

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
June 09, 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 June, 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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SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

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

**Santiago, Chile, June 09, 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 period ended March 31, 2014.

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

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended

March 31, 2014

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

In Thousands of United States Dollars

This document includes:

- 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

**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 March 31, 2014 ThUS\$	As of December 31, 2013 ThUS\$
Current assets			
Cash and cash equivalents	7.1	419,486	476,622
Other current financial assets	10.1	383,198	460,173
Other current non-financial assets	25	35,931	44,230
Trade and other receivables, current	10.2	421,752	330,992
Trade receivables due from related parties, current	9.5	137,424	128,026
Current inventories	8	905,995	955,530
Current tax assets	28.1	64,235	59,476
Total current assets		2,368,021	2,455,049
Non-current assets			
Other non-current financial assets	10.1	98	95
Other non-current non-financial assets	25	34,751	36,505
Trade receivables, non-current	10.2	-	1,282
Investments in associates	11.1	50,098	51,075
Investments in joint ventures	12.3	27,900	25,943
Intangible assets other than goodwill	13.1	104,515	104,363
Goodwill	13.1	38,388	38,388
Property, plant and equipment	14.1	2,014,871	2,054,377
Deferred tax assets	28.4	393	531
Total non-current assets		2,271,014	2,312,559
Total assets		4,639,035	4,767,608

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

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

## CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION, (continued)

Liabilities and Equity	Note	As of march 31, 2014 ThUS\$	As of December 31, 2013 ThUS\$
Liabilities			
Current liabilities			
Other current financial liabilities	10.4	185,766	401,426
Trade and other payables, current	10.5	156,013	150,960
Trade payables due to related parties, current	9.6	569	-
Other current provisions	18.1	18,641	17,953
Current tax liabilities	28.2	40,477	31,707
Provisions for employee benefits, current	15.1	14,738	25,236
Other current non-financial liabilities	18.3	136,678	95,353
Total current liabilities		552,882	722,635
Non-current liabilities			
Other non-current financial liabilities	10.4	1,410,329	1,417,390
Other non-current provisions	18.1	8,633	8,633
Deferred tax liabilities	28.4	155,189	154,295
Provisions for employee benefits, non-current	15.1	31,724	32,414
Total non-current liabilities		1,605,875	1,612,732
Total liabilities		2,158,757	2,335,367
Equity			
	17		
Share capital		477,386	477,386
Retained earnings		1,950,228	1,909,725
Other reserves		(3,632)	(10,491)
Equity attributable to owners of the Parent		2,423,982	2,376,620
Non-controlling interests		56,296	55,621
Total equity		2,480,278	2,432,241
Total liabilities and equity		4,639,035	4,767,608

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

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

	Note	January to March 2014 ThUS\$	2013 ThUS\$
Revenue	20	534,072	623,397
Cost of sales	27.2	(379,249)	(384,540)
Gross profit		154,823	238,857
Other income	27.3	1,759	4,285
Administrative expenses	27.4	(21,335 )	(23,301 )
Other expenses by function	27.5	(15,244 )	(13,247 )
Other gains (losses)	27.6	439	(237 )
Profit (loss) from operating activities		120,442	206,357
Finance income		2,992	4,371
Finance costs	22	(15,725 )	(13,132 )
Share of profit of associates and joint ventures accounted for using the equity method		4,575	5,921
Foreign currency translation differences	23	(1,682 )	(4,763 )
Profit (loss) before taxes		110,602	198,754
Income tax expense, continuing operations	28.4	(28,865 )	(46,096 )
Profit (loss) from continuing operations		81,737	152,658
Profit for the year		81,737	152,658
Profit attributable to			
Owners of the Parent		81,005	151,805
Non-controlling interests		732	853
Profit for the year		81,737	152,658

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

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

	Note	January to March 2014 US\$	2013 US\$
Earnings per share Common shares			
Basic earnings per share (US\$ per share)	21	0.3078	0.5768
Basic earnings per share (US\$ per share) from continuing operations		0.3078	0.5768
Diluted common shares			
Diluted earnings per share (US\$ per share)	21	0.3078	0.5768
Diluted earnings per share (US\$ per share) from continuing operations		0.3078	0.5768

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

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

	January to March	
	2014	2013
Statements of comprehensive income	ThUS\$	ThUS\$
Profit for the year	81,737	152,658
Components of other comprehensive income before taxes and foreign currency translation differences		
Gain (loss) from foreign currency translation differences, before taxes	(246 )	(679 )
Other comprehensive income before taxes and foreign currency translation differences	(246 )	(679 )
Cash flow hedges		
(Gain) loss from cash flow hedges before taxes	8,756	(239 )
Other comprehensive income before taxes and cash flow hedges	8,756	(239 )
Other miscellaneous reserves	-	-
Other components of other comprehensive income before taxes	8,510	(918 )
Income taxes associated with components of other comprehensive income		
Income taxes associated with cash flow hedges in other comprehensive income	(1,708 )	90
Income taxes associated with components of other comprehensive income	(1,708 )	90
Other comprehensive income	6,802	(828 )
Total comprehensive income	88,539	151,830
Comprehensive income attributable to		
Owners of the Parent	87,864	150,962
Non-controlling interests	675	868
Total comprehensive income	88,539	151,830

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



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

Statements of cash flows	Note	03/31/2014 ThUS\$	03/31/2013 ThUS\$
Cash flows from (used in) operating activities			
Types of receipts from operating activities			
Cash receipts from sales of goods and rendering of services		436,943	577,516
Other cash receipts from operating activities		-	-
Types of payments			
Cash payments to suppliers for the provision of goods and services		(282,202 )	(377,403 )
Cash payments to and on behalf of employees		(9,768 )	(9,389 )
Other payments related to operating activities		(283 )	(3,280 )
Dividends received		3,929	7,513
Interest paid		(13,162 )	(15,459 )
Interest received		2,992	4,371
Reimbursed (paid) income taxes		(23,219 )	(46,389 )
Other incomes (outflows) of cash		9,374	-
Net cash generated from (used in) operating activities		124,604	137,480
Cash flows from (used in) investing activities			
Cash receipts from the loss of control of subsidiaries and other businesses		-	-
Proceeds from the sale of property, plant and equipment		159	412
Acquisition of property, plant and equipment		(33,350 )	(105,913 )
Cash advances and loans granted to third parties		(588 )	189
Other incomes (outflows) of cash (*)		56,020	(126,194 )
Net cash generated from (used in) investing activities		22,241	(231,506 )

(\*)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 record a maturity date from their date of origin greater than 90 days.

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



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

	Note	03/31/2014 ThUS\$	03/31/2013 ThUS\$
Cash flows from (used in) financing activities			
Proceeds from issue of capital instruments	-	-	-
Proceeds from long-term borrowings	-	-	60,000
Proceeds from short-term borrowings	-	-	-
Total proceeds from borrowings	-	-	60,000
Repayment of borrowings		(218,498 )	(60,000 )
Dividends paid	-	-	-
Other cash receipts (payments)	-	-	(3 )
Net cash generated from (used in) financing activities		(218,498 )	(3 )
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate		(71,653 )	(94,029 )
Effects of exchange rate fluctuations on cash held		14,517	(1,594 )
Net (decrease) increase in cash and cash equivalents		(57,136 )	(95,623 )
Cash and cash equivalents at beginning of period		476,622	324,353
Cash and cash equivalents at end of period		419,486	228,730

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

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

## STATEMENTS OF CHANGES IN EQUITY

2014	Share capital	Foreign currency translation difference 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	(3,817)	(3,766)	(1,231)	(1,677)	(10,491)	1,909,725	2,376,620	55,621	2,432,241
Restated opening balance of equity	477,386	(3,817)	(3,766)	(1,231)	(1,677)	(10,491)	1,909,725	2,376,620	55,621	2,432,241
Profit for the year	-	-	-	-	-	-	81,005	81,005	732	81,737
Other comprehensive income	-	(189 )	7,048	-	-	6,859	-	6,859	(57 )	6,802
Comprehensive income	-	(189 )	7,048	-	-	6,859	81,005	87,864	675	88,539
Dividends	-	-	-	-	-	-	(40,502 )	(40,502 )	-	(40,502 )
Increase (decrease) in transfers and other changes	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in equity	-	(189 )	7,048	-	-	6,859	40,503	47,362	675	48,037
Equity As of March 31, 2014	477,386	(4,006)	3,282	(1,231)	(1,677)	(3,632 )	1,950,228	2,423,982	56,296	2,480,278

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

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

## STATEMENTS OF CHANGES IN EQUITY

2013	Share capital	Foreign currency translation difference 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	-	-	-	-	-	-	151,805	151,805	853	152,658
Other comprehensive income		(694 )	(149 )	-		(843 )		(843 )	15	(828 )
Comprehensive income		(694 )	(149 )	-	-	(843 )	151,805	150,962	868	151,830
Dividends	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in transfers and other changes	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in equity	-	(694 )	(149 )	-	-	(843 )	151,805	150,962	868	151,830
Equity As of March 31, 2013	477,386	(1,024)	(16,671)	(2,243)	(1,677)	(21,615)	1,827,974	2,283,745	55,531	2,339,276

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

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

Notes to the Consolidated Financial  
Statements as of March 31, 2014  
Sociedad Química y Minera de Chile S.A.  
and Subsidiaries



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

**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 open 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 plot No. 5 - Antofagasta; Arturo Prat 1060 - Tocopilla; Administración Building w/n - Maria Elena; Administración Building w/n Pedro de Valdivia - María Elena, Anibal Pinto 3228 - Antofagasta, Kilometer 1378 Ruta 5 Norte Highway - Antofagasta, Coya Sur Plant w/n - Maria Elena, kilometer 1760 Ruta 5 Norte Highway - Pozo Almonte, Salar de Atacama (Atacama Saltpeter deposit) potassium chloride plant s/n - San Pedro de Atacama, potassium sulfate plant at Salar de Atacama s/n – San Pedro de Atacama, mining works at Salar de Ascotán Region II of Chile, Minsal Mining Camp s/n CL Plant CL, Potassium– San Pedro de Atacama.

**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 only 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.

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

**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 being closely related to its customers for which it has specialized staff who provide expert advisory in best practices for fertilization according to each type of crop, soil and climate. Within this type of business, potassium derivative products and specially potassium nitrate have had a leading role given the contribution they make to develop crops insuring an improvement in post-crop life in addition to improving quality, flavor and fruit color. The potassium nitrate, which is sold in multiple formats and as a part of other specialty mixtures, is complemented by sodium nitrate, potassium sodium nitrate, and more than 200 fertilizing mixtures.

**Iodine:** The Company is a major producer of iodine at worldwide level. Iodine is widely used in the pharmaceutical industry, technology and nutrition. Additionally, iodine is used as X ray contrast media and 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 vehicles propelled by electricity, but is also used in industrial applications to lower melting temperature and to help saving costs and energy.

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

**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 number of production processes. SQM participates in this line of business during more than 30 years producing sodium nitrate, potassium nitrate, boric acid and potassium chloride. Industrial nitrates have increased their importance 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 as Spain and the United States in their search for decreasing CO<sub>2</sub> emissions

**Potassium:** The potassium is a primary essential macro-nutrient, and even though does not form part of the plant's structure, has a significant role for the developing of its basic functions, validating the quality of a crop, increasing post-crop life, improving the crop flavor, its amount in vitamins and its physical appearance. Within this business line, SQM has also 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 March 31, 2014 and December 31, 2013, staff was detailed as follows:

	03/31/2014	12/31/2013
Permanent staff	4,702	4,792

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****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 March 31, 2014 and December 31, 2013. 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 March 31, 2014	No. of Series A with ownership	% of Series A shares	No. of Series B with ownership	% of Series B shares	% of total shares
The Bank of New York Mellon, ADRs	-	-	61,090,894	50.75	% 23.21 %
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,758,830	31.34 %	6,971,799	5.79	% 19.65 %
Inversiones El Boldo Limitada	29,330,326	20.54 %	17,963,546	14.92	% 17.97 %
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	15,526,000	10.87 %	-	-	5.90 %
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16 %	-	-	3.34 %
Banco Itau on behalf of foreign investors	20,950	0.01 %	5,531,995	4.60	% 2.10 %
Banco de Chile on behalf of non-resident third parties	-	-	5,386,826	4.47	% 2.05 %
Inversiones La Esperanza Limitada	3,693,977	2.59 %	-	-	1.40 %

**(\* Total Pampa Group 29.9%**

Shareholder as of December 31, 2013	No. of Series A with ownership	% of Series A shares	No. of Series B with ownership	% of Series B shares	% of total shares
The Bank of New York Mellon, ADRs	-	-	56,302,367	46.77	% 21.39 %

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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 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 29.90%**

On March 31, 2014 the total number of shareholders had risen to 1,304.

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

**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 periods ended March 31, 2014 and December 31, 2013.
- Consolidated Statements of Changes in Equity for the periods ended March 31, 2014 and 2013.
- Consolidated Statements of Comprehensive Income for the periods between January and March 31, 2014 and 2013.
- Statements of Cash Flows –Direct method for the periods ended March 31, 2014 and 2013.



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

**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.

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****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, 2014:

Standards and interpretations

Mandatory for annual periods beginning on

*IFRIC 21 “Levies”*

01/01/2014

Issued in May 2013. It defines a levy as the outflow of resources that incorporates economic benefits that is imposed by the Government to entities in accordance with current applicable legislation. It indicates the accounting treatment for a liability to pay a levy if such liability is within the scope of IAS 37. It addresses when to recognize a liability for levies imposed by a public authority to operate in a specific market. It proposes that the liability be recognized when an event triggering the liability occurs and payment cannot be avoided. The event triggering the liability may occur at a given date or progressively throughout time. Early adoption is permitted.

Amendments and improvements

Mandatory for annual periods beginning on

*IAS 32 “Financial Instruments: Presentation”*

01/01/2014

Issued in December 2011. It clarifies the requirements for the offsetting of financial assets and financial liabilities in the Statement of financial position. Specifically, it indicates that the right to set off must be available at the date of the financial statement and not depend on a future event. It also indicates that it must be legally binding for the counterparties both during the ordinary course of business and in the event of default, insolvency or bankruptcy. Early adoption is permitted.

*IAS 27 “Separate Financial Statements”; IFRS 10 “Consolidated Financial Statements” and IFRS 12 “Disclosure of Interests in Other entities”*

01/01/2014

Issued in October 2012, the amendments provide an exemption for the consolidation of subsidiaries for entities meeting the definition for an “investment entity”. Also, 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 to measure those subsidiaries. The amendment also introduces new disclosure requirements relative to investment entities in IFRS 12 and IAS 27

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 2 - Basis of presentation for the consolidated financial statements (continued)****2.4****Accounting pronouncements, (continued)**

Amendments and improvements	Mandatory for annual periods beginning on
IAS 36 “Impairment of Assets”	01/01/2014
<p>Issued in May 2013. It amends the disclosure of the recoverable amount of non-financial assets aligning them to the requirements of IFRS 13. It requires disclosure of additional information on the recoverable amount of impaired assets if such an amount is based on the fair value less costs to sell. Additionally, it requests, among others, the disclosure of discount rates used in measuring the recoverable amount determined using present value techniques. Early adoption is permitted.</p>	
IAS 39 “Financial Instruments: Recognition and Measurement”	01/01/2014
<p>Issued in June 2013. It established certain conditions that must be met for the novation of derivatives to allow the continuance of hedge accounting; this in order to avoid novations that are the result of laws and regulations affecting the financial statements. For such purposes, it indicates that amendments will not give rise to the expiration or termination of the hedge instrument if: (a) as a result of laws and regulations, parts of the hedge instrument agree with a main counterparty, or an entity(ies) act as counterparties substituting the original counterparty; (b) other changes, in their case, to hedge instruments, which are limited to those that are necessary to conduct such substitution of the counterparty. These changes include changes in contractual guarantee requirements, rights to set off trade receivables and payables, taxes and levies. Early adoption is permitted.</p>	
IAS 19 “Employee Benefits”	07/01/2014
<p>Issued in November 2013, this amendment applies to employee or third party contributions in defined benefit plans. Amendments are intended to simplify the accounting for contributions that are independent of the number of years of service of employees; e.g., contributions by employees that are calculated in accordance with a fixed percentage of the employee’s salary.</p>	

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

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

**2.4**

**Accounting pronouncements, (continued)**

Amendments and improvements

Mandatory for annual periods beginning on

Improvements to Information Financial Reporting Standards (2012) Issued in December 2013 07/01/2014

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.

IFRS 3, "Business Combinations" - The standard is modified to clarify that the obligation to pay a contingent consideration that meets the definition 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, is measured at its fair value at each reporting date at fair value 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 the acquisition date of which is July 1, 2014 or after. Early adoption is permitted provided that amendments of IFRS 9 and IAS 37 also issued as part of the 2012 improvement plan are applied.

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 of that aggregated segments share similar economic characteristics.

The standard was additionally modified to require a reconciliation of assets of the segments to assets of an entity, when assets are reported by segment. Early adoption is permitted.

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

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

**2.4 Accounting pronouncements, (continued)**

Amendments and improvements

Mandatory for annual periods beginning on

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 together entities no longer had the ability to measure short-term receivables and payables for their nominal amounts if the effect of not adjusting was not significant. IASB has modified the basis for 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 at 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 accumulated impairment losses; 2) or 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 related party, an entity that provides key management personnel services to the reporting entity of the Parent of the reporting entity ("the managing entity"). The reporting entity is not obliged to disclose the compensation paid by the managing entity to the employees or managers of the managing entity, but is obliged to disclose the amounts charged to the reporting entity by the managing entity for key management personnel services rendered. Early adoption is permitted.

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

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

**2.4 Accounting pronouncements, (continued)**

Amendments and improvements	Mandatory for annual periods beginning on
Improvements to Information Financial Reporting Standards (2013)	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 as at their net amount, all contracts including non-financial contracts) within the scope of IAS 39 or IFRS 9.

The amendment is mandatory for the annual periods beginning on July 1, 2014. An entity must apply the amendments prospectively from the start of the first annual period in which IFRS 13 is applied.

IAS 40 “Investment Property” – the standard is modified to clarify that IAS 40 and IFRS 3 are not mutually excluding. 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 has to be considered to determine whether the acquisition of investment property is or is not a business combination. This amendment is applicable for the annual periods beginning on July 1, 2014, but it 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 have no significant impact on the Company’s consolidated financial statements.





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

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

**2.4**

**Accounting pronouncements, (continued)**

a) The new standards,, interpretations and amendments issued not effective for 2014, which the company has not adopted early are as follows:

Standards and interpretations	Mandatory for annual periods beginning on
<p>IFRS 9 “Financial Instruments”</p> <p>In December 2009, the International Accounting Standards Board (IASB) issued IFRS 9 Financial Instruments. This standard introduces new requirements for classifying and measuring financial assets as it establishes that financial assets be measured either at amortized cost or fair value. All equity securities will be measured at fair value. Debt securities will be measured at amortized cost solely if the entity holds it to obtain contractual cash flows and cash flows represent principal and interests.</p> <p>Subsequently, this standard was amended in November 2010 to include the treatment and classification of financial liabilities. For liabilities the standard maintains the larger part of requirements in IAS 39. These include accounting recognition at amortized cost for the majority of financial liabilities, with the bifurcation of embedded derivatives. The main change is that, in cases where the fair value option of financial liabilities is used, the portion of the change in the fair value attributable to changes in the entity’s credit risk is recognized in other comprehensive income instead of profit or loss, unless this generates an accounting mismatch. Early adoption is permitted</p>	Not yet determined
<p>IFRS 14 “Regulatory Deferral Accounts”</p> <p>Issued in January 2014,, this is a provisional standard on the accounting for certain balances that arise from rate-regulated activities (“regulatory deferral accounts.”) This standard is applicable only to entities that apply IFRS 1 as first-time adopters of IFRS 1. It allows those entities, in adopting IFRS to continue to apply the accounting policies of the previous generally accepted accounting principles for the recognition, measurement, impairment, impairment and derecognition of regulatory deferral accounts. The provisional standard also provides guidance on the selection and change of accounting policies (in the first-time adoption or subsequently), and in presentation and disclosure.</p> <p>However, in order to improve the ease of comparison with entities already applying IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation should be presented separately from other items.</p>	01/01/2016

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

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

**2.4 Accounting pronouncements, (continued)**

Amendments and improvements	Mandatory for annual periods beginning on
IFRS 9 “Financial Instruments”	Not yet determined

Issued in November 2013, amendments include as main element a substantial review of hedge accounting to allow entities to better reflect their risk management activities in the financial statements. Likewise and although not related to hedge accounting, this amendment allows entities to early adopt the requirement of recognizing in other comprehensive income changes in the fair value attributable to changes in the entity’s credit risk (for financial liabilities that are designated under the fair value option). Such an amendment may be applied without having to adopt the remainder of IFRS 9.

The Company's management estimates that the adoption of standards, amendments and interpretations described above are under evaluation and it is expected that they will not have a significant impact on the Consolidated Financial Statements of the Company.

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

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

**2.5**

**Basis of consolidation**

**(a)**

**Subsidiaries**

Relate to all the entities on which Sociedad Química y Minera de Chile S.A. has control to direct the financial and operating activities, which in general is accompanied by share greater than half the voting rights. Subsidiaries are included in consolidation from the date in which control of the Company is transferred and are excluded from consolidation on the date where 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 acquire either at fair value or as proportional share of net identifiable assets of the acquiree.

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

## 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			12/31/2013 Total
				03/31/2014 Direct	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\$	0.5800	99.1400	99.7200	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	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Administración Y Servicios Santiago S.A. de C.V.	Mexico	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Peru S.A.	Peru	US\$	0.9800	99.0200	100.0000	100.0000
Foreign	SQM Ecuador S.A.	Ecuador	US\$	0.0040	99.9960	100.0000	100.0000
Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	0.0000	51.0000	51.0000	51.0000
Foreign	SQMC Holding Corporation L.L.P.	USA.	US\$	0.1000	99.9000	100.0000	100.0000
Foreign	SQM Investment Corporation N.V.	Dutch Antilles	US\$	1.0000	99.0000	100.0000	100.0000
Foreign		Brazil	US\$	1.0900	97.2100	98.3000	100.0000

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	SQM Brasil Limitada						
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	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	99.996

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

## 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			12/31/2013 Total
				03/31/2014		Total	
				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 (c)	Chile	US\$	100.0000	-	100.0000	100.0000
76.360.575-2	Orcoma SPA (d)	Chile	US\$	100.0000	-	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) On December 31, 2013, the subsidiary Orcoma Estudios SPA was incorporated where Sociedad Quimica y Minera de Chile S.A. made a capital contribution of US\$ 1,500.
  
- (d) On December 31, 2013, the subsidiary Orcoma SPA, was incorporated where Sociedad Quimica y Minera de Chile S.A. made a capital contribution of ThUS\$ 2,358.

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

**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 depending companies acquired or disposed of during the year are included in profit or loss accounts consolidated 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, moist, 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.

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

**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 recovery (maturity) dates; i.e., those maturing on a date equal to or lower 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 the maturity they have.

**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 interim 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 March 31, 2014 and December 31, 2013 have been translated to U.S. dollars at the exchange rates prevailing at those dates. The corresponding Chilean pesos were converted at Ch\$551.18 per US\$1.00 as of March 31, 2014, and Ch\$524.61 per US\$1.00 as of December 31, 2013.

The values of the UF (a Chilean peso-denominated, inflation-indexed monetary unit) used to convert the UF denominated assets and liabilities as of March 31, 2014 amounted to Ch\$23,606.97 (US\$42.83), and as of December 31, 2013 amounted to Ch\$23,309.56 (US\$44.43).

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****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 prevailing 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 prevailing 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:

	03/31/2014	12/31/2013
	US\$	US\$
Brazilian real	2.26	2.34
New Peruvian sol	2.75	2.75
Argentine peso	7.95	6.48
Japanese yen	102.92	105.39
Euro	0.73	0.73
Mexican peso	13.08	13.07
Australian dollar	1.08	1.12
Pound Sterling	0.60	0.61
South African rand	10.58	10.56
Ecuadorian dollar	1.00	1.00
Chilean peso	551.18	524.61
UF	42.83	44.43

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

**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 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 in 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 prevailing 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.

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

**Note 3 - Significant accounting policies (continued)**

**3.4**

**Subsidiaries**

SQM S.A. establishes as basis the control exercised in subsidiaries, 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 on the amount of 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 in known amounts of cash and 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.



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

**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 irrevocably 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 presently has, a legally enforceable right, of setting off the amounts recognized and has the intent of settling for the net amount or of realizing the asset and settling the liability simultaneously.



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

**Note 3 - Significant accounting policies (continued)**

**3.10 Reclassification of financial instruments**

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

For financial liabilities these could not be reclassified.

**3.11 Derivative and hedging financial instruments**

Derivatives are recognized initially at fair value as of the date in 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 designated 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 higher than 12 months and as a current asset or liability if the remaining expiration period of the entry is lower 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.

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

**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.

Amounts taken 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 firm transaction or 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 hedging is revoked, the amounts previously recognized in other reserves are maintained in equity until the expected firm transaction or commitment

occurs.

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

**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 which substantially all the risks and rewards of ownership of the financial asset are 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 contained has been legally extinguished.

**3.13 Derivative financial instruments**

The Company maintains derivative financial instruments to hedge its exposure 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 March 31, 2014 and 2013, 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.

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

**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 maintains a significant part of the risks and rewards derived from the ownership are classified as operating leases. Operating lease payments (net of any 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 expensed considering the proportional 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 quoted in any active market. These arise from sales operations involving the products and/or services which the Company commercializes 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.



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

**Note 3 - Significant accounting policies (continued)**

**3.18**

**Inventory measurement**

The Company states inventories for 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 finishing estimated costs and costs which will be incurred in commercialization, sales and distribution processes.

The Company conducts an evaluation of the net realizable value of inventories at the end of each year recording an estimate with a charge to income when these are overstated. When the circumstances, which previously caused the rebate 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 on 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.

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

**Note 3 - Significant accounting policies (continued)**

**3.19 Investments in associates and joint ventures**

Interests in companies on 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 investee.

Under this method, the investment is recognized in the statement of financial position at cost plus changes subsequent to the acquisition considering 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 investee 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 considering the interest percentage the Company has on such entities. Unrealized losses are also eliminated, except if the transaction provides evidence of impairment loss of the transferred asset.

Changes in the equity of associates are recognized considering the proportional amounts with a charge or credit to "Other reserves" and classified considering 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".

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

**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.

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

**Note 3 – Significant accounting policies (continued)**

**3.22**

**Property, plant equipment, continued**

2. The future costs that the Company will have to experience 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 considered 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 when incurred.

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



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

**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 amortized during its useful life.

(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 life of the right of way.

(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 probably will 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.

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

**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 March 31, 2014 and December 31, 2013.

**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, destined to 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.



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

**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 directly expensed. Otherwise, it is held in the caption other non-current assets, reclassifying the portion related to the area to be exploited in the year in the caption inventories and such amount is amortized as production cost on the basis of estimated tons to be extracted.

The technical reasons for this classification correspond to the fact that this is an identifiable non-monetary asset that is owned to be used in the production of our processes as 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 proven reserves with a trading feasibility and used as 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 caption Other non-current assets.

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

**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 March 31, 2014, as explained in Note 14 the Company has made an allowance account for impairment losses, As of December 31, 2013, 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 is 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.

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

**Note 3 - Significant accounting policies (continued)**

**3.29**

**Minimum dividend**

As required by the Shareholders' Corporations Act, unless decided otherwise by the unanimous vote by the shareholders of subscribed 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, 2014.

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

**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 maintaining 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.

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

**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 that 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 considering 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 March 31, 2014 and December 31, 2013.

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 2014 and 2013. The net balance of this obligation is presented under the non-current provisions for employee benefits.

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

**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 charge 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, it is possible that the future economic rewards will flow to the entity and 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 confirmed as received by customers 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.

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

**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 term 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 of 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.

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.

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

**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 income taxes recoverable 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, considering 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 a portion of the deferred tax assets. Likewise, as of the date of the consolidated financial statements, deferred tax assets that are not recognized were evaluated and not recognized as it was not more likely than not that future taxable income will allow for 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 legally receivable right of offsetting tax assets against tax liabilities and the deferred tax is related to the same tax entity and authority.

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

**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 making 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 used in 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, as the case may be.



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

**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 financial uncertainty components.

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 but 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.

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

**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.



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

**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 could not be able to sell our products if we are 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 in 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 might 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 with regard to a portion of receivables.

**4.2.3**

**Currency risk**

As a result of the influence in the price determination, of its relationship with sales costs and since a significant part of the business of the Company is carried out in that foreign currency, the functional currency of SQM is the United States dollar. However, the global business activities of the Company expose the same 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 up-dated 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 specific items in currency other than U.S. dollar at 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 are related to the Chilean peso. A significant part of the effect of such obligations in the statement of financial position is covered by operations of derivative instruments that hedge the mismatch of balance in this currency.



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

**Note 4 - Financial risk management (continued)**

**4.2.3**

**Currency risk, continued**

As of December 31, 2013, the Company had derivative instruments classified as hedging currency and interest rate associated with all the obligations denominated bonds both in Chilean pesos and UF, with a fair value of US\$ 23.6 million. As of March 31, 2014, this value amounts to US\$ 6 million, against of SQM.

As of March 31, 2014, the Chilean peso to US dollar Exchange rate was Ch\$ 551.18 per US\$1.00, and as of December 31, 2013 it was Ch\$ 524.61 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 March 31, 2014, approximately 20% 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\$ 1,4 million. Notwithstanding, this effect is significantly counterbalanced by the returns of the Company's investments that also relate to LIBOR.

In addition, as of March 31, 2014, the Company's financial debt is mainly in the long-term, with 10% with maturities of less than 12 months which decreases the exposure to changes in the interest rates.

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

**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 comfortably balancing the fund requirements and the flows from the regular business conduct, bank loans, public bonds, short term investments, and negotiable instruments, amongst other.

The company has an important capital expense 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 that its obligations and investments match, taking care as part of its financial risk management strategy of the obligations and investments maturities from a conservative perspective. As of March 31, 2014, 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 so 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.

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

**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 March 31, 2014, 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 March 31, 2014 and December 31, 2013 and the statements of comprehensive income, equity and cash flows for the periods ended March 31, 2014 and March 31, 2013, have been prepared in accordance with IFRS, and accounting principles and criteria have been applied consistently.



**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 6 - Background of companies included in consolidation****6.1 Parent's stand-alone assets and liabilities**

	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Assets	4,238,956	4,269,749
Liabilities	(1,814,974)	(1,893,129)
Assets (liabilities)	2,423,982	2,376,620

**6.2****Parent entity**

As provided in the Company's by-laws, no shareholder can concentrate 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 March 31, 2014 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 between them. 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.



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

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 6 - Background of companies included in consolidation (continued)****6.4 General information on consolidated subsidiaries**

As of March 31, 2014 and December 31, 2013 the general information of the companies on 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
SQM Industrial S.A.	79.947.100-0	El Trovador 4285 Las Condes	Chile	US\$	99.0470	0.9530	100.0000
Exploraciones Mineras S.A.	76.425.380-9	Los Militares	Chile	US\$	0.2691	99.7309	100.0000

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		4290 Las Condes						
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	Chile	US\$	100.0000	-	100.0000	
SQM North America Corp.	Foreign	2727 Paces Ferry Road, 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	
Nitrate Corporation of Chile Ltd.	Foreign	1 More London Place London SE1 2AF	United Kingdom	US\$	-	100.0000	100.0000	

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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

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****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 <sup>st</sup> 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, Trajomalco 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
Royal Seed Trading Corporation A.V.V.	Foreign	Caya Ernesto O. Petronia 17, Oranjestad	Aruba	US\$	1.6700	98.3300	100.0000

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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, Trajomulco 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, Trajomulco de Zuñiga, Jalisco	Mexico	US\$	-	100.0000	100.0000



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

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

## 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				Dividends paid to non-controlling interests	
		03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Proinsa Ltda.	0.1	% -	-	-	-	-	-
SQM Potasio S.A.	0.0000001	% -	-	-	-	-	-
Ajay SQM Chile S.A.	49	% (547 )	(3,389 )	9,353	8,806	-	4,400
SQM Indonesia S.A.	20	% -	-	1	16	-	-
Soquimich Comercial S.A.	39.3616784	% (203 )	(4,051 )	46,626	46,448	-	2,026
Comercial Agrorama Ltda.	30	% 17	(18 )	316	351	-	-
Agrorama S.A.	0.001	% -	-	-	-	-	-
SQM (Thailand) Limited	0.004	% -	-	-	-	-	-
Total		(733 )	(7,458 )	56,296	55,621	-	6,426

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

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

## 6.6

## Information on consolidated subsidiaries

03/31/2014

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
SQM Nitratos S.A.	530,724	132,011	577,134	15,000	18,403	(2,981 )	(2,981 )
Proinsa Ltda.	190	1	-	-	-	-	-
SQMC Internacional Ltda.	252	-	-	-	-	-	-
SQM Potasio S.A.	124,398	1,075,119	3,117	16,339	590	40,090	40,186
Serv. Integrales de Tránsito y Transf. S.A.	370,175	86,573	407,255	8,498	13,636	3,778	3,778
Isapre Norte Grande Ltda	745	811	730	188	1,119	40	25
Ajay SQM Chile S.A.	20,122	1,192	1,487	740	16,921	1,116	1,116
Almacenes y Depósitos Ltda.	343	48	1	-	-	(5 )	(24 )
SQM Salar S.A.	692,235	986,443	511,335	128,636	195,065	42,331	42,211
SQM Industrial S.A.	1,198,328	813,408	943,705	77,616	209,181	10,570	10,518
Exploraciones Mineras S.A.	475	31,553	4,852	-	-	(73 )	(73 )
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	645	235	219	540	559	1	-
Soquimich Comercial S.A.	141,406	22,283	44,248	986	27,494	515	444
Comercial Agrorama Ltda.	12,991	2,009	13,833	113	2,796	(56 )	(56 )
Comercial Hydro S.A.	8,314	127	35	74	16	92	92
Agrorama S.A.	13,798	537	14,397	32	1,738	(265 )	(265 )
Orcoma SpA	2	2,356	-	-	-	-	-
Orcoma Estudio SpA	2	-	-	-	-	-	-
SQM North América Corp.	232,047	16,989	219,298	1,781	79,773	(4,690 )	(4,690 )
RS Agro Chemical Trading Corporation A.V.V.	5,204	-	-	-	-	-	-
Nitratos Naturais do Chile Ltda.	2	261	4,785	-	-	(85 )	(85 )
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	669	90,248	3,725	-	-	(3,660 )	(3,693 )
SQM Perú S.A.	601	1	1,222	-	-	(10 )	(10 )
SQM Ecuador S.A.	8,709	76	8,310	42	4,113	283	283
SQM Brasil Ltda.	803	29	881	-	50	82	82
SQI Corporation N.V.	-	18	92	-	-	(4 )	(4 )
SQMC Holding Corporation L.L.P.	16,013	14,404	1,000	-	-	1,353	1,353

SQM Japan Co. Ltd.	2,259	269	359	506	708	181	181
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## Sociedad Química y Minera de Chile S.A. and Subsidiaries

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

## 6.6 Information on consolidated subsidiaries, continued

03/31/2014

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
SQM Europe N.V.	309,727	614	279,263	-	167,477	(5,612 )	(5,612 )
SQM Italia SRL	1,421	-	18	-	-	-	-
SQM Indonesia S.A.	4	-	1	-	-	-	-
North American Trading Company	160	145	39	-	-	-	-
SQM Virginia LLC	14,828	14,374	14,828	-	-	-	-
SQM Comercial de México S.A. de C.V.	97,786	1,288	69,965	-	51,741	956	956
SQM Investment Corporation N.V.	67,382	279	42,168	851	20	(483 )	(483 )
Royal Seed Trading Corporation A.V.V.	240,172	367	84,040	170,000	-	(782 )	(568 )
SQM Lithium Specialties LLP	15,781	3	1,264	-	-	-	-
Soquimich SRL Argentina	411	-	218	-	-	(3 )	(3 )
Comercial Caimán Internacional S.A.	271	-	1,122	-	-	-	-
SQM France S.A.	345	6	114	-	-	-	-
Administración y Servicios Santiago S.A. de C.V.	256	-	899	125	790	1	1
SQM Nitratos México S.A. de C.V.	25	4	20	4	47	2	2
Soquimich European Holding B.V.	81,053	91,387	94,069	673	-	(4,423 )	(4,456 )
SQM Iberian S.A.	73,890	69	72,535	-	45,724	1,805	1,805
SQM Africa Pty Ltd.	48,895	641	42,491	-	18,226	(1,386 )	(1,386 )
SQM Oceania Pty Ltd.	4,359	-	969	-	800	(52 )	(52 )
SQM Agro India Pvt. Ltd.	6	-	2	-	-	(1 )	(1 )
SQM Beijing Commercial Co. Ltd.	4,066	71	1,987	-	1,399	(12 )	(12 )
SQM Thailand Limited	5,611	42	3,278	-	682	(178 )	(178 )
Total	4,352,977	3,386,291	3,471,310	422,744	859,068	78,435	78,401

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

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

## 6.6 Information on consolidated subsidiaries, continued

Subsidiary	12/31/2013		12/31/2013		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.	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
SQI Corporation N.V.	-	19	62	-	-	(1)	(2)
	11,978	16,394	1,000	-	-	5,267	5,267

SQMC Holding Corporation  
L.L.P.

SQM Japan Co. Ltd.	1,948	263	234	494	2,468	(283	)	(283	)
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## Sociedad Química y Minera de Chile S.A. and Subsidiaries

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

Subsidiary	12/31/2013		Liabilities		12/31/2013		Comprehensive income (loss) ThUS\$	
	Assets				Revenue	Profit (loss)		
	Current	Non-current	Current	Non-current	ThUS\$	ThUS\$		
	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	)
SQM Beijing Commercial Co. Ltd.	2,415	80	301	-	9,915	(1,164	) (1,164	)
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	





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

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

**6.7 Detail of transactions between consolidated companies**

**a) Transactions conducted in 2014**

As of March 31, 2014, there are no transactions conducted among companies included in consolidation.

**Transactions conducted in 2013**

On December 31, 2013, the subsidiary Orcoma Estudios SPA was incorporated where Sociedad Química y Minera de Chile S.A. made a capital contribution of US\$ 1,500.

On December 31, 2013, the subsidiary Orcoma SPA was incorporated where Sociedad Química y Minera de Chile S.A. made a capital contribution of ThUS\$ 2,358.

On March 25, 2013, SQM Industrial S.A. increased by ThUS\$ 1,500 the capital of its subsidiary SQM Beijing Commercial Co. Ltd.

During the first half of the year Iodine Minera was absorbed into Soquimich European Holdings.

During the first half of 2013 Soquimich European Holdings B.V. purchased shares of SQM Thailand Limited, acquiring 99.996% of this company.

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 7 - Cash and cash equivalents**

7.1

Types of cash and cash equivalents

As of March 31, 2014 and December 31, 2013, cash and cash equivalents are detailed as follows:

	03/31/2014	12/31/2013
a) Cash	ThUS\$	ThUS\$
Cash on hand	109	119
Cash in banks	48,325	29,671
Other demand deposits	6,757	3,625
Total cash	55,191	33,415
b) Cash equivalents	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Short-term deposits, classified as cash equivalents	103,907	158,208
Short-term investments, classified as cash equivalents	260,388	284,999
Total cash equivalents	364,295	443,207
Total cash and cash equivalents	419,486	476,622

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 7 - Cash and cash equivalents (continued)****7.2 Short-term investments, classified as cash equivalents**

As of March 31, 2014 and December 31, 2013, short-term investments, classified as cash and cash equivalents relate to mutual funds (investment liquidity funds) for investments in:

Institution	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Legg Mason - Western Asset Institutional Cash Reserves	86,818	95,941
BlackRock - Institutional US Dollar Liquidity Fund	85,733	94,726
JP Morgan US dollar Liquidity Fund Institutional	87,837	94,332
Total	260,388	284,999

Short-term investments are highly liquid fund manager accounts that are basically invested in short-term fixed rate notes in the U.S. market.

**7.3 Information on cash and cash equivalents by currency**

As of March 31, 2014 and December 31, 2013, information on cash and cash equivalents by currency is detailed as follows:

Original currency	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Chilean Peso (*)	43,397	25,391
U.S. dollar	356,337	430,263
Euro	12,150	9,230
Mexican Peso	425	429
South African Rand	4,615	7,229
Japanese Yen	1,407	1,435
Peruvian Sol	5	2
Brazilian Real	160	73
Chinese Yuan	305	384
Indonesian Rupiah	4	4
Indian rupee	14	7
Thai baht	616	2,161

Pound sterling	51	14
Total	419,486	476,622

(\* ) The Company maintains financial derivative policies which allow dollarizing these term deposits in Chilean pesos.

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

**Note 7 - Cash and cash equivalents (continued)**

7.4 Amount of significant restricted (unavailable) cash balances

Cash on hand and in current bank accounts are available resources, and their carrying value is equal to their fair value.

As of March 31, 2014 and December 31, 2013, the Company has no significant cash balances with any type of restriction.

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

## Note 7 - Cash and cash equivalents (continued)

## 7.5 Short-term deposits, classified as cash equivalents

The detail at the end of each period is as follows:

Receiver of the deposit	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Principal MUS\$	Interest accrued to date MUS\$	31/03/2014 MUS\$
Banco BBVA Chile	Fixed term	Ch\$	0.38	01/24/2014	04/21/2014	14,805	129	14,934
Banco Crédito e Inversiones	Fixed term	US\$	0.66	01/16/2014	04/14/2014	5,007	7	5,014
Banco de Chile	Fixed term	Ch\$	0.36	03/20/2014	04/25/2014	21,294	28	21,322
Banco Santander - Santiago	Fixed term	US\$	0.66	01/23/2014	04/16/2014	20,326	25	20,351
Banco Santander - Santiago	Fixed term	US\$	0.48	01/16/2014	04/14/2014	15,000	22	15,022
Banco Santander - Santiago	Fixed term	Ch\$	0.35	03/28/2014	04/10/2014	1,361	-	1,361
Banco Crédito e Inversiones	Fixed term	US\$	0.65	01/15/2014	04/11/2014	10,000	13	10,013
Banco Crédito e Inversiones	Fixed term	US\$	0.65	01/15/2014	04/11/2014	10,000	13	10,013
Banco BBVA Chile	Fixed term	Ch\$	-	03/21/2014	04/04/2014	1,700	-	1,700
Banco Santander - Santiago	Fixed term	US\$	-	03/28/2014	04/04/2014	1,000	-	1,000
Citibank New York	Overnight	US\$	0.01	03/28/2014	04/01/2014	113	-	113
Citibank New York	Overnight	US\$	0.01	03/28/2014	04/01/2014	604	-	604
Citibank New York	Overnight	US\$	0.01	03/28/2014	04/01/2014	382	-	382
ABN Amro Bank	Fixed term	Euro	-	03/28/2014	04/01/2014	2,078	-	2,078
Total						103,670	237	103,907

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

## Note 7 - Cash and cash equivalents (continued)

## 7.5 Short-term deposits, classified as cash equivalents, continued

Receiver of the deposit	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Principal ThUS\$	Interest accrued to-date ThUS\$	11/12/2013 ThUS\$
Banco BBVA Chile	Fixed term	US\$	0.50	12/20/2013	01/09/2014	10,000	2	10,002
Banco BBVA Chile	Fixed term	US\$	-	12/20/2013	01/09/2014	10,000	2	10,002
Banco BBVA Chile	Fixed term	US\$	-	12/20/2013	01/09/2014	10,000	2	10,002
Banco Crédito e Inversiones	Fixed term	US\$	0.40	12/16/2013	01/16/2014	20,000	3	20,003
Banco Crédito e Inversiones	Fixed term	US\$	0.48	12/16/2013	02/06/2014	20,000	4	20,004
Banco Crédito e Inversiones	Fixed term	US\$	0.50	10/17/2013	01/03/2014	10,093	10	10,103
Banco Crédito e Inversiones	Fixed term	US\$	0.58	12/16/2013	03/11/2014	20,000	5	20,005
Banco Crédito e Inversiones	Fixed term	Ch\$	0.37	12/30/2013	01/13/2014	4,384	-	4,384
Banco Crédito e Inversiones	Fixed term	Ch\$	0.38	12/27/2013	01/09/2014	4,193	2	4,195
Banco Santander - Santiago	Fixed term	US\$	0.48	12/09/2013	01/23/2014	20,314	6	20,320
Banco Santander - Santiago	Fixed term	US\$	0.52	12/04/2013	01/03/2014	10,104	4	10,108
Banco Santander - Santiago	Fixed term	Ch\$	0.43	10/21/2013	01/03/2014	14,352	148	14,500
IDBI Bank	Fixed term	Indian rupee	-	12/31/2013	03/31/2014	2	-	2
Citibank New York	Overnight	US\$	0.01	12/31/2013	01/02/2014	444	-	444
Citibank New York	Overnight	US\$	0.01	12/31/2013	01/02/2014	640	-	640
Citibank New York	Overnight	US\$	0.01	12/31/2013	01/02/2014	1,301	-	1,301
ABN Amro Bank	Fixed term	Euro	-	12/31/2013	01/31/2014	2,193	-	2,193
Banco Security	Fixed term	US\$	-	-	-	-	-	-
Corpbanca	Demand deposit	US\$	-	-	-	-	-	-
Total						158,020	188	158,208



**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 8 - Inventories**

The composition of inventory at each period-end is as follows:

Type of inventory	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Raw material reserves	3,834	8,552
Supplies for production reserves	45,770	42,366
Products-in-progress reserves	415,453	400,824
Finished product reserves	440,938	503,788
Total	905,995	955,530

Inventory reserves recognized as of March 31, 2014 amount to ThUS\$89,766, and ThUS\$97,248 as of December 31, 2013. Inventory reserves have been made based on a technical study that covers the different variables affecting products in stock (density, humidity, among others). Additionally, reserves are recognized if goods are sold cheaper than the related cost, and for differences that arise from inventory counts.

As of March 31, 2014, the sum registered as cost of sale related to inventory in the statement of income amounts to ThUS\$332,025 and to ThUS\$337.281 as of March 31, 2013.

The breakdown of inventory reserves is detailed as follows:

Type of inventory	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Raw material reserves	93	93
Supplies for production reserves	500	500
Products-in-progress reserves	56,966	65,768
Finished product reserves	32,207	30,887
Total	89,766	97,248

The Company has not delivered inventory as collateral for the periods indicated above.



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

**Note 9 - Related party disclosures**

**9.1 Related party disclosures**

Balances pending at period-end are not guaranteed, accrue no interest and are settled in cash. No guarantees have been delivered or received for trade and other receivables due from related parties or trade and other payables due to related parties. For the period ended March 31, 2014, the Company has not recorded any impairment in accounts receivable related to amounts owed by related parties. This evaluation is conducted every year through an examination of the financial position of the related party in the market in which it operates.

**9.2 Relationships between the parent and the entity**

According to the Company's by-laws, no shareholder can own more than 32% of the Company's voting right shares.

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Inversiones Global Mining (Chile) Ltda., collectively the Pampa Group, are the owners of a number of shares that are equivalent to 29.9% as of March 31, 2014 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 shares of SQM S.A. issued, subscribed and fully-paid.

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 between them. 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.

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 9 - Related party disclosures (continued)****9.2 Relationship between the Parent and the entity****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) Ltda.	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

**9.3 Detailed identification of the link between the Parent and subsidiary**

As of March 31, 2014 and December 31, 2013, the detail of entities that are a related parties of the SQM S.A: Group is as follows:

Tax ID No.	Name	Country of origin	Functional currency	Nature
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	Subsidiary
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	Subsidiary
Foreign	SQM North America Corp.	United States	US\$	Subsidiary
Foreign	SQM Europe N.V.	Belgium	US\$	Subsidiary
Foreign	Soquimich S.R.L. Argentina	Argentina	US\$	Subsidiary
Foreign	Soquimich European Holding B.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Corporation N.V.	Dutch Antilles	US\$	Subsidiary
Foreign	SQI Corporation N.V.	Dutch Antilles	US\$	Subsidiary
Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	North American Trading Company	United States	US\$	Subsidiary
Foreign	Administración y Servicios Santiago S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	SQM Peru S.A.	Peru	US\$	Subsidiary
Foreign	SQM Ecuador S.A.	Ecuador	US\$	Subsidiary

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Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	SQMC Holding Corporation L.L.P.	United States	US\$	Subsidiary
Foreign	SQM Investment Corporation N.V.	Dutch Antilles	US\$	Subsidiary
Foreign	SQM Brasil Limitada	Brazil	US\$	Subsidiary
Foreign	SQM France S.A.	France	US\$	Subsidiary
Foreign	SQM Japan Co. Ltd.	Japan	US\$	Subsidiary
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	Subsidiary
Foreign	SQM Oceania Pty Limited	Australia	US\$	Subsidiary
Foreign	Rs Agro-Chemical Trading Corporation A.V.V.	Aruba	US\$	Subsidiary
Foreign	SQM Indonesia S.A.	Indonesia	US\$	Subsidiary
Foreign	SQM Virginia L.L.C.	United States	US\$	Subsidiary
Foreign	SQM Italia SRL	Italy	US\$	Subsidiary
Foreign	Comercial Caiman Internacional S.A.	Panamá	US\$	Subsidiary
Foreign	SQM Africa Pty. Ltd.	South Africa	US\$	Subsidiary
Foreign	SQM Lithium Specialties LLC	United States	US\$	Subsidiary
Foreign	SQM Iberian S.A.	Spain	US\$	Subsidiary
Foreign	SQM Agro India Pvt. Ltd.	India	US\$	Subsidiary
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	Subsidiary
Foreign	SQM Thailand Limited	Thailand	US\$	Subsidiary

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 9 - Related party disclosures (continued)****9.3 Detailed identification of the link between the Parent and subsidiary, continued**

As of March 31, 2014 and December 31, 2013, the detail of entities that are a related parties of the SQM S.A: Group is as follows:

<b>Tax ID No.</b>	<b>Name</b>	<b>Country of origin</b>	<b>Functional currency</b>	<b>Nature</b>
96.801.610-5	Comercial Hydro S.A.	Chile	Chilean peso	Subsidiary
96.651.060-9	SQM Potasio S.A.	Chile	US\$	Subsidiary
96.592.190-7	SQM Nitratos S.A.	Chile	US\$	Subsidiary
96.592.180-K	Ajay SQM Chile S.A.	Chile	US\$	Subsidiary
86.630.200-6	SQMC Internacional Ltda.	Chile	Chilean peso	Subsidiary
79.947.100-0	SQM Industrial S.A.	Chile	US\$	Subsidiary
79.906.120-1	Isapre Norte Grande Ltda.	Chile	Chilean peso	Subsidiary
79.876.080-7	Almacenes y Depósitos Ltda.	Chile	Chilean peso	Subsidiary
79.770.780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	Subsidiary
79.768.170-9	Soquimich Comercial S.A.	Chile	US\$	Subsidiary
79.626.800-K	SQM Salar S.A.	Chile	US\$	Subsidiary
78.053.910-0	Proinsa Ltda.	Chile	Chilean peso	Subsidiary
76.534.490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Chilean peso	Subsidiary
76.425.380-9	Exploraciones Mineras S.A.	Chile	US\$	Subsidiary
76.064.419-6	Comercial Agrorama Ltda.	Chile	Chilean peso	Subsidiary
76.145.229-0	Agrorama S.A.	Chile	Chilean peso	Subsidiary
76.359.919-1	Orcoma Estudios SPA	Chile	US\$	Subsidiary
76.360.575-2	Orcoma SPA	Chile	US\$	Subsidiary
77.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean peso	Associate
Foreign	Abu Dhabi Fertilizer Industries WWL	United Arab Emirates	Arab Emirates dirham	Associate
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish lira	Associate
Foreign	Ajay North America	United States	US\$	Associate
Foreign	Ajay Europe SARL	France	Euro	Associate
Foreign	SQM Eastmed Turkey	Turkey	Euro	Associate
Foreign	Charlee SQM Thailand Co. Ltd.	Thailand	Thai baht	Associate
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	China	US\$	Joint venture
Foreign	Coromandel SQM	India	Indian rupee	Joint venture
Foreign	SQM Vitas Fzco.	Arab Emirates	Arab Emirates dirham	Joint venture
Foreign	SQM Star Qingdao Crop Nutrition Co., Ltd.	China	US\$	Joint venture
Foreign	SQM Vitas Spain	Spain	Euro	Joint venture

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Foreign	SQM Vitas Holland	Dutch Antilles	Euro	Joint venture
Foreign	SQM Vitas Plantacote B.V	Dutch Antilles	Euro	Joint venture
Foreign	Kowa Company Ltd.	Japan	US\$	Other related parties
96.511.530-7	Sociedad de Inversiones Pampa Calichera	Chile	US\$	Other related parties
96.529.340-k	Norte Grande S.A.	Chile	Chilean peso	Other related parties
79.049.778-9	Callegari Agricola S.A.	Chile	Chilean peso	Other related parties
Foreign	Coromandel Internacional	India	Indian rupee	Other related parties
Foreign	Vitas Roullier SAS	France	Euro	Other related parties
Foreign	SQM Vitas Brasil Agroindustria	Brazil	US\$	Joint control or significant influence
Foreign	SQM Vitas Peru S.A.C.	Peru	US\$	Joint control or significant influence
Foreign	SQM Vitas Southern Africa Pty.	South Africa	US\$	Joint control or significant influence

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 9 - Related party disclosures (continued)****9.4 Detail of related parties and related party transactions**

Transactions between the Parent and its subsidiaries are part of the Company's common transactions. Their conditions are those customary for this type of transactions in respect of terms and market prices. In addition, these have been eliminated in consolidation and are not detailed in this note.

Maturity terms for each case vary by virtue of the transaction giving rise to them.

As of March 31, 2014 and December 31, 2013, there are no allowances for doubtful accounts related to balances pending of transactions with related parties as there is no impairment in them.

As of March 31, 2014 and December 31, 2013, the detail of transactions with related parties is as follows:

Tax ID No.	Company	Nature	Country of origin	Transaction	03/31/2014	12/31/2013
					ThUS\$	ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Sale of products	12,201	13,844
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Other Transactions	-	740
Foreign	Ajay Europe S.A.R.L.	Associate	France	Sale of products	8,653	35,884
Foreign	Ajay Europe S.A.R.L.	Associate	France	Dividends	3,569	5,093
Foreign	Ajay North America LLC.	Associate	United States	Sale of products	6,971	40,605
Foreign	Ajay North America LLC.	Associate	United States	Dividends	-	10,437
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Sale of products	2,013	7,908
Foreign	Charlee SQM Thailand Co. Ltd.	Associate	Thailand	Sale of products	882	5,669
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Sale of products	291	1,186
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Dividends	362	892
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Sale of services	6	-



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96.529.340-k	Norte Grande S.A.	Other related parties	Chile	Sale of services	-	140
Foreign	Kowa Company Ltd.	Other related parties	Japan	Sale of products	18,960	77,176
Foreign	SQM Vitas Brasil Agroindustria	Joint control or significant influence	Brazil	Sale of products	8,966	52,901
Foreign	SQM Vitas Peru S.A.C.	Joint control or significant influence	Peru	Sale of products	8,576	21,255
Foreign	SQM Vitas Southern Africa Pty.	Joint control or significant influence	South Africa	Sale of products	3,053	17,908
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Sale of products	496	289
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Sale of services	-	98
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Joint venture	China	Sale of products	10,304	56,254
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Joint venture	China	Sale of services	-	282
Foreign	Coromandel SQM	Joint venture	India	Sale of products	549	5,242
Foreign	SQM Star Qingdao Crop Nutrition Co., Ltd.	Joint venture	China	Sale of services	-	148
Foreign	SQM Vitas Spain	Joint venture	Spain	Sale of products	2,565	1,624

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

## Note 9 - Related party disclosures (continued)

## 9.5 Trade receivables due from related parties, current:

Tax ID No.	Company	Nature	Country of origin	Currency	03/31/2014 ThUS\$	12/31/2013 ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Ch\$	495	147
Foreign	Charlee SQM Thailand Co. Ltd.	Associate	Thailand	US\$	991	331
Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	US\$	-	11
Foreign	Ajay Europe S.A.R.L.	Associate	France	Euro	4,306	4,974
Foreign	Ajay North America LLC.	Associate	United States	US\$	6,993	4,166
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Arab Emirates dirham	3,088	2,958
Foreign	Kowa Company Ltd.	Other related parties	Japan	US\$	20,202	22,960
96.511.530-7	Soc.de Inversiones Pampa Calichera	Other related parties	Chile	US\$	7	8
Foreign	SQM Vitas Brasil Agroindustria	Joint venture	Brazil	US\$	18,043	18,205
Foreign	SQM Vitas Peru S.A.C.	Joint venture	Peru	US\$	19,319	17,840
Foreign	SQM Vitas Southern Africa PTY	Joint venture	South Africa	US\$	3,299	4,553
Foreign	Coromandel SQM Sichuan SQM Migao	Joint venture	India	Indian rupee	1,536	2,271
Foreign	Chemical Fertilizers Co Ltda.	Joint venture	China	US\$	56,175	47,910
79.049.778-9	Callegari Agrícola S.A.	Other related parties	Chile	Ch\$	211	363
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Arab Emirates dirham	916	436
Foreign	SQM Vitas Spain	Joint venture	Spain	Euro	1,716	760
Foreign	SQM Vitas Plantacote B.V	Joint venture	Dutch Antilles	Euro	79	133
Foreign	SQM Vitas Holland B.V.	Joint venture	Dutch Antilles	Euro	48	-
Total to-date					137,424	128,026

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

**Note 9 - Related party disclosures (continued)**

**9.6 Trade payables due to related parties, current:**

Tax ID No.	Company	Nature	Country of origin	Currency	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	Turkish lira	569	-
Total as of to-date					569	-

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

**Note 9 - Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management**

**1) Board of directors**

The Company is managed by a Board of Directors which is composed of eight regular directors who are elected for a three-year period. The present Board of Directors was elected by the shareholders at the Ordinary Shareholders' Meeting of April 25, 2013.

As of March 31, 2014, the Company has an Audit Committee made up of three members of the Board of Directors. This Committee performs those duties provided in Article 50 bis of Law No. 18,046 on Shareholders Company, the Shareholders' Corporations Act.

During the periods covered by these financial statements, there are no pending balances receivable and payable between the Company, its directors or members of Senior Management other than those related to remuneration, fee allowances and profit-sharing. In addition, there were no transactions conducted between the Company, its directors or members of Senior Management.

**2) Directors' Compensation**

**2.1.1 Board of Directors**

Directors' compensation is detailed as follows:

A payment of a monthly fixed gross amount of UF 300 in favor of the Chairman of the Company's Board of Directors and UF 125 in favor of the seven remaining board members regardless of their attendance at Board meetings or the number of meetings attended during the respective month.

A payment in domestic currency in favor of the Chairman of the Company's Board of Directors consisting of a) variable and gross amount equivalent to 0.35% of profit for the period effectively earned by the Company during fiscal year 2014.

A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board, c) consisting of a variable and gross amount equivalent to 0.05% of profit for the period effectively earned by the Company during fiscal years 2014.

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

**Note 9 - Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management, continued**

The fixed and variable amounts indicated above will not be subject to any charge between them, and those expressed as a percentage will be paid immediately after the shareholders at the respective Annual General Shareholders' Meeting of the Company approve the statement of financial position (balance sheet), the financial statements, the annual report, the report by the account inspectors and the report of external auditors for the fiscal years ending December 31, 2014.

Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2014 amount to ThUS\$68 (ThUS\$ 4,827 as of December 31, 2013).

**2.1.2 Audit Committee**

The remuneration of Directors Committee is composed of:

a) A payment of a monthly, fixed and gross amount of UF 17 in favor of each of the three Directors who are a part of the Company's Audit Committee regardless of the number of meetings conducted during the respective month.

A payment in domestic currency and in favor of each of the three Directors of a variable and gross amount equivalent to 0.013% of the Company's profit for the period effectively earned by the Company during fiscal years 2014 and 2013.

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

**Note 9 - Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management, continued**

3) No guarantees have been constituted in favor of the directors.

4) Senior management compensation

As of March 31, 2014, the global compensation paid to the 117 main executives amounts to ThUS\$12,970 (ThUS\$32,388 as of December 31, 2013). This includes monthly fixed salary and variable performance bonuses.

The Company has a bonuses intermediate and bi-intermediate plan for compliance target and level of individual contribution to the Company's profit or loss. These benefits are structured in a minimum and maximum of gross remunerations which are paid once a year or every two years.

5) Additionally, the Company has retention bonuses for the Company's executives. The amount of these bonuses is linked to the price of the Company's share and is payable in cash between 2012 and 2016 (See Note 16).

6) No guarantees have been constituted in favor of the Company's management.

7) The Company's Managers and Directors do not receive or have not received any benefit during the period ended March 31, 2014 and the year ended December 31, 2013 or compensation for the concept of pensions, life insurance, paid time off, profit sharing, incentives, or benefits due to disability other than those mentioned in the preceding points.

8) In accordance with IAS 24, we should report that the Company's Director Mr. Wolf Von Appen B. is member of the Ultramar Group. During the period ended March 31, 2014, the amount of operations with this Group is approximately ThUS\$2,923 (ThUS\$16,850 as of December 31, 2013).

**9.8 Key management personnel compensation**

03/31/2014	12/31/2013
ThUS\$	ThUS\$

Key management personnel compensation	12,970	32,888
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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 – Financial instruments**

Financial assets in conformity with IAS 39 are detailed as follows:

<b>10.1</b>	<b>Types of other financial assets</b>	
Description of other financial assets	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Other current financial assets (1)	375,863	431,883
Derivatives (2)	6,242	3,283
Hedging assets, current	1,093	25,007
Total other current financial assets	383,198	460,173
Other non-current financial assets	98	95
Hedging assets, non-current	-	-
Total other non-current financial assets	98	95

(1) Relates to term deposits with maturities exceeding 90 days and less than 360 days from the investment date.

(2) Relate to forwards and options that were not classified as hedging instruments (see detail in Note 10.3).

**Detail of other current financial assets**

Institution	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Banco Santander	46,184	131,534
BBVA	86,097	80,206
Banco de Crédito e Inversiones	79,335	79,530
Banco de Chile	71,398	42,095
Corpbanca	41,204	61,244
Banco Itaú	41,286	30,207
Banco Estado	10,359	-
Banco Security	-	7,067
Total	375,863	431,883

**10.2****Trade and other receivables, current and non-current**

	03/31/2014			12/31/2013		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables	397,146	-	397,146	314,151	-	314,151
Prepayments	16,160	-	16,160	12,127	-	12,127
Other receivables	8,446	-	8,446	4,714	1,282	5,996
Total trade and other receivables	421,752	-	421,752	330,992	1,282	332,274

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

## Note 10 – Financial instruments, (continued)

## 10.2 Trade and other receivables, continued

	03/31/2014			12/31/2013		
	Assets before allowance	Allowance for doubtful trade receivables	Assets for trade receivables, net	Assets before allowance	Allowance for doubtful trade receivables	Assets for trade receivables, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Receivables related to credit operations, current	412,935	(15,789)	) 397,146	330,052	(15,901)	) 314,151
Trade receivables, current	412,935	(15,789)	) 397,146	330,052	(15,901)	) 314,151
Prepayments, current	18,960	(2,800)	) 16,160	14,927	(2,800)	) 12,127
Other receivables, current	10,395	(1,949)	) 8,446	6,663	(1,949)	) 4,714
Current trade and other receivables	442,290	(20,538)	) 421,752	351,642	(20,650)	) 330,992
Other receivables, non-current	-	-	-	1,282	-	1,282
Non-current receivables	-	-	-	1,282	-	1,282
Total trade and other receivables	442,290	(20,538)	) 421,752	352,924	(20,650)	) 332,274

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 – Financial instruments (continued)****10.2****Trade and other receivables, continued****Portfolio stratification, continued**

The Company's policy is to require guarantees (such as letters of credit, guarantee clauses and others) and/or maintaining insurance policies for certain accounts as deemed necessary by management.

**Unsecuritized portfolio**

As of March 31, 2014 and December 31, 2013, the detail of the unsecuritized portfolio is as follows:

03/31/2014

	Not overdue - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	151 - 180 days	181 - 210 days	211 - 250 days	Over 250 days	Total	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Number of customers, portfolio under no renegotiated terms	2,738	998	169	449	37	356	7	285	323	1,792	7,154
Portfolio under no renegotiated terms	322,924	36,825	24,771	6,042	5,506	1,754	331	72	239	8,046	406,510
Number of customers under renegotiated terms portfolio	70	7	4	-	2	-	1	1	3	128	216
Portfolio under renegotiated terms, gross	3,297	118	142	-	66	-	16	14	55	2,717	6,425
Total gross portfolio	326,221	36,943	24,913	6,042	5,572	1,754	347	86	294	10,763	412,935

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12/31/2013

	Not overdue - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	151 - 180 days	181 - 210 days	211 - 250 days	Over 250 days	Total	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Number of customers, portfolio under no renegotiated terms	3,175	1,055	515	395	332	304	303	294	312	1,817	8,502
Portfolio under no renegotiated terms	269,970	29,722	4,144	432	572	210	1,138	118	8,955	8,371	323,632
Number of customers under renegotiated terms portfolio	42	8	2	2	3	1	5	6	12	113	194
Portfolio under renegotiated terms, gross	2,964	79	15	69	42	13	87	85	447	2,619	6,420
Total gross portfolio	272,934	29,801	4,159	501	614	223	1,225	203	9,402	10,990	330,052

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 – Financial instruments, (continued)****10.2 Trade and other receivables, continued**

The detail of allowances is as follows:

Allowance and write-offs	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Allowance for portfolio under no renegotiated terms	16,376	16,711
Allowance for portfolio with renegotiated terms	4,288	4,459
Write-offs for the period	(126 )	(520 )
Total	20,538	20,650

a)

Credit risk concentration

Credit risk concentrations with respect to trade receivables are reduced due to the great number of entities included in the Company's client database and their distribution throughout the world.

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

## Note 10 – Financial instruments (continued)

## 10.3

## Hedging assets and liabilities

The balance represents derivative instruments measured at fair value which have been classified as hedges from exchange and interest rate risks related to the total obligations relating to bonds of the Company in Chilean pesos and UF (and the exchange risk in Chilean pesos of the Company's investment plans). As of March 31, 2014, the face value of cash flows in Cross Currency Swap contracts agreed upon in US dollars amounted to ThUS\$373,149 and as of December 31, 2013 such contracts amounted to ThUS\$555,303.

Hedging assets	Derivative instruments (CCS) ThUS\$	Effect on profit or loss for the period Derivative instruments ThUS\$	Hedging reserve in gross equity ThUS\$	Deferred tax hedging reserve in equity ThUS\$	Hedging reserve in equity ThUS\$
March 31, 2014	-	-	-	-	-
December 31, 2013	23,602	(45,312 )	(3,307 )	661	(2,646 )

Hedging liabilities	Derivative instruments (CCS) ThUS\$	Effect on profit or loss for the period Derivative instruments ThUS\$	Hedging reserve in gross equity ThUS\$	Deferred tax hedging reserve in equity ThUS\$	Hedging reserve in equity ThUS\$
March 31, 2014	26,602	20,044	5,235	(1,047 )	4,188
December 31, 2013	-	-	-	-	-

Hedging liabilities	Derivative instruments (IRS) ThUS\$	Effect on profit or loss for the period Derivative instruments ThUS\$	Hedging reserve in gross equity ThUS\$	Deferred tax hedging reserve in equity ThUS\$	Hedging reserve in equity ThUS\$
March 31, 2014	1,299	(262 )	(939 )	-	(939 )
December 31, 2013	1,339	(93 )	(1,153 )	-	(1,153 )

The balances in the effect on profit or loss column consider the interim effects of the contracts in force as of March 31, 2014 and December 31, 2013.





**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.3 Hedging assets and liabilities, continued**

Derivative contract maturities are detailed as follows:

Series	Contract amount ThUS\$	Currency	Maturity date
C	66,710	UF	12/01/2026
H	191,638	UF	01/05/2018
M	46,463	UF	02/01/2017
O	68,338	UF	02/01/2017

The Company uses cross currency swap derivative instruments to hedge the possible financial risk associated with the volatility of the exchange rate associated with Chilean pesos and UF. The objective is to hedge the exchange rate financial risks associated with bonds payable. Hedges are documented and tested to measure their effectiveness.

Based on a comparison of critical terms, hedging is highly effective, given that the hedged amount is consistent with obligations maintained for bonds denominated in Chilean pesos and UF. Likewise, hedging contracts are denominated in the same currencies and have the same expiration dates of bond principal and interest payments.

**Hedge Accounting**

The Company classifies derivative instruments as hedging that may include derivative or embedded derivatives either as fair value hedge derivative instruments, cash flow hedge derivative instruments, or hedge derivative instruments for net investment in a business abroad.

**a) Fair value hedge**

Changes in fair values of derivative instruments classified as fair value hedge derivative instruments are accounted for in gains and losses immediately along with any change in the fair value of the hedged item that is attributable to the

risk being hedged.

The Company documents the relationship between hedge instruments and the hedged item along with the objectives of its risk management and strategy to carry out different hedging transactions. In addition, upon commencement of the period hedged and then on a quarterly basis the Company documents whether hedge instruments have been efficient and met the objective of hedging market fluctuations for the purpose of which we use the effectiveness test. A hedge instrument is deemed effective if the effectiveness test result is between 80% to 120%.

The hedge instruments are classified as effective or not effective on the basis of the effectiveness test results. As of to date, hedges are classified as effective on the basis of the effectiveness tests. This note includes the detail of fair values of derivatives classified as hedging instruments.

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.3 Hedging assets and liabilities, continued****b) Cash flow hedges**

Cash flow hedges cover exposure to the cash flow variations attributable to a risk associated with a specific transaction that is very likely to be executed, that may have material effects on the results of the Company.

**10.4 Financial liabilities****Other current and non-current financial liabilities**

As of March 31, 2014 and December 31, 2013, the detail is as follows:

	03/31/2014			12/31/2013		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Bank borrowings	150,952	309,570	460,522	171,347	309,489	480,836
Obligations with the public	25,449	1,093,654	1,119,103	227,652	1,106,496	1,334,148
Derivatives	8,066	-	8,066	1,088	-	1,088
Hedging liabilities	1,299	7,105	8,404	1,339	1,405	2,744
Total	185,766	1,410,329	1,596,095	401,426	1,417,390	1,818,816

**Current and non-current borrowings**

As of March 31, 2014 and December 31, 2013, the detail is as follows:

	03/31/2014 ThUS\$	12/31/2013 ThUS\$
--	----------------------	----------------------

Long-term borrowings	309,570	309,489
Short-term borrowings	80,139	100,135
Current portion of long-term borrowings	70,813	71,212
Short-term loans and current portion of long-term borrowings	150,952	171,347
Total borrowings assumed	460,522	480,836

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

## Note 10 - Financial instruments (continued)

## 10.4

## Financial liabilities, continued

a)

Bank loans, current:

As of March 31, 2014 and December 31, 2013, the detail of this caption is as follows:

Debtor		Country		Creditor		Currency or adjustment index	Repayment	Effective rate	Nominal rate	01/01/2013	01/01/2014
Tax ID No.	Subsidiary	Country	Tax ID No.	Financial institution	Country						
93.007.000-9	SQM.S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile						
93.007.000-9	SQM.S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.47%	0.47%	2	2
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.21%	2.33%	-	-
79.626.800-K	SQM Salar S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.59%	0.59%	2	2
79.947.100-0	SQM Industrial S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	0.75%	0.75%	2	2
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.75%	1.27%	2	2
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.69%	1.30%	1	1
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.45%	1.18%	-	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.73%	1.41%	3	3
Foreign		Aruba	Foreign			US\$		1.37%	1.01%	1	1

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Royal Seed  
Trading  
Corporation  
A.V.V.

The Bank of  
Tokyo-Mitsubishi  
UFJ, Lda. (New  
York)

United  
States

Upon  
maturity

Borrowing  
costs  
Total

100

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

## Note 10 - Financial instruments (continued)

## 10.4 Financial liabilities, continued

Debtor		Creditor				Currency or adjustment index	Repayment	Effective rate	Nominal rate	1990
Tax ID No.	Subsidiary	Country	Tax ID No.	Financial institution	Country					
93.007.000-9	SQM.S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile				3	
93.007.000-9	SQM.S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.47%	0.47%	7
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.10%	2.39%	1
79.626.800-K	SQM Salar S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	0,61%	0,61%	2
79.626.800-K	SQM Salar S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.59%	0.59%	1
79.947.100-0	SQM Industrial S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	0.75%	0.75%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.75%	1.27%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.69%	1.30%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.35%	1.24%	1
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.73%	1.41%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	United States	US\$	Upon maturity	1.37%	1.01%	-
Total										2

Borrowing  
costs  
Total

(  
2

101



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

## Note 10 – Financial instruments (continued)

## 10.4

## Financial liabilities, continued

b)

Unsecured obligations, current:

As of March 31, 2014 and December 31, 2013, the detail of current unsecured interest-bearing obligations is composed of promissory notes and bonds, as follows:

## Bonds

Debtor								Periodicity			
Tax ID No.	Subsidiary	Country	Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Payment of interest	Repayment	Effective rate	Nominal rate	
93.007.000-9	SQM S.A	Chile					Semiannual	Upon maturity			
93.007.000-9	SQM S.A	Chile	-	ThUS\$250,000	04/21/2014	US\$	Semiannual	Upon maturity	5.70%	5.50%	
93.007.000-9	SQM S.A	Chile	-	ThUS\$300,000	04/03/2014	US\$	Semiannual	Upon maturity	3.87%	3.63%	
93.007.000-9	SQM S.A	Chile	446	C	06/01/2014	UF	Semiannual	Semiannual	4.44%	4.00%	
93.007.000-9	SQM S.A	Chile	564	H	07/05/2014	UF	Semiannual	Semiannual	5.10%	4.90%	
93.007.000-9	SQM S.A	Chile	700	M	08/01/2014	UF	Semiannual	Upon maturity	3.62%	3.30%	
93.007.000-9	SQM S.A	Chile	699	O	08/01/2014	UF	Semiannual	Upon maturity	3.95%	3.80%	
			<b>Total</b>								
			<b>Bond issuance costs</b>								
			<b>Total</b>								

Effective rates of bonds in Chilean pesos and UF are expressed and calculated in U.S. dollars based on the flows agreed in Cross Currency Swap Agreements.



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

## Note 10 – Financial instruments (continued)

## 10.4

## Financial liabilities, continued

Debtor		Periodicity									
Tax ID No.	Subsidiary	Country	Number of registration or ID of the instrument	Series	Maturity date Payment of interest	Currency or adjustment index	Payment of interest	Repayment	Effective rate	Nomin rate	
93.007.000-9	SQM S.A	Chile	-	ThUS\$200,000	04/15/2014	US\$	Semiannual	Upon maturity	6.32%	6.13%	
93.007.000-9	SQM S.A	Chile	-	ThUS\$250,000	04/21/2014	US\$	Semiannual	Upon maturity	5.70%	5.50%	
93.007.000-9	SQM S.A	Chile	-	ThUS\$300,000	04/03/2014	US\$	Semiannual	Upon maturity	3.87%	3.63%	
93.007.000-9	SQM S.A	Chile	446	C	06/01/2014	UF	Semiannual	Semiannual	4.44%	4.00%	
93.007.000-9	SQM S.A	Chile	563	G	01/05/2014	\$	Semiannual	Upon maturity	7.50%	7.00%	
93.007.000-9	SQM S.A	Chile	564	H	01/05/2014	UF	Semiannual	Semiannual	5.10%	4.90%	
93.007.000-9	SQM S.A	Chile	563	I	04/01/2014	UF	Semiannual	Upon maturity	3.35%	3.00%	
93.007.000-9	SQM S.A	Chile	563	J	04/01/2014	\$	Semiannual	Upon maturity	6.23%	5.50%	
93.007.000-9	SQM S.A	Chile	700	M	02/01/2014	UF	Semiannual	Upon maturity	3.62%	3.30%	
93.007.000-9	SQM S.A	Chile	699	O	02/01/2014	UF	Semiannual	Upon maturity	3.95%	3.80%	
			<b>Total</b>								
			<b>Bond issuance costs</b>								
			<b>Total</b>								

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

## Note 10 – Financial instruments (continued)

## 10.4

## Financial liabilities, continued

## c) Types of interest-bearing borrowings, non-current

Non-current interest-bearing borrowings as of March 31, 2014 and December 31, 2013 are detailed as follows:

Debtor		Creditor				Currency or adjustment index	Repayment	Effective rate	Nominal rate	03/12/14 Over year to 2013 ThU
Tax ID No.	Subsidiary	Country	Tax ID No.	Financial institution	Country					
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.21 %	2.39 %	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.35 %	1.41 %	50%
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.75 %	1.27 %	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.69 %	1.30 %	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Ltd (New York)	United States	US\$	Upon maturity	1.37 %	1.01 %	-
Total										50%
Total	Borrowings costs									(59%) 49%
Debtor		Creditor				Currency or adjustment	Repayment	Effective rate	Nominal rate	12/31/14 Over year to 2013
Tax ID No.	Subsidiary	Country	Tax ID No.	Financial institution	Country					

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						index					ThU
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.10%	2.39%	-	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.35%	1.41%	50	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.75%	1.27%	-	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.69%	1.30%	-	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Ltd (New York)	United States	US\$	Upon maturity	1.37%	1.01%	-	
Total											50
Total	Borrowings costs										(85
											49

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

## Note 10 – Financial instruments (continued)

## 10.4

## Financial liabilities, continued

## d) Non-current unsecured interest-bearing bonds

The breakdown of non-current unsecured interest-bearing bonds as of March 31, 2014 and December 31, 2013 is detailed as follows:

Debtor										
Tax ID No.	Subsidiary	Country	Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity Payment of interest	Repayment	Effective rate	Nominal rate
93.007.000-9	SQM S.A	Chile	-	ThUS\$200,000	04/15/2016	US\$	Semiannual	Upon maturity	6.32%	6.13%
93.007.000-9	SQM S.A	Chile	-	ThUS\$250,000	04/21/2020	US\$	Semiannual	Upon maturity	5.70%	5.50%
93.007.000-9	SQM S.A	Chile	-	ThUS\$300,000	04/03/2023	US\$	Semiannual	Upon maturity	3.87%	3.63%
93.007.000-9	SQM S.A	Chile	446	C	12/01/2026	UF	Semiannual	Semiannual	4.44%	4.00%
93.007.000-9	SQM S.A	Chile	564	H	01/05/2030	UF	Semiannual	Semiannual	5.10%	4.90%
93.007.000-9	SQM S.A	Chile	700	M	02/01/2017	UF	Semiannual	Upon maturity	3.62%	3.30%
93.007.000-9	SQM S.A	Chile	699	O	02/01/2033	UF	Semiannual	Upon maturity	3.95%	3.80%

## Non-current maturities

03/31/2014

## Debtor

Tax ID No.	Subsidiary	Country	Series	Over 1 year to 2 ThUS\$	Over 2 years to 3 ThUS\$	Over 3 Years to 4 ThUS\$	Over 4 Years to 5 ThUS\$	Over 5 years ThUS\$	Total ThUS\$
93.007.000-9	SQM S.A.	Chile	MMUS\$200	-	200,000	-	-	-	200,000
93.007.000-9	SQM S.A.	Chile	MMUS\$250	-	-	-	-	250,000	250,000
93.007.000-9	SQM S.A.	Chile	MMUS\$300	-	-	-	-	300,000	300,000
93.007.000-9	SQM S.A.	Chile	C	6,424	6,424	6,424	6,424	51,398	77,094
93.007.000-9	SQM S.A.	Chile	H	-	-	-	-	171,320	171,320

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93.007.000-9 SQM S.A. Chile	M	-	42,830	-	-	-	42,830
93.007.000-9 SQM S.A. Chile	O	-	-	-	-	64,245	64,245
	Subtotal	6,424	249,254	6,424	6,424	836,963	1,105,489
	Bond issuance costs	(190 )	(720 )	(157 )	(140 )	(10,628 )	(11,835 )
	Total	6,234	248,534	6,267	6,284	826,335	1,093,654

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

## Nota 10 - Financial instruments (continued)

## 10.4

## Financial liabilities, continued

## e) Unsecured interest-bearing liabilities, non-current, continued

As of March 31, 2014 and December 31, 2013, the breakdown of unsecured interest-bearing liabilities, non-current is as follows:

Debtor						Periodicity				
Tax ID No.	Subsidiary	Country	Number of registration or ID of the instrument	Series	Maturity date	Adjustment unit of the bond	Payment of interest	Repayment	Effective rate	Nominal rate
93.007.000-9	SQM S.A.	Chile	-	MMUS\$200	04/15/2016	US\$	Semiannual	Upon maturity	6.32%	6.13%
93.007.000-9	SQM S.A.	Chile	-	MMUS\$250	04/21/2020	US\$	Semiannual	Upon maturity	5.70%	5.50%
93.007.000-9	SQM S.A.	Chile	-	MMUS\$300	04/03/2023	US\$	Semiannual	Upon maturity	3.87%	3.63%
93.007.000-9	SQM S.A.	Chile	446	C	12/01/2026	UF	Semiannual	Semiannual	4.44%	4.00%
93.007.000-9	SQM S.A.	Chile	564	H	01/05/2030	UF	Semiannual	Semiannual	5.10%	4.90%
93.007.000-9	SQM S.A.	Chile	700	M	02/01/2017	UF	Semiannual	Upon maturity	3.62%	3.30%
93.007.000-9	SQM S.A.	Chile	699	O	02/01/2033	UF	Semiannual	Upon maturity	3.95%	3.80%
<b>Total Bond issuance costs Total</b>										

Non-current maturities  
12/31/2013

Debtor				Over 1 year to 2	Over 2 years to 3	Over 3 Years to 4	Over 4 years to 5	Over 5 years	Total
Tax ID No.	Subsidiary	country	Series	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$



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93.007.000-9	SQM S.A.	Chile	MMUS\$200	-	200,000	-	-	-	200,000
93.007.000-9	SQM S.A.	Chile	MMUS\$250	-	-	-	-	250,000	250,000
93.007.000-9	SQM S.A.	Chile	MMUS\$300	-	-	-	-	300,000	300,000
93.007.000-9	SQM S.A.	Chile	C	6,665	6,665	6,665	6,665	53,318	79,978
93.007.000-9	SQM S.A.	Chile	H	-	-	-	-	177,729	177,729
93.007.000-9	SQM S.A.	Chile	M	-	-	44,432	-	-	44,432
93.007.000-9	SQM S.A.	Chile	O	-	-	-	-	66,648	66,648
			Subtotal	6,665	206,665	51,097	6,665	847,695	1,118,787
			Bond issuance costs	(194 )	(543 )	(449 )	(144 )	(10,961 )	(12,291 )
			Total	6,471	206,122	50,648	6,521	836,734	1,106,496

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.4****Financial liabilities, continued**

f)

Additional information

**Bonds**

On the 31th of March 2014 and the 31st of December 2013, short term bonds of MUS\$ 25,449 and MUS\$ 227,652 respectively were classified as short-term, consisting of the current portion due plus accrued interest to date, excluding bond issue costs. The non-current portion consisted of MUS\$1,093,654 on the 31<sup>th</sup> March 2014 and MUS\$1,106,496 on the 31<sup>st</sup> December 2013, corresponding to the issuance of series C bonds, Single series bonds (ThUS\$ 200), series H bonds second issue single series bonds (ThUS\$ 250), series M bonds, series O bonds and third issue single series bonds (ThUS\$ 300), excluding debt issue costs.

As of March 31, 2014 and December 31, 2013, the details of each issuance are as follows

**Series “C” bonds**

On January 24, 2006, the Company placed Series C bonds for UF 3,000,000 (ThUS\$101,918) at an annual rate of 4.00%.

As of December 31, 2013 and December 31, 2012, the Company has made the following payments with a charge to the Series C bonds:

Payments made	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Principal	-	6,858
Interest payment	-	4,004

**Single series first issue ThUS\$200,000**

On April 5, 2006, the Company placed Single Series bonds for ThUS\$200,000 at an annual rate of 6.125% under "Rule 144 and regulation S of the U.S. Securities Act of 1933."

As of March 31, 2014 and December 31, 2013, the Company has made the following payments with a charge to the Single Series bonds:

	03/31/2014	12/31/2013
Payments made	ThUS\$	ThUS\$
Payments of interest	-	12,250

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.4****Financial liabilities, continued****Series “G” and “H” bonds**

On January, 13, 2009, the Company placed two bond series in the domestic market. Series H for UF 4,000,000 (ThUS\$139,216) at an annual interest rate of 4.9% at a term of 21 years with payment of principal beginning in 2019 and Series G for ThCh\$ 21,000,000 (ThUS\$34,146), which was placed at a term of 5 years with a single payment at the maturity of the term and an annual interest rate of 7%.

As of March 31, 2014 and December 31, 2013, the Company has made the following payments with a charge to the Series G and H bonds:

	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Payments made		
Payment of principal of Series G bonds	39,713	-
Payments of interest, Series G bonds	1,366	2,845
Payments of interest, Series H bonds	4,271	8,565

**Series “J” and “I” bonds**

On May 8, 2009, the Company placed two bond series in the domestic market. Series J for ThCh\$52,000,000 (ThUS\$92,456) which was placed at a term of 5 years with single payment at the expiration date of the term and annual interest rate of 5.5% and Series I for UF 1,500,000 (ThUS\$56,051) which was placed at a term of 5 years with single payment at the maturity of the term and annual interest rate of 3.00%.

As of March 31, 2014 and December 31, 2013, the Company has made the following payments with a charge to the Series J and I bonds:

	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Payments made		

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Payments of principal Series J bonds	94,454	-
Payment of interest, Series J bonds	2,563	5,879
Payments of principal Series I bonds	64,331	-
Payment of interest, Series I bonds	958	2,100

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.4****Financial liabilities, continued****Single series bonds, second issue ThUS\$250,000**

On April 21, 2010, the Company informed the Chilean Superintendence of Securities and Insurance of its placement in international markets of an unsecured bond of ThUS\$250,000 with a maturity of 10 years beginning on the aforementioned date with annual interest rate of 5.5% and destined to refinance long-term liabilities.

As of March 31, 2014 and December 31, 2013, the detail of payments charged to the line of single series bonds, second issue is as follows:

	03/31/2014	12/31/2013
Payments made	ThUS\$	ThUS\$
Interest payment	-	13,750

**Series “M” and “O” bonds**

On April 4, 2012, the Company placed two bond series in the domestic market. Series M for UF 1,000,000 (ThUS\$46,601) was placed at a term of 5 years with a single payment at the maturity of the term and an annual interest rate of 3.3%, and Series O for UF 1,500,000 (ThUS\$69,901) was placed at a term of 21 years with a single payment at the maturity of the term and an annual interest rate of 3.80%

As of March 31, 2014, and December 31, 2013 the Company has made the following payments with a charge to the Series M and O bonds:

	03/31/2014	12/31/2013
Payments made	ThUS\$	ThUS\$
Payment of interest, Series M bonds	693	765
Payment of interest, Series O bonds	1,195	1,320

**Single series bonds, third issue ThUS\$300,000**

On April 3, 2013, the Company issued in the United States a non-guaranteed bond with a value of US\$ 300 million. The bond is for a 10 year term with an annual coupon rate of 3.625% and an annual yield of 3.716%. This rate equates to a difference of 180 basis points to comparable US Treasury bonds. The funds raised will be used to refinance long term liabilities and finance general corporate objectives.

As of March 31, 2014 and December 31, 2013, the following payments have been made with a debit to the line of single-series bonds, third issue:

	03/31/2014	12/31/2013
Payments made	ThUS\$	ThUS\$
Payment of interest	-	5,438

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.5 Trade and other payables**

	03/31/2014			12/31/2013		
	Current ThUS\$	Non- current ThUS\$	Total ThUS\$	Current ThUS\$	Non- current ThUS\$	Total ThUS\$
Accounts payable	155,405	-	155,405	150,322	-	150,322
Deferred income	-	-	-	-	-	-
Retained (or accrued)	608	-	608	638	-	638
Total	156,013	-	156,013	150,960	-	150,960

Purchase commitments held by the Company are recognized as liabilities when the goods and services are received by the Company. As of March 31, 2014, the Company has purchase orders amounting to ThUS\$20,156 (ThUS\$29,395 as of December 31, 2013).

**10.6 Financial liabilities at fair value through profit or loss**

This balance relates to derivative instruments measured at their fair value, which has generated balances against the Company. The detail of this type of instrument is as follows:

Financial liabilities at fair value through profit or loss	03/31/2014	Effect on profit or loss as of 03/31/2014	12/31/2013	Effect on profit or loss as of 12/31/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current				
Derivative instruments (forward)	4,786	2,749	423	5,100
Derivative instruments (options)	3,280	2,923	665	1,827
Derivative instruments (IRS)	1,299	173	1,339	251
	9,365	5,845	2,427	7,178

Balances in the column effect on profit or loss consider the annual effects of agreements which were in force as of March 31, 2014.





**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.7 Financial asset and liability categories**

## a) Financial Assets

Description of financial assets	03/31/2014			12/31/2013		
	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$
Financial assets measured at amortized cost	375,863	-	375,863	431,883	-	431,883
Investments held-to-maturity measured at amortized cost	-	98	98	-	95	95
Loans and receivables measured at amortized cost	421,752	-	421,752	330,992	1,282	332,274
Total financial assets measured at amortized cost	797,615	98	797,713	762,875	1,377	764,252
Financial assets at fair value through profit or loss	6,242	-	6,242	3,283	-	3,283
Financial assets at fair value through other comprehensive income	1,093	-	1,093	25,007	-	25,007
Total financial assets at fair value	7,335	-	7,335	28,290	-	28,290
Total financial assets	804,950	98	805,048	791,165	1,377	792,542

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.7 Financial asset and liability categories (continued)**

## b) Financial liabilities

Description of financial liabilities	03/31/2014			12/31/2013		
	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$
Financial liabilities at fair value through profit or loss	9,365	7,105	16,470	2,427	1,405	3,832
Financial liabilities at fair value through profit or loss	9,365	7,105	16,470	2,427	1,405	3,832
Financial liabilities measured at amortized cost	332,414	1,403,224	1,735,638	549,959	1,415,985	1,965,944
Total financial liabilities measured at amortized cost	332,414	1,403,224	1,735,638	549,959	1,415,985	1,965,944
Total financial liabilities	341,779	1,410,329	1,752,108	552,386	1,417,390	1,969,776

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

**Note 10 - Financial instruments (continued)**

**10.8 Fair Value Measurement of Assets and Liabilities**

Financial assets and liabilities measured at fair value consist of Options and Forwards hedging the mismatch in the balance sheet and cash flows, Cross Currency Swaps (CCS) to hedge bonds issued in local currency (\$/UF), and Interest Rate Swaps (IRS) to hedge LIBOR rate debt issued.

The value of the Company's assets and liabilities recognized by CCS contracts is calculated as the difference between the present value of discounted cash flows of the asset (pesos/UF) and liability (USD) parts of the derivative. In the case of the IRS, the asset value recognized is calculated as the difference between the discounted cash flows of the asset (variable rate) and liability (fixed rate) parts of the derivative. Forwards: Are calculated as the difference between the strike price of the contract and the spot price plus the forwards points at the date of the contract. Options: The value recognized is calculated using the Black-Scholes method.

In the case of CCS, the entry data used for the valuation models are UF, peso, and basis swap rates. In the case of fair value calculations for IRS, the FRA (Forward Rate Agreement) rate and ICVS 23 Curve (Bloomberg: cash/deposits rates, futures, swaps). In the case of forwards, the forwards curve for the currency in question is used. Finally, with options, the spot price, risk-free rate and volatility of exchange rate are used, all in accordance with the currencies used in each valuation. The financial information used as entry data for the Company's valuation models is obtained from Bloomberg, the well-known financial software company. Conversely, the fair value provided by the counterparties of derivatives contracts is used only as a control and not for valuation.

The effects on profit or loss of movements in these amounts may be recognized in the caption Finance costs, foreign currency translation gain (loss) or cash flow hedges in the statement of comprehensive income, depending on each particular case.

The fair value measurement of debt is only performed to determine the actual market value of guaranteed and non-guaranteed long-term obligations; bonds denominated in local currency (\$/UF) and foreign currency (USD), credits denominated in foreign currency (USD).

The value of the Company's reported liabilities is calculated as the present value of discounted cash flows at market rates at the time of valuation, taking into account the maturity date and exchange rate. The entry data used for the model includes the UF and peso rates, which are obtained using Bloomberg, the well-known financial software company and the 'Asociación de Bancos e Instituciones Financieras' (ABIF) (Association of Banks and Financial Institutions').

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.9 Financial assets pledged as guarantee**

On November 4, 2004, Isapre Norte Grande maintains a guarantee equivalent to the total amount owed to its members and healthcare providers, which is managed and maintained by Banco de Chile.

As of March 31, 2014 and December 31, 2013, assets pledged as guarantees are as follows:

	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Restricted cash		
Isapre Norte Grande Ltda.	709	708
Total	709	708

**10.10 Estimated fair value of financial instruments and financial derivatives**

As required by IFRS 7, the following information is presented for the disclosure of the estimated fair value of financial assets and liabilities.

Although inputs represent Management's best estimate, they are subjective and involve significant estimates related to the current economic and market conditions, as well as risk features.

Methodologies and assumptions used depend on the risk terms and characteristics of instruments and include the following as a summary:

- Cash equivalent approximates fair value due to the short-term maturities of these instruments.
- Other current financial liabilities are considered at fair value equal to their carrying values.
- For interest-bearing liabilities with original maturity of more than a year, fair values are calculated at discounting contractual cash flows at their original current market with similar terms.
- For forward and swap contracts, fair value is determined using quoted market prices of financial instruments with similar characteristics.



**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 10 - Financial instruments (continued)****10.10 Estimated fair value of financial instruments and financial derivatives, continued**

The detail of the Company's instruments at carrying value and estimated fair value is as follows:

	03/31/2014		12/31/2013	
	Carrying value ThUS\$	Fair value ThUS\$	Carrying value ThUS\$	Fair value ThUS\$
Cash and cash equivalents	419,486	419,486	476,622	476,622
Current trade and other receivables	421,752	421,752	330,992	330,992
Other financial assets, current:				
- Time deposits	375,863	375,863	431,883	431,883
- Derivative instruments	6,242	6,242	3,283	3,283
- Current hedging assets	1,093	1,093	25,007	25,007
Total other current financial assets	383,198	383,198	460,173	460,173
Non-Current Trade Receivables	-	-	1,282	1,282
Other non-current financial assets:	98	98	95	95
Other non-current financial assets:	98	98	95	95
Other financial liabilities, current:				
- Bank loans	150,952	150,952	171,347	171,347
- Derivative instruments	8,066	8,066	1,088	1,088
- Hedging liabilities	1,299	1,299	1,339	1,339
- Unsecured obligations	25,449	25,449	227,652	227,652
Other financial liabilities, current	185,766	185,766	401,426	401,426
Current and non-current accounts payable	198,074	198,074	150,960	150,960
Other non-current financial liabilities:				
- Bank loans	309,570	394,226	309,489	324,246
- Unsecured obligations	1,093,654	1,142,303	1,106,496	1,077,049
- Non-current hedging liabilities	7,105	7,105	1,405	1,405
Other non-current financial liabilities:	1,410,329	1,543,634	1,417,390	1,402,700

**Fair value hierarchy**

Fair value hierarchies are as follows:

**-Level 1:** When only quoted (unadjusted) prices have been used in active markets.

-

**Level 2:** When in a phase in the valuation process variable other than prices quoted in Level 1 have been used which are directly observable in markets.

**Level 3:** When in a phase in the valuation process variable which are not based in observable market data have been used.

The valuation techniques used to determine the fair value of our hedging instruments are those indicated in level 2.



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

**Note 10 - Financial instruments (continued)**

**10.11 Nature and scope of risks arising from financing instruments**

As indicated in paragraphs 33 to 42 of IFRS 7 the disclosure of information associated with the nature and scope of risks arising from financial instruments is presented in Note 4 - Financial Risk Management.

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

## Note 11 – Equity-accounted investees

## 11.1 Investments in associates recognized according to the equity method of accounting

As of March 31, 2014 and December 31, 2013, in accordance with criteria established in Note 2.6 and Note 3.19, investment in associates recognized according to the equity method of accounting and joint ventures are as follows:

Associates	Equity-accounted investees		Share on profit (loss) of associates and joint ventures accounted for using the equity method		Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share on total other comprehensive income of associates and joint ventures accounted for using the equity method	
	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Sales de Magnesio Ltda.	1,372	1,649	204	1,005	-	-	204	1,005
Abu Dhabi Fertilizer Industries WWL	12,087	11,453	772	1,596	-	-	772	1,596
Doktor Tarsa Tarim Sanayi AS	14,284	15,193	-	2,192	-	-	-	2,192
Ajay North America	11,661	13,125	1,527	7,919	-	-	1,527	7,919
Ajay Europe SARL	9,002	7,924	988	3,825	-	-	988	3,825
SQM Eastmed Turkey	142	142	-	132	-	-	-	132
Charlee SQM Thailand Co. Ltd.	1,550	1,589	-	237	-	-	-	237
Total	50,098	51,075	3,491	16,906	-	-	3,491	16,906

Associate	Description of the nature of the Relationship	Domicile	Country of incorporation	Share of ownership in associates	Dividends received	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Sales de Magnesio Ltda.	Commercialization of magnesium salts.	El Trovador 4285, Las Condes	Chile	50 %		362	892
Abu Dhabi Fertilizer Industries WWL	Distribution and commercialization of specialty plant nutrients in the Middle East.	PO Box 71871, Abu Dhabi	United Arab Emirates	50 %		-	-
Doktor Tarsa Tarim	Distribution and commercialization of specialty plant nutrients in	Organize Sanayi Bolgesi, Ikinci	Turkey	50 %		-	-

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Sanayi AS	Turkey.	Kisim, 22 cadde TR07100 Antalya 1400 Industry RD						
Ajay North America	Production and commercialization of iodine derivatives.	Power Springs GA 30129	United States	49	%	3,569	10,437	
Ajay Europe SARL	Production and commercialization of iodine derivatives.	Z.I. du Grand Verger BP 227 53602 Evron Cedex	France	50	%	-	5,093	
SQM Eastmed Turkey	Production and commercialization of specialty products.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya	Turkey	50	%	-	-	
Charlee SQM Thailand Co. Ltd.	Distribution and commercialization of specialty plant nutrients.	31 Soi 138 (Meesuk) LLapdrawrd, Bangkapi, 10240 Bangkok	Thailand	40	%	-	-	

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

## Note 11 – Equity-accounted investees (continued)

## 11.2 Assets, liabilities, revenue and expenses of associates

	03/31/2014				Revenue ThUS\$	03/31/2014		
	Assets		Liabilities			Gain (loss)	Other	Comprehensive
	Current ThUS\$	Non- current ThUS\$	Current ThUS\$	Non- current ThUS\$		from continuing operations ThUS\$	income ThUS\$	income ThUS\$
Sales de Magnesio Ltda,	4,986	184	2,405	20	3,508	407	-	407
Abu Dhabi Fertilizer Industries WWL	27,995	2,687	6,508	-	13,901	1,544	-	1,544
Doktor Tarsa Tarim Sanayi AS	72,664	6,563	44,580	6,082	-	-	-	-
Ajay North America	22,345	9,335	7,882	-	18,377	3,116	-	3,116
Ajay Europe SARL	23,324	2,489	7,809	-	17,682	1,975	-	1,975
SQM Eastmed Turkey	149	305	169	-	-	-	-	-
Charlee SQM Thailand Co. Ltd.	7,904	581	4,611	-	-	-	-	-
Total	159,367	22,144	73,964	6,102	53,468	7,042	-	7,042
	12/31/2013					12/31/2013		
	Assets		Liabilities			Gain (loss)	Other	Comprehensive
	Current ThUS\$	Non- current ThUS\$	Current ThUS\$	Non- current ThUS\$	Revenue ThUS\$	from continuing operations ThUS\$	income ThUS\$	income ThUS\$
Sales de Magnesio Ltda,	4,519	309	1,512	18	14,370	2,009	-	2,009
Abu Dhabi Fertilizer Industries WWL	26,645	2,321	6,059	-	44,689	3,192	-	3,192
Doktor Tarsa Tarim Sanayi AS	67,603	6,563	37,696	6,082	73,905	4,385	-	4,385
Ajay North America	23,728	9,289	6,230	-	72,297	16,161	-	16,161
Ajay Europe SARL	22,247	2,370	8,770	-	67,361	7,649	-	7,649
SQM Eastmed Turkey	149	305	169	-	139	265	-	265
Charlee SQM Thailand Co. Ltd.	6,104	572	2,706	-	19,179	593	-	593
Total	150,995	21,729	63,142	6,100	291,940	34,254	-	34,254

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

**Note 11 – Investment in Associates (continued)**

**11.3 Other information**

The Company has no participation in unrecognized losses in investments in associates.

The Company presents no investments not accounted for according to the equity method of accounting.

The equity method was applied to the Statement of Financial Position as of March 31, 2014 and December 31, 2013.

The basis of preparation of the financial information of associates corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

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

**Note 12 - Joint Ventures**

**12.1 Policy for the accounting for equity accounted investment in joint ventures**

The method for the recognition of joint ventures in which participation is initially recorded at cost and subsequently adjusted considering changes after the acquisition in the portion of the entity's net assets of the entity which correspond to the investor. Profit or loss for the period of the investor will collect the portion which belongs to it in the results of the controlled entity as a whole

**12.2 Disclosures of interest in joint ventures**

a) Operations conducted in 2014

As of March 31, there are no changes in the composition of the interest in joint ventures.

b) Operations conducted in 2013

As of December 31, there are no changes in the breakdown of interests in joint ventures.

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

## Note 12 - Joint Ventures (continued)

## 12.3 Investment in joint ventures accounted for under the equity method of accounting:

Joint venture	Description of the nature of the relationship	Domicile	Country of Incorporation	Share of interest in ownership	Dividends received	
					03/31/2013 ThUS\$	12/31/2013 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Production and distribution of soluble fertilizers.	Huangjing Road, Dawan Town, Qingbaijiang District, Chengdu Municipality, Sichuan Province	China	50 %	-	-
Coromandel SQM	Production and distribution of potassium nitrate.	1-2-10, Sardar Patel Road, Secunderabad – 500003 Andhra Pradesh	India	50 %	-	-
SQM Vitas Fzco.	Production and commercialization of specialty plant and animal nutrition and industrial hygiene.	Jebel ALI Free Zone P.O. Box 18222, Dubai	United Arab Emirates	50 %	-	-
SQM Star Qingdao Crop Nutrition Co., Ltd.	Production and distribution of nutrient plant solutions with specialties NPK soluble	Longquan Town, Jimo City, Qingdao Municipality, Shangdong Province	China	50 %	-	-
SQM Vitas Brazil Agroindustria	Production and commercialization of specialty plant and animal nutrition and industrial hygiene.	Via Cndeias, Km. 01 Sem Numero, Lote 4, Bairro Cia Norte, Candeias, Bahia.	Brazil	49.99 %	-	-
SQM Vitas Peru S.A.C	Production and commercialization of specialty plant and animal nutrition and industrial hygiene	Av. Juan de Arona 187, Torre B, Oficina 301-II, San Isidro, Lima	Peru	50 %	-	-
SQM Vitas Southern Africa Pty	Production and commercialization of specialty plant and animal nutrition and industrial hygiene	33 Waterford Office Park Waterford Drive Fourways, 2055 South Africa	South Africa	50 %	-	-
			Spain	50 %	-	-

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SQM Vitas Spain	Production and commercialization of specialty plant nutrition	C/Manuel Echeverria Manzana 2 Muelle de la Cab ( Puerto Real ) Herikerbergweg 238, 1101 CM	Dutch Antilles	50	%	-	-
SQM Vitas Holland	Without information	Amsterdam Zuidoost Herikerbergweg 238, 1101 CM	Dutch Antilles	50	%	-	-
SQM Vitas Plantacote B.V.	Production and commercialization of controlled-released fertilizers	Amsterdam Zuidoost	Dutch Antilles	50	%	-	-

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

## Note 12 - Joint Ventures (continued)

## 12.3 Investment in joint ventures accounted for under the equity method of accounting:

Joint Venture	Equity-accounted investees		Share on profit (loss) of associates and joint ventures accounted for using the equity method		Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share on total other comprehensive income of associates and joint ventures accounted for using the equity method	
	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	12,539	11,504	74	255	(2 )	13	72	268
Coromandel SQM	751	801	-	90	-	-	-	90
SQM Vitas Fzco.	13,639	12,762	917	1,807	64	(339 )	981	1,468
SQM Star Qingdao Crop Nutrition Co.Ltd.	1,644	1,475	169	396	-	-	169	396
SQM Vitas Holland	(673 )	(599 )	(74 )	(667 )	-	-	(74 )	(667 )
	27,900	25,943	1,086	1,881	62	(326 )	1,148	1,555

The following companies are subsidiaries of SQM Vitas Fzco.

	Equity-accounted investees		Share on profit (loss) of associates and joint ventures accounted for using the equity method		Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share on total other comprehensive income of associates and joint ventures accounted for using the equity method	
	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$
SQM Vitas Brazil	5,948	4,747	326	2,538	-	-	163	1,152
SQM Vitas Peru	4,683	4,314	390	(224 )	-	-	195	93
SQM Vitas Southern Africa	1,128	1,096	(60 )	55	-	-	(30 )	102
SQM Vitas Spain	(110 )	(225 )	115	-	-	-	58	(177 )
SQM Vitas Plantacote B.V.	(1,014 )	(751 )	(263 )	-	-	-	(132 )	(385 )
Total	10,635	9,181	508	2,369	-	-	254	785

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

## Note 12 - Joint Ventures (continued)

## 12.4 Assets, liabilities, revenue and expenses from Joint Ventures:

	03/31/2014				Revenue ThUS\$	Gain (loss)		Comprehensive income ThUS\$
	Assets		Liabilities			from	Other	
	Current ThUS\$	Non- current ThUS\$	Current ThUS\$	Non- current ThUS\$		continuing operations ThUS\$	comprehensive income ThUS\$	
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	61,513	9,234	45,669	-	22,342	147	(4 )	143
Coromandel SQM	4,994	1,158	4,587	63	-	-	-	-
SQM Vitas Fzco.	13,051	15,181	956	-	5,871	1,834	128	1,962
SQM Star Qingdao Crop Nutrition Co. Ltda.	4,453	215	1,379	-	2,565	339	-	339
SQM Vitas Brazil	30,209	7,360	23,048	8,573	14,124	326	-	326
SQM Vitas Peru	22,833	1,831	19,981	-	10,182	390	-	390
SQM Vitas Southern Africa	4,137	811	3,821	-	4,204	(60 )	-	(60 )
SQM Vitas Spain	2,945	927	3,982	-	3,394	115	-	115
SQM Vitas Holland	95	(1,125 )	316	-	-	(148 )	-	(148 )
SQM Vitas Plantacote B.V.	2,012	6,532	9,558	-	1,538	(263 )	-	(263 )
Total	146,242	42,124	113,297	8,636	64,220	2,680	124	2,804

	12/31/2013				Revenue ThUS\$	Gain (loss)		Comprehensive income ThUS\$
	Assets		Liabilities			from	Other	
	Current ThUS\$	Non- current ThUS\$	Current ThUS\$	Non- current ThUS\$		continuing operations ThUS\$	comprehensive income ThUS\$	
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	68,241	9,414	54,650	-	41,744	509	26	535
Coromandel SQM	4,545	1,158	4,037	63	7,842	179	-	179
SQM Vitas Fzco.	12,790	13,772	1,039	-	18,779	3,614	(679 )	2,935
SQM Star Qingdao Crop Nutrition Co. Ltda.	3,570	228	838	10	7,649	791	-	791
SQM Vitas Brazil	31,243	7,158	25,615	8,039	87,927	2,305	-	2,305
SQM Vitas Peru	21,481	1,722	18,890	-	35,267	185	-	185
SQM Vitas Southern Africa	5,164	829	4,896	-	21,234	204	-	204
SQM Vitas Spain	1,318	949	2,492	-	1,854	(355 )	-	(355 )
SQM Vitas Holland	95	-	316	977	-	(1,335 )	-	(1,335 )

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SQM Vitas Plantacote B.V.	1,323	6,548	8,623	-	2,157	(770	)	-	(770	)
Total	149,770	41,778	121,396	9,089	224,453	5,327	(653	)	4,674	

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

## Note 12 - Joint Ventures (continued)

## 12.5 Other Joint Venture disclosures:

	Cash and cash equivalents		Other current financial liabilities		Other non-current financial liabilities	
	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	154	8,049	-	7,660	-	-
Coromandel SQM	197	197	880	880	-	-
SQM Vitas Fzco.	9,384	10,605	-	-	-	-
SQM Star Qingdao Crop Nutrition Co., Ltd.	2,031	1,988	-	-	-	-
SQM Vitas Brazil	762	854	-	-	8,573	8,600
SQM Vitas Peru	951	1,166	-	-	-	-
SQM Vitas Southern Africa	351	351	-	-	-	-
SQM Vitas Spain	938	310	-	-	-	-
SQM Vitas Holland	26	26	-	-	-	-
SQM Vitas Plantacote B.V.	253	109	5,620	5,567	-	-
Total	15,047	23,655	6,500	14,107	8,573	8,600

	Depreciation and amortization expense		Interest expense		Income tax expense, continuing operations	
	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	(169 )	(549 )	(343 )	(813 )	25	(12 )
Coromandel SQM	-	(2 )	-	(87 )	-	(92 )
SQM Vitas Fzco.	(255 )	(1,001 )	-	(16 )	-	-
SQM Star Qingdao Crop Nutrition Co., Ltd.	(14 )	(71 )	-	-	(114 )	(242 )
SQM Vitas Brazil	(34 )	(328 )	(261 )	(931 )	-	-
SQM Vitas Peru	(12 )	(82 )	-	(445 )	-	91
SQM Vitas Southern Africa	(22 )	(67 )	-	(104 )	-	-
SQM Vitas Spain	(78 )	-	(1 )	(14 )	-	-
SQM Vitas Holland	-	-	-	(2 )	-	-
SQM Vitas Plantacote B.V.	(1 )	-	(76 )	(176 )	-	-
Total	(585 )	(2,100 )	(681 )	(2,588 )	(89 )	(255 )

The basis of preparation of the financial information of joint ventures corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 13 - Intangible assets and goodwill****13.1 Balances**

	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Intangible assets other than goodwill	104,515	104,363
Goodwill	38,388	38,388
Total	142,903	142,751

**13.2 Disclosures on intangible assets and goodwill**

Intangible assets relate to goodwill, water rights, trademarks, industrial patents, rights of way, software, and mining claims which correspond to exploitation rights acquired from third-parties.

Balances and movements in the main classes of intangible assets as of March 31, 2014 and December 31, 2013 are detailed as follows:

Intangible assets and goodwill	Useful life	03/31/2014		Net Value ThUS\$
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	
Trademarks	Finite	3,821	(3,821 )	-
Software	Finite	8,302	(5,915 )	2,387
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Finite	1,555	(896 )	659
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Indefinite	99,389	(2,001 )	97,388
Other intangible assets	Indefinite	4,081	-	4,081
Intangible assets other than goodwill		117,148	(12,633 )	104,515
Goodwill	Indefinite	38,388	-	38,388
Total intangible assets and goodwill		155,536	(12,633 )	142,903

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 13 - Intangible assets and goodwill (continued)****13.2 Disclosures on intangible assets and goodwill, continued**

Intangible assets and goodwill	Useful life	12/31/2013		Net Value ThUS\$
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	
Trademarks	Finite	3,821	(3,821 )	-
Software	Finite	5,342	(3,146 )	2,196
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Finite	1,576	(882 )	694
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Indefinite	97,392	-	97,392
Other intangible assets	Indefinite	4,081	-	4,081
Intangible assets other than goodwill		112,212	(7,849 )	104,363
Goodwill	Indefinite	38,388	-	38,388
Total intangible assets and goodwill		150,600	(7,849 )	142,751

**a) Estimated useful lives or amortization rates used for finite identifiable intangible assets**

Finite useful life, measures the lifetime or the number of productive units or other similar which constitute its useful life.

The estimated useful life for software is 3 years for other finite useful life assets, the period in which they are amortized relate to periods defined by contracts or rights which generate them.

Intellectual property rights, patents and other industrial property rights, service and exploitation rights, mainly relate to water rights and are obtained as indefinite

**b) Method used to express the amortization of identifiable intangible assets (life or rate)**

The method used to express the amortization is useful life, and estimated tons to be extracted in the case of mining claims.

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

Note 13 - Intangible assets and goodwill (continued)

**13.2 Disclosures on intangible assets and goodwill, continued**

c) Minimum and maximum amortization lives or rates of intangible assets:

Estimated useful lives or amortization rate	Minimum life or rate	Maximum life or rate
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Indefinite	Indefinite
Intangible assets other than goodwill	Indefinite	Indefinite
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	1 year	16 years
Trademarks	1 year	5 years
Software	2 years	3 years

**d) Information to be disclosed on assets generated internally**

The Company has no intangible assets generated internally.

e) **Other information to disclose on intangible assets**

SQM has property rights and mining concessions of the Chilean Government, intended for the exploration and exploitation of saltpeter and brine. Such rights, have had no initial cost over registration costs, which are insignificant.

Also, SQM has acquired from third-parties other than the Chilean Government, mining concessions, which have been recognized at acquisition cost, which are amortized as the corresponding area is exploited based on the tons estimated to be extracted.

Expenses prior to obtaining the mining concessions are recognized in profit or loss for the year as incurred.

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

Note 13 - Intangible assets and goodwill (continued)

**13.2 Disclosures on intangible assets and goodwill, continued**

f) Movements in identifiable intangible assets as of March 31, 2014:

Movements in identifiable intangible assets	Trademarks Net ThUS\$	Software Net ThUS\$	Intellectual property rights, patents and property rights exploitation way, Net ThUS\$	Industrial property rights, patents and trademarks, rights of exploitation way, Net ThUS\$	Other intangible assets, rights of exploitation way, Net ThUS\$	Goodwill, Net ThUS\$	Identifiable intangible assets, Net ThUS\$
Opening balance	-	2,196	694	97,392	4,081	38,388	142,751
Additions		492	-	-	-	-	492
Amortization		(204 )	(15 )	(3 )	-	-	(222 )
Other increases (decreases)		(97 )	(20 )	(1 )	-	-	(118 )
Final balance	-	2,387	659	97,388	4,081	38,388	142,903

g) Movements in identifiable intangible assets as of December 31, 2013:

Movements in identifiable intangible assets	Trademarks Net ThUS\$	Software Net ThUS\$	Intellectual property rights, patents and property rights exploitation way, Net ThUS\$	Industrial property rights, patents and trademarks, rights of exploitation way, Net ThUS\$	Other intangible assets, rights of exploitation way, Net ThUS\$	Goodwill, Net ThUS\$	Identifiable intangible assets, Net ThUS\$
Opening balance	-	1,650	378	96,366	1,360	38,388	138,142
Additions		1,577	377	3,394	2,721	-	8,069
Amortization		(1,019 )	(61 )	(12 )	-	-	(1,092 )
Other increases (decreases)		(12 )	-	(2,356 )	-	-	(2,368 )
Final balance	-	2,196	694	97,392	4,081	38,388	142,751

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 14 - Property, plant and equipment**

As of March 31, 2014 and December 31, 2013, the detail of property, plant and equipment is as follows:

**14.1 Types of property, plant and equipment**

Description of types of property, plant and equipment	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Property, plant and equipment, net		
Land	34,591	33,812
Buildings	206,304	190,529
Machinery	376,438	465,327
Transport equipment	104,392	105,979
Furniture and fixtures	8,601	9,534
Office equipment	6,011	6,062
Constructions in progress	421,046	415,740
Other property, plant and equipment (1)	857,488	827,394
Total	2,014,871	2,054,377
Property, plant and equipment, gross		
Land	34,591	33,812
Buildings	369,244	364,695
Machinery	1,117,218	1,179,860
Transport equipment	259,436	263,268
Furniture and fixtures	29,517	27,575
Office equipment	32,815	39,142
Constructions in progress	421,046	415,740
Other property, plant and equipment	1,581,100	1,506,708
Total	3,844,967	3,830,800

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 14 - Property, plant and equipment (continued)****14.1 Types of property, plant and equipment, continued**

	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Accumulated depreciation and value impairment of property, plant and equipment, total		
Accumulated depreciation and value impairment of buildings	162,940	174,166
Accumulated depreciation and value impairment of machinery	740,780	714,533
Accumulated depreciation and value impairment of transport equipment	155,044	157,289
Accumulated depreciation and value impairment of furniture and fixtures	20,916	18,041
Accumulated depreciation and value impairment of office equipment	26,804	33,080
Accumulated depreciation and value impairment of other property, plant and equipment	723,612	679,314
Total	1,830,096	1,776,423

(1) The detail of other property, plant and equipment is as follows:

Other property, plant and equipment, net	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Conveyor belt	55,639	53,783
Tank (TK)	38,360	25,781
Geomembrane / liner	153,188	169,255
Electric facilities	58,178	21,889
Lights	2,913	28,748
Other constructions	67,514	62,390
Piping	25,829	22,499
Pool	168,580	181,844
Well (water)	38,443	39,963
Pipes / HD lines	129,301	101,886
Railroad track	22,321	21,628
Other property, plant and equipment	97,222	97,728
Total	827,488	827,394

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

## Note 14 - Property, plant and equipment (continued)

## 14.2 Reconciliation of changes in property, plant and equipment by type as of March 31, 2014 and December 31, 2013:

Reconciliation entries of changes in property, plant and equipment by type as of March 31, 2014	Land	Buildings, net	Machinery, net	Transport equipment, net	Furniture and fixtures, net	Office and equipment, net	Constructions in progress	Other property, plant and equipment, net	Property, plant and equipment, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	33,812	190,529	465,327	105,979	9,534	6,062	415,740	827,394	2,000,000
Changes									
Additions	-	-	27	-	70	70	36,618	16	36,891
Divestitures	-	-	-	(19 )	(70 )	(1 )	(561 )	-	(651 )
Depreciation expense	-	(4,149 )	(22,592 )	(4,709 )	(606 )	(479 )	-	(24,345 )	(56,881 )
Increase(decrease) in foreign currency exchange	(33 )	1	(83 )	(6 )	-	(12 )	-	(78 )	(213 )
Reclassification	812	19,923	(66,272 )	3,147	(327 )	172	(10,919 )	53,464	-
Other increases (decreases) (*)	-	-	31	-	-	199	(19,832 )	1,037	(18,605 )
Total changes	779	15,775	(88,889 )	(1,587 )	(933 )	(51 )	5,306	30,094	(39,925 )
Final balance	34,591	206,304	376,438	104,392	8,601	6,011	421,046	857,488	2,000,000

(\*) The net balance of Other increases (decreases) corresponds to: 1) investment plan expenses which are expensed to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the variation representing the purchase and use of materials and spare parts and 3) projects corresponding mainly to exploration expenditures and stain development.

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

## Note 14 - Property, plant and equipment (continued)

## 14.2 Reconciliation of changes in property, plant and equipment by type as of March 31, 2014 and December 31, 2013, continued:

Reconciliation entries of changes in property, plant and equipment by type as of December 31, 2013	Land	Buildings, Machinery, Transport equipment, net	Machinery, net	Transport equipment, net	Furniture and fixtures, net	Office equipment, net	Constructions in progress	Other property, plant and equipment, net	Pr
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	33,320	169,731	438,331	88,954	6,736	5,249	423,184	747,044	1
Changes									
Additions	778	47	2,100	3	60	845	416,471	3,327	4
Divestitures	-	(14)	(49)	(35)	-	-	(5,045)	(24)	(3)
Depreciation expense	-	(14,520)	(87,989)	(21,787)	(2,112)	(2,055)	-	(88,358)	(3)
Increase(decrease) in foreign currency exchange	(36)	(12)	(12)	(15)	-	(36)	-	(86)	(3)
Reclassification	-	35,700	115,281	38,845	4,874	2,156	(366,516)	169,660	-
Other increases (decreases) (*)	(250)	(403)	(2,335)	14	(24)	(97)	(52,354)	(4,169)	(3)
Total changes	492	20,798	26,996	17,025	2,798	813	(7,444)	80,350	1
Final balance	33,812	190,529	465,327	105,979	9,534	6,062	415,740	827,394	2

(\*) The net balance of Other increases (decreases) corresponds to: 1) investment plan expenses which are expensed to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the variation representing the purchase and use of materials and spare parts and 3) projects corresponding mainly to exploration expenditures and stain development.

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

**Note 14 - Property, plant and equipment (continued)**

**14.3 Detail of property, plant and equipment pledged as guarantee**

There are no restrictions in title or guarantees for the compliance with obligations which affect property, plant and equipment.

**14.4 Additional information**

Interest capitalized in construction-in-progress:

The amount capitalized for this concept amounted to ThUS\$3,010 as of March 31, 2014 and ThUS\$ 17,232 as of December 31, 2013.

Financing costs are not capitalized for periods which exceed the normal term of acquisition, construction or installation of the asset, such as the case of delays, interruptions or temporary suspension of the project due to technical, financial or other issues, which prevent that the asset is maintained in good conditions for its use.

**14.5 Impairment of assets**

As stated in Note 3.22, the recoverable amount of property, plant and equipment is measured whenever there is an indication that the asset may be impaired. As of December 31, 2013, certain assets have suffered impairment for which a provision has been recognized for an amount of ThUS\$10,085. As of March 31, 2014, no impairment adjustments were generated.

**14.6 Reclassifications**

For comparative purposes, ThUS\$75,740 were reclassified from the caption property, plant and equipment (land) to the caption intangible assets, corresponding to mining concessions that SQM has acquired from third-parties, which have been registered at acquisition cost, and amortized as the corresponding area is exploited based on the tons estimated to be extracted.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 15 - Employee benefits****15.1 Provisions for employee benefits**

Classes of benefits and expenses by employee	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Current		
Profit sharing and bonuses	14,738	25,236
Total	14,738	25,236
Non-current		
Profit sharing and bonuses	553	277
Severance indemnity payments	31,171	32,137
Pension Plan	-	-
Total	31,724	32,414

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

**Note 15 Employee benefits (continued)**

**15.2 Policies on defined benefit plan**

This policy is applied to all benefits received for services provided by the Company's employees.

Short-term benefits for active employees are represented by salaries, social welfare benefits, paid time-off, sickness leaves and other leaves, profit sharing and incentives and non-monetary benefits; e.g., healthcare service, housing, subsidized or free goods or services. These will be paid in a term which does not exceed twelve months.

The Company only provides compensation and benefits to active employees, with the exemption of SQM North America which applies the definitions under 15.4 below.

SQM maintains incentive programs for its employees based on the personal performance, the Company's performance and other short-term, mid-term and long-term indicators.

For each incentive bonus delivered to the Company's employees, there will be a disbursement in the first quarter of the following year and this will be calculated based on Profit for the period at the end of each period applying a factor obtained subsequent to the employee appraisal process.

Employee benefits include retention bonuses for the Company's executives, which are linked to the Company's share price and it is paid in cash. The short-term portion is presented as provision for current employee benefits and the long-term portion as non-current.

The bonus provided to the Company's directors is calculated based on Profit for the period at each year-end and will consider the application of a percentage factor.

The benefit related to vacations (short-term benefits to employees, current), which is provided in the Labor Code which indicates that employees with more than a year of service will be entitled to annual holidays for a period not lower than fifteen paid business days. The Company provides the benefit of two additional vacation days.

Staff severance indemnities are agreed and payable based on the last salary for each year of service for the Company or with certain maximum limits in respect to the number of years to be considered or in respect to monetary terms. In general, this benefit is payable when the employee or worker ceases to provide his/her services to the Company and the right for its collection can be acquired because of different causes, as indicated in the respective agreements; e.g., retirement, dismissal, voluntary retirement, incapacity or disability, death, etc.

Law No. 19,728 published on May 14, 2001 which became effective on October 1, 2002 required “Compulsory Unemployment Insurance” in favor of all depending employees regulated by the Chilean Labor Code. Article 5 of this law provided the financing of this insurance through monthly contribution payments by both the employee and the employer.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 15 - Employee benefits (continued)****15.3 Other long-term benefits**

The other long-term benefits relate to staff severance indemnities and are recorded at their actuarial value.

	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Staff severance indemnities at actuarial value		
Staff severance indemnities, Chile	30,494	31,470
Other obligations in companies elsewhere	677	667
Total other non-current liabilities	31,171	32,137

Staff severance indemnities have been calculated under the actuarial assessment method of the Company's obligations with respect to staff severance indemnities, which relate to defined benefit plans which consist of days of remuneration per year served at the time of retirement under conditions agreed in the respective agreements established between the Company and its employees.

Under this benefit plan, the Company retains the obligation for the payment of staff severance indemnities related to retirements without establishing a separate fund with specific assets, which is referred to as not funded. The discount interest rate of expected flows to be used was 6%.

**Benefit payment conditions**

The staff severance indemnity benefit relates to remuneration days for year worked for the Company with no limit of salary or years of services for the Company, when employees cease to work for the Company due to turnover or death. In this case, the maximum age for men is 65 years and 60 years old for women, which are the usual ages for retirement due to achieving the senior citizen age according to the Chilean pensions system provided in Decree Law 3.500 of 1980.

**Methodology**

The determination of the obligation for benefits under IAS 19, Projected Benefit Obligation (PBO) is described as follows:

To determine the Company's total liability, we used a mathematical simulation model which was programmed using a computer and which processed the situation of each employee on an individual basis.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 15 - Employee benefits (continued)****15.3 Other long-term benefits, continued**

This model considered months as discrete time; i.e., the Company determined the age of each person and his/her salary on a monthly basis according to the growth rate. Thus, information on each person was simulated from the beginning of the life of his/her employment contract or when he/she started earning benefits up to the month in which it reaches the normal retirement age, generating in each period the possible retirement according to the Company's turnover rate and the mortality rate according to the age reached. When he/she reaches the retirement age, the employee finishes his/her service for the Company and receives indemnity related to retirement due to old age.

The methodology followed to determine the accrual for all the employees adhered to agreements has considered turnover rates and the mortality rate RV-2010 established by the Chilean Superintendence of Securities and Insurance to calculate pension-related life insurance reserves in Chile according to the Accumulated Benefit Valuation or Accrued Cost of Benefit Method. This methodology is established in IAS 19 on Retirement Benefit Costs.

**15.4 Post-employment benefit obligations**

Our subsidiary SQM North America, has established with its employees a pension plan until 2002 called "SQM North America Retirement Income Plan", which obligation is calculated measuring the expected future forecasted staff severance indemnity obligation using a net salary gradual rate of restatements for inflation, mortality and turnover assumptions discounting the resulting amounts at present value using the interest rate defined by the authorities.

Since 2003, SQM North America offers to its employees benefits related to pension plans based on the 401-K system, which do not generate obligations for the Company.

**15.5 Staff severance indemnities**

As of March 31, 2014 and December 31, 2013, severance indemnities calculated at the actuarial value are as follows:

	2014	2013
	ThUS\$	ThUS\$
Opening balance	(32,137)	(34,431)

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Current cost of service	(657 )	(107 )
Interest cost	(545 )	(2,248 )
Actuarial gain/loss	337	(127 )
Exchange rate difference	1,664	2,946
Benefits paid during the year	167	1,830
Balance	(31,171)	(32,137)

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 15 - Employee benefits (continued)****15.5 Staff severance indemnities, continued**

The liability recorded for staff severance indemnity is valued at the actuarial value method, using the following actuarial assumptions:

	03/31/2014		12/31/2013		
	RV - 2009		RV - 2009		
Mortality rate					
Actual annual interest rate	6	%	6	%	
Voluntary retirement rotation rate:					
Men	0.7	%	0.9	%	annual
Women	0.98	%	1.53	%	annual
Salary increase	3.0	%	3.0	%	annual
Retirement age:					
Men	65		65		years
Women	60		60		years

**Note 16 - Executive compensation plan**

The Company has established two compensation plans to motivate the Company's executives and encourage them to stay in the Company, by granting payments based on the change in price of SQM's shares.

**1) Shares**

Liquidated in cash, executives are able to exercise their rights until 2016.

**Characteristics of the plan**

This compensation plan is related with the company performance through the price of the Series B SQM share (Santiago Stock Exchange).

**Participants in this plan**

This compensation plan includes 10 executives of the Company, who are entitled to this benefit, provided they stay with the Company during the dates these options are executed. The dates for exercising the options will be the first 7 calendar days of May following to the fiscal year.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 16 - Executive compensation plan (continued)****Compensation**

The compensation for each executive is the differential between the average prices of the share during April of each year compared to the base price established by Company's management. The base price fixed by the Company for this compensation plan amounts to US\$ 50 per share. The Company reserves the right to exchange that benefit by shares or share options.

The movement of the options in effect for the period, the average prices for the fiscal year of the options and the average contractual life of the options in effect as of December 31, 2013 and December 31, 2012 are the following:

Movement for the period	2014	2013
In effect as of January 1	1,536,000	2,200,500
Granted during the fiscal year	-	45,000
Redundant workers	-	(187,500 )
Exercised during the fiscal year	-	-
Changes in benefit plan	-	(522,000 )
In circulation as of December 31, 2013	1,536,000	1,536,000
Average contractual life	22 months	25 months
Executives	10	10

The amounts accrued by the plan, as of March 31, 2014 and December 31, 2013, amount to:

Effect on profit or loss	2014	2013
	ThUS\$	ThUS\$
Effect on profit or loss	(277 )	8,200

**2) Average Share Price Spread****Plan characteristics**

This compensation plan is also related to the Company's performance through the SQM Series B share price (Santiago Stock Exchange).

**Plan participants**

This compensation plan includes 30 Company's executives, who obtain this benefit, provided they remain in the Company at the payment dates. The payments dates, if any, will be the first of January 2016, 2017 and 2018.

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

The compensation for each executive is the differential between the average share price during each of the months of December 2015, December 2016 and December 2017, respectively, in its equivalent in US dollars and the reference prices, with the latter being the value between US\$28 and the average weighted price of the trading of SQM Series B shares in the Santiago Stock Exchange during December 2014. The differential cannot exceed US\$15.00 and will be multiplied by 5,000. If the amount calculated is negative or zero, no bonus will be paid during that period, but in such case, the bond of benefit payable in the following period to the employee, will be equal to the product of multiplying the difference by 10,000. If the value was negative or zero in December 2015 and also in December 2016, for calculating the bond of December 2017, the differential will be multiplied by 15,000.

The movement of the options in effect for the period, the average prices for the fiscal year of the options and the average contractual life of the options in effect as of March 31, 2014 and December 31, 2013 are the following:

Movement for the period	2014	2013
In effect as of January 1	450,000	450,000
Granted during the fiscal year	15,000	-
In circulation as of December 31, 2013	435,000	450,000
Average weighted contractual life	45 months	48 months
Executives	29	30

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 17 - Disclosures on equity**

The detail and movements in the funds of equity accounts are shown in the consolidated statement of changes in equity.

**17.1 Capital management**

The main object of capital management relative to the administration of the Company's financial debt and equity is to ensure the regular conduct of operations and business continuity in the long term, with the constant intention of maintaining an adequate level of liquidity and in compliance with the financial safeguards established in the debt contracts in force. Within this framework, decisions are made in order to maximize the value of SQM.

Capital management must comply with, among others, the limits contemplated in the Financing Policy approved Board of Directors, which establish a maximum consolidated indebtedness level of 1.5 times the debt/equity. This limit can only be exceeded only if the Company's management has a written and previously granted authorization issued at the Extraordinary Shareholders' Meeting.

In addition, capital management must comply with the external capital requirements imposed (or covenants) in its financial obligations, which regulate the indebtedness level in 1.4 times, in its more strict level.

In conjunction with the level of indebtedness, it is also important for the Company to maintain a comfortable profile of maturities for its financial obligations, to oversight the relation between its short-term financial obligations and the long-term maturities, and the relation they have with the Company's asset distribution. Consequently, the Company has maintained a liquidity level of 2,8 times during the last periods.

The Company's management controls capital management based on the following ratios:

CAPITAL MANAGEMENT	03/31/2014	12/31/2013	Description (1)	Calculation (1)
Net Financial Debt MUS\$	793,411	882,020	Financial Debt – Financial Resources	Other current Financial Liabilities + Other Non-Current Financial Liabilities – Cash and Cash Equivalents – Other Current Financial Assets – Hedging



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					Assets, non-current
Liquidity	4.2		3.40		Current Asset divided by Total Current Assets / Total Current Liabilities
Net Debt / Capitalization	0.24		0.27		Net Financial Debt divided by Total Equity
ROE	16.3	%	19.5	%	Income divided by Total Equity
ROA	14.2	%	16.4	%	EBITDA – Depreciation divided by Net Total Assets of financial resources less related parties investments
Indebtedness	0.89		0.96		Total Liability on Equity

(1) Assumes the absolute value of the accounting records

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

**Note 17 - Disclosures on equity (continued)**

**17.1 Capital management, continued**

The Company's capital requirements change depending on variables such as: work capital requirements, of new investment financing and dividends, among others. The Company manages its capital structure and makes adjustments on the basis of the predominant economic conditions so as to mitigate the risks associated with adverse market conditions and take advantage of the opportunities there may be to improve the liquidity position.

There have been no changes in the capital management objectives or policy within the years reported in this document. No breaches of external requirements of capital imposed (or covenants) have been recorded.

**17.2 Disclosures on preferred share capital**

Issued share capital is divided into 263,196,524 fully paid and subscribed shares with no par value composed of 142,819,552 Series "A" shares and 120,376,972 Series "B" shares, where both series are preferred shares.

The preferential voting rights for each series are detailed as follows:

Series "A":

If the election of the Company's President results in a tie vote, the Company's directors may vote once again, without the vote of the director elected by the Series B shareholders.

Series "B":

1) A general or extraordinary shareholders' meeting may be called at the request of shareholders representing 5% of the Company's Series B shares.

2) An extraordinary meeting of the Board of Directors may be called with or without the agreement of the Company's President, at the request of the director elected by Series B shareholders.

As of March 31, 2014 and December 31, 2013, the Group does not maintain shares in the parent either directly or through its companies in which it has investments.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 17 - Disclosures on equity (continued)****17.2 Disclosures on preferred share capital, continued**

Detail of types of capital in preference shares:

Type of capital in preferred shares Description of type of capital in preferred shares	03/31/2014		12/31/2013	
	Series A	Series B	Series A	Series B
Number of authorized shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of fully subscribed and paid shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of subscribed, partially paid shares	-	-	-	-
Par value of shares in ThUS\$	0.9435	2.8464	0.9435	2.8464
Increase (decrease) in the number of current shares	-	-	-	-
Number of current shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of shares owned by the entity or its subsidiaries or associates	-	-	-	-
Number of shares whose issuance is reserved due to the existence of options or agreements to dispose shares	-	-	-	-
Capital amount in shares ThUS\$	134,750	342,636	134,750	342,636
Amount of premium issuance ThUS\$	-	-	-	-
Amount of reserves ThUS\$	-	-	-	-
Total number of subscribed shares, total	142,819,552	120,376,972	142,819,552	120,376,972

As of March 31, 2014 and December 31, 2013, the Company has not placed any new issuances of shares on the market.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 17 - Disclosures on equity (continued)****17.3 Disclosures on reserves in equity**

As of March 31, 2014 and December 31, 2014, this caption comprises the following:

	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Reserve for currency exchange conversion	(4,006 )	(3,817 )
Reserve for cash flow hedges	3,282	(3,766 )
Reserve for actuarial gains or losses in defined benefit plans	(1,231 )	(1,231 )
Other reserves	(1,677 )	(1,677 )
Total other reserves	(3,632 )	(10,491 )

**Reserves for currency exchange conversion**

This balance reflects retained earnings for changes in the exchange rate, when converting financial statements of subsidiaries whose functional currency is from each company's origin country and the presentation currency is the US dollar.

**Reserve for cash flow hedges**

The Company maintains as hedge instruments, financial derivatives related to obligations with the public issued in Unidades de Fomento and Chilean pesos. Changes from the fair value of derivatives designated and classified as hedges are recognized under this classification.

**Reserve for actuarial gains or losses in defined benefit plans**

Our subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation of IAS using a net salary progressive rate net of adjustments to inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 6.5% interest rate for 2014 and

2013.

**Other reserves**

Corresponds to the acquisition of the subsidiary SQM Iberian S.A., which was already under ownership of the Company at the acquisition date (IAS 27 R).

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

**Note 17 - Disclosures on equity (continued)**

**17.4 Dividend policies**

As required by Article 79 of the Chilean Companies Act, unless otherwise decided by unanimous vote of the holders of issued and subscribed shares, we must distribute a cash dividend in an amount equal to at least 30% of our consolidated Profit for the period for year ended as of December 31, unless and except to the extent it has a deficit in retained earnings (losses not absorbed in prior years).

The Company's dividend policy for 2013 is as follows:

- Distribution and payment in favor of each shareholder of a final dividend which will be equivalent to 50% of Profit for the period obtained in 2013.

- Distribution and payment, if possible during 2013, of a provisional dividend which will be recorded against the aforementioned final dividend. This provisional dividend will be paid probably during the last quarter of 2013 and its amount could not exceed 50% of the retained earnings for distribution obtained during 2013, which are reflected in the Company's financial statements as of September 30, 2013.

- The distribution and payment by the Company of the remaining balance of the final dividend related to Profit for the period for the 2013 commercial year in up to two installments, which will have to be effectively paid and distributed prior to June 30, 2014.

- An amount equivalent to the remaining 50% of the Company's Profit for the period for 2013 will be retained and destined to the financing of operations of one or more of the Company's investment projects with no prejudice of the possible future capitalization of the entirety or a portion of this.

- The Board of Directors does not consider the payment of any additional and interim dividends.

The Board of Directors considers as necessary to indicate that the aforementioned Dividends Policy correspond to the intention or expectation of the Board regarding this matter. Consequently, the enforcement of such Policy Dividends is necessarily conditioned to net incomes finally obtained, to the results indicating the Company's regular forecasts or the existence of certain conditions that could affect them. Notwithstanding the above and to the extent that such policy dividend does not suffer a significant change, SQM S.A. will timely communicate its shareholders on this matter.

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

**Note 17 - Disclosures on equity (continued)**

**17.5 Provisional dividends**

On November 20, 2013, the Board of Directors of Sociedad Química y Minera de Chile S.A, agreed to pay and distribute to the Company's shareholders, starting from December 12, 2013, a provisional dividend of US\$0.75609 per share, equivalent, approximately, to ThUS\$199,000 or 49.9% of the net distributable profit for the commercial year 2013, accumulated at September 30 of such year. The above, also, is charged against income of said commercial year, in favor of the Shareholders who appeared registered in SQM's Shareholders Registry by the 5th working day prior to December 12, and in its equivalent in Chilean pesos according to the value of the "Observed dollar" or "USA dollar" that appears published in the Official Gazette on December 6, 2013.

On April 25th, 2013, at the 38th ordinary shareholders' meeting, a definitive dividend payment of US\$1.23323 per share was approved, based on the net profit earned during the commercial year 2012. US\$0.94986 per share that was already paid as provisional dividend should be discounted from the abovementioned dividend, and the balance, amounting to US\$0.28337 per share will be paid and distributed in favor of the Shareholders who appeared registered in SQM's Shareholders Registry by the 5th working day prior the day in which the dividend will be paid. The last amount, if corresponds, will be paid in its equivalent in Chilean pesos according to the value of the "Observed dollar" or "USA dollar" that appears published in the Official Gazette on April 25, 2013.

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**Note 17 - Disclosures on equity (continued)**

**17.5 Provisional dividends, continued**

Dividends presented deducted from equity are:

	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Dividends attributable to owners of the parent	-	203,401
Dividends payable	40,502	36,583
Total	40,502	239,984

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 18 - Provisions and other non-financial liabilities****18.1 Types of provisions**

	03/31/2014			12/31/2013		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Provision for legal complaints (*)	8,567	3,000	11,567	8,567	3,000	11,567
Restructuring	-	-	-	-	-	-
Provision for dismantling, restoration and rehabilitation cost	-	5,633	5,633	-	5,633	5,633
Other provisions	10,074	-	10,074	9,386	-	9,386
Total	18,641	8,633	27,274	17,953	8,633	26,586

(\*) Provisions for legal complaints relate to legal expenses for lawsuits whose resolution are pending, and correspond to funds estimated necessary to make the disbursement of expenses incurred for this purpose. This provision relates mainly to the litigation of its subsidiary located in Brazil and United States (see note 19.1) and other litigations.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 18 - Provisions and other non-financial liabilities (continued)****18.2 Description of other provisions**

Description of other provisions	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Current provisions, other short-term provisions		
Provision for tax loss in fiscal litigation	1,450	1,401
Royalties, agreement with CORFO (the Chilean Economic Development Agency)	5,197	4,782
Fine to Brazil	2,500	2,500
Miscellaneous provisions	927	703
Total	10,074	9,386
Other long-term provisions		
Mine closure	5,633	5,633
Total	5,633	5,633

**18.3 Other non-financial liabilities, current**

Description of other liabilities	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Tax withholdings	4,990	12,334
VAT payable	1,179	2,531
Guarantees received	874	1,000
Accrual for dividend	77,085	36,583
Monthly tax provisional payments	10,353	6,601
Deferred income	20,997	13,475
Withholdings from employees and salaries payable	5,116	4,087
Accrued vacations	15,905	18,652
Other current liabilities	179	90
Total	136,678	95,353

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 18 - Provisions and other non-financial liabilities (continued)****18.4 Changes in provisions as of 03/31/2014**

Description of items that gave rise to variations	Guarantees	Restructuring	Legal complaints	Provision for			Total
				Onerous contracts	dismantling, restoration and rehabilitation cost	Other provisions	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Total provisions, initial balance	-	-	11,567	-	5,633	9,386	26,586
Changes in provisions:							
Additional provisions	-	-	-	-	-	648	648
Provision used	-	-	-	-	-	(10 )	(10 )
Increase(decrease) in foreign currency exchange	-	-	-	-	-	50	50
Total provisions, final balance	-	-	11,567	-	5,633	10,074	27,274

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 18 - Provisions and other non-financial liabilities (continued)****18.4 Changes in provisions as of 12/31/2013**

Description of items that gave rise to variations	Guarantees	Restructuring	Legal complaints	Provision for			Total
				Onerous contracts	dismantling, restoration and rehabilitation cost	Other provisions	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Total provisions, initial balance	-	-	8,567	-	4,357	12,922	25,846
Changes in provisions:							
Additional provisions	-	-	3,000	-	1,276	12,608	16,884
Provision used	-	-	-	-	-	(15,943 )	(15,943)
Increase (decrease) in foreign currency exchange	-	-	-	-	-	(201 )	(201 )
Total provisions, final balance	-	-	11,567	-	5,633	9,386	26,586

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

**Note 18 - Provisions and other non-financial liabilities (continued)**

**18.5 Detail of main types of provisions**

**Legal expenses:** This provision depends on the pending resolution of a legal lawsuit, to pay the expenses associated to and incurred during such lawsuit (incurred mainly in Brazil and U.S.A.).

**Tax accrual in tax litigation:** This accrual relates to lawsuits pending resolution related to taxes in Brazil for two of our subsidiaries, SQM Brazil and NNC.

**CORFO (Economic Development Agency) Royalties agreement:** Relates to the commercialization of mining properties that SQM Salar S.A. pays the Economic Development Agency for on a quarterly basis. The amount of the lease payable is calculated based on sales of products extracted from the Atacama Saltpeter deposit.

The settlement of the aforementioned amounts is performed on a quarterly basis.

To date, the Company and its subsidiaries have no significant uncertainties about the timing and amount of one class of provision.

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**Note 19 - Contingencies and restrictions**

According to note 18.1 the Company has only registered a provision for those lawsuits in which the probability to lose is “more likely than not”. The Company is party to lawsuits and other relevant legal actions that are detailed as follows:

**19.1 Lawsuits and other relevant events**

1. Plaintiff : JB Comércio de Fertilizantes and Defensivos Agrícolas Ltda. (JB)  
Defendant : Nitratos Naturais do Chile Ltda. (NNC)  
Date : December 1995  
Court : MM 1ª, Vara Cível de Comarca de Barueri, Brazil.  
Reason : Compensation claim filed by JB against NNC for having appointed a distributor in a territory of Brazil for which JB had an exclusive contract.  
Status : Lower court ruling against Nitratos Naturais do Chile Ltda. and recourse of appeal pending resolution.  
Nominal value : ThUS\$ 1,800
2. Plaintiff : Nancy Erika Urra Muñoz  
Defendants : Fresia Flores Zamorano, Duratec-Vinilit S.A. and SQM S.A. and their insurers  
Date : December 2008  
Court : 1st Civil Court of Santiago  
Reason : Labor Accident  
Status : Evidence  
Nominal value : ThUS\$550

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

**Note 19 - Contingencies and restrictions (continued)**

**19.1 Lawsuits and other relevant events, continued**

3. Plaintiff : City of Pomona, California USA  
 Defendant : SQM North America Corporation  
 Date : December 2010  
 Court : United States District Court Central District of California  
 Reason : Payment of expenses and other amount related to the treatment of groundwater to allow for consumption by removing the existing perchlorate in such groundwater and that supposedly come from Chilean fertilizer.  
 Status : Conditional waiver as a result of pending appeal. Appeal will be reviewed in a hearing in October of 2013. Sentence pending.  
 Nominal value : Not possible to determine
4. Plaintiff : City of Lindsay, California USA  
 Defendant : SQM North America Corporation  
 Reason : The lawsuit also was filed against Sociedad Química y Minera de Chile S.A. this lawsuit has not yet been notified to the Company  
 Date : December 2010  
 Court : United States District Court Eastern District of California  
 Reason : Payment of expenses and other amount related to the treatment of groundwater to allow for consumption by removing the existing perchlorate in such groundwater and that supposedly come from Chilean fertilizer.  
 Status : Claim. Suspended procedure  
 Nominal value : Not possible to determine
5. Plaintiff : Metalúrgica FAT Limitada  
 Defendant : SQM Salar S.A.  
 Date : August 2011  
 Court : 9th Civil Court in Santiago  
 Reason : Compensation for early termination of supply contract and installation of metal structures  
 Status : .Verdict of \$40m in damages. Appeal pending.  
 Nominal value : ThUS\$175

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

**Note 19 - Contingencies and restrictions (continued)**

**19.1 Lawsuits and other relevant events, continued**

6. Plaintiff : Angelina Castillo Figueroa and others  
 Defendant : SQM Nitratos S.A. and its insurers  
 Date : June 2012  
 Court : 2nd Civil Court in Santiago  
 Reason : Compensation claim for alleged civil liability under tort derived from explosion occurred on September 6, 2010 near Baquedano causing the death of 6 workers  
 Status : Abandonment of proceedings pending.  
 Nominal value : ThUS\$9,400
7. Plaintiff : María Angélica Alday Fuentes  
 Defendant : Vladimir Roco Alvarez, Compass Catering S.A. and SQM S.A.  
 Date : August 2012  
 Court : 1st Civil Court in Antofagasta  
 Reason : Compensation for moral damages for attempt to sexual abuse.  
 Status : Replay to claim.  
 Nominal value : ThUS\$200
8. Plaintiff : Workers Union of the Sociedad Industrial Minera Nueva Victoria  
 Defendant : SQM S.A. and SQM Industrial S.A.  
 Date : May 2013  
 Court : Iquique Labor Court of First Instance  
 Reason : Charging of benefits allegedly owed due to possible application of bonus for meeting goals  
 Status : Trial Preparation Hearings (2)  
 Nominal value : ThUS\$400
9. Plaintiff : E-CL S.A  
 Defendant : Sociedad Química y Minera de Chile S.A.  
 Date : September 2013  
 Court : Arbitration  
 Reason : Early termination of the Power Supply Contract entered into on February 12, 1999 (which matures in March 2016), on the basis of the alleged incompliance of a prior sentence between both parties that was resolved in favor of SQM S.A.  
 Status : Evidentiary stage  
 Nominal value : ThUS\$5,100

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

**Note 19 - Contingencies and restrictions (continued)**

**19.1 Lawsuits and other relevant events, continued**

10. Plaintiff : Workers Union of the Sociedad Industrial Minera Nueva Victoria  
Defendant : SQM S.A. and SQM Industrial S.A.  
Date : October 2013  
Court : Iquique Labor Court of First Instance  
Reason : Charging of benefits allegedly owed due to possible application of bonus for meeting goals  
Status : Response to law suit (2)  
Nominal value : ThUS\$400

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

**Note 19 - Contingencies and restrictions (continued)**

**19.1 Lawsuits and other relevant events, continued**

The Company and its subsidiaries have been involved and will probably continue being involved either as plaintiffs or defendants in certain judicial proceedings that have been and will be heard by the Arbitral or Ordinary Courts of Justice that will make the final decision. Those proceedings that are regulated by the appropriate legal regulations are intended to exercise or oppose certain actions or exceptions related to certain mining claims either granted or to be granted and that do not or will not affect in an essential manner the development of the Company and its subsidiaries.

Soquimich Comercial S.A. has been involved and will probably continue being involved either as plaintiff or defendant in certain judicial proceedings through which it intends to collect and receive the amounts owed, the total nominal value of which is approximately ThUS\$700.

The Company has made efforts and continues making efforts to obtain payment of certain amounts that are still owed it on occasion of their activities. Such amounts will continue to be required using judicial or non-judicial means by the plaintiffs, and the actions and exercise related to these are currently in full force and effect.

The Company and its subsidiaries have not received legal notice of any claims other than those mentioned in paragraph I above. The claims detailed above seek to annul certain mining claims that were purchased by SQM S.A. and Subsidiaries, the proportional purchase value of which, with respect to the portion affected by the superimposition, exceeds the nominal and approximate amount of ThUS\$150. The claims seek payment of certain amounts allegedly owed by the Company due to its own activities, which exceed the approximate, nominal and individual amount of ThUS\$150.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 19 - Contingencies and restrictions (continued)****19.2 Restrictions to management or financial limits**

Credit contracts subscribed by the SQM Group with domestic and foreign banks and for issuance of bonuses in the local and international market, requires the Company complies with the following level of consolidated financial indicators, calculated for a moving period which considers the last twelve months:

- To maintain a minimum equity of ThUS\$900,000.
- To maintain a Net Financial Debt and EBITDA ratio not higher than 3 times.
- To maintain a Total Indebtedness Ratio not higher than 1.4 times Total Indebtedness level defined as the Total Liabilities ratio divided by Total Equity.
- To maintain a ratio between the operating subsidiaries SQM Industrial S.A. and SQM Salar S.A., or their respective 'legal successor' financial debt and the total Issuer's consolidated current assets not higher than 0.3 times.

As of March 31, 2014, the aforementioned financial indicators are as follows:

Indicator	03/31/2014	12/31/2013
Equity ThUS\$	2,480,278	2,432,241
Net Financial Debt/ EBITDA	1.05	1.06
Indebtedness	0.89	0.96
SQM Industrial and SQM Salar debt / Current assets	0.02	0.02

Issuance contracts for bonuses issued abroad require the Company does not merge or dispose at any title the asset as a whole or as a substantial part of it, unless the following copulative conditions are met: (i) the legal successor company is an entity subject to Chilean or United States' laws, and assumes under a complimentary contract the Company's obligations, (ii) the Issuer does not fail to comply immediately after the merge or disposal, and (iii) The Issuer delivers a legal opinion stating the merge or disposal and the complimentary contract meet the requirements described in the original contract.

In addition, SQM S.A. is committed to disclose financial information on quarterly basis.

The Company and its subsidiaries have complied and are fully complying with all aforementioned limitations, restrictions and obligations.

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

**Note 19 - Contingencies and restrictions (continued)**

**19.3**

**Commitments**

The subsidiary SQM Salar S.A. has signed a rental contract with the Economic Development Agency (CORFO), which establishes that this subsidiary will pay rent to CORFO for the concept of commercialization of certain mining properties owned by CORFO and for the products resulting from this commercialization. The annual rent stated in the aforementioned contract is calculated on the basis of sales of each type of product. The contract is in force until 2030, and rent began being paid in 1996 reflecting an expense amount of ThUS\$ 5,283 as of March 31, 2014 (ThUS\$ 22,885 as of December 31, 2013).

On 15 November 2013, Corporación de Fomento de la Producción (CORFO) sent a letter to SQM Salar S.A. (SQMS) stating its intention to a) collect the amount of Ch\$2,530,298,919 (ThUS\$4,823) that in CORFO's opinion, SQMS would owe to it for the calculation and payment of rental payments according to the "Lease Agreement of OMA Mining Claims located in the Atacama Salt Flat" entered into between CORFO and SQMS on November 12, 1993 (the AGREEMENT) and b) require the constitution of an instance of arbitrage stated in the AGREEMENT with the purpose that the arbitrator appointed by the "Arbitration Center of the Santiago Chamber of Commerce" determines if other alleged lease payment obligations may exist that SQMS could owe to CORFO under the AGREEMENT. SQMS differs completely from CORFO's claims. In fact, the AGREEMENT has been in force for more than 20 years and during all this time, SQMS has paid to CORFO more than 80 quarterly payments in their entirety and on a timely basis that CORFO has received satisfactorily. Each of the parties, CORFO and SQMS, have requested the formation of an appropriate arbitration and such processes have not yet began.

**19.4**

**Restricted or pledged cash**

The subsidiary Isapre Norte Grande Ltda. in compliance with that established by the Chilean Superintendence of Healthcare, which regulates the running of pension-related health institutions, maintains a guarantee in financial instruments, delivered in deposits, custody and administration to Banco de Chile.

This guarantee, according to the regulations issued by the Chilean Superintendence of Healthcare is equivalent to the total sum owed to its members and medical providers, Banco de Chile reports the present value of the guarantee to the Chilean Superintendence of Healthcare and Isapre Norte Grande Ltda. on a daily basis. As of March 31, 2014, the guarantee amounts to ThUS\$709.



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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 19 - Contingencies and restrictions (continued)****19.5 Securities obtained from third parties**

The main security received from third parties (exceeding ThUS\$ 100) to guarantee Soquimich Comercial S.A.'s compliance with obligations in contracts of commercial mandates for the distribution and sale of fertilizers amounted to ThUS\$11,339 and ThUS\$14,178 on March 31, 2014 and December 31, 2013 respectively; which is detailed as follows:

Grantor	Relationship	03/31/2014 MUS\$	12/31/2013 MUS\$
Agrícola Lobert Ltda.	Unrelated third party	656	1,271
Agroc Patricio Bornand L. Eirl	Unrelated third party	373	392
Agrocomercial Bornand Ltda.	Unrelated third party	-	344
Agroindustrial Orzonaga Ltda.	Unrelated third party	127	133
Aldo Epple Davazno	Unrelated third party	303	935
Bernardo Guzman Schmidt	Unrelated third party	132	139
Coop. Ag. Lechera Bio Bio Ltda.	Unrelated third party	2,744	3,431
Comercial Agrosal Ltda.	Unrelated third party	110	116
Contador Frutos S.A.	Unrelated third party	1,706	1,447
Dante Hauri Gomez	Unrelated third party	120	126
Gilberto Rivas Y Cia. Ltda.	Unrelated third party	129	136
Hortofruticola La Serena	Unrelated third party	307	323
Jose Antonio Gonzalez	Unrelated third party	-	118
Juan Luis Gaete Chesta	Unrelated third party	404	425
Lemp Martin Julian	Unrelated third party	118	124
Neyib Farran Y Cia. Ltda.	Unrelated third party	127	133
Patricio Meneses Saglieto	Unrelated third party	-	953
Sebastian Urrutia Araya	Unrelated third party	111	116
Soc.Agr. Huifquenco Cia Ltda.	Unrelated third party	112	117
Soc. Agrocom. Julio Polanco	Unrelated third party	126	132
Tattersall S.A.	Unrelated third party	2,000	1,789
Vicente Oyarce Castro	Unrelated third party	499	525
Vito Leopolo Llanos	Unrelated third party	1,135	953
Total		11,339	14,178

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 19 - Contingencies and restrictions (continued)****19.6 Indirect guarantees**

Guarantees in which there is no pending balance indirectly reflect that the respective guarantees are in force and approved by the Company's Board of Directors and have not been used by the respective subsidiary.

Creditor of the guarantee	Debtor Name	Relationship	Type of Guarantee	Pending balances as of the closing date of the financial statements	
				03/31/2014 ThUS\$	12/31/2013 ThUS\$
Australian and New Zealand Bank	SQM North America Corp	Subsidiary	Bond	-	-
Australian and New Zealand Bank	SQM Europe N.V.	Subsidiary	Bond	-	-
Generale Bank	SQM North America Corp	Subsidiary	Bond	-	-
Generale Bank	SQM Europe N.V.	Subsidiary	Bond	-	-
Kredietbank	SQM North America Corp	Subsidiary	Bond	-	-
Kredietbank	SQM Europe N.V.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Europe N.V.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM North America Corp	Subsidiary	Bond	-	-
Banks and financial institutions	Nitratos Naturais do Chile Ltda.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM México S.A. de C.V.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Brasil Ltda.	Subsidiary	Bond	-	-
"BNP"	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-
Sociedad Nacional de Minería A.G.	SQM Potasio S.A.	Subsidiary	Bond	-	-
Scotiabank & Trust (Cayman) Ltd.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,031	50,189
Scotiabank & Trust (Cayman) Ltd.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,315	50,139
Bank of America	Royal Seed Trading A.V.V.	Subsidiary	Bond	40,246	40,120
Export Development Canada	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,177	50,014
The Bank of Tokyo-Mitsubishi UFJ Ltd.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,235	50,108
JP Morgan Chase Bank	SQM Industrial S.A.	Subsidiary	Bond	-	-
The Bank of Nova Scotia	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-
Morgan Stanley Capital Services	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd.	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 19 - Contingencies and restrictions (continued)****19.6****Indirect guarantees, continued**

<b>Creditor of the guarantee</b>	<b>Debtor Name</b>	<b>Relationship</b>	<b>Type of Guarantee</b>	<b>Pending balances as of the closing date of the financial statements</b>	
				<b>03/31/2014 ThUS\$</b>	<b>12/31/2013 ThUS\$</b>
HSBC	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-
Deutsche Bank AG	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-
Credit Suisse International	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 20 - Revenue**

As of March 31, 2014 and 2013, revenue is detailed as follows:

Types of revenue	March	
	2014 ThUS\$	2013 ThUS\$
Sales of goods	532,069	620,957
Provision of services	2,003	2,440
Total	534,072	623,397

**Note 21 - Earnings per Share**

Basic earnings per share are calculated by dividing net income attributable to the Company's shareholders by the weighted average of the number of shares in circulation during that period.

As expressed, earnings per share are detailed as follows:

Basic earnings per share	03/31/2014	03/31/2013
	ThUS\$	ThUS\$
Earnings (losses) attributable to owners of the parent	81,005	151.805

Number of common shares in circulation	03/31/2014	12/31/2013
	Units	Units
	263,196,524	263,196,524

Basic earnings per share (US\$ per share)	03/31/2014	03/31/2013
		0.3078

The Company has not made any operation with a potential dilutive effect that assumes diluted earnings per share different from the basic earnings per share.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 22 - Borrowing costs**

The cost of interest is recognized as expenses in the year in which it is incurred, except for interest that is directly related to the acquisition and construction of tangible property, plant and equipment assets and that complies with the requirements of IAS 23. As of March 31, 2014, total interest expenses incurred amount to ThUS\$15,725 (ThUS\$13,132 as of March 31, 2013).

The Company capitalizes all interest costs directly related to the construction or to the acquisition of property, plant and equipment, which require a substantial time to be suitable for use.

**Costs of capitalized interest, property, plant and equipment**

The cost of capitalized interest is determined by applying the average or weighted average of all financing costs incurred by the Company to the monthly end balances of works-in-progress meeting the requirements of IAS 23.

The rates and costs for capitalized interest of property, plant and equipment are detailed as follows:

	03/31/2014		03/31/2013	
Capitalization rate of costs for capitalized interest, property, plant and equipment	7	%	7	%
Amount of costs for interest capitalized in ThUS\$	3,010		4,602	

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 23 - Effect of fluctuations on foreign currency exchange rates****a) Foreign currency exchange differences recognized in profit or loss except for financial instruments measured at fair value through profit or loss:**

	03/31/2014 ThUS\$	03/31/2013 ThUS\$
Conversion foreign exchange gains (losses) recognized in the result of the year.	(1,682 )	(4,763 )
Conversion foreign exchange reserves attributable to the owners of the controlling entity	(189 )	(694 )
Conversion foreign exchange reserves attributable to the non-controlling entity	(57 )	15

**b) Reserves for foreign currency exchange differences:**

As of March 31, 2014, and December 31, 2013, foreign currency exchange differences are detailed as follows:

Detail	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Changes in equity generated through the equity method:		
Comercial Hydro S.A.	1,004	1,004
SQMC Internacional Ltda.	14	22
Proinsa Ltda.	11	16
Comercial Agrorama Ltda.	(29 )	36
Isapre Norte Grande Ltda.	(17 )	15
Almacenes y Depósitos Ltda.	49	69
Sales de Magnesio Ltda.	(16 )	103
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	2	9
Agrorama S.A.	20	(16 )
Doktor Tarsa	(3,683 )	(3,647 )
SQM Vitas Fzco	(594 )	(657 )
Ajay Europe	144	146
SQM Eastmed Turkey	(42 )	(42 )
Charlee SQM (Thailand) Co. Ltda.	(123 )	(129 )
Coromandel SQM India	(231 )	(231 )
SQM Italia SRL	89	89
SQM Oceania Pty Limited	(619 )	(619 )
SQM Indonesia S.A.	15	15
Total	(4,006 )	(3,817 )

**c)Functional and presentation currency**

The functional currency in these companies corresponds to the currency of the country of origin of each entity, and its presentation currency is the US dollar.

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

**Note 23 - Effect of fluctuations on foreign currency exchange rates (continued)**

**d) Reasons to use one presentation currency and a different functional currency**

- The total revenues of these subsidiaries are associated with the local currency.
- The commercialization cost structure of these companies is affected by the local currency.
- The equities of these companies are expressed in local currency (Chilean peso).

Note 24 - Environment

24.1 Disclosures of disbursements related to the environment

The Company is continuously concerned with protecting the environment both in its production processes and with respect to products manufactured. This commitment is supported by the principles indicated in the Company's Sustainable Development Policy. The Company is currently operating under an Environmental Management System (EMS) that has allowed it to strengthen its environmental performance through the effective application of the Company's Sustainable Development Policy.

Operations that use caliche as a raw material are carried out in desert areas with climatic conditions that are favorable for drying solids and evaporating liquids using solar energy. Operations involving the open-pit extraction of minerals, due to their low waste-to-mineral ratio, generate remaining deposits that slightly alter the environment. A portion of the ore extracted is crushed, a process in which particle emissions occur. Currently this operation is conducted only at the Pedro de Valdivia worksite and no ore crushing process is conducted in the Maria Elena sector.

Many of the Company's products are shipped in bulk at the Port of Tocopilla. In 2007 the city of Tocopilla was declared a zone Saturated with MP10 Particles mainly due to the emissions from the electric power plants that operate in that city. In October 2010 the Decontamination Plan for Tocopilla was put in place. Accordingly, the Company has committed to taking several measures to mitigate the effects derived from bulk product movements in the port. These measures have been successfully implemented since 2007.

The Company carries out environmental follow-up and monitoring plans based on specialized scientific studies. Within this context, the Company entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Salar de Atacama (Atacama Saltpeter Deposit) lagoons. Such research includes a population count of the birds, as well as breeding research. Environmental monitoring

activities carried out by the Company at the Salar de Atacama and other systems in which it operates are supported by a number of studies that have integrated diverse scientific efforts from prestigious research centers, including Dictuc from the Pontificia Universidad Católica in Santiago and the School of Agricultural Science of the Universidad de Chile.

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

Note 24- Environment (continued)

24.1 Disclosures of disbursements related to the environment, continued

Furthermore, within the framework of the environmental studies which the Company is conducting, the Company performs significant activities in relation to the recording of Pre-Columbian and historical cultural heritage, as well as the protection of heritage sites, in accordance with current Chilean laws. These activities have been especially performed in the areas surrounding Maria Elena and the Nueva Victoria plants. This effort is being accompanied by cultural initiatives within the community and the organization of exhibits in local and regional museums.

As emphasized in its Sustainable Development Policy, the Company strives to maintain positive relationships with the communities surrounding the locations in which it carries out its operations, as well as to participate in communities' development by supporting joint projects and activities which help to improve the quality of life for residents. For this purpose, the Company has focused its efforts on activities involving the rescue of historical heritage, education and culture, as well as development, and in order to do so, it acts both individually and in conjunction with private and public entities.

24.2 Detail of information on disbursements related to the environment

The accumulated disbursements in which the Company incurred as of March 31, 2014 for the concept of investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities, including prior year disbursements related to these projects amounted to ThUS\$10,240 and are detailed as follows:

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

Note 24- Environment (continued)

## 24.2 Detail of information on disbursements related to the environment, continued

**Accumulated expenses as of 03/31/2014**

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	
Miscellaneous	Environmental-operational area	Not classified	Ex
SQM Industrial S.A.	IQWZ - Normalization TK NV liquid fuels	Sustainability: Environment and Risk Prevention	Ex
SQM Industrial S.A.	MNYS – Measures for the diffusion of cultural heritage, technological change Maria Elena	Environmental processing	Ex
SQM Industrial S.A.	MP5W - Normalization TK´s Fuels	Sustainability: Environment and Risk Prevention	Ex
SQM Industrial S.A.	MQBM-Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environment and Risk Prevention	Ex
SQM Industrial S.A.	MQK2-Elimination of PCBs I	Sustainability: Environment and Risk Prevention	Ex
SQM Industrial S.A.	PPZU - Standardizing and Certifying Plant Fuel Tanks	Environmental processing	Ex
SQM Industrial S.A.	PQLV – Pedro de Valdivia mine site DIA	Environmental processing	Ex
SQM Industrial S.A.	TQA2 - Drainage Improvement Villa Prat	Sustainability: Environment and Risk Prevention	Ex
SQM S.A.	IPFT – Cultural Heritage I Region	Sustainability	Ex
SQM S.A.	IQ1M - PSA Re-injection of water to Puquíos Llamara	Sustainability: Environment and Risk Prevention	Ex
SQM S.A.	IQ3S – Standardization of Hazardous Materials Handling	Sustainability	Ex
SQM S.A.	IQOW – Enablement of Humberstone heritage deposit	Sustainability: Environment and Risk Prevention	Ex
SQM S.A.	IQWS – Heritage measures in Mine Areas Stage II	Sustainability: Environment and Risk Prevention	Ex
SQM S.A.	IQX6 – Environmental management plan of Tamarugos Pampa del Tamarugal 2013-2014	Sustainability: Environment and Risk Prevention	Ex
SQM S.A.	IQXB – Environmental management plan of Tamarugos Salar de Llamara (Llamara Saltpeter deposit) 2013-2014	Sustainability: Environment and Risk Prevention	Ex
SQM Salar S.A	LQG8 – Waste room Toconao campsite	Sustainability: Natural Resources	Ex

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

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	
SQM Salar S.A.	LQDM – Certification of tanks	Sustainability: Replacement of equipment	A
SQM Salar S.A.	LQI6 - EIA Operating maintenance at Salar de Atacama (Atacama Saltpeter deposit)	Environmental processing	A

Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

**Accumulated expenses as of 03/31/2014, continued**

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	
SIT S.A.	TQAV – Paving roads IV	Sustainability	A
SIT S.A.	TQQ5 – Environmental curtain Field No.8	Sustainability: Environment and Risk Prevention	Ex
SQM Nitratos S.A.	IQMH – Normalization of Operations mine area NV	Sustainability: Environment and Risk Prevention	A
SQM Industrial S.A.	PQXM – Elaboration DIA Operation with batteries in PV	Environmental processing	A
SQM S.A.	S0001 – Sumo Project	Environmental processing	Ex
Total			

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

Note 24- Environment (continued)

**24.2 Detail of information on disbursements related to the environment, continued****Future expenses as of 03/31/2014**

<b>Identification of the Parent or subsidiary</b>	<b>Name of the project with which the disbursement is associated</b>	<b>Concept for which the disbursement was made or will be made</b>	<b>As of</b>
SQM Industrial S.A.	IQWZ – Normalization TK NV liquid fuels	Sustainability: Environment and Risk Prevention	As of
SQM Industrial S.A.	MP5W – Normalization of TK's Fuels	Sustainability: Environment and Risk Prevention	As of
SQM Industrial S.A.	MQBM – Archeological Digging Deployment María Elena – Toco	Sustainability: Environment and Risk Prevention	Ex
SQM Industrial S.A.	MQK2 – Elimination of PCBs I	Sustainability: Environment and Risk Prevention	Ex
SQM Industrial S.A.	PPZU – Standardize and certify Plant Fuel Tanks	Environmental processing	As of
SQM Industrial S.A.	PQLV - DIA Pedro de Valdivia Mine	Environmental processing	As of
SQM S.A.	IPFT – Cultural Heritage Region I	Sustainability	Ex
SQM S.A.	IQ1M-PSA Re-injection of water to Puquíos Llamara	Sustainability: Environment and Risk Prevention	As of
SQM S.A.	IQ3S-Hazardous Materials Management Standardization	Sustainability	As of
SQM S.A.	IQOW-Deposit authorization for Humberstone heritage	Sustainability: Environment and Risk Prevention	Ex
SQM S.A.	IQWS - Mine Area equity measures Stage II	Sustainability: Environment and Risk Prevention	Ex
SQM S.A.	IQX6 – Environmental management plan of Tamarugos Pampa del Tamarugal 2013-2014	Sustainability: Environment and Risk Prevention	As of
SQM S.A.	IQXB – Environmental management plan of Tamarugos Salar de Llamara 2013-2014	Sustainability: Environment and Risk Prevention	As of
SQM Salar S.A.	LQDM – Certification of tanks	Sustainability: replacement of equipment	As of
SQM Salar S.A.	LQI6 - EIA Operating Maintenance at Salar de Atacama	Environmental processing	As of
SIT S.A.	TQQ5 – Environmental curtains Field No.8	Sustainability: Environment and Risk Prevention	Ex



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

Note 24- Environment (continued)

## 24.2 Detail of information on disbursements related to the environment, continued

**Future expenses as of 03/31/2014**

SQM Nitratos S.A.	IQMH – Normalization of NV mine area operations NV	Sustainability: Environment and Risk Prevention	Asset	Not classified	5	31/12/2012
SQM Industrial S.A.	PQXM – Elaboration DIA Operation with batteries in PV	Environmental processing	Asset	Not classified	199	01/12/2014
SQM S.A.	I0032 – Standardization of hazardous materials	Sustainability	Asset	Not classified	100	31/12/2014
SQM Industrial S.A.	J0006 – Gas scrubbing system NPT III Boilers	Sustainability: Environment and Risk Prevention	Asset	Not classified	250	31/12/2014
SQM S.A.	S0001 – Sumo Project	Environmental processing	Expense	Not classified	1.171	31/12/2014
SQM Salar S.A.	LQXW – White water	Environmental processing	Asset	Not classified	52	31/12/2015
<b>Total</b>					<b>5.338</b>	

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

Note 24- Environment (continued)

## 24.2 Detail of information on disbursements related to the environment, continued

**Accumulated expenses as of 12/31/2013**

<b>Identification of the Parent or subsidiary</b>	<b>Name of the project with which the disbursement is associated</b>	<b>Concept for which the disbursement was made or will be made</b>	<b>Asset / Expense</b>
Others	Environmental-operational area	Not classified	Expense
SQM Industrial S.A.	CQLX-S Carmen and Lagarto hazardous waste yard	Sustainability	Asset/expense
SQM Industrial S.A.	FP55 - FPXA-EIA Pampa Blanca Expansion	Environmental processing	Asset
SQM Industrial S.A.	IQWZ - Normalization TK NV liquid fuels	Sustainability: Environment and Risk prevention	Asset
SQM Industrial S.A.	JQ8K – DIA Line 4 Floor Drying, Coya Sur	Environmental processing	Asset
SQM Industrial S.A.	JQB6 - DIA Plant NPT4, Coya Sur	Environmental processing	Asset
SQM Industrial S.A.	JQH9 – Purchase of Bertrams Boiler	Sustainability: Environment and Risk prevention	Asset
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Environmental processing	Expense
SQM Industrial S.A.	MP5W - Normalization TK's Combustibles	Sustainability: Environment and Risk prevention	Asset
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset
SQM Industrial S.A.	MQA8- Normalization gas system, external cafeterias (Stage 1: projects)	Sustainability: Environment and Risk prevention	Asset/Expense
SQM Industrial S.A.	MQBM-Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environment and Risk prevention	Expense
SQM Industrial S.A.	MQHF -Sustaining of batteries ME	Sustainability: Environment and Risk prevention	Asset/Expense
SQM Industrial S.A.	MQK2-Elimination of PCBs I	Sustainability: Environment and Risk prevention	Expense
SQM Industrial S.A.	PPC1-Remove switches park PCB sub 3 and 1/12 Pedro de Valdivia	Sustainability: Environment and Risk prevention	Asset/ Expense
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Environmental processing	Asset
SQM Industrial S.A.	PQLV-DIA Pedro de Valdivia Mine	Environmental processing	Asset

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SQM Industrial S.A.	SQ7X-Reach 2011-2013	Sustainability: Environment and Risk prevention	Expense
SQM Industrial S.A.	TQA2 - Drainage Improvement Villa Prat	Sustainability: Environment and Risk prevention	Expense
SQM Industrial S.A.	PQXM – Elaboration DIA Operation with batteries in PV	Environmental processing	Asset

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

Note 24- Environment (continued)

## 24.2 Detail of information on disbursements related to the environment, continued

**Accumulated expenses as of 12/31/2013 (continued)**

<b>Identification of the Parent or subsidiary</b>	<b>Name of the project with which the disbursement is associated</b>	<b>Concept for which the disbursement was made will be made</b>
SQM S.A.	IP83-DIA Expansion TLN-15	Environmental Processing
SQM S.A.	IPFT-Cultural Heritage Region I	Sustainability
SQM S.A.	IPXE-Environmental monitoring plan Llamara Salt Flat	Cost Reduction
SQM S.A.	IPXF-Environmental monitoring plan Pampa del Tamarugal	Sustainability: Environment and Risk prevention
SQM S.A.	IQ1M-PSA Re-injection of water to Puquíos Llamara	Sustainability: Environment and Risk prevention
SQM S.A.	IQ3S-Hazardous Materials Management Standardization	Sustainability
SQM S.A.	IQ54-Cultural heritage Pampa Hermosa	Minor projects (between ThUS\$50 and ThUS\$100)
SQM S.A.	IQOW-Deposit authorization for Humberstone heritage	Sustainability: Environment and Risk prevention
SQM S.A.	IQPJ-Mine Area equity measures Stage I	Sustainability
SQM S.A.	IQWS - Mine Area equity measures Stage II	Sustainability: Environment and Risk prevention
SQM S.A.	IQX6 – Environmental management plan of Tamarugos Pampa del Tamarugal 2013-2014	Sustainability: Environment and Risk prevention
SQM S.A.	IQXB - Environmental management plan of Tamarugos Llamara Salt Flat 2013-2014	Sustainability: Environment and Risk prevention
SQM S.A.	MQLQ- Gas scrubbing system	Not Classified
SQM Salar S.A.	LQG8 – Waste room Toconao Campsite	Sustainability: Natural Resources
SQM Salar S.A.	LQDM – Certification of tanks	Sustainability: Replacement of equipment
SQM Salar S.A.	LQI6-EIA Operating maintenance at Salar de Atacama	Environmental processing
SQM Salar S.A.	LQNI-DIA KCI Floor Drying and compacting expansion	Environmental processing
SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention

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Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

**Accumulated expenses as of 12/31/2013, continued**

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made
SIT S.A.	TQAV - Paving paths IV	Sustainability:
SIT S.A.	TQQ5- Environmental curtains Field No. 8	Sustainability: Environment and Risk prevention
SQM Nitratos S.A.	IQMH - Normalization Mine NV area operation	Sustainability: Environment and Risk prevention
SQM Nitratos S.A.	PQI9 – Mine waste water treatment plant	Sustainability: Environment and Risk prevention
<b>Total</b>		

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Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

**Future expenses as of 12/31/2013**

<b>Identification of the Parent or subsidiary</b>	<b>Name of the project with which the disbursement is associated</b>	<b>Concept for which the disbursement was made or will be made</b>	<b>Asset / Expense</b>
SQM Industrial S.A.	FP55 - FPXA-EIA Pampa Blanca Expansion	Environmental processing	Asset
SQM Industrial S.A.	IQWZ - Normalization TK NV liquid fuels	Sustainability: Environment and Risk prevention	Asset
SQM Industrial S.A.	MP5W - Normalization TK's Combustibles	Sustainability: Environment and Risk prevention	Asset
SQM Industrial S.A.	MQBM-Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environment and Risk prevention	Expense
SQM Industrial S.A.	MQK2-Elimination of PCBs I	Sustainability: Environment and Risk prevention	Expense
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Environmental processing	Asset
SQM Industrial S.A.	PQLV-DIA Pedro de Valdivia Mine	Environmental processing	Asset
SQM S.A.	IP83-DIA Expansion TLN-15	Environmental Processing	Asset
SQM S.A.	IPFT-Cultural Heritage Region I	Sustainability	Expense
SQM S.A.	IQ1M-PSA Re-injection of water to Puquíos Llamara	Sustainability: Environment and Risk prevention	Asset
SQM S.A.	IQ3S-Hazardous Materials Management Standardization	Sustainability	Asset-Expense
SQM S.A.	IQOW-Deposit authorization for Humberstone heritage	Sustainability: Environment and Risk prevention	Expense
SQM S.A.	IQWS - Mine Area equity measures Stage II	Sustainability: Environment and Risk prevention	Expense
SQM S.A.	IQX6 – Environmental management plan of Tamarugos Pampa del Tamarugal 2013-2014	Sustainability: Environment and Risk prevention	Asset
SQM S.A.	IQXB - Environmental management plan of Tamarugos Llamara Salt Flat 2013-2014	Sustainability: Environment and Risk prevention	Asset

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

Note 24- Environment (continued)

## 24.2 Detail of information on disbursements related to the environment, continued

**Future expenses as of 12/31/2013**

SQM Salar S.A.	LQDM – Certification of tanks	Sustainability: Replacement of equipment	Asset	Not Classified	94	31-03-2014
SQM Salar S.A.	LQI6-EIA Operating Maintenance at Salar de Atacama	Environmental Processing	Asset	Not Classified	59	31-12-2013
SIT S.A.	TQQ5- Environmental curtains Field No. 8	Sustainability: Environment and Risk prevention	Expense	Not Classified	90	27-04-2013
SQM Industrial S.A.	PQXM – Elaboration DIA Operation with batteries in PV	Environmental processing	Asset	Not classified	212	01-12-2014
<b>Total</b>					<b>3,996</b>	

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Note 24 – Environment (continued)

24.3 Description of each project, indicating whether these are in process or have been finished

**SQM Industrial S.A.**

**IQWZ:** Perform an analysis of the Tank facilities (civil works, mechanical work, piping, electrical work and instrumentation) by a company specialized in liquid fuels and that is a Certifying Entity. After that, performing the detail engineering and then implementing the modifications required to normalize the TKs facilities and leave them in conditions to be declared and filed with the SEC. The budget of ThUS\$123 only covers expenses related to the analysis and detail engineering. The project is in process.

**J0006:** This project is intended to design a rapidly-implemented gas scrubbing system that complies with the standard on the emission of gases involved. This project is in process.

**MNYS:** Preparation and execution of a project of geoglyphs conservation; editing and publishing a book and implementing a diffusion center. Construction of a collection deposit. All these are compensation measures of the project Technological Change Maria Elena. The project is in process.

**MP5W:** Normalization of the fuel storage and distribution system in SQM installations. The project is in process.

**MQBM:** Implementing archeological measures in Maria Elena – Toco site, such as the archeological registry, analysis of lithic materials, and generation of reports. The project is in process.

**MQK2:** The project involves the decontamination of equipment and items contaminated with PCBs and / or final disposal in accordance with applicable regulations. The project is in process.

**PPZU:** The necessary actions to normalize and certify certified fuel tanks in the plants in María Elena, Coya Sur and Pedro de Valdivia were performed. The project is in process.

**PQLV:** Preparation and filing of EID Pedro de Valdivia. The project is in process.

**PQXM:** Elaborate a project to enter into the Environmental Impact Assessment System (SEIA), with the intention of obtaining the environmental approval for the operation of Batteries in Pedro de Valdivia. This project is in process.

**Note 24 - Environment (continued)**

**24.3 Description of each project, indicating whether these are in process or have been finished, continued**

**TQA2:** This project aims to improve the sewerage system of Villa Prat. The project is in finishing stage.

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**SOM S.A.**

**IPFT:** The project contemplates the implementation of measures committed in projects in the area of the Nueva Victoria mine, update of operations in Nueva Victoria, evaporation ducts and pits in Iris. The project is in finishing stage.

**IQ1M:** To implement environmental commitments included in the EIS of project “Pampa Hermosa” to safeguard the puquíos zone that is in the Salar de Llamara water reservoir. The project is in process. The project is in finishing stage.

**IQ3S:** Improvements in the storage installations of dangerous raw materials in Nueva Victoria. The project is in process.

**IQOW:** Enable a deposit in Humberstone Saltpeter to store material of heritage interest recovered in land campaigns of Project ZMNV (performed and to be performed). The project is in finishing stage.

**IQWS:** Implementation of heritage-related environmental commitments, to make available Mining areas in 2013, required to develop the mining exploitation of the VPONV, in compliance with the commitments agreed through the Environmental Assessment System (SEA). The project is in process.

**IQX6:** Implementation of environmental commitments of the Pampa Hermosa Project at Pampa del Tamarugal contemplated for the years 2013-2014. The project is in process.

**IQXB:** Implementation of environmental commitments of the Pampa Hermosa Project at Salar de Llamara contemplated for the years 2013-2014. The project is in process.

**I00032:** presenting departures from the standard currently in force with respect to storage of hazardous substances and provisions of SD 78/2010. The project is in process.

**Note 24 - Environment (continued)**

**24.3 Description of each project, indicating whether these are in process or have been finished, continued**

**SQM Salar S.A.**

**LQG8:** Increase the capacity of the waste room of Toconao Camp, in order to avoid accumulation problems and waste handling. The project is in process.

**LQDM:** Certification of the liquid fuel storage tanks. The project is in process.

**LQI6:** Preparation and processing of the EIA Update Operations in the Salar de Atacama (Atacama Saltpeter Deposit). The project is in process.

**LQXW:** Increasing the availability of brine ponds. The greater capacity of water wells implies the possibility of re-injecting more water to the saltpeter deposit, resulting in an increase in brine extraction. The expense considered solely includes environmental processing. The project is in process

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

**TQAV:** Paving and maintenance of internal roads of the port of Tocopilla, to decrease pollution and to comply with the Supreme Decree related to the saturated zone. The project is in process.

**TQQ5:** This project aims to contain emissions of particulate material to prevent contamination to adjacent communities. The project is in process

**SQM Nitratos S.A.**

**IQMH:** Creation of an area allowing to store hazardous substances. The project is in process.

## Note 25 - Other current and non-current non-financial assets

As of March 31, 2014, and December 31, 2013, the detail of other current and non-current assets is as follows:

	03/31/2014	12/31/2013
Other non-financial assets, current	ThUS\$	ThUS\$
Domestic Value Added Tax	9,965	21,263
Foreign Value Added Tax	7,588	5,842
Prepaid mining licenses	7,025	1,522
Prepaid insurance	5,806	9,767
Other prepayments	1,155	623
Other assets	4,392	5,213
Total	35,931	44,230

	03/31/2014	12/31/2013
Other non-financial assets, non-current	ThUS\$	ThUS\$
Stain development expenses and prospecting expenses (1)	31,628	33,388
Guarantee deposits	709	708
Pension plan	987	987
Other assets	1,427	1,422
Total	34,751	36,505

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****1) Reconciliation of changes in assets for exploration and mineral resource evaluation, by type**

Movements in assets for the exploration and evaluation of mineral resources as of March 31, 2014, and December 31, 2013:

Reconciliation	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Assets for the exploration and evaluation of mineral resources, net, opening balance	33,388	22,496
Changes in assets for exploration and assessment of mineral resources:		
Additions, other than business combinations	-	13,064
Depreciation and amortization	(501 )	(2,059 )
Increase (Decrease) due to transfers and other charges	(1,259 )	(113 )
Assets for exploration and assessment of mineral resources, net, closing balance	31,628	33,388

As of the presentation date, no reevaluations of assets for exploration and assessment of mineral resources have been conducted.

**Note 26 - Operating segments****26.1****Operating segments****General information:**

The amount of each item presented in each operating segment is equal to that reported to the maximum authority that makes decisions regarding the operation, in order to decide on the allocation of resources to the defined segments and to assess its performance.

**Factors used to identify segments on which a report should be presented:**

Segments reported are strategic business units that offer different products and services. These are managed separately because each business requires different technology and marketing strategies.

**Description of the types of products and services on which each reportable segment obtain its income from ordinary activities**



The operating segments, through which incomes of ordinary activities are obtained, that generate expenses and whose operating results are reviewed on a regular basis by the maximum authority who makes decisions regarding operations, relate to the following groups of products:

- 1.- Specialty plant nutrients
- 2.- Iodine and its derivatives
- 3.- Lithium and its derivatives

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4.- Industrial chemicals

5.- Potassium

6.- Other products and services

**Description of income sources for all the other segments**

Information relative to assets, liabilities and profit and expenses that cannot be assigned to the segments indicated above, due to the nature of production processes, is included under "Unassigned amounts" category of the disclosed information.

**Basis of accounting for transactions between reportable segments**

Sales between segments are made in the same conditions as those made to third parties, and are consistently measures as presented in the income statement.

**Note 26 - Operating segments (continued)**

**26.1**

**Operating segments, continued**

**Description of the nature of the differences between measurements of results of reportable segments and the result of the entity before the expense or income tax expense of incomes and discontinued operations.**

The information reported in the segments is extracted from the Company's consolidated financial statements and therefore is not required to prepare reconciliations between the data mentioned above and those reported in the respective segments, according to what is stated in paragraph 28 of IFRS 8, "Operating Segments".

**Description of the nature of the differences between measurements of assets of reportable segments and the Company's assets**

Assets are not shown classified by segments, as this information is not readily available, some of these assets are not separable by the type of activity to which these are affect and since this information is not used by management in decisions making with respect to resources to be allocated to each defined segment. All assets are disclosed in the "unallocated amounts" category.

**Description of the nature of the differences between measurements of liabilities of reportable segments and the Company's liabilities**

Liabilities are not shown classified by segments, as this information is not readily available, some of these liabilities are not separable by the type of activity to which these are affected and since this information is not used by management in decisions making regarding resources to be allocated to each defined segment. All liabilities are disclosed in the "unallocated amounts" category.

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

## Note 26 - Operating segments (continued)

## 26.2 Operating segment disclosures as of March 31, 2014 and March 31, 2013:

03/31/2014

Operating segment items	Specialty plant nutrients	Iodine and its derivatives	Lithium and its derivatives	Industrial chemicals	Potassium	Other products and services	Reportable segments	Operating segments	Elimination of inter-segment amounts	Unallocated
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	192,412	91,182	52,154	34,065	151,890	12,369	534,072	534,072	-	
Revenues from transactions with other operating segments of the same entity	27,962	146,828	26,276	66,585	94,231	63,284	425,166	425,166	(425,166)	
Revenues from external customers and transactions with other operating segments of the same entity	220,374	238,010	78,430	100,650	246,121	75,653	959,238	959,238	(425,166)	
Interest revenue	-	-	-	-	-	-	-	-	-	
Interest expense	-	-	-	-	-	-	-	-	43,220	
depreciation and amortization expense	(20,492)	(9,711)	(5,555)	(3,628)	(16,177)	(1,317)	(56,880)	(56,880)	-	
The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-	-	(74)	
income tax expense, continuing operations	-	-	-	-	-	-	-	-	-	
Other items other than significant cash	-	-	-	-	-	-	-	-	-	
Income (loss) before taxes	41,781	39,232	21,906	13,435	36,785	1,683	154,822	154,822	(108,480)	
Net income (loss) from continuing operations	41,781	39,232	21,906	13,435	36,785	1,683	154,822	154,822	(108,480)	
Net income (loss) from discontinued operations	-	-	-	-	-	-	-	-	-	
Net income (loss)	41,781	39,232	21,906	13,435	36,785	1,683	154,822	154,822	(10,480)	

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Assets	-	-	-	-	-	-	-	-	(7,339,187)
Equity-accounted investees	-	-	-	-	-	-	-	-	(3,470,262)
Increase of non-current assets	-	-	-	-	-	-	-	-	
Liabilities	-	-	-	-	-	-	-	-	(3,550,271)
Equity									
Equity and liability									
Impairment loss recognized in profit or loss	-	(867 )	-	-	-	-	(867 )	(867 )	-
Reversal of impairment losses recognized in profit or loss for the period	5,917	-	28	1,519	199	16	7,679	7,679	
Cash flows from (used in) operating activities	-	-	-	-	-	-	-	-	-
Cash flows from (used in) investing activities	-	-	-	-	-	-	-	-	-
Cash flows from (used in) financing activities	-	-	-	-	-	-	-	-	-

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

## Note 26 - Operating segments (continued)

## 26.2 Operating segment disclosures as of March 31, 2014 and March 31, 2013:

31/03/2013

Items of operating segments	Specialty plant nutrients	Iodine and its derivatives	Lithium and its derivatives	Industrial chemicals	Potassium	Other products and services	Reporting segments	Operating segments	Eliminated intrasegment amounts
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	196,739	147,898	41,887	70,884	152,945	13,044	623,397	623,397	-
Revenues from transactions with other operating segments of the same entity	52,274	153,152	31,403	56,674	118,045	131,118	542,666	542,666	(542,666)
Revenues from external customers and transactions with other operating segments of the same entity	249,013	301,050	73,290	127,558	270,990	144,162	1,166,063	1,166,063	(542,666)
Interest revenue	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	42,700
depreciation and amortization expense	(16,301)	(12,254)	(3,471)	(5,873)	(12,672)	(1,081)	(51,652)	(51,652)	-
The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-	-	-
income tax expense, continuing operations	-	-	-	-	-	-	-	-	-
Other items other than significant cash	-	-	-	-	-	-	-	-	-
Income (loss) before taxes	58,115	86,883	20,465	22,395	48,474	2,526	238,858	238,858	(228,463)
Net income (loss) from continuing operations	58,115	86,883	20,465	22,395	48,474	2,526	238,858	238,858	(228,463)
Net income (loss) from discontinued operations	-	-	-	-	-	-	-	-	-
Net income (loss)	58,115	86,883	20,465	22,395	48,474	2,526	238,858	238,858	(228,463)
Assets	-	-	-	-	-	-	-	-	(7,811)
Equity-accounted investees	-	-	-	-	-	-	-	-	(3,690)
	-	-	-	-	-	-	-	-	-

Increase of non-current assets									
Liabilities	-	-	-	-	-	-	-	-	(3,690)
Equity									
Equity and liability									
Impairment loss recognized in profit or loss	(2,830 )	(996 )	(282 )	31	(1,124 )	(88 )	(5,289 )	(5,289 )	-
Cash flows from (used in) operating activities	-	-	-	-	-	-	-	-	-
Cash flows from (used in) investing activities	-	-	-	-	-	-	-	-	-
Cash flows from (used in) financing activities	-	-	-	-	-	-	-	-	-

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

## Note 26 - Operating segments (continued)

## 26.3 Statement of comprehensive income classified by operating segments based on groups of products as of March 31, 2014:

Items in the statement of comprehensive income	Specialty plant nutrients ThUS\$	Food and derivatives ThUS\$	Lithium and derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Corporate Unit ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	192,412	91,182	52,154	34,065	151,890	12,369	-	534,072
Cost of sales	(150,631 )	(51,950 )	(30,248 )	(20,629 )	(115,105 )	(10,686 )	-	(379,249 )
Gross profit	41,781	39,232	21,906	13,436	36,785	1,683	-	154,823
Other incomes by function	-	-	-	-	-	-	1,759	1,759
Administrative expenses	-	-	-	-	-	-	(21,335 )	(21,335 )
Other expenses by function	-	-	-	-	-	-	(15,244 )	(15,244 )
Other gains (losses)	-	-	-	-	-	-	439	439
Financial income	-	-	-	-	-	-	2,992	2,992
Financial costs	-	-	-	-	-	-	(15,725 )	(15,725 )
interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	4,575	4,575
Exchange differences	-	-	-	-	-	-	(1,682 )	(1,682 )
Profit (loss )before taxes	41,781	39,232	21,906	13,435	36,785	1,683	(44,221 )	110,602
Income tax expense	-	-	-	-	-	-	(28,865 )	(28,865 )
Profit (loss )from continuing operations	41,781	39,232	21,906	13,435	36,785	1,683	(73,086 )	81,737
Profit (loss ) from discontinued operations	-	-	-	-	-	-	-	-
Profit (loss)	41,781	39,232	21,906	13,435	36,785	1,683	(73,086 )	81,737
Profit (loss, attributable to								
Profit (loss ) attributable to the controller's owners	-	-	-	-	-	-	-	81,005
Profit (loss ) attributable to the non-controllers	-	-	-	-	-	-	-	732
Profit (loss)	-	-	-	-	-	-	-	81,737



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

## Note 26 - Operating segments (continued)

## 26.3 Statement of comprehensive income classified by operating segments based on groups of products as of March 31, 2013:

Items in the statement of comprehensive income	Specialty plant nutrients ThUS\$	Foodline and derivatives ThUS\$	Lithium and derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Corporate Unit ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	196,739	147,898	41,887	70,884	152,945	13,044	-	623,397
Cost of sales	(138,624 )	(61,016 )	(21,422 )	(48,490 )	(104,471 )	(10,517 )	-	(384,540 )
Gross profit	58,115	86,882	20,465	22,394	48,474	2,527	-	238,857
Other incomes by function	-	-	-	-	-	-	4,285	4,285
Administrative expenses	-	-	-	-	-	-	(23,301 )	(23,301 )
Other expenses by function	-	-	-	-	-	-	(13,247 )	(13,247 )
Other gains (losses)	-	-	-	-	-	-	(237 )	(237 )
Financial income	-	-	-	-	-	-	4,371	4,371
Financial costs	-	-	-	-	-	-	(13,132 )	(13,132 )
interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	5,921	5,921
Exchange differences	-	-	-	-	-	-	(4,763 )	(4,763 )
Profit (loss )before taxes	58,115	86,882	20,465	22,394	48,474	2,527	(40,103 )	198,754
Income tax expense	-	-	-	-	-	-	(46,096 )	(46,096 )
Profit (loss )from continuing operations	58,115	86,882	20,465	22,394	48,474	2,527	(86,199 )	152,658
Profit (loss ) from discontinued operations	-	-	-	-	-	-	-	-
Profit (loss)	58,115	86,882	20,465	22,394	48,474	2,527	(86,199 )	152,658
Profit (loss, attributable to								
Profit (loss ) attributable to the controller's owners	-	-	-	-	-	-	-	151,805
Profit (loss ) attributable to the non-controllers	-	-	-	-	-	-	-	853
Profit (loss)	-	-	-	-	-	-	-	152,658

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

## Note 26 - Operating segments (continued)

## 26.4 Revenue from transactions with other Company operating segments as of March 31, 2014

Items in the statement of comprehensive income	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	192,412	91,182	52,154	34,065	151,890	12,369	534,072

## 26.4 Revenue from transactions with other Company operating segments as of March 31, 2013

Items in the statement of comprehensive income	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	196,739	147,898	41,887	70,884	152,945	13,044	623,397

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

**Note 26 - Operating segments (continued)**

**26.5 Disclosures on geographical areas**

As indicated in paragraph 33 of IFRS 8, the entity discloses geographical information on its revenue from operating activities with external customers and from non-current assets that are not financial instruments, deferred income tax assets, assets related to post-employment benefits or rights derived from insurance contracts.

**26.6 Disclosures on main customers**

With respect to the degree of dependency of the Company on its customers, in accordance with paragraph N° 34 of IFRS N° 8, the Company has no external customers who individually represent 10% or more of its revenue. Credit risk concentrations with respect to trade and other accounts receivable are limited due to the significant number of entities in the Company's portfolio and its worldwide distribution. The Company's policy requires guarantees (such as letters of credit, guarantee clauses and others) and/or to maintain insurance policies for certain accounts as deemed necessary by the Company's Management.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 26 - Operating segments (continued)****26.7 Segments by geographical areas as of March 31, 2014 and March 31, 2013**

Items	Chile	Latin America and the Caribbean	Europe	North America	Asia and others	03/31/2014
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	33,442	118,995	142,009	133,533	106,093	534,072
Non-current assets:	2,177,183	423	37,040	15,106	40,771	2,270,523
Investment accounted for under the equity method	1,372	-	24,977	11,662	39,987	77,998
Intangible assets other than goodwill	104,211	-	-	301	3	104,515
Goodwill	26,929	86	11,373	-	-	38,388
Property, plant and equipment, net	2,011,105	140	690	2,155	781	2,014,871
Investment property	-	-	-	-	-	-
Other non-current assets	33,566	197	-	988	—	34,751

Items	Chile	Latin America and the Caribbean	Europe	North America	Asia and others	03/31/2013
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	32,443	115,362	174,864	173,740	126,988	623,397
Non-current assets:	2,107,170	484	35,967	14,679	28,603	2,186,903
Investment accounted for under the equity method	1,978	-	24,315	12,235	28,287	66,815
Intangible assets other than goodwill	23,589	-	-	363	5	23,957
Goodwill	26,929	86	11,373	-	-	38,388
Property, plant and equipment, net	2,036,975	176	279	2,081	311	2,039,822
Investment property	-	-	-	-	-	-
Other non-current assets	17,699	222	-	-	—	17,921

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

**Note 26 - Operating segments (continued)**

**26.8 Property, plant and equipment classified by geographical areas**

The company's main productive facilities are located near their mines and extraction facilities in northern Chile. The following table presents the main production facilities as of March 31, 2014 and December 31, 2013:

<b>Location</b>	<b>Products:</b>
Pedro de Valdivia	Production of iodine and nitrate salts
María Elena	Production of iodine and nitrate salts
Coya Sur	Production of nitrate salts
Nueva Victoria	Production of iodine and nitrate salts
Salar de Atacama	Potassium chloride, Lithium chloride, boric acid potassium sulfate
Salar del Carmen	Production of Lithium carbonate and lithium hydroxide
Tocopilla	Port facilities

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Nota 27 - Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature**

	03/31/2014	03/31/2013		03/31/2014	03/31/2013
	ThUS\$	ThUS\$		ThUS\$	ThUS\$
27.1 Revenue					
Products	532,069	620,957			
Services	2,003	2,440			
Total	534,072	623,397			
27.2 Cost of sales					
Raw material and supplies				(145,203 )	(221,773 )
Types of employee benefits expenses					
Salaries and wages				(25,719 )	(35,636 )
Other short-term employee benefits				(18,157 )	(18,517 )
Termination benefit expenses				(2,690 )	(1,259 )
Total employee benefits expenses				(46,566 )	(55,412 )
Depreciation expense				(56,813 )	(51,545 )
Amortization expense				-	-
Impairment loss (review of impairment losses) recognized in profit or loss for the year				6,812	(5,289 )
Changes in inventories for the period				(1,416 )	98,208
Other expenses, by nature (*)				(136,063 )	(148,729 )
Total				(379,249 )	(384,540 )

(\*) Include the variation of finished and products in-process

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 27 - Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)**

	03/31/2014 ThUS\$	03/31/2013 ThUS\$
27.3 Other income		
Discounts obtained from suppliers	125	405
Compensation received and insurance claim recovery	-	1,501
Penalties charged to suppliers	11	159
Taxes recovered	-	4
Insurance recoveries	263	623
Excess in the provision of liabilities with 3rd parties	239	423
Excess in allowance for doubtful accounts	151	-
Sale of Property, plant and equipment	68	98
Sale of materials, spare parts and supplies	237	454
Sale of mining concessions (1)	-	314
Sale of scrap	35	-
Excess indemnity provision Yara South Africa	53	-
Overstatement of inventories	397	-
Miscellaneous services	-	88
Other operating results	180	216
Total	1,759	4,285

Sociedad Química y Minera de Chile S.A., Antofagasta Minerals S.A. and Minera Antucoya entered into an (1) amendment to the Mining Claim Sale Contract between these parties in relation to the “Antucoya Project”. During 2013, the mining claims were sold for an amount of ThUS\$84,000.

	03/31/2014 ThUS\$	03/31/2013 ThUS\$
27.4 Administrative expenses		
Employee benefit expenses by nature		
Salaries and wages	(9,768 )	(9,389 )
Other short-term benefits to employees	(337 )	(1,231 )
Total employee benefit expenses	(10,105 )	(10,620 )
Other expenses, by nature	(11,230 )	(12,681 )
Total	(21,335 )	(23,301 )

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

**Nota 27 - Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)**

	03/31/2014 ThUS\$	03/31/2013 ThUS\$
27.5 Other expenses by function		
Employee benefit expenses by nature		
Other short-term benefits to employees	-	(6 )
Depreciation and amortization expenses		
Depreciation of stopped assets	(67 )	(107 )
Impairment loss (review of impairment losses) recognized in profit or loss for the year		
Impairment of allowance for doubtful accounts	(141 )	(2,899 )
Subtotal to date	(141 )	(2,899 )
Other expenses, by nature		
Legal Expenses	(17 )	(3,084 )
Worksite stoppage expenses	(24 )	(26 )
VAT and other unrecoverable tax	(288 )	(269 )
Fines paid	(73 )	(82 )
Provisions, investment and material plan expenses	(14,233 )	(4,737 )
Donations rejected as expense	(292 )	(560 )
Provision for work closing	-	(58 )
Indemnities paid	-	(146 )
Other operating expenses	(110 )	(1,273 )
Subtotal to date	(15,037 )	(10,235 )
Total	(15,245 )	(13,247 )

	03/31/2014 ThUS\$	03/31/2013 ThUS\$
27.6 Other income (expenses)		
Adjustment of Equity Method, prior year	439	(281 )
Other	-	44
Total	439	(237 )

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 27 - Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)****27.7 Summary of expenses by nature :**

	January to March 2014		2013	
	<b>ThUS\$</b>		<b>ThUS\$</b>	
Raw material and supplies used	(145,203	)	(221,773	)
Types of employee benefits expenses				
Salaries and wages	(35,487	)	(45,025	)
Other short-term employee benefits	(18,494	)	(19,748	)
Termination benefit expenses	(2,690	)	(1,259	)
Total employee benefit expenses	(56,671	)	(66,032	)
Depreciation and amortization expenses				
Depreciation expense	(56,880	)	(51,652	)
Amortization expense	-		-	
Impairment loss (reversal of impairment losses) recognized in profit or loss for the year	6,671		(8,188	)
Other expenses, by nature	(163,744	)	(73,680	)
Total expenses, by nature	(415,827	)	(421,325	)

This table corresponds to the summary from Note 27.2 to 27.6 required by the Chilean Superintendence of Securities and Insurance

**27.8 Finance expenses**

	January to March	
	2014	2013
	ThUS\$	ThUS\$
Interest expense from bank borrowings and overdrafts	(783 )	(686 )
Interest expense from bonds	(15,626)	(14,695)
Interest expense from loans	(2,025 )	(2,167 )
Capitalized interest expenses	3,010	4,602
Other finance costs	(301 )	(186 )
Total	(15,725)	(13,132)

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Nota 28 - Income tax and deferred taxes**

Accounts receivable from taxes as of March 31, 2014 and December 31, 2013, are as follows:

**28.1 Current tax assets:**

	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Monthly provisional income tax payments, Chilean companies current year	48,842	44,018
Monthly provisional payment Royalty	12,229	10,417
Monthly provisional income tax payments, foreign companies	2,122	1,444
Corporate tax credits (1)	1,013	2,025
Corporate tax absorbed by tax losses (2)	29	1,572
Total	64,235	59,476

These credits are available to companies and relate to the corporate tax payment in April of the following year.

- (1) These credits include, amongst others, training expense credits (SENCE) and property, plant and equipment acquisition credits that are equivalent to 4% of the property, plant and equipment purchases made during the year. In addition, some credits relate to the donations the Group has made during 2014 and 2013.

- (2) This concept corresponds to the absorption of non-operating losses (NOL's) determined by the company at year end, which must be imputed or recorded in the Retained Taxable Profits Registry (FUT).

In accordance with the laws in force and as provided by article 31, No. 3 of the Income Tax Law, when profits recorded in the FUT that have not been withdrawn or distributed are totally or partially absorbed by NOL's, the corporate tax paid on such profits (20%, 17%, 16.5%, 16%, 15%, 10% depending on the year in which profits were generated) will be considered to be a provisional payment with respect to the portion representing the absorbed accumulated tax profits.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 28 - Income tax and deferred taxes (continued)****28.1 Current tax assets, continued**

Taxpayers are entitled to apply for a refund of this monthly provisional income tax payments on the absorbed profits recorded in the FUT registry via their tax returns (Form 22).

Therefore, the provisional payment for absorbed profits (PPAP) recorded in the FUT is in effect a recoverable tax, and as such the Company records it as an asset.

**28.2 Current tax liabilities:**

Current tax liabilities	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
1st Category income tax	30,240	21,466
Foreign company income tax	10,098	10,113
Article 21 Single Tax	139	128
Total	40,477	31,707

Income tax is determined on the basis of the determination of tax result to which the tax rate currently in force in Chile is applied. As established by Law 20.630, beginning on 2012 and after this tax rate is 20%.

The provision for royalty is determined by applying the tax rate determined for the Net operating income (NOI).

In conclusion, both concepts represent the estimated amount the Company will have to pay for income tax and specific tax on mining.

**28.3 Tax earnings**

As of March 31, 2014, and December 31, 2013, the Company and its subsidiaries have recorded the following consolidated balances for retained tax earnings, income not constituting revenue subject to income tax, accumulated tax losses and credit for shareholders:



	03/31/2014	12/31/2013
	ThUS\$	ThUS\$
Taxable profits with credit rights (1)	1,396,802	1,321,643
Taxable profits without credit right(1)	112,380	90,628
Taxable loss	7,800	7,425
Credit for shareholders	339,693	321,006

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

**Note 28 - Income tax and deferred taxes (continued)**

**28.3 Tax earnings, continued**

The Retained Taxable Profits Registry (FUT) is a chronological registry where the profits generated and distributed by the company are recorded. The object of the FUT is to control the accumulated tax profits of the company that may be distributed, withdrawn or remitted to the owners, shareholders or partners, and the final taxes that must be imposed, called in Chile Global Aggregate Tax (that levies persons resident or domiciled in Chile), or Withholding Tax (that levies persons “Not” resident or domiciled in Chile).

The FUT Register contains profits with credit rights and profits without credit rights, which arise out of the inclusion of the net taxable income determined by the company or the profits received by the company that may be dividends received or withdrawals made during the period.

Profits without credit rights represent the tax payable by the company within the year and filed the following year, therefore they will be deducted from the FUT Registry the following year.

Profits with credit rights may be used to reduce the final tax burden of owners, shareholders or partners, which upon withdrawal are entitled to use the credits associated with the relevant profits.

In summary, companies use the FUT Registry to maintain control over the profits they generate that have not been distributed to the owners and the relevant credits associated with such profits.

**28.4 Income tax and deferred taxes**

Assets and liabilities recognized in the Statement of financial position are offset if and only if:

<sup>1</sup> The Company has legally recognized before the right the tax authority to offset the amounts recognized in these entries; and

2 Deferred income tax assets and liabilities are derived from income tax related to the same tax authority on:

(i) the same entity or tax subject; or

different entities or tax subjects who intend either to settle current fiscal assets and liabilities for their net amount, (ii) or to realize assets and pay liabilities simultaneously in each of the future periods in which the Company expects to settle or recover significant amounts of deferred tax assets or liabilities.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 28 - Income tax and deferred taxes (continued)****28.4 Income tax and deferred taxes, continued**

Deferred income tax assets recognized are those income taxes to be recovered in future periods, related to:

- (a) deductible temporary differences;
- (b) the offset of losses obtained in prior periods and not yet subject to tax deduction; and
- (c) the offset of unused credits from prior periods.

The Company recognizes a deferred tax asset when there is certainty that these can be offset with tax income from subsequent periods, losses or fiscal credits not yet used, but solely as long as it is more likely than not that there will be tax earnings in the future against which to charge to these losses or unused fiscal credits.

Deferred tax liabilities recognized refer to the amounts of income taxes payable in future periods related to taxable temporary differences

d.1 Income tax assets and liabilities as of March 31, 2014 are detailed as follows:

Description of deferred income tax assets and liabilities	Net position, assets		Net position, liabilities	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Depreciation	11	-	-	166,119
Doubtful accounts impairment	56	-	7,007	-
Accrued vacations	-	-	2,639	-
Manufacturing expenses	-	-	-	64,029
Unrealized gains (losses) from sales of products	-	-	73,472	-
Fair value of bonds	-	-	-	1,047
Severance indemnity	-	-	-	5,234
Hedging	-	-	1,989	-
Inventory of products, spare parts and supplies	45	-	19,904	-
Research and development expenses	-	-	-	6,911
Tax losses	-	-	5,190	-
Capitalized interest	-	-	-	21,834

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Expenses in assumption of bank loans	-	-	-	2,779
Unaccrued interest	-	-	53	-
Fair value of property, plant and equipment	-	-	-	601
Employee benefits	-	-	362	-
Royalty deferred income taxes	-	-	-	7,575
Provision for lawsuits and legal expenses	-	-	1,878	-
Provision for investment plan	-	-	7,026	-
Provision of fines and crushing site closure	-	-	1,600	-
Other	281	-	-	180
Balance to date	393	-	121,120	276,309
Net balance	393	-	-	155,189

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 28 - Income tax and deferred taxes (continued)****28.4 Income tax and deferred taxes, continued**

d.2 Income tax assets and liabilities as of December 31, 2013 are detailed as follows

Description of deferred income tax assets and liabilities	Net position, assets		Net position, liabilities	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Depreciation	-	-	-	162,378
Doubtful accounts impairment	-	-	7,030	-
Accrued vacations	-	-	3,566	-
Manufacturing expenses	-	-	-	66,759
Unrealized gains (losses) from sales of products	-	-	84,711	-
Fair value of bonds	-	-	661	-
Severance indemnity	-	-	-	4,628
Hedging	-	-	-	5,261
Inventory of products, spare parts and supplies	1	-	20,828	-
Research and development expenses	-	-	-	7,018
Tax losses	-	-	468	-
Capitalized interest	-	-	-	21,759
Expenses in assumption of bank loans	-	-	-	2,917
Unaccrued interest	-	-	39	-
Fair value of property, plant and equipment	-	-	-	603
Employee benefits	-	-	381	-
Royalty deferred income taxes	-	-	-	7,923
Purchase of intangible assets	-	-	-	235
Provision for lawsuits and legal expenses	-	-	1,878	-
Provision for investment plan	-	-	4,225	-
Provision of fines and crushing site closure	-	-	1,600	-
Other	530	-	-	201
Balance to date	531	-	125,387	279,682
Net balance	531	-	-	154,295

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

## Note 28 - Income tax and deferred taxes (continued)

## 28.4 Income tax and deferred taxes, continued

## d.3 Reconciliation of changes in deferred tax liabilities (assets) as of March 31, 2014

	Deferred tax liabilities (assets) at the beginning of the period	Deferred tax expense (income) recognized in profit or loss	Deferred tax related to items credited (debited) directly to equity	Total increase (decrease) of deferred tax liabilities (assets)	Deferred tax liabilities (assets) at the end of the period
Depreciation	162,378	3,730	-	3,730	166,108
Doubtful accounts impairment	(7,030)	(33)	-	(33)	(7,063)
Accrued vacations	(3,566)	927	-	927	(2,639)
Manufacturing expenses	66,759	(2,730)	-	(2,730)	64,029
Unrealized gains (losses) from sales of products	(84,711)	11,239	-	11,239	(73,472)
Fair value of bonds	(661)	-	1,708	1,708	1,047
Severance indemnity	4,628	606	-	606	5,234
Hedging	5,261	(7,250)	-	(7,250)	(1,989)
Inventory of products, spare parts and supplies	(20,829)	880	-	880	(19,949)
Research and development expenses	7,018	(107)	-	(107)	6,911
Capitalized interest	21,759	75	-	75	21,834
Expenses in assumption of bank loans	2,917	(138)	-	(138)	2,779
Unaccrued interest	(39)	(14)	-	(14)	(53)
Fair value of property, plant and equipment	603	(2)	-	(2)	601
Employee benefits	(381)	19	-	19	(362)
Royalty deferred income taxes	7,923	(348)	-	(348)	7,575
Unused tax losses	(468)	(4,722)	-	(4,722)	(5,190)
Purchase of intangible assets	235	(235)	-	(235)	-
Provision for lawsuits and legal expenses	(1,878)	-	-	-	(1,878)
Provision for investment plan	(4,225)	(2,801)	-	(2,801)	(7,026)
Provision of fines and crushing site closure	(1,600)	-	-	-	(1,600)
Other ID	(329)	228	-	228	(101)
Total temporary differences, losses and unused fiscal credits	153,764	(676)	1,708	1,032	154,796

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

## Note 28 - Income tax and deferred taxes (continued)

## 28.4 Income tax and deferred taxes, continued

## d.3 Reconciliation of changes in deferred tax liabilities (assets) as of December 31, 2013

	Deferred tax liabilities (assets) at the beginning of the period	Deferred tax expense (income) recognized in profit or loss	Deferred tax related to items credited (debited) directly to equity	Total increase (decrease) of deferred tax liabilities (assets)	Deferred tax liabilities (assets) at the end of the period
Depreciation	145,251	17,127	-	17,127	162,378
Doubtful accounts impairment	(5,807 )	(1,223 )	-	(1,223 )	(7,030 )
Accrued vacations	(3,971 )	405	-	405	(3,566 )
Manufacturing expenses	60,160	6,599	-	6,599	66,759
Unrealized gains (losses) from sales of products	(105,879 )	21,168	-	21,168	(84,711 )
Fair value of bonds	(3,684 )	-	3,023	3,023	(661 )
Severance indemnity	4,483	145	-	145	4,628
Hedging	22,890	(17,629 )	-	(17,629 )	5,261
Inventory of products, spare parts and supplies	(15,027 )	(5,802 )	-	(5,802 )	(20,829 )
Research and development expenses	4,917	2,101	-	2,101	7,108
Capitalized interest	20,449	1,310	-	1,310	21,759
Expenses in assumption of bank loans	2,243	674	-	674	2,917
Unaccrued interest	(215 )	176	-	176	(39 )
Fair value of property, plant and equipment	2,743	(2,140 )	-	(2,140 )	603
Employee benefits	(2,027 )	1,646	-	1,646	(381 )
Royalty deferred income taxes	8,430	(507 )	-	(507 )	7,923
Unused tax losses	(3,243 )	2,775	-	2,775	(468 )
Purchase of intangible assets	-	235	-	235	235
Provision for lawsuits and legal expenses	(1,823 )	(55 )	-	(55 )	(1,878 )
Provision for investment plan	(2,487 )	(1,738 )	-	(1,738 )	(4,225 )
Provision of fines and crushing site closure	(745 )	(855 )	-	(855 )	(1,600 )
Other	(1,436 )	1,107	-	1,107	(329 )
Total temporary differences, losses and unused fiscal credits	125,222	25,519	3,023	28,542	153,764

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 28 - Income tax and deferred taxes (continued)****28.4 Income tax and deferred taxes, continued**

## d.4 Deferred taxes related to benefits for tax losses

The Company's tax loss carryforwards (NOL carryforwards) were mainly generated by losses in Chile, which in accordance with current Chilean tax regulations have no expiration date.

As of March 31, 2014 and December 31, 2013, tax loss carryforwards (NOL carryforwards) are detailed as follows:

	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Chile	5,190	468
Other countries	-	-
Other countries	5,190	468

Tax losses as of March 31 correspond mainly to Servicios Integrales de Tránsitos y Transferencias S.A., Exploraciones Mineras S.A. e Isapre Norte Grande Ltda.

## d.5 Unrecognized deferred income tax assets and liabilities

Unrecognized deferred tax assets and liabilities as of March 31, 2014 and December 31, 2013 are as follows:

	03/31/2014 ThUS\$ Assets (liabilities)	12/31/2013 ThUS\$ Assets (liabilities)
Tax losses (NOL's)	139	139
Doubtful accounts impairment	81	81
Inventory impairment	1,020	1,020
Pensions plan	(536)	(536)

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Accrued vacations	29		29	
Depreciation	(57	)	(57	)
Other	(19	)	(19	)
Balances to date	657		657	

Tax losses mainly relate to the United States, and they expire in 20 years.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 28 - Income tax and deferred taxes (continued)****28.4 Income tax and deferred taxes, continued**

## d.6 Movements in deferred tax assets and liabilities

Movements in deferred tax assets and liabilities as of March 31, 2014 and December 31, 2013 are detailed as follows:

	03/31/2014 ThUS\$ Liabilities (assets)	12/31/2013 ThUS\$ Liabilities (assets)
Deferred tax assets and liabilities, net opening balance	153,764	125,222
Increase (decrease) in deferred taxes in profit or loss	(676 )	25,519
Tax Recovery of first category credit absorbed by tax losses	-	-
Increase (decrease) in deferred taxes in equity	1,708	3,023
Balances to date	154,796	153,764

## d.7 Disclosures on income tax expense (income)

The Company recognizes current tax and deferred taxes as income or expenses, and they are included in profit or loss, unless they arise from:

(a) a transaction or event recognized in the same period or in a different period, outside profit or loss either in other comprehensive income or directly in equity; or

(b) a business combination

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 28 - Income tax and deferred taxes (continued)****28.4 Income tax and deferred taxes, continued**

Current and deferred tax expenses (income) are detailed as follows:

	03/31/2014 ThUS\$ Income (expenses)	03/31/2013 ThUS\$ Income (expenses)
Current income tax expense		
Current income tax expense	(28,189 )	(39,587 )
Adjustments to prior year current income tax	-	-
Current income tax expense, net, total	(28,189 )	(39,587 )
Deferred tax expense		
Deferred tax expense (income) relating to the creation and reversal of temporary differences	(676 )	(6,509 )
Deferred tax expense (income) relating changes in tax rates or the application of new taxes	-	-
Deferred tax expense, net, total	(676 )	(6,509 )
Tax expense (income)	(28,865 )	(46,096 )

Tax expenses (income) for foreign and domestic parties are detailed as follows:

	03/31/2014 ThUS\$ Income (expenses)	03/31/2013 ThUS\$ Income (expenses)
Current income tax expense by foreign and domestic parties, net		
Current income tax expense, foreign parties, net	(35 )	(516 )
Current income tax expense, domestic, net	(28,154 )	(39,071 )
Current income tax expense, net, total	(29,189 )	(39,587 )
Deferred tax expense by foreign and domestic parties, net		
Deferred tax expense, foreign parties, net	(65 )	(33 )

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Deferred tax expense, domestic, net	(611 )	(6,476 )
Deferred tax expense, net, total	(676 )	(6,509 )
Income tax expense	(28,865 )	(46,096 )

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

**Note 28 - Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

d.8 Equity interest in taxation attributable to equity-accounted investees

The Company does not recognize any deferred tax liability in all cases of taxable temporary differences associated with investments in subsidiaries, branches and associated companies or interest in joint ventures, because as indicated in the standard, the following two conditions are jointly met

- (a) the parent, investor or interest holder is able to control the time for reversal of the temporary difference; and
- (b) It is more likely than not that the temporary difference is not reversed in the foreseeable future.

In addition, the Company does not recognize deferred income tax assets for all deductible temporary differences from investments in subsidiaries, branches and associated companies or interests in joint ventures because it is not possible to meet for the following requirements:

- (a) Temporary differences are reversed in a foreseeable future; and
- (b) The Company has tax earnings, against which temporary differences can be used.

d.9 Disclosures on the tax effects of other comprehensive income components:

Income tax related to components of other income and expense with a charge or credit to	03/31/2014		
	ThUS\$		Amount after taxes
net equity	Amount before taxes (expense) gain	(Expense) income for income taxes	
Cash flow hedge	8,542	(1,708)	) 6,834
Total	8,542	(1,708)	) 6,834



Income tax related to components of other income and expense with a charge or credit to  net equity	03/31/2013 ThUS\$		Amount after taxes
	Amount before (Expense) taxes income for (expense) income taxes gain		
Cash flow hedge	(451)	90	(361 )
Total	(451)	90	(361 )

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 28 - Income tax and deferred taxes (continued)****28.4 Income tax and deferred taxes, continued**

- d.10 Explanation of the relationship between expense (income) for tax purposes and accounting income.

In accordance with paragraph No. 81, letter c) of IAS 12, the Company has estimated that the method that discloses more significant information for the users of its financial statements is the reconciliation of tax expense (income) to the result of multiplying income for accounting purposes by the tax rate in force in Chile. This option is based on the fact that the Parent and its subsidiaries incorporated in Chile generate almost the total amount of tax expense (income) and the fact that amounts of subsidiaries incorporated in foreign countries have no relevant significance within the context of the total amount of tax expense (income.)

**Reconciliation of numbers in income tax expenses (income) and the result of multiplying financial gain by the rate prevailing in Chile**

	03/31/2014 ThUS\$ Income (expense)		03/31/2013 ThUS\$ Income (expense)	
Consolidated income before taxes	110,602		198,754	
Income tax rate in force in Chile	20	%	20	%
Tax expense using the legal rate	(22,120	)	(39,751	)
Effect of royalty tax expense	(3,897	)	(3,533	)
Tax effect of non-taxable revenue	1,239		1,680	
Effect of taxable rate of non-deductible expenses for determination of taxable income (loss)	(501	)	(523	)
Tax effect of tax rates supported abroad	(507	)	(3,070	)
Effect on the tax rate arising from changes in the tax rate	-		-	
Other tax effects from the reconciliation between the accounting income and tax expense (income)	(3,079	)	(899	)
Tax expense using the effective rate	(28,865	)	(46,096	)

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

**Note 28 - Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

d.11 Tax periods potentially subject to verification:

The Group's Companies are potentially subject to income tax audits by tax authorities in each country. These audits are limited to a number of interim tax periods, which, in general, when they elapse, give rise to the expiration of these inspections.

Tax audits, due to their nature, are often complex and may require several years. Below, we provide a summary of tax periods that are potentially subject to verification, in accordance with tax regulations in force in the country of origin:

**a) Chile:**

According to article 200 of Decree Law No. 830, the tax authority shall review for any deficiencies in its settlement and taxes turn giving rise, by applying a requirement of 3 years term from the expiration of the legal deadline when payment should have been made. Besides, this requirement was extended to 6 years term for the revision of taxes subject to declaration, when such declaration was not been filed or has been presented maliciously false.

**b) United States**

In the United States, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return. In the event that an omission or error is detected in the tax return of sales or cost of sales, the review can be extended for a period of up to 6 years.

**c) Mexico:**

In Mexico, the tax authority can review tax returns up to 5 years from the expiration date of the tax return.

**d) Spain:**

In Spain, the tax authority can review tax returns up to 4 years from the expiration date of the tax return.

e)

**Belgium:**

In Belgium, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return if no tax losses exist. In the event of detecting an omission or error in the tax return, the review can be extended for a period of up to 5 years.

f)

**South Africa:**

In South Africa, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return. In the event an omission or error in the tax return is detected, the review can be extended for a period of up to 5 years.

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

## Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates

Assets held in foreign currency subject to fluctuations in exchange rates are detailed as follows:

Class of asset	Currency	03/31/2014	12/31/2013
		ThUS\$	ThUS\$
Current assets:			
Cash and cash equivalents	ARS	160	-
Cash and cash equivalents	BRL	425	73
Cash and cash equivalents	CLP	43,397	25,391
Cash and cash equivalents	CNY	1,407	384
Cash and cash equivalents	EUR	12,150	9,230
Cash and cash equivalents	GBP	14	14
Cash and cash equivalents	IDR	620	4
Cash and cash equivalents	INR	305	7
Cash and cash equivalents	MXN	5	428
Cash and cash equivalents	PEN	2	2
Cash and cash equivalents	THB	-	2,161
Cash and cash equivalents	YEN	-	1,435
Cash and cash equivalents	ZAR	4,665	7,229
Subtotal cash and cash equivalents		63,150	46,358
Other current financial assets	CLP	169,905	108,892
Subtotal other current financial assets		169,905	108,892
Other current non-financial assets	ARS	-	21
Other current non-financial assets	AUD	20	95
Other current non-financial assets	BRL	600	1
Other current non-financial assets	CLF	45	75
Other current non-financial assets	CLP	12,059	25,814
Other current non-financial assets	CNY	1	33
Other current non-financial assets	EUR	6,839	5,383
Other current non-financial assets	AED	897	-
Other current non-financial assets	INR	39	-
Other current non-financial assets	MXN	-	793
Other current non-financial assets	PEN	-	3
Other current non-financial assets	THB	18	13
Other current non-financial assets	ZAR	-	801
Subtotal other current non-financial assets		20,518	33,032
Trade and other receivables	ARS	44	-
Trade and other receivables	AUD	43	-
Trade and other receivables	BRL	275	32
Trade and other receivables	CLF	1,146	507
Trade and other receivables	CLP	76,266	50,112
Trade and other receivables	CNY	-	9
Trade and other receivables	EUR	50,592	31,975

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Trade and other receivables	GBP	-	261
Trade and other receivables	MXN	92	240
Trade and other receivables	PEN	-	92
Trade and other receivables	THB	2,527	1,823
Trade and other receivables	INR	13	-
Trade and other receivables	ZAR	13,115	14,742
Subtotal trade and other receivables		144,113	99,793
Receivables from related parties	AED	-	379
Receivables from related parties	CLP	550	517
Receivables from related parties	EUR	1,876	845
Receivables from related parties	YEN	218	197
Receivables from related parties	ZAR	4,313	9,157
Subtotal receivables from related parties		6,957	11,095
Current tax assets	AUD	-	-
Current tax assets	CLP	2,218	1,033
Current tax assets	EUR	75	75
Current tax assets	INR	-	-
Current tax assets	MXN	647	230
Current tax assets	PEN	-	267
Subtotal current tax assets		2,940	1,605
Total current assets		407,583	300,775

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)**

Class of asset	Currency	03/31/2014 ThUS\$	12/31/2013 ThUS\$
Non-current assets:			
Other non-current financial assets	BRL	29	27
Other non-current financial assets	CLP	20	20
Other non-current financial assets	YEN	46	45
Subtotal other non-current financial assets		95	92
Other non-current non-financial assets	BRL	-	191
Other non-current non-financial assets	CLP	758	758
Subtotal other non-current non-financial assets		758	949
Non-current rights receivable	CLF	-	465
Non-current rights receivable	CLP	-	818
Subtotal non-current rights receivable		-	1,283
Equity-accounted investees	AED	25,725	24,215
Equity-accounted investees	CLP	1,372	1,649
Equity-accounted investees	IDR	751	802
Equity-accounted investees	EUR	9,002	7,924
Equity-accounted investees	INR	-	-
Equity-accounted investees	THB	1,907	1,876
Equity-accounted investees	TRY	14,425	15,336
Subtotal equity-accounted investees		53,182	51,802
Intangible assets other than goodwill	CLP	471	507
Intangible assets other than goodwill	CNY	2	3
Subtotal intangible assets other than goodwill		473	510
Property, plant and equipment	CLP	4,236	5,633
Subtotal property, plant and equipment		4,236	5,633
Total non-current assets		58,744	60,269
Total assets		466,327	361,044

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)**

Liabilities held in foreign currencies are detailed as follows:

Class of liability	Currency	03/31/2014		Total ThUS\$	12/31/2013		Total ThUS\$
		Up to 90 days ThUS\$	Over 90 days up to 1 year ThUS\$		Up to 90 days ThUS\$	Over 90 days up to 1 year ThUS\$	
<b>Current liabilities</b>							
Other current financial liabilities	CLF	7,422	2,182	9,604	1,455	77,866	79,321
Other current financial liabilities	CLP	-	-	-	-	141,704	141,704
Subtotal other current financial liabilities		7,422	2,182	9,604	1,455	219,570	221,025
Trade and other payables	ARS	64	-	64	3	-	3
Trade and other payables	BRL	2,075	7	2,082	64	-	64
Trade and other payables	CHF	-	24	24	1	-	1
Trade and other payables	CLP	58,791	3,865	62,656	55,785	26,224	82,009
Trade and other payables	CNY	-	-	-	117	-	117
Trade and other payables	EUR	15,709	288	15,997	18,654	-	18,654
Trade and other payables	GBP	1	-	1	6	-	6
Trade and other payables	INR	-	-	-	1	-	1
Trade and other payables	MXN	-	-	-	485	-	485
Trade and other payables	PEN	5	-	5	3	-	3
Trade and other payables	YEN	-	-	-	-	-	-
Trade and other payables	ZAR	1,644	-	1,644	2,517	-	2,517
Subtotal trade and other payables		78,289	4,184	82,473	77,636	26,224	103,860

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)**

Class of liability	Currency	03/31/2014		Total ThUS\$	12/31/2013		Total ThUS\$
		Up to 90 days ThUS\$	Over 90 days up to 1 year ThUS\$		Up to 90 days ThUS\$	Over 90 days up to 1 year ThUS\$	
Other current provisions	ARS	52	-	52	62	-	62
Other current provisions	BRL	15	-	15	821	595	1,416
Other current provisions	CLP	-	-	-	6	-	6
Other current provisions	EUR	7	-	7	7	-	7
Other current provisions	INR	2	-	2	1	-	1
Subtotal other current provisions		76	-	76	897	595	1,492
Current tax liabilities	INR	-	-	-	-	-	-
Current tax liabilities	BRL	-	-	-	-	-	-
Current tax liabilities	CLP	-	-	-	-	33	33
Current tax liabilities	CNY	-	-	-	-	-	-
Current tax liabilities	EUR	-	1,553	1,553	-	1,553	1,553
Current tax liabilities	MXN	-	17	17	-	-	-
Current tax liabilities	ZAR	-	-	-	-	-	-
Subtotal current tax liabilities		-	1,570	1,570	-	1,586	1,586
Current provisions for employee benefits	CLP	4,469	8,957	13,426	24,172	-	24,172
Current provisions for employee benefits	MXN	158	-	158	156	-	156
Subtotal current provisions for employee benefits		4,627	8,957	13,584	24,328	-	24,328

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)**

Class of liability	Currency	03/31/2014			12/31/2013		
		Up to 90 days ThUS\$	Over 90 days up to 1 year ThUS\$	Total ThUS\$	Up to 90 days ThUS\$	Over 90 days up to 1 year ThUS\$	Total ThUS\$
Other current non-financial liabilities	BRL	297	129	426	55	-	55
Other current non-financial liabilities	CLP	10,439	16,473	26,912	7,055	19,922	26,977
Other current non-financial liabilities	CNY	29	-	29	18	-	18
Other current non-financial liabilities	EUR	2,775	-	2,775	2,442	-	2,442
Other current non-financial liabilities	MXN	74	-	74	720	62	782
Other current non-financial liabilities	AUD	-	-	-	-	-	-
Other current non-financial liabilities	PEN	-	-	-	70	-	70
Other current non-financial liabilities	THD	-	-	-	-	-	-
Other current non-financial liabilities	ZAR	8	-	8	8	-	8
Subtotal other current non-financial liabilities		13,622	16,602	30,224	10,368	19,984	30,352
Total current liabilities		104,036	33,495	137,531	114,684	267,959	382,643

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

## Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of liabilities	Currency	Over 1 year up to 2 years ThUS\$	Over 2 years up to 3 years ThUS\$	Over 3 years up to 4 years ThUS\$	Over 4 years up to 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Non-current liabilities							
Other non-current financial liabilities	CLF	6,234	48,827	6,267	6,284	283,193	350,805
Other non-current financial liabilities	CLP	-	-	-	-	-	-
Subtotal other non-current financial liabilities		6,234	48,827	6,267	6,284	283,193	350,805
Deferred tax liabilities	CLP	-	-	-	-	-	-
Deferred tax liabilities	MXN	-	-	-	-	-	-
Subtotal deferred tax liabilities		-	-	-	-	-	-
Non-current provisions for employee benefits	CLP	-	-	-	-	27,606	27,606
Non-current provisions for employee benefits	MXN	-	-	-	-	129	129
Non-current provisions for employee benefits	YEN	-	-	-	-	505	505
Subtotal non-current provisions for employee benefits		-	-	-	-	28,240	28,240
Total non-current liabilities		6,234	48,827	6,267	6,284	311,433	379,045

Class of liabilities	Currency	12/31/2013 Over 1 year up to 2 years ThUS\$	Over 2 years up to 3 years ThUS\$	Over 3 years up to 4 years ThUS\$	Over 4 years up to 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Non-current liabilities							
Other non-current financial liabilities	CLF	6,471	6,488	50,648	6,521	293,841	363,969
Other non-current financial liabilities	CLP	-	-	-	-	-	-
Subtotal other non-current financial liabilities		6,471	6,488	50,648	6,521	293,841	363,969
Deferred tax liabilities	CLP	-	-	-	-	-	-
Deferred tax liabilities	MXN	-	-	-	-	-	-
Subtotal deferred tax liabilities		-	-	-	-	-	-
Non-current provisions for employee benefits	CLP	-	-	-	-	28,532	28,532
Non-current provisions for employee benefits	MXN	-	-	-	-	131	131
	YEN	-	-	-	-	494	494

Non-current provisions for employee benefits

Subtotal non-current provisions for employee benefits	-	-	-	-	29,157	29,157
Total non-current liabilities	6,471	6,488	50,648	6,521	322,998	393,126

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

**Note 30 – Mineral resource exploration and evaluation expenditure**

Because of the nature of the operations of Sociedad Química y Minera de Chile S.A. and its subsidiaries and the type of exploration they conduct which is different than other mining businesses where the exploration process results in significant time, the exploration and process and the definition of the economic feasibility occurs normally within the year. Accordingly, although expenditure is initially capitalized, it could be recognized in profit or loss for the same year should there be no technical and commercial feasibility. This results in having no significant expenditure that have no feasibility study at the end of the year.

Prospecting expenditure can be found in 4 different stages: execution, economically feasible, not economically feasible and under exploitation:

Execution: prospecting expenditure which are under execution and accordingly there is no yet a definition as to its economic feasibility are classified in the caption property, plant and equipment. As of March 31, 2014 and December 31, 2013, the balance amounts to ThUS\$20,606 and ThUS\$ 28,568, respectively.

Economically feasible: prospecting expenditure, which upon completion, has been concluded to be economically feasible is classified in the caption non-current assets in other non-current non-financial assets. As of March 31, 2014 and December 31, 2013, the balance amounts to ThUS\$ 31,628 and ThUS\$ 33,388 respectively.

Not economically feasible: Prospecting expenditure, which upon completion it has been concluded that are not economically feasible are recorded in profit or loss: as of March 31, 2014 and December 31, 2013, the balance amounts to ThUS\$1,062 and ThUS\$3,696, respectively.

Under exploitation: Prospecting expenditure under exploitation is classified in the caption current assets in current inventories. These are amortized considering the exploited material. As of March 31, 2014 and December 31, 2013, the balance amounts to ThUS\$1,889 and ThUS\$ 630, respectively.

For the amount of capitalized expenditure, the total amount disbursed in exploration and evaluation of mineral resources during the first quarter was ThUS\$2,354, and correspond to non-metallic projects. Such expenditure mainly correspond to studies, either topographical, geological, exploratory drilling, sampling, among others.

With respect to this expenditure, the Company has defined classifying it in accordance with IFRS 6.9:

For exploration expenditure where the mineral has low ore grade that is not economically exploitable, it is debited directly to profit or loss.

If studies determine that the ore grade is economically exploitable, it is classified in other non-current assets in the caption stain development and prospecting expenses and at the time of making the decision for exploiting the zone it is classified in the caption inventories as part of the cost of raw materials required for production purposes.

**SQM**

Los Militares 4290 Piso 6,  
Las Condes, Santiago, Chile 213  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

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

**Note 31 – Events occurred after the reporting date**

**31.1 Authorization of the financial statements**

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and subsidiaries prepared in accordance with International Financial Reporting Standards for the period ended March 31, 2014 were approved and authorized for issuance by the Board of Directors at their meeting held on May 20, 2014.

**31.2 Disclosures on events occurring after the reporting date**

On April 25, 2014, at the Thirty-Ninth Ordinary Shareholders' Meeting, the shareholders approved the payment of a dividend declared of US\$0.88738 per share from the profit for 2013. Such dividend declared should be discounted the amount of US\$0.75609 per share already paid as provisional dividend and the remaining balance of US\$0.13129 a) per share will be paid and distributed in favor of the Shareholders of SQM that are registered with the related Registry during the fifth business day prior to the business day where such dividend will be paid. Where applicable, such amount will be paid in its equivalent in Chilean pesos using the Observed rate for U.S. dollars as published in the Official Gazette on April 25, 2014.

The Chilean Economic Development Agency (CORFO) has filed a lawsuit against SQM Salar S.A. (SQMS) –and, Sociedad Química y Minera de Chile S.A. (SQM), as guarantor and co-debtor of SQMS– and SQMS has filed a lawsuit against CORFO. Both lawsuits relate to the Lease Contract entered into by CORFO and SQMS on b) November 12, 1993, (CONTRACT) related to certain OMA Mining Properties of CORFO that are constituted on part of the area of the Salar de Atacama in the Region of Antofagasta in Region II of Chile (POPERTIES). In particular:

Those two lawsuits were filed on Friday, May 16, 2014, with the “mixed” arbitrator or Arbitrator Ex Aequo et Bono 1. for the procedure and legal arbitrator with respect to the judgment, which was appointed by the Arbitrage and Mediation Center of the Santiago Chamber of Commerce. These lawsuits were noticed to the parties involved on May 19, 2014.

The term of the CONTRACT ranges between November 12, 1993 and December 31, 2030, and has been effective for over 21 consecutive years with no disruption and no record of any legal or arbitration conflict between the parties or any query that has not been immediately clarified by SQMS. During the period, SQMS has always provided 2. CORFO, every three calendar months, with the related “rent settlements” and also has fully paid to CORFO the related “quarterly rent”. Those rent settlements are already 81 and have contained all the background information required to support each such “settlements” and the related calculation and payment of the related “quarterly rent”.



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

**Note 31 – Events occurred after the reporting date (continued)**

**31.2 Disclosures on events occurred after the reporting date, continued**

Notwithstanding the above, the Board of Directors of SQM, with respect to the lawsuit filed by CORFO, became aware of the main terms and allegations in such lawsuit where basically CORFO request that the arbitrator –i– states that SQMS has not fully and timely paid the quarterly rents that should have paid to CORFO starting from the year 2009 amounting to a total of US\$8,940,829 plus applicable interest –ii– states that SQMS has not complied with its obligation of preserving, maintaining and replenishing the Survey Monuments of the PROPERTIES –iii– states the early termination of the CONTRACT as a result of that indicated in paragraph –i– or, alternatively, that indicated in paragraph –ii– above –iv– states that SQMS must pay to CORFO a compensation equivalent to the lease rent that 3. CORFO should receive up to December 31, 2030 – conventional CONTRACT expiration date– –v– states that SQMS must pay to CORFO, for the concept of moral damages, an amount equivalent to 30% of material damages as determined by the arbitrage lawsuit and –vi– states that SQMS must restitute to CORFO the PROPERTIES with their patents paid. The lawsuit alternatively and should the arbitrator reject the CONTRACT early termination request, partially reproduces that indicated above and basically requests and in that related to the arbitrator states that SQMS must pay to CORFO the amount of US\$8,940,829 plus applicable interest, that SQMS must maintain and replenish the Survey Monuments of the Properties AND THAT SQMS must pay to CORFO, for the concept of moral damage, the amount equivalent to 30% of the material damages that are determined as a result of the lawsuit.

4. Additionally, the Board of Directors of SQM, with respect to the lawsuit filed by SQMS, became aware of the reasons for which SQMS states it does not owe any amount to CORFO related to the CONTRACT and, as a result, requests that the arbitrator states that the settlements provided and payments made by SQMS to CORFO are fully in accordance with the provisions of the CONTRACT and the agreements between the parties.

5. The lawyers of SQMS and SQM have informed that the lawsuit filed by CORFO should not result in any negative outcome as it is contrary to the consistent interpretation and application that the PARTIES have provided to the CONTRACT for over 21 consecutive years and also because SQMS has fully and timely complied with its obligation of protecting the PROPERTIES and that these, as a result of this, are currently and fully in force and supported by the contract.

Management is not aware of any other significant subsequent events occurred between March 31, 2014 and the date of issuance of these financial statements that may affect them significantly.

**31.3 Detail of dividends declared after the reporting date**

At the date of these financial statements, there are no dividends declared after the balance sheet date.



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

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Registrant)

Date: June 9, 2014

By: Ricardo Ramos  
CFO & Vice-President of Development

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