

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
August 06, 2013

UNITED STATES OF AMERICA

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 6-K**

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16

OF THE SECURITIES AND EXCHANGE ACT OF 1934

Includes financial statements and their related notes for the three-month period ended March 31, 2012  
filed by Sociedad Química y Minera de Chile S.A. before the Chilean Securities and Insurance  
Commission (Superintendencia de Valores y Seguros) on May 28, 2012.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

(Exact name of registrant as specified in its charter)

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

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

(Address and phone number of principal executive offices)

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

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 whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes    No   

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82 \_\_\_\_\_

**SQM S.A.**  
Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

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

CONSOLIDATED FINANCIAL STATEMENTS

For the period ended

March 31, 2013

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	8
-Consolidated Statements of Income by Function	10
-Consolidated Statements of Comprehensive Income	12
-Consolidated Statements of Cash Flows	13
-Statements of Changes in Equity	15
-Notes to the Consolidated Financial Statements	17

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 1

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

## Table of Contents – Consolidated Financial Statements

Note	Page
Consolidated Classified Statements of Financial Position	8
Consolidated Statements of Income by function	10
Consolidated Statements of Comprehensive Income	12
Consolidated Statements of Cash Flows	13
Statements of Changes in Equity	15
Notes to the consolidated financial statements	
<b>1 Identification and Activities of the Company and Subsidiaries</b>	
1.1 Historical background	18
1.2 Main domicile where the Company performs its production activities	18
1.3 Codes of main activities	18
1.4 Description of the nature of operations and main activities	18
1.5 Other background	20
<b>2 Basis of presentation for the consolidated financial statements</b>	
2.1 Accounting period	22
2.2 Financial statements	23
2.3 Basis of measurement	23
2.4 Accounting pronouncements	24
2.5 Basis of consolidation	27
2.6 Significant accounting judgments, estimates and assumptions	30
<b>3 Significant accounting policies</b>	
3.1 Classification of balances as current and non-current	31
3.2 Functional and presentation currency	31
3.3 Foreign currency translation	31
3.4 Subsidiaries	34
3.5 Consolidated statement of cash flows	34
3.6 Financial assets	34
3.7 Financial liabilities	35
3.8 Financial instruments at fair value through profit or loss	35
3.9 Financial instruments offsetting	35
3.10 Reclassification of financial instruments	36
3.11 Derivative and hedging financial instruments	36
3.12 Derecognition of financial instruments	38
3.13 Derivative financial instruments	38
3.14 Fair value measurements	38

**SQM S.A.** 2  
 Los Militares 4290  
 Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

## Table of Contents – Consolidated Financial Statements (continued)

<b>Note</b>	<b>Page</b>
3.15 Leases	38
3.16 Deferred acquisition costs from insurance contracts	39
3.17 Trade and other receivables	39
3.18 Inventory measurement	40
3.19 Investments in associates and joint ventures	41
3.20 Transactions with non non-controlling interests	42
3.21 Related party transactions	42
3.22 Property, plant and equipment	42
3.23 Depreciation of property, plant and equipment	44
3.24 Intangible assets	44
3.25 Intangible assets other than goodwill	45
3.26 Research and development expenses	46
3.27 Prospecting expenses	46
3.28 Impairment of non-financial assets	46
3.29 Minimum dividend	47
3.30 Earnings per share	47
3.31 Trade and other payables	48
3.32 Interest-bearing borrowings	48
3.33 Other provisions	48
3.34 Obligations related to employee termination benefits and pension commitments	49
3.35 Compensation plans	50
3.36 Revenue recognition	50
3.37 Finance income and finance costs	51
3.38 Income tax and deferred taxes	52
3.39 Segment reporting	53
3.40 Environment	53
<b>4 Financial risk management</b>	
4.1 Financial risk management policy	54
4.2 Risk factors	55
4.3 Risk measurement	58
<b>5 Changes in estimates and accounting policies (consistent presentation)</b>	
5.1 Changes in accounting estimates	59
5.2 Changes in accounting policies	59

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 3

Tel: (56 2) 2425 2000

www.sqm.com

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

## Table of Contents – Consolidated Financial Statements (continued)

<b>Note</b>	<b>Page</b>
<b>6 Background of companies included in consolidation</b>	
6.1 Parent's stand-alone assets and liabilities	60
6.2 Parent entity	60
6.3 Jointly arrangements of controlling interest	60
6.4 General information on consolidated subsidiaries	62
6.5 Information attributable to non-controlling interests	65
6.6 Information on consolidated subsidiaries	66
6.7 Detail of transactions between consolidated companies	71
<b>7 Cash and cash equivalents</b>	
7.1 Types of cash and cash equivalents	72
7.2 Short-term investments, classified as cash equivalents	73
7.3 Information on cash and cash equivalents by currency	73
7.4 Amount of significant restricted (unavailable) cash balances	74
7.5 Short-term deposits, classified as cash equivalents	75
<b>8 Inventories</b>	<b>76</b>
<b>9 Related party: disclosures</b>	
9.1 Related party disclosures	77
9.2 Relationship between the Parent and the entity	77
9.3 Detailed identification of the relationship between the Parent and subsidiary	78
9.4 Detail of related parties and related party transactions	79
9.5 Trade receivables due from related parties, current	80
9.6 Trade payables due to related parties, current	82
9.7 Board of directors and senior management	83
9.8 Key Management Personnel Compensation	84
<b>10 Financial instruments</b>	
10.1 Types of other financial assets	87
10.2 Trade and other receivables, current and non-current	87
10.3 Hedging assets and liabilities	91
10.4 Financial liabilities	93
10.5 Trade and other payables	103
10.6 Financial liabilities at fair value through profit or loss	103
10.7 Financial asset and liability categories	104
10.8 Financial assets pledged as guarantee	106
10.9 Estimated fair value of financial instruments and financial derivatives	106
10.10 Nature and scope of risks arising from financial instruments	108

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Table of Contents – Consolidated Financial Statements (continued)**

<b>Note</b>	<b>Page</b>
<b>11 Equity-accounted investees</b>	
11.1 Investments in associates recognized according to the equity method of accounting	109
11.2 Assets, liabilities, revenue and expenses of associates	111
11.3 Other information	113
<b>12 Joint ventures</b>	
12.1 Policy for accounting for joint ventures in a Parent's separate financial statements	114
12.2 Disclosures of interest in joint ventures	114
12.3 Investments in joint ventures accounted for using the equity method of accounting	115
12.4 Assets, liabilities, revenue and expenses from joint ventures	117
12.5 Other joint venture disclosures	119
<b>13 Intangible assets and goodwill</b>	
13.1 Balances	121
13.2 Disclosures on intangible assets and goodwill	121
<b>14 Property, plant and equipment</b>	
14.1 Types of property, plant and equipment	125
14.2 Reconciliation of changes in property, plant and equipment by type	127
14.3 Detail of property, plant and equipment pledged as guarantee	129
14.4 Additional information	129
<b>15 Employee benefits</b>	
15.1 Provisions for employee benefits	130
15.2 Policies on defined benefit plans	131
15.3 Other long-term benefits	132
15.4 Post-employment benefit obligations	133
15.5 Staff severance indemnities	133
<b>16 Executive compensation plan</b>	<b>134</b>
<b>17 Disclosures on equity</b>	
17.1 Capital management	136
17.2 Disclosures on preferred share capital	137
17.3 Disclosures on reserves in equity	139
17.4 Dividend policies	140
17.5 Provisional dividends	141

**SQM S.A.** 5  
 Los Militares 4290  
 Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Table of Contents – Consolidated Financial Statements (continued)**

<b>Note</b>	<b>Page</b>
<b>18 Provisions and other non-financial liabilities</b>	
18.1 Types of provisions	143
18.2 Description of other provisions	144
18.3 Other non-financial liabilities, current	144
18.4 Changes in provisions	145
18.5 Detail of main types of provisions	147
<b>19 Contingencies and restrictions</b>	
19.1 Lawsuits or other relevant events	148
19.2 Restrictions to management or financial limits	152
19.3 Commitments	153
19.4 Restricted or pledged cash	153
19.5 Sureties obtained from third parties	154
19.6 Indirect guarantees	155
<b>20 Revenue</b>	<b>157</b>
<b>21 Earnings per share</b>	<b>157</b>
<b>22 Borrowing costs</b>	<b>158</b>
<b>23 Effect of fluctuations on foreign currency exchange rates</b>	<b>159</b>
<b>24 Environment</b>	
24.1 Disclosures on disbursements related to the environment	160
24.2 Detail of information on disbursements related to the environment	161
24.3 Description of each project indicating whether these are in process or have been finished	178
<b>25 Other current and non-current non-financial assets</b>	<b>185</b>
<b>26 Operating segments</b>	
26.1 Operating segments	187
26.2 Operating segments disclosures	189
26.3 Statement of comprehensive income classified by operating segments based on groups of products	191
26.4 Revenue from transactions with other company operating segments	193

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 6

Tel: (56 2) 2425 2000

www.sqm.com

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Table of Contents – Consolidated Financial Statements (continued)**

<b>Note</b>	<b>Page</b>
26.5 Disclosures on geographical areas	194
26.6 Disclosures on main customers	194
26.7 Segments by geographical areas	195
26.8 Property, plant and equipment classified by geographical areas	196
<b>27 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature</b>	
27.1 Revenue	197
27.2 Cost of sales	197
27.3 Other income	198
27.4 Administrative expenses	198
27.5 Other expenses by function	199
27.6 Other income (expenses)	199
27.7 Summary of expenses by nature	200
<b>28 Income tax and deferred taxes</b>	
28.1 Current tax assets	201
28.2 Current tax liabilities	202
28.3 Tax earnings	202
28.4 Income tax and deferred taxes	203
<b>29 Disclosures on the effects of fluctuations in foreign currency exchange rates</b>	<b>214</b>
<b>30 Subsequent events</b>	
30.1 Authorization of the financial statements	219
30.2 Disclosures on events occurring after the reporting date	219
30.3 Detail of dividends declared after the reporting date	219

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 7

Tel: (56 2) 2425 2000

www.sqm.com

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

ASSETS	Note	As of March 31, 2013 ThUS\$	As of December 31, 2012 ThUS\$
Current assets			
Cash and cash equivalents	7.1	228,730	324,353
Other current financial assets	10.1	418,583	316,103
Other current non-financial assets	25	58,833	67,820
Trade and other receivables, current	10.2	610,617	510,616
Trade receivables due from related parties, current	9.6	102,968	101,372
Current inventories	8	891,190	896,236
Current tax assets	28.1	36,396	30,234
Total current assets		2,347,317	2,246,734
Non-current assets			
Other non-current financial assets	10.1	24,937	29,492
Other non-current non-financial assets	25	17,921	17,682
Trade receivables, non-current	10.2	1,194	1,311
Investments in associates	11	48,809	50,955
Investments in joint ventures	12	18,006	19,343
Intangible assets other than goodwill	13.1	23,957	24,013
Goodwill	13.1	38,388	38,388
Property, plant and equipment	14.1	2,039,822	1,988,290
Deferred tax assets	28.4	177	223
Total non-current assets		2,213,211	2,169,697
Total assets		4,560,528	4,416,431

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

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 8  
Tel: (56 2) 2425 2000  
www.sqm.com

**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, 2013 ThUS\$	As of December 31, 2012 ThUS\$
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other current financial liabilities	10.4	200,069	152,843
Trade and other payables, current	10.5	195,337	207,944
Trade payables due to related parties, current	9.7	308	19
Other current provisions	18.1	18,998	18,489
Current tax liabilities	28.2	29,128	23,624
Provisions for employee benefits, current	15.1	21,061	33,974
Other current non-financial liabilities	18.3	159,580	172,200
<b>Total current liabilities</b>		<b>624,481</b>	<b>609,093</b>
<b>Non-current liabilities</b>			
Other non-current financial liabilities	10.4	1,413,436	1,446,194
Other non-current provisions	18.1	7,415	7,357
Deferred tax liabilities	28.4	131,818	125,445
Provisions for employee benefits, non-current	15.1	44,102	40,896
<b>Total non-current liabilities</b>		<b>1,596,771</b>	<b>1,619,892</b>
<b>Total liabilities</b>		<b>2,221,252</b>	<b>2,228,985</b>
<b>Equity</b>			
	17		
Share capital		477,386	477,386
Retained earnings		1,827,974	1,676,169
Other reserves		(21,615 )	(20,772 )
<b>Equity attributable to owners of the Parent</b>		<b>2,283,745</b>	<b>2,132,783</b>
Non-controlling interests		55,531	54,663
<b>Total equity</b>		<b>2,339,276</b>	<b>2,187,446</b>
<b>Total liabilities and equity</b>		<b>4,560,528</b>	<b>4,416,431</b>

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

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

	Note	January to March 2013 ThUS\$	2012 ThUS\$
Revenue	20	623,397	529,625
Cost of sales	27.2	(384,540)	(293,362)
Gross profit		238,857	236,263
Other income	27.3	4,285	4,663
Administrative expenses	27.4	(23,301 )	(22,985 )
Other expenses by function	27.5	(13,247 )	(10,091 )
Other gains (losses)	27.6	(237 )	49
Profit (loss) from operating activities		206,357	207,899
Finance income		4,371	5,537
Finance costs	22	(13,132 )	(12,062 )
Share of profit of associates and joint ventures accounted for using the equity method		5,921	8,064
Foreign currency translation differences	23	(4,763 )	(4,913 )
Profit (loss) before taxes		198,754	204,525
Income tax expense, continuing operations	28.4	(46,096 )	(52,771 )
Profit (loss) from continuing operations		152,658	151,754
Profit for the year		152,658	151,754
Profit attributable to			
Owners of the Parent		151,805	150,029
Non-controlling interests		853	1,725
Profit for the year		152,658	151,754

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

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 10  
Tel: (56 2) 2425 2000  
www.sqm.com

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

		January to March	
	Note	2013	2012
		US\$	US\$
Earnings per share			
Common shares			
Basic earnings per share (US\$ per share)	21	0.5768	0.5700
Basic earnings per share (US\$ per share) from continuing operations		0.5768	0.5700
Diluted common shares			
Diluted earnings per share (US\$ per share)	21	0.5768	0.5700
Diluted earnings per share (US\$ per share) from continuing operations		0.5768	0.5700

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

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 11  
Tel: (56 2) 2425 2000  
www.sqm.com

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

	January to March	
	2013	2012
Statements of comprehensive income	ThUS\$	ThUS\$
Profit for the year	152,658	151,754
Components of other comprehensive income before taxes and foreign currency translation differences		
Gain (loss) from foreign currency translation differences, before taxes	(679 )	1,437
Other comprehensive income before taxes and foreign currency translation differences	(679 )	1,437
Cash flow hedges		
(Gain) loss from cash flow hedges before taxes	(239 )	(3,708 )
Other comprehensive income before taxes and cash flow hedges	(239 )	(3,708 )
Other comprehensive income before taxes and actuarial gains (losses) from defined benefit plans	-	-
Other miscellaneous reserves	-	-
Other components of other comprehensive income before taxes	(918 )	(2,271 )
Income taxes associated with components of other comprehensive income		
Income taxes associated with cash flow hedges in other comprehensive income	90	749
Income taxes associated with components of other comprehensive income	90	749
Other comprehensive income	(828 )	(1,522 )
Total comprehensive income	151,830	150,232
Comprehensive income attributable to		
Owners of the Parent	150,962	148,444
Non-controlling interests	868	1,788
Total comprehensive income	151,830	150,232

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 12

Tel: (56 2) 2425 2000

www.sqm.com

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

Statements of cash flows	Note	3/31/2013 ThUS\$	3/31/2012 ThUS\$
Cash flows from (used in) operating activities			
Types of receipts from operating activities			
Cash receipts from sales of goods and rendering of services		577,516	484,030
Other cash receipts from operating activities		-	-
Types of payments			
Cash payments to suppliers for the provision of goods and services		(377,403 )	(344,480 )
Cash payments to and on behalf of employees		(9,389 )	(10,047 )
Other payments related to operating activities		(3,280 )	(1,371 )
Dividends paid		-	-
Dividends received		7,513	3,675
Interest paid		(15,459 )	(10,238 )
Interest received		4,371	5,537
Reimbursed (paid) income taxes		(46,389 )	(24,621 )
Other cash receipts (payments)		-	-
Net cash generated from (used in) operating activities		137,480	102,485
Cash flows from (used in) investing activities			
Cash receipts from the loss of control of subsidiaries and other businesses		-	961
Other cash payments made to acquire interests in joint ventures		-	(197 )
Loans granted to related parties		-	-
Proceeds from the sale of property, plant and equipment		412	162
Acquisition of property, plant and equipment		(105,913 )	(70,277 )
Cash advances and loans granted to third parties		189	(413 )
Other cash receipts (payments)		(126,194 )	(28,829 )
Net cash generated from (used in) investing activities		(231,506 )	(98,593 )

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 13

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

	Note	3/31/2013 ThUS\$	3/31/2012 ThUS\$
Cash flows from (used in) financing activities			
Proceeds from issue of capital instruments		-	-
Proceeds from long-term borrowings		60,000	60,000
Proceeds from short-term borrowings			
Total proceeds from borrowings		60,000	60,000
Repayment of borrowings		(60,000 )	(60,000 )
Dividends paid		-	-
Other cash receipts (payments)		(3 )	(58 )
Net cash generated from (used in) financing activities		(3 )	(58 )
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate		(94,029 )	3,834
Effects of exchange rate fluctuations on cash held		(1,594 )	326
Net (decrease) increase in cash and cash equivalents		(95,623 )	4,160
Cash and cash equivalents at beginning of period		324,353	444,992
Cash and cash equivalents at end of period		228,730	449,152

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 14

Tel: (56 2) 2425 2000

www.sqm.com

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

## STATEMENTS OF CHANGES IN EQUITY

	Actuarial						Equity			
	Share capital	Foreign currency translation differences reserves	Cash flow hedge reserves	gains (losses) from defined benefit plans	Other miscellaneous reserves	Other reserves	Retained earnings	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							-	-	-	-

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 15

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

## STATEMENTS OF CHANGES IN EQUITY

	Share capital	Foreign currency translation differences reserves	Cash flow hedging reserves	Actuarial	Other miscellaneous reserves	Other reserves	Retained earnings	Equity		
				gains (losses) from defined benefit plans				attributable to owners of the Parent	Non-controlling interests	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the year	477,386	(1,251)	(10,230)	(2,954)	(1,677)	(16,112)	1,351,560	1,812,834	51,546	1,864,380
Restated opening balance of equity	477,386	(1,251)	(10,230)	(2,954)	(1,677)	(16,112)	1,351,560	1,812,834	51,546	1,864,380
Profit for the year							150,029	150,029	1,725	151,754
Other comprehensive income		1,374	(2,959)			(1,585)		(1,585)	63	(1,522)
Comprehensive income		1,374	(2,959)	-	-	(1,585)	150,029	148,444	1,788	150,232
Dividends										
Increase (decrease) in transfers and other changes										

Increase (decrease) in equity	-	1,374	(2,959 )	-	-	(1,585 )	150,029	148,444	1,788	150,232
Equity as of March 31, 2012	477,386	123	(13,189)	(2,954)	(1,677)	(17,697)	1,501,589	1,961,278	53,334	2,014,612

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

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 16  
Tel: (56 2) 2425 2000  
www.sqm.com

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

Notes to the Consolidated Financial

Statements as of March 31, 2013

Sociedad Química y Minera de Chile S.A.

and Subsidiaries

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 17

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**Note 1 – Identification and Activities of the Company and Subsidiaries**

**1.1 Historical background**

Sociedad Química y Minera de Chile S.A. "SQM" is an 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 2 425-2000.

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, Former Florencia office w/n - Sierra Gorda, 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, Pampa Yumbes w/n - Tal-tal.

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 18

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

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

From our caliche ore deposits, 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 nutrients:** 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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 19

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

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

**Industrial Chemicals:** Industrial chemicals are products used as supplies for a 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, 2013 and 2012, staff was detailed as follows:

	3/31/2013	3/31/2012
Permanent staff	5,647	5,643

**SQM S.A.** 20  
Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 1.5 Other background, continued

## Main shareholders

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

Shareholder as of March 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
Inversiones El Boldo Limitada	44,751,196	31.33	% 17,571,676	14.60	% 23.68
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,758,830	31.34	% 12,241,799	10.17	% 21.66
The Bank of New York	-	-	43,502,932	36.14	% 16.53
Inversiones RAC Chile Limitada	19,200,242	13.44	% 2,699,773	2.24	% 8.32
Potasios de Chile S.A.(*)	18,179,147	12.73	% -	-	6.91
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16	% -	-	3.34
Banco Itau on behalf of investors	-	-	4,624,164	3.84	% 1.76
Inversiones La Esperanza Limitada	3,693,977	2.59	% -	-	1.40
Banco Santander on behalf of foreign investors	-	-	3,554,224	2.95	% 1.35
Banco de Chile on behalf of non-resident third parties	-	-	3,265,360	2.71	% 1.24

(\* ) Total Pampa Group 31.91 %

Shareholder as of December 31, 2012	No. of Series A with ownership	% of Series A shares	No. of Series B with ownership	% of Series B shares	% of total shares
Inversiones El Boldo Limitada	44,751,196	31.33	% 17,571,676	14.60	% 23.68

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Sociedad de Inversiones Pampa Calichera S.A.(*)	44,558,830	31.20	%	9,003,799	7.48	%	20.35	%
The Bank of New York	-	-		46,559,106	38.68	%	17.69	%
Inversiones RAC Chile Limitada	19,200,242	13.44	%	2,699,773	2.24	%	8.32	%
Potasios de Chile S.A.(*)	17,919,147	12.55	%	-	-		6.81	%
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16	%	-	-		3.34	%
Banco Itau on behalf of investors	-	-		4,579,293	3.80	%	1.74	%
Inversiones La Esperanza Limitada	3,693,977	2.59	%	-	-		1.40	%
Banco Santander on behalf of foreign investors	-	-		3,238,105	2.69	%	1.23	%
Banco de Chile on behalf of non-resident third parties	-	-		3,082,612	2.56	%	1.17	%

**(\*) Total Pampa Group 30.50%**

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 21  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**2.1 Accounting period**

These consolidated financial statements cover the following periods

- Consolidated Statements of Financial Position for the periods ended March 31, 2013 and December 31, 2012
  - Consolidated Statements of Changes in Equity for the periods ended March 31, 2013 and 2012.
- Consolidated Statements of Comprehensive Income for the periods between January and March 31, 2013 and 2012.
  - Statements of Cash Flows – Indirect method for the periods ended March 31, 2013 and 2012.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 22  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**2.2 Financial statements**

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

These interim 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.

**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 financial liabilities at amortized cost;
- financial derivatives at fair value; and
- staff severance indemnities and pension commitments at actuarial value.

**SQM S.A.** 23  
Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**2.4 Accounting pronouncements**

**Accounting pronouncements**

At the date of these consolidated financial statements, the following accounting pronouncements had been issued by the IASB but its application date is not effective.

Standards and interpretations	Mandatory for the years beginning on
IAS 19 Revised "Employee Benefits"	
Issued in June 2011, supersedes IAS 19 (1998). This revised standard amends the recognition and measurement of defined benefit plan expenses and termination benefits. Additionally, it includes amendments to disclosures of all employee benefits.	01/01/2013
IAS 27 "Separate Financial Statements"	
Issued in May 2011, supersedes IAS 27 (2008). The scope of this standard is restricted from this change solely to separate financial statements, given that the aspects linked to the definition of control and consolidation were removed and included in IFRS 10. Its early adoption is allowed together with IFRS 10, IFRS 11 and IFRS 12 and the amendment to IAS 28.	01/01/2013
IFRS 9 "Financial Instruments"	
Issued in December 2009, amends the classification and measurement of financial assets.	
Subsequently, this standard was amended in November 2010 to include the treatment and classification of financial liabilities. Its early adoption is permitted.	01/01/2015
IFRS 10 "Consolidated Financial Statements"	01/01/2013
Issued in May 2011, supersedes SIC 12 "Consolidation – Special Purpose Entities" and the focus on the control and consolidation of IAS 27 "Consolidated Financial Statements". It establishes clarifications and new parameters for the definition of control, as well as the preparation of consolidated financial statements. Its early adoption is permitted together with IFRS 11, IFRS 12 and amendments to IAS 27 and IAS 28.	

NIIF 11 “Joint Arrangements”

Issued in May 2011, supersedes IAS 31 “Interests in Joint Ventures” and SIC 13 “Joint Controlled Entities”. Provides a more realistic reflection of joint agreements focusing on the rights and obligations arising from agreements ore than their legal form. Its amendments include the elimination of the concept of jointly-controlled assets and the possibility of proportional consolidation of entities under common control. Its early adoption is permitted together with IFRS 10, IFRS 12 and amendments to IAS 27 and IAS 28.

01/01/2013

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 24

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**2.4 Accounting pronouncements, continued**

Standards and interpretations	Mandatory for the years beginning on
IFRS 12 “Disclosure of Interests in Other Entities”	01/01/2013
Issued in May 2011, gathers in solely one standard all the disclosure requirements in the financial statements related to interests in other entities, Esther classified as subsidiaries, associates or joint operations. It is applicable to all entities with investments in subsidiaries, joint ventures and associates. Its early adoption is permitted together with IFRS 10, IFRS 11 and amendments to IAS 27 and IAS 28	
IFRS 13 “Fair Value Measurement”	01/01/2013
Issued in May 2011, gathers in one single standard the method for measuring fair value of assets and liabilities and disclosures required for this purpose and incorporates new concepts and clarifications for measurement.	
Amendments and improvements	Mandatory for the years beginning on
IAS 1 “Presentation of Financial Statements”	01/07/2012
Issued in June 2011, the main amendment is that it requires that items in Other Comprehensive Income must be classified and grouped by assessing whether they will be reclassified to profit or loss in subsequent periods. Its early adoption is permitted.	
IFRS 7 “Financial Instruments: Disclosures”	01/01/2013
Issued in December 2011, requires improving the current disclosures of offsetting financial assets and financial liabilities with the aim of increasing convergence between IFRS and US GAAP. These disclosures are focused on quantitative information on financial instruments recognized which are offset in the Statement of Financial Position. Its early adoption is permitted.	

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 25

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**2.4 Accounting pronouncements, continued**

Amendments and improvements

Mandatory  
for the  
years  
beginning  
on

*IAS 32 “Financial Instruments” Presentation”*

Issued in December 2011. It clarifies the requirements for offsetting financial assets and financial liabilities in the Statement of Financial Position. Particularly, it indicates that the offsetting right should be available at the financial statement date and not depending on a future development. It also indicates that it must be legally binding for the counterparties both during the normal course of the business operations, as well as in the event of default, insolvency or bankruptcy. Its early adoption is permitted.

01/01/2014

*Improvements to International Financial Reporting Standards*

issued in May 2012.

IAS 16 “Property, Plant and Equipment” – This clarifies that spare-parts and service equipment will be classified as Property, plant and equipment more than as inventories when it meets the Property, plant and equipment definition.

01/01/2013

IAS 32 “Financial Instruments: Presentation” – This clarifies the treatment of income taxes related to distributions and transaction costs.

IAS 34 “Interim Financial Reporting” – This clarifies the asset and liability exposure requirements by segments in interim periods, ratifying the same requirements applicable to the annual financial statements.

*IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities.”*

01/01/2013

Issued in June 2012. This clarifies the transitional provisions for IFRS 10, indicating that their application is required on the first day of the period in which the Standard is adopted. Accordingly, it might be necessary that amendments be made to comparatives presented in that period, if the assessment of the control on investments differs from that recognized in accordance with IAS 27/SIC 12.

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 26

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**2.5 Basis of consolidation**

**(a) Subsidiaries**

Subsidiaries are all those entities on which Sociedad Química y Minera de Chile S.A. has the control to lead the financial and operating policies, which, in general, is accompanied by participation greater than half the voting rights. Subsidiaries are consolidated from the date in which control is transferred to the Company and are excluded from consolidation on the date in which this control ceases to exist. Subsidiaries apply the same accounting policies that its Parent.

In order to recognize the acquisition of an investment, the Company uses the acquisition method. Under this method, the acquisition cost is the fair value of assets delivered, of equity instruments issued and of liabilities incurred or assumed at the exchange date plus costs directly attributable to acquisition. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are initially stated at their fair value at the acquisition date. For each business combination, the acquirer measures the non-controlling interests in the acquiree at fair value or as a proportional part of the acquiree's net identifiable assets.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 27  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 2.6 Basis of consolidation, continued

## Companies included in consolidation:

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest			12/31/2012 Total
				3/31/2013 Direct	3/31/2013 Indirect	3/31/2013 Total	
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM North America Corp.	USA	US\$	40.0000	60.0000	100.0000	100.0000
Foreign	SQM Europe N.V.	Belgium	US\$	0.8600	99.1400	100.0000	100.0000
Foreign	Soquimich S.R.L. Argentina	Argentina	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Soquimich European Holding B.V.	Netherlands	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Corporation N.V.	Dutch Antilles	US\$	0.0002	99.9998	100.0000	100.0000
Foreign	SQI Corporation N.V.	Dutch Antilles	US\$	0.0159	99.9841	100.0000	100.0000
Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	0.0013	99.9987	100.0000	100.0000
Foreign	North American Trading Company	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	SQM Brasil Limitada	Brazil	US\$	2.7900	97.2100	100.0000	100.0000

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

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 A.V.V.	Aruba	US\$	98.3333	1.6667	100.0000	100.0000
Foreign	SQM Indonesia S.A.	Indonesia	US\$	0.0000	80.0000	80.0000	80.0000
Foreign	SQM Virginia L.L.C.	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Italia SRL	Italy	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Comercial Caimán Internacional S.A.	Panama	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Africa Pty.	South Africa	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Lithium Specialties LLC	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Iberian S.A.	Spain	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Iodine Minera B.V.	Netherlands	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

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 28  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 2.6 Basis of consolidation, continued

## Companies included in consolidation:

TAX ID No.	Domestic subsidiaries	Country of origin	Functional currency	Ownership interest		12/31/2012	
				3/31/2013		Total	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	99.9974	99.9974
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. Servicios Integrales de	Chile	Ch\$	1.0000	99.0000	100.0000	100.0000
79.770.780-5	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
78.602.530-3	Minera Nueva Victoria Ltda.(b)	Chile	US\$	0.0000	0.0000	0.0000	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

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

(b) On November 30, 2012, Minera Nueva Victoria Ltda. merged with SQM Potasio S.A. and was absorbed by it.

Subsidiaries are consolidated on a line by line basis by including in the consolidated financial statements all of their assets, liabilities, revenues, expenses and cash flows upon making the respective adjustments and eliminations of intragroup operations.

The results from subsidiary companies acquired or disposed of during the year are included in consolidated statement of income accounts from the effective date of acquisition or up to the effective date of disposal, as applicable.

Non-controlling interests represent the portion of subsidiary net assets and operating results not owned directly or indirectly by the parent.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 29

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**2.7 Significant accounting judgments, estimates and assumptions**

The information contained in these consolidated financial statements is the responsibility of the Company's management, who expressly indicate that they have applied all the principles and criteria included in IFRS, issued by the IASB.

In the accompanying consolidated financial statements, judgments and estimates have been made by management to quantify certain assets, liabilities, revenues, expenses and commitments recorded and or disclosed therein. Basically, these estimates refer to the following:

- The useful lives of tangible and intangible assets and their residual values.
- Impairment evaluations of certain assets, including trade receivables.
- Assumptions used for the actuarial calculation of commitments for employee pensions and staff severance indemnities.
- Provisions for commitments assumed with third parties and contingent liabilities.
- Inventory provisions based on technical studies which cover the different variables affecting products in stock (density, humidity, among others) and allowances on slow-moving spare parts in inventory.
- Future costs for the closure of mining facilities.
- The determination of the fair value of certain financial and non-financial assets and derivative instruments.
- The determination and allocation of fair values in business combinations.

Although these estimates have been made considering information available as of the date of preparation of these consolidated financial statements, it is possible that events that may occur in the future could make their modification necessary in future years. Changes would be recorded prospectively, recognizing the effects of the change in estimates in the respective future consolidated financial statements.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 30  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**Note 3 - Significant accounting policies**

**3.1 Classification of balances as current and non-current**

In the attached consolidated statement of financial position, balances are classified in consideration of their remaining 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, 2013 and December 31, 2012 have been translated to U.S. dollars at the exchange rates prevailing at those dates. The corresponding Chilean pesos were converted at Ch\$472.03 per US\$1.00 as of March 31, 2013, and Ch\$479.96 per US\$1.00 as of December 31, 2012.

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

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, 2013 amounted to Ch\$22,869.38 (US\$48.45), and as of December 31, 2012 amounted to Ch\$22,840.75 (US\$47.59).

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 31

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 3 - Significant accounting policies (continued)****3.3 Foreign currency translation, continued****(b) Foreign entities:**

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

- Assets and liabilities using the exchange rate 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:

	3/31/2013	12/31/2012
	US\$	US\$
Brazilian real	2.01	2.04
New Peruvian sol	2.59	2.75
Argentine peso	5.10	4.92
Japanese yen	94.05	86.58
Euro	0.78	0.76
Mexican peso	12.36	12.99
Australian dollar	9.96	1.05
Pound Sterling	0.66	0.62
South African rand	9.23	8.47
Ecuadorian dollar	1.00	1.00
Chilean peso	472.03	479.96
UF	48.45	47.59

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 32

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.3 Foreign currency translation, continued**

**(c) Transactions and balances**

Non-monetary transaction balances denominated in a currency other than the functional currency (U.S. dollar) are translated using the exchange rate in force for the functional currency at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate of the functional currency prevailing at the closing date of the consolidated statement of financial position. All differences are taken to the statement of income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These items are recognized in other comprehensive income upon the disposal of the investment, at which time they are recognized in the statement of income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**(d) Group entities**

The profit or loss, assets and liabilities of all those entities with a functional currency other than the presentation currency are translated to the presentation currency as follows:

Assets and liabilities are translated at the closing date exchange rate as of the date of the consolidated statement of financial position.

- Revenue and expenses in each profit or loss account are translated at average exchange rates.

All resulting foreign currency exchange differences are recognized as a component separate in the foreign currency translation difference reserve

In consolidation, foreign currency exchange differences which arise from the conversion of a net investment in foreign entities are taken to net equity (other reserves). At the disposal date, these exchange differences are recognized in the statement of comprehensive income as part of the loss or gain from the sale.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.4**

**Subsidiaries**

SQM S.A. establishes as basis the control exercised on subsidiaries to determine interest on these in the consolidated financial statements. The control consists of in the Company's ability to exercise power over the investee; exposure or rights, to validate returns for the involvement from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns.

The Company prepares its consolidated financial statements using uniform accounting policies for the entire Group, the consolidation of a subsidiary starts when the Company has control over such subsidiary and stops being included in consolidation when such control is lost.

The reporting dates of the subsidiaries and policies are similar for equivalent transactions and events under similar circumstances.

**3.5**

**Consolidated statement of cash flows**

Cash equivalents relate to short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to low risk of change in value, and expire in less than three months from the date of acquisition of the instrument.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents comprise the balance of cash and cash equivalents as defined previously.

The statement of cash flows includes cash movements performed during the year, determined using the indirect method.

**3.6**

**Financial assets**

The Company 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. As provided by IFRS 9, the Company and measure their financial assets initially at fair value plus transaction costs incurred and which are directly attributable to the acquisition of the underlying financial asset- Subsequently financial assets are measured at amortized cost or fair value.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 34

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.6 Financial assets, continued**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of assets is deemed to be impaired if and only if there is objective 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 an impairment loss, the loss event should have an impact on the estimate of future flows of the asset or group of financial assets.

**3.7 Financial liabilities**

The Company determines the classification of its financial liabilities at the time of initial recognition. As provided by IFRS 9, the Company measures their financial liabilities initially at fair value less transaction costs incurred and which are directly attributable to the issuance of the financial liability. Subsequently, financial liabilities are measured at fair value through profit or loss.

**3.8 Financial instruments at fair value through profit or loss**

The management will irrevocably determine at initial recognition, the designation of a financial instrument at fair value through profit or loss if doing so eliminates or significantly reduces an incoherence in the measurement or recognition, which would otherwise arise from the measurement of assets and liabilities or the recognition of gains and losses from such assets or liabilities on different bases.

**3.9 Financial instrument offsetting**

The Company offsets an asset and liability if and only if it currently has the legally enforceable right to set off amounts recognized and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**SQM S.A.**  
Los Militares 4290  
Las Condes, Santiago, Chile 35  
Tel: (56 2) 2425 2000  
www.sqm.com



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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 36

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.11 Derivative and hedging financial instruments, continued**

(a) Fair value hedge

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

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

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

(b) Cash flow hedges

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

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 37

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.22 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.

**3.23**

**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, 2013 and 2012, there are no embedded derivatives.

**3.24**

**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.

**3.25**

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 38

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.15 Lease, continued**

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

(b) Lease – Operating lease

Leases in which the lesser 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 (which is equivalent to their face value, discounting implicit interest for installment sales) 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 39

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

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.

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

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 annual average price method.

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.19 Investments in associates and joint ventures**

Interests in companies in which control is exercised together with another company (joint ventures) or in which the Company has significant influence (associated companies) are recorded using the equity method. Significant influence is assumed to exist when the Company has interest exceeding 20% of the investee's equity.

Under this method, the investment is recognized in the consolidated classified statement of financial position at cost plus changes subsequent to the acquisition in an amount proportional to the net associated company's equity using the ownership interest in the associate. The associated goodwill is included at the carrying value of the investee, and it is not subject to amortization. The debit or credit to profit or loss reflects the proportional amount in the associated companies' results for the reporting period.

Unrealized profit on transactions with associates and subsidiaries are eliminated in consolidation of the ownership percentage that the Company has on these entities. Unrealized losses are also eliminated unless the transaction provided evidence of loss from impairment of the assets transferred.

Changes in equity of the associates are recognized proportionally with a debit or credit to "Other reserves" and classified according to their origin.

The associated companies and the Company's reporting dates and policies are similar for equivalent transactions and events under similar circumstances.

In the event that significant influence is lost or the investment is sold or is available-for-sale, the equity value method is discontinued, suspending the recognition of proportional income.

If the resulting amount according to the equity method is negative, the Company's equity interest is reduced to zero in the consolidated financial statements, unless the Company has a contractual commitment to resolve the equity position. In this case, the respective provision for risks and expenses is recorded.

Dividends received in these companies are recorded by reducing the equity value and proportional profit or loss recognized in conformity with their interest, and are included in the consolidated statement of income under the caption "Equity in income (losses) of associates and joint ventures accounted for using the equity method".

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 41

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**3.20**

**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. The amount capitalized for this concept is ThUS\$4,602 as of March 31, 2013 and ThUS\$14,156 as of December 31, 2012.

**SQM S.A.** 42  
Los Militares 4290  
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

The Company maintains property rights and mining concessions from the Chilean State Government. Property rights are usually obtained without any initial cost (other than the payment of mining licenses and minor registration expenses) and when rights are obtained on these concessions, the Company retains them while it pays the related annual license fees. Such license fees, which are paid annually, are recorded as prepaid expenses and amortized over the following twelve-month period. Amounts attributable to mining concessions acquired from third parties, which are not from the Chilean State, are recorded at their acquisition cost in property, plant and equipment.

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 43

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

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

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

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

**3.24 Intangible assets**

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

**(a) Goodwill acquired**

Goodwill acquired represents the excess in acquisition cost on the fair value of the Company's ownership of the net identifiable assets of the subsidiary on the acquisition date. Goodwill acquired related to acquisitions of subsidiaries is included in goodwill, which is subject to impairment tests every time consolidated financial statements are issued and is stated at cost less accumulated impairment losses. Gains and losses related to the sale of an entity include the carrying value of goodwill related to the entity sold.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 44

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.24 Intangible assets, continued**

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

**3.25 Intangible assets other than goodwill**

(a) Water rights

Water rights acquired by the Company relate to water from natural sources and are recorded at acquisition cost. Given that these assets represent legal rights granted to the Company for a given period, these are 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.

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 45

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.26 Research and development expenses**

Research and development expenses are expensed in the period in which the disbursement is made, with the exception of property, plant and equipment acquired for use in research and development, which are recognized in the accounting under the respective item within property, plant and equipment.

**3.27 Prospecting expenses**

Those prospecting expenses associated with mineral reserves being exploited are included under Inventory and amortized according to the estimated mineral content reserves. Prospecting expenses associated with future mineral reserves are presented under other non-financial assets as and when minerals included in the future reserve have caliche ore-grade, which makes the mining property economically commercializable.

Those expenses incurred on mining properties in which the product has a low caliche ore-grade that is not economically commercializable, are directly charged to profit or loss.

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 46

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.28 Impairment of non-financial assets, continued**

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, 2013 and December 31, 2012, the Company is unaware of any indication of impairment with regard 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

**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.

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 47

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**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.

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 48

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.33 Other provisions, continued**

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.

The Company determines and recognizes the cost related to employee vacation on an accrual basis.

**3.11 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.

Actuarial losses and gains that may be generated by variations in previously defined obligations are directly recorded in profit or loss for the year.

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 13, 2013 and December 31, 2012.

The Company's subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation using a net salary progressive rate net of adjustments for inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 6.5% interest rate for 2012 and 2011. The net balance of this obligation is presented under the non-current provisions for employee benefits.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 49

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.16 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).

**3.17 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, the customer has total discretion on the distribution channel and the price at which products are sold 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 50

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.36 Revenue recognition, continued**

(b) Sales of services

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

(c) Interest income

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

(d) Income from dividends

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

**3.37 Finance income and finance costs**

Finance income is mainly composed of interest income in financial instruments such as 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 or qualifying assets.

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

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

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 51

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.38 Income tax and deferred taxes**

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

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

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

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 52

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**3.39 Segment reporting**

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**Note 4 - Financial risk management**

**4.1 Financial risk management policy**

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 54

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**4.2 Risk factors**

**4.2.1 Market risk**

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

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

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

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

Currently, the Company has a direct annual expense close to US\$130 million on account of petrol, gas and equivalents and close to US\$ 60 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\$19 million.

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 55

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**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\$ 440 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.

As of December 31, 2012, 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\$ 100.6 million. As of March 2013, this value amounts to US\$ 65.5 million, both in favor of SQM.

As of March 31, 2013, the Chilean peso to US dollar Exchange rate was Ch\$ 472.03 per US\$1.00, and as of December 31, 2012 it was Ch\$ 479.96 per US\$ 1.00.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 56  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**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, 2013, approximately 21% 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\$ 3.1 million. Notwithstanding, this effect is significantly counterbalanced by the returns of the Company's investments that also relate to LIBOR.

In addition, as of March 31, 2013, the Company's financial debt is mainly in the long-term, with 11% with maturities of less than 12 months which decreases the exposure to changes in the interest rates.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 57

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**4.2.5 Liquidity risk**

Liquidity risk is related to the fund requirements to comply with payment obligations. The object of the Company is to keep financial flexibility by 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, 2013, the Company had non-committed and available bank credit lines for working capital for a total of approximately US\$ 530 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 58

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**5.1 Changes in accounting estimates**

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

**5.2 Changes in accounting policies**

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

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 59

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Assets	4,147,095	3,908,259
Liabilities	(1,863,350)	(1,775,476)
Assets (liabilities)	2,283,745	2,132,783

**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 31.91% as of March 31, 2013 of the current total amount of shares issued, subscribed and fully-paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.08% 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 60

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

Tax ID No.	Name	Ownership interest %
96.511.530-7	Sociedad de Inversiones Pampa Calichera S.A.	21.66
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	31.91
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.	0.29
59.023.690-k	La Esperanza Delaware Corporation	0.09
	Total Kowa Group	2.08

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 61  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.4 General information on consolidated subsidiaries

As of March 31, 2013 and December 31, 2012 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\$	-	60.6381	60.6381
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 Av. Pdte.	Chile	Ch\$	1.0000	99.0000	100.0000
Ajay SQM Chile S.A.	96.592.180-K	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 4290 Las Condes	Chile	US\$	0.2691	99.7309	100.0000
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	76.534.490-5	Anibal Pinto 3228, Antofagasta	Chile	Ch\$	-	100.0000	100.0000
Soquimich Comercial S.A.	79.768.170-9	El Trovador 4285 Las Condes	Chile	US\$	-	60.6383	60.6383
Comercial Agrorama Ltda.	76.064.419-6	El Trovador 4285 Las Condes	Chile	Ch\$	-	42.4468	42.4468

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

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
SQM North América 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 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
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	Ecuador	US\$	0.0040	99.9960	100.0000
SQM Brasil Ltda.	Foreign	Al. Tocantis 75, 6° Andar, Conunto 608 Edif. West Gate, Alphaville Barureri, CEP 06455-020, Sao Paulo	Brazil	US\$	2.7900	97.2100	100.0000

**SQM S.A.** 62  
Los Militares 4290  
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.4 General information on consolidated subsidiaries

Subsidiary	Tax ID	Address	Country of incorporation	Functional Currency	Ownership interest		Total
					Direct	Indirect	
SQI Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Dutch Antilles	US\$	0.0159	99.9841	100.0000
SQMC Holding Corporation L.L.P.	Foreign		Aruba	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, Tokio	Japan	US\$	1.0000	99.0000	100.0000
SQM Europe N.V.	Foreign	Sint Pietersvliet 7 bus 8, 2000. Antwerp	Belgium	US\$	0.8600	99.1400	100.0000
SQM Italia SRL	Foreign	Via A. Meucci, 5 500 15 Grassina Firenze	Italy	US\$	-	100.0000	100.0000
SQM Indonesia S.A.	Foreign	Perumahan Bumi Dirgantara Permai, Jl Suryadarma Blok Aw No 15 Rt 01/09 17436 Jatisari Pondok Gede	Indonesia	US\$	-	80.0000	80.0000
North American Trading Company	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000
SQM Virginia LLC	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000
SQM Comercial de México S.A. de C.V.	Foreign	Calle Industria Eléctrica s/n Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomulco de Zuñiga, Jalisco	Mexico	US\$	0.0013	99.9987	100.0000
SQM Investment Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Dutch Antilles	US\$	1.0000	99.0000	100.0000
Royal Seed Trading Corporation A.V.V.	Foreign	Caya Ernesto O. Petronia 17, Oranjestad	Aruba	US\$	1.6700	98.3300	100.0000
SQM Lithium Specialties LLP	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000
	Foreign		Argentina	US\$	-	100.0000	100.0000

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Soquimich SRL Argentina Comercial Caimán Internacional S.A.		Espejo 65 Oficina 6 – 5500 Mendoza						
	Foreign	Edificio Plaza Bancomer Calle 50	Panama	US\$	-	100.0000	100.0000	
SQM France S.A.	Foreign	ZAC des Pommiers 27930 FAUVILLE	France	US\$	-	100.0000	100.0000	
Administración y Servicios Santiago S.A. de C.V.	Foreign	Calle Industria Eléctrica s/n Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomalco de Zuñiga, Jalisco	Mexico	US\$	-	100.0000	100.0000	
SQM Nitratos México S.A. de C.V.	Foreign	Calle Industria Eléctrica s/n Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomalco de Zuñiga, Jalisco	Mexico	US\$	-	51.0000	51.0000	

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 63  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.4 General information on consolidated subsidiaries

Subsidiary	Tax ID	Address	Country of incorporation	Functional currency	Ownership interest		
					Direct	Indirect	Total
Soquimich European Holding B.V.	Foreign	Loacalellikade 1 Parnassustoren 1076 AZ Amsterdam	Netherlands	US\$	-	100,0000	100,0000
SQM Iberian S.A	Foreign	Provenza 251 Principal 1a CP 08008, Barcelona	Spain	US\$	-	100,0000	100,0000
Iodine Minera B.V.	Foreign	Loacalellikade 1 Parnassustoren 1076 AZ Amsterdam	Netherlands	US\$	-	100,0000	100,0000
SQM Africa Pty Ltd.	Foreign	Tramore House, 3 Wterford Office Park, Waterford Drive, 2191 Fourways, Johannesburg	South Africa	US\$	-	100,0000	100,0000
SQM Oceania Pty Ltd.	Foreign	Level 9, 50 Park Streer, 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 Nl 16 Yong An Dong Li, Jian Wai Ave Beijing 100022, P.R.	China	US\$	-	100,0000	100,0000

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 64  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.5 Information attributable to non-controlling interests

Subsidiary	% of interests in the ownership held by non-controlling interests	Profit (loss) attributable to non-controlling interests				Dividends paid to non-controlling interests		
		3/31/2013 ThUS\$	3/31/2012 ThUS\$	3/31/2013 ThUS\$	3/31/2012 ThUS\$	3/31/2013 ThUS\$	3/31/2012 ThUS\$	
Proinsa Ltda.	0.1	%						
SQM Potasio S.A.	0.0000001	%	-	(2)	-	19	-	-
Ajay SQM Chile S.A.	49	%	(846)	(1,657)	10,664	10,047	-	-
SQM Indonesia S.A.	20	%	-	-	1	1	-	-
SQM Nitratos México S.A. de C.V.	49	%	(1)	(2)	5	7	-	-
Soquimich Comercial S.A.	39.3616784	%	(80)	(81)	44,565	42,864	-	-
Comercial Agrorama Ltda.	30	%	74	17	296	396	-	-
Agrorama S.A.	0.001	%	-	-	-	-	-	-
Total			(853)	(1,725)	55,531	53,334	-	-

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 65  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.6 Information on consolidated subsidiaries

3/31/2013

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
SQM Nitratos S.A.	690,375	123,146	581,054	15,685	60,798	16,105	-
Proinsa Ltda.	223	-	-	-	-	-	-
SQMC Internacional Ltda.	297	-	-	-	-	-	-
SQM Potasio S.A.	87,811	1,119,550	776	14,960	420	55,978	-
Serv. Integrales de Tránsito y Transf. S.A.	290,270	85,523	337,417	7,188	12,181	118	-
Isapre Norte Grande Ltda.	715	857	663	222	276	20	(4 )
Ajay SQM Chile S.A.	23,995	1,166	2,576	821	14,961	1,728	-
Almacenes y Depósitos Ltda.	404	55	-	-	-	(2 )	9
SQM Salar S.A.	788,432	937,133	403,593	117,319	195,477	58,086	-
SQM Industrial S.A.	1,364,177	773,161	1,118,712	75,649	272,098	25,664	-
Exploraciones Mineras S.A.	468	31,542	4,463	-	-	(14 )	-
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	850	157	230	646	228	(6 )	2
Soquimich Comercial S.A.	151,855	19,386	56,962	1,059	27,818	204	-
Comercial Agrorama Ltda.	16,960	1,733	17,576	132	2,358	(246 )	-
Comercial Hydro S.A.	7,983	175	149	67	27	73	-
Agrorama S.A.	14,923	142	15,076	56	2,340	(226 )	-
SQM North America Corp.	290,498	16,082	264,095	2,103	121,671	4,071	-
RS Agro Chemical.Trading A.V.V.	5,213	-	-	-	-	-	-
Nitratos Naturais do Chile Ltda.	3	286	5,051	-	-	(48 )	-

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 66  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.6 Information on consolidated subsidiaries, continued

3/31/2013

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	669	102,945	3,728	-	-	17,324	-
SQM Peru S.A.	756	6	1,247	-	-	(66 )	-
SQM Ecuador S.A.	17,200	94	15,827	36	8,581	76	-
SQM Brasil Ltda.	723	49	1,012	-	148	(21 )	-
SQI Corporation N.V.	-	20	62	-	-	-	-
SQMC Holding Corporation L.L.P.	10,377	15,619	1,579	-	-	1,478	-
SQM Japan Co. Ltd.	2,044	252	187	490	416	(146 )	-
SQM Europe N.V.	360,630	234	315,262	-	202,966	10,731	-
SQM Italia SRL	1,320	-	17	-	-	-	(39 )
SQM Indonesia S.A.	5	-	-	-	-	-	-
North American Trading Company	160	145	39	-	-	-	-
SQM Virginia LLC	14,829	14,375	14,829	-	-	-	-
SQM Comercial de México S.A. de C.V.	90,012	1,003	66,870	205	50,447	520	-

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 67  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.6 Information on consolidated subsidiaries, continued

3/31/2013

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income  (loss)
	Current	Non-current	Current	Non-current			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
SQM Investment Corporation N.V.	70,241	322	40,370	867	-	5,301	211
Royal Seed Trading Corporation A.V.V.	241,445	696	14,228	240,000	-	(1,269)	-
SQM Lithium Specialties LLP	15,781	3	1,264	-	-	-	-
Soquimich SRL Argentina	422	-	185	-	-	(9)	-
Comercial Caimán Internacional S.A.	294	-	1,161	-	-	(53)	-
SQM France S.A.	345	6	114	-	-	-	-
Administración y Servicios Santiago S.A. de C.V.	206	-	922	135	549	(91)	-
SQM Nitratos México S.A. de C.V.	27	4	16	4	32	-	-
Soquimich European Holding B.V.	73,950	122,172	103,924	-	-	16,766	(486)
SQM Iberian S.A	108,891	39	108,095	-	55,214	1,288	-
Iodine Minera B.V.	17,212	-	-	-	708	283	-
SQM Africa Pty Ltd.	77,098	172	67,130	-	16,131	3,319	-
SQM Oceania Pty Ltd.	6,006	-	2,036	-	810	167	(204)
SQM Agro India Pvt. Ltd.	7	-	5	-	-	(4)	-
SQM Beijing Commercial Co. Ltd.	9,463	114	5,995	-	5,588	223	-
Total	4,860,641	3,368,364	3,574,497	477,644	1,052,243	217,322	(511)

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 68  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.6 Information on consolidated subsidiaries, continued

Subsidiary	12/31/2012		Liabilities		3/31/2012		Comprehensive income (loss) ThUS\$
	Assets		Non-current		Revenue ThUS\$	Profit (loss) ThUS\$	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$			
SQM Nitratos S.A.	610,140	125,407	519,148	15,721	73,684	30,476	-
Proinsa Ltda.	220	1	-	-	-	-	-
SQMC Internacional Ltda.	292	-	-	-	-	-	-
SQM Potasio S.A.	19,134	1,130,587	1,013	13,293	-	58,507	-
Serv. Integrales de Tránsito y Transf. S.A.	272,955	84,635	319,214	7,308	9,576	14	-
Isapre Norte Grande Ltda.	786	742	672	201	992	14	27
Ajay SQM Chile S.A.	25,125	1,137	5,454	772	17,358	3,382	-
Almacenes y Depósitos Ltda.	398	54	1	-	-	(5 )	32
SQM Salar S.A.	700,153	911,055	315,982	148,687	212,440	83,537	-
SQM Industrial S.A.	1,273,599	714,896	997,339	73,112	240,975	(298 )	-
Minera Nueva Victoria Ltda.	-	-	-	-	3,684	883	-
Exploraciones Mineras S.A.	469	31,475	4,383	-	-	(52 )	-
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	890	148	362	540	561	6	7
Soquimich Comercial S.A.	167,089	19,373	72,651	819	33,192	207	62
Comercial Agrorama Ltda.	15,515	1,693	15,868	128	2,062	(56 )	-
Comercial Hydro S.A.	7,882	218	135	95	28	96	-
Agrorama S.A.	14,086	164	14,039	54	185	(108 )	-
SQM North America Corp.	303,666	16,070	281,313	2,190	96,372	3,944	-
RS Agro Chemical.Trading A.V.V.	5,214	-	-	-	-	-	-
Nitratos Naturais do Chile Ltda.	8	282	5,005	-	-	(68 )	-
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	669	86,348	3,724	-	-	(19,925 )	-
SQM Peru S.A.	867	37	1,215	-	151	(85 )	-
SQM Ecuador S.A.	19,321	99	18,029	35	5,618	(4 )	-
SQM Brasil Ltda.	672	51	942	-	357	(1 )	-
SQI Corporation N.V.	-	17	43	-	-	(4 )	-
SQMC Holding Corporation L.L.P.	5,685	18,912	1,657	-	-	(1,721 )	-

**SQM S.A.** 69  
Los Militares 4290  
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 6.6 Information on consolidated subsidiaries, continued

Subsidiary	12/31/2012		Liabilities		3/31/2012		Comprehensive income (loss) ThUS\$	
	Assets		Current		Revenue			Profit (loss) ThUS\$
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$	Revenue ThUS\$	Profit (loss) ThUS\$		
SQM Japan Co. Ltd.	2,190	286	166	544	235	(212 )	-	
SQM Europe N.V.	391,321	269	356,718	-	241,939	(22,269 )	-	
SQM Italia SRL	1,360	-	17	-	-	-	-	
SQM Indonesia S.A.	5	-	1	-	-	-	-	
North American Trading Company	160	145	39	-	-	-	-	
SQM Virginia LLC	14,829	14,375	14,829	-	-	-	-	
SQM Comercial de México S.A. de C.V.	77,811	1,280	55,509	163	56,343	419	-	
SQM Investment Corporation N.V.	63,933	331	39,426	813	3,500	(8,150 )	40	
Royal Seed Trading Corporation A.V.V.	241,921	786	13,736	240,000	-	1,193	-	
SQM Lithium Specialties LLP	15,782	3	1,264	-	-	-	-	
Soquimich SRL Argentina	422	-	176	-	-	(11 )	-	
Comercial Caimán Internacional S.A.	333	-	1,147	-	-	11	-	
SQM France S.A.	345	6	114	-	-	-	-	
Administración y Servicios Santiago S.A. de C.V.	50	-	683	128	(7 )	(125 )	-	
SQM Nitratos México S.A. de C.V.	29	4	19	4	3	3	-	
Soquimich European Holding B.V.	70,432	108,680	102,950	-	-	(20,561 )	1,100	
SQM Iberian S.A	81,420	9	81,883	-	30,223	53	-	
Iodine Minera B.V.	16,929	-	1	-	656	1,279	-	
SQM Africa Pty Ltd.	97,915	212	91,369	-	19,469	(2,986 )	-	
SQM Oceania Pty Ltd.	5,621	-	1,613	-	915	132	-	
SQM Agro India Pvt. Ltd.	17	-	11	-	-	(12 )	-	
SQM Beijing Commercial Co. Ltd.	3,512	123	1,779	-	3,855	1,073	-	
Total	4,536,248	3,269,910	3,341,639	504,607	1,054,366	108,576	1,268	

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**6.7 Detail of transactions between consolidated companies**

**a) Transactions conducted in 2013**

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

**Transactions conducted in 2012**

On November 30, 2012, SQM S.A. transferred and made a capital contribution of the 99% of the ownership interest in Minera Nueva Victoria Limitada to SQM Potasio S.A.; therefore, SQM Potasio S.A. obtains 100% of the ownership. As a result of the above, Minera Nueva Victoria Limitada merged into SQM Potasio S.A., which generates the dissolution of Minera Nueva Victoria Limitada.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 71  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 7 - Cash and cash equivalents****7.1 Types of cash and cash equivalents**

As of March 31, 2013 and December 31, 2012, cash and cash equivalents are detailed as follows:

a) Cash	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Cash on hand	96	90
Cash in banks	44,850	41,541
Other demand deposits	5,260	833
Total cash	50,206	42,464
b) Cash equivalents	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Short-term deposits, classified as cash equivalents	60,284	139,943
Short-term investments, classified as cash equivalents	118,240	141,946
Total cash equivalents	178,524	281,889
Total cash and cash equivalents	228,730	324,353

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 72

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 7 - Cash and cash equivalents (continued)****7.2 Short-term investments, classified as cash equivalents**

As of March 31, 2013 and December 31, 2012, short-term investments, classified as cash and cash equivalents relate to mutual funds (investment liquidity funds) for investments in:

Institution	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Legg Mason - Western Asset Institutional Cash Reserves	40,537	47,408
BlackRock - Institutional US Dollar Liquidity Fund	38,699	47,490
JP Morgan US dollar Liquidity Fund Institutional	39,004	47,048
Total	118,240	141,946

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, 2013 and December 31, 2012, information on cash and cash equivalents by currency is detailed as follows:

Original currency	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Chilean Peso (*)	19,058	76,712
U.S. dollar	193,035	234,181
Euro	6,343	3,601
Mexican Peso	312	720
South African Rand	8,063	7,421
Japanese Yen	1,588	1,369
Peruvian Sol	65	75
Brazilian Real	48	20
Chinese Yuan	135	181
Swedish krona	64	-
Indian rupee	5	5

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Pound sterling	14	68
Total	228,730	324,353

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 73

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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, 2013 and December 31, 2012, the Company has no significant cash balances with any type of restriction.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 74

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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	Start date	Expiration date	Principal ThUS\$	Interest accrued to-date ThUS\$	3/31/2013 ThUS\$	12/31/2012 MUS\$
Banco Crédito e Inversiones	Fixed term	Ch\$	-	-	-	-	-	-	37,725
Banco Santander-Santiago	Fixed term	US\$	0.85	1/24/2013	4/9/2013	10,005	15	10,020	36,946
Banco Santander-Santiago	Fixed term	US\$	0.62	2/7/2013	4/25/2013	8,021	6	8,027	-
Banco Santander-Santiago	Fixed term	Ch\$	0.49	1/18/2013	4/18/2013	14,987	169	15,156	-
Banco Security	Fixed term	US\$	-	-	-	-	-	-	3,501
Citibank New – York	Overnight	US\$	0.00	3/31/2013	4/1/2013	3,323	-	3,323	51,770
Citibank New – York	Overnight	US\$	0.01	3/31/2013	4/1/2013	476	-	476	-
Citibank New – York	Overnight	US\$	0.01	3/29/2013	4/1/2013	321	-	321	-
Corpbanca	Fixed term	US\$	0.62	2/8/2013	4/25/2013	12,900	11	12,911	9,999
Corpbanca	Fixed term	US\$	0.50	3/28/2013	5/10/2013	10,048	-	10,048	-
IDBI Bank	Fixed term	Indian rupee	-	3/31/2012	6/28/2013	2	-	2	2
Total								60,284	139,943

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 75

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 8 - Inventories**

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

Type of inventory	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Raw material reserves	8,478	8,675
Supplies for production reserves	39,562	37,919
Products-in-progress reserves	415,118	411,039
Finished product reserves	428,032	438,603
Total	891,190	896,236

Inventory reserves recognized as of March 31, 2013 amount to ThUS\$75,058, and ThUS\$72,687 as of December 31, 2012. 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, 2013, the sum registered as cost of sale related to inventory in the statement of income amounts to ThUS\$337,281 and to ThUS\$216,951 as of March 31, 2012.

The breakdown of inventory reserves is detailed as follows:

Type of inventory	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Raw material reserves	93	93
Supplies for production reserves	500	500
Products-in-progress reserves	49,905	46,635
Finished product reserves	24,560	25,459
Total	75,058	72,687

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 76

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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, 2013, 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 Global Mining Investments (Chile) S.A., collectively the Pampa Group, are the owners of a number of shares that are equivalent to 31.91% as of March 31, 2013 of the current total amount of shares issued, subscribed and fully-paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.08% 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.

**SQM S.A.** 77  
Los Militares 4290  
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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.	21.66
96.863.960-9	Inversiones Global Mining (Chile) S.A.	3.34
76.165.311-5	Potasios de Chile S.A.	6.91
	Total Pampa Group	31.91
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.	0.29
59.023.690-k	La Esperanza Delaware Corporation	0.09
	Total Kowa Group	2.08

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

As of March 31, 2013 and December 31, 2012, 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

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

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 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 Venezuela S.A.	Venezuela	US\$	Subsidiary

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 78  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****9.4 Detailed identification of the link between the Parent and subsidiary (continued)****9.4 Detailed identification of the link between the Parent and subsidiary, continued**

As of March 31, 2013 and December 31, 2012, 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	SQM Italia SRL	Italy	US\$	Subsidiary
Foreign	Comercial Caiman Internacional S.A.	Cayman Islands	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	Iodine Minera B.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Agro India Pvt. Ltd.	India	US\$	Subsidiary
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	Subsidiary
96.801.610-5	Comercial Hydro S.A.	Chile	US\$	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
78.602.530-3	Minera Nueva Victoria Ltda.(b)	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
77.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean peso	Associate
Foreign	Abu Dhabi Fertilizer Industries WWL	Arabia	Arab Emirates dirham	Associate
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish lira	Associate
Foreign	Ajay North America	United States	US\$	Associate

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Foreign	Ajay Europe SARL	France	Euro	Associate
Foreign	SQM Eastmed Turkey	Turkey	Euro	Associate
Foreign	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	Kowa Company Ltd.	Japan	US\$	Parent
96.511.530-7	Sociedad de Inversiones Pampa Calichera	Chile	US\$	Parent
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

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 79  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 9 - Related party disclosures (continued)****9.4 Detailed identification of the link between the Parent and subsidiary, continued**

<b>Tax ID No.</b>	<b>Name</b>	<b>Country of origin</b>	<b>Functional currency</b>	<b>Nature</b>
Foreign	SQM Vitas Southern Africa Pty.	South Africa	US\$	Joint control or significant influence
Foreign	Misr Speciality Fertilizers (a)	Egypt	Egyptian pound	Associate

(a) On November 30, 2012 Minera Nueva Victoria Ltda. merged with SQM Potasio S.A., being absorbed by the latter.

**9.5 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, 2013 and December 31, 2012, 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, 2013 and December 31, 2012, the detail of transactions with related parties is as follows:

<b>Tax ID No.</b>	<b>Company</b>	<b>Nature</b>	<b>Country of origin</b>	<b>Transaction</b>	<b>3/31/2013 ThUS\$</b>	<b>12/31/2012 ThUS\$</b>
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Sale of products	5,552	9,587
Foreign	Ajay Europe S.A.R.L.	Associate	France	Sale of products	10,863	37,232
Foreign	Ajay Europe S.A.R.L.	Associate	France	Dividends	4,892	3,564

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Foreign	Ajay North America LLC.	Associate	United States	Sale of products	11,584	42,081
Foreign	Ajay North America LLC.	Associate	United States	Dividends	5,219	10,175
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Sale of products	2,590	6,285
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Dividends	-	525
Foreign	SQM Thailand Co.Ltd.	Associate	Thailand	Sale of products	27	10,203
Foreign	SQM Thailand Co.Ltd.	Associate	Thailand	Dividends	-	11
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Sale of products	312	1,472

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 80

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 9 - Related party disclosures (continued)

## 9.5 Detail of related parties and transactions with related parties, continued

Tax ID No.	Company	Nature	Country of origin	Transaction	3/31/2013 ThUS\$	12/31/2012 ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Dividends	-	1,052
Foreign	Kowa Company Ltd.	Other related parties	Japan	Sale of products	12,699	123,581
Foreign	SQM Vitas Brasil Agroindustria	Joint control or significant influence	Brazil	Sale of products	13,960	40,518
Foreign	SQM Vitas Peru S.A.C.	Joint control or significant influence	Peru	Sale of products	8,179	26,123
Foreign	SQM Vitas Southern Africa Pty.	Joint control or significant influence	South Africa	Sale of products	2,061	10,930
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Sale of products	-	120
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Sale of services	41	-
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Joint venture	China	Sale of products	19,633	-
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Joint venture	China	Sale of services	46	62
Foreign	Coromandel SQM	Joint venture	India	Sale of products	469	2,300
Foreign	SQM Star Qingdao Crop Nutrition Co., Ltd.	Joint venture	China	Sale of services	44	-

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 81  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 9 - Related party disclosures (continued)

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

Tax ID No.	Company	Nature	Country of origin	Currency	3/31/2013 ThUS\$	12/31/2012 ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Ch\$	116	303
Foreign	SQM Thailand Co. Ltd.	Associate	Thailand	US\$	4,403	6,098
Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	US\$	-	-
Foreign	Ajay Europe S.A.R.L.	Associate	France	Euro	5,736	4,775
Foreign	Ajay North America LLC.	Associate	United States	US\$	6,675	4,633
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Arab Emirates dirham	2,837	1,805
Foreign	Kowa Company Ltd.	Jointly controlled entity	Japan	US\$	21,178	29,929
96.511.530-7	Soc.de Inversiones Pampa Calichera	Jointly controlled entity	Chile	US\$	8	8
Foreign	SQM Star Qingdao Crop Nutrition Co., Ltd	Joint venture	China	US\$	-	27
Foreign	SQM Vitas Brasil Agroindustria	Joint venture	Brazil	US\$	32,364	27,903
Foreign	SQM Vitas Peru S.A.C.	Joint venture	Peru	US\$	21,974	18,143
Foreign	SQM Vitas Southern Africa PTY	Joint venture	South Africa	US\$	1,562	1,478
Foreign	Coromandel SQM Sichuan SQM Migao	Joint venture	India	Indian rupee	349	756
Foreign	Chemical Fertilizers Co Ltda.	Joint venture	China	US\$	4,000	4,000
79.049.778-9	Callegari Agrícola S.A.	Other related parties	Chile	Ch\$	845	844
Foreign	Coromandel Internacional	Other related parties	India	Indian rupee	701	670
Foreign	Vitas Roullier SAS	Other related parties	France	Euro	220	-
Total to-date					102,968	101,372

**SQM S.A.** 82  
Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 9 - Related party disclosures (continued)****9.7 Trade payables due to related parties, current:**

Tax ID No.	Company	Nature	Country of origin	Currency	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Foreign	SQM Vitas Fzco.	Joint ventures	United Arab Emirates	Arab Emirates dirham	237	19
Foreign	Doktor Tarsa Tarim Sanayi	Associate	Turkey	Turkish lira	71	-
Total as of to-date					308	19

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 83  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**9.8 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 28, 2011.

As of March 31, 2013, 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 50 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 2013.

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 0.04% of profit for the period effectively earned by the Company during fiscal years 2013 and 2012.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 84

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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, 2013 and 2012.

Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2013 amount to ThUS\$151 (ThUS\$ 3,973 as of December 31, 2012).

**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 2013 and 2012.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 85  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**9.8 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, 2013, the global compensation paid to the 121 main executives amounts to ThUS\$9,845 (ThUS\$32,888 as of December 31, 2012). 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, 2013 and the year ended December 31, 2012 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, 2013, the amount of operations with this Group is approximately ThUS\$3,733 (ThUS\$22,577 as of December 31, 2012).

**9.9 Key management personnel compensation**

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$

Key management personnel compensation 9,845 32,888

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 86

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 10 – Financial instruments**

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

**10.1 Types of other financial assets**

Description of other financial assets	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Other current financial assets (1)	370,355	244,161
Derivatives (2)	7,537	680
Hedging assets, current	40,691	71,262
Total other current financial assets	418,583	316,103
Other non-current financial assets	104	107
Hedging assets, non-current	24,833	29,385
Total other non-current financial assets	24,937	29,492

(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	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Banco Santander	90,178	41,691
BBVA	22,415	31,579
Banco de Crédito e Inversiones	140,118	82,145
Banco de Chile	32,426	42,992
Corpbanca	40,282	10,499
Banco Scotiabank	10,437	25,141
Banco Itaú	20,481	10,114
Banco Security	14,018	-
Total	370,355	244,161

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

	3/31/2013			12/31/2012		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables	591,262	-	591,262	490,770	-	490,770
Prepayments	15,905	-	15,905	14,046	-	14,046
Other receivables	3,450	1,194	4,644	5,800	1,311	7,111
Total trade and other receivables	610,617	1,194	611,811	510,616	1,311	511,927

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 87

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 10 – Financial instruments, (continued)

## 10.2 Trade and other receivables, continued

	3/31/2013			12/31/2012		
	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	611,005	(19,743 )	591,262	507,562	(16,792 )	490,770
Trade receivables, current	611,005	(19,743 )	591,262	507,562	(16,792 )	490,770
Prepayments, current	15,905	-	15,905	14,046	-	14,046
Other receivables, current	8,261	(4,811 )	3,450	7,801	(2,001 )	5,800
Current trade and other receivables	635,171	(24,554 )	610,617	529,409	(18,793 )	510,616
Other receivables, non-current	1,194	-	1,194	1,311	-	1,311
Non-current receivables	1,194	-	1,194	1,311	-	1,311
Total trade and other receivables	636,365	(24,554 )	611,811	530,720	(18,793 )	511,927

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 88  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013 and December 31, 2012, the detail of the unsecuritized portfolio is as follows:

03/31/2013

	Not overdue	1 - 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\$	ThUS\$
Number of customers, portfolio under no renegotiated terms	3,204	1,362	587	391	396	318	313	277	294	34,260	41,402
Portfolio under no renegotiated terms	529,642	49,007	10,410	1,436	1,079	84	6,081	572	872	11,822	611,005
Number of customers under renegotiated terms portfolio	-	-	-	-	-	-	-	-	-	-	-
Portfolio under renegotiated terms, gross	-	-	-	-	-	-	-	-	-	-	-

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Total gross portfolio	529,642	49,007	10,410	1,436	1,079	84	6,081	572	872	11,822	611,005
-----------------------	---------	--------	--------	-------	-------	----	-------	-----	-----	--------	---------

12/31/2012

	Not overdue	1 - 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\$	ThUS\$
Number of customers, portfolio under no renegotiated terms	2,666	2,241	545	409	367	308	325	279	311	33,724	41.175
Portfolio under no renegotiated terms	412,557	20,121	1,259	46,268	38	129	395	10,140	794	15,861	507.562
Number of customers under renegotiated terms portfolio	-	-	-	-	-	-	-	-	-	-	-
Portfolio under renegotiated terms, gross	-	-	-	-	-	-	-	-	-	-	-
Total gross portfolio	412,557	20,121	1,259	46,268	38	129	395	10,140	794	15,861	507.562

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 89  
 Tel: (56 2) 2425 2000  
 www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**Note 10 – Financial instruments, (continued)**

**10.2 Trade and other receivables, continued**

The detail of allowances is as follows:

Allowance and write-offs	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Allowance for portfolio under no renegotiated terms	24,635	20,191
Write-offs for the period	(81 )	(1,398 )
Total	24,554	18,793

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.

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 90  
 Tel: (56 2) 2425 2000  
 www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013, the face value of cash flows in Cross Currency Swap contracts agreed upon in US dollars amounted to ThUS\$560,434 and as of December 31, 2012 such contracts amounted to ThUS\$515,156.

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, 2013	65,524	(34,036 )	(18,870 )	3,774	(15,096 )
December 31, 2012	100,647	49,853	(18,419 )	3,684	(14,735 )
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, 2013	1,814	(146 )	(1,575 )	-	(1,575 )
December 31, 2012	1,879	27	(1,786 )	-	(1,786 )

The balances in the effect on profit or loss column consider the interim effects of the contracts in force as of March 31, 2013 and December 31, 2012.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 91  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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	71,841	UF	12/1/2026
G	33,673	Chilean peso	1/5/2014
H	191,638	UF	1/5/2018
I	56,041	UF	4/1/2014
J	92,440	Chilean peso	4/1/2014
M	46,463	UF	2/1/2017
O	68,338	UF	2/1/2017

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 92

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013 and December 31, 2012, the detail is as follows:

	3/31/2013			12/31/2012		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Bank borrowings	121,947	379,216	501,163	122,373	379,119	501,492
Obligations with the public (bonds payable)	66,174	1,034,220	1,100,394	20,135	1,067,075	1,087,210
Other financial liabilities	11,948	-	11,948	10,335	-	10,335
Total	200,069	1,413,436	1,613,505	152,843	1,446,194	1,599,037

**Current and non-current borrowings**

As of March 31, 2013 and December 31, 2012, the detail is as follows:

3/31/2013	12/31/2012
ThUS\$	ThUS\$

Long-term borrowings	379,216	379,119
Short-term borrowings	120,972	120,921
Current portion of long-term borrowings	975	1,452
Short-term loans and current portion of long-term borrowings	121,947	122,373
Total borrowings assumed	501,163	501,492

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 93

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 10 - Financial instruments (continued)

## 10.4 Financial liabilities, continued

## a) Bank loans, current:

As of March 31, 2013 and December 31, 2012, the detail of this caption is as follows:

Debtor		Country		Creditor		Currency	or	adjustment	Effective	Nominal	da
Tax ID No.	Subsidiary	Tax ID No.	Financial institution	Country	index	Repayment	rate	rate	TH		
93.007.000-9	SQM.S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	1.09%	1.09%	-	
93.007.000-9	SQM.S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	1.70%	1.70%	2	
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.04%	2.45%	-	
79.626.800-K	SQM Salar S.A.	Chile	97.032.000-8	Banco BBVA Chile	Chile	US\$	Upon maturity	1.90%	1.90%	2	
79.626.800-K	SQM Salar S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.64%	0.64%	-	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.83%	1.52%	2	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.81%	1.46%	2	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.92%	1.62%	3	
Foreign	Royal Seed Trading Corporation	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.48%	1.30%	-	

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Foreign	A.V.V. Royal Seed Trading Corporation A.V.V. SQM	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	United States	US\$	Upon maturity	1.49%	1.26%	2
79.947.100-0	Industrial S.A. SQM	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	1.64%	1.64%	2
79.947.100-0	Industrial S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	0.92%	0.92%	-
Total Borrowing costs Total										6 (3 6

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 94  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 10 - Financial instruments (continued)

## 10.4 Financial liabilities, continued

Debtor		Creditor		Currency		Repayment	Effective	Nominal	da	
Tax ID No.	Subsidiary	Tax ID No.	Financial institution	Country	index					rate
93.007.000-9	SQM.S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	1.70%	1.70%	-
93.007.000-9	SQM.S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	1.09%	1.09%	-
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.01%	2.69%	1
79.626.800-K	SQM Salar S.A.	Chile	97.032.000-8	Banco BBVA Chile	Chile	US\$	Upon maturity	1.90%	1.90%	-
79.626.800-K	SQM Salar S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	1.03%	1.03%	2
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United Status	US\$	Upon maturity	1.83%	1.52%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.81%	1.46%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.60%	1.54%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.92%	1.62%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	United States	US\$	Upon maturity	1.49%	1.26%	-
79.947.100-0	SQM Industrial	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	1.64%	1.64%	-

79.947.100-0	S.A. SQM Industrial S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	1.04%	1.04%	2
<b>Total</b>										4
<b>Borrowing</b>										(2)
<b>costs</b>										4
<b>Total</b>										4

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 95  
 Tel: (56 2) 2425 2000  
 www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 10 – Financial instruments (continued)

## 10.4 Financial liabilities, continued

## b) Unsecured obligations, current:

As of March 31, 2013 and December 31, 2012, the detail of current unsecured interest-bearing obligations is composed of promissory notes and bonds, as follows:

## Bonds

Debtor			Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity Payment of interest	Repayment	Effective rate	Nominal rate	3/31/2013 Current Up to 90 days ThUS\$
93.007.000-9	SQM S.A	Chile	-	Single	4/15/2013	US\$	Semiannual	Upon maturity	6.32%	6.13%	5,620
93.007.000-9	SQM S.A	Chile	-	Single	4/21/2013	US\$	Semiannual	Upon maturity	5.70%	5.50%	6,082
93.007.000-9	SQM S.A	Chile	446	C	6/1/2013	UF	Semiannual	Semiannual	4.44%	4.00%	4,963
93.007.000-9	SQM S.A	Chile	563	G	1/5/2013	Ch\$	Semiannual	Upon maturity	7.50%	7.00%	-
93.007.000-9	SQM S.A	Chile	564	H	1/5/2013	UF	Semiannual	Semiannual	5.10%	4.90%	-
93.007.000-9	SQM S.A	Chile	563	I	4/1/2013	UF	Semiannual	Upon maturity	3.35%	3.00%	-
93.007.000-9	SQM S.A	Chile	563	J	4/1/2013	Ch\$	Semiannual	Upon maturity	6.23%	5.50%	-
93.007.000-9	SQM S.A	Chile	700	M	2/1/2013	UF	Semiannual	Upon maturity	3.62%	3.30%	-
93.007.000-9	SQM S.A	Chile	699	O	2/1/2013	UF	Semiannual	Upon maturity	3.95%	3.80%	-
<b>Total Bond issuance</b>											16,665 (734)

**costs**  
**Total**

15,931

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 96

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 10 – Financial instruments (continued)

## 10.4 Financial liabilities, continued

Debtor	Tax ID No.	Subsidiary	Country	Number of registration or ID of the instrument	Series	Maturity date or Payment of interest	Currency or adjustment index	Periodicity or Payment of interest	Repayment	Effective rate	Nominal rate	Days	Current
													Up to 90
													ThUS\$
93.007.000-9	SQM S.A	Chile	-	Single		4/15/2013	US\$	Semiannual	Upon expiration	6.32%	6.13%	-	12/31/2013
93.007.000-9	SQM S.A	Chile	-	Single		4/21/2013	US\$	Semiannual	Upon expiration	5.70%	5.50%	-	Current
93.007.000-9	SQM S.A	Chile	446	C		6/1/2013	UF	Semiannual	Semiannual	4.44%	4.00%	-	Up to 90
93.007.000-9	SQM S.A	Chile	563	G		7/5/2013	Ch\$	Semiannual	Upon expiration	7.50%	7.00%	1,465	
93.007.000-9	SQM S.A	Chile	564	H		7/5/2013	UF	Semiannual	Semiannual	5.10%	4.90%	4,484	
93.007.000-9	SQM S.A	Chile	563	I		4/1/2013	UF	Semiannual	Upon expiration	3.35%	3.00%	-	
93.007.000-9	SQM S.A	Chile	563	J		4/1/2013	Ch\$	Semiannual	Upon expiration	6.23%	5.50%	-	
93.007.000-9	SQM S.A	Chile	700	M		8/1/2013	UF	Semiannual	Upon expiration	3.62%	3.30%	644	
93.007.000-9	SQM S.A	Chile	699	O		8/1/2013	UF	Semiannual	Upon expiration	3.95%	3.80%	1,110	
				<b>Total</b>									7,703
				<b>Bond</b>									(473 )
				<b>issuance</b>									
				<b>costs</b>									
				<b>Total</b>									7,230

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 97  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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, 2013 and December 31, 2012 are detailed as follows:

Debtor Tax ID No.	Subsidiary	Country	Creditor Tax ID No.	Financial institution	Country	Currency or adjustment index	Repayment	Effective rate	Nominal rate	to 3/31/13 Year Over year to 3/31/12 ThU
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.04%	2.45%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.48%	1.30%	50,
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.92%	1.62%	50,
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.83%	1.52%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.81%	1.46%	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Ltd (New York)	United States	US\$	Upon maturity	1.49%	1.26%	-
Total	<b>Borrowings costs</b>									100 (19)

Total

99,

Debtor Tax ID No.	Subsidiary	Country	Creditor Tax ID No.	Financial institution	Country	Currency or adjustment index	Repayment	Effective rate	Nominal rate	to 3 ThU
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.01 %	2.69 %	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.60 %	1.54 %	50,
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.92 %	1.62 %	50,
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.83 %	1.52 %	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.81 %	1.46 %	-
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Ltd (New York)	United States	US\$	Upon maturity	1.49 %	1.26 %	-
Total										100
	<b>Borrowings costs</b>									(23
Total										99,

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 98  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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, 2013 and December 31, 2012 is detailed as follows:

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	Over years to 3	Th
93.007.000-9	SQM S.A	Chile	-	Single	4/15/2016	US\$	Semiannual	Upon maturity	6.32%	6.13%	-	
93.007.000-9	SQM S.A	Chile	-	Single	4/21/2020	US\$	Semiannual	Upon maturity	5.70%	5.50%	-	
93.007.000-9	SQM S.A	Chile	446	C	12/1/2026	UF	Semiannual	Semiannual	4.44%	4.00%	14	
93.007.000-9	SQM S.A	Chile	564	H	1/5/2030	UF	Semiannual	Semiannual	7.5 %	4.90%	-	
93.007.000-9	SQM S.A	Chile	563	I	4/1/2014	UF	Semiannual	Upon maturity	3.35%	3.00%	72	
93.007.000-9	SQM S.A	Chile	563	J	4/1/2014	Ch\$	Semiannual	Upon maturity	6.23%	5.50%	11	
93.007.000-9	SQM S.A	Chile	700	M	2/1/2017	UF	Semiannual	Upon maturity	3.62%	3.30%	-	
93.007.000-9	SQM S.A	Chile	699	O	2/1/2033	UF	Semiannual	Upon maturity	3.95%	3.80%	-	
			<b>Total</b>									19
			<b>Bond issuance costs</b>									(35)
			<b>Total</b>									19

Debtor							Periodicity					
Tax ID No.	Subsidiary	Country	Number of registration or ID	Series	Maturity date	Currency or adjustment index	Payment of interest	Repayment	Effective rate	Nominal rate	Over years to 3	ThUS

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

			of the instrument									
93.007.000-9	SQM S.A	Chile	-	Single	4/15/2016	US\$	Semiannual	Upon maturity	6.32%	6.13%	-	
93.007.000-9	SQM S.A	Chile	-	Single	4/21/2020	US\$	Semiannual	Upon maturity	5.70%	5.50%	-	
93.007.000-9	SQM S.A	Chile	446	C	12/1/2026	UF	Semiannual	Semiannual	4.44%	4.00%	14,28	
93.007.000-9	SQM S.A	Chile	564	H	1/5/2030	UF	Semiannual	Semiannual	7.5 %	4.90%	-	
93.007.000-9	SQM S.A	Chile	563	G	1/5/2014	Ch\$	Semiannual	Upon maturity	5.10%	7.00%	43,76	
93.007.000-9	SQM S.A	Chile	563	I	4/1/2014	UF	Semiannual	Upon maturity	3.35%	3.00%	71,40	
93.007.000-9	SQM S.A	Chile	563	J	4/1/2014	Ch\$	Semiannual	Upon maturity	6.23%	5.50%	108,3	
93.007.000-9	SQM S.A	Chile	700	M	2/1/2017	UF	Semiannual	Upon maturity	3.62%	3.30%	-	
93.007.000-9	SQM S.A	Chile	699	O	2/1/2033	UF	Semiannual	Upon maturity	3.95%	3.80%	-	
			<b>Total</b>								237,8	
			<b>Bond issuance costs</b>								(631	
			<b>Total</b>								237,1	

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 99  
 Tel: (56 2) 2425 2000  
 www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 10 - Financial instruments (continued)****10.4 Financial liabilities, continued**

e)	Additional information
----	------------------------

**Bonds**

As of March 31, 2013 and December 31, 2012, ThUS\$20,675 and ThUS\$20,135, respectively are presented at short-term related to principal, current portion plus interest accrued at that date, not including bond issue costs. At the non-current portion, the Company presented ThUS\$1,078,719 as of March 31, 2013 and ThUS\$1,067,075 as of December 31, 2012 related to principal installments of Series C bonds, single Series bonds, Series G bonds, Series H bonds, Series I bonds, Series J bonds, single series second issue bonds, Series M bonds and Series O bonds, excluding bond issuance costs.

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

Payments made	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Principal	-	6,858
Interest payment	-	4,004

**Single series bonds**

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

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Payments of interest	-	12,250

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 100

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013 and December 31, 2012, the Company has made the following payments with a charge to the Series G and H bonds:

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Payments of interest, Series G bonds	1,527	2,845
Payments of interest, Series H bonds	4,668	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, 2013 and December 31, 2012, the Company has made the following payments with a charge to the Series J and I bonds:

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Payment of interest, Series J bonds	2,985	5,879

Payment of interest, Series I bonds 1,081 2,100

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 101

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 10 - Financial instruments (continued)****10.4 Financial liabilities, continued****Single series bonds, second issue**

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, 2013 and December 31, 2012, the detail of payments charged to the line of single series bonds, second issue is as follows:

	3/31/2013	12/31/2012
	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, 2013, the Company has made the following payments with a charge to the Series M and O bonds:

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Payment of interest, Series M bonds	792	765
Payment of interest, Series O bonds	1,366	1,320

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 102

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 10 - Financial instruments (continued)****10.5 Trade and other payables**

	3/31/2013			12/31/2012		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Accounts payable	194,715	-	194,715	207,429	-	207,429
Deferred income	-	-	-	-	-	-
Retained (or accrued)	622	-	622	515	-	515
Total	195,337	-	195,337	207,944	-	207,944

Purchase commitments held by the Company are recognized as liabilities when the goods and services are received by the Company. As of March 31, 2013, the Company has purchase orders amounting to ThUS\$127,484 (ThUS\$127,484 as of December 31, 2012).

**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	3/31/2013	Effect on profit or loss as of 3/31/2013	12/31/2012	Effect on profit or loss as of 12/31/2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current				
Derivative instruments (forward)	6,762	(1,150 )	5,612	(4,559 )
Derivative instruments (options)	3,372	(880 )	2,492	(1,456 )
Derivative instruments (IRS)	1,814	206	2,231	(240 )
	11,948	(1,824 )	10,335	(6,255 )

Balances in the column effect on profit or loss consider the annual effects of agreements which were in force as of March 31, 2013.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 103

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 10 - Financial instruments (continued)****10.7 Financial asset and liability categories**

## a) Financial Assets

Description of financial assets	3/31/2013			12/31/2012		
	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	370,355	-	370,355	244,161	-	244,161
Investments held-to-maturity measured at amortized cost	-	104	104	-	107	107
Loans and receivables measured at amortized cost	610,617	1,194	611,811	510,616	1,311	511,927
Total financial assets measured at amortized cost	980,972	1,298	982,270	754,777	1,418	756,195
Financial assets at fair value through profit or loss	7,537	-	7,537	680	-	680
Financial assets at fair value through other comprehensive income	40,691	24,833	65,524	71,261	29,385	100,646
Total financial assets at fair value	48,228	24,833	73,061	71,941	29,385	101,326
Total financial assets	1,029,200	26,131	1,055,331	826,718	30,803	857,521

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 104

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 10 - Financial instruments (continued)****10.7 Financial asset and liability categories (continued)**

## b) Financial liabilities

<b>Description of financial liabilities at fair value through profit or loss</b>	3/31/2013			12/31/2012		
	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	11,948	-	11,948	10,335	-	10,335
Financial liabilities at fair value through profit or loss	11,948	-	11,948	10,335	-	10,335
Financial liabilities measured at amortized cost	383,458	1,413,436	1,796,894	350,452	1,446,194	1,796,646
Total financial liabilities measured at amortized cost	383,458	1,413,436	1,796,894	350,452	1,446,194	1,796,646
Total financial liabilities	395,406	1,413,436	1,808,842	360,787	1,446,194	1,806,981

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 105

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**10.8 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, 2013 and December 31, 2012, assets pledged as guarantees are as follows:

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Restricted cash		
Isapre Norte Grande Ltda.	695	571
Total	695	571

**10.9 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 106

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 10 - Financial instruments (continued)

## 10.9 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:

	3/31/2013		12/31/2012	
	Carrying value ThUS\$	(*) Fair value ThUS\$	Carrying value ThUS\$	(*) Fair value ThUS\$
Cash and cash equivalents	228,730	228,730	324,353	324,353
Current trade and other receivables	610,617	610,617	510,616	510,616
Other financial assets, current:				
- Time deposits	370,355	370,355	244,161	244,161
- Derivative instruments	7,537	7,537	680	680
- Current hedging assets	40,691	40,691	71,262	71,262
<b>Total other current financial assets</b>	<b>418,583</b>	<b>418,583</b>	<b>316,103</b>	<b>316,103</b>
Other non-current financial assets:	104	104	107	107
Non-current hedging assets	24,833	24,833	29,385	29,385
<b>Other non-current financial assets:</b>	<b>24,937</b>	<b>24,937</b>	<b>29,492</b>	<b>29,492</b>
Other financial liabilities, current:				
- Bank loans	121,947	121,947	122,373	122,373
- Derivative instruments	10,134	10,134	8,456	8,456
- Hedging liabilities	1,814	1,814	1,879	1,879
- Unsecured obligations	66,174	66,174	20,135	20,135
<b>Other financial liabilities, current</b>	<b>200,069</b>	<b>200,069</b>	<b>152,843</b>	<b>152,843</b>
Current and non-current accounts payable	195,337	195,337	207,944	207,944
Other non-current financial liabilities:				
- Bank loans	379,216	399,636	379,119	401,065
- Unsecured obligations	1,034,220	1,102,559	1,067,075	1,137,363
<b>Other non-current financial liabilities:</b>	<b>1,413,436</b>	<b>1,502,195</b>	<b>1,446,194</b>	<b>1,538,428</b>

## 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 107

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**10.10 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 108

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 11 – Equity-accounted investees

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

As of March 31, 2013 and December 31, 2012, 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	
	3/31/2013 ThUS\$	12/31/2012 ThUS\$	3/31/2013 ThUS\$	12/31/2012 ThUS\$	3/31/2013 ThUS\$	12/31/2012 ThUS\$	3/31/2013	12/31/2012
Sales de Magnesio Ltda.	1,979	1,656	309	1,088	28	129	337	1,217
Abu Dhabi Fertilizer Industries WWL	10,281	9,890	559	1,628	-	-	-	1,628
Doktor Tarsa Tarim Sanayi AS	16,275	15,346	1,560	4,134	(234 )	929	1,326	5,062
Ajay North America	12,235	15,357	1,926	10,927	-	-	-	10,927
Ajay Europe SARL	6,670	8,495	1,003	6,295	(345 )	(99 )	658	6,196
SQM Eastmed Turkey	82	85	-	-	(3 )	(2 )	(3 )	(2 )
SQM Thailand Co. Ltd.	1,287	126	181	32	83	20	264	52
Total	48,809	50,955	5,538	24,104	(471 )	977	2,582	25,080

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 109

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

Associate	Description of the nature of the relationship	Domicile	Country of incorporation	Share of ownership in associates	Dividends received	
					3/31/2013	3/31/2012
					ThUS\$	ThUS\$
Sales de Magnesio Ltda.	Commercialization of magnesium salts.	El Trovador 4285, Las Condes	Chile	50 %	-	1,052
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 Sanayi AS	Distribution and commercialization of specialty plant nutrients in Turkey.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya	Turkey	50 %	5,219	-
Ajay North America	Production and commercialization of iodine derivatives.	1400 Industry RD Power Springs GA 30129	United States	49 %	4,774	10,628
Ajay Europe SARL	Production and commercialization of iodine derivatives.	Z.I. du Grand Verger BP 227 53602 Evron Cedex	France	50 %	-	3,446
SQM Eastmed Turkey	Production and commercialization of specialty products.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya	Turkey	50 %	-	-
SQM Thailand Co. Ltd.	Distribution and commercialization of specialty plant nutrients.	31 Soi 138 (Meesuk) LLapdrawrd, Bangkapi, 10240 Bangkok	Thailand	40 %	-	-

SQM S.A.

110

Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

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

3/31/2013

	Assets		Liabilities		Revenue	Gain (loss)	Other	Comprehensive
	Current	Non-current	Current	Non-current		from continuing operations	comprehensive income	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales de Magnesio Ltda.	4,788	452	1,283	-	4,102	618	56	674
Abu Dhabi Fertilizer Industries WWL	24,740	2,236	6,414	-	11,414	1,119	-	1,119
Doktor Tarsa Tarim Sanayi AS	73,831	7,804	49,085	-	25,081	3,119	(468)	) 2,650
Ajay North America	24,152	8,736	7,919	-	20,494	3,930	-	3,930
Ajay Europe SARL	29,251	1,936	17,847	-	18,508	2,006	(690)	) 1,316
SQM Eastmed Turkey	16	398	250	-	-	-	(5)	) -
SQM Thailand Co. Ltd.	10,266	479	7,526	-	5,411	452	207	659
Total	167,044	22,041	90,324	-	85,010	11,244	(900)	) 10,348

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 111

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

	12/31/2012				12/31/2012			
	Assets		Liabilities		Revenue	Gain (loss)	Other	Comprehensive income
	Current	Non-current	Current	Non-current		from continuing operations	comprehensive income	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales de Magnesio Ltda.	4,662	364	1,173	-	14,435	2,176	258	2,434
Abu Dhabi Fertilizer Industries WWL	21,885	2,187	4,291	-	42,899	3,255	-	3,255
Doktor Tarsa Tarim Sanayi AS	67,345	7,982	36,332	8,304	77,839	8,267	1,857	10,124
Ajay North America	28,914	8,720	6,292	-	83,340	22,300	-	22,300
Ajay Europe SARL	27,587	2,091	12,688	-	84,203	12,591	(199 )	12,392
SQM Eastmed Turkey	16	412	258	-	-	-	(4 )	(4 )
SQM Thailand Co. Ltd.	12,898	462	13,048	-	13,536	81	49	130
Total	163,307	22,218	74,622	8,304	316,252	48,670	1,961	50,631

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 112

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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, 2013 and December 31, 2012.

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 113

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**Note 12 - Joint Ventures**

**12.1 Policy for accounting for joint ventures in a Parent's separate financial statements**

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 2013

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

b) Operations conducted in 2012

On March 2012, the Company Coromandel SQM increased its capital by ThUS\$394. This Company has an ownership of 50% in Soquimich European Holding B.V.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 114

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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	3/31/2013	3/31/2012
						ThUS\$	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	Without information	Via Cndeias, Km. 01 Sem Numero, Lote 4, Bairro Cia Norte, Candeias, Bahia.	Brazil	99,99 %	-	-	-
	Without information		Peru	99,63 %	-	-	-

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM Vitas  
Peru

Av. Juan de  
Arona 187,  
Torre B, Oficina  
301-II, San  
Isidro, Lima

SQM Vitas  
Southern  
Africa

Without information

33 Waterford  
Office Park  
Waterford Drive  
Fourways, 2055  
South Africa

South Africa 100 % - -

SQM Vitas  
Spain

Without information

Spain 100 %

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 115  
Tel: (56 2) 2425 2000  
www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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			
	3/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2013 ThUS\$	12/31/2012 ThUS\$	12/31/2012	
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	7,973	10,428	218	287	6	-	225	287
Coromandel SQM	922	683	(11 )	184	13	(87 )	2	98
SQM Vitas Fzco.	8,001	7,153	145	(266 )	(21 )	(159 )	124	(425 )
SQM Star Qingdao Crop Nutrition Co., Ltd.	1,110	1,079	31	48	-	-	31	48
SQM Vitas Brazil(1)	3,074	2,799	233	(621 )	41	(306 )	274	(927 )
SQM Vitas Peru(1)	2,075	2,525	(409 )	(28 )	(39 )	(26 )	(448 )	(54 )
SQM Vitas Southern Africa(1)	315	506	(149 )	(238 )	(42 )	14	(191 )	(224 )
SQM Vitas Spain(1)	247	248	-	-	-	-	-	-
Total	23,717	25,421	58	(634 )	(42 )	(564 )	17	(1,197 )

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 116

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 12 - Joint Ventures (continued)

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

3/31/2013

	Assets		Liabilities		Revenue	Gain (loss)	Other	Comprehensive
	Current	Non-current	Current	Non-current		from	comprehensive	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	operations	income	income
						ThUS\$	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	23,269	9,950	13,273	4,000	3,777	437	12	449
Coromandel SQM	3,409	1,387	2,952	-	1,152	(22 )	26	4
SQM Vitas Fzco.	7,112	9,949	1,058	-	5,720	291	(42 )	249
SQM Star Qingdao Crop Nutrition Co., Ltd.	2,493	274	544	3	1,577	61	-	61
SQM Vitas Brazil	47,157	7,327	42,540	8,870	18,072	233	41	274
SQM Vitas Peru	25,273	1,495	22,547	2,145	10,220	(409 )	(39 )	(448 )
SQM Vitas Southern Africa	1,921	984	2,590	-	2,665	(149 )	(42 )	(191 )
SQM Vitas Spain	247	-	-	-	-	-	-	-
Total	110,881	31,366	85,504	15,018	43,183	442	(44 )	398

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 117

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

	12/31/2012				12/31/2012			
	Assets		Liabilities		Revenue	Gain	Other	comprehensive income
	Current	Non-current	Current	Non-current		(loss)	comprehensive income	
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	21,843	9,984	6,899	4,072	29,980	573	-	573
Coromandel SQM	4,388	1,397	4,419	-	5,633	369	(174 )	195
SQM Vitas Fzco.	4,568	10,522	785	-	19,643	(532 )	(318 )	(850 )
SQM Star Qingdao Crop Nutrition Co., Ltd.	1,986	304	132	-	5,028	95	-	95
SQM Vitas Brazil	36,874	6,865	32,331	8,609	53,955	(621 )	(306 )	(927 )
SQM Vitas Peru	23,308	1,512	20,149	2,145	32,376	(28 )	(26 )	(54 )
SQM Vitas Southern Africa	2,730	101	2,325	-	12,850	(238 )	14	(224 )
SQM Vitas Spain	-	-	-	-	-	-	-	-
Total	95,697	30,685	67,040	14,826	159,465	(382 )	(810 )	(1,192 )

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 118

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 12 - Joint Ventures (continued)****12.5 Other Joint Venture disclosures:**

	Cash and cash equivalents		Other current financial liabilities		Other non-current financial liabilities	
	3/31/2013 ThUS\$	12/31/2012 ThUS\$	3/31/2013 ThUS\$	12/31/2012 ThUS\$	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	642	485	-	-	-	-
Coromandel SQM	98	248	1,834	1,289	-	-
SQM Vitas Fzco.	7,515	7,977	-	-	-	-
SQM Star Qingdao Crop Nutrition Co., Ltd.	570	524	-	-	-	-
SQM Vitas Brazil	1,353	549	64	66	8,870	8,609
SQM Vitas Peru	455	286	-	-	-	-
SQM Vitas Southern Africa	414	179	-	-	-	-
SQM Vitas Spain	-	-	-	-	-	-
Total	11,047	10,248	1,898	1,355	8,870	8,609

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 119  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

	Depreciation and amortization expense		Interest expense		Income tax expense, continuing operations	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012	3/31/2013	12/31/2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co Ltda.	(208 )	(702 )	(403 )	-	(25 )	(97 )
Coromandel SQM	(9 )	(91 )	(36 )	(75 )	-	(56 )
SQM Vitas Fzco.	(255 )	(982 )	-	(15 )	-	-
SQM Star Qingdao Crop Nutrition Co., Ltd.	(18 )	(74 )	-	-	(15 )	(27 )
SQM Vitas Brazil	(87 )	(247 )	(234 )	(463 )	-	-
SQM Vitas Peru	(29 )	(32 )	(585 )	(102 )	-	-
SQM Vitas Southern Africa	-	(29 )	(14 )	(37 )	-	-
SQM Vitas Spain	-	-	-	-	-	-
Total	(606 )	(2,157 )	(1,272 )	(692 )	(40 )	(180 )

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 120

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 13 - Intangible assets and goodwill****13.1 Balances**

	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Intangible assets other than goodwill	23,957	24,013
Goodwill	38,388	38,388
Total	62,345	62,401

**13.2 Disclosures on intangible assets and goodwill**

Intangible assets relate to goodwill, water rights, trademarks, industrial patents, rights of way and software.

Balances and movements in the main classes of intangible assets as of March 31, 2013 and December 31, 2012 are detailed as follows:

Intangible assets and goodwill	Useful life	3/31/2013		Net Value ThUS\$
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	
Trademarks	Finite	3,821	(3,821 )	-
Software	Finite	3,806	(2,198 )	1,608
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Finite	1,198	(835 )	363
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Finite	22,613	(1,987 )	20,626
Other intangible assets	Indefinite	1,512	(152 )	1,360
Intangible assets other than goodwill		32,950	(8,993 )	23,957
Goodwill	Indefinite	40,178	(1,790 )	38,388
Total intangible assets and goodwill		73,128	(10,783 )	62,345

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 121

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 13 - Intangible assets and goodwill (continued)****13.2 Disclosures on intangible assets and goodwill, continued**

Intangible assets and goodwill	Useful life	12/31/2012		Net Value ThUS\$
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	
Trademarks	Finite	3,821	(3,821)	) -
Software	Finite	3,765	(2,115)	) 1,650
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Finite	1,198	(820)	) 378
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Finite	22,612	(1,987)	) 20,625
Other intangible assets	Indefinite	1,512	(152)	) 1,360
Intangible assets other than goodwill		32,908	(8,895)	) 24,013
Goodwill	Indefinite	40,178	(1,790)	) 38,388
Total intangible assets and goodwill		73,086	(10,685)	) 62,401

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 122

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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	Finite	Finite
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.

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 123  
 Tel: (56 2) 2425 2000  
 www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

Note 13 - Intangible assets and goodwill (continued)

## 13.2 Disclosures on intangible assets and goodwill, continued

e) Movements in identifiable intangible assets as of March 31, 2013:

Movements in identifiable intangible assets	Trade Net ThUS\$	Software Net ThUS\$	Intellectual property rights, patents and other industrial property rights, service and exploitation right, rights of way, Net ThUS\$	Intellectual property rights, patents and other industrial property rights, service and exploitation right, rights of way, Net ThUS\$	Other intangible assets, Net ThUS\$	Goodwill, Net ThUS\$	Identifiable intangible assets, Net ThUS\$
Opening balance	-	1,650	378	20,625	1,360	38,388	62,401
Additions		41	-	-	-	-	41
Amortization		(83 )	(15 )	-	-	-	(98 )
Other increases (decreases)		-	-	1	-	-	1
Final balance	-	1,608	363	20,626	1,360	38,388	62,345

f) Movements in identifiable intangible assets as of December 31, 2012:

Movements in identifiable intangible assets	Trade Net ThUS\$	Software Net ThUS\$	Intellectual property rights, patents and other industrial property rights, service and exploitation right, rights	Intellectual property rights, patents and other industrial property rights, service and exploitation right, rights	Other intangible assets, Net ThUS\$	Goodwill, Net ThUS\$	Identifiable intangible assets, Net ThUS\$
---	------------------------	---------------------------	---	--	---	----------------------------	--

			right, rights of way, Net ThUS\$	of way, Net ThUS\$			
Opening balance	-	1,938	440	1,542	396	38,605	42,921
Additions		501	-	19,080	964	-	20,545
Amortization		(789 )	(62 )	-	-	-	(851 )
Other increases (decreases)		-	-	3	-	(217 )	(214 )
Final balance	-	1,650	378	20,625	1,360	38,388	62,401

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 124

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 14 - Property, plant and equipment**

As of March 31, 2013 and December 31, 2012, 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	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Property, plant and equipment, net		
Land	109,802	109,060
Buildings	165,952	169,731
Machinery	426,028	438,331
Transport equipment	84,182	88,954
Furniture and fixtures	6,478	6,736
Office equipment	5,046	5,249
Constructions in progress	511,711	423,184
Other property, plant and equipment	730,623	747,045
Total	2,039,822	1,988,290
Property, plant and equipment, gross		
Land	109,802	109,060
Buildings	329,473	329,397
Machinery	1,072,895	1,065,641
Transport equipment	224,505	224,462
Furniture and fixtures	22,877	22,667
Office equipment	36,488	36,215
Constructions in progress	511,711	423,184
Other property, plant and equipment	1,344,177	1,336,991
Total	3,651,928	3,547,617

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 125

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 14 - Property, plant and equipment (continued)****14.1 Types of property, plant and equipment, continued**

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Accumulated depreciation and value impairment of property, plant and equipment, total		
Accumulated depreciation and value impairment of buildings	163,521	159,666
Accumulated depreciation and value impairment of machinery	646,867	627,310
Accumulated depreciation and value impairment of transport equipment	140,323	135,508
Accumulated depreciation and value impairment of furniture and fixtures	16,399	15,931
Accumulated depreciation and value impairment of office equipment	31,442	30,966
Accumulated depreciation and value impairment of other property, plant and equipment	613,554	589,946
Total	1,612,106	1,559,327

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 126

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 14.2 Reconciliation of changes in property, plant and equipment by type as of March 31, 2013 and December 31, 2012:

Reconciliation entries of changes in property, plant and equipment by type as of March 31, 2013	Land	Buildings, net	Machinery, net	Transport equipment, net	Furniture and fixtures, net	Office equipment, net	Constructions, progress	Other property, plant and equipment, net	Pro plan and equi net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	109,060	169,731	438,331	88,954	6,736	5,249	423,184	747,045	1,9
Changes									
Additions	1,155	39	1,199	3	59	127	110,318	1,420	11
Divestitures	-	5	-	(2 )	-	10	(3,606 )	-	(3,
Depreciation expense	-	(3,855 )	(19,599 )	(4,815 )	(468 )	(498 )	-	(22,417 )	(5,
Increase(decrease) in foreign currency exchange	7	(7 )	2	3	-	(9 )	-	17	13
Reclassification	(170 )	36	6,137	34	151	189	(9,699 )	3,322	-
Other increases (decreases) (*)	(250 )	3	(42 )	5	-	(22 )	(8,486 )	1,236	(7,
Total changes	742	(3,779 )	(12,303 )	(4,772 )	(258 )	(203 )	88,527	(16,422 )	51
Final balance	109,802	165,952	426,028	84,182	6,478	5,046	511,711	730,623	2,0

(\*) 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 127

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 14.2 Reconciliation of changes in property, plant and equipment by type as of March 31, 2013 and December 31, 2012, continued:

Reconciliation entries of changes in property, plant and equipment by type as of December 31, 2012	Land	Buildings, net	Machinery, net	Transport equipment, net	Furniture and fixtures, net	Office equipment, net	Construction progress	Other property, plant and equipment, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	108,992	146,532	424,460	82,822	5,015	5,312	297,996	683,913
Changes								
Additions	36	-	1,092	34	70	323	443,349	972
Divestitures	-	-	(115 )	-	(67 )	(12 )	(2,936 )	(78 )
Depreciation expense	-	(14,800 )	(79,534 )	(18,400)	(1,858)	(1,857)	-	(79,709 )
Increase(decrease) in foreign currency exchange	32	(1 )	5	15	-	(13 )	-	68
Reclassification	-	37,916	92,441	24,535	3,576	1,478	(287,291)	127,345
Other increases (decreases) (*)	-	84	(18 )	(52 )	-	18	(27,934 )	14,534
Total changes	68	23,199	13,871	6,132	1,721	(63 )	125,188	63,132
Final balance	109,060	169,731	438,331	88,954	6,736	5,249	423,184	747,045

(\*) 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 128

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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\$4,602 as of March 31, 2013 and ThUS\$ 14,156 as of December 31, 2012.

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 129

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 15 - Employee benefits****15.1 Provisions for employee benefits**

Classes of benefits and expenses by employee	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Current		
Profit sharing and bonuses	21,061	33,974
Total	21,061	33,974
Non-current		
Profit sharing and bonuses	8,477	6,056
Severance indemnity payments	35,303	34,431
Pension Plan	322	409
Total	44,102	40,896

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 130

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 131

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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.

Staff severance indemnities at actuarial value	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Staff severance indemnities, Chile	34,637	33,731
Other obligations in companies elsewhere	666	700
Total other non-current liabilities	35,303	34,431
SQM North America's pensions plan	322	409
Total post-employment obligations	322	409

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 132

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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 for 2012 and 2011.

Since 2003, SQM North America offers to its employee's 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, 2013 and December 31, 2012, severance indemnities calculated at the actuarial value are as follows:

2013	2012
ThUS\$	ThUS\$

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Opening balance	(34,431)	(28,188)
Current cost of service	(1,230 )	(8,087 )
Interest cost	(1,115 )	(1,037 )
Actuarial gain/loss	13	40
Exchange rate difference	(535 )	(2,237 )
Contributions paid	1,995	5,078
Balance	(35,303)	(34,431)

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 133

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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:

	3/31/2013		12/31/2012		
Mortality rate	RV - 2012		RV - 2011		
Actual annual interest rate	6	%	6	%	
Voluntary retirement rotation rate:					
Men	0.9	%	0.9	%	annual
Women	1.53	%	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 counts on a compensation plan for its executives, by means of the granting of payments based on the SQM share price change, paid in cash, and the executives may exercise their rights until the year 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 41 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 134

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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 March 31, 2013 and December 31, 2012 are the following:

Movement for the period	2013	2012
In effect as of January 1	2,200,500	2,340,000
Granted during the fiscal year	45,000	103,500
Redundant workers	-	103,500
Exercised during the fiscal year	-	139,500
In circulation as of December 31	2,245,500	2,200,500
Average contractual life	37 months	40 months

The amounts accrued by the plan, as of March 31, 2013 and December 31, 2012, amount to:

Effect on profit or loss	2013	2012
	ThUS\$	ThUS\$
Amount accrued during the year	-	3,142

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 135

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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 3 times during the last periods.

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

<b>CAPITAL MANAGEMENT</b>	<b>3/31/2013</b>	<b>12/31/2012</b>	<b>Description (1)</b>	<b>Calculation (1)</b>
Net Financial Debt	941,358	929,197	Financial Debt – Financial Resources	Other current Financial Liabilities + Other Non-Current Financial Liabilities – Cash and Cash Equivalents – Other

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Liquidity	3.76	3.69	Current Asset divided by Current Liability	Current Financial Assets – Hedging Assets, non-current Total Current Assets / Total Current Liabilities
Net Debt / Capitalization	0.29	0.30	Net Financial Debt divided by Total Equity	Net financial debt / ( Net financial debt + Total Equity)
ROE	28.1	% 30.1	% Income divided by Total Equity	Total Income / Equity (UH 12 months)
ROA	24.2	% 25.1	% EBITDA – Depreciation divided by Net Total Assets of financial resources less related parties investments	(Gross Income – Administrative Expenses)/ (Total Assets – Cash and Cash Equivalents – Other Current Financial Assets Other Non-Current Financial Assets – Equity-accounted Investees) (UH 12 months)
Indebtedness	0.95	1.02	Total Liability on Equity	Total Liabilities / Total Equity

(1) Assumes the absolute value of the accounting records

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 136

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**17.117.1 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.

**17.217.2 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, 2013 and December 31, 2012, the Group does not maintain shares in the parent either directly or through its companies in which it has investments.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 137

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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	3/31/2013		12/31/2012	
	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, 2013 and December 31, 2012, the Company has not placed any new issuances of shares on the market.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 138

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**17.3 Disclosures on reserves in equity**

**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 2013 and 2012.

**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).

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Revaluation surplus		
Reserve for currency exchange conversion	(1,024 )	(330 )
Reserve for cash flow hedges	(16,671 )	(16,522 )
Reserve for actuarial gains or losses in defined benefit plans	(2,243 )	(2,243 )
Other reserves	(1,677 )	(1,677 )
Total other reserves	(21,615 )	(20,772 )

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 139

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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 2012 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 2012.

- Distribution and payment, if possible during 2012, 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 2012 and its amount could not exceed 50% of the retained earnings for distribution obtained during 2012, which are reflected in the Company's financial statements as of September 30, 2012.

- The distribution and payment by the Company of the remaining balance of the final dividend related to Profit for the period for the 2012 commercial year in up to two installments, which will have to be effectively paid and distributed prior to June 30, 2013.

- An amount equivalent to the remaining 50% of the Company's Profit for the period for 2012 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 140

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**17.5 Provisional dividends**

On November 20, 2012, the Board of Directors of Sociedad Química y Minera de Chile S.A, agreed to pay and distribute to the Company's shareholders a provisional of US\$0.94986 per share. The above, since December 12, 2012, is charged against the income accrued during the first 9 months of said fiscal year, in favor of the Shareholders who appeared registered in SQM's Shareholders Registry by the 5th working day prior to the date the dividend will be paid, 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 5, 2012.

On April 26, 2012, at the 36th General Shareholders' meeting it was agreed to pay a final dividend of US\$1.03679 per share in relation to net profit for the commercial year 2011. US\$0.73329 per share was already paid as an interim dividend, and this amount should be subtracted from the dividend detailed above. In line with this, the balance, amounting to US\$0.30350 per share, will be paid and distributed among shareholders of the Company who are registered with their respective shareholders registry as of the fifth business day prior to the day in which this dividend will be paid. Such amount, if appropriate, 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 26, 2012.

The Company's Board of Directors (SQM), in its meeting on November 22, 2011, unanimously agreed to pay and distribute the provisional dividend referred to in SQM's current "2011 Dividends Policy" which was informed to SQM's General Annual Ordinary Shareholders Meeting that was held on April 28 of this year. This, for the essential purpose of being able to pay and distribute as of December 19, 2011, a provisional dividend of US\$0.73329 per share –and which is approximately equivalent to the total amount of US\$193 million and the latter corresponds to 50% of the distributable net income of the fiscal year 2011 that has been accrued at September 30, 2011. The above, is charged against the net income of said fiscal year, in favor of the Shareholders who appeared registered in SQM's Shareholders Registry by the 5th working day prior to December 19th, 2011, 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 13, 2011.

At the Annual Board of Directors meeting held on April 28, 2011, the Directors unanimously agreed to pay a final dividend of US\$0.7259 per share in relation to net profit for the year. Notwithstanding the above, US\$0.41794 per share was already paid as an interim dividend, and this amount should be subtracted from the final dividend detailed above, In line with this, the balance, amounting to US\$0.30798 per share, will be paid and distributed among shareholders of the Company who are registered with their respective shareholders registry as of the fifth business day prior to the day in which this dividend will be paid.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

**17.5 Provisional dividends, continued**

Dividends presented deducted from equity are:

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Dividends attributable to owners of the parent	-	253,438
Dividends payable	-	76,267

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 142

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 18 - Provisions and other non-financial liabilities****18.1 Types of provisions**

	3/31/2013			12/31/2012		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Provision for legal complaints (*)	8,567	3,000	11,567	5,567	3,000	8,567
Provision for dismantling, restoration and rehabilitation cost	-	4,415	4,415	-	4,357	4,357
Other provisions	10,431	-	10,431	12,922	-	12,922
Total	18,998	7,415	26,413	18,489	7,357	25,846

(\*) 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 143

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 18 - Provisions and other non-financial liabilities (continued)****18.2 Description of other provisions**

Description of other provisions	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Current provisions, other short-term provisions		
Provision for tax loss in fiscal litigation	1,629	1,606
Royalties, agreement with CORFO (the Chilean Economic Development Agency)	5,387	7,712
Fine to Brazil	2,500	2,500
Miscellaneous provisions	915	1,104
Total	10,431	12,922
Other long-term provisions		
Mine closure	4,415	4,357
Total	4,415	4,357

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

Description of other liabilities	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Tax withholdings	3,831	11,887
VAT payable	4,264	16,481
Guarantees received	872	872
Accrual for dividend	76,267	76,267
Monthly tax provisional payments	15,206	22,073
Deferred income	32,128	16,291
Withholdings from employees and salaries payable	8,863	7,546
Accrued vacations	18,023	20,710
Other current liabilities	126	73
Total	159,580	172,200

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 144

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 18.4 Changes in provisions as of 3/31/2013

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	-	58	5,718	8,776
Provision used	-	-	-	-	-	(8,232 )	(8,232 )
Increase(decrease) in foreign currency exchange	-	-	-	-	-	23	23
Total provisions, final balance	-	-	11,567	-	4,415	10,431	26,413

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 145

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

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

## 18.4 Changes in provisions as of 12/31/2012

Description of items that gave rise to variations	Provision for						
	Guarantees	Restructuring	Legal complaints	Onerous contracts	decommissioning, restoration	Other provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	rehabilitation cost ThUS\$	ThUS\$	ThUS\$
Total provisions, initial balance	-	-	7,571	-	3,724	14,237	25,532
Changes in provisions:							
Additional provisions	-	-	1,000	-	633	8,863	10,496
Provision used	-	-	(4 )	-	-	(10,061 )	(10,065)
Increase (decrease) in foreign currency exchange	-	-	-	-	-	(117 )	(117 )
Total provisions, final balance	-	-	8,567	-	4,357	12,922	25,846

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 146

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 147

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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 Urrea 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  |
| 3. Plaintiffs | : Eduardo Fajardo Nuñez, Ana Maria Canales Poblete, Raquel Beltran Parra, Eduardo Fajardo Beltran and Martina Fajardo Beltran.                   |
| Defendants    | : SQM Salar S.A. and its insurers  |
| Date          | : November 2009  |
| Court         | : 20th Civil Court in Santiago   |
| Reason        | : Labor Accident   |
| Status        | : Summon to hear the sentence  |
| Nominal value | : ThUS\$1,880  |
| 4. Plaintiffs | : Compañía Productora de Yodo y Sales S.A.   |
| Defendants    | : SQM Químicos S.A. (SQM)  |
| Date          | : November 1999  |
| Court         | : Civil Court of Pozo Almonte  |
| Reason        | : Partial voidance of mining property Paz II 1 to 25   |
| Status        | : First instance ruling in favor of SQM. Appeal pending resolution   |

Nominal  
value :ThUS\$162

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 148

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

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

5. Plaintiff : Compañía Productora de Yodo y Sales S.A.  
 Defendant : SQM Químicos S.A. (SQM)  
 Date : November 1999  
 Court : Civil Court of Pozo Almonte  
 Reason : Partial voidance of mining property Paz III 1 to 25  
 Status : First instance ruling in favor of SQM. Appeal pending resolution  
 Nominal value : Approximately ThUS\$204
6. 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 : Pending of the appeal  
 Nominal value : Not possible to determine
7. 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
8. 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 : Evidence  
 Nominal value : ThUS\$200

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 149

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 19 - Contingencies and restrictions (continued)****19.1 Lawsuits and other relevant events, continued**

9. 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 : Replay to claim.  
 Nominal value : ThUS\$9,400
10. Plaintiff : Nilda Ester Muñoz Muñoz and others  
 Defendants : Alejandro Reyes R., Transportes Transerik Limitada, Constructora Excon SQM Salar S.A. and its insurers  
 Date : July 2012  
 Court : 15th Civil Court in Santiago  
 Reason : Compensation claim for alleged civil liability under tort derived from accident occurred on October 22, 2010 at the Salar de Atacama causing the death of Mr. Daniel Opazo Muñoz  
 Status : Replay to claim.  
 Nominal value : ThUS\$2,400
11. Plaintiff : Sociedad Industrial Seguel and Ortíz Limitada  
 Defendant : SQM Salar S.A.  
 Date : August 2012  
 Court : Arbitral  
 Reason : Compensation for early termination of service rendering contract  
 Status : Replay to claim.  
 Nominal value : ThUS\$3,500
12. 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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 151  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013, the aforementioned financial indicators are as follows:

Indicator	3/31/2013	12/31/2012
Equity ThUS\$	2,339,275	2,187,446
Net Financial Debt/ EBITDA	0.84	0.83
Indebtedness	0.95	1.02
SQM Industrial and SQM Salar debt / Current assets	0.03	0.04

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 152

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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\$5,966 as of March 31, 2013 (ThUS\$ 27,193 as of December 31, 2012).

**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, 2013, the guarantee amounts to ThUS\$695.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 153

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 19 - Contingencies and restrictions (continued)****19.5 Securities obtained from third parties**

The main security received from third parties (distributors) 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\$18,661 as of March 31, 2013; as of December 31, 2012 these amounted to ThUS \$4,126 which is detailed as follows:

Entity name	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Agrocomercial Bornand Ltda.	383	-
Agroindustrial Orzonaga Ltda.	148	-
Arena Fertilizantes y Semillas Dist	339	-
Armando Salamanca Carvajal	126	-
Bernardo Guzman Schmidt	104	-
Bioleche Comercial Ltda	2,966	-
Contador Frutos S.A.	1,608	-
Dante Hauri Gomez	140	-
Gilberto Rivas y Cia. Ltda.	151	-
Johannes Epple Davanzo	646	-
Juan Luis Gaete Chesta	472	-
Lemp Martin Julian	137	-
Llanos y Wammes Soc. Com. Ltda.	6,113	2,084
Neyib Farran y Cia. Ltda.	148	-
Sebastian Urrutia Araya	129	-
Soc. Agrocom. Julio Polanco	147	-
Tattersall Agroinsumos S.A.	2,000	1,000
Fertglobal Chile Ltda.	2,904	1,042
Total	18,661	4,126

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 154

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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	
				3/31/2013 ThUS\$	12/31/2012 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 "BNP"	SQM Brasil Ltda.	Subsidiary	Bond	-	-
Sociedad Nacional de Minería A.G.	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-
Scotiabank & Trust (Cayman) Ltd.	SQM Potasio S.A.	Subsidiary	Bond	-	-
Scotiabank & Trust (Cayman) Ltd.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,034	50,235
Bank of America	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,366	50,164
Export Development Canada	Royal Seed Trading A.V.V.	Subsidiary	Bond	40,292	40,141
The Bank of Tokyo-Mitsubishi UFJ Ltd.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,203	50,020
JP Morgan Chase Bank	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,297	50,140
The Bank of Nova Scotia	SQM Industrial S.A.	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	-	-

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 19 - Contingencies and restrictions (continued)****19.6 Indirect guarantees, continued**

Creditor of the guarantee	Debtor		Type of guarantee	Pending balances as of the closing date of the financial statements	
	Name	Relationship		3/31/2013 ThUS\$	12/31/2012 ThUS\$
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	-	-

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 156

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 20 - Revenue**

As of March 31, 2013 and 2012, revenue is detailed as follows:

Types of revenue	marchr	
	2013	2012
	ThUS\$	ThUS\$
Sales of goods	620,957	528,124
Provision of services	2,440	1,501
Total	623,397	529,625

**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	3/31/2013	3/31/2012
	ThUS\$	ThUS\$
Earnings (losses) attributable to owners of the parent	151,805	150,029

Number of common shares in circulation	3/31/2013	12/31/2012
	Units	Units
	263,196,524	263,196,524

	3/31/2013	3/31/2012
Basic earnings per share (US\$ per share)	0.5768	0.5700

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 157

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013, total interest expenses incurred amount to ThUS\$13,132 (ThUS\$12,062 as of March 31, 2012).

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:

	3/31/2013		3/31/2012	
Capitalization rate of costs for capitalized interest, property, plant and equipment	7	%	7	%
Amount of costs for interest capitalized in ThUS\$	4,602		4,332	

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 158

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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:**

	3/31/2013 ThUS\$	3/31/2012 ThUS\$
Conversion foreign exchange gains (losses) recognized in the result of the year.	(4,763 )	(4,913 )
Conversion foreign exchange reserves attributable to the owners of the controlling entity	(694 )	1,374
Conversion foreign exchange reserves attributable to the non-controlling entity	15	63

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

As of March 31, 2013, and December 31, 2012, foreign currency exchange differences are detailed as follows:

Detail	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Changes in equity generated through the equity method:		
Comercial Hydro S.A.	937	937
SQMC Internacional Ltda.	39	36
Proinsa Ltda.	29	27
Comercial Agrorama Ltda.	161	152
Isapre Cruz del Norte Ltda.	85	89
Almacenes y Depósitos Ltda.	112	103
Sales de Magnesio Ltda.	205	177
Sociedad de Servicios de Salud S.A.	35	33
Agrorama S.A.	(9 )	(11 )
Doktor Tarsa	(1,269 )	(1,035 )
Nutrisi Holding	(42 )	(42 )
SQM Vitas Fzco	(339 )	(318 )
Ajay Europe	(620 )	(275 )
Misr Specialty Ferti	(39 )	(39 )
SQM Eastmed Turkey	(45 )	(42 )
Charlee SQM Thailand Co. Ltda.	51	(32 )
Coromandel SQM India	(105 )	(118 )
SQM Italia SRL	(12 )	28
SQM Oceania Pty Limited	(204 )	-
Sichuan SQM Migao Chemical Fertilizers Co. Ltda.	6	-

Total (1,024 ) (330 )

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 159

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 160

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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, 2013 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\$21,777 and are detailed as follows:

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 161

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Accumulated expenses as of 3/31/2013**

<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>	<b>Description of the asset or expense</b>
SQM Industrial S.A.	Environmental and Community Management (Expense as the first quarter of 2013)	Not classified	Expense	Not cla
SQM Industrial S.A.	CQLX-SCarmen and Lagarto hazardous waste yard	Sustainability	Asset/expense	Not cla
SQM Industrial S.A.	IQ8G – Improvement of Bureau of Exchange, offices and facilities	Medium projects (between ThUS\$300 and ThUS\$999)	Asset	Sustain
SQM Industrial S.A.	JQEZ – Change of Bertrams Prilling Boiler CS	Sustainability: Replacement of equipment	Asset	Develo
SQM Industrial S.A.	JQH9 – Purchase of Bertrams Boiler	Sustainability: Environment and Risk prevention	Asset	Develo
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Environmental processing	Expense	Not cla
SQM Industrial S.A.	MP5W - Normalization TK´s Combustibles	Sustainability: Environment and Risk prevention	Asset	Not cla
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset	Develo
SQM Industrial S.A.	MQ8M - Reconditioning monitoring station ME	Sustainability: Natural Resources	Expense	Not cla
SQM Industrial S.A.	MQA8- Normalization gas system, external cafeterias (Stage 1: projects)	Sustainability: Environment and Risk prevention	Asset/Expense	Not cla
SQM Industrial S.A.	MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS)	Sustainability: Natural Resources	Expense	Not cla
SQM Industrial S.A.	MQBM-Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environment and Risk prevention	Expense	Not cla

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Accumulated expenses as of 3/31/2013, 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 or will be made</b>	<b>Asset / Expense</b>	<b>Description of the asset or expense Item</b>
SQM Industrial S.A.	MQHF -Sustaining of batteries ME	Sustainability: Environment and Risk prevention	Asset / Expense	Not classified
SQM Industrial S.A.	MQK2-Elimination of PCBs I	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	PPC1-Remove switches park PCB sub 3 and 1/12 Pedro de Valdivia	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	PPNK-Management of Ammonia PV stoppage plant	Sustainability: Environment and Risk prevention	Asset / Expense	Not classified
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Environmental processing	Asset	Not classified
SQM Industrial S.A.	SQ7X-Reach 2011-2013	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	TQ78-Motorized sweepers	Sustainability	Asset	Development
SQM Industrial S.A.	TQA2 - Drainage Improvement Villa Prat	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	JQ8K – DIA Line 4 Floor Drying, Coya Sur	Environmental processing	Asset	Not classified
SQM Industrial S.A.	FP55 - FPXA-EIA Pampa Blanca Expansion	Environmental processing	Asset	Not classified
SQM Industrial S.A.	JQB6 - DIA Plant NPT4, Coya Sur	Environmental processing	Asset	Not classified
SQM Industrial S.A.	PQLV-DIA Pedro de Valdivia Mine	Environmental processing	Asset	Not classified

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Accumulated expenses as of 3/31/2013, 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 or will be made</b>
SQM S.A.	AQ0A-Drilling of 4 Wells for Change in Catchment Point at Pampa del Tamarugal	Increase of capacity
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.	IQ08-PSA Llamara & Pampa del Tamarugal	Sustainability: Environment and Risk prevention
SQM S.A.	IQ0C-Mine Area Enhancement NV	Sustainability: Environment and Risk prevention
SQM S.A.	IQ1K-Construction of 3 observation wells in Sur Viejo	Capacity expansion
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.	IQ52- Nueva Victoria Environmental Office	Minor projects (between ThUS\$5 and ThUS\$299)
SQM S.A.	IQ53-Cultural heritage route Soronal adduction (Pampa Hermosa)	General Projects (ThUS\$ < 50)
SQM S.A.	IQ54-Cultural heritage Pampa Hermosa	Minor projects (between ThUS\$5 and ThUS\$299)
SQM S.A.	IQOW-Deposit authorization for Humberstone heritage	Sustainability: Environment and Risk prevention

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 164

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Accumulated expenses as of 3/31/2013, 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 or will be made</b>
SQM S.A.	IQPJ-Mine Area equity measures Stage I	Sustainability
SQM S.A.	MQLQ-Gas scrubbing system	Not classified
SQM S.A.	IQ6M - IQ6N-DIA Nueva Victoria Sur mine expansion	Environmental Processing
SQM S.A.	IP83-DIA Expansion TLN-15	Environmental Processing
SQM Salar S.A.	CQ4M-Regularization of Contractor Facilities	Sustainability: Environment and Risk prevention
SQM Salar S.A.	CQ8U-New Changing Room CL - HL	Sustainability: Environment and Risk prevention
SQM Salar S.A.	LPTF-Environmental study and exploration 2010	Environmental Processing
SQM Salar S.A.	LPTJ-Improvements to sanitary works	Sustainability
SQM Salar S.A.	LQDM-Certification of tanks	Sustainability: Environment and Risk prevention
SQM Salar S.A.	LQSZ-Gas Certification for Casino Andino	Sustainability: Environment and Risk prevention
SQM Salar S.A.	LQI6-EIA Operating Maintenance at Salar de Atacama	Environmental Processing
SQM Salar S.A.	LQNI-DIA KCl floor drying and compacting expansion	Environmental Processing
SIT S.A.	MQ6Y- Maintenance and repair of ME and Tocopilla Bureau of Exchange	Sustainability: Environment and Risk prevention
SIT S.A.	TPR8- Disposal of liquid waste generation by aspiration	Sustainability

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 165

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Accumulated expenses as of 3/31/2013, 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 or will be made</b>
SIT S.A.	TPYX-Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention
SIT S.A.	TQAP-Paving Field No. 3 and No. 4	Capacity Expansion
SIT S.A.	TQAV-Paving paths IV	Sustainability
SIT S.A.	TQLY-Dust extractor packing machine No 1.	Environmental Processing
SIT S.A.	TQNA-Tocopilla Weather station (Tocopilla Decontamination Plan Network)	Sustainability: Environment and Risk prevention
SIT S.A.	TQQ5-Environmental Curtains Field No. 8	Sustainability: Environment and Risk prevention
SQM Nitratos S.A	IQDN- Storage Rises – Maintenance of Mine NV	Not Classified
Minera Nueva Victoria S.A.	IQ4C-Development Camp (Osmosis and Others)	Minor Projects (between ThUS\$50 and ThUS\$299)
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
SQM Salar S.A	LQ38-Field Drying Sludge	Sustainability
SQM Salar S.A	LQAK-Garbage Rooms MOP and SOP	Sustainability
SQM Salar S.A	LQFD-Bureaus of Exchange	Not Classified
<b>Total</b>		

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 166

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Future expenses as of 3/31/2013**

<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>
SQM Industrial S.A.	Environmental and Community Management (Budget available for the first quarter of 2013)	Not classified
SQM Industrial S.A.	CQLX- SCarmen and Lagarto hazardous waste yard	Sustainability
SQM Industrial S.A.	IQ8G- Improvement of Bureau of Exchange, offices and facilities	Medium projects (between ThUS\$300 and ThUS\$999)
SQM Industrial S.A.	JQEZ – Change of Bertrams Prilling Boiler CS	Sustainability: Replacement of equipment
SQM Industrial S.A.	JQL7- KNO3 prilled dust collection and drying engineering and project	Sustainability:
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Environmental processing
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environmental and Risk prevention
SQM Industrial S.A.	MQA8 - Normalization gas system, external cafeterias (Stage 1: projects)	Sustainability: Environmental and Risk prevention
SQM Industrial S.A.	MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS)	Sustainability: Environmental and Risk prevention
Sqm Industrial S.A.	MQBM - Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environmental and Risk prevention
SQM Industrial S.A.	MQHF -Sustaining of batteries ME	Sustainability: Environmental and Risk prevention
Sqm Industrial S.A.	MQK2 – Elimination of PCBs I	Sustainability: Environmental and Risk prevention

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 167

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Future expenses as of 3/31/2013**

<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>
SQM Industrial S.A.	PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia	Sustainability: Equipment Replacement
SQM Industrial S.A.	PPNK - Management of Ammonia PV stoppage plant	Sustainability: Environment and Risk prevention
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Environmental Processing
SQM Industrial S.A.	SQ7X-Reach 2011-2013	Sustainability: Environment and Risk prevention
SQM Industrial S.A.	TQ78-Motorized sweepers	Sustainability
SQM Industrial S.A.	TQA2 - Drainage Improvement Villa Prat	Sustainability: Environment and Risk prevention
SQM Industrial S.A.	FP55 - FPXA-EIA Pampa Blanca Expansion	Environmental Processing
SQM Industrial S.A.	JQB6 - DIA Plant NPT4, Coya Sur	Environmental Processing
SQM Industrial S.A.	PQLV-DIA Pedro de Valdivia Mine	Environmental Processing
SQM S.A.	AQ0A-Drilling of 4 Wells for Change in Catchment Point at Pampa del Tamarugal	Capacity Upgrade
SQM S.A.	IPFT-Cultural Heritage Region I	Sustainability
SQM S.A.	IPXE-Environmental monitoring plan Llamara Salt Flat	Cost Reduction

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 168

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Future expenses as of 3/31/2013**

<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>
SQM S.A.	IPXF-Environmental monitoring plan Pampa del Tamarugal	Sustainability: Environment and Risk prevention
SQM S.A.	IQ08-PSA Llamara & Pampa del Tamarugal	Sustainability: Environment and Risk prevention
SQM S.A.	IQ0C-Mine Area Enhancement NV	Sustainability: Environment and Risk prevention
SQM S.A.	IQ1K-Construction of 3 observation wells in Sur Viejo	Capacity Expansion
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.	IQ52- Nueva Victoria Environmental Office	Minor projects (between ThUS\$50 and ThUS\$299)
SQM S.A.	IQ54-Cultural heritage Pampa Hermosa	Minor projects (between ThUS\$50 and ThUS\$299)
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.	MQLQ- Gas scrubbing system	Not Classified
SQM S.A.	PQB9-PQB9 - Change of exhaust extractor SO2 gas	Not Classified

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 169

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Future expenses as of 3/31/2013**

<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>
SQM S.A.	IQ6M - DIA Expansion Nueva Victoria Sur Mine	Environmental Processing
SQM Salar S.A.	CQ4M – Regularization of Contractor facilities	Sustainability: Environment and Risk prevention
SQM Salar S.A.	CQ8U - New Changing Room CL - HL	Sustainability: Environment and Risk prevention
SQM Salar S.A.	LQDM – Certification of tanks	Sustainability: Replacement of equipment
SQM Salar S.A.	LQSZ-Gas Certification for Casino Andino	Sustainability: Environment and Risk prevention
SQM Salar S.A.	LQI6-EIA Operating Maintenance at Salar de Atacama	Environmental Processing
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability
SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention
SIT S.A.	TQAP - Paving Field No. 3 and No. 4	Capacity Expansion
SIT S.A.	TQAV - Paving paths IV	Sustainability
SIT S.A.	TQLY- Dust extractor packing machine No. 1	Environmental Processing
SIT S.A.	TQM2- Unloading/loading encapsulation project/Field 1 and 8	Sustainability

**SQM S.A.**

Los Militares 4290  
 Las Condes, Santiago, Chile 170  
 Tel: (56 2) 2425 2000  
 www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Future expenses as of 3/31/2013**

<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>
SIT S.A.	TQQ5- Environmental curtains Field No. 8	Sustainability: Environment and Risk prevention
Minera Nueva Victoria S.A.	IQ4C - Development Camp (Osmosis and Others)	Minor projects (between ThUS\$50 and ThUS\$299)
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
SQM Potasio S.A.	IQRR-TREATMENT SO2 IRIS	Sustainability: Environment and Risk prevention
SQM Salar S.A	LQAK-Garbage Rooms MOP and SOP	Sustainability
SQM Salar S.A	LQG8 – Waste room Toconao Campsite	Sustainability: Natural Resources
<b>Total</b>		

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 171

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Accumulated expenses as of 12/31/2012, 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 or will be made</b>	<b>Asset / Expense</b>	<b>Description of the asset or expense Item</b>
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability:	Expense	Not classified
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt flat	Cost reduction	Expense	Not classified
SQM S.A.	IPXF - Environmental Monitoring Plan Pampa del Tamarugal	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ08 - PSA Llamara & Pampa del Tamarugal	Sustainability: Environment and Risk prevention	Asset	Development
SQM S.A.	IQ0C - Mine Area Enhancement NV	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ1K - Construction of 3 observation wells in Sur Viejo	Capacity Expansion	Asset	Development
SQM S.A.	IQ1M - PSA Re-injection of water to Puquios Llamara	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IQ3S- Hazardous Materials Management Standardization	Sustainability:	Asset - Expense	Not classified
SQM S.A.	IQ52 - New Victoria Environment Office	Minor projects (between ThUS\$50 and ThUS\$299)	Expense	Not classified
SQM S.A.	IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa)	General projects (< ThUS\$50)	Expense	Not classified
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Minor projects (between ThUS\$50 and ThUS\$299)	Asset	Not classified
SQM S.A.	IQ9V – Quillagua Project	Minor projects (between ThUS\$50 and ThUS\$299)	Expense	Not classified

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 172

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Accumulated expenses as of 12/31/2012, 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 or will be made</b>	<b>Asset / Expense</b>	<b>Description of the asset or expense Item</b>
SQM S.A.	PQB9-PQB9 - Change of exhaust extractor SO2 gas	Not classified	Asset	Not classified
SQM S.A.	MQLQ- Gas scrubbing system	Not classified	Asset	Development
SQM S.A.	IQOW- Deposit authorization for Humberstone heritage	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQPJ- Mine Area equity measures Stage I	Sustainability:	Expense	Not classified
SQM S.A.	IQ6M -IQ6N-DIA Nueva Victoria Sur Mine Expansion	Environmental processing	Asset	Not classified
SQM S.A.	IP83 - DIA Expansion TLN-15	Environmental processing	Asset	Not classified
SQM Salar S.A.	CQ4M – Regularization of Contractor facilities	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Salar S.A.	CQ8U - New Changing Room CL - HL	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Salar S.A.	LP82 - Project for the Promotion of Agricultural Activity in Communities of the Salt deposit	Sustainability: Environment and Risk prevention	Expense	Development
SQM Salar S.A.	LPTF – Environmental study and exploration 2010	Environmental processing	Expense	Not classified
SQM Salar S.A.	LPTJ - Improvements Sanitary Works	Sustainability:	Asset	Not classified
SQM Salar S.A.	LQDM – Certification of tanks	Sustainability: Replacement of equipment	Asset	Not classified
SQM Salar S.A.	LQI6-EIA Operating maintenance at Salar de Atacama	Environmental processing	Asset	Not classified
SQM Salar S.A.	LQNI-DIA KCI Floor Drying and compacting expansion	Environmental processing	Asset	Not classified

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 173

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Accumulated expenses as of 12/31/2012, 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 or will be made</b>	<b>Asset / Expense</b>	<b>Description of the asset or expense Item</b>
SIT S.A.	MQ6Y-MQ6Y - Maintenance and repair of ME and Tocopilla bureau of exchange	Sustainability: Environment and Risk prevention	Expense	Not classified
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability:	Expense	Not classified
SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention	Asset / Expense	Development
SIT S.A.	TQAP - Paving Field No. 3 and No. 4	Capacity Expansion	Expense	Not classified
SIT S.A.	TQAV - Paving paths IV	Sustainability:	Asset	Development
SIT S.A.	TQM2- Unloading/loading encapsulation project/Field 1 and 8	Sustainability:	Asset	Not classified
SIT S.A.	TQLY- Dust extractor packing machine No. 1	Environmental processing	Asset	Not classified
SIT S.A.	TQNA- Tocopilla weather station (Tocopilla Decontamination Plan Network)	Sustainability: Environment and Risk prevention	Asset	Not classified
SIT S.A.	TQQ5- Environmental curtains Field No. 8	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Nitratos S.A	IQDN - Storage Rises – Maintenance of Mine NV	Not classified	Asset	Not classified
Minera Nueva Victoria S.A.	IQ4C - Development Camp (Osmosis and Others)	Minor projects (between ThUS\$50 and ThUS\$299)	Asset	Not classified
SQM Nitratos S.A	PQI9 – Mine waste water treatment plant	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Nitratos S.A	IQMH - Normalization Mine NV area operation	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Salar S.A.	LQFD – Bureaus of exchange	Not classified	Asset	Not classified

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 174

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

Note 24- Environment (continued)

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

## Future expenses as of 12/31/2012

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	Asset / Expense	Description of the asset or expense Item
SQM Industrial S.A.	Environmental and Community Management (Budget available for the second quarter of 2012)	Not classified	Expense	Not classified
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Environmental processing	Expense	Not classified
SQM Industrial S.A.	MP5W - Normalization TK's Combustibles	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset	Development
SQM Industrial S.A.	MQHF -Sustaining of batteries ME	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SQM Industrial S.A.	PPC1-Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Environmental processing	Asset	Not classified
SQM Industrial S.A.	SQ7X-Reach 2011-2013	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	TQA2 - Drainage Improvement Villa Prat	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	CQLX- SCarmen and Lagarto hazardous waste yard	Sustainability:	Asset	Not classified
SQM Industrial S.A.	JQL7- KNO3 prilled dust collection and drying engineering and project	Sustainability:	Asset	Research
SQM Industrial S.A.	MQBM - Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environment and Risk prevention	Expense	Not classified

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM Industrial S.A.	MQK2 – Elimination of PCBs I	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	FP55 - FPXA-EIA Pampa Blanca Expansion	Environmental processing	Asset	Not classified

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 175  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Future expenses as of 12/31/2012**

<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>	<b>Description of the asset or expense Item</b>
SQM Industrial S.A.	JQB6 - DIA Plant NPT4, Coya Sur	Environmental processing	Asset	Not classified
SQM Industrial S.A.	PQLV-DIA Pedro de Valdivia Mine	Environmental processing	Asset	Not classified
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability:	Expense	Not classified
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt flat	Cost reduction	Expense	Not classified
SQM S.A.	IPXF - Environmental Monitoring Plan Pampa del Tamarugal	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ1M - PSA Re-injection of water to Puquios Llamara	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IQ3S- Hazardous Materials Management Standardization	Sustainability:	Asset - Expense	Not classified
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Minor projects (between ThUS\$50 and ThUS\$299)	Asset	Not classified
SQM S.A.	MQLQ- Gas scrubbing system	Not classified	Asset	Development
SQM S.A.	IQOW- Deposit authorization for Humberstone heritage	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ6M -IQ6N-DIA Nueva Victoria Sur Mine Expansion	Environmental processing	Asset	Not classified
SQM Salar S.A.	LQDM – Certification of tanks	Sustainability: Replacement of equipment	Asset	Not classified
SQM Salar S.A.	LQI6-EIA Operating maintenance at Salar de Atacama	Environmental processing	Asset	Not classified
SQM Salar S.A.	LQNI-DIA KCI Floor Drying and compacting expansion	Environmental processing	Asset	Not classified

SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention	Asset / Expense	Development
----------	---	--	-----------------	-------------

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 176

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24- Environment (continued)

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

**Future expenses as of 12/31/2012**

<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>	<b>Description of the asset or expense Item</b>
SIT S.A.	TQAV - Paving paths IV	Sustainability:	Asset	Development
SIT S.A.	TQQ5- Environmental curtains Field No. 8	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Nitratos S.A	IQMH - Normalization Mine NV area operation	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Salar S.A.	LQG8 – Waste room Toconao Campsite	Sustainability: Natural Resources	Expense	Not classified
				<b>Total</b>

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 177

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Nota 24 – Environment (continued)

24.2 Description of each project, indicating whether they are in process or have been finished

**SQM Industrial S.A.**

**CQLX:** The project includes the construction at each location a courtyard of 145 m<sup>2</sup> approx. The project is in process.

**IQ8G:** This project contemplates the improvement of restrooms and the expansion of their capacity. In addition to water storage sector would be improved. The project is closing process.

**JQEZ:** This project includes purchasing and installing Bertrams Boilers in Coya Sur Prill, in order to improve the level of combustion, decreasing and controlling the emission of fumes to the environment. The project is finished.

**JQH9:** The purpose of this project is to purchase Bertram's boilers in order to improve the combustion levels, decreasing and controlling the emission of fumes to the environment. The 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.

**MPQU:** Construction of warehouses for dangerous chemicals supplies in order to decrease the chance of accidents and pollution. The project is in process.

**MQ8M:** Performing maintenance to structures and closing monitoring stations in Maria Elena. The project is finished.

**MQA8:** Normalization of gas networks of peripheral casinos (stage 1: projects): CS, Lagarto, Iodum, PV, Toco and Rancho 6. The Project is in process.

**MQAJ:** Improve the water and sewerage network in Maria Elena for better operations. The project is finished.

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 178

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24 – Environment (continued)

24.3 Description of each project indicating whether they are in process or have been finished (continued)

**MQHF:** Enable a wastewater plant in Toco according to SD 594, a change room for operators and contractors, among other things. 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.

**PPC1:** Purchase and replacement of equipment contaminated with PCB and obsolete equipment without spare parts. The project is in process.

**PPNK:** Project to ensure the control of the ammonia gas in the crystal plant stoppage. The project is finished.

**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.

**SQ7X:** The purpose of this project is obtaining and recording information of components and finished products of SQM in the ECHA database to comply with the requirements set forth by the REACH regulation of the European Union. The project is in process.

**TQ78:** The purpose of this project is the acquisition of sweeper truck with suction systems in order to reduce the particulate matter emissions at the Tocopilla Port. This project is finished.

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

**JQ8K:** This project has the purpose of building a new drying plant in Coya Sur. The projected expenses correspond only to the environmental filing. The project is in process

**FP55 – FPXA:** These 2 projects have a final objective consisting in the installation of a sea water sucking system of 87 km from the Mejillones area to the SQM facilities located in Pampa Blanca. The projected expenses correspond only to the filing of the EIA of the PB mine zone and the EIA of the PB expansion. Both projects are in process.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 179

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24 - Environment (continued)

24.3 Description of each Project indicating whether they are in process or have been finished  
(continued)

**JQB6:** Preparation and filing of the EID of project NPT4 of Coya Sur, which increases the salt production capacity. The project is in process.

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

**SQM S.A.**

**AQ0A:** To enable the use of water rights that have been granted in several pits of the Conaf reservation Pampa del Tamarugal and to take them outside of the tamarugo forest and of the reservation, reducing the environmental impact of its exploitation. The project is in process.

**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 process.

**IPXE:** To implement the plan of environment follow-up of Project Pampa Hermosa in Salar de Llamara. The project is in process.

**IPXF:** To implement the environment plan follow-up of the project Pampa Hermosa in Pampa del Tamarugal. The project is in process.

**IQ08:** The project considers the following works for the water reservoirs in Pampa del Tamarugal and Salar de Llamara: constructing and enabling observation and monitoring pits, pumping tests, construction of roads over hard sand terrain and Salar crust. The project is finished.

**IQ0C:** This project consists in implementing a program of adding value and area adjacent to route 5, which will enable the development of a self-guided tour of the area called Cantón de Lagunas in the context of the saltpeter history. The project is finished.

**IQ1K:** Construction of 3 observation pits in Sur Viejo to comply with the environmental commitments proposed in the EIS of Pampa Hermosa and to be able to monitor the water reservoir near said pits. The project is finished.

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 180

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24 - Environment (continued)

24.4 Description of each project indicating whether they are in process or have been finished (continued)

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

**IQ52:** This project includes the enabling and expansion of the environment offices in Nueva Victoria. The project is finished.

**IQ53:** To perform equity assay to the new location of the Soronal abduction trace Project Pampa Hermosa approved through N° 890/2010. The project is in process.

**IQ54:** This corresponds to the implementation of environmental commitments acquired through the environment assessment of the project Pampa Hermosa (RCA N°890/2010). The project is in process.

**IQLR:** The scope of this stage includes the updating of the Design, Implementation and Operation of the mitigation measure of puquios in Salar de Llamara. The project is finished.

**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).

**IQPJ:** The project consists of the implementation of heritage measures involved in the Environmental Assessment for the mine areas. The measures will be implemented according to the requirements of the mining operation VPONV.

**MLQ:** Design and implement a system to scrub gases allowing mitigating SO2 emissions, this system should be aligned to SQM's Sustainable Development Policy. The project is in process

**PQB9:** installation of two larger SO<sub>2</sub> extractors at the end of the process. The project is in process.

**IQ6M – IQ6N:** Preparation and filing of the EID of the Project “Expansion of Mina Nueva Victoria”. The projected expenses only include the environment document filing. The project is in process.

**IP83:** Preparation and filing of the EID of the Project “Extension TLN-15”. The projected expenses only include the environment document filing. The project is in process.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 181

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24 - Environment (continued)

24.3 Description of each Project indicating whether they are in process or have been finished  
(continued)

**SQM Salar S.A.**

**CQ4M:** The project contemplates the regularization of the electric facilities, change of cables, electric and illumination control panels. It also contemplates the installation of enough restroom with showers for the contractor's permanent personnel. The project is finished.

**CQ8U:** To improve the condition and capacity of the exchange rooms in Salar del Carmen. The project is finished.

**LPTF:** To perform semi-annual reports, given that it is necessary to present improvements and optimizations at environmental control points, and the knowledge on geologic and hydrogeological variables must be improved near Salar de Atacama. The project is finished.

**LPTJ:** The plan considers the acquisition of stand equipment to ensure the operating continuity of the TAS and OR plants, the change in the current control system of TK's regarding the accumulation of drinking water, wastewater, and wastewater elevation chambers, among others. The project is finished.

**LQFD:** The project includes the construction of currency exchange offices in order to comply with the rules and comfort to our workers. The project is finished.

**LQ38:** This project has the purpose to comply with the current regulations and with observations raised by the SEREMI of Health. The project is in process.

**LQAK:** The project considers the construction of garbage rooms in lunchrooms in MOP and SOP, in order to increase the waste storage capacity. The project is finished.

**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.

**LQSZ:** To perform certifications to comply with the SEC regulations.

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

**LQNI:** Preparation and processing of EID of project "Expansion of Drying and KCI Compacting Plant". The expenses considered include environmental processing only. The project is in process.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 182

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24 - Environment (continued)

24.3 Description of each Project indicating whether they are in process or have been finished  
(continued)

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

**SIT S.A.**

**MQ6Y:** To maintain and repair the bureau of exchange in María Elena and Tocopilla, in order to comply with Decree No.594. The project is finished.

**TPR8:** This project pretends to increase the generation of industrial waste through the use of vacuum and no-washing technologies, through the implementation of a vacuum system that avoids the use of water and therefore the generation of liquid industrial waste. The project is finished.

**TPYX:** To comply with the commitment of decreasing the emission of particulate material towards the city of Tocopilla. The project is in process.

**TQAP:** to decrease the environmental pollution and losses produced by the product's storage. The project is finished.

**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.

**TQLY:** This project aims at eliminating environmental contamination that may exist in the areas of work of operators. The project is in process.

**TQM2:** The project involves recovering operating conditions by changing the pitch pipe No.1 thus reducing the environmental pollution. The project is in process.

**TQNA:** Installation of a meteorological station to measure wind speed and direction in the Southern Sector of Tocopilla in order to fulfill the commitment with the authority. 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 S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 183

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

Note 24 - Environment (continued)

24.3 Description of each Project indicating whether they are in process or have been finished  
(continued)

**Minera Nueva Victoria S.A.**

**IQ4C:** Supply, construction and assembly of the osmosis and septic pits plant required to enable the camp in plant Iris and other. The project is finished.

**SQM Nitratos S.A.**

**IQDN:** Construction of a parapet forming a square pool (or rectangular) with an impermeable membrane that covers its entire length, to serve as a reservoir of sludge (Rises). The project is in process.

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

**PQI9:** Construction of a new pit replacing the current with a new waste water treatment technology. The project is in process.

**SQM Potasio S.A.**

**IQRR:** Improve gas emissions in the Iris pilot plant area.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 184  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

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

As of March 31, 2013, and December 31, 2012, the detail of other current and non-current assets is as follows:

<b>Other non-financial assets, current</b>	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Domestic Value Added Tax	32,080	42,136
Foreign Value Added Tax	9,914	9,306
Prepaid mining licenses	8,602	1,512
Prepaid insurance	5,829	8,278
Other prepayments	1,529	494
Other assets	879	6,094
Total	58,833	67,820

<b>Other non-financial assets, non-current</b>	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Stain development expenses and prospecting expenses (1)	16,949	16,839
Guarantee deposits	695	571
Other assets	277	272
Total	17,921	17,682

Assets for the exploration or evaluation of mineral resources are amortized to the extent that the explored or evaluated area has been exploited. For this purpose, a variable rate is applied to extracted tons, which is determined based on the measured initial reserve and evaluation cost. The Company presents expenses associated with Exploration and Evaluation of Mineral Resources. Of these expenses, those that are under exploitation are included (1) under Inventory and are amortized according to the estimated ore reserves contained, and expenses associated with future reserves are presented under Other non-current assets. Those expenses incurred on properties with low ore grade that are not economically exploitable are directly charged to income. As of March 31, 2013 balances associated with the exploration and assessment of mineral resources is presented under Inventory for ThUS\$ 6,218 (ThUS\$ 6,174 as of December 31, 2012).

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 185  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 25 - Other current and non-current non-financial assets (continued)****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, 2013, and December 31, 2012:

Reconciliation	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Assets for the exploration and evaluation of mineral resources, net, opening balance	16,839	21,395
Changes in assets for exploration and assessment of mineral resources:		
Additions, other than business combinations	670	843
Depreciation and amortization	(515 )	(2,080 )
Increase (Decrease) due to transfers and other charges	(45 )	(3,319 )
Assets for exploration and assessment of mineral resources, net, closing balance	16,949	16,839

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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 186

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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
- 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 187

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 188

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 26 - Operating segments (continued)

## 26.2 Operating segment disclosures as of March 31, 2013 and March 31, 2012:

3/31/2013

	Specialty plant nutrients	Iodine and its derivatives	Lithium and its derivatives	Industrial chemicals	Potassium	Other products and services	Reportable segments	Operating segments	Eliminati of inter- segments amounts ThUS\$
Operating segment items	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	-	-	-	-	-	-	-	-	42,706
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	(228,664)
Net income (loss) from continuing operations	58,115	86,883	20,465	22,395	48,474	2,526	238,858	238,858	(228,664)
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	(228,664)

Assets	-	-	-	-	-	-	-	-	(7,815,5
Equity-accounted investees	-	-	-	-	-	-	-	-	(3,699,3
Increase of non-current assets	-	-	-	-	-	-	-	-	
Liabilities	-	-	-	-	-	-	-	-	(3,696,3
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	-	-	-	-	-	-	-	-	-

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 189

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 26 - Operating segments (continued)

## 26.2 Operating segment disclosures as of March 31, 2013 and March 31, 2012:

3/31/2012

	Specialty plant nutrients	Iodine and its derivatives	Lithium and its derivatives	Industrial chemicals	Potassium	Other products and services	Reportable segments	Operating segments	Elimina of inter- segment amounts
<b>Operating segment items</b>	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	159,095	143,930	47,522	32,268	133,590	13,220	529,625	529,625	-
Revenues from transactions with other operating segments of the same entity	85,936	203,511	41,749	86,243	161,100	94,462	673,001	673,001	(673,001)
Revenues from external customers and transactions with other operating segments of the same entity	245,031	347,441	89,271	118,511	294,690	107,682	1,202,626	1,202,626	(673,001)
Interest revenue	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	51,264
depreciation and amortization expense	(14,256)	(12,897)	(4,258)	(2,891)	(11,971)	(1,185)	(47,458)	(47,458)	-
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	52,453	95,240	24,346	12,560	50,994	671	236,264	236,264	(66,155)
Net income (loss) from continuing operations	52,453	95,240	24,346	12,560	50,994	670	236,264	236,264	(66,155)
Net income (loss) from discontinued operations	-	-	-	-	-	-	-	-	-
Net income (loss)	52,453	95,240	24,346	12,560	50,994	671	236,264	236,264	(66,155)
Assets	-	-	-	-	-	-	-	-	(7,399,000)

Equity-accounted investees	-	-	-	-	-	-	-	-	(2,669)
Increase of non-current assets	-	-	-	-	-	-	-	-	
Liabilities	-	-	-	-	-	-	-	-	(4,248)
Equity									
Equity and liability									
Reversal of impairment losses recognized in profit and loss for the year					-		-	-	
Impairment loss recognized in profit or loss	(3,608 )	(590 )	(195 )	(869 )	(1,124 )	(55 )	(6,441 )	(6,441 )	-
Cash flows from (used in) operating activities	-	-	-	-	-	-	-	-	-
Cash flows from (used in) investing activities	-	-	-	-	-	-	-	-	-
Cash flows from (used in) financing activities	-	-	-	-	-	-	-	-	-

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 190

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Corporate Unit ThUS\$
Revenue	196,739	147,898	41,887	70,884	152,945	13,044	-
Cost of sales	(138,624)	(61,016)	(21,422)	(48,490)	(104,471)	(10,517)	-
Gross profit	58,115	86,882	20,465	22,394	48,474	2,527	-
Other incomes by function	-	-	-	-	-	-	4,285
Administrative expenses	-	-	-	-	-	-	(23,301)
Other expenses by function	-	-	-	-	-	-	(13,247)
Other gains (losses)	-	-	-	-	-	-	(237)
Financial income	-	-	-	-	-	-	4,371
Financial costs	-	-	-	-	-	-	(13,132)
interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	5,921
Exchange differences	-	-	-	-	-	-	(4,763)
Profit (loss) before taxes	58,115	86,882	20,465	22,394	48,474	2,527	(40,103)
Income tax expense	-	-	-	-	-	-	(46,096)
Profit (loss) from continuing operations	58,115	86,882	20,465	22,394	48,474	2,527	(86,199)
Profit (loss) from discontinued operations	-	-	-	-	-	-	-
Profit (loss)	58,115	86,882	20,465	22,394	48,474	2,527	(86,199)
Profit (loss, attributable to							
Profit (loss) attributable to the controller's owners	-	-	-	-	-	-	-
Profit (loss) attributable to the non controllers	-	-	-	-	-	-	-
Profit (loss)	-	-	-	-	-	-	-

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 191

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 26 - Operating segments (continued)

## 26.3 Statement of comprehensive income classified by operating segments based on groups of products as of March 31, 2012:

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\$	Corporate Unit ThUS\$
Revenue	159,095	143,930	47,522	32,268	133,590	13,220	-
Cost of sales	(106,642)	(48,691)	(23,176)	(19,708)	(82,596)	(12,549)	-
Gross profit	52,453	95,239	24,346	12,560	50,994	671	-
Other incomes by function	-	-	-	-	-	-	4,663
Administrative expenses	-	-	-	-	-	-	(22,985)
Other expenses by function	-	-	-	-	-	-	(10,091)
Other gains (losses)	-	-	-	-	-	-	49
Financial income	-	-	-	-	-	-	5,537
Financial costs	-	-	-	-	-	-	(12,062)
interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	8,064
Exchange differences	-	-	-	-	-	-	(4,913)
Profit (loss) before taxes	52,453	95,239	24,346	12,560	50,994	671	(31,738)
Income tax expense	-	-	-	-	-	-	(52,771)
Profit (loss) from continuing operations	52,453	95,239	24,346	12,560	50,994	671	(84,509)
Profit (loss) from discontinued operations	-	-	-	-	-	-	-
Profit (loss)	52,453	95,239	24,346	12,560	50,994	671	(84,509)
Profit (loss, attributable to owners	-	-	-	-	-	-	-
Profit (loss) attributable to the controller's owners	-	-	-	-	-	-	-
Profit (loss) attributable to the non controllers	-	-	-	-	-	-	-
Profit (loss)	-	-	-	-	-	-	-

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 192

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 26 - Operating segments (continued)

## 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

## 26.4 Revenue from transactions with other Company operating segments as of March 31, 2012

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	159,095	143,930	47,522	32,268	133,590	13,220	529,625

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 193

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 194

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 26 - Operating segments (continued)

## 26.7 Segments by geographical areas as of March 31, 2013 and March 31, 2012

Items	Chile	Latin America and the Caribbean	Europe	North America	Asia and others	3/31/2013
	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
Equity-accounted investees	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

Items	Chile	Latin America and the Caribbean	Europe	North America	Asia and others	3/31/2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	40,179	90,485	131,589	154,649	112,723	529,625
Non-current assets:	1,833,586	1,721	30,305	15,414	28,379	1,909,405
Equity-accounted investees	1,450	-	18,599	14,965	28,146	63,160
Intangible assets other than goodwill	3,731	-	-	424	8	4,163
Goodwill	27,146	86	11,373	-	-	38,605
Property, plant and equipment, net	1,775,404	1,390	333	25	202	1,777,354
Investment property	-	-	-	-	-	-
Other non-current assets	25,855	245	-	-	23	26,123

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 195

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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, 2012 and March 31, 2013 and December 31, 2012:

<b>Location</b>	<b>Products:</b>
Pedro de Valdivia	Production of nitrite, sulfate, and iodine
María Elena	Production of nitrite, sulfate, and iodine
Coya Sur	Production of nitrite, sulfate, and iodine
Nueva Victoria	Production of iodine and nitrate salts
Salar de Atacama	Potassium chloride, Lithium chloride and boric acid
Salar del Carmen	Production of Lithium carbonate and lithium hydroxide, production of boron
Tocopilla	Port facilities

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 196

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****Nota 27 - Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature**

	3/31/2013	3/31/2012		3/31/2013	3/31/2012
	ThUS\$	ThUS\$		ThUS\$	ThUS\$
27.1 Revenue					
Products	620,957	528,124			
Services	2,440	1,501			
Total	623,397	529,625			
27.2 Cost of sales					
Raw material and supplies				(221,773 )	(232,738 )
Types of employee benefits expenses					
Salaries and wages				(35,636 )	(28,424 )
Other short-term employee benefits				(18,517 )	(12,907 )
Termination benefit expenses				(1,259 )	(371 )
Total employee benefits expenses				(55,412 )	(41,702 )
Depreciation expense				(51,545 )	(45,421 )
Amortization expense				-	(492 )
Impairment loss (review of impairment losses) recognized in profit or loss for the year				(5,289 )	(6,441 )
Other expenses, by nature (*)				(55,521 )	33,432
Total				(384,540 )	(293,362 )

(\*)Include the variation of finished and products in-process

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 197

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Note 27 - Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)**

	3/31/2013	3/31/2012
	ThUS\$	ThUS\$
27.3 Other income		
Discounts obtained from suppliers	405	197
Compensation received	1,501	-
Penalties charged to suppliers	159	42
Insurance recovered	623	2,165
Excess in the provision of liabilities with 3rd parties	423	745
Excess in allowance for doubtful accounts	-	149
Sale of Property, plant and equipment	98	-
Sale of materials, spare parts and supplies	454	351
Sale of mining concessions	314	146
Excess indemnity provision Yara South Africa	-	543
Other services	88	-
Other operating results	220	325
Total	4,285	4,663

	3/31/2013	3/31/2012
	ThUS\$	ThUS\$
27.4 Administrative expenses		
Employee benefit expenses by nature		
Salaries and wages	(9,389 )	(10,093 )
Other short-term benefits to employees	(1,231 )	(959 )
Total employee benefit expenses	(10,620 )	(11,052 )
Other expenses, by nature	(12,681 )	(11,933 )
Total	(23,301 )	(22,985 )

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 198

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Nota 27 - Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)

	3/31/2013 ThUS\$	3/31/2012 ThUS\$
27.5 Other expenses by function		
Depreciation and amortization expenses		
Depreciation of stopped assets	(107 )	(1,545 )
Impairment loss (review of impairment losses) recognized in profit or loss for the year		
Impairment of allowance for doubtful accounts	(2,899 )	(622 )
Provision for loss in auction of materials and spare parts	-	(3,000 )
Subtotal to date	(2,899 )	(3,622 )
Other expenses, by nature		
Legal Expenses	(3,084 )	(317 )
Worksite stoppage expenses	(26 )	-
VAT and other unrecoverable tax	(269 )	(277 )
Fines paid	(82 )	-
Investment plan expenses	(4,737 )	(3,311 )
Donations rejected as expense	(560 )	(395 )
Provision for work closing	(58 )	-
Indemnities paid	(146 )	-
Other operating expenses	(1,279 )	(624 )
Subtotal to date	(10,241 )	(4,924 )
Total	(13,247 )	(10,091 )

	3/31/2013 ThUS\$	3/31/2012 ThUS\$
27.6 Other income (expenses)		
Adjustment of Equity Method, prior year	(281 )	112
Sale of investment in associates	-	(309 )
Other	44	246
Total	(237 )	49

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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 :	<b>January to March</b>	
	<b>2013</b>	<b>2012</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Raw material and supplies used	(221,773)	(232,738)
Types of employee benefits expenses		
Salaries and wages	(45,025 )	(38,517 )
Other short-term employee benefits	(19,748 )	(13,866 )
Termination benefit expenses	(1,259 )	(371 )
Total employee benefit expenses	(66,032 )	(52,754 )
Depreciation and amortization expenses		
Depreciation expense	(51,652 )	(46,966 )
Amortization expense		(492 )
Impairment loss (reversal of impairment losses) recognized in profit or loss for the year	(8,188 )	(10,063 )
Other expenses, by nature	(73,680 )	16,575
Total expenses, by nature	(421,325)	(326,438)

This table corresponds to the summary from Note 27.2 to 27.6 required by the Chilean Superintendence of Securities and Insurance

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 200

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****Nota 28 - Income tax and deferred taxes**

Accounts receivable from taxes as of March 31, 2013 and December 31, 2012, are as follows:

**28.1 Current tax assets:**

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Monthly provisional income tax payments, Chilean companies current year	28,501	23,713
Monthly provisional payment Royalty	4,434	2,430
Monthly provisional income tax payments, foreign companies	2,265	1,979
Corporate tax credits (1)	116	144
Corporate tax absorbed by tax losses (2)	1,080	1,968
Total	36,396	30,234

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 2013 and 2012.

- (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.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile 201  
Tel: (56 2) 2425 2000  
www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Companies incorporated in Chile	16,105	13,408
Companies incorporated abroad	13,012	10,206
Corporate tax (article 21)	11	10
Total	29,128	23,624

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, 2013, and December 31, 2012, 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:

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
Taxable profits with credit rights (1)	1,364,107	1,262,201
Taxable profits without credit right(1)	162,390	138,535
Taxable loss	10,729	9,931
Credit for shareholders	323,528	294,146

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 202

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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 tax authority the right to offset the amounts recognized in these entries; and

<sup>2</sup> 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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 203

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013 are detailed as follows:

Description of deferred income tax assets and liabilities	Net position, assets		Net position, liabilities	
	Assets	Liabilities	Assets	Liabilities
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Depreciation	-	-	-	148,737
Doubtful accounts impairment	-	-	6,555	-
Accrued vacations	-	-	2,484	-
Manufacturing expenses	-	-	-	60,931
Unrealized gains (losses) from sales of products	-	-	94,462	-
Fair value of bonds	-	-	3,774	-
Severance indemnity	-	-	-	5,721
Hedging	-	-	-	15,538
Inventory of products, spare parts and supplies	6	-	15,862	-
Research and development expenses	-	-	-	4,940
Tax losses	-	-	1,105	-

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Capitalized interest	-	-	-	20,803
Expenses in assumption of bank loans	-	-	-	2,127
Unaccrued interest	-	-	187	-
Fair value of property, plant and equipment	-	-	3	-
Employee benefits	-	-	3,287	-
Royalty deferred income taxes	-	-	-	8,113
Other	171	-	7,373	-
Balance to date	177	-	135,092	266,910
Net balance	177	-	-	131,818

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 204

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2012 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	-	-	-	145,251
Doubtful accounts impairment	-	-	5,807	-
Accrued vacations	-	-	3,971	-
Manufacturing expenses	-	-	-	60,160
Unrealized gains (losses) from sales of products	-	-	105,879	-
Fair value of bonds	-	-	3,684	-
Severance indemnity	-	-	-	4,483
Hedging	-	-	-	22,890
Inventory of products, spare parts and supplies	37	-	14,990	-
Research and development expenses	-	-	-	4,917
Tax losses	-	-	1,509	-
Capitalized interest	-	-	-	20,449
Expenses in assumption of bank loans	-	-	-	2,243
Unaccrued interest	-	-	215	-
Fair value of property, plant and equipment	-	-	-	2,743
Employee benefits	-	-	2,027	-
Royalty deferred income taxes	-	-	-	8,430
Other	186	-	8,039	-
Balance to date	223	-	146,121	271,566
Net balance	223	-	-	125,445

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 205

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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, 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	3,486	-	3,486	148,737
Doubtful accounts impairment	(5,807 )	(748 )	-	(748 )	(6,555 )
Accrued vacations	(3,971 )	1,487	-	1,487	(2,484 )
Manufacturing expenses	60,160	771	-	771	60,931
Unrealized gains (losses) from sales of products	(105,879 )	11,417	-	11,417	(94,462 )
Fair value of bonds	(3,684 )	-	(90 )	(90 )	(3,774 )
Severance indemnity	4,483	1,238	-	1,238	5,721
Hedging	22,890	(7,352 )	-	(7,352 )	15,538
Inventory of products, spare parts and supplies	(15,027 )	(841 )	-	(841 )	(15,868 )
Research and development expenses	4,917	23	-	23	4,940
Capitalized interest	20,449	354	-	354	20,803
Expenses in assumption of bank loans	2,243	(116 )	-	(116 )	2,127
Unaccrued interest	(215 )	28	-	28	(187 )
Fair value of property, plant and equipment	2,743	(2,746 )	-	(2,746 )	(3 )
Employee benefits	(2,027 )	(1,260 )	-	(1,260 )	(3,287 )
Royalty deferred income taxes	8,430	(317 )	-	(317 )	8,113
Other	(8,225 )	681	-	681	(7,544 )
Unused tax losses	(1,509 )	404	-	404	(1,105 )
Total temporary differences, losses and unused fiscal credits	125,222	6,509	(90 )	6,419	131,641

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 206

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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, 2012

	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	114,151	31,100	-	31,100	145,251
Doubtful accounts impairment	(4,061 )	(1,746 )	-	(1,746 )	(5,807 )
Accrued vacations	(2,642 )	(1,329 )	-	(1,329 )	(3,971 )
Manufacturing expenses	54,747	5,413	-	5,413	60,160
Unrealized gains (losses) from sales of products	(97,441 )	(8,438 )	-	(8,438 )	(105,879 )
Fair value of bonds	(2,104 )	-	(1,580 )	(1,580 )	(3,684 )
Severance indemnity	3,036	1,447	-	1,447	4,483
Hedging	16,636	6,254	-	6,254	22,890
Inventory of products, spare parts and supplies	(7,866 )	(7,161 )	-	(7,161 )	(15,027 )
Research and development expenses	4,598	319	-	319	4,917
Capitalized interest	17,461	2,988	-	2,988	20,449
Expenses in assumption of bank loans	1,855	388	-	388	2,243
Unaccrued interest	(386 )	171	-	171	(215 )
Fair value of property, plant and equipment	(1,539 )	4,282	-	4,282	2,743
Employee benefits	(1,177 )	(850 )	-	(850 )	(2,027 )
Royalty deferred income taxes	10,035	(1,605 )	-	(1,605 )	8,430
Other	(5,967 )	(2,258 )	-	(2,258 )	(8,225 )
Unused tax losses	(1,046 )	(463 )	-	(463 )	(1,509 )
Total temporary differences, losses and unused fiscal credits	98,290	28,512	(1,580 )	26,932	125,222

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 207

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013 and December 31, 2012, tax loss carryforwards (NOL carryforwards) are detailed as follows:

	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Chile	1,105	1,509
Other countries	-	-
Other countries	1,105	1,509

Tax losses as of December 31 correspond mainly to Servicios Integrales de Tránsitos y Transferencias S.A., Exploraciones Mineras e Isapre Norte Grande Ltda.

## d.5 Unrecognized deferred income tax assets and liabilities

Unrecognized deferred tax assets and liabilities as of March 31, 2013 and December 31, 2012 are as follows:

	3/31/2013 ThUS\$ Assets (liabilities)	12/31/2012 ThUS\$ Assets (liabilities)
Tax losses (NOL's)	139	139
Doubtful accounts impairment	81	81
Inventory impairment	1,020	1,020
Pensions plan	(536)	(536)

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 208

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013****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, 2013 and December 31, 2012 are detailed as follows:

	3/31/2013	12/31/2012
	ThUS\$	ThUS\$
	Liabilities	Liabilities
	(assets)	(assets)
Deferred tax assets and liabilities, net opening balance	125,222	98,290
Increase (decrease) in deferred taxes in profit or loss	6,509	28,512
Tax Recovery of first category credit absorbed by tax losses	-	-
Increase (decrease) in deferred taxes in equity	(90 )	(1,580 )
Balances to date	131,641	125,222

## 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

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 209

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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:

	3/31/2013 ThUS\$ Income (expenses)	3/31/2012 ThUS\$ Income (expenses)
Current income tax expense		
Current income tax expense	(39,587 )	(51,151 )
Adjustments to prior year current income tax	-	(274 )
Current income tax expense, net, total	(39,587 )	(51,425 )
Deferred tax expense		
Deferred tax expense (income) relating to the creation and reversal of temporary differences	(6,509 )	(1,346 )
Deferred tax expense (income) relating changes in tax rates or the application of new taxes	-	-
Deferred tax expense, net, total	(6,509 )	(1,346 )
Tax expense (income)	(46,096 )	(52,771 )

Tax expenses (income) for foreign and domestic parties are detailed as follows:

	3/31/2013 ThUS\$ Income (expenses)	3/31/2012 ThUS\$ Income (expenses)
Current income tax expense by foreign and domestic parties, net		
Current income tax expense, foreign parties, net	(516 )	(5,485 )
Current income tax expense, domestic, net	(39,071 )	(45,940 )
Current income tax expense, net, total	(39,587 )	(51,425 )
Deferred tax expense by foreign and domestic parties, net		
Deferred tax expense, foreign parties, net	(33 )	164

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Deferred tax expense, domestic, net	(6,476 )	(1,510 )
Deferred tax expense, net, total	(6,509 )	(1,346 )
Income tax expense	(46,096 )	(52,771 )

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 210

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

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:

	3/31/2013		
	ThUS\$		
Income tax related to components of other income and expense with a charge or credit to net equity	Amount (Expense)	income for	Amount
Cash flow hedge	(expense) gain	income taxes	after taxes
	(451)	90	(361 )
<b>Total</b>	<b>(451)</b>	<b>90</b>	<b>(361 )</b>

3/31/2012

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Income tax related to components of other income and expense with a charge or credit to net equity	ThUS\$		Amount after taxes
	Amount (Expense) taxes (expense)	income for gain taxes	
Cash flow hedge	(3,708)	749	(2,959 )
Total	(3,708)	749	(2,959 )

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 211

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013****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**

	3/31/2013		3/31/2012
	ThUS\$		ThUS\$
	Income		Income
	(expense)		(expense)
Consolidated income before taxes	198,754		204,525
Income tax rate in force in Chile	20	%	20
			%
Tax expense using the legal rate	(39,751 )		(40,905 )
Effect of royalty tax expense	(3,533 )		(4,713 )
Tax effect of non-taxable revenue	1,680		2,455
Effect of taxable rate of non-deductible expenses for determination of taxable income (loss)	(523 )		(403 )
Tax effect of tax rates supported abroad	(3,070 )		1,739
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)	(899 )		(10,944 )
Tax expense using the effective rate	(46,096 )		(52,771 )

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 213

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Current assets:			
Cash and cash equivalents	BRL	48	20
Cash and cash equivalents	CLP	19,058	76,712
Cash and cash equivalents	CNY	135	181
Cash and cash equivalents	EUR	6,407	3,601
Cash and cash equivalents	GBP	14	70
Cash and cash equivalents	IDR	-	5
Cash and cash equivalents	INR	8	13
Cash and cash equivalents	MXN	312	720
Cash and cash equivalents	PEN	65	75
Cash and cash equivalents	YEN	1,588	1,369
Cash and cash equivalents	ZAR	8,068	7,421
Subtotal cash and cash equivalents		35,703	90,187
Other current financial assets	CLP	185,048	182,427
Subtotal other current financial assets		185,048	182,427
Other current non-financial assets	ARS	272	29
Other current non-financial assets	AUD	44	-
Other current non-financial assets	BRL	51	5
Other current non-financial assets	CLF	37	23
Other current non-financial assets	CLP	32,459	42,378
Other current non-financial assets	CNY	39	29
Other current non-financial assets	EUR	10,044	8,534
Other current non-financial assets	INR	2	-
Other current non-financial assets	MXN	122	736
Other current non-financial assets	PEN	-	55
Other current non-financial assets	YEN	-	15
Other current non-financial assets	ZAR	139	702
Subtotal other current non-financial assets		43,209	52,506
Trade and other receivables	AUD	-	14
Trade and other receivables	BRL	42	58
Trade and other receivables	CLF	855	826
Trade and other receivables	CLP	98,131	78,112
Trade and other receivables	CNY	3,195	2,014
Trade and other receivables	EUR	89,660	47,962
Trade and other receivables	GBP	965	399
Trade and other receivables	MXN	226	200
Trade and other receivables	PEN	93	114
Trade and other receivables	ZAR	13,606	16,004

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Subtotal trade and other receivables		206,773	145,703
Receivables from related parties	AED	379	-
Receivables from related parties	CLP	968	1,154
Receivables from related parties	EUR	220	34
Receivables from related parties	YEN	-	28
Receivables from related parties	ZAR	2,653	3,312
Subtotal receivables from related parties		4,220	4,528
Current tax assets	AUD	-	452
Current tax assets	CLP	563	457
Current tax assets	EUR	69	72
Current tax assets	INR	-	5
Current tax assets	MXN	1,050	698
Current tax assets	PEN	284	363
Current tax assets	YEN	46	135
Subtotal current tax assets		2,012	2,182
Total current assets		476,965	477,533

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 214

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of asset	Currency	3/31/2013 ThUS\$	12/31/2012 ThUS\$
Non-current assets:			
Other non-current financial assets	BRL	31	30
Other non-current financial assets	CLP	20	20
Other non-current financial assets	EUR	-	-
Other non-current financial assets	YEN	50	54
Subtotal other non-current financial assets		101	104
Other non-current non-financial assets	BRL	222	219
Other non-current non-financial assets	CLP	750	624
Subtotal other non-current non-financial assets		972	843
Non-current rights receivable	CLF	574	602
Non-current rights receivable	CLP	620	709
Subtotal non-current rights receivable		1,194	1,311
Equity-accounted investees	AED	18,282	17,044
Equity-accounted investees	CLP	1,979	1,656
Equity-accounted investees	EGP	-	-
Equity-accounted investees	EUR	6,670	8,495
Equity-accounted investees	INR	922	683
Equity-accounted investees	THB	2,014	1,608
Equity-accounted investees	TRY	16,537	15,431
Subtotal equity-accounted investees		46,404	44,917
Intangible assets other than goodwill	CLP	168	170
Intangible assets other than goodwill	CNY	5	6
Subtotal intangible assets other than goodwill		173	176
Property, plant and equipment	CLP	3,738	3,639
Subtotal property, plant and equipment		3,738	3,639
Total non-current assets		52,582	50,990
Total assets		529,547	528,523

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 215

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## 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	3/31/2013			12/31/2012		
		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\$
Current liabilities							
Other current financial liabilities	CLF	4,906	5,681	10,587	5,967	7,465	13,432
Other current financial liabilities	CLP	-	44,561	44,561	1,265	1,470	2,735
Subtotal other current financial liabilities		4,906	50,242	55,148	7,232	8,935	16,167
Trade and other payables	ARS	1	-	1	1	-	1
Trade and other payables	BRL	70	-	70	71	-	71
Trade and other payables	CHF	1	-	1	155	-	155
Trade and other payables	CLP	69,020	44,788	113,808	132,037	35	132,072
Trade and other payables	CNY	5,808	-	5,808	1,642	-	1,642
Trade and other payables	EUR	23,371	441	23,812	18,983	279	19,262
Trade and other payables	GBP	7	-	7	142	-	142
Trade and other payables	INR	5	-	5	4	-	4
Trade and other payables	MXN	4,803	45	4,848	808	2	810
Trade and other payables	PEN	-	19	19	36	-	36
Trade and other payables	YEN	-	-	-	66	49	115
Trade and other payables	ZAR	1,511	-	1,511	1,810	-	1,810
Subtotal trade and other payables		104,597	45,293	149,890	155,755	365	156,120
Other current provisions	BRL	17	1,629	1,646	17	1,606	1,623
Other current provisions	CLP	-	-	-	28	-	28
Other current provisions	EUR	6	-	6	248	-	248
Subtotal other current provisions		23	1,629	1,652	293	1,606	1,899
Current tax liabilities	INR	-	-	-	5	-	5
Current tax liabilities	BRL	-	-	-	-	3	3
Current tax liabilities	CLP	2,677	479	3,156	-	2,660	2,660
Current tax liabilities	CNY	-	40	40	-	22	22
Current tax liabilities	EUR	-	-	-	-	2,742	2,742
Current tax liabilities	MXN	31	-	31	36	-	36
Current tax liabilities	ZAR	-	50	50	-	55	55
Subtotal current tax liabilities		2,708	569	3,277	41	5,482	5,523
Current provisions for employee benefits	CLP	5,749	4,692	10,441	7,557	14,760	22,317
Current provisions for employee benefits	MXN	-	223	223	-	212	212
Subtotal current provisions for employee benefits		5,749	4,915	10,664	7,557	14,972	22,529

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 216

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of liabilities	Currency	3/31/2013			12/31/2012		
		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	16	23	39	12	44	56
Other current non-financial liabilities	CLP	13,484	21,641	35,125	9,561	26,714	36,275
Other current non-financial liabilities	CNY	29	-	29	26	-	26
Other current non-financial liabilities	EUR	39	580	619	637	-	637
Other current non-financial liabilities	MXN	416	133	549	250	103	353
Other current non-financial liabilities	PEN	70	-	70	70	-	70
Other current non-financial liabilities	ZAR	8	-	8	9	-	9
Subtotal other current non-financial liabilities		14,062	22,377	36,439	10,565	26,861	37,426
Total current liabilities		132,045	125,025	257,070	181,443	58,221	239,664

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 217

Tel: (56 2) 2425 2000

www.sqm.com

## Notes to the Consolidated Financial Statements as of March 31, 2013

## Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of liabilities	Currency	3/31/2013			Total ThUS\$	12/31/2012			Total ThUS\$
		Over 1 year up to 3 years ThUS\$	Over 3 years up to 5 years ThUS\$	Over 5 years ThUS\$		Over 1 year up to 3 years ThUS\$	Over 3 years up to 5 years ThUS\$	Over 5 years ThUS\$	
Non-current liabilities									
Other non-current financial liabilities	CLF	87,228	62,999	323,804	474,031	85,681	61,119	321,857	468,657
Other non-current financial liabilities	CLP	110,188	-	-	110,188	151,500	-	-	151,500
Subtotal other non-current financial liabilities		197,416	62,999	323,804	584,219	237,181	61,119	321,857	620,157
Deferred tax liabilities	CLP	37	-	66	103	-	-	43	43
Deferred tax liabilities	MXN	201	-	-	201	159	-	-	159
Subtotal deferred tax liabilities		238	-	66	304	159	-	43	202
Non-current provisions for employee benefits	CLP	-	-	34,638	34,638	-	-	33,766	33,766
Non-current provisions for employee benefits	MXN	-	-	140	140	-	-	132	132
Non-current provisions for employee benefits	YEN	-	-	490	490	-	-	532	532
Subtotal non-current provisions for employee benefits		-	-	35,268	35,268	-	-	34,430	34,430
Total non-current liabilities		197,654	62,999	359,138	619,791	237,340	61,119	356,330	654,789

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 218

Tel: (56 2) 2425 2000

www.sqm.com

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**Note 30 – Subsequent events**

**30.1 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, 2013 were approved and authorized for issuance by the Board of Directors at their meeting held on May 28, 2013.

**30.2 Disclosures on events occurring after the reporting date**

On April 3, 2013, the Company placed in the United States an unsecured bond for US\$300 million. This transaction was agreed at a term of 10 years with an annual coupon of 3.625% and annual yield of 3.716%. This rate is equivalent to a spread of 180 basic points on the comparable US Treasury bonds. Funds received will be destined to refinance long-term liabilities and finance general corporate objectives of the Company. For this transaction, the Company received advisory from JP Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Inc., Scotia Capital (USA) Inc. and LarrainVial Securities US LLC.

On April 5, 2013, the Company reported to the Chilean Superintendence of Securities and Insurance that our director, Mr. Kendrick T. Wallace resigned to his position of Board member of Sociedad Química y Minera de Chile S.A. from the aforementioned date because of personal reasons.

On April 25, 2013, at the Thirty-Eighth General Ordinary Shareholders' Meeting of Sociedad Química y Minera de Chile S.A. the shareholders opted to appoint and designate Messrs. Wayne R. Brownlee, Hernán Büchi Buc, Patricio Contesse Fica, José María Eyzaguirre Baeza, Alejandro Montero Purviance, Julio Ponce Lerou, Wolf von Appen Berhmann and Juan Antonio Guzmán Molinari as the new Company's directors and Juan Antonio Guzmán Molinari has been appointed and designated as an Independent Director.

Management is not aware of any other significant events that occurred between March 31, 2013 and the date of issuance of these consolidated financial statements that may significantly affect them.

**30.3 Detail of dividends declared after the reporting date**

As of the closing date of these financial statements, there are no dividends declared after the reporting date.

**SQM S.A.**

Los Militares 4290

Las Condes, Santiago, Chile 219

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Notes to the Consolidated Financial Statements as of March 31, 2013**

**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.

**SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.**

Conf: /s/ Ricardo Ramos R.

Ricardo Ramos R.

Chief Financial Officer

Date: August 06, 2013.

**SQM S.A.**

Los Militares 4290  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
www.sqm.com