

Annual Financial Statements 2013*

K+S Aktiengesellschaft
Kassel

* The Management Report of K+S Aktiengesellschaft and the Group Management Report for the financial year 2013 are combined in the Financial Report 2013.

Income Statement

T€	2013	2012
Revenues	78,439	75,483
Cost of Sales	81,316	81,470
Gross profit	(2,877)	(5,987)
Selling expenses	4,129	4,355
General and administrative expenses	27,408	28,762
Research costs	4,070	3,932
Other operating income	41,271	127,369
Other operating expenses	71,673	68,137
Income from investments, net	593,998	789,699
Interest income, net	(54,638)	(35,110)
Write-downs of long-term financial assets and securities classified as current assets	(3,999)	(1,164)
Result from ordinary activities	466,475	769,621
Earnings before income taxes	466,475	769,621
Taxes on income	154,369	205,631
Net income for the year	312,106	563,990
Profit carried forward	26,255	11,231
Allocation to revenue reserves	156,012	281,006
Profit retained	182,349	294,215

Balance Sheet

T€	31.12.2013	31.12.2012
Intangible assets	56	79
Tangible assets	39,232	18,279
Long-term financial assets	4,101,182	3,074,255
Non-current assets	4,140,470	3,092,613
Inventories	1,377	1,433
Receivables and other assets	756,853	1,015,557
Securities	653,836	175,568
Cash and bank balances	355,418	136,314
Current assets	1,767,484	1,328,872
Prepaid expenses	15,793	3,944
Positive difference arising from offsetting of assets	17,889	15,414
ASSETS	5,941,636	4,440,843

T€	31.12.2013	31.12.2012
Subscribed capital	191,400	191,400
Capital reserve	701,616	701,616
Revenue reserves	889,000	733,000
Profit retained	182,349	294,215
Equity	1,964,365	1,920,231
Provisions for pensions and similar obligations	21,078	21,889
Provisions for taxes	184,330	164,780
Other provisions	205,408	186,669
Provisions	3,771,313	2,333,943
Liabilities	550	-
EQUITY AND LIABILITIES	5,941,636	4,440,843

Development of Non-current Assets

	Gross carrying amounts				Depreciation and amortisation				Net carrying amounts		
	Balance as of 01.01.2013	Additions	Disposals	Reclassifications	Balance as of 31.12.2013	Balance as of 01.01.2013	Additions	Disposals	Balance as of 31.12.2013	Balance as of 31.12.2013	Balance as of 31.12.2012
T€											
Intangible assets											
Acquired concessions, industrial and similar rights and assets, and licences in such rights and assets	2,707	14	118	-	2,603	2,628	37	118	2,547	56	79
Prepayments	-	-	-	-	-	-	-	-	-	-	-
	2,707	14	118	-	2,603	2,628	37	118	2,547	56	79
Tangible assets											
Land, land rights and buildings including buildings on third-party land	52,285	14,410	1,306	-	65,389	43,646	769	1,283	43,132	22,257	8,639
Technical equipment and machinery	30,896	1,714	925	117	31,802	26,336	897	914	26,319	5,483	4,560
Other equipment, operating and office equipment	20,252	2,349	398	192	22,395	15,622	1,538	397	16,763	5,632	4,630
Prepayments and assets under construction	450	5,726	7	(309)	5,860	-	-	-	-	5,860	450
	103,883	24,199	2,636	-	125,446	85,604	3,204	2,594	86,214	39,232	18,279
Long-term financial assets											
Shares in affiliated companies	2,566,847	1,211,629	-	-	3,778,476	26,537	419	-	26,956	3,751,520	2,540,310
Loans to affiliated companies	27,000	-	27,000	-	-	-	-	-	-	-	27,000
Other long-term equity investments	66	-	-	-	66	-	-	-	-	66	66
Loans to other long-term equity investments	210	-	80	-	130	-	-	-	-	130	210
Securities	448,114	78,731	205,976	-	320,869	941	3,524	79	4,386	316,483	447,173
Other loans and other long-term financial assets	59,533	38,004	64,554	-	32,983	37	-	37	-	32,983	59,496
	3,101,770	1,328,364	297,610	-	4,132,524	27,515	3,943	116	31,342	4,101,182	3,074,255
Non-current assets	3,208,360	1,352,577	300,364	-	4,260,573	115,747	7,184	2,828	120,103	4,140,470	3,092,613

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 are usually 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 partial 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 partial 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 4.9%.

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 4.5% 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 partial 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 28.6% 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 12.8%.

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 securities. Asset balances primarily result from differences in the carrying amounts of other provisions (in particular mining provisions), intangible assets 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€	2013	2012
Raw materials, consumables and supplies	1,377	1,433

RECEIVABLES AND OTHER ASSETS

T€	2013	2012
Trade receivables	8,975	8,418
Receivables from affiliated companies	614,789	823,598
Other assets	133,089	183,541
	756,853	1,015,557

Of the receivables from affiliated companies, T€ 11,194 (previous year: T€ 31,297) were receivables from payment transactions within the Group, T€ 593,994 (previous year: T€ 783,857) were receivables from profit and loss transfer and T€ 4 (previous year: T€ 4) were income from investments. They primarily consist of trade receivables in an amount of T€ 9,597 (previous year: T€ 8,440).

Other assets amounting to T€ 197 (previous year: T€ 168) have a residual term of more than one year.

Prepaid expenses

The prepaid expenses consist of discounts of T€ 6,300 (previous year: T€ 3,838) 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€ 105,246 (without taking into account liabilities from employees' deferred compensation). Set off against the fair value of the cover funds amounting to T€ 123,136, this results in a positive difference amount of T€ 17,889. In addition, there are obligations from employees' deferred compensation in the amount of T€ 1,442, which are covered by congruent insurance policies. The settlement amount was fully set off against the fair value of the insurance policies (T€ 1,442).

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€ 118,684.

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 2013, the Company acquired 146,000 own shares at an average price of € 34.92 for employee share programmes. The maximum arithmetical proportion of the acquired shares in the share capital was 0.08%, and the amount of the share capital allocated to the acquired shares was T€ 146. Shares not being distributed to employees were sold on the free market for an average price of € 34.68. The resulting difference amount of T€ 12 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€	2013	2012
Balance as of 1 January	701,616	701,616
Balance as of 31 December	701,616	701,616

OTHER REVENUE RESERVES

T€	2013	2012
Balance as of 1 January	733,000	452,000
Difference amount from the sale of own shares	(12)	(6)
Transfer of net income	156,012	281,006
Balance as of 31 December	889,000	733,000

PROFIT RETAINED

T€	2013	2012
Balance as of 1 January	294,215	260,051
Dividend payment	(267,960)	(248,820)
Net income	312,106	563,990
Transfer from net income in other revenue reserves	(156,012)	(281,006)
Balance as of 31 December	182,349	294,215

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€ 1,523 as of the balance sheet date.

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

PROVISIONS FOR PARTIAL RETIREMENT

T€	2013	2012
Settlement amount for partial retirement obligations	1,920	2,880
Fair value of cover funds	1,513	2,204
Net value of partial retirement obligations (provision)	407	676
Acquisition cost of cover funds	1,513	2,204

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€	2013	2012
Bonds	2,250,000	1,250,000
Trade payables	8,806	5,466
Liabilities to affiliated companies	1,489,230	1,054,007
Other liabilities	23,277	24,470
	3,771,313	2,333,943

Of the liabilities to affiliated companies, liabilities from Group financing account for T€ 1,466,913 (previous year: T€ 957,309). Of the liabilities to affiliated companies, T€ 687,272 have a residual term of more than five years.

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

T€	2013	2012
Trade payables	8,806	5,466
Liabilities to affiliated companies	802,055	1,054,007
Other liabilities	22,630	23,791
	833,491	1,083,264

Other liabilities of T€ 166 (previous year: T€ 221) have a residual term of more than five years.

Other liabilities consist of:

T€	2013	2012
Taxes	676	2,708
Liabilities relating to social security	443	498

TRANSACTIONS NOT DISCLOSED IN THE BALANCE SHEET AND OTHER FINANCIAL COMMITMENTS

T€	2013	2012
Commitments from uncompleted capital expenditure projects	9,293	5,523
Commitments from long-term rental, leasing and service contracts		
due in the following year	7,634	6,575
- of which to affiliated companies	5,894	5,745
due in the years 2 to 5	26,964	23,745
- of which to affiliated companies	23,575	22,981
	43,891	35,843

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

Notes to the income statement

REVENUES BY PRODUCT AREA

T€	2013	2012
Animal hygiene products	39,021	36,896
Miscellaneous	39,418	38,587
	78,439	75,483

REVENUES BY REGION

T€	2013	2012
Germany	76,465	74,640
Rest of Europe	334	201
Overseas	1,640	642
	78,439	75,483

OTHER OPERATING INCOME

T€	2013	2012
Exchange rate gains	13,218	11,725
Income from exchange rate hedging transactions	11,573	19,548
Income from the charging of services to Group companies	5,536	3,634
Income from letting and leasing	2,975	2,415
Income from the reversal of provisions	2,042	5,827
Income from the disposal of equity interests	1,346	72,171
Book gains on the disposal of securities	926	1,898
Income from disposals of tangible assets	829	1,750
Income from the sale of usage rights	-	6,054
Sundry income	2,826	2,347
	41,271	127,369

Income amounting to T€ 3,121 (previous year: T€ 7,818) is to be assigned to other financial years and comes mainly from the reversal of provisions.

The income from the foreign currency valuation of assets and liabilities amounts to T€ 4,312 (previous year: T€ 3,980).

OTHER OPERATING EXPENSES

T€	2013	2012
Expenses for pending losses from hedging transactions	25,680	558
Exchange rate losses	12,790	20,111
Expenses from exchange rate hedging transactions	10,849	16,144
Expenses for approval processes	4,300	893
Pension expenses	3,598	5,582
Consulting expenses	2,944	4,481
Losses from the disposal of securities	1,495	-
Expenses for closed plants	1,481	6,933
Expenses for real estate	754	966
Miscellaneous	7,782	12,469
	71,673	68,137

Expenses of T€ 491 (previous year: T€ 561) 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€ 2,600 (previous year: T€ 19).

INCOME FROM INVESTMENTS, NET

T€	2013	2012
Income from transfer of profits	593,994	790,536
Income from investments	4	4
Expenses from transfer of losses from affiliated companies	-	841
	593,998	789,699

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.

INTEREST INCOME, NET

T€	2013	2012
Other interest and similar income	4,421	8,943
- of which from affiliated companies	455	461
Income from other securities and loans classified as financial assets	13,230	8,404
- of which from affiliated companies	540	1,600
Interest expenses in allocations to pension provisions offset with income from cover funds	4,371	7,973
- of which interest expenses in allocations to pension provisions	(6,527)	(5,740)
- of which income from cover funds for pension provisions	10,898	13,713
Interest and similar income	22,022	25,320
Interest expenses in allocations to pension and partial retirement provisions offset with income/expenses from cover funds	(88)	(99)
- of which interest expenses in allocations to pension provisions	-	-
- of which expenses from cover funds for pension provisions	-	-
- of which interest expenses in allocations to partial retirement provisions	(92)	(125)
- of which income from cover funds for partial retirement provisions	4	26
Expenses from the accumulation of other non-current provisions	(6,469)	(5,005)
Other interest and similar expenses	(70,103)	(55,326)
- of which to affiliated companies	(3,075)	(3,869)
Interest and similar expenses	(76,660)	(60,430)
	(54,638)	(35,110)

TAXES

T€	2013	2012
Taxes on income	154,369	205,631
Other taxes	562	419
	154,931	206,050

Taxes on income in the amount of T€ 5,232 (previous year: T€ 140) refer to previous years.

The other taxes are allocated to the operating functional areas.

COST OF MATERIALS

T€	2013	2012
Cost of raw materials, consumables and supplies and of purchased merchandise	22,076	20,812
Cost of purchased services	32,561	30,607
	54,637	51,419

PERSONNEL EXPENSES

T€	2013	2012
Wages and salaries	47,756	54,761
Social security contributions	6,939	6,883
Post-employment expenses	4,394	5,795
Other employee benefit costs	15	13
	59,104	67,452

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

	2013	2012
Annual average		
Tariff employees	365	352
Non-tariff employees	232	235
Trainees	19	17
	616	604

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 2013:

T€	Nominal values ¹⁾	Fair values	Carrying amounts ²⁾
USD/EUR forward exchange transactions maturing in 2014			
- positive fair values	32,213	957	-
- negative fair values	-	-	-
CAD/EUR forward exchange transactions maturing in 2014			
- positive fair values	-	-	-
- negative fair values	387,823	16,858	16,858
CAD/EUR forward exchange transactions maturing in 2015			
- positive fair values	-	-	-
- negative fair values	141,963	7,707	7,707
Cross-currency-Swap			
- positive fair values	21,529	973	-
- negative fair values	19,836	1,863	1,863
Credit-default-Swap			
- positive fair values	70,000	1,112	-
- negative fair values	-	-	-

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€ 17,444 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€ 12,501). In the balance sheet, the cover funds were fully offset against the pension provisions and the provisions for partial 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€	2013
Total remuneration of the Supervisory Board	2,042
- of which fix	1,930
- of which performance-related	-
Total remuneration of the Board of Executive Directors	8,845
- of which fix	2,393
- of which performance-related	3,738
- of which LTI-programme	2,550
Total remuneration of former members of the Board of Executive Directors and their surviving dependants	1,527
Pension provisions for former members of the Board of Executive Directors and their surviving dependants	14,915

Declaration on conformity concerning the German Corporate Governance Code

In December 2013, 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 2013

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	25	0
1. K+S Verwaltungs GmbH & Co. Erwerbs KG	Kassel	Germany	100.00%	EUR	1	0
1786987 Alberta Ltd.	Calgary	Canada	100.00%	CAD	1,649,723	(77) ⁵⁾
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	0
Beienrode Bergwerks-GmbH	Kassel	Germany	89.80%	EUR	1,339	1
Börde Container Feeder GmbH	Haldensleben	Germany	33.30%	EUR	700	37 ³⁾
Canadian Brine Ltd.	Pointe Claire	Canada	100.00%	CAD	1	0 ⁵⁾
Canadian Salt Finance Company (ULC)	Vancouver	Canada	100.00%	CAD	1,183,004	130 ⁵⁾
Canadian Salt Holding Company (ULC)	Vancouver	Canada	100.00%	CAD	1,175,005	25 ⁵⁾
Chemische Fabrik Kalk GmbH	Cologne	Germany	100.00%	EUR	12,814	8 ¹⁾
Compania Minera Punta de Lobos Ltda.	Santiago de Chile	Chile	99.64%	USD	19,627	615 ⁵⁾
Deutscher Straßen-Dienst GmbH	Hanover	Germany	100.00%	EUR	60	4,906 ¹⁾
Empresa de Servicios Ltda.	Santiago de Chile	Chile	99.64%	USD	845	24 ⁵⁾
Empresa Maritima S.A.	Santiago de Chile	Chile	48.67%	USD	26,590	(9,315) ⁵⁾
esco - european salt company GmbH & Co. KG	Hanover	Germany	100.00%	EUR	273,888	59,596
esco benelux N.V.	Diegem	Belgium	100.00%	EUR	13,084	598 ⁵⁾
esco france S.A.S.	Levallois-Perret	France	100.00%	EUR	10,831	836 ⁵⁾
esco Holding France S.A.S.	Dombasle sur Meurthe	France	100.00%	EUR	16,266	1,820 ⁵⁾
esco international GmbH	Hanover	Germany	100.00%	EUR	40,903	(2,524) ¹⁾
esco Nordic AB	Göteborg	Sweden	100.00%	SEK	4,053	2,410 ³⁾
esco Spain S.L.	Barcelona	Spain	100.00%	EUR	1,239	278 ⁵⁾
esco Verwaltungs GmbH	Hanover	Germany	100.00%	EUR	52	3

Fachschule f. Wirtschaft und Technik Gem. GmbH	Clausthal	Germany	9.40%	EUR	469	7	2)
Frisia Zout B.V.	Harlingen	Netherlands	100.00%	EUR	10,613	(5,232)	5)
German Bulk Chartering GmbH	Hamburg	Germany	100.00%	EUR	60	1,470	1)
Glendale Salt Development, LLC	Chicago	USA	100.00%	USD	2,701	155	5)
Hubwoo.com S.A.	Paris	France	0.04%	EUR	46,983	(1,081)	3)
Ickenroth GmbH	Staudt	Germany	100.00%	EUR	1,790	253	1)
Imperial Thermal Products Inc.	Chicago	USA	100.00%	USD	0	0	
Inagua General Store Ltd.	Chicago	USA	100.00%	USD	1,470	42	5)
Inagua Transports Inc.	Chicago	USA	100.00%	USD	(1,689)	(4,231)	5)
International Salt Company, LLC	Clarks Summit	USA	100.00%	USD	171	(9,662)	5)
Inversiones Columbus Ltda.	Santiago de Chile	Chile	2.00%	USD	-592	(352)	5)
Inversiones Empreemar Ltda.	Santiago de Chile	Chile	48.87%	USD	18,764	(116)	5)
Inversiones K+S Sal de Chile Ltda.	Santiago de Chile	Chile	100.00%	CLP	71,908,997	50,885	5)
ISX Oil & Gas Inc.	Calgary	Canada	100.00%	CAD	-441	(4)	3)
K+S AN-Instituts Verwaltungsgesellschaft mbH	Kassel	Germany	100.00%	EUR	203	2	
K+S Asia Pacific Pte. Ltd.	Singapore	Singapore	100.00%	SGD	2,567	2,148	3)
K+S Baustoffrecycling GmbH	Sehnde	Germany	100.00%	EUR	83	2,026	1)
K+S Benelux B.V.	Breda	Netherlands	100.00%	EUR	623	184	3)
K+S Beteiligungs GmbH	Kassel	Germany	100.00%	EUR	210,751	2,281	1)
K+S Brasileira Fertilizantes e Produtos Industriais Ltda.	São Paulo	Brazil	100.00%	BRL	5,843	2,666	3)
K+S Canada Holdings (ULC)	Vancouver	Canada	100.00%	CAD	558,094	19,436	5)
K+S Chile S.A.	Santiago de Chile	Chile	99.64%	USD	358,569	9,247	5)
K+S Consulting GmbH	Kassel	Germany	100.00%	EUR	810	172	1)
K+S Czech Republic a.s.	Prague	Czech Republic	100.00%	CSK	197,650	23,262	5)
K+S Denmark Holding ApS	Hellerup	Denmark	100.00%	DKK	472	136	3)
K+S Entsorgung (Schweiz) AG	Delémont	Switzerland	100.00%	CHF	1,222	361	3)
K+S Entsorgung GmbH	Kassel	Germany	100.00%	EUR	7,506	11,044	1)
K+S Fertilizers (India) Private Limited	New Delhi	India	100.00%	INR	3,027	458	3)
K+S Finance Belgium BVBA	Diegem	Belgium	100.00%	USD	2,494,813	84,032	5)
K+S Finance Ltd.	St. Julians	Malta	100.00%	EUR	665,822	9,492	5)
K+S Holding France S.A.S.	Reims	France	100.00%	EUR	2,944	89	5)
K+S Investments Ltd.	St. Julians	Malta	100.00%	EUR	680,090	13,841	5)
K+S Italia Sr.L.	Verona	Italy	100.00%	EUR	798	335	5)
K+S IT-Services GmbH	Kassel	Germany	100.00%	EUR	5,601	451	1)
K+S KALI du Roure S.A.S.	Le Teil	France	100.00%	EUR	5,417	629	5)
K+S Kali France S.A.S.	Reims	France	100.00%	EUR	7,388	(155)	5)
K+S KALI GmbH	Kassel	Germany	100.00%	EUR	447,083	565,226	1)
K+S KALI Rodez S.A.S.	Sainte Radegonde	France	97.45%	EUR	2,338	165	5)
K+S KALI Wittenheim S.A.S.	Wittenheim	France	100.00%	EUR	2,437	468	5)
K+S Legacy GP Inc.	Vancouver	Canada	100.00%	CAD	0	0	4)
K+S Mining Argentina S.A.	Buenos Aires	Argentina	100.00%	ARS	(604)	(5,142)	3)
K+S Montana Holdings, LLC	Chicago	USA	100.00%	USD	897,360	50,531	5)

K+S Netherlands Holding B.V.	Harlingen	Netherlands	100.00%	EUR	1,315,329	19,784	5)
K+S North America Asset Management GmbH	Kassel	Germany	100.00%	EUR	125	0	
K+S North America Corporation	New York	USA	100.00%	USD	7,884	998	5)
K+S North America Salt Asset Management GmbH & Co. KG	Kassel	Germany	100.00%	EUR	689,126	5,051	
K+S North America Salt Holdings LLC	Chicago	USA	100.00%	USD	1,909,649	68,732	5)
K+S Perú S.A.C.	Lima	Peru	100.00%	PEN	615	-491	5)
K+S Polska Sp. z o.o.	Poznan	Poland	100.00%	PLN	6,350	1,515	3)
K+S Potash Canada General Partnership	Vancouver	Canada	100.00%	CAD	937,264	(66,475)	5)
K+S Salz GmbH	Hanover	Germany	100.00%	EUR	1,437,508	875	1)
K+S Transport GmbH	Hamburg	Germany	100.00%	EUR	2,884	7,852	1)
K+S UK & Eire Ltd.	Hertford	Great Britain	100.00%	GBP	741	262	3)
K+S Versicherungsvermittlungs GmbH	Kassel	Germany	100.00%	EUR	25	485	1)
Kali (U.K.) Ltd.	Hertford	Great Britain	100.00%	GBP	0	0	
Kali AG	Frauenkappeln	Switzerland	100.00%	CHF	1,816	949	3)
Kali-Union Verwaltungsgesellschaft mbH	Kassel	Germany	100.00%	EUR	10,689	10,199	1)
Lehrter Wohnungsbau GmbH	Lehrte	Germany	6.70%	EUR	13,896	578	3)
Montana US Parent Inc.	Chicago	USA	100.00%	USD	0	0	5)
Morton Bahamas Ltd.	Chicago	Bahamas	100.00%	USD	33,065	6,224	5)
Morton China National Salt (Shanghai) Salt Co. Ltd.	Shanghai	China	45.00%	CNY	14,510	765	3)
Morton Salt, Inc.	Chicago	USA	100.00%	USD	1,468,719	374,108	5)
MSW-Chemie GmbH	Langelsheim	Germany	68.50%	EUR	1,233	378	
Nieders. Gesellschaft zur Endablagerung von Sonderabfall mbH	Hanover	Germany	0.10%		9,847	1,204	4)
OOO K+S Rus	Moscow	Russ. Federation	100.00%	RUB	12	0	3)
Poldergemeinschaft Hohe Schaar	Hamburg	Germany	8.66%	EUR	0	6	3)
Potash S.A. (Pty) Ltd.	Johannesburg	South Africa	100.00%	ZAR	139	-5	3)
S.P.L.-USA, LLC	Clarks Summit	USA	100.00%	USD	25,422	3,055	5)
Salina Diamante Branco Ltda.	Rio de Janeiro	Brazil	100.00%	BRL	27,514	10,000	5)
Salines Cérébos S.A.S.	Levallois-Perret	France	100.00%	EUR	6,153	266	5)
Servicios Maritimos Patillos S.A.	Santiago de Chile	Chile	49.82%	USD	1,402	1,195	5)
Servicios Portuarios Patillos S.A.	Santiago de Chile	Chile	99.53%	USD	43,246	126	5)
Shenzhen K+S Trading Co. Ltd.	Shenzhen	China	100.00%	CNY	48,602	514	3)
The Canadian Salt Company Limited	Calgary	Canada	100.00%	CAD	1,524,377	44,319	5)
Transporte por Containers S.A.	Santiago de Chile	Chile	48.04%	USD	5,783	39	5)
VATEL Companhia de Produtos Alimentares S.A.	Alverca	Portugal	100.00%	EUR	109	576	5)
Verlagsgesellschaft für Ackerbau mbH	Kassel	Germany	100.00%	EUR	26	(1)	1)
Weeks Island Landowner, LLC	Chicago	USA	100.00%	USD	811	5	5)

Werra Kombi Terminal							³⁾
Betriebsgesellschaft mbH	Philippsthal	Germany	50.00%	EUR	20	84	
Wohnbau Salzdetfurth GmbH	Bad Salzdetfurth	Germany	100.00%	EUR	1,820	93	¹⁾
Zoll Pool Hamburg AG	Hamburg	Germany	1.96%	EUR	419	60	¹⁾³⁾

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

²⁾ Financial year from 1 August to 31 July - annual financial statements as at 31 July 2013

³⁾ Annual financial statements as at 31 December 2012

⁴⁾ Annual financial statements as at 31 December 2011

⁵⁾ Data according to IFRS

Members of the Supervisory Board

Dr. Ralf Bethke (born in 1942), 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 (born in 1964), chemical laboratory assistant, Vice-chairman, Employee representative

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

In office until the end of the 2018 AGM

First appointed: 7 May 2003

Further Supervisory Board appointments: BASF SE, Ludwigshafen
Evonik Industries AG, Essen (vice-chairman)
STEAG GmbH, Essen (vice-chairman)
RAG Stiftung, Essen

Ralf Becker (born in 1960), 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 2018 AGM

First appointed: 1 August 2009

Further Supervisory Board appointments:
Continental Reifen Deutschland GmbH, Hanover (vice-chairman)
Deutsche Shell Holding GmbH, Hamburg
Deutsche Shell GmbH, Hamburg
Shell Deutschland Oil GmbH, Hamburg

**Jella S. Benner-Heinacher (born in 1960), lawyer,
Shareholder representative**

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

In office until the end of the 2018 AGM

First appointed: 7 May 2003

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

**George Cardona (born in 1951), 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 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

**Wesley Clark (born in 1951), master's degree in business administration
Shareholder representative**

Operating Partner of Advent International Private Equity Group, Boston,
Massachusetts, USA

In office until the end of the 2018 AGM
First appointed: 14 May 2013

Further Supervisory Board appointments:

Board of Patriot Supply Holdings, Inc., Fort Worth,
Texas, USA (non-executive chairman)

Board of Morrison Supply Corporation, Fort Worth,
Texas, USA (non-executive chairman)

Board of ABC Supply Corporation, Beloit, Wisconsin,
USA

Board of Clarcor Inc., Franklin, Tennessee, USA

Board of Stanford University Graduate School of Business,
California, USA

**Harald Döll (born in 1964), 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 2018 AGM
First appointed: 1 August 2009

**Dr. Rainer Gerling (born in 1958), engineering graduate,
Employee representative**

Head of K+S KALI GmbH's Werra plant

In office until the end of the 2018 AGM
First appointed: 14 May 2008

**Axel Hartmann (born in 1958), foreign trade merchant
Employee representative**

Vice-chairman of the Collective Works Council of the K+S Group

Chairman of the Works Council of K+S KALI GmbH's Neuhof-Ellers plant

In office until the end of the 2018 AGM
First appointed: 14 May 2013

**Rüdiger Kienitz (born in 1960), mining technologist,
Employee representative**

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

In office until the end of the 2018 AGM
First appointed: 26 March 1998

**Klaus Krüger (born in 1954), 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 2018 AGM
First appointed: 9 August 1999

**Dieter Kuhn (born in 1958), 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 2018 AGM
First appointed: 7 May 2003

**Dr. Bernd Malmström (born in 1941), lawyer
Shareholder representative**

Solicitor

In office until the end of the 2018 AGM
First appointed: 7 May 2003

Further Supervisory Board appointments:

IFCO-Systems N.V., Amsterdam (chairman)
Lehnkering GmbH, Duisburg (vice-chairman)
VTG AG, Hamburg

Other appointments to supervisory bodies:

DAL – Deutsche-Afrika-Linien GmbH & Co. KG,
Hamburg
time:matters GmbH, Neu-Isenburg (chairman)
Colada Acquico S.à.r.l., Luxembourg

**Dr. Annette Messemer (born in 1964), political scientist
Shareholder representative**

Divisional director of Commerzbank AG

In office until the end of the 2018 AGM
First appointed: 14 May 2013

**Dr. Rudolf Müller (born in 1943), 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 2018 AGM

First appointed: 7 May 2003

Dr. Eckart Sünner (born in 1944), lawyer

Shareholder representative

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

In office until the end of the 2018 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
- Klaus Krüger
- Dr. Annette Messemer
- Michael Vassiliadis

Nomination Committee

- Dr. Ralf Bethke (chairman)
- George Cardona
- Dr. Bernd Malmström
- Dr. Rudolf Müller

Personnel Committee

- Dr. Ralf Bethke (chairman)
- Jella S. Benner-Heinacher
- Klaus Krüger
- Michael Vassiliadis

Mediation Committee

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

Members of the Board of Executive Directors

Norbert Steiner (born in 1954), lawyer, Chairman

Corporate Development /Legal affairs/Compliance

Investor Relations

Corporate Communications

Executive Staff Matters /International HR Coordination

In office until 11 May 2015

First appointed: 12 May 2000

Supervisory Board appointments: Talanx AG, Hanover

HDI V.A.G., Hanover

K+S KALI GmbH (chairman), Kassel¹⁾

Gerd Grimmig (born in 1953), 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 2014

First appointed: 1 October 2000

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

¹⁾Group appointment

Dr Burkhard Lohr (born in 1963), business administration graduate

Finance and Accounting
Group Controlling
Taxes
Internal Audit
Global Governance and Materials Management
Insurance
Data Protection

In office until 31 May 2015

First appointed: 1 June 2012

Dr. Thomas Nöcker (born in 1958), lawyer, Personnel Director

Personnel (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⁾

Dr. Andreas Radmacher (born in 1965), engineering graduate

Potash and Magnesium Products

In office until 31 August 2016

First appointed: 1 September 2013

Supervisory Board appointments: K+S KALI GmbH, Kassel (since 24 April 2013)¹⁾

Mark Roberts (born in 1963), 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 UBS AG is 3.20%. UBS AG made the announcement on 6 December 2013.

Proposal to the appropriation of profits

The net profit of K+S Aktiengesellschaft achieved in financial year 2013 is T€ 312,106. Subject to the profit carried forward of T€ 26,255 and the allocation to revenue reserves amounting to T€ 156,012, a retained profit of T€ 182,349 is achieved. The Board of Executive Directors intends to propose to the Annual General Meeting on 14 May 2014 the payment of a dividend of € 0.25 per no-par value share (T€ 47,850) from the retained profit and that the residual amount of T€ 134,499 be carried forward.

Kassel, 28 February 2014

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 2013. 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, 28 February 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Beine
Auditor

Römgens
Auditor