

CHEMICAL & MINING CO OF CHILE INC
Form 6-K
April 03, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934

For the month of April, 2014.

Commission File Number 33-65728

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

El Trovador 4285, Santiago, Chile (562) 2425-2000

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F: Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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Sociedad Química y Minera de Chile S.A. and Subsidiaries

Santiago, Chile, April 03, 2014 – Sociedad Química y Minera de Chile S.A. (SQM), reports the translation of the financial statements that were filed with the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*) for the year ended December 31, 2014.

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Sociedad Química y Minera de Chile S.A. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended

December 31, 2013

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A. AND SUBSIDIARIES

In Thousands of United States Dollars

This document includes:

- Report of Independent Register Public Accountings Firm
- Consolidated Classified Statements of Financial Position
- Consolidated Statements of Income by Function
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Cash Flows
- Statements of Changes in Equity
- Notes to the Consolidated Financial Statements

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Sociedad Química y Minera de Chile S.A. and Subsidiaries

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Sociedad Química y Minera de Chile S.A. and Subsidiaries**CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION**

ASSETS	Note	As of December 31, 2013 ThUS\$	As of December 31, 2012 ThUS\$
Current assets			
Cash and cash equivalents	7.1	476,622	324,353
Other current financial assets	10.1	460,173	316,103
Other current non-financial assets	25	44,230	67,820
Trade and other receivables, current	10.2	330,992	510,616
Trade receivables due from related parties, current	9.5	128,026	101,372
Current inventories	8	955,530	890,579
Current tax assets	28.1	59,476	30,234
Total current assets		2,455,049	2,241,077
Non-current assets			
Other non-current financial assets	10.1	95	29,492
Other non-current non-financial assets	25	36,505	23,339
Trade receivables, non-current	10.2	1,282	1,311
Investments in associates	11	51,075	50,955
Investments in joint ventures	12	25,943	19,343
Intangible assets other than goodwill	13.1	104,363	99,754
Goodwill	13.1	38,388	38,388
Property, plant and equipment	14.1	2,054,377	1,912,549
Deferred tax assets	28.4	531	223
Total non-current assets		2,312,559	2,175,354
Total assets		4,767,608	4,416,431

The accompanying notes form an integral part of these consolidated financial statements.

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Sociedad Química y Minera de Chile S.A. and Subsidiaries**CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION, (continued)**

Liabilities and Equity	Note	As of December 31, 2013 ThUS\$	As of December 31, 2012 ThUS\$
Liabilities			
Current liabilities			
Other current financial liabilities	10.4	401,426	152,843
Trade and other payables, current	10.5	150,960	207,944
Trade payables due to related parties, current	9.6	-	19
Other current provisions	18.1	17,953	18,489
Current tax liabilities	28.2	31,707	23,624
Provisions for employee benefits, current	15.1	25,236	33,974
Other current non-financial liabilities	18.3	95,353	172,200
Total current liabilities		722,635	609,093
Non-current liabilities			
Other non-current financial liabilities	10.4	1,417,390	1,446,194
Other non-current provisions	18.1	8,633	7,357
Deferred tax liabilities	28.4	154,295	125,445
Provisions for employee benefits, non-current	15.1	32,414	40,896
Total non-current liabilities		1,612,732	1,619,892
Total liabilities		2,335,367	2,228,985
Equity			
	17		
Share capital		477,386	477,386
Retained earnings		1,909,725	1,676,169
Other reserves		(10,491)	(20,772)
Equity attributable to owners of the Parent		2,376,620	2,132,783
Non-controlling interests		55,621	54,663
Total equity		2,432,241	2,187,446
Total liabilities and equity		4,767,608	4,416,431

The accompanying notes form an integral part of these consolidated financial statements.

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Sociedad Química y Minera de Chile S.A. and Subsidiaries**CONSOLIDATED STATEMENTS OF INCOME BY FUNCTION**

		January to December	
	Note	2013 ThUS\$	2012 ThUS\$
Revenue	20	2,203,140	2,429,160
Cost of sales	27.2	(1,481,690)	(1,400,567)
Gross profit		721,450	1,028,593
Other income	27.3	96,716	12,702
Administrative expenses	27.4	(105,189)	(106,442)
Other expenses by function	27.5	(49,397)	(34,628)
Other gains (losses)	27.6	(11,391)	683
Profit (loss) from operating activities		652,189	900,908
Finance income		12,696	29,068
Finance costs	22	(58,608)	(54,095)
Share of profit of associates and joint ventures accounted for using the equity method		18,786	24,357
Foreign currency translation differences	23	(11,954)	(26,787)
Profit (loss) before taxes		613,109	873,451
Income tax expense, continuing operations	28.4	(138,539)	(216,082)
Profit (loss) from continuing operations		474,570	657,369
Profit for the year		474,570	657,369
Profit attributable to Owners of the Parent		467,113	649,167
Non-controlling interests		7,457	8,202
Profit for the year		474,570	657,369

The accompanying notes form an integral part of these consolidated financial statements.

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Sociedad Química y Minera de Chile S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME BY FUNCTION (continued)

	Note	January to December 2013 US\$	2012 US\$
Earnings per share			
Common shares			
Basic earnings per share (US\$ per share)	21	1,7748	2,4665
Basic earnings per share (US\$ per share) from continuing operations		1,7748	2,4665
Diluted common shares			
Diluted earnings per share (US\$ per share)	21	1,7748	2,4665
Diluted earnings per share (US\$ per share) from continuing operations		1,7748	2,4665

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Sociedad Química y Minera de Chile S.A. and Subsidiaries**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	January to December	
	2013	2012
Statements of comprehensive income	ThUS\$	ThUS\$
Profit for the year	474,570	657,369
Components of other comprehensive income before taxes and foreign currency translation differences		
Gain (loss) from foreign currency translation differences, before taxes	(3,559)	982
Other comprehensive income before taxes and foreign currency translation differences	(3,559)	982
Cash flow hedges		
(Gain) loss from cash flow hedges before taxes	15,778	(7,872)
Other comprehensive income before taxes and cash flow hedges	15,778	(7,872)
Other comprehensive income before taxes and actuarial gains (losses) from defined benefit plans	1,012	711
Other miscellaneous reserves	-	-
Other components of other comprehensive income before taxes	13,231	(6,179)
Income taxes associated with components of other comprehensive income		
Income taxes associated with cash flow hedges in other comprehensive income	(3,022)	1,580
Income taxes associated with components of other comprehensive income	(3,022)	1,580
Other comprehensive income	10,209	(4,599)
Total comprehensive income	484,779	652,770
Comprehensive income attributable to		
Owners of the Parent	477,394	644,507
Non-controlling interests	7,385	8,263
Total comprehensive income	484,779	652,770

The accompanying notes form an integral part of these consolidated financial statements.

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Sociedad Química y Minera de Chile S.A. and Subsidiaries**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Statements of cash flows	Note	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Cash flows from (used in) operating activities			
Types of receipts from operating activities			
Cash receipts from sales of goods and rendering of services		2,392,696	2,387,979
Other cash receipts from operating activities		-	-
Types of payments			
Cash payments to suppliers for the provision of goods and services		(1,496,053)	(1,447,970)
Cash payments to and on behalf of employees		(48,033)	(44,429)
Other payments related to operating activities		(24,774)	(8,396)
Dividends received		16,423	15,126
Interest paid		(87,018)	(59,509)
Interest received		12,696	24,368
Reimbursed (paid) income taxes		(119,107)	(250,201)
Other incomes (outflows) of cash		4,883	33,238
Net cash generated from (used in) operating activities		651,713	650,206
Cash flows from (used in) investing activities			
Cash receipts from the loss of control of subsidiaries and other businesses		-	961
Other cash payments made to acquire interests in joint ventures		(69)	(197)
Proceeds from the sale of property, plant and equipment		216	2,050
Proceeds from sale of intangible assets		86,157	-
Acquisition of property, plant and equipment		(386,495)	(449,984)
Cash advances and loans granted to third parties		528	(623)
Other incomes (outflows) of cash (*)		(187,722)	(115,092)
Net cash generated from (used in) investing activities		(487,385)	(562,885)

(*)Includes other cash receipts (payments), investments and redemptions of time deposits and other financial instruments, which do not qualify as cash and cash equivalents in accordance with IAS 7.7 as they have a maturity date greater than 90 days from their date of origin.

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Sociedad Química y Minera de Chile S.A. and Subsidiaries**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

	Note	12/31/2013	12/31/2012
		ThUS\$	ThUS\$
Cash flows from (used in) financing activities			
Proceeds from issue of capital instruments		-	-
Proceeds from long-term borrowings		300,000	366,502
Proceeds from short-term borrowings		160,000	-
Total proceeds from borrowings		460,000	366,502
Repayment of borrowings		(176,485)	(220,000)
Dividends paid		(279,668)	(334,762)
Other cash receipts (payments)		(6,132)	(9,437)
Net cash generated from (used in) financing activities		(2,285)	(197,697)
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate		162,043	(110,376)
Effects of exchange rate fluctuations on cash held		(9,774)	(10,263)
Net (decrease) increase in cash and cash equivalents		152,269	(120,639)
Cash and cash equivalents at beginning of period		324,353	444,992
Cash and cash equivalents at end of period		476,622	324,353

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STATEMENTS OF CHANGES IN EQUITY

2013	Share capital	Foreign currency translation differences reserves	Cash flow hedge reserves	Actuarial gains (losses) from defined benefit plans	Other miscellaneous reserves	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the year	477,386	(330)	(16,522)	(2,243)	(1,677)	(20,772)	1,676,169	2,132,783	54,663	2,187,446
Restated opening balance of equity	477,386	(330)	(16,522)	(2,243)	(1,677)	(20,772)	1,676,169	2,132,783	54,663	2,187,446
Profit for the year	-	-	-	-	-	-	467,113	467,113	7,457	474,570
Other comprehensive income	-	(3,487)	12,756	1,012	-	10,281	-	10,281	(72)	10,209
Comprehensive income	-	(3,487)	12,756	1,012	-	10,281	467,113	477,394	7,385	484,779
Dividends	-	-	-	-	-	-	(233,557)	(233,557)	(6,427)	(239,984)
Increase (decrease) in transfers and other changes	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in equity	-	(3,487)	12,756	1,012	-	10,281	233,556	243,837	958	244,795

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Equity As of
December 31, 2013 477,386 (3,817) (3,766) (1,231) (1,677) (10,491) 1,909,725 2,376,620 55,621 2,432,241

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STATEMENTS OF CHANGES IN EQUITY

2012	Share capital	Foreign currency translation differences reserves	Cash flow hedge reserves	Actuarial gains (losses) from defined benefit plans	Other miscellaneous reserves	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the year	477,386	(1,251)	(10,230)	(2,954)	(1,677)	(16,112)	1,351,560	1,812,834	51,546	1,864,380
Restated opening balance of equity	477,386	(1,251)	(10,230)	(2,954)	(1,677)	(16,112)	1,351,560	1,812,834	51,546	1,864,380
Profit for the year							649,167	649,167	8,202	657,369
Other comprehensive income	-	921	(6,292)	711	-	(4,660)	-	(4,660)	61	(4,599)
Comprehensive income	-	921	(6,292)	711	-	(4,660)	649,167	644,507	8,263	652,770
Dividends	-	-	-	-	-	-	(324,558)	(324,558)	(5,146)	(329,704)
Increase (decrease) in transfers and other changes	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in equity	-	921	(6,292)	711	-	(4,660)	324,609	319,949	3,117	323,066

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Equity As of
December 31, 2012 477,386 (330) (16,522) (2,243) (1,677) (20,772) 1,676,169 2,132,783 54,663 2,187,446

The accompanying notes form an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial
Statements as of December 31, 2013

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 1 – Identification and Activities of the Company and Subsidiaries

1.1 Historical background

Sociedad Química y Minera de Chile S.A. "SQM" is an joint stock corporation organized under the laws of the Republic of Chile, Tax Identification No.93.007.000-9.

The Company was incorporated through a public deed dated June 17, 1968 by the notary public of Santiago MR. Sergio Rodríguez Garcés. Its existence was approved by Decree No. 1,164 of June 22, 1968 of the Ministry of Finance, and it was registered on June 29, 1968 in the Registry of Commerce of Santiago, on page 4,537 No. 1,992. SQM's headquarters are located at El Trovador 4285, Fl. 6, Las Condes, Santiago, Chile. The Company's telephone number is +56 2 2425-2000.

The Company is registered with the Securities Registry of the Chilean Superintendence of Securities and Insurance (SVS) under No. 0184 dated March 18. 1983 and is subject to the inspection of the SVS.

1.2 Main domicile where the Company performs its production activities

The Company's main domiciles are: Calle Dos Sur Sitio N° 5 - Antofagasta; Arturo Prat 1060 - Tocopilla; Edificio Administración s/n - María Elena; Edificio Administración s/n Pedro de Valdivia - María Elena, Anibal Pinto 3228 - Antofagasta, Kilómetro 1378 Ruta 5 Norte - Antofagasta, Planta Coya Sur s/n - María Elena, kilómetro 1760 Ruta 5 Norte - Pozo Almonte, Planta Cloruro de Potasio Salar de Atacama s/n - San Pedro de Atacama, Planta Sulfato de Potasio Salar de Atacama s/n – San Pedro de Atacama, Campamento Minsal s/n Planta CL, Potasio – San Pedro de Atacama, Ex Oficina Salitrera Iris S/N, Comuna de Pozo Almonte, Iquique..

1.3 Codes of main activities

The codes of the main activities as established by the Chilean Superintendence of Securities and Insurance are as follows:

-	1700 (Mining)
-	2200 (Chemical products)
-	1300 (Investment)

1.4 Description of the nature of operations and main activities

Our products are mainly derived from mineral deposits found in northern Chile. We mine and process caliche ore and brine deposits. The caliche ore in northern Chile contains the largest known nitrate and iodine deposits in the world and is the world's largest commercially exploited source of natural nitrates. The brine deposits of the Salar de Atacama, a salt-encrusted depression within the Atacama desert in northern Chile, contain high concentrations of lithium and potassium as well as significant concentrations of sulfate and boron.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 1 – Identification and Activities of the Company and Subsidiaries (continued)

1.4 Description of the nature of operations and main activities, continued

From our caliche ore deposits located in the north of Chile, we produce a wide range of nitrate-based products used for specialty plant nutrients and industrial applications, as well as iodine and iodine derivatives. At the Salar de Atacama, we extract brines rich in potassium, lithium, sulfate and boron in order to produce potassium chloride, potassium sulfate, lithium solutions, boric acid and bischofite (magnesium chloride). We produce lithium carbonate and lithium hydroxide at our plant near the city of Antofagasta, Chile, from the solutions brought from the Salar de Atacama. We market all of these products through an established worldwide distribution network.

We sell our products in over 100 countries worldwide through our global distribution network and generate our revenue mainly from abroad.

Our products are divided into six categories: specialty plant nutrition, iodine and its derivatives, lithium and its derivatives, industrial chemicals, potassium and other products and services, described as follows:

Specialty plant nutrition: SQM produces and sells four types of specialty plant nutrition in this line of business: potassium nitrate, sodium nitrate, sodium potassium nitrate, and specialty mixes. This business is characterized by maintaining close relations with its customers for which it has specialized staff who provide expert advisory services in best practices for fertilization according to each type of crop, soil and climate. Within this line of business, potassium derivative products and specialty potassium nitrate have had a leading role given their unique characteristics that allow it, among other things, to ensure an improvement in post-crop life in addition to improving quality, flavor and fruit color. The potassium nitrate, which is sold in multiple forms and as a part of other specialty mixtures, is complemented by sodium nitrate, potassium sodium nitrate, and more than 200 fertilizer mixtures.

Iodine: The Company is a major producer of iodine a global level. Iodine is widely used in the pharmaceutical industry, technology and nutrition. Additionally, iodine is used as an X ray contrast media and as polarizing film for LCD displays.

Lithium: the Company's lithium is mainly used for manufacturing rechargeable batteries for cell phones, cameras and notebooks. Through the manufacturing of lithium-based products, SQM provides significant materials to face great

challenges such as the efficient use of energy and raw materials. Lithium is not only used for rechargeable batteries and in new technologies for electric cars, but is also used in industrial applications to lower melting temperature and to help save costs and energy.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 1 – Identification and Activities of the Company and Subsidiaries (continued)

1.4 Description of the nature of operations and main activities, continued

Industrial Chemicals: Industrial chemicals are products used as supplies for a large number of production processes. SQM has participated in this line of business for years producing sodium nitrate, potassium nitrate, boric acid and potassium chloride. Industrial nitrates have become increasingly important over the last few years due to their use as storage means for thermal energy at solar energy plants, which are widely used in countries such as Spain and the United States as they look to decrease CO₂ emissions

Potassium: Potassium is a primary essential macro-nutrient, that although does not form part of the plant’s structure, has a significant role in the development of its basic functions, ensuring the quality of a crop, increasing post-crop life, improving crop flavor, its vitamin content and its physical appearance. Within this business line, SQM also has potassium chlorate and potassium sulfate, both extracted from the salt layer located under the Salar de Atacama (the Atacama Saltpeter Deposit.)

Other products and services: This business line includes revenue from commodities, services, interests, royalties and dividends.

1.5 Other background:

Staff

As of December 31, 2013 and December 31, 2012, staff was detailed as follows:

	12/31/2013	12/31/2012
Permanent staff	4,792	5,643

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 1 – Identification and Activities of the Company and subsidiaries (continued)**1.5 Other background, continued**

Main shareholders

The table below establishes certain information about the beneficial property of Series A and Series B shares of SQM as of December 31, 2013 and December 31, 2012, in respect to each shareholder which has interest of more than 5% of outstanding Series A or B shares. The information below is taken from our records and reports controlled in the Central Securities Depository and reported to the Superintendence of Securities and Insurance (SVS) and the Chilean Stock Exchange, whose main shareholders are as follows:

Shareholder as of December 31, 2013	No. of Series A with ownership shares	% of Series A shares	No. of Series B with ownership shares	% of Series B shares	% of total shares
The Bank of New York Mellon, ADRs	-	-	56,302,367	46.77	% 21.39 %
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,758,830	31.34 %	6,971,799	5.79	% 19.65 %
Inversiones El Boldo Limitada	29,225,196	20.46 %	18,028,676	14.98	% 17.95 %
Inversiones RAC Chile Limitada	19,200,242	13.44 %	2,202,773	1.83	% 8.13 %
Potasios de Chile S.A.(*)	18,179,147	12.73 %	-	-	6.91 %
BTG Pactual Chile S.A. C de B	15,593,709	10.92 %	797,393	0.66	% 6.23 %
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16 %	-	-	3.34 %
Banco Itau on behalf of foreign investors	20,950	0.01 %	5,428,234	4.51	% 2.07 %
Banco de Chile on behalf of non-resident third parties	-	-	5,234,823	4.35	% 1.99 %
Inversiones La Esperanza Limitada	3,693,977	2.59 %	-	-	1.40 %

(*) **Total Pampa Group 29.9%**

Shareholder as of December 31, 2012	No. of Series A with ownership shares	% of Series A shares	No. of Series B with ownership shares	% of Series B shares	% of total shares
Inversiones El Boldo Limitada	44,751,196	31.33 %	17,571,676	14.60	% 23.68 %
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,558,830	31.20 %	9,003,799	7.48	% 20.35 %

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The Bank of New York	-	-		46,559,106	38.68	%	17.69	%
Inversiones RAC Chile Limitada	19,200,242	13.44	%	2,699,773	2.24	%	8.32	%
Potasios de Chile S.A.(*)	17,919,147	12.55	%	-	-		6.81	%
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16	%	-	-		3.34	%
Banco Itau on behalf of investors	-	-		4,579,293	3.80	%	1.74	%
Inversiones La Esperanza Limitada	3,693,977	2.59	%	-	-		1.40	%
Banco Santander on behalf of foreign investors	-	-		3,238,105	2.69	%	1.23	%
Banco de Chile on behalf of non-resident third parties	-	-		3,082,612	2.56	%	1.17	%

(*) Total Pampa Group 30.50%

On December 31, 2013 the total number of shareholders had risen to 1,331.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation for the consolidated financial statements

2.1 Accounting period

These consolidated financial statements cover the following periods

- Consolidated Statements of Financial Position for the years ended December 31, 2013 and December 31, 2012.

- Consolidated Statements of Changes in Equity for the years ended December 31, 2013 and 2012.

- Consolidated Statements of Comprehensive Income for the years between January 1 and December 31, 2013 and 2012.

- Statements of Cash Flows –Direct method for the years ended December 31, 2013 and 2012.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation for the consolidated financial statements (continued)

2.2 Financial statements

The consolidated interim financial statements of Sociedad Química y Minera de Chile S.A. and Subsidiaries, have been prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) and represent the full, explicit and unreserved application of the aforementioned international standards issued by the International Accounting Oversight Board (IASB).

These annual consolidated financial statements reflect fairly the Company’s equity and financial position and the results of its operations, changes in the statement of recognized revenue and expenses and cash flows, which have occurred during the periods then ended.

IFRS establish certain alternatives for their application. Those applied by the Company and its subsidiaries are included in detail in this Note.

The accounting policies used in the preparation of these consolidated annual and interim accounts comply with each IFRS in force at their date of presentation. Certain reclassifications have been made for comparative purposes.

2.3 Basis of measurement

The interim consolidated financial statements have been prepared on the historical cost basis except for the following material items:

- inventories are recorded at the lower of cost and net realizable value;
- other current and non-current asset and financial liabilities at amortized cost;
- financial derivatives at fair value; and
- staff severance indemnities and pension commitments at actuarial value.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation for the consolidated financial statements (continued)

2.4 Accounting pronouncements

New accounting pronouncements.

- a) The following standards, interpretations and amendments are mandatory for the first time for the annual periods beginning on January 1, 2013:

Standards and interpretations	Mandatory for annual periods beginning on
Revised IAS 19 <i>Employee Benefits</i> was adopted on January 1, 2013, with retrospective effect. The revision eliminates the use of the corridor method of accounting for actuarial gains and losses and the return on plan assets arising in connection with defined benefit plans and introduces changes to the way in which such plans are accounted for in income and other comprehensive income.	01/01/2013
IAS 27, "Separate Financial Statements", now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements.	01/01/2013
IFRS 10, "Consolidated Financial Statements", which replaces parts of IAS 27, "Consolidated and Separate Financial Statements" and all of SIC-12, "Consolidation – Special Purpose Entities", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.	01/01/2013
IFRS 11 'Joint Arrangements'	
In May 2011, the IASB issued IFRS 11 'Joint Arrangements', one of a suite of standards relating to interests in other entities and related disclosures. IFRS 11 establishes a principle that applies to the accounting for all joint arrangements, whereby parties to the arrangement account for their underlying contractual rights and obligations relating to the joint arrangement. IFRS 11 identifies two types of joint arrangements. A 'joint venture' is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A 'joint operation' is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investments in joint ventures are accounted for using the equity method. Investments in joint operations are accounted for by recognizing the group's assets, liabilities, revenue and expenses relating to the joint operation.	01/01/2013

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation of the consolidated financial statements (continued)

2.4 Accounting pronouncements, continued

Standards and interpretations	Mandatory for annual periods beginning on
IFRS 12 ‘Disclosures of Interests in Other Entities’ combines all the disclosure requirements for an entity’s interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard.	01/01/2013
IFRS 13 <i>Fair Value Measurement</i> was adopted on January 1, 2013, with prospective effect. The standard affects nearly all instances where assets and liabilities are currently recognised or disclosed at fair value, primarily by refining the measurement concept to reflect an asset or liability’s exit value. The standard also introduces certain additional considerations to the measurement process and additional disclosures.	01/01/2013
Amendments and improvements	Mandatory for annual periods beginning on
Revised IAS 1 <i>Presentation of Financial Statements</i> changes the presentation of items in the Consolidated Statement of Comprehensive Income to distinguish between those items of other comprehensive income that under other accounting standards may be reclassified to income in later periods and those that are not.	07/01/2012
IAS 28, “Investments in Associates and Joint Ventures”, was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment.	01/01/2013
Revised IFRS 7 <i>Financial Instruments: Disclosures</i> introduces disclosures relating to the offsetting of certain financial assets and financial liabilities, principally derivative contracts and trade receivables and payables.	01/01/2013

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation of the consolidated financial statements (continued)

2.4 Accounting pronouncements, continued

<p>Amendments and improvements</p> <p><i>IFRS 10 “Consolidated Financial Statements”, NIIF 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”</i></p> <p>Clarifies the transitional provisions for IFRS 10 indicating changes should be applied on the first day of the annual period in which the standard is adopted. Therefore, it may be necessary to make amendments to comparative information presented in such a period, if the evaluation of control over investments differs from that recognized in accordance with IAS 27/SIC 12.</p> <p><i>Improvements to International Financial Reporting Standards (2011)</i></p> <p>Issued in May 2012.</p> <p>IFRS 1 “First-time Adoption of International Financial Reporting Standards” – clarifies that an entity may apply IFRS 1 more than once under certain circumstances.</p> <p>IFRS 1 “First-time Adoption of International Financial Reporting Standards” – clarifies that an entity may adopt IAS 23, "Borrowing Costs" on the transition date or from an earlier date.</p> <p>IAS 1 “Presentation of Financial Statements” – clarifies the requirements for comparative information when an entity presents a third column in the balance sheet.</p> <p>IFRS 1 “First-time Adoption of International Financial Reporting Standards” – clarifies that an entity adopting IFRS for the first time may present information in footnotes for all periods presented.</p> <p>IAS 16 “Property, Plant and Equipment” – clarifies that spare-parts and service equipment should be classified as Property, Plant and Equipment as opposed to inventories when they meet the definition of Property, Plant and Equipment.</p> <p>IAS 32 “Financial Instruments: Presentation” – clarifies the treatment of income tax related to distribution and transaction costs.</p>	<p>Mandatory for annual periods beginning on</p> <p>01/01/2013</p> <p>01/01/2013</p>
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IAS 34 “Interim Financial Reporting” – clarifies the disclosure requirements of assets and liabilities by segments at interim periods, conforming to the same requirements applicable to annual financial statements.

The adoption of the standards, interpretations and amendments above had no significant impact on the Company’s consolidated financial statements.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation of the consolidated financial statements (continued)

2.4 Accounting pronouncements, continued

b) The new standards, interpretations and amendments issued not yet effective for the annual period 2013 which have not been early adopted are listed below.

Standards and interpretations	Mandatory for annual periods beginning on
<p>IFRS 9 'Financial Instruments: Classification and Measurement' introduces new requirements for classifying and measuring financial assets and financial liabilities and, when finalized, will address hedge accounting and impairment of financial assets. The effective date for IFRS 9 is not expected to be before 1 January 2017. The amendments to existing accounting standards that are effective from 1 January 2014, 'Offsetting Financial Assets and Financial Liabilities' (Amendments to IAS 32) and 'Recoverable Amount Disclosures for Non-Financial Assets' (Amendments to IAS 36).</p>	Not yet determined
<p>IFRIC 21 Levies, issued in May 2013, addresses the accounting for liabilities to pay levies that are within the scope of IAS 37 Provisions, contingent liabilities and contingent assets.</p>	01/01/2014
Amendments and improvements	Mandatory for annual periods beginning on
<p>The amendments to IAS 32 Financial Instruments: Presentation, issued in December 2011, clarify the requirements for offsetting financial assets and financial liabilities in the financial statements.</p>	01/01/2014

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation of the consolidated financial statements (continued)

2.4 Accounting pronouncements, continued

Amendments and improvements	Mandatory for annual periods beginning on
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IAS 27 “Separate Financial Statements”; IFRS 10 “Consolidated Financial Statements” and IFRS 12 “Disclosure of Interests in Other entities”

<p>Issued in October 2012, the IASB published “Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)”, providing an exemption for the consolidation of subsidiaries under IFRS 10 Consolidated Financial Statements for entities meeting the definition for an “investment entity”, such as investment funds. The amendments require the use of fair value through profit or loss in conformity with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendment also introduces new disclosure requirements relative to investment entities in IFRS 12 and IAS 27.</p>	01/01/2014
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<p>IAS 36 “Impairment of Assets”, when events or changes in market conditions indicate that tangible or intangible assets may be impaired, such assets are reviewed in detail to determine whether their carrying value is higher than their recoverable value (i.e. the higher of value in use and fair value less costs to sell), which could lead to recording an impairment loss.</p>	01/01/2014
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Value in use is estimated by calculating the present value of the future cash flows expected to be derived from the asset. Fair value less costs to sell is based on the most reliable information available (such as market statistics and recent transactions).

<p><i>IAS 39 “Financial Instruments: Recognition and Measurement”</i> Issued in June 2013, under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2014, with earlier application being permitted. The amendments also include changes in contractual guarantee requirements, right of offset for trade receivables also payables, taxes and levies.</p>	01/01/2014
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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation of the consolidated financial statements (continued)

2.4 Accounting pronouncements, continued

<p>Amendments and improvements</p>	<p>Mandatory for annual periods beginning on</p>
<p>IFRS 9 "Financial Instruments" Issued in November 2013, amendments primarily include a substantial review of hedge accounting to allow entities to better reflect their risk management activities in the financial statements. This amendment also allows entities to early adopt the requirement of recognizing changes in the fair value attributable to changes in the entity's credit risk in other comprehensive income (for financial liabilities that are recorded under the fair value option). Such an amendment may be applied without having to adopt the remainder of IFRS 9</p>	<p>Not yet determined</p>
<p><i>IAS 19 "Employee Benefits"</i></p> <p>Issued in November 2013, this amendment applies to employee or third party contributions to defined benefit plans. The objective of this amendment is to simplify the accounting recognition of contributions that are independent of the number of years of employee service; i.e., employees' contributions that are calculated in accordance with a fixed salary percentage.</p>	<p>07/01/2014</p>
<p><i>Improvements to Information Financial Reporting Standards (2012)</i></p> <p>Issued in December 2013.</p>	<p>07/01/2014</p>
<p>IFRS 2 "Share-based Payment" – clarifies the definition of "vesting conditions and "market conditions" and defines separately "performance conditions" and "service conditions." Such an amendment should be applied prospectively on share-based payment transactions whose grant date is July 1, 2014 or after. Early adoption is permitted.</p>	
<p>IFRS 3, "Business Combinations" - Clarifies that the obligation to pay contingent consideration in the form of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, "Financial Instruments: Presentation." The standard was additionally amended to clarify that all non equity contingent consideration, both financial and non-financial, be measured at fair value at each reporting date through profit or loss. Consequently, there are also changes to IFRS 9, IAS 37 and IAS 39. The amendment is applicable prospectively for business combinations with an acquisition date on or after July 1, 2014. Early adoption is permitted provided that</p>	

amendments of IFRS 9 and IAS 37 also issued as part of the 2012 improvement plan are applied.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation of the consolidated financial statements (continued)

2.4 Accounting pronouncements, continued

Amendments and improvements

Mandatory for
annual periods
beginning on

IFRS 8 “Operating Segments” – The standard is amended to include the requirement to disclose the judgments made by management in the aggregation of operating segments. This includes a description of segments that have been aggregated and economic indicators that have been assessed in the determination that aggregated segments share similar economic characteristics. The standard was additionally modified to require a reconciliation of assets of each segment to total assets of an entity, when assets are reported by segment. Early adoption is permitted.

IFRS 13 "Fair Value Measurement" – When IFRS 13 was applied, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were eliminated. This raised a doubt as to whether entities no longer had the ability to measure short-term receivables and payables at their nominal amounts if the effect was not significant. IASB has modified the basis of the conclusions of IFRS 13 to clarify that it did not intend to eliminate the ability to measure short-term receivables and payables at nominal amounts in such cases. 07/01/2014

IAS 16, "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Both standards are amended to clarify the treatment of the gross carrying amount and accumulated depreciation when an entity uses the revaluation model. In such cases the carrying amount of the asset is adjusted to the revalued amount and the division of such revaluation between the gross carrying amount and accumulated depreciation is treated as follows: 1) either adjusting the gross carrying amount in a manner consistent with the revaluation of the carrying amount and accumulated depreciation is adjusted to equal the difference between the gross carrying amount and carrying amount after taking into consideration any accumulated impairment losses; or 2) accumulated depreciation is eliminated against the gross carrying amount of the asset. Early adoption is permitted.

IAS 24 "Related Party Disclosures" – The standard is modified to include, as a related party, an entity that provides key management personnel services to the reporting entity or the Parent of the reporting entity (“the managing entity”). The reporting entity is not obliged to disclose the compensation paid to the managing entity’s employees or managers, but is required to disclose amounts charged to the reporting entity by the managing entity for key management personnel services rendered. Early adoption is permitted. 07/01/2014

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation of the consolidated financial statements (continued)

2.4 Accounting pronouncements, continued

Amendments and improvements	Mandatory for annual periods beginning on
<i>Improvements to Information Financial Reporting Standards (2013)</i>	07/01/2014
Issued in December 2013.	

IFRS 1 “First-time Adoption of International Financial Reporting Standards” – clarifies that when a new version of a standard is not yet mandatory but is available for early adoption, a first-time adopter of IFRS may opt to apply the older version of the standard, provided that the same standard is applied to all periods presented.

IFRS 3 “Business Combinations” – the standard is modified to clarify that IFRS 3 is not applicable to the accounting recognition of the formation of a new joint arrangement under IFRS 11. This amendment also clarifies that only the scope exemption is applied to the financial statements of the joint arrangement.

IFRS 13 “Fair Value Measurement” – clarifies that the portfolio exception in IFRS 13, that allows an entity to measure the fair value of a group of financial assets and financial liabilities at their net amount applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

The amendment is mandatory for annual periods beginning on or after July 1, 2014. An entity must apply the amendments prospectively from the start of the first annual period in which this standard is applied.

IAS 40 “Investment Property” – the standard is modified to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 provides a guide to distinguish between investment property and properties occupied by their owners. In preparing the financial information, the application guide to

IFRS 3 should be considered to determine whether the acquisition of investment property is or is a business combination. This amendment is applicable for annual periods beginning on or after July 1, 2014, but can be applied to individual acquisitions of investment property prior to such date if and only if the information required to apply the amendment is available.

The adoption of the standards, amendments and interpretations described above are under evaluation and are not expected to have a significant impact on the Consolidated Financial Statements of the Company.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation for the consolidated financial statements (continued)

2.5 Basis of consolidation

(a) Subsidiaries

Relates to all the entities over which Sociedad Química y Minera de Chile S.A. has the ability to manage financial and operating activities, which in general is accompanied by share holdings greater than half the voting rights. Subsidiaries are included in consolidation from the date on which control of the Company is transferred and are excluded from consolidation on the date on which such control ceases. Subsidiaries apply the same accounting policies of their Parent.

To account for the acquisition, the Company uses the acquisition method. Under this method the acquisition cost is the fair value of assets delivered, equity securities issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingencies assumed in a business combination are measured initially at fair value at the acquisition date. For each business combination, the Company will measure non-controlling interest of the acquired either at fair value or as a proportional share of net identifiable assets of the acquiree.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation for the consolidated financial statements (continued)**2.5 Basis of consolidation, continued****Companies included in consolidation:**

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest			12/31/2012 Total
				12/31/2013 Direct	12/31/2013 Indirect	Total	
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM North America Corp.	USA	US\$	40.0000	60.0000	100.0000	100.0000
Foreign	SQM Europe N.V.	Belgium	US\$	0.8600	99.1400	100.0000	100.0000
Foreign	Soquimich S.R.L. Argentina	Argentina	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Soquimich European Holding B.V.	Netherlands	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Corporation N.V.	Dutch Antilles	US\$	0.0002	99.9998	100.0000	100.0000
Foreign	SQI Corporation N.V.	Dutch Antilles	US\$	0.0159	99.9841	100.0000	100.0000
Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	0.0013	99.9987	100.0000	100.0000
Foreign	North American Trading Company Administración Y Servicios Santiago S.A. de C.V.	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Peru S.A.	Mexico	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Ecuador S.A.	Ecuador	US\$	0.9800	99.0200	100.0000	100.0000
Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	0.0040	99.9960	100.0000	100.0000
Foreign	SQMC Holding Corporation L.L.P.	Mexico	US\$	0.0000	51.0000	51.0000	51.0000
Foreign	SQM Investment Corporation N.V.	USA.	US\$	0.1000	99.9000	100.0000	100.0000
Foreign	SQM Brasil Limitada	Dutch Antilles	US\$	1.0000	99.0000	100.0000	100.0000
Foreign		Brazil	US\$	2.7900	97.2100	100.0000	100.0000

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Foreign	SQM France S.A.	France	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Japan Co. Ltd.	Japan	US\$	1.0000	99.0000	100.0000	100.0000
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	1.6700	98.3300	100.0000	100.0000
Foreign	SQM Oceania Pty Limited	Australia	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Rs Agro-Chemical Trading Corporation A.V.V.	Aruba	US\$	98.3333	1.6667	100.0000	100.0000
Foreign	SQM Indonesia S.A.	Indonesia	US\$	0.0000	80.0000	80.0000	80.0000
Foreign	SQM Virginia L.L.C.	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Italia SRL	Italy	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Comercial Caimán Internacional S.A.	Panama	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Africa Pty.	South Africa	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Lithium Specialties LLC	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Iberian S.A.	Spain	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Iodine Minera B.V. (c)	Netherlands	US\$	0.0000	0.0000	0.0000	100.0000
Foreign	SQM Agro India Pvt.Ltd.	India	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Thailand Limited (b)	Thailand	US\$	0.0000	99.996	99.996	-

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation for the consolidated financial statements (continued)**2.5 Basis of consolidation, continued****Companies included in consolidation:**

TAX ID No.	Domestic subsidiaries	Country of origin	Functional currency	Ownership interest		Total	12/31/2012 Total
				12/31/2013 Direct	Indirect		
96.801.610-5	Comercial Hydro S.A.	Chile	US\$	0.0000	60.6383	60.6383	60.6383
96.651.060-9	SQM Potasio S.A.	Chile	US\$	99.9999	0.0000	99.9999	99.9999
96.592.190-7	SQM Nitratos S.A.	Chile	US\$	99.9999	0.0001	100.0000	100.0000
96.592.180-K	Ajay SQM Chile S.A.	Chile	US\$	51.0000	0.0000	51.0000	51.0000
86.630.200-6	SQMC Internacional Ltda.	Chile	Ch\$	0.0000	60.6381	60.6381	60.6381
79.947.100-0	SQM Industrial S.A.	Chile	US\$	99.0470	0.9530	100.0000	100.0000
79.906.120-1	Isapre Norte Grande Ltda.	Chile	Ch\$	1.0000	99.0000	100.0000	100.0000
79.876.080-7	Almacenes y Depósitos Ltda.	Chile	Ch\$	1.0000	99.0000	100.0000	100.0000
79.770.780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	0.0003	99.9997	100.0000	100.0000
79.768.170-9	Soquimich Comercial S.A.	Chile	US\$	0.0000	60.6383	60.6383	60.6383
79.626.800-K	SQM Salar S.A.	Chile	US\$	18.1800	81.8200	100.0000	100.0000
78.053.910-0	Proinsa Ltda.	Chile	Ch\$	0.0000	60.5800	60.5800	60.5800
76.534.490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Ch\$	0.0000	100.0000	100.0000	100.0000
76.425.380-9	Exploraciones Mineras S.A.	Chile	US\$	0.2691	99.7309	100.0000	100.0000
76.064.419-6	Comercial Agrorama Ltda.(a)	Chile	Ch\$	0.0000	42.4468	42.4468	42.4468
76.145.229-0	Agrorama S.A.	Chile	Ch\$	0.0000	60.6377	60.6377	60.6377
76.359.919-1	Orcoma Estudios SPA (d)	Chile	US\$	100.0000	-	100.0000	-
76.360.575-2	Orcoma SPA (e)	Chile	US\$	100.0000	-	100.0000	-

- (a) Comercial Agrorama Ltda. was consolidated given that the Company has control through the subsidiary Soquimich Comercial S.A.

- (b) During the first half of 2013 Soquimich European Holdings BV purchased shares of SQM Thailand Limited, acquiring 99.996% of this company.

- (c) During the first half of the year, Iodine Minera was absorbed into Soquimich European Holdings.

- (d) On December 31, 2013, the subsidiary Orcoma Estudios SPA was incorporated into the Company with Sociedad Quimica y Minera de Chile S.A. making a capital contribution of US\$ 1,500, acquiring 100% ownership.

- (e) On December 31, 2013, the subsidiary Orcoma SPA, was incorporated into the Company with Sociedad Quimica y Minera de Chile S.A. making a capital contribution of US\$ 2,358, acquiring 100% ownership.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 2 - Basis of presentation for the consolidated financial statements (continued)

2.5 Basis of consolidation, continued

Subsidiaries are consolidated using the line-by-line method adding the items that represent assets, liabilities, revenues and expenses of similar content and eliminating those related to intragroup transactions.

Profit or loss of dependent companies acquired or disposed of during the year are included in consolidated profit or loss accounts from the effective date of acquisition or up to the effective date of disposal, as applicable.

Non-controlling interest represents the equity of a subsidiary not directly or indirectly attributable to the Parent.

2.6 Significant accounting judgments, estimates and assumptions

Management of Sociedad Química y Minera de Chile S.A. and its subsidiaries is responsible for the information contained in these consolidated financial statements, which expressly indicate that all the principles and criteria included in IFRSs as issued by the International Accounting Standard Board (IASB) have been applied in full.

In preparing the consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its subsidiaries Management has made judgments and estimates to quantify certain assets, liabilities, revenues, expenses and commitments included therein. Basically, these estimates refer to:

- The useful lives of property, plant and equipment and intangible assets and their residual value;
 - Impairment losses of certain assets, including trade receivables;
- Assumptions used in calculating the actuarial amount of pension-related and severance indemnity payment benefit commitments;
 - Provisions for commitments assumed with third parties and contingent liabilities;
- Provisions on the basis of technical studies that cover the different variables affecting products in stock (density, humidity, among others), and allowance for slow-moving spare-parts in stock;
 - Future cost for closure of mining sites;
- The determination of the fair value of certain financial assets and derivative instruments;

- The determination and assignment of fair values in business combinations.

Despite the fact that these estimates have been made on the basis of the best information available on the date of preparation of these consolidated financial statements, certain events may occur in the future and oblige their amendment (upwards or downwards) over the next few years, which would be made prospectively, recognizing the effects of the change in estimates in the related future consolidated financial statements.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies

3.1 Classification of balances as current and non-current

In the attached consolidated statement of financial position, balances are classified in consideration of their remaining maturity; i.e., those maturing on a date equal to or less than twelve months are classified as current and those with maturity dates exceeding the aforementioned period are classified as non-current.

The exception to the foregoing relates to deferred taxes, which are classified as non-current, regardless of their maturity.

3.2 Functional and presentation currency

The Company's interim consolidated financial statements are presented in United States dollars ("U.S. dollars" or "US\$"), which is the Company's functional and presentation currency and is the currency of the main economic environment in which it operates.

Consequently, the term foreign currency is defined as any currency other than U.S. dollar.

The consolidated financial statements are presented in thousands of United States dollars without decimals.

3.3 Foreign currency translation

(a)

Domestic entities:

Assets and liabilities denominated in Chilean pesos and other currencies other than the functional currency (U.S. dollar) as of December 31, 2013 and December 31, 2012 have been translated to U.S. dollars at the exchange rates effective at those dates. The corresponding Chilean pesos were converted at Ch\$524.61 per US\$1.00 as of December 31, 2013, and Ch\$479.96 per US\$1.00 as of December 31, 2012.

The values of the UF (a Chilean peso-denominated, inflation-indexed monetary unit) used to convert the UF denominated assets and liabilities as of December 31, 2013 amounted to Ch\$23,309.56 (US\$44.43), and as of December 31, 2012 amounted to Ch\$22,840.75 (US\$47.59).

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.3 Foreign currency translation, continued

(b) Foreign entities:

The conversion of the financial statements of foreign companies with functional currency other than U.S. dollars is performed as follows:

- Assets and liabilities using the exchange rate effective on the closing date of the consolidated financial statements.
- Statement of income account items using the average exchange rate for the year.
- Equity accounts are stated at the historical exchange rate effective at acquisition date.

Foreign currency translation differences which arise from the conversion of financial statements are recorded in the account "Foreign currency translation differences" within equity.

The exchange rates used to translate the monetary assets and liabilities expressed in foreign currency at the closing date of each period in respect to the U.S. dollar are detailed as follows:

	12/31/2013	12/31/2012
	US\$	US\$
Brazilian real	2.34	2.04
New Peruvian sol	2.75	2.75
Argentine peso	6.48	4.92
Japanese yen	105.39	86.58
Euro	0.73	0.76
Mexican peso	13.07	12.99
Australian dollar	1.12	1.05
Pound Sterling	0.61	0.62
South African rand	10.56	8.47
Ecuadorian dollar	1.00	1.00
Chilean peso	524.61	479.96
UF	44.43	47.59

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.3 Foreign currency translation, continued

(c) Transactions and balances

Non-monetary transactions in currencies other than the functional currency (U.S. dollar) (foreign currencies) are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All differences are recorded in the statement of income except for all monetary items that provide effective hedge for a net investment in a foreign operation. These items are recognized in other comprehensive income on the disposal of the investment; at the time they are recognized in the statement of income. Charges and credits attributable to foreign currency translation differences on those hedge monetary items are also recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured using historical cost in a foreign currency are retranslated to the functional currency at the historical exchange rate of the transaction. Non-monetary items that are measured based on fair value in a foreign currency are translated using the exchange rate at the date at which the fair value is determined.

(d) Group entities

The revenue and expenses, assets and liabilities of all entities that have a functional currency other than the presentation currency are converted to the presentation currency as follows

- Assets and liabilities are converted at the closing exchange rate effective on the reporting date.
- Revenues and expenses of each profit or loss account are converted at monthly average exchange rates.

All resulting foreign currency translation gains and losses are recognized as a separate component in translation reserves.

In consolidation, foreign currency differences arising from the translation of a net investment in foreign entities are recorded in equity (other reserves). At the date of disposal, such foreign currency translation differences are recognized in the statement of income as part of the loss or gain from the sale.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.4

Subsidiaries

SQM S.A. establishes as a basis the control exercised in subsidiaries in order to determine their share in the consolidated financial statements. Control consists of the Company's ability to exercise power in the subsidiary, exposure or right, to variable performance from its share in the investee and the ability to use its power on the investee to have an influence over the investor's performance.

The Company prepares the consolidated financial statements using consistent accounting policies for the entire Group, the consolidation of a subsidiary commences when the Company has control over the subsidiary and stops when control ceases.

3.5

Consolidated statement of cash flows

Cash equivalents correspond to highly-liquid short-term investments that are easily convertible into known amounts of cash are subject to insignificant risk of changes in their value and mature in less than three months from the date of acquisition of the instrument.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and cash equivalents as defined above.

The statement of cash flows includes movements in cash performed during the year determined using the direct method.

3.6

Financial assets

Management determines the classification of its financial assets at the time of initial recognition, on the basis of the business model, for the management of financial assets and the characteristics of contractual cash flows from the financial assets. In accordance with IFRS 9, financial assets are measured initially at fair value plus transaction costs

that may have been incurred and are directly attributable to the acquisition of the financial asset. Subsequently, financial assets are measured at amortized cost or fair value.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.6 Financial assets, continued

The Company assesses at each reporting date, whether there is objective evidence that an asset or group of assets is impaired. An asset or group of financial assets is impaired if and only if, there is evidence of impairment as a result of one or more events occurring after the initial recognition of the asset or group of assets. For the recognition of impairment, the loss event has to have an impact on the estimate of future cash flows from the asset or groups of financial assets.

3.7 Financial liabilities

Management determines the classification of its financial liabilities at the time of initial recognition. As established in IFRS 9, financial liabilities at the time of initial recognition are measured at fair value, less transaction costs that may have been incurred and are directly attributable to the issue of the financial liability. Subsequently, these are measured at amortized cost using the effective interest method. For financial liabilities that have been initially recognized at fair value through profit or loss, these will be measured subsequently at fair value.

3.8 Financial instruments at fair value through profit or loss

Management will irreversibly determine, at the time of initial recognition, the designation of a financial instrument at fair value through profit or loss, if by doing so eliminates or significantly reduces a measurement or recognition inconsistency, that would otherwise arise from the measurement of assets or liabilities or from the recognition of the gains and losses from them on different bases.

3.9 Financial instrument offsetting

The Company offsets an asset and liability if and only if it has at the time the legal right to offset the amounts recognized and has the intent of settling for the net amount or of realizing the asset and settling the liability simultaneously.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.10 Reclassification of financial instruments

At the time at which the Company changes its business model for managing financial assets, it will reclassify the financial assets affected by the new business model.

In the case of financial liabilities these will not be able to be reclassified.

3.11 Derivative and hedging financial instruments

Derivatives are recognized initially at fair value as of the date at which the derivatives contract is signed and subsequently they are valued at fair value. The method for recognizing the resulting loss or gain depends on whether the derivative has been specified as an accounting hedge instrument and if so, it depends on the type of hedging, which may be as follows:

(a) Fair value hedge of assets and liabilities recognized (fair value hedges);

(b) Hedging of a single risk associated with an asset or liability recognized or a highly possible foreseen transaction (cash flow hedge);

At the beginning of the transaction, the Company documents the relationship existing between hedging instruments and those items hedged, as well as their objectives for risk management purposes and the strategy to conduct different hedging operations.

The Company also documents its evaluation both at the beginning and the end of each period of whether derivatives used in hedging transactions are highly effective to offset changes in the fair value or in cash flows of hedged items.

The fair value of derivative instruments used for hedging purposes is shown in Note 10.3 (hedging assets and liabilities). Changes in the cash flow hedge reserve are classified as a non-current asset or liability if the remaining expiration period of the hedged item is more than 12 months and as a current asset or liability if the remaining expiration period of the entry is less than 12 months.

Investing derivatives are classified as a current asset or liability, and the change in their fair value is recognized directly in profit or loss.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.11 Derivative and hedging financial instruments, continued

(a) Fair value hedge

The change in the fair value of a derivative is recognized with a debit or credit to profit or loss, as applicable. The change in the fair value of the hedged entry attributable to hedged risk is recognized as part of the carrying value of the hedged entry and is also recognized with a debit or credit to profit or loss.

For fair value hedges related to items recorded at amortized cost, the adjustment of the fair value is amortized against profit or loss during the period through maturity. Any adjustment to the carrying value of a hedged financial instrument for which the effective rate is used is amortized with a debit or credit to profit or loss at its fair value attributable to the risk being covered.

If the hedged entry is derecognized, the fair value not amortized is immediately recognized with a debit or credit to profit or loss.

(b) Cash flow hedges

The effective portion of gains or losses from the hedge instrument is initially recognized with a debit or credit to other comprehensive income, whereas any ineffective portion is immediately recognized with a debit or credit to profit or loss, as applicable.

The amounts moved to equity are transferred to profit or loss when the hedged transaction affects profit or loss, as when the hedged interest income or expense is recognized when a projected sale occurs. When the hedged entry is the cost of a non-financial asset or liability, amounts taken to other reserves are transferred to the initial carrying value of the non-financial asset or liability.

Should the expected transaction or firm commitment no longer be expected to occur, the amounts previously recognized in equity are transferred to profit or loss. If a hedge instrument expires, is sold, finished, and exercised without any replacement, or if a rollover is performed or if its designation as a hedge is revoked, the amounts previously recognized in other reserves are maintained in equity until the expected transaction or commitment occurs.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.12 Derecognition of financial instruments

In accordance with IFRS 9, the Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in all the risks and rewards of ownership of the financial asset have been substantially transferred; and the control of the financial assets has not been retained.

The Company derecognizes a financial liability when its contractual obligations or a part of these are discharged, paying to the creditor or the main liability associated has been legally eradicated.

3.13 Derivative financial instruments

The Company maintains derivative financial instruments to hedge its risk in foreign currency. Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized when incurred. Subsequent to initial recognition, changes in fair value of such derivatives are recognized in profit or loss as part of gains and losses.

The Company permanently assesses the existence of embedded derivatives both in its contracts and financial instruments. As of December 31, 2013 and 2012, there are no embedded derivatives.

3.14 Fair value measurements

At the initial recognition, the Company measures its assets and liabilities at fair value plus or minus transaction costs incurred that are directly attributable to the acquisition of a financial asset or issuance of a financial liability.

3.15 Leases

(a) Lease - Finance lease

Leases are classified as finance leases when the Company holds substantially all the risks and rewards derived from the ownership of the asset. Finance leases are capitalized at the beginning of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.15

Lease, continued

Each lease payment is distributed between the liability and the interest expenses to obtain ongoing interest on the pending balance of the debt. The respective lease obligations, net of interest expense, are included in other non-current liabilities. The interest element of finance cost is debited in the consolidated statement of income during the lease period so that a regular ongoing interest rate is obtained on the remaining balance of the liability for each year. The asset acquired through a finance lease is subject to depreciation over the lower of its useful life or the life of the agreement.

(b)Lease – Operating lease

Leases in which the lesser holds a significant part of the risks and rewards derived from the ownership are classified as operating leases. Operating lease payments (net of any financial incentive received from the lesser) are debited to the statement of income or capitalized (as applicable) on a straight-line basis over the lease period.

3.16

Deferred acquisition costs from insurance contracts

Acquisition costs from insurance contracts are classified as prepayments and correspond to insurance contracts in force, recognized using the straight-line method and on an accrual basis, and are recognized under Other non-financial assets.

These are recognized in expenses in proportion to the period of time they cover, regardless of the related payment dates.

3.17

Trade and other receivables

Trade and other receivables relate to non-derivative financial assets with fixed and determinable payments and are not listed in any active market. These arise from sales operations involving the products and/or services which the Company provides directly to its customers

These assets are initially recognized at their fair value and subsequently at amortized cost according to the effective interest rate method less a provision for impairment loss. An allowance for impairment loss is established for trade receivables when there is objective evidence that the Company will not be able to collect all the amounts which are owed to it according to the original terms of receivables.

Implicit interest in installment sales is recognized as interest income when interest is accrued over the term of the operation.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.18

Inventory measurement

The Company recognizes inventories at the lower of cost and net realizable value. The cost price of finished products and products in progress includes direct costs of materials and; as applicable, labor costs, indirect costs incurred to transform raw materials into finished products and general expenses incurred in carrying inventories to their current location and conditions. The method used to determine the cost of inventories is weighted average cost.

Commercial discounts, rebates obtained and other similar entries are deducted in the determination of the acquisition price.

The net realizable value represents the estimate of the sales price less all estimated finishing costs and costs which will be incurred in marketing, sales and distribution processes.

The Company conducts an evaluation of the net realizable value of inventories at the end of each year recording an estimated charge to income when these are overstated. When the circumstances, which previously caused the rebate have ceased to exist, or when there is clear evidence of an increase in the net realizable value due to a change in the economic circumstances or prices of main raw materials, the estimate made previously is modified.

The valuation of obsolete, impaired or slow-moving products relates to their net estimated net realizable value.

Provisions for the Company's inventories have been made based on a technical study which covers the different variables which affect products in stock (density, humidity, among others.)

Raw materials, supplies and materials are recorded at the lower of acquisition cost or market value. Acquisition cost is calculated according to the average price method.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.19 Investments in associates and joint ventures

Interests in companies over which joint control is exercised (joint venture) or where an entity has significant influence (associates), are recognized using the equity method of accounting. Significant influence is presumed to exist when interest greater than 20% is held in the capital of an issuer.

Under this method, the investment is recognized in the statement of financial position at cost plus changes subsequent to the acquisition based on the proportional share in the equity of the associate, using for such purposes, the interest percentage in the ownership of the associate. The associated goodwill acquired is included in the carrying amount of the investment and is not amortized. The debit or credit to profit or loss reflects the proportional share in the profit or loss of the associate.

Unrealized gains for transactions with affiliates or associates are eliminated based on the percentage of interest in the entity owned by the company. Unrealized losses are also eliminated, except in the case that the transaction provides evidence of impairment loss of the transferred asset.

Changes in the equity of associates are recognized based on the proportional amounts with a debit or credit to "Other reserves" and classified based on their origin.

Reporting dates of the associate and the Company and related policies are similar for equivalent transactions and events under similar circumstances.

In the event that the significant influence is lost or the investment is sold or is held as available for sale, the equity method is discontinued suspending the recognition of proportional share of profit or loss.

If the resulting amount according to the equity method is negative, the share of profit or loss is reflected at zero value in the consolidated financial statements, unless a commitment exists by the Company to reinstate the Company's equity position, in which case the related provision for risks and expenses is recorded.

Dividends received by these companies are recorded by reducing the equity value and the proportional share of profit or loss recognized in conformity with the share of equity are included in the consolidated profit or loss accounts in the caption "Equity share of profit (loss) of associates and joint ventures that are accounted for using the equity method of accounting".

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 – Significant accounting policies (continued)

3.20 Transactions with non-controlling interests

Non-controlling interests are recorded in the consolidated statement of financial position within equity separate from equity attributable to the owners of the Parent.

3.21 Related party transactions

Transactions between the Company and its subsidiaries are part of the Company's normal operations within its scope of business activities. Conditions for such transactions are those normally effective for those types of operations in regard to terms and market prices. Also, these transactions have been eliminated in consolidation. Expiration conditions for each case vary by virtue of the originating transaction.

3.22 Property, plant and equipment

Tangible property, plant and equipment assets are stated at acquisition cost, net of the related accumulated depreciation, amortization and impairment losses that they might have experienced.

In addition to the price paid for the acquisition of tangible property, plant and equipment, the Company has considered the following concepts as part of the acquisition cost, as applicable:

1. Accrued interest expenses during the construction period which are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period prior to being ready for use. The interest rate used is that related to the project's specific financing or, should this not exist, the average financing rate of the investor company.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 – Significant accounting policies (continued)

3.22 Property, plant equipment, continued

2. The future costs that the Company will have to incur related to the closure of its facilities at the end of their useful life are included at the present value of disbursements expected to be required to settle the obligation.

Construction-in-progress is transferred to property, plant and equipment in operation once the assets are available for use and the related depreciation and amortization begins on that date.

Extension, modernization or improvement costs that represent an increase in productivity, ability or efficiency or an extension of the useful lives of property, plant and equipment are capitalized as a higher cost of the related assets. All the remaining maintenance, preservation and repair expenses are charged to expense as incurred.

The replacement of full assets which increase the asset's useful life or its economic capacity, are recorded as a higher value of property, plant and equipment with the related derecognition of replaced or renewed elements.

Based on the impairment analysis conducted by the Company's management it has been concluded that the carrying value of assets does not exceed the net recoverable value of such assets.

Gains or losses which are generated from the sale or disposal of property, plant and equipment are recognized as income (or loss) in the period and calculated as the difference between the asset's sales value and its net carrying value.

Costs derived from daily maintenance of property, plant and equipment are recognized as incurred.

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Notes to the Consolidated Financial Statements as of December 31, 2013**Note 3 - Significant accounting policies (continued)****3.23 Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated through the straight-line distribution of cost over the estimated technical useful life of the asset which is the period in which the Company expects to use the asset. When components of one item of property, plant and equipment have different useful lives, they are recorded as separate assets. Useful lives are reviewed on an annual basis.

The useful lives used for the depreciation and amortization of assets included in property, plant and equipment are presented below.

Types of property, plant and equipment	Minimum life or rate	Maximum life or rate
Buildings	3	60
Plant and equipment	3	35
Information technology equipment	3	10
Fixtures and fittings	3	35
Motor vehicles	5	10
Other property, plant and equipment	2	30

3.24 Intangible assets

Intangible assets mainly relate to goodwill acquired, water rights, trademarks, and rights of way related to electric lines, development expenses, and computer software licenses.

(a)

Goodwill acquired

Goodwill acquired represents the excess in acquisition cost on the fair value of the Company's ownership of the net identifiable assets of the subsidiary on the acquisition date. Goodwill acquired related to acquisitions of subsidiaries is

included in goodwill, which is subject to impairment tests every time consolidated financial statements are issued and is stated at cost less accumulated impairment losses. Gains and losses related to the sale of an entity include the carrying value of goodwill related to the entity sold.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.24 Intangible assets, continued

This intangible asset is assigned to cash-generating units with the purpose of testing impairment losses. It is allocated based on cash-generating units expected to obtain benefits from the business combination from which the aforementioned goodwill acquired arose.

3.25 Intangible assets other than goodwill

(a) Water rights

Water rights acquired by the Company relate to water from natural sources and are recorded at acquisition cost. Given that these assets represent legal rights granted to the Company for a given period, these are not amortized. However, they are submitted for annual evaluations of deterioration. .

(b) Right of way for electric lines

As required for the operation of industrial plants, the Company has paid rights of way in order to install wires for the different electric lines in third party land. These rights are presented under Intangible assets. Amounts paid are capitalized at the date of the agreement and charged to income according to the duration of the contract.

(c) Computer software

Licenses for IT programs acquired are capitalized based on costs that have been incurred to acquire them and prepare them to use the specific program. These costs are amortized over their estimated useful lives.

Expenses related to the development or maintenance of IT programs are recognized as an expense as and when incurred. Costs directly related to the production of unique and identifiable IT programs controlled by the Group and which will probably generate economic benefits that are higher than costs during more than a year, are recognized as

intangible assets. Direct costs include expenses incurred for employees who develop IT programs and an adequate percentage of general expenses.

The costs of development for IT programs recognized as assets are amortized over their estimated useful lives.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.25 Intangible assets other than goodwill, continued

(d) Mining property and concession right

The Company holds mining property and concession rights from the Chilean Government. Property rights are usually obtained with no initial cost (other than the payment of mining patents and minor recording expenses) and upon obtaining rights on these concessions, these are retained by the Company while annual patents are paid. Such patents, which are paid annually, are recorded as prepaid assets and amortized over the following twelve months. Amounts attributable to mining concessions acquired from third parties that are not from the Chilean Government are recorded at acquisition cost within intangible assets.

No impairment of intangible assets exists as of December 31, 2013 and December 31, 2012.

3.26 Research and development expenses

Research and development expenses are charged to profit or loss in the period in which the disbursement was made.

3.27 Prospecting expenses

The Company has mining property and concession rights from the Chilean Government and acquired from third parties other than the Chilean Government, intended for the exploitation of caliche ore and saltpeter deposits and also the exploration of this type of deposits.

Upon obtaining these rights, the Company initially records disbursements directly associated with the exploration and evaluation of deposits (associated with small deposits with trading feasibility) as asset at cost. Such disbursements include the following concepts:

-	-	Disbursements for geological reconnaissance evaluation
		Disbursements for drilling

- Disbursements for drilling work and sampling
- Disbursements for activities related to technical assessment and trading feasibility of drilling work
- And any disbursement directly related to specific projects where its objective is finding mining resources.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.27 Prospecting expenses, continued

Subsequently, the Company distinguishes exploration and evaluation projects according to the economic feasibility of the mineral extracted in the area or exploration, among those that finally will deliver future benefits to the Company (profitable projects) and those projects for which it is not probable that economic benefit will flow to the Company in the future (i.e., when the mine site has low ore grade and its exploitation is not economically profitable).

If technical studies determine that the ore grade is not economically suitable for exploitation, the asset is recorded directly as an expense. Otherwise, it is kept in other non-current assets, reclassifying the portion related to the area to be exploited in the year in the entry inventories, and this amount is amortized as production cost on the basis of estimated tons to be extracted.

The technical reasons for this classification are due to the fact that this is an identifiable non-monetary asset that is owned to be used in the production of our processes as a main raw material.

Paragraph 17 of IFRS 6 establishes that an asset for exploitation and evaluation should be classified as such when it loses the technical feasibility and trading feasibility for extraction and therefore, must be impaired. For this reason and because our disbursements correspond to reserves, a trading feasibility and are used as a main raw material in our production processes, these are presented as inventories that will be exploited within the commercial year and the remainder as development expenses for small deposits and prospecting expenses in the entry Other non-current assets.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.28 Impairment of non-financial assets

Assets subject to depreciation and amortization are subject to impairment testing, provided that an event or change in the circumstances indicates that the amounts in the accounting records may not be recoverable. An impairment loss is recognized for the excess of the book value of the asset over its recoverable amount.

The recoverable amount of an asset is the higher between the fair value of an asset or cash generating unit ("CGU") less costs of sales and its value in use, and is determined for an individual asset unless the asset does not generate any cash inflows that are clearly independent from other assets or groups of assets.

When the carrying value of an asset exceeds its recoverable amount, the asset is considered an impaired asset and is reduced to its net recoverable amount.

In evaluating value in use, estimated future cash flows are discounted using a discount rate before taxes which reflects current market evaluation on the time value of money and specific asset risks.

An appropriate valuation model is used to determine the fair value less selling costs. These calculations are confirmed by valuation multiples, quoted share prices for subsidiaries quoted publicly or other available fair value indicators.

Impairment losses from continuing operations are recognized with a debit to profit or loss in the categories of expenses associated with the impaired asset function, except for properties reevaluated previously where the revaluation was taken to equity. In this case impairment is also recognized with a debit to equity up to the amount of any previous revaluation.

As of December 31, 2013, as explained in Note 14 the Company has made an allowance account for impairment losses, As of December 31, 2012, the Company was unaware of any indication of impairment with respect to its assets.

For assets other than acquired goodwill, an annual evaluation is conducted of whether there exists impairment loss indicators recognized previously that might have already ceased to exist or decreased. The recoverable amount is estimated if such indicators exist. An impairment loss previously recognized is reversed only if there have been changes in estimates used to determine the asset's recoverable amount from the last time in which an impairment loss was recognized. If this is the case, the carrying value of the asset is increased to its recoverable amount. This increased amount cannot exceed the carrying value that would have been determined net of depreciation if an asset impairment loss would have not been recognized in prior years. This reversal is recognized with a credit to profit or loss unless an asset is recorded at the revalued amount. Should this be the case, the reversal is treated as an increase in revaluation.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.29 Minimum dividend

As required by the Shareholders' Corporations Act, unless decided otherwise by a unanimous vote by the shareholders of outstanding and paid shares, a public company must distribute dividends as agreed by the shareholders at the General Shareholders' Meeting held each year with a minimum of 30% of its profit for the year ended December 31, 2013, except when the Company records unabsorbed losses from prior years.

However, the Company defines as policy the distribution of 50% of its profit for the year ended December 31, 2013.

3.30 Earnings per share

The net basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has not conducted any type of operation of potential dilutive effect that assumes diluted earnings per share other than the basic earnings per share.

3.31 Trade and other payables

Trade and other payables are measured at fair value plus all costs associated with the transaction. Subsequently, these are carried at amortized cost using the effective interest rate method.

3.32 Interest-bearing borrowings

At initial recognition interest-bearing borrowings are measured at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. Amortized cost is calculated considering any premium or discount from the acquisition and includes costs of transactions which are an integral part of the effective interest rate.

These are recorded as non-current when their expiration period exceeds twelve months and as current when the term is lower than such term. Interest expense is calculated in the year in which they are accrued following a financial criterion.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.33 Other provisions

Provisions are recognized when:

- The Company has a present obligation as the result of a past event.
- It is more likely than not that certain resources must be used, including benefits, to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

In the event that the provision or a portion of it is reimbursed, the reimbursement is recognized as a separate asset solely if there is certainty of income.

In the consolidated statement of income, the expense for any provision is presented net of any reimbursement.

Should the effect of the time value of money be significant, provisions are discounted using a discount rate before taxes that reflects the liability's specific risks. When a discount rate is used, the increase in the provision over time is recognized as a finance cost.

The Company's policy is to maintain provisions to cover risks and expenses based on a better estimate to deal with possible or certain and quantifiable responsibilities from current litigation, compensations or obligations, pending expenses for which the amount has not yet been determined, collaterals and other similar guarantees for which the Company is responsible. These are recorded at the time the responsibility or the obligation that determines the compensation or payment is generated.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.34 Obligations related to employee termination benefits and pension commitments

Obligations with the Company's employees are in accordance with the established in the collective bargaining agreements in force formalized through collective employment agreements and individual employment contracts, except for the United States that is regulated in accordance with employment plans in force up to 2002.

These obligations are valued using actuarial calculations, according to the projected unit credit method which considers such assumptions as the mortality rate, employee turnover, interest rates, retirement dates, effects related to increases in employees salaries, as well as the effects on variations in services derived from variations in the inflation rate. This considering criteria in force contained in IAS 19 revised.

Actuarial gains and losses that may be generated by variations in defined pre-established obligations are directly recorded in profit or loss for the year and not within Other comprehensive income due to their insignificant amount.

Actuarial losses and gains have their origin in departures between the estimate and the actual behavior of actuarial assumptions or in the reformulation of established actuarial assumptions.

The discount rate used by the Company for calculating the obligation was 6% for the periods ended December 31, 2013 and December 31, 2012.

The Company's subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation using a net salary progressive rate net of adjustments for inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 6.5% interest rate for 2013 and 2012. The net balance of this obligation is presented under the non-current provisions for employee benefits.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.35 Compensation plans

Compensation plans implemented through benefits in share-based payments settled in cash, which have been provided, are recognized in the financial statements at their fair value, in accordance with International Financial Reporting Standard No. 2 "Share-based Payments." Changes in the fair value of options granted are recognized with a debit to payroll on a straight-line basis during the period between the date on which these options are granted and the payment date. (See Note No.16).

3.36 Revenue recognition

Revenue includes the fair value of considerations received or receivable for the sale of goods and services during performance of the Company's activities. Revenue is presented net of value added tax, estimated returns, rebates and discounts and after the elimination of sales among subsidiaries.

Revenue is recognized when its amount can be stated reliably, when it is possible that the future economic rewards will flow to the entity and when the specific conditions for each type of activity related revenue are complied with, as follows:

(a) Sale of goods

Sales of goods are recognized when the Company has delivered products to the customer, and there is no obligation pending compliance that could affect the acceptance of products by the customer. The delivery does not occur until products have been shipped to the customer or collected by customers, and when the related risks of obsolescence and loss have been transferred to the customer and the customer has accepted products in accordance with the conditions established in the sale, the acceptance period has ended or there is objective evidence that those criteria required for acceptance have been met.

Sales are recognized in consideration of the price set in the sales agreement, net of volume discounts and estimated returns at the date of the sale. Volume discounts are evaluated in consideration of annual foreseen purchases and in

accordance with the criteria defined in agreements.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.36 Revenue recognition, continued

(b) Sales of services

Revenue associated with the rendering of services is recognized considering the degree of completion of the service as of the date of presentation of the consolidated classified statement of financial position, provided that the result from the transaction can be estimated reliably.

(c) Interest income

Interest income is recognized when interest is accrued in consideration of the principal pending payment using the effective interest rate method.

(d) Income from dividends

Income from dividends is recognized when the right to receive the payment is established.

3.37 Finance income and finance costs

Finance income is mainly composed of interest income in financial instruments such as time deposits and mutual fund deposits. Interest income is recognized in profit or loss at amortized cost, using the effective interest rate method.

Finance costs are mainly composed of interest expense in bank borrowings, interest on bonds issued and interest capitalized for borrowing costs for the acquisition, construction or production or qualifying assets.

Borrowing costs and bonds issued are recognized in profit or loss using the effective interest rate method.

Finance costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets using the effective interest rate related to the project's specific financing; if none exists, the average financing rate of the subsidiary that makes the investment is used.

Borrowing and financing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of that asset's cost.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.38 Income tax and deferred taxes

Corporate income tax for the year is determined as the sum of current taxes from the different consolidated companies.

Current taxes are based on the application of the various types of taxes attributable to taxable income for the year.

Differences between the book value of assets and liabilities and their tax basis generate the balance of deferred tax assets or liabilities, which are calculated using the tax rates expected to be applicable when the assets and liabilities are realized.

In conformity with current Chilean tax regulations, the provision for corporate income tax and taxes on mining activity is recognized on an accrual basis, presenting the net balances of accumulated monthly tax provisional payments for the fiscal period and associated credits. The balances of these accounts are presented in current taxes receivable or current taxes payable, as applicable.

Tax on companies and variations in deferred tax assets or liabilities that are not the result of business combinations are recorded in statement of income accounts or equity accounts in the consolidated statement of financial position, based on the origin of the gains or losses which have generated them.

At each reporting period, the carrying amount of deferred tax assets has been reviewed and reduced to the extent there will not be sufficient taxable income to allow the recovery of all or part of the deferred tax assets. Likewise, as of the date of the consolidated financial statements, deferred tax assets that are not recognized are evaluated and recognized in a way that it is likely that future taxable income will allow for the recovery of the deferred tax asset.

With respect to deductible temporary differences associated with investments in subsidiaries, associated companies and interest in joint ventures, deferred tax assets are recognized solely provided that it is more likely than not that the temporary differences will be reversed in the near future and that there will be taxable income with which they may be

used.

The deferred income tax related to entries directly recognized in equity is recognized with an effect on equity and not with an effect on profit or loss.

Deferred tax assets and liabilities are offset if there is a legal right to offset tax assets against tax liabilities and if the deferred tax is related to the same tax entity and tax authority.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 3 - Significant accounting policies (continued)

3.39 Segment reporting

IFRS 8 requires that companies adopt a “management approach” to disclose information on the operations generated by its operating segments. In general, this is the information that management uses internally for the evaluation of segment performance and to make the decision on how to allocate resources for this purpose.

An operating segment is a group of assets and operations responsible for providing products or services subject to risks and performance different from those of other business segments. A geographical segment is responsible for providing products or services in a given economic environment subject to risks and performance different from those of other segments that operate in other economic environments.

For assets and liabilities the allocation to each segment is not possible given that these are associated with more than one segment, except for depreciation, amortization and impairment of assets, which are directly allocated to the applicable segments, in accordance with the criteria established in the costing process for product inventories.

The following operating segments have been identified by the Company:

- Specialty plant nutrients
- Industrial chemicals
- Iodine and derivatives
- Lithium and derivatives
- Potassium
- Other products and services

3.40 Environment

In general, the Company follows the criteria of considering amounts spent on environmental protection and improvement as environmental expenses. However, the cost of facilities, machinery and equipment used for the same purpose are considered property, plant and equipment, depending on the case.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 4 - Financial risk management

4.1 Financial risk management policy

The Financial Risk Management Policy of the Company is oriented towards safeguarding the stability and sustainability of Sociedad Química y Minera de Chile S.A. and Subsidiaries in relation to all such relevant components of financial uncertainty.

The operations of the Company are subject to certain financial risk factors that may affect the financial position or results of the same. Among these risks, the most relevant are market risk, liquidity risk, currency risk, bad debt risk, and interest rate risk.

There may be additional risks that are currently unknown to us or other known risks that we currently believe are not significant, which could also affect the commercial operations, the business, the financial position or the results of the Company.

The financial risk management structure includes identifying, determining, analyzing, quantifying, measuring and controlling these events. The Management, in particular the Finance Management, is responsible for constantly assessing the financial risk. The Company uses derivatives to cover a significant portion of these risks.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 4 - Financial risk management (continued)

4.2 Risk factors

4.2.1 Market risk

Market risks are those uncertainties associated with fluctuations in market variables that affect the assets and liabilities of the Company, such as:

a) Country risk: The economic position of the countries where the Company has a presence may affect its financial position. For example, the sales carried out in emerging markets expose SQM to risks related to economic conditions and trends in those countries. On the other hand, inventories may also be affected by the economic situation of these countries and/ or the global economy, amongst other probable economic impacts.

b) Price volatility risk: The prices of the products of the Company are affected by the fluctuations of international prices of fertilizers and chemical products and changes in productive capacities or market demand, all of which might affect the Company's business, financial condition and operational results.

c) Commodity Price risk: The Company is exposed to changes in the prices of raw materials and energy which may have an impact on its production costs, thus giving rise to instability in the results.

Currently, the Company has a direct annual expense close to US\$140 million on account of petrol, gas and equivalents and close to US\$54 million on account of electricity.

Variations of 10% in the prices of energy the Company required to operate, may involve in the short-term movements in costs of approximately US\$17 million.

As expressed in the Company's annual report, the markets in which the Company operates are unpredictable, are exposed to significant variations in supply and demand, and have volatile prices. Additionally, the supply of certain fertilizers or chemical products, including certain products which the Company trades, vary mainly depending on the production of the top producers and their respective business strategies. Therefore, the Company cannot predict with certainty changes in demand, the responses of the competition, and the fluctuations in the final price of its products.

These factors can lead to significant impacts on sale volumes of its products, the financial situation of the Company and its share price.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 4 - Financial risk management (continued)

4.2.1 Market risk, continued

Quality standards: In those markets where we operate, customers might impose quality standards for our products and/or governments could enact more stringent for the distribution and/or use of our products. As a result, we would not be able to sell our products if we were not able to meet those new standards. In addition, our production costs might increase to meet the new standards. Not being able to sell our products in one or more markets or to significant customers might significantly affect our business, financial position or the results of our operations.

4.2.2 Doubtful accounts risk

A contraction of the global economy and the potentially negative effects on the financial position of our clients may extend the receivables collection time for SQM, increasing the bad debt exposure. While measures have been taken in order to minimize risk, the global economy may trigger losses that could have a material adverse effect on the business, financial position or the results of the Company's operations.

To mitigate these risks, SQM actively controls debt collection and uses measures such as, loan insurance, letters of credit, and prepayments as a part of trade receivables.

4.2.3 Currency risk

As a result of its influence in determining price level, of its relationship with sales costs and due to the fact that a significant part of the business of the Company is carried out in that in United States Dollars, this is the functional currency of the Company. However, the global business activities of the Company create exposure to the foreign exchange fluctuations of several currencies with respect to the US dollar. Therefore, SQM has hedge contracts to mitigate the exposure generated by its main mismatches (assets net of liabilities) in currencies other than the US dollar against the foreign exchange fluctuation. Those contracts are periodically updated depending upon the mismatch amount to be covered in these currencies. Occasionally and subject to the Board of Directors' approval, the Company insures cash flows from certain items in currencies other than U.S. dollar in the short term.

A significant portion of the costs of the Company, particularly payroll, is related to the Chilean peso. Therefore, an increase or decrease in the exchange rate against the dollar would affect the net income of SQM. Approximately US\$

470 million cost of the Company is related to the Chilean peso. A significant part of the effect of this obligation in the statement of financial position is covered by operations of derivative instruments that hedge the mismatch of balance in this currency.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 4 - Financial risk management (continued)

4.2.3 Currency risk, continued

As of December 31, 2012, the Company had derivative instruments classified as hedges against currency and interest rate associated with all the obligations for denominated bonds both in Chilean pesos and UF, with a fair value of US\$ 100.6 million. As of December 31, 2013, this value amounts to US\$ 23.6 million, both in favor of SQM.

As of December 31, 2013, the Chilean peso to US dollar Exchange rate was Ch\$ 524.61 per US\$1.00, and as of December 31, 2012 it was Ch\$ 479.96 per US\$ 1.00.

4.2.4 Interest rate risk

Interest rate fluctuations, due to the uncertain future behavior of markets, may have a material impact on the financial results of the Company.

The Company has short and long-term debts valued at LIBOR plus a spread. The Company is partially exposed to fluctuations of said rate, as SQM currently holds hedging derivative instruments to hedge a portion of its liabilities subject to the LIBOR rate fluctuations.

As of December 31, 2013, approximately 16% of the Company's financial obligations are valued at LIBOR; therefore significant increases in the rate may impact its financial position. A 100 base point variation in this rate may trigger variations in the financial expenses close to US\$ 1 million. Notwithstanding, this effect is significantly counterbalanced by the returns of the Company's investments that also relate to LIBOR.

In addition, as of December 31, 2013, the Company's financial debt is mainly in the long-term, with 21% with maturities of less than 12 months which decreases the exposure to changes in the interest rates.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 4 - Financial risk management (continued)

4.2.5 Liquidity risk

Liquidity risk is related to the fund requirements to comply with payment obligations. The object of the Company is to keep financial flexibility by loosely balancing the fund requirements and the flows from the regular business conduct, bank loans, public bonds, short term investments, and negotiable instruments, amongst others.

The company has an important capital expenditure program which is subject to change over time.

On the other hand, world financial markets go through contraction and expansion periods that are not foreseeable in the long-term and may affect SQM's access to financial resources. These factors may have a material adverse impact on the business, financial position, and results of operations of the Company.

SQM constantly monitors obligations and investments to ensure they match, taking care of the obligations and investments maturities from a conservative perspective as part of its financial risk management strategy. As of December 31, 2013, the Company had non-committed and available bank credit lines for working capital for a total of approximately US\$555 million.

The position in other cash and cash equivalents generated by the Company is invested in highly liquid mutual funds which have an AAA risk rating.

4.3 Risk measurement

The Company has methods to measure the effectiveness and efficiency of financial risk hedging strategies, both prospectively and retrospectively. Those methods are consistent with the risk management profile of the Group.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 5 - Changes in accounting estimates and policies (consistent presentation)

5.1 Changes in accounting estimates

There are no changes in accounting estimates as of the closing date of the consolidated financial statements.

5.2 Changes in accounting policies

As of December 31, 2013, the Company's consolidated financial statements present no changes in accounting policies or estimates compared to the prior period.

The consolidated classified statements of financial position as of December 31, 2013 and December 31, 2012 and the statements of comprehensive income, equity and cash flows for the periods ended December 31, 2013 and December 31, 2012, have been prepared in accordance with IFRS, and accounting principles and criteria have been applied consistently.

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Notes to the Consolidated Financial Statements as of December 31, 2013**Note 6 - Background of companies included in consolidation****6.1 Parent's stand-alone assets and liabilities**

	12/31/2013	12/31/2012
	ThUS\$	ThUS\$
Assets	4,269,749	3,908,259
Liabilities	(1,893,129)	(1,775,476)
Assets (liabilities)	2,376,620	2,132,783

6.2 Parent entity

As provided in the Company's by-laws, no shareholder can hold more than 32% of the Company's voting right shares and therefore there is no controlling entity.

6.3 Joint arrangements of controlling interest

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Inversiones Global Mining (Chile) Limitada, collectively the Pampa Group, are the owners of a number of shares that are equivalent to 29.9% as of December 31, 2013 of the current total amount of shares issued, subscribed and fully-paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.09% of the total amount of issued, subscribed and fully-paid shares of SQM S.A.

The Pampa Group and the Kowa Group have informed SQM S.A., the Chilean SVS and the relevant stock exchanges in Chile and abroad that they are not and have never been related parties. In addition, this is regardless of the fact that both Groups on December 21, 2006 have entered into a Joint Action Agreement (JAA) related to those shares. Consequently, the Pampa Group, by itself, does not concentrate more than 32% of the voting right capital of SQM S.A., and the Kowa Group does not concentrate by itself more than 32% of the voting right capital of SQM S.A.

Likewise, the Joint Action Agreement has not transformed the Pampa and Kowa Groups into related parties between them. The Joint Action Agreement has only transformed the current controller of SQM S.A., composed of the Pampa Group, and the Kowa Group into related parties of SQM S.A.

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Notes to the Consolidated Financial Statements as of December 31, 2013**6.3 Joint arrangements of controlling interest, continued****Detail of effective concentration**

Tax ID No.	Name	Ownership interest %
96.511.530-7	Sociedad de Inversiones Pampa Calichera S.A.	19.65
96.863.960-9	Inversiones Global Mining (Chile) Limitada	3.34
76.165.311-5	Potasios de Chile S.A.	6.91
Total Pampa Group		29.90
79.798.650-k	Inversiones la Esperanza (Chile) Ltda.	1.40
59.046.730-8	Kowa Co Ltd.	0.30
96.518.570-4	Kochi S.A.	0.30
59.023.690-k	La Esperanza Delaware Corporation	0.09
Total Kowa Group		2.09

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 6 - Background of companies included in consolidation (continued)

6.4 General information on consolidated subsidiaries

As of December 31, 2013 and December 31, 2012 the general information of the companies over which the Company exercises control and significant influence is as follows:

Subsidiary	Tax ID	Address	Country of incorporation	Functional currency	Ownership interest		Total
					Direct	Indirect	
SQM Nitratos S.A.	96.592.190-7	El Trovador 4285 Las Condes	Chile	US\$	99.9999	0.0001	100.0000
Proinsa Ltda.	78.053.910-0	El Trovador 4285 Las Condes	Chile	Ch\$	-	60.5800	60.5800
SQMC Internacional Ltda.	86.630.200-6	El Trovador 4285 Las Condes	Chile	Ch\$	-	60.6382	60.6382
SQM Potasio S.A.	96.651.060-9	El Trovador 4285 Las Condes	Chile	US\$	99.9999	-	99.9999
Serv. Integrales de Tránsito y Transf. S.A.	79.770.780-5	Arturo Prat 1060, Tocopilla	Chile	US\$	0.0003	99.9997	100.0000
Isapre Norte Grande Ltda.	79.906.120-1	Anibal Pinto 3228, Antofagasta	Chile	Ch\$	1.0000	99.0000	100.0000
Ajay SQM Chile S.A.	96.592.180-K	Av. Pdte. Eduardo Frei 4900, Santiago	Chile	US\$	51.0000	-	51.0000
Almacenes y Depósitos Ltda.	79.876.080-7	El Trovador 4285 Las Condes	Chile	Ch\$	1.0000	99.0000	100.0000
SQM Salar S.A.	79.626.800-K	El Trovador 4285 Las Condes	Chile	US\$	18.1800	81.8200	100.0000
	79.947.100-0		Chile	US\$	99.0470	0.9530	100.0000

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SQM Industrial S.A.		El Trovador 4285 Las Condes Los						
Exploraciones Mineras S.A.	76.425.380-9	Militares 4290 Las Condes	Chile	US\$	0.2691	99.7309	100.0000	
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	76.534.490-5	Anibal Pinto 3228, Antofagasta	Chile	Ch\$	-	100.0000	100.0000	
Soquimich Comercial S.A.	79.768.170-9	El Trovador 4285 Las Condes	Chile	US\$	-	60.6383	60.6383	
Comercial Agrorama Ltda.	76.064.419-6	El Trovador 4285 Las Condes	Chile	Ch\$	-	42.4468	42.4468	
Comercial Hydro S.A.	96.801.610-5	El Trovador 4285 Las Condes	Chile	Ch\$	-	60.6383	60.6383	
Agrorama S.A.	76.145.229-0	El Trovador 4285 Las Condes	Chile	Ch\$	-	60.6377	60.6377	
Orcoma Estudios SPA	76.359.919-1	Apoquindo 3721 Of.131 Las Condes	Chile	US\$	100.0000	-	100.0000	
Orcoma SPA	76.360.575-2	Apoquindo 3721 Of.131 Las Condes 2727 Paces Ferry Road,	Chile	US\$	100.0000	-	100.0000	
SQM North America Corp.	Foreign	Building Two, Suite 1425, Atlanta, GA	United States	US\$	40.0000	60.0000	100.0000	
RS Agro Chemical.Trading Corporation A.V.V.	Foreign	Caya Ernesto O. Petronia 17, Orangestad Al. Tocantis 75, 6° Andar, Conunto 608	Aruba	US\$	98.3333	1.6667	100.0000	
Nitratos Naturais do Chile Ltda.	Foreign	Edif. West Gate, Alphaville Barureri, CEP 06455-020, Sao Paulo	Brazil	US\$	-	100.0000	100.0000	

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Nitrate Corporation of Chile Ltd.	Foreign	1 More London Place London SE1 2AF	United Kingdom	US\$	-	100.0000	100.0000
SQM Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Dutch Antilles	US\$	0.0002	99.9998	100.0000
SQM Peru S.A.	Foreign	Avenida Camino Real N° 348 of. 702, San Isidro, Lima	Peru	US\$	0.9800	99.0200	100.0000
SQM Ecuador S.A.	Foreign	Av. José Orrantia y Av. Juan Tanca Marengo Edificio Executive Center Piso 2 Oficina 211 Al. Tocantis 75, 6° Andar, Conunto 608	Ecuador	US\$	0.0040	99.9960	100.0000
SQM Brasil Ltda.	Foreign	Edif. West Gate, Alphaville Barureri, CEP 06455-020, Sao Paulo	Brazil	US\$	1.0900	98.9100	100.0000

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 6 - Background of companies included in consolidation (continued)

6.4 General information on consolidated subsidiaries

Subsidiary	Tax ID	Address	Country of incorporation	Functional currency	Ownership interest		Total
					Direct	Indirect	
SQI Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Dutch Antilles	US\$	0.0159	99.9841	100.0000
SQMC Holding Corporation L.L.P.	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta	United States	US\$	0.1000	99.9000	100.0000
SQM Japan Co. Ltd.	Foreign	From 1 st Bldg 207, 5-3-10 Minami- Aoyama, Minato-ku, Tokyo	Japan	US\$	1.0000	99.0000	100.0000
SQM Europe N.V.	Foreign	Sint Pietersvliet 7 bus 8, 2000. Antwerp	Belgium	US\$	0.5800	99.4200	100.0000
SQM Italia SRL	Foreign	Via A. Meucci, 5 500 15 Grassina Firenze	Italy	US\$	-	100.0000	100.0000
SQM Indonesia S.A.	Foreign	Perumahan Bumi Dirgantara Permai, Jl Suryadarma Blok Aw No 15 Rt 01/09 17436 Jatisari Pondok Gede	Indonesia	US\$	-	80.0000	80.0000
North American Trading Company	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000
SQM Virginia LLC	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000
SQM Comercial de México S.A. de C.V.	Foreign	Calle Industria Eléctrica s/n Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomulco de Zuñiga, Jalisco	Mexico	US\$	0.0013	99.9987	100.0000
SQM Investment Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Dutch Antilles	US\$	1.0000	99.0000	100.0000
	Foreign		Aruba	US\$	1.6700	98.3300	100.0000

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Royal Seed Trading Corporation A.V.V.		Caya Ernesto O. Petronia 17, Orangestad						
SQM Lithium Specialties LLP	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000	
Soquimich SRL Argentina Comercial	Foreign	Espejo 65 Oficina 6 – 5500 Mendoza	Argentina	US\$	-	100.0000	100.0000	
Caimán Internacional S.A.	Foreign	Edificio Plaza Bancomer Calle 50	Panama	US\$	-	100.0000	100.0000	
SQM France S.A.	Foreign	ZAC des Pommiers 27930 FAUVILLE	France	US\$	-	100.0000	100.0000	
Administración y Servicios Santiago S.A. de C.V.	Foreign	Calle Industria Eléctrica s/n Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomalco de Zuñiga, Jalisco	Mexico	US\$	-	100.0000	100.0000	
SQM Nitratos México S.A. de C.V.	Foreign	Calle Industria Eléctrica s/n Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomalco de Zuñiga, Jalisco	Mexico	US\$	-	100.0000	100.0000	

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 6 - Background of companies included in consolidation (continued)

6.4 General information on consolidated subsidiaries

Subsidiary	Tax ID	Address	Country of incorporation	Functional currency	Ownership interest		
					Direct	Indirect	Total
Soquimich European Holding B.V.	Foreign	Loacalellikade 1 Parnassustoren 1076 AZ Amsterdam	Netherlands	US\$	-	100.0000	100.0000
SQM Iberian S.A	Foreign	Provenza 251 Principal 1a CP 08008, Barcelona	Spain	US\$	-	100.0000	100.0000
Iodine Minera B.V. (a)	Foreign	Loacalellikade 1 Parnassustoren 1076 AZ Amsterdam	Netherlands	US\$	-	100.0000	100.0000
SQM Africa Pty Ltd.	Foreign	Tramore House, 3 Wterford Office Park, Waterford Drive, 2191 Fourways, Johannesburg	South Africa	US\$	-	100.0000	100.0000
SQM Oceania Pty Ltd.	Foreign	Level 9, 50 Park Street, Sydney NSW 2000, Sydney	Australia	US\$	-	100.0000	100.0000
SQM Agro India Pvt. Ltd.	Foreign	C 30 Chiragh Enclave New Dehli, 110048	India	US\$	-	100.0000	100.0000
SQM Beijing Commercial Co. Ltd.	Foreign	Room 1001C, CBD International Mansion N 16 Yong An Dong Li, Jian Wai Ave Beijing 100022, P.R.	China	US\$	-	100.0000	100.0000
SQM Thailand Limited	Foreign	Unit 2962, Level 29, N° 388, Exchange Tower Sukhumvit Road, Klongtoey Bangkok	Thailand	US\$	-	99.996	99.996

(a) During the first half of 2013, Iodine Minera was absorbed by Soquimich European Holding B.V.

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 6 - Background of companies included in consolidation (continued)

6.5 Information attributable to non-controlling interests

Subsidiary	% of interests in the ownership held by non-controlling interests		Profit (loss) attributable to non- controlling interests		Equity, non-controlling interests		Dividends paid to non-controlling interests	
			12/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$
Proinsa Ltda.	0.1	%	-	-	-	-	-	-
SQM Potasio S.A.	0.0000001	%	-	-	-	-	-	-
Ajay SQM Chile S.A.	49	%	(3,389)	(4,890)	8,806	9,817	4,400	1,764
SQM Indonesia S.A.	20	%	-	-	16	-	-	-
SQM Nitratos México S.A. de C.V.	0	%	-	-	-	5	-	-
Soquimich Comercial S.A.	39.3616784	%	(4,051)	(3,367)	46,448	44,476	2,026	-
Comercial Agrorama Ltda.	30	%	(18)	56	351	364	-	-
Agrorama S.A.	0.001	%	-	-	-	-	-	-
SQM (Thailand) Limited	0.004	%	-	-	-	-	-	-
Total			(7,458)	(8,201)	55,621	54,662	6,426	1,764

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 6 - Background of companies included in consolidation (continued)

6.6 Information on consolidated subsidiaries

12/31/2013

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$			
SQM Nitratos S.A.	490,084	124,966	525,924	15,545	184,487	18,434	18,434
Proinsa Ltda.	200	1	-	-	-	(2)	(2)
SQMC Internacional Ltda.	266	-	-	-	-	(1)	(1)
SQM Potasio S.A.	109,408	1,049,628	3,411	15,749	2,052	184,948	185,458
Serv. Integrales de Tránsito y Transf. S.A.	348,685	86,935	389,980	8,423	50,135	6,149	6,149
Isapre Norte Grande Ltda	916	829	924	192	4,192	28	334
Ajay SQM Chile S.A.	22,720	1,232	5,226	755	67,413	6,916	6,916
Almacenes y Depósitos Ltda.	362	50	1	-	-	(11)	(40)
SQM Salar S.A.	678,215	1,000,954	453,864	216,110	792,109	206,745	206,679
SQM Industrial S.A.	1,110,303	820,831	872,216	79,021	925,167	64,602	61,547
Exploraciones Mineras S.A.	477	31,537	4,765	-	-	(312)	(312)
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	762	243	322	556	2,276	31	46
Soquimich Comercial S.A.	143,515	22,582	47,121	973	214,350	10,291	10,162
Comercial Agrorama Ltda.	15,450	2,148	16,314	114	16,009	61	62
Comercial Hydro S.A.	8,302	134	124	72	109	370	370
Agrorama S.A.	15,722	568	16,074	36	16,122	37	37
Orcoma SpA	2	2,356	-	-	-	-	-
Orcoma Estudio SpA	2	-	-	-	-	-	-
SQM North América Corp.	214,359	17,058	197,077	1,781	365,691	(4,763)	(3,751)
RS Agro Chemical Trading Corporation A.V.V.	5,204	-	-	-	-	(9)	(9)
Nitratos Naturais do Chile Ltda.	3	254	4,695	-	-	278	278
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	669	93,936	3,725	-	-	10,441	7,377
SQM Perú S.A.	578	1	1,190	-	1	(191)	(191)
SQM Ecuador S.A.	10,644	81	10,533	42	25,475	(1,224)	(1,224)
SQM Brasil Ltda.	680	40	851	-	802	88	88

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SQI Corporation N.V.	-	19	62	-	-	(1) (2)
SQMC Holding Corporation L.L.P.	11,978	16,394	1,000	-	-	5,267	5,267	
SQM Japan Co. Ltd.	1,948	263	234	494	2,468	(283) (283)

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Notes to the Consolidated Financial Statements as of December 31, 2013

Note 6 - Background of companies included in consolidation (continued)

6.6 Information on consolidated subsidiaries, continued

12/31/2013

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM Europe N.V.	316,396	383	280,092	-	677,497	1,608	1,608
SQM Italia SRL	1,421	-	18	-	-	-	-
SQM Indonesia S.A.	4	-	(76)	-	-	-	-
North American Trading Company	160	145	39	-	-	(1)	(1)
SQM Virginia LLC	14,828	14,374	14,828	-	-	(1)	(1)
SQM Comercial de México S.A. de C.V.	88,252	1,427	61,534	-	178,180	4,724	4,724
SQM Investment Corporation N.V.	62,496	282	36,805	851	50	1,097	1,097
Royal Seed Trading Corporation A.V.V.	240,231	442	83,606	170,000	-	(2,537)	(1,904)
SQM Lithium Specialties LLP	15,781	3	1,264	-	-	(1)	(1)
Soquimich SRL Argentina	414	-	218	-	-	(49)	(49)
Comercial Caimán Internacional S.A.	271	-	1,122	-	-	(38)	(38)
SQM France S.A.	345	6	114	-	-	-	-
Administración y Servicios Santiago S.A. de C.V.	153	-	795	127	3,243	(7)	(7)
SQM Nitratos México S.A. de C.V.	26	4	23	4	186	(7)	(7)
Soquimich European Holding B.V.	79,966	96,670	93,496	987	-	8,849	5,785
SQM Iberian S.A	101,299	70	101,757	-	166,087	66	66
SQM Africa Pty Ltd.	55,635	729	47,932	-	109,968	1,611	1,611
SQM Oceanía Pty Ltd.	4,251	-	811	-	3,542	51	51
SQM Agro India Pvt. Ltd.	7	-	2	-	-	(2)	(2)
	2,415	80	301	-	9,915	(1,164)	(1,164)

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SQM Beijing

Commercial Co. Ltd.

SQM Thailand Limited	7,052	36	4,510	-	4,379	(787)	(787)
Total	4,187,933	3,387,691	3,284,824	511,832	3,821,905	521,301		514,370	

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Notes to the Consolidated Financial Statements as of December 31, 2013**Note 6 - Background of companies included in consolidation (continued)****6.6 Information on consolidated subsidiaries, continued**

Subsidiary	12/31/2012		12/31/2012		Revenue	Profit (loss)	Comprehensive income (loss)
	Assets		Liabilities				
	Current	Non-current	Current	Non-current			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM Nitratos S.A.	610,140	125,407	519,148	15,721	366,936	148,768	148,768
Proinsa Ltda.	220	1	-	-	-	-	10
SQMC Internacional Ltda.	292	-	-	-	-	2	15
SQM Potasio S.A.	19,134	1,130,587	1,013	13,293	10,172	259,578	259,578
Serv. Integrales de Tránsito y Transf. S.A.	272,955	84,635	319,214	7,308			