2014 Annual Financial Statements*

K+S Aktiengesellschaft
Kassel, Germany

### Income Statement

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>115,425</td>
<td>78,439</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>111,011</td>
<td>81,316</td>
</tr>
<tr>
<td>Gross profit</td>
<td>4,414</td>
<td>-2,877</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>3,354</td>
<td>4,129</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>28,307</td>
<td>27,408</td>
</tr>
<tr>
<td>Research costs</td>
<td>3,130</td>
<td>4,070</td>
</tr>
<tr>
<td>Other operating income</td>
<td>81,711</td>
<td>41,271</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>98,294</td>
<td>71,673</td>
</tr>
<tr>
<td>Income from investments, net</td>
<td>552,369</td>
<td>593,998</td>
</tr>
<tr>
<td>Net interest income</td>
<td>-120,061</td>
<td>-54,638</td>
</tr>
<tr>
<td>Write-downs of long-term financial assets and securities classified as current assets</td>
<td>-82</td>
<td>-3,999</td>
</tr>
<tr>
<td>Result from ordinary activities</td>
<td>385,266</td>
<td>466,475</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>385,266</td>
<td>466,475</td>
</tr>
<tr>
<td>Taxes on income</td>
<td>123,424</td>
<td>154,369</td>
</tr>
<tr>
<td>Net income</td>
<td>261,842</td>
<td>312,106</td>
</tr>
<tr>
<td>Profit carried forward</td>
<td>-</td>
<td>26,255</td>
</tr>
<tr>
<td>Allocation from net income to other revenue reserves</td>
<td>79,509</td>
<td>156,012</td>
</tr>
<tr>
<td>Accumulated profit</td>
<td>182,333</td>
<td>182,349</td>
</tr>
</tbody>
</table>
## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intangible assets</strong></td>
<td>14,001</td>
<td>56</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>60,713</td>
<td>39,232</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td>4,623,824</td>
<td>4,101,182</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td>4,698,538</td>
<td>4,140,470</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>1,469</td>
<td>1,377</td>
</tr>
<tr>
<td><strong>Receivables and other assets</strong></td>
<td>891,814</td>
<td>756,853</td>
</tr>
<tr>
<td><strong>Securities</strong></td>
<td>245,096</td>
<td>653,836</td>
</tr>
<tr>
<td><strong>Cash on hand and bank balances</strong></td>
<td>150,284</td>
<td>355,418</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>1,288,663</td>
<td>1,767,484</td>
</tr>
<tr>
<td><strong>Prepaid expenses</strong></td>
<td>15,023</td>
<td>15,793</td>
</tr>
<tr>
<td><strong>Positive consolidation difference arising from offsetting of assets</strong></td>
<td>8,347</td>
<td>17,889</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td>6,010,571</td>
<td>5,941,636</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subscribed capital</strong></td>
<td>191,400</td>
<td>191,400</td>
</tr>
<tr>
<td><strong>Capital reserve</strong></td>
<td>701,616</td>
<td>701,616</td>
</tr>
<tr>
<td><strong>Retained income</strong></td>
<td>1,103,000</td>
<td>889,000</td>
</tr>
<tr>
<td><strong>Accumulated profit</strong></td>
<td>182,333</td>
<td>182,349</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>2,178,349</td>
<td>1,964,365</td>
</tr>
<tr>
<td><strong>Tax provisions</strong></td>
<td>17,130</td>
<td>21,078</td>
</tr>
<tr>
<td><strong>Other provisions</strong></td>
<td>172,989</td>
<td>184,330</td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td>190,119</td>
<td>205,408</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>3,641,278</td>
<td>3,771,313</td>
</tr>
<tr>
<td><strong>Deferred expenses</strong></td>
<td>825</td>
<td>550</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td>6,010,571</td>
<td>5,941,636</td>
</tr>
</tbody>
</table>
# Development of Fixed Assets

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>Gross carrying amounts</th>
<th>Depreciation, amortisation and write-downs</th>
<th>Net carrying amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance as of 1 January 2014</td>
<td>Merger</td>
<td>Additions</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>Other acquired concessions, industrial property rights, similar rights and assets, and licences for such rights and assets</td>
<td>2,603</td>
<td>23,049</td>
</tr>
<tr>
<td>Prepayments</td>
<td>-</td>
<td>1,723</td>
<td>974</td>
</tr>
<tr>
<td>2,603</td>
<td>24,772</td>
<td>2,333</td>
<td>3,019</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>Land, land rights and buildings including buildings on third-party land</td>
<td>65,389</td>
<td>-</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>-</td>
<td>6,758</td>
<td>1,025</td>
</tr>
<tr>
<td>Other equipment, operating and office equipment</td>
<td>-</td>
<td>22,395</td>
<td>41,153</td>
</tr>
<tr>
<td>Prepayments and assets under construction</td>
<td>-</td>
<td>5,860</td>
<td>2,633</td>
</tr>
<tr>
<td>125,446</td>
<td>41,153</td>
<td>24,376</td>
<td>14,502</td>
</tr>
<tr>
<td>Financial assets</td>
<td>Shares in affiliated companies</td>
<td>3,778,476</td>
<td>-5,050</td>
</tr>
<tr>
<td>Equity interests</td>
<td>-</td>
<td>66</td>
<td>-</td>
</tr>
<tr>
<td>Loans to companies in which we hold equity investments</td>
<td>-</td>
<td>130</td>
<td>-</td>
</tr>
<tr>
<td>Other loans and financial assets</td>
<td>32,983</td>
<td>16</td>
<td>48,082</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>4,260,573</td>
<td>60,891</td>
<td>959,392</td>
</tr>
</tbody>
</table>
Notes

General principles
The annual financial statements of K+S Aktiengesellschaft as of 31 December 2014 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 items on the balance sheet and on the income statement have been grouped together. These items are listed separately in the Notes and comments made. The individual items in the annual financial statements are presented in € thousands (T€).

Significant changes
The merger of K+S Aktiengesellschaft with K+S IT Services GmbH became effective upon entry in the Companies’ Register on 29 July 2014. The merger became effective retrospectively on 1 January 2014 and consequently both the balance sheet values as of 31 December 2014 compared with the same reporting date in the previous year, and the items on the income statement, can only be compared with the same period in the previous year to a limited degree. The profit resulting from the merger was T€ 551 and is reported under Other operating income. The fixed assets recognised at carrying amounts are listed separately in the statement of asset additions and disposals (‘Merger’ column).

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 been amortised in full. 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.

Property, plant and equipment
Tangible assets are valued at acquisition or manufacturing cost less scheduled depreciation and amortisation. Besides directly attributable costs, the manufacturing costs of capital goods also include a pro rata share of material and production overheads, including depreciation and amortisation. Interest on debt is not capitalised.

Movable assets acquired before 1 January 2010 are depreciated largely on a sliding scale. Movable assets acquired after 31 December 2009, as well as immovable assets, are depreciated using the straight-line method.

Depreciation and amortisation rates depend on expected useful lives. For buildings these are usually 14 to 33 years, for plant and machinery 5 to 25 years, and for Other equipment, operating and office equipment 3 to 13 years. Low-value assets are completely written off in the year of purchase and reported as disposals after five years.
Unscheduled depreciation and amortisation is performed in the event of a probable permanent impairment in value. If the reasons for unscheduled depreciation and amortisation cease to exist, the asset is written back. Gallery and excavation work is not capitalised.

**Financial assets**

Shares in affiliated companies, Equity interests and Securities held as long-term investments are valued at acquisition cost or, in the case of a probable permanent impairment in value, at the lower fair value on 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. Identifiable risks are taken into account through unscheduled depreciation and amortisation.

**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 fixed assets.

**Receivables and other assets**

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

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

**Current-asset securities**

Current-asset securities are valued at acquisition cost or at the lower of stock market price or fair value as of the balance sheet date.

**Deferred expenses**

Use is made of the option provided by Section 250 (3) of the German Commercial Code (HGB) to form accruals for discounts arising from raising liabilities.

**Offsetting of assets, income and expenses**

Assets that are used solely to discharge pension obligations and fulfilment shortfalls from partial retirement obligations and to which all other creditors have no access (cover fund within the meaning of Section 246 (2) (2) of the German Commercial Code (HGB)) are valued at their fair value. In the income statement, income and expenses from these assets are offset against expenses arising from accumulation of the relevant liabilities, and the balance is shown under Net interest income. In the balance sheet, these assets are offset against the respective underlying liabilities. The resulting surpluses are shown under Provisions for pensions and similar obligations (pension obligations) and under Other provisions (fulfilment shortfalls from partial retirement obligations).
obligations). A surplus of assets is shown as a positive consolidation difference arising from the offsetting of assets.

**Provisions for pensions and similar obligations**
The amount required to fulfil pension obligations is determined using the projected unit credit method, applying actuarial principles. The option provided by Section 253 (2) (2) of the German Commercial Code (HGB) 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. This discount rate is 4.55% as of the balance sheet date.

The salary and pension trends assumed each amount to 1.8%. 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 4.1% and an annual price increase 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 completed periods of service in accordance with the modified entry age actual method, applying actuarial principles. The amount required to fulfil partial retirement obligations is determined according to the present value method.

Insofar as the revaluation of provisions due to the first-time application of the BilMoG on 1 January 2010 would have resulted in a reversal of a certain amount which would have to be appropriated again by 31 December 2024 at the latest, the provisions existing as of 31 December 2009 have been retained in full in compliance with Article 67 (1) (2) of the Introductory Act to the German Commercial Code (EGHGB). The surplus amount as of the balance sheet date is stated in the explanations for Other provisions.

**Liabilities**
Liabilities are recognised at their settlement amount.
Deferred taxes

Deferred taxes are set aside to cover the temporary differences between the commercial law values and the tax values of assets, debts and prepaid expenses. Apart from the differences among its own balance sheet items, K+S Aktiengesellschaft also takes into account reporting and valuation differences in tax group subsidiaries. Losses and interest carried forward are taken into account as long as 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%, this takes into account an average trade tax rate of 12.78%.

The total resulting tax burden is reported in the balance sheet as a deferred tax liability. In the event of overall tax relief, the option of capitalisation in Section 274 (1) (2) of the German Commercial Code (HGB) is not used.

As of the balance sheet date, negative consolidation differences arise as a result of differences in reporting and measuring Accounts receivable - trade. Positive consolidation differences result primarily from differences in the carrying amounts of Other provisions (in particular mining law provisions), Intangible assets and Fixed assets. After offsetting positive and negative consolidation differences, there was an asset surplus for the reporting year that was not recognised in the balance sheet.

Valuation units and derivative financial instruments

No valuation units within the meaning of Section 254 of the German Commercial Code (HGB) were created during the financial year. Derivative financial instruments are carried unequally in the balance sheet in accordance with general accounting principles under commercial law. Asset-side financial derivatives are shown in the balance sheet 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 is formed for anticipated losses. Liability-side financial derivatives are shown at least with the amount of the option premium received. If the negative fair value exceeds the value of the liability, a provision is formed for anticipated losses.

Foreign currency conversion

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

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

**Notes to the balance sheet**

**Fixed assets**
The development of the gross carrying amounts and depreciation, amortisation and write-downs of individual fixed asset items are presented separately.

**Financial assets**
The statement of shareholdings according to Section 285 (11) of the German Commercial Code (HGB) is presented separately in the ‘List of shareholdings’.

<table>
<thead>
<tr>
<th>INVENTORIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>In € thousand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>1,462</td>
<td>1,377</td>
</tr>
<tr>
<td>Unfinished goods, work in progress</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,469</td>
<td>1,377</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RECEIVABLES AND OTHER ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>In € thousand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable – trade</td>
<td>14,642</td>
<td>8,975</td>
</tr>
<tr>
<td>Receivables from affiliated companies</td>
<td>828,918</td>
<td>614,789</td>
</tr>
<tr>
<td>Other assets</td>
<td>48,254</td>
<td>133,089</td>
</tr>
<tr>
<td></td>
<td>891,814</td>
<td>756,853</td>
</tr>
</tbody>
</table>
Of the Receivables from affiliated companies, T€ 131,820 (previous year: T€ 11,194) were receivables from payment transactions within the Group and T€ 552,291 (previous year: T€ 593,994) were receivables from profit and loss transfer. Moreover, T€ 132,450 were current receivables arising from the financing of securities transactions. They consist primarily of trade receivables of T€ 12,357 (previous year: T€ 9,597).

Other assets amounting to T€ 59 (previous year: T€ 197) have a residual term of more than one year.

Prepaid expenses
Prepaid expenses consist of discounts of T€ 5,035 (previous year: T€ 6,300) within the meaning of Section 250 (3) of the German Commercial Code (HGB).

Positive consolidation differences 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 are offset against assets to which creditors have no access and which are intended solely for the fulfilment of pension obligations.

As of the balance sheet date, the amount required to fulfil pensions and similar obligations was T€ 112,514 (without taking into account liabilities from deferred compensation). Offset against the fair value of the cover fund amounting to T€ 120,860, this results in a positive consolidation difference shown on the balance sheet of T€ 8,347. In addition, there are liabilities from deferred compensation of T€ 1,651, which are covered by concurrent insurance policies. The settlement amount was offset in full against the fair value of the insurance policies (T€ 1,651).

The cover fund comprises securities, reinsurance policies and bank balances. The securities are valued at their market prices and cash 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 cover fund of the insurance policies, plus any available excess from profit sharing. The acquisition costs of the cover fund were T€ 121,949.

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

Details of own shares
During the 2014 financial year, the Company acquired 90,521 own shares for employee share programmes at an average price of € 23.36. The maximum arithmetical proportion of the acquired shares in the share capital was 0.05%, and the amount of the share capital allocated to the acquired shares was T€ 91. All the shares acquired were issued to employees as part of the employee share programme. The resulting difference of T€ 8 was offset against revenue reserves in accordance with Section 272 (1b) (3) of the
German Commercial Code (HGB). 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 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

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January</td>
<td>701,616</td>
<td>701,616</td>
</tr>
<tr>
<td>Balance as of 31 December</td>
<td>701,616</td>
<td>701,616</td>
</tr>
</tbody>
</table>

### Other Retained Income

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January</td>
<td>889,000</td>
<td>733,000</td>
</tr>
<tr>
<td>Differential amount from the disposal of own shares</td>
<td>-8</td>
<td>-12</td>
</tr>
<tr>
<td>Allocation in accordance with resolution passed by the 2014 Annual General Meeting</td>
<td>134,499</td>
<td>-</td>
</tr>
<tr>
<td>Allocation from net income for the year</td>
<td>79,509</td>
<td>156,012</td>
</tr>
<tr>
<td>Balance as of 31 December</td>
<td>1,103,000</td>
<td>889,000</td>
</tr>
</tbody>
</table>

### Accumulated Profit

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated profit as of 1 January</td>
<td>182,349</td>
<td>294,215</td>
</tr>
<tr>
<td>Dividend payment for previous year</td>
<td>-47,850</td>
<td>-267,960</td>
</tr>
<tr>
<td>Net income</td>
<td>261,842</td>
<td>312,106</td>
</tr>
<tr>
<td>Allocation to other revenue reserves (resolution passed by the 2014 Annual General Meeting)</td>
<td>-134,499</td>
<td>-</td>
</tr>
<tr>
<td>Allocation from net income to other revenue reserves</td>
<td>-79,509</td>
<td>-156,012</td>
</tr>
<tr>
<td>Accumulated profit as of 31 December</td>
<td>182,333</td>
<td>182,349</td>
</tr>
</tbody>
</table>

### Other Provisions

Other provisions adequately take all identifiable risks from pending transactions and uncertain liabilities into account. They arise mainly from mining obligations. In addition, there are primarily provisions for pending losses from hedging transactions and for personnel obligations.
The surplus amount of other provisions within the meaning of Article 67 (1) (4) of the Introductory Act to the German Commercial Code (EGHGB), resulting from the change-over to the BilMoG, was T€ 642 as of the balance sheet date (previous year: T€ 1,523).

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

### Provisions for Partial Retirement

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fulfilment amount for partial retirement obligations</td>
<td>1,154</td>
<td>1,920</td>
</tr>
<tr>
<td>Fair value of cover fund</td>
<td>874</td>
<td>1,513</td>
</tr>
<tr>
<td>Net value of partial retirement obligations (provision)</td>
<td>280</td>
<td>407</td>
</tr>
<tr>
<td>Acquisition cost of cover fund</td>
<td>874</td>
<td>1,513</td>
</tr>
</tbody>
</table>

The cover fund includes bank balances. Bank balances are valued at their par value as of the balance sheet date.

### Liabilities

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>1,500,000</td>
<td>2,250,000</td>
</tr>
<tr>
<td>Liabilities to banks</td>
<td>32,881</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable – trade</td>
<td>9,733</td>
<td>8,806</td>
</tr>
<tr>
<td>Liabilities to affiliated companies</td>
<td>2,081,671</td>
<td>1,489,230</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>16,993</td>
<td>23,277</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>3,641,278</strong></td>
<td><strong>3,771,313</strong></td>
</tr>
</tbody>
</table>

Of the liabilities to affiliated companies, liabilities from Group financing account for T€ 2,064,269 (previous year: T€ 1,466,913). Of the liabilities to affiliated companies, T€ 0 (previous year: 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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities to banks</td>
<td>32,881</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable – trade</td>
<td>9,733</td>
<td>8,806</td>
</tr>
<tr>
<td>Liabilities to affiliated companies</td>
<td>1,342,285</td>
<td>802,055</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>16,430</td>
<td>22,630</td>
</tr>
<tr>
<td></td>
<td><strong>1,401,329</strong></td>
<td><strong>833,491</strong></td>
</tr>
</tbody>
</table>

Other liabilities of T€ 111 (previous year: T€ 166) have a residual term of more than five years.

Other liabilities consist of:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>4,520</td>
<td>676</td>
</tr>
<tr>
<td>Liabilities relating to social security</td>
<td>387</td>
<td>443</td>
</tr>
</tbody>
</table>

**Transactions not disclosed in the balance sheet and other financial commitments**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments from uncompleted capital expenditure projects</td>
<td>9,320</td>
<td>9,293</td>
</tr>
<tr>
<td>Commitments from long-term rental, leasing and service contracts due in the following year</td>
<td>4,380</td>
<td>7,634</td>
</tr>
<tr>
<td>- of which to affiliated companies</td>
<td>-</td>
<td>5,894</td>
</tr>
<tr>
<td>- due in years 2 to 5</td>
<td>11,923</td>
<td>26,964</td>
</tr>
<tr>
<td>- of which to affiliated companies</td>
<td>-</td>
<td>23,575</td>
</tr>
<tr>
<td></td>
<td><strong>25,622</strong></td>
<td><strong>43,891</strong></td>
</tr>
</tbody>
</table>

There are control and profit transfer agreements with affiliated companies which also include a loss transfer.
Notes to the income statement

Revenues by operating activity

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal hygiene products</td>
<td>39,533</td>
<td>39,021</td>
</tr>
<tr>
<td>IT</td>
<td>42,493</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>33,399</td>
<td>39,418</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115,425</strong></td>
<td><strong>78,439</strong></td>
</tr>
</tbody>
</table>

The revenues of the IT operating activity result from the business activity of K+S IT-Services GmbH which merged with K+S AG on 1 January 2014.

Revenues by region

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>102,933</td>
<td>76,465</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>1,990</td>
<td>334</td>
</tr>
<tr>
<td>Overseas</td>
<td>10,502</td>
<td>1,640</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115,425</strong></td>
<td><strong>78,439</strong></td>
</tr>
</tbody>
</table>

Cost of sales

Manufacturing costs were T€ 111,011 (previous year: T€ 81,316). Of this figure, T€ 38,475 were attributable to expenses from the IT operating activity.

Other operating income

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate gains</td>
<td>27,914</td>
<td>13,218</td>
</tr>
<tr>
<td>Income from exchange rate hedging transactions</td>
<td>22,876</td>
<td>11,573</td>
</tr>
<tr>
<td>Income from the reversal of provisions</td>
<td>17,690</td>
<td>2,042</td>
</tr>
<tr>
<td>Income from the charging of services to Group companies</td>
<td>4,042</td>
<td>5,536</td>
</tr>
<tr>
<td>Income from letting and leasing</td>
<td>2,739</td>
<td>2,975</td>
</tr>
<tr>
<td>Unrealised profits from the disposal of securities</td>
<td>3,389</td>
<td>926</td>
</tr>
<tr>
<td>Income from the merger of affiliated companies</td>
<td>551</td>
<td>-</td>
</tr>
<tr>
<td>Income from disposals of tangible assets</td>
<td>254</td>
<td>829</td>
</tr>
<tr>
<td>Income from the disposal of participating interests</td>
<td>-</td>
<td>1,346</td>
</tr>
<tr>
<td>Sundry income</td>
<td>2,256</td>
<td>2,826</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81,711</strong></td>
<td><strong>41,271</strong></td>
</tr>
</tbody>
</table>

Income of T€ 18,174 (previous year: T€ 3,121) is to be assigned to other financial years and results mainly from the release of provisions.

Income from the foreign currency valuation of assets and debts amounts to T€ 8,245 (previous year: T€ 4,312).
### Other Operating Expenses

**In € thousand**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate losses</td>
<td>40,562</td>
<td>12,790</td>
</tr>
<tr>
<td>Expenses arising from exchange rate hedging transactions</td>
<td>16,387</td>
<td>10,849</td>
</tr>
<tr>
<td>Expenses for closed plants</td>
<td>11,355</td>
<td>1,481</td>
</tr>
<tr>
<td>Expenses related to approval processes</td>
<td>5,763</td>
<td>4,300</td>
</tr>
<tr>
<td>Expenses for pensions provisions</td>
<td>4,507</td>
<td>3,598</td>
</tr>
<tr>
<td>Losses from the disposal of securities</td>
<td>1,649</td>
<td>1,495</td>
</tr>
<tr>
<td>Expenses for pending losses from hedging transactions</td>
<td>1,829</td>
<td>25,680</td>
</tr>
<tr>
<td>Unscheduled depreciation and amortisation of fixed assets</td>
<td>1,093</td>
<td>-</td>
</tr>
<tr>
<td>Expenses for real estate</td>
<td>659</td>
<td>754</td>
</tr>
<tr>
<td>Consulting expenses</td>
<td>76</td>
<td>2,944</td>
</tr>
<tr>
<td>Sundry expenses</td>
<td>14,414</td>
<td>7,782</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>98,294</td>
<td>71,673</td>
</tr>
</tbody>
</table>

Expenses of T€ 1,586 (previous year: T€ 491) are attributable to other financial years and result mainly from the release of a prepaid expense.

Exchange rate losses include expenses from the foreign currency valuation of assets and debts of T€ 29,036 (previous year: T€ 2,600).

### Income from Investments, Net

**In € thousand**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from transfer of profits</td>
<td>552,292</td>
<td>593,994</td>
</tr>
<tr>
<td>Income from participating interests</td>
<td>262</td>
<td>4</td>
</tr>
<tr>
<td>Expenses from transfer of losses from affiliated companies</td>
<td>-185</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>552,369</td>
<td>593,998</td>
</tr>
</tbody>
</table>

Income from the transfer of profits consists mainly of the profit transfer of K+S KALI GmbH, K+S Entsorgung GmbH as well as K+S Transport GmbH.
**Interest Income, Net**

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other interest and similar income</td>
<td>9,269</td>
<td>4,421</td>
</tr>
<tr>
<td>- of which from affiliated companies</td>
<td>981</td>
<td>455</td>
</tr>
<tr>
<td>Income from other securities and loans classified as financial assets</td>
<td>4,763</td>
<td>13,230</td>
</tr>
<tr>
<td>- of which from affiliated companies</td>
<td>-</td>
<td>540</td>
</tr>
<tr>
<td>Interest expenses in allocations to pension provisions offset against income/expenses from cover fund</td>
<td>-</td>
<td>4,371</td>
</tr>
<tr>
<td>- of which interest expenses in allocations to pension provisions</td>
<td>-</td>
<td>-6,527</td>
</tr>
<tr>
<td>- of which income/expenses from cover fund for pension provisions</td>
<td>-</td>
<td>10,898</td>
</tr>
<tr>
<td>Interest and similar income</td>
<td>14,031</td>
<td>22,022</td>
</tr>
<tr>
<td>Interest expenses in allocations to pension and partial retirement provisions offset against income/expenses from cover fund</td>
<td>-6,847</td>
<td>-88</td>
</tr>
<tr>
<td>- of which interest expenses in allocations to pension provisions</td>
<td>-8,709</td>
<td>-</td>
</tr>
<tr>
<td>- of which income/expenses from cover fund for pension provisions</td>
<td>1,923</td>
<td>-</td>
</tr>
<tr>
<td>- of which interest expenses in allocations to partial retirement provisions</td>
<td>-65</td>
<td>-92</td>
</tr>
<tr>
<td>- of which income/expenses from cover fund for pension provisions</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Expenses from the accumulation of other long-term provisions</td>
<td>-9,534</td>
<td>-6,469</td>
</tr>
<tr>
<td>Other interest and similar expenses</td>
<td>-117,711</td>
<td>-70,103</td>
</tr>
<tr>
<td>- of which to affiliated companies</td>
<td>-35,174</td>
<td>-3,075</td>
</tr>
<tr>
<td>Interest and similar expenses</td>
<td>-120,061</td>
<td>-54,638</td>
</tr>
</tbody>
</table>

**Taxes**

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes on income</td>
<td>123,424</td>
<td>154,369</td>
</tr>
<tr>
<td>Other taxes</td>
<td>622</td>
<td>562</td>
</tr>
<tr>
<td></td>
<td><strong>124,046</strong></td>
<td><strong>154,931</strong></td>
</tr>
</tbody>
</table>

Taxes on income of T€ 7,199 (previous year: T€ 5,232) relate to previous years.

Other taxes are allocated to individual operating areas.

**Cost of Materials**

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of raw materials and supplies and goods purchased for resale</td>
<td>22,860</td>
<td>22,076</td>
</tr>
<tr>
<td>Cost of external services</td>
<td>34,922</td>
<td>32,561</td>
</tr>
<tr>
<td></td>
<td><strong>57,782</strong></td>
<td><strong>54,637</strong></td>
</tr>
</tbody>
</table>
**Personnel expenses**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>69,714</td>
<td>47,756</td>
</tr>
<tr>
<td>Social security contributions</td>
<td>9,814</td>
<td>6,939</td>
</tr>
<tr>
<td>Pension expenses</td>
<td>5,477</td>
<td>4,394</td>
</tr>
<tr>
<td>Other employee benefit costs</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>85,023</td>
<td>59,104</td>
</tr>
</tbody>
</table>

Pension 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**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees covered by collective wage agreements</td>
<td>450</td>
<td>365</td>
</tr>
<tr>
<td>Employees not covered by collective wage agreements</td>
<td>327</td>
<td>232</td>
</tr>
<tr>
<td>Trainees</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>801</td>
<td>616</td>
</tr>
</tbody>
</table>
Other information

Derivative financial instruments

No valuation units within the meaning of Section 254 of the German Commercial Code (HGB) were created during the financial year.

The following currency derivatives were held as of 31 December 2014:

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>Nominal values(^1)</th>
<th>Fair values</th>
<th>Carrying amounts(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD/EUR forward exchange transactions maturing in 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- positive fair values</td>
<td>115,660</td>
<td>4,101</td>
<td>-</td>
</tr>
<tr>
<td>- negative fair values</td>
<td>7,530</td>
<td>780</td>
<td>780</td>
</tr>
<tr>
<td>CAD/EUR forward exchange transactions maturing in 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- positive fair values</td>
<td>343,589</td>
<td>25,257</td>
<td>-</td>
</tr>
<tr>
<td>- negative fair values</td>
<td>253,837</td>
<td>1,674</td>
<td>1,674</td>
</tr>
<tr>
<td>CAD/EUR forward exchange transactions maturing in 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- positive fair values</td>
<td>286,590</td>
<td>19,694</td>
<td>-</td>
</tr>
<tr>
<td>- negative fair values</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CAD/EUR forward exchange transactions maturing in 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- positive fair values</td>
<td>20,235</td>
<td>435</td>
<td>-</td>
</tr>
<tr>
<td>- negative fair values</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cross-currency swap</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- positive fair values</td>
<td>41,364</td>
<td>4,521</td>
<td>-</td>
</tr>
<tr>
<td>- negative fair values</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^1\) Translated into euros using weighted hedging rates
\(^2\) Reported under Other provisions, Other liabilities and Other assets

The fair values calculated correspond to the value upon early notional termination as of the balance sheet date. The values are calculated using recognised actuarial methods generally used by market participants. These calculations were based particularly on the following parameters that applied on the balance sheet date:

- the spot exchange rates for the currencies concerned,
- the agreed hedging rates and strike prices,
- the traded volatilities, i.e., the expected fluctuation range of the exchange rates in question,
- and the interest rate level applicable to the currencies concerned.

Information on amounts excluded from distribution

An amount excluded from distribution of €13,257 (previous year: €17,444) arises from the capitalisation of assets at fair value (cover fund) in accordance with Section 268 (8) of the German Commercial Code (HGB) as of the balance sheet date. The avail-
able reserves exceeded the amount excluded from distribution. There was no dividend payment restriction in relation to accumulated profit.

**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**

<table>
<thead>
<tr>
<th>In € thousand</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total remuneration of the Supervisory Board</td>
<td>1,995</td>
</tr>
<tr>
<td>- of which fixed</td>
<td>1,918</td>
</tr>
<tr>
<td>- of which performance-related</td>
<td>-</td>
</tr>
<tr>
<td>Total remuneration of the Board of Executive Directors</td>
<td>8,446</td>
</tr>
<tr>
<td>- of which fixed</td>
<td>2,560</td>
</tr>
<tr>
<td>- of which performance-related</td>
<td>3,840</td>
</tr>
<tr>
<td>- of which LTI programme</td>
<td>1,878</td>
</tr>
<tr>
<td>Total remuneration of former members of the Board of Executive Directors and their surviving dependents</td>
<td>1,549</td>
</tr>
<tr>
<td>Pension provisions for former members of the Board of Executive Directors and their surviving dependents</td>
<td>15,132</td>
</tr>
</tbody>
</table>

**Declaration on conformity concerning the German Corporate Governance Code**
The declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) concerning the recommendations made by the ‘Government Commission on the German Corporate Governance Code’ has been made by the Board of Executive Directors and the Supervisory Board of K+S Aktiengesellschaft for 2015/2014 and is available to shareholders on the K+S Group website (www.k-plus-s.com).
List of shareholdings

List of shareholdings of K+S Aktiengesellschaft in accordance with Section 285 (11) of the German Commercial Code (HGB) (in thousands):

Balance as of 31 December 2014

<table>
<thead>
<tr>
<th>Company’s name</th>
<th>Company’s registered office</th>
<th>Capital share</th>
<th>Currency</th>
<th>Equity capital</th>
<th>Result for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. K+S Verwaltungs GmbH</td>
<td>Kassel</td>
<td>100.00%</td>
<td>EUR</td>
<td>25</td>
<td>-1</td>
</tr>
<tr>
<td>1. K+S Verwaltungs GmbH &amp; Co. Erwerbs KG</td>
<td>Kassel</td>
<td>100.00%</td>
<td>EUR</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3. K+S Verwaltungs GmbH &amp; Co. Erwerbs KG</td>
<td>Kassel</td>
<td>100.00%</td>
<td>EUR</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>4. K+S Verwaltungs GmbH</td>
<td>Kassel</td>
<td>100.00%</td>
<td>EUR</td>
<td>309</td>
<td>-1</td>
</tr>
<tr>
<td>Beienrode Bergwerks-GmbH</td>
<td>Kassel</td>
<td>89.80%</td>
<td>EUR</td>
<td>1,339</td>
<td>0</td>
</tr>
<tr>
<td>Börde Container Feeder GmbH</td>
<td>Haldensleben</td>
<td>33.30%</td>
<td>EUR</td>
<td>801</td>
<td>101</td>
</tr>
<tr>
<td>Canadian Brine Ltd.</td>
<td>Pointe Claire</td>
<td>100.00%</td>
<td>CAD</td>
<td>568</td>
<td>8</td>
</tr>
<tr>
<td>Chemische Fabrik Kalk GmbH</td>
<td>Cologne</td>
<td>100.00%</td>
<td>EUR</td>
<td>12,749</td>
<td>-65</td>
</tr>
<tr>
<td>Compania Minera Punta de Lobos Ltd.</td>
<td>Santiago de Chile</td>
<td>99.64%</td>
<td>USD</td>
<td>3,190</td>
<td>3,311</td>
</tr>
<tr>
<td>Deutscher Straßen-Dienst GmbH</td>
<td>Hanover</td>
<td>100.00%</td>
<td>EUR</td>
<td>60</td>
<td>12</td>
</tr>
<tr>
<td>Empresa de Servicios Ltda.</td>
<td>Santiago de Chile</td>
<td>99.64%</td>
<td>USD</td>
<td>807</td>
<td>-38</td>
</tr>
<tr>
<td>Empresa Maritima S.A.</td>
<td>Santiago de Chile</td>
<td>48.67%</td>
<td>USD</td>
<td>33,058</td>
<td>6,521</td>
</tr>
<tr>
<td>esco - european salt company GmbH &amp; Co. KG</td>
<td>Hanover</td>
<td>100.00%</td>
<td>EUR</td>
<td>286,827</td>
<td>12,939</td>
</tr>
<tr>
<td>esco benelux N.V.</td>
<td>Diegem</td>
<td>100.00%</td>
<td>EUR</td>
<td>12,706</td>
<td>-378</td>
</tr>
<tr>
<td>esco france S.A.</td>
<td>Levallois-Perret</td>
<td>100.00%</td>
<td>EUR</td>
<td>11,379</td>
<td>1,463</td>
</tr>
<tr>
<td>esco Holding France S.A.</td>
<td>Dombasle sur Meurthe</td>
<td>100.00%</td>
<td>EUR</td>
<td>15,631</td>
<td>959</td>
</tr>
<tr>
<td>esco international GmbH</td>
<td>Hanover</td>
<td>100.00%</td>
<td>EUR</td>
<td>40,903</td>
<td>2,899</td>
</tr>
<tr>
<td>esco Nordic AB</td>
<td>Gothenburg</td>
<td>100.00%</td>
<td>SEK</td>
<td>7,850</td>
<td>6,196</td>
</tr>
<tr>
<td>esco Spain S.L.</td>
<td>Barcelona</td>
<td>100.00%</td>
<td>EUR</td>
<td>1,238</td>
<td>-1</td>
</tr>
<tr>
<td>esco Verwaltungs GmbH</td>
<td>Hanover</td>
<td>100.00%</td>
<td>EUR</td>
<td>55</td>
<td>2</td>
</tr>
<tr>
<td>Frisia Zout B.V.</td>
<td>Harlingen</td>
<td>100.00%</td>
<td>EUR</td>
<td>9,928</td>
<td>-686</td>
</tr>
<tr>
<td>Company Name</td>
<td>Location</td>
<td>Country</td>
<td>Ownership</td>
<td>Currency</td>
<td>Shares</td>
</tr>
<tr>
<td>--------------------------------------------------------------------</td>
<td>------------</td>
<td>-------------</td>
<td>-----------</td>
<td>----------</td>
<td>---------</td>
</tr>
<tr>
<td>Company Name</td>
<td>City</td>
<td>Country</td>
<td>Percentage</td>
<td>Currency</td>
<td>Total Value</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------------------</td>
<td>-----------</td>
<td>------------</td>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>K+S Montana Holdings, LLC</td>
<td>Chicago</td>
<td>USA</td>
<td>100.00%</td>
<td>USD</td>
<td>899,618</td>
</tr>
<tr>
<td>K+S Netherlands Holding B.V.</td>
<td>Harlingen</td>
<td>Netherlands</td>
<td>100.00%</td>
<td>EUR</td>
<td>2,144,212</td>
</tr>
<tr>
<td>K+S North America Asset Management GmbH</td>
<td>Kassel</td>
<td>Germany</td>
<td>100.00%</td>
<td>EUR</td>
<td>121</td>
</tr>
<tr>
<td>K+S North America Corporation</td>
<td>New York</td>
<td>USA</td>
<td>100.00%</td>
<td>USD</td>
<td>9,123</td>
</tr>
<tr>
<td>K+S North America Salt Asset Management GmbH &amp; Co. KG</td>
<td>Kassel</td>
<td>Germany</td>
<td>100.00%</td>
<td>EUR</td>
<td>712,281</td>
</tr>
<tr>
<td>K+S Perú S.A.C.</td>
<td>Lima</td>
<td>Peru</td>
<td>100.00%</td>
<td>PEN</td>
<td>1,934</td>
</tr>
<tr>
<td>K+S Polska Sp. z o.o.</td>
<td>Poznan</td>
<td>Poland</td>
<td>100.00%</td>
<td>PLN</td>
<td>6,022</td>
</tr>
<tr>
<td>K+S Potash Canada General Partnership</td>
<td>Vancouver</td>
<td>Canada</td>
<td>100.00%</td>
<td>CAD</td>
<td>2,052,066</td>
</tr>
<tr>
<td>K+S Salz GmbH</td>
<td>Hanover</td>
<td>Germany</td>
<td>100.00%</td>
<td>EUR</td>
<td>2,273,074</td>
</tr>
<tr>
<td>K+S Salt LLC</td>
<td>Chicago</td>
<td>USA</td>
<td>100.00%</td>
<td>USD</td>
<td>1,718,060</td>
</tr>
<tr>
<td>K+S Transport GmbH</td>
<td>Hamburg</td>
<td>Germany</td>
<td>100.00%</td>
<td>EUR</td>
<td>2,686</td>
</tr>
<tr>
<td>K+S UK &amp; Eire Ltd.</td>
<td>Hertford</td>
<td>United Kingdom</td>
<td>100.00%</td>
<td>GBP</td>
<td>818</td>
</tr>
<tr>
<td>K+S Versicherungsvermittlungs GmbH</td>
<td>Kassel</td>
<td>Germany</td>
<td>100.00%</td>
<td>EUR</td>
<td>25</td>
</tr>
<tr>
<td>K+S Windsor Salt Ltd.</td>
<td>Vancouver</td>
<td>Canada</td>
<td>100.00%</td>
<td>CAD</td>
<td>2,610,406</td>
</tr>
<tr>
<td>Kali (U.K.) Ltd.</td>
<td>Hertford</td>
<td>United Kingdom</td>
<td>100.00%</td>
<td>GBP</td>
<td>0</td>
</tr>
<tr>
<td>Frauenkappen GmbH</td>
<td>Frauenkappelen</td>
<td>Switzerland</td>
<td>100.00%</td>
<td>CHF</td>
<td>1,577</td>
</tr>
<tr>
<td>Kali-Union Verwaltungsgesellschaft mbH</td>
<td>Kassel</td>
<td>Germany</td>
<td>100.00%</td>
<td>EUR</td>
<td>10,669</td>
</tr>
<tr>
<td>K plus S Africa (Pty) Ltd.</td>
<td>Johannesburg</td>
<td>South Africa</td>
<td>100.00%</td>
<td>ZAR</td>
<td>137</td>
</tr>
<tr>
<td>Lehrter Wohnungsbau GmbH</td>
<td>Lehte</td>
<td>Germany</td>
<td>6.70%</td>
<td>EUR</td>
<td>14,075</td>
</tr>
<tr>
<td>Montana US Parent Inc.</td>
<td>Chicago</td>
<td>USA</td>
<td>100.00%</td>
<td>USD</td>
<td>0</td>
</tr>
<tr>
<td>Morton Bahamas Ltd.</td>
<td>Chicago</td>
<td>USA</td>
<td>100.00%</td>
<td>USD</td>
<td>28,089</td>
</tr>
<tr>
<td>Morton China National Salt (Shanghai) Salt Co. Ltd.</td>
<td>Shanghai</td>
<td>China</td>
<td>45.00%</td>
<td>CNY</td>
<td>12,653</td>
</tr>
<tr>
<td>Morton Salt, Inc.</td>
<td>Chicago</td>
<td>USA</td>
<td>100.00%</td>
<td>USD</td>
<td>1,419,163</td>
</tr>
<tr>
<td>MSW-Chemie GmbH</td>
<td>Langelsheim</td>
<td>Germany</td>
<td>68.50%</td>
<td>EUR</td>
<td>974</td>
</tr>
<tr>
<td>Nieders. Gesellschaft zur Endablagerung von Sonderabfall mbH</td>
<td>Hanover</td>
<td>Germany</td>
<td>0.10%</td>
<td>EUR</td>
<td>10,382</td>
</tr>
<tr>
<td>OOO K+S Rus</td>
<td>Moscow</td>
<td>Russian Federation</td>
<td>100.00%</td>
<td>RUB</td>
<td>6,132</td>
</tr>
<tr>
<td>Poldergemeinschaft Hohe Schaar</td>
<td>Hamburg</td>
<td>Germany</td>
<td>8.66%</td>
<td>EUR</td>
<td>0</td>
</tr>
<tr>
<td>Salina Diamante Branco Ltd.</td>
<td>Rio de Janeiro</td>
<td>Brazil</td>
<td>100.00%</td>
<td>BRL</td>
<td>13,356</td>
</tr>
<tr>
<td>Salines Cérebos S.A.S.</td>
<td>Levallois-Perret</td>
<td>France</td>
<td>100.00%</td>
<td>EUR</td>
<td>6,191</td>
</tr>
<tr>
<td>Servicios Maritimos Patillos S.A.</td>
<td>Santiago de Chile</td>
<td>Chile</td>
<td>49.82%</td>
<td>USD</td>
<td>1,715</td>
</tr>
<tr>
<td>Servicios Portuarios Patillos S.A.</td>
<td>Santiago de Chile</td>
<td>Chile</td>
<td>99.53%</td>
<td>USD</td>
<td>38,421</td>
</tr>
<tr>
<td>Shenzhen K+S Trading Co. Ltd.</td>
<td>Shenzhen</td>
<td>China</td>
<td>100.00%</td>
<td>CNY</td>
<td>49,708</td>
</tr>
<tr>
<td>Transporte por Containers S.A.</td>
<td>Santiago de Chile</td>
<td>Chile</td>
<td>48.04%</td>
<td>USD</td>
<td>5,715</td>
</tr>
<tr>
<td>VATEL Companhia de Produtos Alimentares S.A.</td>
<td>Alverca</td>
<td>Portugal</td>
<td>100.00%</td>
<td>EUR</td>
<td>1,481</td>
</tr>
<tr>
<td>Verlagsgesellschaft für Ackerbau mbH</td>
<td>Kassel</td>
<td>Germany</td>
<td>100.00%</td>
<td>EUR</td>
<td>26</td>
</tr>
<tr>
<td>Weeks Island Landowner, LLC</td>
<td>Chicago</td>
<td>USA</td>
<td>100.00%</td>
<td>USD</td>
<td>811</td>
</tr>
<tr>
<td>Company Name</td>
<td>Location</td>
<td>Country</td>
<td>Ownership</td>
<td>Currency</td>
<td>Earnings</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------------</td>
<td>----------</td>
<td>-----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Werra Kombi Terminal</td>
<td>Philippshal</td>
<td>Germany</td>
<td>50.00%</td>
<td>EUR</td>
<td>75</td>
</tr>
<tr>
<td>Bad</td>
<td>Salzdetfurth</td>
<td>Germany</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wohnbau Salzdetfurth GmbH</td>
<td>Salzdetfurth</td>
<td>Germany</td>
<td>100.00%</td>
<td>EUR</td>
<td>1,820</td>
</tr>
<tr>
<td>Zoll Pool Hamburg AG</td>
<td>Hamburg</td>
<td>Germany</td>
<td>1.43%</td>
<td>EUR</td>
<td>523</td>
</tr>
</tbody>
</table>

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 of 31 July 2013
3) Annual financial statements as of 31 December 2013
4) Inactive companies
5) Data according to IFRS
6) Net profit/loss for the year before profit or loss transfer
Members of the Supervisory Board

Dr Ralf Bethke (born 1942), Graduate in Business Administration, Chairman of the Supervisory Board
Shareholder representative
Entrepreneur (as member of the supervisory boards mentioned below)
Chairman of the Supervisory Board since 14 May 2008
In office until the end of the 2017 Annual General Meeting
First appointed: 1 July 2007
Other supervisory board appointments:
- Benteler International AG, Salzburg (Vice Chairman)
- DJE Kapital AG, Pullach (Chairman), Süddeutsche Zukerrübenverwertungs-Genossenschaft eG, Stuttgart-Ochsenfurt (until 16 July 2014)
- Südzucker AG Mannheim/Ochsenfurt, Mannheim (until 17 July 2014)

Michael Vassiliadis (born 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 Annual General Meeting
First appointed: 7 May 2003
Other supervisory board appointments:
- BASF SE, Ludwigshafen
- Evonik Industries AG, Essen (Vice Chairman)
- STEAG GmbH, Essen (Vice Chairman)
- RAG Aktiengesellschaft (Vice Chairman, since 16 June 2014)
- RAG DSK AG (Vice Chairman, since 16 June 2014)
- RAG Stiftung, Essen

Ralf Becker (born 1960), Trade Union Secretary
Employee representative
Regional Manager North of the Mining, Chemicals and Energy Trade Union, Hanover
In office until the end of the 2018 Annual General Meeting
First appointed: 1 August 2009
Other supervisory board appointments: Continental Reifen Deutschland GmbH, Hanover (Vice Chairman) Chairman)
Deutsche Shell Holding GmbH, Hamburg
Deutsche Shell GmbH, Hamburg
Shell Deutschland Oil GmbH, Hamburg

**Jella S. Benner-Heinacher (born 1960), Lawyer**
Shareholder representative
Deputy General Manager of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf

In office until the end of the 2018 Annual General Meeting
First appointed: 7 May 2003

Other supervisory board appointments: A.S. Création Tapeten AG, Gummersbach

**George Cardona (born 1951), Economist**
Shareholder representative
Entrepreneur (as member of the supervisory bodies mentioned below)

In office until the end of the 2015 Annual General Meeting
First appointed: 9 October 2009

Other supervisory bodies:
- Board of Donalink 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 Suek plc., Cyprus
- Board of Valise Ltd., Bermuda
- Board of Valton Ltd., Bermuda
- Board of Vostok PTC Ltd., Hong Kong
- Board of Westline PTC Ltd., Bermuda
- Board of Wishbone Gold plc., Gibraltar

**Wesley Clark (born 1952), 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 Annual General Meeting
First appointed: 14 May 2013
Other 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; until December 2014)
Board of ABC Supply Corporation, Beloit, Wisconsin, USA
Board of Clarcor Inc., Franklin, Tennessee, USA
Board of Distribution International, Inc., Fort Worth, Texas, USA (since December 2014)
Board of Stanford University Graduate School of Business, California, USA (until March 2014)

Harald Döll (born 1964), Energy Facility Electronics Engineer
Employee representative
Chairman of the Collective Works Council of the K+S Group
Chairman of the Works Council of K+S KALI GmbH’s Werra plant

In office until the end of the 2018 Annual General Meeting
First appointed: 1 August 2009

Dr Rainer Gerling (born 1958), Graduate in Engineering
Employee representative
Head of K+S KALI GmbH’s Werra plant

In office until the end of the 2018 Annual General Meeting
First appointed: 14 May 2008

Axel Hartmann (born 1958), Import and Export 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 Neuhofer-Ellers plant

In office until the end of the 2018 Annual General Meeting
First appointed: 14 May 2013

Rüdiger Kienitz (born 1960), Mining Engineer
Employee representative
Member of the Works Council of K+S KALI GmbH’s Werra plant

In office until the end of the 2018 Annual General Meeting
First appointed: 26 March 1998
Michael Knackmuß (born 1975), Car Mechanic
Employee representative
Chairman of the Works Council of K+S KALI GmbH’s Zielitz plant

In office until the end of the 2018 Annual General Meeting
First appointed: 11 July 2014

Klaus Krüger (born 1954), Mining Engineer
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

Resigned on 31 May 2014
First appointed: 9 August 1999

Dieter Kuhn (born 1958), Mining Mechanic
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 european salt company GmbH & CO. KG

In office until the end of the 2018 Annual General Meeting
First appointed: 7 May 2003

Dr Bernd Malmström (born 1941), Lawyer
Shareholder representative
Solicitor

In office until the end of the 2018 Annual General Meeting
First appointed: 7 May 2003

Other supervisory board appointments: IFCO-Systems N.V., Amsterdam (Chairman, until 25 February 2014)
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 1964), Political Scientist
Shareholder representative
Divisional director of Commerzbank AG

In office until the end of the 2018 Annual General Meeting
First appointed: 14 May 2013
Other supervisory board appointments: Commerz Real AG, Eschborn (since 1 April 2014)

Dr Rudolf Müller (born 1943), Graduate in Agricultural Engineering
Shareholder representative
Retired (former member of the Board of Executive Directors of Südzucker AG Mannheim/Ochsenfurt, Mannheim)

In office until the end of the 2018 Annual General Meeting
First appointed: 7 May 2003

Dr Eckart Sünner (born 1944), Lawyer
Shareholder representative
Independent solicitor in Neustadt a.d. Weinstraße

In office until the end of the 2018 Annual General Meeting
First appointed: 28 April 1992

Other supervisory board appointments: Infineon Technologies AG, Neubiberg
Supervisory Board
Committees

Audit Committee
- Dr Eckart Sünner (Chairman)
- Ralf Becker
- Dr Ralf Bethke
- Axel Hartmann (since 19 August 2014)
- Klaus Krüger (until 31 May 2014)
- 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
- Harald Döll (since 19 August 2014)
- Klaus Krüger (until 31 May 2014)
- Michael Vassiliadis

Mediation Committee
- Dr Ralf Bethke (Chairman)
- Harald Döll (since 19 August 2014)
- Klaus Krüger (until 31 May 2014)
- Dr Eckart Sünner
- Michael Vassiliadis
Members of the Board of Executive Directors

Norbert Steiner (born 1954), Lawyer, Chairman
Corporate Communications
Corporate Development
Corporate Executive HR
Governance, Risk, Compliance; Corporate Secretary
Internal Auditing
Communication and Investor Relations

In office until 11 May 2017
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 1953), Graduate in Engineering
Technical Center and sub-units²
Environment and Safety
Geology
Mining
Research and Development
Technics/Energy
Waste Management and Recycling²
Inactive Plants²
K+S Consulting GmbH²
MSW-Chemie GmbH²
Animal hygiene products²

The term of office ended on 30 September 2014.
First appointed: 1 October 2000

Supervisory board appointments:  K+S KALI GmbH, Kassel¹,²

Dr Burkhard Lohr (born 1963), Graduate in Business Administration
Corporate Controlling
Corporate Finance and Accounting
Corporate Procurement
Corporate Tax
Technical Center and sub-units³
Environment and Safety
Geology
Mining
Research and Development
Technics/Energy
all direct shareholdings of the Company insofar as they are not assigned to another area of responsibility

In office until 31 May 2020
First appointed: 1 June 2012

Supervisory board appointments:  K+S KALI GmbH, Kassel\textsuperscript{1,3}

**Dr Thomas Nöcker (born 1958), Lawyer, Personnel Director**

Business Center and sub-units:
- Communication Services
- Financial Accounting
- HR Services
- Insurance
- IT Services
- Legal
- Logistics Europe
- Procurement/Material Management Europe
- Project Management
- Real Estate & Facility Management

Corporate HR
Corporate IT
K+S Transport GmbH
K+S Versicherungsvermittlungs GmbH
Wohnbau Salzdetfurth GmbH

In office until 31 July 2016
First appointed: 1 August 2003

Supervisory board appointments:  K+S KALI GmbH, Kassel\textsuperscript{1}

**Dr Andreas Radmacher (born 1965), Graduate in Engineering**

Potash and Magnesium Products
Waste Management and Recycling\textsuperscript{1}
Inactive Plants\textsuperscript{3}

In office until 31 August 2016
First appointed: 1 September 2013

Supervisory board appointments:  K+S KALI GmbH, Kassel\textsuperscript{1}
Mark Roberts (born 1963), Bachelor of Science (Marketing)
Salt
Animal hygiene products\(^3\)

In office until 30 September 2020
First appointed: 1 October 2012

\(^1\) Group appointment
\(^1\) In office until 30 September 2014
\(^1\) Since 1 October 2014

Shareholdings in the Company
Meritus Trust Company Limited, Bermuda, owns 4.92% (notice from 4 February 2015) of the shares via EuroChem Group SE and its attributable subsidiaries. Meritus manages the industrial shareholdings of Andrey Melnichenko on a fiduciary basis. On 20 November 2014, BlackRock Inc., New York (USA), notified us that its share of voting rights had fallen below the 5% threshold and that it held 4.85% of the Company.

Proposal on the appropriation of profits
The net profit generated by K+S Aktiengesellschaft in the 2014 financial year was T€ 261,842. Subject to the allocation to revenue reserves of T€ 79,509, accumulated profit was T€ 182,333. The Board of Executive Directors intends to propose the payment of a dividend of € 0.90 per no-par value share (T€ 172,260) from the accumulated profit and the allocation of the residual amount of T€ 10,073 to revenue reserves to the Annual General Meeting on 14 May 2015.

Kassel, 27 February 2015

K+S Aktiengesellschaft
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 2014. 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 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Beine                         Römgens
Auditor                                Auditor