



THE WORLDWIDE
BUSINESS FORMULA



Annual Report 2004

SQM'S WORLDWIDE PRESENCE



Headquarters



Sales Offices



Regional Offices



Blending Facilities

2004

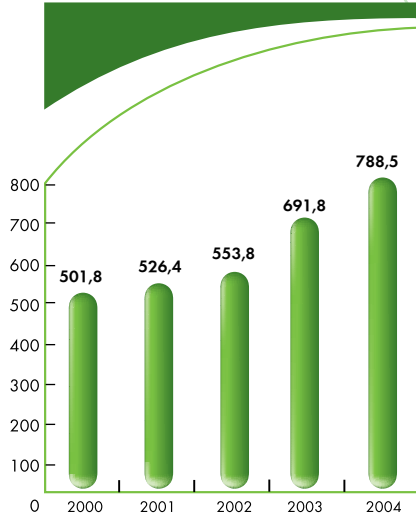
Geographical Sales Distribution	MUS\$	%
Northamerica	233.5	30
Chile	158.9	20
Europe	123.6	16
Latinamerica & Caribbean	111.9	14
Asia, Oceania and Others	101.9	13
Africa and Middle East	58.8	7
Total	788.5	100

2004

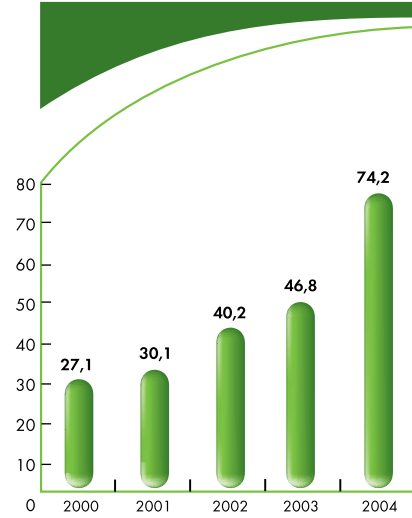
Sales Distribution by Business Area	MUS\$	%
Specialty Plant Nutrition	428.2	54
Iodine	110.5	14
Lithium	62.6	8
Industrial Chemicals	71.7	9
Others	115.5	15
Total	788.5	100

Financial Background 2000 - 2004

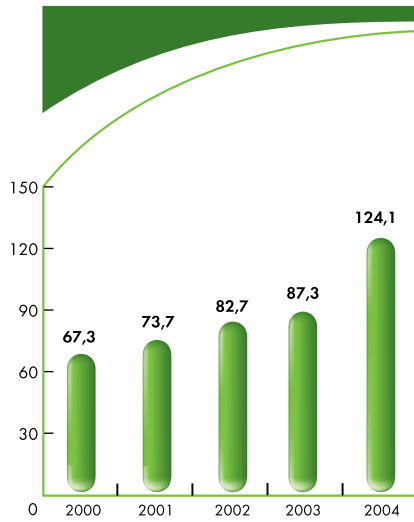
Total Revenues
(MUS\$)



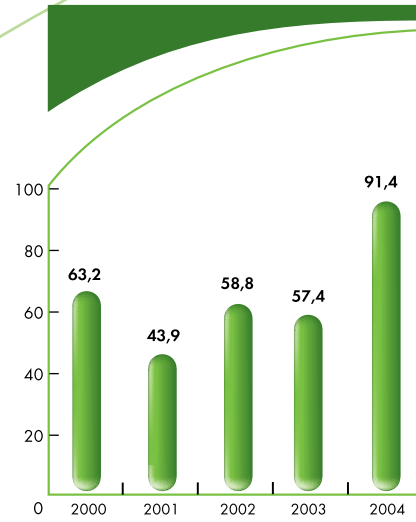
Net Income
(MUS\$)



Operating Income
(MUS\$)



Capital Expenditure
(MUS\$)



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At SQM, we are seriously committed to maintaining our corporate goal:

TO STRENGTHEN OUR WORLDWIDE LEADING POSITION
IN THE MARKETS IN WHICH WE HAVE SUSTAINABLE
COMPETITIVE ADVANTAGES:
SPECIALTY PLANT NUTRITION, IODINE AND LITHIUM

And we know that being the leader takes more than just delivering high quality products... we have to go further and deliver high quality products and services that prove our genuine interest in helping our clients' businesses succeed.

We must now communicate the true values we stand for... and for this, from now on, SQM means:

THE WORLDWIDE BUSINESS FORMULA



SQM is now evolving towards a goal...SQM is now re-orienting all human, technological and natural resources towards a wider vision... SQM is now focusing on its client's worldwide businesses... This implies: providing our clients with a business formula containing, in addition to high quality products and services, a genuine and real interest in the growth of their companies...Therefore: from now on, SQM stands for: THE WORLDWIDE BUSINESS FORMULA....



→ **Julio Ponce - Chairman**

We made it. Once again we delivered the results our shareholders deserve and I believe we are now better positioned to continue providing good results. For this reason we are boosting our investment plan for the next three years: it is now the time to prepare the ground to ensure the reaping of profits over the next few years.

Chairman's Letter

Dear Shareholders:

With a 58% increase in earnings, SQM reached US\$ 74.2 million during 2004, a record high in the Company's history. With these results, SQM has consolidated its recovery period completing the fourth year of increasing results, with a compound annual growth rate of almost 29% during this period. The challenge to continue growing is complex, but in SQM we are working very hard to get the positive returns that our shareholders expect for the next years.

During 2004 we took decisive steps towards the consolidation of our corporate strategy: we sold our stake in Empresas Melón, a non-core asset that had been held by SQM since 1998 and with which we obtained the cash to continue improving our financial position; we launched a capital expenditures program that, over a period of three years, attempts to increase in 30% the production capacities of nitrates and iodine, as well as replacing the María Elena mine for another that will be located 10 kilometres away; we acquired the assets of Potash Corp's nitrate operation in Chile to improve our market position; we signed agreements to construct new specialty plant nutrition facilities in Egypt, Turkey and Thailand; and we made progress on the construction of our lithium hydroxide facility.

All of these initiatives are setting the groundwork for SQM to capture the highest possible value during the next years, using the sustained demand increase observed in its three main business, its leader position in each of these businesses and its access to unique natural resources that allows it to be a low cost producer.

While preparing to capture a greater value that would benefit our clients, employees and shareholders, we understood that we had to provide a new service that not only delivers high quality products. Because of this, at SQM our goal is to deliver much more than good products but rather business formulas capable of maximizing our clients businesses returns. Related to this new concept, our new quality seal, the Element Q, is a characteristic that is already differentiating SQM from our competitors.

Additionally, during 2004 we were internationally recognized for our improved financial condition, resulting in Standard and Poor's credit risk rating upgrade from BBB to BBB+. This recognition is the consequence of our commitment to maintaining a solid financial position, necessary to maintain our market leader position.

In the field of international regulation, SQM started during 2004 the process to prepare the Company to certify the effectiveness of internal controls over financial reporting as required by section 404 of the Sarbanes-Oxley Act. This process, now in its final phase, comes to strengthen the internal control procedures that SQM had already implemented as part of its good practices policy that have made SQM a worldwide recognized company.

Finally, rest assured that one of the main goals of this Board of Directors is to work hard to make SQM a more profitable company for the benefit of all of its shareholders. This Board, thanks the contribution of all of its shareholders, has adopted the best practices in Corporate Governance and hopes to continue with your support in the task of making SQM a worldwide leader in its three core businesses.

Sincerely



Julio Ponce
Chairman



Board of Directors

Members of the Board as of December 31, 2004:

Chairman

Julio Ponce L.
Forestry Engineer, Universidad de Chile

Vice-Chairman

Wayne R. Brownlee
Economist, University of Saskatchewan

Director

Hernán Büchi B.
Civil Engineer, Universidad de Chile

Director

Avi Milstein
Mechanical Engineer, Israeli Technical
Institute, Haifa

Director

Kendrick Taylor Wallace
Lawyer, Harvard Law School

Director

Daniel Yarur
Information Engineer, Universidad de Chile

Director

José María Eyzaguirre B.
Lawyer, Universidad de Chile

Director

José Antonio Silva B.
Lawyer, Universidad Católica de Chile

The members of the Directors Committee as of December 31, 2004 were Messrs. Wayne R. Brownlee, Avi Milstein, José Antonio Silva B.

The Board of Directors was elected during the Annual Shareholders Meeting that took place on April 30, 2003

On January 18, 2005, Mr. Avi Milstein presented his resignation to the Board of Directors, due to which there exists a vacant post that will be filled during the next Annual Shareholders Meeting that will take place on April 29, 2005.

The Board of Directors designated Mr. Daniel Yarur to be part of the Directors Committee, in replacement of Mr. Avi Milstein.

Senior Management

Senior Management as of December 31, 2004:

Chief Executive Officer

Patricio Contesse González
Forestry Engineer,
Universidad de Chile
RUT: 6.356.264-5

Executive Vice President and Chief Operating Officer

Patricio de Solminihac Tampier
Chemical Engineer, Universidad
Católica de Chile
RUT: 6.263.302-6

General Counsel

Matías Astaburuaga Suárez
Lawyer, Universidad
Católica de Chile
RUT: 7.080.469-7

Corporate Internal Auditor

Jorge Araya Cabrera
Certified Public Accountant,
Universidad Católica del Norte
RUT: 4.413.002-5

Senior Commercial Vice President

Eugenio Ponce Lerou
Mechanical Engineer,
Universidad Católica de Valparaíso.
RUT: 5.370.715-7

Chief Financial Officer and Business Development Senior Vice President

Ricardo Ramos Rodríguez
Industrial Engineer, Universidad
Católica de Chile
RUT: 8.037.690-1

Project Engineering Senior Vice President

Maurice Le Fort Rudloff
Structural Engineer, Universidad
Católica de Chile.
RUT: 4.035.426-3

Operations Senior Vice President

Carlos Nakousi Salas
Industrial Engineer, Universidad
Católica de Chile
RUT: 8.779.964-6

Technical Senior Vice President

Jaime San Martín Larenas
Transportation Engineer,
Universidad Católica de Chile
RUT: 8.931.725-8

Human Resources and Administration Senior Vice President

Camila Merino Catalán
Industrial Engineer, Universidad
Católica de Chile



→ Patricio Contesse - Chief Executive Officer

Having achieved a fourth year of growing results, we can only feel proud and satisfied since it was achieved with the commitment, hard work, and discipline of each and everyone of those who work at SQM, both in Chile and in our overseas offices. At the same time, this positive evolution imposes upon us the challenge of maintaining and improving our results over the next few years. This task is not easy, but I am confident that in SQM we have the best resource a company can have: a highly qualified staff, strongly committed with our vision of leadership.

Series A

	Number of Shares	% Ownership of Series A Shares	% Ownership of Total Shares
Sociedad de Inversiones Pampa Calichera S.A. (1)	52.434.256	36,71%	19,92%
Inversiones El Bolfo Ltda. (2)	43.861.795	30,71%	16,67%
Inversiones Rac Chile Limitada (2)	19.200.242	13,44%	7,30%
Global Mining Investments (Chile) S.A. (1)	7.123.076	4,99%	2,71%
AFP Hábitat S.A.	4.682.886	3,28%	1,78%
AFP Provida S.A.	3.670.206	2,57%	1,39%
Inversiones La Esperanza (Chile) Ltda	3.589.387	2,51%	1,36%
Cia. Seguros de Vida Consorcio Nac. de Seguros S.A.	2.500.000	1,75%	0,95%
Kowa Co. Ltd.	781.429	0,55%	0,30%
Kochi S.A.	714.084	0,50%	0,27%
Larrain Vial S.A. Corredores de Bolsa	341.567	0,24%	0,13%
Ureta y Bianchi Corredores de Bolsa S.A.	229.553	0,16%	0,09%
Subtotal Main Shareholders	139.128.481	97,42%	52,86%
Total Series A Shares	142.819.552	100,00%	54,26%
Total Series A Shareholders	757		

Series B

	Number of Shares	% Ownership of Series B Shares	% Ownership of Total Shares
The Bank of New York	29.042.360	24,13%	11,03%
AFP Provida S.A.	9.463.136	7,86%	3,60%
AFP Hábitat S.A.	8.426.384	7,00%	3,20%
AFP Cuprum S.A.	8.408.516	6,99%	3,19%
AFP Santa María S.A.	6.913.458	5,74%	2,63%
AFP Summa Bansander S.A.	6.850.769	5,69%	2,60%
Citibank N.A.	2.801.832	2,33%	1,06%
Inversiones Rac Chile Limitada	2.699.773	2,24%	1,03%
Bolsa de Comercio de Santiago Bolsa de Valores	2.592.904	2,15%	0,99%
Banchile Corredores de Bolsa S.A.	2.535.087	2,11%	0,96%
AFP PlanVital S.A.	2.388.835	1,98%	0,91%
Larrain Vial S.A. Corredores de Bolsa	2.320.369	1,93%	0,88%
Subtotal Main Shareholders	84.443.423	70,15%	32,08%
Total Series B Shares	120.376.972	100,00%	45,74%
Total Series B Shareholders	1.913		

Total Series A and B Shares **263.196.524**

Total Series A and B Shareholders **2.086**

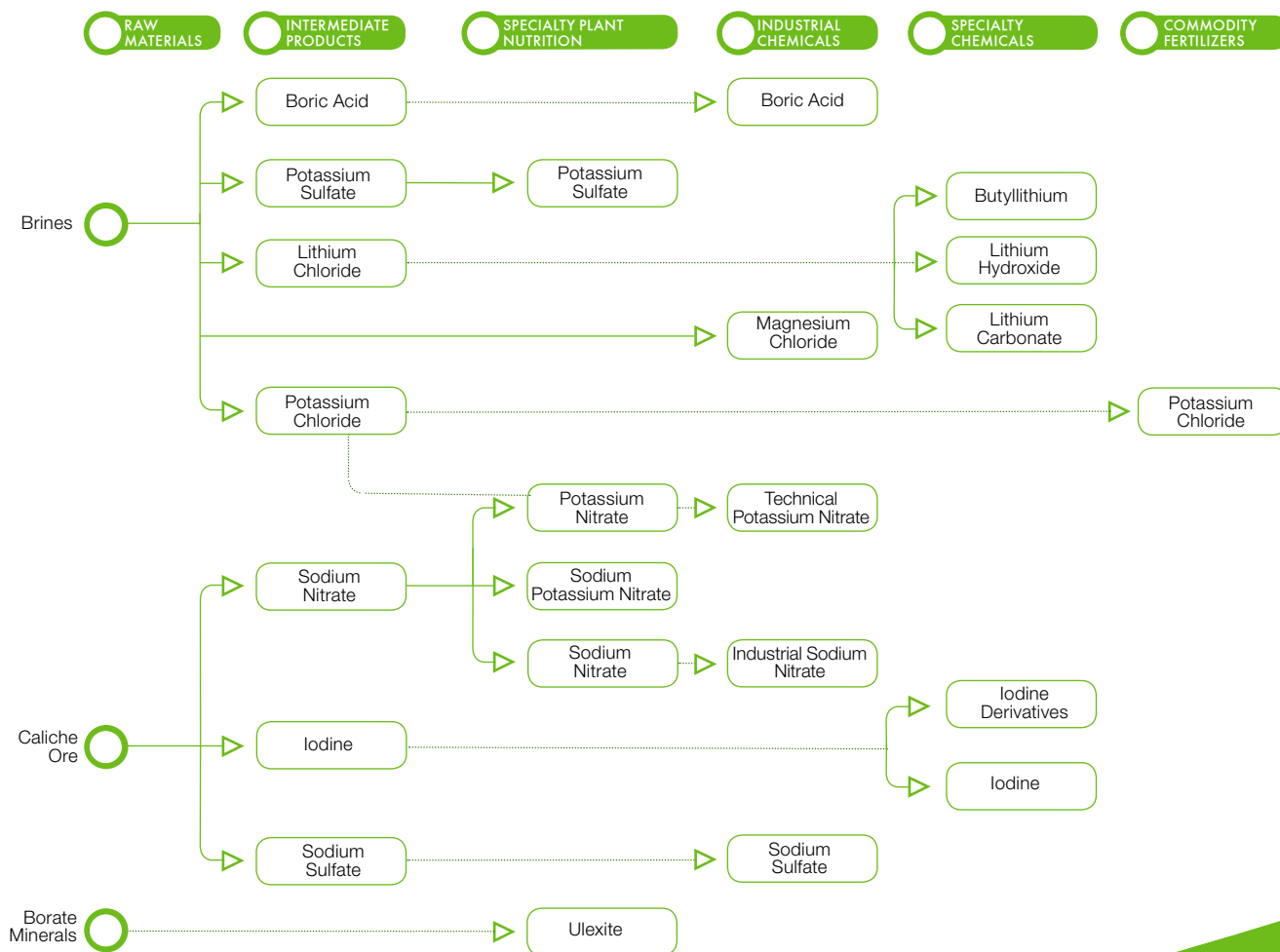
(1) Sociedad de Inversiones Pampa Calichera owns 100% of Global Mining Investments (Chile) S.A.'s stock, therefore being the beneficial owner of 59,557,332 shares, which represent 22.63% of the total shares of SQM. In operations during January 2005, Inversiones SQYA S.A. -Indirect owner of Inversiones Pampa Calichera S.A.- acquired 6,145,092 series A shares, that correspond to 2.34% of SQM's stock. Therefore Inversiones SQYA S.A. -that is controlled by Mr. Julio Ponce and Yara International ASA- owns 24.96% of SQM's shares.

(2) Potash Corporation of Saskatchewan Inc (PCS) owns 100% of Inversiones El Bolfo Limitada and 100% of Inversiones RAC Limitada, being therefore the owner of 65,761,810 of SQM's shares that represent 24.99% of total shares.

Other than the aforementioned, and within the mayor shareholders, some of them have diminished or ended their participation and others have initiated or increased their participation. Taking into account the participation structure of shareholders, the Company does not have a controlling entity.



Main Products



Historical Background

1770

Jesuits start to use caliche as fertilizer.

1811

French chemist Bernard Courtois discovers iodine.

1817

Swedish scientist August Arfvedson discovers lithium.

1910

In Germany, starting from nitrogen from the air, the synthesis of ammonia is achieved, producing a synthetic fertilizer. Before that, Chilean fertilizer represented 65% of the world market.

1924

The Guggenheim family acquires María Elena and forms "The Anglo Chilean Consolidated Nitrate Corporation", developing the current production process.

1930

January 5, the construction of the caliche office "Pedro de Valdivia" is started.



1985

The pile leaching process starts to be applied.

1986

First potassium nitrate (KNO₃) production in Coya Sur .

1993

Start up of the technical potassium nitrate plant. First offering of shares on the national and international markets through the ADR mechanism.

1995

Second offering of shares with access to the international markets through the ADR mechanism. Potassium chloride production starts at the Atacama Salar.

1996

Issuance of a US\$200 million public bond on the international markets.

1997

Start up of lithium carbonate production.

1998

Start up of potassium sulfate and boric acid production.

1951

A crystallizing plant is built in Coya Sur with the purpose of efficiently using the nitrate precipitation in the solar evaporation ponds.

1968

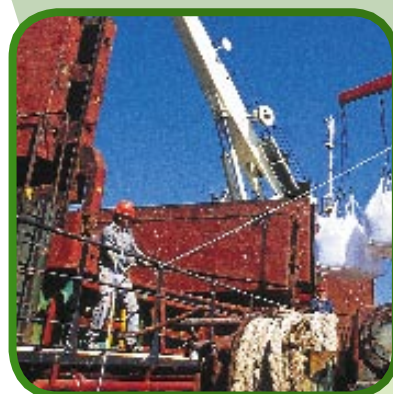
Merger of "Corporación de ventas de Salitre y Yodo", "Compañía Salitrera Anglo Lautaro", "Compañía Victoria" and the State in order to form SQM (62.5% Anglo-Lautaro and 37.5% CORFO)

1971

CORFO takes the control of 100 % of SQM.

1983

SQM's five-year privatization process starts and private pension funds take part in the property.

**2000**

Construction of a new potassium nitrate (KNO₃) plant. Potassium chloride production capacity increase.

2001

Joint venture agreement with the Norwegian company Norsk Hydro ASA, allowing SQM to achieve important cost synergies. Interconnection of productive operations to natural gas network. Construction startup at the lithium carbonate plant to increase production capacity.

2002

Construction of a butyllithium plant in Bayport Texas, USA. Lithium Carbonate production capacity increased

2003

Acquisition of Yara operations in Chile, allowing the company to reach close to 50% of market Share in Chile.

2004

Startup construction of a new water soluble fertilizer plant in Egypt. Agreements to produce and distribute plant nutrients in Thailand and Turkey during 2005. Lithium Carbonate Certification - ISO 9001:2000. S&P's upgrades credit risk rating from BBB to BBB+.





The increasing competitiveness in the markets where SQM participates with a leading position, has forced our company to re-invent itself over and over again. Presently, SQM is working on different projects to keep and strengthen its leadership by increasing its production capabilities to give the Company the ability to swiftly answer the growing demand for its products

Company Description



Company Description

The Worldwide Business Formula... SQM has completed a development process that has taken a number of years, over which the role of our clients has become ever more important in every area of the Company. SQM is no longer oriented simply towards offering high quality products, but towards providing complete business solutions for every one of our clients.

For this reason, every link in the value chain has been carefully adjusted to contribute towards the achievement of SQM's mission.

Though the history of SQM is closely linked to the last two-centuries' nitrates industry, since its creation in 1968 the Company has been able to constantly re-invent itself and adapt to the demands of the markets in which it operates, responding to the needs of its clients and shareholders. In pursuit of these goals, the Company is working constantly to achieve the greatest benefits from its competitive advantages.

SQM is a non-metallic mining company with the main production facilities located in the middle of the Atacama Desert, in Chile's First and Second Regions, leader in specialty plant nutrition, iodine and lithium. The Company has defined these three markets as its core businesses, since it is in them that it has sustainable competitive advantages that sets SQM apart from the rest of the competitors, giving it a distinctive edge in both the short and long term.

SQM's advantages are based on:

- Access to vast natural resources, whose location, ease of extraction and chemical composition make them unique in the world.
- The largest scale of production in the world, allowing us to achieve significant cost advantages as compared to our competitors.
- Integrated production, allowing us to obtain a range of different products from a single process, with the resulting advantages in cost distribution.
- An international sales organization with a presence in more than 20 countries

Each of these advantages is unique and distinctive on its own. When viewed in conjunction, they combine to form a powerful barrier, making it very hard to compete with SQM. Based on this, and on our simultaneous presence in businesses that are unrelated but share common production processes, we can say that SQM is a unique company in the world.

Strategy

SQM's strategy is based on maintaining and strengthening its position as the worldwide leader in the markets in which it has sustainable competitive advantages: specialty plant nutrition, iodine and lithium.

To achieve this strategy, SQM will:

- Focus its efforts in its three main businesses
- Maintain continuous efforts on cost reduction initiatives
- Work to develop new markets, products and applications
- Evaluate acquisitions, joint ventures and commercial alliances in each of its three main businesses
- Maintain a conservative financial position

Vision

By the year 2010, SQM envisions that it will have further consolidated its position as the undisputed world leader and lowest-cost producer in its three core businesses, specialty plant nutrients, iodine and lithium, thanks to its unmatched access to high-quality natural resources, installed capacity and great flexibility to react to sudden changes in market conditions. At the same time, SQM's management will continue to be driven by a well-defined set of values that reflect the Company's corporate culture, including a strong respect for ethics, the fair treatment of all of its constituencies –shareholders, employees and customers– a high degree of accountability to its community, as well as strong environmental awareness.



Natural Resources: Building Block of our Business Formula

Being one of the pillars of SQM's strategy, the company employs highly qualified staff who are constantly studying how to use the available resources more efficiently, and in ways that are consistent with care for local communities and the environment.

The great majority of SQM's products are derived from the exploitation of two types of natural resources, found in Chile's First and Second Regions: caliche and the brines of the Salar de Atacama (Atacama Salt Flats).

The caliche deposits are the largest known, economically exploitable, natural reserves of nitrate and iodine in the world. SQM holds the mining and exploration rights on more than 2.5 million hectares of these deposits, representing some 75% of existing economic caliche deposits.

Caliche is a mineral that contains high concentrations of nitrate and iodine, 6-9% and 300-600 parts per million respectively, found in layers two to three meters thick, no deeper than two meters below the surface of the desert, thus making it relatively easy and cost effective to extract.

The purpose of exploiting the caliche deposits is to recover the various salts contained in it, obtaining sodium nitrate, sodium sulfate and iodine as end products.

SQM has gathered and developed great scientific expertise on the chemical properties of caliche and on techniques for mining it, being these the bases on which the company is able to maintain its leading position in costs, and thus ensure a sustainable development of our business.

Meanwhile, the Salar de Atacama is a natural source of underground brines formed by natural leaching from the Andes Mountains; over the years the various minerals found beneath the salty surface crust have run down from the mountains and



→ Patricio de Solminihac - Executive VP & COO

In our quest to deliver a better service to our clients, the logical outcome for us was to migrate towards the Business Formula concept. Effectively providing a business formula that actively contributes to our customers' profitability requires each of the stages of our processes to be aimed in this direction: from the extraction of our unique resources to the delivery of the final product, in SQM we seek to fulfill this objective in a sustainable manner and in accordance with the corporate values that guide us.

accumulated in increasing concentrations. The Salar de Atacama, among other characteristics, contains high concentrations of lithium and potassium, has low processing costs due to the reduced magnesium content, benefits from higher evaporation rates than in other salt flats of the world, and the possibility to operate all year round thanks to the favourable climate of the area.

The Salar brines, which are pumped up from pockets below the salt crust, are subjected to a solar evaporation process in ponds that cover an area of some 1,700 hectares. The resulting solutions undergo a variety of processes to produce potassium chloride, lithium carbonate, potassium sulfate, boric acid and magnesium chloride.

In addition, SQM takes advantage of production synergies to produce potassium nitrate, using the potassium chloride from the brines and the sodium nitrate contained in the caliche.

Logistics and Worldwide Distribution

Around 90% of SQM's production is destined for international markets, a fact that creates constant commercial challenges for the Company. For this reason SQM has developed a distribution network with commercial offices and agencies in over twenty countries, maintaining also important global distribution agreements in place that enable it to increase its distribution range and reduce costs. Furthermore, SQM has warehouses and mixing plants in strategic locations throughout the five continents, allowing the Company to deliver its products to over 100 countries efficiently and without loss of quality.

This efficient logistics and distribution network, both in production and international operations, is another pillar of SQM's strategy. The more than 30 million tons of caliche extracted, the hundreds of thousands of tons of intermediate products transported between production plants and the more than one million tons of finished products shipped from Chile to over 100 countries in the world create a complex challenge in which SQM has developed an expertise that sets it apart from its competitors.

The Company's facilities at the port of Tocopilla are key to this entire distribution network. In this port, located 200 kilometers north of Antofagasta and linked to the production plants by SQM's own railway network, the majority of the Company's shipments from Chile are centralized. The facilities include a mechanized arm, a mobile dump body, conveyor belts, storage silos, nitrate-bagging installations and wharves; in other words, all that is required to make the distribution process as efficient as possible.

Quality and Quality Certifications

For SQM, quality consists in satisfying its clients needs by fulfilling their expectations and its contractual commitments to the letter.

The Company is involved in permanent efforts to achieve continuous improvements, in products, manufacturing, sales and distribution processes. The objective is to make our procedures as efficient and risk-free as possible.

In order to ensure the efficiency and safety of our processes, and thus the satisfaction of our clients, SQM has introduced a

World Presence

In addition to the operations based in Chile, SQM has facilities in:

	Iodine Derivatives	Lithium	NPK Blends	Water Soluble NPK Blends
Grobbendonk, Belgium				•
Vlaardingen, Holland				•
Evron, France	•			
Abu Dhabi, UAE				•
Atlanta, GA, USA	•			
Jackson, Mississippi, USA				•
Stockton, California, USA				•
Wilmington, Delaware, USA				•
Houston, TX, USA		•		
Guadalajara, Mexico				•
Manzanillo, Mexico			•	
Pisco, Peru			•	
Antayala, Turquia				•



new Quality Policy, the terms of which are based on four main objectives.

- 1.- Client satisfaction, through efficient service and the fulfilment of the quality standards that we offer, thus ensuring mutually beneficial relationships in the long term.
- 2.- Continuous quality improvement through the implementation of control processes and mechanisms, thus enabling the Company to deliver products and services that consistently satisfy the expectations of our clients.
- 3.- Operational excellence in all the activities involved in the value chain, in order to achieve the highest standards of productivity and efficiency.
- 4.- Effective training and instruction, within the organization and for service providers, in the skills and abilities required for efficient working practices, teamwork skills and commitment to our strategic quality goals.

Research and Development

Consistent with the aim of developing new processes and products to optimize the Company's returns on the resources that it exploits, SQM has a Research and Development unit consisting of a top level professional team. This unit, which reports to the Environment, Research and Development Manager, provides technical advice to the areas of production, quality and sales.

The main areas of research carried out by this unit relate to the design of chemical processes, methods of chemical analysis and improvements in the physical properties of finished products.

Environment

SQM is conscious of the importance of the environment, and has a special unit dedicated to this area. By this, the Company seeks to continue developing and improving its production processes, always taking into account the potential effect these may have on the environment.

The professionals of this unit are responsible for coordinating the environmental management of the Company, carrying out follow-up and monitoring of environmental variables in all operations, implementing practices that favor the efficient use of resources



and preparing the environmental impact studies and declarations presented for evaluation. During 2004, SQM presented a total of 7 projects to the Environmental Impact Assessment System. One of the most important projects is the "Environmental Impact Study of the Change of Technology in María Elena", the object of which is to improve the air quality in the town of María Elena through the application of new technology for capturing dust particles, and the transfer of sources of emissions. At the same time, this change of technology coincides with a pre-planned relocation of the mine next to María Elena.

In addition to the above, SQM, in conjunction with the National Forestry Corporation (CONAF), forms part of a plan for the protection of the flora and fauna of the lakes of the Salar de Atacama, which are the natural habitat of the Andean, Chilean and James flamingoes. The monitoring of this lake system has been carried out jointly by CONAF and SQM since 1995, and includes such items as a census of the avifauna, the size, physical and chemical properties of the lakes, and the meteorological conditions prevailing in the area, thus ensuring the preservation of this unique ecosystem.

These activities all form part of SQM's Environmental Management System, which seeks to identify environmental aspects associated with the Company's production processes, in order to protect its workers, local communities, renewable resources and all the ecosystems existing in the desert areas where production activities are carried on.

Corporate Governance

SQM's Board of Directors is committed to the implementation and improvement of practices relating to good corporate governance. Such practices ensure that the interests of all the investors in the

Company are protected by the actions of SQM's directors and executives.

To this end the Board of Directors meets regularly once a month to discuss matters of importance for the Company. There is also a Directors' Committee which is specifically responsible for analyzing certain matters such as transactions with related parties, executive compensation plan, among others.

The company also has a Corporate Governance Framework, which, in a question and answer format, tries to respond to the concerns that SQM shareholders may have in respect to matters such as share structure, shareholders' rights, information on directors and managers, communication policies, etc. This document may be found in our web page, www.sqm.com.

Sarbanes-Oxley Act

In July 2002, the U.S. Congress promulgated a law intended to reinforce the confidence of investors in financial markets, as a response to a series of financial and accounting scandals that occurred in the months prior to the enactment of the law.

This law gave rise to important changes in the U.S. financial market, and also affected all foreign companies listed in the country's stock markets.

The most important regulations affecting SQM are basically two: the requirement to have an audit committee within the Board of Directors, and certification that the CEO and CFO have developed an internal control system over financial reporting.

Audit Committee. The Company already has a Directors' Committee whose functions are basically those proposed by the new law, with the exception of some functions that Chilean securities law assigns to the shareholders annual meeting.

Certification of Internal Controls. Although SQM already has an Internal Audit department reporting to the CEO, the new regulation requires certain procedures to be followed in accordance with the COSO framework of internal controls. For this reason, during 2004 SQM started project 404 to evaluate document and prove internal controls in SQM and its affiliates, in accordance with the framework suggested by the new regulation.

Community

In recent years SQM has worked hard to develop links with the communities in the areas surrounding its productive operations, seeking to create long term relationships to encourage the integral development of the inhabitants, of the First and Second Regions. SQM's relationship with the local communities near its centers of operations is one of the fundamental pillars of the sustainable development of its production strategy, and forms part of its Social Responsibility Program, which in 2004 included a series of initiatives in such varied areas as the preservation of historical heritage, education and social development.

Preservation of Historical Heritage

In 2004, SQM made an important contribution to the preservation of the historical heritage of the nitrates industry by saving part of the famous "Casa Abaroa", in Antofagasta. The reconstruction of the



interior of this building, typical of the architecture of the golden age of the nitrates industry, had been postponed due to the lack of resources in the Casa Abaroa Cultural Corporation. Thanks to SQM's contribution, four of the rooms in the house were restored, a complete exhibition of the history of the nitrates industry was mounted, and a documentary was made summarizing the principal events of the history from its earliest days up to the present. The "Casa Abaroa" is now the starting point of the "Ruta del Salitre" (the Nitrates Trail), a tourism circuit intended both to spread awareness of this part of Chile's history and to develop tourism in the First and Second Regions, and which promises to become the next cultural center of Antofagasta.

At the same time, SQM made a new commitment to the Nitrates Museum Corporation, the body responsible for the restoration of the old Humberstone and Santa Laura nitrate mines, under which the Company not only covers monthly running costs but also provided more than US\$50.000 for the restoration of the market at Humberstone.

Education

Conscious of the importance of education in personal development, SQM, together with other companies, finances Codetia, a non-profit organization that provides free training to community members and small and micro businesses in the Second Region. In 2004, these programs provided training to some 40% of the small and micro businesses and 33.5% of the indigent population of the Region.

In addition, the company continued its programs of educational visits to the Salar de Atacama for children in state primary



Exhibition at Casa Abaroa.

schools of Antofagasta, to teach them about the ecosystem of this area. Other educational establishments that have benefited from SQM's Social Responsibility Program are the high-schools in María Elena and Calama, where a dual-education system is applied, allowing pupils to do practical classes in the Company's facilities, learning from professionals who are experts in their specialty areas.

SQM also devotes 1% of its training fund to social scholarships, which have already benefited more than 270 individuals from Antofagasta, María Elena, Tocopilla, Toconao, Ollagüe and San Pedro de Atacama.

Social Development

We understand that business activity should be a generator of wealth, work and progress, in an indissoluble union with the community in which the company is inserted. Our contribution to the development of the community goes beyond the generation of jobs and the satisfaction of immediate needs, since the only way to achieve the sustained and lasting growth of the community is by giving its members tools that will enable them to create better opportunities to forge their own future. During 2004 we carried out a number of activities with this in mind, the most important of which were:

- Seminars for universities, researchers from local companies and professionals from the technical areas of the public sector.
- Project for the integral development of an e-based supply community for SQM's suppliers, to increase the productivity of these small and medium-sized businesses.
- Professional internships for more than 150 students per year from technical colleges in the Region.
- Educational visits with teachers to teach the nitrates history of the Second Region.
- Large contributions to social support centers in the Second Region.
- Sponsorship for cultural, educational and sporting events in the Region.

Employees

In December 2004 our Chile-based staff numbered 3,183, distributed between the twelve sites where SQM has facilities: Antofagasta, Salar del Carmen, Boratos, Pampa Blanca, María Elena, Pedro de Valdivia, Coya Sur, Tocopilla, Salar de Atacama, Nueva Victoria, Yumbes and Santiago. In addition to this staff in Chile, we have 280 employees spread throughout the more than 20 countries where SQM maintains sales offices.

In SQM, we support the integral development of our employees, not only in terms of professional development but also strengthening the personal growth of individuals.

For this reason we run a Training Program, which in 2004 provided 93,927 hours of training activities, which divided among 1,880 employees, yields approximately 50 hours per employee.

Among the most important activities have been the Administration Degree for Supervisors, and the Leadership Development Program, which is designed to impart leadership and communication skills. At the same time a pilot Operational Excellence Program is being tested, to promote good practices in employees on each shift at SQM plants. Other courses include risk prevention, a range of technical subjects, and the Iodine Diploma, which will give specialist training to all employees in plants manufacturing this product.

To support the personal development of our employees by promoting their social commitment, SQM runs an annual program of funds available on a competitive basis to help fund community assistance projects organized by groups of employees. Thanks to this Program, our employees have already, among other projects, built a kitchen for indigents in Antofagasta, helped with the renovation of the public education system infrastructure in Quillagua, and remodeled a square in Alto Hospicio, a town in the First Region which lacks public spaces suitable for healthy recreation.

SQM also holds literature workshops with the writer Hernán Rivera Letelier, helping to develop and strengthen the interest in literature of many of our employees.





In order to maintain our world leadership and as a way of distinguishing the value offered to our clients as compared with our competitors, SQM has designed a new way of excelling through specialty plant nutrition. These nutrients offer the same benefits as the specialty fertilizers produced by SQM, but they allow the Company to transmit more effectively the greater value offered by them to current and future customers. This higher value is reflected in the quality and service that accompanies SQM's specialty plant nutrients

Specialty Plant Nutrition



→ **Eugenio Ponce - Senior Commercial Vicepresident**

The sustained demand growth experienced by our business areas, which had an impact on the 14% increase in sales this year, could lead us to think that the sales process has become easier. But at SQM this is not so, since every sale is made taking into consideration a long-term business relationship. In this relationship we strive that our client's businesses prosper and be profitable, thereby obtaining a valuable demand that can continue over time, in spite of world's economic cycles.

Specialty Plant Nutrition

In the past decade, SQM consolidated its world position, thus becoming the leader of the specialty plant nutrition market.

To achieve this world position, SQM had to restructure the company and search for the key processes and strategies to reach the levels demanded by the ever changing global markets. As a result of this search, SQM is now focusing on the specialty plant nutrition business of each of its clients, providing strategies for their improvement and growth.

The growth drivers in specialty plant nutrition that benefit most of our industry, are the ever growing need for higher quality products; the scarcity of arable land; the urgent need to use water more efficiently and the need for tailor-made plant nutrients. SQM has made these drivers an integral part of its objectives.

The specialty plant nutrition business, in which SQM is a worldwide leader, accounts for approximately 54% of the Company's revenues, with sales that bordered US\$428 million in 2004.

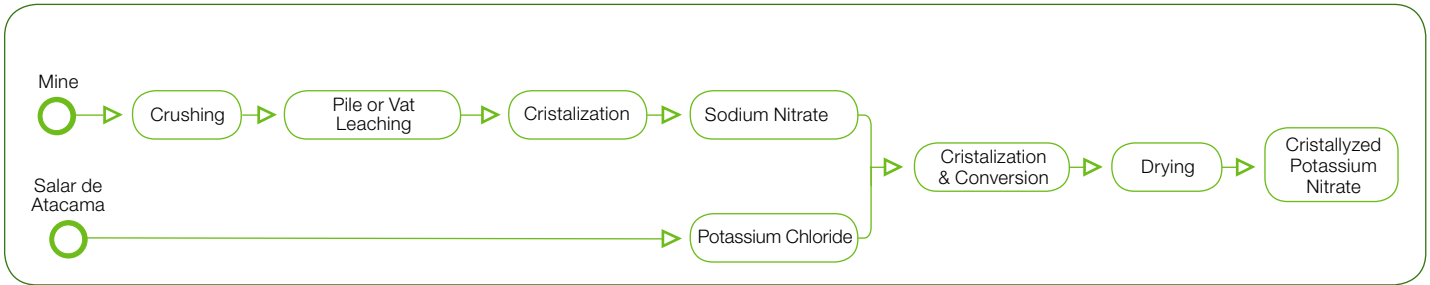
Nowadays, globalization and world population growth present great challenges to agriculture, given that the former are influencing the constant increase in the cost of land, the increasing shortage of water and the constant demand to improve yields and competitiveness in quality crops. These are some of the challenges that promote the use of modern agricultural techniques and the recommended specialty plant nutrition solutions, which are designed to address the needs of crop growth.

The specialty plant nutrition quality is sustained by technical advantages:

Natural origin: Because they are 100% of natural origin, SQM specialty plant nutrients possess traces of micro nutrients (boron, calcium, magnesium) which represent an additional benefit to the fertilization process in terms of nutrition.

Chlorine Free: it has been proved that the presence of chlorine directly affects the quality and yield of certain crops. Potassium nitrate and potassium sulfate are the primary sources of chlorine-free potassium fertilizers used in technical agriculture.

Nitrates Process



100% water soluble: modern agricultural techniques require the application of fertilizers dissolved in irrigation water, so the fertilizers must be completely soluble to prevent damage to the irrigation systems.

Fast absorption: SQM specialty plant nutrients contain nitric nitrogen, which is quickly absorbed by the plant, unlike other sources of nitrogen which must undergo transformation processes, affecting their performance.

Reduce and regulate soil acidity: one problem with fertilizers containing ammoniacal nitrogen (such as urea) is that in the process of transforming ammoniacal to nitric nitrogen in the soil there is an acid-producing reaction, and this makes them less appropriate for sensitive crops such as fruits and vegetables. This does not occur with SQM's specialty plant nutrients.

SQM specialty plant nutrition solutions contain the following nutrients in their formulation: potassium nitrate, sodium nitrate, sodium-potassium nitrate and potassium sulfate. SQM brands are also sustained by over 200 specialty blends, designed to meet the needs of the types of crops, land and geographic zones in which they are used. The principal uses of SQM specialty blends are in cultures that use modern agricultural techniques such as greenhousing, drip irrigation and hydroponics.

SQM specialty plant nutrition solutions are based on the following applications: field, fertigation, foliar, organic farming and aquaculture, represented by the new SQM identity brands: Ultrasol, Qrop, Speedfol, Allganic and Nutrilake.

Powered by The Element Q, all the specialty plant nutrition solutions and its programs are powered by a unique SQM warranty seal that summarizes in one word all the benefits that our clients are expecting from the international business formulas of SQM: Closeness, Commitment, Confidence, Knowledge, Creativity, Care and Quality.

Nitrate Process

SQM's specialty plant nutrients are based on naturally originated caliche extraction. The caliche deposits are the best known, and currently, the only commercially exploitable source of natural nitrates in the world. The geological origin of the caliche deposits is not clear. It is believed that the formation of caliche is the result of sedimentary deposits in an ancient inland sea or alternatively the accumulation of minerals as a result of the erosion of the west flank of the Andes Mountains.

SQM extracts caliche for the production of sodium and potassium nitrates. The mineral is first crushed and then subjected to a leaching process. Sodium nitrate is obtained by crystallization from the leached solution. Part of the sodium nitrate goes through a further process where it is added to potassium chloride, and potassium nitrate is obtained through conversion, crystallization and drying.

During the first half of the 1980s, sodium nitrate was the only specialty plant nutrient produced by SQM. A few years later, in 1986, SQM began the production of potassium nitrate, initially in Coya Sur, which rapidly became one of the most important products developed by the Company, representing currently approximately 50% of the world potassium nitrate market. Today potassium nitrate is the primary ingredient for the water soluble NPK blends.

Due to current market needs, the consumption of specialty plant nutrients and its prospects for future growth have increased. Over the last 5 years, demand has seen an average growth of approximately 7%.

This increase in demand sets forth the basis for the increase in sale prices achieved during 2004. At the same time an increase in the demand for all specialty plant nutrients containing potassium can be observed in the market, generating an increase in the price of this raw material and in turn helping to maintain price improvement expectations for the future. Since SQM is self-sufficient in potassium, the Company has a competitive edge over its competitors, given that the scarcity of potassium increases production costs for other market players.



Worldwide distribution

Key to SQM's leadership is its distribution capability. SQM enjoys the advantage of counting with the expertise of key specialty plant nutrition joint ventures and commercial alliances spread around the world.

The Company began work during 2004 to increase its combined nitrates production capacity by approximately 30%, and signed important agreements to strengthen the specialty plant nutrition business, providing a higher value to its clients and entering into new markets.

In this way, during 2004, the Company signed an agreement to produce soluble specialty plant nutrients in southeast Asia. The new plant, which will be managed as a joint venture with a local partner, will be located in Thailand and is scheduled to start operating in the second half of 2005. This agreement complements others made during 2003 with Yara International ASA and two Egyptian businessmen to produce and market liquid specialty plant nutrients through a joint venture in Egypt. Under this agreement, the construction of a plant located in Noberia in northern Egypt has begun, and is expected to be completed during the first half of 2005. At the same time, in Turkey, in association with a local company, SQM is finishing an NPK plant to satisfy the market demand in this region.

During 2004, following its policy to strengthen its clients businesses, SQM consolidated its position as an integral fertilizer supplier in the Mexican and Chilean markets, increasing its sales volumes related to the marketing of specialty plant nutrients not produced by SQM. The idea behind this approach is to offer a one-stop-shop in these countries.

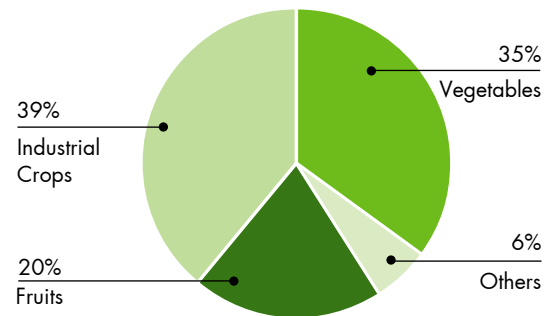
Another important milestone for 2004 was the consolidation of water soluble potassium sulfate, Ultrasol SOP, which is a liquid specialty plant nutrient that complements the chlorine-free potassium products offered by SQM. Among its main characteristics are: high solubility, low content of solid particles that could damage irrigation systems, acid PH that renders this product adequate for use in fertigation, and an adequate saline content. Ultrasol SOP is mainly used in crops with high demand for potassium while requiring low nitrogen contents.

Feeding the World

The nutrients contained in SQM specialty plant nutrients play a fundamental role in food production, helping to preserve the environment by maximizing the yields from land available for cultivation, which prevents the use of new land for this purpose.

This and other concerns regarding the use of these products are matters under the constant analysis of IFA, an international association that brings together the main fertilizer companies of the world, and in which SQM actively participates. An important part of the work of this entity is carried out by a technical committee that seeks ways for fertilizers to help world population achieve a healthy diet, for example by incorporating specific micronutrients to supplement the deficiencies of iodine, zinc and iron that exist in the food of some countries. IFA's principal world meeting, held in December 2004, was hosted by SQM in Santiago de Chile, as part of our worldwide commitment to world feeding.

**Specialty Plant Nutrition
Main Uses**





Today, we can find liquid crystal displays in thousand of applications like personal computers, mobile phones, handhelds, etc. This growing number of applications has generated an increase of approximately 50% in the iodine demand destined to this purpose, trend expected to continue for the next years.

Iodine and Derivatives

Iodine was discovered as a chemical element around 1812 by the Frenchman Bernard Courtois and named after the Greek word “iodēs”, for the violet color.

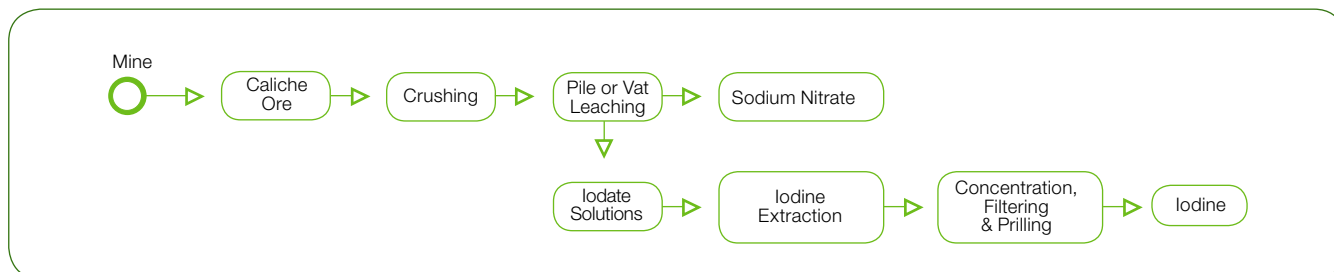
The birth of the iodine industry in Chile dates back to 1866, when Pedro Gamboni, a Chilean nitrates entrepreneur, began extracting iodine from the mother liquor of the nitrate production at his “Sebastopol” mine, in the north of Chile, using a new method he had developed. This method reduced the cost of producing iodine and allowed him to start selling iodine in Europe. The same principles of this method are used today by the Chilean iodine industry and allowed Chile to become the world’s largest iodine producer, with a global market share of around 58%.

SQM was established in 1968 but it was not until the 1980s that iodine began to play an important role in SQM, allowing the Company to diversify its dependence on fertilizers and generate new horizons for development with a huge potential for growth. Iodine and its derivatives accounted for 14% of total sales in 2004 being a key product in the Company’s strategic long term development plan. In accordance with this plan, SQM has systematically worked to increase and diversify its iodine sales, reaching today more than 80 countries, mainly in Europe, North America and Asia. SQM is today the world’s leading iodine producer with a market share of 29% in 2004.

Since mid 2003 the market has seen a steady increase of the iodine price, which is explained by a strong growth in demand for iodine, which has been growing at rates of around 7% whereas the worldwide production is reaching nameplate capacity levels tightening supply. This trend is expected to continue in the near future and SQM is therefore undertaking investments that will allow it to increase iodine production capacity by approximately 30% towards 2006. At the same time, several upgrades and debottleneckings are being undertaken in order to revamp existing facilities and improve iodine operations.



Iodine Process



The constant rise in demand experienced over the last few years has been strengthened during 2004 by a growth in the use of iodine and its derivatives in X-Ray contrast media, its increased use as a biocide, in the production of polarizing film for liquid crystal displays (LCD) and the strong demand growth of iodine in China.

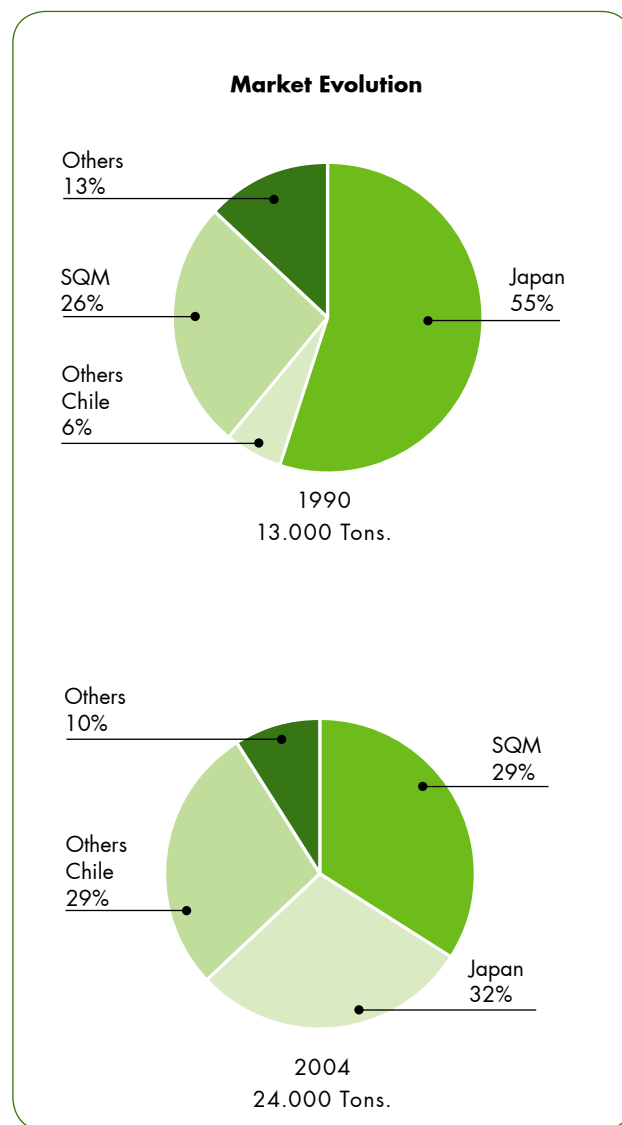
The applications for iodine and its derivatives are principally concentrated in the following areas: medicine, nutrition and health care, industrial applications and technological applications.

Medicine, Nutrition and Health care

Iodine deficiency can cause illnesses such as mental retardation, abnormal growth, goiter and infertility; these illnesses are fought through the iodizing of salt in practically the entire world. It also constitutes the principal component of contrast media injected for clinical examinations, and it is used directly or as catalyst in the production of a wide array of pharmaceutical applications such as antibiotics, corticosteroids, antiarrhythmics etc. Considered one of the best disinfectants available, iodine is also present as an active ingredient in antiseptics, disinfectants and surgical soaps.

Industrial applications

In the industrial field, iodine and its derivatives are found in numerous applications, among which their use in disinfectants for the dairy industry, nutrients for animal feed, biocides for paints and wood treatments, nylon fibers, photographic film, catalysts for organic synthesis, herbicides and colorants, are the most important.



Over the past 15 years, the market share of the Chilean producers has increased from 32% to 58%, confirming that the world's best economically exploitable resources are found in Chile.

Technological applications

The countless uses of liquid crystal displays in computers, handheld computers (PDAs), TV monitors etc., has generated an increase in the demand for iodine. The demand for iodine for the production of liquid crystal displays increased by more than 50% in 2004, which was due to a reduction in the price of liquid crystal displays, making them available to a larger group of consumers. This market is expected to expand annually by around 30% in the coming years. The growing penetration of liquid crystal screens in TV monitors is key to these projections, and it is expected that televisions with liquid crystal screens will represent 20% of the market by 2008.



SQM, through a joint venture with Ajay Chemicals, with plants in Chile, the USA and France, is the main producer and distributor of iodine derivatives throughout the world. The Company has a market share of around 25% of the world's iodine derivatives market.

Thanks to a long history of research and innovation in production processes, iodine and its derivatives meet the highest international quality standards. SQM's iodine production and logistical operations are ISO 9002 certified, enabling the Company to respond efficiently to the quality and service needs of its clients, who participate in highly competitive market segments. Quality assurance and customer satisfaction are part of the constant commitment of the company to be a leader in its three core industries.

A wide variety of applications, a market that is still growing, the future development of its products, together with the solid presence of SQM in world markets, all enable the company to confront the prospects for growth and the challenges presented by the market with optimism for the medium and long term.

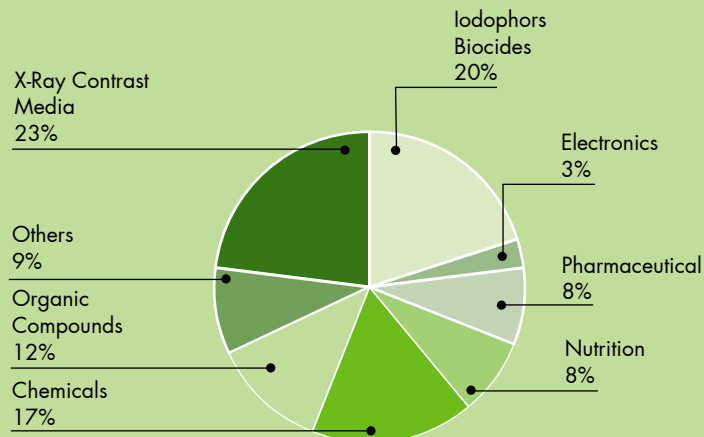


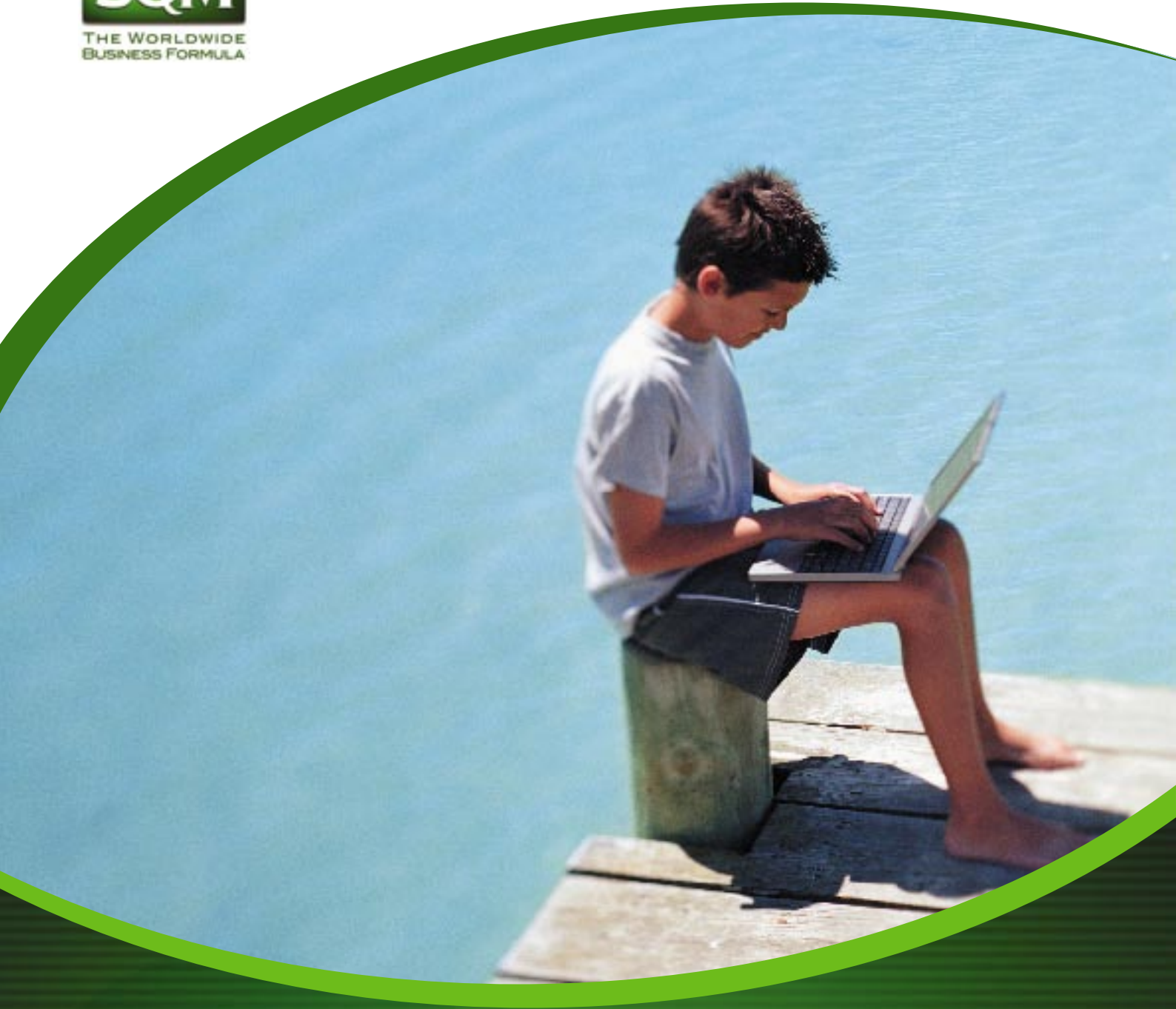
Promoting research

As a way to promote research into the chemistry of iodine and its applications, SQM, in association with the American Chemical Society, has established the Award for Creative Research and Applications of Iodine Chemistry, to be granted biennially in odd-numbered years as from 2005.

The award has the purpose to support, promote, and motivate global research of iodine chemistry and develop its use and knowledge through applications.

Iodine Main Uses





Due to the growing demand for smaller and multipurpose digital applications, manufacturers have been faced with the tough decision of limiting the functionalities of electronic applications to avoid reducing too much battery life. At this time, some companies have developed a new technology for lithium batteries, which, with a slight increase of lithium, using the same volume, can deliver batteries capable to increase its capacity by as much as 30%

Lithium and Derivatives

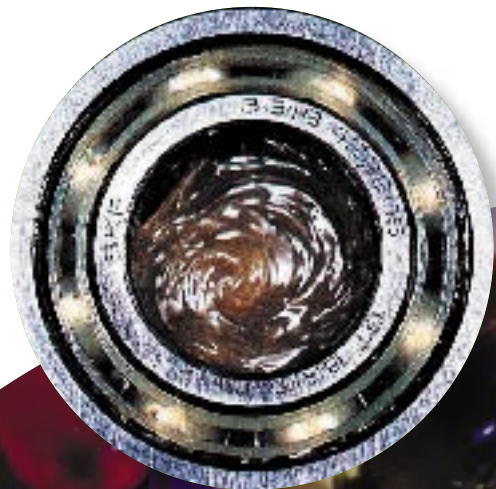
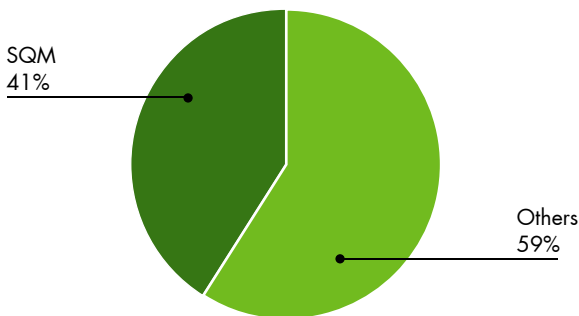
Lithium is a metal of the alkaline family, widely found in nature. It was discovered as a chemical element in 1817 by the Swede August Arfverdsen, and its name is derived from the Greek word "lithos", for stone. With a density of only 0.54 g/ml, lithium is the lightest solid element at room temperature. One of its characteristics is its low thermal expansion coefficient, which allows it to be widely used in the production of glass and ceramics to improve their resistance to rapid changes in temperature. Amongst all alkali metals, lithium has the highest electronegativity and heat capacity which explains its use in the energy storage and heat exchange industries.

In metallurgy lithium is used to make aluminum alloys with improved properties. One aluminum alloy containing approximately 1% lithium possesses elastic properties and traction resistance similar to those of medium steel. Lithium compounds burn with a brilliant red flame so they are also used in pyrotechnics.

SQM entered the lithium carbonate business in 1997, and thanks to its sustained growth the Company has achieved a share of 41% of the world market. SQM's entrance into this market caused the closure of high cost production operations and a significant reduction of international prices, which have since recovered, as a result of a sustained increase in the demand for lithium. During 2004, the global demand increased by approximately 10%, and SQM sales reached around US\$63 million, by selling its lithium products in more than 50 countries.

Key to the market expansion seen in the past years, and especially in 2004, are the increase in use of lithium in rechargeable batteries and the demand growth of China.

Lithium Market Share





In fact, during 2004, batteries became the main application for lithium, representing approximately one fifth of global lithium use. The above is due not only because these batteries are lighter but because they also function better over a wide range of temperatures, and are environmentally friendly since they contain no toxic heavy metals. the global lithium battery market has grown in recent years at rates above 20% and maintains a great growth potential in the medium and long term, due to new classes of portable products such as laptops and mobile phones.

Lithium batteries have also been used in prototypes for electric and hybrid vehicles. In the future they may be used and marketed to provide power for starting or to replace internal combustion, or they could eventually replace petroleum and its derivatives in the next generation of hybrid vehicles. For the next few years the market projects that lithium consumption should grow approximately 5% due to the good prospects that exist in the battery market, especially in China. Another application that has positive prospects for growth is the use of lithium bromide in industrial air conditioners, particularly in Asia.

The production of lithium carbonate is based on lithium chloride solutions obtained in the Salar de Atacama as a by-product of

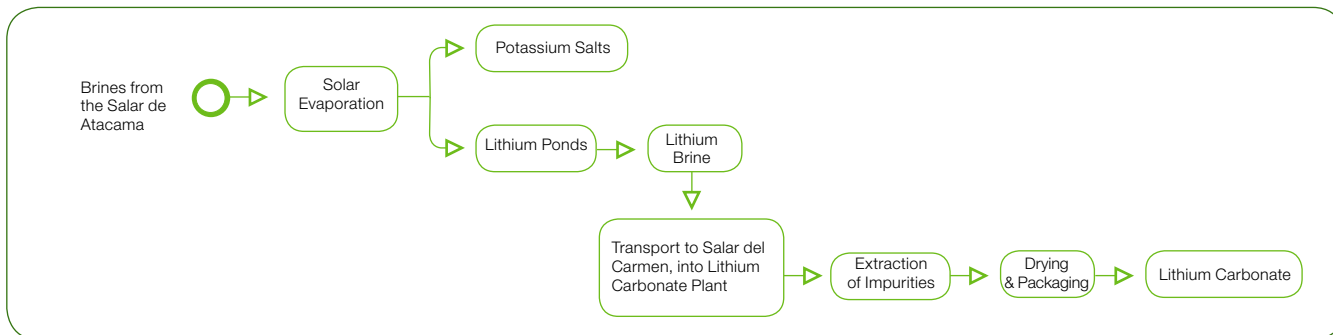
the production of potassium chloride. These solutions are then processed to produce lithium carbonate in a plant located in the Salar del Carmen, near Antofagasta. The brines that are not used are re-injected into the salt flats.

The Salar de Atacama contains one of the largest and best quality reserves of lithium-brine in the world. This is because the nucleus of the Salar is a saline body with brine deposits generated by water filtered through the sub-soil of the Andes mountain range. The brine of the Salar de Atacama possesses great, and sustainable, competitive advantages on a world scale, because it has higher concentrations of potassium, lithium and boron than other natural brine deposits.

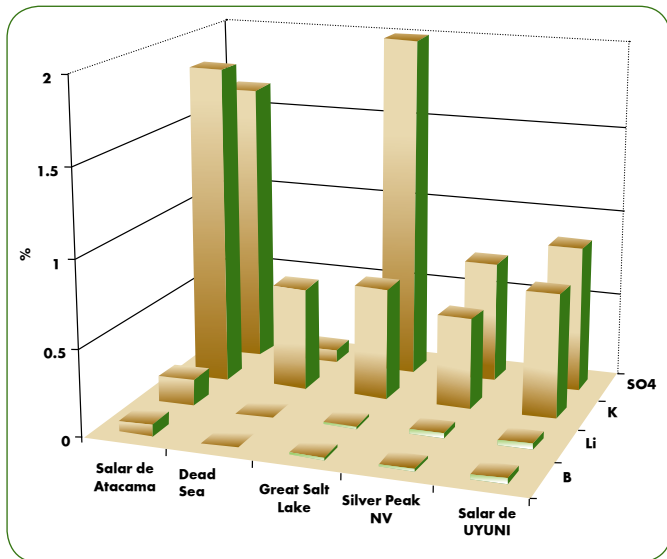
Lithium carbonate is not inly used as raw material in several applications but is also the raw material for the production of all lithium downstream chemicals. One of them, lithium hydroxide, for example, is used in the production of lubricants which can be used with extreme temperatures and load. Approximately 70% of lubricants produced in the world contain lithium. Butyl lithium, another derivative of lithium carbonate, is used primarily as a reducing agent in the synthesis of many organic compounds and as a catalyzing element for the production of medicines.

At the beginning of 2004, SQM began the construction of a lithium hydroxide plant in the Salar del Carmen (Antofogasta), adjacent to the current lithium carbonate plant. By the end of 2004 the

Salar Brines Process



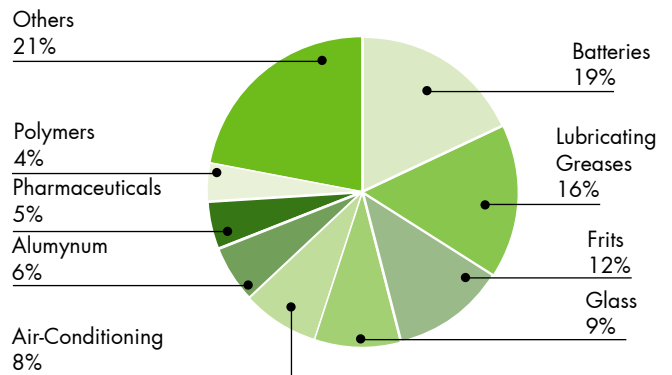
Comparison of the average composition of brines of various salt deposits.

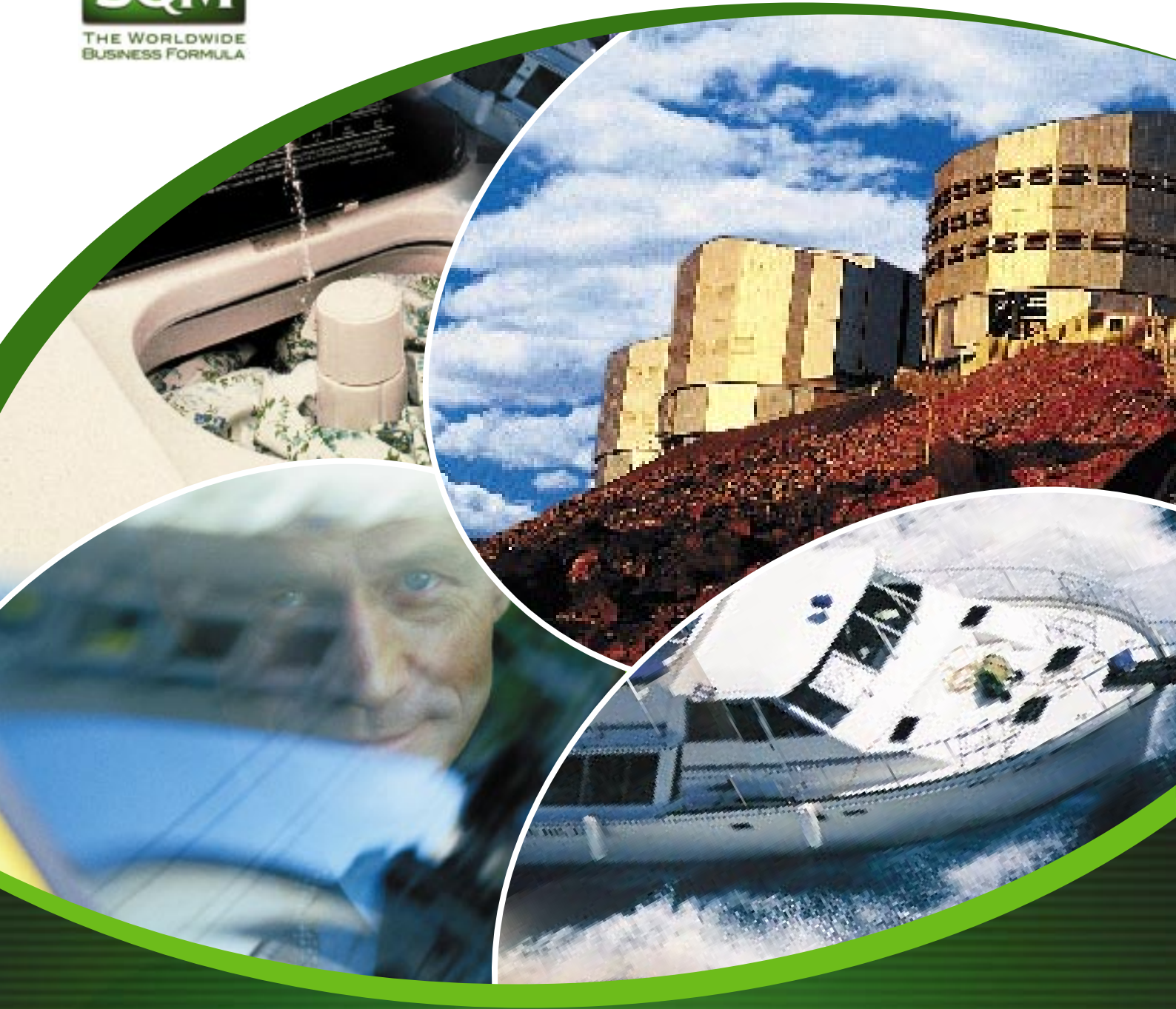


work was running as scheduled, and the new plant should come into operation during the first half of 2005.

SQM has the most extensive and highest quality reserves in the world for the production of lithium from brine, making it the largest producer, with the lowest costs. This, together with its specialized distribution network, allows the Company to position itself as a leader in the lithium industry with sustainable competitive advantages, and at the same time to be seen as the world's main current and future producer.

Lithium Main Uses





SQM also participates in Industrial Chemicals and Commodity Fertilizers markets. The company participates in these markets to offer a broader range of products to its clients. At the same time it allows SQM to reduce productive costs in all of its business lines.

Other Products

Other Products

Industrial Chemicals

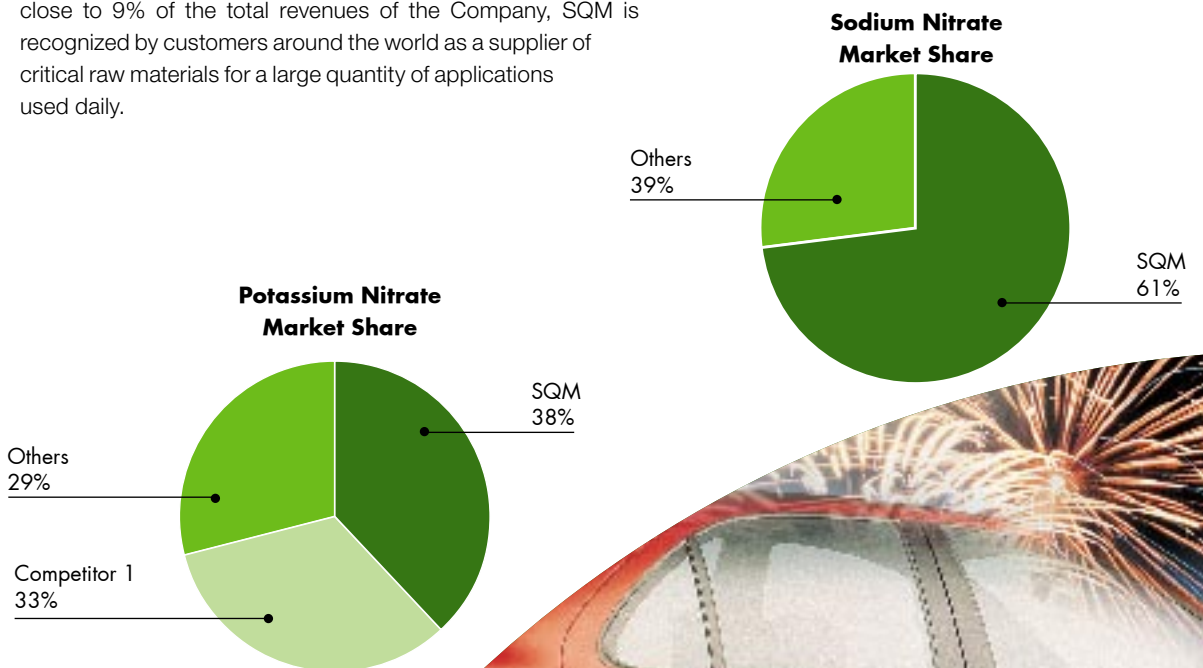
SQM is recognized, on a global level, as one of the main suppliers of industrial nitrates.

Industrial sodium nitrate and industrial potassium nitrate are produced in a processes similar to those of agricultural nitrates, requiring additional refining processes to achieve final products. Industrial nitrates have a wide range of applications in industries such as glass, ceramics, explosives, pyrotechnics, metal treatments, etc. The main products in this line are sodium nitrate in three purity grades (industrial, refined and technical) and potassium nitrate in two purity grades (technical and refined).

In addition to the industrial nitrates, SQM has a share in the markets for other industrial products with boric acid and sodium sulfate. The first is a by-product of potassium sulfate production and the second is obtained from the caliche as a by product of the nitrates and iodine production.

From a production standpoint, the industrial nitrates benefit from having an initial process which is shared with the nitrate fertilizers. In this way the business is not only able to take advantage of the economics of scale implicit in the combined volumes of these two groups of nitrates, but also gains operational flexibility through the possibility of directing production towards one segment or the other depending on market conditions. This constitutes a competitive advantage that not all other producers have.

With the products classified as industrial chemicals providing a share close to 9% of the total revenues of the Company, SQM is recognized by customers around the world as a supplier of critical raw materials for a large quantity of applications used daily.



* Charts do not include China's domestic consumption, but only its exports.



The most common uses for industrial chemicals are the following:

Sodium Nitrate

1. Glass production → sodium nitrate improves production efficiency because it is used as a fusion agent and refining agent in the production of certain types of glass, such as glass fiber, crystal glass and flat glass. Interesting to notice is the fact that the increase in demand for this product is related to increased construction activity in homes and buildings, as well as in the automobile industry. These increases generate a growth in the demand for sodium nitrate in the production of glass.
2. Explosives → sodium nitrate is used as an oxidizing agent in the production of commercial explosives whose demand is driven by the mining and civil works industries.
3. Metal treatment → sodium nitrate is primarily used for two purposes: to modify the structure of metals, making them harder, and to modify the appearance of metals.
4. Charcoal briquettes → sodium nitrate is used as an additive to help in the ignition of the briquettes and in maintaining smooth combustion.

Potassium nitrate

1. Like sodium nitrate, potassium nitrate is used in the production of glass contributing similar properties. Main industries are the CRT and the crystal glass industries.
2. Enamel and Ceramic Frits → Again, like sodium nitrate potassium nitrate is used in the production of frits for the enamels and ceramic industries. These are present in the enamel coating applied to the metal of refrigerators, dishwashers, bath tubs, and in the glazes on ceramic tiles. The potassium nitrate increases production efficiency and the resistance of the final product.
3. Pyrotechnic industry → Potassium nitrate acts as an oxidizing agent and is used as a color and sound source.

Boric Acid

Boric acid is critical ingredient in the production of pulp-based insulation, because it acts as a fire retardant. It is also used for lowering the thermal expansion in the glass and ceramic industries

As explained above, SQM's portfolio of industrial chemical products has a wide range of uses. This, together with favorable production costs and opportunities for future growth, has provided, and we trust will continue to provide, a basis for solid financial results for SQM in this field.

Potassium Chloride

The production of potassium chloride or potassium murate (MOP) is based on the recovery of salts from the brines. The salts concentrated in the evaporation ponds in the Salar de Atacama are the raw material for the production of MOP. These salts are processed in the MOP plant with a production capacity of 650,000 metric tons per year. A large part of this potassium chloride production is destined for the production of potassium nitrate and the rest is sold to third parties.

SQM potassium chloride is offered in two grades: standard and granular. The granular grade is appropriate for direct application to the soil, as well as for physical mixing with other fertilizers. Both grades contain a minimum of 60% potassium in the form of K₂O. The primary applications of potassium chloride are as a fertilizer for chlorine-resistant crops and as an agent in well drilling fluids to improve their stability.

Commodity Fertilizers

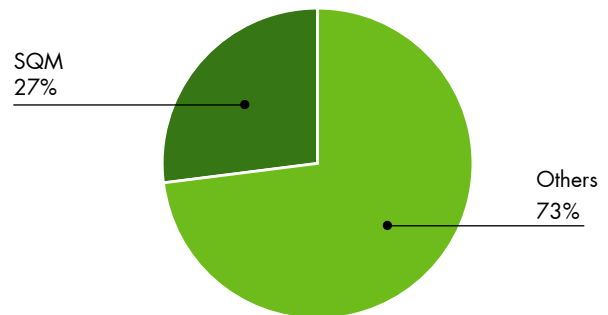
In order to complement most effectively the products that SQM offers its clients in Chile and Mexico, the Company imports and markets commodity fertilizers through its sales offices in these countries.

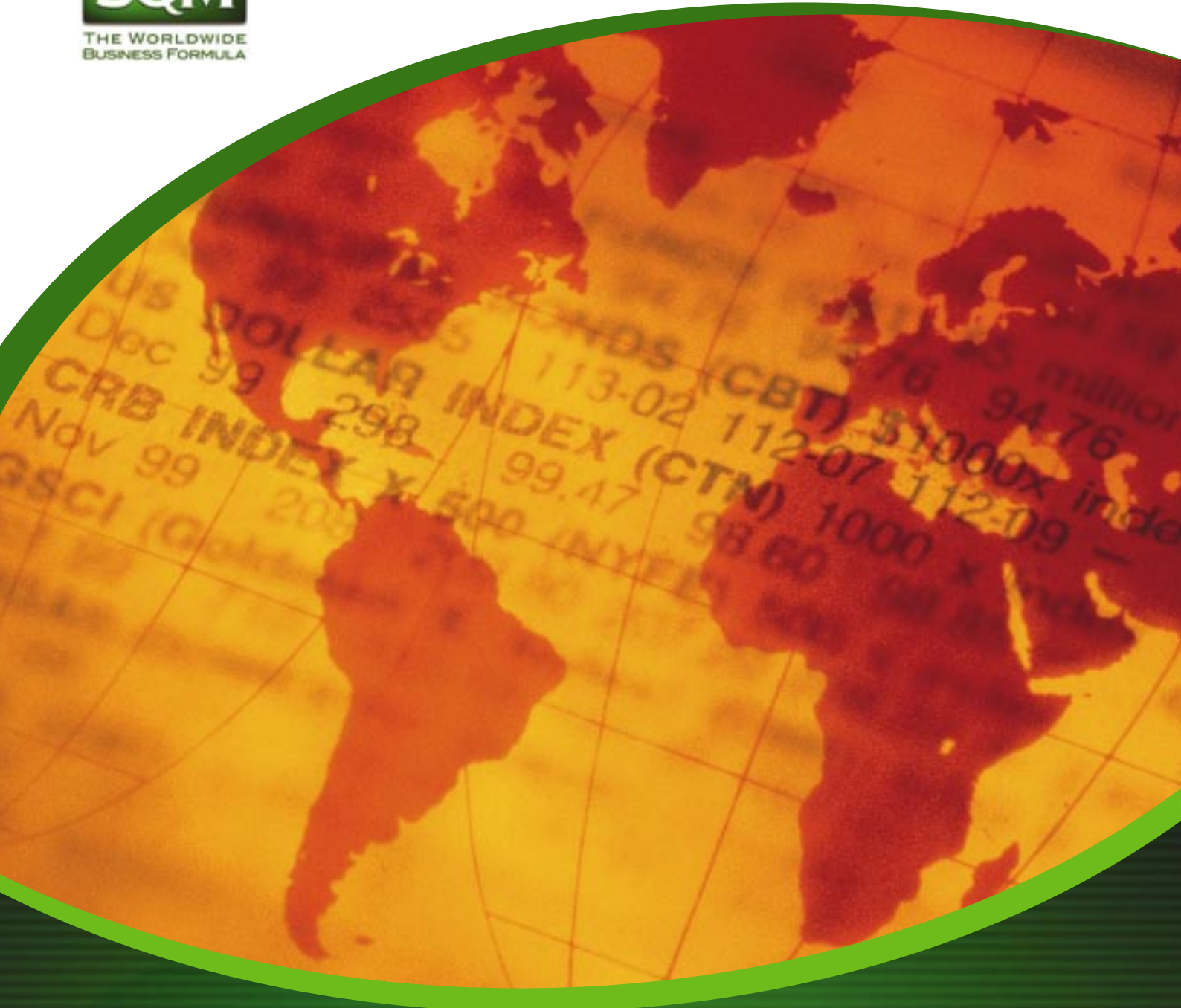
There is a wide range of such fertilizers, including granulated urea, pearl urea and triple super-phosphate. These products are vital to the production of some fruits, vegetables and cereals, given that without them the production of these foodstuffs would not be sufficient to satisfy global consumption requirements.

Thanks to the improvement experienced by the global economy, there has been an increase in the demand for commodities, and SQM's commodity fertilizers are no exception. This increase in demand has generated an increase in the prices for these products, observed during 2004.

Commodity Fertilizers Market Share

Chilean Market







→ Ricardo Ramos - CFO & Business Development SVP

These four years of sustained growth in results and the moderate capital expenditures plan allowed SQM to generate enough funds to strengthen its financial position. This solid financial position, necessary to sustain SQM's world leadership strategy, will allow us to carry-out the three-year capital expenditures plan without requiring significant amounts of external resources, thus maintaining our conservative financial profile.

Financial Analysis

Earnings for the year 2004 reached US\$74.2 million (US\$2.82 per ADR), 58.8% higher than the 2003 figures of US\$46.8 million (US\$1.78 per ADR).

Operating income reached US\$124.1 million (15.7% of revenues), higher than the US\$87.3 million (12.6% of revenues) of the year 2003. Revenues obtained during the year 2004 reached US\$788.5 million, approximately 14% higher than the US\$691.8 million reported for the previous year.

The improved results achieved during 2004 are explained as follows:

1. Specialty Plant Nutrition

Specialty plant nutrition revenues for the year 2004 reached US\$428.2 million, 18% higher than the US\$362.8 million of the previous year.

		2004	2003	Δ2004/2003	
Sodium nitrate	Th. Ton	59,5	62,5	-3,1	-5%
Potassium nitrate and sodium potassium nitrate	Th. Ton	706,8	696,5	10,3	1%
Blended and borate specialty plant nutrients	Th. Ton	253,1	252,1	1,0	0%
Other non-SQM specialty plant nutrients (*)	Th. Ton	130,3	125,0	5,3	4%
Potassium sulfate	Th. Ton	157,7	143,2	14,5	10%
Revenues Specialty Plant Nutrition	MUS\$	428,2	362,8	65,4	18%

(*) Includes Yara's SPN and trading of other SPN

Overall, the 18% increase in specialty plant nutrition revenues was mainly driven by a different product mix, with higher sales in Europe and North America and lower sales to China, and by improved pricing conditions.

The increase in prices responds mainly to two factors: the strong demand, which for the last 5 years has experienced annual growths of approximately 7%, and the tight conditions on the supply side. Considering this, SQM is actively carrying out the necessary investments to increase production capacity. The Company expects that the positive market and price trends will continue during 2005.

The slight increase in sales volumes for 2004 is mainly explained by:

- Increase in potassium-related plant nutrients shipments to Europe, North America and Latin America, especially in Brazil, though the increased volumes destined to these markets were partially offset by lower volumes sent to China. The decrease in China is the result of the Company's decision, facing a tight supply situation, to privilege markets with higher returns.

- Increase in potassium sulfate shipments by 10%, as the company has been increasing its production output.
- Volume sales of specialty blends and other specialty plant nutrients, containing mostly non-SQM products, remained relatively the same as last year's.

On the cost side, and partly offsetting the increase in prices:

- Logistics costs increased by approximately 15%, affected by a low shipping capacity in the world and higher oil prices;
- Chilean peso strengthened against the US dollar by approximately 13% on average, thereby increasing the US dollar amount of the Company's costs denominated in Chilean pesos;
- Natural gas shortages, extending through a period of approximately 6 weeks, affected SQM operations impacting global costs as the Company had to replace the natural gas with higher cost diesel.

Specialty plant nutrition gross margin⁽¹⁾ for 2004 was approximately US\$ 22.5 million higher than the margin of the previous year, reflecting all the above facts.

2. Iodine and iodine derivatives

Iodine and iodine derivatives revenues for the year 2004 reached US\$110.5 million, 30.7% higher than the US\$84.6 million of the previous year.

		2004	2003	Δ2004/2003	
Iodine and derivatives	Th. Ton	7,7	6,6	1,1	16%
Revenues Iodine and derivatives	MUS\$	110,5	84,6	25,9	31%

The significant increase in revenues recorded in this business line is consistent with the 6% growth in demand observed during 2004. The increase both in volume sales and in the pricing scenario is mainly explained by:

- Sales of iodine to the x-ray contrast media, biocides and pharmaceutical markets, which on average experienced growths of approximately 7%.
- Higher sales to the Chinese markets, mainly to the pharmaceutical and disinfectant industries.

- The use of iodine in LCD screens, one of the relatively new developments in iodine applications. Iodine destined to this market increased by approximately 50%. Though iodine sales to this market do not represent relevant amounts yet, being approximately 3% of iodine demand in 2004, the potential is interesting and should increase its contribution to the worldwide demand for iodine in the next few years.

During 2004, SQM slightly increased its market share, due to tighter supply. Given its unique position, SQM is currently expanding iodine production capacity.

Full year average prices for iodine, excluding iodine salts that react somewhat slower to iodine pricing, increased by approximately US\$1.9 per kilogram, or approximately 14%. Considering the strength of the fundamentals that are driving demand, which should keep growing at the present rate in the short to medium term, together with the supply situation, we believe volume and pricing trends observed so far will continue for the next year.

Iodine and iodine derivatives gross margin for the year 2004 was approximately US\$13.5 million higher than the gross margin of the previous year.

3. Lithium and lithium derivatives

Lithium and lithium derivatives revenues for the year 2004 reached US\$62.6 million, 26.0% higher than the US\$49.7 million of the previous year.

		2004	2003	Δ2004/2003	
Lithium carbonate and derivatives	Th. Ton	32,6	27,4	5,2	16%
Revenues Lithium and derivatives	MUS\$	62,6	49,7	12,9	26%

The increase in revenues observed during the year 2004 was mainly driven by a strong increase of the lithium ion battery market, which experienced a growth rate of around 30% during the year, continuing the trend of the previous 2 years. Lithium carbonate sales destined to this market doubled in one year, becoming the most important use, with an approximate 20% share.

Other important lithium carbonate markets were the Asia-Pacific markets, where uses related to infrastructure growth, such as glass, frits and air conditioning, have been growing at higher rates than the world economy growth.

The Company's lithium hydroxide sales grew in volume by approximately 20% during 2004, as a consequence of the increased global demand of lithium-based lubricating greases. SQM's new lithium hydroxide plant is expected to start industrial production runs ahead of schedule, during the second quarter of 2005. This will allow a smooth transition between the depletion of the stockpile SQM acquired in 2002 and the qualification of the new product.

Pricing conditions also improved in this business line, achieving an average increase in lithium carbonate sales prices of approximately 8% during the year 2004. Similarly, lithium hydroxide sales prices increased by approximately 10% during the year 2004.

Considering present supply-demand dynamics and the expected continued increase in demand, we expect this trend in prices to continue during the next year.

Lithium and lithium derivatives gross margin for the year 2004 was approximately US\$5.5 million higher than the gross margin of the previous year.

4. Industrial Chemicals

Revenues for industrial chemicals for the year 2004 reached US\$71.7 million, 2.8% lower than the US\$73.7 million of the previous year.

		2004	2003	Δ2004/2003	
Industrial nitrates	Th. Ton	183,3	193,2	-9,9	-5%
Sodium sulfate	Th. Ton	29,9	54,2	-24,2	-45%
Boric acid	Th. Ton	7,0	10,7	-3,8	-35%
Revenues Industrial Chemicals	MUS\$	71,7	73,7	-2,1	-3%

The lower revenues are mainly explained by the significant decrease in sodium sulfate and boric acid sales due to lower production. Prices for these two product lines have increased on average by approximately 7% due to increased demand for raw materials in the pulp & paper and detergent industries. The Company does not expect to significantly increase its production in the short term.

Industrial nitrates have also seen a reduction in sales volumes, mainly in the far east, due to high logistical costs and low prices. In spite of a 5% decrease in volumes, the roughly 10% increase in industrial nitrates prices allowed to obtain higher revenues in this product line.

World demand for industrial chemicals is growing at a moderate pace of 2%, mainly driven by increased mining activity and infrastructure development.

Industrial chemicals gross margin for the year 2004 was similar to the gross margin of the previous year.

5. Others

Potassium chloride

Potassium chloride revenues for the year 2004 reached US\$37.2 million, 7.1% lower than the US\$40.0 million of the previous year.

		2004	2003	Δ2003/2002	
Potassium Chloride	Th. Ton	212,0	284,1	-72,1	-25%
Revenues Potassium Chloride	MUS\$	37,2	40,0	-2,8	-7%

As sales of potassium chloride are directly related to its consumption as raw material in the production of potassium nitrate, the 25% decrease in third party sales volumes was mainly due to the increase in its use in potassium nitrate production. The significant increase in prices partially offset this decrease.

Market conditions suggest that potash prices should continue with the upward trend in 2005.

Other commodity fertilizers

Sales of other commodity fertilizers remained relatively constant during the year, reaching US\$78.3 million compared to the US\$81.0 million of 2003.

Selling and Administrative Expenses

Selling and Administrative Expenses reached US\$55.7 million (7.1% of revenues) during 2004 compared to the US\$50.6 million (7.3% of revenues) recorded during 2003.

Non-operating Income

During 2004, non-operating income reached a US\$17.6 million loss, 17% lower than the US\$21.2 million loss of the previous year. The main reasons for this reduction in non-operating income were:

- On August 18, 2004, the Company sold its 14.05% stake in Empresas Melón at a public auction carried out in the Santiago Stock Exchange. The transaction reported to the Company approximately US\$69.3 million in cash and an after-tax profit of approximately US\$6 million⁽²⁾. This non-core asset had been held by SQM since 1998 when it sold its cement project to Empresas Melón. The sale of this investment in Empresas Melón reaffirms SQM strategy to focus in and strengthen its main businesses: specialty plant nutrition, iodine and lithium.
- Net financial expenses⁽³⁾ decreased from US\$(21.0) million in 2003 to US\$(16.8) million in 2004. The Company reduced its net financial debt⁽⁴⁾ by approximately US\$106.7 million in the last twelve months, influenced by the sale of the stake in Empresas Melón S.A.

On the other hand, and partially offsetting the positive effects of the above, during 2003 the Company recorded exchange gains of approximately US\$6.6 million whereas during 2004 there have been exchange losses of approximately US\$0.5 million.

Recently, at the end of February 2005, SQM subscribed a loan agreement oriented to refinance future debt maturities and part of the Capex program. The 5-year loan is for US\$100 million and bears interest at an initial rate of Libor + 0,325%.

Capital Expenditure Program

Updating the information provided in July regarding the capital expenditure program, during 2004 the Company invested approximately US\$91 million, of which US\$35 million correspond to the acquisition, on December 21st, of the assets of PotashCorp's nitrate operation in Chile, PCS Yumbes.

Current estimates of capital expenditures for the years 2005, 2006 and 2007 are approximately in the range of US\$400 million, with approximately 50% being carried out in 2005. This program is subject to modifications depending on market conditions and future available technology.

The Company expects to finance this capex program mainly with internally generated cashflows and some additional financial debt, keeping sound financial ratios.

Notes:

(1) Gross margin corresponds to consolidated revenues less total costs, including depreciation and excluding sales and administration expenses.

A significant portion of SQM's costs of goods sold are costs related to common productive processes (mining, crushing, leaching, etc.) which are distributed among the different final products. To estimate gross margins by business lines in both periods covered by this report, the Company employed a similar criteria on the allocation of common costs to the different business areas. This gross margin distribution should be used only as a general and approximated reference of the margins by business line.

(2) Under non-operating, other income, the company has reflected a gain of approximately US\$8 million. Under taxes, the company has reflected a tax charge of approximately US\$2 million.

(3) Net financial expenses correspond to total financial expenses net of financial income during the period.

(4) Net financial debt corresponds to interest bearing debt less cash and cash equivalents at the end of each period.



Consolidated Financial Statements

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Ch\$	Chilean pesos
ThCh\$	Thousands of Chilean pesos
US\$	United States dollars
ThUS\$	Thousands of United States dollars
UF	The UF is an inflation-indexed, Chilean peso-denominated monetary unit. The UF rate is set daily in advance, based on the change in the Consumer Price Index of the previous month.





(Translation of a report originally issued in Spanish)

To the Shareholders and Directors
Sociedad Química y Minera de Chile S.A.:

1. We have audited the accompanying consolidated financial statements of Sociedad Química y Minera de Chile S.A. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income and cash flows for the years then ended. These financial statements (and the related notes thereto) are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audits. We have not audited the financial statements of related company Empresas Melón S.A. which, due to the application of the equity method represents a total investment of ThUS\$ 43,268 as of December 31, 2003, and accrued net income of ThUS\$ 3,935 for the year then ended. Those financial statements were reviewed by other auditors whose report has been furnished to us, and our opinion expressed herein, pertaining to the amounts included for related company Empresas Melón S.A., is based solely on the report issued by those auditors.
2. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.
3. In our opinion, based on our audit and on the report of other auditors, these financial statements present fairly, in all material respects, the financial position of Sociedad Química y Minera de Chile S.A. and subsidiaries as of December 31, 2004 and 2003 and the results of its operations and cash flows for the years then ended, in accordance with generally accepted accounting principles in Chile and standards set forth by the Superintendency of Securities and Insurance.
4. On July 1, 2004; SQM Lithium Specialities LLP, began its production stage, therefore as of December 31, 2004, its financial statements have been incorporate in the consolidation of SQM S.A..
5. On August 18, 2004, the participation held in Empresas Melón S.A. equivalent to all the shares owned by SQM S.A., was sold for ThUS\$ 69,337. This transaction meant recognizing net income before taxes in the amount of ThUS\$ 8,179.
6. On December 23, 2004, SQM S.A. and SQM Nitratos S.A. acquired all the shares of PCS Yumbes S.C.M. for ThUS\$ 39,708. This acquisition was recorded at fair value, and meant the recognition of goodwill in the amount of ThUS\$ 12,637 by SQM S.A. and subsidiaries.

Armino Sella S.
I.D. Number: 5.744.179-8

ERNST & YOUNG LTDA.
Taxpayer N°.: 77.802.430-6

Santiago, Chile, March 4, 2005



Consolidated Balance Sheets

As of December 31,

ASSETS	Note	2004 THUS\$	2003 THUS\$
CURRENT ASSETS			
Cash		18,559	15,251
Time deposits		15,867	13,416
Marketable securities		30,797	38,629
Accounts receivable, net	4	169,840	150,959
Other accounts receivable, net	4	8,343	7,650
Accounts receivable from related companies	5	26,029	23,792
Inventories, net	6	274,602	244,557
Recoverable taxes		19,185	20,198
Prepaid expenses		2,735	2,853
Other current assets		9,493	9,289
PROPERTY, PLANT AND EQUIPMENT, NET			
	7	694,762	695,398
OTHER ASSETS			
		91,160	141,507
Investments in related companies	8	15,987	55,835
Goodwill, net	9	17,470	13,920
Negative goodwill, net	9	(271)	(474)
Intangible assets, net		4,544	4,714
Long-term accounts receivable, net	4	289	7,836
Long-term accounts receivable from related companies	5	-	340
Other long-term assets	10	53,141	59,336
TOTAL ASSETS		1,361,372	1,363,499

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	As of December 31,	
		2004 THUS\$	2003 THUS\$
CURRENT LIABILITIES		131,244	145,282
Short-term bank debt	11	7,955	57,392
Current portion of long-term debt	11	4,577	4,596
Dividends payable		183	180
Accounts payable		57,859	48,570
Other accounts payable		2,054	1,509
Notes and accounts payable to related companies	5	14,025	12,465
Accrued liabilities	12	12,267	10,591
Withholdings		11,103	5,493
Income taxes		11,641	1,009
Deferred income taxes	13	7,933	2,362
Deferred income		441	384
Other current liabilities		1,206	731
LONG-TERM LIABILITIES		247,070	299,126
Long-term bank debt	11	200,000	260,000
Other accounts payable		1,106	2,088
Deferred income taxes	13	34,089	26,911
Staff severance indemnities	14	11,875	10,127
MINORITY INTEREST	15	34,430	29,119
SHAREHOLDERS' EQUITY		948,628	889,972
Paid-in capital	16	477,386	477,386
Other reserves	16	150,887	141,420
Retained earnings	16	320,355	271,166
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,361,372	1,363,499

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



Consolidated Statements of Income

For the years ended
December 31,

	Note	2004 THUS\$	2003 THUS\$
Sales		788,516	691,806
Cost of sales		(608,744)	(553,910)
Gross margin		179,772	137,896
Selling and administrative expenses		(55,705)	(50,590)
OPERATING INCOME		124,067	87,306
Non-operating income	18	20,829	18,654
Non-operating expenses	18	(38,420)	(39,867)
NON-OPERATING INCOME, NET		(17,591)	(21,213)
Income before income taxes		106,476	66,093
Income tax expense	13	(27,308)	(16,056)
Income before minority interest		79,168	50,037
Minority interest	15	(5,139)	(3,654)
Net income before negative goodwill		74,029	46,383
Amortization of negative goodwill	9	203	370
NET INCOME FOR THE YEAR		74,232	46,753

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



Consolidated Statements of Cash Flows

		For the years ended December 31,	
	Note	2004 THUS\$	2003 THUS\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		74,232	46,753
Charges (Credits) to Income Not Representing Cash Flows			
Depreciation expense	7	62,690	61,674
Amortization of intangible assets		173	298
Write-offs and accruals		23,584	16,249
Gain on equity investments in related companies		(4,897)	(5,529)
Loss on equity investments in related companies		387	1
Amortization of goodwill	9	1,073	1,188
Amortization of negative goodwill	9	(203)	(370)
(Profit) loss on sales of assets		283	(13)
Gain on sale of investment		(8,820)	-
Other credits to income not representing cash flows		(1,919)	(2,793)
Other charges to income not representing cash flows		59,092	38,414
Foreign exchange difference, net	18	475	(6,590)
Net Changes in Operating Assets and Liabilities:			
Increase in trade accountst receivable		(9,447)	(18,124)
Increase in inventories		(40,665)	(12,578)
(Increase) decrease in other assets		(770)	15,534
Decrease in accounts payable		(6,829)	(16,236)
Increase (decrease) in interest payable		(38)	134
Increase (decrease) in net income taxes payable		1,284	(2,246)
Decrease in other accounts payable		(2,935)	(1,062)
Increase (decrease) in VAT and taxes payable		137	(2,215)
Minority interest	15	5,139	3,654
NET CASH PROVIDED FROM OPERATING ACTIVITIES		152,026	116,143
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term bank financing		83,307	57,324
Loans to related companies		-	(5,275)
Payment of dividends		(25,706)	(21,361)
Repayment of bank financing		(192,696)	(82,559)
NET CASH USED IN FINANCING ACTIVITIES		(135,095)	(51,871)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales of property, plant and equipment		741	264
Sales of investments in related companies		69,337	-
Sales of investments		210	542
Other investing income	21	877	7,699
Additions to property, plant and equipment		(51,758)	(55,084)
Capitalized interest		(1,708)	(2,149)
Purchase of investments in related companies		(37,079)	(11,150)
Purchase of investments		(13)	(210)
Other disbursements		-	(56)
NET CASH USED IN INVESTING ACTIVITIES		(19,393)	(60,144)
Effect of inflation on cash and cash equivalents		(58)	(59)
Net change in cash and cash equivalents		(2,520)	4,069
Beginning balance of cash and cash equivalents		69,273	65,204
ENDING BALANCE OF CASH AND CASH EQUIVALENTS		66,753	69,273

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



Notes to the Consolidated Financial Statements

NOTE 1 - COMPANY BACKGROUND

Sociedad Química y Minera de Chile S.A. (the "Company") was registered with the Chilean Superintendency of Securities and Insurance ("SVS") on March 18, 1983.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis for the preparation of the consolidated financial statements

The accompanying consolidated financial statements have been prepared in U.S. dollars in accordance with accounting principles generally accepted in Chile ("Chilean GAAP") and the regulations of the SVS. For the convenience of the reader, the consolidated financial statements and their accompanying notes have been translated from Spanish into English. Certain accounting practices applied by the Company that conform with Chilean GAAP may not conform with generally accepted accounting principles in the United States ("US GAAP")

The consolidated financial statements include the accounts of Sociedad Química y Minera de Chile S.A. (the "Parent Company") and subsidiaries (companies in which the Parent Company holds a controlling participation, generally equal to direct or indirect ownership of more than 50%). The Parent Company and its subsidiaries are referred to as the "Company".

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

In accordance with regulations set forth by the SVS in its Circular No. 1697 and Technical Bulletins Nos. 64 and 72 of the Chilean Association of Accountants, the consolidated financial statements include the following subsidiaries:

	DIRECT OR INDIRECT OWNERSHIP	
	2004 %	2003 %
FOREIGN SUBSIDIARIES:		
Nitrate Corp. of Chile Limited (United Kingdom)	100.00	100.00
Soquimich SRL - Argentina	100.00	100.00
Nitratos Naturais do Chile Ltda. (Brazil)	100.00	100.00
SQM Europe NV (Belgium)	100.00	100.00
SQM North America Corp. (USA)	100.00	100.00
North American Trading Company (USA)	100.00	100.00
SQM Peru S.A.	100.00	100.00
SQM Corporation NV (Dutch Antilles)	100.00	100.00
S.Q.I. Corporation NV (Dutch Antilles)	100.00	100.00
Soquimich European Holding BV (Holland)	100.00	100.00
PTM - SQM Ibérica S.A. (Spain)	100.00	100.00
SQMC Holding Corporation LLP (USA)	100.00	100.00
SQM Ecuador S.A.	100.00	100.00
Cape Fear Bulk LLC (USA)	51.00	51.00
SQM Investment Corporation NV (Dutch Antilles)	100.00	100.00
SQM Brasil Ltda.	100.00	100.00
Royal Seed Trading Corporation AVV (Aruba)	100.00	100.00
SQM Japon Co. Ltda.	100.00	100.00
SQM Oceanía PTY Limited (Australia)	100.00	100.00
SQM France S.A.	100.00	100.00

	DIRECT OR INDIRECT OWNERSHIP	
	2004 %	2003 %
FOREIGN SUBSIDIARIES:		
Fertilizantes Naturales S.A. (Spain)	50.00	50.00
RS Agro-Chemical Trading AVV (Aruba)	100.00	100.00
SQM Comercial de México S.A. de C.V.	100.00	100.00
SQM Indonesia	80.00	80.00
SQM Virginia LLC (USA)	100.00	100.00
Agricolima S.A. De C.V. (México)	100.00	100.00
SQM Venezuela S.A.	100.00	100.00
SQM Italia SRL (Italy)	95.00	95.00
Comercial Caiman Internacional S.A. (Cayman Islands)	100.00	100.00
Mineag SQM Africa Limited (South Africa)	100.00	100.00
Fertilizantes Olmeca y SQM S.A.de C.V. (México)	100.00	100.00
Administración y Servicios Santiago S.A. de C.V. (México)	100.00	100.00
SQM Lithium Specialties LLC (USA)	100.00	100.00
SQM Nitratos Mexico S.A. de C.V.	51.00	51.00
DOMESTIC SUBSIDIARIES:		
Servicios Integrales de Tránsitos y Transferencias S.A.	100.00	100.00
Soquimich Comercial S.A.	60.64	60.64
Isapre Norte Grande Ltda.	100.00	100.00
Almacenes y Depósitos Ltda.	100.00	100.00
Ajay SQM Chile S.A.	51.00	51.00
SQM Nitratos S.A.	99.99	99.99
Proinsa Ltda.	60.58	60.58
SQM Potasio S.A.	100.00	100.00
SQMC International Limitada	60.64	60.64
SQM Salar S.A.	100.00	100.00
PCS Yumbes SCM	100.00	-
Comercial Hydro S.A.	60.64	60.64

All significant inter-company balances, transactions and unrealized gains and losses arising from transactions between these companies have been eliminated in consolidation.

As the Company exerts control over the subsidiary Fertilizantes Naturales S.A. it has been included in the consolidation for the period ended December 31, 2004 and 2003.

b) Period

These consolidated financial statements have been prepared as of December 31, 2004 and 2003 and for the years then ended.

c) Reporting currency and monetary correction

The financial statements of the Company are prepared in U.S. dollars. As a significant portion of the Company's operations are transacted in U.S. dollars, the U.S. dollar is considered the currency of the primary economic environment in which the Company operates.



The Parent Company and those subsidiaries which maintain their accounting records in U.S. dollars are not required, or permitted, to restate the historical dollar amounts for the effects of inflation.

The financial statements of domestic subsidiaries, which maintain their accounting records in Chilean pesos have been restated to reflect the effects of variations in the purchasing power of Chilean pesos during the year. For this purpose, and in accordance with Chilean regulations, non-monetary assets and liabilities, equity and income statement accounts have been restated in terms of year-end constant pesos based on the change in the consumer price index during the year (2.5% and 1.0% in 2004 and 2003, respectively). The resulting net charge or credit to income arises as a result of the gain or loss in purchasing power from the holding of non-U.S. dollar denominated monetary assets and liabilities exposed to the effects of inflation.

Prior period financial statements presented for comparative purposes have not been restated to reflect the change in the purchasing power of the Chilean pesos during the most recent year-end. In accordance with Chilean GAAP, amounts expressed in U.S. dollars, including amounts included in the consolidated financial statements as determined in prior years from the translation of financial statements of those Chilean subsidiaries which maintain their accounting records in Chilean pesos, are not adjusted for price-level changes.

d) Foreign currency

i) Foreign currency transactions

Monetary assets and liabilities denominated in Chilean pesos and other currencies have been translated to U.S. dollars at the observed exchange rates determined by the Central Bank of Chile in effect at each year-end of Ch\$557.40 per US\$1 at December 31, 2004 and Ch\$593.80 per US\$1 at December 31, 2003.

ii) Translation of non-U.S. dollar financial statements

In accordance with Chilean GAAP, the financial statements of foreign and domestic subsidiaries that do not maintain their accounting records in U.S. dollars are translated from the respective local currencies to U.S. dollars in accordance with Technical Bulletin No. 64 and 72 of the Chilean Association of Accountants ("BT 64 and 72") as follows:

- a) For those subsidiaries and affiliates located in Chile which keep their accounting records in price-level adjusted Chilean pesos:
- Balance sheet accounts are translated to U.S. dollars at the year-end exchange rate without eliminating the effects of price-level restatement.
 - Income statement accounts are translated to U.S. dollars at the average exchange rate each month. The monetary correction account on the income statement, which is generated by the inclusion of price-level restatement on the non-monetary assets and liabilities and shareholders' equity, is translated to U.S. dollars at the average exchange rate for each month.
 - Translation gains and losses, as well as the price-level restatement to the balance sheet mentioned above, are included as an adjustment in shareholders' equity, in conformity with Circular No. 1697 of the SVS.
- b) The financial statements of those foreign subsidiaries that keep their accounting records in currencies other than the U.S. dollar have been translated at historical exchange rates as follows:
- Monetary assets and liabilities are translated at year-end exchange rates between the US dollar and the local currency.
 - All non-monetary assets and liabilities and shareholders' equity are translated at historical exchange rates between the US dollar and the local currency.
 - Income and expense accounts are translated at average exchange rates between the US dollar and the local currency.
 - Any exchange differences are included in the results of operations for the period.

d) Foreign currency (continued)

Foreign exchange differences for the period ended December 31, 2004 and 2003 generated net earnings (loss) of ThUS\$ (475) and ThUS\$ 6,590, respectively, which have been charged to the consolidated statements of income in each respective period.

The monetary assets and liabilities of foreign subsidiaries were translated into US dollars at the exchange rates per US dollar prevailing at December 31, as follows:



	2004	2003
Brazilian Real	2.65	2.89
New Peruvian Sol	3.47	3.46
Argentine Peso	2.98	2.96
Japanese Yen	104.21	107.13
Euro	0.73	0.79
Mexican Peso	11.22	11.20
Indonesian Rupee	9,289.97	8,465.00
Australian Dollar	1.28	1.33
Pound Sterling	0.52	0.58
Sudafrican Rand	5.80	6.59

The Company uses the "observed exchange rate", which is the rate determined daily by the Chilean Central Bank based on the average exchange rates at which bankers conduct authorized transactions.

e) Cash and cash equivalents

The Company considers all highly liquid investments with a remaining maturity of less than 90 days as of the closing date of the financial statements to be cash equivalents.

f) Time deposits

Time deposits are recorded at cost plus accrued interest.

g) Marketable securities

Marketable securities are recorded at the lower of cost plus accrued interest or market value.

h) Allowance for doubtful accounts

The Company records an allowance for doubtful accounts based on estimated probable losses.

i) Inventories and materials

Inventories of finished products and work in process are valued at average production cost. Raw materials and products acquired from third parties are stated at average cost and materials-in-transit are valued at cost. All such values do not exceed net realizable values.

Inventories of non-critical spare parts and supplies are classified as other current assets, except for those items which the Company estimates to have a turnover period of one year or more, which are classified as other long-term assets.

j) Income taxes and deferred income taxes

Prior to 2000, income taxes were charged to results in the same period in which the income and expenses were recorded and were calculated in accordance with the enacted tax laws in Chile and the other jurisdictions in which the Company operated.

Under Chilean law, the Parent Company and its subsidiaries are required to file separate tax declarations.

Beginning January 1, 2000, the Company records deferred income taxes in accordance with Technical Bulletin Nos. 60, 69, 71 and 73 of the



Chilean Association of Accountants, and with Circular No. 1466 issued on January 27, 2000 by the SVS, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities, using the liability method. The effect of the temporary differences at December 31, 1999 were recorded in complementary asset and liability accounts, which are recognized in the statement of operations over the estimated period in which they reverse.

k) Property, plant and equipment

Property, plant, equipment and property rights are recorded at cost, except for certain assets that were restated according to a technical appraisal in 1989. Depreciation expense has been calculated using the straight-line method based upon the estimated useful lives of the assets and is charged directly to expense.

Fixed assets acquired through financing lease agreements are accounted for at the present value of the minimum lease payments plus the purchase option based on the interest rate included in each contract. The Company does not legally own these assets and therefore cannot freely dispose of them.

In conformity with Technical Bulletin No. 31 and 33 of the Chilean Association of Accountants, the Company capitalizes interest cost associated with the financing of new assets during the construction period of such assets.

Maintenance costs of plant and equipment are charged to expenses as incurred.

The Company obtains property rights and mining concessions from the Chilean state. Other than minor filing fees, the property rights are usually obtained without initial cost, and once obtained, are retained perpetually by the Company as long as the annual fees are paid. Such fees, which are paid annually in March, are recorded as prepaid assets to be amortized over the following twelve months. Values attributable to these original mining concessions are recorded in property, plant and equipment.

l) Investments in related companies

Investments in related companies over which the Company has significant influence, are included in other assets and are recorded using the equity method of accounting, in accordance with SVS Circulars Nos. 368 and 1,697 and Technical Bulletins Nos. 64 and 72 issued by the Chilean Association of Accountants. Accordingly, the Company's proportional share in the net income or loss of each investee is recognized in the non-operating income and expense classification in the consolidated statements of income on an accrual basis, after eliminating any unrealized profits from transactions with the related companies.

The translation adjustment to U.S. dollars of investments in domestic subsidiaries, which maintain their accounting records and are controlled in Chilean pesos is recognized in the other reserves component of stockholders' equity. Direct and indirect investments in foreign subsidiaries or affiliates are controlled in U.S. dollars.

Investments in which the Company has less than 20% participation and the capacity to exert significant influence or control over the investment, because SQM forms part of its Board of Directors, have been valued using the equity method.

m) Goodwill and negative goodwill

Goodwill is calculated as the excess of the purchase price of companies acquired over their net book value, whereas negative goodwill occurs when the net book value exceeds the purchase price of companies acquired. Goodwill and negative goodwill resulting from equity method investments are maintained in the same currency in which the investment was made and are amortized based on the estimated period of investment return, generally 20 and 10 years for goodwill and negative goodwill, respectively.

n) Intangible assets

Intangible assets are stated at cost plus acquisition expenses and are amortized over a period of up to a maximum of 40 years, in accordance with Technical Bulletin No. 55 of the Chilean Association of Accountants.



o) Mining development cost

Mining development costs are recorded in other long-term assets and are amortized utilizing the unit of production basis.

p) Accrued employee severance

The Company calculates the liability for staff severance indemnities based on the present value of the accrued benefits for the actual years of service worked assuming an average employee tenure of 24 years and a real annual discount rate of 9%.

q) Vacations

The cost of employee vacations is recognized in the financial statements on an accrual basis.

r) Saleback operations

These operations are registered in Other Current Assets at the amount of the purchase. Starting at the purchase date, the respective interest is recorded in accordance with SVS Circular 768.

s) Dividends

Dividends are generally declared in U.S. dollars but are paid in Chilean pesos.

t) Derivative Contracts

The Company maintains derivative contracts to hedge against movements in foreign currencies, which are recorded in conformity with Technical Bulletin No. 57 of the Chilean Association of Accountants. Such contracts are recorded at fair value with net losses recognized on the accrual basis and gains recognized when realized.

u) Reclassifications

For comparison purposes, certain reclassifications have been made to the 2003 financial statements.

v) Revenue recognition

Revenue is recognized on the date goods are physically delivered or when they are considered delivered according to the terms of the contract.

w) Computer software

Computational systems developed internally using the Company's personnel and materials are charged to income during the year in which the expenses are incurred.

In accordance with Circular No. 981 dated December 28, 1990 of the SVS, computer systems acquired by the Company are recorded at cost.

x) Research and development expenses

Research and development cost are charged to the income statement in the period in which they are incurred. Fixed assets which are acquired for their use in research and development activities and are determined to provide additional benefits to the Company are recorded in property, plant and equipment.



NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

a) Accounting Changes

Until June 30, 2004, the financial statements of the subsidiary SQM Lithium Specialties LLP were not consolidated because this subsidiary was in development stage. Starting July 1, 2004, SQM Lithium Specialties LLP began operating, therefore the Company has consolidated this subsidiary in the financial statements as of December 31, 2004.

Starting January 1, 2004, the SVS, through Circular No. 1697, requires adoption of Technical Bulletin No. 72 on Business Combinations (BT 72), issued by the Chilean Association of Accountants. The Company has applied this standard for its investments in related companies and consolidation of their financial statements

There were no other changes in the accounting principles used by the Company during 2004 as compared to 2003.

b) Reformulation of 2003 Financial Statements

For comparison purposes, the financial statements as of December 31, 2003 have been reformulated to incorporate the following assets and liabilities of SQM Lithium Specialties LLP:

	SQM LITHIUM SPECIALTIES LLP THUS\$
Current Asset	319
Property, Plant and Equipment	26,351
Other Assets	750
Current Liability	717

NOTE 4 - SHORT-TERM AND LONG-TERM ACCOUNTS RECEIVABLE

a) Short term and long-term accounts receivable and other accounts receivable as of December 31 are detailed as follows:

	UP TO 90 DAYS		BETWEEN 90 DAYS AND 1 YEAR		SUBTOTAL 2004 THUS\$	TOTAL SHORT-TERM (NET)	
	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$		2004 THUS\$	2003 THUS\$
SHORT-TERM							
Trade accounts receivable	124,724	104,651	7,137	16,799	131,861	131,861	121,450
Allowance for doubtful accounts						(6,970)	(6,557)
Notes receivable	38,439	33,747	10,517	5,735	48,956	48,956	39,482
Allowance for doubtful accounts						(4,007)	(3,416)
ACCOUNTS RECEIVABLE, NET						169,840	150,959
Other accounts receivable	8,908	7,695	113	582	9,021	9,021	8,277
Allowance for doubtful accounts						(678)	(627)
OTHER ACCOUNTS RECEIVABLE, NET						8,343	7,650
LONG-TERM RECEIVABLES						289	7,836

Consolidated Short-term and Long-term Receivables - by Geographic Location

	CHILE		EUROPE, AFRICA AND THE MIDDLE EAST		ASIA AND OCEANIA		USA, MEXICO AND CANADA		LATIN AMERICA AND THE CARIBBEAN		TOTAL	
	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
NET SHORT-TERM TRADE ACCOUNTS RECEIVABLE												
Balance	31,490	37,018	40,914	38,760	3,489	2,039	36,273	29,296	12,725	7,780	124,891	114,893
% of total	25.21%	32.22%	32.76%	33.74%	2.79%	1.77%	29.05%	25.50%	10.19%	6.77%	100.00%	100.00%
NET SHORT-TERM NOTES RECEIVABLE												
Balance	39,065	32,491	2,524	1,253	515	290	120	111	2,725	1,921	44,949	36,066
% of total	86.91%	90.09%	5.62%	3.47%	1.15%	0.80%	0.26%	0.31%	6.06%	5.33%	100.00%	100.00%
NET SHORT-TERM OTHER ACCOUNTS RECEIVABLE												
Balance	3,558	4,271	1,943	1,053	2	5	2,591	2,111	249	210	8,343	7,650
% of total	42.65%	55.83%	23.29%	13.76%	0.02%	0.07%	31.06%	27.59%	2.98%	2.75%	100.00%	100.00%
SUBTOTAL SHORT-TERM ACCOUNTS RECEIVABLE, NET												
Balance	74,113	73,780	45,381	41,066	4,006	2,334	38,984	31,518	15,699	9,911	178,183	158,609
% of total	41.59%	46.52%	25.47%	25.89%	2.25%	1.47%	21.88%	19.87%	8.81%	6.25%	100.00%	100.00%
LONG-TERM ACCOUNTS RECEIVABLE, NET												
Balance	199	7,003	75	75	-	-	-	743	15	15	289	7,836
% of total	68.86%	89.37%	25.95%	0.96%	-	-	-	9.48%	5.19%	0.19%	100.00%	100.00%
TOTAL SHORT AND LONG-TERM ACCOUNTS RECEIVABLE, NET												
Balance	74,312	80,783	45,456	41,141	4,006	2,334	38,984	32,261	15,714	9,926	178,472	166,445
% of total	41.64%	48.53%	25.47%	24.72%	2.24%	1.40%	21.84%	19.38%	8.81%	5.97%	100.00%	100.00%



NOTE 5 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Accounts receivable from and payable to related companies are stated in US dollars and accrue no interest.

Transactions are made under terms and conditions which are similar to those offered to unrelated third parties.

a) Amounts included in balances with related parties as of December 31, 2004 and 2003 are as follows:

ACCOUNTS RECEIVABLE	SHORT-TERM		LONG-TERM	
	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
Ajay Europe S.A.R.L.	3,583	4,430	-	-
Nutrisi Holding N.V.	1,653	1,890	-	-
Generale de Nutrition Vegetale S.A.	132	175	-	-
Abu Dhabi Fertilizer Ind. WLL	5,284	3,900	-	-
Doktor Tarsa -SQM Turkey	4,813	3,517	-	-
Yara North America	218	63	-	-
Empresas Melón S.A.	-	-	-	340
Sales de Magnesio Ltda.	52	81	-	-
Ajay North America LLC	-	137	-	-
Norsk Hydro ASA	-	4	-	-
Yara Internacional Asia Trade Pte Ltd.	1,682	1,470	-	-
Yara France BU Africa	743	607	-	-
Yara Poland SP	45	37	-	-
Yara Benelux B.V	237	281	-	-
Yara Hellas S.A.	80	22	-	-
Yara Internacional Australia Pty.	829	764	-	-
Yara UK Ltd.	144	52	-	-
Yara GMBH & CO KG	96	121	-	-
Yara AB	-	26	-	-
Yara Colombia Ltda.	355	1,181	-	-
NU3 B.V.	607	384	-	-
Yara Agri Norge	-	11	-	-
Yara Argentina S.A.	-	58	-	-
Adubo Trevo S.A.	16	16	-	-
Yara Iberian S.A.	1,565	1,441	-	-
PCS Sales Inc.	31	-	-	-
Yara France BU America Latina	1,296	-	-	-
Impronta SRL	2,568	3,124	-	-
Total	26,029	23,792	-	340

a) Amounts included in balances with related parties as of December 31, 2004 and 2003, continued:

ACCOUNTS PAYABLE	SHORT-TERM	
	2004 THUS\$	2003 THUS\$
NU3 N.V.	1,319	1,708
Rotem Amfert Negev Limited	1,424	1,311
Yara Porsgrunn	-	251
Yara Fertilizantes Ltda.	-	379
Yara Agrícola internacional	-	41
Yara International ASA	446	-
Yara México de S.A de C.V.	-	22
Yara France	-	380
Yara France S.A.	1,412	-
Inversiones PCS Chile Ltda.	6,645	6,280
Yara Argentina S.A.	4	-
Yara AB	14	-
Yara Business Suport	2,761	2,093
Total	14,025	12,465

There were no outstanding long-term accounts payable with related parties as of December 31, 2004 and 2003

b) During 2004 and 2003, principal transactions with related parties were as follows:

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT OF TRANSACTION		IMPACT ON INCOME (CHARGE) CREDIT	
			2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
NU3 N.V. (Belgica)	Indirect	Sales of products	5,036	4,054	1,521	1,023
Doktor Tarsa	Indirect	Sales of products	6,718	5,068	1,416	1,299
Yara UK Ltd.	Shareholder	Sales of products	1,060	-	315	-
Abu Dhabi Fertilizer WLL	Indirect	Sales of products	3,932	3,463	1,126	619
Yara France	Shareholder	Sales of products	7,755	-	1,908	-
Ajay Europe S.A.R.L.	Indirect	Sales of products	5,964	6,836	2,937	2,485
NU3 B.V.	Indirect	Sales of products	5,904	4,735	2,276	1,944
Adubo Trevo S.A.	Shareholder	Sales of products	5,564	5,148	1,512	1,816
PCS Yumbes SCM	Shareholder	Sales of products	7,221	13,617	3,414	8,463
		Purchases of products	29,466	25,558	-	-
Sales de Magnesio Ltda.	Indirect	Sales of products	333	-	152	-
Ajay North America LLC	Indirect	Sales of products	8,519	6,909	4,009	1,921
Yara Internacional ASA	Shareholder	Sales of products	340	2,991	120	195
Yara GMBH & Co Kg	Shareholder	Sales of products	1,381	1,082	417	305



COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT OF TRANSACTION		IMPACT ON INCOME (CHARGE) CREDIT	
			2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
Yara International Asia Trade Pte Ltd.	Shareholder	Sales of product	6,035	5,370	1,284	1,029
Yara France S.A.	Shareholder	Sales of product	1,729	6,054	478	1,222
Yara Hellas S.A.	Shareholder	Sales of product	1,022	1,138	252	225
Yara Benelux B.V.	Shareholder	Sales of product	5,593	5,384	1,345	1,002
Yara AB Sweden	Shareholder	Sales of product	705	561	184	165
Impronta SRL	Indirect	Sales of product	4,282	-	970	-
Yara Planta Nutrition, Cis Reg.	Shareholder	Sales of product	-	1,070	-	449
Yara International Australia Pty Ltd.	Shareholder	Sales of product	2,530	1,722	682	456
Yara Iberian S.A.	Shareholder	Sales of product	6,665	4,739	1,638	801
Yara France BU Africa	Shareholder	Sales of product	917	-	253	-
Yara France BU Latin America	Shareholder	Sales of product	2,296	-	680	-
Yara Argentina S.A.	Shareholder	Sales of product	7,724	6,425	1,629	1,271
Yara Colombia Ltd.	Shareholder	Sales of product	3,537	2,760	777	715
Yara Poland SP	Shareholder	Sales of product	1,525	-	512	-
Yara North America	Shareholder	Sales of product	40,491	-	8,317	-
Yara Business Support	Shareholder	Services	2,761	2,093	(2,761)	(2,093)

NOTE 6 - INVENTORIES

Net inventories are summarized as follows:

	2004 THUS\$	2003 THUS\$
Finished products	165,436	143,744
Work in process	96,616	90,765
Supplies	12,550	10,048
Total	274,602	244,557

**NOTE 7 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are summarized as follows:

	2004 THUS\$	2003 THUS\$
LAND		
Land	20,003	20,003
Mining Concessions	44,223	42,806
	64,226	62,809
BUILDINGS AND INFRASTRUCTURE		
Buildings	163,075	168,326
Installations	171,100	302,939
Construction-in-progress	47,727	25,771
Other	172,655	1,849
	554,557	498,885
MACHINERY AND EQUIPMENT		
Machinery	415,801	413,488
Equipment	118,088	121,732
Other	16,278	12,941
	550,167	548,161
OTHER FIXED ASSETS		
Tools	8,019	8,927
Furniture and office equipment	14,425	19,157
SQM Salar S.A. Project	1,348	2,119
SQM Nitratos S.A. Project	4,290	5,680
SQM S.A. Project	5,238	5,816
Other	10,750	626
	44,070	42,325
AMOUNTS RELATING TO TECHNICAL REVALUATION OF FIXED ASSETS		
Land	8,651	8,651
Buildings and infrastructure	40,627	40,627
Machinery and equipment	12,091	12,110
Other assets	53	53
	61,422	61,441
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,274,442	1,213,621
LESS: ACCUMULATED DEPRECIATION		
Buildings and infrastructure	(230,740)	(195,099)
Machinery and equipment	(295,584)	(272,785)
Other fixed assets	(19,012)	(17,268)
Technical appraisal	(34,344)	(33,071)
TOTAL ACCUMULATED DEPRECIATION	(579,680)	(518,223)
NET PROPERTY, PLANT AND EQUIPMENT	694,762	695,398
DEPRECIATION FOR THE YEAR ENDED DECEMBER 31		
Buildings and infrastructure	(26,547)	(26,492)
Machinery and equipment	(33,552)	(32,022)
Other fixed assets	(1,300)	(1,417)
Technical revaluation	(1,291)	(1,743)
TOTAL DEPRECIATION	(62,690)	(61,674)



The Company has capitalized assets obtained through leasing, which are included in other fixed assets and are as follows:

	2004	2003
	THUS\$	THUS\$
Administrative office buildings	1,988	1,988
Leased vehicles	98	98
Accumulated depreciation	(468)	(415)
Total assets in leasing	1,618	1,671

The administrative office buildings were acquired for 230 installments of UF 663.75 each and an annual, contractually established interest rate of 8.5%.

The vehicles were acquired for 36 installments of ThUS\$ 98 each.

NOTE 8 - INVESTMENTS IN AND RECEIVABLES FROM RELATED PARTIES

a) Information on foreign investments

There are no plans for the foreign investments to pay dividends, as it is the Company's policy to reinvest those earnings.

The Company has not designated their foreign investments as net investment hedges.

b) Empresas Melón S.A.

The financial statements al 2003 of Empresas Melón S.A. were audited by Deloitte & Touche.

c) Transactions executed in 2004

- * In January 2004, the subsidiary Soquimich European Holding B.V. made a capital contribution of ThUS\$ 475 on its affiliate Misr Specialty Fertilizers. In accordance with BT 72 of the chilean association of accountants and SVS Circular 1697, the investment in Misr Specialty Fertilizers was valued using the book value of equity as of December 31, 2003, which does not differ significantly from its fair value determined as of the same date.
- * At the meeting of the shareholders of Empresas Melón S.A. held on February 25, 2004, the shareholders agreed its spin-off in 2 companies, Empresas Melón S.A. and Inmobiliaria San Patricio S.A. As a result, SQM S.A. maintained its ownership of 14.05% in Empresas Melón S.A. and a same ownership percentage was assigned to this entity in the new company.
- * In April 2004, the subsidiary Soquimich European Holding B.V. increased capital by ThUS\$ 475 in its affiliate Misr Specialty Fertilizers. In accordance with BT 72 of the chilean association of accountants and SVS Circular 1697, the investment in Misr Specialty Fertilizers was valued using the book value of equity as of March 30, 2004, which does not differ significantly from its fair value determined as of the same date.
- * On August 13, 2004, SQM S.A. transferred 653,748,837 shares of Inmobiliaria San Patricio to Blue Circle South American Holding S.A., which was the totality of the shares held by SQM S.A. (14.05% participation). This transfer was performed in accordance with the contract for acquiring shares of Empresas Melón during 1998. The effect on income is presented as part of the gain from the sale of Empresas Melón.
- * On August 18, 2004, 653,748,837 shares of Empresas Melón S.A. were sold in a public auction in the Santiago Stock Market, which was the totality of the shares held by SQM S.A. (14.05% participation), for ThUS\$69,337, paid in cash on the same date. As a result of this sale, a gain before taxes of ThUS\$8,179.



- * On August 20, 2004, SQM Potasio S.A. decreased its capital in RS Agro Chemical Trading A.V.V. by ThUS\$ 25,000, leaving it with 99.98% participation and SQM S.A. with 0.02%. This operation did not produce goodwill or negative goodwill.
- * In October 2004, the subsidiary Soquimich European Holding B.V. increased its capital in Misr Specialty Fertilizers by ThUS\$ 475. In accordance with BT 72 of the Chilean association of accountants and SVS Circular 1697, the investment in Misr Specialty Fertilizers was valued using the book value of equity as of September 30, 2004, which does not differ significantly from its fair value determined as of the same date.
- * On November 18, 2004, the subsidiary Soquimich European Holding B.V., contributed ThUS\$268 to a joint venture with SQM Eastmed Turkey.
- * On November 25, 2004, SQM Potasio S.A. decreased its capital in RS Agro Chemical Trading A.V.V. by ThUS\$ 30,000, leaving it with 1.667% participation and SQM S.A. with 98.333%. This operation did not produce goodwill or negative goodwill.
- * On December 20, 2004, SQM Nitratos S.A. contributed capital of ThUS\$1,350 to SQM Brasil Ltda, thus obtaining participation of 98.77% in this subsidiary. SQM S.A. did not contribute to this increase, thereby reducing its participation to 1.23%. In accordance with technical bulletin N°. 72 issued by the Chilean association of accountants, this investment was valued using the pooling of interests method.
- * On December 23, 2004, SQM S.A. and SQM Nitratos S.A. acquired 43,733,165 and 2,000 shares, respectively, of PCS Yumbes S.C.M. for ThUS\$ 39,708 (equivalent to 99.9954% and 0.0046% participation, respectively), of which ThUS\$34,511 was paid on the date of acquisition and the remaining ThUS\$5,197 will be paid on January 27, 2005.

Investments in related companies made starting January 1, 2004, are valued in accordance with BT 72 of the Chilean association of accountants and SVS Circular 1697, which establish that investments in related companies made until December 31, 2003 will continue to be valued using the equity method and investments in related companies realized starting January 1, 2004 are valued as described in Note 3 "Changes in Accounting Principles".

In accordance with the aforementioned standards, the Company began valuing the assets and liabilities of the individual financial statements of PCS Yumbes S.C.M. as of December 31, 2004, valuing them at their respective fair values. This valuation method created goodwill of ThUS\$ 12,637, produced principally by the valuation of property, plant and equipment carried out using appraisals performed in accordance with SVS Circular 1698. The goodwill will be amortized over period of 20 years.

Therefore, the assets, liabilities and equity incorporated in the consolidation of the respective fair values as of December 31, 2004 are as follows:

	BOOK VALUE THUS\$	ADJUSTMENT TO FAIR VALUE THUS\$	ADJUSTED VALUE THUS\$
Current assets	10,958	-	10,958
Property, plant and equipment	25,708	(7,954)	17,754
Other assets	293	-	293
Current liabilities	1,935	-	1,935
Equity	35,024	(7,954)	27,070

The purchase method was applied to the purchase of PCS Yumbes S.C.M.

The Company will continue to review the valuation of fair value to comply with timelines established in paragraph 66 of BT 72.

d) Transactions executed in 2003

- On January 27, 2003, SQM Comercial de México S.A. de C.V. and SQM Nitratos S.A. acquired 8,750 shares of the related company Fertilizantes Olmecca y SQM S.A. de C.V. which represented 50% of its share capital. Consequently, Fertilizantes Olmecca y SQM S.A. de C.V. became a subsidiary of SQM S.A. This transaction generated goodwill of ThUS\$279.



Subsequently, SQM Nitratos S.A. acquired from SQM Comercial de México S.A. de C.V. 8,749 shares in Fertilizantes Olmecca y SQM S.A. de C.V. This transaction did not produce goodwill.

- On January 31, 2003, SQM S.A. acquired shares owned by SQM Nitratos S.A. in Sociedad Contractual Minera Antucoya for an amount of ThUS\$ 100. This united all the shares of SCM Antucoya in one shareholder and consequently SCM Antucoya was liquidated and SQM S.A. assumed of all this company's assets and liabilities.
- On March 30, 2003, Fertilizantes Olmecca y SQM S.A. de C.V. increased its capital by ThUS\$2,000 through the issuance of 431,200 shares, which were subscribed in full by SQM Nitratos S.A. As a result, SQM Nitratos S.A. had an ownership interest of 78.29% and SQM Comercial de Mexico had an ownership interest of 21.71%.
- On March 30, 2003, Soquimich European Holding acquired 50% of the ownership interest of Mineag SQM Africa Ltd. from Ravlin Investment Limited for an amount of ThUS\$990. Consequently, Mineag SQM Africa Ltd. became a subsidiary of SQM S.A. This transaction did not produce goodwill.
- On April 28, 2003, SQM Comercial S.A. acquired from Norsk Hydro ASA, 819,999 shares in Norsk Hydro Chile S.A. and SQM Comercial Internacional Ltda., a subsidiary company of SQMC, acquired the one remaining share consequently, SQMC became the sole owner and controlled 100% of Norsk Hydro Chile S.A. This transaction generated goodwill of ThUS\$ 1,282.
- On June 30, 2003, SQM Nitratos S.A. acquired the shares owned by SQM S.A. in Sociedad Energía y Servicios S.A. The shares amounted to ThUS\$2,422. This transaction resulted in the consolidation of all the shares of Energía y Servicios S.A. to one shareholder, SQM Nitratos S.A. Consequently under Chilean Corporations Law Energía y Servicios S.A. was dissolved and SQM Nitratos S.A. assumed all its assets and liabilities.
- On June 30, 2003, the subsidiaries SQM Virginia LLC and North American Trading Company, made a capital contribution to the subsidiary SQM Lithium Specialties LLP. This capital contribution amounted to ThUS\$ 1,678, in a proportion of 99% and 1% respectively.
- On July 16, 2003, the subsidiary Norsk Hydro Chile changed its name to "Comercial Hydro S.A.".
- On September 30, 2003, the subsidiaries SQM Virginia LLC and North American Trading Company, made a capital contribution to the subsidiary SQM Lithium Specialties LLP. This capital contribution amounted to ThUS\$ 367, in a proportion of 99% and 1%, respectively.
- On September 30, 2003, SQM Corporation N.V. participated in a capital increase of Ajay Europe SARL in equal parts with Ajay Chemicals INC., both therefore maintaining the same ownership percentages.
- On November 10, 2003, SQM Nitratos S.A. and SQM S.A. liquidated the subsidiary SQM Colombia Limitada.
- On November 18, 2003, the subsidiary Soquimich European Holding BV, provided ThUS\$ 676 of capital to initiate a joint venture with the company Misr Specialty Fertilizer in Egypt.
- On November 20, 2003, SQM Potasio S.A. made capital contribution of ThUS\$ 55,000 to RS Agro Chemical Trading AVV, increasing its participation in this subsidiary to 99.99%. SQM S.A. did not participate and therefore reduced its participation by 0.01%.

d) Investments with less than 20% participation

Investments in which the Company has less than 20% participation and the capacity to exert significant influence or control over the investment, because SQM forms part of its Board of Directors, have been valued using the equity method.

d) Detail of investments in related companies

TAX REGISTRATION NUMBER	COMPANY	COUNTRY OF ORIGIN	CONTROLLING CURRENCY	NUMBER OF SHARES	OWNERSHIP INTEREST		EQUITY OF COMPANIES		BOOK VALUE OF INVESTMENT		NET INCOME (LOSS)		EQUITY PARTICIPATION IN NET INCOME (LOSS)	
					2004 %	2003 %	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
0-E	Ajay North America LLC	USA	US\$	-	49.00	49.00	11,726	10,938	5,746	5,545	940	378	461	185
0-E	Nutrisi Holding N.V.	Belgium	US\$	-	50.00	50.00	5,559	2,677	2,649	1,754	1,480	1,104	724	520
0-E	Ajay Europe S.A.R.L.	France	US\$	36,700	50.00	50.00	4,646	3,350	2,323	1,675	140	-	70	-
0-E	Misr Speciality Fertilizers	Egipto	US\$	-	47.49	25.00	3,803	2,705	1,806	676	(789)	-	(375)	-
0-E	Abu Dhabi Fertilizer Industries WLL	UAE	US\$	1,961	37.00	37.00	3,227	3,003	1,194	1,176	84	174	31	64
0-E	Doktor Tarsa	Turkey	Euros	-	50.00	50.00	2,170	875	1,085	806	590	738	295	369
0-E	Impronta SRL	Italia	Euros	-	50.00	50.00	1,016	471	508	613	342	755	171	377
0-E	SQM Eastmed Turkey	Turkey	Euros	-	50.00	-	536	-	268	-	-	-	-	-
77.557.430-5	Sales de Magnesio Ltda.	Chile	-	-	50.00	50.00	518	195	259	175	480	155	240	78
0-E	Rui Xin Packaging Materials Sanhe Co.Ltd	China	US\$	-	25.00	25.00	482	482	121	121	-	-	-	-
81.767.200-0	Asoc. Garantizadora Pensiones	Chile	-	-	3.31	3.31	835	784	28	26	-	-	-	-
93.390.000-2	Empresas Melón S.A..	Chile	-	-	14.05	14.05	-	279,951	-	43,268	-	28,005	2,905	3,935
99.551.480-K	Inmobiliaria San Patricio S.A.	Chile	-	-	14.05	-	-	-	-	-	-	-	(12)	-
Total									15,987	55,835				

NOTE 9 - GOODWILL AND NEGATIVE GOODWILL

Goodwill and negative goodwill and the related amortization is summarized as follows:

a) Goodwill

TAX REGISTRATION NUMBER	COMPANY	DECEMBER 31, 2004		DECEMBER 31, 2003	
		AMOUNT AMORTIZED DURING THE PERIOD THUS\$	GOODWILL BALANCE THUS\$	AMOUNT AMORTIZED DURING THE PERIOD THUS\$	GOODWILL BALANCE THUS\$
0-E	Doktor Tarsa	76	23	69	98
79768170-9	Soquimich Comercial S.A.	150	122	150	272
93390000-2	Empresas Melón S.A.	324	-	503	8,490
79626800-K	SQM Salar S.A.	43	40	43	83
0-E	SQM México S.A. de C.V.	56	947	56	1,003
96866750-4	SQM Potassium S.A.	144	1,735	144	1,879
0-E	Safnits PTY Ltd.	61	317	54	333
0-E	Comercial Caiman Internacional S.A.	23	177	23	200
0-E	Fertilizantes Olmeca S.A. de CV	56	167	56	223
79947100-0	PCS Yumbes SCM	-	12,637	-	-
96801610-5	Comercial Hydro S.A.	140	1,305	90	1,339
Total		1,073	17,470	1,188	13,920



b) Negative Goodwill

TAX REGISTRATION NUMBER	COMPANY	DECEMBER 31, 2004		DECEMBER 31, 2003	
		AMOUNT AMORTIZED DURING THE PERIOD THUS\$	NEGATIVE GOODWILL BALANCE THUS\$	AMOUNT AMORTIZED DURING THE PERIOD THUS\$	NEGATIVE GOODWILL BALANCE THUS\$
79626800-K	SQM Salar S.A.	-	-	167	-
96575300-1	Minera Mapocho S.A.	203	271	203	474
Total		203	271	370	474

NOTE 10 - OTHER LONG-TERM ASSETS

Other long-term assets are summarized as follows:

	2004 THUS\$	2003 THUS\$
Engine and equipment spare-parts, net	24,734	31,590
Mine development costs	23,208	20,185
Pension plan	1,165	1,137
Construction of Salar-Baquedano road	1,650	1,770
Deferred loan issuance costs	866	2,263
Other	1,518	2,391
Total	53,141	59,336

NOTE 11 - BANK DEBT

a) Short-term bank debt is detailed as follows:

BANK OR FINANCIAL INSTITUTION	2004 THUS\$	2003 THUS\$
Banco BBVA	-	3,006
Banco de Chile	6,019	10,019
Banco Santander SCH Overseas	-	8,000
Banco Santander Central Hispano	-	10,000
Banco Crédito e Inversiones	-	12,022
Citibank	-	12,021
Other banks	1,936	2,324
Total	7,955	57,392
ANNUAL AVERAGE INTEREST RATE	2,48%	1,55%

b) Long-term bank debt is detailed as follows:

BANK OR FINANCIAL INSTITUTION	2004 THUS\$	2003 THUS\$
Union Bank of Switzerland (1)	204,577	204,577
Royal Bank of Canada (2)	-	60,019
Total	204,577	264,596
Less: Current portion	(4,577)	(4,596)
Long-term portion	200,000	260,000

(1) U.S. dollar-denominated loan without guarantee, interest rate of 7.7% per annum, paid semi-annually. The principal is due on September 15, 2006.

(2) U.S. dollar-denominated loan without guarantee, interest rate of 1.99% per annum, paid semi-annually. The principal is divided into five equal semi-annual installments, which was fully paid on June 24, 2004.

c) The maturity of long-term debt is as follows:

YEARS TO MATURITY	2004 THUS\$	2003 THUS\$
Current portion	4,577	4,596
1 to 2 years	200,000	-
2 to 3 years	-	260,000
Total	204,577	264,596

NOTE 12 - ACCRUED LIABILITIES

As of December 31, 2004 and 2003, accrued liabilities are summarized as follows:

	2004 THUS\$	2003 THUS\$
Provision for royalties	1,360	1,006
Provision for employee compensation and legal costs	1,570	1,117
Taxes and monthly income tax installment payments	1,077	747
Vacation accrual	6,932	6,107
Other accruals	1,328	1,614
Total current liabilities	12,267	10,591



NOTE 13 - INCOME AND DEFERRED TAXES

a) At December 31, 2004 and 2003 the Company has the following consolidated balances for retained tax earnings, income not subject to taxes, tax loss carry-forwards and credit for shareholders:

	2004 THUS\$	2003 THUS\$
Accumulated tax basis retained earnings with tax credit	86,518	30,675
Tax loss carry-forwards (1)	198,215	62,609
Credit for shareholders	17,355	5,697

(1) Income tax losses in Chile can be carried forward indefinitely.

b) The deferred taxes as of December 31, 2004 and 2003 represented a net liability of ThUS\$ 42,022 and ThUS\$ 29,273, respectively, and consisted of:

2004	DEFERRED TAX ASSET		DEFERRED TAX LIABILITY	
	SHORT-TERM THUS\$	LONG-TERM THUS\$	SHORT-TERM THUS\$	LONG-TERM THUS\$
TEMPORARY DIFFERENCES				
Allowance for doubtful accounts	1,324	386	-	-
Vacation accrual	1,165	-	-	-
Unrealized gain on sale of products	8,748	-	-	-
Provision for obsolescence	-	1,835	-	-
Production expenses	7,872	-	23,044	-
Accelerated depreciation	-	-	-	53,890
Exploration expenses	-	-	-	5,336
Capitalized interest	-	-	-	5,849
Staff severance indemnities	-	467	-	2,028
Capitalized expenses	-	-	-	344
Tax loss carry-forwards	-	36,472	-	-
Losses from derivative transactions	85	-	-	-
Accrued interest	130	-	-	-
Other	1,466	1,856	217	179
TOTAL GROSS DEFERRED TAXES	20,790	41,016	23,261	67,626
TOTAL COMPLEMENTARY ACCOUNTS	-	(5,815)	(2,584)	(25,955)
VALUATION ALLOWANCE	(8,046)	(27,619)	-	-
Total deferred taxes	12,744	7,582	20,677	41,671

2003	DEFERRED TAX ASSET		DEFERRED TAX LIABILITY	
	SHORT-TERM THUS\$	LONG-TERM THUS\$	SHORT-TERM THUS\$	LONG-TERM THUS\$
TEMPORARY DIFFERENCES				
Allowance for doubtful accounts	1,201	474	-	-
Vacation accrual	1,044	-	-	-
Unrealized gain on sale of products	5,318	-	-	-
Provision for obsolescence	-	1,601	-	-
Production expenses	-	-	15,726	-
Accelerated depreciation	-	-	-	59,592
Exploration expenses	-	-	-	4,119
Capitalized interest	-	-	-	6,146
Staff severance indemnities	-	476	-	2,004
Accrued expenses	-	-	-	425
Capitalized expenses	-	-	-	610
Tax loss carry-forwards	1,202	12,190	-	-
Losses from derivative transactions	90	-	-	-
Accrued interest	102	-	-	-
Other	771	1,019	225	281
TOTAL GROSS DEFERRED TAXES	9,728	15,760	15,951	73,177
TOTAL COMPLEMENTARY ACCOUNTS	-	(1,206)	(3,861)	(32,251)
VALUATION ALLOWANCE	-	(539)	-	-
Total deferred taxes	9,728	14,015	12,090	40,926

c) Income tax expense is summarized as follows:

	2004 THUS\$	2003 THUS\$
Provision for current income tax	(14,435)	(2,829)
Effect of deferred tax assets and liabilities	(6,613)	(7,731)
Adjustment of prior year tax charge	(144)	56
Effect of amortization of complementary accounts	(6,022)	(5,917)
Effect on deferred tax assets and liabilities due to changes in valuation provision	-	236
Other tax charges and credits	(94)	129
Total income tax expense	(27,308)	(16,056)



NOTE 14 - STAFF SEVERANCE INDEMNITIES

Staff severance indemnities are summarized as follows:

	2004 THUS\$	2003 THUS\$
Opening balance	10,127	9,143
Increases in obligation	3,301	2,283
Payments	(2,245)	(2,802)
Exchange difference	692	1,503
Balance as of December 31	11,875	10,127

NOTE 15 - MINORITY INTEREST

Minority interest is summarized as follows:

	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
Soquimich Comercial S.A.	30,741	25,634	(4,442)	(3,107)
Ajay SQM Chile S.A.	3,313	3,172	(488)	(250)
Cape Fear Bulk LLC	146	100	(144)	(94)
SQM Indonesia S.A.	(2)	-	2	-
Fenasa	258	272	(32)	(63)
SQM Nitratos México S.A. de C.V.	(46)	(82)	(37)	86
SQM Italia S.R.L	20	23	2	(1)
Mineag SQM Africa Ltda.	-	-	-	(225)
Total	34,430	29,119	(5,139)	(3,654)



NOTE 16 - SHAREHOLDERS' EQUITY

a) Changes to shareholders' equity consisted of:

	NUMBER OF SHARES	PAID-IN CAPITAL THUS\$	OTHER RESERVES THUS\$	ACCUMULATED DEFICIT OF SUBSIDIARIES IN DEVELOPMENT STAGE THUS\$	RETAINED EARNINGS THUS\$	NET INCOME THUS\$	TOTAL THUS\$
BALANCE AS OF JANUARY 1, 2003	263,196,524	477,386	125,111	(3,661)	210,624	40,202	849,662
Transfer 2001 net income to retained earnings	-	-	-	-	40,202	(40,202)	-
Declared dividends 2003	-	-	-	-	(19,894)	-	(19,894)
Accumulated deficit from subsidiaries in development stage (1)	-	-	-	(2,858)	-	-	(2,858)
Other comprehensive income (2)	-	-	16,309	-	-	-	16,309
Net income for the year	-	-	-	-	-	46,753	46,753
BALANCE AS OF DECEMBER 31, 2003	263,196,524	477,386	141,420	(6,519)	230,932	46,753	889,972
Transfer 2003 net income to retained earnings	-	-	-	-	46,753	(46,753)	-
Declared dividends 2004	-	-	-	-	(23,192)	-	(23,192)
Accumulated deficit from subsidiaries in development stage (1)	-	-	-	(1,851)	-	-	(1,851)
Other comprehensive income (2)	-	-	9,467	-	-	-	9,467
Net income for the year	-	-	-	-	-	74,232	74,232
BALANCE AS OF DECEMBER 31, 2004	263,196,524	477,386	150,887	(8,370)	254,493	74,232	948,628

(1) The only subsidiary currently in a development stage is SQM Lithium Specialties Limited.

(2) Other comprehensive income includes translation adjustments and the effect of changes in the valuation of the Company's under-funded pension as of December 31, 2003 and 2004.

b) The composition of other comprehensive income as of December 31, 2004 is as follows:

DETAIL		FOR THE YEAR ENDED DECEMBER 31, 2004 THUS\$	AS OF DECEMBER 31, 2004 THUS\$
Technical appraisal		-	151,345
CHANGES TO OTHER COMPREHENSIVE INCOME FROM EQUITY METHOD INVESTMENTS			
Soquimich Comercial S.A.	(1)	3,242	746
Isapre Norte Grande Ltda.	(1)	14	(83)
Inversiones Augusta S.A.	(1)	-	(761)
SQM Ecuador S.A.	(3)	-	(271)
Almacenes y Depósitos Ltda.	(1)	34	(56)
Asociación Garantizadora de Pensiones	(1)	2	(13)
Empresas Melón S.A.	(1)	6,190	-
Sales de Magnesio Ltda.	(1)	-	52
SQM North America Corp.	(2)	(15)	(792)
Other Companies	(1)	-	720
Total other comprehensive income		9,467	150,887

(1) Corresponds to translation adjustments and monetary correction

(2) Corresponds to a change in the valuation of the Company's under-funded pension scheme

(3) Corresponds to the translation adjustment produced by the application of a new law implemented by the Ecuadorian Government



c) Capital consists of 263,196,524 fully authorized, subscribed and paid shares with no par value, divided into 142,819,552 Series A shares and 120,376,972 Series B shares.

The preferential voting rights of each series are as follows:

Series A :

If the election of the president of the Company results in a tied 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 a director elected by Series B shareholders.

NOTE 17 - DERIVATIVES INSTRUMENTS

Derivative instruments are recorded at their fair value at year-end. Changes in fair value are recognized in income with the liability recorded in other current liabilities. Losses from options relate to fees paid by the Company to enter into such contracts. As of December 31, 2004 the Company's derivative instruments are as follows:

2004 TYPE OF DERIVATIVE	NOTIONAL OR COVERED AMOUNT THUS\$	EXPIRATION	DESCRIPTION TYPE	POSITION PURCHASE/S	(LIABILITY) AMOUNT THUS\$	INCOME (LOSS) THUS\$	
US dollar Forward	1,013	1st quarter of 2005	Exchange rate	P	(108)	(108)	
US dollar Forward	4,629	1st quarter of 2005	Exchange rate	S	110	110	
US dollar Forward	399	2nd quarter of 2005	Exchange rate	S	42	42	
US dollar Forward	10,004	1st quarter of 2005	Arbitration	P	(539)	(539)	
US dollar Forward	5,187	1st quarter of 2005	Exchange rate	S	(207)	(207)	
US dollar Put Option	38,721	1st quarter of 2005	Exchange rate	P	(893)	(893)	
US dollar Put Option	43,884	2nd quarter of 2005	Exchange rate	P	(1,012)	(1,012)	
US dollar Put Option	25,814	4th quarter of 2005	Exchange rate	P	(595)	(595)	
US dollar Put Option	20,651	3rd quarter of 2005	Exchange rate	P	(476)	(476)	
					150,302	(3,678)	(3,678)

**NOTE 18 - NON-OPERATING INCOME AND EXPENSES**

Amounts included in non-operating income and expenses are summarized as follows:

a) Non-operating income

	2004 THUS\$	2003 THUS\$
Interest income	3,650	2,957
Reversal of allowance for doubtful accounts	388	422
Net foreign exchange	-	6,590
Reversal of allowance for staff severance indemnities	-	-
Insurance recoveries	546	154
Sale of mining concessions	635	135
Gain on sale of investments in related companies	8,179	-
Rental of property, plant and equipment	774	736
Equity participation in net income of unconsolidated subsidiaries	4,897	5,529
Other income	1,760	2,131
Total	20,829	18,654

b) Non-operating expenses

	2004 THUS\$	2003 THUS\$
Write-off of investments and market value adjustment	9,262	8,965
Interest expense	18,782	21,777
Equity participation in net losses of unconsolidated subsidiaries	387	1
Amortization of goodwill	1,073	1,188
Foreign currency translation, net	475	-
Work disruption expenses	568	1,640
Increase in provision for employee compensation and legal costs	533	1,442
Increase in allowance for doubtful accounts	2,500	687
Irrecoverable taxes	531	690
Sales of materials and services	1,628	881
Other expenses	2,681	2,596
Total	38,420	39,867



NOTE 19 - PRICE-LEVEL RESTATEMENT

Amounts charged or credited to income relating to price-level restatement are summarized as follows:

	(CHARGE) CREDIT TO INCOME FROM OPERATIONS	
	2004 THUS\$	2003 THUS\$
Property, plant and equipment	173	60
Other assets and liabilities	(396)	193
Shareholders' equity	(1,467)	(459)
Subtotal price-level restatement	(1,690)	(206)
Net readjustment of assets and liabilities denominated in UF	(23)	188
Net price-level restatement	(1,713)	(18)

NOTE 20 - ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	2004 THUS\$	2003 THUS\$
ASSETS		
Chilean pesos	81,886	134,083
US dollars	1,175,983	1,082,223
Euros	30,996	61,485
Japanese Yen	3,889	2,461
Brazilian Real	348	2,251
Mexican pesos	6,926	21,131
UF	49,785	52,164
South African Rand	9,214	6,662
Other currencies	2,345	1,039
CURRENT LIABILITIES		
Chilean pesos	51,877	46,586
US dollars	54,437	78,903
Euros	10,927	13,347
Japanese Yen	75	147
Brazilian Real	796	646
Mexican pesos	9,696	3,443
UF	1,177	250
South African Rand	2,140	282
Other currencies	119	1,678
LONG-TERM LIABILITIES		
Chilean pesos	10,531	8,227
US dollars	235,310	289,672
UF	1,106	1,152
Japanese Yen	121	-
Other currencies	2	75

**NOTE 21 - CASH FLOW STATEMENT**

Amounts included in other investing income are summarized as follows:

	2004 THUS\$	2003 THUS\$
Sale of mining concessions	635	135
Repayment of employee loans	219	3,221
Cash balance in new subsidiaries (1)	23	4,343
Total	877	7,699

(1) Corresponds to the consolidation of the new subsidiaries SQM Africa Limited, Fertilizantes Olmeca, SQM S.A. de C.V. and Comercial Hydro S.A. during 2003.

Future cash flows from investing activities

The Company has committed future cash flows for a purchase of PCS Yumbes S.C.M. made in December. On January 27, 2005, the Company must pay ThUS\$ 5,197, on the remaining balance of this investment.

NOTE 22 - COMMITMENTS AND CONTINGENCIES**I. Contingencies:**

(a) Material lawsuits or other legal actions of which the Company is party to:

1. Plaintiff : SQM Salar S.A.
 Defendants : ACE Seguros S.A. (formerly - Cigna Compañía de Seguros (Chile) S.A.) and Chubb de Chile Compañía de Seguros Generales S.A.
 Date of lawsuit : April 2001
 Matter : Arbitration
 Status : Collection of compensation for insured claim
 Instance : On December 22, 2004, the court rejected both the principal lawsuit and the countersuit. SQM Salar S.A. has appealed part of this decision, which is currently being processed by the Santiago Court of Appeals.
 Nominative value : ThUS\$ 36,316

2. Plaintiffs : Compagnie Du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetale SAS
 Defendants : Soquimich European Holdings B.V., NU3 N.V. and SQM France S.A.
 Date of lawsuit : December 2002
 Court : Court of Arbitration in France
 Matter : Termination of the company relationship and liquidation of the company Generale de Nutrition Vegetale SAS
 Status : Rejoinder
 Nominative value : ThEuro\$ 30,295



(b) Models for the Production of the María Elena site

The Company is currently reviewing the “Models for the Production of the María Elena site” which may be implemented as a result of the Decontamination Plan (see note 26). The different alternatives for production and technology development for the Maria Elena site, which are a part of the above-mentioned “Production Models” do not proactively generate significant changes in the present ore reserves or forecasted sales volumes. These options include possibilities to use new production methods and are related to the “leaching piles” and implementing a mixed system, which would be comprised of the use of the aforementioned technology and the current production methods. Advantages and disadvantages of the different options relate to the extension of the transition periods of new technology, the investments that will be required, production costs, changes in technologies and in productive processes and the effects on certain of the Company’s assets and their value. The possible effects on the valuation of assets are not yet determinable.

(c) Other

The Company and its subsidiaries are involved in litigation in the ordinary course of business. Based on the advice of counsel, management believes the litigation will not have a material effect on the consolidated financial statements.

II. Commitments:

(a) The subsidiary SQM Salar S.A. maintains an agreement with a government agency, whereby the Company must make annual payments until 2030 based on the Company’s annual sales. This amount, which has been paid since the beginning of the agreement in 1996, amounted to ThUS\$ 4,910 in 2004 (ThUS\$ 4,024 in 2003).

(b) The Company has certain indirect guarantees, which relate to agreements with no remaining payments pending. These guarantees are still in effect and have been approved by the Company’s Board of Directors; however, they have not been used by the subsidiaries.

(c) Bank debt of SQM S.A. and its subsidiaries has no restrictions or terms other than those that might usually be found in identical debt in the financial markets, such as maximum indebtedness and minimum equity among others.

NOTE 23 - THIRD PARTY GUARANTEES

As of December 31, 2004 and 2003 the Company has the following indirect guarantees outstanding:

BENEFICIARY	NAME	RELATIONSHIP	2004 THUS\$	2003 THUS\$
Phelps Dodge Corporation	SQM Potasio S.A.	Subsidiary	957	1,833

NOTE 24 - SANCTIONS

During 2004 and 2003, the SVS did not apply sanctions to the Company, its directors or managers.

**NOTE 25 - ENVIRONMENTAL PROJECTS**

Disbursements incurred by the Company as of December 31, 2004 relating to its investments in production processes and compliance with regulations related to industrial processes and facilities are as follows:

PROJECT	2004 THUS\$	FUTURE DISBURSEMENTS THUS\$
Environmental department	544	562
Boratos sewage treatment plant	281	1
Tocopilla project	615	-
Engineering and building of María Elena piles	2,667	52,000
Treatment plant MOP	208	-
Other	1,242	469
Total	5,557	53,032

Protecting the environment is a constant concern for SQM, regarding both the Company's productive processes and the manufactured goods.

SQM is currently implementing an Environmental Management System, which is based on the ISO 14000 standard, with which, the Company's environmental performance will be improved through the effective application of the Environmental Policy of SQM. The implementation program stipulates that late in 2005, all the operations maintained by the Company in Regions First and Second of Chile, will have a fully implemented Environmental Management System.

Processes where sodium nitrate is used as a raw material are carried out in geographical areas such as the desert with favorable weather conditions for the drying of solid materials and the evaporation of liquids used in solar energy. The extraction of minerals in open pit mines, given their low waste-to-mineral ratio, gives rise to waste deposits that have little impact on the environment. The extraction process and ore crushing produce particles that are consistent with the industry of operation.

On August 10, 1993, the Ministry of Health published a resolution under the Sanitary Code that established that the levels of breathable particles present at Maria Elena Plant exceeded the level allowed for air quality and, consequently, affected the nearby city of Maria Elena. Particles mainly come from dust that results from processing the sodium nitrate, particularly at the crushing process prior to leaching. The Company has implemented a series of measures that have shown notable improvement in air quality at María Elena. A new decontamination plan for this area, released on March 13, 2004, is intended to meet air quality standards by April 1, 2006. On December 30, 2004, the Company submitted a proposal entitled "Technological Change at María Elena", which intends to reduce particle emission, to the government's Environmental Impact Evaluation System. This proposal is presently pending evaluation by the environmental regulators, whose decision should be made public during the first semester of 2005.

Ore treatment operations, as they are controlled processes, produce solid residual materials that are the non-soluble by product and a certain degree of moisture.

Productive operations based on brine, are carried out at the Atacama Salt Mine and almost 95% of the energy used is solar energy and the remaining 5% comes from natural gas, electricity and fossil fuels. Residual brine left after the production processes are again injected to the Atacama Salt Mine in order to minimize the possible environmental impact.

SQM entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Atacama Salt Mine lagoons. Such research includes a population count of the birds and wildlife, breeding research, additional behavior research and the climate phenomena of the area.



Consistent with the Company's ongoing commitment with the environmental authorities, the Company actively participates in the Joint Monitoring Research project for the Atacama Salt Mine watershed along with other mining companies that make use of the water resources that supply the Atacama Salt Mine. To perform this study, SQM has involved diverse scientists from prestigious research institutions such as Dictuc of Pontificia Universidad Católica, the University of Nevada, Cornell University and the University of Binghamton in New York.

NOTE 26 - SIGNIFICANT EVENTS

On March 19, 2004, the company informed the Superintendency of Securities and Insurance that the Board of Directors of SQM, at its meeting dated March 16, 2004 unanimously agreed to propose the payment of final dividend of US\$ 0.08811 per share in favor of those SQM's shareholders which were registered in the respective registry during the fifth working day prior to the payment of this dividend.

This proposal, upon approval by the next company's shareholders' meeting which will be held on April 30, 2004, will allow the company to pay and distribute, as stated in the respective Dividend Policy, and annual dividend equivalents to 50% of the net profits which can be distributed and are obtained during 2003.

On April 30, 2004, the company held its shareholders' meeting. At this meeting, the majority of the company's shareholders, among others agreed the following :

- a) The shareholders approved the distribution and payment of a final and total dividend of ch\$ 55.05465 per share. The payment of this dividend was agreed in one single installment, beginning on May 12, 2004 and with a charge to 2003 income.
- b) The shareholders approved the payment of UF 50 (fifty UF) in favor of each member of the Directors Committee, regardless of the number of meetings that this Committee holds during the respective month. In addition, they approved the implementation of an annual budget for the operating expenses of this Committee and of their advisors for an amount of UF 1,800 (one thousand and eight hundred UF).
- c) The shareholders approved remuneration to be paid to the Company's directors during the next twelve month.

NOTE 27 - SUBSEQUENT EVENTS

On January 19, 2005, the Company's Board of Directors informed the SVS that, in an Ordinary Session of the Board on January 18, 2005, they accepted the voluntary and irrevocable resignation of Mr. Avi Milstein as Director and appointed Mr. Daniel Yarur E. in his place.

On February 25, 2005, Royal Seed Trading Corp A.V.V., a subsidiary of Sociedad Química y Minera de Chile S.A., entered into a syndicated loan for ThUS\$ 100,000, guaranteed by its Parent Company, with the following banks: BBVA Securities Inc., BNP Paribas and Rabobank Curacao N.V. The loan matures in 5 years, with quarterly interest payments at an initial annual interest rate of Libor + 0.325%, which could vary depending on any possible future modifications in the subsidiary's external debt classification. There are no real guarantees associated with this loan.

Management is not aware of any significant subsequent events that have occurred after December 31, 2004 and that may affect the Company's financial position or the interpretation of these financial statements.



Financial Statements

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Ch\$	Chilean pesos
ThCh\$	Thousands of Chilean pesos
US\$	United States dollars
ThUS\$	Thousands of United States dollars
UF	The UF is an inflation-indexed, Chilean peso-denominated monetary unit. The UF rate is set daily in advance, based on the change in the Consumer Price Index of the previous month.





(Translation of a report originally issued in Spanish)

To the Shareholders and Directors
Sociedad Química y Minera de Chile S.A.:

1. We have audited the accompanying balance sheets of Sociedad Química y Minera de Chile S.A. as of December 31, 2004 and 2003 and the related statements of income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audits. We have not examined the financial statements of related company Empresas Melón S.A. which due to the application of the equity method represents a total investment of ThUS\$ 43,268 as of December 31, 2003, and accrued net income of ThUS\$ 3,935 for the year then ended. Those financial statements as of December 31, 2003 were examined by other auditors whose report has been furnished to us, and our opinion expressed herein, in reference to amounts included for related company Empresas Melón S.A., is based solely on the report issued by those auditors.
2. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. These financial statements have been prepared to reflect the individual financial position of Sociedad Química y Minera de Chile S.A., on the basis of the criteria described in Note 2, before proceeding with line-by-line consolidation of the financial statements of the subsidiaries detailed in Note 6. Therefore, for their adequate interpretation, these individual financial statements must be read and analyzed together with the consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its subsidiaries, which are required by generally accepted accounting principles in Chile. This report is presented solely for the information of and use by the board of directors and management of Sociedad Química y Minera de Chile S.A. and the Superintendency of Securities and Insurance.
4. In our opinion, based on our audit and the report of other auditors, these financial statements present fairly, in all material respects, the financial position of Sociedad Química y Minera de Chile S.A. as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended, in accordance with the principles described in Note 2.
5. On August 18, 2004, the participation in Empresas Melón S.A. equivalent to all the shares owned by SQM S.A. was sold for ThUS\$ 69,337. This operation resulted in recognition of net income before taxes in the amount of ThUS\$ 8,179.
6. On December 23, 2004, SQM S.A. and SQM Nitratos S.A., acquired all the shares of PCS Yumbes S.C.M. for ThUS\$ 39,708. This acquisition was recorded at fair values, causing SQM S.A. and subsidiaries to recognize goodwill of ThUS\$ 12,637.

Arturo Selie S.
I.D. Number: 5.744.179-8

ERNST & YOUNG LTDA.
Taxpayer N°.: 77.802.430-6

Santiago, Chile, March 4, 2005



Balance Sheets

As of December 31,

ASSETS	Note	2004 THUS\$	2003 THUS\$
CURRENT ASSETS			
Cash		305	444
Time deposits		11,947	5,701
Marketable securities		12,691	5,692
Accounts receivable, net		644	17
Other accounts receivable, net		1,047	1,161
Accounts receivable from related companies	4	151,953	140,915
Inventories		9,879	9,837
Recoverable taxes		2,690	2,392
Prepaid expenses		705	581
Deferred income taxes	9	6,636	4,623
Other current assets		2,911	3,549
PROPERTY, PLANT, AND EQUIPMENT, NET		89,969	92,679
OTHER ASSETS			
Investments in related companies	5	580,633	538,924
Goodwill	6	12,676	8,573
Intangible assets, net		3,588	3,601
Long-term accounts receivable from related companies	4	429,007	440,867
Long-term accounts receivable		2	1
Other long-term assets		16,742	14,344
TOTAL ASSETS		1,334,025	1,273,901

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	As of December 31,	
		2004 THUS\$	2003 THUS\$
CURRENT LIABILITIES		176,054	117,263
Short-term bank debt	7	6,019	33,046
Current portion of long-term bank debt	7	4,577	4,596
Dividends payable		157	153
Accounts payable		2,738	2,117
Other accounts payable		150	127
Notes and accounts payable to related companies	4	152,370	73,500
Accrued liabilities	8	2,701	2,679
Withholdings		3,524	467
Income taxes		2,904	-
Other current liabilities		914	578
LONG-TERM LIABILITIES		209,343	266,666
Long-term bank debt	7	200,000	260,000
Other accounts payable		1,106	1,152
Long-term accrued liabilities	8	1,661	1,668
Deferred income taxes	9	6,576	3,846
SHAREHOLDERS' EQUITY		948,628	889,972
Paid-in capital	10	477,386	477,386
Other reserves	10	150,887	141,420
Retained earnings	10	320,355	271,166
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,334,025	1,273,901

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



Statements of Income

For the years ended December 31,

	Note	2004 THUS\$	2003 THUS\$
Sales		113,035	86,470
Cost of sales		(90,092)	(69,991)
Gross margin		22,943	16,479
Selling and administrative expenses		(12,235)	(12,597)
OPERATING INCOME		10,708	3,882
Non-operating income	13	101,630	84,722
Non-operating expenses	13	(33,445)	(39,431)
NON-OPERATING INCOME, NET		68,185	45,291
Income before income taxes		78,893	49,173
Income tax expense	9	(4,661)	(2,420)
NET INCOME FOR THE YEAR		74,232	46,753

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



Statements of Cash Flows

For the years ended December 31,

	2004	2003
	THUS\$	THUS\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	74,232	46,753
Charges (Credits) to Income Not Representing Cash Flows		
Depreciation expense	5,712	6,945
Amortization of intangible assets	12	12
Write-offs and accruals	64	5,458
Gain on equity investments in related companies	(57,185)	(57,790)
Loss on equity investments in related companies	419	1
Amortization of goodwill	367	546
Loss on sales of property, plant and equipment	-	32
Gain on sale of investments	(8,820)	-
Other credits to income not representing cash flows	(28,413)	(25,220)
Other charges to income not representing cash flows	10,925	20,190
Foreign currency translation, net	5,057	1,544
Net Changes in Operating Assets and Liabilities		
(Increase) decrease in trade accounts receivable	(5,352)	(19,489)
Increase in inventories	(42)	(2,336)
Increase in other assets	(1,898)	11,610
Increase (decrease) in accounts payable	63,184	35,023
Decrease in interest payable	(45)	(1,840)
(Decrease) increase in net income taxes payable	890	(403)
(Decrease) in other accounts payable	3,382	(760)
Increase (decrease) in VAT and taxes payable	(447)	1,842
NET CASH PROVIDED FROM OPERATING ACTIVITIES	62,042	22,118
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank financing	35,000	33,000
Payment of dividends	(23,669)	(19,997)
Payment of bank financing	(122,000)	-
NET CASH PROVIDED FROM (USED IN) FINANCIAL ACTIVITIES	(110,669)	13,003
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES		
Sales of investments in related companies	69,337	2,422
Collection of other loans to related companies	35,430	-
Other income	653	1,941
Additions to property, plant and equipment	(8,458)	(21,278)
Capitalized interest	(376)	(314)
Purchase of investments in related companies	(34,509)	(100)
Documented loans to related companies	-	(12,661)
NET CASH USED IN INVESTING ACTIVITIES	62,077	(29,990)
NET CASH FLOWS FOR THE YEAR		
	13,450	5,131
Effect of inflation on cash and cash equivalents	(991)	(16)
Net change in cash and cash equivalents	12,459	5,115
Beginning balance of cash and cash equivalents	14,028	8,913
Ending balance of cash and cash equivalents	26,487	14,028

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



Notes to the Financial Statements

NOTE 1 – COMPANY BACKGROUND

Sociedad Química y Minera de Chile S.A. (the “Company”) was registered with the Chilean Superintendency of Securities and Insurance (“SVS”) on March 18, 1983.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Period and basis of preparation

These financial statements have been prepared as of December 31, 2004 and 2003 and for the years then ended.

For the convenience of the reader, the financial statements and their accompanying notes have been translated from Spanish into English. Certain accounting practices applied by the Company that conform with Chilean GAAP may not conform with generally accepted accounting principles in the United States (“US GAAP”).

The financial statements have been prepared in accordance with accounting principles generally accepted in Chile and specific criteria required by the SVS.

These financial statements were prepared in order to analyze the Company as a stand-alone entity, therefore, all of the asset, liability and income accounts of its subsidiaries have been recorded in the investments in related companies line. This accounting treatment does not affect net income. As a consequence of this, these financial statements should be read in conjunction with the consolidated financial statements.

b) Reporting currency

The financial statements of the Company are prepared in U.S. dollars. As a significant portion of the Company’s operations are transacted in U.S. dollars, is considered the currency of the primary economic environment in which the Company operates.

c) Translation of non-U.S. dollar financial statements

i) Domestic subsidiaries and affiliates

Monetary assets and liabilities denominated in Chilean pesos and other currencies have been translated to U.S. dollars at the observed exchange rates determined by the Central Bank of Chile in effect at each year-end of Ch\$593.80 per US\$1 at December 31, 2003 and Ch\$557.40 per US\$ at December 31, 2004.

The value of the UF as of December 31, 2004 and 2003 was Ch\$ 17,317.05 (US\$ 31.07) and Ch\$16,920.00 (US\$ 28.49), respectively.

ii) Foreign subsidiaries and affiliates

In accordance with Chilean GAAP, the financial statements of foreign subsidiaries that do not maintain their accounting records in U.S. dollars are translated from the respective local currencies to U.S. dollars in accordance with Technical Bulletin No. 64 and No. 72 of the Chilean Association of Accountants (“BT 64 and BT 72”).

The monetary assets and liabilities of foreign subsidiaries were translated into U.S. dollars at the exchange rates per US\$ prevailing at December 31, as follows:

	2004	2003
	US\$	US\$
Brazilian Real	2.65	2.89
Euro	0.73	0.79
South African Rand	5.80	6.59
Pound Sterling	0.52	0.58

d) Time deposits

Time deposits are recorded at cost plus accrued interest.

e) Marketable securities

Marketable securities are recorded at the lower of cost plus accrued interest or market value.

f) Allowance for doubtful accounts

The Company records an allowance for doubtful accounts based on estimated probable losses.

g) Inventories and materials

Inventories of finished products and works in process are valued at average production cost. Raw materials and products acquired from third parties are stated at average cost and materials-in-transit are valued at cost. All such values do not exceed net realizable values.

Inventories of non-critical spare parts and supplies are classified as other current assets, except for those items which the Company estimates to have a turnover period of one year or more, in which case they are classified as other long-term assets.

h) Income taxes and deferred income taxes

Prior to 2000, income taxes were charged to results in the same period in which the income and expenses were recorded and were calculated in accordance with the enacted tax laws in Chile and the other jurisdictions in which the Company operated.

Under Chilean law the Parent Company and its subsidiaries are required to file separate tax declarations.

Beginning January 1, 2000, the Company records deferred income taxes in accordance with Technical Bulletin Nos. 60, 69, 71 and 73 of the Chilean Association of Accountants, and with Circular No. 1466 issued on January 27, 2000 by the SVS, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities, using the liability method.

The effect of the temporary differences at December 31, 1999 was recorded in complementary asset and liability accounts, which are recognized in the statement of operations over the estimated time in which they reversed.

i) Property, Plant, Equipment

Property, plant, equipment and property rights are recorded at acquisition cost, considering in general an average residual value of 5%, except for certain assets that were restated in accordance with a technical appraisal in 1988. Depreciation expense has been calculated using the straight-line method based on the estimated useful lives of the assets and is charged directly to expenses.



Fixed assets acquired through financing lease agreements are accounted for at the present value of the minimum lease payments plus the purchase option based on the interest rate included in each contract. The Company does not legally own these assets and therefore cannot freely dispose of them.

In conformity with Technical Bulletin No. 31 and 33 of the Chilean Association of Accountants, the Company capitalizes interest cost associated with the financing of new assets during the construction period of such assets.

Maintenance costs of plant and equipment are charged to expenses as incurred.

The Company obtains property rights and mining concessions from the Chilean state. Other than minor filing fees, the property rights are usually obtained without initial cost, and once obtained, are retained perpetually by the Company as long as the annual fees are paid. Such fees, which are paid annually in March, are recorded as prepaid assets to be amortized over the following twelve months. Values attributable to these original mining concessions received are being amortized on a straight-line basis over 50 years and are recorded in property, plant and equipment.

j) Investments in related companies

Investments in related companies over which the Company has significant influence, are included in other assets and are recorded using the equity method of accounting, in accordance with SVS Circulars N°S. 368 and 1,697 and Technical Bulletins N°S. 64 and 72 issued by the Chilean Association of Accountants. Accordingly, the Company's proportional share in the net income or loss of each investee is recognized in the non-operating income and expense classification in the statements of income on an accrual basis, after eliminating any unrealized profits from transactions with the related companies.

The translation adjustment to U.S. dollars of investments in domestic subsidiaries that maintain their accounting records and are controlled in Chilean pesos is recognized in other reserves within shareholders' equity. Direct and indirect investments in foreign subsidiaries or affiliates are controlled in U.S. dollars.

Investments in which the Company has less than 20% participation and the capacity to exert significant influence or control over the investment, because SQM forms part of its Board of Directors, have been valued using the equity method.

k) Goodwill and negative goodwill

Goodwill is calculated as the excess of the purchase price of companies acquired over their net book value, whereas negative goodwill occurs when net book value exceeds the purchase price of companies acquired. Goodwill and negative goodwill resulting from equity method investments are maintained in the same currency in which the investment was made and are amortized based on the estimated period of investment return, generally 20 and 10 years for goodwill and negative goodwill, respectively.

l) Intangible assets

Intangible assets are stated at cost plus acquisition expenses and are amortized over a period of up to a maximum of 40 years, in accordance with Technical Bulletin No. 55 of the Chilean Association of Accountants.

m) Mining development cost

Mining development costs are recorded in other long-term assets and are amortized utilizing the unit of production basis.

n) Accrued employee severance

The Company calculates the liability for staff severance indemnities based on the present value of the accrued benefits for the actual years of service worked assuming an average employee tenure of 24 years and using a real annual discount rate of 9%.



o) Vacations

The cost of employee vacations is recognized in the financial statements on an accrual basis.

p) Dividends

Dividends are generally declared in U.S. dollars but are paid in Chilean pesos.

q) Derivative Contracts

The Company maintains derivative contracts to hedge against movements in foreign currencies, which are recorded in conformity with Chilean Technical Bulletin No. 57 of the Chilean Association of Accountants. Such contracts are recorded at fair value with net losses recognized on the accrual basis and gains recognized when realized.

r) Reclassifications

Certain reclassifications have been made in the 2003 numbers to conform to the current year presentation.

s) Revenue recognition

Revenue is recognized on the date goods are physically delivered or when they are considered delivered according to the terms of the contract.

t) Computer software

Computational systems developed internally using the Company's personnel and materials are charged to income during the year in which the expenses are incurred.

In accordance with Circular No. 981 dated December 28, 1990 of the SVS, computer systems acquired by the Company are capitalized at cost.

u) Research and development expenses

Research and development costs are charged to the income statement in the period in which they are incurred. Fixed assets, which are acquired for their use in research and development activities and are determined to provide additional benefits to the Company, are recorded in property, plant and equipment.

w) Saleback operations

These operations are registered in Other Current Assets at the amount of the purchase. Starting at the purchase date, the respective interest is recorded in accordance with SVS Circular 768.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

Starting January 1, 2004, the SVS, through Circular 1697, requires adoption of Technical Bulletin No. 72 on Business Combinations ("BT 72"), issued by the Chilean Association of Accountants. The Company has applied this standard for its investments in related companies and consolidation of their financial statements.

There were no other changes in the accounting principles used by the Company during 2004 as compared to 2003.



NOTE 4 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with related companies as of December 31, 2004 and 2003 correspond to commercial current account balances, in accordance with Article 602 of the Commercial Code. Therefore, the Company and its related companies constitute a bilateral contract in which there is no debtor nor creditor and there is no expiration date nor established form of payment.

Accounts receivable from and payable to related companies are stated in US dollars.

Transactions are made under terms and conditions, which are similar to those offered to unrelated third parties.

Transactions with related companies in which the Company maintains 100% direct or indirect ownership do not affect net income, because related company transactions are eliminated and income is recognized through the equity method.

a) Amounts included in balances with related parties as of December 31, 2004 and 2003:

ACCOUNTS RECEIVABLE	SHORT-TERM		LONG-TERM	
	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
Ajay SQM Chile S.A.	5,656	1,399	-	-
Servicios Integrales de Tránsito y Transferencias S.A.	47,752	32,276	-	-
SQM Potasio S.A.	-	-	427,226	438,746
SQM Salar S.A.	50,126	50,469	-	-
SQMC Internacional Ltda.	464	435	-	-
Empresas Melón S.A.	-	-	-	340
Isapre Cruz del Norte Ltda.	-	3,721	-	-
Soquimich Comercial S.A.	122	741	-	-
Sales de Magnesio Ltda.	-	65	-	-
SQM Comercial de México S.A. de C.V.	3,369	2,528	-	-
SQM Investment Corporation N.V.	5,919	6,681	-	-
SQM Brasil Ltda.	-	527	-	-
SQM North America Corporation	25,306	21,256	1,781	1,781
SQM Europe N.V.	5,448	16,007	-	-
Nitratos Naturais de Chile Ltda.	918	843	-	-
SQM Lithium Specialties LLP.	1,082	572	-	-
Fertilizantes Olmeca y SQM S.A. de C.V.	3	3	-	-
SQM Perú S.A.	-	8	-	-
Yara Colombia	-	26	-	-
RS Agro Chemical Trading A.V.V.	-	72	-	-
SQMC Holding Corporation	540	456	-	-
SQM Ecuador S.A.	28	16	-	-
SQM Oceanía Pty Limited	852	872	-	-
SQM Japan K.K.	4,368	1,942	-	-
Total	151,953	140,915	429,007	440,867

ACCOUNTS PAYABLE	SHORT-TERM	
	2004 THUS\$	2003 THUS\$
Almacenes y Depósitos Ltda.	357	336
SQM Nitratos S.A.	141,588	67,379
PCS Yumbes S.C.M.	64	1,157
Nitrate Corporation of Chile Ltd.	5,076	4,627
Yara Fertilizantes Ltda.	-	1
SQM Brasil Ltda.	88	-
Inversiones PCS Chile Ltda.	5,197	-
Total	152,370	73,500

There were no outstanding long-term accounts payable with related parties as of December 31, 2004 and 2003.

b) During 2004 and 2003, principal transactions with related parties were as follows:

COMPANY	TYPE OF TRANSACTION	AMOUNT OF TRANSACTION		IMPACT ON INCOME (CHARGES) CREDITS	
		2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
SQM Potasio S.A.	Interest in current account	23,570	22,507	-	-
SQM Nitratos S.A.	Purchase of products	62,936	45,389	-	-
	Services provided	4,147	3,975	-	-
	Sales of products	1,573	1,754	-	-
	Purchase of fixed assets	1,988	973	-	-
	Services received	928	1,584	-	-
	Interest in current account	6,288	1,901	-	-
	Sales of fixed assets	1,798	-	-	-
Ajay SQM Chile S.A.	Sales of products	15,378	10,171	1,628	1,157
Servicios Integrales de Tránsito y Transferencias S.A.	Services received	117	-	-	-
	Interest in current account	2,160	1,403	-	-
SQM Investment Corporation N.V.	Short-term loan borrowings and payments	-	1,362	-	-
SQM Europe N.V.	Sale of products	32,987	31,800	-	-
SQM Lithium Specialties LLP	Services provided	504	-	-	-
RS Agro Chemical Trading A.V.V.	Short-term loan borrowings and payments	46,773	57,859	-	-
SQM North America Corporation	Sale of products	40,467	30,060	-	-
SQM Comercial de Mexico S.A. de C.V.	Sale of products	4,027	2,803	-	-
SQM Salar S.A.	Interest in current account	2,638	1,119	-	-
SQM Japan K.K.	Sale of products	18,099	9,126	-	-
Fertilizantes Olmeca y SQM S.A. De C.V.	Sale of products	-	1,547	-	15

NOTE 5 - INVESTMENTS IN AND RECEIVABLES FROM RELATED PARTIES

a) Information on foreign investments

There are no plans for the foreign investments to pay dividends, as it is the Company's policy to reinvest those earnings.

The Company has not designated their foreign investments as net investment hedges.

b) Empresas Melón S.A.

The financial statements al 2003 of Empresas Melón S.A. were audited by Deloitte & Touche.



c) Transactions executed in 2004

* In January 2004, the subsidiary Soquimich European Holding B.V. made a capital contribution of ThUS\$ 475 on its affiliate Misr Specialty Fertilizers. Starting January 1, 2004, investments in related companies are valued using BT 72 of The Chilean Association of accountants and SVS Circular 1697. In accordance with these standards, the investment in Misr Specialty Fertilizers was valued using the book value of equity as of December 31, 2003, which does not differ significantly from its fair value determined as of the same date.

* At the shareholders' meeting of Empresas Melón S.A. held on February 25, 2004, the shareholders agreed to a spin-off into 2 companies, Empresas Melón S.A. and Inmobiliaria San Patricio S.A. As a result, SQM S.A. maintained its ownership of 14.05% in Empresas Melón S.A. and the same ownership percentage was assigned in the new company.

* In April 2004, the subsidiary Soquimich European Holding B.V. increased capital by ThUS\$ 475 in its affiliate Misr Specialty Fertilizers. In accordance with BT 72 The Chilean Association of accountants and SVS Circular 1697, the investment in Misr Specialty Fertilizers was valued using the book value of equity as of March 31, 2004, which does not differ significantly from its fair value determined as of the same date.

* On August 13, 2004, SQM S.A. transferred 653,748,837 shares of Inmobiliaria San Patricio to Blue Circle South American Holding S.A., which was the totality of the shares held by SQM S.A. (14.05% participation). This transfer was performed in accordance with the contract for acquiring shares of Empresas Melón during 1998. The effect on income is presented as part of the gain from the sale of Empresas Melón.

* On August 18, 2004, 653,748,837 shares of Empresas Melón S.A. were sold in a public auction in the Santiago Stock Market, which was the totality of the shares held by SQM S.A. (14.05% participation), for ThUS\$69,337, paid in cash on the same date. As a result of this sale, a gain before taxes of ThUS\$8,179.

* On August 20, 2004, SQM Potasio S.A. decreased its capital in RS Agro Chemical Trading A.V.V. by ThUS\$ 25,000, leaving it with 99.98% participation and SQM S.A. with 0.02%. This operation did not produce goodwill or negative goodwill.

* In October 2004, the subsidiary Soquimich European Holding B.V. increased its capital in Misr Specialty Fertilizers by ThUS\$ 475. In accordance with BT 72 The Chilean Association of accountants and SVS Circular 1697, the investment in Misr Specialty Fertilizers was valued using the book value of equity as of September 30, 2004, which does not differ significantly from its fair value determined as of the same date.

* On November 18, 2004, the subsidiary Soquimich European Holding B.V., contributed ThUS\$268 to a joint venture with SQM Eastmed Turkey.

* On November 25, 2004, SQM Potasio S.A. decreased its capital in RS Agro Chemical Trading A.V.V. by ThUS\$ 30,000, leaving it with 1.667% participation and SQM S.A. with 98.333%. This operation did not produce goodwill or negative goodwill.

* On December 20, 2004, SQM Nitratos S.A. contributed capital of ThUS\$1,350 to SQM Brasil Ltda, thus obtaining participation of 98.77% in this subsidiary. SQM S.A. did not contribute to this increase, thereby reducing its participation to 1.23%. In accordance with technical Bulletin N° 72. issued by the Chilean Association of Accountants, this investment was valued using the pooling of interests method.

* On December 23, 2004, SQM S.A. and SQM Nitratos S.A. acquired 43,733,165 and 2,000 shares, respectively, of PSC Yumbes S.C.M. for ThUS\$ 39,708 (equivalent to 99.9954% and 0.0046% participation, respectively), of which ThUS\$34,511 was paid on the date of acquisition and the remaining ThUS\$5,197 will be paid on January 27, 2005.

Investments in related companies made starting January 1, 2004, are valued in accordance with BT 72 The Chilean Association of accountants and SVS Circular 1697, which establish that investments in related companies made until December 31, 2003 will continue to be valued using the equity method and investments in related companies realized starting January 1, 2004 are valued as described in Note 3 "Changes in Accounting Principles".

In accordance with the aforementioned standards, the Company began valuing the assets and liabilities of the individual financial statements of PCS Yumbes S.C.M. as of December 31, 2004, valuing them at their respective fair values. This valuation method created goodwill of

ThUS\$ 12,627, produced principally by the valuation of property, plant and equipment carried out using appraisals performed in accordance with SVS Circular 1698. The goodwill will be amortized over period of 20 years.

Therefore, the assets, liabilities and equity incorporated in the consolidation of the respective fair values as of December 31, 2004 are as follows:

	BOOK VALUE THUS\$	ADJUSTMENT TO FAIR VALUE THUS\$	ADJUSTED VALUE THUS\$
Current assets	10,958	-	10,958
Property, plant and equipment	25,708	(7,954)	17,754
Other assets	293	-	293
Current liabilities	1,935	-	1,935
Equity	35,024	(7,954)	27,070

The acquisition method was applied to the purchase of PCS Yumbes S.C.M.

The Company will continue to review the valuation of fair value to comply with timelines established in paragraph 66 of BT 72.

d) Transactions executed in 2003

On January 27, 2003, SQM Comercial de México S.A. de C.V. and SQM Nitratos S.A. acquired 8,750 shares of the related company Fertilizantes Olmeca y SQM S.A. de C.V. which represented 50% of its share capital. Consequently, Fertilizantes Olmeca y SQM S.A. de C.V. became a subsidiary of SQM S.A. This transaction generated goodwill of ThUS\$279.

Subsequently, SQM Nitratos S.A. acquired from SQM Comercial de México S.A. de C.V. 8,749 shares in Fertilizantes Olmeca y SQM S.A. de C.V. This transaction did not produce goodwill.

On January 31, 2003, SQM S.A. acquired shares owned by SQM Nitratos S.A. in Sociedad Contractual Minera Antucoya for an amount of ThUS\$ 100. This united all the shares of SCM Antucoya in one shareholder and consequently SCM Antucoya was liquidated and SQM S.A. assumed of all this company's assets and liabilities.

On March 30, 2003, Fertilizantes Olmeca y SQM S.A. de C.V. increased its capital by ThUS\$2,000 through the issuance of 431,200 shares, which were subscribed in full by SQM Nitratos S.A. As a result, SQM Nitratos S.A. had an ownership interest of 78.29% and SQM Comercial de Mexico S.A. de C.V. had an ownership interest of 21.71%.

On March 30, 2003, Soquimich European Holding acquired 50% of the ownership interest of SQM Africa Ltd. from Ravlin Investment Limited for an amount of ThUS\$990. Consequently, Mineag SQM Africa Ltd. became a subsidiary of SQM S.A. This transaction did not produce goodwill.

On April 28, 2003, SQM Comercial S.A. acquired from Norsk Hydro ASA, 819,999 shares in Norsk Hydro Chile S.A. and SQM Comercial Internacional Ltda., a subsidiary company of SQMC, acquired the one remaining share consequently, SQMC became the sole owner and controlled 100% of Norsk Hydro Chile S.A. This transaction generated goodwill of ThUS\$ 1,282.

On June 30, 2003, SQM Nitratos S.A. acquired the shares owned by SQM S.A. in Sociedad Energía y Servicios S.A. The shares amounted to ThUS\$2,422. This transaction resulted in the consolidation of all the shares of Energía y Servicios S.A. to one shareholder, SQM Nitratos S.A. Consequently under Chilean Corporations Law, Energía y Servicios S.A. was dissolved and SQM Nitratos S.A. assumed all its assets and liabilities.

On June 30, 2003, the subsidiaries SQM Virginia LLC and North American Trading Company, made a capital contribution to the subsidiary SQM Lithium Specialties LLP. This capital contribution amounted to ThUS\$ 1,678, in a proportion of 99% and 1% respectively.

On July 16, 2003, the subsidiary Norsk Hydro Chile changed its name to "Comercial Hydro S.A."

On September 30, 2003, the subsidiaries SQM Virginia LLC and North American Trading Company, made a capital contribution to the subsidiary SQM Lithium Specialties LLP. This capital contribution amounted to ThUS\$ 367, in a proportion of 99% and 1%, respectively.

On September 30, 2003, SQM Corporation N.V. participated in a capital increase of Ajay Europe SARL in equal parts with Ajay Chemicals INC., both therefore maintaining the same ownership percentages.

On November 10, 2003, SQM Nitratos S.A. and SQM S.A. liquidated the subsidiary SQM Colombia Limitada.

On November 18, 2003, the subsidiary Soquimich European Holding BV, provided ThUS\$ 676 of capital to initiate a joint venture with the company Misr Specialty Fertilizer in Egypt.

On November 20, 2003, SQM Potasio S.A. made a capital contribution of ThUS\$ 55,000 to RS Agro Chemical Trading AVV, increasing its participation in this subsidiary to 99.99%. SQM S.A. did not participate and therefore reduced its participation by 0.01%.

e) Investments with less than 20% participation

Investments in which the Company has less than 20% participation and the capacity to exert significant influence or control over the investment, because SQM forms part of its Board of Directors, have been valued using the equity method.

e) Detail of investments in related companies

Tax Registration Number	Company	Country of origin	Controlling currency	Number of shares	Ownership interest		Equity of companies		Book value of investment		Net income (loss) for the period	
					2004 %	2003 %	2004 ThUS\$	2003 ThUS\$	2004 ThUS\$	2003 ThUS\$	2004 ThUS\$	2003 ThUS\$
96592190-7	SQM Nitratos S.A.	Chile	-	45,827,672	99.99	99.99	264,075	219,460	263,755	221,469	42,476	12,902
96651060-9	SQM Potasio S.A.	Chile	-	153,015,608	99.99	99.99	245,835	230,847	244,514	229,886	15,405	29,932
79947100-0	PCS Yumbes SCM	Chile	US\$	43,733,165	99.99	-	35,024	-	27,071	-	-	-
79626800-k	SQM Salar S.A.	Chile	-	69,084,000	18.18	18.18	277,273	255,807	29,887	31,915	21,513	22,898
0-E	SQM North America Corp.	U.S.A.	US\$	430	40.00	40.00	28,419	30,500	7,680	9,772	(215)	2,084
0-E	RS Agro Chemical Trading A.V.V.	Aruba	US\$	59	98.33	98.38	5,243	60,569	5,156	6	(326)	3,862
96592180-k	Ajay SQM Chile S.A.	Chile	-	-	51.00	50.99	6,760	6,473	2,415	2,505	996	511
0-E	SQM Investment Corporation N.V.	Dutch Antilles	US\$	5	1.00	1.00	6,974	6,191	70	57	1,228	4,587
0-E	SQMC de México S.A. de C.V.	México	US\$	-	1.00	-	3,465	-	35	-	3,397	-
81767200-0	Asociación Garantizadora de Pensiones	Chile	-	-	3.31	3.31	835	784	28	26	-	-
0-E	SQM Peru S.A.	Peru	US\$	340	0.98	0.98	507	453	5	4	54	(21)
0-E	SQM Japan K.K.	Japan	US\$	2	1.00	0.82	459	350	5	4	109	107
0-E	SQMC Holding Corporation L.L.P.	U.S.A.	US\$	3	0.10	0.10	4,996	4,509	5	5	361	155
79876080-7	Almacenes y Depósitos Ltda..	Chile	-	-	1.00	1.00	412	377	4	4	1	(5)
79906120-1	Isapre Cruz del Norte Ltda.	Chile	-	-	1.00	1.00	186	158	2	2	14	(46)
0-E	SQM Corporation N.V.	Dutch Antilles	US\$	1	0.02	0.02	7,783	8,394	1	1	(443)	1,192
93390000-2	Empresas Melón S.A..	Chile	-	-	14.05	14.05	-	307,957	-	43,268	20,673	28,005
99551480-k	Inmobiliaria San Patricio S.A.	Chile	-	-	14.05	-	-	-	-	-	(85)	-
0-E	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	1	1.67	1.67	1	2	-	-	(1)	(14)
0-E	SQI Corporation N.V.	U.S.A.	US\$	1	-	26.69	84	113	-	-	(7)	36
0-E	SQM Colombia Ltda.	Colombia	US\$	-	-	-	-	4	-	-	-	(1)
79770780-5	SIT S.A.	Chile	-	1	-	99.79	9,517	10,970	-	-	(765)	291
Total							580,633	538,924				

NOTE 6 - GOODWILL AND NEGATIVE GOODWILL

Goodwill and negative goodwill and the related amortization is summarized as follows:

a) Goodwill

TAX REGISTRATION NUMBER	COMPANY	31-DEC-2004		31-DEC-2003	
		AMOUNT AMORTIZED DURING THE PERIOD THUS\$	GOODWILL BALANCE THUS\$	AMOUNT AMORTIZED DURING THE PERIOD THUS\$	GOODWILL BALANCE THUS\$
79626800-K	SQM Salar S.A.	43	40	43	82
93390000-2	Empresas Melon S.A.	324	-	503	8,491
79947100-0	PCS Yumbes SCM	-	12,636	-	-
TOTAL		367	12,676	546	8,573

NOTE 7 - BANK DEBT

a) Short-term bank debt:

BANK OR FINANCIAL INSTITUTION	2004 THUS\$	2003 THUS\$
Banco de Chile	6,019	10,019
BBVA Banco	-	3,006
Citibank N.A.	-	12,021
SCH Overseas Bank	-	8,000
Total	6,019	33,046
Annual average interest rate	2.48%	1.56%

b) Long-term bank debt:

BANK OR FINANCIAL INSTITUTION	2004 ThUS\$	2003 ThUS\$
Union Bank of Switzerland (1)	204,577	204,577
Royal Bank of Canada (2)	-	60,019
Total	204,577	264,596
Less: Current portion	4,577	4,596
Long-term portion	200,000	260,000

(1) U.S. dollar-denominated loan without guarantee, interest rate of 7.7% per annum, paid semi-annually. The principal is due on September 15, 2006.

(2) U.S. dollar-denominated loan without guarantee, interest rate of 1.99% per annum, paid semi-annually. The principal is divided into five equal semi-annual installments.



Notes to the Financial Statements

The maturity of long-term debt is as follows:

	2004 THUS\$	2003 THUS\$
Years to maturity		
Current portion	4,577	4,596
1 to 2 years	200,000	-
2 to 3 years	-	260,000
Total	204,577	264,596

NOTE 8 - ACCRUED LIABILITIES

As of December 31, 2004 and 2003 short-term accrued liabilities consisted of:

	2004 THUS\$	2003 THUS\$
Vacation accrual	1,255	1,098
Provision for employee compensation and legal costs	976	1,100
Other accruals	88	110
Taxes and monthly tax provisional payments	382	371
Total accrued liabilities	2,701	2,679

As of December 31, 2004 and 2003 long-term accrued liabilities consisted of:

	2004 THUS\$	2003 THUS\$
Staff severance indemnities (i)	1,657	1,521
Provision of investment in SQM Brasil Ltda.	4	147
Total accrued liabilities	1,661	1,668

(i) Staff severance indemnities are summarized as follows:

	2004 THUS\$	2003 THUS\$
Opening balance	1,521	1,125
Increases (decreases) in obligation	77	310
Payments	(75)	(174)
Exchange difference	134	260
Balance as of December 31	1,657	1,521

NOTE 9 - INCOME AND DEFERRED TAXES

a) At December 31, 2004 and 2003 the Company has the following balances for retained tax earnings and credit for shareholders:

	2004 THUS\$	2003 THUS\$
Accumulated tax basis retained earnings with tax credit	14,208	2,399
Credit for shareholders	2,907	816

b) The deferred taxes as of December 31, 2004 and 2003 are as follows:

2004	DEFERRED TAX ASSET		DEFERRED TAX LIABILITY	
	SHORT-TERM THUS\$	LONG-TERM THUS\$	SHORT-TERM THUS\$	LONG-TERM THUS\$
TEMPORARY DIFFERENCES				
Vacation accrual	213	-	-	-
Production expenses	-	-	419	-
Accelerated depreciation	-	-	-	4,443
Staff severance indemnities	-	-	-	409
Other	247	-	-	18
Unrealized gain of sale of products	6,426	-	-	-
Gains and losses from derivative transactions	84	-	-	33
Exploration expenses	-	-	-	3,543
Long term financing costs	-	-	-	344
Capitalized interest	-	-	-	501
TOTAL GROSS DEFERRED TAXES	6,970	-	419	9,291
TOTAL COMPLEMENTARY ACCOUNTS	-	-	(85)	(2,715)
Total deferred taxes	6,970	-	334	6,576
2003	Deferred tax asset		Deferred tax liability	
	Short-term ThUS\$	Long-term ThUS\$	Short-term ThUS\$	Long-term ThUS\$
TEMPORARY DIFFERENCES				
Vacation accrual	186	-	-	-
Production expenses	-	-	365	-
Accelerated depreciation	-	-	-	4,700
Staff severance indemnities	-	-	-	493
Other	187	-	2	9
Unrealized gain of sale of products	4,432	-	-	-
Gains and losses from derivative transactions	67	-	-	65
Exploration expenses	-	-	-	2,184
Long term financing costs	-	-	-	610
Capitalized interest	-	-	-	542
TOTAL GROSS DEFERRED TAXES	4,872	-	367	8,603
TOTAL COMPLEMENTARY ACCOUNTS	-	-	(118)	(4,757)
Total deferred taxes	4,872	-	249	3,846



c) Income tax credit (expense) is summarized as follows:

	2004 THUS\$	2003 THUS\$
Provision for current income tax	(3,945)	(396)
Effect of assets and liabilities of deferred taxes, net	1,358	(949)
Adjustment for tax expense (previous year)	(81)	-
Effect of amortization of complementary accounts	(2,075)	(1,369)
Other tax charges and credits	82	294
Total income tax credit (expense)	(4,661)	(2,420)

NOTE 10 - SHAREHOLDERS' EQUITY

a) Changes to shareholders' equity consisted of:

	NUMBER OF SHARES	PAID-IN CAPITAL THUS\$	OTHER RESERVES THUS\$	ACCUMULATED DEFICIT FROM SUBSIDIARY IN DEVELOPMENT STAGE THUS\$	RETAINED EARNINGS THUS\$	NET INCOME THUS\$	TOTAL THUS\$
BALANCE JANUARY 1, 2003	263,196,524	477,386	125,111	(3,661)	210,624	40,202	849,662
Transfer December 31, 2002 net income to retained earnings	-	-	-	-	40,202	(40,202)	-
Declared dividends 2003	-	-	-	-	(19,894)	-	(19,894)
Accumulated deficit from subsidiary in development stage (1)	-	-	-	(2,858)	-	-	(2,858)
Other comprehensive income (2)	-	-	16,309	-	-	-	16,309
Net income for the year	-	-	-	-	-	46,753	46,753
BALANCE DECEMBER 31, 2003	263,196,524	477,386	141,420	(6,519)	230,932	46,753	888,972
Transfer December 31, 2003 net income to retained earnings	-	-	-	-	46,753	(46,753)	-
Declared dividends 2004	-	-	-	-	(23,192)	-	(23,192)
Accumulated deficit from subsidiary in development stage (1)	-	-	-	(1,851)	-	-	(1,851)
Other comprehensive income (2)	-	-	9,467	-	-	-	9,467
Net income for the year	-	-	-	-	-	74,232	74,232
BALANCE DECEMBER 31, 2004	263,196,524	477,386	150,887	(8,370)	254,493	74,232	948,628

(1) The accumulated deficit is entirely attributable to SQM Lithium Specialties Limited as it is the only development stage subsidiary in operation.

(2) Other comprehensive income includes translation adjustments and the effect of the recognition of an additional liability for the Company's under-funded pension at December 31, 2004 and 2003.

b) The composition of other comprehensive income as of December 31, 2004 is as follows:

DETAIL	FOR THE YEAR ENDED DECEMBER 31, 2004 THUS\$	AS OF DECEMBER 31, 2004 THUS\$
Technical appraisal	-	151,345
Changes to other comprehensive income from equity method investments:		
Soquimich Comercial S.A.	(1) 3,242	746
Isapre Norte Grande Ltda.	(1) 14	(83)
Inversiones Augusta S.A.	(1) -	(761)
SQM Ecuador S.A.	(3) -	(271)
Almacenes y Depósitos Ltda.	(1) 34	(56)
Asociación Garantizadora de Pensiones	(1) 2	(13)
Empresas Melón S.A.	(1) 6,190	-
Sales de Magnesio Ltda.	(1) -	52
SQM North America Corp.	(2) (15)	(792)
Other Companies	(1) -	720
Total other comprehensive income	9,467	150,887

(1) Corresponds to translation adjustments and monetary correction.

(2) Corresponds to a change in the valuation of the Company's under-funded pension

(3) Corresponds with the translation adjustment produced by the application of a new law implemented by the Ecuadorian Government.



c) Capital consists of 263,196,524 fully authorized, subscribed and paid shares with no par value, divided into 142,819,552 Series A shares and 120,376,972 Series B shares. Capital paid for Series A and B shares was ThUS\$ 134,750 and ThUS\$ 342,636, respectively.

NOTE 11 - DERIVATIVES TRANSACTIONS

Derivative instruments are recorded at their fair value at year-end. Changes in fair value are recognized in income with the liability recorded in other current liabilities unless the contract is deemed a hedge transaction in which case the loss is deferred until settlement of the contract.

As of December 31, 2004 the Company's derivative instruments are as follows:

DECEMBER 31, 2004 TYPE OF DERIVATIVE	NOTIONAL OR COVERED AMOUNT	DESCRIPTION OF THE CONTRACT EXPIRATION	TYPE	POSITION PURCHASE/SALE	ACCOUNTS AFFECTED LIABILITY AMOUNT	INCOME (LOSS) UNREALISED
US dollar Forward	1,013	1 st quarter of 2005	Exchange rate	P	108	(108)
US dollar Forward	4,629	1 st quarter of 2005	Exchange rate	S	110	110
US dollar Forward	399	2 nd quarter of 2005	Exchange rate	S	42	42
US dollar Forward	10,004	1 st quarter of 2005	Arbitration	P	(539)	(539)
	16,045				(495)	(495)

NOTE 12 - ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

ASSETS	2004 THUS\$	2003 THUS\$
TOTAL ASSETS		
Chilean pesos	19,392	63,902
US dollars	1,305,575	1,206,822
UF	2,692	2,733
Euros	5,448	123
South African Rand	-	321
Brazilian Real	918	-
Current liabilities		
Chilean pesos	7,967	4,575
US dollars	162,725	107,866
UF	286	195
Other currencies	5,076	4,627
Long-term liabilities		
US dollars	206,580	263,993
UF	2,763	2,673



NOTE 13 - NON-OPERATING INCOME AND EXPENSES

Amounts included in non-operating income and expenses are summarized as follows:

A) Non-operating income

	2004 THUS\$	2003 THUS\$
Interest income	29,143	26,033
Gain on equity investments in related companies	57,185	57,790
Other income	15,302	899
Total	101,630	84,722

b) Non-operating expenses

	2004 THUS\$	2003 THUS\$
Interest expense	25,289	22,532
Loss on equity investments in related companies	419	1
Amortization of goodwill	367	546
Net foreign exchange losses	5,057	1,544
Legal expenses	-	1,167
Write-off of investments	-	5,430
Loss on sale of investments	-	3,135
Non-participation in capital issues by related companies	-	4,525
Other expenses	2,313	551
Total	33,445	39,431

NOTE 14 - CASH FLOW STATEMENT

Amounts included in other investing income are summarized as follows:

	2004 THUS\$	2003 THUS\$
Sale of mining concessions	635	135
Repayment of employee loans	18	1,806
Total	653	1,941

Future cash flows from investing activities

The Company has committed future cash flows for a purchase of PCS Yumbes S.C.M. made in December. On January 27, 2005, the Company must pay ThUS\$ 5,197, on the remaining balance of this investment.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES****I. Contingencies:**

(a) Material lawsuits or other legal actions of which the Company is party to:

1. Plaintiff : SQM Salar S.A.
 Defendants : ACE Seguros S.A. (formerly - Cigna Compañía de Seguros (Chile) S.A.) and Chubb de Chile Compañía de Seguros Generales S.A.
 Date of lawsuit : April 2001
 Matter : Arbitration
 Status : Collection of compensation for insured claim
 Instance : On December 22, 2004, the court rejected both the principal lawsuit and the countersuit. SQM Salar S.A. has appealed part of this decision, which is currently being processed by the Santiago Court of Appeals.
 Nominative value : ThUS\$ 36,316
2. Plaintiffs : Compagnie Du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetale SAS
 Defendants : Soquimich European Holdings B.V., NU3 N.V. and SQM France S.A.
 Date of lawsuit : December 2002
 Court : Court of Arbitration in France
 Matter : Termination of the company relationship and liquidation of the company Generale de Nutrition Vegetale SAS
 Status : Rejoinder
 Nominative value : ThEuro\$ 30,295

(b) Models for the Production of the María Elena site

The Company is currently reviewing the "Models for the Production of the María Elena site" which may be implemented as a result of the Decontamination Plan (see note 18). The different alternatives for production and technology development for the María Elena site, which are a part of the above-mentioned "Production Models" do not proactively generate significant changes in the present ore reserves or forecasted sales volumes. These options include possibilities to use new production methods and are related to the "leaching piles" and implementing a mixed system, which would be comprised of the use of the aforementioned technology and the current production methods. Advantages and disadvantages of the different options relate to the extension of the transition periods of new technology, the investments that will be required, production costs, changes in technologies and in productive processes and the effects on certain of the Company's assets and their value. The possible effects on the valuation of assets are not yet determinable.

(c) Other

The Company and its subsidiaries are involved in litigation in the ordinary course of business. Based on the advice of counsel, management believes the litigation will not have a material effect on the consolidated financial statements.

II. Commitments:

- (a) The subsidiary SQM Salar S.A. maintains an agreement with a government agency, whereby the Company must make annual payments until 2030 based on the Company's annual sales. This amount, which has been paid since the beginning of the agreement in 1996, amounted to ThUS\$ 4,910 in 2004 (ThUS\$ 4,024 in 2003).
- (b) The Company has certain indirect guarantees, which relate to agreements with no remaining payments pending. These guarantees are still in effect and have been approved by the Company's Board of Directors; however, they have not been used by the subsidiaries.
- (c) Bank debt of SQM S.A. and its subsidiaries has no restrictions or terms other than those that might usually be found in identical debt in the financial markets, such as maximum indebtedness and minimum equity among others.



NOTE 16 - THIRD PARTY GUARANTEES

As of December 31, 2004 and 2003 the Company has the following indirect guarantees outstanding:

BENEFICIARY	DEBTOR NAME	RELATIONSHIP	BALANCES OUTSTANDING	
			12/31/2004 ThUS\$	12/31/2003 ThUS\$
Phelps Dodge Corporation	SQM Potasio S.A.	Subsidiary	957	1,833

NOTE 17 - SANCTIONS

During 2004 and 2003, the SVS did not apply sanctions to the Company, its directors or managers.

NOTE 18 - ENVIRONMENTAL PROJECTS

Disbursements incurred by the Company as of December 31, 2004 relating to its investments in production processes and compliance with regulations related to industrial processes and facilities are as follows:

PROJECT	2004 THUS\$	FUTURE DISBURSEMENTS THUS\$
Environmental department	628	577
Boratos sewage treatment plant	281	1
Tocopilla project	615	-
Engineering and building of María Elena piles	2,667	52,000
Treatment plant MOP	208	-
Other	1,158	454
Total	5,557	53,032

Protecting the environment, both in regards to the Company's productive processes and the manufactured goods, is a constant concern for SQM.

SQM is currently implementing an Environmental Management System, which is based on the ISO 14000 standard, with which the Company will improve its environmental performance. The implementation program stipulates that all the operations maintained by the Company in Regions I and II of Chile, will have a fully implemented Environmental Management System by late 2005.

Processes where sodium nitrate is used as a raw material are carried out in geographical areas such as the desert with favorable weather conditions for drying solid materials and evaporating liquids used in solar energy. The extraction of minerals in open pit mines, given their low waste-to-mineral ratio, gives rise to waste deposits that have little impact on the environment. The extraction process and ore crushing produce particles that are consistent with the industry of operation.



On August 10, 1993, the Ministry of Health published a resolution under the Sanitary Code that established that the levels of breathable particles present at Maria Elena Plant exceeded the level allowed for air quality and, consequently, affected the nearby city of María Elena. Particles mainly come from dust that results from processing the sodium nitrate, particularly at the crushing process prior to leaching. The Company has implemented a series of measures that have shown notable improvement in air quality at María Elena. A new decontamination plan for this area, released on March 13, 2004, is intended to meet air quality standards by April 1, 2006, the Company submitted a proposal entitled "Technological Change at María Elena", which intends to reduce particle emission, to the government's Environmental Impact Evaluation System. This proposal is presently pending evaluation by the environmental regulators, whose decision should be made public during the first semester of 2005.

Ore treatment operations, as they are controlled processes, produce solid residual materials that are the non-soluble by product and a certain degree of moisture.

Productive operations based on brine, are carried out at the Atacama Salt Mine and almost 95% of the energy used is solar energy and the remaining 5% comes from natural gas, electricity and fossil fuels. Residual brine left after the production processes are again injected to the Atacama Salt Mine in order to minimize the possible environmental impact.

SQM entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Atacama Salt Mine lagoons. Such research includes a population count of the birds and wildlife, breeding research, additional behavior research and the climate phenomena of the area.

Consistent with the Company's ongoing commitment with the environmental authorities, the Company actively participates in the Joint Monitoring Research project for the Atacama Salt Mine watershed along with other mining companies that make use of the water resources that supply the Atacama Salt Mine. To perform this study, SQM has involved diverse scientists from prestigious research institutions such as Dictuc of Pontificia Universidad Católica, the University of Nevada, Cornell University and the University of Binghamton in New York.

NOTE 19 – SIGNIFICANT EVENTS

On March 19, 2004, the company informed the Superintendency of Securities and Insurance that the Board of Directors of SQM, at its meeting dated March 16, 2005 unanimously agreed to propose the payment of final dividend of US\$ 0.08811 per share in favor of those SQM's shareholders which were registered in the respective registry during the fifth working day prior to the payment of this dividend.

This proposal, upon approval by the next company's shareholders' meeting which will be held on April 30, 2004, will allow the company to pay and distribute, as stated in the respective Dividend Policy, and annual dividend equivalents to 50% of the net profits which can be distributed and are obtained during 2003.

On April 30, 2004, the company held its shareholders' meeting. At this meeting, the majority of the company's shareholders, agreed on the following issues, among others:

- a) The shareholders approved the distribution and payment of a final and total dividend of Ch\$ 55.05465 per share. The payment of this dividend was agreed in one single installment, beginning on May 12, 2004 and with a charge to 2003 income.
- b) The shareholders approved the payment of UF 50 (fifty UF) in favor of each member of the Directors Committee, regardless of the number of meetings that this Committee holds during the respective month. In addition, they approved the implementation of an annual budget for the operating expenses of this Committee and of their advisors for an amount of UF 1,800 (one thousand and eight hundred UF).
- c) The shareholders approved remuneration to be paid to the Company's directors during the next twelve months.



NOTE 20 – SUBSEQUENT EVENTS

On January 19, 2005, the Company's Board of Directors informed the SVS that, in an Ordinary Session of the Board on January 18, 2005, they accepted the voluntary and irrevocable resignation of Mr. Avi Milstein as Director and appointed Mr. Daniel Yarur E. in his place.

On february 25, 2005, Royal Seed Trading Corp A.V.V., a subsidiary of Sociedad Química y Minera de Chile S.A., entered into a syndicated loan for ThUS\$ 100,000, guaranteed by its Parent Company, with the following banks: BBVA Securities Inc., BNP Paribas and Rabobank Curacao N.V. The loan matures in 5 years, with quarterly interest payments at an initial annual interest rate of Libor + 0.325%, which could vary depending on any possible future modifications in the subsidiary's external debt classification.

There are no real guarantees associated with this loan.

Management is not aware of any significant subsequent events that have occurred after December 31, 2004 and that may affect the Company's financial position or the interpretation of these financial statements.



Condensed Financial Statements

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Condensed Balance Sheets

	SQM NITRATOS S.A.		SQM POTASIO S.A.	
	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
ASSETS				
Cash	26,907	26,496	9,507	28,215
Debtors	156,664	139,307	16,957	15,840
Related Companies	203,753	122,420	462,924	404,908
Inventory	230,845	207,271	65,518	48,925
Others	17,375	21,977	3,607	3,644
TOTAL CURRENT ASSETS	635,544	517,471	558,513	501,532
Property	5,490	5,369	6,695	6,695
Construction and Infrastructure	231,460	221,558	237,286	219,586
Machinery and Equipment	314,467	312,102	180,591	180,770
Others Fixed Assets	77,740	77,218	7,182	6,067
Depreciation (less)	(352,898)	(326,093)	(130,561)	(110,445)
TOTAL FIXED ASSETS	276,259	290,154	301,193	302,673
OTHERS ASSETS	48,395	55,000	13,062	21,699
TOTAL ASSETS	960,198	862,625	872,768	825,904
LIABILITIES				
Related Companies	558,826	518,404	101,732	63,941
Others	69,430	67,039	29,836	26,034
TOTAL CURRENT LIABILITIES	628,256	585,443	131,568	89,975
Related Companies	4,062	5,997	427,415	439,262
Provisions	9,493	8,081	484	343
Others	10,690	4,537	16,939	19,352
TOTAL LONG TERM LIABILITIES	24,234	18,615	444,838	458,957
MINORITY INTEREST	43,633	39,108	50,527	46,573
SHAREHOLDERS EQUITY	264,075	219,459	245,835	230,399
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	960,198	862,625	872,768	825,904



Condensed Statements of Income

	SQM NITRATOS S.A.		SQM POTASIO S.A.	
	2004 THUS\$	2003 THUS\$	2004 THUS\$	2003 THUS\$
Revenues	743,783	667,925	234,476	195,513
Cost of Sales	(643,125)	(606,285)	(171,837)	(138,390)
OPERATING MARGIN	100,658	61,640	62,639	57,123
Selling and Administrative Expenses	(38,428)	(35,912)	(3,065)	(6,370)
OPERATING INCOME	62,230	25,728	59,574	50,753
Non-Operating Revenues	21,561	15,168	9,303	20,039
Non-Operating Expenses	(22,025)	(18,383)	(41,850)	(28,740)
NET INCOME BEFORE TAXES	61,766	22,513	27,027	42,052
Income Taxes	(14,954)	(4,962)	(7,664)	(8,535)
Minority Interest	(4,576)	(4,889)	(3,959)	(4,208)
Amortization of Negative Goodwill	240	240	-	175
NET INCOME	42,476	12,902	15,404	29,484



Notes to the Condensed Financial Statements

1. The financial statements of the Companies are prepared according to generally accepted accounting principles and rules imparted by the Superintendencia de Valores y Seguros.
2. The financial statements are prepared in U.S. dollars, being each of the local currencies converted to the closing exchange rate for each of them (557.40 and 593.80 respectively).
3. The fixed assets are priced at cost and depreciation is calculated linearly with a residual value of 5% in average based on the remaining useful life of assets.
4. The inventories of end products and in-process products, are valorized at average production cost and at acquisition cost for products acquired from third parties, which do not exceed the respective net realization values. As for supplies in storage, they are valorized at average monthly cost, and in-transit materials at paid cost at the end of each period.
5. Investment in related companies has been valorized according to the proportional equity value method, eliminating non-realized results between subsidiaries, giving credit to the participation on the results over the accumulated basis.

During the 2003 and 2004 periods the subsidiary Fertilizantes Naturales S.A. has been included in the consolidation of the Company because of the control exercised on it.

The people signing below declare themselves responsible of the information contained in the present Financial Statements and explanatory notes therefore assuming the corresponding legal responsibility.

Macarena Briseño Correa
Macarena Briseño Correa
Controller

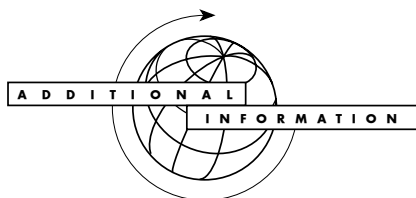

Patricio Contesse González
Chief Executive Officer



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FINANCIAL INFORMATION

a) Financial Ratios

	12/31/2004	12/31/2003
LIQUIDITY		
Current Ratio	4.38	3.62
Acid Test Ratio	2.06	1.73
INDEBTEDNESS		
Indebtedness Ratio	39.88	49.93
Short Term Debt/Total Debt	34.69	32.69
Long Term Debt/Total Debt	65.31	67.31
Interest Coverage Ratio	6.47	3.90
ACTIVITY		
Total Assets (Th. US\$)	1,361,372	1,363,499
Inventory Rotation	2.35	2.24
Inventory Permanency	154	161

b) Operating Results (Th. US\$)

2004

	CHILE	LATAM. & CARIBEAN	EUROPE & OTHERS	NORTH AMERICA	ASIA	TOTAL
Sales	158,846	111,066	228,288	233,506	56,811	788,516
Cost of sales	141,783	87,576	166,610	174,439	38,336	608,744

2003

	CHILE	LATAM. & CARIBEAN	EUROPE & OTHERS	NORTH AMERICA	ASIA	TOTAL
Sales	149,522	84,365	221,275	192,956	43,688	691,806
Cost of sales	113,720	79,933	172,381	154,996	32,880	553,964

c) Others (Th. US\$)

	12/31/2004	12/31/2003
Operating Income	124,067	87,306
Financial Expenses	(18,782)	(21,213)
Non-Operating Income	(17,591)	(21,159)
E,B,I,T,D,A,E,I,	185,544	148,019
Net Income After Taxes	74,232	46,753

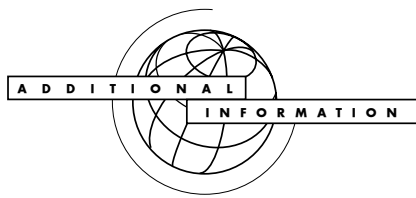
d) Returns

	12/31/2004 %	12/31/2003 %
ROE	8.07	5.38
ROA	5.45	3.48
Return on Operational Assets (1)	9.11	6.50
EPS (Earnings per Share)	0.28	0.18
Dividend Return on Series A (2)	1.41	2.04
Dividend Return on Series B (2)	1.60	2.15

(1) Operating Assets Calculation

	12/31/2004	12/31/2003
TOTAL ASSETS	1,361,372	1,363,499
MINUS:		
Other accounts receivable, net	(8,343)	(7,650)
Long-term accounts receivable, net	(289)	(7,836)
Recoverable taxes	(19,185)	(20,198)
Other Non-Operational Current Assets	(1,631)	(1,780)
Investment in Related Companies	(15,987)	(55,835)
Goodwill	(17,470)	(13,920)
Negative Goodwill	271	474
Other Long Term Non-Operational Assets	(2,823)	(4,434)
Total Operating Assets	1,295,915	1,252,320

(2) The paid dividend Return (per share) during the period is calculated by dividing the dividend per share, by the closing price of the share for the year. Series A and B shares dividends are the same; there is no economical difference between both series.



STATEMENT OF CASH FLOWS

During the period of 2004 the Company generated a net positive cash flow from operating activities of Th US\$ 152,026 (positive flow flow of Th. \$ 116,143 in 2003), a net negative cash flow provided from financing activities of Th. US\$ 135,095 (negative flow of Th. US\$ 51,871 in 2003) and a positive flow originated from investing activities of Th. US\$ 19,393 (negative flow of Th. US\$ 60,144 in 2003) that is described by the following:

Cash flow provided from operating activities

	2004 THUS\$	2003 THUS\$
Net Income (Loss) for the period	74,232	46,753
Loss on sales of Assets	(8,537)	(13)
Depreciation	62,690	61,674
Other credits (less)	(8,257)	(15,300)
Other charges	86,022	56,168
Changes in assets that affect the cash flow	(50,882)	(15,168)
Changes in liabilities that affect the cash flow	(8,381)	(21,625)
Gain (Loss) of Minority Interest	5,139	3,654
Positive net cash provided Operating activities	152,026	116,143

Cash flow provided from financing activities:

	2004 THUS\$	2003 THUS\$
Proceeds form Bank Financing	83,307	57,324
Repayment of bank financing	(192,696)	(82,559)
Repayment of bonds payable	-	(5,275)
Payment of Dividends (less)	(25,706)	(21,361)
Net positive (negative) cash flow provided from financing activities	(135,095)	(51,871)

Cash flow provided from investing activities:

	2004 THUS\$	2003 THUS\$
Sales of property, plant and equipment	741	264
Sales of permanent investing	69,337	-
Sales of investments	210	542
Other Income	877	7,699
Additions to property, plant and equipment	(51,758)	(55,084)
Capitalized Interest	(1,708)	(2,149)
Purchase of permanent investments	(37,079)	(11,150)
Purchase of investments	(13)	(210)
Purchase of investments	-	(56)
Net positive (negative) cash flow provided from investing activities	(19,393)	(60,144)

MANAGEMENT AND DIRECTORS COMPENSATION

a) Summary of Board of Directors Compensation January/December 2004

Name	Total per subsidiaries CH\$				Total CH\$
	SQM S.A.		SQMC		
	Meeting	Committee	Meeting	Committee	
Julio Ponce Lerou	249,753,573	-	61,313,205	-	311,066,778
Hernan Büchi Buc	37,140,213	-	-	-	37,140,213
Wayne R. Brownlee	37,140,213	10,227,904	-	-	47,368,117
José María Eyzaguirre	37,140,213	-	-	-	37,140,213
José Antonio Silva	37,140,213	10,227,904	-	-	47,368,117
Kendrick Wallace	37,140,213	-	-	-	37,140,213
Avi Milstein	37,140,213	10,227,904	6,131,321	-	53,499,438
Daniel Yarur Elsaca	37,140,213	-	-	-	37,140,213
Total	509,735,064	30,683,712	67,444,526	-	607,863,302

b) The Board of Directors expenses grouped in relevant items were the following (US\$)

	A MOUNT
Travel	99,843
Rental, Services and Consulting	3,411
General Expenses	7,711
Total	110,965

c) Management Compensation

For the years 2003 and 2004 the remuneration received by the management team in aggregate was the following:

YEAR	EXECUTIVES	TOTAL CH\$
2003	71	4,947,033,701
2004	66	4,905,403,892

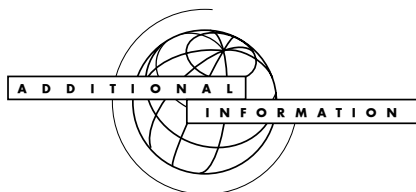
The remunerations are determined according to each individual's performance and to the results of the Company.

During 2004, the Company made severance payments to members of the management team that left the Company in the amount of Ch\$ 348,096,109.

d) Human Resources:

As of December 31 2004, SQM and its subsidiaries had 3,418 employees, distributed as following:

PROFESSIONAL CONDITION	HOLDING	OTHER SUBSIDIARIES	TOTAL
Executives	23	49	72
Professionals	91	626	717
Technical and Operative	282	2,067	2,349
Foreign	0	280	280
Total	396	3,022	3,418



e) Directors Committee, Activities and Consulting Expenses

As of December 31 2004, the Company had a 3-member Directors Committee: Avi Milstein, Wayne R. Brownlee and José A. Silva B. This committee acts in conformity with article 50 bis of the Chilean law N° 18,046 and some of the main activities carried out during 2004 were:

- a) Analysis of the unaudited financial statements
- b) Analysis the audited financial statements.
- c) Analysis and proposition of the External Auditors and credit risk rating agencies.
- d) Analysis of the goals and purpose of the Internal Audit Department.
- e) Analysis of the salary and compensation plans of the Company's management.
- f) Analysis of the modification to the agreement with PCS Yumbes S.C.M. -related with Potash Corporation of Saskatchewan.
- g) Analysis of research projects that will be done with the "Institute for R&D Limited" -related with Israel Chemicals Limited.
- h) Analysis of the agreements with local subsidiaries and foreign subsidiaries
- i) Analysis of matters related with the "Sarbanes-Oxley Act" in special section 404.
- j) Analysis of the agreement with PCS Yumbes S.C.M. regarding MOP-G
- k) Analysis of future investments
- l) Approval of minutes of previous meetings

On April 30, 2004, the General Shareholders Meeting agreed to pay a remuneration of UF50 per director per month, independently of the number of meetings of the Committee for the period between May 2004 and April 2005, both included. This remuneration is independent from their compensation as Directors of the Board. On that same meeting, an operational budget for the Committee of UF1,800 was approved.

During the year 2004 the Directors Committee did not incur in consulting expenses.

DIVIDENDS

a) Dividend Policy

In accordance with the matters approved by the General Shareholders Meeting on April 30 2004, the Board of Directors agreed to distribute and pay as the dividend and in favor of its shareholders, an amount equivalent to 50% of the distributable income for the period corresponding to the commercial year 2004.

The above notwithstanding, in a meeting celebrated on March 15 2005, SQM's Board of Directors agreed to propose to the next General Shareholders Meeting the payment of a definitive dividend that, if approved, will be equivalent to 65% of the distributable income for the period corresponding to the commercial year 2004

b) Distributable Income

The distributable income of the Company reported for the period ended December 31 2004 is obtained as described:

	(Th. US\$)
Net Income (Loss)	74,232
Amortization of Negative Goodwill	203
Distributable Income	74,029

c) Dividends

Each Series A Share and Series B Share is entitled to share equally in any dividends declared on the outstanding capital stock of SQM. During the last three years, the Company has reported the following dividends:

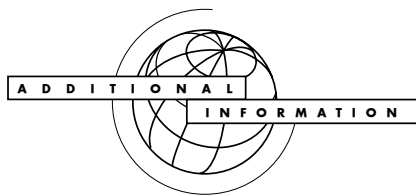
YEAR	DIVIDEND PAID BY STOCK (US\$ CENTS / STOCK)
2002	5,6
2003	7,6
2004	8,8

STOCK INFORMATION

a) RELATED TRANSACTIONS

Purchase and sales of company stock by members of SQM's Board of Directors, Management and main Shareholders during 2004 (price in Chilean pesos).

NAME	BUY	SELL	SERIES	PRICE/STOCK	DATE	AMOUNT TRADED
Soc. de Inv. Cerro Largo	94,130		B	2,480	07/04/04	233,442,400
Contesse Gonzalez Patricio		125,000	B	2,387	26/04/04	298,375,000
Soc. de Inv. Cerro Largo	125,000		B	2,387	26/04/04	298,375,000
Soc. de Inv. Cerro Largo	44,000		B	2,387	27/04/04	105,028,000
Consultoria Legal y Tributaria Araya y Zamorano	30,000		B	2,280	28/04/04	68,400,000
Consultoria Legal y Tributaria Araya y Zamorano	30,000		B	2,350	29/04/04	70,500,000
Consultoria Legal y Tributaria Araya y Zamorano	16,000		B	2,220	08/06/04	35,520,000
Inversiones SQ Holding S.A.	60,000		B	2,220	08/06/04	133,200,000
Soc. de Inv. Cerro Largo	44,000		B	2,218	09/06/04	97,592,000
Soc. de Inv. Cerro Largo	48,000		B	2,275	15/06/04	109,200,000
Soc. de Inversiones El Alba S.A.	27,000		B	2,320	17/06/04	62,640,000
Soc. de Inv. Cerro Largo	20,000		B	2,400	17/06/04	48,002,000
Soc. de Inv. Cerro Largo	74,938		B	2,389	18/06/04	178,993,909
Soc. de Inv. Cerro Largo	30,000		B	2,340	18/06/04	70,200,000
Soc. de Inv. Cerro Largo	24,608		B	2,501	23/06/04	61,544,608
Soc. de Inv. Cerro Largo	5,392		B	2,543	23/06/04	13,710,778
Yarur Elsaca Daniel	55,685		B	2,538	11/08/04	141,321,291
Soc. de Inversiones del Mar Ltda.	250,000		B	2,755	26/08/04	688,750,000
Julio Ponce Zamora	4,100		B	2,800	06/09/04	11,480,000
Inversiones El Boldo Ltda.	101,000		A	2,985	29/09/04	301,485,000
Inversiones El Boldo Ltda.		51,724	A	3,000	14/10/04	155,172,000
Inversiones El Boldo Ltda.		1,100	A	3,235	26/11/04	3,558,500
Inversiones El Boldo Ltda.		1,250,000	A	3,235	26/11/04	4,043,750,000
Soc. de Inv. Cerro Largo	25,000		B	3,470	15/12/04	86,750,000
Inversiones El Boldo Ltda.		9,000,000	A	3,510	20/12/04	31,590,000,000
Ponce Lerou Julio		62,408	B	3,300	21/12/04	205,946,400
Soc. de Inversiones Pampa Calichera		1,191,858	B	3,300	21/12/04	3,933,131,400
Inversiones SQ Holding S.A.		100,000	B	3,300	21/12/04	330,000,000
Inversiones Interchile Ltda,		743,674	B	3,300	21/12/04	2,454,124,200
Soc. de Inversiones Pampa Calichera	6,000,000		A	4,001	23/12/04	24,006,000,000
Inversiones El Boldo Ltda.	501,100		A	3,900	24/12/04	1,954,290,000



b) SQM'S STOCK PRICE AND SALES VOLUMES

SANTIAGO STOCK EXCHANGE

		AVERAGE PRICE (CH\$)		NUMBER OF STOCKS TRADED		AMOUNT TRADED (M CH\$)	
		SQM A	SQM B	SQM A	SQM B	SQM A	SQM B
2002	I Q.	\$ 2,045,2	\$ 1,481,8	1,737,743	8,781,890	\$ 3,737	\$ 13,278
	II Q.	\$ 2,234,1	\$ 1,530,8	7,144,037	14,336,343	\$ 18,629	\$ 21,955
	III Q.	\$ 1,872,1	\$ 1,478,6	986,809	12,769,306	\$ 1,989	\$ 18,624
	IV Q.	\$ 1,748,0	\$ 1,563,3	901,589	15,268,593	\$ 1,580	\$ 24,180
2003	I Q.	\$ 1,700,9	\$ 1,681,2	440,996	10,521,390	\$ 746	\$ 17,800
	II Q.	\$ 2,026,2	\$ 1,901,8	1,063,009	23,405,464	\$ 2,221	\$ 44,434
	III Q.	\$ 2,356,0	\$ 2,330,5	299,633	18,304,723	\$ 725	\$ 41,707
	IV Q.	\$ 2,717,2	\$ 2,616,6	912,962	13,287,116	\$ 2,537	\$ 35,484
2004	I Q.	\$ 2,483,2	\$ 2,428,9	577,222	12,200,649	\$ 1,462	\$ 29,894
	II Q.	\$ 2,477,8	\$ 2,325,9	168,041	18,890,878	\$ 410	\$ 44,980
	III Q.	\$ 2,764,7	\$ 2,678,3	346,401	16,744,396	\$ 659	\$ 45,281
	IV Q.	\$ 3,386,1	\$ 3,265,9	9,163,634	15,931,613	\$ 36,006	\$ 52,196

NYSE

		AVERAGE PRICE (US\$)		NUMBER OF STOCKS TRADED		AMOUNT TRADED (TH US\$)	
		ADR A	ADR B	ADR A	ADR B	ADR A	ADR B
2002	I Q.	\$ 30.7	\$ 22.1	35,000	785,900	\$ 1,097	\$ 17,907
	II Q.	\$ 33.7	\$ 23.2	96,100	653,700	\$ 3,350	\$ 15,144
	III Q.	\$ 26.5	\$ 20.8	10,300	770,500	\$ 283	\$ 15,760
	IV Q.	\$ 24.0	\$ 21.8	20,100	808,400	\$ 490	\$ 17,600
2003	I Q.	\$ 23.0	\$ 23.0	19,400	402,100	\$ 439	\$ 9,358
	II Q.	\$ 29.1	\$ 26.6	202,500	797,400	\$ 6,027	\$ 21,097
	III Q.	\$ 34.3	\$ 33.6	56,600	976,900	\$ 1,937	\$ 32,498
	IV Q.	\$ 43.1	\$ 42.4	136,400	996,400	\$ 5,892	\$ 42,628
2004	I Q.	\$ 42.7	\$ 41.2	21,500	845,600	\$ 917	\$ 34,848
	II Q.	\$ 39.8	\$ 36.9	12,000	933,300	\$ 468	\$ 35,057
	III Q.	\$ 44.2	\$ 42.8	28,100	898,100	\$ 1,289	\$ 38,766
	IV Q.	\$ 55.3	\$ 55.4	54,500	961,100	\$ 3,187	\$ 53,602

OTHER GENERAL INFORMATION

Investment Policies

The Ordinary General Shareholders meeting, celebrated on April 30 2004, authorized SQM S.A. to invest on everything that relates to its business purpose, in the activities and purposes described in the respective by-laws and at the time, amount and within what is necessary to maintain or increment its operations and interests. Accordingly, SQM S.A. can particularly invest in projects that allow to maintain, improve or increase its production capacity, commercialization, startup and diversification of products or markets and in fixed assets or other assets such as stock or rights on partnerships that relate to its business purpose, and that allow it to increase the income, operations or returns of SQM S.A.

The maximum investment limit will be determined by the financing possibilities of the respective investment. The resources needed for that purpose may come from internal sources (Dividend Policies) and external (Financing Policies). Therefore, the maximum investment limit will be determined by the capacity of such investments according to the aforementioned policies. The Company is not subject to any special control in the Investment areas. The latter, independent of the Management's responsibility of aiming for a higher return on those Areas.

Financing Policies

The Ordinary General Shareholders meeting of April 30 2004 established the maximum consolidated debt of SQM S.A. will be determined by the Debt/(Shareholders Equity) ratio of 1.0. This limit can only be exceeded as long as the Management has the previous authorization granted by the respective Extraordinary General Shareholders Meeting.

Infrastructure

The Company, directly or through its subsidiaries, actually owns or has exclusive concession of the assets essential or necessary for the management, extraction, production, processing, mineral transportation and other products that it produces.

Customers and Suppliers

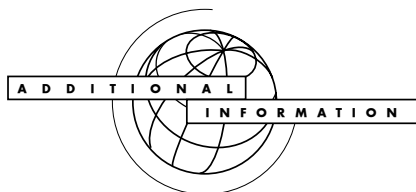
No single customer accounted for more than 4% of SQM S.A. consolidated sales. In the same manner, SQM S.A. has not entered into contracts with suppliers that, individually considered, accounts for more than 5% of SQM S.A. consolidated sales.

Insurance

The insured assets are the totality of the productive plants, machinery, vehicles, offices, supplies, processed products, end products, in transit securities and strike problems. It is an all-risk coverage.

Contracts

SQM's productive facilities in the north of Chile were connected to the northern power grid, SING -Sistema Interconectado del Norte Grande- with the purpose of reducing power generation related costs. As a result, there exist long term supply contracts with two electric power companies: Electroandina S.A. and Norgener S.A. Additionally, we replaced the fuel oil used in heat generation and in fusion processes by connecting our facilities to international natural gas pipelines, for which there is also a long term supply contract. We believe that the terms and conditions of these contracts are standard for the industry.



The following table describes the main agreements:

AGREEMENT DESCRIPTION	DUE DATE	COMPANY
50 and 60 HZ Electrical Energy Supply	February 12, 2009	ELECTROANDINA S.A.
Electricity Supply	July 31, 2017	NORGENER S.A.
50 HZ Electrical Energy Supply	January 31, 2013	NORGENER S.A.
Natural Gas Supply	May 21, 2011	DISTRINOR S.A.

SQM maintains contracts with clients in its different business areas. These agreements can be of a varied nature depending on the industry conditions, clients, the amounts involved and the prevailing conditions in the markets at the time of the agreement signature. With the exception of the joint venture agreement with Yara International ASA, through which the Company reached US\$32 million during 2004 -equivalent to 4% of consolidated revenues- no single customer accounted for more than 2% of the consolidated revenues, and the ten biggest customers accounted in the aggregate for less than 13% of these revenues during 2004.

In addition, during the normal course of business, SQM has entered into different contracts -some of which have been described herein- basically related to its productive and commercial operations. All of these contracts are standard for this type of industry and none of them is expected to have a material effect on the Company's results of operations.

Brands and Patents

The company owns the brands it utilizes for its products, it has also registered its own and exclusive productive processes used in the productive areas. The Company does not hold any contracts for the utilization of brands, processes or others.

Financial Assets

The financial assets of the Company are mainly constituted by readjustable time deposits in first category banks.

Risk Factors

a) Exchange rates.

Although the U.S. dollar is the primary currency in which SQM transacts its businesses, its operations throughout the world expose the Company to exchange rate variations for non-U.S. dollar currencies. Therefore, fluctuations in the exchange rate of such local currencies may affect SQM's financial condition and results of operations. To lessen these effects, SQM maintains forward contracts to protect the net difference between its principal assets and liabilities for currencies other than the U.S. dollar, from fluctuations in exchange rates. These contracts are renewed monthly depending on the amount to cover in each currency. SQM does not hedge potential future income and expenses in currencies other than the U.S. dollar with the exception of the Euro and Chilean peso.

b) Fuels and energy prices:

The main commodities that the company uses are oil, natural gas and energy in all of its forms. The company does not have any kind of contract that covers international price variations, but it does have long-term contracts for energy supply.

Legal Constitution

The Company was constituted in public legal writing with date June 17 1968 before the Santiago Notary Mr. Sergio Rodríguez Garcés. The extract of the said writing was inscribed in fojas 4533 N° 1991 with date June 29 1968 on the official Commerce Register of Santiago.

Its existence was approved through Supreme Decree N°1164 of the State Department of Chile of June 22 1968, which was equally inscribed on June 29 of the same year on the official Commerce Register of Santiago in fojas 4537 N° 1992 and was noted at the margin of the social inscription.

The extract of the legal constitution writing, approved by the Superintendencia de Compañías de Seguros, Sociedades Anónimas y Bolsas de Comercio and the Supreme decree that authorized the existence of the Company were published in the Official Paper N° 27080 of June 29 1968.

Participation of Major Shareholders

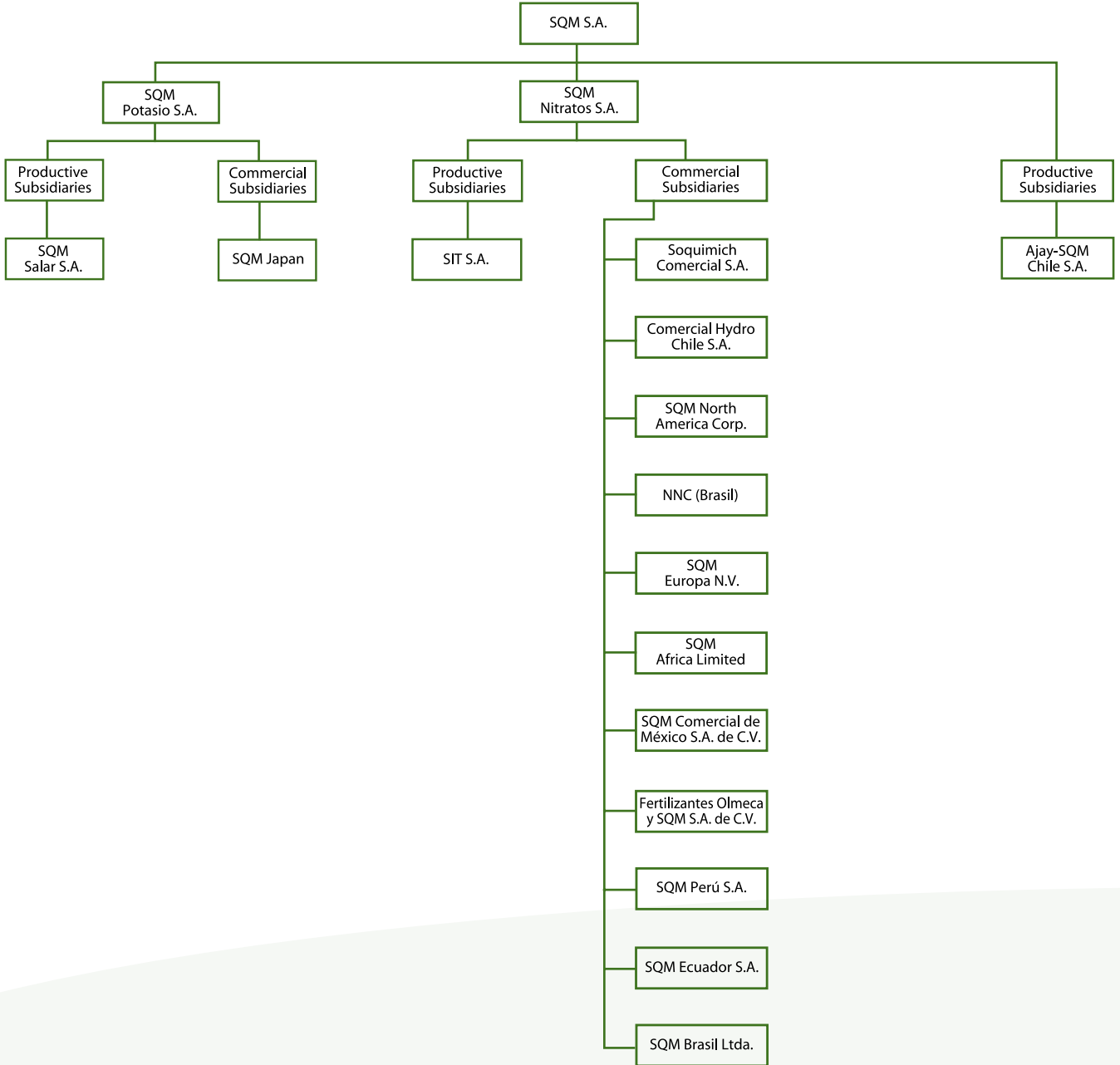
The Company has been informed that the Canadian company Potash Corporation of Saskatchewan Inc. ("PCS") indirectly controls 100% of Inversiones el Boldo Limitada's stock, and 100% of Inversiones RAC Limitada's stock. Therefore PCS indirectly owns 24.99% of SQM's stock.

The Company has also been informed -i- that Mr. Julio Ponce L. and related persons control Inversiones SQ Holding S.A. through the beneficial ownership of 100% of its stock and -ii- that Inversiones SQ Holding S.A. with Yara International ASA own Inversiones SQYA S.A. through the beneficial ownership of, respectively, 51% and 49% of its stock. Inversiones SQYA S.A. owns directly and indirectly 24.96% of SQM's stock.

The above, considering that Inversiones SQYA S.A. -i- controls Norte Grande S.A. through the beneficial ownership of 89.47% of its stock -ii- that Norte Grande S.A. controls Sociedad de Inversiones Oro Blanco S.A. through the beneficial ownership of 77.76% of its stock -iii- that Sociedad de Inversiones Oro Blanco S.A controls Sociedad de Inversiones Pampa Calichera S.A. through the beneficial ownership of 66.67% of its stock and -iv- that Sociedad de Inversiones Pampa Calichera S.A. owns directly and indirectly 22.63% of SQM's stock. Additionally, Inversiones SQYA S.A. directly owns 2.34% of SQM's stock.

Taking into account the ownership structure of the stockholders, the Company does not have a controlling entity.

Corporate Structure



Essential Issues

1- On March 19, 2004, the Company informed the Superintendency of Securities and Insurance that the Board of Directors of SQM, at its meeting dated March 16, 2004, unanimously agreed to propose payment of a final dividend of US\$ 0.08811 per share in favor of SQM's shareholders that were registered in the respective registry during the fifth working day prior to the payment of this dividend.

This proposal was approved by the Company's shareholders at their meeting held on April 30, 2004, thus allowing the Company to pay and distribute, as stated in the respective Dividend Policy, an annual dividend equivalent to 50% of the net profits obtained during 2003.

2- On April 30, 2004, the Company held a general shareholders' meeting. At this meeting, a majority of the Company's shareholders, agreed the following issues, among others:

a) The shareholders approved the distribution and payment of a final and total dividend of Ch\$ 55.05465 per share. The payment of this dividend was agreed in one single installment on May 12, 2004 with a charge to 2003 income.

b) The shareholders approved the payment of UF 50 to each member of the Directors Committee regardless of the number of meetings that this Committee holds during the respective month. In addition, they approved the implementation of an annual budget for the operating expenses of this Committee and their advisors of UF 1,800.

c) The shareholders approved the Director's fees to be paid to the Company's directors during the next twelve months.

3- On May 12, 2004, the SVS was informed that Sociedad Química y Minera de Chile S.A. and Distrinor signed a firm commitment for natural gas supply on May 22, 2001. In virtue of this Contract, Distrinor is obligated to supply and sell SQM S.A. all the gas it requires for heat generation at its plants for a 10-year period starting June 1, 2001.

Distrinor informed SQM that, starting May 12, 2004 and for the rest of that month, it would reduce the supply of gas delivered to SQM. Distrinor also informed SQM that supplies of natural gas would gradually stabilize in June and July, as long as the limits imposed by Argentine authorities remained as was.

4- On August 13, 2004, SQM S.A. transferred 653,748,837 shares of Inmobiliaria San Patricio to Blue Circle South American Holding S.A., which was the totality of the shares held by SQM S.A. (14.05% participation). This transfer was performed in accordance with the contract for acquiring shares of Empresas Melón during 1998. The effect on income is presented as part of the gain from the sale of Empresas Melón.

5- On August 18, 2004, 653,748,837 shares of Empresas Melón S.A. were sold in a public auction in the Santiago Stock Market, which was the totality of the shares held by SQM S.A. (14.05% participation), for ThUS\$69,337, paid in cash on the same date. As a result of this sale, a gain before taxes of ThUS\$8,179 was recognized in income as of December 31, 2004.

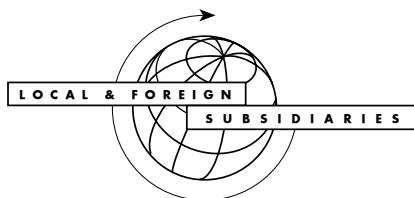
6- On December 23, 2004, SQM S.A. and its subsidiary SQM Nitratos S.A., as purchaser, signed a contract with Inversiones PCS Chile Ltda. and 628550 Saskatchewan Inc., both subsidiaries of Potash Corporation of Saskatchewan Inc., as sellers, to purchase all of seller's investments in PCS Yumbes SCM for ThUS\$35,000.



Local and Foreign Subsidiaries

Local Subsidiaries	120
Foreign Subsidiaries	121





LOCAL SUBSIDIARIES AND AFFILIATES

SQM Nitratos S.A.:

Capital: US\$ 137,942,236
 Ownership: 99.99999782% SQM S.A.
 0.00000218% Other non related
 Board of Directors: Patricio de Solminihac T.
 Patricio Contesse G.*
 Camila Merino C.
 Ricardo Ramos R.
 Jaime San Martín L.
 Corporate Purpose: Production and sales of fertilizers
 CEO: Patricio Contesse G.*
 Relationship to Headquarters: Of property. Maintains with it a market bank account and rents industrial facilities
 Address: El Trovador 4285
 Phone: (2) 425 2000
 Fax: (2) 425 2268

Servicios Integrales de Tránsito y Transferencias:

Capital: US \$ 9,873,573
 Ownership: 99.99966% SQMN S.A.
 0.00034% SQM S.A.
 Corporate Purpose: Transportation and storage of products.
 Board of Directors: Eugenio Ponce L.
 Patricio Contesse G.*
 Patricio de Solminihac T.
 Maurice Le-Fort R.
 Camila Merino C.
 Patricio Contesse G.*
 CEO: Patricio Contesse G.*
 Relationship to Headquarters: Basically of property.
 Address: Arturo Prat N° 1060, Tocopilla.
 Phone: (55) 414452
 Fax: (55) 414488

Ajay-SQM Chile S.A.:

Capital: US \$5,313,794
 Ownership: 51% SQM S.A.
 49% Other non related
 Corporate Purpose: Iodine Processing
 Board of Directors: Eugenio Ponce L.
 Daniel Jiménez S.
 Alan Shipp
 Charles Pittard
 Patricio Covarrubias G.
 CEO: Patricio Covarrubias G.
 Relationship to Headquarters: Basically of property.
 Address: Avda Pde. Eduardo Frei N° 4900, Santiago.
 Phone: (2) 443 7110
 Fax: (2) 443 7114

Soquimich Comercial S.A.:

Capital: US\$ 48,066,244
 Ownership: SQMN S.A. 60.64%
 SQM S.A. 0.0000004%
 Other non related 39.36%
 Corporate Purpose: Commercialization and distribution of fertilizers
 Board of Directors: Julio Ponce L*
 Eugenio Ponce L.
 Andrés Rojas S.
 Avi Milstein*
 Ricardo Ramos R.
 Bernard Descazeaux A.
 CEO: Bernard Descazeaux A.
 Relationship to Headquarters: Basically of property.
 Address: El Trovador 4285
 Phone: (2) 425 2525
 Fax: (2) 425 2268

SQM Salar S.A.:

Capital: US\$ 38,000,000
 Ownership: 81.82% SQM Potasio S.A.
 18.18% SQM S.A.
 Corporate Purpose: Exploitation and commercialization of potassium boron, lithium and other products.
 Board of Directors: Patricio De Solminihac T.
 Maurice Le-Fort R.
 Camila Merino C.
 Ricardo Ramos R.
 Jaime San Martín L.
 Patricio Contesse G.*
 CEO: Patricio Contesse G.*
 Relationship to Headquarters: Basically of property.
 Address: El Trovador 4285
 Phone: (2) 425 2000
 Fax: (2) 425 2268

SQM Potasio S.A.:

Capital: US \$ 39,020,000
 Ownership: 99.9974% SQM S.A.
 0.0026% SQMN S.A.
 Corporate Purpose: Extraction of Minerals for the manufacture of chemical agents and fertilizers
 Board of Directors: Patricio de Solminihac T.
 Maurice Le-Fort R.
 Eugenio Ponce L.
 Ricardo Ramos R.
 Jaime San Martín L.
 Patricio Contesse G.*
 CEO: Patricio Contesse G.*
 Relationship to Headquarters: Basically of property.
 Address: El Trovador 4285
 Phone: (2) 425 2000
 Fax: (2) 425 2268

Institución de Salud Previsional Norte Grande Ltda.:

Capital: US \$313,010
 Ownership: 99% SQMN S.A.
 1% SQM S.A.
 Corporate Purpose: Manage health matters for SQM S.A. and its subsidiaries.
 CEO: Miliiza Sagua G.
 Relationship to Headquarters: Basically of property.
 Address: Aníbal Pinto N° 3228, Antofagasta.
 Phone: (55) 412621
 Fax: (55) 412632

Almacenes y Depósitos Ltda.:

Capital: US \$ 1,393,677
 Ownership: 99% SQM Potasio S.A.
 1% SQM S.A.
 Corporate Purpose: Technology and Research Development
 CEO: Patricio Contesse G.*
 Relationship to Headquarters: Basically of property.
 Address: El Trovador 4285
 Phone: (2) 425 2000
 Fax: (2) 425 2268

PROINSA LTDA.:

Capital: US \$ 59,255
 Ownership: 99.9% SQMC S.A.
 0.1% Other non related
 Corporate Purpose: Commercialization and production of fertilizers
 CEO: Bernard Descazeaux A.
 Relationship to Headquarters: Basically of property.
 Address: El Trovador 4285
 Phone: (2) 425 2525
 Fax: (2) 425 2268

(*) CEO or Director of SQM S.A.

SQMC Internacional LTDA.:

Capital: US \$ 820,077
 Ownership: 99.7423% SQMC S.A.
 0.2577% Proinsa Ltda.
 Corporate Purpose: Commercialization, importation and exportation of fertilizers
 CEO: Bernard Descazeaux A.
 Relationship to Headquarters: Basically of property.
 Address: El Trovador 4285
 Phone: (2) 425 2525
 Fax: (2) 425 2268

Comercial Hydro S.A.:

Capital: US \$ 1,819,140
 Ownership: 99.9999% SQMC S.A.
 0.0001% SQMC Internacional Ltda.
 Corporate Purpose: Commercialization and importation of fertilizers
 CEO: Bernard Descazeaux A.
 Relationship to Headquarters: Basically of property.
 Address: El Trovador 4285
 Phone: (2) 425 2525
 Fax: (2) 425 2268

Asoc. Garantizadora de pensiones:

Capital: \$ 1,170
 Ownership: 3.311662% SQM S.A.
 96.688338% Others non related.
 Corporate Purpose: Pension payment according to law 4.055. Accident at work
 CEO: Celso Nuñez Salgado
 Relationship to Headquarters: Basically of property.
 Address: Ahumada 312 Of. 523 Santiago
 Phone: (2) 696 4400
 Fax: (2) 696 4400

Sales de Magnesio Ltda.:

Capital: US \$ 188,259
 Ownership: 50% SQM Salar S.A.
 50% Others non related.
 Corporate Purpose: Commercialization of magnesium salts
 CEO: José Tomás Ovalle
 Relationship to Headquarters: Basically of property.
 Address: Sector La Negra Lotes 1 y 2 Antofagasta
 Address (Sales): El Trovador 4285
 Phone: (2) 425 2428
 Fax: (2) 425 2434

FOREIGN SUBSIDIARIES AND AFFILIATES**SQM Comercial de México, S.A. de C.V.:**

Capital: US\$ 27,805
 Ownership: 99% SQM Potasio S.A.
 1% SQM S.A.
 Corporate Purpose: Import, export and commercialization of fertilizers
 CEO: Jaime Contesse González
 Relationship to Headquarters: Basically of property
 Address: Calle Industria Eléctrica s/n, Lote 30, Manzana A, Parque Industrial Bugambilias CP 45680, Tlajomulco de Zúñiga, Jalisco, México
 Phone: (52-33) 35401100
 Fax: (52-33) 35401101

SQM Argentina SRL:

Capital: US\$ 1,656,500
 Ownership: 99.96% SQM INVESTMENT CORP.
 0.04% SQMN S.A.
 CEO: Carlos Balter
 Legal Representative: Baker & Mc Keinzie
 Corporate Purpose: Import, export and commercialization of fertilizers, saltpepper, iodine, iodized salts, sodium sulfate, potassium nitrate and all class of supplies for agriculture and industry
 Relationship to Headquarters: Basically of property
 Address: Espejo 65, Oficina 6, 5500 Mendoza
 Phone: 54 261 434 0301
 Fax: 54 261 434 0301

SQM Perú:

Capital: US\$ 17,427
 Ownership: 0.98% SQM S.A.
 99.02% SQMN S.A.
 CEO: Mauricio Campos C.
 Board of Directors: Jaime Contesse González
 Claudio Alejandro Morales Godoy
 José Labarca Montalbán
 Corporate Purpose: Commercialization of agricultural and industrial supplies
 Relationship to Headquarters: Basically of property.
 Address: Emilio Cavenecia N° 225 Of 608 - 612, San Isidro, Lima Perú.
 Phone: (511) 222 1221
 Fax: (511) 222 1245

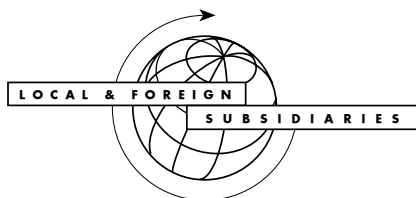
Fertilizantes Olmeca y SQM S.A. de C.V.:

Capital: US\$ 3,597,290
 Ownership: 21.71% SQM Comercial de México S.A. de C.V.
 78.29% SQMN S.A.
 Corporate Purpose: Import, export and commercialization of fertilizers
 Board of Directors: Frank Biot (President)
 Carlos Díaz Ortiz
 Jaime Contesse González
 Christian Luders Muñoz
 CEO: Christian Luders Muñoz
 Relationship to Headquarters: Basically of property
 Address: Antiguo camino a Xochimehuacan N° 7422 La Loma, Puebla México
 Phone: (52-222) 220 1719
 Fax: (52-222) 220 0525

SQM Europe N.V.:

Capital: US\$3,373,407
 Ownership: 100 % S.E.H.
 Corporate Purpose: Commercialization of fertilizers and technical products in Europe, Africa, Middle and Far East
 Board of Directors: Julio Ponce L.*
 Eugenio Ponce L
 Patricio de Solminiñac
 Camila Merino C
 Daniel Jimenez
 Frank Biot
 CEO: Frank Biot
 Relationship to Headquarters: Basically of property
 Address: Sint Pietersvliet 7 bus 8, 2000 Amberes, Belgium
 Phone: 32-3-2039700
 Fax: 32-3-2312782

[*] CEO or Director of SQM S.A.



SQM North American Corporation:

Capital: US \$30,140,100
 Ownership: 51% SQMN S.A.
 40% SQM S.A.
 9% S.E.H.

Corporate Purpose: Commercialization of nitrates, boron, iodine and lithium in North America, Central America and the Caribbean.

CEO: Ignacio Ruiz
 Board of Directors: Julio Ponce L.*
 Patricia Contesse G.*
 Eugenio Ponce I
 Ricardo Ramos R
 Matías Astaburuaga S.

Relationship to Headquarters: Basically of property.
 Address: 3101 Towercreek pkwy, suite 450
 Atlanta, GA 30339
 Phone: 1-770-916-9417
 Fax: 1-770-916-9401

SQM Brasil Ltda.:

Capital: US\$ 1,560,000
 Ownership: 98.77% SQMN S.A.
 1.23% SQM S.A.

Corporate Purpose: Commercialization of Chemical products and Fertilizers
 Legal Representatives: Sampaio's law firm

Relationship to Headquarters: Basically of property.
 Address: Al. Tocantins 75, 6 Andar, Edif. West Gate, Alphaville, Barueri, CEP 06455-020, Sao Paulo, Brasil
 Phone: (55-11) 4133.7200
 Fax: (55-11) 4133.7203

Nitratos Naturais do Chile Ltda.:

Capital: US\$ 202,567
 Ownership: 99.9999% SQMN S.A.
 0.0001% SQM Brasil Ltda.

Corporate Purpose: Commercialization of agricultural and industrial supplies.

Legal Representatives: Sampaio's law firm

Relationship to Headquarters: Basically of property.
 Address: Al. Tocantins 75, 6 Andar, Edif. West Gate, Alphaville, Barueri, CEP 06455-020, Sao Paulo, Brasil
 Phone: (55-11) 4133.7200
 Fax: (55-11) 4133.7203

SQM Ecuador S.A.:

Capital: US\$ 900
 Ownership: 99.996% SQMN S.A.
 0.004% SQM S.A.

Corporate Purpose: Commercialization of agricultural and industrial supplies.

CEO: Pablo E. Venezián A.

Relationship to Headquarters: Basically of property.
 Address: Ave. José Orrantía y Ave. Juan Tanca Marengo Edificio Executive Center Piso 3 Oficina 303 (frente al Mall del Sol) Guayaquil - Ecuador
 Phone: (593-4) 228 5868 - 228 5802
 Fax: (593-4) 269 0630

Royal Seed Trading A.V.V.:

Capital: US\$ 6,000
 Ownership: 1.67% SQM S.A.
 98.33% SQM Potasio S.A.

Corporate Purpose: Investment and commercialization of goods
 CEO: CMS Corporate Magnament Services N.V.

Relationship to Headquarters: Basically of property.
 Address: Caya Ernesto O.Petronia 17, Oranjestad, Aruba.
 Fax: 297-8-26548

SQM Corporation N.V.:

Capital: US \$ 6,300
 Ownership: 98.39683% SQMN S.A.
 1.58730% SQI Corporation N.V.
 0.01587% SQM S.A.

Corporate Purpose: Investment in goods
 CEO: N.V. Interpark

Relationship to Headquarters: Basically of property.
 Address: Plaza Jojo Correa 1-5, P.O.Box 897, Willemstad, Curacao, Dutch Antilles.
 Phone: (59) (99) 612544
 Fax: (59) (99) 612647

SQI Corporation N.V.:

Capital: US \$ 6,300
 Ownership: 99.9841% SQM Potasio S.A.
 0.0159% SQM S.A.

Corporate Purpose: Investment in goods.
 CEO: N.V. Interpark

Relationship to Headquarters: Basically of property.
 Address: Plaza Jojo Correa 1-5, P.O.Box 897, Willemstad, Curacao, Dutch Antilles.
 Phone: (59) (99) 612544
 Fax: (59) (99) 612647

R-S Agro Chemical Trading A.V.V.:

Capital: US\$ 6,000
 Ownership: 1.67% SQM S.A.
 98.33% SQM Potasio S.A.

Corporate Purpose: Investment and commercialization of goods
 CEO: CMS Corporate Magnament Services N.V.

Relationship to Headquarters: Basically of property.
 Address: Caya Ernesto O.Petronia 17, Oranjestad, Aruba.
 Fax: 297-8-26548

SQM Investment Corporation N.V.:

Capital: US\$ 50,000
 Ownership: 99.00% SQM Potasio S.A.
 1.00% SQM S.A.

Corporate Purpose: Investment and commercialization in goods
 CEO: N.V. Interpark

Relationship to Headquarters: Basically of property
 Address: Plaza Jojo Correa 1-5, P.O.Box 897, Willemstad, Curacao, Dutch Antilles
 Phone: (59) (99) 612544
 Fax: (59) (99) 612647

Administradora y Serv. Santiago:

Capital: US\$ 6,612
 Ownership: 99.998% SQMN S.A.
 0.002% SQM North American C.

Corporate Purpose: To lend services
 CEO: Sergio Diaz Monje

Relationship to Headquarters: Basically of property.
 Address: Calle Industria Eléctrica s/n, lote 30, Manzana A Parque Industrial Bugambilas CP 45645, Tlajomulco de Zúñiga, Jalisco, México
 Phone: (52-33) 35401100
 Fax: (52-33) 35401101

[*] CEO or Director of SQM S.A.

Agricolima S.A.:

Capital: US\$ 14,715
 Ownership: 100% SQM Comercial de México S.A. de C.V.
 Corporate Purpose : Management of goods
 CEO: Sergio Diaz Monje
 Relationship
 to Headquarters: Basically of property.
 Address: Calle Industria Eléctrica s/n, Lote 30, Manzana
 A Parque Industrial Bugambilias CP 45645,
 Tlajomulco de Zúñiga, Jalisco, México
 Phone: (52-33) 35401100
 Fax: (52-33) 3540110

Nitrate Corporation of Chile Limited:

Capital: US\$ 5,760,000
 Ownership: 100% SQMN S.A.
 Corporate Purpose: Commercialization of nitrates and chilean iodine
 Relationship
 to Headquarters: Basically of property.
 Fax: (44) (58) 2763546

Fertilizantes Naturales S.A.:

Capital: US\$ 163,724
 Ownership: 25% Soquimich European Holding
 50% Nutrisi Holding
 25% Others non related
 Corporate Purpose : Commercialization of fertilizers and technical
 products
 CEO: Jorge Lutken
 Relationship
 to Headquarters: Basically of property.
 Address: Provenza 251 Principal Pra. CP 08008 Barcelona
 Phone: 34 93 4877806
 Fax: 34 93 4872344

PTM SQM Ibérica S.A.:

Capital: US\$ 299,536
 Ownership: 100% Soquimich European Holding
 Corporate Purpose: Commercialization of agricultural and industrial
 supplies.
 CEO: Jorge Lutken
 Relationship
 to Headquarters: Basically of property.
 Address: Provenza 251 Principal Pra. CP 08008 Barcelona
 Phone: 34 93 4877806
 Fax: 34 93 4872344

SQM Africa :

Capital: US\$ 4
 Ownership: 100% Soquimich European Holding
 Corporate Purpose : Commercialization of fertilizers in Sub-Sahara
 CEO: A. Gregory, F. Biot, P. Van Coillie
 Relationship
 to Headquarters: Basically of property.
 Address: Block B, Bryanston Ridge office Park Cnr Main &
 Bruton Roads, Bryanston Johannesburg,
 South Africa
 Phone: 00 27 11 453 7867
 Fax: 00 27 11 463 3340

North American Trading Co.:

Capital: US\$ 338,124
 Ownership: 100% SQM North American C.
 Corporate Purpose: Investment and commercialization of goods
 CEO: Ignacio Ruiz
 Relationship
 to Headquarters: Basically of property.
 Address: 3101 Towercreek Pkwy Suite 450 Atlanta,
 GA 30339
 Phone: (770) 916 9400
 Fax: (770) 916 9401

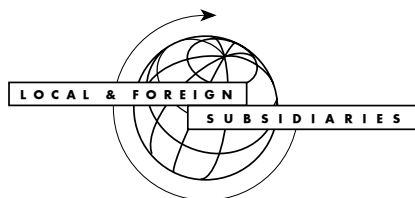
Soquimich European Holding B.V.:

Capital: US\$ 6,337,643
 Ownership: 100% SQM Corp. N.V.
 Corporate Purpose: Holding company
 CEO: Frank Biot
 Relationship
 to Headquarters: Basically of property.
 Address: Drentestraat 24 BG, NL 1083 HK Amsterdam,
 The Netherlands
 Phone: 00 31 10
 Fax: 00 31 10

SQM Italia SRL:

Capital: US\$ 347,336
 Ownership: 100% Soquimich European Holdings
 Corporate Purpose: Commercialization of industrial products in Italy
 CEO: Frank Biot
 Relationship
 to Headquarters: Basically of property.
 Address: Via A. Meucci, 5
 50015 Grassina - Firenze Italy
 Phone: 00 39 55 644 418
 Fax: 00 39 55 644 419

[*] CEO or Director of SQM S.A.



SQM Japon Co. Ltda.:

Capital: US\$ 87,413
 Ownership: 99% SQM Potasio S.A.
 0.1% SQM S.A.
 Corporate Purpose: Commercialization of Industrial products in Asia/Oceania and marketing assistance of Fertilizer in Japan.
 CEO: Mayo Shibazaki
 Relationship to Headquarters: Basically of property.
 Address: From 1st. Bldg. # 207, 5-3-10 Minami-Aoyama, Minato-ku, Tokyo 107-0062 JAPAN
 Phone: 81-3-5778-3311
 Fax: 81-3-5778-3312

SQM Nitratos México S.A.:

Capital: US\$ 5,636
 Ownership: 51% SQMN S.A.
 49% Others non related
 Corporate Purpose: To lend services
 CEO: Sergio Diaz
 Relationship to Headquarters: Basically of property.
 Address: Calle Industria Eléctrica s/n, Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Tlajomulco de Zúñiga, Jalisco, México
 Phone: (52-33) 35401100
 Fax: (52-33) 35401101

SQM Oceania PTY:

Capital: US\$ 2
 Ownership: 100% Soquimich European Holding
 Corporate Purpose: Import, export and distributes industrial products and fertilizers
 CEO: Patricio Tellechea Nuñez
 Relationship to Headquarters: Basically of property.
 Address: Level 15, 321 Kent ST. Sydney, NSW CP. 2000
 Phone: 61 412 558911
 Fax: 61 293 479221

SQM Eastmed Turkey:

Capital: US\$ 500,000
 Ownership: 50% Soquimich European Holdings
 50% Others non related
 Corporate Purpose: Production of solid and liquid specialty fertilizers
 CEO: Ali Özman
 Relationship to Headquarters: Basically of property.

SQM Venezuela S.A.:

Capital: US\$ 62,170
 Ownership: 50% SQMN S.A.
 50% SQM North American C.
 Corporate Purpose: Commercialization of agriculture and industrial supplies
 CEO: Pedro A. Lopez B.
 Relationship to Headquarters: Basically of property.
 Address: Urb. El Pedregal Av. Terepaima, Edif. Dalfa, Piso 2 Ofic 21-C Barquisimeto - Estado Lara Venezuela
 Phone: 58-251 254 7240/254 6639
 Fax: 58-251 254 7240

SQM Virginia LLC:

Capital: US\$ 33,375,305
 Ownership: 100% SQM North American C.
 Corporate Purpose: Investment and commercialization of goods
 CEO: Ignacio Ruiz
 Relationship to Headquarters: Basically of property.
 Address: 3101 Towercreek Pkwy Suite 450 Atlanta, GA 30339
 Phone: (770) 916 9400
 Fax: (770) 916 9401

SQMC Holding:

Capital: US\$ 3,000,000
 Ownership: 99.9% SQM North American C.
 0.1% SQM S.A.
 Corporate Purpose: Investment and commercialization of goods
 CEO: Ignacio Ruiz
 Relationship to Headquarters: Basically of property.
 Address: 3101 Towercreek Pkwy Suite 450 Atlanta, GA 30339
 Phone: (770) 916 9400
 Fax: (770) 916 9401

Abu Dhabi Fertilizer Industries Co. W.L.L.:

Capital: AED 5,300,000
 Ownership: 37% SQM Corp.
 63% Others non related
 Corporate Purpose: Commercialization of fertilizers in Middle East
 CEO: Yousef Al Tawil
 Relationship to Headquarters: Basically of property.
 Address: Po Box 71871 Abu Dhabi United Arab Emirates
 Phone: 00 971 255 11700
 Fax: 00 971 255 11702

[*] CEO or Director of SQM S.A.

Ajay Europe SARL:

Capital: US\$ 650,000
 Ownership: 50% SQM Corp.
 50% Ajay Chemicals SRL
 Corporate Purpose : Production and distribution of Iodine derivatives
 CEO: Alan Shipp
 Relationship
 to Headquarters: Basically of property.
 Address: 1.400 Indstry RD Power Springs GA 30129
 Phone: 1 (770) 943 6202
 Fax: 1 (770) 439 0369

Ajay North America L.L.C.:

Capital: US\$ 13,766,058
 Ownership: 49% SQMC Holding
 51% Other non related
 Corporate Purpose : Production and distribution of Iodine derivatives
 CEO: Alan Shipp
 Relationship to Headquarters:
 Basically of property.
 Address: 1.400 Indstry RD Power Springs GA 30129
 Phone: 1 (770) 943 6202
 Fax: 1 (770) 439 0369

Doktor Tarsa Tarim Sanayi A.S.:

Capital: US\$ 867,481
 Ownership: 50% Soquimich European Holding
 50% Others non related
 Corporate Purpose : Commercialization of fertilizers in Turkey
 CEO: Ali B. Ozman
 Relationship
 to Headquarters: Basically of property.
 Address: Tarim Sanayi Ve Ticaret A.S. Karsiyaka Mah.
 Yildirim Beyazit Cad. No 52 Antalya Turkey
 Phone: 00 90 242 32 66 866
 Fax: 00 90 242 32 66 860

Impronta SRL:

Capital: Eur 50,000
 Ownership: 50% Soquimich European Holding
 50% Hydro Agri Italia
 Corporate Purpose : Commercialization of fertilizers in Italy
 CEO: Y. Nitzani
 Relationship
 to Headquarters: Basically of property.
 Address: Via A. Meucci 5
 50015 Grassina - Firenze Italy
 Phone: 00 39 55 644 418
 Fax: 00 39 55 644 419

Nutrisi Holding:

Capital: Eur 570,155
 Ownership: 50% Soquimich European Holding
 50% Eurocil (ICL)
 Corporate Purpose : Holding company
 CEO: P. Vanbeneden
 Relationship
 to Headquarters: Basically of property.
 Address: St Pietersvliet 7 bus 8
 2000 Antwerpen Belgium
 Phone: 00 32 3 203 97 00
 Fax: 00 32 3 231 27 82

NU3 N.V.:

Capital: Eur 12,995,963
 Ownership: 50% Nutrisi Holding
 50% Hydro Agri Rotterdam
 Corporate Purpose : Production of solid an liquid specialty fertilizers
 CEO: P. Vanbeneden
 Relationship
 to Headquarters: Basically of property.
 Address: St Pietersvliet 7 bus 8
 2000 Antwerpen Belgium
 Phone: 00 32 3 203 97 00
 Fax: 00 32 3 203 97 69

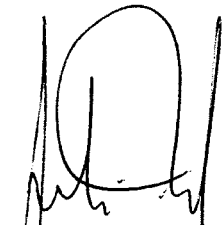
Misr Specialty Fertilizers:

Capital: EGP 35,000,000
 Ownership: 47.9% Soquimich European Holding
 47.49% Nork Hydro Holland B.V.
 6.02% Others non related
 Corporate Purpose : Production of solid an liquid specialty fertilizers
 CEO: Will be define during 2005
 Relationship
 to Headquarters: Basically of property.

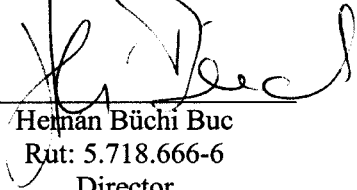
[*] CEO or Director of SQM S.A.

LIABILITY STATEMENT

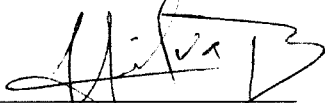
SQM S.A. Directors and Chief Executive Officer, hereby declare that we have performed our respective duties of Administrators and of Main Executive of the Company in compliance with the practices generally applied for these duties in Chile and, pursuant to that, we hereby declare, liable under oath, that the information provided in this Annual Report 2004 is true and we assume the responsibilities that may arise from this statement.



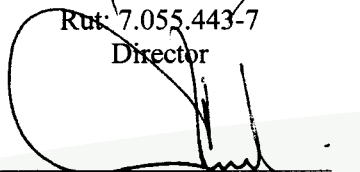
Julio Ponce Lerou
Rut: 4.250.719-9
Presidente



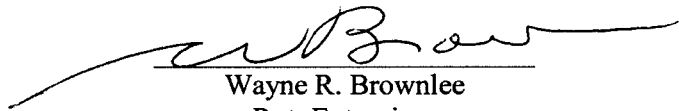
Herman Büchi Buc
Rut: 5.718.666-6
Director



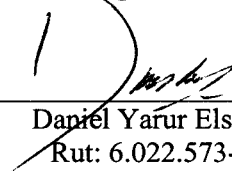
José Antonio Silva
Rut: 7.055.443-7
Director



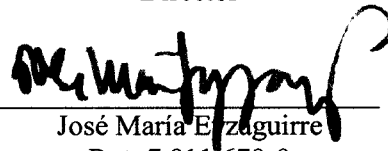
Patricio Contesse González
Rut: 6.356.264-5
Gerente General



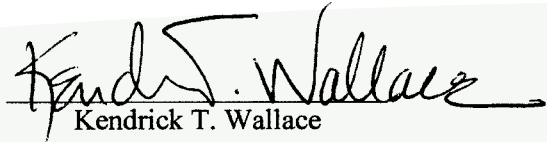
Wayne R. Brownlee
Rut: Extranjero
Vicepresidente



Daniel Yarur Elsaca
Rut: 6.022.573-7
Director



José María Elizaguirre
Rut: 7.011.679-0
Director



Kendrick T. Wallace
Rut: Extranjero
Director

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Fax

(56-2) 425 24 93

P.O. Box

96D - Santiago, Chile

Web Page

www.sqm.com

Tax Number

93.007.000-9

External Auditors

Ernst & Young (Chile) Limitada

Rating Agencies

Fitch Chile Clasificadora de Riesgo Ltda.

Feller & Rate Clasificadora de Riesgo Ltda.

Chilean stock exchange ticker symbol

“SQM-A” for Series A shares

“SQM-B” for Series B shares

NYSE ticker symbol

“SQMA” for Series A ADRs

“SQM” for Series B ADRs

Depository Bank

The Bank of New York

Shareholder Relations

P.O. Box 11258

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New York, NY 10286-1258

1-888-BNY-ADRS (269-2377) (Toll free)

1-610-312-5315 (International)

shareowner-svcs@bankofny.com

Desing and Production

Espacio Vital

www.espaciovital.cl

Printing

Ograma S.A.

Photography

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Enrique Siqués

