 5.1%.

The salary and pension trends assumed amount to 1.8% each. The probabilities of death are based on the Heubeck mortality tables (2005G).

Other provisions

Other provisions are created for uncertain liabilities and for contingent losses from pending transactions, taking into account expected future price and cost increases. Provisions with a residual term of more than one year accrue interest according to the maturity-congruent average market interest rate for the previous seven years determined and announced by the German Bundesbank.

Provisions for mining obligations related to mine and shaft backfilling are stated at the present value of expected future expenses. The present value is calculated based on the current average discount factor for mining obligations of 4.7% and an annual price increase trend of 1.5%. The discount factor is based on the weighted average of the discount factors announced by the German Bundesbank. Mining provisions also include restoration obligations. Provisions for mining damage are determined on the basis of past instances of damage, in order to take account of the actual risk. The provisions for length-of-service bonuses are determined for the periods of service according to the modified entry age normal method, applying actuarial principles. The amount of fulfillment of semi-retirement obligations is determined according to the present value method.

As far as the revaluation of provisions due to the first-time application of the BilMoG on 1 January 2010 would have resulted in an amount of amortization which would have to be reintroduced to the accounts by 31 December 2024 at the latest, the provisions existing as of 31 December 2009 have been fully retained in compliance with Art. 67 Para. 1 Sent. 2 of the German Commercial Code Introduction Act (EGHGB). The surplus amount as of the balance sheet date is stated in the explanations to Other Provisions.

Liabilities

Liabilities are recognised according to their settlement amount.

Deferred taxes

Deferred taxes are formed to cover the temporary differences between the commercial law values and the tax values of assets, debts and prepaid expenses. Apart from the differences at its own balance sheet items, K+S Aktiengesellschaft also takes into account the reporting and measurement differences at tax group subsidiaries. Loss and interest carryforwards are taken into account as long as the offsetting against taxable income within the next five years is realisable. Deferred taxes are measured on the basis of the combined income tax rate of 28.5% for the tax group companies of K+S Aktiengesellschaft. In addition to the corporate income tax rate of 15.0% and the solidarity surcharge of 5.5% paid on it, this takes into account an average trade tax rate of 12.7%.

The total resulting tax burden is reported in the balance sheet as a deferred tax liability. In the event of an overall tax relief, no use is made of the option to capitalise offered by Sec. 274 Para. 1 Sent. 2 of the German Commercial Code.

As of the balance sheet date, liability balances result from differences in reporting and measuring reserves pursuant to Sec. 6b Para. 3 of the German Income Tax Act. Asset balances primarily result from differences in the carrying amounts of other provisions (in particular mining provisions), pension provisions and non-current assets. Offsetting asset and liability differences resulted in an asset surplus for the year under review that was not recognised in the balance sheet.

Valuation units and derivative financial instruments

No valuation units within the meaning of Sec. 254 of the German Commercial Code have been formed during the financial year under review. Derivative financial instruments are carried in the balance sheet according to the imparity principle according to the general commercial accounting principles. Financial derivatives as assets are stated up to their acquisition cost. If their fair value is less than their acquisition cost, the derivatives are written down to the lower fair value. In the case of a negative fair value, a provision for anticipated losses is formed. Financial derivatives as liabilities are at least stated at the amount of the writer premium received. If the negative fair value exceeds the value of the liability, a provision for anticipated losses is formed.

Foreign currency conversion

The acquisition costs of assets purchased in a foreign currency and proceeds from sales in foreign currencies are recorded according to the exchange rates prevailing at the transaction date.

Liabilities in a foreign currency with a residual term of no more than one year are measured at the mean spot exchange rate at the balance sheet date. All other liabilities in a foreign currency are measured at the conversion rate at the transaction date or the lower mean spot exchange rate as of the balance sheet date.

Receivables in a foreign currency with a life of no more than one year are valued at the mean spot exchange rate as of the balance sheet date. All other receivables in a foreign currency are valued at the exchange rate in force on the day they emerged, or according to the lower mean spot exchange rate as of the balance sheet date.

Notes to the balance sheet

Non-current assets

The development of the gross carrying amounts and depreciation, amortisation and write-downs of individual items of non-current assets are presented separately.

Long-term financial assets

The statement of shareholdings according to Sec. 285 No. 11 of the German Commercial Code is presented separately in the list of shareholdings.

INVENTORIES

T€	2012	2011
Raw materials, consumables and supplies	1,433	1,187

RECEIVABLES AND OTHER ASSETS

T€	2012	2011
Trade receivables	8,418	15,662
Receivables from affiliated companies	823,598	839,989
Other assets	183,541	153,818
	1,015,557	1,009,469

Of the receivables from affiliated companies, T€ 31,297 (previous year: T€ 40,517) were receivables from payment transactions within the Group, T€ 783,857 (previous year: T€ 787,880) were receivables from profit and loss transfer and T€ 4 (previous year: T€ 4) were income from investments. They primarily consist of trade receivables.

Trade receivables amounting to T€ 0 (previous year: T€ 2,183) and other assets amounting to T€ 168 (previous year: T€ 135) have a residual term of more than one year.

Prepaid expenses

The prepaid expenses consist of discounts of T€ 3,838 (previous year: T€ 1,739) in the meaning of Sec. 250 Para. 3 of the German Commercial Code.

Positive difference amount arising from offsetting of assets and provisions for pensions and similar obligations

There are no deficits in the provisions for pensions and similar obligations. In the balance sheet, pension provisions were offset against assets to which creditors have no access and which are intended solely for the fulfillment of pension obligations.

As of the balance sheet date, the settlement amount of pensions and similar obligations was T€ 104,890 (without taking into account liabilities from employees' deferred compensation). Set off against the fair value of the cover funds amounting to T€ 120,304, this results in a positive difference amount of T€ 15,414. In addition, there are obligations from employees' deferred compensation in the amount of T€ 1,399, which are covered by congruent insurance policies. The settlement amount was fully set off against the fair value of the insurance policies (T€ 1,399).

The cover funds comprise securities, reinsurance policies and bank balances. The securities are stated with their market prices and bank balances at their par value as of the balance sheet date. The fair value of the reinsurance policies was determined on the basis of the actuarial capital of the insurance policies, plus any available excess from profit sharing. The acquisition costs of the cover funds were T€ 120,931.

Subscribed capital

The subscribed capital of K+S Aktiengesellschaft amounts to € 191.4 million and is divided into 191.4 million no-par value registered shares.

Details of own shares

During the financial year 2012, the Company acquired 171,000 own shares at an average price of € 38.08 for employee share programmes. The maximum arithmetical proportion of the acquired shares in the share capital was 0.09%, and the amount of the share capital allocated to the acquired shares was T€ 171. Shares not being distributed to employees were sold on the free market for an average price of € 36.92. The resulting difference amount of T€ 6 was offset with the revenue reserves according to Sec. 272 Para. 1b Sent. 3 of the German Commercial Code. The Company holds no shares of its own as of the balance sheet date.

According to the resolution passed by the Annual General Meeting on 11 May 2010, the Board of Executive Directors was authorised to acquire own shares up to 10% of the share capital by 10 May 2015. Purchases may be made on a stock exchange or by means of a public purchase offer directed to all shareholders. In the case of a purchase effected on a stock exchange or in the case of a public purchase offer addressed to all shareholders, the purchase price per share (exclusive of ancillary purchase costs) paid by the Company may not exceed or undercut the relevant exchange price by more than 10%.

CAPITAL RESERVE

T€	2012	2011
Balance as of 1 January	701,616	701,616
Balance as of 31 December	701,616	701,616

OTHER REVENUE RESERVES

T€	2012	2011
Balance as of 1 January	452,000	285,480
Difference amount from the sale of own shares	(6)	(265)
Transfer of net income	281,006	166,785
Balance as of 31 December	733,000	452,000

PROFIT RETAINED

T€	2012	2011
Balance as of 1 January	260,051	225,692
Dividend payment	(248,820)	(191,400)
Net income	563,990	392,544
Transfer from net income in other revenue reserves	(281,006)	(166,785)
Balance as of 31 December	294,215	260,051

Other provisions

The other provisions adequately take all identifiable risks from pending transactions and uncertain liabilities into account. They mainly arise from mining obligations. In addition, there are primarily provisions for personnel obligations.

The excess amount of other provisions within the meaning of Art. 67 Para. 1 Sent. 4 of the German Commercial Code Introduction Act, resulting from the change-over to the BilMoG, was T€ 2,386 as of the balance sheet date.

In the balance sheet, provisions for overdue semi-retirement obligations were offset against assets to which creditors have no access and which are intended solely for the fulfillment of semi-retirement obligations.

PROVISIONS FOR SEMI-RETIREMENT

T€	2012	2011
Settlement amount for semi-retirement obligations	2,880	3,703
Fair value of cover funds	2,204	2,831
Net value of semi-retirement obligations (provision)	676	872
Acquisition cost of cover funds	2,204	2,831

The cover funds comprise securities and bank balances. The securities are stated at their market prices, and cash and bank balances are stated at their par value as of the balance sheet date.

LIABILITIES

T€	2012	2011
Bonds	1,250,000	750,000
Trade payables	5,466	5,410
Liabilities to affiliated companies	1,054,007	1,496,072
Other liabilities	24,470	15,691
	2,333,943	2,267,173

Of the liabilities to affiliated companies, liabilities from Group financing account for T€ 957,309 (previous year: T€ 1,378,044). Apart from that, they mainly relate to liabilities from transfer of losses in the amount of T€ 840 (previous year: T€ 85,457).

The liabilities with a residual term of up to one year consist of:

T€	2012	2011
Trade payables	5,466	5,410
Liabilities to affiliated companies	1,054,007	1,496,072
Other liabilities	23,791	14,264
	1,083,264	1,515,746

Other liabilities of T€ 221 (previous year: T€ 277) have a residual term of more than five years.

Other liabilities consist of:

T€	2012	2011
Taxes	2,708	2,052
Liabilities relating to social security	498	554

TRANSACTIONS NOT DISCLOSED IN THE BALANCE SHEET AND OTHER FINANCIAL COMMITMENTS

T€	2012	2011
Commitments from uncompleted capital expenditure projects	5,523	884
Commitments from long-term rental, leasing and service contracts		
due in the following year	6,575	6,019
- of which to affiliated companies	5,745	5,297
due in the years 2 to 5	23,745	21,975
- of which to affiliated companies	22,981	21,190
	35,843	28,878

There are profit and loss transfer agreements with affiliated companies which also include a loss transfer.

Notes to the income statement

REVENUES BY PRODUCT AREA

T€	2012	2011
Animal hygiene products	36,896	35,347
Miscellaneous	38,587	31,741
	75,483	67,088

REVENUES BY REGION

T€	2012	2011
Germany	74,640	66,700
Rest of Europe	201	91
Overseas	642	297
	75,483	67,088

OTHER OPERATING INCOME

T€	2012	2011
Income from the disposal of equity interests	72,171	-
Income from exchange rate hedging transactions	19,548	18,020
Exchange rate gains	11,725	2,811
Income from the sale of usage rights	6,054	-
Income from the reversal of provisions	5,827	5,727
Income from the charging of services to Group companies	3,634	18,724
Income from letting and leasing	2,415	2,678
Income from disposals of tangible assets	1,750	3,007
Book gains on the disposal of securities	1,898	-
Sundry income	2,347	2,841
	127,369	53,808

Income amounting to T€ 7,818 (previous year: T€ 9,210) is to be assigned to other financial years and comes mainly from the reversal of provisions. Income from the disposal of equity interests and the sale of usage rights results from the divestment of the nitrogen fertilizer business.

The income from the foreign currency valuation of assets and liabilities amounts to T€ 393 (previous year: T€ 300).

Income from interest rate effects due to a change in estimating the residual term of provisions has been disclosed under Other operating income.

OTHER OPERATING EXPENSES

T€	2012	2011
Exchange rate losses	20,111	11,085
Expenses from exchange rate hedging transactions	16,144	11,033
Expenses for closed plants	6,933	10,115
Pension expenses	5,582	6,060
Consulting expenses	4,481	18,502
Expenses for real estate	966	1,040
Miscellaneous	13,920	12,581
	68,137	70,416

Expenses of T€ 561 (previous year: T€ 4) are attributable to other financial years and mainly result from taxes for previous years.

Expenses from the foreign currency valuation of assets and liabilities amount to T€ 19 (previous year: T€ 1,309).

INCOME FROM INVESTMENTS, NET

T€	2012	2011
Income from transfer of profits	790,536	787,880
Income from investments	4	4
Expenses from transfer of losses from affiliated companies	841	85,457
	789,699	702,427

The income from the transfer of profits mainly consists of the profit transfer of K+S KALI GmbH, K+S Entsorgung GmbH as well as K+S Transport GmbH.

Expenses from the transfer of losses primarily relate to the net loss for the year of K+S Beteiligungs GmbH.

INTEREST INCOME, NET

T€	2012	2011
Other interest and similar income	8,943	7,771
- of which from affiliated companies	461	1,536
Income from other securities and loans classified as financial assets	8,404	4,003
- of which from affiliated companies	1,600	3,517
Interest expenses in allocations to pension provisions offset with income from cover funds	7,973	-
- of which interest expenses in allocations to pension provisions	(5,740)	-
- of which income from cover funds for pension provisions	13,713	-
Interest and similar income	25,320	11,774
Interest expenses in allocations to pension and semi-retirement provisions offset with income/expenses from cover funds	(99)	(10,558)
- of which interest expenses in allocations to pension provisions	-	(5,393)
- of which expenses from cover funds for pension provisions	-	(5,058)
- of which interest expenses in allocations to semi-retirement provisions	(125)	(142)
- of which income from cover funds for semi-retirement provisions	26	35
Expenses from the accumulation of other non-current provisions	(5,005)	(3,893)
Other interest and similar expenses	(55,326)	(53,848)
- of which to affiliated companies	(3,869)	(8,694)
Interest and similar expenses	(60,430)	(68,299)
	(35,110)	(56,525)

TAXES

T€	2012	2011
Taxes on income	205,631	185,694
Other taxes	419	389
	206,050	186,083

Taxes on income in the amount of T€ 140 (previous year: T€ 1,170) refer to previous years.

The other taxes are allocated to the operating functional areas.

COST OF MATERIALS

T€	2012	2011
Cost of raw materials, consumables and supplies and of purchased merchandise	20,812	20,458
Cost of purchased services	30,607	37,781
	51,419	58,239

PERSONNEL EXPENSES

T€	2012	2011
Wages and salaries	54,761	55,553
Social security contributions	6,883	7,106
Post-employment expenses	5,795	6,315
Other employee benefit costs	13	15
	67,452	68,989

The post-employment expenses do not include the interest portion of the allocations to pension provisions. This is reported as an interest expense in interest income, net.

EMPLOYEES

	2012	2011
Annual average		
Tariff employees	352	344
Non-tariff employees	235	216
Trainees	17	14
	604	574

Other information

Derivative financial instruments

No valuation units within the meaning of Sec. 254 of the German Commercial Code were created during the financial year.

The following currency derivatives were held as of 31 December 2012:

T€	Nominal values ¹⁾	Fair values	Carrying amounts ²⁾
USD/EUR forward exchange transactions maturing in 2013			
- positive fair values	53,326	1,236	-
- negative fair values	28,121	(631)	(631)
CAD/EUR forward exchange transactions maturing in 2013			
- positive fair values	31,545	550	-
- negative fair values	31,083	(486)	(486)
CAD/USD forward exchange transactions maturing in 2013			
- positive fair values	4,143	43	-
- negative fair values	15,917	(66)	(66)
Exchange rate swaps			
- positive fair values	43,175	4,254	-
- negative fair values	19,836	(748)	(748)
Purchased simple CAD currency options maturing in 2013	162,615	1,194	1,194
Sold simple CAD currency options maturing in 2013	148,491	(180)	(1,983)

¹⁾ translated into euros using weighted hedging rates

²⁾ reported under the items Other provisions, Other liabilities and Other assets

The fair values computed correspond to the value upon premature hypothetical termination at the balance sheet date. The values are computed using recognised financial mathematical models generally used by market players. These computations were particularly based on the following parameters that applied on the balance sheet date:

- the spot exchange rates for the currencies concerned,
- the agreed hedging rates and exercise prices,
- the traded volatilities, i.e. the expected variation range of the exchange rates in question; and
- the interest level of the relevant currencies.

Information on amounts excluded from distribution

As at the balance sheet date, an amount excluded from distribution of T€ 12,501 arises from the capitalisation of assets at fair value (cover funds) in accordance with Sec. 268 Para. 8 of the German Commercial Code (previous year: T€ 7,434). In the balance sheet, the cover funds were fully offset against the pension provisions and the provisions for semi-retirement obligations.

Auditor's fees

The total auditor's fee for the financial year is included in the corresponding note to the consolidated financial statements of K+S Aktiengesellschaft.

TOTAL REMUNERATION OF THE SUPERVISORY BOARD AND THE BOARD OF EXECUTIVE DIRECTORS

T€	2012
Total remuneration of the Supervisory Board	2,033
- of which fix	1,930
- of which performance-related	-
Total remuneration of the Board of Executive Directors	9,294
- of which fix	2,077
- of which performance-related	3,911
- of which LTI-programme	3,180
Total remuneration of former members of the Board of Executive Directors and their surviving dependants	1,081
Pension provisions for former members of the Board of Executive Directors and their surviving dependants	12,494

Declaration on conformity concerning the German Corporate Governance Code

In December 2012, the Company made a declaration on conformity with the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Sec. 161 of the German Stock Corporation Act, which it has permanently published as part of the declaration on corporate governance in accordance with Sec. 289a of the German Commercial Code on its website (www.k-plus-s.com/en/corporate-governance).

List of shareholdings

List of shareholdings of K+S Aktiengesellschaft in accordance with Sec. 285 No. 11 of the German Commercial Code:

As of 31 December 2012

Company's name	Company's registered office		Interests in capital	Currency	Equity	Result for the year
1. K+S Verwaltungs GmbH	Kassel	Germany	100.00%	EUR	26	(1)
1. K+S Verwaltungs GmbH & Co. Erwerbs KG	Kassel	Germany	100.00%	EUR	1	0
3. K+S Verwaltungs GmbH & Co. Erwerbs KG	Kassel	Germany	100.00%	EUR	1	0
4. K+S Verwaltungs GmbH	Kassel	Germany	100.00%	EUR	310	(1)
Beienrode Bergwerks-GmbH	Kassel	Germany	89.80%	EUR	1,339	0
Börde Container Feeder GmbH	Haldensleben	Germany	33.30%	EUR	663	233 ²⁾
Canadian Brine Ltd.	Pointe Claire	Canada	100.00%	CAD	564	106 ⁷⁾
Canadian Salt Finance Company	Halifax, Nova Scotia	Canada	100.00%	CAD	524,873	449 ⁷⁾
	Halifax, Nova Scotia					(1) ⁷⁾
Canadian Salt Holding Company	Halifax, Nova Scotia	Canada	100.00%	CAD	517,030	(1)
Chemische Fabrik Kalk GmbH	Cologne	Germany	100.00%	EUR	12,806	2,204
Compania Minera Punta de Lobos Ltda.	Santiago de Chile	Chile	99.64%	USD	20,368	1,084 ⁷⁾
Deutscher Straßen-Dienst GmbH	Hanover	Germany	100.00%	EUR	60	1,634 ¹⁾
Empresa de Servicios Ltda.	Santiago de Chile	Chile	99.64%	USD	869	(22) ⁷⁾
Empresa Maritima S.A.	Santiago de Chile	Chile	48.67%	USD	35,905	(11,425) ⁷⁾
esco - european salt company GmbH & Co. KG	Hanover	Germany	100.00%	EUR	214,292	30,424
esco benelux N.V.	Diegem	Belgium	100.00%	EUR	12,486	782 ⁷⁾
esco france S.A.S.	Levallois-Perret	France	100.00%	EUR	11,589	887 ⁷⁾
esco Holding France S.A.S.	Dombasle sur Meurthe	France	100.00%	EUR	14,446	1,618 ⁷⁾
	Hanover					Germany
esco international GmbH	Hanover	Germany	100.00%	EUR	40,903	6,715 ¹⁾
esco Nordic AB	Göteborg	Sweden	100.00%	SEK	6,043	4,425 ²⁾
esco Spain S.L.	Barcelona	Spain	100.00%	EUR	960	1,303 ⁷⁾
esco Verwaltungs GmbH	Hanover	Germany	100.00%	EUR	49	3

Fachschule f. Wirtschaft und Technik Gem. GmbH	Clausthal	Germany	9.40%	EUR	397	60	4)
Frisia Zout B.V.	Harlingen	Netherlands	100.00%	EUR	15,845	1,341	7)
German Bulk Chartering GmbH	Hamburg	Germany	100.00%	EUR	60	2,740	3)
Glendale Salt Development, LLC	Chicago	USA	100.00%	USD	2,546	142	7)
Ickenroth GmbH	Staudt	Germany	100.00%	EUR	1,790	207	3)
Imperial Thermal Products Inc.	Chicago	USA	100.00%	USD	0	0	
Inagua General Store Ltd.	Matthew Town	Bahamas	100.00%	USD	(1,427)	(463)	7)
Inagua Transports Inc.	Monrovia	Liberia	100.00%	USD	2,542	150	7)
International Salt Company, LLC	Clarks Summit	USA	100.00%	USD	221	(12,274)	7)
Inversiones Columbus Ltda.	Santiago de Chile	Chile	2.00%	USD	(240)	(173)	7)
Inversiones Empremar Ltda.	Santiago de Chile	Chile	48.87%	USD	18,880	(308)	7)
Inversiones K+S Sal de Chile Ltda.	Santiago de Chile	Chile	100.00%	CLP	71,858,112	364,513	7)
ISX Oil & Gas Inc.	Calgary	Canada	100.00%	CAD	(441)	(4)	2)
K+S AN-Instituts Verwaltungsgesellschaft mbH	Kassel	Germany	100.00%	EUR	201	34	
K+S Asia Pacific Pte. Ltd.	Singapore	Singapore	100.00%	SGD	2,419	2,024	2)
K+S Baustoffrecycling GmbH	Sehnde	Germany	100.00%	EUR	65	1,474	3)
K+S Benelux B.V.	Breda	Netherlands	100.00%	EUR	739	335	2)
K+S Beteteiligungs GmbH	Kassel	Germany	100.00%	EUR	210,751	(721)	3)
K+S Brasileira Fertilizantes e Produtos Industriais Ltda.	São Paulo	Brazil	100.00%	BRL	3,177	1,341	2)
K+S Canada Holdings Inc.	Vancouver	Canada	100.00%	CAD	558,526	(18,968)	
K+S Consulting GmbH	Kassel	Germany	100.00%	EUR	810	116	3)
K+S CZ a.s.	Prague	Czech Republic	100.00%	CSK	46,301	10,345	2)
K+S Denmark Holding ApS	Hellerup	Denmark	100.00%	DKK	3,247	(97)	2)
K+S Entsorgung (Schweiz) AG	Delémont	Switzerland	100.00%	CHF	861	367	2)
K+S Entsorgung GmbH	Kassel	Germany	100.00%	EUR	7,506	9,568	3)
K+S Fertilizers (India) Private Limited	New Delhi	India	100.00%	INR	711	211	2)
K+S Finance Belgium BVBA	Diegem	Belgium	100.00%	USD	2,410,907	87,348	7)
K+S Finance Ltd.	St. Julians	Malta	100.00%	EUR	448,917	8,923	7)
K+S Holding France S.A.S.	Reims	France	100.00%	EUR	(81,148)	(394)	7)
K+S Investments Ltd.	St. Julians	Malta	100.00%	EUR	466,248	13,045	7)
K+S Italia S.r.L.	Verona	Italy	100.00%	EUR	741	258	2)
K+S IT-Services GmbH	Kassel	Germany	100.00%	EUR	5,150	729	3)
K+S Legacy GP Inc.	Vancouver	Canada	100.00%	CAD	0	0	2)
K+S KALI Atlantique S.A.S.	Pre en Pail	France	100.00%	EUR	301	(38)	7)
K+S KALI du Roure S.A.S.	Le Teil	France	100.00%	EUR	4,834	538	7)
K+S Kali France S.A.S.	Reims	France	100.00%	EUR	7,812	566	7)
K+S KALI GmbH	Kassel	Germany	100.00%	EUR	447,083	763,812	3)
K+S KALI Rodez S.A.S.	Sainte Radegonde	France	97.45%	EUR	2,173	232	7)
K+S KALI Wittenheim S.A.S.	Wittenheim	France	100.00%	EUR	2,061	218	7)
K+S Mining Argentina S.A.	Buenos Aires	Argentina	100.00%	ARS	604	(5,142)	7)
K+S Montana Holdings, LLC	Chicago	USA	100.00%	USD	646,829	9,419	7)
K+S Netherlands Holding B.V.	Harlingen	Netherlands	100.00%	EUR	282,845	(360)	7)

K+S Nitrogen France S.A.S.	Levallois-Perret	France	100.00%	EUR	78	59	²⁾
K+S North America Corporation	New York	USA	100.00%	USD	6,887	424	⁷⁾
K+S North America Salt Holdings LLC	Chicago	USA	100.00%	USD	1,877,015	60,985	⁷⁾
K+S Polska Sp. z o.o.	Poznan	Poland	100.00%	PLN	10,335	7,120	²⁾
K+S Potash Canada General Partnership	Vancouver	Canada	100.00%	CAD	495,206	(24,030)	⁷⁾
K+S Salz GmbH	Hanover	Germany	100.00%	EUR	425,879	(119)	¹⁾
K+S Transport GmbH	Hamburg	Germany	100.00%	EUR	2,575	9,097	¹⁾
K+S UK & Eire Ltd.	Hertford	Great Britain	100.00%	GBP	878	373	²⁾
K+S Versicherungsvermittlungs GmbH	Kassel	Germany	100.00%	EUR	25	516	¹⁾
Kali (U.K.) Ltd.	Hertford	Great Britain	100.00%	GBP	0	0	²⁾
Kali AG	Frauenkappeln	Switzerland	100.00%	CHF	1,367	424	²⁾
Kali-Importen A/S	Copenhagen	Denmark	100.00%	DKK	288	(116)	⁶⁾
Kali-Union Verwaltungsgesellschaft mbH	Kassel	Germany	100.00%	EUR	10,669	5,020	¹⁾
Lehrter Wohnungsbau GmbH	Lehrte	Germany	6.70%	EUR	13,373	534	²⁾
Montana US Parent Inc.	Chicago	USA	100.00%	USD	0	0	⁷⁾
Morton Bahamas Ltd.	Nassau	Bahamas	100.00%	USD	31,136	(204)	⁷⁾
Morton China National Salt (Shanghai) Salt Co. Ltd.	Shanghai	China	45.00%	CNY	13,745	1,060	²⁾
Morton Salt, Inc.	Chicago	USA	100.00%	USD	894,024	(64,052)	⁷⁾
MS "Argos" Schiffahrts GmbH & Co KG	Haren	Germany	12.00%	EUR	1,223	109	⁵⁾
MS "Butes" Schiffahrts GmbH & Co KG	Haren	Germany	82.35%	EUR	443	(213)	⁵⁾
MS "Herakles" Schiffahrts GmbH & Co KG	Haren	Germany	12.00%	EUR	172	((216))	⁵⁾
MS "Echion" Schiffahrts GmbH & Co KG	Haren	Germany	82.35%	EUR	488	204	⁵⁾
MS "Kastor" Schiffahrts GmbH & Co KG	Haren	Germany	12.00%	EUR	1,669	223	⁶⁾
MS "Pollux" Schiffahrts GmbH & Co KG	Haren	Germany	11.98%	EUR	1,678	(213)	⁶⁾
MS "Jason" Schiffahrts GmbH & Co KG	Haren	Germany	12.00%	EUR	1,732	(199)	⁶⁾
MS "Nestor" Schiffahrts GmbH & Co KG	Haren	Germany	12.00%	EUR	1,675	(194)	⁶⁾
MS "Melas" Schiffahrts GmbH & Co KG	Haren	Germany	26.42%	EUR	0	(2)	⁵⁾
MS "Paganini" Schiffahrts GmbH & Co KG	Haren	Germany	12.10%	EUR	0	(62)	²⁾
MS "Peleus" Schiffahrts GmbH & Co KG	Haren	Germany	30.15%	EUR	653	(196)	⁶⁾
MS "Telamon" Schiffahrts GmbH & Co KG	Haren	Germany	10.12%	EUR	2,223	(295)	⁶⁾
MS "Theseus" Schiffahrts GmbH & Co KG	Haren	Germany	10.12%	EUR	2,244	(37)	⁶⁾
MSW-Chemie GmbH	Langelsheim	Germany	68.50%	EUR	855	(187)	

OOO K+S Rus	Moscow	Russ. Federation	100.00%	RUB	11,280	(1,885)	²⁾
Poldergemeinschaft Hohe Schaar	Hamburg	Germany	8.66%	EUR	58	103	²⁾
Potash S.A. (Pty) Ltd.	Johannesburg	South Africa	100.00%	ZAR	144	(1)	²⁾
S.P.L-USA, LLC	Clarks Summit	USA	100.00%	USD	22,367	3,874	⁷⁾
Salina Diamante Branco Ltda.	Rio de Janeiro	Brazil	100.00%	BRL	37,410	2,867	⁷⁾
Salines Cérébos S.A.S.	Levallois-Perret	France	100.00%	EUR	6,744	580	⁷⁾
Servicios Marítimos Patillos S.A.	Santiago de Chile	Chile	49.82%	USD	1,531	1,325	⁷⁾
Servicios Portuarios Patillos S.A.	Santiago de Chile	Chile	99.53%	USD	43,120	(714)	⁷⁾
Shenzhen K+S Trading Co. Ltd.	Shenzhen	China	100.00%	CNY	48,111	690	²⁾
Sociedad Punta de Lobos S.A.	Santiago de Chile	Chile	99.64%	USD	329,514	(8,514)	⁷⁾
Société des Engrais de Berry au Bac S.A.	Reims	France	34.00%	EUR	2,763	221	³⁾
Solné mlýny a. s.	Olomouc	Czech Republic	100.00%	CZK	150,618	2,971	⁷⁾
SPL Perú S.A.C.	Lima	Peru	100.00%	PEN	1,108	3	⁷⁾
The Canadian Salt Company Limited	Pointe Claire	Canada	100.00%	CAD	843,729	52,078	⁷⁾
Transporte por Containers S.A.	Santiago de Chile	Chile	48.04%	USD	5,822	705	⁷⁾
UBT See- und Hafen-Spedition GmbH Rostock	Rostock	Germany	100.00%	EUR	154	783	¹⁾
VATEL Companhia de Produtos Alimentares S.A.	Alverca	Portugal	100.00%	EUR	686	(414)	⁷⁾
Verlagsgesellschaft für Ackerbau mbH	Kassel	Germany	100.00%	EUR	1,820	302	¹⁾
Weeks Island Landowner, LLC	Chicago	USA	100.00%	USD	806	0	⁷⁾
Werra Kombi Terminal Betriebsgesellschaft mbH	Philippsthal	Germany	50.00%	EUR	0	6	²⁾
Wohnbau Salzdettfurth GmbH	Bad Salzdettfurth	Germany	100.00%	EUR	2	0	¹⁾²⁾

¹⁾ Profit or loss transfer agreement with parent company (net profit/loss for the year before profit or loss transfer)

²⁾ Annual financial statements as at 31 December 2011

³⁾ Financial year from 1 July to 30 June - annual financial statements as at 30 June 2011

⁴⁾ Financial year from 1 August to 31 July - annual financial statements as at 31 July 2012

⁵⁾ Annual financial statements as at 31 December 2010

⁶⁾ Annual financial statements as at 31 December 2009

⁷⁾ Data according to IFRS

Honorary Chairman of the Supervisory Board

Gerhard R. Wolf (77), business administration graduate

Former member of the Board of Executive Directors of BASF SE, Ludwigshafen

Former chairman of the Supervisory Board of K+S Aktiengesellschaft

Members of the Supervisory Board

**Dr. Ralf Bethke (70), business administration graduate, Chairman,
Shareholder representative**

Entrepreneur (as member of the Supervisory Boards mentioned below)

Supervisory Board chairman since 14 May 2008

In office until the end of the 2017 AGM

First appointed: 1 July 2007

Further Supervisory Board appointments: Benteler International AG, Salzburg (vice-chairman)
DJE Kapital AG, Pullach (chairman)
Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Stuttgart-Ochsenfurt
Südzucker AG Mannheim/Ochsenfurt, Mannheim

**Michael Vassiliadis (48), chemical laboratory assistant, Vice-chairman,
Employee representative**

Chairman of the Mining, Chemicals and Energy Trade Union, Hanover

In office until the end of the 2013 AGM

First appointed: 7 May 2003

Further Supervisory Board appointments: BASF SE, Ludwigshafen
Evonik Industries AG, Essen (vice-chairman)
Henkel AG & Co. KGaA, Düsseldorf
STEAG GmbH, Essen (vice-chairman)

**Ralf Becker (47), trade union secretary,
Employee representative**

State District Manager North of the Mining, Chemicals and Energy Trade Union, Hanover

In office until the end of the 2013 AGM

First appointed: 1 August 2009

Further Supervisory Board appointments: Continental Reifen Deutschland GmbH, Hanover (vice-chairman)

**Jella S. Benner-Heinacher (52), lawyer,
Shareholder representative**

Deputy General Manager of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V.,
Düsseldorf

In office until the end of the 2013 AGM
First appointed: 7 May 2003

Further Supervisory Board appointments: A.S. Création Tapeten AG, Gummersbach

**George Cardona (61), economist,
Shareholder representative**

Entrepreneur (as member of the supervisory bodies mentioned below)

In office until the end of the 2015 AGM
First appointed: 9 October 2009

Other supervisory bodies:

Board of Donalink Ltd., Cyprus
Board of Erglis Ltd., Cyprus
Board of EuroChem Group SE, Cyprus
Board of Hamilton Art Ltd., Isle of Man
Board of Hamilton Jets Ltd., Bermuda
Board of Harewood House Ltd., Jersey, Channel Islands
Board of Linea Ltd., Bermuda
Board of Linetrust PTC Ltd., Bermuda
Board of Madake Ltd., Cyprus
Board of Directors of OJSC EuroChem Mineral and Chemical
Co., Russia¹⁾
Board of Directors of OJSC Siberian Coal Energy Co., Russia
Board of Sibenergy plc., Cyprus
Board of Strategic Minerals plc., Great Britain
Board of SUEK plc., Cyprus
Board of Valise Ltd., Bermuda
Board of Valton Ltd., Bermuda
Board of Westline PTC Ltd., Bermuda
Board of Wishborne Gold plc., Gibraltar

¹⁾ Until 25 February 2013

**Harald Döll (48), energy facility electrical expert,
Employee representative**

Chairman of the Works Council of K+S KALI GmbH's Werra plant

In office until the end of the 2013 AGM

First appointed: 1 August 2009

**Dr. Rainer Gerling (54), engineering graduate,
Employee representative**

Head of K+S KALI GmbH's Werra plant

In office until the end of the 2013 AGM

First appointed: 14 May 2008

**Rainer Grohe (72), engineering graduate,
Shareholder representative**

Entrepreneur (as member of the Supervisory Boards mentioned below)

In office until the end of the 2013 AGM

First appointed: 6 May 1998

Further Supervisory Board appointments: Aurubis AG, Hamburg
Graphit Kropfmühl AG, Hauzenberg (vice-
chairman)
PFW Aerospace AG, Speyer (vice-chairman)
SASAG AG, Elsteraue
WKV Wasserkraft Volk AG, Gutach

**Dr. Karl Heidenreich (71), business administration graduate
Shareholder representative**

Pensioner (former member of the Board of Executive Directors of Landesbank Baden-
Württemberg)

In office until the end of the 2013 AGM

First appointed: 7 May 2003

**Rüdiger Kienitz (52), mining technologist,
Employee representative**

Member of the Works Council of K+S KALI GmbH's Werra plant

In office until the end of the 2013 AGM

First appointed: 26 March 1998

Klaus Krüger (58), mining technologist,

Employee representative

Chairman of the Collective Works Council of the K+S Group

Chairman of the Works Council of K+S KALI GmbH's Zielitz plant

In office until the end of the 2013 AGM

First appointed: 9 August 1999

Dieter Kuhn (54), mining engineer,

Employee representative

First vice-chairman of the Collective Works Council of the K+S Group

Chairman of the Works Council of the Bernburg plant of esco GmbH & Co. KG

In office until the end of the 2013 AGM

First appointed: 7 May 2003

Dr. Bernd Malmström (71), lawyer

Shareholder representative

Solicitor

In office until the end of the 2013 AGM

First appointed: 7 May 2003

Further Supervisory Board appointments: HHLA Intermodal GmbH, Hamburg
IFCO-Systems N.V., Amsterdam (chairman)
Lehnkering GmbH, Duisburg
VTG AG, Hamburg

Other appointments to supervisory bodies: DAL – Deutsche-Afrika-Linien GmbH & Co.
KG, Hamburg
time:matters GmbH, Neu-Isenburg
(chairman)

Dr. Rudolf Müller (69), agricultural engineering graduate

Shareholder representative

Pensioner (former member of the Board of Executive Directors of Südzucker AG
Mannheim/Ochsenfurt)

In office until the end of the 2013 AGM

First appointed: 7 May 2003

Renato De Salvo (48), shop fitter

Employee representative

Shop fitter at the K+S KALI GmbH's Sigmundshall plant

In office until the end of the 2013 AGM

First appointed: 7 May 2003

Dr. Eckart Sünner (68), lawyer

Shareholder representative

Solicitor (Of Counsel, Allen & Overy LLP, Mannheim office)

In office until the end of the 2013 AGM

First appointed: 28 April 1992

Further Supervisory Board appointments: Infineon Technologies AG, Neubiberg

Supervisory Board Committees

Audit Committee

- Dr. Eckart Sünner (chairman)
- Ralf Becker
- Dr. Ralf Bethke
- Dr. Karl Heidenreich
- Klaus Krüger
- Michael Vassiliadis

Nomination Committee

- Dr. Ralf Bethke (chairman)
- Jella S. Benner-Heinacher
- Dr. Bernd Malmström
- Dr. Rudolf Müller

Personnel Committee

- Dr. Ralf Bethke (chairman)
- Rainer Grohe
- Klaus Krüger
- Michael Vassiliadis

Mediation Committee

- Dr. Ralf Bethke (chairman)
- Dr. Eckart Sünner
- Klaus Krüger
- Michael Vassiliadis

Members of the Board of Executive Directors

Norbert Steiner (58), lawyer, Chairman

Corporate Development and Controlling¹⁾

Legal affairs/Compliance

Investor Relations

Corporate Communications

Executive Staff Matters/International HR Coordination

Potash and Magnesium Products²⁾

In office until 11 May 2015

First appointed: 12 May 2000

Supervisory Board appointments: E.ON MITTE AG, Kassel
K+S KALI GmbH, Kassel (chairman)³⁾

Joachim Felker (60), industrial business manager

Potash and Magnesium Products

Term of office ended on 30 September 2012

First appointed: 1 October 2005

Supervisory Board appointments: K+S KALI GmbH, Kassel (until 30 September 2012)³⁾

Gerd Grimmig (59), engineering graduate

Mining

Geology

Engineering/Energy

Research and Development

Environment, Occupational Safety, Quality Management

Inactive Plants

Waste Management and Recycling

Animal Hygiene Products

K+S Consulting GmbH

MSW Chemie GmbH

In office until 30 September 2013

First appointed: 1 October 2000

Supervisory Board appointments: K+S KALI GmbH, Kassel³⁾

¹⁾ Dr. Lohr is responsible for Corporate Controlling as of 1 January 2013

²⁾ Since 1 October 2012

³⁾ Group appointment

Dr. Burkhard Lohr (49), business administration graduate

Finance and Accounting

Taxes

Internal Audit

Purchasing and Procurement

Insurance

Data Protection

In office until 31 May 2015

First appointed: 1 June 2012

Dr. Thomas Nöcker (54), lawyer, Personnel Director

Human Resources (incl. Health Management)

IT

Organisation and Project Management

Real Estate Management

Knowledge Management

Global Logistics Strategy

Logistics Purchasing

K+S Transport GmbH

CFK GmbH (Trading)

In office until 31 July 2016

First appointed: 1 August 2003

Supervisory Board appointments: K+S KALI GmbH, Kassel¹⁾

Mark Roberts (49), Bachelor of Science (Marketing)

Salt

In office until 30 September 2015

First appointed: 1 October 2012

Supervisory Board appointments: Salt Institute, Alexandria, Virginia, USA

¹⁾ Group appointment

Shareholdings in the Company

Meritus Trust Company Limited, Bermuda, owns just under 10% of the shares via Euro-Chem Group SE and its attributable subsidiaries. Meritus manages the industrial shareholdings of Andrei Melnichenko on a fiduciary basis. On 11 May 2012, BlackRock Inc., New York (USA), notified us that its share of voting rights had exceeded the 5% threshold and that it held 5.08% of the Company. The shareholding of Prudential Plc. is 3% and is held through M&G Investment Management Limited, London (UK). Prudential Plc. made the announcement on 8 February 2012.

Proposal to the appropriation of profits

The net profit of K+S Aktiengesellschaft achieved in financial year 2012 is T€ 563,990. Subject to the profit carried forward of T€ 11,231 and the allocation to revenue reserves amounting to T€ 281,006, a retained profit of T€ 294,215 is achieved. The Board of Executive Directors intends to propose to the Annual General Meeting on 14 May 2013 the payment of a dividend of € 1.40 per no-par value share (T€ 267,960) from the retained profit and that the residual amount of T€ 26,255 be carried forward.

Kassel, 27 February 2013

K+S Aktiengesellschaft
The Board of Executive Directors

Auditor's Report

We have audited the annual financial statements – consisting of the balance sheet, income statement and notes – including the accounting and the combined management report of K+S Group and K+S Aktiengesellschaft, Kassel, for the financial year from 1 January to 31 December 2012. The accounting as well as the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Board of Executive Directors. Our responsibility is to express an opinion of the annual financial statements, including the accounting, and the management report, on the basis of our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) and the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer). Those standards require that we plan and perform the audit in such manner that material misstatements affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with the German Accepted Accounting Principles and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company as well as evaluations of possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the system of internal accounting control relating to the accounting system and the evidence supporting the disclosures in the accounting, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Executive Directors, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, which is based on our audit findings, the annual financial statements of K+S Aktiengesellschaft, Kassel, comply with legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the German Accepted Accounting Principles. The management report is consistent with the annual financial statements, provides a suitable understanding of the position of the Company and suitably presents the opportunities and risks of future development.

Hanover, 27 February 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Beine
Auditor

Römgens
Auditor