
THIS REPORT IS AN ENGLISH TRANSLATION OF, AND A CHILEAN GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES PRESENTATION OF, A THREE MONTH PERIOD ENDED MARCH 31, 2003
REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE, AND
UNLESS OTHERWISE INDICATED, FIGURES ARE IN US DOLLARS.

Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

As of March 31, 2003 and 2002
and for the years ended March 31, 2003 and 2002
(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
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.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Consolidated Balance Sheets

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

Note

ASSETS

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Current assets	
Cash	
Time deposits	
Marketable securities	4
Accounts receivable, net	5
Other accounts receivable, net	5
Accounts receivable from related companies	6
Inventories, net	7
Recoverable taxes	
Prepaid expenses	
Deferred income taxes	14
Other current assets	
Total current assets	
	8
Property, plant and equipment, net	
Other Assets	
Investments in related companies	9
Goodwill, net	10
Negative goodwill, net	10
Intangible assets, net	
Long-term accounts receivable, net	5
Long-term accounts receivable from related companies	6
Other long-term assets	11
Total assets	

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

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SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
Consolidated Balance Sheets
(A translation of the original in Spanish- see note 2 (a))

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	
Short-term bank debt	
Current portion of long-term debt	
Dividends payable	
Accounts payable	
Other accounts payable	
Notes and accounts payable to related companies	

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Accrued liabilities
Withholdings
Income taxes
Deferred income taxes
Other current liabilities

Total current liabilities

Long-term liabilities
Long-term bank debt
Other accounts payable
Deferred income taxes
Staff severance indemnities
Other long-term liabilities

Total long-term liabilities

Minority interest

Shareholders' equity
Paid-in capital
Other reserves
Retained earnings

Total shareholders' equity

Total liabilities and shareholders' equity

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

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SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
Consolidated Statements of Income
(A translation of the original in Spanish- see note 2 (a))

Operating results

Sales
Cost of sales

Gross margin

Note

F

20

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Th

15

(12

2

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Selling and administrative expenses		(1)

Operating income		1

Non-operating results		
Non-operating income	19	
Non-operating expenses	19	(1)

Non-operating loss		(

Income before income taxes		1
Income tax expense	14	(

Income before minority interest		1
Minority interest	16	

Net income before extraordinary items and negative goodwill		1
Amortization of negative goodwill		

Net income for the year		1
		=====

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

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SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
Consolidated Statements of Cash Flows
(A translation of the original in Spanish- see note 2 (a))

Cash flows from operating activities
Net income for the year

Charges (credits) to income not representing cash flows
Depreciation expense
Amortization of intangible assets
Write-offs and accruals
Gain on equity investments in related companies
Loss on equity investments in related companies
Amortization of goodwill
Amortization of negative goodwill
Loss on sales of assets
Other credits to income not representing cash flows
Other charges to income not representing cash flows
Net changes in operating assets and liabilities:
(Increase) decrease in trade accounts receivable
Decrease (increase) in inventories
Increase in other assets

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(Increase) decrease in accounts payable
Increase in interest payable
Increase in net income taxes payable
Decrease in other accounts payable
Decrease in VAT and taxes payable
Minority interest

Net cash provided from operating activities

Cash flows from financing activities
Payment of dividends
Repayment of bank financing

Net cash used in from financing activities

Cash flows from investing activities
Sales of property, plant and equipment
Sales of investments
Other income
Additions to property, plant and equipment
Capitalized interest
Purchase of permanent investments
Other disbursements

Net cash used in investing activities

Effect of inflation on cash and cash equivalents

Net change in cash and cash equivalents
Beginning balance of cash and cash equivalents

Ending balance of cash and cash equivalents

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

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SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
Notes to the Consolidated Financial Statements
(A translation of the original in Spanish- see note 2 (a))

Note 1 - Company Background

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

Note 2 - Summary of Significant Accounting Policies

a) Basis for the preparation of the consolidated financial statements

The accompanying consolidated financial statements have been prepared in U.S. dollars in accordance with accounting principles generally accepted in Chile ("Chilean GAAP") and the regulations of the SVS. For

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

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

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

In accordance with regulations set forth by the SVS in its Circular No. 368 and Technical Bulletins Nos. 42 and 64 of the Chilean Association of Accountants, the consolidated financial statements include the following subsidiaries:

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Note 2 - Summary of Significant Accounting Policies (continued)

- a) Basis for the preparation of the consolidated financial statements (continued)

	Direct or indirect ownership	
	2003	2002
	----	----
Foreign subsidiaries:	%	%
Nitrate Corporation 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 (Holland)	100.00	100.00
S.Q.I. Corporation NV (Holland)	100.00	100.00
Soquimich European Holding BV (Holland)	100.00	100.00
PTM - SQM Iberica 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 Colombia Ltda.	100.00	100.00
SQM Investment Corporation NV (Holland)	100.00	100.00
PSH Limited (Cayman Islands)	100.00	100.00
SQM Brasil Ltda.	100.00	99.99
Royal Seed Trading Corporation AVV (Aruba)	100.00	100.00
SQM Japan K.K.	100.00	100.00
SQM Oceania PTY Limited (Australia)	100.00	100.00

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SQM France S.A.	100.00	100.00
Fertilizantes Naturales S.A. (Spain)	50.00	50.00
Rs Agro-Chemical Trading AVV (Aruba)	100.00	100.00
SQM Comercial de Mexico 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	-
Comercial Caiman Internacional S.A. (Cayman Islands)	100.00	-
Fertilizantes Olmega y SQM S.A. De C.V. (Mexico)	100.00	-
Mineag SQM Africa Limited	100.00	-

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Note 2 - Summary of Significant Accounting Policies (continued)

- a) Basis for the preparation of the consolidated financial statements
(continued)

	Direct or indirect ownership	
	2003	2002
	----	----
	%	%
Domestic subsidiaries:		
Servicios Integrales de Transitos y Transferencias S.A.	100.00	100.00
Cia. Industrial y Minera S.A.	-	100.00
Soquimich Comercial S.A.	60.64	60.64
Sociedad Minera de Chile S.A.	-	100.00
Energia y Servicios S.A.	100.00	100.00
Isapre Norte Grande Ltda.	100.00	100.00
Almacenes y Depositos Ltda.	100.00	100.00
SQM Quimicos S.A.	-	99.99
Ajay SQM Chile S.A.	51.00	51.00
SQM Nitratos S.A.	99.99	100.00
Proinsa Ltda.	60.58	60.58
SQM Potasio S.A.	100.00	100.00
SQMC International Limitada	60.64	60.64
SQM Salar S.A.	100.00	100.00
SCM SQM Boratos	-	100.00

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

As the Company exerts control over the subsidiary Fertilizantes Naturales S.A. it has been included in the consolidation for the years ended March 31, 2003 and 2002.

At March 31, 2003 and 2002, the subsidiary Lithium Specialties LLP were in the development stage and therefore were not included in the consolidation.

At March 31, 2002, the subsidiary SCM Antucoya were in the development stage and therefore were not included in the consolidation.

Note 2 - Summary of Significant Accounting Policies (continued)

b) Period

These consolidated financial statements have been prepared as of March 31, 2003 and 2002 and for the years then ended.

c) Reporting currency and monetary correction

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

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

The financial statements of domestic subsidiaries, which maintain their accounting records in Chilean pesos have been restated to reflect the effects of variations in the purchasing power of Chilean pesos during the period. 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 periods -end constant pesos based on the change in the consumer price index during the period (0,5% and -0,4% in 2003 and 2002, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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\$655,90 per US\$1 at March 31, 2002 and Ch\$731,56 per US\$ at March 31, 2003.

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

In accordance with Chilean GAAP, the financial statements of foreign and domestic subsidiaries that do not maintain their accounting records in U.S. dollars are translated from the

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respective local currencies to U.S. dollars in accordance with Technical Bulletin No. 64 of the Chilean Association of Accountants ("BT 64") as follows:

- a) For those subsidiaries and affiliates located in Chile which keep their accounting records in price-level adjusted Chilean pesos:
- Balance sheet accounts are translated to U.S. dollars at the year-end exchange rate without eliminating the effects of price-level restatement.
 - Income statement accounts are translated to U.S. dollars at the average exchange rate each month. The monetary correction account on the income statement, which is generated by the inclusion of price-level restatement on the non-monetary assets and liabilities and shareholders' equity, is translated to U.S. dollars at the average exchange rate for each month.
 - Translation gains and losses, as well as the price-level restatement to the balance sheet mentioned above, are included as an adjustment in shareholders' equity, in conformity with Circular No. 368 of the SVS.

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Note 2 - Summary of Significant Accounting Policies (continued)

- b) The financial statements of those foreign subsidiaries that keep their accounting records in currencies other than U.S. dollar have been translated at historical exchange rates as follows:
- Monetary assets and liabilities are translated at year-end exchange rates between the US dollar and the local currency.
 - All non-monetary assets and liabilities and shareholders' equity are translated at historical exchange rates between the US dollar and the local currency.
 - Income and expense accounts are translated at average exchange rates between the US dollar and the local currency.
 - Any exchange differences are included in the results of operations for the period.

d) Foreign currency (continued)

Foreign exchange differences for the years ended March 31, 2003 and 2002 generated net earnings of ThUS\$ 2,377 and ThUS\$ 330, 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 U.S. dollars at the exchange rates per US dollar prevailing at March 31, as follows:

2003

2002

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	----	----
Brazilian Real	3.38	2.32
New Peruvian Sol	3.09	3.45
Colombian Peso	2,958.25	2,262.44
Argentine Peso	2.98	3.00
Japanese Yen	120.20	133.25
Sucre Ecuador	1.00	1.00
Euro	0.92	1.14
Mexican Peso	10.67	9.02
Indonesian Rupee	8,940	10,400
Australian Dollar	1.92	1.87
Pound Sterling	0.63	0.69
Ran	8.25	-

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.

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Note 2 - Summary of Significant Accounting Policies (continued)

e) Cash and cash equivalents

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

f) Time Deposits

Time deposits are recorded at cost plus accrued interest.

g) Marketable securities

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

h) Allowance for doubtful accounts

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

i) Inventories and materials

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

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

j) Income taxes and deferred income taxes

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

Note 2 - Summary of Significant Accounting Policies (continued)

j) Income and deferred taxes (continued)

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

Beginning January 1, 2000, the Company records deferred income taxes in accordance with Technical Bulletin Nos. 60, 68 and 71 of the Chilean Association of Accountants, and with Circular No. 1466 issued on January 27, 2000 by the SVS, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities, using the liability method.

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

k) Property, plant and equipment

Property, plant, equipment and property rights are recorded at cost, except for certain assets that were restated according to a technical appraisal in 1988. Depreciation expense has been calculated using the straight-line method based upon the estimated useful lives of the assets and is charged directly to expense.

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

l) Investments in related companies

Investments in related companies over which the Company has significant

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influence, are included in other assets and are recorded using the equity method of accounting. Accordingly, the Company's proportional share in the net income or loss of each investee is recognized in the non-operating income and expense classification in the consolidated statements of income on an accrual basis, after eliminating any unrealized profits from transactions with the related companies.

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

m) Goodwill and negative goodwill

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

n) Intangible assets

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

o) Mining development cost

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

p) Accrued employee severance

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

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Note 2 - Summary of Significant Accounting Policies (continued)

q) Vacations

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

r) Dividends

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

s) Derivative Contracts

The Company maintains derivative contracts to hedge against movements in foreign currencies, which are recorded in conformity with Technical

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Bulletin No. 57 of the Chilean Association of Accountants. Such contracts are recorded at fair value with net losses recognized on the accrual basis and gains recognized when realized.

t) Reclassifications

Certain reclassifications have been made in the 2002 and 2003 numbers to conform to the current year presentation.

u) 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.

v) Computer software

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

w) Research and development expenses

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

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Note 3 - Changes in Accounting Principles

There were no changes in the accounting principles used by the Company during 2003 and 2002.

Note 4 - Marketable Securities

As of March 31 marketable securities are detailed as follows:

Mutual funds
Instruments fixed revenue

Total

Note 5 - Short-term and long-term Accounts Receivable

a) Short term accounts receivable and other accounts receivable as of March 31 are detailed as follows:

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	Up to 90 days		Between 90 days and 1 year		2003	Tot Short- 2003
	2003	2002	2003	2002	Subtotal	
	----- ThUS\$	----- ThUS\$	----- ThUS\$	----- ThUS\$	----- ThUS\$	
Trade accounts receivable	94,266	89,571	12,261	9,482	106,527	101,19
Allowance for doubtful accounts					(5,329)	
Notes receivable	15,621	17,084	1,584	755	17,205	15,01
Allowance for doubtful accounts					(2,187)	
Accounts receivable, net						----- 116,21 =====
Other accounts receivable	9,477	3,039	1,660	2,073	11,137	10,34
Allowance for doubtful accounts					(788)	
Other accounts receivable, net						----- 10,34 =====

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Note 5 - Short-term and Long-term Accounts Receivable (continued)

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

	Chile		Europe, Africa the Middle
	2003	2002	2003
	----- ThUS\$	----- ThUS\$	----- ThUS\$
Net short-term trade accounts receivable			
Balance	16,493	20,204	29,721
% of total	16.30%	21.44%	29.37%
Net short-term notes receivable			
Balance	11,989	14,720	676
% of total	79.83%	80.82%	4.50%
Net short-term other accounts receivable			
Balance	5,563	8,381	805
% of total	53.75%	75.36%	7.78%
Subtotal short-term accounts receivable, net			
Balance	34,045	43,305	31,202
% of total	26.90%	35.04%	24.65%
Long-term accounts receivable, net			
Balance	7,786	12,046	65
% of total	87.54%	92.01%	0.73%
Total short and long-term accounts receivable, net			

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	41,831	55,351	31,267	
Balance				
% of total	30.88%	40.50%	23.08%	
=====				
	USA, Mexico and Canada		Latin America and the Caribbean	
	2003	2002	2003	2002
	----	----	----	----
	ThUS\$	ThUS\$	ThUS\$	ThUS\$

Net short-term trade accounts receivable				
Balance	31,906	28,341	20,412	20,412
% of total	31.54%	30.06%	20.16%	20.16%
Net short-term notes receivable				
Balance	741	775	1,608	1,608
% of total	4.94%	4.26%	10.70%	10.70%
Net short-term other accounts receivable				
Balance	3,535	1,274	381	381
% of total	34.15%	11.45%	3.69%	3.69%

Subtotal short-term accounts receivable, net				
Balance	36,182	30,390	22,401	22,401
% of total	28.59%	24.58%	17.70%	17.70%
Long-term accounts receivable, net				
Balance		-	1,043	1,043
% of total		-	11.73%	11.73%

Total short and long-term accounts receivable, net				
Balance	36,182	30,390	23,444	23,444
% of total	26.72%	22.23%	17.30%	17.30%
=====				

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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 March 31, 2003 and 2002 are as follows:

	Short-term	
	2003	2002
	----	----
	ThUS\$	ThUS\$

Accounts receivable		

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Ajay Europe S.A.R.L.	6,408	3,364
SQM Italia S.R.L.	-	6,171
Nutrisi Holding N.V.	2,443	706
Generale de Nutrition Vegetale S.A.	169	162
Fertilizantes Olmeca S.A.	-	3,336
Mineag SQM Africa Limited	-	3,768
Abu Dhabi Fertilizer Ind. WLL	4,602	4,047
NU3 N.V.	2,913	3,786
Doktor Tarsa -SQM Turkey	360	873
Comercial Caiman Internacional S.A.	-	3,932
SQM Venezuela S.A.	-	-
SQM Lithium Specialties Limited	1,486	943
Empresas Melon S.A.	-	-
Sales de Magnesio S.A.	17	25
Ajay North America LLC	243	355
Norsk Hydro ASA	30	33
Hydro Agri Int.-France	858	59
Hydro Asia Trade	711	1,732
Hydro Agri France S.A.	1,258	590
Hydro Poland SP	246	65
Hydro Agri Benelux B.V	899	552
Hydro Agri Hellas S.A.	112	414
Hydro Agri Australia Ltd.	203	75
Hydro Agri UK Ltd..	206	358
Hydro Agri GMBH & CO KG	200	73
Hydro Agri AB	63	16
Hydro Agri Colombia	1,037	-
PCS Yumbes	-	2,424
Hydro Agri Venezuela	517	-
NU3 B.V.	804	555
Hydro Agri Argentina	91	-
Adubo Trevo S.A.	1,401	48
SQM China	75	-
Hydro Plant Nutr. OSLO	92	93
Hydro Agri Benelux	-	531
Hydro Agri Int-France-Issoudun	25	30
Hydro Agri Int-France-Nanterre	-	5
Hydro Czech Republic	-	8
Hydro Fertilizantes Ltda.	-	348
Hydro Agricola Internacional	-	404
Hydro Agri Europe	12	-
Impronta SRI	4,337	-
Nutrichem Benelux	28	-
Rotem Amferet Negev Ltd.	22	-
Total	31,868	39,881
	=====	=====

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Note 6 - Balances and Transactions with Related Parties (continued)

- a) Amounts included in balances with related parties as of March 31, 2003 and 2002, continued:

	Short-term	
	2003	2002

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	----- ThUS\$	----- ThUS\$
Accounts payable		
Ajay Europe S.A.R.L	966	385
Adm. y Servicios Santiago S.A. de C.V	104	104
Mineag SQM Africa Limited	-	43
Abu Dhabi Fertilizar Ind. WLL	90	54
NU3 N.V	1,233	1,776
SCM Antucoya	-	100
Rotem Amfert Negev Limited	1,372	1,380
Hydro Agri Porsgrunn	7	285
Hydro Agricola internacional	1	-
Hydro Agri North America	122	65
Hydro Agri Mexico de S.A de C.V	10	3,714
Hydro Agri Int - France	454	19
Hydro Agri France	7	-
NU3 B.V	224	60
Hydro Fertilizante Ltda	1,380	-
FNC Italy S.R.L	-	10
Hydro Agri Benelux	-	49
PCS Yumbes	6,399	-
	-----	-----
Total	12,369	8,044
	=====	=====

There were no outstanding long-term accounts payable with related parties as of March 31, 2003 and 2002

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Note 6 - Balances and Transactions with Related Parties (continued)

b) During 2003 and 2002, principal transactions with related parties were as follows:

Company	Relationship	Type of transaction	Amount of Transaction	
			2003	2002
-----	-----	-----	-----	-----
			ThUS\$	ThUS\$
SQM Italia SRL	Indirect	Sales of products	-	-
Fertilizantes Olmeca S.A. de C.V.	Indirect	Sales of products	-	-
NU3 N.V. (Belgica)	Indirect	Sales of products	980	-
Doktor Tarsa	Indirect	Sales of products	366	-
Mineag SQM Africa Ltd.	Indirect	Sales of products	-	2,000
Abu Dhabi Fertilizer WLL	Indirect	Sales of products	1,068	-
Nutrisi Holding N.V.	Indirect	Sales of products	-	-
Ajay Europe S.A.R.L.	Indirect	Sales of products	2,232	1,000
Sales de Magnesio Ltda.	Indirect	Sales of products	30	-
NU3 B.V.	Shareholder	Sales of products	1,084	-
Adubo Trevo S.A.	Shareholder	Sales of products	863	-
PCS Yumbes SCM	Shareholder	Sales of products	133	3,000

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Purchases of products 4,307

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Note 6 - Balances and Transactions with Related Parties (continued)

Company -----	Relationship -----	Type of transaction -----	Amount of Transaction	
			2003 ----- ThUS\$	2002 ----- ThUS\$
Hydro Agri (U.K) Ltd.	Shareholder	Sales of product	227	3
Hydro Asia trade Pte Ltd.	Shareholder	Sales of product	1,479	1,9
Hydro Agri France S.A.	Shareholder	Sales of product	1,568	1,0
Hydro Agri Internacional	Shareholder	Sales of product	-	1,4
Hydro Agri Hellas S.A.	Shareholder	Sales of product	91	9
Hydro Agri Benelux B.V.	Shareholder	Sales of product	1,905	2,1
Hydro Agri AB Sweden	Shareholder	Sales of product	263	
Hydro Agri Czech Republic SRO	Shareholder	Sales of product	-	
Hydro Planta Nutrition, Cis Reg.	Shareholder	Sales of product	242	
Hydro Agri Nutri Oslo	Shareholder	Sales of product	92	
Hydro Agri Australia Ltd.	Shareholder	Sales of product	247	
Hydro Agri Espana S.A.	Shareholder	Sales of product	735	
Hydro Agri Norge	Shareholder	Sales of product	11	
Hydro Agri Argentina	Shareholder	Sales of product	99	
Hydro Agri Colombia Ltda	Shareholder	Sales of product	833	
Hydro Agri GMBH & CO KG	Shareholder	Sales of products	252	1
Norsk Hydro Asa y Filiales	Shareholder	Sales of products	-	1
Brasil Hydro Fertilizantes Ltda.	Shareholder	Sales of products	-	1

Note 7 - Inventories

Inventories are summarized as follows:

	2003 ----- ThUS\$	2002 ----- ThUS\$
Finished products	120,224	117,080
Work in process	94,776	86,338
Supplies	12,435	11,197
	-----	-----
Total	227,435 =====	214,615 =====

Note 8 - Property, Plant and Equipment

Property, plant and equipment are summarized as follows:

	2003	2002
	----	----
	ThUS\$	ThUS\$
Land		
Land	13,452	13,453
Mining Concessions	36,373	29,613
	-----	-----
	49,825	43,066
	-----	-----
Buildings and infrastructure		
Buildings	156,890	157,029
Installations	281,393	279,605
Construction-in-progress	40,744	23,148
Other	915	922
	-----	-----
	479,942	460,704
	-----	-----
Machinery and Equipment		
Machinery	385,509	382,139
Equipment	100,895	96,773
Project-in-progress	14,523	14,734
Other	14,431	10,472
	-----	-----
	515,358	504,118
	-----	-----
Other fixed assets		
Tools	8,287	7,746
Furniture and office equipment	18,444	18,467
Project-in-progress	17,280	18,909
Other	630	498
	-----	-----
	44,641	45,620
	-----	-----

Note 8 - Property, Plant and Equipment (continued)

2003

ThUS\$

Amounts relating to technical revaluation of fixed assets

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Land	8,651
Buildings and infrastructure	40,610
Machinery and equipment	12,127
Other assets	53

	61,441

Total property, plant and equipment	1,151,207

Less: Accumulated depreciation	
Buildings and infrastructure	(166,624)
Machinery and equipment	(248,814)
Other fixed assets	(24,970)
Technical appraisal	(31,765)

Total accumulated depreciation	(472,173)

Net property, plant and equipment	679,034
	=====
	2003
Depreciation for the year ended March 31:	ThUS\$
Buildings and infrastructure	6,131
Machinery and equipment	7,811
Other fixed assets	374
Technical revaluation	436

Total depreciation	14,752
	=====

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

	2003 ThUS\$	2002 ThUS\$
Administrative office buildings	2,081	1,988
Accumulated depreciation	(387)	(340)
	-----	-----
Total assets in leasing	1,694	1,648
	=====	=====

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 has not designated their foreign investments as net investment hedges.

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b) Transactions performed during the year 2003

On January 27, 2003, SQM Comercial de Mexico S.A. de C.V. and SQM Nitratos S.A. acquired 8,750 shares of the related company Fertilizantes Olmea y SQM S.A. de C.V. which represented 50% of its ownership. Consequently, Fertilizantes Olmea y SQM S.A. de C.V. became a subsidiary of SQM S.A. This transaction gave rise to goodwill for the amount of ThUS\$279.

Subsequently, SQM Nitratos S.A. acquired from SQM Comercial de Mexico S.A. de C.V. 8,749 shares in Fertilizantes Olmea y SQM S.A. de C.V. This transaction gave rise to no goodwill or negative goodwill.

On January 31, 2003, SQM S.A. acquired shares owned by SQM Nitratos S.A. in Sociedad Contractual Minera Antucoya for an amount of ThUS\$ 100. This gave rise to the ownership of all the shares of SCM Antucoya in just one shareholder. Consequently, this transaction resulted in the legal and immediate liquidation of SCM Antucoya and the acquisition by SQM S.A. of all this company's equity, assets and liabilities.

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

On March 30, 2003, Soquimich European Holding acquired 50% of the ownership interest of Mineag SQM Africa Ltd. from Ravlin Investment Limited for an amount of ThUS\$990. This transaction gave rise to goodwill of ThUS\$705. Consequently, Mineag SQM Africa Ltd. became a subsidiary of SQM S.A.

c) Transactions performed during the year 2002.

On March 21, 2002, SQM North America Corporation acquired ownership interest of 50% of the related company SQM Venezuela S.A. for ThUS\$ 250, which added to the ownership interest maintained by SQM Nitratos S.A. in the aforementioned company, results in SQM Venezuela S.A. being a 100% indirect subsidiary of SQM S.A. This transaction gave rise to goodwill of ThUS\$ 166.

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Note 9 - Investments in and Receivables from Related Companies (continued)

d) Detail of investments in related companies

Tax Registration		Country of origin	Controlling currency	Number of shares	Ownership interest	
Number	Company				2003	2002
					-----	-----
					%	%

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93390000-2	Empresas Melon S.A..	Chile	-	653,748,837	14.05	14
0-E	SQM Lithium Specialties Limited*	USA	US\$	-	100.00	100
0-E	Ajay North America LLC	USA	US\$	-	49.00	49
77093830-9	SCM Antucoya*	Chile	-	490	100.00	100
0-E	Abu Dhabi Fertilizer Industries WL	UAE	US\$	1,961	37.00	37
0-E	Fertilizantes Olmeca y SQM S.A. de C.V.	Mexico	Mex. \$	183,000	100.00	50
0-E	Nutrisi Holding N.V.	Belgium	US\$	-	50.00	50
0-E	Doktor Tarsa	Turkey	US\$	-	50.00	50
0-E	Mineag SQM Africa Limited	South Africa	US\$	-	100.00	50
0-E	SQM Italy S.R.L.	Italy	US\$	-	95.00	25
0-E	Ajay Europe S.A.R.L.	France	US\$	36,700	50.00	50
77557430-5	Sales de Magnesio Ltda.	Chile	-	-	50.00	50
81767200-0	Asoc. Garantizadora Pensiones	Chile	-	-	3.31	3
0-E	Rui Xin Packaging Materials Sanhe Co.Ltd	China	US\$	-	25.00	
0-E	Impronta SRL	Italia	Euros	-	50.00	

Total

Tax Registration Number	Company	Book value of investment		Net income (loss)		Equity p in net i
		2003	2002	2003	2002	2003
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
93390000-2	Empresas Melon S.A..	37,525	38,502	9,599	10,386	1,349
0-E	SQM Lithium Specialties Limited*	24,813	22,121	(1,099)	-	-
0-E	Ajay North America LLC	6,802	7,053	549	154	269
77093830-9	SCM Antucoya*	-	6,650	-	-	-
0-E	Abu Dhabi Fertilizer Industries WL	1,160	1,360	-	-	-
0-E	Fertilizantes Olmeca y SQM S.A. de C.V.	-	909	-	(199)	-
0-E	Nutrisi Holding N.V.	910	527	654	(104)	327
0-E	Doktor Tarsa	220	236	12	-	6
0-E	Mineag SQM Africa Limited	-	321	-	-	-
0-E	SQM Italy S.R.L.	-	119	-	-	-
0-E	Ajay Europe S.A.R.L.	325	68	-	-	-
77557430-5	Sales de Magnesio Ltda.	108	63	24	16	12
81767200-0	Asoc. Garantizadora Pensiones	23	26	-	-	-
0-E	Rui Xin Packaging Materials Sanhe Co.Ltd	120	-	-	-	-
0-E	Impronta SRL	291	-	794	-	397
Total		72,297	77,955			

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* In development stage

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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	March 31, 2003		Amo duri
		Amount amortized during the period ThUS\$	Goodwill balance ThUS\$	
0-E	PTM - SQM Iberica S.A.	5	75	
0-E	Doktor Tarsa	16	134	
79768170-9	Soquimich Comercial S.A.	38	385	
78208790-8	SCM SQM Boratos	-	-	
93390000-2	Empresas Melon S.A.	119	7,250	
79626800-K	SQM Salar S.A.	11	115	
0-E	SQM Mexico S.A. de C.V.	14	1,045	
96864750-4	SQM Potassium S.A.	36	1,987	
0-E	SQM Venezuela S.A.	-	-	
0-E	Comercial Caiman Internacional S.A.	6	217	
0-E	Mineag SQM Africa Limited	-	705	
0-E	Fertilizantes Olmeca	-	279	
Total		245	12,192	

b) Negative Goodwill

Tax Registration Number	Company	March 31, 2003		Ma
		Amount amortized during the period ThUS\$	Negative Goodwill Balance ThUS\$	
79626800-k	SQM Salar S.A.	52	123	52
96575300-1	Minera Mapocho S.A.	51	627	51
Total		103	750	103

Note 11 - Other Long-term Assets

Other long-term assets are summarized as follows:

	2003 ----- ThUS\$	2002 ----- ThUS\$
Engine and equipment spare-parts, net	23,472	29,955
Nitrate deposit development costs	3,869	4,216
Mineral development costs	14,144	11,458
Pension plan	1,223	2,691
Construction of Salar-Baquedano road	1,860	1,980
Deferred loan issuance costs	3,569	4,660
Other	1,176	1,007
	-----	-----
Total	49,313 =====	55,967 =====

Note 12 - Bank Debt

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

	2003 ----- ThUS\$	2002 ----- ThUS\$
Bank or financial institution		
Banco Santiago	-	10,344
Banco Estado	-	13,357
Ing Bank	-	120,314
Other banks	2,280	3,503
	-----	-----
Total	2,280 =====	147,518 =====
Annual average interest rate	-	3.02%

Note 12 - Bank Debt (continued)

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

2003 ----- ThUS\$	2002 ----- ThUS\$
-------------------------	-------------------------

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Bank or financial institution		
Union Bank of Switzerland (1)	200,648	200,685
ING Bank (2)	60,380	-
Bank of America (3)	80,723	80,912
Corpbanca	-	12,055
	-----	-----
Total	341,751	293,652
	-----	-----
Less: Current portion	(17,751)	(1,652)
	-----	-----
Long-term portion	324,000	292,000
	=====	=====

- (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 2.4% per annum, paid semi-annually. The principal is due on December 26, 2006.
- (3) U.S. dollar-denominated loan without guarantee, interest rate of 2.582% per annum, paid semi-annually. The principal is divided into five equal semi-annual partial installments, beginning in November 2003 with the final installment ending in November 2005.

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

	2003	2002
	----	-----
	ThUS\$	ThUS\$
Years to maturity		
Current portion	17,751	1,652
1 to 2 years	32,000	28,000
2 to 3 years	62,000	32,000
4 to 5 years	230,000	232,000
	-----	-----
Total	341,751	293,652
	=====	=====

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Note 13 - Accrued Liabilities

As of March 31, 2003 and 2002, accrued liabilities are summarized as follows:

	2003	2002
	----	-----
	ThUS\$	ThUS\$
Provision for royalties	895	752
Quarterly bonus	815	545
Suppliers	535	1,078
Commissions on consignment goods	451	42

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Taxes and monthly income tax installment payments	460	432
Vacation accrual	3,960	4,591
Accrued employee benefits	228	74
Legal expenses	800	-
Other accruals	2,756	2,976
Marketing expenses	600	-
	-----	-----
Total current liabilities	11,500	10,490
	=====	=====

Note 14 - Income and Deferred Taxes

a) At March 31, 2003 and 2002 the Company has the following consolidated balances for retained tax earnings, income not subject to taxes, tax loss carry-forwards and credit for shareholders:

	2003	2002
	----	----
	ThUS\$	ThUS\$
Accumulated tax basis retained earnings with tax credit	17,479	20,414
Accumulated tax basis retained earnings with no tax credit	-	4,227
Income not subject to taxes	-	2,776
Tax loss carry-forwards (1)	104,634	135,926
Credit for shareholders	371	3,670

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

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Note 14 - Income and Deferred Taxes (continued)

The deferred taxes as of March 31, 2003 and 2002 represented a net liability of ThUS\$ 17,661 and ThUS\$ 8,226, respectively, and consisted of:

2003	Deferred tax asset		Deferred tax liability	
	Short-term	Long-term	Short-term	Long-term
	-----	-----	-----	-----
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences				
Allowance for doubtful accounts	967	201	-	-
Vacation accrual	700	-	-	-
Unrealized gain on sale of products	4,790	-	-	-
Provision for obsolescence	-	1,861	-	-
Production expenses	-	-	14,163	-
Accelerated depreciation	-	-	-	-
Exploration expenses	-	-	-	-

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Capitalized interest	-	-	-	6
Staff severance indemnities	-	-	-	1
Accrued expenses	-	-	-	
Capitalized expenses	-	-	-	
Tax loss carry-forwards	-	19,876	-	
Losses from derivative transactions	-	-	19	
Other	479	788	1	
<hr/>				
Total gross deferred taxes	6,936	22,726	14,183	73
Total complementary accounts	(2)	(719)	(4,958)	(35)
Valuation allowance	-	(62)	-	
<hr/>				
Total deferred taxes	6,934	21,945	9,225	37
<hr/>				

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Note 14 - Income and Deferred Taxes (continued)

2002	Deferred tax asset		Deferred tax lia
	Short-term	Long-term	Short-term
	ThUS\$	ThUS\$	ThUS\$
Temporary differences			
Allowance for doubtful accounts	277	1,022	-
Vacation accrual	736	-	-
Unrealized gain on sale of products	6,259	-	62
Other unrealized gains	257	591	-
Provision for obsolescence	-	682	-
Production expenses	-	-	10,157
Accelerated depreciation	-	-	-
Exploration expenses	-	-	-
Capitalized interest	-	-	-
Staff severance indemnities	-	-	-
Accrued expenses	-	-	400
Capitalized expenses	-	-	-
Tax loss carry-forwards	-	25,012	-
Other	307	-	54
<hr/>			
Total gross deferred taxes	7,836	27,307	10,673
Total complementary accounts	(35)	(4,881)	(3,721)
<hr/>			
Total deferred taxes	7,801	22,426	6,952
<hr/>			

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Note 14 - Income and Deferred Taxes (continued)

c) Income tax expense is summarized as follows:

	2003 ----- ThUS\$	2002 ----- ThUS\$
Provision for current income tax	(1,583)	(916)
Effect of deferred tax assets and liabilities	(1,614)	(1,591)
Effect of amortization of complementary accounts	(728)	739
Other tax charges and credits	62	(4)
	-----	-----
Total income tax expense	(3,863) =====	(1,772) =====

Note 15 - Staff Severance Indemnities

Staff severance indemnities are summarized as follows:

	2003 ----- ThUS\$	2002 ----- ThUS\$
Opening balance	9,143	8,326
Increases in obligation	1,193	397
Payments	(1,267)	(212)
Exchange difference	(126)	(12)
	-----	-----
Balance as of March 31	8,943 =====	8,499 =====

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Note 16 - Minority Interest

Minority interest is summarized as follows:

	Equity		Net Income/(Loss)	
	2003 ----- ThUS\$	2002 ----- ThUS\$	2003 ----- ThUS\$	2002 ----- ThUS\$
Soquimich Comercial S.A.	19,433	20,425	(169)	(390)
Ajay SQM Chile S.A.	3,103	3,035	(93)	(53)
Cape Fear Bulk LLC	133	131	(29)	(87)
SQM Indonesia	-	8	-	-
SQM Italia S.R.L	13	-	5	-
Fenasa	242	134	(14)	46
Mineag SQM Africa	-	-	(206)	-

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Total	----- 22,924 =====	----- 23,733 =====	----- (506) =====	----- (484) =====
-------	--------------------------	--------------------------	-------------------------	-------------------------

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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\$
Balance January 1, 2002	263,196,524	477,386	131,066	(2,223)	195,366
Transfer 2000 net income to retained earnings	-	-	-	-	30,102
Declared dividends 2002	-	-	-	-	-
Accumulated deficit from subsidiaries in development stage (1)	-	-	-	(85)	-
Other comprehensive income (2)	-	-	(372)	-	-
Net income for the year	-	-	-	-	-
Balance March 31, 2002	263,196,524	477,386	130,694	(2,308)	225,468
Balance January 1, 2003	263,196,524	477,386	125,111	(3,661)	210,624
Transfer 2002 net income to retained earnings	-	-	-	-	40,202
Declared dividends 2003	-	-	-	-	-
Accumulated deficit from subsidiaries in development stage (1)	-	-	-	(1,099)	-
Other comprehensive income (2)	-	-	(1,157)	-	-
Net income for the year	-	-	-	-	-
Balance March 31, 2003	263,196,524	477,386	123,954	(4,760)	250,826

(1) The subsidiaries in development stage are SQM Lithium Specialties Limited and SCM Antucoya.

(2) Other comprehensive income includes translation adjustments, and in 2003 other comprehensive income also includes the effect of the recognition of an

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additional liability for the Company's under-funded pension as of March 31, 2003.

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Note 17 - Shareholders' Equity (continued)

b) The composition of other comprehensive income as of March 31, 2003 is as follows:

Detail	For the period ended March 31, 2003 ----- ThUS\$	As of March 31, 2003 ----- ThUS\$
Technical appraisal	-	151,345
Changes to other comprehensive income from equity method investments:		
Soquimich Comercial S.A.	(1) (392)	(9,309)
Isapre Norte Grande Ltda.	(1) (5)	(103)
Inversiones Augusta S.A.	(1) -	(761)
SQM Ecuador S.A.	(1) -	(270)
Almacenes y Depositos Ltda.	(1) (4)	(95)
Asociacion Garantizadora de Pensiones	(1) (1)	(17)
Empresas Melon S.A.	(1) (614)	(16,249)
Sales de Magnesio Ltda.	(1) -	(17)
SQM North America Corp.	(2) (141)	(1,288)
Other Companies	(1) -	718
	-----	-----
Total other comprehensive income	(1,157) =====	123,954 =====

(1) Corresponds to translation adjustment and monetary correction

(2) Corresponds to the effect of the recognition of an additional liability for the Company's under-funded pension as of March 31, 2003.

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

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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.

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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 March 31, 2003 the Company's derivative instruments are as follows:

Type of derivative	Notional or Covered Amount	Expiration	Description of the contract type	Position purchase/sale	Acco Liabili amount
US dollar Forward	3,000	2nd quarter of 2003	Exchange rate	P	114
US dollar Put Option	19,775	2nd quarter of 2003	Exchange rate	P	-
US dollar Put Option	10,390	2nd quarter of 2003	Exchange rate	P	-
US dollar Put Option	3,700	2nd quarter of 2003	Exchange rate	P	-
US dollar Put Option	4,800	2nd quarter of 2003	Exchange rate	P	-
US dollar Put Option	3,800	2nd quarter of 2003	Exchange rate	P	-
US dollar Put Option	4,000	3rd quarter of 2003	Exchange rate	P	-
US dollar Put Option	2,300	3rd quarter of 2003	Exchange rate	P	-
US dollar Put Option	720	3rd quarter of 2003	Exchange rate	P	-
	----- 52,485 =====				----- 114 =====

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Note 19 - Non-Operating Income and Expenses

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

- a) Non-operating income

2003	2002
-----	-----

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	ThUS\$	ThUS\$
Interest income	630	1,443
Reversal of allowance for doubtful accounts	256	-
Insurance recoveries	85	1,535
Net foreign exchange	2,377	330
Sales of materials and services	214	279
Equity participation in net income of unconsolidated subsidiaries	2,353	1,543
Other income	527	416
	-----	-----
Total	6,442	5,546
	=====	=====

b) Non-operating expenses

	2003	2002
	-----	-----
	ThUS\$	ThUS\$
Write-off of property, plant, and equipment	1,765	456
Interest expense	5,801	7,825
Equity participation in net losses of unconsolidated subsidiaries	-	152
Amortization of goodwill	245	283
Legal expenses	800	-
Project relating to commercial effectiveness	-	1,004
Other expenses	1,550	913
	-----	-----
Total	10,161	10,633
	=====	=====

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Note 20 - Price-level Restatement

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

	(Charge) credit to income from operations	
	2003	2002
	----	----
	ThUS\$	ThUS\$
Property, plant and equipment	22	(19)
Other assets and liabilities	39	(68)
Shareholders' equity	(239)	204

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Subtotal price-level restatement	----- (178)	----- 117
Net readjustment of assets and liabilities denominated in UF	----- 2	----- -
Net price-level restatement	----- (176)	----- 117
	=====	=====

Note 21 - Assets and Liabilities Denominated in Foreign Currency

	2003	2002
	-----	-----
	ThUS\$	ThUS\$
Assets		
Total assets		
Chilean pesos	(271)	962
Euros	1,448	49
Japanese Yen	(2)	-
Brazilian Real	207	85
Mexican pesos	(5)	(12)
Other currencies	209	(595)
Current liabilities		
Chilean pesos	946	(209)
Euros	-	(118)
Brazilian Real	(75)	-
Other currencies	53	46
Long-term liabilities		
Chilean pesos	133	5
Euros	(90)	-

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Note 22 - Commitments and Contingencies

I. Contingencies:

- (a) The Company did not record the potential insurance reimbursement for damages incurred in the potassium sulfate wells in the Atacama salt deposit.
- (b) Material lawsuits or other legal actions of which the Company is party to:

1. Plaintiff : SQM Salar S.A.

Defendants : ACE Seguros S.A. (formerly - Cigna Compania de Seguros (Chile) S.A.) and Chubb de Chile Compania de Seguros Generales S.A.

Date of lawsuit : April 2002

Matter : Arbitration

Status : Collection of compensation for insured claim

Instance : Evidence verification

Nominative value : ThUS\$ 36,316

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2. Plaintiffs : Du Guano de Poisson Angibaud S.A. and Generale de Nutrition Vegetale SAS
Defendants : Soquimich European Holdings B.V., NU3 N.V. and SQM France S.A.
Date of lawsuit : March 2003
Court : Court of Arbitration in France
Matter : Termination of the company relationship and liquidation of the company Generale de Nutrition Vegetale SAS
Status : The lawsuit is being contested
Nominative value : ThEuro\$ 30,295

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Note 22 - Commitments and Contingencies (continued)

I. Contingencies (continued):

(c) Models for the Production of the Maria Elena site

The Company is currently reviewing the "Models for the Production of the Maria Elena site" which may be implemented as a result of the Decontamination Plan (see note 25). The different alternatives for production and technology development for the Maria Elena site, which are a part of the above-mentioned "Production Models" do not proactively generate significant changes in the present ore reserves or forecasted sales volumes. These options include possibilities to use new production methods and are related to the "leaching piles" and implementing a mixed system, which would be comprised with the use of the aforementioned technology and the current production methods. Advantages and disadvantages of the different options relate to the extension of the transition periods of new technology, the investments that will be required, production costs, changes in technologies and in productive processes and the effects on certain of the Company's assets and their value. The possible effects on the valuation of assets are not yet determinable.

(d) Other

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

II. Commitments:

- (a) The subsidiary SQM Salar S.A. maintains an agreement with a government agency, whereby the Company must make annual payments until 2030 based on the Company's annual sales. This amount, which has been paid since the beginning of the agreement in 1996, amounted to ThUS\$3,411 in 2003 (ThUS\$ 3,169 in 2002).
- (b) The Company has certain indirect guarantees, which relate to

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agreements with no remaining payments pending. These guarantees are still in effect and approved by the Company's Board of Directors; however, they have not been used by the subsidiaries.

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Note 23 - Third Party Guarantees

As of March 31, 2003 and 2002 the Company has the following indirect guarantees outstanding:

Beneficiary	Debtor		Ba 03/31/200 ThUS\$
	Name	Relationship	
ING Bank -Phelps Dodge Corporation	SQM Potasio S.A.	Subsidiary	2,694
Bank of America N.A.	RS Agro-Chemical Trading A.V.V.	Subsidiary	80,723

Note 24 - Sanctions

During 2003 and 2002, the SVS did not apply sanctions to the Company, its directors or managers.

Note 25 - Environmental Projects

Disbursements incurred by the Company as of March 31, 2003 relating to its investments in production processes and compliance with regulations related to industrial processes and facilities are as follows:

Project	2003	Future Disbursements
	----- ThUS\$	----- ThUS\$
Environmental protection department	93	376
Engineering & construction of Maria Elena stockpiles	-	653
Tocopilla money exchange	32	13
Renewal of water network against fire	3	36
Technology change in Maria Elena	-	500
Tocopilla dust collection	57	15
Environmental impact evaluations	25	-
Plant for the treatment of wastewater, Ministry of Public Works	140	39
Extension of carbonate plant	139	400
Borate plant emission control	-	100
Dry plants aspiration system	-	85
Modification of fire network	-	85

Note 25 - Environmental Projects (continued)

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

Some of the Company's products are certified ISO 9000 compliant and the Company has planned to become ISO 14,000 certified in the long term. This will further the Company's commitment to the protection of the environment.

As part of the conversion project to natural gas, the supplier will in turn make an investment of US\$ 5,500 million to be paid by the Company on a monthly basis for the duration of the contract (10 years).

Technological processes are intended to be environmentally friendly in order to reduce residual materials and improve technical conditions to ensure an effective protection to the environment. A good example of this is ongoing conversion of oil to natural gas used in the Company's plants.

Processes where sodium nitrate is used as a raw material are carried out in geographical areas such as the desert with favorable weather conditions for the drying of solid materials and the evaporation of liquids used in solar energy. The extraction of minerals in open pit mines, given their low waste-to-mineral ratio, gives rise to sites 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 the quality of air and, which 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 decontamination plan presented by the Company to reduce the level of particles was approved with certain modifications by means of Decree No. 164. As a result of the investments and processes implemented according to the approved plan, the Company has substantially reduced the levels of particles in the air. Resolution No. 384, made public on May 16, 2003, authorized the review and a new draw up of the decontamination plan for the city of Maria Elena. The Supreme Decree containing the final Decontamination Plan should be made public within early 2003. It is not possible to assure that within such period the Company will be free from warnings, fines or even eventual temporary closing of the crushing plant in Maria Elena. The Company is continuously researching techniques, processes and systems relating to the processing of sodium nitrate that could even further reduce the level of particles in the city of Maria Elena.

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

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

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

Consistent with the Company's ongoing commitment with the environmental authorities, the Company actively participates in the Joint Monitoring Research project for the Atacama Salt Mine watershed along with other mining companies that make use of the water resources that supply the Atacama Salt Mine watershed.

Note 26 - Subsequent Events

On April 28, 2003, Soquimich Comercial S.A. acquired from Norsk Hydro ASA 819,999 shares of Norsk Hydro Chile S.A. and SQM Comercial Internacional Ltda., a subsidiary of SQMC, acquired the remaining share. Consequently, SQMC became the owner and controller of 100% of the ownership interest of Norsk Hydro Chile S.A.

At the General Ordinary Shareholders' Meeting held on April 30, 2003, the majority of the shareholders agreed to the following:

- a) Approve the distribution and payment of a final dividend for a total of Ch\$53.30808 per share. This dividend will be paid in one single installment beginning on May 12, 2003 and will be charged to net income for the year 2002.

- b) Approve the payment of UF 50 (fifty UF) in favor of each member of the Board of Directors regardless of the number of meetings held or not held in the respective month, as well as the establishment of an annual budget for expenses to be incurred for the running and operation of this Board and its advisors for UF 1,800 (one thousand and eighty UF).
- c) Appoint Mr. Wayne R. Brownlee, Mr. Hernan Buchi B., Mr. Jose Maria Eyzaguirre B., Mr. Avi Milstein, Mr. Julio Ponce L., Mr. Jose Antonio Silva B., Mr. Kendrick T. Wallace and Mr. Daniel Yarur E. As the new directors of SQM S.A., as well as the approval of the fees that will be paid to these directors during the next twelve months.

Except as mentioned in the preceding paragraph, the Company's management is not

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aware of any other significant events which have occurred between March 31, 2003 and the date of these financial statements, which may affect these consolidated financial statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Conf: /s/ Ricardo Ramos

Ricardo Ramos
Chief Financial Officer

Date: June 23, 2003.

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