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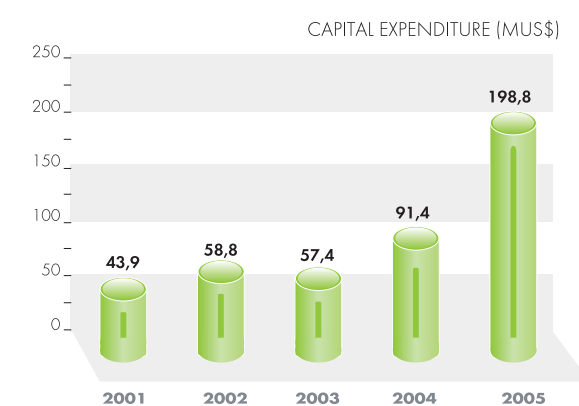
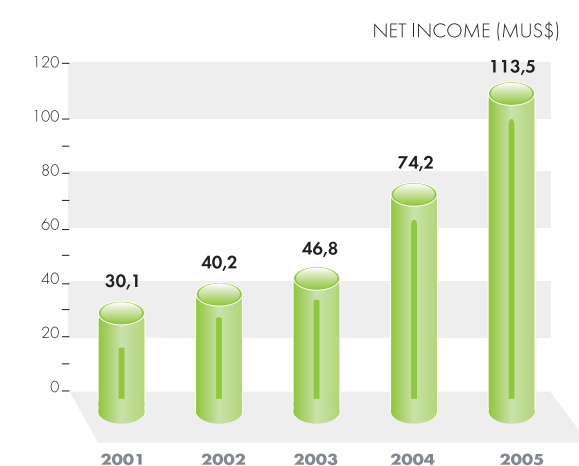
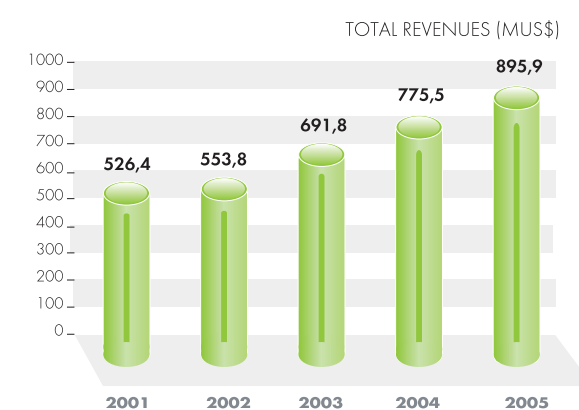
Annual Report **2005**



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FINANCIAL BACKGROUND 2001 - 2005



SQM'S WORLDWIDE PRESENCE

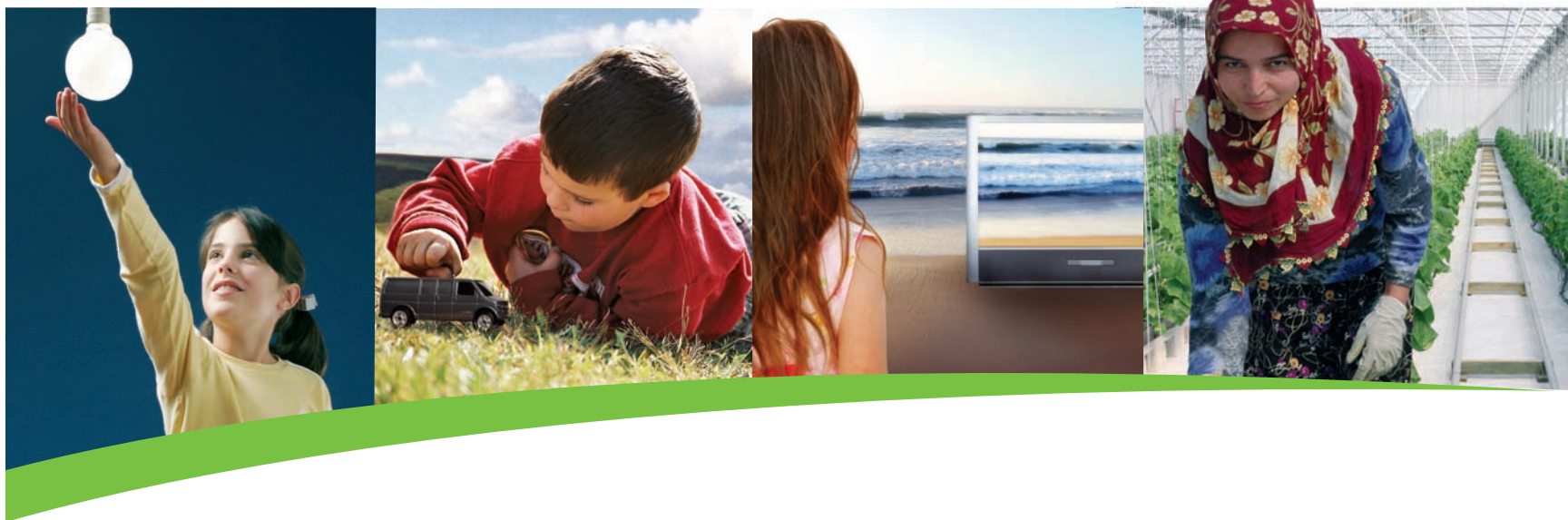


Headquarters
 Sales Offices
 Regional Offices
 Blending Facilities

Geographical Sales Distribution	MUS\$	%
Northamerica	271,3	30%
Chile	156,4	17%
Europe	150,7	17%
Latinoamerica & Caribbean	129,4	14%
Asia, Oceania and Others	129,9	15%
Africa and Middle East	58,2	6%
Total	895,9	100%

Sales Distribution by Business Area	MUS\$	%
Specialty Plant Nutrition	487,8	54%
Iodine	149,1	17%
Lithium	81,4	9%
Industrial Chemicals	73,9	8%
Others	103,7	12%
Total	895,9	100%

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 (56-2) 4252493
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
 Church Street Station
 New York, NY 10286 - 1258
 1-888-BNY-ADRS (269-2377) (Toll free)
 1-610-312-5315 (International)
Shareowner-svcs@bankofny.com



At SQM we understand the process of permanent change our world is undergoing and we work intensely to adapt to its new features, based on our commitment to the Company. We are thus seriously contributing to the improvement of people's standard of living and their relationship with the environment and cultural surroundings.

Thanks to the strength of our human and natural resources, we are developing, producing and commercializing products that are essential to everyday life.

In virtue of a growing world market, our work in the field of development and technology has allowed us to expand the range of products and commercial solutions available to our clients.

Thus, we are present in various production areas, such as the production of primary goods, ranging from mobile telephones to window glass, through state of the art medical technology to the latest in materials for lubricant production.

These multiple product developments, which are part of our main business areas (Specialty Plant Nutrition, Iodine and Lithium), allow us to strengthen our position as leaders inside the most demanding of markets and make it possible for us to extend our commitment to SQM's future development.







Dear shareholders,

During 2005 SQM saw a growth in its results of 52,9%, reaching profits of US\$ 113,5 millions (US\$ 4,31 per ADR), which sets a new record in the Company's history. In addition, during the last quarter of 2005, we reached 19 consecutive quarters in which SQM has improved its results, compared to the respective quarter of previous year.

The increase in our results, comes as a consequence of price recovery in the Company's main products, along with the sustained increase in demand experienced by SQM's businesses; Specialty Plant Nutrients, Iodine and Lithium. This positive trend meant an increase in the company's share prices during 2005, going up to 62.8% in Santiago's Stock Exchange and to 79% in New York's Wall Street.

In order to cope with the expected increase in demand from our varying businesses, the year 2005 saw the start of an important investment plan, mainly destined to increase future Iodine, Nitrate and Lithium productive capacity. Specifically, annual Iodine production capacity was increased by 2.000 tons at the Nueva Victoria facility, which, additionally, will allow us to increase Nitrate production capacity by 25% in the coming years in relation to production levels of 2005. Moreover, during the same year, a mining sector transfer and technological update project at the Maria Elena works was set up, as well as the building of a new prilling/granulate facility, which will allow the development of new Specialty Plant Nutrients' blends with greater added value. In the field of Lithium, we can highlight the setup of a Lithium Hydroxide plant, next to our Lithium Carbonate plant, in the outskirts of Antofagasta, allowing SQM to become one of the biggest producer and commercializing agent of this product, worldwide.

Following on our strategy of expanding our commercial position to a worldwide level, SQM purchased in 2005 the Kemira Emirates Fertilizers Company (Kefco) plant in the Arab Emirates, which allows us to produce and sell Urea Phosphate. In addition, global cooperation agreements were reached with Akzo Nobel in the micronutrients and quelates markets. Both projects allow us to expand and complement our portfolio of Specialty Plant Nutrition products, as well as to increase our client service standards.

During the first days of 2006, SQM carried out the purchase of DSM's iodine and iodine derivatives business (a Dutch company). This purchase allows us to consolidate our leadership within this industry and reflects a clear commitment of SQM to the development of its main businesses.

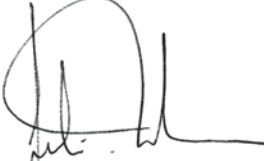
The Company's permanent and substantial level of cash flow in the last few years, has allowed SQM to continue consolidating its financial situation, thus supporting the development of our business plans for the coming years.

Following a trend in recent years to strengthen internal control processes and to comply with the new regulation in place within stock markets in the USA, SQM has prepared itself to fulfill every norm included in the Sarbanes-Oxley law. With this purpose in mind, the Risk Management area was set up, and in June 2005 was constituted SQM's Auditing Committee, in accordance with the requirements of the NYSE, which lets us to furthermore consolidate our corporate government policies.

Our positive balance in 2005 requires setting new and more demanding goals for the present year, if we wish to continue with the trend of previous years. To reach this goal, SQM can rely on a human resources team of 3.672 workers in Chile and abroad, with the conviction and experience needed to allow us to continue being world leaders within our various businesses.

Finally, I would like to reiterate the board's commitment with the community and shareholders, regarding to increase the Company's revenue in accordance to a long term and sustained development.

Yours sincerely



Julio Ponce L.
Chairman



Julio Ponce
Chairman

We have achieved our fifth year of growth, which is what the SQM's shareholders expect. In order to provide them profits on their investments, we are increasing our productive capacity and our product portfolio, so that in the time to come we, who work at SQM, shall see the results of our efforts.



BOARD OF DIRECTORS



Patricio Contesse - Chief Executive Officer

We have again achieved a year of positive growth in results. 2005 was a year in which goals were met, projects were developed and the world standing of SQM was consolidated. However, we must continue working hard every day to keep our place as leaders. This is not an easy task, nevertheless, it can be achieved through making use of the Company's unique natural resources, along with the effort and skill of our workers.



BOARD OF DIRECTORS

On December 31st 2005, the following people made up the Board of Directors of the Company:

Chairman

Julio Ponce L.
Forestry Engineer, University of Chile

Vice chairman

Wayne R. Brownlee
Economist, University of Saskatchewan

Director

Hernán Büchi B.
Civil Engineer, University of Chile

Director

Kendrick Taylor Wallace
Lawyer, Harvard Law School

Director

Wolf von Appen B.
Entrepreneur

Director

Daniel Yarur E.
Computing Engineer, University of Chile

Director

José María Eyzaguirre B.
Lawyer, University of Chile

Director

José Antonio Silva B.
Lawyer, Catholic University of Chile

The Board detailed above was elected during a Regular Shareholders meeting held on April 29th, 2005. The Directors' Committee and the Audit Committee are made up by Mr. Hernán Büchi, Mr. José Antonio Silva and Mr. Daniel Yarur. This Audit Committee was elected during the Regular Session of Directors Number 570, held on June 21st, 2005.

SENIOR

On December 31st 2005, the following people made up the Board of Directors of the Company:

Chief Executive Officer

Patricio Contesse González
Forestry Engineer
University of Chile
RUT: 6.356.264-5

Executive Vice-president and Chief Operating Officer

Patricio de Solminihaç Tampier
Chemicals Engineer
Catholic University of Chile
RUT: 6.263.302-6

General Counsel - Legal Senior Vice-president

Matías Astaburuaga Suárez
Lawyer
Catholic University of Chile
RUT: 7.080.469-7

Commercial Senior Vice-president

Eugenio Ponce Lerou
Mechanical Engineer
Catholic University of Valparaiso
RUT: 5.370.715-7

Chief Financial Officer and Business Development Senior Vice-president

Ricardo Ramos Rodríguez
Industrial Engineer
Catholic University of Chile
RUT: 8.037.690-1

Salar-Lithium Operations and Technology Senior Vice-president

Carlos Nakousi Salas
Industrial, Chemical Engineer
Catholic University of Chile
RUT: 8.779.964-6

Vice-president of Iodine Nitrate Operations

Mauricio Cabello Cadiz
Mechanical Engineer
University of Santiago, Chile
RUT: 10.391.635-6

Mine affairs Senior Vice-president and Internal Auditor

Jaime San Martín Larenas
Transport Engineer
Catholic University of Chile
RUT: 8.931.725-8

Human Resources and Administration Senior Vice-president

Camila Merino Catalán
Industrial Engineer
Catholic University of Chile
RUT: 10.617.441-5

Safety Health and Environment Senior Vice-president.

Pauline De Vidts Sabelle
Industrial Engineer
Catholic University of Chile
RUT: 9.668.138-0



Main Shareholders

Serie A	Number of Shares	% Ownership Series A Shares	% Ownership of Total Shares
Sociedad de Inversiones Pampa Calichera S.A. (1)	52.434.256	36,71%	19,92%
Inversiones El Boldo Ltda. (2)	43.861.795	30,71%	16,67%
Inversiones Rac Chile Ltda. (2)	19.200.242	13,44%	7,30%
Global Mining Investments (Chile) S.A. (1)	7.123.076	4,99%	2,71%
Inversiones SQYA S.A. (1)	6.145.092	4,30%	2,33%
Inversiones La Esperanza (Chile) Ltda.	3.589.387	2,51%	1,36%
Larraín Vial S.A. Corredora de Bolsa	2.998.477	2,10%	1,14%
Cía. de Seg. de Vida Consorcio Nacional	2.467.109	1,73%	0,94%
Kowa Co Ltda.	781.429	0,55%	0,30%
Kochi S.A.	714.084	0,50%	0,27%
Ureta y Bianchi Corredores de Bolsa S.A.	229.553	0,16%	0,09%
La Esperanza Delaware Corporation	207.550	0,15%	0,08%
Kanto Natural Gas Development Co Ltda.	188.270	0,13%	0,07%
Subtotal Main Shareholders	139.940.320	97,98%	53,17%
Total Serie A Shares	142.819.552	100,00%	54,26%
Total Serie A Shareholders	692		

Serie B	Number of Shares	% Ownership Series A Shares	% Ownership of Total Shares
The Bank Of New York	36.668.660	30,46%	13,93%
AFP Provida S.A. para fondo tipo C	4.617.500	3,84%	1,75%
AFP Habitat S.A. para fondo tipo C	4.203.847	3,49%	1,60%
Larraín Vial S.A. Corredora de Bolsa	4.168.175	3,46%	1,58%
Bolsa de Comercio de Santiago Bolsa de Valores	3.735.510	3,10%	1,42%
Inversiones Silvestre Corporation (Chile) Ltda.	3.340.191	2,77%	1,27%
AFP Cuprum S.A. para fondo tipo C	3.320.242	2,76%	1,26%
Banchile Corredores de Bolsa S.A.	2.820.192	2,34%	1,07%
AFP Santa María S.A. para fondo tipo C	2.765.717	2,30%	1,05%
Inversiones Rac Chile Limitada	2.699.773	2,24%	1,03%
AFP Habitat S.A. para fondo tipo B	2.263.050	1,88%	0,86%
AFP Bansander S.A. para fondo tipo C	2.199.185	1,83%	0,84%
AFP Provida S.A. para fondo tipo B	1.787.540	1,48%	0,68%
Subtotal Main Shareholders	74.589.582	61,96%	28,34%
Total Serie B Shares	120.376.972	100,00%	45,74%
Total Serie A Shareholders	1.690		

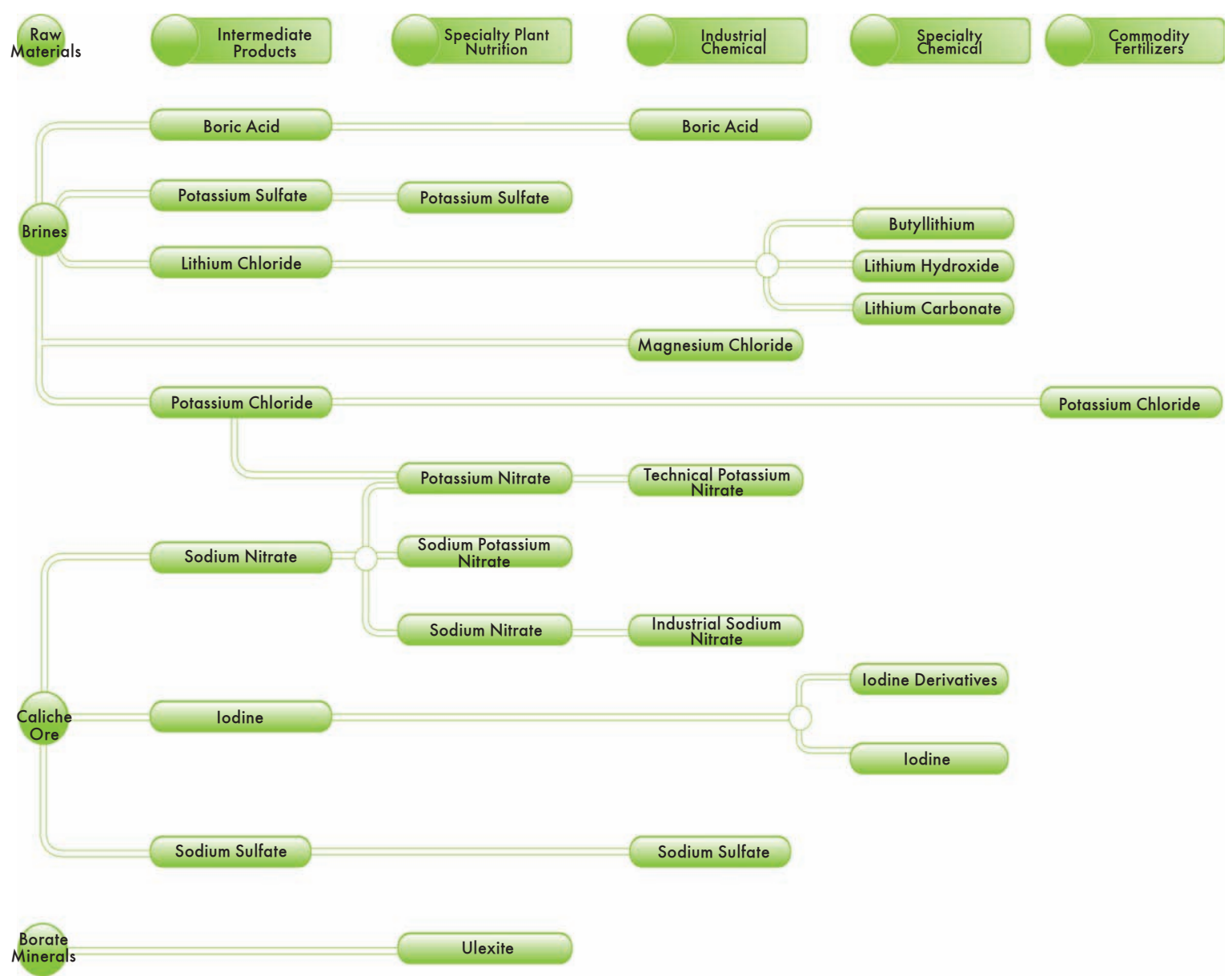
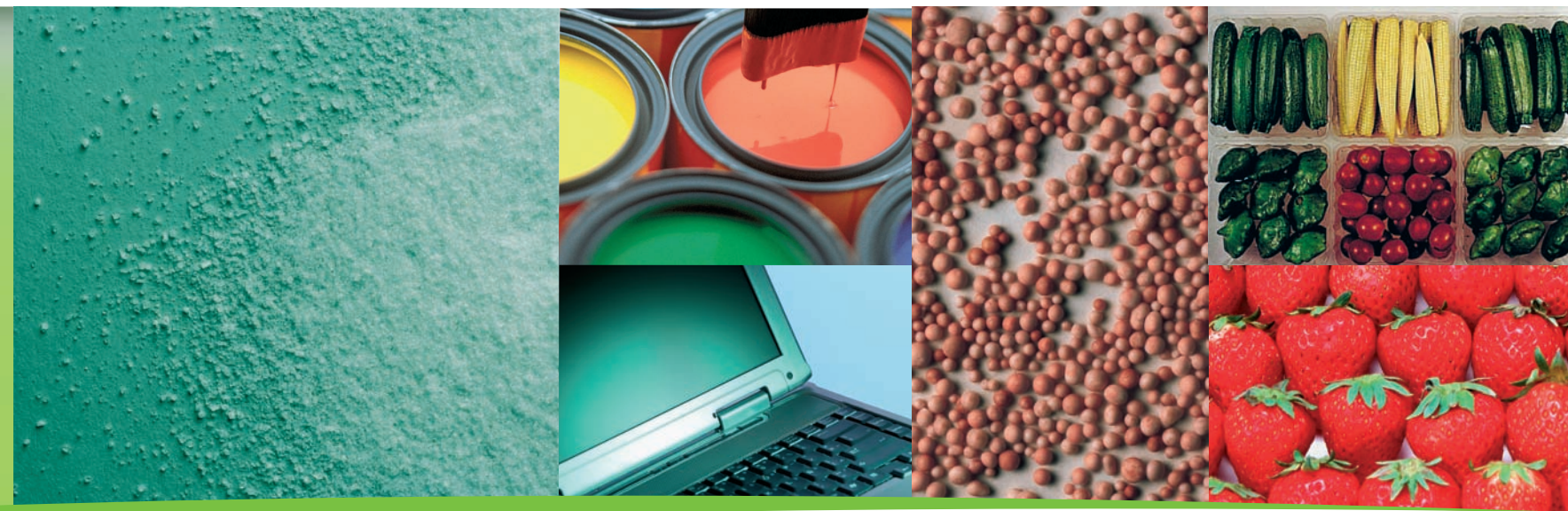
Total Serie A and B Shares	263.196.524		
Total Serie A and B Shareholders	1.849		

(1) Sociedad de Inversiones Pampa Calichera is the direct and indirect owner of 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 2.33% 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) is the direct and indirect owner of 100% of Inversiones El Boldo 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.



1817

Swedish scientist August Arfvedson discovers lithium.



1924

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



1951

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



1971

CORFO takes the control of 100 % of SQM.



1985

The pile leaching process starts to be applied.



1811

French chemist Bernard Courtois discovers iodine.



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.

1910



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

1930



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).

1968



First potassium nitrate (KNO₃) production in Coya Sur

1986



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

1983





1993

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



1996

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



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.



1998

Start up of potassium sulfate and boric acid production.



2003

Acquisition of Yara operations in Chile

Cooperation agreement in the quelates and micronutrients markets with Akzo Nobel.

Purchase of the Kemira Emirates Fertilizers Company (Kefco) plant.

During the second term the Lithium Hydroxide plant began production work.

2005



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

2002



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

2000



Start up of lithium carbonate production.

1997



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

1995



2004



Company Description



SQM is dedicated to providing specialty, high quality products and giving business solutions to each of our clients.

Worldwide Business Formula

SQM has, since its beginnings in 1968, been linked to the nitrates industry (salitre industry), recognizing the process of the continual global change that our world is undergoing, and has actively worked to respond to client requirements. In order to achieve this, the Company is continuously developing new products to increase its revenues, based on sustained competitive advantages.

SQM's natural resources and its main productive facilities are set in the Atacama Desert, found between the I and II Regions of Chile. This non metal mining company is a world leader in Specialty Plant Nutrition, Iodine and Lithium.

Its competitive advantages are based mainly on:

- Having vast natural resources, with unique features in terms of locations, extraction and chemical composition, which translate into cost advantages that make the Company a world leader.
- Having the world's largest production level in the various business areas, which allows it to obtain important cost advantages with respect to the competition.

- Being able to set up an integrated production process, thus obtaining from a single natural resource different and complementary products.
- Having a network of international sales and distribution in over 20 countries and a wide range of sales in over 100 countries.
- Leadership in the development of new goods and services.
- Knowledge of highly specialized technological processes.

Strategy

SQM's development strategy has the goal of consolidating a leading role, worldwide, in its three business areas; Specialty Plant Nutrition, Iodine and Lithium.

This leadership strategy is based on:

- The development of new products, new applications and the opening of new markets focusing on three main businesses.
- Focusing on reducing costs and increasing productivity.
- Evaluating purchases, joint ventures and commercial agreements within each of its three main businesses.
- Having a conservative financial position.

Vision

Within the next 10 years, SQM expects to consolidate and strengthen its position as a world leader in low cost goods and services, in its three business areas; Specialty Plant Nutrition Iodine and Lithium. SQM's vast and high quality natural resources make possible to achieve this goal. The Company will continue with its strategy of to count on high productive capacity, in concordance with the development of new products and production technologies in response to growing demand. A key element in the future development of the Company is to be able to react faster and adapt to sudden changes in the global market. At the same time, SQM's administration will continue to be governed by clearly defined principles, which reflect the Company's corporate culture. This means a great respect for ethics, environment, health and safety of our employees and cultivating a good relationship with the community as well as ensuring our clients satisfaction with our goods and services, and also being accountable for giving a fair treatment to our share holders, employees and clients. Performing well in these issues is up to everyone working in SQM and is a key factor in our future development.

Patricio de Solminihac - Executive Vice-president and Chief Operating Officer

Our main objective is transform the vision of the future we have for SQM into reality. In order to achieve this we must coordinate the whole company within a established strategy. The unique advantages that SQM has in terms of natural resources, productive plants and logistic networks, together with our commitment to quality, the environment, the community and our ethical values, allow us to go forward on our path to making the vision we have of SQM happen.



Natural Resources: Building block of our Business Formula

Being one of the pillars of SQM's strategy, the company keeps highly qualified staff, who are constantly searching for the most efficient ways to use available resources, 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 2.8

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 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.

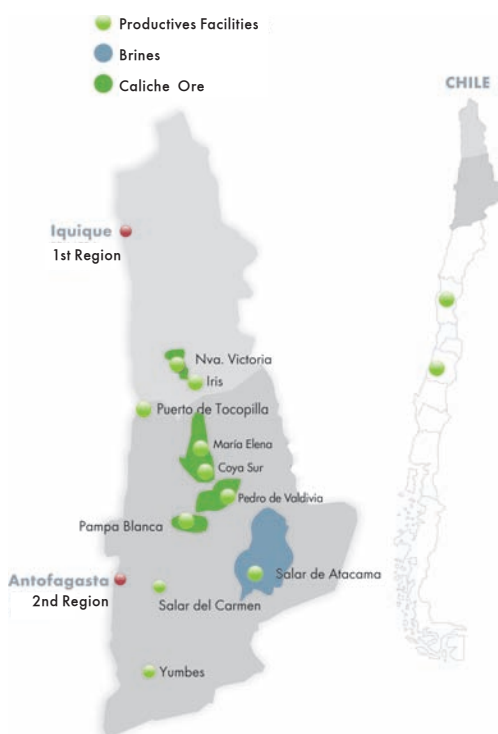
The Salar brines, which are pumped up from pockets below the salt crust, are subjected to a solar evaporation process in ponds that cover an area of some 1,650 hectares. The resulting solutions undergo a variety of processes to produce potassium chloride, lithium carbonate, potassium sulfate, boric acid 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.

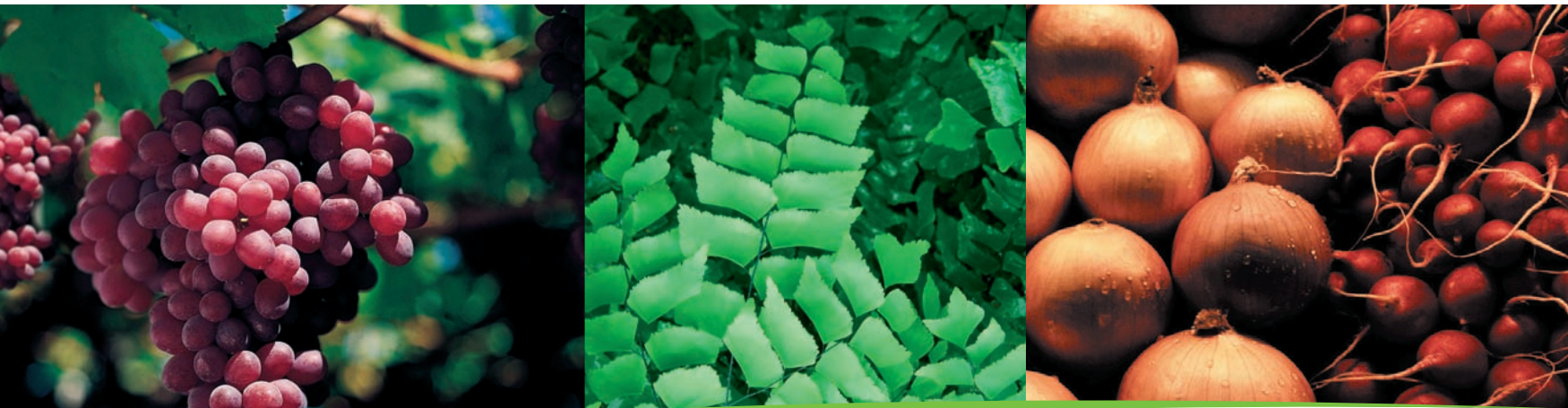
Logistic and Worldwide Distribution

Around 80% 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. As a consequence of this, SQM has developed the know-how and efficiency that make it stand out from its competitors, which allows it not only to carry out efficient distribution, but also to perform quality controls in the delivery of its goods along the whole chain, from productions plants to the end clients.



Company Description



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.

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 Technological Vice-presidency, 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.

Risk Prevention

A main concern for the Company is the health and safety of its employees. This is why SQM is currently setting up a Risk Prevention System. This system means a strong emphasis on training in and strengthening risk prevention management. Through this, the Company seeks to generate and promote a preventive and self care culture among its employees and associated workers, thereby making risk prevention into a desirable goal and not just an obligation.

The Program of Operational Risk Control (PCRO) features among the main elements of this Prevention System. This program is based on the Human Losses Control model and on the adoption of Behavior Based Prevention techniques (PBC). The later are implemented by the workers themselves, trained by the Company in feedback and reinforcement safety behavior, with the aim of promoting safety conscious procedures among workers and reducing risk prone behavior to ensure that safety is seen not as an obligation but rather as a commitment of each worker with himself, his coworkers and relatives.

SQM also applies this model on the work with associate enterprises, in order to achieve an universal standard of safety inside SQM,

including all of its associates without exception. In this way, through training and a specific set of norms for associates, the safety standards practiced by them during operations done for SQM are maximized and the service quality provided to the company is improved.

Quality

SQM produces and sells its goods under the Quality Management System, which has client satisfaction as a guiding principle. This is achieved by providing products that meet with required standards, as well as a service that ensures a long term and mutually beneficial relationship.

World Presence

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

Presencia Mundial	Iodine	Lithium	NPK	Water Soluble	Liquid
	Derivatives		Blends	NPK Blends	Blends NPK
Grobbendonk, Belgium				●	
Vlaardingen, Holand				●	
Evron, France	●				
Abu Dhabi, UAE				●	
Atlanta, GA, USA	●				
Jackson, Mississippi, USA				●	
Houston, TX, USA		●			
Guadalajara, Mexico				●	
Manzanillo, Mexico			●		
Pisco, Peru			●		
Antáyala, Turquía				●	
New Nuberia City, Egipto					●

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, thus promoting operational excellence in all the activities that are part of the value process, while achieving the highest levels of productivity and effectiveness.

SQM has ISO certification for its products, such as Iodine, Lithium Carbonate, Soluble Specialty Plant Nutrients, Potassium Nitrates and Sodium, in both Technical and Refined levels. These certifications are under ISO 9001:2000 Norm standards. The production and sale of other products are also included in the Company's Quality Management System and are internally audited by Quality Management at SQM.

Performing well in quality matters is a corporate commitment which is permanently promoted by the management at SQM, in such a way as to ensure it is actually adopted by each and every member of the company.

Environment

SQM is aware of the importance of looking after the environment and thus has a specialized unit for this matter, with professionals who are in charge of coordinating environmental management for the Company by carrying out follow ups and controls of environmental variables in all the company's operations, as well as implementing the efficient use of resources and preparing research and reports on environmental impact assessment.

During 2005, 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. Additionally, during 2005 SQM submitted to the SEIA the "Environmental Impact Study of Changes and Improvements of Mineral Extraction in the Atacama Salar" with the aim

of extending mineral salt extraction under a solid environmental follow up plan, designed by Dictuc, at the Catholic University of Chile.

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.

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.

To achieve this, the Company has concentrated on safe guarding the Nitrate Mining Heritage (Rescate del Patrimonio Salitrero), as well as on Training and Socio-Cultural Development, where the Company carries out various tasks at a collective and individual level with public and private organizations.

Preservation of Historical Heritage

The naming of the "Humberstone" mine as Historical Heritage of Humanity by UNESCO in 2005, crowned long term efforts being done by the "Corporación Museo del Salitre" (Nitrate Mining Museum Corporation), supported by SQM through financial aid covering operational costs, as well as other renewal projects such as the "Humberstone Market" project in 2005. With this aid the Corporation renovated this important site, which is essential for the thousands of tourists who annually visit Humberstone.

In 2005 the Company also concluded the documentary film entitled "La Sal del Desierto: Historia de la Industria Salitrera" (The Salt of the Desert; The History of the Nitrate Mining Industry), a historical document sponsored by the Ministry of Education's Regional Secretary for the II Region and which was given to all schools in this area, with the aim of educating its

students about the origins and recent history of this industry, which gives the Antofagasta region its character as a mining zone.

Along with this, SQM maintained its collaboration with the Corporación Chacabuco (Chacabuco Corporation), in which, together with other members, work to rescue this ex nitrate mine, also in the II Region.

Until June 2005, the Company held an exhibition entitled "Pampa y Salitre: Remolino de Nostalgias" (Pampa and Nitrate; A Whirlwind of Memories) at the Casa Abaroa of Antofagasta. This allowed the people of the region a closer look at the various historical features of the nitrate industry. During July this exhibition was renewed with a picture exhibition entitled "Occupations trapped in the Pampa", thus giving a new impulse to the Casa Abaroa, a typical venue from an epoch of nitrate mining splendor. Part of this House will be restored in 2004 with the aim of supporting the Cultural Corporation Casa Abaroa in its effort to turn this venue into the main cultural center of Antofagasta.

Education and Culture

Education is without a doubt SQM's most relevant strategic line of development in its Social Accountability work.



Company Description



Being aware of its importance to the wellbeing and development of the community, the Company takes part every year in activities organized single handedly or along with other public or private organizations, in order to promote development.

The Company also kept up the funding for Codetia in 2005, a non profit organization which gives free training to members of the community and to small and medium sized businesses in the second region. The Company also provides community courses through social grants coming out of the 1% of its surplus training, and which have benefited people from Antofagasta, Ollagüe, San Pedro de Atacama, Tocopilla and Maria Elena.

In 2005 the Company also continued educational outing programs to the Atacama Salar and the "Pampa", for 5th grade elementary school children and for teachers from Antofagasta's public schools.

Last year the Company also provided help to the Dual-Education System, which allows for the improvement of technical education on account of students splitting their time between classroom lessons and actual practice in the companies. SQM not only welcomed students in its various plants under this scheme but it also participated in a joint Education- Business Committee, which the Education Ministry and the Society for the Promotion of Manufacturing Industry both sponsor. Here the Company actively worked to promote dual training in Chile, its main achievement being the creation of a Business Committee in the II region, which analyzes the best work practices to promote technical education in the country.

The Company also annually welcomes students from close to 150 universities and industrial schools, who carry out their work experience in the different areas of SQM, allowing them not only to comply with this requirement, but also letting them experience first hand various aspects of their mayors, difficult to learn inside the classroom.

Another important contribution from the Company was the support given to the "Chile Likes to Read" campaign, organized as part of the centenary celebration of the birth of the poet Pablo Neruda, in virtue of which different literary sets were donated to the public libraries of Pozo Almonte, Maria Elena, Tocopilla and San Pedro de Atacama. This meant over 200 new titles in poetry, novels and short stories for each library.

At present SQM also supports and sponsors various artistic events, among these is the 2005 tour of the play "Little black boots", which reached such far away places as Ollagüe in the II region, San Pedro de Atacama, Taltal and Tocopilla. The Company also sponsored the second Cinema Festival of Antofagasta, which pretend to bring cinema closer to the people of the north of Chile, as well as uncovering new talents.

Social Development

Another aspect of the work that SQM carries out inside the communities around its productive sites is Social Development, which aims to provide the community with the tools needed to make their own future life possible.

In this area the Company has begun important work with the people from towns close to the works in the Atacama Salar, the support given to the community of Toconao being especially fruitful. With this community, the Company is carrying out an improvement project of tourist infrastructure, which the town has in the Soncor Sector of the Los Flamencos National Reserve, better known as the Chaxa Lagoon. Thanks to SQM's commitment, information given to tourists and students visiting the area will be improved through new information panels. In addition, an environmental information room will be set up that will allow for complete information regarding the different aspects of the Atacama Salar. This along with the annual training in hydrogeology, that SQM carries out with tourist guides working at the lagoon, will allow the community to improve its service to visitors. All this will attract more tourists and generate new resources for other community development projects.

In 2005 the Company will also continue working to set up a Duty Free Industrial Zone in Tocopilla. The aim is to attract small providers of spare parts for mining, in order to bring in new investment that will promote development and new opportunities for this city. At present there are 13 businesses that already have user certification, 2 of which are setting up their operations and 6 new ones, waiting to be certified soon.

Along with all this, SQM carries out various activities in the different locations where its plants are found, among these are:



- Substantial donations to “Hogar de Cristo” Charity in the II Region, being SGM’s prime member
- Aid for rebuilding towns after the earthquake in the I Region
- Road repairs at Maria Elena and Toconao
- Loan of the Cerco Grande landed property at Quillagua to the Agricultural Regional Secretary of the II Region, so it can develop, with CONAF, a site plan to commercially exploit the tamarugo tree, among other projects.

Employees

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

The Program for the Equalising of Studies has been a successful action, which has allowed workers at SGM to graduate from elementary and /or secondary education, through courses set up for them by the company in their towns, with 118 workers taking part in 2005.

Together with this, the Company implements Diploma Courses so its workers can train in various areas, providing tools for improved performance and better career perspectives. During 2005 the first Diploma Course for Iodine Plant Operators was concluded, which consisted of a 2 year study experience for participants. Currently, two Diploma Courses are under way: one in Chemical Plant Operations and another in Plant Maintenance. These courses ensure learning through a Methodology of “learning by doing”.

During 2005, over 1600 workers were trained to improve both their technical skills and their abilities to organize and promote better performance.

Last year we also supported workers with an outstanding performance through a program of Graduate and Post Graduate Scholarships, in order to promote their professional careers.

At the level of people’s personal development inside the Company, SGM annually carries out a Program of Open Funding, which promotes Social Commitment among groups of workers, who set up a project to assist their community, partially financed by the Company.

During 2005, such was our workers commitment that 4 projects were chosen to be funded, in Pozo Almonte, Maria Elena, Tocopilla and Socaire. These consisted of renewing a town square, restoring a community centre, implementing an open folklore workshop and setting up a small business for the production of goat’s milk and cheese.

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

Corporate Governance

SGM’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 SGM’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 and an Audit Committee which deal with particular issues, such as audited financial accounts and topics related to section 404 of the Sarbanes Oxley legislation, among others.

The company also has a Corporate Governance Framework, which, in a question and answer format, tries to respond to the concerns that SGM 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.sgm.com.

The Sarbanes-Oxley Law

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 SGM 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. With the intention of complying with NYSE requirements regarding corporate government, the Director’s Meeting of the June 21st, 2005, approved the setting up of an Auditing Committee, with each of its members complying with the requirements of autonomy set by the NYSE in order to qualify for this Committee.

Internal Control Certification. During 2005 the Risk Management area was set up, making 3 Auditors responsible for keeping up to date with the corresponding documentation of the Sarbanes Oxley project, that is to say they carry out inspections and check and register SGM’s internal controls, all in compliance with the norms stated in the law. The same tasks of registering compliance with the law were considered suitable for other SGM franchises.



GREENHOUSES IN TURKEY

Our Soluble Specialty Plant Nutrients NPK are used in most of the Greenhouse Plantations of Turkey.



In south Turkey's Mediterranean coast are found 75% of the country's greenhouse plantations. SQM, through a joint-venture with DRT, has 55% of the market share in soluble specialty plant nutrients, NPK, around this area. These soluble mixtures are used mainly with vegetables such as tomatoes, cucumbers, green peppers and eggplants

Specialty Plant Nutrition





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

SQM responding to this challenge, has developed an important line of specialty plant nutrients, achieving the position as world leader in Specialty Plant Nutrition.

In order to reach this leading 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 specialty plant nutrition business generated extremely high profits during 2005, totalizing approximately 54% of the Company's revenues, with sales that bordered US\$ 487,8 million in 2005

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. An example of this is a micro-irrigation system that is, on account of water shortage, able to improve efficiency of water consumption by around 80 to 90% and that needs specialty plant nutrients that are 100% water soluble, such as the ones produced by SQM, in order to reach the levels of output required by the inhabitants that depend on this branch of agriculture.

The quality of our Specialty Plant Nutrients is based on concrete technical advantages, among which are:

- 100% water solubility. Modern agricultural techniques require fertilizers to be used along with irrigation water, thus they need to be totally water soluble in order not to harm 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.
- 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.
- 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

Eugenio Ponce - Commercial Senior Vice-president

At SQM we have kept up our efforts to reach new markets and develop new kinds of products, always staying within our main areas of business, Specialty Plant Nutrition, Iodine and Lithium. Through our extensive worldwide sales and distribution network, we have been able to reach our ultimate clients, thus achieving a familiarity that allows us to better understand their day to day needs and, above all, make plans for the coming years. The various applications that our products are used in confirm that we are and will continue to be an important part of the industries we participate in.



appropriate for sensitive crops such as fruits and vegetables. This does not occur with SQM's specialty plant nutrients.

- 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.

Specialty plant nutrients are made up of Potassium Nitrate, Sodium Nitrate, Potassium-Sodium Nitrate and Potassium Sulfate. Additionally, there are over 200 available specialty mixtures designed to meet the needs of specific types of crops, soils and the geographical areas where they are grown. The main use of these mixtures is with crops that employ modern agricultural techniques such as greenhouses, micro 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.

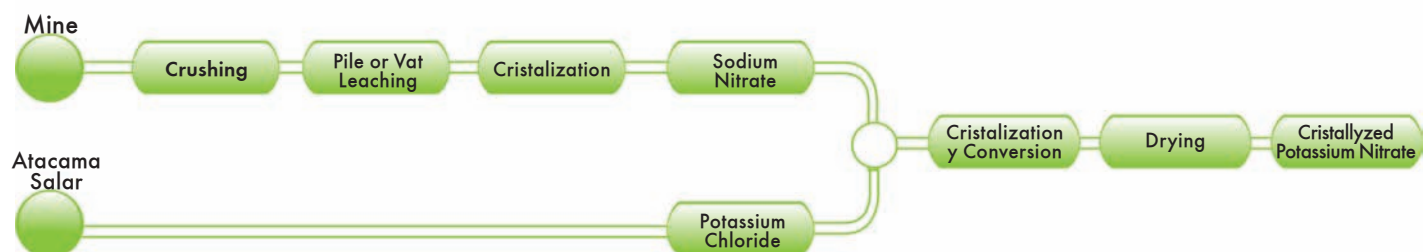
SQM extracts caliche for the production of sodium and potassium nitrates. The mineral is

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, 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.

On account of our clients' requirements and an auspicious future, the worldwide use of specialty plant nutrients has grown. Over the past 5 years in particular, Potassium Nitrate demand for irrigation fertilizing processes has increased an average of 8% annually.

Nitrates Process



Specialty Plant Nutrition

This increase in demand sets forth the basis for the increase in sale prices achieved during 2005. 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

Another strength of the Company's leading position is its logistic capacity. SQM enjoys having ties with key associates in the specialty plant nutrients field, on account of its joint ventures and alliances worldwide.

As part of SQM's strategy to consolidate a leading position in its three main business areas, during 2005 the Company kept up, its expansion of Nitrate productive capacity at around 30% and concluded important

agreements to promote specialty plant nutrients business and provide better value to its clients, as well as enter into new markets.

Thus, during 2005 the Company purchased a Urea Phosphate plant in Dubai, United Arab Emirates: Kefco (Kemira Fertilizer Company). This plant, formerly owned by the Finnish firm Kemira Oyj, has a production capacity of 30.000 MT/year of Urea Phosphate, which is of great interest in the Specialty Vegetable Nutrients market. This product is a complement in the line of products that SQM offers as specialty plant nutrients.

Keeping up with a strategy of providing clients with a complete Nutritional Program, SQM reached a global cooperation agreement with Akzo Nobel, within the quelates and micronutrients market (a variety of specialty products used worldwide). Quelates are molecules that protect micronutrients from hostile soil conditions, making them more useful for plants. The agreement with Akzo Nobel will allow SQM to enlarge its portfolio of products for the irrigation and foliar fertilizing segment, consolidating its market position.

In the meantime, September 2005 saw the opening of a Liquid Fertilizers Plant set up in Egypt, through a Joint Venture between SQM, Yara and a local associate. By 2006, a production of 25.000 MT/year is expected, reaching around 80.000 MT in the year 2010. Production favors specialty nutrients formulas, with fruits trees and vegetable plantations in Egypt as its main destination

SQM launched a new commercial office, SQM Agro India, near to Bombay city, with the aim of improving its service to the Indian market. This is expected to develop the irrigation and foliar fertilizing market and also generate important growth in sales, within these segments.

March 2005 saw the official launch of the soluble NPK fertilizer plant at Antalya, Turkey. This plant was built through a Joint Venture between SQM and a local associate, under the name of Doctor Tarsa. The plant has a production capacity of 25.000 MT/year and is mainly destined to provide products for the Turkish market.



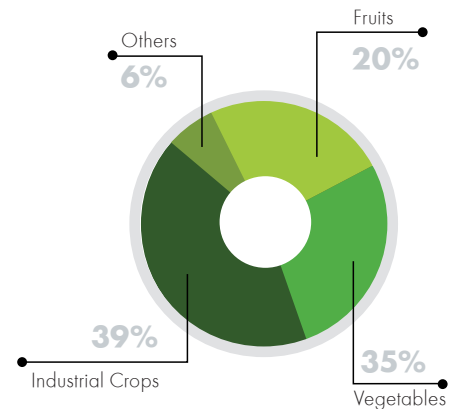
Feeding the World

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.



Specialty Plant Nutrition Main Uses



SEEING IS BELIEVING

The Iodine used in LCD screens allows for life like images.



Iodine plays an important role in liquid crystal display (LCD) screens, since it is used in the process of making polarizing film. This element is largely responsible for the high quality image that LCD screens can provide, thus being a key application in this technology. Polarizing film production is carried out mainly in Japan, South Korea and Taiwan. In order to meet their requirements, SQM maintains direct contact with these countries' largest manufacturers, thus staying at the forefront of the evolution of this growing industry. In 2005 the LCD television screens market saw an increase of almost 100%.

Iodine and Iodine derivatives



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 59%.

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 17% of total sales in 2005 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 30% in 2005.

Since mid 2003 the market has seen a steady increase of the iodine price. This is because other producers have reached their maximum productive capacity and also on account of a constant increase in world demand, which in 2005 rose by 6%. 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 2,000 MT/year during 2006. At the same time, several upgrades and debottleneckings are being undertaken in order to revamp existing facilities and improve iodine operations.

The constant rise in demand experienced over the last few years has been strengthened during 2005 by a growth in the use of iodine and its derivatives in X-Ray contrast media, in the production of polarizing film for liquid crystal displays (LCD) and iodo- fluoride compounds for the sybthetic fiber industry.

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

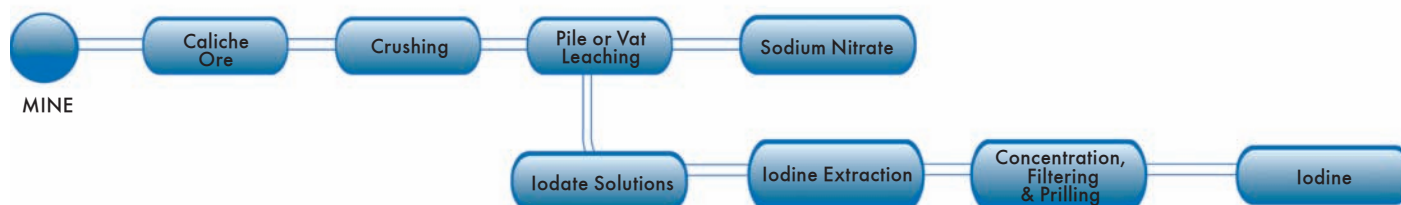
Health and Nutrition

Iodine deficiency during gestation and infancy can lead to mental retardation and abnormal growth, as well as goiter and mal functioning of the thyroid gland in adults. This is why their prevention in most countries is taken care of by adding iodine to salt. 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.

Iodine Process





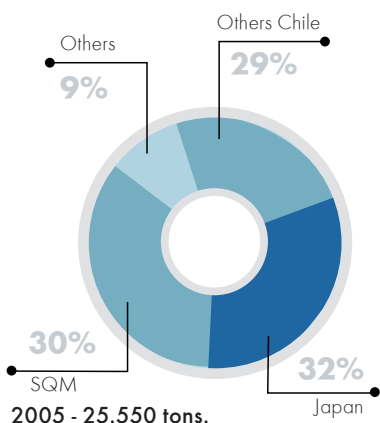
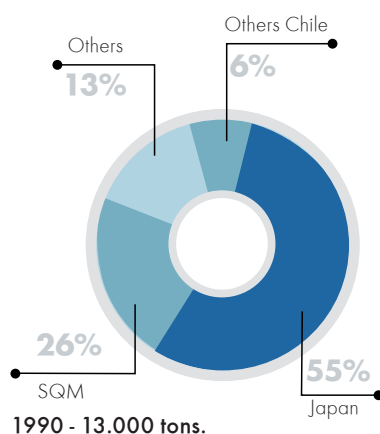
Technological Applications

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 2005, 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 25% in the coming 3 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 2006.

SQM, through a joint venture with Ajay Chemicals, which has plants in Chile, the USA and France, is the world's largest producer and provider of iodine derivatives, claiming around 25% of the world's 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 9001:2000 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.

Market Evolution



Over the past 15 years, the market share of the Chilean producers has increased from 32% to 59%, confirming that the world's best economically exploitable resources are found in Chile.

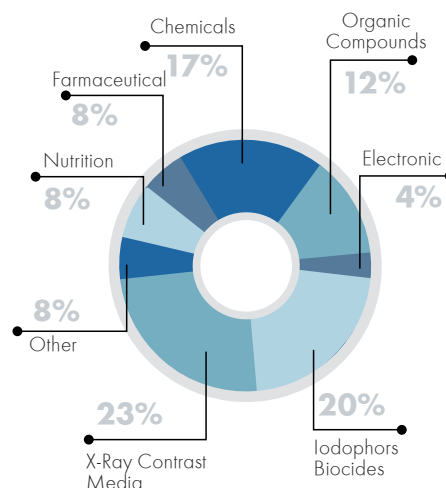
A wide variety of applications, a market that is still growing, the future development of its products, together with the solid presence of SQM in world markets, all enable the company to confront the prospects for growth and the challenges presented by the market with optimism for the medium and long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

Promoting research

As a way to promote research work regarding iodine applications chemistry, SQM, along with the American Chemistry Society, biennially awards a prize for "Research in Iodine Chemistry and its Creative Applications". This was initiated in 2005 and scientists from all over the world have taken part.

The prize is meant to promote and encourage research in iodine chemistry worldwide, thus helping to develop new applications and improving knowledge of it through its various uses. The first prize was awarded to Mr. Robert Moriarty, PhD in Organic Chemistry and Professor Emeritus at Illinois University, Chicago, for his work in the field of Hyper-valence Iodine compounds, including research about the methods, mechanisms and applications of these in organic synthesis.

Iodine Main Uses



TOWARDS A POLLUTION FREE WORLD

Both in Europe and Asia, our Lithium is already used in the production of batteries that provide clean energy for hybrid automobile prototypes.



The need to safeguard the environment has led the automobile industry in the last few years to develop hybrid electrical vehicle prototypes (HEV). This kind of automobile combines the use of current combustion engines with large capacity electrical battery assisted engines. HEV technology optimizes the performance of the combustion engine and allows for the storage of kinetic energy generated while the car is slowing down or traveling downwards on a slope. Today, various car manufacturers have produced hybrid vehicle prototypes that replace current Nickel batteries with Lithium ones, which are lighter and longer lasting. It is expected that soon a commercial version of these hybrid vehicles equipped with these new batteries will be launched. Currently in the U.S. hybrid vehicles make up approximately 1.2% of all vehicles on the market, which translates in to about 200.000 units. By the year 2008, some estimates indicate that this figure will reach 7%, constituting an important new market.

Lithium and Lithium derivatives



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 Arfverdson, 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 existing solid element at room temperature. One of its features 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 variations in temperature. Amongst all alkali metals, lithium has the highest electro-negativity and heat capacity, which explains its use in the energy storage, for example in batteries, and in heat exchange industries, such as air conditioning equipment.

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. This allows for the manufacturing of highly resistant but lighter parts than a normal alloy.

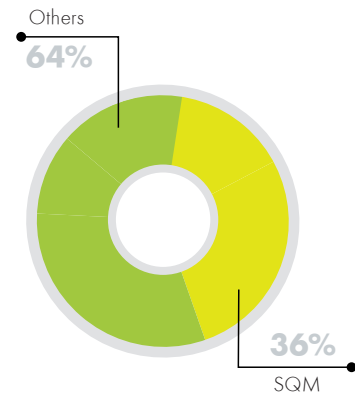
In 1997 SQM entered the Lithium Carbonate business and thanks to its constant growth, due to a competitive edge in production and distribution, the Company has been able to gain close to 36% of worldwide provision. SQM's emergence inside this market resulted in a sharp

reduction of international prices, something which has been countered by a continued recovery in the last few years due to the consistent increase in demand for Lithium. In fact, the increase in demand for Lithium chemicals during 2005 was approximately between 5% and 25%, compounded in the last three years. Sales at SQM for this year, amounted to around US\$ 81,4 million, placing its products in over 50 countries.

Lithium carbonate is not only 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. Another derivate is butyllithium, which is mainly used in the synthesis of organic products for the pharmaceutical industry and as a catalyst for the production of polymers. For both of these by-products, SQM has its own production plants: for butyllithium in Texas, USA, and for Lithium Hydroxide, in the outskirts of Antofagasta, in Chile.

The considerable price increase in Lithium Carbonate and Lithium Hydroxide was a key factor in the positive sales results that SQM had in 2005.

Lithium Market Share



One of the important aspects during the year 2005, was the use of Lithium for batteries. This application became in one of most important, reaching close to 20% of the demand for Lithium chemical. These batteries are in large demand, because they are lighter and perform better in a wider range of temperatures. Additionally, they are environmentally friendly since they do not contain heavy toxic metals. Owing to these factors, the Lithium battery market has grown at rates over 20% in recent years, with substantial potential for expansion in the mid and long-term.



Besides its traditional application in laptop computers, mobile phones, photographic and video cameras, Lithium batteries are also being used in portable tools (power tools) and in hybrid electrical prototype vehicles, where they can partially or wholly replace internal combustion generated energy, obtained from oil by-products. Other applications that harbor good prospects for growth consist in the production of glass and ceramics and industrial air conditioning equipment, particularly in Asia.

Market projections for the coming year, point at an increase of approximately 5% in Lithium demand, due to the positive prospects that most of its derivatives applications have, such as Lithium Carbonate, Lithium Hydroxide and Butyllithium.

Salt solution Process

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.

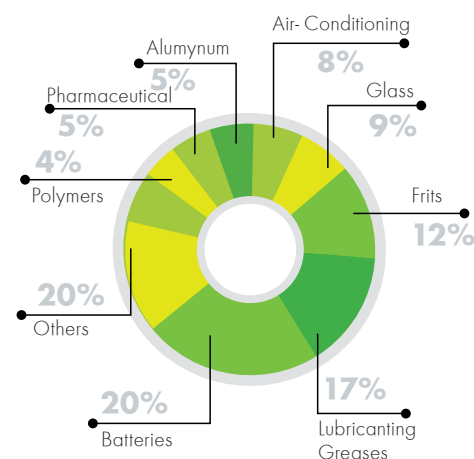
The Salar de Atacama contains one of the largest and best quality reserves of lithium-brine in the world. This is because the nucleus of

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.

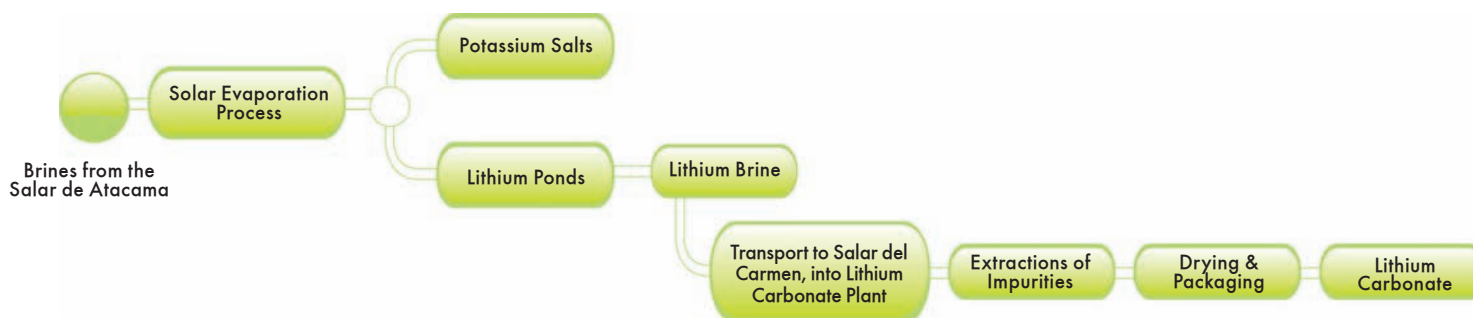
SQM holds the rights for the exploration and commercial development of these reserves. These rights make the SQM the world's largest producer at the lowest costs. This, together with its specialized distribution network, allows the Company to position itself as a leader in the lithium industry with sustainable competitive advantages, and at the same time to be seen as the world's main current and future producer.

The lithium hydroxide plant built by SQM in the Del Carmen Salar (Antofagasta), next to the lithium carbonate plant, began working during the last quarter of 2005. This plant, with a production capacity of 6.000 MT/year, is the most modern of its kind in the world and it is large enough to provide close to 50% of the world demand for Lithium Hydroxide.

Lithium Main Uses



Salar Brines Process





LIGHTING UP DEVELOPMENT

Industrial Nitrates provide the raw material for the harnessing of a new and revolutionary kind of electrical energy.



Thanks to the promotion of renewable energy, Spain will soon begin the construction of so called solar salt plants. These plants will produce solar energy that will be stored in fused salt solutions, made up of a Sodium Nitrate and Potassium Nitrate mixture. This oily mixture will release heat, turning water into steam, which in turn will be harnessed for electricity.

Other Products





Other Products

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.

Industrial Chemicals

SQM is acknowledged by companies around the world, as one of the most important providers of industrial nitrates, which are very important raw materials for various applications relating to everyday life.

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, of which SQM is the world's largest producer, having four purity grades (standard, industrial, refined and technical), and Potassium Nitrate in three purity grades (industrial, 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, which are extracted from the Atacama Salar's salt solutions.

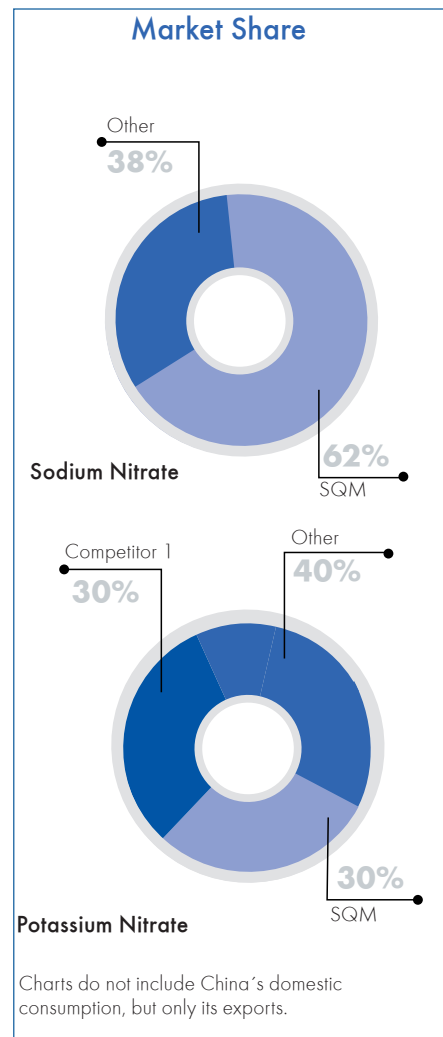
From a production standpoint, the industrial nitrates benefit from having an initial process which is shared with the nitrate fertilizers.

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.

During 2005, industrial chemicals provided close to 8% of the Company's total revenues. SQM has market shares of 62% and 30% in Sodium Nitrate and Potassium Nitrate markets, respectively.

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.
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, which has similar characteristic, is used in the production of glass and crystal.
2. Enamel and ceramic frits: Sodium nitrate potassium nitrate is used in the production of frits for the enamels and ceramic industries Potassium Nitrate are present in the enamel coating applied to the metal of refrigerators, dishwashers, bath tubs, and in the glazes on ceramic tiles.
3. Pyrotechnic industry: Potassium nitrate acts as an oxidizing agent and is used as a color and sound source.
4. CRT screens: Potassium Nitrate is used to improve quality and definition of CRT screens used both in computers and televisions.

Boric Acid

Boric acid is a complementary material in the range of SQM's products, used in industries such as glass and ceramics to reduce thermal expansion and improve heat resistance. Additionally, it is an essential fire resistant element in the production of wood pulp based insulating materials. This product is also used in the production of detergents and the manufacturing of LCD screens.

As has been said before, SQM's portfolio of industrial chemical products has an ample range of applications. This, added to production cost advantages, as well as short and long term growth opportunities, provide the foundations for achieving solid financial results within its areas of business, today and in the future.

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. During 2005, most of the production of Potassium Chloride was destined to the production of Potassium Nitrate, while the remaining material, unused by SQM, was sold to other costumers.

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 K_2O . 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.

These fertilizers are completely different to the ones produced by SQM. They are mainly used in extensive agriculture (cereal crops, grasses) and also in agriculture that is less costly, where the high price of specialized fertilizers cannot be afforded. The most common Commodity Fertilizers are granulated and pearl shaped

pellet urea and triple "super" phosphate. Although these fertilizers are not suitable for a highly technological agricultural exploitation where nutrients are applied through the irrigation system or in a foliar method, they are however important in world agriculture in order to meet with the growing food demand.

During 2005, urea saw a great price variance in the international market, while triple super phosphate kept an almost constant price level. Other phosphates, as well as potassium based products such as potassium chloride, have kept up their price increases in international markets, on account of a higher demand and adjustments in their supply.



Financial Analysis

Earnings for the year 2005 reached US\$113.5 million (US\$4.31 per ADR), 52.9% higher than the US\$74.2 million (US\$2.82 per ADR) of the previous year.

Operating income reached US\$181.2 million (20% of revenues), 46.3% higher than the US\$123.8 million (16% of revenues) of the year 2004. Revenues obtained during the year 2005 reached US\$895.9 million, approximately 16% higher than the US\$775.5 million recorded for the previous year.

The improved results achieved during 2005 are explained as follows

1.- Specialty Plant Nutrition (SPN)

Revenues for specialty plant nutrition for the year 2005 reached US\$487.8 million, 17.1% higher than the US\$416.4 million of the same period of the previous year.

The 17,1% increase in specialty plant nutrition revenues was mainly driven by improved pricing conditions. Prices of specialty plant nutrients increased between 15% to 25% as compared with previous year. The increase in prices responds mainly to two factors: the tight supply-demand conditions and the potassium related fertilizers positive pricing conditions.

Potassium nitrate and sodium potassium nitrate sales volume were slightly lower than last year with a different product mix increasing soluble potassium nitrate sales volume, consistent with the strategy of focusing in more profitable markets.

The lower sales volume of blended fertilizers is mainly related with the lower sales observed in the Chilean market.

Specialty plant nutrients demand continues to be strong, but SQM sales volume is constraint by current production capacity. SQM expects to increase its nitrate production capacity between 20% to 30% from 2007 second half onward.

Specialty Plant Nutrition		2005	2004	▲ 2005 / 2004	
Sodium Nitrate	Mton	58	56	2	3%
Potassium nitrate and sodium potassium nitrate	Mton	696	710	-15	-2%
Blended and borate specialty plants nutrients	Mton	233	258	-25	-10%
Other non- SQM specialty plants Nutrients	Mton	133	116	18	15%
Potassium sulfate	Mton	179	158	21	13%
Revenues Specialty Plants Nutrition	MMUS\$	488	416	71	17%

Ricardo Ramos- CFO and Business Development Senior Vice-president

During the last years we have observed an important improvement in our main business lines which has translated in increased overall results. This solid financial position generates trust from investors in the Company's future and we know that this financial position will continue to strengthen, allowing us to continue supporting our business strategy based in our leading position in the businesses in which we participate.



2.- Iodine and iodine derivatives

Revenues for iodine and iodine derivatives for the year 2005 reached US\$149.1 million, 34.9% higher than the US\$110.5 million of the same period of the previous year.

Higher revenues recorded in this business line is mainly explained by higher prices due to the growing demand combined with the high capacity utilization rates in the industry have put an upward pressure on prices.

The applications of iodine and iodine derivatives that explained a significant portion of the demand growth are: x-ray contrast media, the utilization of iodine in the production of polarizing film which is an important component in LCD screens and iodo-fluoride compounds used in the synthetic fiber industry.

During 2005, SQM increased its volume sales in a similar proportion of the market's growth, which result in that SQM preserve its market share in approximately 30%.

On average prices for iodine increased by approximately US\$ 4 per kilogram as compared with previous year. Considering the strength of the fundamentals that are driving demand, together with the tight supply situation, we believe that the positive pricing trends observed so far will continue during 2006.

During January 2006, SQM acquired the iodine and iodine derivatives business of the Dutch "DSM Group". The transaction includes the iodine and iodine derivatives facilities located in the first region of Chile and the mining reserves located in the first and second region of Chile. Additionally, SQM acquired DSM's iodine and iodine derivatives commercial operation in Europe. Currently, DSM's iodine production capacity is of approximately 2.2 th. metric tons per year.

This acquisition will provide SQM logistics, commercial and productive synergies and shows SQM's commitment with the development and strengthening of its core businesses and with the iodine industry as part of its strategy to be a long term reliable iodine supplier.

The agreement involves a base payment of US\$72 million plus all the cash, accounts receivable and final product inventories minus the total liabilities of the Chilean and Dutch companies considered in the transaction.

Iodine and derivatives		2005	2004	▲ 2005 / 2004	
Iodine and derivatives	Mton	8,1	7,7	0,5	6%
Revenues Iodine and derivatives	MMUS\$	149,1	110,5	38,6	35%



3.- Lithium and lithium derivatives

During year 2005 revenues reached US\$81.4 million, 29.9% higher than the US\$62.6 million recorded for the year 2004.

Higher revenues in this business line are mainly explained by better price conditions. The strong demand observed during the last few years, with a growth of approximately 5% during 2005, positively affected pricing conditions and we expect this trend will continue in the future.

The lower sales volume observed during 2005 is due to the production capacity constraint. Current production capacity is approximately

28.5 th metric tons per year. SQM expects to increase its lithium carbonate production capacity from 2008 onward.

During 2005 the most important applications driving market growth were batteries, greases and frits. Regarding Lithium-ion batteries, during 2004 certain producers overstocked, generating a lower demand at the beginning of 2005, this situation was reverted during the first half of 2005.

Regarding to lithium hydroxide, demand continues to increase which generates improved pricing conditions. SQM's new lithium hydroxide plant have a total capacity to satisfy approximately 50% of the market.

Lithium carbonate and derivatives		2005	2004	▲2005 / 2004	
Lithium carbonate and derivatives	Mton	27,8	30,6	-2,8	-9%
Revenues Lithium carbonate and derivatives	Mton	81,4	62,6	18,7	30%



4.- Industrial Chemicals

During the year 2005 revenues reached US\$73.9 million, 4% higher than the US\$71.2 million of the previous year.

This slightly increase in revenues is mainly explained by a continues price recovery for most of our industrial products, which more than offset lower sales volumes during this period.

Industrial nitrates have seen a reduction in sales volumes, mainly explained by a lower demand of potassium nitrate from the CRT industry (TV screens). In spite of a 4% decrease in volumes, the increase of the industrial nitrates prices allowed to obtain higher revenues in this product line.

5.- Others

Potassium chloride

During the year 2005 revenues reached US\$32.4 million, 11.6% lower than the US\$ 36.7 million recorded in the year 2004.

Lower revenues are mainly explained by the acquisition of PCS Yumbes at the end of 2004 which implied a decrease in third party sales of potassium chloride and an increase of internal consumption in the production of potassium nitrate.

Additionally and regarding to the SQM's potassium chloride policy, we will continue privileging the internal consumption of potassium chloride for the production of potassium nitrate.

Industrial Chemical		2005	2004	▲2005 / 2004	
Industrial nitrates	Mton	176	190	-14	-7%
Sodium sulfate	Mton	25	30	-5	-16%
Boric Acid	Mton	6,3	5,9	0	7%
Revenues Industrial Chemical	MMUS\$	74	71	3	4%

Potassium Chloride		2005	2004	▲2005 / 2004	
Potassium Chloride	Mton	128,7	210,4	-81,8	-39%
Revenues Potassium Chloride	MMUS\$	32,4	36,7	-4,3	-12%



Other commodity fertilizers

Sales of other commodity fertilizers, decrease from US\$78,1 million during 2004, to US\$71,3 million during 2005.

The 2005 results of SQM's subsidiary in charge of the trading of SPN and commodity fertilizer in Chile (SQMC), were negatively affected by lower sales volumes and lower margins than 2004. The continuous rains that affected the fertilizer season in Chile and the high inventory of commodity fertilizers put a downward pressure affecting significantly its trading margins.

Production Costs

Production costs during 2005 were higher than 2004, mainly in iodine and nitrate production. The main factors that affected the production cost were the following:

- Higher energy and raw materials costs
- The less favorable exchange rate scenario in Chile
- Maintenance and depreciation cost increase

Selling and Administrative Expenses

Selling and Administrative Expenses reached US\$61.9 million (6.9% of revenues) during the year 2005 compared to the US\$54.5 million (7% of revenues) recorded during the year 2004.

Non-operating income

The year 2005 shows a US\$34.3 million loss which compares to a US\$17.4 million loss for the same period of the previous year. The main variations in the non-operating income were the following:

- During the year 2004, SQM sold its 14.05% stake in Empresas Melón at a public auction carried out in the Santiago Stock Exchange on August 18, 2004. The transaction reported a before-tax profit of approximately US\$8 million.
- The income derived from the investments in related companies decrease from US\$4.5 million during 2004 (including Empresas Melón) to US\$2.5 million in the year 2005.



- Net financial expenses(1) reached US\$(16.2) million during 2005, lower than the US\$(16.7) million reached during the year 2004.
- During the year 2004, the Company recorded exchange losses of approximately US\$0.4 million whereas during 2005 there have been exchange losses of approximately US\$3.8 million, this is due to the Chilean peso exchange rate and Euro exchange rate.

During January 2006, SQM placed in the Chilean market a 21 years senior unsecured bond at a re-offer yield of 4.18% in UFs (Chilean inflation adjusted currency). This issuance brings into the company financial resources for approximately USD\$ 100 million to refinance company liabilities and to fund its 2006 capital expenditure program. Additionally, this debt was secured through a cross currency swap allowing the company to fix the interest rate at US dollar fixed rate of 5.4% for a 21-year period (average life of 10 years).

Notes:

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





CONSOLIDATED FINANCIAL STATEMENTS

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Santiago, Chile

December 31, 2005 and 2004

(A translation of the original in Spanish- see note 2 (a))

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Ch\$	- Chilean pesos
ThCh \$	- Thousands of Chilean pesos
US\$	- United States dollars
ThUS\$	- Thousands of United States dollars
ThEuro	- Thousands of Euros
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.



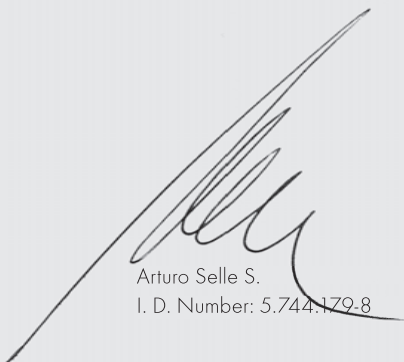
Report of Independent Auditors



(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 balance sheets of Sociedad Química y Minera de Chile S.A. and subsidiaries ("the company" or "SQM S.A.") as of December 31, 2005 and 2004, and the related consolidated 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.
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. In our opinion, the consolidated 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, 2005 and 2004 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 August 18, 2004, SQM S.A.'s ownership interest held in the participation held in Empresas Melón S.A., was sold for ThUS\$ 69,337. This transaction resulted in the recognition of gain before taxes in the amount of ThUS\$ 8,179.
5. As explained in Note 10, the assets, liabilities and shareholders' equity of the subsidiary SQM Industrial S.A. (formerly - PCS Yumbes S.C.M) were revalued in the timeframe allowed by Technical Bulletin N° 72 issued by the Chilean Association of Accountants and Circular N° 1,697 issued by the Chilean Superintendency of Securities and Insurance (SVS). This resulted in the recognition of goodwill net of amortization of ThUS\$21,183 as of December 31, 2005.
6. On January 19, 2006, Sociedad Química y Minera de Chile S.A. acquires from the DSM Group, the companies DSM Minera S.A., DSM Minera B.V. and Exploraciones Mineras S.A. for a sum of ThUS\$72,000.
7. On January 24, 2006, Sociedad Química y Minera de Chile S.A. placed in the Chilean market an unguaranteed bond for the nominal amount of UF 3,000,000 over a term of 21 years and at an annual interest rate of 4.18%.



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

Ernst + Young
ERNST & YOUNG LTDA.
Taxpayer No.: 77.802.430-6

Santiago, Chile, February 17, 2006.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

ASSETS	AS OF DECEMBER 31,		
	NOTE	2005	2004
CURRENT ASSETS		THUS\$	THUS\$
Cash		13,273	17,952
Time deposits		1,499	15,808
Marketable securities	4	132,303	30,797
Accounts receivable, net	5	155,836	162,887
Other accounts receivable, net	5	9,737	8,272
Accounts receivable from related companies	6	56,459	31,082
Inventories, net	7	327,232	273,151
Recoverable taxes		31,212	18,583
Prepaid expenses		3,189	2,735
Deferred income taxes	14	2,528	-
Other current assets		9,515	9,493
TOTAL CURRENT ASSETS		742,783	570,760
PROPERTY, PLANT AND EQUIPMENT, NET	8	794,647	694,676
OTHER ASSETS			
Investments in related companies	9	20,676	16,246
Goodwill, net	10	27,209	17,470
Negative goodwill, net	10	(68)	(271)
Intangible assets, net		4,783	4,544
Long-term accounts receivable, net	5	379	217
Long-term accounts receivable from related companies	6	2,000	-
Other long-term assets	11	48,159	53,137
TOTAL OTHER ASSETS		103,138	91,343
TOTAL ASSETS		1,640,568	1,356,779

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY	AS OF DECEMBER 31,		
	NOTE	2005 THUS\$	2004 THUS\$
CURRENT LIABILITIES			
Short-term bank debt	12	85,022	6,019
Current portion of long-term debt	12	204,880	4,577
Dividends payable		229	182
Accounts payable		70,292	56,865
Other accounts payable		1,036	2,054
Notes and accounts payable to related companies	6	7,662	12,708
Accrued liabilities	13	23,750	12,220
Withholdings		13,092	11,063
Income taxes		20,675	11,641
Deferred income taxes	14	-	7,933
Deferred income		1,262	441
Other current liabilities		368	1,206
TOTAL CURRENT LIABILITIES		428,268	126,909
LONG-TERM LIABILITIES			
Long-term bank debt	12	100,000	200,000
Other accounts payable		1,065	1,106
Deferred income taxes	14	38,895	34,089
Staff severance indemnities	15	16,415	11,875
TOTAL LONG-TERM LIABILITIES		156,375	247,070
MINORITY INTEREST	16	35,509	34,172
SHAREHOLDERS' EQUITY			
Paid-in capital	17	477,386	477,386
Other reserves	17	157,287	150,887
Retained earnings	17	385,743	320,355
TOTAL SHAREHOLDERS' EQUITY		1,020,416	948,628
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,640,568	1,356,779

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Income

	FOR THE YEARS ENDED DECEMBER 31,		
	NOTE	2005	2004
		THUS\$	THUS\$
OPERATING RESULTS			
Sales		895,970	775,461
Cost of sales		(652,901)	(597,166)
GROSS MARGIN		243,069	178,295
Selling and administrative expenses		(61,878)	(54,476)
OPERATING INCOME		181,191	123,819
Non-operating income	19	16,433	20,846
Non-operating expenses	19	(50,755)	(38,290)
NON-OPERATING RESULTS		(34,322)	(17,444)
INCOME BEFORE INCOME TAXES		146,869	106,375
Income tax expense	14	(32,527)	(27,239)
INCOME BEFORE MINORITY INTEREST		114,342	79,136
Minority interest	16	(1,039)	(5,107)
NET INCOME BEFORE NEGATIVE GOODWILL		113,303	74,029
Amortization of negative goodwill	10	203	203
NET INCOME FOR THE YEAR		113,506	74,232

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Cash Flows

	FOR THE YEARS ENDED DECEMBER 31	
	2005	2004
	THUS\$	THUS\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	113,506	74,232
CHARGES (CREDITS) TO INCOME NOT REPRESENTING CASH FLOWS		
Depreciation expense	8 70,054	62,647
Amortization of intangible assets	498	173
Write-offs and accruals	17,034	23,584
Gain on equity investments in related companies	(3,073)	(4,929)
Loss on equity investments in related companies	477	387
Amortization of goodwill	10 2,070	1,073
Amortization of negative goodwill	10 (203)	(203)
Gain on sale of investments	-	(8,820)
(Profit) loss on sales of assets	216	283
Other credits to income not representing cash flows	(10,109)	(1,919)
Other charges to income not representing cash flows	87,690	59,181
Foreign exchange difference, net	3,803	461
NET CHANGES IN OPERATING ASSETS AND LIABILITIES		
Increase Trade accounts receivable	(15,838)	(9,447)
Increase Inventories	(58,807)	(40,665)
Increase Other assets	(10,783)	(770)
Increase Accounts payable	(6,520)	(6,829)
Increase (Decrease) Interest payable	349	(38)
Increase (Decrease) Net income taxes payable	(25,620)	1,284
(Decrease) Increase Other accounts payable	(10,517)	(2,935)
Increase (Decrease) VAT and taxes payable	(3,282)	137
Minority interest	16 1,039	5,139
NET CASH PROVIDED FROM OPERATING ACTIVITIES	151,984	152,026
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term bank financing	185,000	83,307
Payment of dividends	(51,732)	(25,706)
Repayment of bank financing	(6,000)	(192,696)
NET CASH USED IN FINANCING ACTIVITIES	127,268	(135,095)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of property, plant and equipment	2,546	741
Sales of permanent investments	-	69,337
Sales of other investments	-	210
Other investing income	22 1,345	877
Additions to property, plant and equipment	(185,603)	(51,758)
Capitalized interest	(5,140)	(1,708)
Purchase of permanent investments	(12,026)	(37,079)
Investments in financial instruments	(2)	(13)
Other disbursements	(666)	-
NET CASH USED IN INVESTING ACTIVITIES	(199,546)	(19,393)
Effect of inflation on cash and cash equivalents	1,497	(58)
Net change in cash and cash equivalents	81,203	(2,520)
Beginning balance of cash and cash equivalents	66,753	69,273
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	147,956	66,753

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

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. In the event of any discrepancies in these regulations, SVS regulations supersede Chilean GAAP. Certain accounting practices applied by the Company that conform to Chilean GAAP may not conform to generally accepted accounting principles in the United States ("US GAAP") or International Financial Reporting Standards ("IFRS"). For the convenience of the reader, the consolidated financial statements and their accompanying notes have been translated from Spanish into English.

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 SVS Circular N° 1,697 and Technical Bulletins N° 64 and 72 of the Chilean Association of Accountants, the consolidated financial statements include the following subsidiaries:

FOREIGN SUBSIDIARIES	DIRECT OR INDIRECT OWNERSHIP	
	2005 %	2004 %
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

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

FOREIGN SUBSIDIARIES	DIRECT OR INDIRECT OWNERSHIP	
	2005 %	2004 %
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
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. (Mexico)	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. (Mexico)	100.00	100.00
Administración y Servicios Santiago S.A. de C.V. (Mexico)	100.00	100.00
SQM Lithium Specialties LLC (USA)	100.00	100.00
SQM Nitratos México S.A. de C.V. (México)	51.00	51.00
SQM Dubai - FZCO.	100.00	-

DOMESTIC SUBSIDIARIES	DIRECT OR INDIRECT OWNERSHIP	
	2005 %	2004 %
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 Ltda.	60.64	60.64
SQM Salar S.A.	100.00	100.00
SQM Industrial S.A.	100.00	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.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

b) Accounting Period

These consolidated financial statements have been prepared as of December 31, 2005 and 2004 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, that 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 (3.6% and 2.5% in 2005 and 2004, 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\$ 512.50 per US\$1 at December 31, 2005 and Ch\$ 557.40 per US\$1 at December 31, 2004.

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 N° 64 and N° 72 of the Chilean Association of Accountants ("BT 64-BT 72") as follows:

- a)** For those subsidiaries and affiliates located in Chile which maintain 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 price level restatement 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 N° 1,697 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.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

- Income and expense accounts are translated at average exchange rates between the US dollar and the local currency.
- Any foreign currency translation differences are included in the results of operations for the period.

d) Foreign currency (continued)

Foreign currency translation differences for the period ended December 31, 2005 and 2004 generated net losses of ThUS\$ (3,804) and ThUS\$ (461) 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:

	2005	2004
	US\$	US\$
Brazilian Real	2.34	2.65
New Peruvian Sol	3.34	3.47
Argentine Peso	3.03	2.98
Japanese Yen	118.07	104.21
Euro	0.85	0.73
Mexican Peso	10.71	11.22
Indonesian Rupee	9,290.00	9,289.97
Australian Dollar	1.36	1.28
Pound Sterling	0.52	0.52
Ecuadorian Sucre	1.00	1,00
South African Rand	6.33	5.80

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 or when doubt exists as to the recovery of accounts receivable.

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. These values do not exceed net realizable values.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

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) Current 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 returns.

Beginning on January 1, 2000, the Company records deferred income taxes in accordance with Technical Bulletins N° 60, 69, 71 and 73 of the Chilean Association of Accountants, and with SVS Circular N° 1,466 issued on January 27, 2000, 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 March 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 are reversed.

k) Property, plant and 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 1989. 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.

Property, plant and equipment acquired through financial 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 N° 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 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 N° 368 and 1,697 and Technical Bulletins N° 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 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.

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 years.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

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 N° 55 of the Chilean Association of Accountants.

o) Exploration and mining development costs

Expenses associated with future reserves are presented within Other long-term assets and are amortized according to estimated reserves of minerals. Expenses associated with mineral reserves under exploitation are capitalized within Inventories.

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 8%.

q) Vacations

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

r) Sellback operations

These operations are recorded in Other Current Assets at purchase cost. Starting on 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 N° 57 of the Chilean Association of Accountants. These 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 2004 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 SVS Circular N° 981 dated December 28, 1990, 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. Property, plant and equipment that are acquired for use in research and development activities and determined to provide additional benefits to the Company are recorded in property, plant and equipment.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

a) Changes in Accounting Principles

Up to December 31, 2004, the financial statements of the subsidiary Fertilizantes Naturales S.A. were included in consolidation, given that the Company maintained the control of this subsidiary (due to its right to manage this subsidiary's financial and operating policies). Beginning on January 1, 2005, the Company no longer controls this subsidiary and therefore the aforementioned subsidiary has been excluded from consolidation in accordance with letters a) to d) of N° 6 in Appendix 1 of Technical Bulletin N° 72 issued by the Chilean Association of Accountants.

During 2005, the Company reduced the discount rate for the determination of staff severance indemnities using the accrued cost of benefit method from 9% to 8%. This change resulted in a higher charge to income of ThUS\$ 678.

During the year ended December 31, 2005, the subsidiary SQM Industrial S.A. changed the calculation of depreciation for the year from the unit of production method to the straight-line method, based on the estimated remaining technical useful lives of the different classes of assets.

There were no other changes in the accounting principles used by the Company during 2005 and 2004.

b) Reformulation of 2004 Financial Statements

For comparison purposes, the financial statements as of December 31, 2004 have been reformulated to exclude the following assets and liabilities of Fertilizantes Naturales S.A.

Fertilizantes Naturales S.A.	
	THUS\$
Current Asset	9,743
Property, Plant and Equipment	86
Other Assets	75
Current Liability	9,388
Participation in Income (*)	64

*50% of the proportional income in Fertilizantes Naturales S.A. is presented under "Gain on equity investments in related companies".

NOTE 4 - MARKETABLE SECURITIES

As of December 31 marketable securities are detailed as follows:

	2005	2004
	THUS\$	THUS\$
Mutual funds	132,303	30,797
TOTAL	132,303	30,797

* As of December 31, 2005 and 2004, mutual fund shares relate to investments made in the "Citifunds Institutional Liquid Reserve Limited".

This institution is a high liquidity fund and primarily invest in fixed income instruments in US market.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

NOTE 5 - SHORT AND LONG-TERM ACCOUNTS RECEIVABLE

a) Short 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		TOTAL SHORT-TERM (NET)	
	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$
SHORT-TERM						
Trade accounts receivable	105,618	117,761	12,570	7,137	118,188	124,898
Allowance for doubtful accounts					(7,737)	(6,960)
Notes receivable	34,950	38,439	14,772	10,517	49,722	48,956
Allowance for doubtful accounts					(4,337)	(4,007)
ACCOUNTS RECEIVABLE, NET					155,836	162,887
Other accounts receivable	9,454	8,837	999	113	10,453	8,950
Allowance for doubtful accounts					(716)	(678)
OTHER ACCOUNTS RECEIVABLE, NET					9,737	8,272
LONG-TERM RECEIVABLES					379	217

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

Consolidated Short 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	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Net short-term trade accounts receivable												
Balance	35,860	31,490	26,345	33,961	7,069	3,489	27,433	36,273	13,744	12,725	110,451	117,938
% of total	32.47%	26.70%	23.85%	28.79%	6.40%	2.96%	24.84%	30.76%	12.44%	10.79%	100.00%	100.00%
Net short-term notes receivable												
Balance	38,016	39,065	2,826	2,524	563	515	357	120	3,623	2,725	45,385	44,949
% of total	83.76%	86.91%	6.23%	5.62%	1.24%	1.15%	0.79%	0.26%	7.98%	6.06%	100.00%	100.00%
Net short-term other accounts receivable												
Balance	4,631	3,558	1,504	1,872	11	2	3,064	2,591	527	249	9,737	8,272
% of total	47.56%	43.01%	15.45%	22.64%	0.11%	0.02%	31.47%	31.32%	5.41%	3.01%	100.00%	100.00%
Subtotal short-term accounts receivable, net												
Balance	78,507	74,113	30,675	38,357	7,643	4,006	30,854	38,984	17,894	15,699	165,573	171,159
% of total	47.42%	43.30%	18.53%	22.41%	4.62%	2.34%	18.62%	22.78%	10.81%	9.17%	100.00%	100.00%
Long-term accounts receivable, net												
Balance	322	199	-	3	42	-	-	-	15	15	379	217
% of total	84.96%	91.71%	-	1.38%	11.08%	-	-	-	3.96%	6.91%	100.00%	100.00%
Total short and long-term accounts receivable, net												
Balance	78,829	74,312	30,675	38,360	7,685	4,006	30,854	38,984	17,909	15,714	165,952	171,376
% of total	47.50%	43.36%	18.48%	22.38%	4.63%	2.34%	18.60%	22.75%	10.79%	9.17%	100.00%	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

NOTE 6 - 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, 2005 and 2004 are as follows:

ACCOUNTS RECEIVABLE	SHORT-TERM		LONG-TERM	
	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$
Ajay Europe S.A.R.L.	1,948	3,583	-	-
Nutrisi Holding N.V.	1,432	1,653	-	-
Generale de Nutrition Vegetale S.A.	132	132	-	-
Abu Dhabi Fertilizer Ind. WLL	3,354	5,284	2,000	-
NU3 B.V.	467	607	-	-
Doktor Tarsa -SQM Turkey	12,688	4,813	-	-
Fertilizantes Naturales S.A.	5,887	5,053	-	-
Sales de Magnesio S.A.	72	52	-	-
Soc.Inv. Pampa Calichera S.A.	4	-	-	-
Sac S.A.	4	-	-	-
Ajay North America LLC	2,420	-	-	-
PCS Sales Inc	-	31	-	-
Impronta SRL	5,042	2,568	-	-
Adubo Trevo S.A.	16	16	-	-
Yara International Asia Trade Pte Ltd	1,359	1,682	-	-
Yara East Africa Limited	681	-	-	-
Yara Poland SP	103	45	-	-
Yara Benelux B.V	222	237	-	-
Yara Hellas S.A.	116	80	-	-
Yara International Australia PTY.	670	829	-	-
Yara UK Ltd.	132	144	-	-
Yara GMBH & CO KG	148	96	-	-
Yara Colombia Ltda..	1,480	355	-	-
Yara Fertilizers (Philippines)	60	-	-	-
Yara Fertilizers (New Zealand)	171	-	-	-
Yara Iberian S.A.	1,958	1,565	-	-
Yara North America LLC	7,727	218	-	-
Yara France BU Africa	1,025	743	-	-
Yara France BU Latin America	-	1,296	-	-
Yara Argentina S.A.	43	-	-	-
Yara Internacional ASA	7,098	-	-	-
TOTAL	56,459	31,082	2,000	-

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

a) Amounts included in balances with related parties as of December 31, 2005 and 2004, continued:

ACCOUNTS PAYABLE	SHORT-TERM	
	2005	2004
	THUS\$	THUS\$
SQM Industrial S.A.	-	6,645
Charlee SQM Thailand CO.	88	-
NU3 N.V.	813	1,319
Rotem Amfert Negev Limited	-	106
Yara Int. Wholesale Sudafric	362	-
Yara Argentina S.A.	-	4
Yara AB	1	14
Yara Business Suport	4,130	2,761
Yara Internacional ASA	-	446
Yara Fertilizantes Ltda.	575	-
Yara France S.A.	191	1,413
Yara France BU Latin America	1,502	-
TOTAL	7,662	12,708

There were no outstanding long-term accounts payable with related parties as of December 31, 2005 and 2004

b) During 2005 and 2004, principal transactions with related parties were as follows:

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT OF TRANSACTION		EFFECT ON INCOME	
			2005	2004	CHARGE	CREDIT.
			THUS\$	THUS\$	THUS\$	THUS\$
NU3 N.V. (Belgium)	Indirect	Sales of products	5,018	5,036	1,892	1,521
Doktor Tarsa	Indirect	Sales of products	14,977	6,718	3,872	1,416
Abu Dhabi Fertilizer WLL	Indirect	Sales of products	3,834	3,932	1,222	1,126
Impronta SRL	Indirect	Sales of products	4,471	4,282	1,613	478
Ajay Europe S.A.R.L.	Indirect	Sales of products	8,017	5,964	4,743	2,937
NU3 B.V.	Indirect	Sales of products	6,035	5,904	2,846	2,276
Fertilizantes Naturales S.A.	Indirect	Sales of products	19,916	18,095	6,663	6,035
Ajay North America LLC	Indirect	Sales of products	12,401	8,519	7,031	4,009
Yara UK Ltd.	Shareholder	Sales of products	1,276	1,060	485	315
Yara International Asia Trade Pte Ltd.	Shareholder	Sales of products	6,782	6,035	1,984	1,284
Yara France BU Africa	Shareholder	Sales of products	8,748	917	2,640	253
Yara Benelux B.V.	Shareholder	Sales of products	6,698	5,593	2,385	1,345
Yara AB Sweden	Shareholder	Sales of products	808	705	284	184

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Notes to the Consolidated Financial Statements

COMPANY	RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT OF TRANSACTION		EFFECT ON INCOME	
			2005	2004	2005	2004
			THUS\$	THUS\$	THUS\$	THUS\$
Yara International Australia Pty Ltd.	Shareholder	Sales of products	2,853	2,530	999	682
Yara Iberian S.A.	Shareholder	Sales of products	8,900	6,665	3,060	1,638
Yara Colombia Ltda.	Shareholder	Sales of products	5,004	3,537	1,543	777
Yara Poland SP	Shareholder	Sales of products	1,623	1,525	703	512
Yara GMBH & Co Kg	Shareholder	Sales of products	1,603	1,381	635	417
Yara France	Shareholder	Sales of products	7,622	7,755	2,458	1,908
Yara France S.A.	Shareholder	Sales of products	209	1,729	73	478
Yara Hellas S.A.	Shareholder	Sales of products	1,448	1,022	473	252
Yara France BU Latin America	Shareholder	Sales of products	1,192	-	288	-
Yara Argentina S.A.	Shareholder	Sales of products	9,441	7,724	2,658	1,629
Adubo Trevo S.A.	Shareholder	Sales of products	3,991	5,564	1,746	1,512
SQM Industrial S.A.	Shareholder	Sales of products	-	7,221	-	3,414
		Purchases of products	-	29,466	-	-
Yara Internacional ASA	Shareholder	Sales of products	8,250	340	2,120	120
Yara North America	Shareholder	Sales of products	43,386	40,491	13,137	8,317
Yara International Wholesale	Shareholder	Sales of products	20,013	-	5,733	-
Yara Business Support	Shareholder	Services	4,129	2,761	(4,129)	(2,761)
Yara East Africa	Shareholder	Sales of products	1,311	-	474	-

NOTE 7 - INVENTORIES

Net inventories are summarized as follows:

	2005	2004
	THUS\$	THUS\$
Finished products	207,195	164,030
Work in process	102,187	96,616
Supplies	17,850	12,505
TOTAL	327,232	273,151

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized as follows:

	2005	2004
	THUS\$	THUS\$
LAND		
Land	20,003	20,002
Mining Concessions	44,784	44,223
TOTAL	64,787	64,225
Buildings and infrastructure		
Buildings	174,843	171,301
Installations	173,326	140,959
Construction-in-progress	136,225	47,727
Other	177,141	194,479
TOTAL	661,535	554,466
Machinery and Equipment		
Machinery	445,683	415,801
Equipment	121,086	99,248
Project-in-progress	9,832	16,278
Other	17,809	18,628
TOTAL	594,410	549,955
Other fixed assets		
Tools	8,804	8,020
Furniture and office equipment	12,315	12,274
Project-in-progress	14,180	11,342
Other	7,653	12,370
TOTAL	42,952	44,006
AMOUNTS RELATING TO TECHNICAL REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	2005	2004
	THUS\$	THUS\$
Land	7,839	7,839
Buildings and infrastructure	41,439	41,439
Machinery and equipment	12,091	12,091
Other assets	53	53
	61,422	61,422
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,425,106	1,274,074
Less: Accumulated depreciation		
Buildings and infrastructure	(257,063)	(230,678)
Machinery and equipment	(319,388)	(295,414)
Other property, plant and equipment	(18,466)	(18,962)
Technical revaluation	(35,542)	(34,344)
TOTAL ACCUMULATED DEPRECIATION	(630,459)	(579,398)
NET PROPERTY, PLANT AND EQUIPMENT	794,647	694,676

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	2005	2004
	THUS\$	THUS\$
DEPRECIATION FOR THE YEAR ENDED DECEMBER 31:		
Buildings and infrastructure	(30,286)	(26,538)
Machinery and equipment	(37,108)	(33,524)
Other property, plant and equipment	(1,462)	(1,294)
Technical revaluation	(1,198)	(1,291)
TOTAL DEPRECIATION	(70,054)	(62,647)

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

	2005	2004
	THUS\$	THUS\$
Administrative office buildings	2,086	2,086
Accumulated depreciation	(525)	(468)
TOTAL LEASED ASSETS	1,561	1,618

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 9 - 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 does not have hedging instruments to cover its foreign investments.

b) Transactions performed in 2005

* Up to December 31, 2004, the financial statements of the subsidiary Fertilizantes Naturales S.A. were included in consolidation, given that the Company maintained the control of this subsidiary (due to its right to manage this subsidiary's financial and operating policies). Beginning on January 1, 2005, the Company no longer controls this subsidiary and therefore the aforementioned subsidiary has been excluded from consolidation in accordance with letters a) to d) of N° 6 in Appendix 1 to Technical Bulletin N° 72 issued by the Chilean Association of Accountants.

* On February 28, 2005, SQM Nitratos S.A. made a capital contribution of ThUS\$ 484 to SQM Corporation N.V., with which it obtained participation of 99.9794% in this subsidiary. SQM S.A. did not concur to this contribution thereby reducing its participation to 0.0002% and ownership held by SQI Corporation N.V. by 0.0204%. In accordance with Technical Bulletin N° 72 issued by the Chilean Association of Accountants, this investment was stated using the pooling-of-interests method. This operation gave rise to no goodwill or negative goodwill.

* In March 2005, the subsidiary Soquimich European Holding B.V. made a capital increase of ThUS\$ 411 in its related company Misr Specialty Fertilizers. In accordance with Technical Bulletin N° 72 issued by the Chilean Association of Accountants and the regulations in Circular N° 1,697 issued by the Chilean Superintendency of Securities and Insurance, the valuation was performed in consideration of the book value of the equity of Misr Specialty Fertilizers as of December 31, 2004, which does not significantly differ from its fair value determined at that date. This operation gave rise to no goodwill or negative goodwill.

* On March 10, 2005, the subsidiary PCS Yumbes SCM, changed its name to Yumbes SCM.

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* In April 2005, SQM Nitratos S.A. made a capital contribution of ThUS\$ 5,641 in SQM Corporation N.V., thereby obtaining ownership interest of 99.99835% in that subsidiary. SQM S.A. did not participate in this increase and reduced its ownership interest to 0.00002% and that of SQI Corporation N.V. by 0.00163%. In accordance with Technical Bulletin N° 72 issued by the Chilean Association of Accountants, this investment was valued using the pooling of interests method. This operation gave rise to no goodwill or negative goodwill.

* In April 2005, the subsidiary SQM Corporation N.V. acquired 13% of the affiliate Abu Dhabi Fertilizers for a sum of ThUS\$ 484. In accordance with Technical Bulletin N° 72 issued by the Chilean Association of Accountants and SVS Circular N° 1,697 the Company valued this investment in consideration of the book value of equity of Abu Dhabi Fertilizers as of December 31, 2004, which does not significantly differ from its fair value at that date. This operation gave rise to no goodwill or negative goodwill.

* In April 2005, the subsidiary SQM Corporation N.V., the owner of 100% of the shares of its subsidiary Soquimich European Holding B.V., made a capital increase of ThUS\$ 5,641 in the latter company. This capital increase was valued in accordance with Technical Bulletin N° 72 issued by the Chilean Association of Accountants and SVS Circular N° 1,697. This operation gave rise to no goodwill or negative goodwill.

* On May 11, 2005, SQM Salar S.A. distributed dividends for a sum of ThUS\$ 21,500 to its shareholders SQM Potasio S.A. (81.82%) and SQM S.A. (18.18%).

* On May 11, 2005, SQM Potasio S.A. distributed dividends for a sum of ThUS\$ 15,000 to its shareholders SQM S.A. (99.98%) and SQM Nitratos S.A. (0.02%).

* On May 11, 2005, SQM Nitratos S.A. distributed dividends for a sum of ThUS\$ 16,900 to its shareholders SQM S.A. (99.99%) and Inversiones Pascuala S.A. (0.01%).

* On July 12, 2005, SQM Nitratos S.A. made a capital contribution of ThUS\$ 100 in SQM Brasil Ltda. This operation gave rise to no goodwill or negative goodwill. 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 July 12, 2005, SQM Brasil Ltda. made a capital increase of ThUS\$100. This capital was contributed by SQM Nitratos S.A. thereby obtaining ownership of 96.99% and 3.01 % by SQM S.A. SQM S.A. did not participate in this capital increase and this transaction generated no goodwill or negative goodwill. 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 August 9, 2005, SQM Nitratos S.A. and SQM S.A. acquired 99 and 1 shares, respectively of Kemira Emirates Fertilizar Company - Fzco in ThUS\$ 9,282 paid at the date of the acquisition. In accordance with the provisions of Technical Bulletin N° 72 issued by the Chilean Association of Accountants and SVS Circular N° 1697, the preliminary valuation was conducted by identifying the assets and liabilities in the individual financial statements of Kemira Emirates Fertilizar Company - Fzco as of July 31, 2005, by valuing them at their respective fair values, which do not significantly differ from their carrying values determined at that date. Goodwill determined for the purchase of this company amounted to ThUS\$ 2,058, which is amortized over a period of 20 years.

For the acquisition of Kemira Emirates Fertilizar Company - Fzco., the Company used the purchase method.

The Company will continue to review valuation at fair value and applies the term provided to refine the adjustment established in paragraph 66 of Technical Bulletin N° 72 issued by the Chilean Association of Accountants.

* In September 2005, the subsidiary Soquimich European Holding B.V. and Charlee Industries Co, Ltd. incorporated Charlee SQM (Thailand) Co. Ltd. through a contribution by Soquimich European Holding B.V. of ThUS\$ 800, which represents ownership of 40% in Charlee SQM (Thailand) Co. Ltd. This operation did not generate any negative goodwill or goodwill. 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 September 17, 2005, Kemira Emirates Fertilizar Company - Fzco changed its name to SQM Dubai - Fzco.

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* At the Fifth General Extraordinary Shareholders' Meeting of SQM Nitratos S.A. held on October 31, 2005, the shareholders unanimously agreed to do the following:

- Change the line of business of SQM Nitratos S.A. in order to limit it to mining exploitation operations.
- Divide SQM Nitratos S.A. into two companies, SQM Nitratos S.A., which maintains the original name, and a new company, SQM Procesos S.A.

This division will take effect on January 1, 2006.

* At the Twenty-Second General Extraordinary Shareholders' Meeting of Yumbes Sociedad Contractual Minera held on December 19, 2005, the shareholders agreed to the transformation of this company to SQM Industrial S.A, thereby changing the name and the line of business.

* Assets, liabilities and equity of SQM Industrial S.A. included in consolidation at their respective fair values as of December 31, 2005 are detailed as follows:

	THUS\$
Current assets	28,495
Property, plant and equipment	9,710
Other assets	672
Current liabilities	26,795
Long-term liabilities	23
Equity	12,059

In accordance with Technical Bulletin N° 72 issued by the Chilean Association of Accountants and regulations contained in SVS Circular N° 1,697, the Company made the valuation by identifying assets and liabilities in the stand-alone financial statements of SQM Industrial S.A. (formerly - PCS Yumbes SCM) as of December 31, 2004, by valuing them at their respective fair values. The methodology applied for the acquisition of SQM Industrial S.A. (formerly - PCS Yumbes SCM), was the purchase method.

The Company continued to review the valuation during 2005 in accordance with the term allowed to refine the adjustment established in paragraph 66 of Technical Bulletin N° 72 issued by the Chilean Association of Accountants. The account with the greatest changes was property, plant and equipment, the previous valuation of which had been conducted in relation to the observed or reported status of the asset, taking into consideration that not all productive processes in plans were working. Therefore and in consideration of background information provided by external experts and Company's personnel, a full review of the condition of these assets was conducted, and the assets were revalued at fair value.

In addition, the Company has defined, in accordance with paragraph 22 of Technical Bulletin N° 33 issued by the Chilean Association of Accountants, property, plant and equipment of SQM Industrial S.A. (formerly - PCS Yumbes SCM) that will be considered not in use for an indefinite period in order to determine how to dispose of these assets (by sale or public auction). Depreciation of these assets has been suspended and they have been adjusted to their realizable value. This valuation was conducted taking into consideration the background information obtained in a valuation survey conducted by external experts and qualified personnel from the Company, who conducted a full review of the condition of these assets and determined the net realizable value of these assets. This adjustment generated a decrease in shareholders' equity of ThUS\$ 17,362, which was considered in the company's fair value.

This situation generated goodwill of ThUS\$ 22,255, which was primarily the result of the valuation adjustments described in the preceding paragraphs, which were made in accordance with Chilean GAAP and SVS regulations. Goodwill determined will be amortized over a term of 20 years. As of December 31, 2005, the amortized balance amounts to ThUS\$ 1,072.

* On December 28, 2005, SQM Nitratos S.A. sold the 2,000 shares (0.0046%) that it held in SQM Industrial S.A. to SQM Potasio S.A..

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c) Transactions Performed 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 Technical Bulletin N° 72 of the Chilean Association of Accountants and SVS Circular N° 1,697, 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 Technical Bulletin N° 72 of the Chilean Association of Accountants and SVS Circular N° 1,697, 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 Technical Bulletin N° 72 of the Chilean Association of Accountants and SVS Circular 1,697, 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 Technical Bulletin N° 72 of the Chilean Association of Accountants and SVS Circular 1,697, 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 N° 1,698. The goodwill will be amortized over period of 20 years.

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Consequently, 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 Technical Bulletin N° 72

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)	
					2005 %	2004 %	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$
0-E	Ajay North America LLC	USA	US\$	-	49.00	49.00	13,372	11,726	6,271	5,746	2,810	940	1,377	461
0-E	Nutrisi Holding N.V.	Belgium	US\$	-	50.00	50.00	6,658	5,559	3,329	2,649	1,609	1,480	805	724
0-E	Misr Specialty Fertilizers	Egypt	US\$	-	47.00	47.00	4,504	3,803	2,139	1,806	(708)	(789)	(336)	(375)
0-E	Ajay Europe S.A.R.L.	France	US\$	36,700	50.00	50.00	5,086	4,646	2,258	2,323	1,063	140	531	70
0-E	Doktor Tarsa	Turkey	Euros	-	50.00	50.00	4,876	2,170	2,438	1,085	429	590	214	295
0-E	Abu Dhabi Fertilizer Industries WLL	UAE	US\$	1,961	50.00	37.00	3,520	3,227	1,760	1,194	13	84	6	31
0-E	Charlee SQM Thailand Co. Ltd.	Thailand	US\$	-	40.00	-	2,000	-	800	-	-	-	-	-
0-E	Impronta SRL	Italia	Euros	-	50.00	50.00	1,778	1,016	889	508	(281)	342	(141)	171
77557430-5	Sales de Magnesio Ltda.	Chile	-	-	50.00	50.00	844	518	422	259	259	480	130	240
0-E	SQM Eastmed Turkey	Turkey	Euros	-	50.00	50.00	464	536	232	268	-	-	-	-
0-E	Rui Xin Packaging Materials Sanhe Co.Ltd	China	US\$	-	25.00	25.00	-	482	-	121	-	-	-	-
0-E	Fertilizantes Naturales S.A.	Spain	Euros	-	25.00	25.00	430	516	108	259	37	64	9	16
93390000-2	Empresas Melón S.A.	Chile	-	-	-	14.00	-	-	-	-	-	-	-	2,905
99551480-k	Inm. San Patricio S.A. Asoc.	Chile	-	-	-	14.00	-	-	-	-	-	-	-	(12)
81767200-0	Garantizadora Pensiones	Chile	-	-	3.00	3.00	908	835	30	28	-	-	-	-
TOTAL									20,676	16,246				

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NOTE 10 - GOODWILL AND NEGATIVE GOODWILL

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

a) Goodwill

TAX REGISTRATION NUMBER	COMPANY	DECEMBER 31, 2005		DECEMBER 31, 2004	
		AMOUNT AMORTIZED	GOODWILL	AMOUNT AMORTIZED	GOODWILL
		DURING THE PERIOD	BALANCE	DURING THE PERIOD	BALANCE
		THUS\$	THUS\$	THUS\$	THUS\$
0-E	Doktor Tarsa	18	-	76	23
79768170-9	Soquimich Comercial S.A.	122	-	150	122
93390000-2	Empresas Melón S.A.	-	-	324	-
79626800-K	SQM Salar S.A.	40	-	43	40
0-E	SQM México S.A. de C.V.	56	891	56	947
96864750-4	SQM Potassium S.A. Comercial Caiman Internacional S.A.	144	1,591	144	1,735
0-E	Fertilizantes Olmeca S.A. de C.V.	23	154	23	177
0-E	Comercial Hydro S.A.	56	111	56	167
96801610-5	Comercial Hydro S.A.	176	1,294	140	1,305
0-E	Safnits Pty Ltd.	290	-	61	317
0-E	SQM Dubai - FZCO	73	1,985	-	-
79947100-0	SQM Industrial S.A.	1,072	21,183	-	12,637
TOTAL		2,070	27,209	1,073	17,470

b) Negative Goodwill

TAX REGISTRATION NUMBER	COMPANY	DECEMBER 31, 2005		DECEMBER 31, 2004	
		AMOUNT AMORTIZED	NEGATIVE GOODWILL	AMOUNT AMORTIZED	NEGATIVE GOODWILL
		DURING THE PERIOD	BALANCE	DURING THE PERIOD	BALANCE
		THUS\$	THUS\$	THUS\$	THUS\$
96575300-1	Minera Mapocho S.A.	203	68	203	271
TOTAL		203	68	203	271

NOTE 11 - OTHER LONG-TERM ASSETS

Other long-term assets are summarized as follows:

	2005	2004
	THUS\$	THUS\$
Engine and equipment spare-parts, net	19,289	24,734
Mine development costs	24,282	23,208
Pension plan	1,133	1,165
Construction of Salar-Baquedano road	1,410	1,650
Deferred loan issuance costs	323	866
Other	1,722	1,514
TOTAL	48,159	53,137

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NOTE 12 - BANK DEBT

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

BANK OR FINANCIAL INSTITUTION	2005	2004
	THUS\$	THUS\$
Banco Crédito Inversiones	65,017	-
Banco Santander Santiago	20,005	-
Banco de Chile	-	6,019
TOTAL	85,022	6,019
Annual average interest rate	4,65%	2,48%

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

BANK OR FINANCIAL INSTITUTION	2005	2004
	THUS\$	THUS\$
Union Bank of Switzerland (1)	204,577	204,577
BBVA Banco Bilbao Vizcaya Argentaria (2)	100,303	-
TOTAL	304,880	204,577
Less: Current portion	(204,880)	(4,577)
Long-term portion	100,000	200,000

(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 Libor + 0.325% per annum, quarterly payment. The principal is due on March 3, 2010.

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

YEARS TO MATURITY	2005	2004
	THUS\$	THUS\$
Current portion	204,880	4,577
1 to 2 years	-	200,000
2 to 3 years	-	-
3 to 5 years	100,000	-
TOTAL	304,880	204,577

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NOTE 13 - ACCRUED LIABILITIES

As of December 31, 2005 and 2004, accrued liabilities are summarized as follows:

	2005	2004
	THUS\$	THUS\$
Provision for royalties	1,855	1,360
Provision for employee compensation and legal costs	7,145	1,570
Taxes and monthly income tax installment payments	2,909	1,077
Vacation accrual	8,126	6,933
Accrued employee benefits	186	-
Marketing expenses	246	246
Other accruals	3,283	1,034
TOTAL CURRENT LIABILITIES	23,750	12,220

NOTE 14 - INCOME AND DEFERRED TAXES

a) At December 31, 2005 and 2004 the Company has the following consolidated balances for retained tax earnings, income not subject to taxes, tax loss carry-forwards and credit for shareholders:

	2005	2004
	THUS\$	THUS\$
Income for tax purpose		
with tax credit	206,777	86,518
Income for tax purpose		
without tax credit	93,732	-
Tax loss carry-forwards (1)	232,644	225,638
Credit for Shareholders	42,046	17,355

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

The Company has recognized deferred income taxes for tax losses and the related valuation allowance, where applicable, in accordance with Technical Bulletin N° 60 issued by the Chilean Association of Accountants.

The deferred taxes as of December 31, 2005 and 2004 represented a net liability of ThUS\$ 36,367 and ThUS\$ 42,022 respectively, and consisted of:

2005	DEFERRED TAX ASSET		DEFERRED TAX LIABILITY	
	SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
TEMPORARY DIFFERENCES	THUS\$	THUS\$	THUS\$	THUS\$
Allowance for doubtful accounts	1,345	620	-	-
Vacation accrual	1,322	-	-	-
Unrealized gain on sale of products	15,053	-	-	-
Provision for obsolescence	-	2,075	-	-
Production expenses	-	-	18,123	-
Accelerated depreciation	-	-	-	58,031
Exploration expenses	-	-	-	5,375
Capitalized interest	-	-	-	6,040
Staff severance indemnities	-	-	-	2,448
Capitalized expenses	-	-	-	147
Tax loss carry-forwards	-	40,624	-	-

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2005	DEFERRED TAX ASSET		DEFERRED TAX LIABILITY	
	SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
TEMPORARY DIFFERENCES	THUS\$	THUS\$	THUS\$	THUS\$
Accrued interest	149	-	-	-
Fair value recognition	-	2,535	-	-
Other	1,462	3,834	-	182
TOTAL GROSS DEFERRED TAXES	19,331	49,688	18,123	72,223
TOTAL COMPLEMENTARY ACCOUNTS	-	(4,692)	(1,508)	(23,850)
VALUATION ALLOWANCE	(188)	(35,518)	-	-
TOTAL DEFERRED TAXES	19,143	9,478	16,615	48,373

2004	DEFERRED TAX ASSET		DEFERRED TAX LIABILITY	
	SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
TEMPORARY DIFFERENCES	THUS\$	THUS\$	THUS\$	THUS\$
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	-	40,393	-	-
Losses from derivative transactions	85	-	-	-
Accrued interest	130	-	-	-
Fair value recognition	170	-	-	-
Other	1,296	3,472	217	179
TOTAL GROSS DEFERRED TAXES	20,790	46,553	23,261	67,626
TOTAL COMPLEMENTARY ACCOUNTS	-	(4,789)	(2,584)	(25,955)
VALUATION ALLOWANCE	(8,046)	(34,182)	-	-
TOTAL DEFERRED TAXES	12,744	7,582	20,677	41,671

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Notes to the Consolidated Financial Statements

c) Income tax expense is summarized as follows:

	2005	2004
	THUS\$	THUS\$
Tax expense adjustment (prior year)	(945)	(144)
Provision for current income tax	(37,428)	(14,366)
Effect of deferred tax assets and liabilities	10,844	(6,613)
Effect of amortization of complementary accounts	(3,084)	(6,022)
Effect on deferred tax assets and liabilities due to changes in valuation allowance	(1,350)	-
Other tax charges and credits	(564)	(94)
TOTAL INCOME TAX EXPENSE	(32,527)	(27,239)

NOTE 15 – STAFF SEVERANCE INDEMNITIES

Staff severance indemnities are summarized as follows:

	2005	2004
	THUS\$	THUS\$
Opening balance	11,875	10,127
Increases in obligation	5,193	3,301
Payments	(3,379)	(2,245)
Foreing currency transaction difference	1,000	692
Other differences	1,726	-
BALANCE AS OF DECEMBER 31	16,415	11,875

NOTE 16- MINORITY INTEREST

Minority interest is summarized as follows:

	EQUITY		NET INCOME/(LOSS)	
	2005	2004	2005	2004
	THUS\$	THUS\$	THUS\$	THUS\$
Soquimich Comercial S.A.	32,234	30,741	(84)	(4,442)
Ajay SQM Chile S.A.	3,200	3,313	(827)	(488)
Cape Fear Bulk LLC	93	146	(118)	(144)
SQM Italia S.R.L	23	20	(3)	2
SQM Nitratos México S.A. de C.V.	(39)	(46)	(7)	(37)
SQM Indonesia S.A.	(2)	(2)	-	2
TOTAL	35,509	34,172	(1,039)	(5,107)

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Notes to the Consolidated Financial Statements

NOTE 17- 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, 2004	263,196,524	477,386	141,420	(6,519)	230,932	46,753	889,972
Transfer of 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
BALANCE JANUARY 1, 2005	263,196,524	477,386	150,887	(8,370)	254,493	74,232	948,628
Transfer of 2004 net income to retained earnings	-	-	-	-	74,232	(74,232)	-
Declared dividends 2005	-	-	-	-	(48,118)	-	(48,118)
Accumulated deficit from subsidiaries in development stage (1)	-	-	-	-	-	-	-
Other comprehensive income (2)	-	-	6,400	-	-	-	6,400
Net income for the year	-	-	-	-	-	113,506	113,506
BALANCE AS OF DECEMBER 31, 2005	263,196,524	477,386	157,287	(8,370)	280,607	113,506	1,020,416

(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, 2005 and 2004.

b) The composition of other comprehensive income as of December 31, 2005 is as follows:

DETAIL	FOR THE YEAR ENDED DECEMBER 31, 2005		AS OF DECEMBER 31, 2005
		THUS\$	THUS\$
Technical appraisal		-	151,345
Changes to other comprehensive income from equity method investments:			
Soquimich Comercial S.A.	(1)	5,522	6,268
Isapre Norte Grande Ltda.	(1)	-	(83)
Inversiones Augusta S.A.	(1)	-	(761)
SQM Ecuador S.A.	(3)	-	(271)
Almacenes y Depósitos Ltda.	(1)	78	22
Asociación Garantizadora de Pensiones	(1)	2	(10)
Sales de Magnesio Ltda.	(1)	7	59
SQM North America Corp.	(2)	792	(1)
Other Companies	(1)	(1)	719
TOTAL OTHER COMPREHENSIVE INCOME		6,400	157,287

(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

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

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 18 -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, 2005 the Company's derivative instruments are as follows:

2005 TYPE OF DERIVATIVE	NOTIONAL OR COVERED AMOUNT THUS\$	EXPIRATION	DESCRIPTION OF THE CONTRACT TYPE	POSITION PURCHASE/SALE	ACCOUNTS AFFECTED		INCOME (LOSS) EFFECT THUS\$
					(LIABILITY)	ASSET AMOUNT THUS\$	
US dollar Put Option	31,279	1st trimester of 2006	Exchange rate	P	62		62
US dollar Put Option	5,747	1st trimester of 2006	Exchange rate	P	49		(49)
US dollar Forward	7,726	1st trimester of 2006	Exchange rate	P	176		(176)
	44,752				287		(163)

NOTE 19 -NON-OPERATING INCOME AND EXPENSES

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

a)Non-operating income

	2005 THUS\$	2004 THUS\$
Interest income	5,530	3,650
Reversal of allowance for doubtful accounts	2,204	388
Insurance recoveries	213	546
Sales of materials and services	438	190
Sale of mining concessions	298	635
Rental of property, plant and equipment	1,015	774
Equity participation in net income of unconsolidated subsidiaries	3,073	4,929
Gain on sale of investments in related companies	-	8,179
Compensation obtained from third parties	737	-
Other income	2,925	1,555
TOTAL	16,433	20,846

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

b) Non-operating expenses

	2005	2004
	THUS\$	THUS\$
Write-off of investments	13,489	9,262
Interest expenses	16,663	18,697
Equity participation in net losses of unconsolidated subsidiaries	477	387
Amortization of goodwill	2,070	1,073
Foreign currency translation, net	3,804	461
Work disruption expenses	584	568
Increase in provision for employee compensation and legal costs	8,664	555
Provision for sale of materials, spare-parts and supplies	1,188	1,628
Allowance for doubtful accounts	151	2,500
Non-recoverable taxes	647	531
Other expenses	3,018	2,628
TOTAL	50,755	38,290

NOTE 20 - RICE-LEVEL RESTATEMENT

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

	(CHARGE) CREDIT TO INCOME FROM OPERATIONS	
	2005	2004
	THUS\$	THUS\$
Property, plant and equipment	239	173
Other assets and liabilities	(248)	(286)
Shareholders' equity	(2,846)	(1,577)
SUBTOTAL PRICE-LEVEL RESTATEMENT	(2,855)	(1,690)
Net readjustment of assets and liabilities denominated in UF	-	(23)
NET PRICE-LEVEL RESTATEMENT	(2,855)	(1,713)

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

NOTE 21 – ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	2005	2004
	THUS\$	THUS\$
ASSETS		
Chilean pesos	81,583	81,886
US dollars	1,433,629	1,174,704
Euros	24,742	27,682
Japanese Yen	6,466	3,889
Brazilian Real	304	348
Mexican pesos	11,331	6,926
UF	57,906	49,785
South African Rand	9,321	9,214
Dirhams	11,954	-
Other currencies	3,332	2,345
CURRENT LIABILITIES		
Chilean pesos	65,355	51,823
US dollars	347,141	54,433
Euros	5,369	7,001
Japanese Yen	133	75
Brazilian Real	1,245	796
Mexican pesos	3,230	9,696
UF	3,544	1,230
South African Rand	1,792	1,736
Dirhams	411	-
Other currencies	48	119
LONG-TERM LIABILITIES		
Chilean pesos	16,358	10,531
US dollars	138,950	235,310
Japanese Yen	-	121
UF	1,065	1,106
Other currencies	2	2

NOTE 22 - CASH FLOW STATEMENT

Amounts included in other investing income are summarized as follows:

	2005	2004
	THUS\$	THUS\$
Repayment of employee loans	(75)	219
Cash included in cash equivalents	911	23
Sale of mining concessions	509	635
TOTAL	1,345	877

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

NOTE 23 – COMMITMENTS AND CONTINGENCIES

I. Contingencies:

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

- | | | |
|----|---|---|
| 1. | Plaintiff
Defendants | : Miguel Negrete Ubeda
: Marco Antonio Ortiz Castillo and SQM Nitratos S.A. and its insurers |
| | Date of lawsuit
Court
Cause
Status
Nominal amount | : May 2004
: First Civil Court of Antofagasta
: Work accident
: Evidence has been presented
: ThUS\$ 150 |
| 2. | Plaintiff
Defendants | : Mario Miles Andrade
: Constructora Fe Grande S.A. and subsidiary and jointly and severally SQM S.A. and its insurers |
| | Date of lawsuit
Court
Cause
Status
Nominal amount | : June 2005
: Labor Court of Antofagasta
: Work accident
: The lawsuit has been recognized
: ThUS\$ 270 |
| 3. | Plaintiff
Defendants | : Gabriela Véliz Huanchicay
: Gilberto Mercado Barreda and subsidiary and jointly and severally SQM Nitratos S.A. and its insurers |
| | Date of lawsuit
Court
Cause
Status
Nominal amount | : August 2005
: 4th Civil Court of Santiago
: Work accident
: The lawsuit has been recognized
: ThUS\$ 1,350 |
| 4. | Plaintiff
Defendants | : Marina Arnéz Valencia
: Intro Ingeniería Limitada and subsidiary and joint and severally SQM S.A. and its insurers |
| | Date of lawsuit
Court
Cause
Status
Nominal amount | : September 2005
: Labor Court of Antofagasta
: Work accident
: Evidence has been presented
: ThUS\$ 475 |
| 5. | Plaintiff
Defendants
Date of lawsuit
Court
Cause | : Electroandina S.A.
: Sociedad Química y Minera de Chile S.A.
: September 2005
: Court of arbitration
: Early termination or partial modification or temporary suspension of the Electrical Supply Agreement entered on February 12, 1999 by virtue of supposedly unforeseen events that would result in an increase in the cost of or restricted the supply of natural gas from Argentina |
| | Status
Nominal amount | : Evidentiary stage
: The amount has not been determined yet |
| 6. | Plaintiff
Defendants | : Juana Muraña Quispe
: Intro Ingeniería Limitada and subsidiary and jointly and severally SQM S.A. and its insurers |
| | Date of lawsuit
Court
Cause
Status
Nominal amount | : October 2005
: 25th Civil Court of Santiago
: Work accident
: Rejoinder
: ThUS\$1,500 |

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

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

The Company is currently implementing different projects related to the María Elena Site Decontamination Plan (Note 27).

Projects that are being implemented in the María Elena site, a priori, do not generate any significant changes in the current mining reserves or forecasted production volumes.

The final execution of these projects is subject to the approval of environmental impact studies presented last December to the respective authorities.

(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:

(b) 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, was ThUS\$ 6,752 in 2005 (ThUS\$ 4,910 in 2004).

(c) 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.

(d) 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 24 – THIRD PARTY GUARANTEES

As of December 31, 2005 and 2004 the Company has the following indirect guarantees outstanding:

BENEFICIARY	NAME	DEBTOR RELATIONSHIP	BALANCES OUTSTANDING	
			2005	2004
			THUS\$	THUS\$
Phelps Dodge Corporation	SQM Potasio S.A.	Subsidiary	-	957
BBVA Banco Bilbao Vizcaya Argentaria	Royal Seed Trading Corp. A.V.V.	Subsidiary	100,303	-

NOTE 25 – GUARANTEES OBTAINED FROM THIRD PARTIES

Joint and several guarantee of up to ThUS\$ 1,000 made by Tattersall Comercial S.A. to guarantee its compliance with obligations contained in the commercial mandate agreement for the distribution and sale of fertilizers to Soquimich Comercial S.A.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

NOTE 26 - SANCTIONS

During 2005 and 2004, the SVS did not apply sanctions to the Company, its directors or managers.

NOTE 27 – ENVIRONMENTAL PROJECTS

Disbursements incurred by the Company as of December 31, 2005 relating to its investments in production processes and compliance with regulations related to industrial processes and facilities are as follows:

PROJECT	FUTURE 2005 DISBURSEMENTS	
	THUS\$	THUS\$
Environmental department	596	850
Risk and security management	424	1,922
Dust emission control	962	3
Light normalization	378	880
Exchange bank authorization	185	15
Environmental studies - Region I of Chile project	51	139
Maria Elena archeology	5	995
Drinking water regulatization projects	19	95
Dry plant aspiration system	118	-
Environmental contingency plan for the Peine sector	-	75
Environmental impact study for the salt deposit	57	184
Tourist support, salt deposit	-	80
Improvement of mining operations	220	63
Improvements in salt deposit environment	120	-
Increase in P2 Camp Plant treatment capacity	37	-
Atacama salt deposit hydrology studies	176	24
Environment expenses - Engineering Management	43	-
TOTAL	3,391	5,325

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.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

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 was designed in order to reduce particle emission and is presently pending evaluation by the environmental regulators, whose decision should be made public during the first half of 2005.

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

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.

In accordance with its 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 several scientists from prestigious research institutions such as Dictuc of Pontificia Universidad Católica, the University of Nevada, Cornell University of Brighampton in New York.

NOTE 28 – SIGNIFICANT 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.

On March 16, 2005, the Company informed the Chilean Superintendency of Securities and Insurance (SVS) that the Board of Directors of Sociedad Química y Minera de Chile S.A. (SQM) at the ordinary meeting dated March 15, 2005 unanimously agreed to propose the payment of a final dividend for a sum of US\$0.18282 per share in favor of all those shareholders of SQM that are registered with the respective registry during the fifth business day prior to the day on which this dividend will be paid.

Upon approval of the aforementioned proposal at the next Ordinary Shareholders' Meeting that will be held on April 29, 2004, the amount of the final dividend to be distributed would be increased from 50% to 65% of net income and would imply the partial modification of the Dividend Policy for the 2004 commercial year, which was communicated at the General Ordinary Shareholders' Meeting held on April 30, 2004.

The director Mr. José Antonio Silva B. consulted with the Chilean Superintendency of Securities and Insurance ("SVS") as to the applicability of the concept of "limitation of related persons" to Article 31 of the by-laws of SQM S.A. and to the quorum required to modify the percentage of "37.5%" referred to in Article 31. The SVS, through Ordinary Official Communication N° 02622 dated March 16, 2005, requested the Company's opinion in this respect and the Company's management informed the Board of Directors that the concept of "limitation of related persons" does not exist in Article 31 and that the history of both articles as well as the interpretation of these articles at the different Shareholders' meetings held throughout the years and the different objectives of these articles, among other aspects, lead to the conclusion that this concept is not applicable to Article 31 and that; in addition, the amendment of the percentage requires the vote by absolute majority of shares issued with voting rights present at the Shareholders' meeting at which the amendment is analyzed. Four directors agreed with the opinion provided by the management of SQM S.A. and two directors disagreed with this opinion and this was communicated to the SVS. The SVS confirmed the opinion provided by the management of SQM S.A. based on legal facts explained in Ordinary Official Communication N° 03821 dated April 19, 2005.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

Inversiones El Bordo Limitada, owner of more than 10% of voting right shares issued of SQM S.A. and related to Potash Corporation of Saskatchewan Inc., on April 25, 2005 has requested from the Board of directors of SQM S.A. that it requests an Extraordinary Shareholders' Meeting of the Company to vote on whether or not to eliminate Series A and B shares - and preferences related to these series - in which the Company's capital is currently divided through the amendment of the pertinent articles of the Company's by-laws required to reflect this possible elimination and; alternately, and provided that the shareholders do not approve this elimination, to modify article 31 of these by-laws in order to incorporate in this article the concept of "related persons" already included in another section of Article 31 of the aforementioned by-laws. At its meeting on April 26, 2005, the Company's Board of Directors unanimously agreed to hold a meeting on May 25, 2005 at 10.00 a.m.

On April 27, 2005, the Company informed the Chilean Superintendency of Securities and Insurance (SVS) that the French Arbitrage Association (AFA) provided its sentence within the process in which Du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetal SAS, both member companies of the Angibaud Group, filed in Paris, France during 2002 lawsuits against Soquimich European Holdings B.V., NU3 N.V. and SQM France S.A., all of which are subsidiaries of Sociedad Química y Minera de Chile S.A., for damages that Angibaud would have experienced due to business relationships between both Groups of companies.

At the General Ordinary Shareholders' Meeting of April 29, 2005, the shareholders agreed to the following, among others:

- a)** Approved the distribution and payment of a final dividend for a total of Ch\$ 106.56029 per share in one single payment on May 12, 2005 with a charge to 2004 net income.
- b)** Approved the payment of UF 50 (fifty UF) to each member of the Board of Directors' Committee regardless of the number of meetings that this Committee may or not have during the respective month and establish an annual budget for the expenses for this Committee and its advisors of UF 1,800 (one thousand and eight hundred UF).
- c)** Appoint Messrs. Wayne R. Brownlee, Hernán Büchi B., José María Eyzaguirre B., Julio Ponce L., José Antonio Silva B., Wolf von Appen, Kendrick T. Wallace and Daniel Yarur E. as new directors of SQM S.A. and approved remuneration payable to these members of the Board during the next twelve months, which are the same as those approved at the Company's previous General Ordinary Shareholders' Meeting.

During July 2005, the French Arbitrage Association (AFA) pronounced its sentence in the lawsuit filed in Paris, France in 2002 by Compagnie du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetales SAS, which are member companies of the Angibaud Group against Soquimich European Holdings B.V., NU3 and SQM France S.A., which are members of the SQM Group and subsidiaries of Sociedad Química y Minera de Chile S.A. The lawsuit was filed for damages that Angibaud would have experienced due to the termination of business relationships between both Group of companies.

Angibaud filed a lawsuit for the amount of ThEuro 30,295 and the French Arbitrage Association (AFA) in a sentence that partially accepted this claim ordered that SQM pay the amount of ThEuro 8,000, including expenses and interest to Compagnie du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetales SAS.

The SQM Group has made an accrual of ThUS\$ 6,000 to pay a portion of the amounts indicated in the aforementioned sentence.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

NOTE 29 – SUBSEQUENT EVENTS

* At the First General Extraordinary Shareholders' Meeting of SQM Industrial S.A. held on January 9, 2006, the shareholders approved the merger of SQM Procesos S.A. and SQM Industrial S.A. through the incorporation and dissolution of the latter and its merger into SQM Industrial S.A., which acquires all rights, shares, exceptions, assets, liabilities, obligations, equity, shareholders and remaining assets and expectations of SQM Procesos S.A.. This merger generates all and each of its effects beginning on January 1, 2006.

* On January 17, 2006, the Company informed the SVS that Mr. Bernard Descazeaux Aribit resigned from his position of General Manager of Soquimich Comercial S.A., to assume responsibility for the operations of SQM S.A. in Mexico and Central America. The Company's Board of Directors accepted his resignation.

Likewise, at the Board of Directors Meeting held on January 16, 2006, the Board of Directors appointed Mr. Juan Carlos Barrera Pacheco as the new General Manager of Soquimich Comercial S.A. These changes will be effective beginning on March 1, 2006.

* On January 19, 2006, the Company informed the SVS that Sociedad Química y Minera de Chile S.A. and some of its subsidiaries acquired, on the same date from the DSM Group based in the Netherlands, the total amount of shares of certain companies that participate in the markets of the production and commercialization of iodine and iodine derivatives in Chile and abroad. Accordingly, SQM has acquired the mining rights and water rights, industrial plants, regulatory permits and other pertinent assets of these companies which will allow it to have proper installed capacity to produce 2,200 additional tons of iodine per year in Chile.

The purchase and sale price was ThUS\$ 72,000 and this price was paid in cash. This amount does not include certain minor adjustments that will have to be made in respect to this price in the short-term or the purchase of accounts receivable and finished products and the charge to the values of these accounts and products of certain liabilities that were part of the accounting records of these three new subsidiaries of SQM S.A. - DSM Minera S.A., DSM Minera B.V. and Exploraciones Mineras S.A.

* On January 24, 2006, Sociedad Química y Minera de Chile S.A. has placed in the Chilean market an unguaranteed bond for the nominal amount of UF 3 million at a period of 21 years with an annual interest rate of 4.18% in order to refinance liabilities and fund investment projects for the year 2006.

* On January 24, 2006, Soquimich European Holding B.V. and Nutrisi Holding N.V. acquired 334 and 666 shares, respectively of Fenasa S.A. in ThEuro 75,100 thereby increasing their ownership to 33.35% and 66.65%, respectively.

Management is not aware of any significant subsequent events that have occurred between December 31, 2005 and the date of issuance of these financial statements and that may affect the Company's financial position or the interpretation of these financial statements, (February 17, 2006).

FINANCIAL STATEMENTS

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Santiago, Chile

December 31, 2005 and 2004

(A translation of the original in Spanish- see note 2 (a))

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Ch\$	- Chilean pesos
ThCh \$	- Thousands of Chilean pesos
US\$	- United States dollars
ThUS\$	- Thousands of United States dollars
ThEuro	- Thousands of Euros
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.



Report of Independent Auditors



Translation of a report originally issued in Spanish see note 2

To the Shareholders and Directors of
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. ("the Company") as of December 31, 2005 and 2004 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.

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 8. Therefore, for their adequate interpretation, these individual financial statements must be read and analyzed in conjunction 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.

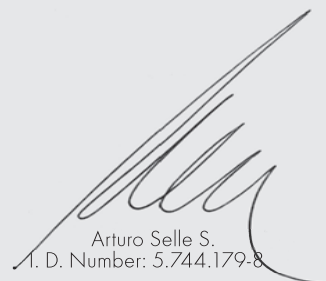
4. In our opinion, based on our audit and the report of the other auditors, these financial statements present fairly, in all material respects, the financial position of Sociedad Química y Minera de Chile S.A. as of December 31, 2005 and 2004, and the results of its operations and cash flows for the years then ended, in accordance with the principles described in Note 2.

5. On August 18, 2004, the Company sold all of its participation in Empresas Melón S.A. for ThUS\$ 69,337. This operation resulted in recognition of net income before taxes in the amount of ThUS\$ 8,179.

6. As explained in Note 8, the assets, liabilities and shareholders' equity of the subsidiary SQM Industrial S.A. (formerly - PCS Yumbes S.C.M) were revalued in the terms established by Technical Bulletin No. 72 issued by the Chilean Association of Accountants and Circular N° 1,697 issued by the Chilean Superintendency of Securities and Insurance (SVS). This resulted in the recognition of goodwill net of amortization of ThUS\$21,183 as of December 31, 2005.

7. On January 19, 2006, Sociedad Química y Minera de Chile S.A. acquires from the DSM Group, the companies DSM Minera S.A., DSM Minera B.V. and Exploraciones Mineras S.A. for a sum of ThUS\$ 72,000.

8. On January 24, 2006, Sociedad Química y Minera de Chile S.A. placed an unguaranteed bond in the Chilean market for the nominal amount of UF 3,000,000 over a term of 21 years and at an annual interest rate of 4.18%.



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



ERNST & YOUNG LTDA.
Taxpayer No.: 77.802.430-6

Santiago, Chile, February 17, 2006.

FINANCIAL STATEMENTS

Balance Sheets

ASSETS	NOTE	AS OF DECEMBER 31,	
		2005 THUS\$	2004 THUS\$
CURRENT ASSETS			
Cash		88	305
Time deposits		-	11,947
Marketable securities	4	67,577	12,691
Accounts receivable, net		54	644
Other accounts receivable, net		1,876	1,047
Accounts receivable from related companies	5	316,297	151,953
Inventories		7,605	9,879
Recoverable taxes		4,063	2,690
Prepaid expenses		808	705
Deferred income taxes	11	12,249	6,636
Other current assets		1,831	2,911
TOTAL CURRENT ASSETS		412,448	201,408
PROPERTY, PLANT, AND EQUIPMENT, NET	6	147,345	89,969
OTHER ASSETS			
Investments in related companies	7	390,667	580,633
Goodwill	8	21,183	12,676
Intangible assets, net		3,186	3,588
Long-term accounts receivable from related companies	5	464,030	429,007
Long-term accounts receivable		29	2
Other long-term assets		16,763	16,742
TOTAL OTHER ASSETS		895,858	1,042,648
TOTAL ASSETS		1,455,651	1,334,025

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

FINANCIAL STATEMENTS

Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTE	AS OF DECEMBER 31,	
		2005 THUS\$	2004 THUS\$
CURRENT LIABILITIES			
Short-term bank debt	9	55,014	6,019
Current portion of long-term bank debt	9	204,577	4,577
Dividends payable		201	157
Accounts payable		8,180	2,738
Other accounts payable		838	150
Notes and accounts payable to related companies	5	140,769	152,370
Accrued liabilities	10	3,964	2,701
Withholdings		5,354	3,524
Income taxes		6,309	2,904
Other current liabilities		42	914
TOTAL CURRENT LIABILITIES		425,248	176,054
LONG-TERM LIABILITIES			
Long-term bank debt	9	-	200,000
Other accounts payable		1,064	1,106
Long-term accrued liabilities	10	2,235	1,661
Deferred income taxes	10	6,688	6,576
TOTAL LONG-TERM LIABILITIES		9,987	209,343
SHAREHOLDERS' EQUITY			
Paid-in capital	12	477,386	477,386
Other reserves	12	157,287	150,887
Retained earnings	12	385,743	320,355
TOTAL SHAREHOLDERS' EQUITY		1,020,416	948,628
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,455,651	1,334,025

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

FINANCIAL STATEMENTS

Statements of Income

	FOR THE YEARS ENDED		
	DECEMBER 31,		
OPERATING INCOME	NOTE	2005 THUS\$	2004 THUS\$
Sales		174,381	113,035
Cost of sales		(120,353)	(90,092)
GROSS MARGIN		54,028	22,943
Selling and administrative expenses		(14,271)	(12,235)
OPERATING INCOME		39,757	10,708
NON-OPERATING INCOME			
Non-operating income	14	115,993	101,630
Non-operating expenses	14	(38,163)	(33,445)
NON-OPERATING INCOME, NET		77,830	68,185
INCOME BEFORE INCOME TAXES		117,587	78,893
Income tax expense	11	(4,081)	(4,661)
NET INCOME FOR THE YEAR		113,506	74,232

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

FINANCIAL STATEMENTS

Statements of Cash Flows

		FOR THE YEARS ENDED DECEMBER 31,	
CASH FLOWS FROM OPERATING ACTIVITIES:	NOTE	2005 THUS\$	2004 THUS\$
Net Income		113,506	74,232
CHARGES (CREDITS) TO INCOME NOT REPRESENTING CASH FLOWS			
Depreciation expense		5,811	5,712
Amortization of intangible assets		411	12
Write-offs and accruals		89	64
Gain on equity investments in related companies		(82,514)	(57,185)
Loss on equity investments in related companies		5,397	419
Amortization of goodwill	08	1,132	367
Loss on sales of property, plant and equipment			-
Gain on sale of investments		38	(8,820)
Other credits to income not representing cash flows		(31,378)	(28,413)
Other charges to income not representing cash flows		35,257	10,925
Foreign Currency Translation, Net		(355)	5,057
NET CHANGES IN OPERATING ASSETS AND LIABILITIES:			
Increase in trade accounts receivable		(157,921)	(5,352)
Decrease (increase) in inventories		2,274	(42)
Decrease (increase) in other assets		259,454	(1,898)
Decrease in accounts payable		(20,661)	63,184
Decrease in interest payable		(5)	(45)
(Decrease) increase in net income taxes payable		(5,435)	890
(Decrease) increase in other accounts payable		(2,764)	3,382
Decrease in VAT and taxes payable		(757)	(447)
NET CASH PROVIDED BY OPERATING ACTIVITIES		121,579	62,042
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank financing		55,000	35,000
Payment of dividends		(48,827)	(23,669)
Payment of bank financing		(6,000)	(122,000)
NET CASH PROVIDED BY (USED IN) FINANCIAL ACTIVITIES		173	(110,669)
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES			
Sales of property, plant and equipment		260	-
Sales of investments in related companies		-	69,337
Collection of other loans to related companies		-	35,430
Other income	15	550	653
Additions to property, plant and equipment		(66,315)	(8,458)
Capitalized interest		(1,751)	(376)
Purchase of investments in related companies		(93)	(34,509)
Other loans granted to related companies		(10,692)	-
NET CASH PROVIDED FROM IN INVESTING ACTIVITIES		(78,041)	62,077
NET CASH FLOWS FOR THE YEAR			
		43,711	13,450
Effect of inflation on cash and cash equivalents		(1,635)	(993)
Net change in cash and cash equivalents		42,076	12,457
Beginning Balance of cash and cash equivalents		26,485	14,028
ENDING BALANCE OF CASH AND CASH EQUIVALENTS		68,561	26,485

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

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) Accounting period and basis of preparation

These financial statements have been prepared as of and for the years ended December 31, 2005 and 2004..

The financial statements have been prepared in accordance with accounting principles generally accepted in Chile ("Chilean GAAP") and specific criteria required by the SVS. In the event of any discrepancies in these regulations, SVS regulations supersede Chilean GAAP. Certain accounting practices applied by the Company that conform to Chilean GAAP may not conform to generally accepted accounting principles in the United States ("US GAAP") or International Financial Reporting Standards ("IFRS"). For the convenience of the reader, the financial statements and their accompanying notes have been translated from Spanish into English.

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 one line as investments in related companies. This accounting treatment does not affect net income. Consequently, 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 carried out in U.S. dollars, the U.S. dollar is considered the currency of the primary economic environment in which the Company operates.

c) Translation of non-U.S. dollar assets, liabilities and 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 as of each year-end, which were Ch\$512.50 in 2005 and Ch\$557.40 in 2004.

The value of the UF as of December 31, 2005 and 2004 was Ch\$ 17,974.81 (US\$ 35.07) and Ch\$ 17,317.05 (US\$ 31.07), 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 N° 64 and 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 as of December 31, as follows:

	2005	2004
	US\$	US\$
Brazilian Real	2.34	2.65
Euro	0.85	0.73
South African Rand	6.33	5.80
Pound Sterling	0.52	0.52

FINANCIAL STATEMENTS

Notes to the Financial Statements

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. These 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 for which the Company estimates a turnover period of one year or more, in which case they are classified as other long-term assets.

h) Current 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 they were calculated in accordance with tax laws in Chile and other jurisdictions in which the Company operated.

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

Beginning on 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 SVS Circular N° 1,466 issued on January 27, 2000, 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 as of 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 are 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 1989. 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.

Property, plant and equipment acquired through financial 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 N° 31 and 33 of the Chilean Association of Accountants, the Company capitalizes interest expenses 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 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.

FINANCIAL STATEMENTS

Notes to the Financial Statements

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 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 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 exercise 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 maximum period of 40 years, in accordance with Technical Bulletin N° 55 of the Chilean Association of Accountants.

m) Exploration and mining development cost

Expenses associated with future reserves are presented within Other long-term assets and are amortized according to estimated reserves of minerals. Expenses associated with mineral reserves under exploitation are capitalized within Inventories.

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 average employee tenure of 24 years and using a real annual discount rate of 8%.

o) Vacations

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

p) Sellback operations

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

q) Dividends

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

r) Derivative Contracts

The Company maintains derivative contracts to hedge against movements in foreign currencies, which are recorded in conformity with Chilean Technical Bulletin N° 57 of the Chilean Association of Accountants. These contracts are recorded at fair value with net losses recognized on the accrual basis and gains recognized when realized.

FINANCIAL STATEMENTS

Notes to the Financial Statements

s) Reclassifications

For comparison purposes, certain reclassifications have been made to the 2004 financial statements.

t) 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.

u) 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 SVS Circular N° 981 dated December 28, 1990, computer systems acquired by the Company are capitalized at cost.

v) Research and development expenses

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

During 2005, the Company reduced the discount rate for the determination of staff severance indemnities using the accrued cost of benefit method from 9% to 8%. This change resulted in a higher charge to income of ThUS\$ 25.

There were no other changes in the accounting principles used by the Company during 2005 as compared to 2004.

NOTE 4 - MARKETABLE SECURITIES

As of December 31 marketable securities are detailed as follows:

	2005	2004
	THUS\$	THUS\$
Mutual funds	67,577	12,691
TOTAL	67,577	12,691

As of December 31, 2005 and 2004, mutual funds relate to investments made in the 'Citifunds Institutional Liquid Reserve Limited'. This institution is a high liquidity fund and primarily invests in fixed income instruments in the US market.

FINANCIAL STATEMENTS

Notes to the Financial Statements

NOTE 5 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with related companies as of December 31, 2005 and 2004 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 that 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, 2005 and 2004 are as follows:

ACCOUNTS RECEIVABLE	SHORT-TERM		LONG-TERM	
	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$
Ajay SQM Chile S.A.	5,160	5,656	-	-
Servicios Integrales de Tránsito y Transferencias S.A.	67,575	47,752	-	-
SQM Potasio S.A.	-	-	462,249	427,226
SQM Salar S.A.	155,896	50,126	-	-
SQMC Internacional Ltda.	-	464	-	-
SQM Industrial S.A.	11,090	-	-	-
Soquimich Comercial S.A.	462	122	-	-
SQM Comercial de México S.A. de C.V.	8,518	3,369	-	-
SQM Investment Corporation N.V.	-	5,919	-	-
SQM North America Corporation	23,483	25,306	1,781	1,781
SQM Europe N.V.	35,848	5,448	-	-
Nitratos Naturais do Chile Ltd.	1,041	918	-	-
SQM Lithium Specialties LLP	1,077	1,082	-	-
Fertilizantes Olmeca y SQM S.A. de C.V.	-	3	-	-
SQMC Holding Corporation	308	540	-	-
SQM Ecuador S.A.	-	28	-	-
SQM Oceanía Pty Limited	507	852	-	-
SQM Japan K.K.	5,332	4,368	-	-
TOTAL	316,297	151,953	464,030	429,007

ACCOUNTS PAYABLE	SHORT-TERM	
	2005 THUS\$	2004 THUS\$
Almacenes y Depósitos Ltda.	387	357
SQM Nitratos S.A.	132,058	141,588
SQM Industrial S.A.	-	64
Nitrate Corporation of Chile Ltd.	5,076	5,076
Yara Fertilizantes Ltda.	1	-
SQM Brasil Ltda.	87	88
SQM Investment Corporation N.V.	3,160	-
Inversiones PCS Chile Ltda.	-	5,197
TOTAL	140,769	152,370

There were no outstanding long-term accounts payable with related parties as of December 31, 2005 and 2004.

FINANCIAL STATEMENTS

Notes to the Financial Statements

b) During 2005 and 2004, principal transactions with related parties were as follows:

COMPANY	TYPE OF TRANSACTION	AMOUNT OF TRANSACTION		IMPACT ON INCOME (CHARGES) CREDITS	
		2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$
SQM Potasio S.A.	Current account interest	24,331	23,570	-	-
	Dividends received	112,997	-	-	-
SQM Nitratos S.A.	Purchase of products	56,950	62,936	-	-
	Services provided	9,523	4,147	-	-
	Sales of products	1,329	1,573	-	-
	Purchase of property, plant and equipment	3,223	1,988	-	-
	Current account interest	10,597	6,288	-	-
Ajay SQM Chile S.A.	Dividends received	122,400	-	-	-
	Sales of products	18,484	15,378	2,804	1,628
	Dividends received	976	-	-	-
Servicios Integrales de Tránsito y Transferencias S.A.	Current account interest	3,102	2,160	-	-
SQM Salar S.A.	Current account interest	2,946	2,638	-	-
	Sales of products	2,495	-	-	-
	Sales of PPE	4,195	-	-	-
	Dividends received	19,907	-	-	-
SQM Europe N.V.	Sale of products	58,130	32,987	-	-
SQM Lithium Specialties L.L.P.	Services provided	-	504	-	-
RS Agro Chemical Trading A.V.V.	Short-term loan borrowings and payments	-	46,773	-	-
Royal Seed Trading Corp. A.V.V.	Short-term loan borrowings and payments	23,833	-	-	-
	Interest in current account	715	-	-	-
SQM North America Corporation	Sale of products	55,286	40,467	-	-
	Purchase of products	2,850	-	-	-
SQM Comercial de Mexico S.A. de C.V.	Sale of products	5,760	4,027	-	-
	Sale of products	18,739	18,099	-	-
SQM Industrial S.A.	Services provided	1,473	-	-	-
	Interest in current account	302	-	-	-

FINANCIAL STATEMENTS

Notes to the Financial Statements

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized as follows:

	2005	2004
	THUS\$	THUS\$
LAND		
Land	20,002	20,002
Mining Concessions	31,476	30,593
TOTAL	51,478	50,595
BUILDINGS AND INFRASTRUCTURE		
Buildings	18,944	19,462
Installations	33,443	31,999
Construction-in-progress	68,540	6,924
Other	20	31
TOTAL	120,947	58,416
MACHINERY AND EQUIPMENT		
Machinery	31,454	34,140
Equipment	3,279	3,450
Project-in-progress	349	1,955
Other	12,751	12,751
TOTAL	47,833	52,296
OTHER FIXED ASSETS		
Tools	650	626
Furniture and office equipment	3,294	3,333
Project-in-progress	4,660	5,238
Other	2,081	2,027
TOTAL	10,685	11,224
AMOUNTS RELATING TO TECHNICAL REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	2005	2004
	THUS\$	THUS\$
Land	-	-
Buildings and infrastructure	785	785
Machinery and equipment	546	546
Other Assets	5	5
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,336	1,336
	232,279	173,867
LESS: ACCUMULATED DEPRECIATION		
Mining Concessions	(10,030)	(9,765)
Buildings and infrastructure	(35,291)	(33,523)
Machinery and equipment	(34,671)	(35,901)
Other Plant and Equipment	(3,710)	(3,492)
Technical revaluation	(1,232)	(1,217)
TOTAL ACCUMULATED DEPRECIATION	(84,934)	(83,898)
NET PROPERTY, PLANT AND EQUIPMENT	147,345	89,969

FINANCIAL STATEMENTS

Notes to the Financial Statements

	2005	2004
	THUS\$	THUS\$
DEPRECIATION FOR THE YEAR ENDED DECEMBER 31:		
Mining Concessions	(265)	(279)
Buildings and infrastructure	(2,640)	(2,442)
Machinery and equipment	(2,599)	(2,689)
Other fixed assets	(292)	(287)
Technical revaluation	(15)	(15)
TOTAL DEPRECIATION	(5,811)	(5,712)

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

	2005	2004
	THUS\$	THUS\$
Administrative office buildings	1,988	1,988
Accumulated depreciation	(458)	(426)
TOTAL ASSETS IN LEASING	1,530	1,562

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

NOTE 7 - INVESTMENTS IN AND RECEIVABLES FROM RELATED PARTIES

a) Information on foreign investments

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

The Company does not have hedging instruments to cover its foreign investments.

b) Transactions performed in 2005

* Before December 31, 2004, the financial statements of the subsidiary Fertilizantes Naturales S.A. were included in consolidation in order to maintain control over that company (the Company had the power to exercise influence over the financial policies and operations). Beginning in 2005, the Company does not exercise control over this subsidiary, which is why it was not included in consolidation, in accordance with Appendix 1, No. 6, letters a) through d) of Technical Bulletin N° 72 of the Chilean Association of Accountants.

* On February 28, 2005, SQM Nitratos S.A. made a capital contribution of ThUS\$ 484 to SQM Corporation N.V., thereby obtaining 99.9794% ownership interest in that subsidiary. SQM S.A. did not participate in the contribution, and its ownership interest was reduced to 0.0002%, and the ownership interest of SQI Corporation N.V. was reduced to 0.0204%. In accordance with Technical Bulletin N° 72 of the Chilean Association of Accountants, this investment was valued using the pooling of interests method. This transaction did not produce goodwill or negative goodwill.

* On March 10, 2005, the subsidiary PCS Yumbes SCM changed its name to Yumbes SCM.

* In March 2005, the subsidiary Soquimich European Holding B.V. made a capital contribution of ThUS\$ 411 in the affiliate Misr Specialty Fertilizers. In accordance with Technical Bulletin N° 72 and SVS Circular N° 1,697, the valuation was performed using the book value of Misr Specialty Fertilizers' equity as of December 31, 2004, which does not differ significantly from its fair value as of that date. This transaction did not produce goodwill or negative goodwill.

* In April 2005, SQM Nitratos S.A. made a capital contribution of ThUS\$ 5,641 to SQM Corporation N.V., thereby obtaining 99.99835% ownership interest in that subsidiary. SQM S.A. did not participate in the contribution, and its ownership interest was reduced to 0.00002% and the ownership interest of SQI Corporation N.V. was reduced to 0.00163%. In accordance

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with Technical Bulletin N° 72 of the Chilean Association of Accountants, this investment was valued using the pooling of interests method. This transaction did not produce goodwill or negative goodwill.

* In April 2005, the subsidiary SQM Corporation N.V. purchased 13% of the affiliate Abu Dhabi Fertilizers for ThUS\$ 484. In accordance with Technical Bulletin N° 72 and SVS Circular N° 1,697, the valuation was performed using the book value of Abu Dhabi Fertilizers' equity as of December 31, 2004, which does not differ significantly from its fair value as of that date. This transaction did not produce goodwill or negative goodwill.

* In April 2005, the subsidiary SQM Corporation N.V., the owner of 100% of the shares of its subsidiary Soquimich European Holding B.V., made a capital increase of ThUS\$ 5,641 in the latter company. This capital contribution was valued in accordance with Technical Bulletin N° 72 and SVS Circular N° 1,697. This transaction did not produce goodwill or negative goodwill.

* On May 11, 2005, SQM Salar S.A. paid dividends of ThUS\$ 21,500 to its shareholders SQM Potasio S.A.(81.82%) and SQM S.A. (18.18%).

* On May 11, 2005, SQM Potasio S.A. paid dividends of ThUS\$ 15,000 to its shareholders SQM S.A.(99.98%) and SQM Nitratos S.A.(0.02%).

* On May 11, 2005, SQM Nitratos S.A. paid dividends of ThUS\$ 16,900 to its shareholders SQM S.A.(99.99%) and Inversiones Pascuala S.A.(0.01%).

* On July 12, 2005, SQM Nitratos S.A. made a capital contribution of ThUS\$ 100 to SQM Brasil Ltda., which did not generate goodwill or negative goodwill. In accordance with Technical Bulletin N° 72, this investment was valued using the pooling of interests method.

* On July 12, 2005, SQM Brasil Ltda. made a capital increase of ThUS\$100, paid by SQM Nitratos S.A., which thereby obtained ownership interest of 96.99% and 3.01 % of SQM S.A., which did not participate in the increase. This transaction did not produce goodwill or negative goodwill. In accordance with Technical Bulletin N° 72, this investment was valued using the pooling of interests method.

* On August 9, 2005, SQM Nitratos S.A. and SQM S.A. acquired 99 and 1 shares, respectively, of Kemira Emirates Fertilizar Company - Fzco, for ThUS\$ 9,282. In accordance with Technical Bulletin N° 72 and SVS Circular N° 1,697, the preliminary valuation of the assets and liabilities of the individual financial statements of Kemira Emirates Fertilizer Company - Fzco as of July 31, 2005 was performed at fair value. The fair value does not differ significantly from the book value of the assets and liabilities. The goodwill resulting from this purchase amounted to ThUS\$2,058, which will be amortized over a period of 20 years.

The acquisition of Kemira Emirates Fertilizar was carried out using the purchase method.

The company will continue to review the criteria used to determine fair value, in accordance with Paragraph 66 of Technical Bulletin N° 72.

* In September 2005, the subsidiary Soquimich European Holding B.V. and Charlee Industries Co. Ltd. constituted the company called Charlee SQM (Thailand) Co. Ltd. Soquimich European Holding B.V. contributed ThUS\$ 800, thereby obtaining 40% ownership interest in Charlee SQM (Thailand) Co. Ltd. This transaction did not generate goodwill or negative goodwill. In accordance with Technical Bulletin N° 72, this investment was valued using the pooling of interests method.

* On September 17, 2005, Kemira Emirates Fertilizar Company - Fzco changed its name to SQM Dubai - Fzco.

* On October 31, 2005, the fifth extraordinary shareholders meeting of SQM Nitratos S.A. unanimously agreed to do the following:

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- Modify the business objectives of SQM Nitratos S.A. in order to limit them to mining operations.

- Divide SQM Nitratos S.A. into two companies, one of which will keep the same name and other will be called SQM Procesos S.A.

The division of the companies will take effect on January 1, 2006.

* At the Twenty-Second General Extraordinary Shareholders' Meeting of Yumbes Sociedad Contractual Minera held on December 19, 2005, the shareholders agreed to the transformation of this company to SQM Industrial S.A, thereby changing the name and the line of business.

* The assets, liabilities and shareholders equity of SQM Industrial S.A. (formerly Yumbes SCM) included in consolidation and valued at fair value as of December 31, 2005 are as follows:

	THUS\$
Current assets	28,495
Property, plant and equipment	9,710
Other assets	672
Current liabilities	26,795
Long-term liabilities	23
Equity	12,059

In accordance with Technical Bulletin N° 72 and SVS Circular N° 1,697, the preliminary valuation of the assets and liabilities of the individual financial statements of SQM Industrial S.A. (formerly PCS Yumbes SCM) as of December 31, 2004 was performed at fair value. The acquisition of SQM Industrial S.A. (formerly PCS Yumbes SCM) was carried out using the purchase method.

The Company continued to review the valuation during 2005 in accordance with the term allowed to refine the adjustment established in paragraph 66 of Technical Bulletin N° 72 issued by the Chilean Association of Accountants. The account with the greatest changes was property, plant and equipment, the previous valuation of which had been conducted in relation to the observed or reported status of the asset, taking into consideration that not all productive processes in plans were working. Therefore and in consideration of background information provided by external experts and Company's personnel, a full review of the condition of these assets was conducted, and the assets were revalued at fair value.

In addition, the Company has defined, in accordance with paragraph 22 of Technical Bulletin N° 33 issued by the Chilean Association of Accountants, property, plant and equipment of SQM Industrial S.A. (formerly - PCS Yumbes SCM) that will be considered not in use for an indefinite period in order to determine how to dispose of these assets (by sale or public auction). Depreciation of these assets has been suspended and they have been adjusted to their realizable value. This valuation was conducted taking into consideration the background information obtained in a valuation survey conducted by external experts and qualified personnel from the Company, who conducted a full review of the condition of these assets and determined the net realizable value of these assets. This adjustment generated a decrease in shareholders' equity of ThUS\$17,362, which was considered in the company's fair value.

This situation generated goodwill of ThUS\$ 22,255, which was primarily the result of the valuation adjustments described in the preceding paragraphs, which were made in accordance with Chilean GAAP and SVS regulations. Goodwill determined will be amortized over a term of 20 years. As of December 31, 2005, the amortized balance amounts to ThUS\$ 1,072.

* On December 28, 2005, SQM Nitratos S.A. sold the 2,000 shares (0.0046%) that it held in SQM Industrial S.A. to SQM Potasio S.A..

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c) Transactions performed 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 Technical Bulletin N° 72 of the Chilean Association of Accountants and SVS Circular N° 1,697. 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 Technical Bulletin N° 72 of the Chilean Association of Accountants and SVS Circular N° 1,697 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 Technical Bulletin N° 72 of the Chilean Association of Accountants and SVS Circular N° 1,697, 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 Technical Bulletin N° 72 of the Chilean Association of Accountants and SVS Circular N° 1,697 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 N° 1,698. The goodwill will be amortized over period of 20 years.

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

	ADJUSTMENT TO BOOK VALUE THUS\$	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 Technical Bulletin N° 72.

d) Investments with less than 20% participation

Investments in which the Company has less than 20% participation and the capacity to exercise 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) FOR THE PERIOD	
					2005 %	2004 %	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$	2005 THUS\$	2004 THUS\$
96651060-9	SQM Potasio S.A.	Chile	-	153,015,608	99.99	99.99	176,674	245,835	174,347	244,514	43,761	15,405
96592190-7	SQM Nitratos S.A.	Chile	-	45,827,672	99.99	99.99	204,604	264,075	174,198	263,755	56,932	42,476
79947100-0	SQM Industrial S.A.	Chile	-	43,733,165	99.99	99.99	26,149	35,024	12,058	27,071	(8,054)	(16,130)
0-E	SQM North America Corp.	U.S.A.	US\$	430	40.00	40.00	30,162	28,419	11,611	7,680	951	(215)
79626800-k	SQM Salar S.A.	Chile	-	69,084,000	18.18	18.18	212,222	277,273	11,097	29,887	44,415	21,513
0-E	RS Agro Chemical Trading A.V.V.	Aruba	US\$	59	98.33	98.33	5,239	5,243	5,151	5,156	(4)	(326)
96592180-k	Ajay SQM Chile S.A.	Chile	-	-	51.00	51.00	6,531	6,760	1,911	2,415	1,687	996
0-E	SQM Investment Corporation N.V.	Dutch Antilles	US\$	5	1.00	1.00	12,165	6,974	122	70	5,191	1,228
0-E	SQM Dubai - FZCO	UAE	DIRHAM	1	1.00	-	7,620	-	76	-	508	-
0-E	SQMC de México S.A. de C.V. Asociación Garantizadora de Pensiones	México	US\$	-	1.00	1.00	4,319	3,465	43	35	854	3,397
81767200-0	SQM Japan K.K.	Chile	-	-	3.31	3.31	908	835	30	28	-	-
0-E	SQM Japan K.K.	Japan	US\$	2	1.00	1.00	475	459	5	5	16	109
0-E	SQM Peru S.A.	Peru	US\$	340	0.98	0.98	509	507	5	5	2	54
0-E	SQMC Holding Corporation L.L.P.	U.S.A.	US\$	3	0.10	0.10	6,265	4,996	6	5	1,267	361
79876080-7	Almacenes y Depósitos Ltda.	Chile	-	-	1.00	1.00	458	412	5	4	(6)	1
79906120-1	Isapre Cruz del Norte Ltda.	Chile	-	-	1.00	1.00	234	186	2	2	24	14
0-E	SQM Corporation N.V.	Dutch Antilles	US\$	1	0.0001	0.02	22,265	7,783	-	1	8,286	(443)
0-E	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	1	1.67	1.67	(1,891)	-	-	-	(1,892)	(1)
0-E	SQI Corporation N.V.	U.S.A.	US\$	1	0.02	0.02	(43)	84	-	-	(127)	(7)
79770780-5	SIT S.A.	Chile	-	1	0.0003	0.0003	10,562	9,517	-	-	1,045	(765)
99551480-k	Inmobiliaria San Patricio S.A.	Chile	-	-	-	14.05	-	-	-	-	-	(85)
93390000-2	Empresas Melón S.A.	Chile	-	-	-	14.05	-	-	-	-	-	20,673
TOTAL									390,667	580,633		

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NOTE 8 - GOODWILL AND NEGATIVE GOODWILL

Goodwill, negative goodwill and the related amortization are summarized as follows:

a) Goodwill

TAX REGISTRATION NUMBER	COMPANY	DECEMBER 31, 2005		DECEMBER 31, 2004	
		AMOUNT AMORTIZED DURING THE PERIOD THUS\$	GOODWILL BALANCE THUS\$	AMOUNT AMORTIZED DURING THE PERIOD THUS\$	GOODWILL BALANCE THUS\$
79626800-K	SQM Salar S.A.	40	-	43	40
93390000-2	Empresas Melon S.A.	-	-	324	-
79947100-0	SQM Industrial S.A.	1,071	21,183	-	12,636
0-E	SQM Dubai - FZCO	21	-	-	-
	TOTAL	1,132	21,183	367	12,676

NOTE 9 - BANK DEBT

a) Short-term bank debt:

BANK OR FINANCIAL INSTITUTION	2005	2004
	THUS\$	THUS\$
Banco de Chile	-	6,019
BCI	35,009	-
Banco Santander Santiago	20,005	-
TOTAL	55,014	6,019
Annual average interest rate	4.61%	2.48%

b) Long-term bank debt:

	2005	2004
	THUS\$	THUS\$
Union Bank of Switzerland (1)	204,577	204,577
TOTAL	204,577	204,577
Less: Current portion	204,577	4,577
Long-term	-	200,000

(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.

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b) Long-term bank debt (continued)

The maturity of long-term debt is as follows:

YEARS TO MATURITY	2005	2004
	THUS\$	THUS\$
Current portion	204,577	4,577
1 to 2 years	-	200,000
2 to 3 years	-	-
TOTAL	204,577	204,577

Note 10 - Accrued Liabilities

As of December 31, 2005 and 2004, short-term accrued liabilities are detailed as follows:

	2005	2004
	THUS\$	THUS\$
Taxes and monthly tax provisional payments	793	382
Vacation accrual	1,411	1,255
Provision for employee compensation and legal costs	1,476	976
Other accruals	284	88
TOTAL ACCRUED LIABILITIES	3,964	2,701

As of December 31, 2005 and 2004 long-term accrued liabilities are detailed as follows:

	2005	2004
	THUS\$	THUS\$
Staff severance indemnities (i)	2,189	1,657
Provision of investment in SQM Brasil Ltda.	46	4
TOTAL ACCRUED LIABILITIES	2,235	1,661

(i) Staff severance indemnities are summarized as follows:

	2005	2004
	THUS\$	THUS\$
Opening balance	1,657	1,521
Increases (decreases) in obligation	812	77
Payments	(499)	(75)
Foreing currency translation	162	134
Change in rate	25	-
Other changes	32	-
BALANCE AS OF DECEMBER 31	2,189	1,657

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Note 11 - Current and Deferred Income Taxes

a) As of December 31, 2005 and 2004, the Company has the following balances for retained tax earnings and credit for shareholders:

	2005	2004
	THUS\$	THUS\$
Income for tax purposes with tax credit	55,716	14,208
Credit for shareholders	35,544	2,907

b) The deferred taxes as of December 31, 2005 and 2004 represented a net asset of ThUS\$ 5,561 and ThUS\$ 60 respectively, and consisted of:

2005 TEMPORARY DIFFERENCES	DEFERRED TAX ASSET		DEFERRED TAX LIABILITY	
	SHORT-TERM THUS\$	LONG-TERM THUS\$	SHORT-TERM THUS\$	LONG-TERM THUS\$
Vacation accrual	240	-	-	-
Production expenses	-	-	243	-
Accelerated depreciation	-	-	-	3,983
Staff severance indemnities	-	-	-	576
Other	-	3	57	18
Unrealized gain of sale of products	12,309	-	-	-
Gains and losses from derivative transactions	-	-	-	-
Exploration expenses	-	-	-	3,417
Long-term financing costs	-	-	-	148
Capitalized interest	-	-	-	734
Total gross deferred taxes	12,549	3	300	8,876
Total complementary accounts	-	-	-	(2,185)
TOTAL DEFERRED TAXES	12,549	3	300	6,691

2004 TEMPORARY DIFFERENCES	DEFERRED TAX ASSET		DEFERRED TAX LIABILITY	
	SHORT-TERM THUS\$	LONG-TERM THUS\$	SHORT-TERM THUS\$	LONG-TERM THUS\$
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

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

	2005	2004
	THUS\$	THUS\$
Provision for current income tax	(9,496)	(3,945)
Effect of deferred taxes, assets and liabilities net	6,116	1,358
Adjustment for tax expense (previous year)	(180)	(81)
Effect of amortization of complementary accounts	(615)	(2,075)
Other tax charges and credits	94	82
TOTAL INCOME TAX CREDIT (EXPENSE)	(4,081)	(4,661)

NOTE 12 - SHAREHOLDERS' EQUITY

a) Changes to shareholders' equity are detailed as follows:

	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, 2004	263,196,524	477,386	141,420	(6,519)	230,932	46,753	889,972
Transfer of, 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	-	-	-	-	-	74,232	74,232
Balance as of December, 2004	263,196,524	477,386	150,887	(8,370)	254,493	74,232	948,628
Transfer of, 2004 net income to retained earnings	-	-	-	-	74,232	(74,232)	-
Declared dividends 2005	-	-	-	-	(48,118)	-	(48,118)
Accumulated deficit from subsidiary in development stage (1)	-	-	-	-	-	-	-
Other comprehensive income (2)	-	-	6,400	-	-	-	6,400
Net income	-	-	-	-	-	113,506	113,506
BALANCE AS OF DECEMBER 31, 2005	263,196,524	477,386	157,287	(8,370)	280,607	113,506	1,020,416

(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 as of December 31, 2005 and 2004.

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b) Other comprehensive income as of December 31, 2005 is as follows:

		FOR THE YEAR ENDED DECEMBER 31, 2005	AS OF DECEMBER 31, 2005
		THUS\$	THUS\$
Technical appraisal		-	151,345
Changes to other comprehensive income from equity method investments:			
Soquimich Comercial S.A.	(1)	5,522	6,268
Isapre Norte Grande Ltda.	(1)	-	(83)
Inversiones Augusta S.A.	(1)	-	(761)
SQM Ecuador S.A.	(3)	-	(271)
Almacenes y Depósitos Ltda.	(1)	78	22
Asociación Garantizadora de Pensiones	(1)	2	(10)
Sales de Magnesio Ltda.	(1)	7	59
SQM North America Corp.	(2)	792	(1)
Other Companies	(1)	(1)	719
TOTAL OTHER COMPREHENSIVE INCOME		6,400	157,287

(1) Corresponds to translation adjustments and price-level restatement.

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

(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. Capital paid for Series A and B shares was ThUS\$ 134,750 and ThUS\$ 342,636, respectively.

NOTE 13 – ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	2005	2004
	THUS\$	THUS\$
ASSETS		
TOTAL ASSETS		
Chilean pesos	6,148	19,394
US dollars	1,411,259	1,305,575
UF	1,355	2,690
Euros	35,848	5,448
Brazilian Real	1,041	918
CURRENT LIABILITIES		
Chilean pesos	13,484	7,967
US dollars	405,774	162,725
UF	731	286
Euros	183	-
Other currencies	5,076	5,076
LONG-TERM LIABILITIES		
US dollars	6,688	206,580
UF	3,299	2,763

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NOTE 14 - NON-OPERATING INCOME AND EXPENSES

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

a) Non-operating income

	2005	2004
	THUS\$	THUS\$
Interest income	31,303	29,143
Gain on equity investments in related companies	82,514	57,185
Foreign currency translation, net	355	-
Other income	1,821	15,302
TOTAL	115,993	101,630

b) Non-operating expenses

	2005	2004
	THUS\$	THUS\$
Interest expense	26,944	25,289
Loss on equity investments in related companies	5,397	419
Amortization of goodwill	1,132	367
Foreign currency translation, net	-	5,057
Other expenses	4,690	2,313
TOTAL	38,163	33,445

NOTE 15 - CASH FLOW STATEMENT

Amounts included in other investing income that are greater than 10% of investing income are detailed as follows:

	2005	2004
	THUS\$	THUS\$
Sale of mining concessions	509	635
Repayment of employee loans	41	18
TOTAL	550	653

NOTE 16 – GUARANTEES OBTAINED FROM THIRD PARTIES

Joint and several guarantee of up to ThUS\$ 1,000 made by Tattersall Comercial S.A. in favor of Soquimich Comercial S.A. to guarantee compliance with obligations contained in the commercial mandate agreement for the distribution and sale of fertilizers.

FINANCIAL STATEMENTS

Notes to the Financial Statements

NOTE 17 – COMMITMENTS AND CONTINGENCIES

I. Contingencies:

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

1. Plaintiff : Miguel Negrete Ubeda
 Defendants : Marco Antonio Ortiz Castillo y SQM Nitratos S.A. and its insurers
 Date of lawsuit : May 2004
 Court : First Civil Court of Antofagasta
 Cause : Work accident
 Status : Evidence provided
 Nominal amount : ThUS\$ 150

2. Plaintiff : Mario Miles Andrade
 Defendants : Constructora Fe Grande S.A. and subsidiary and jointly and severally SQM S.A. and its insurers
 Date of lawsuit : June 2005
 Court : Labor Court of Antofagasta
 Cause : Work accident
 Status : The demand has been contested
 Nominal amount : ThUS\$ 270

3. Plaintiff : Gabriela Véliz Huanchicay
 Defendants : Gilberto Mercado Barreda and subsidiary and jointly and severally SQM Nitratos S.A. and its insurers
 Date of lawsuit : August 2005
 Court : 4th Civil Court of Santiago
 Cause : Work accident
 Status : The demand has been contested
 Nominal amount : ThUS\$ 1,350

4. Plaintiff : Marina Arnéz Valencia
 Defendants : Intro Ingeniería Limitada and subsidiary and joint and severally SQM S.A. and its insurers
 Date of lawsuit : September 2005
 Court : Labor Court of Antofagasta
 Cause : Work accident
 Status : Evidence provided
 Nominal amount : ThUS\$ 475

5. Plaintiff : Electroandina S.A.
 Defendants : Sociedad Química y Minera de Chile S.A.
 Date of lawsuit : September 2005
 Court : Court of arbitration
 Cause : Early termination or partial modification or temporary suspension of the Electrical Supply Agreement entered on February 12, 1999 by virtue of supposedly unforeseen events that would result in an increase in the cost of or restricted the supply of natural gas from Argentina
 Status : Evidentiary stage
 Nominal amount : The amount has not been determined yet

FINANCIAL STATEMENTS

Notes to the Financial Statements

6.	Plaintiff	: Juana Muraña Quispe
	Defendants	: Intro Ingenieria Limitada and subsidiary and jointly and severally SQM S.A. and its insurers
	Date of lawsuit	: October 2005
	Court	: 25th Civil Court of Santiago
	Cause	: Work accident
	Status	: Rejoinder
	Nominal amount	: ThUS\$1,500

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

The Company is currently implementing different projects related to the María Elena Site Decontamination Plan (Note 20).

Projects that are being implemented in the María Elena site, a priori, do not generate any significant changes in the current mining reserves or forecasted production volumes.

The final execution of these projects is subject to the approval of environmental impact studies presented last December to the respective authorities.

(c) Other

The Company and its subsidiaries are involved in litigation involving 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, was ThUS\$ 6,752 in 2005 (ThUS\$ 4,910 in 2004).

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 18 - THIRD PARTY GUARANTEES

As of December 31, 2005 and 2004 the Company has the following indirect guarantees outstanding:

BENEFICIARY	DEBTOR		BALANCES OUTSTANDING	
	NAME	RELATIONSHIP	2005 THUS\$	2004 THUS\$
Phelps Dodge Corporation	SQM Potasio S.A.	Subsidiary	-	957
BBVA Banco Bilbao Vizcaya Argentaria	Royal Seed Trading Corp. A.V.V.	Subsidiary	100,303	-

FINANCIAL STATEMENTS

Notes to the Financial Statements

NOTE 19 - SANCTIONS

During 2005 and 2004, the SVS did not apply sanctions to the Company or, its directors or managers.

NOTE 20 – ENVIRONMENTAL PROJECTS

Disbursements incurred by the Company as of December 31, 2005 relating to its investments in production processes and compliance with regulations related to industrial processes and facilities are as follows:

PROJECT	FUTURE DISBURSEMENTS	
	2005 THUS\$	THUS\$
Environmental department	596	850
Risk and security management	424	1,922
Dust emission control	962	3
Light normalization	378	880
Exchange bank authorization	185	15
Environmental studies - Region I of Chile project	51	139
Maria Elena archeology	5	995
Drinking water regulatization projects	19	95
Dry plant aspiration system	118	-
Environmental contingency plan for the Peine sector	-	75
Environmental impact study for the salt deposit	57	184
Tourist support, salt deposit	-	80
Improvement of mining operations	220	63
Improvements in salt deposit environment	120	-
Increase in P2 Camp Plant treatment capacity	37	-
Atacama salt deposit hydrology studies	176	24
Environment expenses - Engineering Management	43	-
TOTAL	3,391	5,325

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.

FINANCIAL STATEMENTS

Notes to the Financial Statements

Processes in which 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 Maria Elena. Particles mainly come from dust that results from processing the sodium nitrate, particularly in 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", to the government's Environmental Impact Evaluation System. This proposal was designed in order to reduce particle emission and is presently pending evaluation by the environmental regulators, whose decision should be made public during the first half of 2005.

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

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 and research on the climate phenomena of the area.

In accordance with its 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 several 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 21 – SIGNIFICANT 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.

On March 16, 2005, the Company informed the Chilean Superintendency of Securities and Insurance (SVS) that the Board of Directors of Sociedad Química y Minera de Chile S.A. (SQM) at the ordinary meeting dated March 15, 2005 unanimously agreed to propose the payment of a final dividend for a sum of US\$0.18282 per share in favor of all those shareholders of SQM that are registered with the respective registry during the fifth business day prior to the day in which this dividend will be paid.

Upon approval of the aforementioned proposal at the next Ordinary Shareholders' Meeting to be held on April 29, 2004, the amount of the final dividend to be distributed would be increased from 50% to 65% of net income and would imply the partial modification of the Dividend Policy for the 2004 commercial year, which was communicated at the General Ordinary Shareholders' Meeting held on April 30, 2004.

The director Mr. José Antonio Silva B. consulted with the Chilean Superintendency of Securities and Insurance ("SVS") as to the applicability of the concept of "limitation of related persons" to Article 31 of the by-laws of SQM S.A. and to the quorum required

FINANCIAL STATEMENTS

Notes to the Financial Statements

to modify the percentage of "37.5%" referred to in Article 31. The SVS, through Ordinary Official Communication N° 02622 dated March 16, 2005, requested the Company's opinion in this respect and the Company's management informed the Board of Directors that the concept of "limitation of related persons" does not exist in Article 31 and that the history of both articles as well as the interpretation of these articles at the different Shareholders' meetings held throughout the years and the different objectives of these articles, among other aspects, lead to the conclusion that this concept is not applicable to Article 31 and that; in addition, the amendment of the percentage requires the vote by absolute majority of shares issued with voting rights present at the Shareholders' meeting at which the amendment is analyzed. Four directors agreed with the opinion provided by the management of SQM S.A. and two directors disagreed with this opinion and this was communicated to the SVS. The SVS confirmed the opinion provided by the management of SQM S.A. based on legal facts explained in Ordinary Official Communication N° 03821 dated April 19, 2005.

Inversiones El Boldo Limitada, owner of more than 10% of voting right shares issued of SQM S.A. and related to Potash Corporation of Saskatchewan Inc., on April 25, 2005 has requested from the Board of directors of SQM S.A. that it requests an Extraordinary Shareholders' Meeting of the Company to vote on whether or not to eliminate Series A and B shares - and preferences related to these series - in which the Company's capital is currently divided through the amendment of the pertinent articles of the Company's by-laws required to reflect this possible elimination; and alternately, and provided that the shareholders do not approve this elimination, to modify Article 31 of these by-laws in order to incorporate in this article the concept of "related persons" already included in another section of Article 31 of the aforementioned by-laws. At its meeting on April 26, 2005, the Company's Board of Directors unanimously agreed to hold a meeting on May 25, 2005 at 10.00 a.m.

On April 27, 2005, the Company informed the Chilean Superintendency of Securities and Insurance (SVS) that the French Arbitrage Association (AFA) provided its sentence within the process in which Du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetal SAS, both member companies of the Angibaud Group, filed in Paris, France during 2002 lawsuits against Soquimich European Holdings B.V., NU3 N.V. and SQM France S.A., all of which are subsidiaries of Sociedad Química y Minera de Chile S.A., for damages that Angibaud would have experienced due to business relationships between both Groups of companies.

At the General Ordinary Shareholders' Meeting of April 29, 2005, the shareholders agreed to the following, among others:

- a)** Approved the distribution and payment of a final dividend for a total of Ch\$ 106.56029 per share in one single payment on May 12, 2005 with a charge to 2004 net income.
- b)** Approved the payment of UF 50 (fifty UF) to each member of the Board of Directors' Committee regardless of the number of meetings that this Committee may or not have during the respective month and establish an annual budget for the expenses for this Committee and its advisors of UF 1,800 (one thousand and eight hundred UF).
- c)** Appoint Messrs. Wayne R. Brownlee, Hernán Büchi B., José María Eyzaguirre B., Julio Ponce L., José Antonio Silva B., Wolf von Appen, Kendrick T. Wallace and Daniel Yarur E. as new directors of SQM S.A. and approved remuneration payable to these members of the Board during the next twelve months, which are the same as those approved at the Company's previous General Ordinary Shareholders' Meeting.

During July 2005, the French Arbitrage Association (AFA) pronounced its sentence in the lawsuit filed in Paris, France in 2002 by Compagnie du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetales SAS, both member companies of the Angibaud Group, against Soquimich European Holdings B.V., NU3 and SQM France S.A., which are members of the SQM Group and subsidiaries of Sociedad Química y Minera de Chile S.A. The lawsuit was filed for damages that Angibaud allegedly experienced due to the termination of business relationships between both Groups of companies.

Angibaud filed a lawsuit for the amount of ThEuro 30,295 and the French Arbitrage Association (AFA) in a sentence that partially accepted this claim ordered that SQM pay the amount of ThEuro 8,000, including expenses and interest to Compagnie du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetales SAS.

The SQM Group has made an accrual of ThUS\$ 6,000 to pay a portion of the amounts indicated in the aforementioned sentence.

FINANCIAL STATEMENTS

Notes to the Financial Statements

NOTE 22 – SUBSEQUENT EVENTS

* At the First General Extraordinary Shareholders' Meeting of SQM Industrial S.A. held on January 9, 2006, the shareholders approved the merger of SQM Procesos S.A. and SQM Industrial S.A. through the incorporation and dissolution of the latter and its merger into SQM Industrial S.A., which acquires all rights, shares, exceptions, assets, liabilities, obligations, equity, shareholders and remaining assets and expectations of SQM Procesos S.A.. This merger generates all and each of its effects beginning on January 1, 2006.

* On January 17, 2006, the Company informed the SVS that Mr. Bernard Descazeaux Aribit resigned from his position of General Manager of Soquimich Comercial S.A., to assume responsibility for the operations of SQM S.A. in Mexico and Central America. The Company's Board of Directors accepted his resignation. Likewise, at the Board of Directors Meeting held on January 16, 2006, the Board of Directors appointed Mr. Juan Carlos Barrera Pacheco as the new General Manager of Soquimich Comercial S.A. These changes will be effective beginning on March 1, 2006.

* On January 19, 2006, the Company informed the SVS that Sociedad Química y Minera de Chile S.A. and some of its subsidiaries acquired, on the same date from the DSM Group based in the Netherlands, the total amount of shares of certain companies that participate in the markets of the production and commercialization of iodine and iodine derivatives in Chile and abroad. Accordingly, SQM has acquired the mining rights and water rights, industrial plants, regulatory permits and other pertinent assets of these companies which will allow it to have proper installed capacity to produce 2,200 additional tons of iodine per year in Chile.

The purchase and sale price was ThUS\$ 72,000 and this price was paid in cash. This amount does not consider certain minor adjustments that will have to be made in respect to this price in the short-term, or the purchase of accounts receivable and finished products and the charge to the values of these accounts and products of certain liabilities that were part of the accounting records of these three new subsidiaries of SQM S.A. - DSM Minera S.A., DSM Minera B.V. and Exploraciones Mineras S.A.*

* On January 24, 2006, Sociedad Química y Minera de Chile S.A. has placed in the Chilean market an unguaranteed bond for the nominal amount of UF 3 million for a period of 21 years with an annual interest rate of 4.18% in order to refinance liabilities and fund investment projects for the year 2006.

* On January 24, 2006, Soquimich European Holding B.V. and Nutrisi Holding N.V. acquired 334 and 666 shares, respectively of Fenasa S.A. in ThEuro 75,100, thereby increasing their ownership to 33.35% and 66.65%, respectively.

Management is not aware of any significant subsequent events that have occurred between December 31, 2005 and the date of issuance of these financial statements and that may affect the Company's financial position or the interpretation of these financial statements, (February 17, 2006).



CONDENSED FINANCIAL STATEMENTS

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Santiago, Chile

December 31, 2005 and 2004

(A translation of the original in Spanish- see note 2 (a))

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CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheets

	SQM NITRATOS S.A.		SQM POTASIO S.A.	
	2005	2004	2005	2004
ASSETS	THUS\$	THUS\$	THUS\$	THUS\$
Cash	11,697	26,241	67,279	9,507
Dedtors	138,854	149,640	19,950	16,957
Related Companies	100,252	116,979	534,699	462,924
Inventory	284,953	229,394	78,571	65,518
Others	22,593	16,772	5,179	3,607
TOTAL CURRENT ASSETS	558,349	539,026	705,678	558,513
Property	5,170	5,490	6,695	6,695
Construction and Infraestructure	270,065	231,369	252,414	237,285
Machynery and Equipement	349,592	314,255	192,904	180,591
Other Fixed Assets	76,958	77,675	6,632	7,182
Depreciation (less)	(379,012)	(352,616)	(153,145)	(130,560)
TOTAL FIXED ASSETS	322,773	276,173	305,500	301,193
OTHER ASSETS	51,367	48,578	55,796	13,062
TOTAL ASSETS	932,489	863,777	1,066,974	872,768
LIABILITIES				
Related Companies				
Others	524,262	465,682	212,417	101,732
	88,456	66,412	54,780	29,836
TOTAL CURRENT LIABILITIES	612,718	532,094	267,197	131,568
Long-Term Bank Debt	-	-	100,000	-
Related Companies	46,016	4,062	462,249	427,415
Provisions	13,214	9,493	709	484
Others	10,691	10,679	21,414	16,939
TOTAL LONG LIABILITIES	69,921	24,234	584,372	444,838
MINORITY INTEREST	45,247	43,374	38,731	50,527
SHAREHOLDERS EQUITY	204,603	264,075	176,674	245,835
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	932,489	863,777	1,066,974	872,768

CONDENSED FINANCIAL STATEMENTS

Condensed Statements of Income

	SQM NITRATOS S.A.		SQM POTASIO S.A.	
	2005	2004	2005	2004
	THUS\$	THUS\$	THUS\$	THUS\$
Revenues	878,855	730,728	308,325	234,476
Cost of Sales	(753,450)	(631,542)	(220,774)	(171,837)
OPERATING MARGING	125,405	99,186	87,551	62,639
Selling and Administrative Expenses	(40,164)	(37,204)	(5,345)	(3,065)
OPERATING INCOME	85,241	61,982	82,206	59,574
Non- Operating Revenues	24,491	21,592	16,017	9,303
Non- Operating Expenses	(37,401)	(21,908)	(33,507)	(41,850)
NET INCOME BEFORE TAXES	72,331	61,666	64,716	27,027
Income Taxes	(15,218)	(14,886)	(12,850)	(7,664)
Minority Interest	(467)	(4,544)	(8,105)	(3,959)
Amortization of Negative Goodwill	286	240	0	0
NET INCOME	56,932	42,476	43,761	15,404

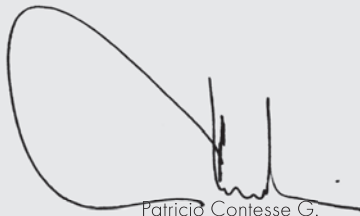
CONDENSED FINANCIAL STATEMENTS

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 native currencies converted to the closing exchange rate for each of them (512.5 and 557.4 respectively).
3. The fixed assets are priced at cost, 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, are valorized at average production cost and at acquisition cost for products acquired from third parties, which don't 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 have 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.

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

Macarena Briseño C.
Macarena Briseño C.
Controller


Patricio Confesse G.
Chief Executive Officer

ADDITIONAL INFORMATION

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
Santiago, Chile

December 31, 2005 and 2004

(A translation of the original in Spanish- see note 2 (a))

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ADITIONAL INFORMATION

FINANCIAL INFORMATION

a) Financial Ratios

	12/31/2005	12/31/2004
LIQUIDITY	%	%
Current Ratio	1.73	4.50
Acid Test Ratio	0.86	2.11
INDEBTEDNESS		
Indebtedness Ratio	57.29	39.42
Short Term Debt/Total Debt	73.25	33.93
Long Term Debt/Total Debt	26.75	66.07
Interest Coverage Ratio	9.48	6.49
ACTIVITY		
Total Assets (Th. US\$)	1,640,568	1,356,779
Inventory Rotation	2.17	2.31
Inventory Permanency	166	156

B) Operating Results (Th. US\$)

2005

	CHILE	LATINOAMERICA Y CARIBE	EUROPA	EE.UU	ASIA Y OTROS	TOTAL
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Sales	156,086	128,187	258,296	270,006	83,395	895,970
Cost of sales	138,829	98,852	164,997	193,537	56,686	652,901

2004

	CHILE	LATINOAMERICA Y CARIBE	EUROPA	EE.UU	ASIA Y OTROS	TOTAL
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Sales	158,845	111,066	214,942	233,506	57,102	775,461
Cost of sales	141,783	87,576	154,294	174,439	39,074	597,166

c) Others

	12/31/2005	12/31/2004
	THUS\$	THUS\$
Operating Income	181,191	123,819
Financial Expenses	(16,663)	(18,697)
Non-Operating Income	(34,322)	(17,444)
E,B,I,T,D,A,E,I,	230,624	185,315
Net Income After Taxes	113,506	74,232

ADDITIONAL INFORMATION

d) Returns

	12/31/2005	12/31/2004
	%	%
ROE	11.53	8.07
ROA	7.57	5.46
Return on Operational Assets (1)	12.78	9.73
EPS (Earnings per Share US\$)	0.43	0.28
Dividend Return on Series A (2)	1.90	1.41
Dividend Return on Series B	1.89	1.60
(1) Operating Assets Calculation		
	12/31/2005	12/31/2004
	THUS\$	THUS\$
TOTAL ASSETS	1,640,568	1,356,779
MINUS		
Other accounts receivable. net	(9,737)	(8,272)
Long-term accounts receivable. net	(379)	(217)
Recoverable taxes	(31,212)	(18,583)
Short Term Deferred Income taxes	(2,528)	-
Other Non-Operational Current Assets	(1,744)	(1,631)
Investment in Related Companies	(20,676)	(16,246)
Goodwill	(27,209)	(17,470)
Negative Goodwil	68	271
Other Long Term Non-Operational Assets	(2,491)	(2,823)
TOTAL OPERATING ASSETS	1,544,660	1,291,808

(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.

ADDITIONAL INFORMATION

STATEMENTS OF CASH FLOW

During the period of 2005 the Company generated a net positive cash flow from operating activities of Th US\$ 151,984 (positive flow of Th. US\$ 152,026 in 2004), a net positive cash flow provided from financing activities of Th. US\$ 127,268 (negative flow of Th. US\$ 135,095 in 2004) and a net negative flow originated from investing activities of Th. US\$ 199,546 (negative flow of Th. US\$ 19,393 in 2004) that is described by the following:

Details in

	31/12/2005	31/12/2004
	THUS\$	THUS\$
CASH FLOW PROVIDED FROM OPERATING ACTIVITIES:		
Net Income (Loss) for the period	113,506	74,232
Loss on sales of Assets	216	(8,537)
Depreciation	70,054	62,690
Other credits (less)	(13,385)	(8,257)
Other charges	111,572	86,022
Changes in assets that affect the cash flow	(85,428)	(50,882)
Changes in liabilities that affect the cash flow	(45,590)	(8,381)
Gain (Loss) of Minority Interest	1,039	5,139
POSITIVE NET CASH PROVIDED OPERATING ACTIVITIES	151,984	152,026
CASH FLOW PROVIDED FROM FINANCING ACTIVITIES:		
Proceeds form Bank Financing	185,000	83,307
Repayment of bank financing	(6,000)	(192,696)
Payment of Dividends (less)	(51,732)	(25,706)
NET POSITIVE (NEGATIVE) CASH FLOW PROVIDED FROM FINANCING ACTIVITIES	127,268	(135,095)
CASH FLOW PROVIDED FROM INVESTING ACTIVITIES:		
Sales of property, plant and equipment	2,546	741
Sales of permanent investing	-	69,337
Sales of investments	-	210
Other Income	1,346	877
Additions to property, plant and equipment	(185,604)	(51,758)
Pago de intereses capitalizados	(5,140)	(1,708)
Capitalized Interest	(12,026)	(37,079)
Purchase of permanent investments	(2)	(13)
Purchase of investments	(666)	-
NET POSITIVE (NEGATIVE) CASH FLOW PROVIDED FROM INVESTING ACTIVITIES	(199,546)	(19,393)

ADDITIONAL INFORMATION

MANAGEMENT AND DIRECTORS COMPENSATION

a) Summary of Board of Directors Compensation January/December 2005(Ch\$):

NAME	TOTAL PER SUBSIDIARIES CH\$				TOTAL CH\$
	SQM S.A.		SQMC		
	MEETING	COMMITTEE	MEETING	COMMITTEE	
Ponce Lerou Julio	343,650,861	-	63,194,463	-	406,845,324
Büchi Buc Hernan	50,597,279	-	-	-	50,597,279
Milstein Avi.	40,931,363	864,145	-	-	41,795,508
Wallace Kendrick	50,597,279	-	-	-	50,597,279
Brownlee Wayne R	50,597,279	10,530,061	-	-	61,127,340
Eyzaguirre Jose Maria	50,597,279	-	-	-	50,597,279
Silva José Antonio	50,597,279	10,530,061	-	-	61,127,340
Daniel Yarur E.	50,597,279	8,804,534	-	-	59,401,813
Von Appen Wolf	7,081,298	-	-	-	7,081,298
TOTAL	695,247,196	30,728,801	63,194,463	0	789,170,460

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

	AMOUNT
A) Travel	78,464
B) Rental, services and consulting	214
C) General expenses	2,485
TOTAL	81,163

c) Management Compensation

For the years 2004 and 2005 the remuneration received by the management in aggregate was the following:

YEAR	EXECUTIVES	TOTAL CH\$
2004	75	4,905,403,892
2005	82	5,405,184,047

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

During 2005, the Company made severance payments to members of the management team that left the Company in the amount of ChUS\$ 813,240,335

d) Human Resources

As of December 31 2005, SQM and its subsidiaries had 3,672 employees, distributed as following:

PROFESSIONAL CONDITION	HOLDING	OTHER SUBSIDIARIES	TOTAL
Executives	22	48	70
Professionals	79	581	660
Technical and Operative	295	2,325	2,620
Foreign		322	322
TOTAL	396	3,276	3,672

ADDITIONAL INFORMATION

e) Directors Committee, Activities and Consulting Expenses

Until December 31st, 2005, the Company's Directors Committee was formed by SQM S.A. Directors; Mr. Hernán Büchi B., Mr. Jose Antonio Silva B. and Mr. Daniel Yarur E. This Committee acts according to the section 50 bis of law N°18.046, with some of the activities carried out by it during the year 2005 relating to:

- a) Analysis of un-audited reports and financial conditions.
- b) Analysis of audited reports and financial conditions.
- c) Analysis of external auditors' reports, accounts inspectors and risk and proposal analysts, the Directors, external auditors and risk analysts who could be designated by the respective Board of Shareholders.
- d) Analysis of functions, objectives and working programs of the Internal Auditing Department.
- e) Analysis of the Company's Top Executives remuneration and compensation plans.
- f) Analysis of contracts with related people, subsidiary and allied companies in Chile and abroad.
- g) Analysis of subjects related to the rules of the "Sarbanes-Oxley Act" of the U.S.A., especially to Section 404.
- h) Investment Analysis.

The SQM S.A. Directors Committee examined the following records related to the operations referring to the main activities carried out by the Board of Directors in relation to section 44 of law N° 18.046. Namely:

- In the session on August 4th, 2005, the Directors Committee analyzed the records of the 2 year sublease contract of part of the 11th floor in the building located on El Trovador #4285 that could be subscribed by SQM Nitratos S.A. (SQM S.A. affiliate, as subleser) and Sociedad de Inversiones Pampa Calichera S.A. (important SQM S.A. majority shareholder, as subtenant)
- In the session on August 4th, 2005, the Committee analyzed the records of - I - the services that ENTEL S.A. (where Mr. Richard Büchi B. -Mr. Hernán Büchi B.'s brother - is General Manager) provides to SQM S.A. and its subsidiaries in Chile and -II- financial operations that SQM S.A. and its subsidiary companies in Chile negotiate with Banco BCI (where Mr. Daniel Yarur E. is also Director)
- In the Session on December 19th, 2005, the Committee analyzed the records of the "Europe Distribution Contract" of certain products of SQM S.A. and its subsidiaries, which could be renewed for 5 years with Yara International ASA (important SQM S.A. indirect shareholder).
- In the Session on December 19th, 2005, the Committee analyzed the records of "Sea Freight Contracts" between SQM S.A. and its subsidiaries, the group "Ultramar" (linked to Mr. Wolf von Appen, SQM S.A. Director) and the purchases of air tickets carried out between SQM S.A. and its subsidiaries and Turismo Tajamar S.A. (also linked to Mr. Wolf von Appen).

In the session on April 25th, 2005, SQM S.A. Directors Committee examined the records related to the operations referring to the section 89 of law N°18,046.

On April 29th 2005, the SQM S.A. Shareholders General Meeting agreed to pay a monthly remuneration of 50UF to each member of the Directors Committee. That, independent of the number of sessions held by the Board of Directors during the period between the months of May 2005 and April 2006, both months included. This remuneration is also independent from what the Board members obtain as members of the Company's Directory. In this same meeting, an operational budget for the Board of Directors of 1.800UF was approved.

During year 2005, the Directors Committee did not incur any consulting expenses.

On the other hand and considering the effective share structure up to December 31st, 2005, the Company does not have a controller; therefore, the three members of the Directors Committee stand as independents.

ADDITIONAL INFORMATION

DIVIDENDS

a) Dividend Policy

In accordance to the matters informed to the General Shareholders Meeting on April 29 2005, the Board of Directors agreed to propose to the General Shareholders Meeting pay as the dividend and in favor of its shareholders, an amount equivalent to 65% of the distributable income for the period corresponding to the commercial year 2005.

b) Distributable Income

The distributable income of the Company reported for the period ended December 31 2005 is obtained as described:

	THUS\$
Net Income (Loss)	113,506
Amortization of negative goodwill	203
Distributable Income	113,303

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)"
2003	7,6
2004	8,8
2005	18,28

ADDITIONAL INFORMATION

STOCK TRANSACTIONS

a) Related Transactions

Purchase and sales of company stock by members of SQM's Board of Directors, Management and main Shareholders during 2005 (price in Chilean pesos).

NAME	BUY	SELL	SERIES	PRICE	DATE	AMOUNT TRADED
INVERSIONES SQYA SA	2,345,092		A	4,002.00	18-01-2005	9,385,058,184
INVERSIONES SQYA SA	3,800,000		A	4,002.00	18-01-2005	15,207,600,000
ZAMORANO FERNANDEZ YICELLE	5,500		B	3,460.00	24-01-2005	19,030,000
NAKOUSI SALAS CARLOS FELIX		3,852	B	4,200.00	04-03-2005	16,178,400
NAKOUSI SALAS CARLOS FELIX		4,904	B	4,200.00	04-03-2005	20,596,800
SOCIEDAD DE INVERSIONES CERRO LARGO S.A.	120,000		B	4,540.00	29-03-2005	544,800,000
CONTESSE FICA BERNARDITA	200		B	5,050.00	03-05-2005	1,010,000
CONTESSE FICA CRISTOBAL	200		B	5,050.00	03-05-2005	1,010,000
CONTESSE FICA FELIPE	200		B	5,050.00	03-05-2005	1,010,000
CONTESSE FICA FRANCISCO	200		B	5,050.00	03-05-2005	1,010,000
CONTESSE FICA PATRICIO	200		B	5,050.00	03-05-2005	1,010,000
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	19,000		B	4,899.10	13-05-2005	93,082,900
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	32,000		B	4,899.10	13-05-2005	156,771,200
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	40,000		B	4,825.00	16-05-2005	193,000,000
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	1,101		B	4,650.00	19-05-2005	5,119,650
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	2,010		B	4,690.00	19-05-2005	9,426,900
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	3,000		B	4,699.00	19-05-2005	14,097,000
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	23,889		B	4,700.00	19-05-2005	112,278,300
CONTESSE FICA BERNARDITA	312		B	4,765.00	26-05-2005	1,486,680
CONTESSE FICA CRISTOBAL	138		B	4,765.00	26-05-2005	657,570
CONTESSE FICA FELIPE	219		B	4,765.00	26-05-2005	1,043,535
CONTESSE FICA FRANCISCO	181		B	4,765.00	26-05-2005	862,465
CONTESSE FICA PATRICIO	266		B	4,765.00	26-05-2005	1,267,490
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	40,000		B	5,019.00	31-05-2005	200,760,000
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	64,000		B	5,400.00	13-06-2005	345,600,000
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	51,000		B	5,480.00	14-06-2005	279,480,000
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	34,000		B	5,950.60	05-07-2005	202,320,400
DESCAZEUX ARIBIT BERNARD		15,704	B	6,450.00	30-08-2005	101,290,800
LEFORT RUDLOFF A MAURICE		17,923	B	6,795.30	30-08-2005	121,792,162
CONSULTORIA LEGAL Y TRIBUTARIA ARAYA Y ZAMORANO LT	10,000		B	6,650.00	27-09-2005	66,500,000

ADDITIONAL INFORMATION

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
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
2005	I Q	\$4,198.7	\$ 3,901.5	9,140,331	18,104,381	\$36,927	\$72,202
	II Q	\$5,430.9	\$ 5,119.0	237,857	33,665,190	\$1,293	\$172,559
	III Q	\$6,581.5	\$6,539.6	146,592	23,098,715	\$972	\$152,417
	IV Q	\$6,318.7	\$ 6,163.3	34,368	25,098,797	\$209	\$154,845

NYSE							
		AVERAGE PRICE (US\$)		NUMBER OF STOCKS TRADED		AMOUNT TRADED (THUS\$)	
		ADR A	ADR B	ADR A	ADR B	ADR A	ADR B
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
2005	I Q	\$73.8	\$67.4	72,200	1,601,800	\$5,298	\$111,829
	II Q	\$93.6	\$88.0	37,800	2,941,100	\$3,466	\$256,705
	III Q	\$118.1	\$119.2	17,700	2,920,400	\$2,105	\$351,040
	IV Q	\$114.3	\$117.3	7,700	3,387,200	\$893	\$401,726

ADDITIONAL INFORMATION

OTHER GENERAL INFORMATION

Investment Policies

The Ordinary General Shareholders meeting, celebrated on April 29 2005, 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 29 2005 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 8% 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.
50HZ Nueva Victoria Energy Supply	December 31, 2013	Electroandina 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\$53 million

ADDITIONAL INFORMATION

during 2005 -equivalent approximately to 8% 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 15% of these revenues during 2005.

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

Considering the different business in which SQM participates. The Company is subject to certain risk, been its politic diminish these risk with the objective of keep operative flexibility that its business required. The main risks are:

- a) *A significant part of our sales to emerging markets expose us to risks related to economic conditions and trends in those countries.* Future developments in the political systems or economies of these countries or the implementation of future governmental policies in those countries, including the imposition of taxes or restrictions on the payment of dividends or repatriation of capital or the imposition of new environmental regulations or price controls, could have a material adverse effect on our sales or operations in those countries.
- b) *Volatility of world fertilizer and chemical prices and changes in production capacities could affect our business, financial condition and results of operation*
- c) *SQM has an ambitious capital expenditure program that is subject to risks and uncertainties related with amounts, term and effectiveness of the investment.*
- d) *Currency fluctuations may have a negative effect on our financial results.* U.S. dollar is the primary currency in which SQM transacts its businesses, a significant part of its operational cost are related to the Chilean peso. Fluctuations in the exchange rate of such local currencies may affect SQM's financial condition and results of operations.
- e) *Sustained high raw material and energy prices increase our production costs and cost of goods sold.* SQM relies on certain raw materials and various sources of energy (diesel, electricity, natural gas and others) to manufacture its products. If the increase is prolonged SQM is unable to pass on increases in raw material and energy prices to its customers, its financial results could be adversely affected.
- f) *Reserves estimates could significantly vary.* The mining reserves estimates are prepared by our geologists. Estimation methods involve numerous uncertainties as to the quantity and quality of the reserves, and these could change, up or down.
- g) *Quality standards in markets where SQM sell its products could become stricter over time.* Governments and customers in several of the markets where we do business impose quality standards for products that we sell.
- h) *SQM's business' are subject to many operational and other risks for which we may not be fully covered in our insurance policies.* Our facilities located in Chile and abroad are insured by insurance policies that are standard for the industry. Nonetheless, we may be subject to certain catastrophic events, including fires, major equipment failures, natural disasters, accidents, terrorist acts, war, etc., that may not be covered under the insurance policies
- i) *The continuity of our natural gas supply is dependent on Argentinean authorities policy.* As part of a cost reduction effort, we interconnected our facilities to a natural gas network. The natural gas, which originates in Argentina and is subject to a 10-year agreement. Due to energy shortages in Argentina, local authorities decided to restrict exports of natural gas to Chile in order to increase the supply to their domestic markets.

ADDITIONAL INFORMATION

j) Declines in the supply of natural gas and increasing global oil prices could negatively affect our electricity contracts. As natural gas supply continues to be uncertain and world oil prices continue to increase, we are faced with potential revisions to our long-term electricity supply agreements.

k) Water supply could be affected by regulatory changes and/or natural problems. Even though we have not experienced significant difficulties obtaining the necessary water to conduct our operations, there can be no assurance that we will not face problems in the water supply due to new environmental regulations or natural depletion of water resources.

l) Changes in mining and water rights laws or in regulations affecting port concessions could affect our operating costs. We conduct our mining operations under exploitation and exploration concessions granted pursuant to judicial proceedings in accordance with provisions of the Chilean Constitution and the Constitutional Mining Law and related statutes. Exploitation concessions essentially grant a perpetual right to conduct mining operations in the areas covered by the concessions, provided that we pay annual concession fees. Exploration concessions permit us to explore for mineral resources on the land covered thereby for a specified period of time, and to subsequently request a corresponding exploitation concession. We also hold water rights, which we believe is sufficient to meet current and anticipated operational requirements. We operate port facilities at Tocopilla, Chile, for the shipment of our products and the delivery of certain raw materials.

m) Environmental laws and regulations could expose us to higher costs, liabilities, claims and failure to meet current and future production targets. Our operations in Chile are subject to a variety of national and local regulations relating to environmental protection. Under the Chilean Environmental Law, we are required to conduct environmental impact studies of any future projects or activities (or their significant modifications) that may affect the environment. CONAMA and COREMA evaluate environmental impact studies submitted for their approval and also oversee the implementation of projects.

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

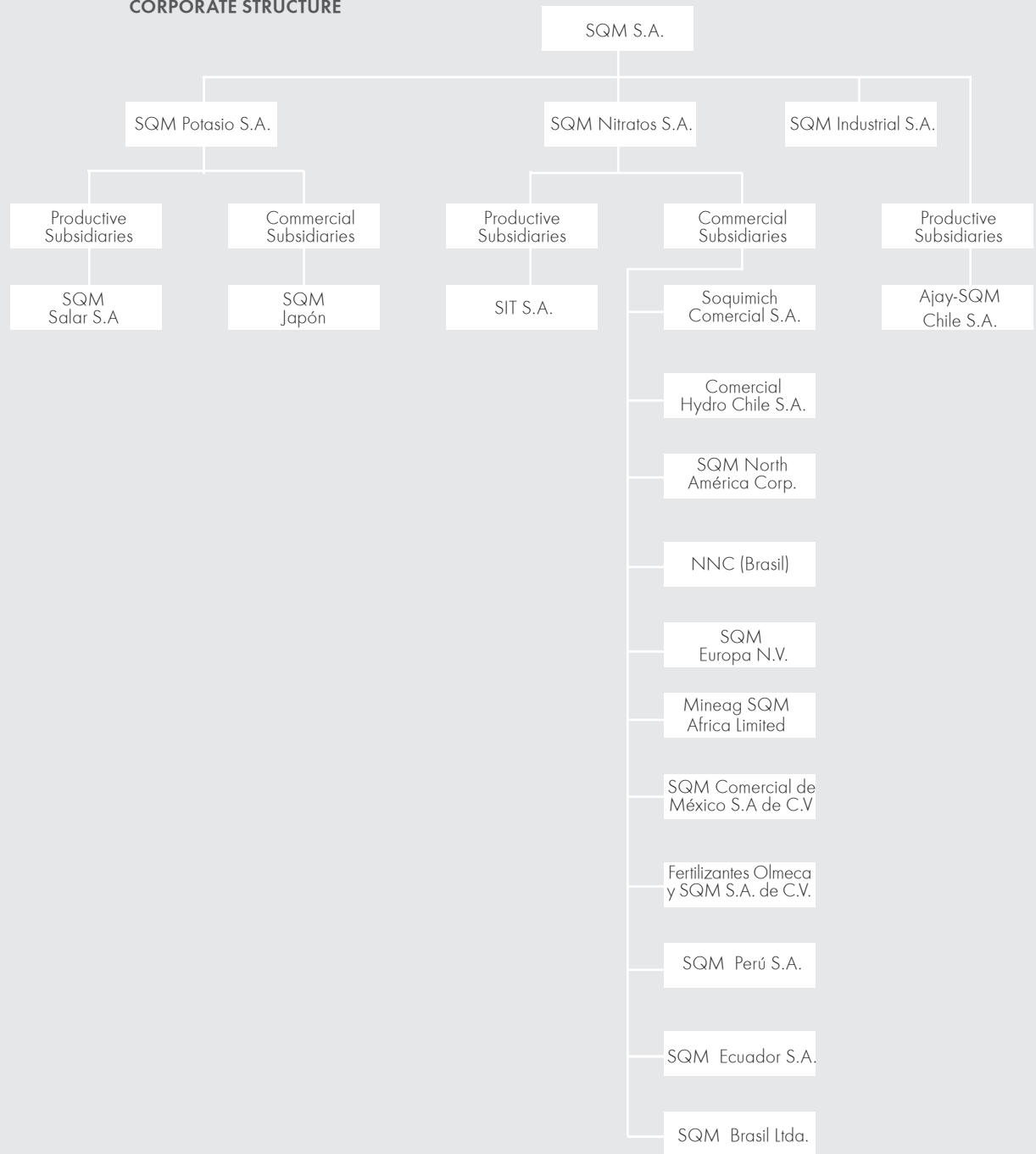
The Company has been informed that the Canadian company Potash Corporation of Saskatchewan Inc. ("PCS") indirectly controls 100% of Inversiones el Boldo Limitada's stock, and 100% of Inversiones RAC Limitada's stock. Therefore PCS indirectly owns 24.99% of SQM's stock.

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.

ADDITIONAL INFORMATION

CORPORATE STRUCTURE



ADDITIONAL INFORMATION

SIGNIFICANT EVENTS

1. 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.

2. 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.

3. On March 16, 2005, the Company informed the Chilean Superintendency of Securities and Insurance (SVS) that the Board of Directors of Sociedad Química y Minera de Chile S.A. (SQM) at the ordinary meeting dated March 15, 2005 unanimously agreed to propose the payment of a final dividend for a sum of US\$0.18282 per share in favor of all those shareholders of SQM that are registered with the respective registry during the fifth business day prior to the day in which this dividend will be paid.

Upon approval of the aforementioned proposal at the next Ordinary Shareholders' Meeting that will be held on April 29, 2004, the amount of the final dividend to be distributed will be increased from 50% to 65% of net income and implies the partial modification of the Dividend Policy for the 2004 commercial year, which was communicated at the General Ordinary Shareholders' Meeting held on April 30, 2004.

4. The director Mr. José Antonio Silva B. consulted with the Chilean Superintendency of Securities and Insurance ("SVS") as to the applicability of the concept of "limitation of related persons" to Article 31 of the by-laws of SQM S.A. and as equal to this concept already existing in Article 31 Bis of the aforementioned by-laws- and also in respect to the quorum required to modify the percentage of "37.5%" referred to in Article 31. The SVS, through Ordinary Official Communication N° 02622 dated March 16, 2005, asked the Company's opinion in this respect and the Company, through its management informed the Board of Directors that the concept of "limitation of related persons" does not exist in Article 31 and that the history of both articles plus the interpretation of these articles at the different Shareholders' meetings held throughout the years and the different objectives of these articles, among other aspects, allow concluding that this concept is not applicable to article 31 and that; in addition, the amendment of the percentage requires the vote by absolute majority of shares issued with voting rights present at the Shareholders' meeting that analyze this amendment. Four directors agreed with the opinion provided by the management of SQM S.A. and two directors disagreed with this opinion and this was informed to the SVS. The SVS confirmed the opinion provided by the management of SQM S.A. based on matter of law of fact considerations explained in Ordinary Official Communication N° 03821 dated April 19, 2005.

5. Inversiones El Bordo Limitada, owner of more than 10% of voting right shares issued of SQM S.A. and related to Potash Corporation of Saskatchewan Inc., on April 25, 2005 has requested from the Board of directors of SQM S.A. that it requests an Extraordinary Shareholders' Meeting of the Company to vote as to the convenience of either eliminating or not Series A and B shares - and preferences related to these series - in which the Company's capital is currently divided through the amendment of the pertinent articles of the Company's by-laws required to reflect this possible elimination and; alternately, and provided that the shareholders do not approve this elimination, to modify article 31 of these by-laws with the purpose of incorporating in this article the concept of "related persons" already included in Article 31 Bis of the aforementioned by-laws. The Company's Board of Directors unanimously agreed on its meeting held on April 26, 2005 to summon such a meeting for May 25, 2005 at 10.00 a.m.

6. On April 27, 2005, the Company informed the Chilean Superintendency of Securities and Insurance (SVS) that the French Arbitrage Association (AFA) provided its sentence within the process in which Du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetal SAS, both of them member companies of the Angibaud Group, filed in Paris, France during 2002 lawsuits against Soquimich European Holdings B.V., NU3 N.V. and SQM France S.A., all of which are subsidiaries of Sociedad Química y Minera de Chile S.A., for damage that Angibaud would have experienced due to business relationships between both Group of companies.

7. At the General Ordinary Shareholders' Meeting of April 29, 2005, the shareholders, among others, agreed the following:

a) Approved the distribution and payment of a final dividend for a total of Ch\$ 106.56029 per share in one single payment from May 12, 2005 with a charge to 2004 net income.

ADDITIONAL INFORMATION

b) Approved the payment of UF 50 (fifty UF) to each member of the Board of Directors' Committee regardless of the number of meetings that this Committee may or not have during the respective month and establish an annual budget for expenses for this Committee and its advisors of UF 1,800 (one thousand and eight hundred UF).

c) Appoint Messrs. Wayne R. Brownlee, Hernán Büchi B., José María Eyzaguirre B., Julio Ponce L., José Antonio Silva B., Wolf von Appen, Kendrick T. Wallace and Daniel Yarur E. as new directors of SQM S.A. and approved remuneration payable to these members of the Board during the next twelve months, which are the same as those approved at the Company's previous General Ordinary Shareholders' Meeting.

8. During July 2005, the French Arbitrage Association (AFA) pronounced its sentence in the process that Compagnie du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetales SAS, which are member companies of the Angibaud Group, filed in Paris, France during 2002 a lawsuit against Soquimich European Holdings B.V., NU3 and SQM France S.A., which are members of the SQM Group and subsidiaries of Sociedad Química y Minera de Chile S.A. for damages that Angibaud would have experienced due to the termination of business relationships between both Group of companies.

Angibaud filed a lawsuit for the amount of ThEuro 30,295 and the French Arbitrage Association (AFA) in a sentence that partially accepted this claim ordered that SQM pays the amount of ThEuro 8,000, including expenses and interest to Compagnie du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetales SAS.

With no prejudice of the foregoing, the SQM Group has made an accrual of ThUS\$ 6,000 to pay a portion of the amounts indicated in the aforementioned sentence.



LOCAL AND FOREIGN SUBSIDIARIES
SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
Santiago, Chile
Diciembre 31, 2005 y 2004

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LOCAL FOREIGN & SUBSIDIARIES AND AFFILIATES

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 S.A.:

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. Ricardo Ramos R. Patricio de Solminihac T. Jaime San Martín L. Camila Merino C.
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 Alec Pointevit
CEO	: Patricio Covarrubias G.
Relationship to Headquarters	: Basically of property.
Address	: Avda Pdte. Eduardo Frei N° 4900, Santiago
Phone	: 56 (2) 443 7110
Fax	: 56 (2) 443 7114

Soquimich Comercial S.A.:

Capital	: US\$ 55,508,392
Ownership	: SQMN S.A. 60.64% SQM S.A. 0.0000004% Other non related 39.36%
Corporate Purpose	: Commercialization and distribution of fertilizer
Board of Directors	: Julio Ponce L.* Eugenio Ponce L. Andrés Rojas S. Patricio de Solminihac Enrique Olivares Patricio Contesse* Ricardo Ramos R.
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 others products.
Board of Directors	: Patricio De Solminihac T. Eugenio Ponce L. Camila Merino C. Ricardo Ramos R. Jaime San Martín L.
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. Camila Merino C. Eugenio Ponce L. Ricardo Ramos R. Jaime San Martín L.
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 \$348,911
Ownership	: 99% SQMN S.A. 1% SQM S.A.
Corporate Purpose	: Manage health matters for SQM S.A. and its subsidiaries
CEO	: Militza Saguas 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 \$ 1,515,643
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 \$ 66,272
Ownership	: 99.9% SQMC S.A. 0.1% Other non related
Corporate Purpose	: Commercialization and production of fertilizer
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.

LOCAL FOREIGN & SUBSIDIARIES AND AFFILIATES

SQMC Internacional LTDA.:

Capital	: US \$ 914,140
Ownership	: 99.7423% SQMC S.A. 0.2577% Proinsa Ltda.
Corporate Purpose	: Commercialization, importation and exportation of fertilizer
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 \$ 3,810,077
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

SQM Industrial S.A.:

Capital	: US \$ 307,474,032
Ownership	: 99.9954% SQM S.A. 0.0046% SQM Potasio S.A.
Corporate Purpose	: Extraction of minerals and plants operation
CEO	: Patricio Contesse*
Board of Directors	: Patricio de Solminihac Ricardo Ramos Jaime San Martín
Relationship to Headquarters	: Basically of property.
Address	: El Trovador 4285
Phone	: (2) 425 2525
Fax	: (2) 425 2268

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 fertilizer
CEO	: Jaime Contesse González
Relationship to Headquarters	: Basically of property
Address	: Calle Industria Eléctrica s/n, Lote 30, Industrial Bugambillas CP 45680,
Phone	: (52-33) 35401100
Fax	: (52-33) 35401101

Soquimich SRL Argentina:

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, saltpeter, 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-Argentina
Phone	: 54 261 434 0301
Fax	: 54 261 434 0301

SQM Perú S.A.:

Capital	: US\$ 17,427
Ownership	: 0.98% SQM S.A. 99.02% SQMN S.A.
CEO	: Enrique Olivares Carlini
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	: Ave. Camino Real N° 348 off 701, San Isidro
Phone	: (511) 6112121
Fax	: (511) 6112122

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

Capital	: US\$ 3,597,290
Ownership	: 21.71% SQM Comercial de México 78.29% SQMN S.A.
Corporate Purpose	: Import, export and commercialization of fertilizer
Board of Directors	: Frank Biot (President) Carlos Díaz Ortiz Jaime Contesse González
CEO	: Christian Luders Muñoz
Relationship to Headquarters	: Basically of
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 Solminihac Camila Merino C Daniel Jimenez
CEO	: Frank Biot
Relationship to Headquarters	: Basically of property
Address	: Sint Pietersvliet 7 bus 8, 2000 Amberes, Belgica
Phone	: 32-3-2039700
Fax	: 32-3-2312782

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

LOCAL FOREIGN & SUBSIDIARIES AND AFFILIATES

SQM North America 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 the U.S.A. and Canada.
Board of Directors	: Patricio Contesse G.* Patricio de Solminihac T. Eugenio Ponce L. Ricardo Ramos R. Matias Astaburuaga
CEO	: Ignacio Ruiz
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\$ 1,660,000
Ownership	: 96.99% SQMN S.A. 3.01% SQM S.A.
Corporate Purpose	: Commercialization of Chemical products and Fertilizers
Legal Representatives	: Martim De Almeida Sampaio
Relationship to Headquarters	: Basically of property.
Address	: Al. Tocantins 75, 6 Andar, Edif. West Alphaville, Barueri, CEP 06455-020, Sao Paulo, Brasil
Phone	: (55-11) 4133.7208
Fax	: (55-11) 4133.7205

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	: Martim De Almeida Sampaio.
Relationship to Headquarters	: Basically of property.
Address	: Al. Tocantins 75, 6 Andar, Edif. West
Phone	: (55-11) 4133.7208
Fax	: (55-11) 4133.7205

SQM Ecuador S.A.:

Capital	: US\$ 198,900
Ownership	: 99.996% SQMN S.A. 0.004% SQM S.A.
Corporate Purpose	: Commercialization of agricultural and industrial supplies
CEO	: Enrique Olivares Carlini
Relationship to Headquarters	: Basically of property.
Address	: Ave. José Orrantia y Ave. Juan Tanca Executive Center Piso 3 Oficina 303
Phone	: (593-4) 2690639
Fax	: (593-4) 269 0639

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

SQM Corporation N.V.:

Capital	: US \$ 6,131,261
Ownership	: 99.97940% SQMN S.A. 0.02040% SQI Corporation N.V. 0.00020% SQM S.A.
Corporate Purpose	: Investment in goods
CEO	: N.V. Interpark
Relationship to Headquarters	: Basically of property.
Address	: Pietermaai 123 P.O.Box 897, Willemstad, Curacao, Antillas Holandesas.
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	: Pietermaai 123, P.O. Box 897, Willemstad, Curacao, Antillas Holandesas.
Phone	: (59) (99) 612544
Fax	: (59) (99) 612647

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

Capital	: US\$ 6,000
Ownership	: 1.6667% SQM S.A. 98.3333% SQM Potasio S.A.
Corporate Purpose	: Investment and commercialization of goods.
CEO	: CMS Corporate Magnament Services
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	: Pietermaai 123, P.O.Box 897, Willemstad, Curacao, Antillas Holandesas.
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 Bugambilias CP 45645, Tlajomulca de Zúñiga, Jalisco, México
Phone	: (52-33) 35401100
Fax	: (52-33) 35401101

Agricolima S.A.:

Capital	: US\$ 14,715
Ownership	: 100% SQM Comercial de México S.A.
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, Tlajomulca de Zúñiga, Jalisco, México
Phone	: (52-33) 35401100
Fax	: (52-33) 3540110

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

LOCAL FOREIGN & SUBSIDIARIES AND AFFILIATES

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
Board of Directors	: Daniel Jimenez, Patrick Vanbeneden, Piet Stroobants
Relationship to Headquarters	: Basically of property.
Address	: Provenza 251 Principal Para. CP 08008 Barcelona.
Phone	: 34 93 4877806
Fax	: 34 93 4872344

Sociedad Quimica y Minera Africa (Pty) Ltd:

Capital	: US\$ 3
Ownership	: 100% Soquimich European Holding
Corporate Purpose	: Commercialization of fertilizers in Sub-Sahara
Board of Directors	: Frank Biot, Peter Van Coillie, Piet Stroobants
General Manager	: Etienne Strydom
Relationship to Headquarters	: Basically of property.
Address	: Block B, Bryanston Ridge Office Park CNR Main & Bruton Roads, Bryanston Johannesburg, Sudáfrica
Phone	: (27 11) 658 0008/18
Fax	: (27 11) 658 1101

North American Trading Co.:

Capital	: US\$ 338,124
Ownership	: 100% SQM North America Corp.
Corporate Purpose	: Investment and commercialization of goods
Manager	: 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 Holdings B.V.:

Capital	: US\$ 11.880.456
Ownership	: 100% SQM Corp. N.V.
Corporate Purpose	: Holding company
CEO	: Frank Biot
Relationship to Headquarters	: Basically of property.
Address	: Drenestraat 24 BG, NL 1383 HK Amsterdam, Holanda
Phone	: 31 20 540 89 55
Fax	: 31 20 540 89 09

SQM Italia SRL:

Capital	: US\$ 300,824
Ownership	: 95% Soquimich European Holdings 5% Others non related
Corporate Purpose	: Commercialization of industrial products in Italy
Relationship to Headquarters	: Basically of property.
Address	: Via A. Meucci, 5 50015 Grassina Firenze Italia
Phone	: 00 39 55 644 418
Fax	: 00 39 55 644 419

SQM Japon Co. Ltda.:

Capital	: US\$ 87,413
Ownership	: 99% SQM Potasio S.A. 0.1% SQM S.A.
Corporate Purpose	: Commercialization of Industrial product in Asia/ Oceania and marketing assistance/commercialization of Specialty plant nutrient in Japan
CEO	: Mayo Shibazaki
Relationship to Headquarters	: Basically of property.
Address	: From 1st Bldg 207, 5-3-10 Minami-Aoyama, Minato-ku, Tokio Japan 107-0062
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 Bugambillas CP 45645, Tlajomulco de Zúñiga, Jalisco, México
Phone	: (52-33) 35401100
Fax	: (52-33) 35401101

SQM Oceania PTY:

Capital	: US\$ 1
Ownership	: 100% Soquimich European Holding
Corporate Purpose	: Import, export and distributes industrial products and fertilizers
CEO	: Patricio Carlos Díaz
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 Venezuela S.A.:

Capital	: US\$ 55,500
Ownership	: 50% SQMN S.A. 50% SQM North America Corp.
Corporate Purpose	: Commercialization of agriculture and industrial supplies
CEO	: Palacios, Ortega y Asociados (Layers)
Relationship to Headquarters	: Basically of property.
Address	: Street Guacaipuro, tower Forum floor 6, UBR . El Rosal Apartado 1423 Caracas 1010-A-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 America Corp.
Corporate Purpose	: Investment and commercialization of goods
Manager	: Alvaro Araya
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 Potasio S.A., 0.1% SQM
Corporate Purpose	: Investment and commercialization of goods
Manager	: Ignacio Ruiz
Board of Directors:	Eugenio Ponce L. Daniel Jiménez S.
Relationship to Headquarters	: Basically of property.
Address	: 3101 Towercreek Pkwy., Suite 450, Atlanta GA 30339
Phone	: (770) 916 9400
Fax	: (770) 916 9401

SQM Lithium Specialties Limited Partnership, LLP:

Capital	: US\$ 33,712,430
Ownership	: 99% SQM Virginia LLC, 1% North
Corporate Purpose	: Investment and commercialization of goods
General Partner	: 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

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

LOCAL FOREIGN & SUBSIDIARIES AND AFFILIATES

SQM DUBAI FZCO

Capital	: 10.000.000 AED (USD 2.717.400)
Ownership	: 99 % SQM Nitratos SA
Corporate Purpose	: production of urea phosphate
Board of Directors	: Alfredo Doberti, Patrick Vanbeneden, Piet Stroobants
Relationship to Headquarters:	: Basically of property.
Address	: Jebel Ali Free Zone PO Box 18222 Dubai - United Arab Emirates
Phone	: (971 4) 883 8506
Fax	: (971 4) 883 8507

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

Capital	: AED 5,300,000
Ownership	: 50% SQM Corp. N.V. 50% Others non related
Corporate Purpose	: Commercialization and production of fertilizer 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

Ajay Europe SARL:

Capital	: EUR 3,475,584
Ownership	: 50% SQM Corp. 50% Other non related
Corporate Purpose	: Production and distribution of Iodine derivatives
CEO	: Michel Pichon
Relationship to Headquarters	: Basically of property.
Address	: Z.I. du Grand Verger BP 227 53602, Evron Cedex, France
Phone	: 33 (2) 4301 3535
Fax	: 33 (2) 4301 7618

Ajay North America L.L.C.:

Capital	: US\$ 10,383,786.46
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 Power Springs GA 30129
Phone	: 1 (770) 943 6202
Fax	: 1 (770) 439 0369

Doktor Tarsa Tarim Sanayi A.S.:

Capital	: YTL 1,300,000
Ownership:	: 50% Soquimich European Holdings 50% Others non related
Corporate Purpose	: Commercialization and production of fertilizer 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 1.050.000
Ownership	: 50% Soquimich European Holdings 50% YARA Italia
Corporate Purpose	: Commercialization of fertilizers in Italy
CEO	: Y. Nitzani
Relationship to Headquarters	: Basically of property.
Address	: Via A. Meucci 5 50015 Bagno a Ripoli (Fir) - Italy
Phone	: 00 39 055 64 627 60
Fax	: 00 39 055 6462 777

Nutrisi Holding:

Capital	: Eur 570,155
Ownership	: 50% Soquimich European Holdings 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 10,995,963
Ownership	: 50% NutriSI Holding 50% YARA Nederland B.V.
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

Misir Specialty Fertilizer MSF :

Capital	: EGP 34,338,050
Ownership	: 47.49% Soquimich European Holdings 47.49% YARA Nederland B.V. 5.02% Others non related
Corporate Purpose	: Production of liquid specialty fertilizers
CEO	: Assem Doss
Relationship to Headquarters	: Basically of property.
Address	: Second Industrial Zone New Nabariya
Tel	: 00 20 45 26 34 279
Fax	: 00 20 45 26 34 280

Fertilizantes Naturales S.A.:

Capital	: US\$ 163,724
Ownership	: 25% Soquimich European Holdings 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 1º. CP 08008 Barcelona - Spain
Phone	: 34 93 4877806
Fax	: 34 93 4872344

SQM - EASTMED Turkey:

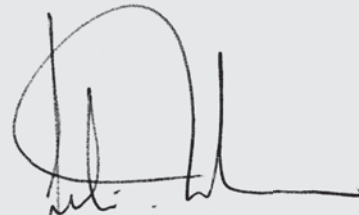
Capital	: US\$ 500,000
Ownership	: 50% Soquimich European Holdings 50% Others non related
Corporate Purpose	: Production of solid and liquid specialty fertilizer
CEO	: Ali Özman
Relationship to Headquarters	: Basically of property.
Address	: SQM - MED Tarim Sanayi Ve Ticaret A.S 1 CAD. 4 SOK. Antalya Serbest Bolgesi 07070 Antalya - Turkey
Tel	: 00 90 242 326 68 66
Fax	: 00 90 242 326 68 60

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

LIABILITY STATEMENT

Liability Statement

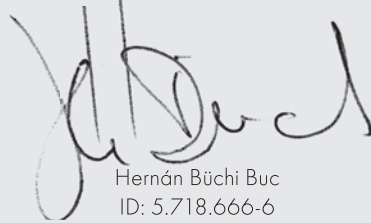
SQMS.A. Directors and Chief Executive officer, hereby declare that we have performed our respective duties of Administrators and of Main Executive of the Company in compliance with the practices generally applied for these duties in Chile and, pursuant to that, we hereby declare, liable under oath, that the information provided in this Annual Report 2005 is true and we assume the responsibilities that may arise from this statement.



Julio Ponce Lerou
ID: 4.250.719-9
Chairman



Wayne R. Brownlee
ID: Foreign
Vice Chairman



Hernán Büchi Buc
ID: 5.718.666-6
Director



Daniel Yarur Elsaca
ID: 6.022.573-7
Director



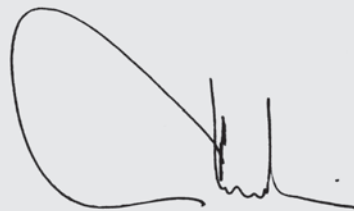
José Antonio Silva B.
ID: 7.055.443-7
Director



José María Eyzaguirre B.
ID: 7.011.679-0
Director



Wolf von Appen B.
ID: 2.884.455-7
Director



Patricio Contesse González,
ID: 6.356.264-5
Chief Executive Officer



Kendrick Taylor Wallace
ID: Extranjero
Director

Design and Production

Grupo Oxígeno

Photography

Oliver Llana

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Printing

Ograma