

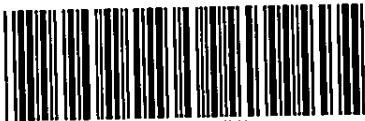
Compass Minerals (UK) Limited

Report and Accounts

for the year ended 31 December 2012

Registered no 2654680

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Compass Minerals (UK) Limited

Report and Accounts for the year ended 31 December 2012

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Compass Minerals (UK) Limited**Directors and advisers****Directors**

**D J Goadby
I P Gordon**

Registered Auditor

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Secretary

I P Gordon

Solicitors

DLA Piper UK LLP
101 Barbirolli Square
Manchester
M2 3DL

Registered Office

Astbury House
Bradford Road
Winsford
Cheshire
CW7 2PA

Bankers

Bank of Scotland
1st Floor
5 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

Compass Minerals (UK) Limited

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The loss for the year, after taxation, amounted to £49,000 (2011 loss £172,000). The directors do not propose to pay a dividend for the year (2011 £nil)

Principal activities and review of the business

The principal activity of the company is an investment holding company and holds the entire share capital of Salt Union Limited, whose principal activity is the extraction, processing and marketing of salt. During the current year the company imported and sold Sulphate of Potash, however, this is not expected to continue at the same level in the future.

Key financial indicators

The company's key financial indicators in the year were as follows.

| | 2012 | 2011 |
|---------------------------------------|--------|--------|
| | £'000 | £'000 |
| Profit/(loss) for the year before tax | 82 | (111) |
| Net assets | 22,772 | 22,821 |

Future development of the business

As far as the company is concerned future development of the business will take place predominantly in the subsidiary Salt Union Limited, as described in the directors' report of that company

Principal risks and uncertainties

The company views the ongoing performance of its subsidiary as being critical to its results. The key risk within the subsidiary is that of competition and the management of contracts which are subjected to period competitive tender. Renewal of these contracts is based on financial and performance criteria.

Financial instruments

The company makes little use of financial instruments. Exposure to price, credit, currency, liquidity and cash flow risks is not material to the assessment of assets, liabilities and profit or loss of the company.

Compass Minerals (UK) Limited

Directors' report (continued)

Directors

D J Goadby and I P Gordon continued to hold office for the whole of the year to 31 December 2012. A C Brisumitzakis resigned on 31 December 2012.

Directors' insurance

The Company maintains insurance for the directors of the company in respect of their duties as directors.

Employees

The Company has no employees. The activities are carried out by employees of the subsidiary companies.

Political or charitable contributions

The company has made no political or charitable contributions in the year (2011: £nil).

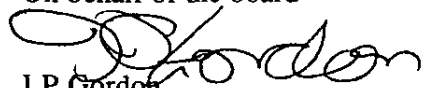
Disclosure of information to the auditors

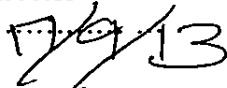
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to as a director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board


I P Gordon
Director



Compass Minerals (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS MINERALS (UK) LIMITED

We have audited the financial statements of Compass Minerals (UK) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

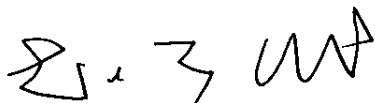
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Barry Flynn (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date 18/2/13

Compass Minerals (UK) Limited**Profit and loss account
for the year ended 31 December 2012**

| | Notes | 2012 £'000 | 2011 £'000 |
|-----------------------------------------------------------------|-----------|--------------------|---------------------|
| Turnover | 1 | 611 | 988 |
| Cost of sales | | 232 | 510 |
| Gross profit | | <u>379</u> | <u>478</u> |
| Other operating expenses | 2 | 297 | 589 |
| | | — | — |
| Operating profit/(loss) | | 82 | (111) |
| | | — | — |
| Profit/(loss) on ordinary activities before taxation | | 82 | (111) |
| Taxation on profit/(loss) on ordinary activities | 4 | (131) | (61) |
| Loss for the financial year | 10 | <u>(49)</u> | <u>(172)</u> |

Compass Minerals (UK) Limited**Statement of Total Recognised Gains and Losses
for the year ended 31 December 2012**

There have been no recognised gains and losses other than those reflected in the profit and loss account on page 6

Compass Minerals (UK) Limited
Registered no 2654680
Balance sheet at 31 December 2012

| | Notes | 2012 £'000 | 2011 £'000 |
|-------------------------------------------------------|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 5 | 12,500 | 12,500 |
| Current assets | | | |
| Stocks | 6 | - | 526 |
| Debtors | 7 | 13,082 | 13,196 |
| Cash at bank and in hand | | 744 | 32 |
| | | <u>13,826</u> | <u>13,754</u> |
| Creditors: amounts falling due within one year | 8 | 3,554 | 3,433 |
| Net current assets | | <u>10,272</u> | <u>10,321</u> |
| Net assets | | <u>22,772</u> | <u>22,821</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 1,571 | 1,571 |
| Share premium account | 10 | 1,043 | 1,043 |
| Preference capital redemption reserve | 10 | 10,630 | 10,630 |
| Profit and loss account | 10 | 9,528 | 9,577 |
| Total equity shareholders' funds | 11 | <u>22,772</u> | <u>22,821</u> |

The financial statements on pages 6 to 15 were approved by the board of directors on 2013 and were signed on its behalf by

I P Gordon

I P Gordon
Director

Compass Minerals (UK) Limited

Notes to the financial statements for the year ended 31 December 2012

1 Principal accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items that are considered material to the company's financial statements

Basis of accounting

They present information about the company as an individual undertaking and not about its group. Under UITF 43 group accounts have not been prepared as the company is consolidated into the accounts of Compass Minerals International, Inc which are publicly available from the address in note 12

Investments

Fixed asset investments are stated at cost less any provision for diminution in value

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Cost includes all direct expenditure and overheads based on the normal level of activity. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow moving and defective stock and physical shrinkage

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Exchange gains or losses are taken to the profit and loss account in the financial year in which they arise. Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into except for transactions to be settled at a contractual rate which are translated at these contracted rates.

Turnover

Turnover, which comprises the sales of Sulphate of Potash and excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. Turnover is recognised when goods are dispatched or services are provided

Deferred taxation

Provision is made for deferred taxation in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred taxation is calculated at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date.

Compass Minerals (UK) Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Principal accounting policies - continued

Cash flow statement

In accordance with Financial Reporting Standard No 1 (Revised), a cash flow statement is not included in these accounts. The company is a wholly owned subsidiary of Compass Minerals International, Inc which has prepared a consolidated cash flow statement, including the cash flows of the company, in its accounts. These accounts are publicly available from the address in note 12.

2 Other operating expenses

| | 2012 £'000 | 2011 £'000 |
|----------------------|---------------|---------------|
| Distribution costs | 281 | 413 |
| Administrative costs | 16 | 176 |
| | <u>297</u> | <u>589</u> |

Auditors' remuneration of £5,000 (2011: £5,000) is included in administrative costs

3 Directors' emoluments

The directors received no remuneration in respect of their services as directors of the company. Directors are remunerated through a subsidiary undertaking.

4 Tax

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows -

| | 2012 £'000 | 2011 £'000 |
|----------------------------------------------------|---------------|---------------|
| Current tax: | | |
| UK corporation tax at 24.5% (26.5%) | 20 | (29) |
| Adjustments in respect of previous periods | 111 | 90 |
| Total current tax charge (note 4(b)) | <u>131</u> | <u>61</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | - | - |
| Total deferred tax charge | <u>-</u> | <u>-</u> |
| Tax on profit/(loss) on ordinary activities | <u>131</u> | <u>61</u> |

Compass Minerals (UK) Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

4 Tax on profit/(loss) on ordinary activities - continued

(b) Factors affecting the current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

| | 2012 £'000 | 2011 £'000 |
|-------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Profit/(loss) on ordinary activities before tax | 82 | (111) |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%) | 20 | (29) |
| Effects of | | |
| Adjustment in respect of prior years | 111 | 90 |
| Total current tax charge (note 4(a)) | 131 | 61 |

(c) Deferred tax

Deferred tax recognised in the balance sheet is as follows:

| | 2012 £'000 | 2011 £'000 |
|----------------------------------|---------------|---------------|
| At 1 January | - | - |
| Deferred tax charge for the year | - | - |
| At 31 December | - | - |

(d) Factors that may affect future tax charges

In addition to the changes in rates of Corporation tax disclosed above further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The proposed reductions to the main rate of corporation tax are both expected to be enacted as part of Finance Act 2013.

Compass Minerals (UK) Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

5 Fixed asset investments

Subsidiary Undertakings

| | 2012 £'000 | 2011 £'000 |
|---------------------------------|---------------|---------------|
| Cost and net book value: | | |
| Ordinary Shares of £1 each | 12,500 | 12,500 |

Details of the investments in which the company at least 20% of the nominal value of any class of share capital are as follows:-

| Name of Company | Holding | % of voting rights and shares held | Nature of business |
|--------------------|------------|---------------------------------------|---------------------------------------------------|
| Salt Union Limited | Ord Shares | 100 | Extraction, marketing and distribution of salt |

All companies are registered in England and Wales

6 Stocks

| | 2012 £'000 | 2011 £'000 |
|---------------------------|---------------|---------------|
| Finished goods for resale | - | 526 |
| | <u>-</u> | <u>526</u> |

7 Debtors

| | 2012 £'000 | 2011 £'000 |
|----------------------------------------|---------------|---------------|
| Trade debtors | - | 12 |
| Amounts owed by subsidiary undertaking | 13,082 | 13,184 |
| | <u>13,082</u> | <u>13,196</u> |

8 Creditors: amounts falling due within one year

| | 2012 £'000 | 2011 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to parent undertaking | 3,550 | 3,419 |
| Accrued liabilities | 4 | 14 |
| | <u>3,554</u> | <u>3,433</u> |

Compass Minerals (UK) Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Called up share capital

| | 2012 £ | 2011 £ |
|----------------------------------------------------------------------|------------------|------------------|
| Issued | | |
| Allotted and fully paid up 1,570,734 ordinary shares of £1 each | 1,570,734 | - |
| Allotted and fully paid up 157,055,556 ordinary shares of 1p each | - | 1,570,556 |
| Allotted 55,556 US\$ registered shares 0 1 cents each | - | 36 |
| | <u>1,570,734</u> | <u>1,570,592</u> |

On 18th December, 2012, the Company issued a further 14,444 Ordinary shares of 1p each and a resolution was then passed which reclassified 157,070,000 Ordinary 1p shares as 1,570,000 ordinary £1 shares and 55,555 US\$ registered 0 1 cent shares as 34 Ordinary £1 shares converted at an exchange rate of \$1 0621 \$ to the £.

10 Share premium account and reserves

| | Share premium account £'000 | Preference capital redemption reserve £'000 | Profit and loss account £'000 |
|----------------------------|--------------------------------------|---------------------------------------------------------|----------------------------------------|
| At 1 January 2012 | 1,043 | 10,630 | 9,577 |
| Loss for the year | - | - | (49) |
| At 31 December 2012 | <u>1,043</u> | <u>10,630</u> | <u>9,528</u> |

The Preference capital redemption reserve was created on the redemption of preference shares in 1995.

11 Reconciliation of shareholders' funds

| | 2012 £'000 | 2011 £'000 |
|-------------------------------------|---------------|---------------|
| Loss for the year | (49) | (172) |
| Net movement in shareholders' funds | (49) | (172) |
| Opening shareholders' funds | 22,821 | 22,993 |
| Closing shareholders' funds | <u>22,772</u> | <u>22,821</u> |

Compass Minerals (UK) Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 Ultimate controlling party

The directors regard Compass Minerals International, Inc of Kansas, USA, as the ultimate parent and controlling party

Compass Minerals International, Inc is the parent undertaking of the largest group of which the company is a member and for which group accounts are drawn up Copies of these accounts can be obtained from its registered office at 9900 West 109th Street, Overland Park, Kansas, 66210, USA.

13 Related parties

The Company has taken advantage of the exemption available under FRS8 in order not to disclose intra-group transactions There are no other related party transactions requiring disclosure

14 Contingent liability

(i) Revolving credit facility/new term loan

During 2007, the ultimate parent company, Compass Minerals International, Inc (hereinafter referred to as "the Company", amended its previously existing senior secured credit facilities ("Credit Agreement"), which included a \$350 million term loan ("Term Loan") and a \$125 million revolving credit facility, and borrowed an additional \$127 million under an incremental term loan ("Incremental Term Loan"). In October 2010, the Company amended the terms of its Credit Agreement and entered into a new Revolving Credit Facility ("Revolving Credit Facility") As part of the amendment, the Company extended the maturity of approximately \$234 million of its Term Loan and Incremental Term Loan ("Extended Term Loan") under the Credit Agreement to 2016 The \$125 million Revolving Credit Facility was extended to mature in October 2015. The remaining amount outstanding on the Term Loan and the Incremental Term Loan of \$154 million at December 31, 2011 was scheduled to mature in December 2012 In connection with the refinancing of the Credit Agreement in 2010, the Company paid approximately \$2.4 million of fees which were expensed and approximately \$2.6 million of fees which were capitalized as deferred financing costs In May 2012, the Company amended and restated its senior secured credit facility and refinanced its term loans into a single term loan ("New Term Loan"). In connection with the refinancing of the term loans in 2012, the Company paid \$4.0 million of refinancing fees (approximately \$1.8 million were recorded as an expense and approximately \$2.2 million were capitalized as deferred financing costs) and wrote-off previously existing deferred finance costs of approximately \$1.0 million

Compass Minerals (UK) Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Contingent liability - continued

(i) Revolving credit facility/new term loan – continued

The New Term Loan is due in quarterly instalments of principal and interest and matures in May 2017. The New Term Loan can be prepaid at anytime without penalty. Under the Revolving Credit Facility, \$40 million may be drawn in Canadian dollars and \$10 million may be drawn in British pounds sterling. Additionally, the Revolver includes a sub-limit for short-term letters of credit in an amount not to exceed \$50 million. As of December 31, 2012, there were no borrowings outstanding under the Revolving Credit Facility and, after deducting outstanding letters of credit totalling \$7.8 million, the Company's borrowing availability was \$117.2 million. The Company incurs participation fees related to its outstanding letters of credit and commitment fees on its available borrowing capacity. The rates vary depending on the Company's leverage ratio. Bank fees are not material.

Interest on the Credit Agreement is variable based on either the Eurodollar rate ("LIBOR") or a base rate (defined as the greater of a specified U.S. or Canadian prime lending rate or the federal funds effective rate, increased by 0.5%) plus a margin, which is dependent upon the Company's leverage ratio and the type of term loan borrowing. Currently, the New Term Loan bears interest 1.75% over LIBOR. As of December 31, 2012, the weighted average interest rate was 2.0% on all borrowings outstanding under the Credit Agreement.

In June of 2009, the Company issued 8% Senior Notes with an aggregate face amount of \$100 million due in 2019, which bear interest at a rate of 8% per year payable semi-annually in June and December. The 8% Senior Notes were issued at a discount at 97.497% of their face value and the carrying value of the debt will accrete to their face value over the notes' term, resulting in an effective interest rate of approximately 8.4%.

(ii) Group Guarantee

The Credit Agreement and the indenture governing the 8% Senior Notes limit the Company's ability, among other things, to incur additional indebtedness or contingent obligations, pay dividends or make distributions to stockholders, repurchase or redeem stock, make investments, grant liens, make capital expenditures; enter into transactions with stockholders and affiliates, sell assets; and acquire the assets of, or merge or consolidate with, other companies. The New Term Loan and Revolving Credit Facility are secured by substantially all existing and future assets of the Company's subsidiaries. Additionally, it requires the Company to maintain certain financial ratios, including a minimum interest coverage ratio and a maximum total leverage ratio. As of December 31, 2012, the Company was in compliance with each of its covenants.